

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	4
Appendix	
Agency Revenue Summary Fiscal Page.....	5

Agency Purpose

The Board of Accountancy was established in 1909 and is mandated by M.S. 326A. The board is responsible for ensuring that persons engaged in public accounting meet and maintain the qualifications and standards required to competently practice public accounting in the state of Minnesota. The board fulfills its mission through the following:

- ◆ administering the Uniform Certified Public Accountant (CPA) examination;
- ◆ issuing and renewing individual certificates to certified public accountants and registered accounting practitioners and their firms; and
- ◆ regulating the profession.

Core Functions

The board regulates the practice of public accounting by enforcing its rules and applicable laws on ethics and by monitoring continuing, professional education requirements, quality review and investigating complaints. The Board also follows M.S. 214, which generally governs boards and commissions charged with regulating certain occupations in Minnesota.

Operations

The board is comprised of seven certified public accountants (CPA), and two public members.

The departments of Commerce and Finance provide administrative support to the board. On a daily basis the board staff processes documents and responds to inquiries related to initial license applications, continuing education courses, annual license renewals, complaint registrations and investigations, and the CPA practice act. Services are delivered through direct communication, the board's website, and presentations to the public.

In 2008, the board's statutes and administrative rules were updated to coincide with changes to the Uniform Accountancy Act and to enhance mobility for Minnesota CPA's.

Key Goals

The board's key goals provide the framework for the results it wants to achieve in the furtherance of its mission of protecting the public.

- ◆ Enforcement: Protect public by effectively enforcing the statutes and rules when violations occur.
- ◆ Public and Professional Awareness: Increase public and professional awareness of the board's mission, activities and services.
- ◆ Customer Service: Enhance effectiveness and improve quality of service in all programs.

Key Measures

The board simplified online renewals in 2008 and had 53% participation by licensees, an increase of over 30%.

The board received and investigated 496 complaints in the last biennium and revoked 835 non-CPA certificate holders as a result of a statute change effective 08-14-2008.

Initial license applications are issued, on average, one week after the applicant meets all requirements.

The board continues to protect the citizens by identifying and disciplining impaired licensees or those in violation of the statutes and rules.

At A Glance

Biennial Budget for FY 2008-09 \$1,001,000.
Recovers its costs through license fees and applications.

Business Functions:

- ◆ Licenses over 17,000 CPAs and registered accounting practitioners. Online renewals are in place.
- ◆ Reviews and processes over 3300 applications to sit for the CPA examination biennially; and
- ◆ Issues fines and civil penalties based on board authorized disciplinary action.

The board has a staff of four full-time employees.

Budget

The board's biennial budget for FY 2008-09 is roughly \$1.0 million. This funding is through a direct appropriation from the state's general fund. The board recovers all of its costs through the collection of fees for licensing, disciplinary action, and examinations.

Contact

Minnesota Board of Accountancy
85 East 7th Place, #125
Saint Paul, Minnesota 55101

Doreen Frost, Executive Secretary
Phone: (651) 757-1517
Fax: (651) 282-2644

Visit our website at: www.boa.state.mn.us for information on examinations, Continuing Professional Education (CPE) requirements, rules and statutes, forms, licensing, roster and newsletter.

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	496	505	505	505	1,010
Recommended	496	505	505	505	1,010
Change		0	0	0	0
% Biennial Change from 2008-09					0.9%
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	0	105	0	0	0
Direct Appropriations					
General	406	595	505	505	1,010
Total	406	700	505	505	1,010
<u>Expenditures by Category</u>					
Total Compensation	293	421	302	313	615
Other Operating Expenses	113	279	203	192	395
Total	406	700	505	505	1,010
<u>Expenditures by Program</u>					
Accountancy	406	700	505	505	1,010
Total	406	700	505	505	1,010
Full-Time Equivalent (FTE)	4.6	4.6	4.6	4.6	

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	857	820	820	820	1,640
Other Revenues:					
General	3	0	0	0	0
Total Non-Dedicated Receipts	860	820	820	820	1,640
<u>Dedicated Receipts:</u>					
Total Dedicated Receipts	0	0	0	0	0
Agency Total Revenue					
	860	820	820	820	1,640

	PAGE
Transmittal Letter	3
Agency Profile	5
Agency Fiscal Page (Gov Rec).....	8
Change Summary.....	9
Agency Change Items	
➤ Operating Budget Reductions	11
➤ Office of Grants Management	13
➤ In Lieu of Rent Increase	15
➤ Real Property System	16
➤ Program Change Item: Cooperative Purchasing Expansion.....	19
➤ Increase in SmART Funding	21
Programs	
Govt And Citizen Services	
Program Narrative.....	23
Program Summary.....	24
Budget Activities	
Developmental Disability Council.....	26
Budget Activity Summary.....	28
Enterprise Perf Improvement.....	29
Budget Activity Summary.....	31
Environmental Quality Board	32
Budget Activity Summary.....	34
Fleet and Surplus Services	35
Budget Activity Summary.....	38
Information Policy Analysis	39
Budget Activity Summary.....	41
Land Management Info Center	42
Budget Activity Summary.....	44
Materials Management	46
Budget Activity Summary.....	49
Office of State Archaeologist	50
Budget Activity Summary.....	52
Plant Management.....	53
Budget Activity Summary.....	56
Real Estate and Constr Services	57
Budget Activity Summary.....	60
Risk Management.....	61
Budget Activity Summary.....	65
SmART	66
Budget Activity Summary.....	68
STAR	69
Budget Activity Summary.....	71

- CONTENTS (Continued)

	PAGE
State Demographer	72
Budget Activity Summary.....	74
Administrative Mgmt Services	
Program Narrative.....	75
Program Summary.....	76
Budget Activities	
Executive Support.....	77
Budget Activity Summary.....	79
Financial Mgmt And Reporting.....	80
Budget Activity Summary.....	81
Human Resources	82
Budget Activity Summary.....	84
Fiscal Agent	
Program Narrative.....	85
Program Summary.....	86
Budget Activities	
Public Broadcasting	87
Budget Activity Summary.....	89
In Lieu Of Rent.....	90
Budget Activity Summary.....	91
Misc Grants/Studies/Other.....	92
Budget Activity Summary.....	93
Appendix	
Agency Revenue Summary Fiscal Page.....	94
Federal Funds Summary.....	95

↻ Designates that this item is a change item



January 27, 2009

The 2009 Minnesota Legislature:

On behalf of Governor Pawlenty, I am pleased to submit the Department of Administration's budget recommendation for the FY 2010-11 biennial budget. The recommendation reflects the department's commitment to delivering effective, efficient, and economical products and services; of transforming state government into an enterprise organization; and to managing for results.

In ways large and small, the department and its approximately 500 employees are achieving their mission of helping customers succeed. Admin has more than 35 specific areas in which it helps customers, from purchasing over \$1.8 billion in goods and services and managing leases for non-state-owned property to recycling the state's surplus property and saving agencies money on mailings. The department's responsibilities also include project management for state building construction; space planning acquisition and disposal; maintenance and operations, including improved energy efficiency of the State Capitol, grounds and other buildings in the capitol area; risk management, insurance, and state workers' compensation; data practices expertise and advice; and vehicle leasing and fleet management. The department is also home to the State Demographic Center; Land Management Information Center; State Archeologist; Developmental Disabilities Council; and the STAR program, which helps Minnesotans gain access to and acquire assistive technology.

Admin's extensive results management program emphasizes disciplined operations planning and reporting. Specific, measurable goals for each operation further our basic strategies of:

- Ensuring wise use and maintenance of existing structures and making sustainable investments in new facilities that support the missions of the agencies we serve;
- Conserving natural and economic resources through resource recovery, the prudent use of energy, sustainable design and environmentally responsible purchasing;
- Driving toward continuous improvement that will best meet the needs of our customers and leading the state toward enterprise-wide improvements and economies;
- Managing the state's procurement process to achieve enterprise-wide economies of scale.

As the lead agency for the Governor's Drive to Excellence state government reform initiative, Admin is helping refocus state government as a unified entity serving all citizens, rather than as an amalgamation of independent entities serving individual constituencies. Specific goals include creating more 'one-stop shop' opportunities for easier access to state services, increasing the electronic delivery of government services, and saving money through more efficient, effective, and economical service delivery.

During the budget preparation process, the department evaluated its service and product offerings as they relate to the department's mission and the Pawlenty Administration's goals and principles. Planning emphasized supporting enterprise progress, fulfilling statutory responsibilities, realizing legislative mandates, and providing citizen value. The cornerstone of the department's budget is delivering the most efficient, effective, and economical government possible.

200 Administration Building / 50 Sherburne Avenue / St. Paul, MN 55155
Phone: 651.201.2558 / Fax: 651.297.7909
Persons with a hearing or speech disability may contact us by calling Minnesota Relay at 711

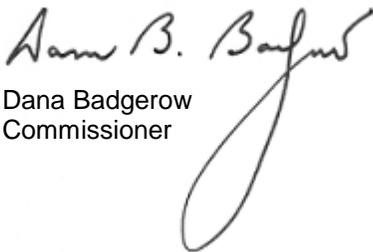
The Department of Administration is an Equal Opportunity Employer

The recommended budget supports continued operations within the department. Additionally, the department continues to lead efforts that are increasing efficiencies, improving service delivery, and reducing costs across the state government enterprise. These include:

- Strategic Sourcing – Admin's Materials Management Division (MMD) continues to leverage the state's purchasing power for better terms and conditions, including pricing, for the goods and services bought by state and local government, K-12 schools, higher education campuses, and other organizations. Strategic Sourcing accomplishes its objectives through a variety of tools, including product standardization, contract consolidation, and negotiations. Expanding the cooperative purchasing program to additional units of government achieves better pricing through larger-volume purchases.
- Office of Grants Management – The Office of Grants Management, created in FY08, is working closely with more than 30 organizations on standardizing practices, policies and procedures, and increasing public information about state grant opportunities, information, and resources. Partners include the Minnesota Council of Non-Profits, League of Minnesota Cities, Minnesota Council on Foundations, state grant-making agencies, and others.
- Small Agency Resource Team (SmART) – Initiated in late 2007, SmART works with 15 small state agencies, boards and councils by providing dedicated, professional financial management and human resource services. SmART is helping its partners hire people in a timely manner, complete payroll reporting, prepare and manage budgets, and more.
- Enterprise Real Property Management System – This information system will provide the state with the information and tools to manage its 5,000 buildings more effectively and efficiently. The state will realize reduced operating costs, a smaller footprint, better preventive maintenance, and improved capital budgeting. Implementation is now at its midpoint, while a projected 57 percent of the state's square footage data is on schedule for entry into the system by December 2009.

We look forward to working with the 2009 Legislature in the coming months.

Sincerely,



Dana Badgerow
Commissioner

Agency Purpose

The Department of Administration (Admin) for nearly 80 years has provided a diverse portfolio of services, products, and tools that help state government agencies successfully address the needs of the citizens of Minnesota.

Admin's mission is to help its customers succeed; its goals are to:

- ◆ provide customers with valuable services, products, advice, and expertise;
- ◆ be recognized for innovation and efficiency;
- ◆ reduce costs by working across government; and
- ◆ offer a safe environment where people thrive and enjoy their work.

Paramount among its fundamental strategic objectives is developing and fostering an enterprise "vision" for state government as outlined in Minnesota's Drive to Excellence initiative. Recent achievements toward this department objective include the implementation of Small Agency Resource Teams, which provide financial and human resource management services to small agencies; creation of the Enterprise Performance Improvement Office which assists agencies with improving the efficiency and effectiveness of their business processes; and the Office of Grants Management, which coordinates grants policies and procedures across the state government enterprise.

Admin operates on the principles of results-based management, an approach that integrates strategy, people, resources, processes, and measurements to improve decision-making, transparency, and accountability. The approach centers on achieving outcomes, implementing performance measurement, reporting performance, and learning and continuously improving. Details are available at www.admin.state.mn.us.

Core Functions

Admin provides a diverse range of business management, administration and professional services, and a variety of resources primarily to state agencies, but also to local governments, public colleges and universities, K-12 schools, and citizens. The department's core functions are concentrated in buildings and grounds maintenance and repair, purchasing, risk management and workers' compensation, construction project management, space leasing, vehicle leasing, and the acquisition and disposal of surplus property.

Operations

Admin's operations are categorized as either Government and Citizen Services or Admin Management Services.

Government and Citizen Services:

- ◆ The **Minnesota Governor's Council on Developmental Disabilities** seeks to assure that people with developmental disabilities receive necessary services and support for achieving increased independence, productivity, integration, and inclusion into the community.
- ◆ **Enterprise Performance Improvement** provides enterprise-wide expertise and training for improving organizational performance and results in state government agencies.
- ◆ The **Environmental Quality Board** develops policy and reviews proposed projects that could significantly affect the environment. Admin provides staff and administrative support.
- ◆ **Fleet and Surplus Services** provides fleet management services to state agencies, including long-term vehicle leasing, and manages government surplus property acquisition, storage, and disposal.

At A Glance

- ◆ Leads the state's Drive to Excellence initiative.
- ◆ Coordinates state fleet activities, including the use of alternative fuels.
- ◆ Oversees more than \$1.8 billion in goods and services purchases.
- ◆ Manages over 350 building projects valued at more than \$260 million.
- ◆ Develops standardized grant policies for more than 30 executive branch agencies.
- ◆ Maintains the State Capitol and state buildings and grounds in the Capitol area.
- ◆ Processes more than 20 million pieces of mail and 3.3 million warrants and checks annually.
- ◆ Assists other agencies with process improvement projects.
- ◆ Provides financial and human resource business services for small agencies.
- ◆ Processes more than 1,800 tons of waste paper and other materials for recycling.
- ◆ Operates as the state's internal risk manager and insurance company and provides workers' compensation and safety services to 57,000 state employees.

- ◆ **Information Policy Analysis Division** promotes the understanding of and compliance with the Minnesota Government Data Practices Act, the Open Meeting Law, and other government-information policy laws.
- ◆ The **Land Management and Information Center** provides data, software, project consultation, and coordination services that promote the effective use of geographic information and technology.
- ◆ **Materials Management Division** purchases more than \$1.8 billion in goods and services annually for state agencies, operates Minnesota's Bookstore and the state's office supply store, and directs the Minnesota Multi-State Contracting Alliance for Pharmacy purchasing cooperative.
- ◆ The **Office of State Archaeologist** sponsors, conducts, and directs research into the prehistoric and historic archaeology of Minnesota, and enforces state laws concerning archaeological sites.
- ◆ **Plant Management Division** maintains 3.7 million square feet of space in 21 state-owned facilities, operates the state recycling center, and provides mail processing and delivery services.
- ◆ **Real Estate and Construction Services** designs, acquires, leases, and disposes of office and other space, and manages remodeling and construction projects.
- ◆ **Risk Management Division** operates the state's insurance program and manages the state workers' compensation and safety programs.
- ◆ The **Small Agency Resource Team (SmART)** program offers professional human resources services and financial management services to state agencies, boards, and councils.
- ◆ The **STAR Program** helps people of all ages with disabilities acquire, use, and re-use assistive technology for maintaining, improving, or increasing their functional capabilities at home, school, and work.
- ◆ The **State Demographic Center**, Minnesota's liaison to the U.S. Census Bureau, estimates, forecasts, and investigates changes in the state's population, analyzes census data, and distributes information.

Admin Management Services:

- ◆ **Executive Support** provides project management and communications expertise for the Drive to Excellence; and communications, legislative, emergency preparedness planning and support, and data practices compliance services for the department.
- ◆ **Financial Management and Reporting Division** provides financial management support for the department and carries out the department's Fiscal Agent function.
- ◆ **Human Resources Division** provides training, safety, and personnel services to employees; administers labor agreements; and is responsible for department payroll and employee benefit services.

Budget

Admin is funded through a variety of sources including general, special revenue, federal, gift, and internal service/enterprise funds:

- ◆ **Internal service/enterprise funds** are the largest source of funding for the agency. Internal service funds raise revenues through fees charged to users of primarily internal support services such as insurance, fleet management, office supplies, mail services, and facility leases. These activities prepare annual business plans and develop rate structures for product and service offerings. Enterprise funds are generated through the purchase of goods and services by government entities and the public. They include the bookstore, surplus property, and purchasing cooperatives.
- ◆ **General Funds** are primarily used for operations with statewide significance including procurement, resource recovery, real estate and construction services, information policy analysis, geographic data coordination and documentation, central mail delivery, and pass-through grants.
- ◆ **Special revenue funds** are fee-based and include land management information services, parking, and workers' compensation.
- ◆ **Federal and gift funds** comprise the smallest segment of the agency's funding. The Developmental Disabilities Council and the STAR Program secure federal funds through the U.S. Department of Health and Human Services and the U.S. Department of Education. Gift funds are donations accepted for the Governor's Residence Council.

Contact

Department of Administration
50 Sherburne Avenue
Saint Paul, Minnesota 55155
Office of the Commissioner: (651) 201-2555
Website: www.admin.state.mn.us

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	36,518	21,053	21,053	21,053	42,106
Recommended	36,518	21,053	21,776	21,696	43,472
Change		0	723	643	1,366
% Biennial Change from 2008-09					-24.5%
<u>Expenditures by Fund</u>					
Carry Forward					
General	430	1,600	68	0	68
Miscellaneous Special Revenue	0	6	0	0	0
Direct Appropriations					
General	32,625	24,447	21,776	21,696	43,472
Open Appropriations					
General	408	625	655	688	1,343
Statutory Appropriations					
Miscellaneous Special Revenue	34,784	42,127	43,474	44,953	88,427
Federal	2,597	2,154	1,646	1,499	3,145
Risk Management	13,158	12,459	12,995	12,873	25,868
Gift	6	210	4	4	8
Plant Management	46,841	45,813	48,612	50,001	98,613
Documents And Publications	1,477	1,759	1,806	1,853	3,659
Central Motor Pool	16,237	15,519	15,629	15,901	31,530
Central Stores	6,811	6,720	6,870	7,023	13,893
Materials Distribution	8,370	10,643	12,405	12,511	24,916
Central Mailing	8,574	8,893	8,909	8,949	17,858
Total	172,318	172,975	174,849	177,951	352,800
<u>Expenditures by Category</u>					
Total Compensation	32,583	35,024	37,027	37,960	74,987
Other Operating Expenses	106,638	112,746	114,992	117,526	232,518
Capital Outlay & Real Property	1,314	2,580	202	70	272
Local Assistance	14,721	3,736	2,924	2,867	5,791
Other Financial Transactions	17,062	19,229	20,050	19,874	39,924
Transfers	0	(340)	(346)	(346)	(692)
Total	172,318	172,975	174,849	177,951	352,800
<u>Expenditures by Program</u>					
Govt And Citizen Services	149,008	160,320	162,655	165,757	328,412
Administrative Mgmt Services	1,732	2,112	1,851	1,851	3,702
Fiscal Agent	21,578	10,543	10,343	10,343	20,686
Total	172,318	172,975	174,849	177,951	352,800
Full-Time Equivalents (FTE)	497.4	516.5	522.2	518.7	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: GENERAL				
FY 2009 Appropriations	21,053	21,053	21,053	42,106
Technical Adjustments				
Approved Transfer Between Appr		0	0	0
Current Law Base Change		20	(60)	(40)
One-time Appropriations		(130)	(130)	(260)
Pt Contract Base Reduction		(5)	(5)	(10)
Subtotal - Forecast Base	21,053	20,938	20,858	41,796
Change Items				
Real Property System	0	844	844	1,688
In Lieu of Rent Increase	0	500	500	1,000
Office of Grants Management	0	125	125	250
Increase in SmART Funding	0	145	145	290
Operating Budget Reductions	0	(776)	(776)	(1,552)
Total Governor's Recommendations	21,053	21,776	21,696	43,472
Fund: GENERAL				
Planned Open Spending	625	655	688	1,343
Total Governor's Recommendations	625	655	688	1,343

ADMINISTRATION DEPT

Change Summary

Dollars in Thousands

	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: GENERAL				
Planned Statutory Spending	1,600	68	0	68
Total Governor's Recommendations	1,600	68	0	68
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	42,133	43,464	44,943	88,407
Change Items				
Operating Budget Reductions	0	10	10	20
Total Governor's Recommendations	42,133	43,474	44,953	88,427
Fund: FEDERAL				
Planned Statutory Spending	2,154	1,646	1,499	3,145
Total Governor's Recommendations	2,154	1,646	1,499	3,145
Fund: RISK MANAGEMENT				
Planned Statutory Spending	12,459	12,980	12,858	25,838
Change Items				
Operating Budget Reductions	0	15	15	30
Total Governor's Recommendations	12,459	12,995	12,873	25,868
Fund: GIFT				
Planned Statutory Spending	210	4	4	8
Total Governor's Recommendations	210	4	4	8
Fund: PLANT MANAGEMENT				
Planned Statutory Spending	45,813	48,612	50,001	98,613
Total Governor's Recommendations	45,813	48,612	50,001	98,613
Fund: DOCUMENTS AND PUBLICATIONS				
Planned Statutory Spending	1,759	1,806	1,853	3,659
Total Governor's Recommendations	1,759	1,806	1,853	3,659
Fund: CENTRAL MOTOR POOL				
Planned Statutory Spending	15,519	15,629	15,901	31,530
Total Governor's Recommendations	15,519	15,629	15,901	31,530
Fund: CENTRAL STORES				
Planned Statutory Spending	6,720	6,870	7,023	13,893
Total Governor's Recommendations	6,720	6,870	7,023	13,893
Fund: MATERIALS DISTRIBUTION				
Planned Statutory Spending	10,643	11,653	11,789	23,442
Change Items				
Operating Budget Reductions	0	212	212	424
Cooperative Purchasing Expansion	0	540	510	1,050
Total Governor's Recommendations	10,643	12,405	12,511	24,916
Fund: CENTRAL MAILING				
Planned Statutory Spending	8,893	8,909	8,949	17,858
Total Governor's Recommendations	8,893	8,909	8,949	17,858
Revenue Change Items				
Fund: MATERIALS DISTRIBUTION				
Change Items				
Cooperative Purchasing Expansion	0	550	550	1,100

ADMINISTRATION DEPT

Change Item: Operating Budget Reductions

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(776)	\$(776)	\$(776)	\$(776)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(776)	\$(776)	\$(776)	\$(776)

Recommendation

The Governor recommends a reduction of \$776,000 in FY 2010 and \$776,000 in FY 2011 to the Department of Administration's (Admin) general fund operating budget. The Governor intends that Admin should focus its operating funds on maintaining its highest priority services. In addition, the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions.

Background

Admin is Minnesota's general services provider and achieves economies of scale and skill for other state agencies that result in lower costs and greater efficiencies for the state. Admin's general fund operating budget of \$11.163 million represents less than 6.5% of the agency's total annual budget but provides required services that help ensure agencies' success. Some of the key services provided by Admin's general fund appropriations include: purchasing of goods and services for state and local agencies; one stop cost-effective leasing and construction project management; continuous process improvement for state agencies; state data practices leadership; waste reduction and recycling services; delivery of federal and interoffice mail; financial and human resource services for small agencies, boards, and councils; coordination of geographic information; development of state environmental policy and plans; demographic trends analysis and census related work; management of archaeological resources; and support services to people with developmental disabilities.

Admin evaluated services provided by the general fund to determine:

- ◆ Is the activity statutorily required?
- ◆ Will elimination or significant reduction shift costs to other agencies?
- ◆ Are agencies able to perform the service on their own?
- ◆ Can the service be performed more efficiently by others?
- ◆ Does the activity improve the enterprise?

Although reducing Admin's general fund necessarily impacts other agencies, the proposed changes (summarized below), limit these impacts to the greatest extent possible and continue to provide basic levels of services to state agencies that help them operate effectively.

The following are the areas where general fund operating expenditures and positions will be reduced during the FY 2010-11 biennium:

Reduce Funding for Environmental Quality Board (EQB) (\$140,000 per year). In 2008, the EQB undertook an extensive self-assessment involving both agency and public members. The assessment recommended several alternatives with the most likely outcome being the transfer of the EQB to the Minnesota Pollution Control Agency (MPCA). Under this scenario, support for EQB activities will merge with the staff supporting MPCA Board activities. In anticipation of the transfer and the efficiencies expected, it was determined that staff reductions (1.5 FTE) are possible without significantly impairing the effectiveness of EQB activities.

Adjust Administrative Costs to Non General Fund Activities (\$236,700 per year). Adjust how staff time is allocated to non general fund activities. This results in general fund relief without adverse impacts to other state agencies.

Salary and Expense Reductions (\$100,000 per year). Various Admin divisions will reduce salary and expenditures. These reductions will impact the agency's timeliness of service delivery but are not expected to result in complete elimination of any core service.

Reduce Resource Recovery (\$100,000 per year). This reduction will reduce 1 FTE and limit the staff time available to provide customer responses, update web information, and complete recycling reports. Further, this reduction will result in elimination of Admin provided recycling collection containers. Admin analyzed other service delivery models, including outsourcing, and our initial evaluation concluded that implementation might result in operating expenses shifting to other state agencies as well as a reduction or total elimination in the amount of funds returned to the general fund through the sale of recycled materials (FY 2008 - \$195,807).

Reduce Enterprise Performance Improvement (\$198,800 per year). The Enterprise Lean program, initiated in FY 2008, has been enthusiastically accepted by state agencies with remarkable results. To date, 19 state agencies and two boards have participated, 87 state government Lean facilitators have been trained, and over 35 Lean or Kaizen improvement events have occurred yielding impressive reductions in process time (for both costs and staff reductions, as well as dramatically improved customer service). During the first year of the program, external consultants were engaged to assist with training and facilitation. With more state agency personnel now empowered and skilled in carrying on the Lean process, external consulting will be eliminated and staff assigned to the work reduced.

Relationship to Base Budget

This proposal represents a 4% base level reduction in Admin's general fund forecast base budget. Administration's forecast base budget includes pass-through funds for public broadcasting, as well as base for *in lieu of rent*, and premiums paid for worker's compensation reinsurance. Excluding those items from the base, the operating reductions would amount to 7% of the forecast base.

Key Goals and Measures

Admin's results management program emphasizes disciplined operations planning and reporting with focus on ensuring that activities are managed for results. Annually, each division establishes quantifiable, outcome-based metrics that align with Admin's mission and goals. Divisions report results quarterly and executive management reviews the information with each division. Attention to results management supports the agency's mission of helping customers succeed and provides opportunities for Admin to implement enterprise improvements. Admin also provides leadership for the Drive to Excellence program which focuses on increasing both quality and customer service while reducing the cost of government services.

The budget submitted for Admin seeks to safeguard core activities and reduce administrative overhead. The agency will manage budget reductions through various service level reductions or eliminations, staffing decreases, adjustments to how staff time is allocated, and/or operating expense reductions. The resulting budget will focus on new, more efficient ways to operate the department's core functions.

Alternatives Considered

Admin reviewed all general fund activities and determined that the proposed reductions would have the least impact on the agency's ability to provide essential general support services to other agencies, as well as still fulfill basic statutory responsibilities.

Statutory Change: Not Applicable

ADMINISTRATION DEPT**Program: ADMINISTRATIVE MGMT SERVICES****Change Item: Office of Grants Management**

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$125	\$125	\$125	\$125
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$125	\$125	\$125	\$125

Recommendation

The Governor recommends an appropriation of \$125,000 in FY 2010 and \$125,000 in FY 2011 for operations of the Office of Grants Management (OGM). The OGM is the outgrowth of the Grants Management Drive to Excellence project and was created in law in the 2007 session. The OGM provides leadership on state grants management policies and procedures to over 30 executive agencies, boards and commissions. The OGM also provides increased public access to grant opportunities and information, and has increased program oversight, accountability and transparency. The OGM provides agency staff training and coordination on federal and state grants management. The office is also charged by law for being the central point of contact for allegations of state agency policy violation and "fraud and waste in grants processes." Executive Order 05-03 and M.S. 16B.97 and 16B.98 define the responsibilities and scope of work of the Office of Grants Management.

Background

In FY 2006, executive branch agencies made \$1.2 billion in grants to nonprofits and local units of government, providing the state with a cost effective mechanism to deliver programs, services and other public benefits. The OGM was created with a one-time appropriation for FY 2008; although a product of the Drive to Excellence, its creation also served to respond to a January 2007 report on state grant-making that called for greater consistency and oversight in state grants. The OGM is governed by a 12-member Grants Governance Committee that includes representatives from ten state agencies, the Minnesota Council of Nonprofits and the Association of Minnesota Counties.

In its first fifteen months of operation, the Office:

- ◆ Created and implemented 13 standard policies for grants management in the executive branch that create greater oversight, consistency and transparency for state grant expenditures;
- ◆ Reached over 150 state employees with training on grants management policies and effective financial management of state grants;
- ◆ Developed a one-stop website that links to all competitive state grant opportunities (www.grants.state.mn.us); and
- ◆ Created an informational website for state agency employees (www.admin.state.mn.us/ogm) that features state legislation, policy, forms and templates, federal grants resources, best practices and training and development links.

In FY 2010 and FY 2011, the Office of Grants Management will continue to work across executive branch agencies to:

- ◆ Provide public outreach and information on state grants for grant applicants and ensure that public complaints about fraud and waste in state grants are investigated;
- ◆ Provide a variety of training courses on grant monitoring, grant outcomes, and winning and managing federal grant awards; and
- ◆ Work with Drive to Excellence Enterprise Performance Improvement (Lean) initiative to help state agencies streamline and improve grant-making processes.

In response to a recently identified need, the office will expand its current operations to offer training on federal grants, including how to submit successful federal grant applications and how to manage federal grants and cost principles related to federal grants. Other states that proactively offer federal grants management training have realized an increase in federal grant revenue and a decrease in federal single audit findings. By having this training coordinated by one centralized entity, the state will be able to offer consistent training messages to a greater audience of state employees at a lower cost.

The office will also work across the executive branch to develop and implement an electronic grants management system that will be used by multiple agencies. This system would be used for the entire life of state grants—from application, to payments, reporting and closeout—and would simplify and streamline administrative processes for both state agencies and state grantees.

Relationship to Base Budget

The OGM has accomplished a great deal with a small one-time investment to address a compelling need for greater grants coordination among state agencies. The Office began operations in September 2007 and has received widespread cooperation and support from across state government as evidenced by a high level of input and ultimately wide-spread consensus on grants policies, strong attendance at meetings and trainings organized by the OGM, and voluntary contributions from nine state agencies for its second year of operations, which was unfunded in the biennial budget. While the agency contributions demonstrate broad support for the OGM, it should be noted that several of the agencies that contributed to this effort have expressed that they will be unable to fund this effort on an ongoing basis. Further, given the role of the OGM as a focal point for allegations of agency policy violations, and for fraud and waste, requiring agencies to support the OGM through contributions from their operating budgets, or from grant revenues, challenges the independence of the office in handling these allegations. To ensure both transparency and fairness, the OGM should not rely upon the largesse of the very agencies it may be challenging for its continued existence.

Funds for this initiative represent less than a 1% increase in the Department of Administration's base budget.

Key Goals and Measures

The OGM meets an important Department of Administration goal of increasing the transparency of government for citizens. Through its grant opportunities website, the OGM reaches thousands of Minnesotans with information about state grant opportunities and state grants policies. The OGM also reaches hundreds of Minnesotans each year by answering citizen questions and speaking to public groups. The successful resolution of public complaints about fraud and waste in state grants is also a key outcome for the office.

Through training, the OGM meets another Department of Administration goal of reducing costs by working across government. Through a centralized office, the executive branch is able to access staff training at less cost than if every agency were to organize its own grants training. Adding consistency to policies and procedures, and using the Lean process to reduce inefficiencies in grant-making, will also reduce costs and improve the quality of service by all state agencies.

Alternatives Considered

If executive branch agencies were to address these goals individually, rather than working with a centralized office, the overall cost to the state would be greater, there would be less consistency in business practices and the public would have less information about state grants. A failure to fund this office in the base budget effectively eliminates the ability to comply with not only the efficiency and process improvement goals of the Drive to Excellence project but the mandates for the office set in law.

Statutory Change: Not Applicable

ADMINISTRATION DEPT

Change Item: In Lieu of Rent Increase

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$500	\$500	\$500	\$500
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$500	\$500	\$500	\$500

Recommendation

The Governor recommends a \$500,000 increase in FY 2010 and \$500,000 in FY 2011 to the Department of Administration's *in lieu of rent* appropriation. The recommended increase will be largely offset by reductions to the Legislature, the Historical Society, and the Governor's Office. The *in lieu of rent* amount is analogous to what executive branch and other agencies pay in rent based upon a square footage calculation.

Background

The *in lieu of rent* amount is appropriated to the Department of Administration each year from the general fund to pay for plant management costs associated with the office space in the State Office Building, the Capitol Building, the Governor's Residence, and in other ceremonial and statutorily free space. This appropriation covers Administration's plant management costs for 370,844 square feet of space, 20 monuments and memorials, and over 28 acres of ceremonial grounds. The plant management costs include salaries and benefits for plant management workers, repairs and maintenance, supplies, utilities, depreciation, and bond interest. Other executive branch agencies pay a lease rate based upon the cost of maintaining the space per square foot to the Department of Administration for similar services. While other agencies' lease rates have increased over time, there has been no comparable increase to the *in lieu of rent* appropriation since 2004.

In order to provide a \$500,000 increase to the Department of Administration each fiscal year for *in lieu of rent*, and to minimize fiscal impact to the general fund, offset amounts were allocated to the Legislature, the Historical Society, and the Governor's office. Allocations were made based upon the amount of square footage occupied by each governmental unit. In addition, two-thirds of the cost of the ceremonial space was allocated to the Legislature and one-third was allocated to the Governor's office. Overall, the recommendation results in a \$25,000 increase per fiscal year to the general fund. This amount is related to space occupied by services for the blind and veteran's organizations which were not allocated to a specific unit of government.

Relationship to Base Budget

This increase in the appropriation represents 2.3% of the general fund base budget. It is a 6.3% increase over the prior appropriation amount of \$7.888 million per fiscal year.

Key Goals and Measures

This activity provides well-maintained facilities and grounds that support a quality environment for building tenants. Division management conducts regular building tours, facility condition audits and uses a computer-assisted facilities management program to ensure preventive maintenance, scheduled and on call work are completed.

Alternatives Considered

Delaying the increase request was considered; however, delay would cause Administration to have to limit necessary work on ceremonial buildings and the Capitol Mall.

Statutory Change: "Not Applicable".

ADMINISTRATION DEPT

Change Item: Real Property System

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$844	\$844	\$844	\$844
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$844	\$844	\$844	\$844

Recommendation

The Governor recommends funding of \$844,000 in FY 2010 and \$844,000 in FY 2011 for the enterprise-wide Real Property System. Funding will provide for software subscription and vendor software maintenance, database administration, network management, business continuation, and systems administration. The system will provide the state with the ability to inventory property and facilities in a comprehensive way and thus to inform decision making on state procurement, maintenance, and capital budgeting systems.

Background

The Department of Administration has been working with a variety of agencies to develop the real property system since 2007 when \$2.5 million was appropriated from the legislature for acquisition of the software and initial system implementation. In addition to the \$2.5 million appropriation, \$1.825 million were contributed by agencies. The six modules to be included in the system are on schedule to be implemented by spring of 2009.

The Drive to Excellence Real Property project has succeeded in establishing a web-enabled, state hosted and shared Enterprise Facilities Management repository that will support Minnesota's dramatically improved management of its Real Property portfolio. It is now necessary to fund the day-to-day operations of this Enterprise Facilities Management application and repository in order to continue providing benefit to state agencies, Minnesota Executive Branch leadership and Minnesota legislators.

Important foundational work has been accomplished with the implementation of an enterprise real property system. At the same time, a well-defined governance structure has been implemented with strong agency participation across the enterprise to optimize rent, repair, co-location, consolidation and maintenance for all state properties. With these steps and the robust application of the Real Property system, the state is both able to finally "see" what it owns and also manage it more effectively and efficiently.

This is not a static activity; it is an ongoing endeavor which requires support, stewardship, and management. Once the foundational work is completed (a substantial portion of the state's square footage is on track to be inventoried and entered by December 2009), the state will be in the unprecedented position of being able to make optimal decisions regarding disposition, occupancy and space utilization, leveraged purchasing, maintenance, and capital project prioritization.

This state-wide repository of data will provide all levels of Minnesota's management with new and improved information about Minnesota's facilities, improve facilities management, and reduce the cost of maintaining state facilities. Some of value propositions include:

- ◆ More efficient use of capital
- ◆ Paradigm shift from reaction to preventive action
- ◆ Directed state-wide standards
- ◆ Leveraged purchasing power
- ◆ Controlled inventory
- ◆ Retained knowledge as state employees retire in record numbers
- ◆ Enriched decision-making
- ◆ Increased customer service
- ◆ Enhanced productivity from automating manual procedures

- ◆ Optimized Office of Enterprise Technology (OET) infrastructure investment by effectively centralizing existing and new environments
- ◆ Integration with energy management software
- ◆ Ability to integrate with Emergency Preparedness functions and programs
- ◆ Ability to integrate with Geographic Information System (GIS) technology

There are two established enterprise teams working cooperatively and strategically to provide the necessary stewardship and leadership of this ambitious endeavor. The Minnesota Enterprise TIFM (Total Infrastructure and Facility Management) Team, also known as METT, has assumed responsibility for system implementation and ongoing coordination across agencies. The Governance Team is charged with establishing the necessary policy, procedures, standards, enterprise metrics, and guidelines which will form the foundation for consistency, coordination, and cooperation between agencies on real property matters. The Department of Administration has the designated responsibility for management and hosting of the system on behalf of all agencies, while the system will be hosted at and operated from OET.

In order to continue this initiative and realize the value of the initial investment, it is necessary to fund the subscription, support and maintenance of the ARCHIBUS application. This will enable the state to continuously improve using performance metrics, make adjustments to the network and connections as other state agencies start to use the application, and to maintain the governance and leadership. This would be done in the following manner:

1. Renew ARCHIBUS subscription, support and maintenance agreements
2. Retain the human resources that are needed for stewardship of the application and data, development and enforcement of procedures and policies that will continue to improve the performance, training of new users, and providing guidance and leadership to the users.
3. Provide the technical services required to plan, coordinate and control the integration of ARCHIBUS with other enterprise applications such as energy management, fixed assets, facilities staff, and to ensure that the security and technical performance meet Minnesota's technology standards.
4. Provide the necessary system hosting services including software and hardware maintenance, network management, security, disaster recovery, application monitoring, and application backup and recovery services.

The benefits of an enterprise facilities management system and the value of the state's \$2.5 million appropriation (supplemented by \$1.825 million in agency funds dedicated to the project for a total investment to date of \$4.325 million) will be lost without ongoing financial support for the system and human talent. Further, building space information and operating data will become stagnant and useless, and will force agencies to revert back to their silo approaches for managing real property, while some agencies would be forced to revert to manual systems.

Relationship to Base Budget

The \$1.688 million appropriation is an ongoing appropriation for operation and maintenance of the real property system. It represents 4% of Administration's general fund base budget.

Key Goals and Measures

The baseline facilities data allows reporting capabilities with enormous potential to improve operational and financial decision-making. As long as the system is supported and data kept current, this project will provide value and benefit to decision-makers for the long-term. In addition, the network architecture of the system complies with OET standards, greatly simplifying future integration with other state enterprise systems.

- ◆ Ability to incorporate energy tracking and reporting, including cost, consumption, emissions, identification of conservation opportunities and associated ROI, and potentially bill processing and audit.
- ◆ Integration of GIS technology – combining geospatial technology with the real estate, facility, and infrastructure information in a CAFM system provides powerful visual representations that would greatly improve analysis in all areas of facility management.

ADMINISTRATION DEPT**Change Item: Real Property System**

- ◆ Improved Emergency Preparedness - by providing rapid access to critical facility, infrastructure and occupant information.

Alternatives Considered

Using the guidance provided in OET's report "IT funding strategies for the 21st Century: Building a comprehensive array of investment tools" dated January 31, 2008, the following funding options were considered:

1. Direct appropriation: this is the preferred funding alternative as it supports the enterprise viewpoint and planning, and it mitigates the risk of agency opt out.
2. Cost allocation by agency: this option is available, but will be difficult to administer and manage and does not support an enterprise viewpoint. It adds risk of opt out and agency competitiveness and only shifts costs to operating budgets needed to support core agency missions.
3. Analyzed but rejected the notion of spreading costs to Capitol Complex tenants in a rent assessment but due to the imbalanced cost distribution and unfairness inherent with this approach.

Technology Funding Detail (Dollars in Thousands)

Funding Distribution	2008-2009 Biennium		2010-2011 Biennium		2012-2013 Biennium	
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personnel	\$29	\$83	\$90	\$90	\$90	\$90
Supplies	1	6	3	3	3	3
Hardware	2		0	0	0	0
Software			288	288	288	288
Facilities		5	5	5	5	5
Services	1,132	1,230	448	448	448	448
Training		12	10	10	10	10
Grants			0	0	0	0
TOTAL	\$1,164	\$1,336	\$844	\$844	\$844	\$844

Statutory Change: Not Applicable

ADMINISTRATION DEPT**Program: GOVT AND CITIZEN SERVICES****Change Item: Cooperative Purchasing Expansion**

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	(540)	(510)	(510)	(510)
Revenues	550	550	550	550
Net Fiscal Impact	\$10	\$40	\$40	\$40

Recommendation

The Governor recommends that local governmental units use the state's cooperative contracts for purchasing goods and services unless they can document a more practicable and cost-effective purchasing option. For purposes of the cooperative purchasing venture, local governmental units are defined as cities, counties, and townships. The Governor recommends the Minnesota Department of Administration (Admin) and the Minnesota Office of Enterprise Technology (OET) work with local governmental units on developing standards and contracts that will address their needs. Currently Admin manages numerous contracts that are available for use by governmental units other than the State of Minnesota. Minnesota Statute 16C.11 authorizes the collection of fees paid by vendors sufficient to cover the administrative costs of this program. The additional fees collected will cover the administrative costs of outreach to and training for local governmental units to orient them to the cooperative program; developing and managing new contracts that target specific needs; and for managing the additional volume expected under existing fee-bearing contracts.

Background

Admin currently manages 784 contracts that are available for use by local governmental units. Purchases from these contracts total approximately \$600 million annually. Examples of high-volume commodity contracts include: automobiles, cell phones, cleaning supplies, copiers, computer hardware and software, furniture, fuel, industrial supplies, paint, paper, salt, telecom equipment, trucks, and uniforms. Services available on contract include: hazardous waste recycling, Lean Enterprise consulting, packaging/assembly, and translation services. Current cooperative contracts are developed primarily to meet the needs of state agencies. Local governmental units often have similar needs to state government and can take advantage of the contracts, but may also have unique needs such as requirements for waste management equipment, fire-fighting apparatus, gravel, or pre-fab buildings, for which specifications and contracts could be developed if there is sufficient need.

Within Minnesota government, as of December 2008 -- 84 of the 87 counties, 255 of the 858 cities, and 40 of the 1,797 townships -- chose to participate in the state's cooperative purchasing contracts at some level. Although voluntary participation is reasonably high, many eligible entities are not participating and a number of state contracts are not being used by local governmental units for their needs. Vendor data show that state agencies account for 54% of the overall spend on reported contracts, further suggesting that there is a missed opportunity, since we know that the spend volume of eligible entities in the aggregate exceeds the volume of state agency procurement. Department of Revenue sales tax reports indicate that cities, counties and townships acquired over \$2 billion in taxable commodities during the last tax year, which exceeds the total spend of all state agencies. For technology purchases, for instance, data show that counties purchased only 12% of the total volume under state cooperative contracts, while cities and townships purchased only 5% of the total. There may, however, be instances in which other purchasing options may be more practical or cost-effective. This change requires that local governmental units assess state contract pricing before selecting other options and use the state contract for their needs unless they can document the availability of a more cost effective option.

Admin would proactively assess the shared needs of local governmental units and develop additional contracts supporting unique needs in accordance with their highest ranking priorities. This strategy will be successful because it offers a centralized service that can eliminate duplication of efforts and achieve the added value of better pricing through larger-volume purchases without imposing a new mandate. With this approach, local governmental units will utilize the state-generated contracts when it is their best purchasing option, which will result in reduced costs for their constituents.

Admin anticipates adding 4 FTE to work with local governmental units to analyze purchasing requirements and develop specifications for needed commodities and services. The anticipated expenditures include all salary and benefit costs, initial start-up expenses such as computers and phones, outreach and training, and ongoing expenses such as rent and instate travel.

Relationship to Base Budget

This initiative constitutes an expansion of the cooperative purchasing activity which is recorded in fund 940. A 25% increase in revenue is estimated for the cooperative purchasing activity in this fund. State law allows Admin to collect fees to cover program administrative costs.

Key Measures

The proposal helps fulfill important Admin goals by providing valuable services, products, advice, and expertise to local governmental units and reduces costs by working across government through a proven model. Organizational performance and customer satisfaction are measured and reported through Admin's established reporting process. Key measures will include the percentage of local governmental units taking advantage of existing state contracts and the dollar volume of purchasing from new contracts developed to meet specific needs.

Statutory Change: Yes, Minnesota Statute 471.345 will be amended.

ADMINISTRATION DEPT

Change Item: Increase in SmART Funding

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$145	\$145	\$145	\$145
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$145	\$145	\$145	\$145

Recommendation

The Governor recommends increasing the Department of Administration's (Admin) Small Agency Resource Team (SmART) funding by \$145,000 in FY 2010 and \$145,000 in FY 2011 to provide additional small agencies, boards, and councils with centralized human resources and financial management services. SmART provides small agencies, boards, and councils with business support services which include supplying information and advice about state policies and procedures that result in timely, accurate, and efficient transaction processing.

Background

SmART received initial funding in FY 2008 (\$250,000 per year) to provide human resources and financial management services to a select number of entities. SmART serves agencies in a variety of ways, ranging from biennial budget assistance to fully supporting an agency's human resources and financial activities.

With continued budget reductions, many small agencies, boards, and councils are unable to adequately perform human resources and financial management activities and need assistance understanding state policies and procedures, and fulfilling legal requirements. Services provided include: payroll, vacancy filling, classification, benefit administration, training, purchasing, accounts payable/receivable, and assistance with budget development and maintenance.

Benefits of SmART:

- ◆ centralized service delivery achieves economies of scale and skill
- ◆ efficient and cost effective business support functions
- ◆ knowledgeable staff with expertise in state policies and procedures
- ◆ common processes and a culture of continuous improvement
- ◆ service levels which support agency needs
- ◆ agency-directed service offerings and costs as needed

To facilitate a smooth transition, Admin partners with the Department of Finance and the affected agencies. SmART then meets with the agency and the executive budget officer to understand business needs and develops a service level agreement that outlines respective SmART and agency responsibilities. If additional services are requested that go beyond the basic level of support services, agencies, boards, and councils have the opportunity to request those services and pay for them on an as-needed basis. Examples include grievance processing, other labor relations issues, and specific business applications.

Another inherent benefit of the SmART business support model is shared knowledge of business processes and disciplines. Over time, this additional knowledge will result in improved operations and enhance the ability of the state to mitigate liability, adverse audit findings, and improved accountability.

This request supports funding for approximately two staff plus associated costs such as rent, phones, and computer services.

Relationship to Base Budget

This initiative represents a 0.7% increase over the FY 2010-11 forecast base of \$41.796 million. The entire SmART appropriation including the Governor’s recommended increase would be 1.9% of the FY 2010-11 forecast base. Funds from this initiative will increase Admin’s base budget and expand the SmART unit, which will provide services to more small agencies, boards, and councils. The following chart shows agencies served today and the service level, along with agencies that are proposed to be served through this initiative.

Agency	Human Resources	Financial Management
Amateur Sports Commission	3	3
Arts Board	1	
Asian-Pacific Council	1	1
Capitol Area Architectural and Planning Board	3	2, 3
Campaign Finance and Public Disclosure Board	1	2, 3
Chicano-Latino Affairs Council	1	1
Combative Sports Commission	1	1
Council on Black Minnesotans	1	1
Indian Affairs Council	1	1
Minnesota State Council on Disability	1	1
Ombudsperson for Families	1	1
Tax Court	3	3
1- SmART currently provides services through general fund appropriation 2 - SmART provides biennial budget assistance through general fund appropriation 3 – Customers have been identified by the administration as being good candidates for either new or expanded SmART services.		
Other Customers: SmART partners with agencies such as the Art's Board, Minnesota State Retirement Systems, Perpich Center for Arts Education, Public Employees Retirement Association, Public Utilities Commission, and Teachers Retirement Association and are compensated through interagency agreement for the services provided. In this group, the administration has identified the Board of Animal Health and the Minnesota State Academies as agencies that would benefit from SmART services.		

Key Goals and Measures

SmART helps fulfill important Admin goals by providing valuable services, products, advice, and expertise and reduces costs by working across government through this proven shared services model. Through SmART, small agencies, boards, and councils have an opportunity to obtain assistance with their human resources and financial management activities. SmART strives to deliver best practices according to the requirements in M.S. 43.A and in accordance with Generally Accepted Accounting Principles. Specific services, levels of service, and turnaround times are determined through service level agreements. Organizational performance and customer satisfaction are measured and reported based on benchmarks established in the service level agreements.

Alternatives Considered

The additional funding will allow SmART to offer its centralized, coordinated services to small agencies, increasing small agencies’ capacity comply with state law and accounting principles. It will further offer small agencies greater leverage to focus on their core missions while being faced with reduced operating budgets.

Statutory Change: Not Applicable

Program Description

Government and Citizen Services provides a broad range of services to state agencies, local units of government, and citizens of Minnesota. Each activity is focused on providing services, products, advice, and expertise that help customers succeed.

Budget Activities

This program includes the following budget activities:

- ◆ Developmental Disability Council
- ◆ Enterprise Performance Improvement
- ◆ Environmental Quality Board
- ◆ Fleet and Surplus Services
- ◆ Information Policy Analysis
- ◆ Land Management Information Center
- ◆ Materials Management Division
- ◆ Office of State Archaeologist
- ◆ Plant Management
- ◆ Real Estate and Construction Services
- ◆ Risk Management
- ◆ SmART (Small Agency Resource Team)
- ◆ STAR (System of Technology to Achieve Results)
- ◆ State Demographer

Further detail on each of these Budget Activities is included in subsequent pages of this budget document.

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Program Summary

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	12,341	9,215	9,215	9,215	18,430
Technical Adjustments					
Approved Transfer Between Appr			150	150	300
Current Law Base Change			20	(60)	(40)
One-time Appropriations			(130)	(130)	(260)
Subtotal - Forecast Base	12,341	9,215	9,255	9,175	18,430
Governor's Recommendations					
Real Property System		0	844	844	1,688
Increase in SmART Funding		0	145	145	290
Operating Budget Reductions		0	(662)	(662)	(1,324)
Total	12,341	9,215	9,582	9,502	19,084
<u>Expenditures by Fund</u>					
Carry Forward					
General	430	1,600	68	0	68
Direct Appropriations					
General	9,973	11,871	9,582	9,502	19,084
Open Appropriations					
General	408	625	655	688	1,343
Statutory Appropriations					
Miscellaneous Special Revenue	34,773	42,061	43,474	44,953	88,427
Federal	1,950	2,154	1,646	1,499	3,145
Risk Management	13,158	12,459	12,995	12,873	25,868
Gift	6	203	4	4	8
Plant Management	46,841	45,813	48,612	50,001	98,613
Documents And Publications	1,477	1,759	1,806	1,853	3,659
Central Motor Pool	16,237	15,519	15,629	15,901	31,530
Central Stores	6,811	6,720	6,870	7,023	13,893
Materials Distribution	8,370	10,643	12,405	12,511	24,916
Central Mailing	8,574	8,893	8,909	8,949	17,858
Total	149,008	160,320	162,655	165,757	328,412
<u>Expenditures by Category</u>					
Total Compensation	31,033	33,470	35,570	36,486	72,056
Other Operating Expenses	98,543	104,255	106,210	108,761	214,971
Capital Outlay & Real Property	1,312	2,580	202	70	272
Local Assistance	1,058	1,126	969	912	1,881
Other Financial Transactions	17,062	19,229	20,050	19,874	39,924
Transfers	0	(340)	(346)	(346)	(692)
Total	149,008	160,320	162,655	165,757	328,412

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Program Summary

	<i>Dollars in Thousands</i>				
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<i>Expenditures by Activity</i>					
Developmental Disability Council	1,539	1,442	1,290	1,233	2,523
Enterprise Perf Improvement	358	436	136	136	272
Environmental Quality Board	686	618	400	400	800
Fleet And Surplus Services	17,967	17,112	17,103	17,287	34,390
Information Policy Analysis	505	543	483	483	966
Land Management Info Center	1,617	1,864	1,621	1,545	3,166
Materials Management	17,086	20,211	21,547	21,937	43,484
Office Of State Archaeologist	198	210	210	210	420
Plant Management	61,495	65,541	66,821	68,291	135,112
Real Estate And Constr Service	6,583	9,069	6,380	6,622	13,002
Risk Management	39,875	41,788	45,113	46,142	91,255
Smart	171	364	420	420	840
Star	414	456	456	456	912
State Demographer	514	666	675	595	1,270
Total	149,008	160,320	162,655	165,757	328,412
<i>Full-Time Equivalent (FTE)</i>	475.0	496.0	504.2	501.3	

Activity Description

The Governor's Council on Developmental Disabilities (GCDD), authorized under the Federal Developmental Disabilities Assistance and Bill of Rights Act (DD Act)(P.L. 106-402), works to assure that people with developmental disabilities, and their families, receive the necessary support/services to increase their independence, productivity, self-determination, integration, and inclusion in the community (IPSII). The governor appoints members; 60% are people with disabilities and family members.

Population Served

The GCDD's primary customer group is comprised of people with developmental disabilities who make up about 1.13% of the state's population, about 58,140 individuals, and their families. A developmental disability is a significant lifelong disability.

Services Provided

The GCDD is not a direct service provider. The GCDD's business is information, education, and training for knowledge building, skills development, and attitude changes that lead to measureable IPSII results. The GCDD is involved in several collaborative activities such as MNDisability.Gov and making state E-government services accessible and usable for people with disabilities. The GCDD also works on public policy issues and serves on interagency committees. At least 70% of the federal funds that GCDD receives each year are awarded as grants.

Leadership Training - Partners in Policymaking

- ◆ Partners Program: Competency/value based leadership training program for adults with disabilities and parents of young children with developmental disabilities; teaches how to develop positive partnerships with elected officials for systems change. The GCDD also funds Partners in Policymaking graduate workshops, evaluation studies, and cultural outreach programs.

Employment and Document Imaging

- ◆ Legislation was passed by the 2007 Minnesota Legislature to promote the employment of people with developmental disabilities in scanning government records.
- ◆ In SFY 2008, a total of 263 people with developmental disabilities were employed in document imaging positions in public and private sector businesses because of GCDD activities.
- ◆ A DVD on document imaging, *The Changing Face of Technology*, was produced and received two awards – International Summit Creative Award and Communicator Award.

Communications and Training

- ◆ Education/resource materials on best practices are available to citizens through print and web based formats. GCDD and Partners in Policymaking websites are maintained and new products and services are added on an ongoing basis. The Partners curriculum was converted to e-learning modules. A national Best of Web Digital Government Achievement Award was received in 2007 for the online training courses.

Customer Focus and Quality Improvement

- ◆ Customer Research: Annual research studies are conducted on issues such as employment practices, health care, and electronic government services.
- ◆ Application of Malcolm Baldrige Quality Management Framework: Increases knowledge, understanding, and application of the Baldrige Criteria to GCDD's business.

Self Advocacy

- ◆ The 2007 legislature appropriated \$274,000 for the 2008-09 biennium to establish a statewide self advocacy network – Self Advocates Minnesota (SAM). Self advocates are people with developmental disabilities who speak up for themselves, make choices/changes in their own lives, and make their voices heard and views

Activity at a Glance

- ◆ More than 15,000 Partners in Policymaking® program graduates nationally/internationally since 1987; including 731 graduates from Minnesota.

During SFY 2008:

- ◆ A total of 290,176 publications disseminated (print and downloads).
- ◆ A total of 195,462 unique website visitors.
- ◆ A total of 263 people with developmental disabilities employed in the area of digital imaging in public/private sector businesses.
- ◆ A total of 743 self advocates trained.

known about policies and practices that affect them. During the first year, 743 self advocates attended 42 training sessions on housing, transportation, employment, and leadership.

The GCDD does not regulate activities, or set or enforce standards.

Key Program Goals

Accessibility/Usability Working Group, an outgrowth of the Drive to Excellence MNDisability.Gov project, was created to improve accessibility and usability of E-government services including hardware, software, and websites.

MNDisability.Gov, a first-stop website for Minnesota state agency programs, products, and services devoted to disability issues, was created in collaboration with a Drive to Excellence team of disability agencies. There are 4,000 visitors a month to the site.

Employment/Document Imaging: This topic addresses indicator 32 of Minnesota Milestones. People with developmental disabilities are working in document imaging jobs, providing a valuable service to public and private sector businesses using current technology to conserve space and related costs, and preserve business records.

Key Measures

The GCDD tracks and reports the results of dozens of performance measures for the Department of Administration and the federal Administration on Developmental Disabilities. A few examples for SFY 2008:

- ◆ Number of website visitors = 195,462,
- ◆ Total of 290,176 publications disseminated – 264,684 downloads and 25,492 print publications,
- ◆ This activity supports Minnesota Milestone's goal that Minnesotans will have the economic means to maintain a reasonable standard of living. In FY 2008 a total of 263 people with developmental disabilities were employed in digital imaging positions in public and private sector businesses, (which exceeded our goal of 150), and
- ◆ Total of 3,307 individual technical assistance requests received and addressed.

Performance measures for the next fiscal year are established by the GCDD, identified in Requests for Proposals, and contained in GCDD's contracts. Performance goals are tracked for each fiscal year for each supplier, and over time, through dashboards, IPSII measures, customer satisfaction, cycle time for reporting, progress meetings that correspond with quarterly reporting deadlines, mid-year performance reviews, and final reports.

Activity Funding

The GCDD's annual allocation is part of a congressional appropriation for the U.S. Department of Health and Human Services. The federal fiscal year (FFY) 2008 allocation was \$1,025,295. Level funding is anticipated for FFY 2009. A required 25% non-federal match, is acquired through a general fund appropriation and in-kind contributions. The GCDD has also received \$230,000 in federal funds for a Family Support 360 grant, with match provided by the grantee, and a state appropriation of \$274,000 for the 2008-09 biennium for a statewide self advocacy network.

Contact

Director

Phone: (651) 296-9964

MN Relay (800) 627-3529 or 711

admin.dd@state.mn.us

www.mnddc.org

www.partnersinpolicymaking.com

www.mncdd.org

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: DEVELOPMENTAL DISABILITY COUNC

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	214	208	208	208	416
Subtotal - Forecast Base	214	208	208	208	416
Total	214	208	208	208	416
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	214	208	208	208	416
Statutory Appropriations					
Federal	1,325	1,234	1,082	1,025	2,107
Total	1,539	1,442	1,290	1,233	2,523
<u>Expenditures by Category</u>					
Total Compensation	187	247	228	235	463
Other Operating Expenses	395	134	153	146	299
Local Assistance	957	1,061	909	852	1,761
Total	1,539	1,442	1,290	1,233	2,523
Full-Time Equivalent (FTE)	2.7	3.4	2.6	2.6	

Activity Description

The Office of Enterprise Performance Improvement reflects the department's and state government's increased emphasis on improving organizational performance. The office has four primary purposes:

- ◆ Help all cabinet level agencies develop the knowledge and skills to create an integrated continuous improvement philosophy and infrastructure using the time-tested Lean approach to organizational improvement;
- ◆ Assist agencies in identifying key systems and process improvement opportunities, and provide support, including training, resources, and expertise to define and implement solutions to improve the efficiency and effectiveness of their business processes; and
- ◆ Provide a reporting mechanism, available in real-time, to monitor and display the performance and status of improvement efforts within individual state agencies.
- ◆ Simplify the business processes of government for citizens and employees.

Activity at a Glance

- ◆ Provided Lean training to more than 250 state agency staff during FY 2008;
- ◆ Facilitated 15 Kaizen (rapid improvement events) in ten agencies to reduce costs, processing time, and improve quality;
- ◆ Developed an Enterprise Lean website that is being used to monitor and report on results, share information, and serve as an online library for teaching tools, and training materials.
- ◆ Provides leadership, coordination, and support for reporting state agency goals, priorities, and progress to the public via the Department Results website (Accountability Minnesota beginning October 2008).

Population Served

These activities serve the citizens of Minnesota through enhanced or re-engineered processes that reduce processing time, improve efficiency, reduce cost, and improve quality.

Services Provided

Lean Methodology Training – to provide training to interested state leaders and staff within all cabinet-level departments to help them understand Lean continuous improvement methods and how they can be implemented within their agency.

Kaizen Improvement Event Facilitation – to provide Kaizen (rapid process improvement events) facilitation for key service processes within state agencies to improve the speed, accuracy, efficiency, and customer service of those processes.

Continuous Improvement Infrastructure – through training, coaching, and material support, develop the infrastructure and culture within each agency to sustain and expand initial continuous improvement efforts.

Reporting of Results – Publish online, the results of individual improvement efforts completed by each agency.

Sustainment of Results – Monitor and report on sustainment of these improvements through the collection and dissemination of data, and implementation of action plans.

Coordination with Other Public Agencies – Share and compare efforts and results with government agencies in other states, and other levels of government, to benchmark results, and learn from other efforts.

Department Results Reporting – Assists 25 cabinet-level agencies with reporting goals, measures, and performance through the Governor's Results website, including requesting, organizing, and publishing information from each of the agencies.

Enterprise Synchronization – Work across state enterprise to develop or improve common processes, procedures, and policies, with the objective of simplifying government business processes for citizens and employees.

Key Program Goals

- ◆ The office will be a role model of customer service by being responsive, flexible, and reliable in anticipating and providing customers with the best products, and services possible.
- ◆ All appropriate continuous improvement tools will be utilized in assisting agency leaders and staff in bringing innovative approaches to defining and managing key business processes. By the end of calendar year 2010, all cabinet level agencies will become involved in Lean improvement activities.
- ◆ Through the use of Lean and other process improvement tools, assistance will be provided to agencies in identifying and improving processes that cross agency boundaries, improving enterprise efficiency, reducing redundancy, and improving processing time.

Key Measures

The following can be considered programmatic measures of success:

- ◆ All cabinet-level state agencies will have staff trained, and utilizing Lean process improvement tools within their individual agencies;
- ◆ All state agencies will have invested time, money, and priority in supporting or creating internal expertise and structure into the sustainment and growth of a continuous improvement program within their agency.

Activity Funding

This activity is funded through a general fund appropriation.

Contact

Continuous Improvement Program Leader

Phone: (651) 201-2560

www.lean.state.mn.us

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: ENTERPRISE PERF IMPROVEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
Operating Budget Reductions		0	(199)	(199)	(398)
Total	0	0	(199)	(199)	(398)
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	234	436	136	136	272
Statutory Appropriations					
Miscellaneous Special Revenue	124	0	0	0	0
Total	358	436	136	136	272
<u>Expenditures by Category</u>					
Total Compensation	190	161	123	123	246
Other Operating Expenses	168	275	13	13	26
Total	358	436	136	136	272
Full-Time Equivalents (FTE)	2.2	1.9	1.2	1.2	

Activity Description

The Environmental Quality Board (EQB) draws together the Governor's Office, five citizens, and the heads of nine state agencies in order to coordinate the development of environmental policy and plans, and review proposed projects that would significantly influence Minnesota's environment and development. Minnesota Statutes, Chapters 103A, 103B, 116C and 116D provide for the Environmental Quality Board to:

- ◆ ensure compliance with state environmental policy;
- ◆ oversee the environmental review process;
- ◆ coordinate environmental agencies and programs;
- ◆ develop the state water plan and water policy reports;
- ◆ study environmental issues;
- ◆ convene environmental congresses; and
- ◆ advise the governor and the legislature.

Population Served

EQB represents the long-term environmental and economic interest of all Minnesota citizens, including those involved with or affected by development requiring environmental review, and those interested in the coordination of environmental policy and sustainable management of the state's water resources.

Services Provided

EQB provides the public with an accessible forum for raising and discussing state environmental policies and decisions. EQB oversees the statewide environmental review program (M.S. 116D.04-.06); including the preparation of environmental impact statements, environmental assessment worksheets, alternative urban area wide reviews, and generic environmental impact statements. The board coordinates state water planning activities and develops the state water plan and water policy reports for the governor and legislature (M.S. 103A.204, 103A.43, and 103B.151). The board also has authority concerning the release of genetically modified organisms (M.S. 116C.91-.98), the designation of state critical areas (M.S. 116G), the study of significant interagency environmental issues (M.S. 116C.04), the convening of environmental congresses to exchange information and ideas about environmental improvement (M.S. 116C.04), and development of an energy and environment strategy report (M.S. 116D.10-11).

Historical Perspective

EQB was established in 1973 as the state's environmental coordinating body. Over the last 30 years it has undertaken a broad range of environmental studies, from barge fleeing on the Mississippi River to animal agriculture, forestry, urban development, copper-nickel mining, genetically modified organisms, land use management, water management, and sustainable development. Major changes came to board programs in 1980 (decentralization of environmental review), 1983 (addition of water planning duties), 1987 (environmental review and siting requirements for large natural gas and petroleum product pipelines), 1991 (energy and environment strategy reporting), 1995 (siting of large wind energy conversion systems), and 2005 (transfer of energy facilities siting to the Department of Commerce and the Public Utilities Commission). The Department of Administration provides the board with the staff necessary to carry out its statutory responsibilities.

Activity at a Glance

In FY 2007 and 2008, EQB:

- ◆ Proposed rule revisions to streamline and clarify environmental review in Minnesota;
- ◆ Published new online guidance documents for citizens, local government, and consultants;
- ◆ Published 52 issues of the EQB Monitor;
- ◆ Addressed 2,000 calls for technical assistance;
- ◆ Processed 65 citizen petitions, 267 environmental assessment worksheets, 41 alternative urban area wide reviews, and 30 environmental impact statements; and
- ◆ Adopted two major reports on Minnesota's water resources, addressing sustainability of the state's water supplies and the need for clean water funding.

Key Program Goals

EQB's broad focus on coordinating state involvement in environment and development activities supports the environmental cluster of Minnesota Milestones goals—*Minnesotans will conserve natural resources to give future generations a healthy environment and a strong economy; improve the quality of the air, water and earth; restore and maintain healthy ecosystems that support diverse plants and wildlife; and have opportunities to enjoy the state's natural resources.*

Goals for the coming biennium are to:

- ◆ complete a state water plan that sets the agenda for the next ten years of water management in Minnesota;
- ◆ introduce a framework for the sustainable allocation of water supplies that meets the long-term needs of Minnesotans;
- ◆ develop an energy and environment strategy report that helps the public understand state efforts and that addresses land use aspects of climate change;
- ◆ provide citizens and local governments the assistance they need to participate in meaningful environmental review; and
- ◆ adopt rule changes that streamline and clarify environmental review in Minnesota.

Key Measures

- ◆ Adoption and publication of:
 - ⇒ a new state water plan;
 - ⇒ a water allocation framework;
 - ⇒ an energy and environment strategy report; and
 - ⇒ a revised environmental review rule.
- ◆ Publication of monthly issues of the EQB Monitor;
- ◆ Timely assistance to citizens and local governments (measured by client surveys);
- ◆ Stakeholder satisfaction with EQB products and services (measured by client surveys).

Activity Funding

EQB programs are supported by a general fund appropriation.

Contact

Director

Phone: (651) 201-2475

www.eqb.state.mn.us

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: ENVIRONMENTAL QUALITY BOARD

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
Operating Budget Reductions		0	(153)	(153)	(306)
Total	0	0	(153)	(153)	(306)
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	686	618	400	400	800
Total	686	618	400	400	800
 <u>Expenditures by Category</u>					
Total Compensation	628	503	342	349	691
Other Operating Expenses	58	115	65	58	123
Transfers	0	0	(7)	(7)	(14)
Total	686	618	400	400	800
 Full-Time Equivalents (FTE)	 6.7	 5.5	 3.6	 3.5	

Activity Description

The Fleet and Surplus Service Division (FSS) supplies vehicles to state programs and political subdivisions for use in the conduct of official business. Fleet Services supplies support services for these vehicles including maintenance support, fuel, and insurance. FSS oversees the disposal of state, federal, and local government vehicles and other surplus property using methods that ensure the best value is returned to the state.

Population Served

Fleet Services provides vehicles to all branches of state government and to political subdivisions including cities, counties, and school districts. Surplus Services serves a population including state agencies, political subdivisions, various nonprofit organizations, and the public.

Services Provided

The division provides a mix of direct services and compliance activities.

- ◆ Fleet Services operates a long-term rental program providing a wide variety of passenger vehicles and light trucks. These vehicles are packaged with vehicle services to provide a complete, easy to use transportation solution.
- ◆ Surplus manages the disposal of state and federal surplus property.
- ◆ Surplus provides assistance to local units of government in the disposal of their surplus property.

Historical Perspective

Fleet Services was established in 1961 to help state agencies effectively meet transportation needs. It has grown and evolved over the years to more effectively address the changing needs of state government. Fleet Services has expanded the types of vehicles provided, moving into a greater variety of light trucks. Vehicle life cycles are now monitored closely and tailored to better meet varying customer work requirements.

The Federal Surplus Property (FSP) Program was created and operates under the Federal Property and Administrative Services Act of 1949, as amended. Authority was established by an act of the state legislature, first enacted as Minnesota Session Laws of 1957, Chapter 808, which became effective 7-1-57. The FSP Program and State Surplus Property (SSP) Program were combined on 7-1-86 in an effort to maximize resources.

The Surplus Services unit merged with the Fleet Services unit in FY 2008 to become a single division within Administration. This merger opens many new opportunities for both units. The merger will promote efficient and effective operations. The combined unit co-located to a state-owned facility in Arden Hills in FY 2009, saving the cost of leasing facilities. This co-location will provide opportunities to streamline operations and share support services.

Key Program Goals

To provide our customers with valuable services, products, advice, and expertise:

- ◆ Fleet Services provides state agencies a service that furnishes customers with a complete vehicle package including acquisition, insurance, maintenance/repair, fuel, and disposal. Providing this complete service allows agency customers to focus more attention on their core missions and less attention on transportation support service issues.

Activity at a Glance

- ◆ Provides state programs and political subdivisions with long-term rental vehicles and vehicle support services including fuel, insurance, and maintenance/repair.
- ◆ Assists state agencies and political subdivisions with fleet management planning, implementation, and ongoing review.
- ◆ Coordinates with other state agencies to implement consistent, cost effective fleet management practices throughout the state.
- ◆ Provides state agencies with guidelines and assistance in the disposal of surplus property.
- ◆ In FY 2008, returned in excess of \$7 million to agencies through auction sales and distributed federal surplus property valued at nearly \$1.8 million.

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: FLEET AND SURPLUS SERVICES

Narrative

- ◆ Surplus Services will provide information and recommendations for the correct method of disposal to obtain the greatest return for the agency while addressing environmental objectives. Surplus Services offers flexibility to state agencies and local units of government by offering several disposal methods for surplus items.
- ◆ The Auction Program returns needed revenue to participating state agencies and local units of government to aid them in replenishing their equipment budgets. In the current economic climate, organizations are turning more to Surplus Services for used equipment to meet their property needs, since dollars are limited and purchasing new may not be a viable option.

To reduce costs by working across government:

- ◆ The physical co-location of the new Fleet and Surplus Services Division enhances efficient sale of used vehicles. Vehicles will no longer need to be moved from the Fleet Services site to the Surplus Services site for disposal. In the past vehicles have been transported between locations prior to live auctions. Co-location will allow vehicles to be offered for sale as soon as they are physically present at the co-located site. Vehicle sales include on-line auctions as well as live auctions.
- ◆ While the merger of these two units is primarily an end-to-end merger, with each unit doing unique work, there will be opportunities for combining some of the activities of the units. Financial support, IT support, and clerical support, along with the combined facility support, are all areas that are candidates for improved efficiency and cost effectiveness.

To offer a safe environment where people thrive and enjoy their work:

- ◆ Building restoration at the Surplus Services building provides a clean, safe environment accommodating both the Fleet and Surplus operations.

Key Measures

Fleet Services strives to keep state fleet equipment in good operating condition and available for use. Fleet Services has tracked vehicle out-of-service time over the last year. Fleet vehicles have been available for use over 98% of the time.

Fleet Services reviews the use patterns and corresponding life cycles for state agency leased vehicles. Fleet Services recommends lease changes to the agencies to better align vehicle use with assigned life cycle.

Fleet Services monitors and reports the amounts of alternative fuel used by state agencies.

Surplus Services tracks the effectiveness in reuse of government property by ensuring recycled surplus property meets both environmental and fiscal objectives.

Activity Funding

Fleet Services operates as an internal service fund. Surplus Services operates as an enterprise fund. No money is appropriated to FSS from the state's general fund.

As of 7-01-2008, Fleet Services had 10.5 full-time employees.

General Fund Loans:

General Fund loans are used to refinance the master lease so that the repayment schedules work within Fleet Services' cash flow constraints. Fleet Services purchases new vehicles on a regular replacement schedule throughout the year. Cash flow issues arise due to the need to pay for the purchase of fleet vehicles when received, but receiving reimbursement for use of the vehicle over an extended period of time. Fleet Services' general fund loan balance as of 6-30-08 is \$1,750,000 with payments scheduled through March 2009.

Operating Losses/Increases in Retained Earnings:

FY 2008 retained earnings increased by approximately \$448,000. Increased retained earnings are used to improve cash flow and reduce general fund debt.

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: FLEET AND SURPLUS SERVICES

Narrative

History of Rate Changes:

Fiscal Year	2005	2006	2007	2008	2009
Change	5.4%	4.3%	3.5%	3.5%	0%

Vehicle rates are calculated on an individual vehicle basis, taking into account acquisition cost, fuel economy, and life cycle. This rate structure offers Fleet Services customers flexibility in managing vehicle expenses. Rates are designed to charge fairly for many different vehicle types, sizes, and uses. Along with improving customer satisfaction, this enables Fleet Services to keep better pace with costs in the automotive industry.

Impact of Rate Changes:

Assuming the same volume and mix of goods/services as used in FY 2008, Fleet Services' customers will pay no more in FY 2009 since rates did not change.

Contact

Director

Phone: (651) 201-2511

www.fss.state.mn.us

ADMINISTRATION DEPT
 Program: GOVT AND CITIZEN SERVICES
 Activity: FLEET AND SURPLUS SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Miscellaneous Special Revenue	113	5	4	0	4
Central Motor Pool	16,237	15,519	15,629	15,901	31,530
Materials Distribution	1,617	1,588	1,470	1,386	2,856
Total	17,967	17,112	17,103	17,287	34,390
<u>Expenditures by Category</u>					
Total Compensation	1,143	1,287	1,296	1,334	2,630
Other Operating Expenses	15,338	14,795	15,757	15,903	31,660
Capital Outlay & Real Property	1,147	870	50	50	100
Other Financial Transactions	339	160	0	0	0
Total	17,967	17,112	17,103	17,287	34,390
Full-Time Equivalents (FTE)	17.3	18.8	18.8	18.8	

Activity Description

The Information Policy Analysis Division (IPAD) is where government entities, private sector organizations, the legislature, and citizens come for answers to data practices questions; consultation on data practices issues; help with public policy development; assistance in understanding and complying with complex legislation regulating information; dispute resolution services as they relate to data practices appeals; and assistance in exercising rights regarding access to information, protecting privacy, and challenging inaccurate or incomplete data.

Both the Minnesota legislature and the federal government have either enacted statutes or promulgated extensive rules that deal with a variety of information-related issues. These statutes and rules include, among others, the Minnesota Government Data Practices Act, the federal Family Educational Rights and Privacy Act and related rules, M.S. 144.335 (the Medical Records Act), the federal Health Insurance Portability and Accountability Act of 1996 and related rules, the federal Freedom of Information and Privacy Acts, the Minnesota Official Records Act, and the Minnesota Open Meeting Law Act. Historically, the executive branch and the legislature informally agree that expertise concerning these and other related laws should be available at no charge to government entities and citizens. As a general fund activity, IPAD offers that expertise to government entities and citizens through a variety of functions and services.

Population Served

IPAD serves personnel of state and local government entities, private citizens, private sector organizations, public and private attorneys, and the legislature.

Services Provided

IPAD provides these services to the population served: answering questions about rights under and requirements of various information laws; consulting on difficult information policy issues; providing staff services to the commissioner of Administration (Admin) in performing statutory duties that include issuing data practices and open meeting law advisory opinions, acting on appeals to challenges to government data, acting on applications for temporary classification of data, and requests to make new uses of data; preparing and distributing training, model compliance, and informational materials; developing, updating, and operating a publicly accessible website that contains all advisory opinions and all informational materials prepared by the division; offering training to state and local government entities; offering information sessions to citizens; providing training materials to enable government entities to do their own training; assisting citizens with answers to their inquiries and advice on how to exercise their rights; and working with the legislature, citizens, private sector groups, and state and local government agencies on the development of new information policy laws and changes to existing laws.

Historical Perspective

The Minnesota Government Data Practices Act was enacted in 1974. Since that time, M.S. Chapter 13 has grown through many revisions and additions as data practices discussions evolve. Issues of information policy, such as data privacy, fair information practices, genetic privacy, identity theft, security breaches, and the need for government-computer-based systems to comply with the law continue to receive widespread attention. Statewide responsibility for establishing and maintaining the infrastructure that assists government entities and the public in dealing with these issues has been assigned to the commissioner of Administration and delegated to IPAD.

Activity at a Glance

On average, over the last three years, IPAD has annually:

- ◆ issued 34 advisory opinions;
- ◆ resolved questions or requests for assistance from 8,799 citizens, government entities, and attorneys; and
- ◆ sponsored and participated in 26 continuing education events and conferences and trained over 1,000 attendees.

For the period 1-01-2007 through 6-30-2008, IPAD's website had 256,926 visits.

Key Program Goals

To provide our customers with valuable services, products, advice and expertise. IPAD achieves this Departmental goal in the following way:

- ◆ in FY 2008 provided technical assistance to over 12,000 citizens, members of the media, state and local government entities, and private attorneys, and
- ◆ produced webinars, quarterly electronic newsletters, Power Point presentations and other informational materials for citizen and government customers.

Key Measures

Over the last year, IPAD focused on the advisory opinion process to evaluate our customer service efforts.

Two key measures of IPAD's effectiveness:

- ◆ The first measure was that parties to an advisory opinion would be treated in a respectful and professional manner. In FY 2008, IPAD set a goal that 90% of survey respondents would feel they had been treated respectfully and in a professional manner. IPAD achieved 100% each quarter in FY 2008 from survey respondents.
- ◆ The second measure attempts to quantify the effectiveness of the advisory opinion by measuring whether government entities act in accordance with an opinion. In FY 2008, the goal was set at 75% of survey respondents. The majority of citizen and government survey respondents were unsure whether the government entity would follow the opinion. Approximately 35% of those surveyed responded that the government entity would act in accordance with the opinion.

Activity Funding

This activity is funded through a general fund appropriation. Special revenue funds are used for seminar activities and collaborative agreements.

Contact

Director

Phone: (651) 201-2501

www.ipad.state.mn.us

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: INFORMATION POLICY ANALYSIS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	79	0	0	0	0
Technical Adjustments					
Approved Transfer Between Appr			40	40	80
Subtotal - Forecast Base	79	0	40	40	80
Total	79	0	40	40	80
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	468	500	465	465	930
Statutory Appropriations					
Miscellaneous Special Revenue	37	43	18	18	36
Total	505	543	483	483	966
 <u>Expenditures by Category</u>					
Total Compensation	453	419	427	425	852
Other Operating Expenses	52	124	56	58	114
Total	505	543	483	483	966
 Full-Time Equivalent (FTE)	5.3	4.8	4.4	4.2	

Activity Description

The Land Management Information Center (LMIC) provides services and products that promote the effective and efficient use of geographic data and information technology. LMIC serves as a focal point for Geographic Information Systems (GIS) within Minnesota, coordinating many of the state's GIS activities and providing geospatial data services and project consulting services that help organizations use GIS to improve their effectiveness. LMIC is authorized by M.S. 4A.05, subd. 2 and supports and receives advice from the Minnesota Governor's Council on Geographic Information, authorized by Executive Orders since 1991.

Activity at a Glance

During FY 2008, LMIC services included:

- ◆ 25,000 downloaded GIS data sets;
- ◆ 550,000 user sessions providing maps, reports, data, and information about the state;
- ◆ 3.8 million customer requested map images delivered through web services;
- ◆ 28 contracts for GIS project services; and
- ◆ a Drive to Excellence project to provide coordinated enterprise GIS services.

Population Served

LMIC serves the entire state's population, primarily by supporting state agencies and local government units. LMIC also serves elected officials, federal agencies, non-government organizations, educators, and citizens.

Services Provided

GIS Coordination: LMIC serves as the state's de facto coordinator for geographic information technology. In this role, LMIC promotes coordinated applications of GIS by developing, promoting, and implementing standards; representing the state in national organizations; serving as the state's liaison with federal agencies; supporting coordination among local governments; and staffing the Minnesota Governor's Council on Geographic Information. In FY 2008-09, LMIC brought together seven state agencies and two federal offices to support a \$1.3 million statewide aerial photography program, leveraging a \$405,000 state contribution by more than 2:1. LMIC also coordinates the Drive to Excellence Enterprise GIS initiative. Although LMIC does not have explicit legislative authority for its coordination role, it has served in this capacity for almost 30 years.

Data Services: LMIC serves as the state's steward of publicly funded spatial data. In this role, LMIC is responsible for organizing, safeguarding, and improving the value of these public investments by ensuring their availability and supporting their effective use. The Geographic Data Clearinghouse emphasizes services that promote access to data maintained by state agencies through web portals and web services. Clearinghouse services support organizations throughout Minnesota, reducing their costs while improving their effectiveness.

Project Services: The Project Service Bureau assists state agencies and other government clients by designing and implementing projects that use GIS for analysis, planning, program operations, and decision-support. Unlike other LMIC functions, which are supported by the general fund, the Service Bureau is entirely funded by project revenues. During FY 2008, LMIC conducted 28 projects for clients with a total contract value of nearly \$500,000.

Historical Perspective

LMIC was created in 1978 to promote the introduction and development of technology for analyzing and mapping the use of land and natural resources within the state. As the state's first organization devoted to using geographic information systems, LMIC served all of the state's GIS needs for some time. LMIC's role has evolved as the technology has been adopted by many state agencies and local governments. Rather than serving as a centralized GIS program, LMIC now focuses on coordination of geospatial technology, promoting access to standardized geospatial data, developing GIS-based decision support tools that help organizations improve their effectiveness, and consulting with other agencies that need assistance with GIS technology. LMIC is recognized within the state and around the nation for leadership and creativity in the GIS field.

Key Program Goals

Goal 1: LMIC provides high quality services that satisfy the data, information, and analysis needs of its customers.

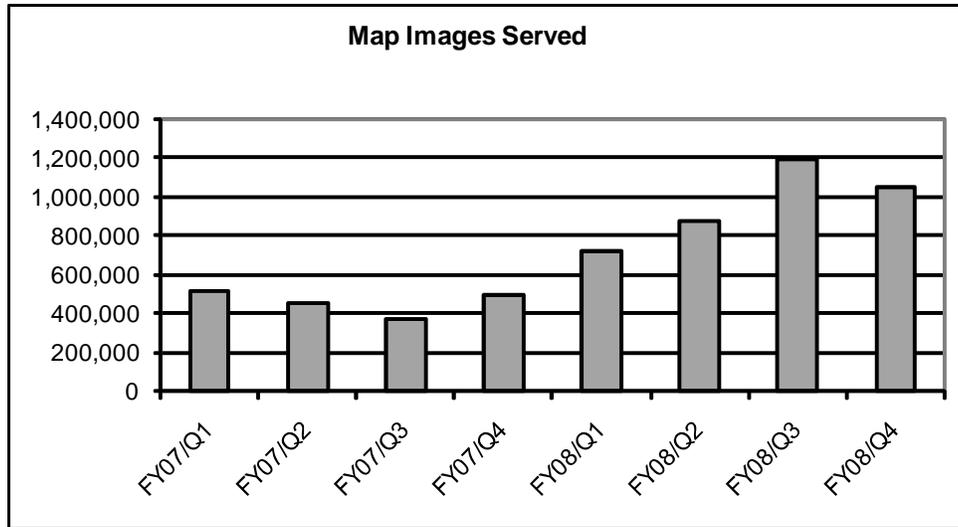
Goal 2: LMIC provides effective and efficient access to useful data, information, and analysis.

Goal 3: LMIC's Service Bureau maintains high-quality GIS project consultation services to state agencies at cost-effective rates that fully cover the cost of providing those services.

Key Measures

Measure for Goal 1: The average *quality of service* score on LMIC’s quarterly customer satisfaction surveys based upon a 5-point scale where 4 = Good and 5 = Excellent. For FY 2008, those scores averaged 4.5, with 93% of the evaluations rated as Good or Excellent. Quality of service grades received by LMIC’s customers consistently rank highest among the department’s activity areas.

Measure for Goal 2: The number of map images served by LMIC web mapping services designed to effectively deliver data directly to requests by GIS users and web mapping applications. During FY 2008, map images served totaled: 719,528 for Quarter 1; 875,693 for Quarter 2; 1,193,318 for Quarter 3 and 1,049,980 for Quarter 4.



LMIC’s internet services are delivered through the Minnesota Geographic Data Clearinghouse, the state’s principal source for geographically referenced data – data that organizations use with mapping and GIS technology to support their activities. In FY 2008, users directly downloaded 25,000 data files from LMIC. Web mapping service technology enhanced and implemented by LMIC last year provided access to valuable image data in a just-in-time environment – one that minimizes time and resource investments by LMIC’s customers and eliminates needless data duplication. More than 3.8 million customer-accessed map views were served during FY 2008.

Measure for Goal 3: Maintain adequate “Retained earnings” for LMIC’s Project Service Bureau. The Service Bureau operates as a business and depends entirely upon revenues from client projects. Rates are set annually to provide value to LMIC customers while generating enough revenues to cover operations. Standard “business” accounting conventions are used to monitor the financial health of this activity. The goal is to maintain “retained earnings” that cover two months of operations. Lower than expected demand in FY 2008 resulted in year-end negative retained earnings but booked work for FY 2009 already exceeds FY 2008 revenue. Retained earnings will be monitored through financial statements and at quarterly operations review with management.

Activity Funding

LMIC is funded by a general fund appropriation for GIS coordination and geographic data clearinghouse services. Activities are also supported by federal grants, contracts for services, and product sales. This hybrid funding structure provides a base level of support to sustain core functions while encouraging entrepreneurial behavior that has characterized LMIC since its creation.

Contact

Director
Phone: (651) 201-2460
www.lmic.state.mn.us

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: LAND MANAGEMENT INFO CENTER

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	889	864	864	864	1,728
Technical Adjustments					
One-time Appropriations			(50)	(50)	(100)
Subtotal - Forecast Base	889	864	814	814	1,628
Governor's Recommendations					
Operating Budget Reductions		0	(12)	(12)	(24)
Total	889	864	802	802	1,604
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	887	866	802	802	1,604
Statutory Appropriations					
Miscellaneous Special Revenue	519	683	711	725	1,436
Federal	211	315	108	18	126
Total	1,617	1,864	1,621	1,545	3,166
<u>Expenditures by Category</u>					
Total Compensation	1,198	1,247	1,296	1,301	2,597
Other Operating Expenses	419	612	325	244	569
Local Assistance	0	5	0	0	0
Total	1,617	1,864	1,621	1,545	3,166
Full-Time Equivalents (FTE)	13.8	14.2	15.0	14.6	

Activity Description

The Materials Management Division (MMD) acquires goods and services using methods that ensure the best value for the taxpayers' dollars and conform to the highest ethical standards of public procurement. The division facilitates and oversees an average of more than \$1.8 billion in state government purchases each year. The statutory framework for the division's activities is M.S. Chapter 16C – State Procurement.

In addition to its procurement role the division also manages two business operations. Office Supply Connection (OSC) and Minnesota's Bookstore provide publishing, retail, and distribution services to state and local government. Statutory framework for these activities are M.S. 14.46 (*State Register*), 16B.51 and 16B.52 (Minnesota's Bookstore), and 16C.03 (OSC).

Population Served

MMD operates in close partnership with state agencies to achieve a productive balance of centralized and delegated purchasing. Statewide and multi-state contracts negotiated by MMD currently serve more than 600 local units of government and other authorized entities. MMD also works with Minnesota and out-of-state businesses to ensure fair competition and to resolve vendor performance issues.

MMD's business operations, OSC and Minnesota's Bookstore, also provide services to state government, local governments, school districts, and higher education entities. In the case of Minnesota's Bookstore, its retail services are available to the general public.

Services Provided

The division provides a mix of direct services and compliance activities:

- ◆ purchasing and contracting for goods, services, utilities, and construction;
- ◆ recruiting and managing vendors;
- ◆ promoting environmentally responsible purchasing;
- ◆ managing procurement functions through Minnesota Accounting and Procurement System (MAPS);
- ◆ reviewing and overseeing professional/technical contracts;
- ◆ monitoring compliance with state procurement law and policy, including training and auditing of state agencies;
- ◆ conducting other training for agency customers, vendors, and cooperative purchasing members on topics including local purchasing, effective negotiations, and doing business with the state;
- ◆ operating a cooperative purchasing program for Minnesota's local units of government and other authorized entities and a pharmaceutical purchasing program on behalf of 45 states and the cities of Chicago and Los Angeles;
- ◆ managing a centralized publishing house for state agency-produced materials (Minnesota's Bookstore is located in the Williams Hill Business Center at 660 Olive Street in St. Paul and handles online, phone, mail, and fax orders and also operates a walk-in location that is open to the public 8 a.m. - 5 p.m. Monday - Friday);
- ◆ operating the state of Minnesota Mailing List Service – a centralized production and distribution outlet for the sale of selected state public licensing data to a national customer base;
- ◆ publishing the *State Register* – the state's official publication of record; and

Activity at a Glance

- ◆ Oversees an average \$1.8 billion annually in state government purchasing.
- ◆ Negotiates and manages approximately 1,400 enterprise contracts offering volume discounts to state agencies. Over 800 of these contracts are available for use by more than 600 local units of government and other authorized entities. Purchases from these contract vendors exceed \$850 million annually.
- ◆ Reviews an average of more than 4,000 professional/technical contracts and related documents per year.
- ◆ Negotiated in excess of \$20 million in contract savings and cost avoidance for government entities in FY 2008.
- ◆ Serves more than 70,000 Minnesota's Bookstore customers annually.
- ◆ Provides financial incentives for customers to purchase environmentally responsible office supplies and paper.

- ◆ operating an office supply distribution business through an in-house warehouse consisting of approximately 1,000 commonly used products (located at 321 East Grove Street in St. Paul) and a non-stocked office supply contract of approximately 3,000 products.

Historical Perspective

Minnesota's procurement laws attempt to balance numerous interests, including those of state agencies, vendors, small businesses, minority- or female-owned or economically disadvantaged businesses, environmental advocates, rehabilitation facilities, correctional industries, the visually impaired, and others. The legislature re-wrote Minnesota's procurement laws in 1998, reducing the number of mandates and moving from a "low-bid" to "best value" philosophy of procurement. MMD concurrently shifted to a less centralized approach where unlimited authority can be delegated to purchasing staff within agencies if they have demonstrated their competence and adherence to state standards. These changes have allowed MMD to reduce its role with respect to one-time, low-dollar-value purchases and to concentrate on the more complex and enterprise procurements, including contracts that aggregate public purchasing dollars to achieve volume discounts for standard items.

In 2007, the legislature further amended state procurement laws to support strategic procurement "best practices" that assure the highest value to the state and its taxpayers. Examples of division activities consistent with this new legislative direction and the department's strategic goals are described in "Key Goals" below.

Executive branch agencies have been required to obtain office supplies and paper from OSC with some exceptions since January 2006. The increased volume of goods purchased resulted in the average percentage discount for non-stocked products to increase from 46% to 52% off list price, resulting in significant savings for all customers. An assessment of OSC's future role is currently underway. Several business models are being considered including the use of a private-sector contract for the distribution of supplies and paper that could lead to the closure of the operation if justified by economics or deficiencies.

Key Program Goals

- ◆ Goal: To be recognized for our innovation and efficiency. Minnesota is the first state to implement "spend intelligence" software, providing a previously unavailable level of detail regarding the state's purchase of goods and services. In recognition of this initiative, Minnesota was awarded the 2007 George Cronin Award for Procurement Excellence – the highest honor in public sector procurement – by the National Association of State Procurement Officials. Additionally, Minnesota's procurement innovations, with an emphasis on negotiating contracts, were featured in the August 2007 issue of **Government Procurement** magazine.
- ◆ Goal: To provide our customers with valuable services, products, advice, and expertise. The division has assisted agencies with the state's most complex, high-stakes acquisitions including enterprise-wide e-mail and property management systems, a "bio-safety level 3" lab, and reconstruction of the 35W bridge in Minneapolis using a "design/build" contracting process.
- ◆ Goal: To reduce costs by working across government. By developing commodity standards in conjunction with the Office of Enterprise Technology and other agencies, substantially reduced pricing has been obtained for frequently purchased items such as computers, servers, cell phones chairs, and office furniture. MMD has also launched an effective negotiation strategy. (See "savings and cost avoidance on behalf of state agencies" below under key measures.) Similarly, Minnesota's Bookstore works with state agency representatives to offer centralized publishing, retail, and distribution services for maps, manuals, forms, handbooks, and other materials that can be easily purchased by the general public. These activities directly support Minnesota Milestones by providing cost-efficient government.
- ◆ Goal: To be recognized for our environmental stewardship. OSC promotes the use of 100% white recycled content copier paper across state government by offering competitive pricing when compared to either virgin or 30% recycled content paper.

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: MATERIALS MANAGEMENT

Narrative

Key Measures

Savings and cost avoidance on behalf of state agencies: MMD aggressively negotiates state contracts to achieve price reductions below the best competitive offer initially received. In FY 2008, this strategy yielded savings or cost avoidance valued at \$16.5 million on goods and services contracts and \$3.9 million on professional and technical contracts.

Use of innovative procurement tools: As noted above, MMD's "spend intelligence" system won the 2007 Cronin Award for Procurement Excellence.

Efficiency in reviewing and approving contracts: MMD attempts to review professional/technical contracts, certifications, amendments, and related documents within three days of receipt. The average was 2.9 days in FY 2007 and 2.8 days in FY 2008.

Competitive paper pricing combined with environmental stewardship: 100% recycled copier paper was the most cost-effective option for state agencies during FY 2008 when compared to virgin and 30% recycled paper. Because of this pricing advantage and through promotion of its use, nearly 182,000 reams of 100% recycled paper were purchased during FY 2008 compared to only 19,000 reams during FY 2007. During FY 2008, 100% paper represented 39% of all white copier paper sold – the goal is to increase this to 50% by the end of the FY 2010-11 biennium.

Activity Funding

MMD's general fund appropriation covers costs associated with delivery of centralized procurement services as well as oversight of delegated purchasing and professional/technical contracts. The division's cooperative purchasing program and Minnesota's Bookstore are self-sustaining enterprise funds. OSC operates through an internal service fund.

Minnesota's Bookstore is projected to generate annual revenue of approximately \$182,000 for the *State Register* during FY 2009. The revenue is generated from state agencies publishing material as well as a small number of enhanced electronic subscribers. Minnesota's Bookstore and the Mailing List Service are projected to generate approximately \$1.4 million in revenue during FY 2009. Most of this revenue is from the general public. The number of FTEs within Minnesota's Bookstore is 10.8 on 7-1-08.

Operating Losses/Increases in Retained Earnings: FY 2008 retained earnings for the *State Register* increased by \$82,000. Minnesota's Bookstore retained earnings decreased by \$79,000 during FY 2008.

History of Rate Changes (State Register):

Fiscal Year	2004	2005	2006	2007	2008	2009
Change	8.90%	0.00%	0.00%	0.00%	0.00%	0.00%

Impact of Rate Changes:

Assuming the same volume and mix of goods/services as used in FY 2008, the *State Register's* largest customers (Pollution Control, Natural Resources, Human Services, Transportation, and Labor & Industry) will pay no more in FY 2009 since rates did not change.

OSC is projected to generate annual net revenue of approximately \$6.8 million during FY 2009 from state agencies and local government. The number of FTEs within OSC is 9.1 on 7-01-2008.

Operating Losses/Increases in Retained Earnings: FY 2008 retained earnings for OSC increased by approximately \$114,000.

History of Rate Changes:

Fiscal Year	2004	2005	2006	2007	2008	2009
Change	(0.82%)	0.82%	See note	0.00%	0.00%	See note

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: MATERIALS MANAGEMENT

Narrative

Note: During FY 2006, OSC changed its pricing structure from discount off list price to a cost plus model on non-stock inventory. No pricing changes were made on stocked inventory. During FY 2009, OSC cut the mark-up on stocked products from 28.5 to 27 percent.

Impact of Rate Changes:

Assuming the same volume and mix of goods/services as used in FY 2008, OSC's five largest customers (Human Services, Corrections, Transportation, Employment & Economic Development, and Natural Resources) will pay less based on the stocked product mark-up reduction.

Contact

Director

Phone: (651) 201-2400

www.mmd.admin.state.mn.us

ADMINISTRATION DEPT
 Program: GOVT AND CITIZEN SERVICES
 Activity: MATERIALS MANAGEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	500	0	0	0	0
Subtotal - Forecast Base	500	0	0	0	0
Governor's Recommendations					
Operating Budget Reductions		0	(138)	(138)	(276)
Total	500	0	(138)	(138)	(276)
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,045	2,613	1,936	1,936	3,872
Statutory Appropriations					
Miscellaneous Special Revenue	0	64	0	0	0
Documents And Publications	1,477	1,759	1,806	1,853	3,659
Central Stores	6,811	6,720	6,870	7,023	13,893
Materials Distribution	6,753	9,055	10,935	11,125	22,060
Total	17,086	20,211	21,547	21,937	43,484
<u>Expenditures by Category</u>					
Total Compensation	5,354	6,072	6,875	7,039	13,914
Other Operating Expenses	8,587	9,710	9,463	9,598	19,061
Capital Outlay & Real Property	10	0	0	0	0
Other Financial Transactions	3,135	4,429	5,209	5,300	10,509
Total	17,086	20,211	21,547	21,937	43,484
Full-Time Equivalents (FTE)	71.5	77.6	80.4	80.4	

Activity Description

The Office of the State Archaeologist (OSA) helps manage the state's archaeological resources, including sites and data under provisions of the *Field Archaeology Act* (M.S. 138.31-138.42) and the *Private Cemeteries Act* (M.S. 307.08). In addition to federal legislation addressing cultural heritage resource management, state statutes including the *Outdoor Recreation Act* (M.S. 86A) and the *Minnesota Environmental Rights Act* (M.S. 116B) also speak to issues of archaeological resource management.

OSA reviews under these statutes are critical to preserving Minnesota archaeological resources and controlling impacts to public and private development costs. The processes involve identifying, evaluating, and, in some cases, preserving archaeological sites, including unplatted burial sites over 50 years old.

Held annually each spring, Minnesota Archaeology Week is a key component of the OSA's public participation and education programming. The OSA assumes the lead role in organizing, coordinating, and promoting this statewide series of events that celebrate Minnesota's archaeological heritage. In 2007, an estimated 1,600 plus individuals attended Minnesota Archaeology Week activities.

Population Served

OSA clients include: local, state, and federal agencies; representatives of Minnesota's tribal communities; builders and development associations; cultural resource management firms; county historical societies; private homeowners; professional and avocational archaeologists; local heritage preservation commissions; educators and school districts; and other public and private agencies and individuals.

Services Provided

Major service categories include data management; consultation; licensing and project review; compliance enforcement; research; and information dissemination. Both integrated and interdependent, these program services function as a whole. As an example, the scheduling, cost, and progress of both public and private development projects depend on accurate and timely consultative services, which in turn require comprehensive data management, information dissemination, and research capabilities.

Historical Perspective

The State Archaeologist was created in 1963 by the *Field Archaeology Act*. In 1996, Executive Reorganization Order 175 established OSA as a division within the Department of Administration. OSA is currently administered as a unit of the Office of Geographic and Demographic Analysis.

Studies by the Management Analysis Division and the Office of the Legislative Auditor explored alternative funding options for the OSA. The Office of the Legislative Auditor's April 2001 OSA program evaluation report concluded that "... the Office of the State Archaeologist should continue to receive its funding primarily from a General Fund appropriation, (and) the legislature should direct the office to determine the feasibility of charging fees to supplement its budget." In the March 2002 assessment of the feasibility of supplementing OSA's budget with fee-for-service funds, the Management Analysis Division concluded that "... a fee-for-service model does not appear to be in the best interest of the Office of the State Archaeologist or the state."

Activity at a Glance

Key activity statistics related to OSA program for FY 2007 include:

- ◆ reviewed/licensed 199 archaeological projects;
- ◆ evaluated/accepted 256 site data forms;
- ◆ completed 20 burial site investigation cases; and
- ◆ Over 1,600 participants at Minnesota Archaeology Week events.

Key Program Goals

Minnesota Milestones statewide goals

- ◆ *Community and Democracy*: The State Archaeologist has worked to increase satisfaction with and reduce the cost of government services through clarification and simplification of M.S. 307.08 in FY 2007 and the issuance of written M.S. 307 standards in FY 2008.
- ◆ *Environment*: The State Archaeologist was added to the list of Environmental Assessment Worksheet reviewers in FY 2007 to help preserve archaeological sites that may be impacted by land development. Increased review of public projects under M.S.138.140 is a key goal for FY 2010 - 2011.

Agency strategic goals

- ◆ The State Archaeologist will increase *Customer Value* and *Innovation and Efficiency* by providing additional online services to professional archaeologists and public agencies, including archaeological resource locations and predictive models.

Key Measures

Turnaround time for issuing archaeological licenses: target is within ten days of receipt of application. (Note: OSA response time is not the sole variable in determining turnaround time as the Minnesota Historical Society must sign the licenses). In FY 2007, the turnaround goal was met 100% of the time. A new streamlined process was implemented in May 2006, reducing the total number of licenses issued. In most cases, licenses are now issued on a yearly basis to qualified archaeologists rather than for each project.

Turnaround time for review/correction of site data forms and issuance of Smithsonian Site Designation Numbers (SSDN): target is within seven days of receipt of correctly completed site forms. Actual average turnaround time met the goal 100% of the time.

The most comprehensive assessment of OSA's performance is described in the Office of the Legislative Auditor's 2001 OSA program evaluation report, which thoroughly documents the base of support for OSA program activities.

Activity Funding

The program operates through a general fund appropriation.

Contact

State Archaeologist

Phone: (612) 725-2411

www.osa.admin.state.mn.us

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: OFFICE OF STATE ARCHAEOLOGIST

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	196	196	196	196	392
Technical Adjustments					
Approved Transfer Between Appr			10	10	20
Subtotal - Forecast Base	196	196	206	206	412
Total	196	196	206	206	412
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	196	206	206	206	412
Statutory Appropriations					
Gift	2	4	4	4	8
Total	198	210	210	210	420
 <u>Expenditures by Category</u>					
Total Compensation	169	174	179	182	361
Other Operating Expenses	29	36	31	28	59
Total	198	210	210	210	420
 Full-Time Equivalent (FTE)	 2.1	 2.0	 2.0	 2.0	

Activity Description

Plant Management (PMD) delivers consistent, quality services to ensure cost-effective, clean, safe, and environmentally sound buildings, grounds, and operations and provides recycling and mail distribution services to state and local government through Resource Recovery and Central Mail. Division work is outlined in several sections of Minnesota Statutes: M.S. 16B.24, 16B.48, 16B.49, 16B.58, and 115A.15.

Population Served

The majority of PMD's customers are state agencies and the legislature. Non-state agency customers include visitors and event participants, as well as:

- ◆ organizations leasing space or needing parking;
- ◆ state agencies located in St. Paul, State Health Boards located in Minneapolis, and the Department of Education in Roseville for mail services; and
- ◆ state and regional units of government requesting resource recovery services.

Services Provided

Services provided by PMD include:

- ◆ housekeeping, engineering, building management, waste removal, grounds maintenance, snow removal, trade and repair services, event permitting and coordination, cafeteria oversight, energy management and environmental and fire/life/safety systems;
- ◆ maintenance of ceremonial grounds, monuments, and memorials as a showplace for all Capitol complex tenants, visitors, and Minnesota citizens;
- ◆ metering and processing outgoing federal mail and inter-office mail services for state agencies located in St. Paul, processing incoming federal mail for Capitol complex agencies, addressing, inserting services, and bar-coding for state agencies resulting in reduced postage costs;
- ◆ operating the State Recycling Center to prepare recyclables for market and administering the state Government Resource Recovery Program providing waste reduction and recycling assistance and education;
- ◆ moving, equipment rental, and delivery services; and
- ◆ maintaining and managing parking facilities and contracts and providing alternative transportation services.

Historical Perspective

PMD ensures that all facilities are operated, repaired, and maintained in a cost-effective manner to preserve the integrity of the state's assets and provide a safe and comfortable environment for building tenants. As part of this goal, PMD maintains an Asset Preservation Program outlining necessary repairs for facilities. If due to insufficient or restricted funding the state fails to address deferred maintenance, serious structural damage, deterioration, and reduction in the life expectancy of buildings should be expected.

State agencies within the boundaries of St. Paul are required to use Central Mail for handling and processing of outgoing mail. This centralized operation allows small and large agencies collectively to achieve postage savings through the use of Central Mail's bar-coding and ink-jet addressing equipment and also helps to realize operational efficiencies such as staffing, equipment, and space.

Key Program Goals

Goal: To be recognized for our innovation and efficiency through conservation of natural and economic resource
 Division Objective: Reduce Capitol complex energy consumption in non-computer server facilities by at least 10% compared with FY 2006 actual consumption.

Measure: Less than 472,500 MMBtu

Activity at a Glance

Plant Management maintains:

- ◆ 4.3 million square feet;
- ◆ 21 buildings;
- ◆ 24 monuments/memorials;
- ◆ 31 parking facilities;
- ◆ 1,846 tons of material recycled in FY 2008;
- ◆ 619 special event permits issued for public use of state Capitol and grounds; and
- ◆ \$800,000 in postage savings in FY 2008 through automated mail services.

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: PLANT MANAGEMENT

Narrative

Goal: To be recognized for our innovation and efficiency through conservation of natural and economic resource
Division Objective: Achieve an absolute reduction in disposed waste over FY 2008 actual.

Measure: Less than 654 tons

Goal: To be recognized for our innovation and efficiency through conservation of natural and economic resource
Division Objective: Reduce Capitol complex irrigation water consumption over the FY 2008 actual.

Measure: Less than 4.8 million gallons

Key Measures

Service delivery accomplishments include the following:

- ◆ *Leases* provided well-maintained facilities and supported a quality environment for building tenants through building tours, facility condition audits, and computer-assisted facilities management program.
- ◆ *Resource Recovery Program* continued to meet or exceed the 60% recycling goal in the Capitol complex in FY 2007 and FY 2008 as required by M.S. 115A.15.
- ◆ Central Mail automated at least 90% of all state agency permit and metered letter mail during FY 2008. For FY 2008, the actual figure was 92.4%.

Activity Funding

PMD's internal service fund (ISF) is made up of three activities: Leases, Repair and Other Jobs, and Materials Transfer. The predominant customers are state agencies located in custodial control buildings that pay for space through lease rental rates. Central Mail has a separate ISF whose primary customers are state agencies located in St. Paul. The goal of the ISFs is to set rates as close to break-even as possible, while maintaining two-month working capital funds. Expenditures include salaries/benefits, utilities, operating expenses, bond interest, building depreciation, and debt service.

Full-time employees, as of 7-01-2008 were 226 for Leases, 13 for Materials Transfer, three for Repair and Other Jobs, and eight for Central Mail's ISF.

PMD does not have a loan from the general fund nor proposed investment in technology or equipment of \$100,000 or more.

Operating Losses/ Increases in Retained Earnings:

Retained earnings for Leases decreased in FY 2007 and FY 2008 due in part to higher than anticipated repair and maintenance expenses. These changes in retained earnings will be reflected in Lease rates for FY 2010 and FY 2011.

Retained earnings for Repair and Other Jobs activity increased in FY 2007 due to higher than anticipated billable hours and decreased in FY 2008 due to higher than anticipated expenses.

Retained earnings for the Materials Transfer increased in FY 2007 due to lower than anticipated expenses and decreased in FY 2008 due to planned losses.

Retained earnings for Central Mail increased in FY 2007 and FY 2008 due to higher than anticipated sales.

History of Rate Changes:

Fiscal Year	2004	2005	2006	2007	2008	2009
Leases	(8.16%)	0.00%	(4.79%)	4.61%	(1.04%)	0.72%
Repair and Other Jobs	30.00%	5.00%	10.41%	0.00%	9.17%	0.00%
Materials Transfer	0.59%	0.00%	1.90%	0.00%	0.00%	0.00%
Central Mail	0.00%	0.00%	1.40%	0.00%	0.00%	0.00%

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: PLANT MANAGEMENT

Narrative

Impact of Rate Changes:

Assuming the same volume and mix of goods/services as FY 2008, the five largest Lease customers will pay 0.06% less in FY 2009. The five largest customers are the departments of Human Services, Health, Revenue, Agriculture and the Minnesota Historical Society.

Assuming the same volume and mix of goods/services as FY 2008, the five largest Repair and Other Jobs customers will pay the same amount in FY 2009. The five largest customers are the Office of Enterprise Technology, departments of Health and Administration, St. Paul Port Authority, and the Minnesota Historical Society.

Assuming the same volume and mix of goods/services as FY 2008, the five largest Materials Transfer customers will pay the same amount in FY 2009. The five largest customers are the departments of Administration, Human Services, Office of Enterprise Technology, Revenue and Education.

Assuming the same volume and mix of goods/services as FY 2008, Central Mail's five largest customers will pay the same amount in FY 2009. The five largest customers are the departments of Public Safety, Human Services, Public Employees Retirement Association, Revenue and Health.

In addition to the ISF, PMD receives general fund appropriations for Resource Recovery and the mail delivery portion of Central Mail. PMD also receives revenue from parking fees.

Contact

Director

Phone: (651) 201-2350

www.admin.state.mn.us/pmd

ADMINISTRATION DEPT
 Program: GOVT AND CITIZEN SERVICES
 Activity: PLANT MANAGEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	443	443	443	443	886
Technical Adjustments					
Approved Transfer Between Appr			20	20	40
Subtotal - Forecast Base	443	443	463	463	926
Governor's Recommendations					
Operating Budget Reductions		0	(100)	(100)	(200)
Total	443	443	363	363	726
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	961	1,056	904	904	1,808
Statutory Appropriations					
Miscellaneous Special Revenue	5,119	9,779	8,396	8,437	16,833
Plant Management	46,841	45,813	48,612	50,001	98,613
Central Mailing	8,574	8,893	8,909	8,949	17,858
Total	61,495	65,541	66,821	68,291	135,112
<u>Expenditures by Category</u>					
Total Compensation	15,381	16,226	17,388	18,072	35,460
Other Operating Expenses	32,428	36,384	36,365	37,169	73,534
Capital Outlay & Real Property	98	0	0	0	0
Other Financial Transactions	13,588	13,271	13,407	13,389	26,796
Transfers	0	(340)	(339)	(339)	(678)
Total	61,495	65,541	66,821	68,291	135,112
Full-Time Equivalentents (FTE)	274.7	282.3	289.5	290.0	

Activity Description

This activity provides a broad range of real estate services and construction services to achieve facility solutions that help state agencies deliver efficient and effective services. Real Estate and Construction Services are provided in accordance with M.S. 16A.28, 16A.632, 16A.69, 16B.24, 16B.05, 16B.25, 16B.26, 16B.281, 16B.282, 16B.283, 16B.284, 16B.285, 16B.286, 16B.287, 16B.30, 16B.305, 16B.31, 16B.32, 16B.325, 16B.33, 16B.335, 16B.35, 16C.08, 16C.095, 16C.10, 16C.14, 16C.32, 16C.33, and 16C.34.

Population Served

The activity provides services to state agencies with custodial control of state-owned buildings and to approximately 100 state agencies, divisions, boards, and councils located in leased facilities. Property types include office, storage, warehouse, workforce centers, residential facilities, treatment centers, emergency services, training centers, environmental services, communication facilities, laboratory testing, probation offices, driver vehicle services, health programs, and licensing centers.

Services Provided

The activity:

- ◆ manages and oversees building planning, design and construction for new, remodeling, and asset preservation building projects;
- ◆ manages statewide Capital Asset Preservation and Replacement funds;
- ◆ manages hazardous materials surveys and abatement projects;
- ◆ manages statewide Predesign program, maintains Predesign Manual, and reviews/approves submittals;
- ◆ provides oversight of the statewide Facility Condition Audit;
- ◆ provides staff support and Admin's member for the State Designer Selection Board (SDSB);
- ◆ develops and maintains Building Design Guidelines;
- ◆ oversees Minnesota Sustainable Building Guidelines and Benchmarking Tool (B3) programs;
- ◆ manages and oversees newly created Energy Improvement Financing Program;
- ◆ provides leadership for implementation of Drive to Excellence Real Property Governance and Total Infrastructure Facility Management System (E-TIFM);
- ◆ identifies state-owned and nonstate-owned real property that efficiently and functionally meets agencies' space needs;
- ◆ negotiates and drafts leases of state-owned and nonstate-owned real property to house state agencies in quality spaces at the most economical rent;
- ◆ provides space programming and monitoring of leasehold improvement construction;
- ◆ manages leases to assure compliance with terms and conditions including resolving day-to-day issues;
- ◆ provides relocation assistance including budgeting, preparing capital budget requests, managing budgets, processing relocation requests, and coordination;
- ◆ generates revenue by leasing state-owned real property temporarily not needed for state use;
- ◆ assists agencies in site selection, oversees the due diligence process (appraisals, surveys, inspections, environmental assessments, and geo-technical reports), and negotiates acquisition of real property;
- ◆ manages the disposition of state surplus real property in manner that maximizes return to the state;
- ◆ develops and issues easements and permits, and transfers custodial control of real property between agencies; and

Activity at a Glance

The Real Estate and Construction Services:

- ◆ maintains a total of 962 leases of nonstate-owned and state-owned real property;
- ◆ leases 3.5 million useable square feet of nonstate-owned space and other real property at an annual cost of \$58.6 million;
- ◆ leases 2.1 million useable square feet of state-owned space under the custodial control of Administration;
- ◆ manages over 340 remodeling/repair projects and several major new building projects; and
- ◆ oversees over \$120 million in 2008 capital appropriations.

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: REAL ESTATE AND CONSTR SERVICE

Narrative

- ◆ maintains databases of leases, floor plans, space management inventories, and state-owned land inventories for internal and external use.

Historical Perspective

Minnesota state agencies have extensive and diverse real estate needs. The state owns a total of 29 million square feet in more than 5,000 buildings. This real estate is managed by 20 custodial agencies. In addition, Admin currently leases 3.5 million useable square feet of nonstate-owned space for over 100 state agencies.

Real Estate Services (RES) and the State Architect's Office (SAO) combined in FY 2008 to form the Real Estate and Construction Services Division. RES and SAO, as general fund operations, were under tremendous financial pressure due to successive budget reductions. Combining the two organizations is intended to strengthen office support and facilitate comprehensive end-to-end services to statewide customers. As part of the 2008 supplemental budget process, budget reductions for the department resulted in a permanent reduction in resources available for providing Energy Management Services to state agencies. However, the balance of the general fund appropriation for Energy Management Services was transferred to Real Estate and Construction Services to continue support for energy related projects and initiatives.

Implementation of the Real Property Enterprise System, a Drive to Excellence project, will provide the state with a web-enabled, state-hosted, shared facility condition audit and project management system that facilitates more efficient and effective oversight and decision-making on state building projects.

Case-by-case life-cycle cost analyses of owning and leasing facilities have been historically used and will continue to be used to determine the most economic manner of providing space for state agencies.

Consolidation and co-location of agencies remains a priority. The result of these efforts has been to conserve resources by sharing space, equipment, and staff. Consolidation and co-location also offer the public the ability to obtain products and services and to conduct more than one transaction at a visible, accessible, easily identifiable location. Consolidation and co-location also facilitate transportation pools that lead to conserving resources, better accessibility, reducing pollution, and controlling parking development costs.

Key Program Goals

Reduce costs by working across state government

- ◆ reduce rent costs by negotiating leases effectively.

Provide customers with valuable services, products, advice and expertise

- ◆ develop and implement tools to more effectively and efficiently prioritize capital investments and manage construction projects;
- ◆ improve energy conservation and efficiency in state buildings;
- ◆ increase use of clean energy sources; and
- ◆ reduce greenhouse gas emissions from state-owned facilities.

Key Measures

Measure: lease rates for nonstate-owned property will not exceed an average of 2% per year.

Performance Measure	FY 2006	FY 2007	FY 2008	FY 2009
	1.09%	2.0%	1.0%	2.0%

Measure: All Project Management and support staff will complete training on new system in FY 2009; E-TIFM Facility Condition Audit and Project Management Modules will be ready for implementation by 6-30-2009.

Measure: Develop program to identify and implement energy improvement projects for state buildings. Identify and implement up to three pilot projects by 6-30-2009.

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: REAL ESTATE AND CONSTR SERVICE

Narrative

Activity Funding

This activity is funded through a general fund appropriation. Funding for projects managed by RECS is from general obligation bonds, general funds, special revenue funds, federal funds, matching grants, and gift funds. RECS also assists agencies with repair and restoration projects that are funded through agency operating budgets.

Contact

Director

Phone: (651) 201-2548

www.admin.state.mn.us/recs

ADMINISTRATION DEPT
 Program: GOVT AND CITIZEN SERVICES
 Activity: REAL ESTATE AND CONSTR SERVICE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	2,500	80	80	80	160
Subtotal - Forecast Base	2,500	80	80	80	160
Governor's Recommendations					
Real Property System		0	844	844	1,688
Operating Budget Reductions		0	(50)	(50)	(100)
Total	2,500	80	874	874	1,748
<u>Expenditures by Fund</u>					
Carry Forward					
General	430	1,600	68	0	68
Direct Appropriations					
General	3,607	4,363	3,455	3,455	6,910
Statutory Appropriations					
Miscellaneous Special Revenue	2,542	2,758	2,857	3,167	6,024
Federal	0	149	0	0	0
Gift	4	199	0	0	0
Total	6,583	9,069	6,380	6,622	13,002
<u>Expenditures by Category</u>					
Total Compensation	2,042	2,438	2,488	2,470	4,958
Other Operating Expenses	4,484	4,921	3,740	4,132	7,872
Capital Outlay & Real Property	57	1,710	152	20	172
Total	6,583	9,069	6,380	6,622	13,002
Full-Time Equivalents (FTE)	24.0	26.9	26.4	25.2	

Activity Description

The Risk Management Division (RMD), operating under legislative authority of M.S. 16B.85 and M.S. 176, provides two basic areas of service.

- ◆ The division provides multiple lines of property and casualty insurance coverage and other insurance programs to state agencies at below market cost through the Risk Management Fund (RMF).
- ◆ The division administers the workers' compensation program for all state employees.

Population Served

The division's property and casualty insurance program serves state agencies, boards, commissions, and political subdivisions.

The division's workers' compensation program serves state employees in the executive, legislative, and judicial branches and in quasi-state agencies such as the Minnesota Historical Society and the Minnesota State Fair.

Services Provided

The division offers five major lines of insurance:

- ◆ auto liability,
- ◆ auto comprehensive and collision,
- ◆ general liability,
- ◆ property,
- ◆ boiler and machinery; and
- ◆ worker's compensation.

The division also offers other miscellaneous lines that are customized to meet specific agency needs. When unique types of coverage are required, the division assists state agencies with purchasing appropriate insurance if self-insurance of the risk is not deemed appropriate for the RMF. Reinsurance is purchased to protect the RMF against catastrophic or annual aggregation of property and extra-territorial liability losses.

Under M.S. 16B.85 the division has other responsibilities such as evaluating risk exposures, statewide risk management coordination, and identifying ways to eliminate redundant efforts in risk management and insurance programs.

The workers' compensation program provides services through four distinct units: claims management, legal services, disability management, and safety and loss control.

- ◆ The claims management unit works with injured employees, agencies, the Department of Labor and Industry, rehabilitation and vocational specialists, medical providers, and others to determine compensability, administer the law, and resolve state employee workers' compensation claims.
- ◆ The legal services unit represents state agencies in workers' compensation court cases.
- ◆ The disability management unit works with injured employees, agencies, rehabilitation and vocational specialists, medical providers and others to help state workers who have been hurt or disabled on the job to return to active employment as quickly and safely as possible.
- ◆ The safety and loss control unit works with the statewide safety committee and individual agency safety committees to address widely varied workplace safety and health issues. These include materials handling, air quality, hazardous materials, blood-borne pathogens, biological hazards, and office ergonomics.

Activity at a Glance

- ◆ Property values insured totaling more than \$10 billion.
- ◆ Insured 14,000 vehicles.
- ◆ Served approximately 59,000 employees in the executive, legislative, and judicial branches of state government and in quasi-state agencies such as the Minnesota State Fair.
- ◆ In FY 2007, 2,693 workers' compensation claims were filed.

Historical Perspective

The legislature created two separate funds currently administered by the division. The following provides a historical summary of each fund.

Risk Management Fund

The state's property and casualty programs are supported entirely by the RMF. The fund was created in 1986 largely due to the difficulty the state was having obtaining auto liability insurance in the commercial market. The RMF allows the commissioner of Administration to offer state agencies alternatives to purchasing conventional insurance. Historical development of the fund is as follows:

- ◆ The first general liability insurance was underwritten by the RMF in 1988.
- ◆ Automobile comprehensive and collision insurance was offered soon after.
- ◆ A full line of property and casualty insurance coverage was added with the creation of Minnesota State Colleges and Universities (MnSCU).

The fund is maintained by charging premiums for the various insurance products offered. The division has an advisory committee (composed of representatives from state agencies, academia, and the private sector) which meets regularly to review the financial condition of the fund and the insurance programs offered.

State Compensation Revolving Fund

The state's workers' compensation program is supported by the state compensation revolving fund which was created during the 1934 legislation session. Under this fund, the insured groups have one of two options.

One option allows the division to make workers' compensation payments from the fund until the fund is reimbursed by the injured employee's agency, the special compensation fund, the workers' compensation reinsurance fund, or recovered from a subrogation claim. This has become known as the "pay-as-you-go" option because agencies are invoiced for their actual benefit and related costs each month. The amount invoiced each month varies, depending on the actual monthly cost.

The second option has become known as the premium pool option. The premium pool, which started in FY 2003, allows agencies to pay annual premiums, which are based on each agency's previous five-year average agency loss experience. This option stabilizes workers' compensation costs even for the smallest agencies and precludes agencies from having to reduce budgets, services, or seek emergency legislative funding to meet their workers' compensation obligations. This option also allows claims management staff the ability to settle claims when it is in the state's best long-term financial interests.

The worker's compensation program was originally within the Minnesota Department of Labor and Industry. The program was under the Department of Employee Relations from 1984 until it became part of the Risk Management Division in the Department of Administration on 12-12-2007.

Key Program Goals

To provide our customers with valuable services, products, advice and expertise.

- ◆ Implemented the I-35W Bridge Collapse Emergency Wage Relief Fund – 34 claimants were paid a total of \$282,302 during FY 2008.

To reduce costs by working across government.

- ◆ Negotiated a reduced rate for the state's property reinsurance program while adding over \$600 million in insured value and doubling the amount of coverage for 100-year flood zones from \$5 million to \$10 million.
- ◆ Completed the first business plan for the workers' compensation program, resulting in agencies participating in the workers' compensation premium pool receiving a surplus distribution of over \$600,000. This credit reduces the premium participating agencies will pay in FY 2009.

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: RISK MANAGEMENT

Narrative

- ◆ Completed the property and casualty business plan, which resulted in agencies participating in the RMF receiving a dividend pay out of approximately \$1.4 million in FY 2009. This represents a return of premium – or an additional discount on an already competitive rate – equal to 13.6%.
- ◆ The safety and loss control program coordinated registration of state employees to the Minnesota Safety Conference hosted by the Minnesota Safety Council, saving state agencies \$3,845.

Key Measures

The goal of the RMF is to provide insurance at a lower cost than the traditional insurance market. One measure is to compare industry overhead to the RMF. Over the past five years, the performance has been as follows:

Fiscal Year	2004	2005	2006	2007	2008 (Est)
Industry Average Operating Expense Ratio	29.5	30.3	30.0	30.8	31.0
RMD Operating Expense Ratio (lower is better)	14.9	13.8	15.9	18.1	20.2

The RMD operating expense ratio to the industry over the last five years is at an average of 1.8:1. That is, for every \$1.80 the industry spends on operating expenses, the RMD spends \$1.00. The increase in the RMD operation expense ratio is partly due to a change in accounting for certain reinsurance costs.

The WC Program uses industry benchmarks to measure its performance. Two of these measurements are shown below. The total cost of the state's workers' compensation expenditures has been stable during the last five years when compared to payroll costs and to the average cost of indemnity claims (loss of time from work claims) for all other Minnesota employers.

WC Costs Per \$100 Payroll

Fiscal Year	2002	2003	2004	2005	2006
State of Minnesota	\$0.96	\$1.08	\$1.12	\$1.04	\$1.07
Minnesota Self-Insured Employers	\$1.15	\$1.25	\$1.25	\$1.25	\$1.28
All Other Minnesota Employers	\$1.58	\$1.67	\$1.71	\$1.72	\$1.66

Comparison of the state of Minnesota average indemnity benefits per indemnity claim to Minnesota employers (figures adjusted for wage growth).

Average Cost of Indemnity Claims

Fiscal Year	2002	2003	2004	2005	2006
State of Minnesota	\$10,200	\$10,900	\$10,800	\$11,100	\$11,900
All Other Minnesota Employers	\$15,500	\$15,200	\$15,200	\$15,200	\$15,100

Activity Funding

The division's property and casualty program operates as an internal service fund charging fees based on insurance options requested by customers. The property and casualty program has 11.75 full-time employees on 7-1-08.

The division's workers' compensation program operates as a special revenue fund. The cost to administer the program is allocated across all state agencies based on the number of employees, open claims, and transactions for each agency. This fee covers all of the administrative costs for claims management, administrative support, disability management services, and safety and loss control services.

The workers' compensation program also receives a general fund appropriation to pay the state's annual Workers' Compensation Reinsurance (WCRA) premium.

Operating Losses/Increases in Retained Earnings:

Retained earnings for the property and casualty program increased by \$1,672,291 in FY 2007. The \$8.3 million is the highest the policyholder surplus has been, which is primarily due to the FY 2007 positive loss results.

ADMINISTRATION DEPT**Program: GOVT AND CITIZEN SERVICES****Activity: RISK MANAGEMENT**

Narrative

Dividends represent the return of premium for superior loss and expense experience. Premiums collected are invested by the State Board of Investment (SBI). The difference between premium and investment, less deductions for losses incurred and administrative expenses, equals the amount of funds that are eligible for dividend declaration. In the event of unsatisfactory experience, it is possible that no dividend would be declared.

In FY 2008, the Advisory Committee approved a dividend payment of \$1,875,409. The RMF has returned more than \$14 million in dividends to policyholders over the last 20 years.

Agencies participating in the workers' compensation premium pool will receive a surplus distribution of \$608,252 based on the actuarial analysis completed in FY 2007.

History of Rate Changes:

Fiscal Year	2004	2005	2006	2007	2008	2009
Rate Change (by line)						
Auto Liability	.00%	.01%	7.47%	8.24%	10.67%	.00%
Auto Physical Damage	.00%	.00%	.00%	1.37%	(2.81%)	.00%
General Liability	.00%	.00%	.00%	.00%	.00%	.00%
Property	.00%	.00%	(21.05%)	.00%	.00%	.00%
Other	.00%	.00%	.00%	.00%	.00%	.00%
Rate Change Average	.00%	.00%	(13.80%)	2.37%	2.43%	.00%

Factors contributing to changes in premium rates:

- ◆ loss experience variation;
- ◆ increased claim potential due to additional volume;
- ◆ increased risk management, safety and loss control; and
- ◆ fluctuations of the reinsurance marketplace.

The Workers' Compensation Program's administrative fee has remained unchanged since FY 2004.

Fiscal Year	2004	2005	2006	2007	2008	2009
Administrative Fee	\$2.5M	\$2.5M	\$2.5M	\$2.5M	\$2.5M	\$2.5M

Contact

Director

Phone: (651) 201-2585

www.mainserver.state.mn.us/risk

Property and Casualty annual reports online:

www.mainserver.state.mn.us/risk/Division_Reports/division_reports.html

Workers' Compensation annual reports online:

www.risk-workerscomp.admin.state.mn.us/reports.htm

ADMINISTRATION DEPT
 Program: GOVT AND CITIZEN SERVICES
 Activity: RISK MANAGEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Open Appropriations					
General	408	625	655	688	1,343
Statutory Appropriations					
Miscellaneous Special Revenue	26,309	28,704	31,463	32,581	64,044
Risk Management	13,158	12,459	12,995	12,873	25,868
Total	39,875	41,788	45,113	46,142	91,255
<u>Expenditures by Category</u>					
Total Compensation	3,524	3,710	3,837	3,912	7,749
Other Operating Expenses	36,351	36,709	39,842	41,045	80,887
Other Financial Transactions	0	1,369	1,434	1,185	2,619
Total	39,875	41,788	45,113	46,142	91,255
Full-Time Equivalents (FTE)	44.9	45.9	46.2	45.8	

Activity Description

SmART (Small Agency Resource Team) delivers consolidated and streamlined human resources and financial management services to small agencies, boards, and councils. The legislature began funding this activity through the Laws of 2007, Chapter 148, Article 1, Section 12, Subd. 4.

Activity at a Glance

- ◆ Human resource services to 13 small agencies, boards, and councils.
- ◆ Financial management services to nine small agencies, boards, and councils.

To increase SmART's effectiveness, team personnel strive to learn and understand the business needs of the groups they serve, enhancing opportunities for providing leadership and guidance. SmART also emphasizes providing sound policy advice, enabling effective informed decision-making by the small agencies, boards, and councils this activity serves.

Served

The Department of Administration's (Admin) SmART activity provides small agencies, boards, and councils with timely, professional business support services, enabling recipients of the services to focus on their core business functions.

Services Provided

SmART business support services provided include:

- ◆ position filling;
- ◆ classification determinations;
- ◆ payroll;
- ◆ advising on labor contract provisions;
- ◆ benefit administration;
- ◆ overseeing Family Medical Leave Act requests;
- ◆ labor relations;
- ◆ purchasing;
- ◆ payment processing;
- ◆ cash receipts;
- ◆ employee expense report processing;
- ◆ expenditure corrections/expense transfers;
- ◆ financial report distribution and review assistance;
- ◆ annual and biennial budget assistance; and
- ◆ training.

Historical Perspective

SmART was initially provided a general fund appropriation in FY 2007. This funding along with other collaborative agreements has enabled SmART to provide several agencies, boards, and councils with financial and human resource services. Consolidation of these services provides:

- ◆ centralized service delivery to achieve economies of scale and skill;
- ◆ efficient and cost effective business support functions;
- ◆ common processes and a culture of continuous improvement;
- ◆ service levels that support small agencies, boards, and councils needs; and
- ◆ the opportunity for customers served to leverage SmART services to improve their operations and business discipline.

Key Program Goals

SmART delivers accounting and human resource services to small agencies, boards and councils, allowing them to focus on their core business functions. SmART supports Admin's mission of helping customers succeed by providing valuable services, expertise, and advice to agencies where it is generally not practical for them to

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: SmART

Narrative

develop and maintain the breadth of knowledge needed. As SmART expands, it has the opportunity to reduce the cost of government by serving a diverse set of customers through one center of expertise.

Key Measures

SmART delivers best practices in human resources and financial management. Customer-specific services, levels of service, and turnaround time are determined through service level agreements. Accuracy and timely provision of services are performance attributes that are key to the success of SmART. Further, SmART should help agencies served to better understand and more uniformly comply with a complex array of statutes, principles, and other authoritative requirements. Given the newness of the program, metrics that track organizational performance and customer satisfaction are currently under development and are planned to be reported beginning in the next biennium.

Activity Funding

Funding for SmART comes from the general fund appropriation dedicated to this activity, Admin's general fund operating budget, and reimbursement by some customers, such as the Minnesota State Retirement Association, through a special revenue fund.

Contact

Director

Phone: (651) 201-2609 or (651) 201-2563

www.admin.state.mn.us/fmr

ADMINISTRATION DEPT
 Program: GOVT AND CITIZEN SERVICES
 Activity: SMART

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	250	250	250	250	500
Subtotal - Forecast Base	250	250	250	250	500
Governor's Recommendations					
Increase in SmART Funding		0	145	145	290
Total	250	250	395	395	790
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	161	339	395	395	790
Statutory Appropriations					
Miscellaneous Special Revenue	10	25	25	25	50
Total	171	364	420	420	840
<u>Expenditures by Category</u>					
Total Compensation	155	253	356	369	725
Other Operating Expenses	16	111	64	51	115
Total	171	364	420	420	840
Full-Time Equivalent (FTE)	2.3	3.5	5.1	5.1	

Activity Description

The Minnesota System of Technology to Achieve Results (STAR) is federally funded by the Rehabilitation Services Administration in accordance with the Federal Assistive Technology Act of 1998, as amended (P.L. 108-364). The mission of the STAR program is to help all Minnesotans with disabilities gain access to and acquire the assistive technology (AT) they need to live, learn, work, and play. An AT device is any piece of equipment, or product system, whether acquired commercially off the shelf, modified or customized, that is used to increase, maintain, or improve the functional abilities of a person with a disability. The governor appoints the advisory council members; 68% of the members are individuals with disabilities or have a family member with a disability.

STAR works with consumers and providers to develop a statewide network of resources related to AT and assures that Minnesotans have access to AT for demonstration and loan prior to selecting the most appropriate device for purchase. STAR also provides AT training, technical assistance, public awareness, and statewide information and referral services.

Population Served

According to the 2000 Census, nearly one in six, or 15.8%, of Minnesota's population has at least one form of disability. Approximately 426,000 Minnesota adults between the ages of 18 and 64, representing 14% of this age group, had one or more disabilities and approximately 240,000 Minnesota adults 65 years old or older, representing 40.4 % of this age group, had one or more disabilities. These individuals need some assistance in performing daily activities or participating in community life. STAR conducts activities promoting the availability and benefits of AT devices and services for these populations.

Services Provided

STAR works to build collaborative relationships in the AT community. STAR, along with its nonprofit partners, is working to assure statewide coverage of services. In addition, STAR works with state agencies and others in serving as a central clearinghouse for AT information.

Device loan, device demonstration, device reuse:

- ◆ During SFY 2008, STAR's nonprofit partners loaned 85 AT devices to anyone in Minnesota with a disability, regardless of age or diagnosis. Individuals with cerebral palsy, autism, cancer, or stroke survivors benefited from using the loan programs.
- ◆ Over 30 individuals received a demonstration of AT equipment in order to make a decision regarding the appropriateness of a piece of AT.
- ◆ In November 2006, STAR launched a website, www.mnstarte.org, where individuals may post AT for sale, donation, or exchange. In SFY 2008, there were 17 pieces of equipment listed for sale. Four individuals purchased or received equipment listed on the website and saved \$1,850.

Collaboration, training and technical assistance:

- ◆ STAR participated in collaborative efforts to increase awareness and access to AT. STAR's collaborative efforts include working with the Minnesota Department of Education, Assistive Technology Leadership Team; the Minnesota Disability Law Center Advisory Council; and the Minnesota Regions Assistive Technology Collaborative.
- ◆ In SFY 2008, STAR attended ten community events and provided information to over 1,430 individuals.

Activity at a Glance

- ◆ More than 40 individuals received awards for excellence for their work with Assistive Technology at an April 2008 Award Ceremony.

During SFY 2008:

- ◆ A total of 43,151 individuals visited the STAR website.
- ◆ A total of 85 individuals borrowed assistive technology to determine whether or not a piece of assistive technology would meet their needs.
- ◆ The website www.mnstarte.org was developed to exchange assistive technology between individuals.

- ◆ STAR conducted five training sessions for 125 individuals on the use of specific work related AT and software.

Public awareness and information and referral assistance:

- ◆ STAR provided information about AT to over 250 individuals who contacted STAR.
- ◆ STAR publishes a bi-annual statewide directory of AT funding resources and services. Over 2,000 directories were distributed in SFY 2008.
- ◆ During an award ceremony in April 2008, more than 40 Minnesotans were recognized for their commitment to removing barriers to independence for people with disabilities through the use of AT.

Key Goals

- ◆ To be recognized for innovation and efficiency, STAR provided leadership in AT reuse by hosting a conference on reuse, refurbishment, and recycling. In addition, STAR created www.mnstarte.org as a resource for individuals buying, selling, exchanging, or donating AT.
- ◆ Under the Drive to Excellence, STAR provided technical assistance to the Accessibility/Usability Workgroup that was created to improve accessibility and usability of E-government services. STAR was a sponsor of www.MNDisability.gov, a first-stop for all state level disability services and programs.
- ◆ To improve customer service and the products created by STAR, a focus group reviewed and recommended improvements to the STAR Funding Directory.

Key Measures

STAR monitors the satisfaction level of individuals participating in device loan and demonstration programs, as required by the federal government.

- ◆ There were 43,151 visitors to the STAR website.
- ◆ Of the 85 individuals who borrowed communication devices, 66% were satisfied with the loan program.
- ◆ There were 2,000 individuals who received funding directories; 190 people were surveyed and, of that number, 74% said the directory met their needs.

In accordance with federal law, the Assistive Technology Advisory Council has established measurable goals for improving access to and acquisition of education, employment, community living, information technology, and telecommunications.

Activity Funding

Funding for the STAR Program is obtained from the Rehabilitation Services Administration under the Assistive Technology Act of 1998, as amended by P.L. 108-364. Funding is currently \$456,418 per federal fiscal year. STAR does not receive a general fund appropriation.

Contact

Program Manager

Phone: (651) 201-2295

TTY (Metro) MN Relay 711

(Non-metro) (888) 234-1267

Email: star.program@state.mn.us

Website: www.starprogram.state.mn.us

ADMINISTRATION DEPT
 Program: GOVT AND CITIZEN SERVICES
 Activity: STAR

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Federal	414	456	456	456	912
Total	414	456	456	456	912
<u>Expenditures by Category</u>					
Total Compensation	178	208	208	208	416
Other Operating Expenses	135	188	188	188	376
Local Assistance	101	60	60	60	120
Total	414	456	456	456	912
Full-Time Equivalent (FTE)	2.6	3.1	3.0	2.8	

Activity Description

The State Demographer provides demographic services as outlined in M.S. 4A.02. The State Demographic Center collects and analyzes demographic data; makes estimates and projections of population and population characteristics; identifies and monitors population trends; identifies demographic issues of potential policy implication; reviews and comments on estimates and projections made by other governmental organizations; aids the legislature in preparing the census data plan for redistricting and related purposes; and provides demographic data and information to the public. The State Demographic Center also serves as the state liaison to the U.S. Census Bureau.

Beginning in FY 2008 and continuing through FY 2011, the State Demographic Center is preparing for and promoting the 2010 Census. The State Demographic Center works with the Census Bureau to correctly specify geographic boundaries of cities and special enumeration areas, reviews and comments on initial census results, assists local governments in their review of results, promotes census related jobs, and identifies potentially difficult to enumerate populations. Additional efforts include promoting the Census and responding to questions and concerns about the 2010 Census.

Allocation of funds for many federal and state programs as well as congressional reapportionment and congressional and legislative redistricting depend on the outcome of the Decennial Census. Forecasts indicate that Minnesota could lose one congressional seat after the 2010 Census. Funding for a number of federal programs, ranging from transportation to housing, will depend on the quality of the 2010 Census count. The State Demographic Center will work to achieve a complete count for Minnesota in the 2010 Census.

Population Served

The State Demographic Center serves state elected officials, state government departments and agencies, legislators, local governments and local government officials, private citizens, and private sector organizations.

Services Provided

Major service categories include:

- ◆ Prepare annual population and household estimates of counties, cities, and townships;
- ◆ Prepare or review other estimates, as needed, including estimates of school districts for community education purposes, estimates for municipal boundary changes, and other special estimates;
- ◆ Periodically prepare population and related projections for the state and specific areas of the state;
- ◆ Act as liaison with the U.S. Bureau of the Census;
- ◆ Continuously monitor demographic data and trends and prepare reports;
- ◆ Work with the U.S. Census Bureau and legislature on the data for 2010 redistricting; and
- ◆ Provide demographic and related information on request.

Historical Perspective

The Minnesota State Demographer was created in 1973 by statute. Over the last 30 years, the State Demographic Center has provided early identification of critical trends and their implications on subjects such as aging, rural population decline, workforce supply issues, K-12 enrollment, higher education enrollment, infrastructure needs, changing diversity, state government workforce, housing and households, revenue collections, people with disabilities, and structural issues in the state budget.

Activity at a Glance

- ◆ Prepares annual population and household estimates for counties, cities, and towns outside the Metropolitan Council region.
- ◆ Plans for 2010 Census data for legislative and congressional redistricting.
- ◆ Projects population by age and sex, births and deaths, labor force and household type by county, and high school graduates by region.
- ◆ Prepares reports and articles on demographic change and education, housing and housing prices, income, migration, foreign-born population, and aging.
- ◆ 150 presentations made in FY 2008.
- ◆ Serves in federal/state leadership positions giving Minnesota input on technical matters involving federal demographic programs.

Annual population and household estimates made by the State Demographic Center are a major component in a number of state government programs and funding formulas, including local government aid, transportation aid, levy limits, and community education levy. Population estimates and projections are also used to site and size major government infrastructure investments including roads, water treatment, schools, and other facilities.

Key Program Goals

The State Demographic Center provides customers with valuable services, products, advice and expertise. Accurate estimates of existing population will provide the basis for a fair and efficient allocation of resources through various funding formulae and effective decision-making. Forecasts of population and related characteristics will establish a basis for more effective, efficient, and informed decisions about major projects and policy directions.

Efforts by the State Demographic Center over the next two years, working with the U.S. Census Bureau to achieve a full and accurate count in the 2010 Census, will return dividends over the next decade by ensuring a fair allocation of federal program dollars for Minnesota, fair representation in the U.S. House of Representatives, and accurate foundation for state decision-making.

Key Measures

- ◆ Estimates prepared accurately and delivered in a timely manner.
- ◆ Information provided accurately in a timely manner.
- ◆ Projections and trend analyses providing critical information to state government operations.
- ◆ Reports, articles, and presentations on demographic trends and their implications informing decision-making in Minnesota.

Activity Funding

The program operates through a general fund appropriation.

Contact

State Demographer

Phone: (651) 201-2461

Helpline: (651) 296-2557

www.demography.state.mn.us

ADMINISTRATION DEPT
 Program: GOVT AND CITIZEN SERVICES
 Activity: STATE DEMOGRAPHER

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	60	230	230	230	460
Technical Adjustments					
Current Law Base Change			20	(60)	(40)
Subtotal - Forecast Base	60	230	250	170	420
Governor's Recommendations					
Operating Budget Reductions		0	(10)	(10)	(20)
Total	60	230	240	160	400
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	514	666	675	595	1,270
Total	514	666	675	595	1,270
 <u>Expenditures by Category</u>					
Total Compensation	431	525	527	467	994
Other Operating Expenses	83	141	148	128	276
Total	514	666	675	595	1,270
 Full-Time Equivalent (FTE)	 4.9	 6.1	 6.0	 5.1	

Program Description

Administrative Management Services provides internal leadership in the areas of financial management, human resources, communications, and legislative support. A driving strategy is ensuring statewide leadership that supports both the diverse activities in the agency as well as support of initiatives that promote delivering effective, efficient, and economical government.

Budget Activities

- ◆ Executive Support
- ◆ Financial Management and Reporting
- ◆ Human Resources

Further detail on each of these Budget Activities is included in subsequent pages of this budget document.

ADMINISTRATION DEPT

Program: ADMINISTRATIVE MGMT SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,933	1,995	1,995	1,995	3,990
Technical Adjustments					
Approved Transfer Between Appr			(150)	(150)	(300)
Pt Contract Base Reduction			(5)	(5)	(10)
Subtotal - Forecast Base	1,933	1,995	1,840	1,840	3,680
Governor's Recommendations					
Office of Grants Management		0	125	125	250
Operating Budget Reductions		0	(114)	(114)	(228)
Total	1,933	1,995	1,851	1,851	3,702
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	0	6	0	0	0
Direct Appropriations					
General	1,721	2,040	1,851	1,851	3,702
Statutory Appropriations					
Miscellaneous Special Revenue	11	66	0	0	0
Total	1,732	2,112	1,851	1,851	3,702
<u>Expenditures by Category</u>					
Total Compensation	1,539	1,542	1,457	1,474	2,931
Other Operating Expenses	191	570	394	377	771
Capital Outlay & Real Property	2	0	0	0	0
Total	1,732	2,112	1,851	1,851	3,702
<u>Expenditures by Activity</u>					
Executive Support	418	627	472	472	944
Financial Mgmt And Reporting	864	993	954	954	1,908
Human Resources	450	492	425	425	850
Total	1,732	2,112	1,851	1,851	3,702
Full-Time Equivalents (FTE)	22.2	20.5	18.0	17.4	

Activity Description

Executive Support serves the numerous needs of the department in the execution of its responsibilities as the primary administrative/operations agency of the executive branch. In addition to the traditional needs of a state agency, the Department of Administration's (Admin) Executive Support coordinates the state's Drive to Excellence initiative and the governor's Department Results/Accountability Minnesota website.

Population Served

Executive Support serves numerous populations: the department and its 500 employees; all executive branch agencies, boards and commissions; the Drive to Excellence Sub-Cabinet and the more than 900 state employees who have been involved in Drive to Excellence; media; the legislature; and the citizens of Minnesota.

Services Provided

- ◆ Executive management support
- ◆ Internal and external communications
- ◆ Project management
- ◆ Legislative coordination
- ◆ Data Practices compliance
- ◆ Intra- and Inter-agency coordination
- ◆ Media assistance
- ◆ Website management
- ◆ Executive Branch agency performance reporting
- ◆ Continuity of operations planning for emergency preparedness

Activity at a Glance

- ◆ Provides project management and communications for the Drive to Excellence which has involved over 900 state employees.
- ◆ Produces and distributes monthly 'Excellence Report' newsletter to over 1,200 subscribers.
- ◆ Assists with the governor's environmental initiatives including reducing energy consumption in state-owned buildings by 10%, increasing the use of alternative motor fuels by the state fleet, increasing recycling, and reducing waste disposal.
- ◆ Produces and distributes bimonthly customer service newsletter for all state agency executive managers and other customers, Admin employees, and the public.
- ◆ Coordinates department data practices policy and responds directly to approximately 30 data practices requests annually.

Historical Perspective

The Executive Support activity to a large degree reflects the projects, objectives, and goals of the commissioner of Admin. A prime example is the state's Drive to Excellence initiative, launched by the governor in early 2005 with the mission of enabling the effective, efficient, and economical delivery of state government services. A second example is the commissioner's work on environmental programs under the umbrella of the governor's energy initiatives, which includes reducing the use of petroleum products by state fleet vehicles, cutting energy consumption in state-owned buildings, and implementing the Clean Computing initiative.

Key Program Goals

Executive Support assists the department with delivering on its mission of helping its customers succeed by providing customers with valuable services, products, advice, and expertise, and by recognizing innovation and efficiency through communications with customers and others. Admin Executive Support also helps the Drive to Excellence achieve its goals of increasing quality, increasing customer service, and reducing costs of state government services.

More generally, Executive Support aids the department with programs and activities that have an influence on five Minnesota Milestones statewide goals: Satisfaction with Government Services, Price of Government, Air Pollutants, Solid Waste Reduction and Recycling, and Urban Air Pollution.

Key Measures

Executive Support activities touch on nearly every aspect of the department; however, the largest single share of its work concerns the Drive to Excellence. Since its launch in early 2005, Drive to Excellence has maintained a minimum of six active projects. Of the initiative's 15 total projects, ten are active as of August 2008 and five have been completed. Among Drive's achievements:

- ◆ Direct cost reductions on goods and services purchases by the state because of the adoption of strategic sourcing concepts that include enterprise contracts, negotiations, spend analysis, and increased oversight of agency purchasing;
- ◆ The consolidation of state construction codes oversight and regulation from five agencies to one agency;
- ◆ The creation of the Office of Enterprise Technology with expanded legislative authority for managing the state's technology policy and infrastructure;
- ◆ Increased coordination of state fleet business, technology, and operational functions through the implementation of a statewide fleet management information system;
- ◆ The creation of a single web portal (www.mndisability.org) for quick and easy access to state government-agency programs, products, and services dedicated to disability issues;
- ◆ The launch of License Minnesota, a one-stop online gateway to over 600 types of state licenses that are administered by more than 40 state agencies;
- ◆ The creation of the Office of Grants Management (www.admin.state.mn.us/ogm), which is developing standard grants policies for all state agencies and, in early 2008, launched the Minnesota Grants website (www.grants.state.mn.us) first-stop resource for the public for state grant opportunities and information;
- ◆ The implementation of Enterprise Lean, a coordinated state government-wide initiative for improving the organizational performance and results in executive branch agencies (see www.lean.state.mn.us);
- ◆ The development and adoption of a State Workforce Planning Policy and Guidelines.

Additional information about the Drive to Excellence is online at www.excellence.state.mn.us.

Activity Funding

This activity is funded through a general fund appropriation.

Contact

Director

Phone: (651) 201-2563

www.admin.state.mn.us

ADMINISTRATION DEPT
 Program: ADMINISTRATIVE MGMT SERVICES
 Activity: EXECUTIVE SUPPORT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	0	0	0	0	0
Technical Adjustments					
Approved Transfer Between Appr			(150)	(150)	(300)
Pt Contract Base Reduction			(5)	(5)	(10)
Subtotal - Forecast Base	0	0	(155)	(155)	(310)
Governor's Recommendations					
Operating Budget Reductions		0	(21)	(21)	(42)
Total	0	0	(176)	(176)	(352)
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	0	6	0	0	0
Direct Appropriations					
General	418	621	472	472	944
Total	418	627	472	472	944
<u>Expenditures by Category</u>					
Total Compensation	310	336	329	334	663
Other Operating Expenses	108	291	143	138	281
Total	418	627	472	472	944
Full-Time Equivalents (FTE)	4.3	4.3	4.1	4.0	

Activity Description

Financial Management and Reporting Division (FMR) provides all aspects of financial management for the Department of Administration (Admin) and assigned boards and councils.

Population Served

Financial services, information, and transactions are provided to all divisions within the agency, five boards and councils, the Department of Finance, the Legislative Auditor, the legislature, and vendors.

Services Provided

Services provided include all aspects of budgeting, accounting, transaction processing, financial reporting, policy development and financial analysis. FMR staff act as liaisons and financial consultants for Admin's divisions and other customers. This activity strives to provide timely financial services and support while conforming to Generally Accepted Accounting Principles (GAAP). Effective financial management facilitates fiscally responsible management of available resources as governed by applicable laws, policies, and procedures. FMR is also responsible for the development of the agency's biennial, supplemental, and capital budgets and oversees the fiscal note process for the agency. FMR organizes and assembles data for the Commissioner's quarterly operations review of each Department activity, including metrics reporting.

<u>Activity at a Glance</u>
◆ Administers agency budget - FY 2008 approximately \$272 million.
◆ Supports 34 divisions, agencies, boards, and offices in all aspects of financial management.
◆ Produces 110 monthly, quarterly, and annual financial statements each year providing reporting on the financial condition of enterprise, internal service, and special revenue funds.

Key Program Goals

To provide our customers with valuable services, products, advice, and expertise.

- ◆ Implement financial information system that provides easily accessible budget, expenditure, receipt, payroll, cost projection, and planning information for managers, supervisors, and end users. This tool will assist decision-makers by providing current, easily accessible information.
- ◆ Update and maintain the FMR website as a resource tool for financial information for FMR customers. This website provides access to FMR policies and procedures, forms, biennial budget process, fiscal note process, capital budget process along with links to other resources within the state.

Key Measures

Agency Prompt Payment: M.S. 16A.124 requires state agencies to pay valid obligations to vendors within the vendor's early payment discount period, or in the absence of a stated period, within 30 days following receipt of the invoice for the completed delivery of the product or service.

Fiscal Year	2006	2007	2008	2009 (Est)
Prompt Payment goal: 97%	98.44%	98.37%	98.37%	98.40%
Number of payment transactions:	20,196	21,198	22,110	23,000

Activity Funding

This activity is funded through a general fund appropriation.

Contact

Director
Phone: (651) 201-2563
www.admin.state.mn.us/fmr

ADMINISTRATION DEPT

Program: ADMINISTRATIVE MGMT SERVICES

Activity: FINANCIAL MGMT AND REPORTING

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	125	0	0	0	0
Subtotal - Forecast Base	125	0	0	0	0
Governor's Recommendations					
Office of Grants Management		0	125	125	250
Operating Budget Reductions		0	(37)	(37)	(74)
Total	125	0	88	88	176
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	853	927	954	954	1,908
Statutory Appropriations					
Miscellaneous Special Revenue	11	66	0	0	0
Total	864	993	954	954	1,908
<u>Expenditures by Category</u>					
Total Compensation	851	816	814	814	1,628
Other Operating Expenses	11	177	140	140	280
Capital Outlay & Real Property	2	0	0	0	0
Total	864	993	954	954	1,908
Full-Time Equivalent (FTE)	11.6	10.5	9.2	8.7	

Activity Description

The Human Resources Division provides human resources services to the employees, prospective employees, and management of the Department of Administration (Admin) and the Office of Enterprise Technology (OET) by actively recruiting, hiring, developing, and retaining a productive, diverse, and highly competent workforce. The division's work is subject to compliance with federal and state law as well as internal policies and procedures.

Activity at a Glance

- ◆ 150 new hires per fiscal year;
- ◆ 98% of labor grievances per fiscal year are resolved without arbitration; and
- ◆ 60% of employees provided onsite or offsite training per fiscal year.

Population Served

The Human Resources Division serves 500 employees of Admin, 300 employees of OET, and 18 employees of various boards and councils.

Services Provided

The Human Resources Division provides the following services:

- ◆ recruitment and staffing;
- ◆ fringe benefits enrollment and administration;
- ◆ labor contract administration/employee relations;
- ◆ employee training and development;
- ◆ performance management and wage/compensation administration;
- ◆ Worker's Compensation, Occupational Safety and Health Administration (OSHA) compliance, and general safety/wellness program administration;
- ◆ Affirmative Action/ADA (Americans with Disabilities Act) and Family Medical Leave Act (FMLA) oversight and administration; and
- ◆ consultation on human resources management issues.

Key Program Goals

To offer a safe environment where people thrive and enjoy their work:

- ◆ Human Resources strives to attract and retrain well qualified employees. The division has been conducting interviews of newly hired employees to determine what they see as positive and negative aspects of working in Admin. The training and Human Resources staff has provided classes for supervisors on the approaches to integrating younger employees into their work units.

To provide our customers with valuable services, products, advice, and expertise:

- ◆ Efforts are being made to increase employee safety and reduce number and severity of injuries and related costs. The Human Resources Division is assisting a team of managers to analyze safety factors and workers' compensation costs. The committee has reviewed and recommended changes to the agency's pre-employment physical process.

To reduce costs:

- ◆ In an effort to increase employee attendance rates, the Human Resources Division provides managers and supervisors advice on coaching employees, defining overuse and misuse of leave, and taking disciplinary action when appropriate. HR has worked with one of the divisions to develop coaching methods that establish better, more frequent communication between supervisors and employees.

Key Measures

Human Resources strives to provide hiring supervisors and managers with resumes of qualified candidates for their vacancies within 48 hours of the application closing date. Human Resources staff work with supervisors and managers to establish appropriate qualifications for every vacancy filled.

ADMINISTRATION DEPT

Program: ADMINISTRATIVE MGMT SERVICES

Activity: HUMAN RESOURCES

Narrative

An additional performance measure includes ensuring that all Admin employees' performance appraisals are current so that each employee in the agency has an annual review. Managers and supervisors who do not comply with this measure do not receive their performance increases.

Activity Funding

This activity is funded through a general fund appropriation.

Contact

Director

Phone: (651) 201-2609

www.admin.state.mn.us

ADMINISTRATION DEPT
 Program: ADMINISTRATIVE MGMT SERVICES
 Activity: HUMAN RESOURCES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
Operating Budget Reductions		0	(56)	(56)	(112)
Total	0	0	(56)	(56)	(112)
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	450	492	425	425	850
Total	450	492	425	425	850
<u>Expenditures by Category</u>					
Total Compensation	378	390	314	326	640
Other Operating Expenses	72	102	111	99	210
Total	450	492	425	425	850
Full-Time Equivalents (FTE)	6.3	5.7	4.7	4.7	

Program Description

The purpose of the Fiscal Agent Program is to meet the administrative needs of the grant and other monies the Department of Administration (Admin) receives on behalf of multiple stakeholders. These funds are typically appropriated by the legislature for special projects. Admin distributes these funds to recipients, based on laws, statutes, policies, and procedures.

Budget Activities

- ◆ Public Broadcasting
- ◆ In-Lieu of Rent
- ◆ Misc. Grants/Studies/Other

Further detail on each of these Budget Activities is included in subsequent pages of this budget document.

ADMINISTRATION DEPT
 Program: FISCAL AGENT

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	22,244	9,843	9,843	9,843	19,686
Subtotal - Forecast Base	22,244	9,843	9,843	9,843	19,686
Governor's Recommendations					
In Lieu of Rent Increase		0	500	500	1,000
Total	22,244	9,843	10,343	10,343	20,686
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	20,931	10,536	10,343	10,343	20,686
Statutory Appropriations					
Federal	647	0	0	0	0
Gift	0	7	0	0	0
Total	21,578	10,543	10,343	10,343	20,686
<u>Expenditures by Category</u>					
Total Compensation	11	12	0	0	0
Other Operating Expenses	7,904	7,921	8,388	8,388	16,776
Local Assistance	13,663	2,610	1,955	1,955	3,910
Total	21,578	10,543	10,343	10,343	20,686
<u>Expenditures by Activity</u>					
Public Broadcasting	12,319	2,605	1,955	1,955	3,910
In Lieu Of Rent	7,888	7,888	8,388	8,388	16,776
Misc Grants/Studies/Other	1,371	50	0	0	0
Total	21,578	10,543	10,343	10,343	20,686
Full-Time Equivalentents (FTE)	0.2	0.0	0.0	0.0	

Activity Description

Public broadcasting is the grant administration program carried out for the legislature under specific appropriation language and M.S.129D.11-16. The program oversees this grant authority, disbursing funds in accordance with legislative appropriations and direction, and ensures compliance with statutory requirements.

Population Served

Television viewers and radio listeners throughout Minnesota are served by this activity.

Services Provided

Public Television

State funds are used by six recipient stations to sustain their ability to serve as a major community resource providing educational, cultural, economic development, public affairs, and children's programming to the public, governmental agencies, nonprofit organizations, business corporations, and educational facilities. State grants are made in a direct and matching basis, consistent with the criteria established in M.S. 129D.11-16. Public Television signals cover approximately 98% of the state. State grants provide between three and 21% of individual stations' operating budgets.

Public Radio

State funds are used to support the capital and operating needs of Association of Minnesota Public and Education Radio Stations (AMPERS) and capital projects (but no operating costs) for Minnesota Public Radio (MPR). Biennial grants to public radio stations are made pursuant to the underlying program established by M.S. 129D.14-16.

AMPERS - State funds are used to support radio stations operated by the 12 organizations belonging to AMPERS. These organizations serve Minnesota residents through radio programming that is local, unique in their communities, broadly educational, and serves underserved audiences. They provide programming designed to appeal to audiences not generally served by commercial broadcasters. In addition to their 12 main stations, they operate nine translators at other locations.

The AMPERS stations cover approximately 95% of the population and 90% of the geography of the state and serve 293,000 unique listeners per week. State grants provide between four and 60% of the individual stations' total annual budget.

MPR – State funds are used to maintain, improve, and expand the Minnesota Public Radio Network (the "Statewide Network"), which provides virtually the entire state with both news/information and classical music programming. A third service, the Current, is broadcast in the Twin Cities and Rochester, providing new music programming with an emphasis on civic engagement and music by Minnesota artists. MPR's three program services are also available online at www.mpr.org.

MPR broadcasts on 34 stations and 19 translators in Minnesota, reaching 750,000 listeners each week.

This network is unique as a broadcast service because it is relied upon by the state to provide vital security, safety, and public services including:

Activity at a Glance

- ◆ 1.2 million people per week view programming of the Minnesota Public Television Association.
- ◆ Public Radio stations provide news, information, cultural programming, and public services.
- ◆ Approximately 293,000 people listen one or more times per week to AMPERS public radio stations.
- ◆ 750,000 people listen to MPR stations weekly. Programming distributed by MPR reaches 15.4 million people nationally each week.
- ◆ MPR provides the state with infrastructure and services for the Emergency Broadcast System, for the Amber Alert System, and for the blind and visually impaired.
- ◆ Metro Cable Network reaches 600,000 cabled households in the seven-county metro area.

ADMINISTRATION DEPT

Program: FISCAL AGENT

Activity: PUBLIC BROADCASTING

Narrative

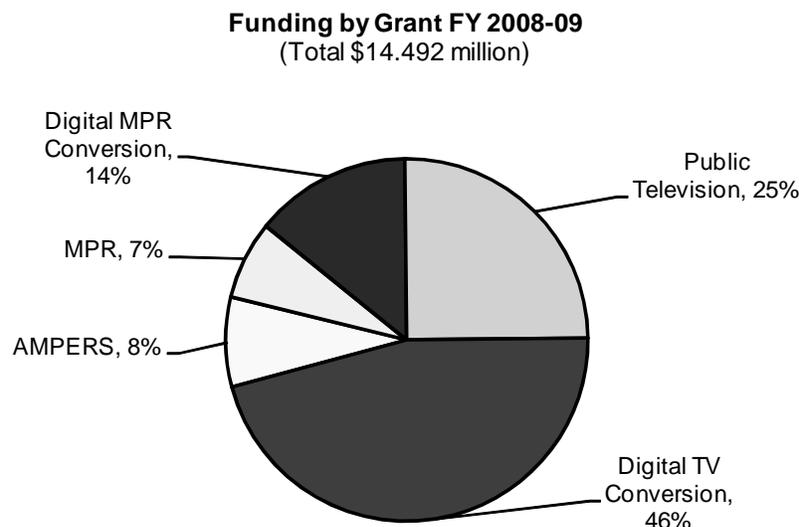
- ◆ The backbone of the statewide **Emergency Broadcast System (EBS)** providing emergency signals to all other radio, television, and cable stations in Minnesota;
- ◆ The backbone of the statewide **AMBER alert** system (child abduction warning system);
- ◆ The statewide broadcast infrastructure for **The Radio Talking Book** – a reading service for blind and visually impaired persons in the state – in cooperation with Minnesota State Services for the Blind;
- ◆ **New Hybrid Digital (“HD”) services**, including a Spanish language channel and programming for children and young families (limited currently to Twin Cities stations until distribution of HD to other stations is funded); and
- ◆ **Hmong Language Service**, serving the Hmong language population (on a subcarrier of KCMP in the Twin Cities) – in cooperation with Hmong Minnesota Radio.

Support from the state provided approximately 2% of MPR’s total capital and operating revenue during the FY 2007-08 biennium.

In addition to its regular capital and operating needs, public radio faces the immediate technical and ongoing financial challenge of converting to HD broadcasting. MPR has completed the digital conversion of 27 Minnesota stations, utilizing a \$2 million investment from the state matched by federal funds. MPR hopes to convert the seven remaining stations to HD during the FY 2009-10 biennium, also using state funds to match federal funds.

Twin Cities Regional Cable Channel

State funds are used to provide grant-in-aid to Twin Cities Regional Cable Channel, Inc., a nonprofit organization operating the Metro Cable Network. These state funds provide for approximately 5% of the Metro Cable Network operating budget. The network appears on Channel 6 on all metropolitan area cable systems presenting a wide range of programs about issues and activities of regional interest and significance as mandated by state statutes and designated by the Minnesota Cable Communications Board in 1985.



Activity Funding

This activity is funded through a general fund appropriation.

Contact

Director

Phone: (651) 201-2563

www.admin.state.mn.us

ADMINISTRATION DEPT
 Program: FISCAL AGENT
 Activity: PUBLIC BROADCASTING

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	12,971	1,955	1,955	1,955	3,910
Subtotal - Forecast Base	12,971	1,955	1,955	1,955	3,910
Total	12,971	1,955	1,955	1,955	3,910
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	12,319	2,605	1,955	1,955	3,910
Total	12,319	2,605	1,955	1,955	3,910
<u>Expenditures by Category</u>					
Other Operating Expenses	(2)	0	0	0	0
Local Assistance	12,321	2,605	1,955	1,955	3,910
Total	12,319	2,605	1,955	1,955	3,910

ADMINISTRATION DEPT

Program: FISCAL AGENT

Activity: IN LIEU OF RENT

Narrative

Activity Description

This activity serves as a pass-through account for legislative general fund appropriations for entities that do not directly pay for their leased space. *Ceremonial Space* – space in the Capitol Building such as the Rotunda, the governor’s residence, ceremonial grounds and monuments/memorials in the Capitol area; *Services for the Blind* – space occupied by blind vending operators in buildings (eight sites) under Plant Management Division’s custodial control (MS 248.07, subd. 7); and *Rent Waived* – space occupied in the Capitol, State Office Building, and Veterans Service Building by the house of representatives, senate, Revisor of Statutes, Legislative Reference Library, and congressionally chartered veterans’ organizations (MS 197.55 to 197.58).

Activity at a Glance

- ◆ 370,844 square feet of space maintained;
- ◆ 20 monuments and memorials maintained; and
- ◆ 28.3 acres of ceremonial grounds maintained.

Population Served

Services and support are provided to the legislature and constituents, Services for the Blind vending operators, congressionally chartered veterans’ organizations, and visitors.

Services Provided

Services provided include janitorial, maintenance, repair, trades, engineering, grounds, and utilities for the buildings and grounds identified above. The following is the breakdown of space (362,817 total square feet) serviced under this activity:

- ◆ Ceremonial Space – 37,120 square feet
- ◆ Services for the Blind – 4,267 square feet
- ◆ Rent Waived – 329,457 square feet

Key Measures

Provide well-maintained facilities and grounds that support a quality environment for building tenants through building tours, facility condition audits, and computer-assisted facilities management program.

Activity Funding

This activity is funded through a general fund appropriation.

Contact

Director

Phone: (651) 201-2350

Email: www.admin.state.mn.us/pmd

ADMINISTRATION DEPT
 Program: FISCAL AGENT
 Activity: IN LIEU OF RENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	7,888	7,888	7,888	7,888	15,776
Subtotal - Forecast Base	7,888	7,888	7,888	7,888	15,776
Governor's Recommendations					
In Lieu of Rent Increase		0	500	500	1,000
Total	7,888	7,888	8,388	8,388	16,776
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	7,888	7,888	8,388	8,388	16,776
Total	7,888	7,888	8,388	8,388	16,776
<u>Expenditures by Category</u>					
Other Operating Expenses	7,888	7,888	8,388	8,388	16,776
Total	7,888	7,888	8,388	8,388	16,776

ADMINISTRATION DEPT

Program: FISCAL AGENT

Activity: MISC GRANTS/STUDIES/OTHER

Narrative

Activity Description

This activity has been established to administer certain grants and other monies the agency receives through legislative appropriations.

Activity at a Glance

- ◆ Six construction grants currently in process

Population Served

Various grant recipients are served based on specific legislative intent.

Services Provided

Each of the activities within this program is established and operated under specific state legislation. Emphasis is placed on fulfilling the intent of the specific legislation, which varies with each activity. Processes are established and maintained for handling financial transactions, tracking information, and reporting the information. Contracts and agreements are an integral function of this activity. Administration (Admin) receives no operating funds for the administration of these grants and studies.

Construction Grants to Political Sub-Divisions

The legislature appropriates state funding to Admin for grants to local governments for a variety of capital projects. Funding may be approved through the state bonding bill or other state appropriation bills in the form of bond proceeds or general fund appropriations. Capital projects are subject to requirements of the Minnesota Constitution, state statutes, language contained in the appropriation bill, and state accounting policies. Current construction grants include:

- ◆ Eden Prairie - Veterans memorial (\$100,000);
- ◆ Hennepin County Medical Center – Predesign/design outpatient clinic and health education facility (\$820,000);
- ◆ Minneapolis - All wars memorial (\$100,000);
- ◆ Richfield - All veterans memorial (\$100,000);
- ◆ Virginia - Veterans memorial (\$100,000); and
- ◆ Washington County - Disabled Veteran's Rest Camp (\$500,000).

Governors Residence Council Gift Fund

Based on M.S. 16B.27, the council develops an overall restoration plan for the governor's residence and surrounding grounds and approves alterations in the existing structure. The council may solicit and accept donated money to maintain and improve the quality of furnishings for the public areas of the building. The Governor's Residence Council was established in 1980.

Legislative Commission on Minnesota Resources (LCMR) Project Grants

Based on M.S. 4.071, "Oil overcharge money" received by the state as a result of litigation or settlements of alleged violations of federal petroleum pricing regulations is used for projects recommended by the LCMR, and appropriated by the legislature. Admin has been administering grants through this program since 1988. Currently there are no projects in process.

Activity Funding

This activity distributes a mix of state, gift, and bonded funds.

Contact

Director

Phone: (651) 201-2563

www.admin.state.mn.us

ADMINISTRATION DEPT

Program: FISCAL AGENT

Activity: MISC GRANTS/STUDIES/OTHER

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,385	0	0	0	0
Subtotal - Forecast Base	1,385	0	0	0	0
Total	1,385	0	0	0	0
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	724	43	0	0	0
Statutory Appropriations					
Federal	647	0	0	0	0
Gift	0	7	0	0	0
Total	1,371	50	0	0	0
<u>Expenditures by Category</u>					
Total Compensation	11	12	0	0	0
Other Operating Expenses	18	33	0	0	0
Local Assistance	1,342	5	0	0	0
Total	1,371	50	0	0	0
Full-Time Equivalents (FTE)	0.2	0.0	0.0	0.0	

ADMINISTRATION DEPT

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm.		Biennium 2010-11
			FY2010	FY2011	
<u>Non Dedicated Revenue:</u>					
Departmental Earnings (Inter-Agency):					
General	196	200	200	200	400
Other Revenues:					
General	450	500	0	0	0
Other Sources:					
General	1	0	0	0	0
Taxes:					
General	115	0	0	0	0
Total Non-Dedicated Receipts	762	700	200	200	400
<u>Dedicated Receipts:</u>					
Departmental Earnings (Inter-Agency):					
Miscellaneous Special Revenue	3,662	4,223	3,790	3,818	7,608
Risk Management	11,522	11,308	11,532	11,875	23,407
Plant Management	63,080	64,258	65,257	65,922	131,179
Documents And Publications	1,542	1,621	1,653	1,686	3,339
Central Motor Pool	13,724	12,912	13,867	14,352	28,219
Central Stores	6,643	6,728	6,863	7,000	13,863
Materials Distribution	10,762	10,432	11,637	11,980	23,617
Central Mailing	825	840	918	958	1,876
Departmental Earnings:					
Miscellaneous Special Revenue	421	691	720	730	1,450
Grants:					
Federal	1,996	2,014	1,646	1,499	3,145
Other Revenues:					
Miscellaneous Special Revenue	25,643	27,987	29,363	29,559	58,922
Federal	7	0	0	0	0
Risk Management	796	625	600	600	1,200
Gift	176	5	5	5	10
Plant Management	54	40	44	45	89
Central Motor Pool	2,850	1,875	1,875	1,875	3,750
Materials Distribution	115	146	101	101	202
Central Mailing	7,873	7,991	7,991	7,991	15,982
Other Sources:					
Miscellaneous Special Revenue	2,881	4,304	4,504	4,504	9,008
Materials Distribution	1	0	0	0	0
Total Dedicated Receipts	154,573	158,000	162,366	164,500	326,866
Agency Total Revenue	155,335	158,700	162,566	164,700	327,266

Developmental Disabilities Council (DD Council)

There are two federal grants in this area. The first is the DD Council's basic grant allocation; the second is a Project of National Significance (PNS) family support grant. Both grants are from Administration on Developmental Disabilities (ADD), US Department of Health and Human Services authorized by the Developmental Disabilities Assistance and Bill of Rights Act (DD Act)(P.L.106-402).

At least 70% of each year's basic grant allocation must be regranted to programs and activities that will result in the increased independence, productivity, self determination, integration, and inclusion of people with developmental disabilities and their families in the community. A Five Year State Plan for FFYs 2007-2011, approved by the ADD, contains the strategies and goals for the programs and activities that will be financially supported with this basic grant. The Plan must address federally prescribed areas of emphasis.

The annual basic grant allocation provides about 93% of the DD Council's operating and program budget. The FFY 2008 allocation was \$1,025,295 with a required 25% non-federal match of \$338,347. The majority of the DD Council's match is met through the in-kind contributions of grant recipients; the annual state appropriation of \$74,000 must be maintained according to the federal law.

The purpose of the PNS grant is to provide an array of family support services for unserved and underserved families with children with developmental disabilities at a one-stop center located in a north Minneapolis neighborhood.

The PNS grant requires a minimum 25% non-federal match. The majority of this match is obtained through in-kind contributions. A final year of \$230,000 in federal funds has been awarded with a minimum match of \$75,900. This five year project will end September 30, 2009.

Level funding is expected for the basic federal grant allocation for FFYs 2009 through 2011. No significant changes are anticipated in the DD Act.

Assistive Technology Act (STAR)

The Minnesota System of Technology to Achieve Results (STAR) is federally funded by Rehabilitation Services Administration in accordance with the Assistive Technology Act of 1998, as amended (P.L. 108-364). The mission of the STAR program is to help all Minnesotans with disabilities gain access to and acquire the assistive technology (AT) needed to live, learn, work, and play. The governor appoints the advisory council members; 68% of the members are individuals with disabilities or have a family member with a disability.

STAR works with consumers and providers to develop a statewide network of resources related to AT. Through a contract agreement, STAR assures that Minnesotans have access to AT for demonstration and loan prior to selecting the most appropriate device for purchase. STAR also provides AT training, technical assistance, public awareness, and statewide information and referral services.

Level annual funding of \$456,540 is anticipated and no increases or decreases in federal funding are expected in the next few years. There is no required maintenance level of support or state matching funds related to the Assistive Technology Act of 1998, as amended (AT Act). The AT Act mandates the appropriation to STAR be expended specifically in seven categories: AT device demonstration, AT device loan, AT device reuse, training, transition services, public awareness and technical assistance related to assistive technology.

Assistive Technology Act (STAR) Alternative Funding Program

The State of Minnesota, through the Department of Administration, STAR program awarded a contract to Assistive Technology of Minnesota (ATMN), a not for profit organization, to provide an Alternative Funding Program. This discretionary grant to the state of Minnesota was provided by the US National Institute on Disability and Rehabilitation Research (the authority has since changed to Rehabilitation Services Administration) under the Assistive Technology Act of 1998, (Public Law 105-394, Title III). The most recent contract between STAR and ATMN was effective June 1, 2007 and expires June 1, 2009. In FY 2008 there was a state match to complete the requirement to receive federal funds for the Alternative Funding Program. There is no requirement for State funding in support of this grant in the future.

STAR does not anticipate any additional federal appropriation for this program. The AT Act mandates the appropriation for the Alternative Finance Program to be used by the state to (1) establish, enhance or maintain

loan programs for individuals with disabilities to purchase needed assistive technology devices and services and (2) for eligible entities to provide technical assistance for Alternative Financing programs. ATMN has contracted with the State to provide the required services.

Land Management Information Center (LMIC)

LMIC supplements its general fund appropriation, whenever possible, with grants and cooperative agreements with federal agencies that promote the efficient and standardized development, management, and distribution of geospatial data for Minnesota. During FY 2009, LMIC will be receiving funds from the US Geological Survey (USGS) for three projects and from the US Environmental Protection Agency (EPA) for a fourth. Each of these will support work that will result in improved efficiencies and standardization of state operations. None carry with them an obligation to ongoing maintenance beyond the scope of the funded project.

Two current grants, totaling \$275,000 over three years, will extend work supported by previous EPA grants and are designed to improve efficiencies for operations at the DNR and MnPCA requiring accurate mapping of water bodies, watersheds, and stream networks. A \$100,000 agreement with the USGS will result in improved availability of imagery for GIS applications in state and local agencies throughout Minnesota. Finally, a \$50,000 grant from the USGS will fund developing a structures database needed to support state and local planning and responses to emergency events.

Workers Memorial

The Capitol Architectural and Planning Board and the Minnesota Labor Interpretive Center Board are cosponsors for the construction of a memorial to Minnesota Workers. The memorial is to be constructed on the grounds of the State Capitol – the Capitol Mall in Saint Paul, Minnesota. The purpose of the memorial is to render recognition of the service of all Minnesota’s citizens who have contributed to our culture and state through their work. The federal funding for the memorial is through a grant to the Minnesota Labor Interpretive Center Board in the amount of \$149,115.

In accordance with M.S. 16B.31, the commissioner of Administration shall oversee the preparation of plans and specifications and construction of state buildings, structures, and other improvements. As such, the federal funds are being transferred to the commissioner of Administration for design, construction, and maintenance of the memorial. The total project cost is estimated to be \$340,000. The project budget includes \$56,000 to establish a maintenance fund for the memorial. The design documents have been submitted for final review and the project is anticipated to be let out for bids in the near future.

Federal Program (\$ in Thousands)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
Developmental Disabilities Council (DDC)	\$74	GCBO	\$1,325	\$1,234	\$1,082	\$1,025
Assistive Technology Act (STAR)	\$0	SO GCBO	\$413	\$456	\$456	\$456
Assistive Technology – Alternative Finance Program	\$200	GCBO	\$7	\$0	\$0	\$0
Land Management Information Center (LMIC)	\$37	SO	\$188	\$315	\$108	\$18
Workers Memorial	\$0	SO	\$70	\$9	\$0	\$0
Agency Total	\$311		\$2,003	\$2,014	\$1,646	\$1,499

Key:
 Primary Purpose
 SO = State Operations
 GPS = Grants to Political Subdivision
 GI = Grants to Individuals
 GCBO = Grants to Community Based Organizations

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	5
Change Summary	6
Agency Change Items	
↻ Operating Budget Reduction.....	7
Appendix	
Agency Revenue Summary Fiscal Page.....	8

↻ Designates that this item is a change item

Agency Purpose

The legislature created the Office of Administrative Hearings (OAH) in 1976 as an independent executive branch agency responsible for providing citizens with administrative hearings whenever state or local laws give them the right to challenge state or local government action that adversely affects them. Over the years, OAH has acquired additional responsibilities, including:

- ◆ ensuring that state agency rulemaking and rulemaking proceedings conform to requirements of the law;
- ◆ conducting workers' compensation benefit hearings and alternative dispute resolution services in its Worker's Compensation Division; and
- ◆ conducting administrative hearings to adjudicate complaints alleging violations of laws regulating election campaign practices.

An executive order in February 2005 also transferred the state's Municipal Boundary Adjustment Unit and its statutory functions from the Department of Administration to OAH.

Core Functions

The agency's two operating divisions and one operating unit provide a variety of dispute resolution services to parties involved with administrative hearings and workers' compensation benefit claims, namely:

- ◆ providing persons adversely affected by state or local government actions with full and fair opportunities to be heard and to challenge those actions;
- ◆ ensuring that agency rules and rulemaking proceedings conform to the law and allowing the widest possible public participation in the formulation of agency rules;
- ◆ providing injured workers, their employers, and workers' compensation insurers with prompt and impartial resolutions of claims for workers' compensation benefits;
- ◆ encouraging and assisting disputing parties to resolve their differences through settlement, arbitration, and mediation; and
- ◆ acting on petitions for orders for creation or dissolution of municipalities or for alterations of municipal boundaries through consolidation, annexation, or detachment of real property.

Operations

The Administrative Law Division meets the administrative hearing needs of most state agencies and an increasing number of local governments. Upon request, OAH also provides arbitration and mediation services to those agencies and political subdivisions. Administrative hearings include such diverse matters as proceedings before the Minnesota Public Utilities Commission, disciplinary proceedings against practitioners brought by various health professional licensing boards, and appeals of sex offender risk level determinations. Administrative law judges also review all proposed agency rules and amendments for legality, necessity, and reasonableness and conduct public rule hearings when required. The legislature has also given the Administrative Law Division the authority and responsibility for conducting proceedings to resolve complaints of violations of Minnesota's Fair Campaign Practices Act.

The Municipal Boundary Adjustment Unit administers the uniform system of municipal boundary adjustments required by M.S. Chapter 414. The Assistant Chief Administrative Law Judge (Administrative Law), under a delegation of authority from the Chief Administrative Law Judge, issues order on petitions for creation or dissolution of municipalities or for alterations of municipal boundaries through consolidation, annexation, or detachment of real property.

At A Glance

Annual Business Processes:

- ◆ Service to more than 80 state agencies and 40 local governmental units.
- ◆ 711 administrative rulemaking and contested case proceedings in FY 2008.
- ◆ 7,358 workers' compensation matters settled per year.
- ◆ 1,949 workers' compensation claim petitions and benefit requests adjudicated per year.
- ◆ 193 municipal boundary adjustments totaling 81,290 acres in 64 different counties.

The compensation judges assigned to the agency’s Workers’ Compensation Division are responsible for conducting most pre-trial and all trial level functions associated with the disposition of claim petitions for workers’ compensation benefits. Those functions include disposing of motions, conducting settlement and pre-trial conferences, conducting trials, and issuing awards and final decisions.

Key Goals

- ◆ Conduct a fourth Judicial Development Program survey of attorneys and litigants to determine satisfaction with performance of OAH Judges. (Minnesota Milestone Indicator 36 – Satisfaction with Government Services; OAH Strategic Plan. ¶ III-C-1-c, “OAH Is Accountable to Public”)
- ◆ Reduce average times for OAH judges to issue their decisions. (Minnesota Milestone Indicator 36 – Satisfaction with Government Services; OAH Strategic Plan. ¶ III-C-1-b, “OAH Provides Parties With Prompt Results”)
- ◆ Provide cost-effective administrative hearing services to more of the state’s political subdivisions. (Minnesota Milestone Indicator 37 – Price of Government; OAH Strategic Plan. IV-C, “Conduct More Local Administrative Hearings”)
- ◆ Improve information available to the public by creating a web-based searchable database of past municipal boundary adjustment transactions. (Minnesota Milestone Indicator 36 – Satisfaction with Government Services)

Key Measures

	Statutory Standard	2006	2008
◆ Average time for Administrative Law Judges to issue final decisions/recommendations after the record closes.	90 days	20.9 days	20.0 days
◆ Average time for Compensation Judges to issue final decisions after the record closes.	60 days	34.5 days	38.6 days
◆ Average time for Compensation Judges to issue orders on requests for discontinuance of benefits.	5 days	3.9 days	3.1 days
◆ Average time for Compensation Judges to issue orders for medical or rehabilitation requests.	30 days	24.7 days	28.2 days
◆ Percent of attorneys and parties who rated OAH judges as “excellent” or “good” in each of 21 categories. (See OAH web site for more information on this survey.)	NA	87%	†

† Last survey conducted in FY 2006. Next survey scheduled for FY 2009.

Budget

OAH currently maintains a staff of 80.4 full-time equivalent positions, and its FY 2008-09 biennial budget totals \$19.2 million. The Administrative Law Division has a \$4.4 million biennial budget, which is funded by a special revenue revolving fund. Deposits into that fund are collected from state agencies and local governments through hourly charges for administrative law judges and staff attorneys. That division also receives a \$65,000 annual appropriation from the general fund to the general account of the state elections campaign fund. The Municipal Boundary Adjustment Unit currently receives a \$290,000 annual appropriation from the general fund. The Workers’ Compensation Division has a \$14.8 million biennial budget funded by an appropriation by the legislature from the state’s workers’ compensation special compensation fund.

Contact

Office of Administrative Hearings
Post Office Box 64620
Saint Paul, Minnesota 55164-0620

World Wide Web Home Page:
<http://www.oah.state.mn.us>

Raymond R. Krause
Chief Administrative Law Judge
Phone: (651) 361-7800
Fax: (651) 361-7936

ADMINISTRATIVE HEARINGS

Agency Overview

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	283	290	290	290	580
Recommended	283	290	275	275	550
Change		0	(15)	(15)	(30)
% Biennial Change from 2008-09					-4%
Workers Compensation					
Current Appropriation	7,773	7,250	7,250	7,250	14,500
Recommended	7,773	7,250	7,250	7,250	14,500
Change		0	0	0	0
% Biennial Change from 2008-09					-3.5%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	250	323	275	275	550
Miscellaneous Special Revenue	4	0	0	0	0
Workers Compensation	7,099	7,924	7,250	7,250	14,500
Statutory Appropriations					
General	21	65	65	65	130
Administrative Hearings	1,977	2,294	2,193	2,374	4,567
Workers Comp Transcript	1	105	6	6	12
Total	9,352	10,711	9,789	9,970	19,759
<u>Expenditures by Category</u>					
Total Compensation	7,607	8,183	8,097	8,258	16,355
Other Operating Expenses	1,724	2,463	1,627	1,647	3,274
Transfers	21	65	65	65	130
Total	9,352	10,711	9,789	9,970	19,759
<u>Expenditures by Program</u>					
Administrative Hearings	9,352	10,711	9,789	9,970	19,759
Total	9,352	10,711	9,789	9,970	19,759
Full-Time Equivalent (FTE)	80.3	80.7	78.1	76.6	

ADMINISTRATIVE HEARINGS

Change Summary

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: GENERAL				
FY 2009 Appropriations	290	290	290	580
Subtotal - Forecast Base	290	290	290	580
Change Items				
Operating Budget Reduction	0	(15)	(15)	(30)
Total Governor's Recommendations	290	275	275	550
Fund: WORKERS COMPENSATION				
FY 2009 Appropriations	7,250	7,250	7,250	14,500
Subtotal - Forecast Base	7,250	7,250	7,250	14,500
Total Governor's Recommendations	7,250	7,250	7,250	14,500
Fund: GENERAL				
Planned Statutory Spending	65	65	65	130
Total Governor's Recommendations	65	65	65	130
Fund: ADMINISTRATIVE HEARINGS				
Planned Statutory Spending	2,294	2,193	2,374	4,567
Total Governor's Recommendations	2,294	2,193	2,374	4,567
Fund: WORKERS COMP TRANSCRIPT				
Planned Statutory Spending	105	6	6	12
Total Governor's Recommendations	105	6	6	12

ADMINISTRATIVE HEARINGS

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(15)	\$(15)	\$(15)	\$(15)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(15)	\$(15)	\$(15)	\$(15)

Recommendation

The Governor recommends a reduction of \$15,000 in FY 2010 and \$15,000 in FY 2011 to the general fund operating budget of the Office of Administrative Hearings. The Governor intends that Administrative Hearings should focus its operating funds on maintaining its highest priority services. In addition, the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions.

Background

Administrative Hearings' operating budget of \$290,000 per fiscal year includes amounts budgeted for the municipal boundary adjustments program.

Relationship to Base Budget

This proposal represents a 5% base level reduction to the agency's general fund budget.

Key Goals and Measures

The Office of Administrative Hearing's goal for the operating reduction is to have the least amount of negative impact on Minnesota's cities and townships, which are the unit's primary customers.

The budget submitted for Administrative Hearings seeks to safeguard core activities and reduce administrative overhead. The agency will manage budget reductions through reduced supplies purchase and salary savings. The resulting budget will focus on new ways to operate the department's core functions.

Statutory Change: Not Applicable

ADMINISTRATIVE HEARINGS

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	28	29	29	29	58
Total Non-Dedicated Receipts	28	29	29	29	58
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Administrative Hearings	1,989	2,280	2,225	2,380	4,605
Workers Comp Transcript	6	6	6	6	12
Total Dedicated Receipts	1,995	2,286	2,231	2,386	4,617
Agency Total Revenue	2,023	2,315	2,260	2,415	4,675

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	5
Change Summary	6
Agency Change Items	
↻ Base Reduction.....	7

↻ Designates that this item is a change item

Agency Purpose

The Agricultural Utilization Research Institute (AURI) was created by the legislature under M.S. 1160.09, which was renumbered to 116V.01 in 2008.

AURI’s mission is to foster long-term economic benefit through increased business and employment opportunities in rural Minnesota through:

- ◆ the identification and expansion of existing markets for new or existing commodities, ingredients, and products;
- ◆ the development of new uses or value improvements for Minnesota agricultural commodities; and
- ◆ the development of renewable energy opportunities from Minnesota agricultural commodities and co-products.

AURI’s efforts are focused on catalyzing innovation in value-added agriculture that creates economic vitality in Minnesota. This is accomplished by providing project development services, targeted network coordination and scientific technical assistance for the development of new products and expanded uses for Minnesota agricultural commodities.

AURI programs help producers, agri-processors and their communities take advantage of a larger portion of the market value-chain during all economic cycles. Regardless of economic conditions, AURI programs have been in increasing demand. AURI clients tend to focus on improving their efficiency and effectiveness during periods of high commodity prices. During periods of lower commodity prices, clients tend to seek innovative new uses for their products.

Core Functions

The Agricultural Utilization Research Institute provides seamless service from feasibility to implementation to individuals and organizations that are developing value-added businesses across Minnesota. These services are provided to existing businesses, cooperatives and entrepreneurs. Core functions include:

- ◆ providing scientific technical and feasibility assistance, laboratory and pilot plant services supporting value-added agricultural processing in Minnesota;
- ◆ acting as the applied research and development resource for small and medium-sized commodity processors;
- ◆ identifying, educating and informing agricultural stakeholders about emerging value-added agricultural opportunities;
- ◆ facilitating innovation and collaboration, including coordination of Minnesota’s Renewable Energy Roundtable, which works to eliminate barriers to development of new renewable energy resources in the state; and
- ◆ working with agricultural processors on efficiencies and technologies vital to sustaining profitability in times of high raw commodity prices which drastically impact margins.

Operations

AURI serves a variety of clients including producers, grower groups, cooperatives, small and medium-sized commodity processors and entrepreneurs. AURI provides assistance to clients at various stages of product development. A significant amount of staff time is dedicated to “discovery.” These initial consultations and evaluations determine if an idea fits AURI’s criteria, is unique and innovative and has the potential to significantly impact commodity utilization or respond to a market opportunity. Ventures that do not fit are either ended or referred to other organizations; ventures that are deemed viable are formed into official projects, which provide access to AURI programs and services.

At A Glance

- ◆ AURI technical and scientific services are utilized by Minnesota businesses, cooperatives, farm organizations, grower groups and entrepreneurs seeking to develop innovative uses and value improvements for agricultural commodities and co-products.
- ◆ In the last biennium, AURI assisted in the development of 281 unique projects and initiatives and brought 69 new or improved ag-based products to the market.
- ◆ Nearly \$71 million in new capital was invested in rural Minnesota through AURI-supported, value-added ventures.
- ◆ AURI facilitates the Minnesota Renewable Energy Roundtable, a statewide, multi-organizational collaborative effort focused on furthering renewable energy development in Minnesota. The Roundtable events have drawn over 400 voluntary participants representing more than 100 organizations involved in Minnesota’s renewable energy industry.

AURI project staff assists with project development activities and feasibility analysis. Laboratory and pilot plant staff support the technical elements of project development. Pilot plant and laboratory activities assist clients with product development, troubleshooting, methods training, analysis, and product scale-up activities. These value-added innovations lead to growth in the state's economy, employment, and business development opportunities, especially in rural counties.

AURI also operates the Center for Producer-Owned Energy (CPOE), a U.S. Department of Agriculture (USDA)-funded agricultural innovation center created to develop farmer-owned renewable energy enterprises. To date nearly 60 projects have been initiated by the CPOE utilizing Minnesota-grown agricultural products and co-products as energy sources.

AURI collaborates with other available resources in the state to effectively and efficiently leverage needed resources for Minnesota businesses. Collaborations have been established with the USDA, Minnesota State Colleges and Universities (MnSCU), University of Minnesota, Small Business Development Centers (SBDCs), Minnesota Departments of Agriculture (MDA) and Employment and Economic Development (DEED), the BioBusiness Alliance of Minnesota and all major commodity groups and farm organizations within the state.

AURI's facilities are strategically located throughout the state to enhance service delivery and client access:

- ◆ *Crookston*: AURI's state headquarters, food product development lab, and fermentation and chemistry lab
- ◆ *Marshall*: Center for Producer-Owned Energy (CPOE); fats and oils lab; analytical and process labs; and USDA-inspected meats lab
- ◆ *Waseca*: Co-products utilization lab and pilot plant

Program Areas

Client services include project development assistance, feasibility assessments, hands-on access to laboratory facilities as well as limited cost-share assistance that expands scientific and technical capacity. These services provide reliable and unbiased information for clients to make informed decisions.

Industry initiatives focus on examining emerging opportunities with the potential for broad impact. They include agricultural energy development, side stream research, bio-industry development and other projects with the potential to impact a large number of producers.

Key Goals

AURI's key organizational strategic goals include:

- ◆ Creating and retaining rural wealth by fostering and promoting agricultural innovation
- ◆ Advancing the renewable energy industry in Minnesota
- ◆ Providing seamless service, from feasibility to implementation, of innovations and process improvements for Minnesota commodities and co-products

Key Measures

AURI project involvement often happens early in a product development life cycle while a significant portion of feasibility has yet to be determined. This means it can take many months or even years for a concept to reach reality and be implemented or taken to market. Some never reach that stage because of market, economic or other reasons.

Among the measures tracked by AURI to show the impact of organizational activities is the number of value-added products that have been developed and entered the marketplace, the amount of capital invested in innovative value-added ventures, dollars saved by avoiding investment in non-feasible projects and the amount of outside funds leveraged by AURI-supported projects. These measures show that implementation is occurring and economic activity is happening as a result of AURI assistance. In the past two years:

- ◆ 281 unique projects and initiatives were developed and received AURI assistance in an effort to move Minnesota-grown agricultural products into new, value-added markets.
- ◆ 69 new or improved ag-based products reached the market with AURI assistance.

- ◆ Nearly \$71 million in new capital was invested in new AURI-supported, value-added ventures.
- ◆ Over \$100 million in rural wealth was retained, by not investing in ventures deemed not currently viable.
- ◆ Over \$1.4 million in outside funds were committed to new value-added projects.

Budget

The projected budget for FY 2009 is \$5 million. Current organizational personnel include 25 full-time equivalent staff. At present, the AURI state appropriation is approximately 62% of the projected FY 2009 operations budget. \$700,000 of the state appropriation is dedicated specifically to bioenergy. State funds are used to leverage federal and other sources of funding, including a \$984,000 grant from the U.S. Department of Energy. Additional grant opportunities from the USDA are anticipated during the biennium.

Contact

AURI State Office

Owen Hall Annex, University of Minnesota - Crookston
P.O. Box 599
Crookston, Minnesota 56716-0599
(800) 279-5010
(218) 281-7600

Teresa Spaeth, Executive Director

The AURI website at www.auri.org provides information on programs, research, and organizational contacts.

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	3,100	3,100	3,100	3,100	6,200
Recommended	3,100	3,100	1,550	1,550	3,100
Change		0	(1,550)	(1,550)	(3,100)
% Biennial Change from 2008-09					-50%
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	3,100	3,100	1,550	1,550	3,100
Total	3,100	3,100	1,550	1,550	3,100
 <u>Expenditures by Category</u>					
Local Assistance	3,100	3,100	1,550	1,550	3,100
Total	3,100	3,100	1,550	1,550	3,100
 <u>Expenditures by Program</u>					
Ag Utilization Research Inst	3,100	3,100	1,550	1,550	3,100
Total	3,100	3,100	1,550	1,550	3,100

AGRICULTURE UTILIZATION RESRCH

Change Summary

Dollars in Thousands

	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: GENERAL				
FY 2009 Appropriations	3,100	3,100	3,100	6,200
Subtotal - Forecast Base	3,100	3,100	3,100	6,200
Change Items				
Base Reduction	0	(1,550)	(1,550)	(3,100)
Total Governor's Recommendations	3,100	1,550	1,550	3,100

AGRICULTURE UTILIZATION RESRCH

Change Item: Base Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(1,550)	\$(1,550)	\$(1,550)	\$(1,550)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(1,550)	\$(1,550)	\$(1,550)	\$(1,550)

Recommendation

The Governor recommends a budget reduction of \$1.55 million each year in FY 2010 and FY 2011 to Agriculture Utilization Research Institute (AURI)'s general fund operating budget. The Governor intends that AURI should focus its operating funds on maintaining its highest priority services. In addition, the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions.

Background

Since its creation by the Minnesota state legislature nearly 20 years ago, AURI has focused on rural economic growth and stabilization. Renewable energy, the knowledge economy and job creation are all important strategies for keeping the economy stable. AURI's mission is to foster long-term economic benefit through increased business and employment opportunities in rural Minnesota. AURI advances these concepts by identifying and expanding existing markets for the State's agricultural commodities, identifying new agri-processes and technologies, and by developing new uses or value improvements for Minnesota agricultural products.

Relationship to Base Budget

Currently, AURI's base appropriation of \$6.2 million each biennium represents almost 75% of its operating budget. A cut of \$3.1 million for the biennium would represent a reduction to those operating funds and would return AURI's general funding to FY 2006-2007 levels reversing the increases during the last biennium. AURI seeks outside funding sources, including expanded possibilities from federal programs and uses matching dollars required to obtain these funds as well as to demonstrate organizational stability.

Key Goals and Measures

During the past year there has been a marked increase in demand for renewable energy development, bio-based (green) product development as well as process enhancements or improvements in agri-processing.

AURI's key organizational strategic goals for the biennium include:

- ◆ Stabilizing the rural economy by utilizing agricultural innovations for economic benefit, including job creation and retention
- ◆ Advancement of the renewable energy industry in Minnesota
- ◆ Seamless service from feasibility to implementation of innovations and process improvements for Minnesota businesses involved in agricultural products and co-products.

A reduction to AURI's base budget would impact both programmatic areas and staffing levels. These activities occur with the state's largest commodities including corn, soybeans and pork. In addition, services to commodities with smaller impact would be curtailed in an effort to maximize the impact of lean resources.

Statutory Change: Not Applicable.

	PAGE
Transmittal Letter	3
Agency Profile	4
Agency Fiscal Page (Gov Rec)	6
Change Summary	8
Agency Change Items	
➤ Ag21.....	10
➤ Cw Ag Bmp Loan Program	11
➤ Cw Drinking Water Protection	12
➤ Cw Pesticide Monitoring And Assessment.....	13
➤ Cw Research, Projects, Assistance	14
➤ Grants And Administration Reduction	16
➤ Invasive Species Duties Reduction	17
➤ Promotional Activity Reduction.....	18
➤ ACRRA Incident Response Program Costs	19
➤ Agricultural Pesticide Dealer License.....	20
➤ Dairy & Food Reinspection Fees.....	21
➤ Pesticide Program Funding.....	22
➤ Wolf & Elk Damage Compensation	24
Programs	
Protection Services	
Program Narrative.....	25
Program Summary.....	26
Budget Activities	
Pesticide & Fertilizer Mgmt	28
Budget Activity Summary	31
Plant Protection	32
Budget Activity Summary	34
Dairy & Food Inspection.....	35
Budget Activity Summary.....	37
Laboratory Services.....	38
Budget Activity Summary.....	40
Ag Marketing & Development	
Program Narrative.....	41
Program Summary.....	42
Budget Activities	
Ag Marketing Services.....	43
Budget Activity Summary.....	45
Ag Develop & Financial Assist.....	46
Budget Activity Summary.....	49

- CONTENTS (Continued)

	PAGE
Value-Added Products	
Program Narrative.....	50
Program Summary.....	51
Budget Activities	
Bio-Energy Products.....	52
Budget Activity Summary	54
Agency Svcs & Financial Assist	
Program Narrative.....	55
Program Summary.....	56
Budget Activities	
Grants & Assistance	57
Budget Activity Summary.....	59
Agency Services	60
Budget Activity Summary.....	62
Appendix	
Agency Revenue Summary Fiscal Page.....	63
Federal Funds Summary.....	64

↻ Designates that this item is a change item



January 27, 2009

To the 2009 Minnesota State Legislature,

On behalf of Governor Pawlenty, I am pleased to submit the budget recommendation for the Minnesota Department of Agriculture (MDA) for the 2010-2011 biennium. This budget includes \$77.9 million from the state General Fund, \$41.7 million from the Agricultural Fund (money collected from ag-related fees), \$16.2 million in Federal money and \$33.1 million from a variety of other sources. The recommended funding level represents a 13% decrease from total FY 2008-09 spending and 5% decrease from the general fund forecast base.

The mission of the Minnesota Department of Agriculture is to enhance Minnesotans' quality of life by ensuring the integrity of our food supply, the health of our environment, and the strength of our agricultural economy. In developing these budget recommendations, we focused resources on the core functions which are most directly responsible for implementing that mission on a day-to-day basis. Our budget development process was also informed by the comments and suggestions we received from our agricultural stakeholders in a series of public listening sessions conducted around the state in 2008.

Some highlights of the proposed budget are:

- More than \$4 million in new funding for MDA's Pesticide & Fertilizer Management Division which enforces state laws pertaining to the sale, use and disposal of a host of agricultural inputs, including fertilizers, agricultural lime, and pesticides. In recent years, PFMD efforts have expanded to address environmental issues in urban and agricultural ecosystems.
- Nearly \$9 million in new funding under the Clean Water Legacy program for pesticide monitoring and assessment, drinking water protection, research and loans to help address agricultural non-point source priorities in local water plans.
- Creation of Ag21 – a 21st Century Agricultural Reinvestment Program to provide grants and loans to fund emerging needs in agriculture, such as advancing the states livestock and bioenergy industries.
- A General Fund reduction of \$1.6 million. The magnitude of the projected budget shortfall and the desire to protect core MDA functions necessitates reducing or eliminating some functions, such as MDA's aquaculture program, plant pest survey work, and other biocontrol efforts.

I welcome any questions you may have about this budget proposal. Please feel free to contact me or my staff at 651-201-6219 if you would like more information.

A handwritten signature in black ink, reading "Gene Hugoson".

Gene Hugoson, Commissioner

Agency Purpose

The mission of the Minnesota Department of Agriculture (MDA) is to enhance Minnesotans' quality of life by ensuring the integrity of our food supply, the health of our environment, and the strength of our agricultural economy.

From the farm to your family, the MDA ensures that Minnesota agricultural products used in production or available for consumption meet or exceed regulatory standards. These standards are set by state and federal laws that ensure the quality of products and the safety of food. The MDA also helps sustain and enhance the economic and environmental conditions of the agricultural sector in a number of ways. Since Minnesota produces more food and agricultural products than its citizens can consume, it must focus on marketing strategies that encourage exports to other states and countries. The MDA plays a lead role in helping the state's farmers and agricultural businesses build trade relationships with potential customers in other states and countries.

Core Functions

The Protection Services Program provides regulatory oversight for agricultural products from the farm to retail stores. Many of these regulatory activities touch consumers' everyday lives. For example, the MDA protects consumers by inspecting food and dairy products, dairy farms, food processing facilities, grocery stores, and even food stands at the Minnesota State Fair. The MDA also regulates, inspects and analyzes animal feed, fertilizers and pesticides; it performs laboratory analysis on food products and inspects fresh produce moving into or out of Minnesota. The MDA helps protect the environment by monitoring surface and ground water for possible contaminants and by preventing the establishment of destructive tree and plant pests such as gypsy moths.

The Agricultural Marketing and Development Program helps sustain and enhance farmers' economic and environmental well-being through a number of services. The program develops and tests new farming practices that help minimize environmental impacts, educates farmers about these practices and encourages their implementation with education and technical assistance. During the growing season, this program provides farmers updated plant pest information, which helps farmers determine how and when to take action to protect their crops. The program also helps the state's agricultural community expand existing markets and develop new markets for Minnesota agricultural products. This includes developing international trade opportunities, promoting a program to encourage consumers to buy locally-grown food, and encouraging value-added activities.

The ethanol producer payment program was authorized by the 1986 legislature. In FY 2009, eight plants are eligible for quarterly producer payments based on their eligible production.

The department also manages the NextGen Energy Board, which provides recommendations about how the state can most efficiently achieve energy independence through agriculture and natural resource sustainability. In 2009, the department, with recommendations from the board, will issue grants to spur the development of new technologies for bio-energy production.

The Administrative Services Program provides leadership and administrative support to the agency, gathers important statistical information for the farm sector, and offers grants and assistance to individuals and organizations. This program provides overall leadership and coordination of agency efforts. It coordinates communication with internal and external stakeholders including farmers, media, and other government bodies. It provides fiscal oversight to the department and provides important information on employment and benefits to

At A Glance

What does agriculture offer Minnesota in the 21st century? Aside from providing the world's most abundant and wholesome food supply, agriculture remains a cornerstone of our state economy.

- ◆ Agriculture and its related industries account for about 15% of all Minnesota jobs, making it the state's second largest economic sector.
- ◆ More than 80% of all agricultural jobs are off-farm, in processing, distribution, supply, and service activities.
- ◆ Exports of farm products bring in nearly \$3 billion to the state each year.
- ◆ Minnesota is the seventh largest exporter of agricultural products among the states, leading in turkey exports and ranking in the top ten in milk, soybeans, pork and many other commodities.
- ◆ More than half of the state's total land area is farmland.

MDA works to help ensure that all this activity remains orderly, safe, and profitable.

employees. Producers use the statistical information gathered by our joint federal/state division of Ag Statistics to learn about important trends in their industry. The Ag Statistics program produces publications that provide valuable information on crop conditions and production statistics and forwards information on Minnesota agriculture to the U.S. Department of Agriculture (USDA).

Operations

The department's main office is at 625 Robert Street North, in St. Paul. However, since most of the regulatory and promotion services we provide require face to face contact with our farmers, producers, and consumers, almost half of our staff is scattered throughout the state in the areas they serve. Our inspectors are responsible for on-site inspections of facilities. These inspections ensure that the agricultural products and processes meet applicable standards for quality and integrity. For example, the fertilizer we use on our lawns must meet quality standards just as the fertilizer used in production agriculture. The pesticides we use in our homes are regulated just as those used by farmers. Milk is inspected at many points, from the farm to the milk plant to our supermarkets. Sustainable agricultural practices, such as biological control of weeds and pests, benefit not only the farmers but the shoppers in urban shopping malls.

In addition to ensuring the safety and integrity of products, the department helps farmers and agribusinesses market those products in an increasingly competitive global marketplace. The MDA encourages value-added activities and the development of new domestic markets for existing agriculture products, and it works with other state offices to stimulate international exports of Minnesota-grown agricultural products. This is done to help keep Minnesota's agricultural community competitive in the world marketplace.

Budget

The MDA budget comes from multiple funds. These funds include the general fund for operations and for bio-energy programs, dedicated revenue funds, federal funds, and loan funds.

Over half of all money expended is appropriated from the general fund. Of this amount, approximately 35% is for ethanol producer payments. Most of the balance supports agency program operations.

Dedicated funds spent by the MDA (special revenue and ag fund) provide operational costs for various programs. Most dedicated funds are fee revenues, deposited in individual accounts and statutorily appropriated for the costs of the specific services provided.

Some regulatory programs collect various fees that defray the cost of services to the general fund. These fees are deposited to the general fund as non-dedicated revenues.

MDA continues to apply for federal funds that complement our areas of responsibility.

MDA also administers several agricultural loan programs. Funding for these loan programs is provided through a variety of sources that include user-financed bonds.

Contact

For additional policy information, please contact Quinn Cheney, Director of Policy Development at (651) 201-6180 or Quinn.Cheney@state.mn.us.

For additional budget information, please contact Steve Ernest, Financial Management Director, at (651) 201-6580 or Steve.Ernest@state.mn.us.

MDA's website is www.mda.state.mn.us Our website contains additional information on each of the divisions in the agency, licensing information, food recalls information, and more. For information on how this agency measures whether it is meeting its statewide goals, please visit www.departmentresults.state.mn.us/agriculture

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	0	368	368	368	736
Recommended	0	368	0	0	0
Change		0	(368)	(368)	(736)
% Biennial Change from 2008-09					-100%
General					
Current Appropriation	52,608	40,992	40,992	40,992	81,984
Recommended	52,608	40,992	38,950	38,950	77,900
Change		0	(2,042)	(2,042)	(4,084)
% Biennial Change from 2008-09					-16.8%
Remediation Fund					
Current Appropriation	388	388	388	388	776
Recommended	388	388	388	388	776
Change		0	0	0	0
% Biennial Change from 2008-09					0%
Clean Water Fund					
Current Appropriation	0	0	0	0	0
Recommended	0	0	3,075	5,850	8,925
Change		0	3,075	5,850	8,925
% Biennial Change from 2008-09					n.m.
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	14	0	0	0	0
Direct Appropriations					
Environment & Natural Resource	110	479	0	0	0
General	43,649	45,998	39,250	38,939	78,189
Remediation Fund	379	397	388	388	776
Clean Water Fund	0	0	3,075	5,850	8,925
Statutory Appropriations					
Clean Water Revolving Fund	5,970	2,802	4,331	5,105	9,436
Miscellaneous Special Revenue	6,229	4,194	3,899	4,049	7,948
Agriculture Fund	16,948	19,646	20,977	20,757	41,734
Federal	5,507	8,475	8,023	8,222	16,245
Remediation Fund	941	2,373	2,373	2,373	4,746
Rural Finance Administration	348	500	500	500	1,000
Miscellaneous Agency	416	422	215	187	402
Gift	57	138	35	25	60
Total	80,568	85,424	83,066	86,395	169,461
<u>Expenditures by Category</u>					
Total Compensation	29,063	33,284	35,046	36,009	71,055
Other Operating Expenses	18,404	26,323	22,260	21,521	43,781
Payments To Individuals	4,050	630	607	608	1,215
Local Assistance	19,614	21,434	18,317	19,053	37,370
Other Financial Transactions	9,437	3,753	6,736	9,104	15,840
Transfers	0	0	100	100	200
Total	80,568	85,424	83,066	86,395	169,461

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<i>Expenditures by Program</i>					
Protection Services	34,135	43,301	43,812	44,795	88,607
Ag Marketing & Development	6,787	8,299	13,915	16,185	30,100
Value-Added Products	16,372	17,854	15,168	15,168	30,336
Agency Svcs & Financial Assist	23,274	15,970	10,171	10,247	20,418
Total	80,568	85,424	83,066	86,395	169,461
<i>Full-Time Equivalents (FTE)</i>	400.7	352.3	340.0	340.0	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: ENVIRONMENT & NATURAL RESOURCE				
FY 2009 Appropriations	368	368	368	736
Technical Adjustments				
One-time Appropriations		(368)	(368)	(736)
Subtotal - Forecast Base	368	0	0	0
Total Governor's Recommendations	368	0	0	0
Fund: GENERAL				
FY 2009 Appropriations	40,992	40,992	40,992	81,984
Technical Adjustments				
Approved Transfer Between Appr		0	0	0
One-time Appropriations		(690)	(690)	(1,380)
Pt Contract Base Reduction		(7)	(7)	(14)
Transfers Between Agencies		(527)	(527)	(1,054)
Subtotal - Forecast Base	40,992	39,768	39,768	79,536
Change Items				
Wolf & Elk Damage Compensation	0	50	50	100
Promotional Activity Reduction	0	(97)	(97)	(194)
Invasive Species Duties Reduction	0	(621)	(621)	(1,242)
Ag21	0	500	500	1,000
Grants and Administration Reduction	0	(650)	(650)	(1,300)
Total Governor's Recommendations	40,992	38,950	38,950	77,900
Fund: REMEDIATION FUND				
FY 2009 Appropriations	388	388	388	776
Subtotal - Forecast Base	388	388	388	776
Total Governor's Recommendations	388	388	388	776
Fund: CLEAN WATER FUND				
FY 2009 Appropriations	0	0	0	0
Subtotal - Forecast Base	0	0	0	0
Change Items				
CW Pesticide Monitoring and Assessment	0	325	350	675
CW Drinking Water Protection	0	375	750	1,125
CW Research, Projects, Assistance	0	875	1,750	2,625
CW Ag BMP Loan Program	0	1,500	3,000	4,500
Total Governor's Recommendations	0	3,075	5,850	8,925

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: CLEAN WATER REVOLVING FUND				
Planned Statutory Spending	2,802	4,331	5,105	9,436
Total Governor's Recommendations	2,802	4,331	5,105	9,436
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	4,194	3,899	4,049	7,948
Total Governor's Recommendations	4,194	3,899	4,049	7,948
Fund: AGRICULTURE FUND				
Planned Statutory Spending	19,646	18,478	18,258	36,736
Change Items				
ACRRA Incident Response Program Costs	0	271	271	542
Pesticide Program Funding	0	2,170	2,170	4,340
Agricultural Pesticide Dealer License	0	21	21	42
Dairy & Food Reinspection Fees	0	37	37	74
Total Governor's Recommendations	19,646	20,977	20,757	41,734
Fund: FEDERAL				
Planned Statutory Spending	8,475	8,023	8,222	16,245
Total Governor's Recommendations	8,475	8,023	8,222	16,245
Fund: REMEDIATION FUND				
Planned Statutory Spending	2,373	2,373	2,373	4,746
Total Governor's Recommendations	2,373	2,373	2,373	4,746
Fund: RURAL FINANCE ADMINISTRATION				
Planned Statutory Spending	500	500	500	1,000
Total Governor's Recommendations	500	500	500	1,000
Fund: MISCELLANEOUS AGENCY				
Planned Statutory Spending	422	215	187	402
Total Governor's Recommendations	422	215	187	402
Fund: GIFT				
Planned Statutory Spending	138	35	25	60
Total Governor's Recommendations	138	35	25	60
<u>Revenue Change Items</u>				
Fund: AGRICULTURE FUND				
Change Items				
Pesticide Program Funding	0	2,770	2,770	5,540
Agricultural Pesticide Dealer License	0	21	21	42
Dairy & Food Reinspection Fees	0	37	37	74

AGRICULTURE DEPT

Change Item: Ag21

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$500	\$500	\$1,877	\$15,668
Revenues	0	0	0	0
Net Fiscal Impact	\$500	\$500	\$1,877	\$15,668

Recommendation

The Governor recommends creating a new 21st Century Agricultural Reinvestment program, Ag21, which will provide grants and loans to fund emerging needs in agriculture.

Background

Both the Livestock Investment Grant Program and the NextGen Energy Grant Program, funded in FY 2008 and 2009, were enthusiastically received by Minnesota's agricultural community. However, both programs received one-time money only. Ag21 would provide on-going funding for supporting Next Generation energy development and livestock investment, stimulating growth in both areas.

The Minnesota Department of Agriculture (MDA) commissioner will use money in the Ag21 fund to issue grants, loans, or other forms of financial assistance that advance the state's agricultural or renewable energy industries. Eligible expenditures will include, but will not be limited to, grants to livestock producers under the livestock investment grant program in section 17.118 and bio-energy funds awarded by the next generation energy board established in section 41A.105.

In Fiscal Years 2010-2011, some funding would be redirected from the Dairy Development and Profitability Enhancement program (included in a separate change item), and would be directed to livestock investment grants. With the completion of the ethanol producer payments, Ag21 would receive an infusion of funds in fiscal years 2012-2013. (See chart below for details.) This redirection will allow MDA to make strategic investments at a critical point in the development of two agricultural sectors that are key to Minnesota's 21st century agricultural economy.

Relationship to Base Budget

This account was created by reprogramming funding from other agricultural accounts (see chart below):

- ◆ \$500,000 per year from the Dairy Development program – This change represents a desire to reduce funding for an administrative-intensive program, and redirect the dollars to Ag21, which will provide grants directly to producers for use in improving their livestock facilities and helping them to respond to the competitive market place
- ◆ M.S. 41A.09, Subd.3a directs that any funds remaining, after required ethanol producer payments and deficiency payments have been paid, be directed for "rural economic infrastructure." Ag21 will provide a structure to direct this funding for needed investment throughout Minnesota's agricultural sector.

Sources of Reprogrammed Funding for Ag21 (\$thousands)

	2010	2011	2012	2013
Redirected from Dairy Profitability and Enhancement Program	\$500	\$500	\$500	\$500
Redirected from Ethanol Producer Payment Program	0	0	1,377	15,168
Total proposed funding for Ag21	\$500	\$500	\$1,877	\$15,668

Key Goals and Measures

This program would encourage continued reinvestment in Minnesota's agricultural sector.

Statutory Change: M.S. 41A

AGRICULTURE DEPT

Change Item: CW Ag BMP Loan Program

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
Clean Water Fund				
Expenditures	\$1,500	\$3,000	\$3,000	\$3,000
Revenues	0	0	0	0
Net Fiscal Impact	\$1,500	\$3,000	\$3,000	\$3,000

Recommendation

The Governor recommends \$4.5 million in Clean Water Funds be allocated to the Agriculture Best Management Practices (AgBMP) loan program for the Minnesota Department of Agriculture (MDA) to work with local units of government in originating loans for projects that improve water quality. The funds will be allocated to areas that have finalized Total Maximum Daily Loads (TMDL) plans, and the projects will specifically address the impairment and sources of the impairment. The source of these funds is derived from the new constitutionally-dedicated sales tax.

Background

This water quality program provides zero interest loans to local units of government (e.g. counties, Soil and Water Conservation District [SWCDs]) who in turn provide low interest loans to individuals for agricultural Best Management Practices that help implement agricultural non-point source pollution priorities in local water plans.

Loans are primarily used for septic system upgrades, agricultural waste management projects and conservation tillage equipment.

The AgBMP Loan Program has recently received \$3.7 million (\$1.2 in FY 2007 and \$2.5 in FY 2008-2009) in one-time Clean Water Legacy funds to provide loans within impaired watersheds. These funds have been allocated to over 20 Local Government Units (LGUs) and used for over 125 individual projects.

Note: Currently, the program is capitalized at around \$57 million.

Relationship to Base Budget

The current AgBMP program is a revolving loan program, with monies located in the Agricultural Fund which revolves for new loans as it is repaid.

The allocation would be in addition to the base allocation the LGU would normally receive.

Key Goals and Measures

The additional targeted AgBMP loan projects will provide LGUs additional opportunities to specifically address a source or sources of impairment, hopefully leading to overall improved water quality.

With the potential increased funding, AgBMP loans would continue to be focused on local high priority restoration and protection issues with emphasis on feedlot upgrades and septic systems.

Statutory Change: None

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
Clean Water Fund				
Expenditures	\$375	\$750	\$750	\$750
Revenues	0	0	0	0
Net Fiscal Impact	\$375	\$750	\$750	\$750

Recommendation

The Governor recommends \$1.125 million in Clean Water Funds be allocated for increased drinking water protection from agricultural chemicals, primarily nitrate contamination. The source of these funds is derived from the new constitutionally-dedicated sales tax.

Background

Nitrates are widely present in vulnerable aquifers in Minnesota, sometimes above the drinking water standard. This proposal would increase state efforts in response to elevated nitrates in agricultural areas where groundwater is or could be used as drinking water, and to promote practices that will reduce leaching of nitrogen fertilizer to groundwater. The primary focus will be on nitrates however outreach activities will also include a pesticide prevention component.

Specific activities funded under this proposal include:

- ◆ Promoting and evaluating regional and crop specific nutrient Best Management Practices to protect groundwater. This includes: promotion of Best Management Practices (BMPs) directly with farmers and agricultural groups; plot and field scale evaluations; monitoring and modeling of BMPs; and, preparing BMP educational materials.
- ◆ Responding to specific local situations with elevated nitrates or vulnerable potable aquifers. This includes developing coordinated cooperative response efforts with area farmers, local governmental units and other parties to evaluate local problems, actual fertilizer use practices and fertilizer BMPs most appropriate in the specific setting or other options needed to protect drinking water. Minnesota Department of Agriculture (MDA) staff have successfully served as liaison between community public water suppliers, local farmers and fertilizer dealers in a number of response efforts. If sufficient funds are available the proposal would include pass-through funding to local governmental units to encourage and pilot different approaches for sustainable locally driven response activities;
- ◆ Conducting a public process to review and update the state Nitrogen Fertilizer Management Plan to protect groundwater (last published in 1990); and,
- ◆ Increasing monitoring to evaluate trends in the concentration of nitrate in groundwater both in high risk areas and regionally.

Relationship to Base Budget

MDA currently implements programs to protect drinking water from agricultural chemical contamination. The source of funding for past and present efforts are from fee-based dedicated accounts (e.g. fertilizer regulatory account). The proposed funding increase would allow the Department to ramp up current efforts and be more responsive in taking action to limit the amount agricultural chemicals reaching drinking waters.

Key Goals and Measures

- ◆ This effort is consistent with the MDA strategic goal of being a leader in environmental programs.
- ◆ Update the Nitrogen Fertilizer Management Plan.
- ◆ Develop new public-private sector partnerships in responding to nitrate contamination of drinking water sources.

Statutory Change: None

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
Clean Water Fund				
Expenditures	\$325	\$350	\$350	\$350
Revenues	0	0	0	0
Net Fiscal Impact	\$325	\$350	\$350	\$350

Recommendation

The Governor recommends \$675,000 in clean water funds be allocated for increased pesticide assessment and monitoring. The source of these funds is derived from the new constitutionally-dedicated sales tax.

Background

This proposal would increase monitoring for pesticides and pesticide degradates in surface water and groundwater. The increased monitoring would be used for three purposes:

- ◆ To conduct assessment and evaluation of actual practices and best management practices in response to the recent listing of two water bodies as impaired due to acetochlor;
- ◆ To monitor for acetochlor and other pesticides in additional surface waters; and,
- ◆ To provide additional laboratory capacity and flexibility for responding to emerging pesticide issues.

These additional resources would help position the State to better respond to the existing impairments for acetochlor and future impairments for pesticides. They would provide for the early identification of elevated pesticides in surface waters so preventative actions can be taken to prevent impairments. They would allow the Minnesota Department of Agriculture (MDA) to integrate pesticides into the Minnesota Pollution Control Agency (MPCA)'s regional surface water monitoring plan including intensive monitoring of a sub-watershed within each major watershed.

The additional resources would also provide new laboratory capacity for responding to emerging pesticide issues in groundwater and surface water. Examples of potential emerging issues include residential insecticides that have been identified as a concern by the Environmental Protection Agency (EPA), pesticides as potential endocrine disrupting compounds, a significant increase in the use of pesticides to control an invasive species or periodic outbreaks of pests or plant diseases.

Relationship to Base Budget

MDA currently monitors and assesses surface and groundwater for the presence of pesticides. The source of funding for past and present efforts are from fee-based dedicated accounts (e.g. pesticide regulatory account). The proposed funding increase would allow the Department to ramp up current efforts and be more responsive in taking action to limit the amount pesticides reaching surface and ground waters.

Key Goals and Measures

- ◆ This effort is consistent with the MDA strategic goal of being a leader in environmental programs.
- ◆ The MDA will run an additional 600 pesticide water samples each year.

Alternatives Considered

A fee increase is also under consideration to help bolster MDA efforts in this arena. However, the fee increase proposal and clean water fund request should not be considered an "either/or option", but rather a package. The fee increase to the pesticide regulatory account is needed for a wide variety of pesticide-related activities (e.g. registration, investigation, incident response, emergency management, disposal), while the clean water fund request would be focused on increased water monitoring and assessment.

Statutory Change: None

AGRICULTURE DEPT**Change Item: CW Research, Projects, Assistance**

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
Clean Water Fund				
Expenditures	\$875	\$1,750	\$1,750	\$1,750
Revenues	0	0	0	0
Net Fiscal Impact	\$875	\$1,750	\$1,750	\$1,750

Recommendation

The Governor recommends \$2.625 million in clean water funds for: 1) research projects; 2) pilot and demonstration projects; and 3) technical assistance and staff.

Background

Future efforts might be focused on:

- ◆ Additional Request for Purchase (RFP) research efforts on proper Best Management Practice (BMP) implementation and effectiveness; targeting practices to critical areas of the landscape; more precise information on non-point contributions to impaired waters; and other priority research efforts identified by the University of Minnesota (UofM) Research Symposium;
- ◆ Establishing more on-farm research and pilot projects that can test and validate practices on working farms;
- ◆ Additional work with private-sector environmental assessments/certifications; and
- ◆ Staff support to scientifically evaluate water monitoring, listings, plan development, and implementation. Staff support is also needed to develop and monitor research and pilot projects that involve state investment.

The Minnesota Department of Agriculture (MDA) has received \$2.7 million in past one-time Clean Water Legacy funds (FY 2007, 2008, 2009) to conduct a variety of technical assistance and research efforts.

Past Research (Total of \$1.9 million for FY 2007, 2008, 2009)

\$1.9 million was awarded in direct RFP research projects to academic institutions to conduct research on load allocations, agricultural contributions, and BMP effectiveness.

Research projects included:

- ◆ Targeting BMPs to Critical Portions of the Landscape
- ◆ Evaluation of BMPs in Impaired Watersheds Using the SWAT Model
- ◆ Developing a Deoxyribonucleic acid (DNA) Marker System for Bacteria from Cattle, Swine & Poultry Manure
- ◆ Discovery Farms Feasibility Study
- ◆ Evaluation of Acetochlor Loss to Tile Drainage
- ◆ Evaluation of Nutrient Retention Basins for Treating Drainage from Ag Landscapes
- ◆ Growth & Survival of Fecal Bacteria in Roadside & Tile Drain Ditches
- ◆ Funding to conduct UofM Research Symposium on Impaired Waters research priorities.
- ◆ \$675,000 remains available with plans for awards to be made in early 2009.

Past Pilot Projects and Technical Assistance (Total of \$800,000 for FY 2007, 2008, 2009)

- ◆ \$190,000 was obligated to two contracts to develop statewide Environmental Quality Assurance (EQA) programs for multiple types of livestock operations and test them on 125 farms in Total Maximum Daily Loads (TMDL) areas. The effort builds on EQA programs previously developed by the Minnesota Milk Producers & the National Pork Growers Association programs. The project ends June 30, 2009.
- ◆ \$210,000 was obligated to a contract with the UofM Water Resources Center to coordinate a training program that has certified over 350 individuals to provide professional conservation technical assistance for high-priority practices in TMDL areas. Significant progress has also been made on interagency training coordination, including a database of conservation technical training opportunities. Project ends June 2009.
- ◆ \$80,000/year was obligated to pay the salary of a re-assigned staff member to serve as an Impaired Waters Technical Coordinator.

- ◆ \$237,000 remains available for additional staff expense and potential pilot/demonstration projects. Of this amount \$135,000 has been offered for unallotment to help address the state budget shortfall. The remaining \$102,000 is programmed to pay the salary and benefits of the current Impaired Waters Technical Coordinator.

Relationship to Base Budget

All past efforts were funded with one-time appropriations.

Key Goals and Measures

- ◆ Facilitate priority research projects that help water quality personnel better understand agriculture's contributions to impairments, along with the best low-cost and least obtrusive remediation measures.
- ◆ Develop additional pilot projects and demonstration sites that empirically validate best management practices to the agricultural community, researchers, regulators, and policy makers.
- ◆ Cultivate private sector partnerships that promote agricultural producers to be more proactive in conservation stewardship.
- ◆ Retain and add professional/scientific staff who interact on an interagency basis to assure that non-point sources of pollution are correctly and appropriately accounted for within the impaired waters process.

Statutory Change: None

AGRICULTURE DEPT

Change Item: Grants and Administration Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(650)	\$(650)	\$(650)	\$(650)
Revenues	0	0	0	0
Net Fiscal Impact	\$(650)	\$(650)	\$(650)	\$(650)

Recommendation

The Governor recommends making reductions to grants passed through Minnesota Department of Agriculture (MDA) and to the administrative activities of MDA.

Background

A substantial portion of this reduction (\$500,000) is a redirection from the administrative costs of the Dairy Development Program to a new 21st Century Agricultural Reinvestment program (Ag21). The Ag21 program will address emerging needs in agriculture. Under this program, livestock producers will be eligible for grants that improve their facilities.

The Sustainable Agriculture Demonstration Grant program is reduced by \$100,000 per year under this proposal.

A reduction will also be made to the administrative budget of the Department of Agriculture.

Relationship to Base Budget

Specific program changes include the following.

- ◆ The Dairy Development Program from \$1.005 million per year to \$505,000 per year
- ◆ The Sustainable Agriculture Demo Grants Program from \$160,000 per year to \$60,000 per year

Key Goals and Measures

This initiative will help MDA focus on current issues facing the agricultural economy.

Statutory Change: None

AGRICULTURE DEPT

Programs: PROTECTION SERVICES, AG MARKETING & DEVELOPMENT

Change Item: Invasive Species Duties Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(621)	\$(621)	\$(621)	\$(621)
Revenues	0	0	0	0
Net Fiscal Impact	\$(621)	\$(621)	\$(621)	\$(621)

Recommendation

The Governor recommends eliminating several Minnesota Department of Agriculture (MDA) activities that are aimed at managing, monitoring, detecting, and treating invasive pests that threaten agricultural crops, trees and forests.

Background

The MDA has a long history of working to address invasive species within the State of Minnesota. The agency's work ranges from:

- ◆ identifying emerging pests and conducting risk assessments of their potential economic damage;
- ◆ monitoring and trapping;
- ◆ education;
- ◆ eradication/treatments; and
- ◆ general regulatory oversight (e.g. market inspections, import/export certifications, etc.)

The Plant Protection Division will eliminate the plant pest survey program. This program provides information on the abundance and distribution of pests of Minnesota field crops (e.g. corn, soybeans, small grains, alfalfa, and sunflowers). The data generated is used as a reference for current regional pest conditions and is used as a scouting guide by private crop consultants and as an academic resource by university personnel.

The Ag Development and Financial Assistance Division will reduce its bio-control efforts, eliminate the urban pest management program and reduce the Integrated Pest Management (IPM) educational, promotion, financial and technical assistance efforts. In eliminating this work, the federal government, other state agencies (e.g. Department of Natural Resources [DNR]) and educational institutions (e.g. University of Minnesota [UofM]) will be turned to by stakeholders to conduct the work.

Relationship to Base Budget

This budget reduction is a major reduction and represents a significant change in the way the State approaches protection against invasive species. The annual base budgets for these activities are as follows: \$200,000 for plant pest survey activities, \$143,000 for bio-control activities, \$101,000 for the urban pest management activities and \$177,000 for the IPM program.

This will be a permanent base budget reduction of \$1.242 million for the biennium and will lead to the elimination of an undetermined number of full-time and seasonal staff, non-renewal of a lease and research and a redirection of focus on other efforts and programs.

Key Goals and Measures

Remaining personnel within the Ag Development and Financial Assistance Division will be focused on carrying out several important programs aimed at promoting environmentally friendly agricultural practices and improving marketability of Minnesota's agricultural products. These activities include:

- ◆ Inspection of nurseries, apiaries, and retail facilities selling stock;
- ◆ Inspection and certification of fruit, vegetable and seed sales;
- ◆ Inspection and certification of potatoes;
- ◆ Issuance of import/export certificates for national and international sales; and
- ◆ Issuance of quarantines and stop-sale orders when problems are found.

Statutory Changes: M.S. 17.114 and M.S. 18C.12

AGRICULTURE DEPT

Program: **AG MARKETING & DEVELOPMENT**

Change Item: **Promotional Activity Reduction**

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(97)	\$(97)	\$(97)	\$(97)
Revenues	0	0	0	0
Net Fiscal Impact	\$(97)	\$(97)	\$(97)	\$(97)

Recommendation

The Governor recommends reducing funds to reflect the elimination of MDA's aquaculture program. In addition, the Governor recommends reducing funding for MDA's promotion activities, including support for the Ag in the Classroom program.

Background

In the late '80s the aquaculture program was assigned to MDA's Marketing Services to provide development assistance to producers. All regulatory authority stayed with Minnesota Department of Natural Resources (DNR). Fish farms are required to obtain a license from DNR and in certain circumstances a discharge permit from the PCA. Aquaculture development efforts were coordinated as part of the overall marketing activity of the MDA. In the last several years, there has been little or no new aquaculture development, therefore no coordination has been needed. The MDA does not anticipate any future change in this industry. This is because aquaculture farming is more suited for warmer climates.

Relationship to Base Budget

This proposal would eliminate the aquaculture development program at MDA. MDA currently has one staff person assigned to oversee the development of aquaculture farming in Minnesota. This proposal reflects savings in the Ag Marketing Services division achieved by not filling a position vacated by the recent retirement of a senior staff person.

The Ag in the Classroom program is primarily overseen by a private foundation. MDA supports the program with one staff person and paying for some mailings. This proposal would reduce the budget for mailings and other support activities by \$10,000.

Key Goals and Measures

The activities conducted by the Ag Marketing Division support the following MDA goals:

- ◆ Protect the safety of the food supply from farm to consumer.
- ◆ Improve marketability of Minnesota's agricultural products.
- ◆ Strengthen our agricultural economy.

Statutory Change: M.S. 17.49

AGRICULTURE DEPT**Program: PROTECTION SERVICES****Change Item: ACRRA Incident Response Program Costs**

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
Agricultural Fund				
Expenditures	\$271	\$271	\$271	\$271
Revenues	0	0	0	0
Net Fiscal Impact	\$271	\$271	\$271	\$271

Recommendation

The Governor recommends authorizing the Minnesota Department of Agriculture (MDA) to use dedicated Agriculture Chemical Response and Reimbursement Account (ACRRA) funds to pay salary and fringe for direct ACRRA-related MDA Incident Response activities. Projected expenditures from the ACRRA account would be \$271,000 annually.

Background

This initiative would allow the commissioner to utilize ACRRA funds for staff costs. Staff resources are limited at this time due to funding constraints and are the single most important factor in limiting progress on agricultural chemical contamination sites. There is a growing backlog of known contaminated sites that cannot be addressed due to these staff limitations.

Currently, Agricultural Chemical Response & Reimbursement Account (ACRRA) funds are authorized for reimbursement or payment of actual clean up costs (e.g. costs for contractors investigating or conducting spill or site clean ups). MDA has dedicated program and staff providing spill and site response oversight. This program has remediated hundreds of contaminated sites in urban and rural areas across Minnesota since its inception in 1989.

This policy change would authorize MDA to use ACRRA funds to pay salary and fringe for ACRRA-related MDA Incident Response Program activities. Projected expenditures from ACCRA account would total \$271,000 annually.

Relationship to Base Budget

Currently, incident response staff expenses are paid primarily from the Pesticide Regulatory Account (56% for \$485,000) which is under financial stress. Staff costs also are partially funded from the Minnesota Environmental Response and Liability Act (MERLA) Account (36% for \$310,000) for "superfund" sites, and the Fertilizer Regulatory Account (7% for \$62,000).

Revenues to and expenditures from the ACRRA account are currently approximately \$1.9 million each year. The ACRRA account currently has a \$4.5 million balance. The commissioner is statutorily required to maintain the balance between one and five million dollars.

Key Goals and Measures

This change would allow MDA to address the backlog of known contaminated sites, relieve pressure on the Pesticide Regulatory Account and provide more transparency and accuracy on the total actual costs of ACRRA-related/eligible site remediation work.

Alternatives Considered

Increase fees of Pesticide and/or Fertilizer Regulatory Account to pay for staff.

Statutory Change: M.S. 18E.03

AGRICULTURE DEPT

Program: PROTECTION SERVICES

Change Item: Agricultural Pesticide Dealer License

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
Agricultural Fund				
Expenditures	\$21	\$21	\$21	\$21
Revenues	(21)	(21)	(21)	(21)
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendation

The Governor recommends requiring licensing for persons distributing agricultural pesticides in Minnesota and into Minnesota. "Agricultural pesticide" means a pesticide with United State Environmental Protection Agency (EPA) Worker Protection Standard requirements on the label.

This new license requirement would allow Minnesota Department of Agriculture (MDA) to identify persons distributing agricultural pesticides in and into Minnesota, and would require those persons' to keep records and report sales of agricultural pesticides in and into Minnesota. If a person already is licensed as Minnesota Pesticide Dealer, no additional licensing would be required.

Background

Minnesota agricultural pesticide dealers justifiably complain about competitive market disadvantage of products sold into Minnesota by out-of-state persons, without fair and full payment of MDA registration fees and Agriculture Chemical Response and Reimbursement Account (ACRRA) surcharges (M.S. 18B and 18E). MDA believes required fees/surcharges are not being paid, as statute currently does not require such persons to be licensed, nor does statute currently require such persons to keep and produce sales records. A pesticide dealer fee is \$150 with a \$75 surcharge for the spill response program ACRRA.

While the new initiative would require additional resources in the short-term, the MDA predicts improved reporting of pesticide sales in Minnesota and into Minnesota and corresponding fee collection would offset those costs and potentially lead to additional revenues for pesticide related work activities.

Most importantly, the change would create a more level marketplace for persons already in compliance with payment of the required fees and surcharges.

Similar pesticide regulatory fee revenue system and problems existed in state of Michigan, which recently passed similar licensing requirements for sale of agricultural pesticides as remedy.

Relationship to Base Budget

The Pesticide Regulatory Account currently has revenues and expenses of over \$5.5 million per year. The amount this initiative would add to the account is estimated to be small, but the level of change is uncertain because the amount of sales of pesticides into Minnesota by out of state distributors is unknown.

Key Goals and Measures

MDA will identify and license persons distributing agricultural pesticides in Minnesota and into Minnesota, in addition to those already identified and licensed to distribute Restricted Use Pesticides. MDA will increase its accuracy of total pesticide sales data for pesticides sold in Minnesota and into Minnesota.

Statutory Change: M.S. 18B.31

AGRICULTURE DEPT

Program: PROTECTION SERVICES

Change Item: Dairy & Food Reinspection Fees

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
Agricultural Fund				
Expenditures	\$37	\$37	\$37	\$37
Revenues	(37)	(37)	(37)	(37)
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendation

The Governor recommends increasing the food handler and dairy facility re-inspection fees in order to recover more of the actual costs of re-inspection activities.

Background

Food Handlers

The purpose of the Food Handler re-inspection fee is to recover the cost of following up with food establishments that have critical public health violations to make sure the violations are corrected in a timely manner. It was also intended to cover the costs of conducting food recalls because of potential or actual adulteration or contamination of food products. An account was created in 1995 for this purpose of re-inspection. The current fee structure is insufficient to cover these costs. General fund budgets are redirected from routine inspections, training and outreach activities to support re-inspections. The last time this fee was raised was 2003.

This proposal would increase the re-inspection fee from \$75 to \$150 for an initial re-inspection of critical violations for any food handler with gross food sales under \$1 million and from \$100 to \$200 for any food handler with gross food sales of \$1 million or more. The fee for any subsequent re-inspections for the same violation will be 50 percent of their current license fee or \$300, whichever is greater. Based on previous re-inspections, the increase is estimated to raise an additional \$4,000 and will shift more of the cost of the re-inspection to the violator.

Dairy Facilities

The purpose of the Dairy farm re-inspection fee is to recover the cost of following up with a dairy farm to make sure that critical violations are corrected in a timely manner. The fees are deposited in the Dairy Services Account. Because the fees are not sufficient to cover operating costs for this activity, uncompensated general funds are also used. In FY 2007, the dairy program completed 610 re-inspections at \$45 for a total of \$27,450. If re-inspection numbers are static, this fee increase will generate approximately \$33,000. This proposal would increase the re-inspection fee from \$45 to \$100 for re-inspection of Grade A dairy farms.

Relationship to Base Budget

The re-inspection fee revenues are estimated to increase from \$8,000 per year to approximately \$12,000 per year. Dairy re-inspection fee revenues are estimated to increase from \$27,000 per year to approximately \$60,000 per year.

Key Goals and Measures

Maintaining the safety of our food supply is crucial to public health and homeland security. Maintaining consumer confidence in the food supply is vital for the economic well-being of the state's agriculture sector.

Statutory Change: M.S. 28A.085 and M.S. 32.394

AGRICULTURE DEPT

Program: PROTECTION SERVICES

Change Item: Pesticide Program Funding

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
Agricultural Fund				
Expenditures	\$2,170	\$2,170	\$2,170	\$2,170
Revenues	(2,770)	(2,770)	(2,770)	(2,770)
Net Fiscal Impact	\$(600)	\$(600)	\$(600)	\$(600)

Recommendation

The Governor recommends increasing the base pesticide registration fee from 4/10ths of 1% (.004) to 6/10ths of 1% (.006) and increasing the minimum product registration fee for non-agricultural pesticides by \$100 from \$250 to \$350. These fees have not been increased since 1991.

The Governor also recommends creating a dedicated Non-Agricultural Waste Pesticide Account (NAWPA) funded by a product registration surcharge imposed on all non-agricultural pesticides. This surcharge is an additional 6/10ths of 1% (.006).

Background

Base Fees

The Minnesota Department of Agriculture (MDA) is the lead agency for environmental and regulatory activities related to pesticides, and conducts a wide variety of pesticide-related programs. Legislative and public concerns and demands for services related to pesticides have significantly increased. A 2006 program audit by the Office of the Legislative Auditor (OLA) recommended increasing program activities to address public concerns. In addition, costs for many activities have increased.

The increased funding will be used to maintain current program activity in environmental, regulatory and laboratory services functions, and will increase staff resources and activities in areas such as:

- ◆ Registration;
- ◆ Investigation, incident response, and emergency management;
- ◆ Water Monitoring;
- ◆ Data management;
- ◆ Non-point source issues, including potential impairments;
- ◆ Implementing Office of Legislative Auditor (OLA) recommendations;
- ◆ Maintenance of lab capacity;
- ◆ Providing accurate technical input on pesticides in response to new programs and proposed rules and regulations from other state agencies.

Non-Agricultural Waste Pesticides Account (NAWPA)

Legislation passed in the 2008 session provides for reimbursement of costs for the collection of waste pesticides by county Household Hazardous Waste (HHW) collection programs. However, the funding mechanism to pay for these costs was not addressed. This initiative is intended to fund that program by creating a dedicated surcharge and account for non-agricultural pesticides. The fee structure for this program is designed so that the costs for collection and disposal are supported by the waste pesticide products that are most likely to be collected in residential collections by HHW programs.

The funding mechanism is similar to the successful Agricultural Chemical Response and Reimbursement Account (ACRRA) program. A produced registration surcharge will be imposed for all non-agricultural pesticides, and may be adjusted as required to pay the costs of the program. The initial surcharge will be 6/10ths of 1% (.006) of product sales.

Any pesticide that does not have agricultural worker protection requirements on the product label (the Ag Use Box) will be considered a non-agricultural pesticide and subject to the NAWPA surcharge.

Relationship to Base Budget

The increase in the base pesticide registration fee by 2/10ths of 1% should generate approximately \$1 million and the increase in the nonagricultural product registration fee from \$250 to \$350 should generate approximately \$900,000 for a total of \$1.9 million. Current pesticide registration revenue from all sources, including licenses, is approximately \$5.7 million.

The estimated increase in costs for waste pesticide collection and disposal based on requirements from the 2008 legislative session is \$800,000. Current program costs are \$400,000 for a total of approximately \$1.2 million per year. The proposed initial surcharge will generate approximately \$870,000. There are currently no fees or revenues generated specifically for this program.

Key Goals and Measures

Pesticide programs funded from these fees address a wide variety of issues related to pesticide use, misuse, storage, handling, environmental impacts and cleanup of spills. Many of these activities are tracked, such as: number of licenses issued; timing for issuing licenses; misuse cases investigated; sites cleaned up; and number of monitoring sites and water samples collected.

The waste pesticide program measures performance by the number of pounds of waste pesticides collected and disposed.

Statutory Change: M.S. 18B

AGRICULTURE DEPT

Program: PROTECTION SERVICES

Change Item: Wolf & Elk Damage Compensation

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$50	\$50	\$50	\$50
Revenues	0	0	0	0
Net Fiscal Impact	\$50	\$50	\$50	\$50

Recommendation

The Governor recommends increasing base funding by \$50,000 each fiscal year for compensation to grain and livestock farmers who experience loss due to wolf and elk depredation.

Background

The wolf/elk compensation program was established to reimburse farmers for livestock lost to wolves (largely in the northern half of state) and crop damage due to elk (largely in the northwestern corner of state). The program has recently experienced financial shortfalls due to increasing populations of wolf and elk and the damage they are causing (e.g. calve kills by wolves and soybean field damage by elk).

In FY 2008, Minnesota Department of Agriculture (MDA) experienced a shortfall in this account and placed claims on hold until new funds were available in FY 2009. Starting in the new fiscal year, the MDA paid the pending claims. However, as of November 2008, the fund is completely exhausted and no more claims can be paid. Additional funds are needed to allow the payments to be made, as required by statute.

This is a cooperative program with Minnesota Department of Natural Resources (DNR) Conservation Officers and University of Minnesota Extension providing on-farm verification of losses and damage cost estimates. Wolf and elk conservation in Minnesota have been great successes. MDA's program to reimburse producers for losses caused by these animals helps contribute to this success by reducing the financial impact on producers in Minnesota.

This proposal also adds language to allow funds to carry over, as there are fluctuations in the claims submitted from year to year.

Relationship to Base Budget

This change would add \$50,000 per fiscal year from the general fund to the base budget of \$100,000 per year.

Key Goals and Measures

The goal of this program is to provide compensation to crop and livestock producers within a reasonable timeframe of actual loss.

Alternatives Considered

Not pay any claims until the end of the year, and then pro-rate reimbursement based on claims and available funds.

Statutory Change: M.S. 3.737

Program Description

The purpose of the Protection Services Program is to protect the state's citizens and environment by ensuring the quality, integrity, and safety of agricultural and horticultural products that are produced and used in Minnesota.

Budget Activities

- ◆ Pesticide and Fertilizer Management
- ◆ Plant Protection
- ◆ Dairy and Food Inspection
- ◆ Laboratory Services

AGRICULTURE DEPT
Program: PROTECTION SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	0	368	368	368	736
Technical Adjustments					
One-time Appropriations			(368)	(368)	(736)
Subtotal - Forecast Base	0	368	0	0	0
Total	0	368	0	0	0
General					
Current Appropriation	14,655	13,528	13,528	13,528	27,056
Technical Adjustments					
Approved Transfer Between Appr			(311)	(311)	(622)
Transfers Between Agencies			(527)	(527)	(1,054)
Subtotal - Forecast Base	14,655	13,528	12,690	12,690	25,380
Governor's Recommendations					
Wolf & Elk Damage Compensation		0	50	50	100
Invasive Species Duties Reduction		0	(200)	(200)	(400)
Total	14,655	13,528	12,540	12,540	25,080
Remediation Fund					
Current Appropriation	388	388	388	388	776
Subtotal - Forecast Base	388	388	388	388	776
Total	388	388	388	388	776
Clean Water Fund					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
CW Pesticide Monitoring and Assessment		0	325	350	675
CW Drinking Water Protection		0	375	750	1,125
CW Research, Projects, Assistance		0	875	1,750	2,625
Total	0	0	1,575	2,850	4,425
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	0	368	0	0	0
General	12,466	14,282	13,026	12,715	25,741
Remediation Fund	379	397	388	388	776
Clean Water Fund	0	0	1,575	2,850	4,425
Statutory Appropriations					
Miscellaneous Special Revenue	25	42	31	32	63
Agriculture Fund	15,439	18,118	19,466	19,256	38,722
Federal	4,484	7,508	6,768	6,996	13,764
Remediation Fund	941	2,373	2,373	2,373	4,746
Miscellaneous Agency	395	213	185	185	370
Gift	6	0	0	0	0
Total	34,135	43,301	43,812	44,795	88,607

AGRICULTURE DEPT

Program: PROTECTION SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Category</u>					
Total Compensation	20,525	23,659	25,597	26,245	51,842
Other Operating Expenses	13,606	19,642	17,540	17,100	34,640
Payments To Individuals	4	0	0	0	0
Local Assistance	0	0	675	1,450	2,125
Total	34,135	43,301	43,812	44,795	88,607
<u>Expenditures by Activity</u>					
Pesticide & Fertilizer Mgmt	10,719	14,863	18,003	18,565	36,568
Plant Protection	5,918	7,090	6,631	6,681	13,312
Dairy & Food Inspection	9,744	12,323	11,289	11,355	22,644
Laboratory Services	7,754	9,025	7,889	8,194	16,083
Total	34,135	43,301	43,812	44,795	88,607
Full-Time Equivalent (FTE)	286.5	242.8	242.8	242.8	

Activity Description

Pesticide and Fertilizer Management (PFM) regulates pesticides and fertilizers within Minnesota including any matter relating to registration, labeling, distribution, sale, handling, use, application, or disposal. This encourages fair competition, quality assurances for customers as well as protection of human health and the environment. To accomplish this responsibility the division uses a range of regulatory and voluntary programs.

Population Served

All citizens of the state, producers, and agricultural industries benefit from PFM activities. PFM activities directly affect agriculture, and help provide protection of Minnesota's land and water resources. A significant amount of the regulated activities occur in urban areas since pesticide and fertilizer products are used on many kinds of property, including residential, commercial, public and private buildings and lands. The division works directly with other states and countries to facilitate uniform regulatory programs.

Services Provided

PFM has responsibilities in three categories:

- ◆ traditional pesticide and fertilizer regulation;
- ◆ water quality protection; and
- ◆ pesticide and fertilizer emergency response and remediation.

Regulatory strategies include education, training, monitoring, licensing, permitting, and promotion of voluntary practices along with inspection, investigation, and enforcement actions. In addition, the PFM division promotes voluntary best management practices (BMPs) for the protection of water quality.

The traditional mission of the division has been to ensure that pesticide and fertilizers were properly labeled and met legal criteria. This provided fair competition for the industry and guaranteed product quality for farmers and consumers. This mission is still important, but there is an increasing emphasis on water quality protection, product use and sale in urban areas. All tasks have become increasingly complex.

The division conducts a variety of fixed facility inspections for pesticides and fertilizers. Products are registered and individuals, sites and companies are certified, licensed or permitted. Education and compliance workshops update and communicate legal requirements or voluntary practices to clientele. Water quality monitoring is conducted for ground and surface waters. The division administers remediation and response to agricultural chemical incidents using state superfund or an industry-supported funding program. Additionally, the division facilitates property transfers by the oversight of environmental site assessments.

Activity at a Glance

- ◆ Implemented a single-entry, paperless, all-weather, electronic inspection and document management system for fertilizer and pesticide programs
- ◆ Issued nearly 30,000 licenses and certifications to pesticide applicators, dealers, and fertilizer companies
- ◆ Permitted over 1,100 chemigation (applying pesticides through an irrigation system) sites
- ◆ Registered 13,000 pesticide products
- ◆ Collected over 1,000 pesticide samples for water quality measurements such as trend analysis for ground and surface water in urban and rural areas of the state
- ◆ Processed 60 applications for \$2.39 million in reimbursements for agricultural chemical cleanups under the Agriculture Chemical Response and Reimbursement Account (ACRRA) program
- ◆ Obtained federal funds for an arsenic site remediation by achieving the listing on the national list of superfund sites
- ◆ Permitted over 600 ag chemical storage sites
- ◆ Certified 50 manure testing laboratories
- ◆ Responded to over 300 agricultural incidents such as chemical spills and anhydrous ammonia releases
- ◆ Surveyed over 4,000 producers and 1.8 million acres of corn, soybeans, wheat and hay for pesticide use
- ◆ Conducted 532 pesticide inspections.
- ◆ Registered nearly 3,350 Fertilizer, and Soil and Plant Amendment products
- ◆ Certified nearly 7,500 people annually to receive a pesticide applicator license or certification

Historical Perspective

Since the 1980s, public interest in environmental issues regarding pesticides and fertilizers has greatly increased. The revision of the Minnesota Pesticide Control Law in 1987 and the passage of the Comprehensive Groundwater Protection Act of 1989 resulted in significant and broad new responsibilities for the division. Programs such as waste pesticide collection, emergency response, superfund, agricultural chemical cleanup reimbursement, water quality monitoring, and increased applicator licensing and certification of applicators added not only a heavy workload but a changed focus to the services provided by the division. These programs also require highly technical and scientifically based regulatory action.

In late 2005, the MDA reorganized. Pesticide and fertilizers programs, formerly a significant component of the Agronomy and Plant Protection Division were separated into a single division and renamed the Pesticide and Fertilizer Management (PFM) division.

MDA has been a leader in developing programs that respond effectively to new challenges. Programs such as Agriculture Chemical Response and Reimbursement Account (ACRRA) program, waste pesticide collections, ground and surface water monitoring programs are nationally recognized for their effectiveness and innovation.

Key Activity Goals

- ◆ **Minnesota will have sustainable, strong economic growth.**
The agricultural sector drives the economy in much of the state. The sound regulation of pesticides and fertilizers support this economic growth by providing consumers with confidence in food quality and safety.
- ◆ **Minnesotans will conserve natural resources to give future generations a healthy environment and a strong economy.**
The promotion of BMP, the use of pesticides and fertilizer when needed and the regulatory oversight of the use, handling and storage of these materials benefit Minnesotans while providing the protection of human health and the environment.
- ◆ **Minnesotans will improve the quality of the air, water and earth.**
Pesticides and fertilizer are used in many ways to protect landscapes from pests and improve the quality of Minnesota's environment. The promotion of Best Management Practices, along with sound regulations on the use, handling and storage of these materials provide for the protection of the environment.

Key Activity Measures

Performance objectives that will be measured and used to evaluate effectiveness in the next biennium include the following.

- ◆ Pesticide license applications will be processed within seven business days of receipt of licensing application.
- ◆ The number of farms participating in nutrient demonstration sites will be increased by 10% each year.
- ◆ PFM will begin investigations the same or the next day for at least 80% of the pesticide misuse cases involving human or animal exposure, as recommended by the Office of the Legislative Auditor (OLA).
- ◆ 80% of routine pesticide misuse complaints will be processed within six months of notification.
- ◆ Waste pesticide collection operations will be coordinated with all 87 counties annually.
- ◆ Migration to a paperless inspection system will be completed.

Activity Funding

This activity receives the majority of its funding from pesticide and fertilizer fee revenues, deposited in and statutorily appropriated for their dedicated uses from the Agricultural Fund. In addition, this activity also receives some funding from other sources to support its activities such as federal grant money for the administration of the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA), other federal grants, state general funds and funds from the Remediation Fund for state superfund administration and projects.

AGRICULTURE DEPT

Program: PROTECTION SERVICES

Activity: PESTICIDE & FERTILIZER MANAGEMENT

Narrative

Contact

For additional information on this activity, please contact Greg Buzicky, Division Director, at (651) 201-6639 or Greg.Buzicky@state.mn.us

Information on this division's programs and staff can be found at the MDA website:
<http://www.mda.state.mn.us/about/divisions/pfmd.htm>

AGRICULTURE DEPT
Program: PROTECTION SERVICES
Activity: PESTICIDE & FERTILIZER MGMT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	2,254	767	767	767	1,534
Subtotal - Forecast Base	2,254	767	767	767	1,534
Total	2,254	767	767	767	1,534
Remediation Fund					
Current Appropriation	388	388	388	388	776
Subtotal - Forecast Base	388	388	388	388	776
Total	388	388	388	388	776
Clean Water Fund					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
CW Pesticide Monitoring and Assessment		0	325	350	675
CW Drinking Water Protection		0	375	750	1,125
CW Research, Projects, Assistance		0	875	1,750	2,625
Total	0	0	1,575	2,850	4,425
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	716	1,475	1,253	942	2,195
Remediation Fund	379	397	388	388	776
Clean Water Fund	0	0	1,575	2,850	4,425
Statutory Appropriations					
Miscellaneous Special Revenue	25	30	28	29	57
Agriculture Fund	8,158	9,906	11,421	11,096	22,517
Federal	500	682	965	887	1,852
Remediation Fund	941	2,373	2,373	2,373	4,746
Total	10,719	14,863	18,003	18,565	36,568
<u>Expenditures by Category</u>					
Total Compensation	5,671	6,718	9,227	9,630	18,857
Other Operating Expenses	5,048	8,145	8,101	7,485	15,586
Local Assistance	0	0	675	1,450	2,125
Total	10,719	14,863	18,003	18,565	36,568
Full-Time Equivalents (FTE)	70.9	50.1	50.1	50.1	

Activity Description

Plant Protection Division (PPD) regulates seed, noxious weeds, nursery stock, invasive/exotic pests and apiaries. Division staff also provides inspection and certification services for fruit and vegetables, and agricultural products for export. In addition, PPD is responsible for survey, monitoring and eradication of new plant pests. This ensures that we promote and encourage global trade and at the same time protect our agricultural crops and our natural environment from unwanted exotic or invasive plant pests that are an unwelcome byproduct of global commerce. Concurrently, importers or consumers of Minnesota agricultural products and commodities demand assurance or official certification that Minnesota products meet certain prescribed standards and requirements.

Population Served

All citizens of the state, and especially producers, consumers, processors, exporters and agricultural and forestry industries, benefit from PPD activities. PPD activities directly affect agriculture and the protection of environmental resources statewide, including our urban areas. In addition, the division works directly with other states and countries to facilitate global trade through regulatory and export certification programs.

Services Provided

PPD has diverse responsibilities in several categories:

- ◆ Certification of agricultural commodities for export
- ◆ Nursery dealer and grower inspection/certification
- ◆ Seed inspection and sampling
- ◆ Fruit and vegetable inspection services
- ◆ Potato inspection services including seed potato inspection and certification
- ◆ Plant pest exclusion and regulation
- ◆ Apiary inspection services
- ◆ Food Safety Audits

The mission of the division is to protect the quality of Minnesota's agriculture, agricultural products and natural resources from plant pests, invasive species and noxious weeds using sound plant protection and certification measures. Minnesota agricultural and natural resources are continually under threat from new and existing pest species such as soybean rust, gypsy moth, potato cyst nematode, emerald ash borer, sudden oak death and invasive plant species. To face these challenges, regulatory strategies include education, training, monitoring, licensing, certifying and promotion of voluntary practices along with survey, monitoring, inspection and enforcement actions.

The division conducts a variety of facility inspections for seed and plant pests. Products are registered and individuals, companies, nursery stock and export products are certified, licensed or permitted. Education and compliance agreement training sessions update and communicate legal requirements or voluntary practices to clientele. Invasive pest species are extensively monitored. Increasingly, the division also directly protects Minnesota's natural resources through control of pests such as the gypsy moth.

Inspection programs provide unbiased determinations of the quality and quantity of produce, ensuring that they are fairly reflected in prices to consumers.

Activity at a Glance

- ◆ Serves the potato industry, supplying processors, growers and consumers by protecting the \$100 million crop from plant pests.
- ◆ Serves 120-150 producers and exporting firms by issuing over 3,000 export certificates annually for agricultural products moving worldwide.
- ◆ Inspects 7,000 – 8,000 acres of nursery stock, and 8,000 retail outlets annually for agricultural, flower, vegetable and tree seed quality.
- ◆ Inspects and certifies 35 million pounds of imported fruits and vegetables and six million pounds of export fruits and vegetables.
- ◆ Tests 1,500 official seed samples to enforce label accuracy for more than 500 labelers offering over 40,000 lots of seed for sale annually.
- ◆ Implements pest survey and monitoring programs to provide activities such as reducing gypsy moth populations on 85,000 acres in 2008.

Historical Perspective

The Minnesota Department of Agriculture has maintained and administered numerous plant protection programs and services since the early 1900s. These early services and programs included seed and grain inspection, apiary inspection, weed management, and potato certification. These core programs and services continue to be central to the mission of the Plant Protection Division. With the rapidly growing international economy and increasingly mobile population the role of the Plant Protection Division has also expanded.

Staff entomologists, plant pathologists and horticulturalists are increasingly challenged to protect Minnesota's industries and natural resources by monitoring for and combating plant pests such as gypsy moth, emerald ash borer, soybean rust and karnal bunt as well as conducting field inspections and certifying the pest-free status of shipments of a wide variety of products for interstate and foreign markets.

Key Activity Goals

The activities conducted by the Plant Protection Division support the following MDA goals:

- ◆ **Protect the Safety of the food supply from farm to consumer.**
- ◆ **Improve marketability of Minnesota's agricultural products.**

These activities also support the Minnesota Milestones goal that Minnesota will have sustainable, strong economic growth.

Key Measures

Performance objectives that will be measured and used to evaluate effectiveness in the next biennium include the following:

- ◆ A minimum of 15,000 Gypsy moth traps will be set annually and gypsy moth eradication treatments will be conducted in all locations where such actions are shown to be necessary by trapping results.
- ◆ More than 1,000 survey and detection traps will be set for invasive species such as emerald ash borer and containment and eradication efforts will be immediately implemented if an infestation is detected.
- ◆ Sampling of Minnesota seed potato acres will be increased to more than 50% of seed potato acreage to verify and ensure that Minnesota is free of the exotic potato cyst nematode
- ◆ Inspection and certification services will be provided for more than five million pounds of fruits and vegetables exported to Canada.
- ◆ More than nine million pounds of fresh and seed potatoes will be inspected and certified.
- ◆ 100 percent of all growers and receivers will be provided with requested audits of their food handling practices.
- ◆ Inspection services will be provided and up to 3,000 commodity export certificates will be issued for up to 60 countries within three days of receipt of a request.
- ◆ Seed performance complaints will be investigated within five business days of receipt and truthfulness of seed labeling will be enforced.

Activity Funding

This activity receives approximately half of its funding from seed, nursery, potato, fruit and vegetable fee revenues, deposited in accounts statutorily appropriated for their dedicated uses from the agricultural fund. The balance of the budget comes from the general fund and federal grants.

Contact

For additional information on this activity, please contact Geir Friisoe, Division Director, at (651) 201-6174 or geir.friisoe@state.mn.us.

Information on this activity's programs and staff can found on the MDA website at <http://www.mda.state.mn.us/about/divisions/plantprotection.htm>.

AGRICULTURE DEPT
Program: PROTECTION SERVICES
Activity: PLANT PROTECTION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	2,421	2,468	2,468	2,468	4,936
Technical Adjustments					
Approved Transfer Between Appr			(103)	(103)	(206)
Subtotal - Forecast Base	2,421	2,468	2,365	2,365	4,730
Governor's Recommendations					
Wolf & Elk Damage Compensation		0	50	50	100
Invasive Species Duties Reduction		0	(200)	(200)	(400)
Total	2,421	2,468	2,215	2,215	4,430
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,317	2,572	2,215	2,215	4,430
Statutory Appropriations					
Agriculture Fund	2,758	2,977	3,015	3,076	6,091
Federal	843	1,541	1,401	1,390	2,791
Total	5,918	7,090	6,631	6,681	13,312
<u>Expenditures by Category</u>					
Total Compensation	4,029	4,679	4,449	4,498	8,947
Other Operating Expenses	1,889	2,411	2,182	2,183	4,365
Total	5,918	7,090	6,631	6,681	13,312
Full-Time Equivalents (FTE)	67.2	54.9	54.9	54.9	

Activity Description

As the primary food safety agency in Minnesota, the MDA's Dairy and Food Inspection Division (DFID) is responsible for carrying out the first part of MDA's mission - ensuring the integrity of the food supply. This includes animal feed, dairy products, food products, meat, shell eggs, and poultry. DFID accomplishes this mission through regulatory inspections and enforcement, surveillance sampling, special investigations, consumer protection, and educational outreach. The goal of these food safety programs is to prevent the sale or consumption of adulterated food, animal feed, meat, shell eggs, poultry and dairy products and to heighten awareness of proper bio-security and food safety practices.

Population Served

Consumers, producers, processors and retailers of Minnesota dairy, food, poultry, egg and meat products benefit by these food protection programs.

Services Provided

Food Inspection Regulatory Program:

The purpose of our inspection is to examine and validate a food facility's processes and procedures to ensure that the facility is producing safe food when the inspector is not present. How often a facility is inspected depends on the food safety risk of the facilities food handling activities (high, medium or low).

In addition, food inspectors work with Minnesota Department of Health (MDH) epidemiologists to investigate food-borne illness outbreaks. For example, DFID traced the source of a *Salmonella St. Paul* jalapeno pepper outbreak to a producer in Mexico. They also work with the industry and the public on food recalls originating in Minnesota or elsewhere and work to verify that recalled products have been removed from sale. The inspectors respond to emergencies such as floods, fires, and truck rollovers to determine if the affected food is safe and wholesome, and to prevent damaged and contaminated goods from reaching the public. This program also investigates pesticide misuse cases involving food and food crops

Commercial Feed Inspection Program:

The program regulates commercial feed distribution so that purchasers of commercial feed are protected and the health of animals consuming the feed is assured. The commercial feed program also regulates drugs in animal feeds, and the prohibition of animal proteins from ruminant feeds, contaminants in feed such as dioxins and mycotoxins and unapproved ingredient use.

Dairy Inspection Program:

Dairy inspectors routinely inspect and take samples from 4,444 dairy farms, 446 bulk milk trucks, 475 haulers, and 67 plants, to make sure all milk and dairy products are produced and handled safely. Inspectors also test pasteurizer equipment for proper operation, certify bulk milk hauler samples, review labels for accuracy, work with farmstead cheese processors, and provide information to dairy farmers and processors to help keep them current with the latest food safety laws and regulations.

Meat, Poultry and Shell Egg Inspection Program:

The meat, poultry, and shell egg inspection program conducts inspections at small meat and poultry processors that manufacture products for wholesale distribution and provide grading services for eggs packed in the state. State-inspected meat and poultry products are produced under a Cooperative Agreement with the U.S. Department of Agriculture (USDA). This program is referred to as having an "equal to" USDA inspection program.

Activity at a Glance

For Fiscal Year 2008

- ◆ Inspected 4,444 dairy farms, 446 bulk milk trucks, 475 haulers, and 67 plants;
- ◆ Inspected 1,371 food processing plants and 5,885 retail food stores;
- ◆ Certified 3,647 dairy samples;
- ◆ Issued 1,244 Certificates of Free Sale for export;
- ◆ Inspected 63 meat and poultry plants, 185 custom exempt plants and 20 egg grading facilities;
- ◆ Conducted 617 BSE inspections;
- ◆ Inspected 30 federally-licensed mills;
- ◆ Conducted 26 tissue residue trace-backs;
- ◆ Collected 181 feed samples for analysis.

Compliance:

The compliance section supports the dairy, food, animal feed and meat, poultry and shell egg inspection programs in law enforcement and compliance activities. These activities include special projects and investigations, reviewing plans for new and remodeled facilities, and training inspectors, industry, and consumers on the latest food safety issues. Many of the projects and training efforts are developed in partnership with the MDH, the University of Minnesota, local health agencies and representatives of the food or dairy industry.

Key Activity Goals

- ◆ **Minnesota Milestones Goal: Minnesotans will be healthy.**
- ◆ **MDA goal: Protect the safety of the food supply from farm to consumer.**
Maintaining the safety of our food supply is crucial to public health and homeland security.
- ◆ **Minnesota Milestones Goal: Minnesota will have sustainable, strong economic growth.**
Maintaining consumer confidence in the food supply is vital for the economic well-being of the state's agriculture sector.

Key Activity Measures

Performance objectives that will be measured and used to evaluate effectiveness in the next biennium include the following:

- ◆ The Compliance Information System for Dairy and Food Inspection Programs will be deployed.
- ◆ A manufactured food regulatory program standards self-assessment will be conducted.

Activity Funding

This activity receives the large part of its funding from the general fund. Feed, dairy and food inspection fees, deposited in and statutorily appropriated for their dedicated uses from the agricultural fund, also provide significant funding. Federal grants are also an important source of funding.

Contact

Additional information about dairy and food inspection activities are also available on the MDA's website at <http://www.mda.state.mn.us/about/divisions/dairyfood.htm>, and the Dairy and Food Inspection main information line at (651) 201-6027.

AGRICULTURE DEPT
Program: PROTECTION SERVICES
Activity: DAIRY & FOOD INSPECTION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	6,298	6,442	6,442	6,442	12,884
Technical Adjustments					
Approved Transfer Between Appr			(166)	(166)	(332)
Transfers Between Agencies			(527)	(527)	(1,054)
Subtotal - Forecast Base	6,298	6,442	5,749	5,749	11,498
Total	6,298	6,442	5,749	5,749	11,498
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	5,783	6,309	5,675	5,675	11,350
Statutory Appropriations					
Miscellaneous Special Revenue	0	12	3	3	6
Agriculture Fund	2,448	3,044	2,982	3,033	6,015
Federal	1,350	2,958	2,629	2,644	5,273
Miscellaneous Agency	157	0	0	0	0
Gift	6	0	0	0	0
Total	9,744	12,323	11,289	11,355	22,644
<u>Expenditures by Category</u>					
Total Compensation	7,123	8,105	7,793	7,969	15,762
Other Operating Expenses	2,617	4,218	3,496	3,386	6,882
Payments To Individuals	4	0	0	0	0
Total	9,744	12,323	11,289	11,355	22,644
Full-Time Equivalents (FTE)	96.7	89.8	89.8	89.8	

Activity Description

The Laboratory Services Division (Lab) provides analytical support and data critical to the protection of Minnesota’s food supply, agricultural industry, and environment. Scientifically and legally defensible analyses support the Minnesota Department of Agriculture (MDA) regulatory programs as well as programs of other agencies.

Population Served

The laboratory protects Minnesota citizens and those who use Minnesota agriculture or agricultural products by contributing to the safety and security of our food supply, and by protecting the environment from misuse of agricultural chemicals. Through partnerships, we serve the entire nation as we work with other states and federal agencies to identify and address problems of national concern and work to ensure the wholesomeness of Minnesota’s food exports.

Services Provided

Laboratory Services performs chemical, microbiological, and physical analyses of food, dairy products, beverages, water, fertilizer, lime, feed, seed, plant material, pesticides, pesticide residues, and grain. These tests support the inspection and enforcement activities of the MDA’s regulatory divisions. We also determine product quality and conformance to state and federal laws and regulations, and provide evidence in legal proceedings involving alleged violators of those laws. This activity provides routine analyses to ensure that products meet legally mandated quality standards and provides for forensic analysis to identify unknown agents in a suspect product or environmental matrix.

The Laboratory Services Division maintains a core emergency technology and analytical response capability that spans the spectrum of laboratory services for food and agriculture samples associated with protecting and defending the food supply and the environment. Maintenance of this core capability is essential for MDA’s ability to respond to emergencies and other unique, emerging issues that affect public health and the economic well being of Minnesota’s food and agriculture sector.

Our lab’s special analytical testing also gives the department rapid and accurate data to use in responding to environmental and food-borne crises, such as contaminated ground beef and produce. The Lab develops and maintains new analytical capabilities as new problems or questions arise within the feed, food, and agrochemical industry. We also consult on analytical issues with inspectors, managers, private analytical laboratories, and regulated industries.

In addition to our services for MDA’s regulatory programs, MDA’s Laboratory Services Division is the primary laboratory providing analyses to the Minnesota Department of Natural Resources (DNR). We also provide testing for the U.S. Department of Agriculture (USDA), the Food and Drug Administration (FDA), the Environmental Protection Agency (EPA), and other federal and state agencies. The Lab also administers a laboratory certification program for private and commercial testing laboratories as required for the interstate shipment of milk.

Historical Perspective

Laboratory Services has served Minnesotans since 1887. The lab’s first duty was to oversee our state’s dairy industry. Over the years our services have grown to include seed quality analysis and more complicated analytical services such as microbiological, chemical, and plant analysis of seed, feed, food, and dairy products. The 1989 groundwater protection legislation created a special need to expand the lab’s analytical capabilities and technology to include testing for a wide variety of pesticides and other agricultural chemicals. In 1995, the state

Activity at a Glance

The Laboratory Services Division is structured to provide diverse analytical services to help ensure food safety/security while protecting the agriculture industry and our environment.

Laboratory Structure:

- ◆ Biological Analyses
 - ⇒ Microbiology
 - ⇒ Plant Pathology/Seed

- ◆ Chemical and Toxicological Analyses
 - ⇒ Environmental Chemistry
 - ⇒ Toxicology and Chemistry

integrated DNR’s analytical services into MDA’s operations. This allowed DNR to close two laboratories while still having access to the quality laboratory data required for decision making. The closure of the FDA’s Minneapolis lab in 1999 led to the co-location of federal FDA staff with MDA staff, bringing additional expertise and partnerships to the laboratory.

In November 2005, the Laboratory Services Division moved to new lab facilities, co-located with the Minnesota Health Department’s (MDH’s) laboratory. This co-location enhanced and expanded the strong, unique partnership that already existed between MDA and MDH. This strengthened relationship gives Minnesota increased capacity to address emerging food safety and defense concerns. In 2006 the legislature approved construction of additional lab improvements to create a new BSL 3-Ag facility, which was completed in 2007. Laboratory Services continues to work closely with FDA and USDA through the National Food Emergency Response Network (FERN) and other programs to assist in development and applied science validation of new technologies for emergency response analysis of food and agriculture samples. These activities enhance the department’s ability to respond to issues that arise in or impact Minnesota citizens.

Key Activity Goals

The activities carried out by the Laboratory Services Division support a diverse spectrum of goals set by the state as Minnesota Milestones:

- ◆ **Minnesotans will be healthy.**
We are the primary food safety and security laboratory for the state. The lab supports the food inspection activities of the department and responds to food-borne disease outbreaks from pathogens such as e-coli and salmonella, as seen by the 2008 outbreak of *salmonella st. paul* in peppers. We also deal with chemical contaminants such as heavy metals and the melamine in pet and human food incidents. Laboratory data produced by the lab are often vital for regulatory decision making.
- ◆ **Minnesotans will improve the quality of the air, water and earth.**
The laboratory provides data on the environmental fate of agricultural chemicals and their by-products for use by MDA’s regulatory divisions. These include pesticide residues and nitrates in water along with soil and other environmental samples. These data are required to support decisions on best management practices and may influence regulatory actions.
- ◆ **Minnesota will have sustainable, strong economic growth.**
The agricultural sector drives the economy in much of the state. The activity of the Laboratory Services Division helps protect the process from farm to table and ensures consumer confidence in the system, to produce high quality products, while safeguarding the environment.

Key Measures

Performance objectives that will be measured and used to evaluate effectiveness in the next biennium include the following:

- ◆ A Customer/Laboratory “contract” that clearly defines expectations between both parties will be instituted.
- ◆ Benchmarks for critical business needs in the areas of quality, timeliness and costs through the Customer/Laboratory “contract” process will be established.
- ◆ Customer satisfaction will be measured using a survey that captures critical business program needs.

Activity Funding

The general fund is a core source of funding for this service. Pesticide, fertilizer, seed, feed, dairy and food inspection fees provide revenue to pay for lab work performed for each area. Federal grants are also an important source of funding.

Contact

For additional information on this activity, please contact Gary Horvath, Interim Division Director, at (651) 201-6563 or Gary.Horvath@state.mn.us

Information on this activity’s programs and staff can be found at the MDA website:
<http://www.mda.state.mn.us/about/divisions/lab.htm>.

AGRICULTURE DEPT
Program: PROTECTION SERVICES
Activity: LABORATORY SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	0	368	368	368	736
Technical Adjustments					
One-time Appropriations			(368)	(368)	(736)
Subtotal - Forecast Base	0	368	0	0	0
Total	0	368	0	0	0
General					
Current Appropriation	3,682	3,851	3,851	3,851	7,702
Technical Adjustments					
Approved Transfer Between Appr			(42)	(42)	(84)
Subtotal - Forecast Base	3,682	3,851	3,809	3,809	7,618
Total	3,682	3,851	3,809	3,809	7,618
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	0	368	0	0	0
General	3,650	3,926	3,883	3,883	7,766
Statutory Appropriations					
Agriculture Fund	2,075	2,191	2,048	2,051	4,099
Federal	1,791	2,327	1,773	2,075	3,848
Miscellaneous Agency	238	213	185	185	370
Total	7,754	9,025	7,889	8,194	16,083
<u>Expenditures by Category</u>					
Total Compensation	3,702	4,157	4,128	4,148	8,276
Other Operating Expenses	4,052	4,868	3,761	4,046	7,807
Total	7,754	9,025	7,889	8,194	16,083
Full-Time Equivalents (FTE)	51.7	48.0	48.0	48.0	

Program Description

The purpose of the Agricultural Marketing and Development Program is to bolster our agricultural sector's economic and environmental health by providing quality marketing services, technical resources, and economic stimulus.

Budget Activities

- ◆ Agricultural Marketing Services
- ◆ Agricultural Development and Financial Assistance

AGRICULTURE DEPT

Program: AG MARKETING & DEVELOPMENT

Program Summary

			<i>Dollars in Thousands</i>		Biennium 2010-11
	Current FY2008	FY2009	Governor Recomm. FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	8,042	5,461	5,461	5,461	10,922
Technical Adjustments					
Approved Transfer Between Appr			396	396	792
Subtotal - Forecast Base	8,042	5,461	5,857	5,857	11,714
Governor's Recommendations					
Promotional Activity Reduction		0	(97)	(97)	(194)
Invasive Species Duties Reduction		0	(421)	(421)	(842)
Grants and Administration Reduction		0	(100)	(100)	(200)
Total	8,042	5,461	5,239	5,239	10,478
Clean Water Fund					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
CW Ag BMP Loan Program		0	1,500	3,000	4,500
Total	0	0	1,500	3,000	4,500
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	110	111	0	0	0
General	4,330	5,404	4,569	4,569	9,138
Clean Water Fund	0	0	1,500	3,000	4,500
Statutory Appropriations					
Clean Water Revolving Fund	0	0	4,331	5,105	9,436
Miscellaneous Special Revenue	244	631	681	754	1,435
Agriculture Fund	1,508	1,526	1,509	1,499	3,008
Federal	523	487	775	746	1,521
Rural Finance Administration	0	0	500	500	1,000
Miscellaneous Agency	21	31	30	2	32
Gift	51	109	20	10	30
Total	6,787	8,299	13,915	16,185	30,100
<u>Expenditures by Category</u>					
Total Compensation	3,941	4,437	4,268	4,421	8,689
Other Operating Expenses	2,472	3,316	2,663	2,451	5,114
Payments To Individuals	0	87	85	85	170
Local Assistance	353	339	163	124	287
Other Financial Transactions	21	120	6,736	9,104	15,840
Total	6,787	8,299	13,915	16,185	30,100
<u>Expenditures by Activity</u>					
Ag Marketing Services	3,714	3,817	3,485	3,409	6,894
Ag Develop & Financial Assist	2,963	4,371	10,430	12,776	23,206
Agri Resources Management	110	111	0	0	0
Total	6,787	8,299	13,915	16,185	30,100
Full-Time Equivalent (FTE)	56.3	53.1	53.1	53.1	

Activity Description

Agricultural Marketing Services (AMS) assists in the orderly marketing of Minnesota's agricultural commodities and products; promotes Minnesota agricultural products in domestic and international markets; furnishes information and economic analyses related to marketing opportunities; provides promotional, informational and other marketing services for agricultural producers, processors, consumers, and others involved in the marketing process; and protects producers through programs related to the licensing, bonding, and certification in the sale and storage of agricultural products.

Population Served

AMS serves grain, livestock, vegetable, fruit, poultry and dairy producers, agri-businesses, manufacturers, processors, distributors, retailers, and exporters by protecting and promoting Minnesota agriculture. Consumers and other end users benefit from the introduction and promotion of fresh, high-quality Minnesota agricultural products.

Services Provided

AMS helps diversify agriculture in Minnesota by:

- ◆ Promoting overseas market development with the collaborative efforts of the U.S. Department of Agriculture (USDA) as well as state and regional trading groups that promote both branded and generic activities at international trade exhibitions;
- ◆ Promoting Minnesota agricultural products in international markets through relationships with product end-users in global markets;
- ◆ Helping develop the state's bio-science sector by providing assistance to Minnesota stakeholders on bio-processing/bio-manufacturing projects, and by partnering with the University of Minnesota and the Minnesota Department of Employment and Economic Development (DEED) on bio-energy initiatives;
- ◆ Helping Minnesota-Certified producers boost profits by differentiating their products using International Standards Organization (ISO) certification mechanisms;
- ◆ Supporting dairy and livestock development, so the state can maintain productivity in animal agriculture and maintain a diverse agricultural economy;
- ◆ Supporting renewable fuel production and use, so Minnesota can use home-grown, renewable resources to produce alternative fuels that boost our economy, reduce air pollution and lessen dependence on imported fossil fuels;
- ◆ Promoting farmers markets, so producers and consumers can enjoy the economic and nutritional benefits of farm-fresh, locally grown produce; and
- ◆ Promoting Minnesota Grown products, so consumers can more easily identify and buy Minnesota Grown produce and products.

AMS protects producers by licensing, bonding, inspecting, and auditing:

- ◆ grain buyers and grain storage elevators;
- ◆ livestock dealers, markets and agents; and
- ◆ wholesale produce dealers.

Activity at a Glance

This activity:

- ◆ Helps producers and agribusinesses add value to agricultural products by facilitating and capitalizing on marketing opportunities.
- ◆ Improves the global reach of Minnesota agricultural products by researching international markets and establishing contacts with end users in those markets.
- ◆ Protects producers of agricultural products by licensing, bonding, and auditing persons and companies that buy grain, livestock and wholesale produce; and accurate weighing of livestock. The Division licenses 417 livestock dealers, markets, processors and agents, 113 wholesale produce dealers and 411 warehouse companies, grain elevator companies and grain dealers at 1002 locations. The division weighs over 4.3 million head of livestock a year.
- ◆ In the current biennium, Agricultural Marketing Services participated in 11 international food shows, 86 international trade events, received 637 visitors from 60 countries established 1,016 contacts with new buyers, made 23 first sales to new markets and increased Minnesota exports sales by \$44 million.

AMS helps commodity growers by overseeing the operations of the state's 12 commodity promotion and research councils.

Historical Perspective

As Minnesota farmers' productivity has outpaced the demands of our population, the need for stronger efforts to add value and effectively market Minnesota's agricultural products has also increased. The globalization and consolidation of agriculture within the rapidly evolving global marketplace means family farmers and local agri-businesses benefit greatly from expert assistance in marketing their products locally, nationally, and internationally. AMS has the responsibility to promote Minnesota agricultural products in global markets and, in conjunction with DEED, has a special focus on the Minnesota – China Partnership. AMS helps Minnesota consumers and producers connect locally through the Minnesota Grown program and AMS connects Minnesota producers and agri-businesses with the world by facilitating the increased export of Minnesota's high-value food and agricultural products. Licensing, bonding, and auditing programs are more important than ever when sellers and buyers are no longer neighbors but strangers separated by thousands of miles. Producers in this fast-changing landscape receive information about their rights under Minnesota and federal law.

Key Activity Goals

The activities AMS conducts support several goals set by the state as Minnesota Milestones, including the following:

- ◆ **Minnesota will have sustainable, strong economic growth.**
- ◆ **Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work.**

Key Measures

Performance objectives that will be measured and used to evaluate effectiveness in the next biennium include the following.

- ◆ Participation in Minnesota Grown directory will increase by 10%.
- ◆ The quantity of distributed point-of-service materials for the Minnesota Grown program will increase by 10%.
- ◆ The number of unique visitors to the Minnesota Grown website will increase by 50% each year.
- ◆ Licensing and bonding requests will be processed within five business days of receipt.
- ◆ Agricultural exports to China will expand by 50%.
- ◆ Agricultural exports into two new markets in Southeast Asia will be expanded.
- ◆ The number of livestock units in Minnesota will increase by 5%.
- ◆ At least 150 farms will be assisted in making growth-oriented improvements.

Activity Funding

This activity receives the largest part of its funding from the general fund. Fees for various certification and promotion activities, deposited in and statutorily appropriated for their dedicated uses from the agricultural fund, also provide significant funding.

Contact

For additional information on this activity, please contact Kurt Markham, Division Director, at (651) 201-6382 or Kurt.Markham@state.mn.us

Information on this activity's programs and staff can be found on the MDA website: www.mda.state.mn.us/about/divisions/agmktg.htm

AGRICULTURE DEPT
Program: AG MARKETING & DEVELOPMENT
Activity: AG MARKETING SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,947	1,888	1,888	1,888	3,776
Subtotal - Forecast Base	1,947	1,888	1,888	1,888	3,776
Governor's Recommendations					
Promotional Activity Reduction		0	(97)	(97)	(194)
Total	1,947	1,888	1,791	1,791	3,582
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,730	1,733	1,605	1,605	3,210
Statutory Appropriations					
Miscellaneous Special Revenue	143	252	130	114	244
Agriculture Fund	1,508	1,526	1,509	1,499	3,008
Federal	289	228	203	181	384
Miscellaneous Agency	21	31	28	0	28
Gift	23	47	10	10	20
Total	3,714	3,817	3,485	3,409	6,894
<u>Expenditures by Category</u>					
Total Compensation	2,156	2,367	2,168	2,236	4,404
Other Operating Expenses	1,337	1,231	1,180	1,099	2,279
Payments To Individuals	0	1	0	0	0
Local Assistance	200	187	109	74	183
Other Financial Transactions	21	31	28	0	28
Total	3,714	3,817	3,485	3,409	6,894
Full-Time Equivalent (FTE)	31.4	29.6	29.6	29.6	

Activity Description

The Ag Development and Financial Assistance (ADFA) Division supports the success and innovation of farmers, ag businesses and their positive impact on communities through programs focused on environmental quality, land use, alternative agricultural practices and systems, and entrepreneurial and value-added agriculture. The Division:

- ◆ Sponsors and conducts research, development, and demonstration projects
- ◆ Provides tools, outreach, and technical assistance
- ◆ Provides financial assistance
- ◆ Participates in policy discussions

Population Served

This activity serves all agricultural producers, agricultural professionals, local government officials, processors, suppliers, and the general public.

Services Provided

Today's producers face challenges and opportunities, including land-use pressures and conflicts, needs for increased environmental stewardship, and a rapidly changing ag economy and marketplace. The ADFA Division addresses these challenges and opportunities by:

- ◆ **Sponsoring and conducting research, development, and demonstration projects.** Working with individuals, organizations and the University of Minnesota, examples include on-farm research and demonstration on cover cropping, grazing, and conservation drainage, development of methods to target agricultural practices to the most appropriate landscapes, and innovative practices supported by sustainable agriculture grants.
- ◆ **Providing tools, outreach, and technical assistance.** Examples include grazing plan assistance, notifications about upcoming meetings and activities such as Conservation Update electronic newsletters and electronic notifications of Total Maximum Daily Loads (TMDLs) and water plans, publications such as the annual Greenbook and organic business management reports, conferences such as the annual Minnesota Organic Conference, agricultural land preservation outreach and assistance, information and technical assistance on agricultural diversification, genetically engineered organisms, sustainable agriculture, organic agriculture (including certification), integrated pest management (IPM) and biocontrol for horticultural crops and weeds, and management of biocontrol and plant pathology quarantine facility services with the University of Minnesota.
- ◆ **Providing financial assistance.** Specific programs including the following.
 - ⇒ Minnesota Rural Finance Authority (RFA) programs funded with state bonds: Basic Farm loans and Seller Assisted loans for beginning farmers, Ag Improvement loans for ag facilities improvements, Restructure loans for debt reorganization, and Livestock Expansion loans for the construction or installation of improvements to livestock production operations;
 - ⇒ RFA programs funded with revolving loan accounts: Livestock Equipment loans to finance livestock equipment purchases, Value-Added Stock loans to farmers buying stock in ag product processing facilities, Disaster Recovery loans for recovery from floods, drought, and other incidents covered by disaster declarations, and Methane Digester loans to finance systems that will utilize manure to produce electricity;
 - ⇒ the federal Agricultural Development Bond (Aggie Bond) Program, which uses no state funds but authorizes tax incentives to lenders to make loans for land, improvements, livestock and machinery;
 - ⇒ the Ag Best Management Practices (AgBMP) Loan Program, supported by revolving funds from MDA and the Public Facilities Authority;

Activity at a Glance

- ◆ On-farm research and demonstration projects on cover crops with nine cooperators, and eight conservation drainage projects.
- ◆ 317,957 acres are protected with agricultural land preservation covenants and 50% increase in organic farmland between 2000 and 2005.
- ◆ Minnesota Organic Conference attended by 425 people, 50 presentations, displays, field days or on-farm demonstrations, and 34 publications distributed to approximately 13,000 persons, and 100,000 visits made to ADFA web pages.
- ◆ Plant Pathology Containment facility construction completed and facility licensed for use.
- ◆ \$190 million in RFA loans to 2,741 farmers, 9,022 AgBMP Loan Program projects totaling \$125 million and organic certification cost share to 354 farmers and businesses.

AGRICULTURE DEPT

Program: AG MARKETING AND DEVELOPMENT

Activity: AG DEVELOPMENT & FINANCIAL ASSISTANCE

Narrative

- ⇒ the Sustainable Agriculture Grant and Loan Programs;
- ⇒ organic cost-share payments; and
- ⇒ the Livestock Investment Grant Program, established in FY 2009 and funded with a \$1 million appropriation from the general fund, to assist in the improvement or expansion of livestock production facilities by providing up to 10% of the cost of the improvements.

- ◆ **Participating in policy discussions and providing information.** The Division provides staff support to the Clean Water Council, is Technical Representative to the Environmental Quality Board, interacts with other environmental and land-use policy-making activities, reviews environmental assessments, comments on local planning efforts by request, and develops mitigation measures for energy transmission projects affecting agriculture. Information is provided to other parts of the MDA, other agencies, and stakeholders.

Key Activity Goals

- ◆ **MDA Goal: Promote environmentally friendly agricultural practices.**
- ◆ **MDA Goal: Improve marketability of Minnesota's agricultural products.**

The Division's activities support these goals in the following ways:

- ⇒ Through participating in policy discussions, particularly on environmental quality and land use, the Division is able to keep abreast of current issues, ensure that agricultural perspectives are taken into consideration, and inform policy-makers of relevant research and development.
- ⇒ Through research, development, and demonstration projects, the Division fosters and promotes new and innovative solutions to address environmental and land-use issues and meet emerging market needs.
- ⇒ Through tools, outreach, and technical assistance, the Division is able to transfer innovative practices to the agricultural sector, encourage policy decisions that support the development of agriculture, inform the agricultural community and the public about important issues affecting environmental quality and economic prosperity, and inform producers about alternative production methods and markets (e.g., organic production).
- ⇒ Through financial assistance, the Division is able to help producers start up or expand agricultural operations and make changes to increase profitability and enhance environmental stewardship.

Key Measures

Performance objectives that will be measured and used to evaluate effectiveness in the next biennium include the following:

- ◆ Loans will be provided to more than 1,000 farmers and homeowners, resulting in \$15 million in rural environmental improvements annually.
- ◆ Financial assistance will be provided to more than 60 beginning farmers in Minnesota annually.
- ◆ Fruit and vegetable crop pest and IPM information will be provided to more than 1,200 producers and growers, crop consultants, industry representatives and processors through electronic and paper publications.
- ◆ Information on IPM and weed bio-control will be provided to more than 350 land managers in 40 counties.
- ◆ The number of organic producers in Minnesota will increase by 15% and more than 500 producers and processors will be assisted with organic certification costs. Educational opportunities will be provided for 1,000 producers and others at annual Minnesota Organic Conferences and through research and demonstration projects.

Activity Funding

The Agricultural Development component of this activity relies primarily on general fund appropriations, with federal grants, dedicated funds, LCCMR projects, and other sources providing additional program support. Administration of the Financial Assistance components of this activity is supported by the general fund and by fees on the loan programs administered. State general obligation bonds provide money to be loaned through the RFA programs, but this money is paid back to the debt service fund as the loans are repaid. Other loan programs, including the AgBMP and Sustainable Agriculture loan programs, are funded through the use of a revolving loan accounts that continue to grow and be reused.

AGRICULTURE DEPT

Program: AG MARKETING AND DEVELOPMENT

Activity: AG DEVELOPMENT & FINANCIAL ASSISTANCE

Narrative

Contact

For additional information on this activity, please contact Peter Scheffert, Division Director, at (651) 201-6486 or Peter.Scheffert@state.mn.us. Information on programs and staff can be found on the MDA website at www.mda.state.mn.us/about/divisions/agfinance.htm and www.mda.state.mn.us/about/divisions/agdev.htm

AGRICULTURE DEPT

Program: AG MARKETING & DEVELOPMENT

Activity: AG DEVELOP & FINANCIAL ASSIST

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	6,095	3,573	3,573	3,573	7,146
Technical Adjustments					
Approved Transfer Between Appr			396	396	792
Subtotal - Forecast Base	6,095	3,573	3,969	3,969	7,938
Governor's Recommendations					
Invasive Species Duties Reduction		0	(421)	(421)	(842)
Grants and Administration Reduction		0	(100)	(100)	(200)
Total	6,095	3,573	3,448	3,448	6,896
Clean Water Fund					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
CW Ag BMP Loan Program		0	1,500	3,000	4,500
Total	0	0	1,500	3,000	4,500
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,600	3,671	2,964	2,964	5,928
Clean Water Fund	0	0	1,500	3,000	4,500
Statutory Appropriations					
Clean Water Revolving Fund	0	0	4,331	5,105	9,436
Miscellaneous Special Revenue	101	379	551	640	1,191
Federal	234	259	572	565	1,137
Rural Finance Administration	0	0	500	500	1,000
Miscellaneous Agency	0	0	2	2	4
Gift	28	62	10	0	10
Total	2,963	4,371	10,430	12,776	23,206
<u>Expenditures by Category</u>					
Total Compensation	1,782	2,070	2,100	2,185	4,285
Other Operating Expenses	1,028	1,974	1,483	1,352	2,835
Payments To Individuals	0	86	85	85	170
Local Assistance	153	152	54	50	104
Other Financial Transactions	0	89	6,708	9,104	15,812
Total	2,963	4,371	10,430	12,776	23,206
Full-Time Equivalents (FTE)	24.9	23.5	23.5	23.5	

Program Description

The purpose of this program is to conduct value-added agricultural programs.

Budget Activities

- ◆ Bio-Energy Products

AGRICULTURE DEPT

Program: VALUE-ADDED PRODUCTS

Program Summary

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	19,368	14,858	14,858	14,858	29,716
Technical Adjustments					
One-time Appropriations			310	310	620
Subtotal - Forecast Base	19,368	14,858	15,168	15,168	30,336
Total	19,368	14,858	15,168	15,168	30,336
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	16,372	17,854	15,168	15,168	30,336
Total	16,372	17,854	15,168	15,168	30,336
<u>Expenditures by Category</u>					
Total Compensation	4	14	0	0	0
Local Assistance	16,368	17,840	15,168	15,168	30,336
Total	16,372	17,854	15,168	15,168	30,336
<u>Expenditures by Activity</u>					
Bio-Energy Products	16,372	17,854	15,168	15,168	30,336
Total	16,372	17,854	15,168	15,168	30,336

Activity Description

This activity includes the ethanol producer payment program and the NextGen bioenergy program.

The ethanol producer payment program provides financial incentives for the production of ethanol in the state.

The NextGen (Next Generation) bioenergy program encourages the production of new energy derived from biomass or cellulosic materials such as grasses, wood products, straw, and corn stover.

Activity at a Glance

- ◆ MDA's ethanol producer payment program will end in FY 2010. Three plants will still receive regular payments in that year.
- ◆ Deficiency payments will continue be made to 12 eligible plants in FY 2010 and FY 2011.
- ◆ New plants are being developed to produce biofuels from biomass and cellulosic materials with grants through the NextGen Board.

Population Served

Fiscal year 2010 will be the last year of the ethanol producer payment program. It is anticipated that three plants will still have production eligible to receive regular ethanol producer payments in that year, for payments totaling up to \$1.2 million. The remaining amounts appropriated for fiscal years 2010 and 2011 will be used to continue making deficiency payments to 12 eligible plants. Since 2005, these payments have been made in an effort to compensate for the years when budget restrictions caused appropriations to be made for per-gallon payments at rates lower than what was originally set in statute. Deficiency payments could be finished in FY 2012 if the same amount is appropriated in the 2012-13 biennial budget.

The NextGen Board will continue to work with several new plants to assist in the development of new bioenergy production.

Services Provided

Regular quarterly ethanol producer payments will end in FY 2010. Annual deficiency payments, per M.S. 41A.09, will be made in both FY 2010 and FY 2011. Base-level funding is sufficient to fulfill all planned deficiency payments in FY 2012.

In fiscal year 2009, Minnesota Department of Agriculture (MDA) provided NextGen bioenergy grants totaling \$2.7 million to spur development of new bioenergy technologies. MDA will continue to work with these and other projects to promote the development of new bioenergy production.

Historical Perspective

An ethanol producer payment program, administered by the Department of Revenue, was initially authorized by the state legislature in 1986. In 1993, administrative responsibility for the program was moved to MDA. Both before and after MDA took over the program, the specific provisions of the program were changed many times.

The program provides for quarterly per-gallon incentive payments for ethanol produced, up to specifically authorized amounts for each plant. The payment limits currently set in statute are \$3 million per year for up to ten years. The program expires with production ending June 30, 2010.

Beginning in FY 2004, budget limitations led to laws setting per-gallon payment limits lower than those originally set in statute. The lower rates remained in law for the 2004-05 and 2006-07 biennia, with the original payment rates resuming in FY 2008. In the mean time, statutory provisions were added that direct MDA to make up the differences between payments made versus what would have been paid at the original rate. If monies are appropriated to make the deficiency payments, it is estimated that these payments will continue until FY 2012.

The NextGen Board was created in 2007 to spur the development of new biofuel production in Minnesota.

Key Program Goals

This activity supports the MDA goal of improving the marketability of Minnesota's agricultural products.

Key Measures

Performance measures that will be used to evaluate effectiveness in the next biennium include the following.

- ◆ Ethanol production plants in the state will meet the current statutory goal of 480 million gallon per year. It is estimated that production capacity will exceed one billion gallons in 2009.
- ◆ Regular payments under ethanol production payment program will be concluded.
- ◆ Two NextGen bioenergy plants, including one cellulosic ethanol plant, will be operational by end of 2011.
- ◆ New biodiesel content requirements will be implemented on schedule, with no service interruption or quality issues.

Activity Funding

This activity is funded by direct appropriations from the general fund.

Contact

For additional information on this activity, please contact Steve Ernest at (651) 201-6580 or Steve.Ernest@state.mn.us

AGRICULTURE DEPT
Program: VALUE-ADDED PRODUCTS
Activity: BIO-ENERGY PRODUCTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	19,368	14,858	14,858	14,858	29,716
Technical Adjustments					
One-time Appropriations			310	310	620
Subtotal - Forecast Base	19,368	14,858	15,168	15,168	30,336
Total	19,368	14,858	15,168	15,168	30,336
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	16,372	17,854	15,168	15,168	30,336
Total	16,372	17,854	15,168	15,168	30,336
<u>Expenditures by Category</u>					
Total Compensation	4	14	0	0	0
Local Assistance	16,368	17,840	15,168	15,168	30,336
Total	16,372	17,854	15,168	15,168	30,336

Program Description

The purposes of the Administrative Services Program are to provide leadership and direction to the functions of the agency and to provide Minnesota agriculture with a variety of grant programs, direct grants and assistance programs for individuals and organizations.

Budget Activities

- ◆ Grants and Assistance
- ◆ Agency Services

AGRICULTURE DEPT

Program: AGENCY SVCS & FINANCIAL ASSIST

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	10,543	7,145	7,145	7,145	14,290
Technical Adjustments					
Approved Transfer Between Appr			(85)	(85)	(170)
One-time Appropriations			(1,000)	(1,000)	(2,000)
Pt Contract Base Reduction			(7)	(7)	(14)
Subtotal - Forecast Base	10,543	7,145	6,053	6,053	12,106
Governor's Recommendations					
Ag21		0	500	500	1,000
Grants and Administration Reduction		0	(550)	(550)	(1,100)
Total	10,543	7,145	6,003	6,003	12,006
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	14	0	0	0	0
Direct Appropriations					
General	10,481	8,458	6,487	6,487	12,974
Statutory Appropriations					
Clean Water Revolving Fund	5,970	2,802	0	0	0
Miscellaneous Special Revenue	5,960	3,521	3,187	3,263	6,450
Agriculture Fund	1	2	2	2	4
Federal	500	480	480	480	960
Rural Finance Administration	348	500	0	0	0
Miscellaneous Agency	0	178	0	0	0
Gift	0	29	15	15	30
Total	23,274	15,970	10,171	10,247	20,418
<u>Expenditures by Category</u>					
Total Compensation	4,593	5,174	5,181	5,343	10,524
Other Operating Expenses	2,326	3,365	2,057	1,970	4,027
Payments To Individuals	4,046	543	522	523	1,045
Local Assistance	2,893	3,255	2,311	2,311	4,622
Other Financial Transactions	9,416	3,633	0	0	0
Transfers	0	0	100	100	200
Total	23,274	15,970	10,171	10,247	20,418
<u>Expenditures by Activity</u>					
Grants & Assistance	7,170	4,766	3,315	3,315	6,630
Agency Services	4,087	4,834	6,856	6,932	13,788
Information Technology	2,093	2,275	0	0	0
Rural Financing	9,924	4,095	0	0	0
Total	23,274	15,970	10,171	10,247	20,418
Full-Time Equivalentents (FTE)	57.9	56.4	44.1	44.1	

Activity Description

This activity provides a variety of grant programs, pass-thru grants and financial assistance programs for individuals and organizations.

Population Served

Grants and assistance are provided to dairy producers, low-income and nutritionally at-risk people, farmers in financial crisis, county fairs, agricultural producer associations, and research and development organizations.

Services Provided

The Dairy Development Profitability and Enhancement program assists dairy producers in the enhancement of their operations. The program has two facets: Dairy Enhancement Team Grants and Dairy Business Planning Grants. Local teams are composed of University of Minnesota Extension and Minnesota State Colleges and Universities (MnSCU) employees as well as local veterinarians, feed nutritionists and financial lenders.

Teams work with individual producers to help them achieve greater profitability, productivity, and efficiency. Through this cooperative effort, producers have been able to eliminate bottlenecks in their operations and accomplish business and family goals. The Dairy Business Planning Grant provides a 50% cost share, up to \$5,000 per producer, of the cost of completing a business plan. Options explored by these producers have included on-farm processing, expansion, transferring the farm to the next generation, and environmental upgrades. This grant is available to all dairy producers, but the program prioritizes small to medium-sized producers.

The Farmers' Market Nutrition Programs (FMNP) promote farmers' markets and improve the diets of low-income children, pregnant women, and seniors. The program aims to increase direct sales of locally grown produce and encourage consumption of fresh produce among low-income and nutritionally at-risk people by providing checks to those groups. FMNP issues checks to FMNP-WIC recipients through the local WIC (Women, Infant and Children) agencies that can only be redeemed at authorized farmers' markets for locally grown, fresh, unprocessed fruits and vegetables. Seniors receive checks from the agencies that distribute NAPS (Nutrition Assistance Program for Seniors) commodities. The department authorizes markets and vendors to accept the checks and investigates to ensure that vendors comply with program requirements and redeem checks only for eligible items.

The Second Harvest Heartland grant supports the purchase of milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks.

Farm Advocates provide one-on-one assistance for Minnesota farmers who face crisis due to a natural disaster or financial problems. Farm Advocates understand the needs of agricultural families. They are trained and experienced to deal with agricultural lending practices, mediation, lender negotiation, farm programs, crisis counseling and disaster programs, and to recognize the need for legal and social services. Farm Advocates assist farmers who are entering negotiations with a lender, liquidating assets of the farming operation, seeking financial assistance, and/or are receiving an adverse decision from a state or federal agency. Key farm advocate services include: financial planning; lender negotiations; farm program advice; referrals for legal services; and referrals for Social and Human Services. In addition, mental health counseling support to farm families and business operators is supported through farm business management programs at Central Lakes College and Ridgewater College.

Activity at a Glance

This activity includes the following programs:

- ◆ The Dairy Development Profitability and Enhancement Program
- ◆ The Farmers Market Nutrition coupon programs (including federal money)
- ◆ Milk for food shelves through a grant to Second Harvest Heartland
- ◆ The Farm Advocates program
- ◆ Mental health assistance through the Minnesota State Colleges and Universities
- ◆ County Fair and Agricultural Society Grants
- ◆ Grants to the Northern Crops Institute, Northern Minnesota Forage-Turf Seed Advisory Committee and the Minnesota Horticultural Society

Grants to county fairs and agricultural associations provide assistance to fair boards and associations for prize costs. Grants to the Northern Crops Institute and the Northern Minnesota Forage-Turf Seed Advisory Committee provide support for continued research into hardy varieties of crops for use in the northern tier of states and improved production of forage and turf seed related to new varieties. Grants to the Minnesota Horticultural Society support educational programs including the Minnesota Green program, which supplies donated plant materials to more than 200 community greening spaces throughout the state.

Historical Perspective

Minnesota has had state-funded FMNP since FY 1989 and has received federal funds since federal FY 1994. The senior FMNP started in Minnesota in federal FY 2001, the first year federal funds were available.

The Dairy Development Profitability and Enhancement program was established in 1996.

The Minnesota Horticultural Society was founded in 1866 and its magazine, *The Northern Gardener*, is the longest continuously published magazine in the state.

Key Program Goals

This activity supports the statewide goals of having sustainable, strong economic growth, specifically supporting agricultural industries and employment in rural communities. These programs also support the statewide goal of helping Minnesotans in need, specifically helping low-income and nutritionally at-risk people and farmers in families in crisis.

Key Measures

Performance measures that will be used to evaluate effectiveness in the next biennium include the following.

- ◆ The Dairy Development Profitability and Enhancement Program will provide at least a \$5 return on investment for every \$1 of state grant money spent
- ◆ At least half of all first-time FMNP check recipients will be new customers to farmers markets.

Activity Funding

Grants and claims are funded by direct appropriations from the general fund. Appropriations for the Farmers Market Nutrition Programs provide the required match for federal appropriations.

Contact

For additional information contact Steve Ernest, Financial Management Director, at (651) 201-6580 or Steve.Ernest@state.mn.us

AGRICULTURE DEPT

Program: AGENCY SVCS & FINANCIAL ASSIST

Activity: GRANTS & ASSISTANCE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	7,223	3,846	3,846	3,846	7,692
Technical Adjustments					
Approved Transfer Between Appr			180	180	360
One-time Appropriations			(1,000)	(1,000)	(2,000)
Subtotal - Forecast Base	7,223	3,846	3,026	3,026	6,052
Total	7,223	3,846	3,026	3,026	6,052
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	6,686	4,282	2,839	2,839	5,678
Statutory Appropriations					
Federal	484	461	461	461	922
Gift	0	23	15	15	30
Total	7,170	4,766	3,315	3,315	6,630
 <u>Expenditures by Category</u>					
Total Compensation	119	135	95	95	190
Other Operating Expenses	112	833	287	286	573
Payments To Individuals	4,046	543	522	523	1,045
Local Assistance	2,893	3,255	2,311	2,311	4,622
Transfers	0	0	100	100	200
Total	7,170	4,766	3,315	3,315	6,630
 Full-Time Equivalents (FTE)	 1.6	 1.1	 1.1	 1.1	

Activity Description

Agency Services provides the leadership to the Minnesota Department of Agriculture (MDA) and its employees, and outreach to the agriculture industry and Minnesota consumers. It also provides department-wide support in the areas of human resources, finance and budget, and information technology by assisting divisions in providing efficient and effective programs.

M.S. Chapter 17 provides the statutory authority for the commissioner of MDA.

Population Served

In addition to supplying essential assistance to MDA employees and programs, Administrative Services also works with the legislature, producers and processors in the agricultural industry, citizens of Minnesota, and partner state and federal agencies.

Services Provided

Services are provided through the:

- ◆ Commissioner's Office – provides leadership for the department, sets policy, and represents the department in interactions with our stakeholders – federal, state, local, and international.
- ◆ Human Resources – provides employee safety and health program, labor relations program, training program, and diversity program in order to maintain a flexible and diverse workforce that can meet the needs of a changing and demanding workplace.
- ◆ Finance and Budget – provides centralized accounting, payroll, budgeting, mail, and motor pool services to the employees of MDA.
- ◆ Information Technology – provides services to all divisions for computer systems analysis, technical support, programming, project management, web design and graphic arts; administers the production of all department licenses; coordinates geographic information systems; manages telephone services; and prepares for future technology needs.
- ◆ Agricultural Statistics – a joint federal/state division that collects, analyzes, and disseminates statistical information useful to not only agricultural producers and processors, but also to economists.

Activity at a Glance

- ◆ Commissioner's Office oversees and directs the activity of all divisions in MDA
- ◆ Human Resources and Diversity assist over 500 employees with personnel matters
- ◆ Finance and Budget works to build and manage an annual budget of over \$80 million
- ◆ Information Technology provides, maintains and updates MDA's hardware, software, and network computer assets
- ◆ Agricultural Statistics is a state/federal partnership that collects, correlates, and analyzes agricultural data
- ◆ MDA has 317 employees located in the Minneapolis/St. Paul metro area, and 220 employees located throughout Minnesota in the areas they serve

Historical Perspective

Minnesota's agriculture and food sector continues to face formidable challenges. Public expectations for food safety, natural resource protections and agriculture security are at the highest level in recent history, and the competition for domestic and international markets is more intense every year. The department's budget and human resources have been obligated to respond to numerous critical situations while also trying to help Minnesota's agriculture and food sector position itself for success in this fast-changing environment.

The department has made significant advances to align business needs with technology support, moving from a fragmented information technology infrastructure to a highly integrated system providing improved support/services to our employees, customers, and Minnesota citizens. The department has a proven track record of successfully managing and completing complex information technology projects on time and within budget.

2006 marked MDA's first full year in the new Orville L. Freeman Building, located at 625 Robert Street North, in St. Paul. Co-location with the Department of Health and the Board of Animal Health has enhanced coordination on related activities.

Key Program Goals

This activity supports the three basic goals of MDA: protecting the safety of the food supply from the farm to the consumer, promoting environmentally friendly agricultural practices and improving the marketability of Minnesota's agricultural products.

Key Measures

Performance objectives that will be measured and used to evaluate effectiveness in the next biennium include the following:

- ◆ MDA will continue to partner with other state departments of agriculture to increase our presence at the national level to ensure Minnesota's agriculture is represented and heard.
- ◆ Technology projects will be designed and completed with goals defined by business practices and needs.
- ◆ Division directors will be surveyed to determine their level of satisfaction with Human Resources services.

Activity Funding

Leadership and support activities are funded with direct appropriations from the general fund and indirect cost charges made within the agency for central service operations.

Contact

For additional information on budgets, please contact Steve Ernest, Financial Management Director, at (651) 201-6580 or Steve.Ernest@state.mn.us.

For additional information on policy, please contact Quinn Cheney, Director of Policy Development, at (651) 201-6180 or Quinn.Cheney@state.mn.us.

Additional information, such as the Commissioner's Column is also available on the MDA's website at www.mda.state.mn.us/about/commissionersoffice/ and at www.mda.state.mn.us/about/commissionersoffice/columns/

AGRICULTURE DEPT

Program: AGENCY SVCS & FINANCIAL ASSIST

Activity: AGENCY SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	3,320	3,299	3,299	3,299	6,598
Technical Adjustments					
Approved Transfer Between Appr			1,637	1,637	3,274
Pt Contract Base Reduction			(7)	(7)	(14)
Subtotal - Forecast Base	3,320	3,299	4,929	4,929	9,858
Governor's Recommendations					
Grants and Administration Reduction		0	(50)	(50)	(100)
Total	3,320	3,299	4,879	4,879	9,758
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,020	2,253	3,648	3,648	7,296
Statutory Appropriations					
Miscellaneous Special Revenue	2,050	2,378	3,187	3,263	6,450
Agriculture Fund	1	2	2	2	4
Federal	16	19	19	19	38
Miscellaneous Agency	0	176	0	0	0
Gift	0	6	0	0	0
Total	4,087	4,834	6,856	6,932	13,788
 <u>Expenditures by Category</u>					
Total Compensation	2,656	3,042	5,086	5,248	10,334
Other Operating Expenses	1,431	1,792	1,770	1,684	3,454
Total	4,087	4,834	6,856	6,932	13,788
 Full-Time Equivalent (FTE)	 34.5	 33.5	 30.5	 30.5	

AGRICULTURE DEPT

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	3,337	3,095	3,095	3,095	6,190
Remediation Fund	161	92	92	92	184
Other Revenues:					
General	23	6	0	0	0
Other Sources:					
General	42	0	0	0	0
Total Non-Dedicated Receipts	3,563	3,193	3,187	3,187	6,374
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Miscellaneous Special Revenue	4	8	5	5	10
Agriculture Fund	17,149	16,158	18,535	18,577	37,112
Rural Finance Administration	1	1	0	0	0
Grants:					
Miscellaneous Special Revenue	109	139	158	151	309
Federal	5,983	7,840	7,922	8,166	16,088
Other Revenues:					
Miscellaneous Special Revenue	2,884	3,257	3,214	3,247	6,461
Agriculture Fund	1,123	956	902	902	1,804
Rural Finance Administration	3,542	2,255	2,247	2,246	4,493
Miscellaneous Agency	11	8	2	0	2
Gift	96	55	11	11	22
Other Sources:					
Clean Water Revolving Fund	3,327	3,786	4,472	4,665	9,137
Miscellaneous Special Revenue	255	336	165	147	312
Rural Finance Administration	8,817	6,199	5,043	5,034	10,077
Miscellaneous Agency	259	2	1	1	2
Gift	0	0	15	15	30
Total Dedicated Receipts	43,560	41,000	42,692	43,167	85,859
Agency Total Revenue	47,123	44,193	45,879	46,354	92,233

The Minnesota Department of Agriculture (MDA) receives funding from many federal sources, including the U.S. Department of Agriculture (USDA), the Food and Drug Administration (FDA), the U.S. Environmental Protection Agency (EPA), the U.S. Department of Commerce (USDC) and Homeland Security, among others. Some funding comes directly from the federal agency and other federal funding is received from another state agency as part of a larger grant.

Federal funds are received through: 1.) cooperative agreements, which provide reoccurring funding for a variety of federal programs that MDA administers; 2.) contracts where MDA provides specific services for a fee (i.e. meat inspections); and 3.) project grants where the funds are awarded on a competitive basis for specific activities.

MDA has several cooperative agreements that provide reoccurring funding. The largest of these are the EPA Pesticide Programs Grant and the Farmers Market Nutrition Program Grant.

The EPA Pesticide Programs Grant funds core activities such as pesticide enforcement, applicator certification and training, groundwater monitoring, urban initiative and endangered species activities. MDA matching funds are provided through special revenue funds from the Pesticide Regulatory Account. Matching funds greatly exceed the federal requirements because the federal funds support only a small portion of the state's pesticide program and those activities are eligible as match.

The Farmers Market Nutrition Program provides funding to educate low income, nutritionally-at-risk families about the value of fresh, locally grown produce and to increase direct sales for farmers through farmers' markets. It requires a state match. Matching funds are General Fund dollars. Additional federal funding is provided for a Farmers Market Nutrition Program for Senior Citizens.

The USDA Forest Service and Animal Plant Health Inspection Service (APHIS) fund invasive species program activities through both cooperative agreements and competitive project grants. These funds are for core activities, invasive pest surveys and eradications of pests such as the gypsy moth. MDA matching funds are largely provided through state General Fund appropriations.

Recently, MDA was awarded a cooperative agreement from The Food and Drug Administration (FDA) to develop and sustain an all Food Hazards Rapid Response team, encompassing both food and feed protection programs. These funds will be used to further enhance and build the infrastructure of State food protection programs.

The USDA Food Safety and Inspection Service (FSIS) and the Food Emergency Response Network (FERN) renewed funding of the cooperative agreement with MDA Laboratory Services to analyze for microbiological threat agents and improve laboratory capacities for surveillance and outbreak response. In addition, funds were granted to participate on the Risk Assessment / Triage Development Working Group to enhance the ability to handle unknown biological contaminants and establish one of three National FERN Training Centers that will host and conduct training for FERN.

Federal contracts include the meat and poultry inspection program, funded in partnership with the USDA Food Safety and Inspection Service (FSIS). These funds are used to maintain conformity with "at least equal to" Federal inspection standards. The 100% required state match is from the General Fund. Also, food inspection including retail food facilities, food distribution facilities, manufactured food facilities, and feed inspection activities (medicated feeds, tissue residue) are funded by the FDA, egg and poultry inspections by the USDA, and egg and poultry laboratory analysis by USDA-Ag Marketing Services.

Competitive project grants are funded both directly from federal agencies and through other state agencies. Examples of competitive grants directly funded are USDA-Ag Marketing Services, USDA-Federal State Marketing Improvement Program (FSMIP), and USDA-Rural Development. Currently, four projects are being funded through the federal 319 (nonpoint source water protection) Program through the Minnesota Pollution Control Agency (MPCA).

The Minnesota Department of Public Safety Homeland Security and Emergency Management Division grants federal funding for the State Homeland Security Grant Program (SHSGP). MDA received funding for two projects: 1.) Geospatial Locational Data Sharing Initiative to Safeguard Agriculture Infrastructure and 2.) Multi-state Partnership for Security in Agriculture. These funds will support Minnesota's capability to share and disseminate information in a timely manner during a food and/or agricultural emergency.

Additional assistance that may be sought in the future includes funds to address disease outbreaks, such as avian influenza, and funds to increase protection against terrorist activities. Diseases and terrorist attacks on the food supply could have high potential to cause illness, fear and panic, loss of public confidence in the food supply and severe economic losses. If disease outbreaks or terrorist activities should occur, the Minnesota Department of Agriculture and its partners would need to communicate and respond decisively to limit the extent of the damage and to protect public health. Additional resources are being sought to address these issues.

Federal Funds Summary

Federal Program (\$ In Thousands)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
PESTICIDE & FERTILIZER MGMT						
<u>F36 MPCA 319 Grant</u> ongoing contract for nutrient management & nitrate clinics (match required).	13	SO	36	13	7	7
<u>F46 USDA Natural Resources Conservation Service</u> Provide conservation technical assistance to landowners and operators within Minnesota (match required).	15	SO	15	66	50	50
<u>F50 USDA Pest Record Keeping</u> Education & inspection of private applicator records for compliance (match required – pesticide regulatory account).	3	SO	52	50	50	50
<u>F54 MPCA Source Water Protection</u> Develop educational materials, coordinate water land protection program, collect data and provide technical assistant to public water suppliers (no match).	-	SO	17	5	0	0
<u>F60 EPA FIFRA Grant</u> Ongoing grant for pesticide enforcement & groundwater protection and other core programs (match required).	254	SO	377	548	858	780
Total	285		497	682	965	887
PLANT PROTECTION						
<u>F33 USDA CSREES Grant</u> Cooperative agreement for research & education (no match).	-	SO	6	0	0	0
<u>F56 APHIS Slow the Spread</u> Survey work to detect & stop the spread of Gypsy Moths and other invasive species (match required).	236	SO	445	600	600	600
<u>F57 USDA Forest Survey</u> Gypsy moth survey work to detect & stop the spread of gypsy moths and other invasive species (match required).	14	SO	22	123	100	100
<u>F62 CAPS APHIS</u> Funds for consolidated base surveys and emergency funding for priority pest (i.e. bark beetle) (match required).	57	SO	363	818	701	690
Total	307		836	1,541	1,401	1,390
DAIRY & FOOD INSPECTION						
<u>F02 USDA Poultry Inspection</u> Ongoing contract for poultry (no match).	-	SO	75	74	74	74

Federal Funds Summary

Federal Program (\$ In Thousands)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
<u>F03 USDA Egg Inspection</u> Ongoing contract for egg inspections of egg handlers and hatcheries (no match).	-	SO	20	21	21	21
<u>F08 HHS-FDA Food Inspection</u> Ongoing contract for inspection of licensed feed mills, tissue residue and food inspections. Develop and sustain an all Food Hazards Rapid Response team (no match).	-	SO	309	933	967	978
<u>F32 USDC-NOAA Fish Inspection</u> Ongoing contract for fish & fish products (no match).	-	SO	21	22	22	22
<u>F52 Homeland Security Risk Assessment</u> Minnesota Public Safety contract for risk assessment of food supply in Minnesota (no match).	-	SO	213	294	230	230
<u>F55 USDA FERN Food Safety</u> State Food Safety Task Force in meat & poultry processing at retail level (no match)	-	SO	12	2	2	2
<u>F66 BSE Ruminant Feed Ban</u> Increase surveillance to prevent the introduction or amplification of BSE (cattle disease) in commercial food channels (no match).	-	SO	235	235	235	235
<u>F83 Meat and Poultry Inspection</u> Equal To meat and poultry inspection services that meet the Federal regulatory requirements (match required).	972	SO	972	1,000	1,000	1,000
<u>F97 FSIS Retail Food Safety</u> A meat and poultry inspection program to assure consumers an adequate supply of safe, wholesome, and properly labeled meat and poultry products (match required).	-	SO	0	0	0	0
Total	972		1,857	2,581	2,551	2,562

LABORATORY SERVICES

<u>F08 HHS-FDA Food Inspection</u> Lab analysis for the Food Hazards Rapid Response team, develop protocols for use as field diagnostics (no match).	-	SO	0	65	111	116
<u>F21 USDA-AMS Grading Standards</u> Ongoing contract for lab analysis of egg & poultry products (no match).	-	SO	68	50	50	50

Federal Funds Summary

Federal Program (\$ In Thousands)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
<u>F33 USDA CSREES Grant</u> Cooperative grant for research & education (no match).	-	SO	20	0	0	0
<u>F55 USDA FERN Food Safety</u> Cooperative grant to analyze for microbiological threat agents, improve laboratory capacities for surveillance and outbreak response. Create a FERN Training Center and participate on the Risk Assessment / Triage Development Working Group (no match).	-	SO	224	709	205	541
<u>F58 USDA FERN</u> To develop and improve local food safety and security testing programs (no match).	-	SO	348	350	350	350
<u>F60 EPA FIFRA Grant</u> Ongoing grant for pesticide enforcement & groundwater protection and other core programs (match required – see Pesticide & Fertilizer Management).	40	SO	343	350	333	333
<u>F81 USDA AMS-MDP</u> Cooperative agreement to collect comprehensive data on pathogen and indicator organisms in food and perform evaluation analysis (no match).	-	SO	150	200	200	200
<u>F83 Meat and Poultry Inspection</u> Lab analysis for the Equal To meat and poultry inspection services that meet the Federal regulatory requirements (match required).	35	SO	35	100	100	110
<u>F89 USDA AMS-MDP</u> Cooperative agreement to perform methods development and analytical trials (no match).	-	SO	63	0	0	0
<u>F96 USDA AMS-PDP</u> Cooperative agreement to collect pesticide data residues and perform evaluation analysis (no match).	-	SO	574	350	375	375
Total	75		1,825	2,174	1,724	2,075

AG MARKETING SERVICES

<u>F08 HHS-FDA Food Inspections</u> Ongoing contract for elevator inspections (no match).	-	SO	6	0	0	0
<u>F20 USDA-FSMIP Marketing Improvement Fund</u> To develop direct marketing for agricultural products (match required).	87	SO	87	0	0	0
<u>F48 USDA-FSMIP Emerging Markets</u> Funds to develop direct marketing for agricultural products in emerging markets (match required).	-	SO	83	0	0	0

Federal Funds Summary

Federal Program (\$ In Thousands)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
<u>F91 USDA-Agricultural Marketing Service</u> Cooperative agreement to enhance the competitiveness of specialty crops in Minnesota (no match).	-	GPS	0	115	68	68
<u>F99 USDA-Agricultural Marketing Service</u> Cooperative agreement to promote production of specialty crops in Minnesota (no match).	-	GCBO	113	0	135	113
Total	87		289	115	203	181
AG RESOURCES MGMT & DEVP						
<u>F11 MPCA Improvement Grants</u> Funding for field testing & training of users on the Minnesota Phosphorus Index, Impaired Waters and Riparian Grazing (match required).	-	SO	19	0	0	0
<u>F18 USDA NRCS Equipment Grant</u> Conservation drainage demonstration grant for innovative projects on conservation (no match).	5	SO	29	93	78	78
<u>F21 USDA-AMS Cooperative</u> agreement to provide cost-share assistance to organic producers or handlers (no match).	-	GI	0	0	338	350
<u>F45 USDA-RMA Partnership Outreach Risk Management Federal Crop Insurance</u> partnership agreement for organic strategy implementation assessment (no match).	-	SO	34	37	32	21
<u>F46 USDA-NRCS Soil & Water Funds</u> to provide grazing land technical assistance for resource conservation management (match required).	24	SO	30	3	32	32
<u>F60 EPA FIFRA Grant</u> Ongoing grant for pesticide enforcement & groundwater protection and other core programs (no match).	-	SO	25	61	60	60
<u>F90 USDA CSREES SARE</u> Funding for sustainable agriculture research and education (no match).	-	SO	34	49	24	24
<u>F91 USDA-AMS Cooperative</u> agreement to enhance the competitiveness of specialty crops in Minnesota (no match).	-	GI	0	16	8	0
Total	29		171	259	572	565

Federal Funds Summary

Federal Program (\$ In Thousands)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
GRANTS & ASSISTANCE						
<u>F17 WIC Farmers' Market Nutrition</u> Ongoing contract for food coupons reimbursement for Farmers' Markets (match required).	157	GI	365	365	365	365
<u>F49 WIC Farmers' Market Nutrition</u> Ongoing contract for food coupons reimbursement for Farmers' Markets (match required).	-	GI	12	0	0	0
<u>F95 Senior Farmers' Market Nutrition</u> Ongoing contract for reimbursements of food coupons for Senior Citizens at Farmers' Markets (no match).	5	GI	96	96	96	96
Total	162		473	461	461	461
ADMINISTRATIVE SERVICES						
<u>F01 USDA Agricultural Statistics</u> Funding for ongoing contract to collect, analyze and publish primary crop & livestock statistical data (no match).	-	SO	35	27	45	45
Total	-		35	27	45	45
Agency Total	1,917		5,983	7,840	7,922	8,166

*Programs receiving new funding.

<p>Key: Primary Purpose SO = State Operations GPS = Grants to Political Subdivision GI = Grants to Individuals GCBO = Grants to Community Based Organizations</p>

Abbreviations, Acronyms

AMS	Agricultural Marketing Service (USDA)
APHIS	Animal and Plant Health Inspection Service (USDA)
BSE	bovine spongiform encephalopathy (a disease in cattle)
CAPS	Cooperative Agricultural Pest Survey (APHIS)
CERCLA	Comprehensive Environmental Response, Compensation, & Liability Act
CSREES	Cooperative State Research, Education, and Extension Service (USDA)
DHS	U.S. Department of Homeland Security
EPA	U.S. Environmental Protection Agency
FDA	Food and Drug Administration (HHS)
FERN	Food Emergency Response Network (FSIS)
FIFRA	Federal Insecticide, Fungicide, and Rodenticide Act
FNS	Food and Nutrition Service (USDA)
FSIS	Food Safety and Inspection Service (USDA)
FSMIP	Federal State Marketing Improvement Program (AMS)
HHS	U.S. Department of Health and Human Services
MDA	Minnesota Department of Agriculture
MDP	Microbiological Data Program (AMS)
MPCA	Minnesota Pollution Agency
NOAA	National Oceanic and Atmospheric Administration (USDC)
NPS	non-point source (pollution from widespread sources)
NRCS	Natural Resources Conservation Service (USDA)
PDP	Pesticide Data Program (AMS)
RMA	Risk Management Agency (USDA)
RD	Rural Development (USDA)
SARE	Sustainable Agriculture Research and Education (CSREES)
USDA	U.S. Department of Agriculture
USDC	U.S. Department of Commerce
WIC	Women, Infants and Children (FNS)

	PAGE
Small Agency Profile.....	2
Agency Fiscal Page (Gov Rec).....	4
Change Summary.....	5
Agency Change Items	
➡ Partial Base Restoration	6
➡ Eliminate Target Center Appropriation	7
➡ Designates that this item is a change item	

Agency Purpose

The Minnesota Amateur Sports Commission (MASC) was created in Minnesota statutes to promote the economic and social benefits of sport for Minnesota citizens and organizations. The MASC contributes to the statewide system of amateur sports by:

- ◆ generating economic benefits through sport events;
- ◆ providing increased amateur sport opportunities; and
- ◆ improving infrastructure through developing new sport facilities.

Core Functions

The MASC provides strategic direction to the state's amateur sports community in order to increase the state economic benefits from amateur sport by increasing sport opportunities and supporting facility improvements. These core functions translate to:

- ◆ hosting major amateur sport tourism events;
- ◆ operating the annual Star of the North State Games; and
- ◆ overseeing and supporting the operations of the National Sports Center.

These functions support ongoing operating goals:

- ◆ Identifying and bidding for major amateur sport events that can bring financial impact to Minnesota, such as 2007 World Short-track Speed Skating Championships and the 2008 US Figure Skating Championship.
- ◆ Creating and developing new "homegrown" amateur sport events, such as the Schwan's USA Cup.
- ◆ Administering the annual state Olympic games and rotating the event to various regions throughout the state. For example, during the summer of 2008 Star of the North State Games was staged in Saint Paul, and the 2009 Games will be held in Saint Cloud.
- ◆ Overseeing MASC's National Sports Center (NSC) operations. The NSC is the most-visited sports facility in Minnesota with an annual visitorship of four million and an out-of-state economic impact of over \$47 million.

Operations

The MASC serves a varied customer base. Local, national, and international amateur sport participants and their families are the primary customers of the agency. Amateur sport athletes participate in MASC sport programs at the National Sports Center and other MASC affiliate facilities. The MASC also serves and partners with convention and visitors bureaus, chambers of commerce, and community organizations on sport tourism promotion, especially in event bidding and hosting.

Sport Event Research and Bidding - The MASC actively researches new event opportunities for Minnesota. Once an event is identified, the MASC will partner with local government units, facilities, convention and visitors bureaus, and amateur sport organizations, in order to host the event.

Creation of the New Sport Events - Staff of the MASC research new event concepts and work to develop new "homegrown" events for our state.

Operating the state Olympic games and selecting event -The MASC partners with its Star of the North State Games Board to:

- ◆ identify cities through Minnesota to host the games;
- ◆ host the selected annual state games event involving up to 7,000 athletes; and
- ◆ establish and administer the policy of the games.

At A Glance

	<u>2007</u>	<u>2008</u>
◆ Dollars spent on MN amateur sports by non-MN visitors	\$70.8 million	\$74.7 million
◆ Dollars spent annually at the NSC by non-MN visitors	\$44.7 million	\$47.1 million
◆ Annual participants in MASC affiliate facilities and programs	5.46 million	5.67 million
◆ Annual visitors to NSC	3.99 million	4.0 million
◆ The NSC is the state's most visited sport facility.		
◆ Star of the North Games hosts up to 7,000 Minnesota athletes annually.		

Research and develop major amateur sport facilities - Since 1987, the MASC has partnered with state and local government units to assist the development of the following facilities:

National Sports Center	Blaine
National Hockey Center	St. Cloud
University of Minnesota/Aquatic Center	Minneapolis
Giants Ridge Golf and Ski Resort	Biwabik
National Kayak Center	Carlton
Ole Mangseth Memorial Ski Jump	Coleraine
John Rose Minnesota OVAL	Roseville
National Volleyball Center	Rochester
Range Recreation Civic Center	Eveleth
Minneapolis Sports Center	Minneapolis
Bush Lake Ski Jump	Bloomington

Key Goals

- ◆ MASC's primary goal is to promote and develop the economic and social impacts of amateur sports.
- ◆ A key statewide goal for the MASC is to identify and develop a system of statewide amateur sports centers throughout the state in order to ensure that all regions of the state benefit from amateur sports. They include the state's headquarters in Blaine; Northwest Region – Moorhead; Southwest Region – Marshall; Northeast Region – Biwabik; Southeast Region – Rochester and Central Region – St. Cloud.

Key Measures

Success is measured by economic impact and attendance statistics. While the MASC's operating budget has remained constant, the benefits to Minnesota continue to grow. As an example, the National Sports Center (NSC), the state's flagship amateur sports facility, has seen its annual economic impact grow an average of 6-7% per year from \$30.2 million in 2000 to \$47.1 million in 2008. Secondly, attendance at the NSC has grown from 2.5 million in 2000 to four million in 2008. Thirdly, the MASC continues to oversee the operation of the NSC without a state facility operating subsidy.

Budget

The MASC's budget for the FY 2008-09 biennium is \$608,000 and is appropriated from the general fund. The commission has a total of three full-time staff and limited part-time staff. The MASC is moving toward a dedicated funding model where lease proceeds from a 16-acre parcel of land at NSC would eliminate the need for a general fund appropriation. The MASC also administers a pass through grant of \$750,000 per year that goes to the Target Center in Minneapolis.

Contact

Minnesota Amateur Sports Commission
1700 - 105th Avenue Northeast
Blaine, Minnesota 55449

Paul D. Erickson, Executive Director
Phone: (763) 785-5632
perickson@mnsports.org
www.mnsports.org

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	303	305	305	305	610
Recommended	303	305	270	270	540
Change		0	(35)	(35)	(70)
% Biennial Change from 2008-09					-11.2%
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	301	307	270	270	540
Open Appropriations					
General	750	750	0	0	0
Statutory Appropriations					
Gift	0	0	0	5	5
Total	1,051	1,057	270	275	545
 <u>Expenditures by Category</u>					
Total Compensation	294	298	263	268	531
Other Operating Expenses	7	9	7	7	14
Local Assistance	750	750	0	0	0
Total	1,051	1,057	270	275	545
 <u>Expenditures by Program</u>					
Amateur Sports Commission	1,051	1,057	270	275	545
Total	1,051	1,057	270	275	545
 Full-Time Equivalent (FTE)	 3.4	 3.4	 2.7	 2.7	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: GENERAL				
FY 2009 Appropriations	305	305	305	610
Technical Adjustments				
One-time Appropriations		(85)	(85)	(170)
Subtotal - Forecast Base	305	220	220	440
Change Items				
Partial Base Restoration	0	50	50	100
Total Governor's Recommendations	305	270	270	540
Fund: GENERAL				
Planned Open Spending	750	750	750	1,500
Change Items				
Eliminate Target Center Appropriation	0	(750)	(750)	(1,500)
Total Governor's Recommendations	750	0	0	0
Fund: GIFT				
Planned Statutory Spending	0	0	5	5
Total Governor's Recommendations	0	0	5	5

AMATEUR SPORTS COMM

Change Item: Partial Base Restoration

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$50	\$50	\$50	\$50
Revenues	0	0	0	0
Net Fiscal Impact	\$50	\$50	\$50	\$50

Recommendation

The Governor recommends increasing the Minnesota Amateur Sports Commission budget by \$50,000 per year in order to partially restore base reductions enacted in previous biennia.

Background

Over the last three biennia, the Minnesota Amateur Sports Commission (MASC) has maintained an operating budget of approximately \$300,000 per year to support three full-time positions. During the 2005 session, the MASC base budget was reduced to \$206,000 per year starting in FY 2006; however the MASC budget was restored to \$266,000 on a one-time basis during the next session, and has been restored to around \$300,000 per year on a one-time basis since that time. Since the previous base restorations have been one-time in nature, the FY 2010-11 forecast base for MASC is back to \$220,000 per year. This initiative partially restores the base reduction, bringing the agency budget to \$270,000 per year. In a separate initiative, the Department of Administration's Small Agency Resource Team (SmART) is directed to provide MASC with accounting, budget, and payroll assistance.

Relationship to Base Budget

This initiative represents a 23% increase over the FY 2010-11 forecast base of \$440,000. The agency's annual appropriation would be 11% less than the appropriation in FY 2009.

Key Goals and Measures

Currently, MASC provides four main services to the state of Minnesota.

- ◆ Financial and management oversight of the National Sports Center, a state asset valued at \$20 million and attracts over four million visitors per year. It currently operates without a state subsidy.
- ◆ Promotion of sports tourism at the National Sports Center and elsewhere in Minnesota; activities that generate \$70 million in spending from out-of-state guests and \$6.5 million in sales tax collections.
- ◆ Sustaining the programming of Star of the North State Games which provides an annual \$7 million dollar economic benefit to the host community.
- ◆ Maintain statewide amateur sport opportunities and programs.

With a budget of \$270,000 per year, MASC will need to reduce its involvement in statewide sports tourism and the Star of the North Games, eliminate part-time/seasonal positions, and reduce general business functions such as commission members' per diem reimbursement and agency operational costs.

Alternatives Considered

MASC has tried several innovative approaches to raise funds through a lease program and is continuing to explore the potential of a major lease program or a small lease concept as a funding source. In addition, MASC is looking at developing and enhancing its charitable gift account as a potential funding mechanism.

Statutory Change: Not applicable.

AMATEUR SPORTS COMM

Change Item: Eliminate Target Center Appropriation

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(750)	\$(750)	\$(750)	\$(750)
Revenues	0	0	0	0
Net Fiscal Impact	\$(750)	\$(750)	\$(750)	\$(750)

Recommendation

The Governor recommends eliminating the \$750,000 per year standing appropriation enacted in the mid-1990s to aid the public takeover of the Target Center. Under the original agreement, the annual payments to Minneapolis were expected to end after FY 2009.

Background

The Target Center was constructed in 1990 by a private partnership with assistance from the city of Minneapolis. In the mid-1990s, Minneapolis orchestrated a public takeover of the arena to keep the Timberwolves in Minnesota. As part of the takeover deal, the state created a standing appropriation for the Amateur Sports Commission to pay Minneapolis on a long-term use agreement for the Target Center. The original use agreement was structured to end after 15 years (FY 2009), but the standing appropriation still remains to be repealed.

Relationship to Base Budget

The standing appropriation is separate from and does not affect the operating budget for the Amateur Sports Commission.

Key Goals and Measures

The goal of the change item is to eliminate the standing appropriation now that the use agreement has ended. Eliminating the standing appropriation helps contribute to reducing the budget deficit. Since the Target Center appropriation is separate from the Amateur Sports Commission operating budget, this change item will have no effect on the Commission's goals and performance measures.

Alternatives Considered

None.

Statutory Change: M.S. 240A.08

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	4
Change Summary	5
Agency Change Items	
↻ Base Reduction.....	6
↻ Bovine Tb Buyout.....	7
Programs	
Livestock And Poultry Health	8
Program Summary.....	9
Budget Activities	
Animal Health Programs	10
Budget Activity Summary	12
Bovine Tb Eradication Program	13
Budget Activity Summary.....	15
Appendix	
Agency Revenue Summary Fiscal Page.....	16
Federal Funds Summary.....	17

↻ Designates that this item is a change item

Agency Purpose

The mission of the Board of Animal Health (Board) is to protect the health of the state's domestic animals and carry out the provisions of Minnesota Statutes Chapter 35. In carrying out its mission, the Board is part of a network of state agencies that protect public health, provide an abundant and wholesome food supply to Minnesota consumers, and enable orderly commerce in animal agriculture.

Core Functions

The core functions of the Board are to control and eradicate certain domestic animal diseases, protect Minnesota livestock from foreign animal diseases, and respond to animal disease emergencies.

The Board carries out these core functions by:

- ◆ quarantining infected animals;
- ◆ regulating the importation of animals into Minnesota;
- ◆ teaching best management practices for disease control;
- ◆ enlisting the help of private practice veterinarians to enhance our control programs;
- ◆ preparing for and responding to animal disease emergencies;
- ◆ monitoring emerging animal disease threats; and
- ◆ inspecting domestic animal facilities to ensure adequate disease control

Operations

Based upon the direction provided by a five-member citizen board, programs are led by an executive director and three assistant directors. The Board has met many of its goals by working effectively with a limited staff. There are 30 full-time administrative staff members based at the agency's main office in St. Paul. Activities such as animal testing and on-site inspections are conducted by a statewide field workforce consisting of 13 veterinarians and 20 other staff.

The University of Minnesota Veterinary Diagnostic Laboratory, located on the St. Paul campus, is the official laboratory of the Board. The Minnesota Poultry Testing Laboratory (MPTL) is a joint venture between the University of Minnesota and the Board and serves as a vital testing resource for the state's poultry industry. The MPTL is located in Willmar.

The Board's primary customers are Minnesota livestock and poultry producers, veterinarians, and pet owners. The Board works cooperatively with the United States Department of Agriculture (USDA), the Minnesota Department of Agriculture (MDA), the Department of Natural Resources (DNR), and other state and federal agencies in carrying out its mission.

The Board utilizes a variety of methods, including electronic communications, public meetings, and meetings with stakeholder groups to increase the general level of awareness among animal agriculture stakeholders of the state of affairs of domestic animal health in Minnesota. Success will be measured by the expansion of our stakeholder contact lists and by the levels of cooperation the Board receives from livestock producers with our regulatory and voluntary disease control programs. Anecdotal evidence of producer satisfaction will also be used to measure the success of our public awareness goals.

At A Glance

The Minnesota Board of Animal Health has:

- ◆ Implemented sweeping controls to eradicate Bovine Tuberculosis (TB) from Minnesota, including a voluntary cattle buyout, fencing installation, and restricted animal movement.
- ◆ Conducted statewide TB surveillance of 1,550 high risk cattle herds across Minnesota.
- ◆ Completed application to the United States Department of Agriculture for Split State Status for bovine TB.
- ◆ Enhanced surveillance for avian influenza in domestic poultry and implemented statewide biosecurity education and outreach campaign.
- ◆ Remained a national leader in John's disease control, with over 2,000 cattle herds enrolled in the voluntary program.

Budget

The Board's budget comes from multiple funds. These funds include general fund dollars, dedicated revenue receipts, and federal funds. The Board's FY 2008-09 biennial budget is approximately \$16.5 million. Of the total budget for the biennium, 79% comes from general fund dollars; 16% comes from federal funds; and 5% comes from dedicated revenue receipts.

Contact

Minnesota Board of Animal Health
Orville L. Freeman Building
625 Robert Street North
Saint Paul, Minnesota 55155

Website: <http://www.bah.state.mn.us/>

Dr. William L Hartmann, Executive Director
Phone: (651) 296-2942
Fax: (651) 296-7417

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	7,546	5,627	5,627	5,627	11,254
Recommended	7,546	5,627	5,156	5,156	10,312
Change		0	(471)	(471)	(942)
% Biennial Change from 2008-09					-21.7%
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	0	2	0	0	0
Direct Appropriations					
General	3,778	9,377	5,156	5,156	10,312
Statutory Appropriations					
Miscellaneous Special Revenue	28	860	710	50	760
Federal	1,307	1,154	1,568	1,568	3,136
Total	5,113	11,393	7,434	6,774	14,208
<u>Expenditures by Category</u>					
Total Compensation	3,156	3,964	4,037	4,164	8,201
Other Operating Expenses	1,957	2,968	2,686	1,899	4,585
Local Assistance	0	4,461	711	711	1,422
Total	5,113	11,393	7,434	6,774	14,208
<u>Expenditures by Program</u>					
Livestock And Poultry Health	5,113	11,393	7,434	6,774	14,208
Total	5,113	11,393	7,434	6,774	14,208
Full-Time Equivalents (FTE)	43.2	53.6	55.6	55.6	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: GENERAL				
FY 2009 Appropriations	5,627	5,627	5,627	11,254
Technical Adjustments				
Current Law Base Change		(204)	(204)	(408)
Pt Contract Base Reduction		(5)	(5)	(10)
Subtotal - Forecast Base	5,627	5,418	5,418	10,836
Change Items				
Bovine TB Buyout	0	200	200	400
Base Reduction	0	(462)	(462)	(924)
Total Governor's Recommendations	5,627	5,156	5,156	10,312
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	862	710	50	760
Total Governor's Recommendations	862	710	50	760
Fund: FEDERAL				
Planned Statutory Spending	1,154	1,568	1,568	3,136
Total Governor's Recommendations	1,154	1,568	1,568	3,136

ANIMAL HEALTH BOARD

Change Item: Base Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(462)	\$(462)	\$(462)	\$(462)
Revenues				
Other Fund				
Expenditures				
Revenues				
Net Fiscal Impact	\$(462)	\$(462)	\$(462)	\$(462)

Recommendation

The Governor recommends a reduction to the Board of Animal Health's budget for the 2010-2011 and 2012-2013 biennia. This amounts to a \$924 thousand reduction for each biennium. This reduction is necessary for state budgetary purposes.

Background

The Board of Animal Health's budget provides dedicated funding for four programs in addition to the general operating budget. They are Avian Pneumovirus, Bovine Tuberculosis (TB) and Johne's Disease.

- ◆ Avian Pneumovirus was first discovered in 1997 in Minnesota turkey flocks. The disease occurs primarily in Minnesota and at its peak affected 65% of Minnesota turkey flocks. State and federal funding has allowed Minnesota to reduce the incidence of the disease dramatically.
- ◆ Bovine tuberculosis is a disease of cattle that has been virtually eliminated by a national eradication program. Minnesota first eradicated the disease in 1971 and became a Bovine Tuberculosis Free State in 1976. In 2005 a TB infected cattle herd was discovered during routine surveillance. Since that time ten additional infected cattle herds and 24 infected free ranging White-Tailed deer have been found in a small area in northwestern Minnesota. This discovery led to a downgrading in Minnesota's TB status by the USDA. This has had a profound effect on the cattle industry in Minnesota and puts Minnesota's cattle industry at a competitive disadvantage. Eradicating TB from Minnesota is a high priority.
- ◆ Johne's Disease is a chronic, contagious enteritis characterized by persistent and progressive diarrhea, weight loss, debilitation, and eventually death in livestock. Funding provides for salaries for veterinarians to work with cattle herd owners to minimize the impact of this disease in their herds.

Relationship to Base Budget

Because of the statewide impact, the highest priority at the Board of Animal Health is eradication of Bovine Tuberculosis. For that reason, the Governor recommends no reductions in funding for Bovine Tuberculosis.

The reductions that are recommended are funding for Avian Pneumovirus, Johne's disease and state general operating expenses associated with these programs:

- ◆ Avian Pneumovirus (\$40,000): the reduction to the Avian Pneumovirus funding will result in a 50% reduction in the number of samples tested for surveillance.
- ◆ Johne's Disease (\$100,000): the reductions in the Johne's Disease funding will result in approximately 400 less Johne's Disease herd evaluations per year, which is adequate to handle the current situation.
- ◆ General Operating (\$322,000): operating reductions associated with these programs.

Statutory Change: Not Applicable.

ANIMAL HEALTH BOARD

Change Item: Bovine TB Buyout

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$200	\$200	\$200	\$200
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$200	\$200	\$200	\$200

Recommendation

The Governor recommends providing \$200,000 additional funding to support Bovine Tuberculosis (TB) eradication efforts in northwestern Minnesota cattle and deer herds starting in FY 2010. Furthermore, the Governor recommends policy clarification on the collection the 2009 Bovine TB Control Assessment.

Background

Bovine tuberculosis has been found three years in a row in livestock, and in free-ranging white-tailed deer in a small region in northwestern Minnesota (Management zone). In the 2008 Legislative Session, funds were appropriated to the Board of Animal Health (BAH) for a voluntary buyout and mandatory fencing of cattle herds in the Management Zone. Forty-six of the 67 eligible herds signed buyout contracts, representing 6,800 animals removed from the zone. Participation in the buyout program significantly exceeded expectations. As a result, the funds appropriated will not be sufficient to complete the buyout, expanded fencing, and make the first annual payment due on June 30, 2009.

Furthermore, as part of the State's obligation to maintain split-state status with the USDA, the BAH will be required to conduct testing on up to 1,500 herds statewide during 2009. The cost of this testing will need to be paid for with state and Federal funds.

Importantly linked to securing adequate resources to eradicate bovine TB is ensuring the proper collection of the \$1 per head assessment on Minnesota-cattle sales by the MDA.

Relationship to Base Budget

This is an increase to the base budget of \$200,000 per year, starting in FY 2010.

Key Goals and Measures

Increased funding will provide BAH the necessary resources to carry out the MOU with the USDA related to split-state status.

Statutory Change: Amended Session Laws 2008, c 274, Sec. 5.

Program Description

Livestock and Poultry Health is the umbrella program under which the Board of Animal Health carries out its core functions of controlling and eradicate specific domestic animal diseases, protecting Minnesota livestock from foreign animal diseases, and responding to animal disease emergencies.

Budget Activities

This program includes the following budget activities:

- ⇒ Animal Health programs
- ⇒ Bovine TB Eradication programs

ANIMAL HEALTH BOARD

Program: LIVESTOCK AND POULTRY HEALTH

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	7,546	5,627	5,627	5,627	11,254
Technical Adjustments					
Current Law Base Change			(204)	(204)	(408)
Pt Contract Base Reduction			(5)	(5)	(10)
Subtotal - Forecast Base	7,546	5,627	5,418	5,418	10,836
Governor's Recommendations					
Bovine TB Buyout		0	200	200	400
Base Reduction		0	(462)	(462)	(924)
Total	7,546	5,627	5,156	5,156	10,312
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	0	2	0	0	0
Direct Appropriations					
General	3,778	9,377	5,156	5,156	10,312
Statutory Appropriations					
Miscellaneous Special Revenue	28	860	710	50	760
Federal	1,307	1,154	1,568	1,568	3,136
Total	5,113	11,393	7,434	6,774	14,208
<u>Expenditures by Category</u>					
Total Compensation	3,156	3,964	4,037	4,164	8,201
Other Operating Expenses	1,957	2,968	2,686	1,899	4,585
Local Assistance	0	4,461	711	711	1,422
Total	5,113	11,393	7,434	6,774	14,208
<u>Expenditures by Activity</u>					
Animal Health Programs	4,160	4,156	3,875	3,875	7,750
Bovine Tb Eradication Program	953	7,237	3,559	2,899	6,458
Total	5,113	11,393	7,434	6,774	14,208
Full-Time Equivalents (FTE)	43.2	53.6	55.6	55.6	

ANIMAL HEALTH BOARD

Program: LIVESTOCK AND POULTRY HEALTH

Activity: ANIMAL HEALTH PROGRAMS

Narrative

Activity Description

The Minnesota Board of Animal Health is a small state agency that manages voluntary and mandatory programs that focus on controlling and eradicating animal disease in Minnesota's domestic animal populations.

Population Served and Services Provided

The Board serves the livestock industry and general public by working to eliminate and control diseases in domestic animals promptly and effectively.

Historical Perspective

In 1903, lawmakers recognized the value of protecting the animal agriculture industry in Minnesota by forming the Minnesota Livestock Sanitary Board. One hundred years later, this organization is known as the Minnesota Board of Animal Health, but its mission remains the same.

Key Program Goals

The Board's disease control and eradication activities support the following goals:

- ◆ Monitor and test for avian influenza in poultry flocks;
- ◆ Monitor for Chronic Wasting Disease in farmed cervidae;
- ◆ Eliminate Avian Pneumovirus from the state's poultry flocks;
- ◆ Eliminate Scrapie from the state's sheep flocks;
- ◆ Reduce the prevalence of Johne's disease in Minnesota cattle herds; and
- ◆ Educate and inform the state's livestock producers on developing disease situations.

Key Measures

Board success is measured by the ability to control or eradicate targeted animal diseases in the state. The Minnesota Board of Animal Health's activities have resulted in eradication of some diseases, and in progress towards monitoring and reporting of other diseases:

Avian Influenza (AI)

Minnesota is the nation's leader in turkey production. Within our borders, state producers raise more than 48 million turkeys valuing over \$555 million. This high-level of production has led Minnesota's animal health officials and poultry producers to establish and maintain an active AI eradication and control program for more than 20 years. In an effort to maintain this industry and the consumer's confidence in poultry products, state and federal agencies continue to work together to monitor for the disease.

Chronic Wasting Disease (CWD)

CWD is a fatal brain and nervous system disease found in elk and deer caused by an abnormally shaped protein called a prion. CWD is related to mad cow disease and classified as transmissible spongiform encephalopathy (TSEs), a group of rare degenerative brain disorders. In an effort to protect the state's captive and wild cervidae population, the Board works to prevent the introduction of CWD and to detect and eliminate the disease quickly if it is found. The Board has implemented strict import regulations for deer and elk and mandatory CWD surveillance to detect the disease in the farmed deer and elk populations.

Avian Pneumovirus (APV)

Minnesota is the only state in the United States that has detected APV in its turkey flocks. The resulting economic impact led the Board and the University of Minnesota to research eradication strategies, including a three year US

Animal Health Activity at a Glance

- ◆ Over 70,000 tests for avian influenza were completed at the Minnesota Poultry Testing Laboratory and University of Minnesota Veterinary Diagnostic Laboratory.
- ◆ 20,000 farmed deer and elk are registered for Chronic Wasting Disease surveillance.
- ◆ Minnesota is nearing the eradication of Avian Pneumovirus; incidence has fallen from more than 50% of the state's turkey flocks infected in 2005 to less than 2% in 2008.
- ◆ Nearly 5,700 sheep flocks and goat herds participate in Minnesota's Scrapie program.
- ◆ 2,000 cattle herds are enrolled in voluntary Johne's disease program.

ANIMAL HEALTH BOARD

Program: LIVESTOCK AND POULTRY HEALTH

Activity: ANIMAL HEALTH PROGRAMS

Narrative

Department of Agriculture (USDA) funded field project. As a result of this work, the percentage of positive flocks has dropped substantially which suggests Minnesota is moving quickly toward disease eradication.

Scrapie

Scrapie is a fatal TSE found in sheep and goats. Minnesota participates in a federally funded Scrapie Eradication Program that works to identify infected animals through slaughter surveillance. Good progress has been made in eliminating this disease, and currently there are no infected flocks.

Johne's disease (JD)

Johne's disease is a chronic, contagious bacterial disease that primarily affects cattle. To assist producers in lowering or eliminating JD, the Board established the voluntary control program for JD. More than 2,000 cattle producers in Minnesota are currently enrolled in the program, funded through federal and state dollars. The purpose of the program is to provide information and assistance so that the individual cattle producers can combat the disease.

Activity Funding

The Board's budget for all other programs comes from multiple funds. These funds include general fund dollars, dedicated revenue receipts, and federal funds. The Board's FY 2008-09 biennial budget is approximately \$8.1 million. Of the total budget for the biennium, 74% comes from general fund dollars; 24% comes from federal funds; and 2% comes from dedicated revenue receipts.

Contact

Dr. Bill Hartmann, Executive Director
Minnesota Board of Animal Health
Orville L. Freeman Building
625 Robert Street North
Saint Paul, Minnesota 55155
Phone: (651) 296-2942
Fax: (651) 296-7417
Website: www.bah.state.mn.us

ANIMAL HEALTH BOARD

Program: LIVESTOCK AND POULTRY HEALTH

Activity: ANIMAL HEALTH PROGRAMS

Budget Activity Summary

	Current		Governor's Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<i>Dollars in Thousands</i>					
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	3,026	3,092	3,092	3,092	6,184
Technical Adjustments					
Pt Contract Base Reduction			(5)	(5)	(10)
Subtotal - Forecast Base	3,026	3,092	3,087	3,087	6,174
Governor's Recommendations					
Base Reduction		0	(462)	(462)	(924)
Total	3,026	3,092	2,625	2,625	5,250
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,932	3,168	2,625	2,625	5,250
Statutory Appropriations					
Miscellaneous Special Revenue	28	200	50	50	100
Federal	1,200	788	1,200	1,200	2,400
Total	4,160	4,156	3,875	3,875	7,750
<u>Expenditures by Category</u>					
Total Compensation	2,528	2,558	2,623	2,702	5,325
Other Operating Expenses	1,632	1,598	1,252	1,173	2,425
Total	4,160	4,156	3,875	3,875	7,750
Full-Time Equivalent (FTE)	34.4	32.9	32.9	32.9	

ANIMAL HEALTH BOARD

Program: LIVESTOCK AND POULTRY HEALTH

Activity: BOVINE TB ERADICATION PROGRAM

Narrative

Activity Description

The Board of Animal Health is dedicated to eradicating bovine tuberculosis (TB) and returning the state to Bovine Tuberculosis Free status, as classified by the United States Department of Agriculture (USDA).

Population Served

This program activity primarily serves the state's cattle industry and agricultural community. It indirectly serves all Minnesota citizens as we work to minimize the negative impact this disease could have on the Minnesota economy.

Services Provided

This program activity was established to detect and eradicate bovine TB. Detection is accomplished by testing animals at slaughter and on the farm. Elimination of this disease requires depopulation of all cattle on an infected farm.

Historical Perspective

A national eradication program for bovine TB had all but eliminated this disease from the United States. Minnesota eradicated bovine TB in 1971, and was declared a TB free state in 1976. In July 2005 a TB-infected beef cow was found through slaughter surveillance and traced to a northwest Minnesota herd, at which time a disease investigation was launched. Since that time an additional ten infected cattle herds and infected free ranging White-tailed deer have been found in this area. Statewide surveillance in both cattle and deer indicate that this is a localized event. Because of these findings Minnesota's status has dropped in the USDA classification system.

Key Program Goals

The state's goal is to eliminate bovine TB from Minnesota. To accomplish this goal, the following four objectives must be met:

- ◆ Detect and eliminate infected cattle herds
- ◆ Reduce cattle numbers in the Management Zone in northwestern Minnesota
- ◆ Facilitate separation of cattle and deer in the Management Zone
- ◆ Establish two zones in Minnesota

Key Measures

The Board will monitor its progress by tracking the following measures:

- ◆ Establish two USDA classification zones in Minnesota.
- ◆ Educate producers on animal movement regulations and work with state law enforcement to enforce them.
- ◆ Ensure all cattle herds in the impacted Modified Accredited zone are tested annually and any infected herds depopulated
- ◆ Ensure the voluntary cattle herd buyout significantly reduces the number of cattle herds in the Management Zone in northwestern Minnesota.
- ◆ For herds not participating in the buyout, ensure that fences are built to protect stored forage and winter feeding areas

TB Program Activity at a Glance

- ◆ **45 of 67** producers in the Management Zone signed buyout contracts.
- ◆ **4,800 of 6,800** head of cattle will be removed from the Management Zone by January 31, 2009.
- ◆ **36** premises will be fenced to mitigate risk of livestock-wildlife interaction.
- ◆ **427,298** individual TB tests have been completed in Minnesota in the past three years.

ANIMAL HEALTH BOARD

Program: LIVESTOCK AND POULTRY HEALTH

Activity: BOVINE TB ERADICATION PROGRAM

Narrative

Activity Funding

Funding for the Bovine TB program activity has been shared among the state of Minnesota, the federal USDA and Minnesota cattle producers. The Board's FY 2008-2009 biennial budget for bovine tuberculosis is approximately \$8.4 million. Of the total budget for the biennium, 84% comes from general fund dollars; 8% comes from federal funds; and 8% comes from the bovine tuberculosis control assessment of \$1 per head from the seller of cattle.

Contact

Dr. Bill Hartmann, Executive Director
Minnesota Board of Animal Health
Orville L. Freeman Building
625 Robert Street North
Saint Paul, Minnesota 55155
Phone: 651-296-2942
Fax: 651-296-7417
Website: www.bah.state.mn.us

ANIMAL HEALTH BOARD

Program: LIVESTOCK AND POULTRY HEALTH

Activity: BOVINE TB ERADICATION PROGRAM

Budget Activity Summary

	Current		Governor's Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<i>Dollars in Thousands</i>					
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	4,520	2,535	2,535	2,535	5,070
Technical Adjustments					
Current Law Base Change			(204)	(204)	(408)
Subtotal - Forecast Base	4,520	2,535	2,331	2,331	4,662
Governor's Recommendations					
Bovine TB Buyout		0	200	200	400
Total	4,520	2,535	2,531	2,531	5,062
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	0	2	0	0	0
Direct Appropriations					
General	846	6,209	2,531	2,531	5,062
Statutory Appropriations					
Miscellaneous Special Revenue	0	660	660	0	660
Federal	107	366	368	368	736
Total	953	7,237	3,559	2,899	6,458
<u>Expenditures by Category</u>					
Total Compensation	628	1,406	1,414	1,462	2,876
Other Operating Expenses	325	1,370	1,434	726	2,160
Local Assistance	0	4,461	711	711	1,422
Total	953	7,237	3,559	2,899	6,458
Full-Time Equivalents (FTE)	8.8	20.7	22.7	22.7	

ANIMAL HEALTH BOARD

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	3	4	4	4	8
Other Revenues:					
Miscellaneous Special Revenue	0	1	1	1	2
Total Non-Dedicated Receipts	3	5	5	5	10
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Miscellaneous Special Revenue	45	710	710	50	760
Grants:					
Federal	1,307	1,154	1,568	1,568	3,136
Other Revenues:					
Miscellaneous Special Revenue	1	0	0	0	0
Total Dedicated Receipts	1,353	1,864	2,278	1,618	3,896
Agency Total Revenue	1,356	1,869	2,283	1,623	3,906

Federal Program (\$ in Thousands)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
Bovine Tuberculosis	107	SO	107	366	368	368
Chronic Wasting Disease	59	SO	59	34	75	75
Foreign Animal Disease	53	SO	53	49	78	78
Johne's Demo Herd	142	SO	142	173	195	195
Johne's Disease	217	SO	217	105	155	155
Live Bird Market HPAI	15	SO	15	18	53	53
Live Bird Market LPAI	34	SO	34	52	87	87
National Animal ID System	176	SO	176	130	200	200
National Poultry HPAI	101	SO	101	97	78	78
National Poultry LPAI	56	SO	56	30	80	80
Pseudorabies	23	SO	23	15	35	35
Scrapie	45	SO	45	17	44	44
Swine Feeding	38	SO	38	20	42	42
Upland Game Birds	91	SO	91	48	80	80
Agency Total	1,157		1,157	1,154	1,570	1,570

Key:
 Primary Purpose
 SO = State Operations
 GPS = Grants to Political Subdivision
 GI = Grants to Individuals
 GCBO = Grants to Community Based Organizations

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	4
Appendix	
Agency Revenue Summary Fiscal Page.....	5

Agency Purpose

The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design was established to safeguard life, health, and property and to promote the public's welfare. M.S. 326.15 mandates that the Board examine, certify, license, and regulate individuals practicing architecture, professional engineering, land surveying, landscape architecture, professional geology, and professional soil science, and those who use the title certified interior designer.

Core Functions

The Board protects the public by regulating the seven professions. Core functions support the policy making process and administration of the board. These core functions include:

- ◆ ensuring that those entering the professions meet standards of competency by way of education, experience, and examination;
- ◆ enforcing the laws and rules governing the professions in a fair, expeditious, and uniform fashion;
- ◆ educating the public on the requirements and exemptions to licensed practice; and
- ◆ ensuring that the professionals regulated by the board will continue to remain competent in their areas of practice through mandated continuing education and adherence to established standards of a code of conduct.

Operations

The Board serves a diverse customer base and consists of 21 members appointed by the governor: three architects, five professional engineers, two land surveyors, two landscape architects, one professional geologist, one soil scientist, two certified interior designers and five public members. The full board meets ten times a year and additional committees meet as needed.

The Board's outreach program provides information to Minnesota citizens, legislators, building officials, fire marshals, other state agencies, and national councils.

Key Goals

The Board's key goals provide the framework for the results it wants to achieve in the furtherance of its mission of protecting the public.

- ◆ Enforcement: Protect public by effectively enforcing the Statutes and Rules when violations occur.
- ◆ Public and Professional Awareness: Increase public and professional awareness of the Board's mission, activities and services.
- ◆ Customer Service: Enhance effectiveness and improve quality of service in all programs.

Key Measures

The Board implemented on-line renewals in 2008 and had 83% participation by licensees.

The Board received and investigated 196 complaints in the last biennium.

Initial licenses issued, on average, one week after the applicant meets all requirements.

Protect the citizens by identifying and disciplining impaired licensees, certificate holders, or those in violation of the Statutes and Rules.

At A Glance

Annual Business Process:

Licensure: The Board licenses and certifies 18,000 individuals who meet the established qualifications. Online renewal and applications are available.

Enforcement: During the 2008-09 biennium, to date, the board received 196 complaints alleging violation of its rules and laws. The board in conjunction with the Attorney General's office has continued to receive, file, and investigate complaints of violation of the statutes and rules.

Budget

The Board's FY 2008-09 budget was \$1.61 million in general fund direct appropriations, and it has nine full-time equivalent employees. The board collects over \$2.6 million on a biennial basis from the following sources of non-dedicated revenue:

- ◆ examinations;
- ◆ licenses;
- ◆ fines; and
- ◆ filings.

The Board's license fees are set in statute.

Contact

See our web site: <http://www.aelslagid.state.mn.us> for information on statutes, rules, newsletters, rosters, applications, and enforcement action.

Doreen Frost, Executive Secretary

Phone: (651) 757-1517

Fax: (651) 297-5310

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	800	815	815	815	1,630
Recommended	800	815	815	815	1,630
Change		0	0	0	0
% Biennial Change from 2008-09					0.9%
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	745	869	815	815	1,630
Total	745	869	815	815	1,630
 <u>Expenditures by Category</u>					
Total Compensation	451	598	518	540	1,058
Other Operating Expenses	294	271	297	275	572
Total	745	869	815	815	1,630
 <u>Expenditures by Program</u>					
Aelsla	745	869	815	815	1,630
Total	745	869	815	815	1,630
Full-Time Equivalent (FTE)	7.6	7.6	7.6	7.6	

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	1,917	875	860	860	1,720
Total Non-Dedicated Receipts	1,917	875	860	860	1,720
<u>Dedicated Receipts:</u>					
Total Dedicated Receipts	0	0	0	0	0
Agency Total Revenue					
	1,917	875	860	860	1,720

	PAGE
Small Agency Profile.....	2
Agency Fiscal Page (Gov Rec).....	5
Change Summary.....	6
Agency Change Items	
➡ Transition To Private Non-Profit.....	7
Appendix	
Agency Revenue Summary Fiscal Page.....	8
Federal Funds Summary.....	9

➡ Designates that this item is a change item

Agency Purpose

The Minnesota State Arts Board's mission is to:

- ◆ serve as a leading catalyst for creating a healthy environment for the arts that fosters broad public participation in, and support for, the arts in Minnesota;
- ◆ promote artistic excellence and preserve the diverse cultural heritage of the people of Minnesota through its support of artists and organizations;
- ◆ act as a responsible steward of the public trust; and
- ◆ work with the statewide network of regional arts councils to ensure accessibility to arts activities for all Minnesotans.

Its vision is to ensure that all Minnesotans have the opportunity to participate in the arts.

The Arts Board was established in its current form in 1976, by Minnesota Statutes, chapter 129D; however, it had several predecessor organizations that have been serving Minnesota residents, artists, arts organizations, and arts educators since 1903.

Core Functions

The Arts Board provides financial assistance and services that are designed to stimulate and encourage the creation, performance, and appreciation of the arts in the state. It accomplishes this work through the following three core functions:

Arts Board grants — In FY 2006-07, the Arts Board awarded \$11.534 million to Minnesota artists, arts organizations, and educational institutions through its three broad categories of grants:

- ◆ Institutional/Presenter Support – these funds are an investment in the state's leading arts organizations and provide them with the flexibility essential to meet the growing needs and demands of their audiences.
- ◆ Artist Assistance – these grants support the artistic and professional growth of artists who are the strong foundation necessary for a healthy arts community.
- ◆ Arts in Education – these funds enable hundreds of thousands of children to experience the arts each year, and through those experiences develop their cognitive skills and achieve key competencies necessary to meet the state's graduation standards.

Regional Arts Councils (RACs) – The board serves as fiscal agent for state funds that are distributed to Minnesota's eleven regional arts councils - \$5.916 million in FY 2008-09. Together the board and the regional councils comprise a statewide, decentralized service system that effectively reaches citizens in every county in Minnesota. Regional arts councils provide grants and support services tailored to meet the needs of their particular areas of the state.

Other services/partnerships – The Arts Board leverages its resources and its reach by collaborating with other public agencies and nonprofit organizations on projects that offer Minnesota residents and visitors high-quality arts experiences. These include:

- ◆ Managing the state's Art in Public Places program in cooperation with the Minnesota Department of Administration. The program commissions artists to create new work or purchases existing artwork to be installed in new or renovated public buildings.
- ◆ Working in partnership with Explore Minnesota Tourism, the Minnesota Historical Society, the Minnesota Department of Natural Resources, and the Minnesota Department of Transportation on initiatives to promote cultural tourism in the state and bring greater visibility to cultural assets along Minnesota's scenic byways.
- ◆ Collaborating with the Minnesota Department of Public Safety Office of Justice Programs to sponsor Art of Recovery, an annual exhibition that features artwork by individuals who have been victims of crime.

At A Glance

- ◆ The arts generate more than \$1 billion in economic activity each year.
- ◆ Minnesota is home to more than 1,600 nonprofit arts organizations and 30,000 individual artists.
- ◆ Together, the Minnesota State Arts Board and the state's 11 regional arts councils serve communities, residents, and visitors in all 87 Minnesota counties.
- ◆ Activities supported by the Arts Board and the regional arts councils during the FY 2006-2007 biennium served a combined audience of more than 18.3 million children and adults.

- ◆ Managing the state's Poetry Out Loud contest, a national initiative of the National Endowment for the Arts, that uses poetry to help high school students develop self-confidence, public speaking skills, and a deeper appreciation of the importance of language skills and literature.

Operations

Given the economic, educational, and social benefits the arts provide, Minnesota citizens and communities are the principal beneficiaries of the Arts Board's activities. The board provides financial support, technical assistance, and other resources to artists, arts organizations, nonprofits, schools, and communities that, in turn, make stimulating, high-quality arts experiences available throughout the state.

Key Goals

The following strategic goals help guide the board's day-to-day activities:

- ◆ Increase the level of support available to help sustain and grow a healthy arts community
 - ⇒ Financially support artists and organizations throughout Minnesota
 - ⇒ Seek additional public and private financial support for artists and organizations throughout Minnesota
 - ⇒ Expand the significant nonfinancial contributions individuals and organizations make to the arts
- ◆ Ensure that public services and grants are delivered effectively throughout the statewide arts system
 - ⇒ Carefully examine how resources are allocated in the following areas: formula-based funding; financial and technical support for community-based arts organizations; and education, outreach, and touring
 - ⇒ Ensure that resources are allocated to provide the best return on investment in the arts for the people of Minnesota
 - ⇒ Work collaboratively with the regional arts councils to examine the existing model to ensure effective delivery of grants and technical assistance services to artists and organizations throughout the state
 - ⇒ Work in concert with the regional arts councils to evaluate the statewide network and determine whether any changes would better meet the needs of artists, organizations, and audiences today and in the future
 - ⇒ Solicit advice from arts funders, institutions, artists, and other stakeholders about how to better meet the needs of the arts community
- ◆ Serve as a leader, promoting the value of the arts to Minnesota's quality of life
 - ⇒ Communicate the importance of public and private investment in the arts
 - ⇒ Continue to build partnerships within the leadership of the arts community
 - ⇒ Achieve and maintain recognition locally, regionally, and nationally as a leader in the arts community
- ◆ Support increased access and opportunities in arts education
 - ⇒ Continue to emphasize arts in education as a primary component in all Arts Board grant programs
 - ⇒ Support in-school residencies with professional teaching artists
 - ⇒ Continue partnership with the Perpich Center for Arts Education
 - ⇒ Support the activities of the Comprehensive Arts Planning Program

Key Measures

Annually, the Minnesota State Arts Board accomplishes the following:

- ◆ Provides general support to at least 130 Minnesota arts organizations so that residents in every area of the state have access to high-quality arts experiences;
- ◆ Expands learning opportunities for students across the state by supporting 500 weeks of artist residencies;
- ◆ Provides strategic support to 100 Minnesota artists so they become better accomplished artists and better connected to the individuals and communities they serve;
- ◆ Invests at least \$100,000 in targeted support to provide arts activities in traditionally underserved communities.

Budget

The Arts Board's FY 2008-2009 budget is \$22,099,100. Over 90% of the budget (\$20.442 million) comes from the state's general fund. The remaining portion comes from federal (National Endowment for the Arts) and private funds. The board has 11 FTE employees.

Contact

Office of the Executive Director
400 Sibley Street, Suite 200
Saint Paul, Minnesota 55101
Phone: (651) 215-1600
www.arts.state.mn.us

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	10,215	10,227	10,227	10,227	20,454
Recommended	10,215	10,227	6,892	3,446	10,338
Change		0	(3,335)	(6,781)	(10,116)
% Biennial Change from 2008-09					-49.4%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	9,957	10,485	6,892	3,446	10,338
Statutory Appropriations					
Miscellaneous Special Revenue	13	3	3	3	6
Federal	621	842	776	776	1,552
Gift	52	40	40	40	80
Total	10,643	11,370	7,711	4,265	11,976
<u>Expenditures by Category</u>					
Total Compensation	690	719	598	449	1,047
Other Operating Expenses	293	509	253	172	425
Local Assistance	9,660	10,142	6,860	3,644	10,504
Total	10,643	11,370	7,711	4,265	11,976
<u>Expenditures by Program</u>					
Operations & Services	965	1,228	851	621	1,472
Grant Programs	6,715	7,183	4,884	2,651	7,535
Region Arts Fisc Agent	2,957	2,959	1,976	993	2,969
Percent For Art	6	0	0	0	0
Total	10,643	11,370	7,711	4,265	11,976
Full-Time Equivalent (FTE)	9.8	10.0	7.1	3.9	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: GENERAL				
FY 2009 Appropriations	10,227	10,227	10,227	20,454
Technical Adjustments				
Current Law Base Change		110	110	220
Subtotal - Forecast Base	10,227	10,337	10,337	20,674
Change Items				
Transition to Private Non-Profit	0	(3,445)	(6,891)	(10,336)
Total Governor's Recommendations	10,227	6,892	3,446	10,338
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	3	3	3	6
Total Governor's Recommendations	3	3	3	6
Fund: FEDERAL				
Planned Statutory Spending	842	776	776	1,552
Total Governor's Recommendations	842	776	776	1,552
Fund: GIFT				
Planned Statutory Spending	40	40	40	80
Total Governor's Recommendations	40	40	40	80

ARTS BOARD

Change Item: Transition to Private Non-Profit

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(3,445)	\$(6,891)	\$(10,337)	\$(10,337)
Revenues	0	0	0	0
Net Fiscal Impact	\$(3,445)	\$(6,891)	\$(10,337)	\$(10,337)

Recommendation

The Governor recommends a reduction of \$3.445 million in FY 2010 and \$6.891 million in FY 2011 to the Arts Board's general fund operating budget as a precursor to transitioning to a private non-profit status. The decreasing amount of state funding provided to the Arts Board will impact the programs and services provided by the Board, but the Governor believes this transition is necessary to deal with the current budget deficit.

Background

Since the 1970's, the Minnesota State Arts Board has partnered with the state's eleven regional arts councils to encourage the arts through a wide range of programs, tailored grants and other services. Arts provide economic, educational and social benefits, but the current budget deficit requires that hard decisions be made in response to Minnesota's challenged economy. The shift in funding for the Arts Board will be difficult, but the Arts Board's clear mission, effective leadership and standing in the arts community will help with the transition.

The Arts Board's operating budget includes amounts for grants, regional arts councils and other partnerships. Arts Board will reduce operating budgets by \$3.445 million in FY 2010, \$6.891 million in FY 2011 and \$10.337 million in FY 2012 and FY 2013.

Relationship to Base Budget

This proposal represents a 33% base level reduction to the general fund budget in FY 2010, a 66% base level reduction to the general fund budget in FY 2011, and a 100% base level reduction to the general fund budget in FY 2012 and FY 2013. For budgeting purposes, the reductions in FY 2010 and FY 2011 were allocated according to actual FY2008 expenditures.

This level of reduction will impact the Art's Boards core functions of: providing grants to Minnesota artists, arts organizations and educational institutions; serving as the fiscal agent for state funds that are distributed to Minnesota's eleven regional arts councils and; collaborating with other public agencies and nonprofit organizations. In the next two years, the Arts Board will focus more of its resources on finding other sources of funding, largely relying upon other state and federal funds as well as gifts and grants from other levels of government.

Key Goals and Measures

Minnesota Statutes, chapter 129D, charges the Arts Board to "stimulate and encourage the creation, performance, and appreciation of arts in the state."

As the Arts Board transitions to non-profit, 501(c)(3) status, the Board will continue to fulfill its mission to: serve as a leading catalyst for creating a healthy environment for the arts that fosters broad public participation in, and support for, the arts in Minnesota; promote artistic excellence and preserve the diverse cultural heritage of the people of Minnesota through its support of artists and organizations; act as a responsible steward of the public trust; and work with the statewide network of regional arts councils to ensure accessibility to arts activities for all Minnesotans.

Statutory Change: Not Applicable

ARTS BOARD

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Other Revenues:					
General	5	0	0	0	0
Total Non-Dedicated Receipts	5	0	0	0	0
<u>Dedicated Receipts:</u>					
Grants:					
Miscellaneous Special Revenue	6	0	0	0	0
Federal	621	836	776	776	1,552
Other Revenues:					
Miscellaneous Special Revenue	1	2	2	2	4
Gift	49	50	50	50	100
Other Sources:					
Miscellaneous Special Revenue	1	0	1	1	2
Total Dedicated Receipts	678	888	829	829	1,658
Agency Total Revenue	683	888	829	829	1,658

Federal Program (\$ in Thousands)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
NEA Block Grant	\$621	SO	\$621	\$806	\$776	\$776
NEA Accessibility Leadership	\$0	SO	\$0	\$30	\$0	\$0
Agency Total			\$621	\$836	\$776	\$776

Key:

Primary Purpose

SO = State Operations

GPS = Grants to Political Subdivision

GI = Grants to Individuals

GCBO = Grants to Community Based Organizations

The Minnesota State Arts Board receives federal support in the form of an annual State Partnership grant from the National Endowment for the Arts (NEA). NEA dollars are restricted to the following three purposes:

- Arts in education – the Arts Board must use these funds to support arts activities in schools and/or developmental programs to make arts in education programs more accessible or more successful. Minnesota school children, teachers, school districts, parents, and communities benefit directly from these grants. Teaching artists also benefit from developmental programs that enhance their skills and expand their professional capacity.
- Underserved – the Arts Board must use these funds to support arts experiences for individuals/groups/areas that traditionally have fewer opportunities to participate in the arts. In Minnesota, this includes individuals/communities in greater Minnesota, artists/arts organizations based in communities of color, and arts activities that involve persons with disabilities and/or older adults.
- State basic grant – the Arts Board is free to use these funds as it sees fit to help achieve its vision – that all Minnesotans should have the opportunity to participate in the arts.

The National Endowment for the Arts requires a one-to-one cash match. The Arts Board must receive state funding in order to qualify for NEA funding.

As long as Congress continues to fund the National Endowment for the Arts, support from the NEA to the Arts Board will be forthcoming each year. The NEA is required to pass at least 40 percent of its annual support from Congress on to states in the form of State Partnership (block) grants. The block grants are determined by a formula, predominantly based on population.

During FY 2009, the Arts Board received a special grant from the NEA – a National Accessibility Leadership Award. This is a one-time only award and will not be repeated in the future. There is no match requirement on the grant. The Arts Board must use the dollars as it proposed in its nomination/application, namely to purchase equipment and provide training on how to use the equipment so that Minnesotans with disabilities will be better able to participate in arts activities.

	PAGE
Small Agency Profile.....	2
Agency Fiscal Page (Gov Rec).....	5
Change Summary.....	6
Agency Change Items	
↻ Operating Budget Reduction.....	7
Appendix	
Agency Revenue Summary Fiscal Page.....	8

↻ Designates that this item is a change item

Agency Purpose

The Council on Asian-Pacific Minnesotans ('Council' or 'CAPM') was created by the Minnesota State Legislature in 1985 to fulfill the following primary objectives: advise the governor and state legislators on issues pertaining to Asian Pacific people; ensure Asian Pacific Minnesotans are more incorporated and engaged in the governmental and policymaking process; see that residents of Asian Pacific descent have sufficient access to state government services; promote the talents and resources of Asian Pacific people where appropriate; and act as a broker between the Asian Pacific community in Minnesota and mainstream society (M.S.3.9226).

Serving as a conduit to state government for Asian Pacific organizations and individuals, the council recommends bills to the governor and state legislature designed to improve the economic and social condition of all Asian Pacific Minnesotans. Furthermore, the council may provide comment and/or recommendations regarding any application for federal funds submitted by state departments or agencies that stand to impact programs pertinent to Asian-Pacific Minnesotans.

Core Functions

On behalf of this population, the council plays the role of advisor, advocate, and broker. In these capacities, it deals with problems unique to non-English speaking immigrants and refugees; administrative and legislative barriers blocking Asian-Pacific people's access to benefits and services; opportunities for affordable housing and health care; and taking appropriate measures to increase Asian Pacific peoples' level of preparedness for, and overall presence in, the state's ever-evolving workforce.

The council may perform its own research or contract for studies to be conducted for use in developing policy recommendations intended to benefit the Asian Pacific community. Areas of focus may include education, workforce development, human rights, mental health, affordable housing, economic development, violence prevention/intervention, immigration and refugee issues, social welfare, or any other timely subject matter. For a more thorough understanding of these issues or to facilitate a community dialogue, the council frequently hosts roundtable discussions, forums, and workshops. It also convenes workgroups, taskforces, and special committees focusing on issues of particular importance — issues that require more detailed examination or ones where the need for solutions is conveyed with a sense of urgency by the community.

Operations

The CAPM consists of 23 members, 19 of whom are appointed by the governor and represent a broad cross section of the Asian-Pacific community. In addition, two members of the House of Representatives and two members of the Senate are appointed under the rules of their respective bodies. They serve as non-voting members. The council maintains a staff of four under the leadership of the executive director.

At A Glance

Asian American and Pacific Islander Population at 210,000, increased 25% from 2000 Census

The Asian American and Native Hawaiian Pacific Islander population in Minnesota is now at 210,000 according to the 2006 Population Estimates from the Census Bureau. It grew 25% since Census 2000. 85% of the community is concentrated within the Minneapolis/St. Paul Metropolitan area.

Refugee Experience - Approximately 55% of the community has a refugee background, meaning having fled their war torn countries due to persecution based on one of the following five criteria: religion, political opinion, membership in a social group, race, or nationality.

Disparities in Educational Attainment - 28% if AAPI did not complete high school compared to 9% of Twin Cities residents

Electoral Information - AAPI make up 4% of the state's population, 128,919 of them are eligible voters (*APIA Vote*)

Buying Power – AAPI have a \$2 billion buying power in Minnesota

The council serves individuals and ethnic groups from over 40 countries, including Afghanistan, Australia, Bangladesh, Bhutan, Brunei, Burma (Myanmar), Cambodia, China, Cook Islands, Federated States of Micronesia, Federated States of Midway Islands, Fiji, French Polynesia, Guam, Hawaii's, Hong Kong, India, Indonesia, Iran, Japan, Kazakhstan, Kiribati, Kyrgyzstan, Laos (Hmong and Lao), Macau, Malaysia, Maldives, Marshall Islands, Mongolia, Nauru, Nepal, New Caledonia, New Zealand, North Korea, Northern Mariana Islands, Pakistan, Palau, Papua New Guinea, Philippines, Pitcairn Islands, Samoa, Singapore, Solomon Islands, South Korea, Sri Lanka, Tahiti, Taiwan, Tajikistan, Thailand, Tibet, Tonga, Turkmenistan, Tuvalu, Uzbekistan, Vanuatu, and Vietnam.

Key Goals

In accomplishing the Council's core functions as advisor to the governor and members of the legislature, advocate for the community, and broker between the community and others; the Council has taken up the following goals. They are aligned with the *Minnesota Milestones*. The Council's responsibility is taking up the milestones; understand them as they pertain to the Asian American and Pacific Islanders community; and to move the community and thus the state to achieving those goals.

- ◆ People and Children: Families will live in safe communities; children will be healthy and start school ready to learn; and all students will excel in basic and challenging academic skills and knowledge.
- ◆ Community and Democracy: All people will be welcomed, respected and able to participate in Minnesota life professionally and as civic leaders.
- ◆ Economy: All Minnesotans will have the economic means and access to training and education so as to maintain a reasonable standard of living.

Key Measures

People and Children

- ◆ The council will utilize existing data and work with Ramsay and Hennepin counties to reduce the level of runaway youth and teen pregnancy within the Asian American and Pacific Islander community.
- ◆ The council will continue to collect data on Asian American runaway youth and issue reports that will be used to identify changes in the rates.
- ◆ Partner with the Statewide Human Trafficking Taskforce on identifying and helping trafficked victims
- ◆ The council will work with Ready4K and other interested parties to increase the number of students ready for kindergarten and to create culturally specific childcare and early childhood educational opportunities
- ◆ The council will collect data and community input via forums and the annual Hmong Early Childhood Summit as to our progress in outreaching to the community
- ◆ Partner with the Department of Education and school districts that have high percentages of API students on dropout prevention and the achievement gap
- ◆ Partner with Minnesota Asian/American Health Coalition, AAPI non-profits and the Minnesota Department of Health to eliminate health disparities.

Community and Democracy

- ◆ The council will recognize Asian Americans and Pacific Islanders for the contributions they make to this state via the annual presentation of the API Leadership Awards
- ◆ The council will convene and provide resources for communities to commemorate May as Asian American and Pacific Islanders Heritage Month
- ◆ The council will partner with APIA Vote; API non-profits and the political parties to engage and increase the number of AAPI registered voters and voting rates
- ◆ Work with the administration and community to increase the number of AAPI elected and appointed officials in Minnesota
- ◆ The council will work with the US Department of Justice, EEOC, Department of Public Safety, Human Rights Commission and others to outreach and increase the number of AAPI informed and reporting hate and bias crimes
- ◆ Partner with DNR to increase education and outreach to AAPI about the state's natural resources

Economy

- ◆ Partner with the administration, Department of Human Services, counties and non-profits to increase the participation of AAPI in Minnesota's workforce
 - ⇒ Increase AAPI access to job training programs
 - ⇒ Increase AAPI access to English and functional/work related English Programs
 - ⇒ Decrease number of AAPI enrolled in welfare to work and diversionary programs
 - ⇒ Increase workforce diversity for AAPI workforce population
- ◆ Partner with economic development agencies, the Federal Reserve, and financial institutions
 - ⇒ to educate the community about wealth creation and financial literacy
 - ⇒ focus on & decrease poverty rate for Hmong families (33% vs. 9% for all Minnesotans)
- ◆ Partner with the Minnesota Fair Housing Agency and others to increase the homeownership rate of AAPI, address issues of fair housing and foreclosure
 - ⇒ Collect and disseminate homeownership data and trends for AAPI community
 - ⇒ Increase AAPI access to loans and homeownership programs
 - ⇒ Decrease number of AAPI home foreclosures

Budget

The Asian-Pacific Council was appropriated \$578,000 from the general fund in the FY 2008-2009 biennial budget.

90% of general funds support four FTEs

9% of general funds provide operational support

1% of all funds support Asian Pacific American Heritage Month activities and/or forums, events, and services

Contact

Council on Asian-Pacific Minnesotans
658 Cedar Street, Suite 160
Saint Paul, Minnesota 55155

Ilean Her, Executive Director
Phone: (651) 296-0538
Fax: (651) 297-8735
Email: kao.ly.her@state.mn.us
Website: www.capm.state.mn.us

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	289	289	289	289	578
Recommended	289	289	275	275	550
Change		0	(14)	(14)	(28)
% Biennial Change from 2008-09					-4.8%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	281	297	275	275	550
Statutory Appropriations					
Miscellaneous Special Revenue	46	14	14	14	28
Gift	1	4	4	4	8
Total	328	315	293	293	586
<u>Expenditures by Category</u>					
Total Compensation	263	267	235	235	470
Other Operating Expenses	65	48	58	58	116
Total	328	315	293	293	586
<u>Expenditures by Program</u>					
Cncl Asian Pacific	328	315	293	293	586
Total	328	315	293	293	586
Full-Time Equivalent (FTE)	4.1	4.0	3.2	3.1	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: GENERAL				
FY 2009 Appropriations	289	289	289	578
Subtotal - Forecast Base	289	289	289	578
Change Items				
Operating Budget Reduction	0	(14)	(14)	(28)
Total Governor's Recommendations	289	275	275	550
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	14	14	14	28
Total Governor's Recommendations	14	14	14	28
Fund: GIFT				
Planned Statutory Spending	4	4	4	8
Total Governor's Recommendations	4	4	4	8

ASIAN-PACIFIC COUNCIL

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(14)	\$(14)	\$(14)	\$(14)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(14)	\$(14)	\$(14)	\$(14)

Recommendation

The Governor recommends a reduction of \$14,000 in FY 2010 and \$14,000 in FY 2011 to general fund operating budget of the Asian-Pacific Council. The Governor intends that Council should focus its operating funds on maintaining its highest priority services. In addition, the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions.

Background

The Asian-Pacific Council's operating budget of \$289,000 per fiscal year includes amounts budgeted for administration of its outreach and advocacy programs in the Asian Pacific Community. This proposal will reduce operating expenditures and produce salary savings during the FY 2010-11 biennium.

Relationship to Base Budget

This proposal represents a 5% base level reduction to the Council's general fund budget.

Key Goals and Measures

The budget submitted for the Asian-Pacific Council seeks to safeguard core activities and reduce administrative overhead. The agency will manage budget reductions through various service level reductions or eliminations, staffing decreases, and/or operating expense reductions. The resulting budget will focus on new ways to operate the agency's core functions.

Statutory Change: Not Applicable

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Total Non-Dedicated Receipts	0	0	0	0	0
<u>Dedicated Receipts:</u>					
Grants:					
Miscellaneous Special Revenue	5	0	0	0	0
Other Revenues:					
Miscellaneous Special Revenue	42	14	14	14	28
Gift	5	4	4	4	8
Total Dedicated Receipts	52	18	18	18	36
Agency Total Revenue	52	18	18	18	36

	PAGE
Transmittal Letter	2
Agency Profile	3
Agency Fiscal Page (Gov Rec)	5
Change Summary	6
Agency Change Items	
↻ Operating Budget Reduction.....	7
Programs	
Attorney General	8
Program Narrative.....	9
Program Summary.....	11
Budget Activities	
Government Operations.....	12
Budget Activity Summary	14
Civil Regulation.....	15
Budget Activity Summary	17
Solicitor General	18
Budget Activity Summary	20
Public Enforcement.....	21
Budget Activity Summary	22
Civil Protection.....	23
Budget Activity Summary	24
Administration	25
Budget Activity Summary	26
Appendix	
Agency Revenue Summary Fiscal Page.....	27
Federal Funds Summary.....	28
Consolidated Listing of Appropriations.....	29
Transmittal Letter – The Attorney General’s Budget Request for FY 10/11	30

↻ Designates that this item is a change item



January 27, 2009

To the 2009 Legislature:

I respectfully submit for your consideration the Governor's FY 2010-11 budget proposals for the Attorney General. The Governor respects the separation of powers and the desire of constitutional officers and officials in the judicial and legislative branches to independently present their budget requests directly to the legislature without specific recommendations from the Governor. However, since the Governor is required by law to submit a balanced budget to the legislature, it is necessary to identify funding for those offices as part of preparing a complete budget.

The Governor's general recommendations for the legislative and judicial branches and other constitutional officers reflect his concern with the magnitude of the projected budget shortfall and the desire to protect core government functions. As with the executive branch, the Governor suggests that these offices and institutions individually redesign their operations to increase efficiencies while minimizing the disruption of public services as much as possible.

For the Attorney General, the Governor recommends \$46.026 million in general fund appropriations for the FY 2010-11 biennium, which reflects a 5.0% reduction in appropriations from the agency's forecast budget. This is consistent with recommendations for other constitutional officers. The Governor makes no other recommendations on agency requests for the FY 2010-11 biennium.

Sincerely,

A handwritten signature in black ink that reads "Tom J. Hanson". The signature is written in a cursive, slightly slanted style.

Tom J. Hanson
Commissioner

Agency Purpose

The attorney general is the chief legal officer for the state of Minnesota. The duties of the office arise from the Constitution, state statutes, and common law. Every board, commission, and agency of the state of Minnesota receives legal counsel and representation from the attorney general. The attorney general also acts in a *parens patriae* capacity on behalf of the people of the state. Minnesota's attorney general is elected by the state's voters and serves a four-year term.

Core Functions

The attorney general:

- ◆ provides legal representation to state agencies;
- ◆ appears in all courts and administrative hearings for state government and its agencies;
- ◆ assists county prosecutors in criminal trials and appeals;
- ◆ initiates legal actions to enforce Minnesota laws.

Operations

The Attorney General's Office (AGO) is divided into five sections, each headed by a deputy attorney general, and an administrative support unit. Sections are divided into divisions specializing in fields such as trial, health, transportation, human services, agriculture, environment, utilities, public safety, civil litigation, and occupational licensing.

The AGO has direct and ongoing interaction with state agencies and officials, the legislature and staff, government agencies and individual citizens and businesses. Much of the work of the office involves appearances before the courts and in administrative proceedings. The attorney general's work is categorized as follows:

Attorney General Representation

- ◆ Represent state agencies through the issuance of legal advice and in courts and administrative hearings.
- ◆ Defend the state against claims, including using alternative dispute resolution methods to save on legal costs.
- ◆ Protect taxpayers' dollars.
- ◆ Provide legal advice and representation on matters that have an impact on issues as diverse as transportation, human services, the environment, public safety, and other matters.
- ◆ Provide opinions on legal issues to local governments and school districts.
- ◆ Protect the public from unscrupulous businesses and individuals.
- ◆ Assist county attorneys in prosecuting serious crimes such as murder and gang operations, in criminal appeals, as well as the civil commitment of sexual predators.
- ◆ Enforce laws governing consumer protection, charities, Medicaid Fraud, antitrust and unfair business practices, and advocate interests of residential and small business utility customers before the Public Utilities Commission (PUC).
- ◆ Provide client advice and legal representation to state agencies in the application and enforcement of state laws in federal, state and administrative courts.
- ◆ Assists client agencies to recover fines, penalties and restitution.
- ◆ Provides client defense in suits brought against state agencies.

Budget

Of the total agency request for the FY 2010-11 biennium, 66.1% comes from the general fund; 23.7% is received from partner agreements with certain state agencies; 6.1% is received from other appropriations (fund 171, fund 330, and fund 331); and 4.2% is received from federal and special revenue funds.

Contact

Attorney General's Office
102 State Capitol
75 Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, Minnesota 55155-1609
World Wide Web Home Page:

<http://www.ag.state.mn.us>

Lori Swanson, Attorney General
Phone: (651) 296-6196
Fax: (651) 297-4193
TTY: (651) 297-7206

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	24,048	24,225	24,225	24,225	48,450
Recommended	24,048	24,225	23,013	23,013	46,026
Change		0	(1,212)	(1,212)	(2,424)
% Biennial Change from 2008-09					-4.7%
State Government Spec Revenue					
Current Appropriation	1,719	1,724	1,724	1,724	3,448
Recommended	1,719	1,724	1,827	1,827	3,654
Change		0	103	103	206
% Biennial Change from 2008-09					6.1%
Environmental					
Current Appropriation	145	145	145	145	290
Recommended	145	145	145	145	290
Change		0	0	0	0
% Biennial Change from 2008-09					0%
Remediation Fund					
Current Appropriation	250	250	250	250	500
Recommended	250	250	250	250	500
Change		0	0	0	0
% Biennial Change from 2008-09					0%
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	0	200	0	0	0
Direct Appropriations					
General	23,398	29,347	23,013	23,013	46,026
State Government Spec Revenue	1,983	2,331	1,827	1,827	3,654
Environmental	12	145	145	145	290
Remediation Fund	128	250	250	250	500
Statutory Appropriations					
General	6,168	5,897	5,894	5,894	11,788
Miscellaneous Special Revenue	99	141	141	141	282
Federal	1,088	1,356	1,378	1,387	2,765
Miscellaneous Agency	2,942	718	60	60	120
Total	35,818	40,385	32,708	32,717	65,425
<u>Expenditures by Category</u>					
Total Compensation	28,531	33,298	29,479	29,554	59,033
Other Operating Expenses	7,287	7,087	5,968	5,968	11,936
Transfers	0	0	(2,739)	(2,805)	(5,544)
Total	35,818	40,385	32,708	32,717	65,425
<u>Expenditures by Program</u>					
Attorney General	35,818	40,385	32,708	32,717	65,425
Total	35,818	40,385	32,708	32,717	65,425
Full-Time Equivalents (FTE)	337.7	351.3	351.3	351.3	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: GENERAL				
FY 2009 Appropriations	24,225	24,225	24,225	48,450
Subtotal - Forecast Base	24,225	24,225	24,225	48,450
Change Items				
Operating Budget Reduction	0	(1,212)	(1,212)	(2,424)
Total Governor's Recommendations	24,225	23,013	23,013	46,026
Fund: STATE GOVERNMENT SPEC REVENUE				
FY 2009 Appropriations	1,724	1,724	1,724	3,448
Technical Adjustments				
End-of-session Estimate		103	103	206
Subtotal - Forecast Base	1,724	1,827	1,827	3,654
Total Governor's Recommendations	1,724	1,827	1,827	3,654
Fund: ENVIRONMENTAL				
FY 2009 Appropriations	145	145	145	290
Subtotal - Forecast Base	145	145	145	290
Total Governor's Recommendations	145	145	145	290
Fund: REMEDIATION FUND				
FY 2009 Appropriations	250	250	250	500
Subtotal - Forecast Base	250	250	250	500
Total Governor's Recommendations	250	250	250	500
Fund: GENERAL				
Planned Statutory Spending	5,897	5,894	5,894	11,788
Total Governor's Recommendations	5,897	5,894	5,894	11,788
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	341	141	141	282
Total Governor's Recommendations	341	141	141	282
Fund: FEDERAL				
Planned Statutory Spending	1,356	1,378	1,387	2,765
Total Governor's Recommendations	1,356	1,378	1,387	2,765
Fund: MISCELLANEOUS AGENCY				
Planned Statutory Spending	718	60	60	120
Total Governor's Recommendations	718	60	60	120

ATTORNEY GENERAL

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(1,212)	\$(1,212)	\$(1,212)	\$(1,212)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(1,212)	\$(1,212)	\$(1,212)	\$(1,212)

Recommendation

The Governor recommends general fund operating budget reductions of \$1.212 million in FY 2010 and \$1.212 million in FY 2011 for the Attorney General's Office. The reductions are necessary to balance the budget in the general fund.

Background

The Governor respects the separation of powers and the desire of constitutional officers and officials in the judicial and legislative branches to present their budget requests independently to the legislature without specific recommendations from the Governor. However, since the Governor is required by law to submit a balanced budget to the legislature, it is necessary to identify funding for those offices as part of preparing a complete balanced budget.

As with similar agencies in the executive branch, the Governor suggests that the Attorney General's office receive a reduction of 5% to direct appropriated funds to help address the budget deficit. While the Governor recommends a total amount for the decrease, he respects the Attorney General's authority to decide whether to adopt the reduction and to determine how to distribute it among its divisions. For the purposes of producing a complete budget presentation, however, the expenditure reduction was distributed proportionally across the divisions of the Attorney General's office.

The Governor makes no recommendations regarding any specific initiatives that may be put forward by the Attorney General.

Relationship to Base Budget

This proposal represents a 5% base level reduction to the Attorney General's general fund budget.

Statutory Change: Not Applicable

Program Description

The Attorney General's Office (AGO) is organized under one program consisting of five sections and an administrative division as listed under the following budget activities.

Budget Activities

This program includes the following budget activities:

- ◆ Government Operations
- ◆ Civil Regulation
- ◆ Solicitor General
- ◆ Public Enforcement
- ◆ Civil Protection
- ◆ Administration

Activity Description

Provide a wide range of cost-effective, efficient legal services to state agencies.

Program at a Glance

Provide expert legal advice and representation to state agencies

Population Served

- ◆ Citizens of Minnesota
- ◆ Department of Agriculture
- ◆ Department of Natural Resources (DNR)
- ◆ Department of Human Rights
- ◆ Department of Human Services
- ◆ Department of Finance
- ◆ Department of Administration
- ◆ Minnesota State boards
- ◆ Department of Corrections
- ◆ Department of Transportation (MnDOT)
- ◆ Department of Commerce
- ◆ Department of Labor and Industry
- ◆ Department of Employment and Economic Development
- ◆ State Board of Investment
- ◆ Housing Finance Agency
- ◆ Minnesota Counties and Cities
- ◆ Teachers Retirement Association
- ◆ Minnesota State Retirement System
- ◆ All Constitutional Officers
- ◆ Public Utilities Commission
- ◆ Department of Military Affairs

Services Provided

- ◆ Provides client advice and legal representation to state agencies in the application and enforcement of state laws in federal, state and administrative courts.
- ◆ Assists client agencies to recover fines, penalties and restitution.
- ◆ Provides client defense in suits brought against state agencies.
- ◆ Negotiates settlements in lawsuits brought against state agencies when warranted.
- ◆ Files civil lawsuits to represent and defend the public interest.

Historical Perspective

- ◆ Advised MnDOT regarding numerous legal issues arising out of the I-35W bridge collapse.
- ◆ During FY 2008, the Attorney General's Office (AGO) provided legal advice including drafting, review of and approval of real estate transactions involving over 17,564 acres of land.
- ◆ Facilitated over \$2.7 billion in bond issuance for state agencies in FY 2008.
- ◆ Represented Department of Human Services (DHS) in disputes involving the federal Centers for Medicare & Medicaid Services (CMS) regarding CMS disapproval of state Medical Assistance (MA) plan provisions and disallowance of federal funding for state plan expenditures, including two disallowance appeals decided in favor of the state, resulting in savings to the state of approximately \$25 million.
- ◆ In FY 2008, recovered \$2.8 million for landfill cleanup costs under the Landfill Cleanup Act.
- ◆ Saved the state millions of dollars by its defense and resolution of tort and employment law claims.
- ◆ Represented MnSCU's 34 colleges and universities in litigation, discrimination/harassment issues, data practices and technology issues.
- ◆ Successfully defended state laws against constitutional attacks.

- ◆ Represents the Commissioner of Public Safety in over 5,800 implied consent cases (drunk driver license revocations) annually.
- ◆ Assists counties in defending felony convictions upon appeal.

Key Program Goals

Identify a broader goal or goals that the program supports. This should likely come from one of the following:

- ◆ Minnesota Milestones statewide goals – not the specific goal that the activity supports (<http://server.admin.state.mn.us/mm/goal.html>)
- ◆ agency strategic goals – include reference or link to agency strategic plan if applicable
- ◆ other statewide goals – indicate goal and include any relevant links or context for the goal

Key Program Measures

- ◆ Citizens of state are well served.
- ◆ Effective and efficient legal advice is provided to state agencies.
- ◆ State agencies receive expert representation in litigated matters.
- ◆ Public interest is advanced in civil litigation and criminal cases.

Contact

Rebecca Spartz
Director of Administration
102 State Capitol
75 Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, Minnesota 55155-2128
rebecca.spartz@state.mn.us

ATTORNEY GENERAL
 Program: ATTORNEY GENERAL

Program Summary

	<i>Dollars in Thousands</i>				
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	0	200	0	0	0
Direct Appropriations					
General	23,398	29,347	23,013	23,013	46,026
State Government Spec Revenue	1,983	2,331	1,827	1,827	3,654
Environmental	12	145	145	145	290
Remediation Fund	128	250	250	250	500
Statutory Appropriations					
General	6,168	5,897	5,894	5,894	11,788
Miscellaneous Special Revenue	99	141	141	141	282
Federal	1,088	1,356	1,378	1,387	2,765
Miscellaneous Agency	2,942	718	60	60	120
Total	35,818	40,385	32,708	32,717	65,425
<u>Expenditures by Category</u>					
Total Compensation	28,531	33,298	29,479	29,554	59,033
Other Operating Expenses	7,287	7,087	5,968	5,968	11,936
Transfers	0	0	(2,739)	(2,805)	(5,544)
Total	35,818	40,385	32,708	32,717	65,425
<u>Expenditures by Activity</u>					
Government Operations	4,584	6,391	5,508	5,508	11,016
Civil Regulation	6,318	7,635	4,120	4,120	8,240
Solicitor General	8,732	6,736	5,074	5,074	10,148
Public Enforcement	5,373	5,769	5,106	5,106	10,212
Civil Protection	5,263	6,895	6,259	6,268	12,527
Administration	5,548	6,959	6,641	6,641	13,282
Total	35,818	40,385	32,708	32,717	65,425
Full-Time Equivalentents (FTE)	337.7	351.3	351.3	351.3	

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: GOVERNMENT OPERATIONS

Narrative

Activity Description

Provide a wide range of cost-effective, efficient legal services to state agencies.

Population Served

- ◆ Citizens of the state;
- ◆ Department of Agriculture;
- ◆ Department of Natural Resources (DNR);
- ◆ Department of Finance;
- ◆ Department of Administration;
- ◆ State boards (non-health professions), such as
 - Campaign Finance,
 - Crime Victims Reparation,
 - State Investment,
 - Teaching,
 - Veterans Home, and
 - Water & Soil Resources;
- ◆ Department of Transportation (MnDOT);
- ◆ Department of Commerce;
- ◆ Minnesota Counties, Cities, and School Boards;
- ◆ Department of Labor and Industry (Construction Codes and Licensing Division);
- ◆ Department of Employment and Economic Development;
- ◆ State Board of Investment;
- ◆ Housing Finance Agency;
- ◆ Iron Range Resources;
- ◆ State Auditor; and
- ◆ Secretary of State.

Activity at a Glance

- ◆ Obtained millions of dollars in civil penalties and settlements for the state.
- ◆ Registered and maintains oversight of 7,800 charitable organizations.

Services Provided

- ◆ Provides expert legal advice and representation to state agencies.
- ◆ Defends state agencies against litigation brought by various parties.
- ◆ Negotiates settlements in lawsuits brought against state agencies when warranted.
- ◆ Provides representation to the MnDOT.
- ◆ Provides representation for Department of Commerce on behalf of utility ratepayers before the Public Utilities Commission.
- ◆ Register and provide oversight of charities and non-profit organizations.
- ◆ Represents state agencies and boards in disciplinary proceedings.

Historical Perspective

- ◆ Advised MnDOT regarding numerous legal issues arising out of the I-35W bridge collapse.
- ◆ Provided legal support to the DNR in the area of ecological services, enforcement, fish, forestry, Indian law issues, minerals, real estate acquisitions, and real estate land exchange.
- ◆ During FY 2008, the Attorney General's Office (AGO) provided legal advice including drafting, review of and approval of real estate transactions involving over 17,564 acres of land.
- ◆ Facilitated over \$2.7 billion in bond issuance for state agencies in FY 2008.
- ◆ Litigated eminent domain actions and appeals.
- ◆ Represented MnDOT in its statutory enforcement responsibilities.
- ◆ Advised and represented the Secretary of State in various election matters.

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: GOVERNMENT OPERATIONS

Narrative

Key Measures

- ◆ Citizens of state are well served.
- ◆ Effective and efficient legal advice is provided to state agencies.
- ◆ State agencies receive expert representation in litigated matters.
- ◆ Interests of state agencies are advanced.
- ◆ Litigation brought against state agencies is defended successfully.
- ◆ Constitutional challenges are defended successfully.
- ◆ Charities and non-profits registered in Minnesota comply with state law.

Contact

Christie B. Eller
Deputy Attorney General
Suite 1200, Bremer Tower
445 Minnesota Street
St. Paul, Minnesota 55101-2130
christie.eller@state.mn.us

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: GOVERNMENT OPERATIONS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	4,357	3,516	2,633	2,633	5,266
Statutory Appropriations					
General	227	2,875	2,875	2,875	5,750
Total	4,584	6,391	5,508	5,508	11,016
<u>Expenditures by Category</u>					
Total Compensation	4,450	6,219	5,350	5,350	10,700
Other Operating Expenses	134	172	158	158	316
Total	4,584	6,391	5,508	5,508	11,016
Full-Time Equivalents (FTE)	50.2	59.8	59.8	59.8	

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: CIVIL REGULATION

Narrative

Activity Description

Provide a wide range of legal services to state agencies and citizens of Minnesota.

Population Served

- ◆ Citizens of the state;
- ◆ Department of Human Rights;
- ◆ Department of Human Services;
- ◆ Department of Corrections;
- ◆ Department of Labor and Industry;
- ◆ Department of Employment and Economic Development;
- ◆ Pollution Control Agency;
- ◆ Board of Medical Practice;
- ◆ Health-related Licensing Boards, such as the
Chiropractic,
Dentistry,
Nursing,
Psychology,
Social Work, and
Veterinary Medicine;
- ◆ Environmental Quality Board;
- ◆ Teachers Retirement Association;
- ◆ Minnesota State Retirement System;
- ◆ Public Employees Retirement Association; and
- ◆ Veterans Homes.

Activity at a Glance

- ◆ Conducted over 350 complex investigations on behalf of the state medical boards.
- ◆ Obtained civil penalties and savings for the state in excess of \$50 million.

Services Provided

- ◆ Provides client advice and legal representation to state agencies in the application and enforcement of state laws in federal, state and administrative courts.
- ◆ Assists client agencies to recover fines, penalties and restitution.
- ◆ Provides client defense in suits brought against state agencies.
- ◆ Provides investigative services to health-related licensing boards.
- ◆ Conciliates and litigates human rights cases.
- ◆ Litigates workers' compensation and public employee pension cases.
- ◆ Represents the state in prisoner litigation in state and federal court.
- ◆ Litigates OSHA workplace safety cases and federal Fair Labor Standards Act cases.
- ◆ Represents state boards in disciplinary proceedings involving medical providers and health-related licensees.

Historical Perspective

- ◆ Provided legal assistance to the Minnesota Pollution Control Agency (MPCA) in the areas of environmental law enforcement and environmental review litigation. In FY 2008, environmental enforcement actions resulted in approximately 200 administrative penalty orders and 50 stipulated agreements, imposing approximately \$1.8 million in civil fines.
- ◆ Represented the MPCA in negotiating a stipulated agreement with ethanol plant for production in violation of its state permit. Under the stipulated agreement, the company agreed to pay a \$300,000 civil penalty.
- ◆ Represented Department of Human Services (DHS) in disputes involving the federal Centers for Medicare & Medicaid Services (CMS) regarding CMS disapproval of state Medical Assistance (MA) plan provisions and disallowance of federal funding for state plan expenditures, including two disallowance appeals decided in favor of the state, resulting in savings to the state of approximately \$25 million.

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: CIVIL REGULATION

Narrative

- ◆ Provided legal advice to the Environmental Quality Board (EQB) and assisted in legal aspects of the environmental review process carried out by local and state government units under the Minnesota Environmental Policy Act.
- ◆ In FY 2008, recovered \$2.8 million for landfill cleanup costs under the Landfill Cleanup Act.
- ◆ Provided legal advice and services to the MPCA involving Superfund cleanups, natural resource damages, asbestos removals, hazardous and solid waste disposal, creation of conservation easements and commercial feedlot odor problems.
- ◆ Represented the MPCA in numerous environmental review and permitting appeals in state district court, the Office of Administrative Hearings, the Minnesota Court of Appeals and before the Minnesota Supreme Court and federal district courts.
- ◆ Assisted in resolving OSHA cases.
- ◆ Protected the state's interest in collecting unemployment benefit overpayments in FY 2008. Cases brought prevented the discharge in bankruptcy of approximately \$101,000 of improperly received benefits.
- ◆ Assisted the Department of Human Rights in FY 2008 in obtaining compensatory relief for Minnesota citizens of approximately \$378,000.
- ◆ Represented the Department of Human Services on issues involving public assistance, child support, licensing, healthcare, child welfare, mental health, aging and adult services, disability services, and deaf and hard-of-hearing services.
- ◆ Assisted in a variety of legal matters concerning the Minnesota Health Care Programs, which cover approximately 659,000 Minnesotans.
- ◆ Assisted at the request of DHS in a dispute between the Red Lake Band of Chippewa Indians and Beltrami County over the payment of foster care to families that were caring for Red Lake children.
- ◆ Defended the commissioner and numerous state officials at the Minnesota Sex Offender Program from allegations that the program violated the constitutional rights of individuals committed to the sex offender program.
- ◆ Assisted DHS in recovering millions of dollars in MA and alternative care services through liens, tort claims and lawsuits against third parties and from special needs trusts.
- ◆ Represented numerous health-related boards in actions in state administrative, district and appeals courts, including the Board of Medical Practice, Board of Nursing, Board of Veterinary Medicine and Board of Chiropractic Examiners.

Key Measures

- ◆ Effective and efficient legal advice is provided to state agencies.
- ◆ State agencies receive expert representation in litigated matters.
- ◆ Interests of state agencies are advanced.
- ◆ Litigation brought against state agencies is defended successfully.
- ◆ Constitutional challenges are defended successfully.

Contact

Steven M. Gunn
Deputy Attorney General
445 Minnesota Street, Suite 900
St. Paul, Minnesota 55101-2127
steven.gunn@state.mn.us

ATTORNEY GENERAL
Program: ATTORNEY GENERAL
Activity: CIVIL REGULATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,591	3,413	402	402	804
State Government Spec Revenue	1,962	2,310	1,806	1,806	3,612
Remediation Fund	128	250	250	250	500
Statutory Appropriations					
General	2,637	1,662	1,662	1,662	3,324
Total	6,318	7,635	4,120	4,120	8,240
<u>Expenditures by Category</u>					
Total Compensation	5,981	7,086	6,347	6,413	12,760
Other Operating Expenses	337	549	512	512	1,024
Transfers	0	0	(2,739)	(2,805)	(5,544)
Total	6,318	7,635	4,120	4,120	8,240
Full-Time Equivalents (FTE)	64.6	69.0	69.0	69.0	

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: SOLICITOR GENERAL

Narrative

Activity Description

Provide a wide range of legal services to state agencies.

Population Served

- ◆ Citizens of the state;
- ◆ All state agencies;
- ◆ Department of Health;
- ◆ Minnesota State Colleges and Universities (MnSCU);
- ◆ Department of Education;
- ◆ Department of Revenue;
- ◆ Department of Employee Relations;
- ◆ Public Utilities Commission (PUC); and
- ◆ Constitutional Officers.

Services Provided

- ◆ Defense of challenges to the constitutionality of Minnesota laws.
- ◆ Defense of tort claims against the state and its employees.
- ◆ Defense of employment claims against the state and its employees.
- ◆ Advice and legal representation to the Department of Health in the application and enforcement of state laws.
- ◆ Tax litigation for the Department of Revenue.
- ◆ Investigates and, when appropriate, initiates legal action against persons engaged in anticompetitive conduct.
- ◆ Advice and representation of state educational agencies.
- ◆ Advice and representation of PUC.

Historical Perspective

- ◆ Saved the state millions of dollars by its defense and resolution of tort and employment law claims.
- ◆ Represented MnSCU's 34 colleges and universities in litigation, discrimination/harassment issues, data practices and technology issues.
- ◆ Provided legal advice to Department of Education regarding, for example, special education issues.
- ◆ Obtained millions of dollars of tax revenue for the Department of Revenue.
- ◆ Successfully defended state laws against constitutional attacks.
- ◆ Obtained millions of dollars on behalf of PUC.
- ◆ Provided legal services to the Department of Health including the litigation of cases concerning, for example, maltreatment of vulnerable adults in nursing homes and other healthcare facilities.

Key Measures

- ◆ Citizens of state are well served.
- ◆ Constitutional challenges are defended successfully.
- ◆ Tort and employment law claims brought against the state and its employees are successfully defended or settled thereby minimizing the state's fiscal and employment law exposure.
- ◆ Litigation brought against state educational institutions is defended successfully.
- ◆ The Department of Revenue's interests in tax collection and tax litigation matters are represented effectively.
- ◆ Effective and efficient legal advice is provided to state agencies.
- ◆ State agencies receive expert representation in all litigated matters.
- ◆ Action is taken against those who engage in anti-competitive practices in the marketplace.

Activity at a Glance

Saved the state hundreds of millions of dollars by its defense and resolution of tort and employment law claims and its litigation and resolution of antitrust, tax, and utilities cases.

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: SOLICITOR GENERAL

Narrative

Contact

Alan I. Gilbert
Solicitor General
Suite 1400, Bremer Tower
445 Minnesota Street
St. Paul, Minnesota 55155-2128
al.gilbert@state.mn.us

ATTORNEY GENERAL
 Program: ATTORNEY GENERAL
 Activity: SOLICITOR GENERAL

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,855	4,868	3,864	3,864	7,728
Environmental	12	145	145	145	290
Statutory Appropriations					
General	2,884	1,005	1,005	1,005	2,010
Miscellaneous Special Revenue	39	0	0	0	0
Miscellaneous Agency	2,942	718	60	60	120
Total	8,732	6,736	5,074	5,074	10,148
<u>Expenditures by Category</u>					
Total Compensation	5,473	5,446	4,467	4,467	8,934
Other Operating Expenses	3,259	1,290	607	607	1,214
Total	8,732	6,736	5,074	5,074	10,148
Full-Time Equivalents (FTE)	59.3	49.4	49.4	49.4	

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: PUBLIC ENFORCEMENT

Narrative

Activity Description

Assist county attorneys in prosecuting serious crime statewide, defending felony convictions upon appeal, and obtaining civil commitment of sex offenders. Represents the Department of Public Safety.

Population Served

- ◆ Citizens of Minnesota;
- ◆ Department of Public Safety;
- ◆ Gambling Control Board; and
- ◆ Minnesota counties.

Services Provided

- ◆ Assists counties in civil commitment of sex offenders under psychopathic personality and sexually dangerous person statutes.
- ◆ Assists county attorneys in prosecuting serious crimes.
- ◆ Represents the Commissioner of Public Safety in over 5,800 implied consent cases (drunk driver license revocations) annually.
- ◆ Handles drunk-driving-related appeals of convictions.
- ◆ Assists counties in defending felony convictions upon appeal.
- ◆ Provides legal advice and representation to the Department of Public Safety.
- ◆ Provides legal advice and representation to the Gambling Control Board.

Historical Perspective

- ◆ Represented the Department of Public Safety.
- ◆ Defended the state against challenges to Driving While Impaired (DWI) statutes.
- ◆ Represents the Commissioner of Public Safety in over 5,800 district court implied consent proceedings that challenged revocations of driving privileges.
- ◆ Handled criminal appeals for county attorneys.
- ◆ Prosecuted violent and serious crime.
- ◆ Assisted county attorneys in the commitment of sexually dangerous person/sexual psychopathic personality commitment cases.

Key Measures

- ◆ Citizens of state are well served.
- ◆ Citizens are protected from criminal activities.
- ◆ Implied consent cases are prosecuted vigorously.
- ◆ Challenges to DWI laws are defended effectively.
- ◆ Prosecutions are successful.
- ◆ Criminal convictions are upheld.
- ◆ Minnesota's citizens are protected from wrongful acts and illegal conduct.
- ◆ The Department of Public Safety receives effective and efficient legal representation.

Contact

David Voigt
Deputy Attorney General
Suite 1800, Bremer Tower
445 Minnesota Street
St. Paul, Minnesota 55155-2134
david.voigt@state.mn.us

Activity at a Glance

- ◆ Handled over 5,800 implied consent cases (drunk driver license revocations) annually.
- ◆ Assisted county attorneys in prosecuting serious crime.

ATTORNEY GENERAL
Program: ATTORNEY GENERAL
Activity: PUBLIC ENFORCEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	4,786	5,278	4,615	4,615	9,230
Statutory Appropriations					
General	404	341	341	341	682
Federal	183	150	150	150	300
Total	5,373	5,769	5,106	5,106	10,212
<u>Expenditures by Category</u>					
Total Compensation	5,167	5,545	4,891	4,891	9,782
Other Operating Expenses	206	224	215	215	430
Total	5,373	5,769	5,106	5,106	10,212
Full-Time Equivalents (FTE)	59.8	59.4	59.4	59.4	

Activity Description

Enforce Minnesota laws respecting unfair, discriminatory, and other unlawful practices in business, commerce, or trade. Represent and further the interests of small business and residential utility customers by participating in matters before the Public Utilities Commission and in courts. Criminal prosecution and civil enforcement of Medicaid Fraud violations including abuse or neglect of vulnerable adults.

Population Served

- ◆ Citizens of the state of Minnesota; and
- ◆ Minnesota businesses by protecting the integrity of the marketplace.

Services Provided

- ◆ Investigates and when appropriate initiates legal action against individuals and businesses engaged in violations of the law respecting unfair, discriminatory, and other unlawful practices in business, commerce or trade.
- ◆ Represents the interests of small businesses and residential customers in proceedings before the Public Utilities Commission and the courts.
- ◆ Prosecutes abuse, neglect, and financial exploitation of vulnerable adults and prosecutes healthcare providers who commit fraud in delivery of Medicaid Assistance program.

Historical Perspective

- ◆ Represented the interests of consumers and small businesses in issues before the Public Utilities Commission, including rate increases proposed by utility companies.
- ◆ Advanced litigation to enforce laws of the state of Minnesota.
- ◆ In FY 2008, total recoveries to the Minnesota Medicaid program were over \$10 million.

Key Measures

- ◆ Citizens of state are well served.
- ◆ Minnesota's citizens are assisted in resolving disputes with businesses and other persons.
- ◆ Public interest is advanced in civil litigation.
- ◆ The rights of consumers and small businesses are protected in the purchase of and payment for services from utility companies.
- ◆ Medicaid Fraud regulations are enforced.

Contact

Karen D. Olson, Deputy Attorney General
Suite 1400, Bremer Tower
445 Minnesota Street
St. Paul, Minnesota 55101
karen.olson@state.mn.us

Activity at a Glance

- ◆ During FY 2008, the Attorney General Office (AGO) obtained the opportunity for citizens to claim restitution of over \$500 million in complex litigation cases.
- ◆ During FY 2008 the AGO participated in utility cases that resulted in saving Minnesota small businesses and consumers over \$7 million in rate increases.

ATTORNEY GENERAL
Program: ATTORNEY GENERAL
Activity: CIVIL PROTECTION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	4,331	5,665	5,010	5,010	10,020
State Government Spec Revenue	21	21	21	21	42
Statutory Appropriations					
General	6	3	0	0	0
Federal	905	1,206	1,228	1,237	2,465
Total	5,263	6,895	6,259	6,268	12,527
<u>Expenditures by Category</u>					
Total Compensation	4,824	6,217	5,669	5,678	11,347
Other Operating Expenses	439	678	590	590	1,180
Total	5,263	6,895	6,259	6,268	12,527
Full-Time Equivalents (FTE)	74.4	83.1	83.1	83.1	

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: ADMINISTRATION

Narrative

Activity Description

Administrative Services provides overall administrative support to the Attorney General's Office (AGO).

Population Served

- ◆ Citizens of Minnesota;
- ◆ Employees of the AGO; and
- ◆ State agencies and other government agencies.

Services Provided

- ◆ Development and implementation of new administrative policies and procedures;
- ◆ Upgrading and maintaining the AGO's systems network;
- ◆ Budget development;
- ◆ Purchasing;
- ◆ Accounting;
- ◆ Docketing/timekeeping system that provides billing information to state agencies; and
- ◆ Human resources services/personnel transactions; and
- ◆ Legal support.

Key Measures

- ◆ Office mission is clear;
- ◆ Procedures are implemented;
- ◆ AGO systems are up-to-date and operate efficiently;
- ◆ Fiscal activities are accurate, complete and meet state standards;
- ◆ Docketing/timekeeping is accurate. Invoices are produced on time; and
- ◆ Personnel transactions are accurate and timely.

Contact

Rebecca Spartz
Director of Administration
102 State Capitol
75 Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, Minnesota 55155-2128
rebecca.spartz@state.mn.us

ATTORNEY GENERAL
 Program: ATTORNEY GENERAL
 Activity: ADMINISTRATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	0	200	0	0	0
Direct Appropriations					
General	5,478	6,607	6,489	6,489	12,978
Statutory Appropriations					
General	10	11	11	11	22
Miscellaneous Special Revenue	60	141	141	141	282
Total	5,548	6,959	6,641	6,641	13,282
<u>Expenditures by Category</u>					
Total Compensation	2,636	2,785	2,755	2,755	5,510
Other Operating Expenses	2,912	4,174	3,886	3,886	7,772
Total	5,548	6,959	6,641	6,641	13,282
Full-Time Equivalent (FTE)	29.4	30.6	30.6	30.6	

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Departmental Earnings (Inter-Agency):					
General	1,634	1,500	1,500	1,500	3,000
Departmental Earnings:					
General	497	497	497	497	994
Other Revenues:					
General	1,125	21	21	21	42
Other Sources:					
General	15	0	0	0	0
Total Non-Dedicated Receipts	3,271	2,018	2,018	2,018	4,036
<u>Dedicated Receipts:</u>					
Departmental Earnings (Inter-Agency):					
General	6,138	5,883	5,883	5,883	11,766
Grants:					
Federal	1,088	1,356	1,378	1,387	2,765
Other Revenues:					
General	2	8	0	0	0
Miscellaneous Special Revenue	175	151	151	151	302
Miscellaneous Agency	900	161	61	61	122
Other Sources:					
General	9	11	11	11	22
Miscellaneous Agency	0	77	0	0	0
Total Dedicated Receipts	8,312	7,647	7,484	7,493	14,977
Agency Total Revenue	11,583	9,665	9,502	9,511	19,013

Federal Program (\$ in Thousands)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
Department of Health and Human Services - Medicaid Fraud	238	SO	905	1,206	1,228	1,237
Office of Justice Program - Narcotics		SO	183	150	150	150
Agency Total	238		1,088	1,356	1,378	1,387

Key:

Primary Purpose

SO = State Operations

GPS = Grants to Political Subdivision

GI = Grants to Individuals

GCBO = Grants to Community Based Organizations

The AGO receives federal funds for the following activities:

- The Medicaid Fraud grant allows the AGO to continue investigating and prosecuting fraud in the Medicaid program. This grant has a 25% state match requirement. The AGO anticipates continued funding of this grant.
- The Narcotics grant allows the AGO to continue efforts to target the prosecution of those who facilitate the narcotics trade. It also allows for the continuation in providing the prosecution support needed by law enforcement during the investigative phase of such cases. This grant is received as a sub grant from the Department of Public Safety and currently does not require a state match. Funding is anticipated at least through CY 2009 but future projections remain on a year-to-year basis.

Consolidated Listing of Appropriations
(\$ in thousands)

	<u>Agency Request</u>		<u>Senate Budget</u>	<u>House Finance</u>
	<u>FY 2010</u>	<u>FY 2011</u>	<u>Division</u>	<u>Division</u>
<u>Submitted as Part of the Attorney General's Budget Request:</u>				
Direct Appropriations:				
General	\$24,225	\$24,225		
State Government Miscellaneous	1,827	1,827		
Environmental	145	145		
Solid Waste Fund	250	250		
Statutory Appropriations:				
General	5,894	5,894		
Special Revenue	141	141		
Federal	1,378	1,387		
Miscellaneous Agency	<u>60</u>	<u>60</u>		
Total Agency Request	<u>\$33,920</u>	<u>\$33,929</u>	State Government	State Government
<hr/>				
<u>Other Funding: Partner Agreements:</u>				
Direct Appropriations:				
General				
--Department of Human Services	2,071	2,071	Health, Human Services & Corrections	Health & Human Services
State Government Miscellaneous				
--State Board of Medical Practice	668	734	Health, Human Services and Corrections	Health & Human Services
	<u> </u>	<u> </u>		
Total Partner Agreement Funding	<u>\$2,739</u>	<u>\$2,805</u>		
TOTAL ALL	<u>\$36,659</u>	<u>\$36,734</u>		



STATE OF MINNESOTA

OFFICE OF THE ATTORNEY GENERAL

LORI SWANSON
ATTORNEY GENERAL

102 STATE CAPITOL
ST. PAUL, MN 55155
TELEPHONE: (651) 296-6196

January 26, 2009

To the 2009 Legislature:

Re: The Attorney General's Budget Request for FY 10/11

Dear Members:

Attached is the budget request for the Attorney General's Office (AGO) for Fiscal Years 2010 and 2011. Our office proposes to carry out its mission to advance the interests of Minnesota citizens by:

Agency Representation (the AGO serves as legal counsel to all state agencies):

- Providing client advice and legal representation to state agencies in the application and enforcement of state laws and representation of agencies in federal and state courts and administrative hearings.
- Assisting state agencies to recover fines and penalties and to enforce orders and injunctions.
- Filing civil lawsuits and legal pleadings to represent and defend the public interest.

Defense of Claims (the AGO serves as defense counsel for the State and its agencies):

- Saving the state money through the defense and resolution of lawsuits and claims.
- Defending state laws passed by the legislature against constitutional attacks.
- Using alternative dispute resolution methods to save on legal costs when warranted.

Public Protection:

- Representing the Commissioner of Public Safety in over 5,800 implied consent cases (drunk driver license revocations) annually.
- Prosecuting abuse, neglect, and financial exploitation of vulnerable adults and prosecuting healthcare providers who commit fraud in delivery of Medicaid Assistance program.
- Enforcing the State's consumer, charities, and antitrust laws to protect citizens from fraud and to ensure fair business practices.
- Advocating for the interests of residential and small business utility customers before the Public Utilities Commission.
- Assisting county attorneys in prosecuting serious crimes and upholding criminal convictions on appeal to safeguard the public interest. Assisting county attorneys in the civil commitment of sexual predators.

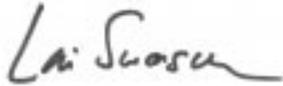
Through its work, the AGO protects taxpayer dollars. The AGO accomplishes this by providing high quality, cost-effective, expert legal services. When appropriate, the Office uses alternative dispute resolution to prevent costly litigation.

An Equal Opportunity Employer

The AGO is committed to operating in a fiscally responsible manner. Ongoing fiscal challenges to the AGO include maintaining adequate funding for the Office in light of increasing demand for expert legal services and meeting the growing demand for AGO services driven by increased and more complex litigation and concerns about public safety.

As you review our budget request, please feel free to contact me to discuss any issues or questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Swanson". The signature is fluid and cursive, with a long, sweeping underline.

LORI SWANSON
Attorney General

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	4
Change Summary	5
Agency Change Items	
↻ Fee Collection And Cost Recovery	6
Appendix	
Agency Revenue Summary Fiscal Page.....	8

↻ Designates that this item is a change item

Agency Purpose

The Board of Barber and Cosmetologist Examiner (Board) was established under M.S. 154 in 2004 by merging the Board of Barbers and the Cosmetology Division from the Department of Commerce. The Board of Barber and Cosmetologist Examiners, a licensing agency, is responsible for licensing and regulating individual, establishment, and school licenses for a variety of cosmetology and barbering related fields.

The mission of the Board is to promote the public's health and safety by ensuring that barbers and cosmetologists meet the minimum requirements establishment by the legislature and the Board.

Core Functions

The Board accomplishes its mission by:

- ◆ setting and administering educational requirements and examination standards;
- ◆ reviewing applications in a timely and thorough manner
- ◆ setting standards of practice and conduct;
- ◆ conducting annual inspections of shops and schools to ensure compliance with statues and rules;
- ◆ responding to inquiries, complaints, and reports, regarding licensure and conduct of applicants, licensees and unlicensed practitioners; and
- ◆ providing information and education to the public and other interested parties.

Operations

The Board serves barber and cosmetology customers by licensing only those individuals, establishments, and schools that meet established educational, examination, and other requirements. The board also investigates complaints regarding barber and cosmetologist care, and when necessary, initiates corrective or disciplinary action. The board verifies applicants' credentials and verifies license status and inspection scores to interested parties.

Key Goals

The Board's strategic goals are:

- ◆ To improve operational efficiency by streamlining processes and procedures to better serve our customers.
- ◆ To foster a sense of partnership by demonstrating respect and support for our licensees.
- ◆ To maintain, promote, and improve the complaint process to ensure that those that violate law or rules are held accountable.

Key Measures

- ◆ Public protection – the Board's website allows the public to verify license status and inspection scores, and also provides complaint forms and information on the complaint process.
- ◆ Online services – All information that can be provided over the phone is available on our website, including general updates, meeting minutes, newsletters, applications & forms, questions & answers, and beginning in October of 2008, online renewals.
- ◆ Public information – In addition to the website, the Board provides information through public outreach, newsletters, field inspectors, and agency staff taking questions via phone, in-person, and email.
- ◆ Investigations – The Board investigates approximately 100 complaints alleging misconduct of rule or law each year. Complaints can involve both licensed and non-licensed shops and individuals. The board's complaint committee determines whether it has jurisdiction, and investigates accordingly.

At A Glance

Minnesota Board of Barber and Cosmetologist Examiners Statistics
(As of June 30th, 2008)

Total Licensees:	38,587
Barber Related Licensees:	3,384
◆ 886 Shops	
◆ 2,498 Individual	
Cosmetology Related Licensees:	35,203
◆ 5,995 Salons	
◆ 29,208 Individual	
Total Complaints:	102
Number of Inspections per year:	5,200

Increase of Licensees Since July 1,2006

Barber Related Licensees:	361	10.67%
Cosmetology Related:	8,216	23.34%
Total Increase:	8,577	22.23%

Budget

The board receives a direct appropriation from the general fund for all its expenses. All revenues are deposited as non-dedicated receipts in the general fund. The legislature sets all fee amounts in statute. Expenditures for FY 2008-09 are approximate \$1.5 million, which includes 10.5 full-time equivalent employees. Revenues over the same period are budgeted at \$3.0 million.

Contact

Minnesota Board of Barber and Cosmetologist Examiners
2829 University Avenue South East
Suite 710
Minneapolis, Minnesota 55414
www.bceboard.state.mn.us

The website at www.bceboard.state.mn.us gives visitors easy access to useful information regarding the Board of Barber and Cosmetologist Examiners. Types of information available through the website include: regulatory news and updates, applications, online verification, rules and statutes, public notices, newsletters, and overall general information.

Gina Stauss, Executive Secretary
Email: bce.board@state.mn.us
Phone: (651) 201-2742
Fax: (612) 617-2601
TDD: (1-800) 627-3529

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	829	749	749	749	1,498
Recommended	829	749	839	839	1,678
Change		0	90	90	180
% Biennial Change from 2008-09					6.3%
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	714	864	839	839	1,678
Total	714	864	839	839	1,678
 <u>Expenditures by Category</u>					
Total Compensation	547	590	566	566	1,132
Other Operating Expenses	167	274	273	273	546
Total	714	864	839	839	1,678
 <u>Expenditures by Program</u>					
Barbers	714	864	839	839	1,678
Total	714	864	839	839	1,678
Full-Time Equivalent (FTE)	10.6	10.2	8.5	8.2	

BARBER/COSMETOLOGIST EXAM BD

Change Summary

Dollars in Thousands

	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
<i>Fund: GENERAL</i>				
FY 2009 Appropriations	749	749	749	1,498
Subtotal - Forecast Base	749	749	749	1,498
Change Items				
Fee Collection and Cost Recovery	0	90	90	180
Total Governor's Recommendations	749	839	839	1,678
<i>Revenue Change Items</i>				
<i>Fund: GENERAL</i>				
Change Items				
Fee Collection and Cost Recovery	0	90	90	180

BARBER/COSMETOLOGIST EXAM BD

Change Item: Fee Collection and Cost Recovery

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$90	\$90	\$90	\$90
Revenues	90	90	90	90
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendation

The Governor recommends that the Board of Barber and Cosmetologist Examiners establish new fees. Specifically, the Board of Barber and Cosmetologist Examiners should collect fees for a lapsed license, revoked license, duplicate licenses, and letters of verification.

Background

The Board of Barber and Cosmetologist Examiners is a fee-supported agency. Funds are appropriated from the general fund by the legislator to the board. The board collects and deposits revenue into the general fund each year. The legislature approves our spending plans and the fees assed the various licensees of the Board which cover all of the Board's direct and indirect expenditures. At the end of the biennium, the Board should be at least revenue neutral.

The Board process approximately 1,000 lapsed licenses, 350 duplicate licenses, and 1,200 letter of verification per year. The Board currently has no penalty for those who renew their license late. There is no financial or other type of penalty associated with a delinquent renewal. Due to the high number of licensees, the Board is consistently reissuing new licenses for reasons such as name changes, lost license, etc. Due to the time and supplies involved in creating a new license or update certain data, the Board needs to recover these costs.

Relationship to Base Budget

The changes required will allow the Board to collect revenue which would help offset administrative costs as well as operational costs that are associated with processing and printing licensees and letters. The Board will use the revenue to offset these expenses in which we are already incurring. The Board's budget is self-generated through fees from the various types of license we offer.

The table listed below identifies:

- ◆ A list of all fees that will be changing and implementing
- ◆ The current amount of all fees that will be changing
- ◆ The current anticipated revenue collected each fiscal year
- ◆ The proposed percentage of the fee change
- ◆ The proposed amount of each fee
- ◆ The total anticipated to pay under the proposed changes
- ◆ The new proposed anticipated revenue
- ◆ The difference in revenue

BARBER/COSMETOLOGIST EXAM BD

Change Item: Fee Collection and Cost Recovery

Current Fee Information				Proposed New Fee Information			
Fee Name	Current Fee Amount	Current FY 2008-09 Anticipated Revenue Budget Each Year	Proposed % of the Fee Change-Increase	Proposed New Fee Amount	Number Paying Under New Proposals	Proposed FY 2010-11 Anticipated Revenue Budget Each Year	Difference in Revenue Anticipated to be Collected
Operator/Manager License –Lapsed	\$0.00	\$0.00	New	45.00	750	\$33,750	\$33,750
Salon/School License-Lapsed	0.00	0.00	New	50.00	100	5,000	5,000
Cosmetology Duplicate License	0.00	0.00	New	20.00	350	7,000	7000
Cosmetology Letter of Verification	0.00	0.00	New	30.00	1,200	36,000	36,000
Name Change	0.00	0.00	New	20.00	300	6,000	6,000
Processing Fee	0.00	0.00	New	10.00	100	1,000	1,000
Total	\$0.00	\$0.00	N/A	N/A		\$89,750	\$89,750

Key Goals and Measures

The fee increase will increase revenues. The Board will monitor revenues and expenditures closely to ensure that significant excess fee collection does not occur. The Board will receive sufficient revenue to cover all expenses.

The Board of Barber and Cosmetologist Examiners is taking this initiative to be fiscally responsible, while not sacrificing services to the public that may jeopardize public protection nor cause undue burdensome to our licensees. The Board will continue to fulfill its mission of protecting the public by ensuring we license competent barbers and cosmetologist.

Alternatives Considered

The alternative would be to not collect fees for services provided to licensees and the public. Performing the tasks of the above –outlined items uses board staff time and resources, thus incurring costs and expenses to the Board. Collection of fees to provide these services demonstrates the Board’s fiscal responsibility.

Statutory Change: M.S. 154.44

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	1,435	1,562	1,674	1,734	3,408
Total Non-Dedicated Receipts	1,435	1,562	1,674	1,734	3,408
<u>Dedicated Receipts:</u>					
Total Dedicated Receipts	0	0	0	0	0
Agency Total Revenue					
	1,435	1,562	1,674	1,734	3,408

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	4
Appendix	
Agency Revenue Summary Fiscal Page.....	5

Agency Purpose

Minnesota Statutes sections 148B.50-148B.593 require the Minnesota Board of Behavioral Health and Therapy to license professional counselors (LPCs) and Licensed Professional Clinical Counselors (LPCCs) and regulate the practice of professional counseling in the State of Minnesota. The board was established in May 2003. On 7-1-2005, the board began licensing and regulating licensed alcohol and drug counselors (LADCs) when the program transferred to the board from the Department of Health (see Minnesota Statutes chapter 148C). The board is authorized to promulgate rules.

At A Glance

Minnesota LPC, LPCC, and LADC Statistics (As of June 30, 2008):

Total Licensed LPCs:	539
Total Licensed LPCCs	12
Total Licensed LADCs:	1,757
Total ADC Permit Holders:	296

Total New Complaints Received FY 2007-08: 153
Total Resolved Complaints in FY 2007-08: 248

The board's mission is to protect the public through effective licensure and enforcement of the statutes and rules governing the practices of professional counseling and alcohol and drug counseling to ensure a standard of competent and ethical practice.

Core Functions

The board is a regulatory agency and accomplishes its mission by:

- ◆ setting and administering minimum educational, supervision, and examination requirements for initial licensure as a licensed professional counselor, licensed professional clinical counselor, or alcohol and drug counselor;
- ◆ setting and administering requirements for renewal of licensure;
- ◆ setting standards of ethical practice;
- ◆ responding to inquiries, complaints and reports regarding applicants and licensees;
- ◆ investigating complaints of alleged violations of statutes and rules, holding educational and disciplinary conferences with licensees, and taking legal action when appropriate against licensees who fail to meet minimum standards of practice;
- ◆ approving continuing education activities; and
- ◆ providing information about licensure requirements and standards of practice to the public and other interested parties.

Operations

- ◆ The 13-member board consists of five licensed professional counselors, five licensed alcohol and drug counselors, and three public members appointed by the governor. The board has three full time staff members to perform the administrative duties necessary to regulate these professions.
- ◆ The board holds quarterly board meetings, and subcommittees of the board meet regularly to review license applications and licensure issues, draft rules, draft legislation, review complaints and hold educational and disciplinary conferences with applicants and licensees, and perform other duties required for the operation of the board.
- ◆ The board benefits and affects the public by ensuring that licensed professional counselors, licensed professional clinical counselors, and licensed alcohol and drug counselors meet and maintain minimum standards of competence and ethical practice.
- ◆ Current issues affecting the board are posted on the board's website.

Key Goals

- ◆ Support legislation making LPCCs mental health professionals who can be reimbursed through Medical Assistance and MinnesotaCare in order to increase the number of qualified mental health providers available to children and adults in Minnesota needing mental health services.
- ◆ Continue to work with the Public Advisory Committee formed to assist the Board's Legislative Committee in rewriting regulations for LADCs in order to remove confusing, obsolete, repetitive, and unnecessary language.

Key Measures

- ◆ Public protection – the board’s website offers several services to the public including access to information on the complaint process, obtaining forms and information regarding how to file a complaint, a list of disciplinary actions taken, and instructions for obtaining copies of public disciplinary documents.
- ◆ Online information – the board’s website currently contains a listing of information on LPC licensees, LPCC licensees, and approved supervisors. The website also contains a listing of Licensed Alcohol and Drug Counselors and Temporary Permit Holders. The board is working towards online services with the future goal of offering license verification, address and contact information changes, and license renewals online.
- ◆ Public information – the board provides information to the public through the board website, presentations to educators and students, and public outreach through presentations at professional organization conferences.
- ◆ Technology – repair and revise existing databases to enable the board to track license applications from receipt date to issue date, to aid in improving efficiency of the licensure process.
- ◆ Debt Retirement – continue to retire agency deficit resulting from overprojections in the number of licensees and inherited from the previous state department in charge of the LACD program.

Budget

Total direct and indirect expenditures for FY 2008-09 are estimated to be \$1,043,365, which includes 3.0 FTE employees. Direct expenditures include salaries, rent and other operating expenditures. The board receives a direct appropriation for these costs. Indirect expenditures include costs for services received from the Attorney General’s Office, and costs to fund the Health Professionals Services Program, Office of Mental Health Practice, and the Administrative Services Unit. The board is responsible for collecting sufficient revenue to cover both direct and indirect expenditures.

The board is estimated to collect \$1,147,745 in FY 2008-09, which is deposited as non-dedicated revenue into the state government special revenue fund. Revenue is collected from fees charged to applicants and licensees.

Contact

Minnesota Board of Behavioral Health and Therapy
2829 University Avenue Southeast
Suite 210
Minneapolis, Minnesota 55414-3220

The website at: www.bbht.state.mn.us gives visitors easy access to useful information about LPC, LPCC, and LADC licensure and regulation. Information available on the website includes: board member and staff names, calendar of meetings, statutes and rules, application forms, regulatory news and updates, and public notices.

Email: bbht.board@state.mn.us

Phone: (651) 617-2178

Fax: (612) 617-2187

TTY: (800) 627-3529

Include a primary contact, preferably a general one rather than a specific name. Links to the agency’s website and any other supplemental information may also be useful.

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
State Government Spec Revenue					
Current Appropriation	394	394	394	394	788
Recommended	394	394	394	394	788
Change		0	0	0	0
% Biennial Change from 2008-09					0%
 <u>Expenditures by Fund</u>					
Carry Forward					
State Government Spec Revenue	1	99	0	0	0
Direct Appropriations					
State Government Spec Revenue	269	519	394	394	788
Open Appropriations					
State Government Spec Revenue	26	22	0	0	0
Total	296	640	394	394	788
 <u>Expenditures by Category</u>					
Total Compensation	220	247	257	270	527
Other Operating Expenses	76	393	137	124	261
Total	296	640	394	394	788
 <u>Expenditures by Program</u>					
Behavioral Health & Therapy	296	640	394	394	788
Total	296	640	394	394	788
 Full-Time Equivalent (FTE)	 3.2	 3.2	 3.2	 3.2	

BEHAVIORAL HLTH & THERAPY BD

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
State Government Spec Revenue	649	643	690	690	1,380
Total Non-Dedicated Receipts	649	643	690	690	1,380
<u>Dedicated Receipts:</u>					
Total Dedicated Receipts	0	0	0	0	0
Agency Total Revenue	649	643	690	690	1,380

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	5
Change Summary	6
Agency Change Items	
↻ Operating Budget Reduction	7
Appendix	
Agency Revenue Summary Fiscal Page.....	8

↻ Designates that this item is a change item

Agency Purpose

The state Council on Black Minnesotans addresses the need for people of African heritage to fully and effectively participate in and equitably benefit from the political, social, and economic resources, policies, and procedures of this state.

With the insistence and support of the African American community, the council was created by the Minnesota legislature in July 1980 (M.S. Section 3.9225). Its primary purpose is to advise the governor and legislature on the nature and intensity of issues confronting the state's Black populations. The formation of the council was critical for Black Minnesotans because, historically, this population has been, and continues to be, underrepresented in the legislature and has had little access to the office of the governor or other policy makers.

The council is a policy-oriented agency that uses a community mobilization and involvement model. Prior to the creation of the council, there was no state or local agency responsible for advising and educating policy makers, researching and analyzing the broad spectrum of issues affecting Black Minnesotans and advocating on their behalf, or to educate and reeducate Black Minnesotans regarding specific policy issues and the value of political and policy participation.

The council's advice to policy makers must be well founded, accurate, and representative of the will of its constituencies. To facilitate these functions, the council is made up of 13 public members appointed by the governor with the understanding that they must be broadly representative of Minnesota's Black communities. Four ex-officio legislative representatives are also members of the council and participate in setting the agenda and priorities of the agency.

Core Functions

The council operates as a liaison between state agencies, individuals, and organizations seeking access to state government. It participates in policy-making processes that affect the interests and welfare of Black Minnesotans and recommends new laws or changes in existing laws to the governor and legislature that may benefit African Americans and Africans in the state of Minnesota. Another important function of the council is to increase the awareness and practice of "cultural responsibility" throughout the state of Minnesota, its institutions and its citizens. It also publicizes the accomplishments of Black Minnesotans and their contributions to the quality of Minnesota life. Specific functions of the council include monitoring government and private sector agencies, programs and policies to determine their impact on Black Minnesotans and other populations of color. The council also conducts primary and secondary research and sponsors and promotes issue/policy-oriented educational programs.

In order to effectively advise the governor, legislators, and other policy makers, the council has organized community legislative/policy dialogues. It also conducts primary and secondary research to get information on the extent to which Black Minnesotans benefit from current policies/programs and the extent to which disparities exist. Conducting research has provided the council with information that allows it to identify existing community needs and resources and set organizational priorities. A significant barrier to the accomplishment of these functions is

At A Glance

Minnesota's fast growing Black population is the council's primary client constituency and is the state's largest non-European ethnic/cultural group.

- ◆ In 2005 there were an estimated 218,500 residents who were Black Minnesotans – this represents a 28% increase over the state's Black population in 2000.
- ◆ The council's client constituency also includes one of the largest African immigrant populations in the United States, nearly 50,000.
- ◆ The vast majority of the council's constituencies, nearly 92%, are residents of the Twin Cities Metropolitan Area.
- ◆ Smaller Black communities can be found in and near Rochester, Duluth, St. Cloud, Mankato, Moorhead, and Worthington.

The council also has an institutional constituency of health and human service and research organizations with similar values, concerns, target populations, and objectives.

Overall, the populations served by the council are disproportionately impoverished and have experienced a multitude of complex and inter-related problems; social, political, and economic. These conditions are both caused and acerbated by a lack of equal access and opportunity, and institutional and individual racism. The council was created to address the disparities associated with these conditions and be an instrument to create institutional and social change.

the current status of available data or information. Most agencies, state or local, public or non-profit, do not collect data in a manner that would allow the council to determine in a precise fashion the extent to which Black Minnesotans participate in and benefit from existing programs and policies. Correcting this condition is a primary objective of the council.

The council has established programs to address the needs of its constituencies. Through collaboration and cooperation, it is involved in about 70 ongoing committees and organizations addressing such issues as out-of-home placement of children, teen pregnancy, hunger, health, affordable housing and homelessness, economic development, education, drugs, violence, childcare, HIV/AIDS, crime, the status of African American males, tobacco usage prevention/reduction, employment, the status of Black veterans, poverty, police community relations (including racial profiling), and the unique concerns of native African communities. Collaborative organizations include:

- ◆ Minneapolis and Saint Paul branches of the Urban League and National Association for the Advancement of Colored People (NAACP)
- ◆ Commission on Minnesota's African American Children
- ◆ Minnesota African American Tobacco Education Network
- ◆ Minneapolis and Saint Paul African American Leadership Council/Summit
- ◆ University of Minnesota Medical School and Minnesota Private College Council
- ◆ Office of Minority and Multicultural Health, Minnesota Department of Health

An annual function of the council involves assisting the governor's Dr. Martin Luther King Jr. Holiday Commission in managing and overseeing the observance of the Dr. Martin Luther King holiday and celebration. More specifically, the council assists in the planning and presentation of programs and events designed to promote the ideals of Dr. King.

Another important function of the council is to promote the representation, accountability, and increased/effective leadership of Black Minnesotans in policy-making processes. This is accomplished through the identification of individuals as community assets, and matching individual skills with volunteer opportunities on Boards, Commissions, and Task Forces, etc.

Key Goals

The goals/objectives of the Council on Black Minnesotans include the following. It must be noted that the Council does not operate specific programs. It is more involved in governmental and other public policy processes from an education, advocacy and monitoring perspective. For example:

- ◆ Reducing the level of racial disparities and disproportionalities experienced by Minnesotans of African descent through education, collaboration and advocacy.
- ◆ Increasing the knowledge of policy makers at all levels and among Minnesotans of African heritage about critical issues impacting populations of color, American Indians and the impoverished of Minnesota. We are particularly concerned with focusing on researching and addressing the extent to which public policy and individual and institutional racism have caused and continue to perpetuate racial disparities and disproportionalities.
- ◆ Increasing civic engagement among African and African Americans through collaboration. This includes voter registration, educational activities, and conducting research that promotes involvement with decision making entities impacting the existence of populations of color, American Indians and the impoverished of Minnesota.
- ◆ Promoting solutions to identify issues through collaboration. Participating in the decision making processes on issues effecting Black Minnesotans by providing testimony and advice to the governor, legislators, the judiciary and administrative committees and initiatives. The goal is to represent the interests of and advocate for the benefit of Black Minnesotans.

Key Measures

The extent to which the Council's efforts are successful are reflected in the products associated with the above specified key goals, which relate to the overarching goal of increasing the knowledge of policymakers and Black Minnesotans. For example:

- ◆ Number of events sponsored or co-sponsored by the Council. Events are identified by substantive issue area, by type of event, and by attendance at the events.
- ◆ The number and names of collaboration participants.
- ◆ Number of critical analyses of legislative and policy-based reports relating to policy impact on populations of color, American Indians and the impoverished in Minnesota.

Budget

Revenues: The general fund appropriation for the Council on Black Minnesotans for FY 2008-2009 biennium averaged \$329,000. The general fund appropriation is the agency's principal revenue source. Of this amount, \$20,000 (6%) is allocated specifically for the Dr. Martin Luther King Jr. holiday and celebration. In addition, the agency administers a contract, as fiscal agent, for a Blue Cross Blue Shield Tobacco Cessation project. Actual spending, to date, for FY 2008 is \$92,000. The Council anticipates spending \$162,000 in FY 2009.

Expenditures: Approximately 72% (\$305,456) of the council's operating budget was used to fund 3.4 full-time equivalents for FY 2008. The remaining amount funds traditional agency operating costs (e.g. rent, travel, communications, supplies, and equipment).

Contact

Roger W. Banks
Research Analyst Specialist
Council on Black Minnesotans
2233 University Avenue
Saint Paul, Minnesota 55114
Phone: (651) 642-0811
Email: roger.banks@state.mn.us

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	325	333	333	333	666
Recommended	325	333	316	316	632
Change		0	(17)	(17)	(34)
% Biennial Change from 2008-09					-4%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	313	345	316	316	632
Statutory Appropriations					
Miscellaneous Special Revenue	92	167	0	0	0
Gift	18	7	12	12	24
Total	423	519	328	328	656
<u>Expenditures by Category</u>					
Total Compensation	306	285	226	225	451
Other Operating Expenses	117	219	102	103	205
Local Assistance	0	15	0	0	0
Total	423	519	328	328	656
<u>Expenditures by Program</u>					
Council On Black Minn	423	519	328	328	656
Total	423	519	328	328	656
Full-Time Equivalent (FTE)	4.5	4.0	3.1	2.9	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
<i>Fund: GENERAL</i>				
FY 2009 Appropriations	333	333	333	666
Subtotal - Forecast Base	333	333	333	666
Change Items				
Operating Budget Reduction	0	(17)	(17)	(34)
Total Governor's Recommendations	333	316	316	632
<i>Fund: MISCELLANEOUS SPECIAL REVENUE</i>				
Planned Statutory Spending	167	0	0	0
Total Governor's Recommendations	167	0	0	0
<i>Fund: GIFT</i>				
Planned Statutory Spending	7	12	12	24
Total Governor's Recommendations	7	12	12	24

BLACK MINNESOTANS COUNCIL

Program: COUNCIL ON BLACK MINN

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(17)	\$(17)	\$(17)	\$(17)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(17)	\$(17)	\$(17)	\$(17)

Recommendation

The Governor recommends a reduction of \$17,000 in FY 2010 and \$17,000 in FY 2011 to the general fund operating budget of the Council on Black Minnesotans. The Governor intends that the Council should focus its operating funds on maintaining its highest priority services. In addition, the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions.

Background

The Council on Black Minnesotan's operating budget of \$333,000 per fiscal year includes amounts budgeted for administration of its outreach and advocacy programs in the African American community. This proposal will produce savings in operating expenditures and salaries in the FY 2010-11 biennium.

Relationship to Base Budget

This proposal represents a 5% base level reduction to the Council's general fund budget.

Key Goals and Measures

This change item may affect agency goals and performance measures related to engaging its constituents and advocating on their behalf in state government.

The budget submitted for the Council on Black Minnesotans seeks to safeguard core activities and reduce administrative overhead. The agency will manage budget reductions through various service level reductions or eliminations, staffing decreases, and/or operating expense reductions. The resulting budget will focus on new ways to operate the department's core functions.

Statutory Change: Not Applicable

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Total Non-Dedicated Receipts	0	0	0	0	0
<u>Dedicated Receipts:</u>					
Grants:					
Miscellaneous Special Revenue	92	167	0	0	0
Other Revenues:					
Gift	13	7	12	12	24
Total Dedicated Receipts	105	174	12	12	24
Agency Total Revenue	105	174	12	12	24

	PAGE
Small Agency Profile.....	2
Agency Fiscal Page (Gov Rec).....	4
Change Summary.....	5
Agency Change Items	
↻ Operating Budget Reduction.....	6
Appendix	
Agency Revenue Summary Fiscal Page.....	7

↻ Designates that this item is a change item

Agency Purpose

The Campaign Finance and Public Disclosure Board is the service and regulatory agency that administers M.S. Chapter 10A, which establishes regulatory and reporting requirements for political candidates, party units, political committees and funds, lobbyists and certain officials. The Board was created by legislative act in 1974 and consists of six bipartisan members appointed by the governor and supported by a staff of nine.

The Board's mission is to promote public confidence in state government decision-making by developing and implementing programs for the administration, enforcement, and improvement of the statutes under its jurisdiction.

The Board's mission is embodied in these goals:

- ◆ To facilitate easier and more universal compliance with Chapter 10A,
- ◆ To provide fair and consistent statutory enforcement,
- ◆ To help citizens become better informed about public and private financing of election campaigns and about lobbying. With access to campaign finance and lobbying data, citizens will have a higher level of confidence that elected officials' decision-making is not unduly influenced by outside interests.

Core Functions

The Campaign Finance and Public Disclosure Board performs the following core functions:

- ◆ Maintain systems for registering candidates for state office, political party units, political committees and funds, and lobbyists and ensure compliance with registration requirements
- ◆ Administer disclosure requirements applicable to the above entities and enforce statutory financial limits
- ◆ Obtain and publish economic interest disclosure statements from designated officials
- ◆ Determine eligibility, calculate amounts, and distribute public subsidy funding for election campaigns to qualified candidates and parties
- ◆ Publish campaign finance, lobbying, and economic interest data in easily accessible and meaningful formats for citizen use through its worldwide web site, printed materials, and electronic communications
- ◆ Provide consultation, educational programs, forms, publications, training, software, internet applications, and other aids to enable those governed by Chapter 10A to understand and comply with their statutory obligations

Operations

The Board provides its core functions through:

- ◆ Producing and publishing Handbooks, reporting forms, information sheets and other educational materials;
- ◆ Developing and administering programs to review filed reports and documents to ensure statutory compliance;
- ◆ Providing educational classes related to compliance, reporting, lobbying, software use, and other subjects;
- ◆ Developing and maintaining a worldwide web site containing tens of thousands of pages of indexed data available in static and dynamic form, serving more than two million page views to users each year;
- ◆ Developing and supporting software to allow treasurers to record, test for compliance, and report campaign finance transactions, and other technology tools to assist those required to file information with the Board;
- ◆ Providing telephone and in-person consultation and outreach relating to the requirements of Chapter 10A;
- ◆ Issuing formal advisory opinions to persons requesting guidance on a specific issue; issuing Statements of Guidance providing direction at a more general level; investigating filed complaints and issuing findings;
- ◆ Developing and implementing systems to determine eligibility for public subsidy payments and the amount of each payment; disbursing payments on time and in the right amount using state financial systems;

At A Glance

The Board:

- ◆ Regulates and publishes reports on the campaign finance activities of 1,500 candidates and political entities
- ◆ Provides campaign finance filing software and user support to more than 300 filers
- ◆ Administers reporting by 3,800 lobbyists and 1,350 lobbyist principals
- ◆ Administers the state's public campaign finance program, used by 97% of candidates
- ◆ Pays public subsidy to candidates and party units, totaling \$4.8 million during FY 07-08
- ◆ Administers reporting and publication of economic interest data from 2,100 officials
- ◆ Provides internet access to reported data to 235,000 citizens each year

- ◆ Conducting regular public meetings to set policy, issue decisions, and conduct other Board business; and
- ◆ Working with the legislature to improve the administration of Chapter 10A and to make Board operations more cost-efficient, while not sacrificing the Board’s mission of providing open disclosure.

Key Goals

- ◆ To help citizens become better informed about candidates who seek to represent them, so that more people will participate in government and politics (Minnesota Milestones Goal*, agency strategic goal)
 - ◆ To facilitate easier compliance with the statutory requirements placed on candidates, so that more people will feel able to participate in running for office (Minnesota Milestones Goal*)
 - ◆ To provide fair and consistent enforcement of Chapter 10A so that citizens participating in the political process will have a level playing field (Minnesota Milestones Goal*; agency strategic goal)
 - ◆ To maximize the use of technology so that Board operations remain cost-efficient and services can be designed to meet the needs of people who use them (Minnesota Milestones Goal**; agency strategic goal)
- * Minnesota Milestones Goal: People will participate in government and politics.
 ** Minnesota Milestones Goal: Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them.

Key Measures

As a data gathering and compliance agency, technology is central to the Board’s success. Thus, measures of success in implementing technology solutions helps measure the Board’s overall effectiveness.

Measure One: Number of committees filing reports with the Board’s Campaign Finance Reporter software.
 Why this measure is important: Use of the software supports efficient agency operation by eliminating manual data entry by Board staff. Compliance rules built into the software eliminate compliance violations as users are alerted of the problem immediately, thus facilitating better overall compliance.

Historical data:

Year:	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Filers:	40	*	*	120	160	200	218	249	344	315*	296*

* 1999 – 2000 data not available; 2007 decrease due to committee terminations after an election cycle; 2008 reflects pre-primary report, which Senate and constitutional office candidates do not file.

Measure two: Amount and accessibility of information available online.
 Progress: In the past biennium, the Board added scanned candidate reports for previous election years and instituted interactive database search capability for contributions and independent expenditures. The Board also added online systems for filing economic interest statements and 24-hour notices of large pre-election contributions.

Measure Three: Public Subsidy is paid on time, to the right people and parties, and in the right amounts.
 Result: The Board has many proactive procedures in place which result in virtually 100% achievement of this measure.

Budget

The Board’s operating budget is funded by a direct general fund appropriation by the Minnesota Legislature.

The Board’s FY09 budget includes 8.2 FTE positions. The Board’s operating budget supports all Board programs and excludes only those funds that are paid directly to candidate and party unit committees under the state’s public subsidy program.

<p>Contact Board Executive Director Telephone (651) 296-1721 Email: cf.Board@state.mn.us Website: www.cfBoard.state.mn.us</p>
--

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	714	735	735	735	1,470
Recommended	714	735	698	698	1,396
Change		0	(37)	(37)	(74)
% Biennial Change from 2008-09					-3.7%
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	707	741	698	698	1,396
Open Appropriations					
General	0	0	135	3,885	4,020
Statutory Appropriations					
Miscellaneous Special Revenue	127	1,738	0	1,820	1,820
Total	834	2,479	833	6,403	7,236
 <u>Expenditures by Category</u>					
Total Compensation	616	628	598	599	1,197
Other Operating Expenses	91	113	100	99	199
Payments To Individuals	34	1,592	0	5,624	5,624
Local Assistance	93	146	200	146	346
Transfers	0	0	(65)	(65)	(130)
Total	834	2,479	833	6,403	7,236
 <u>Expenditures by Program</u>					
Campaign Finance	834	2,479	833	6,403	7,236
Total	834	2,479	833	6,403	7,236
 Full-Time Equivalents (FTE)	 8.3	 8.2	 7.4	 7.4	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
<i>Fund: GENERAL</i>				
FY 2009 Appropriations	735	735	735	1,470
Subtotal - Forecast Base	735	735	735	1,470
Change Items				
Operating Budget Reduction	0	(37)	(37)	(74)
Total Governor's Recommendations	735	698	698	1,396
<i>Fund: GENERAL</i>				
Planned Open Spending	0	135	3,885	4,020
Total Governor's Recommendations	0	135	3,885	4,020
<i>Fund: MISCELLANEOUS SPECIAL REVENUE</i>				
Planned Statutory Spending	1,738	0	1,820	1,820
Total Governor's Recommendations	1,738	0	1,820	1,820

CAMPAIGN FIN & PUB DISCL BD

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(37)	\$(37)	\$(37)	\$(37)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(37)	\$(37)	\$(37)	\$(37)

Recommendation

The Governor recommends a reduction of \$37,000 in FY 2010 and \$37,000 in FY 2011 to the general fund operating budget of the Campaign Finance and Public Disclosure Board. The Governor intends that the Board should focus its operating funds on maintaining its highest priority services. In addition, the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions.

Background

The Campaign Finance and Public Disclosure Board's operating budget of \$735,000 per fiscal year includes amounts budgeted for compliance and educational activities. This proposal will reduce operating expenditures and produce salary savings during the FY 2010-11 biennium.

Relationship to Base Budget

This proposal represents a 5% base level reduction to the Board's general fund budget.

Key Goals and Measures

This change item may affect agency goals and performance measures related to educating its constituents on campaign finance regulations and its ability to improve efficiency through technology.

The budget submitted for the agency seeks to safeguard core activities and reduce administrative overhead. The agency will manage budget reductions through various service level reductions or eliminations, staffing decreases, and/or operating expense reductions. The resulting budget will focus on new ways to operate the department's core functions.

Statutory Change: Not Applicable

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Other Revenues:					
General	45	37	16	45	61
Total Non-Dedicated Receipts	45	37	16	45	61
<u>Dedicated Receipts:</u>					
Other Revenues:					
Miscellaneous Special Revenue	38	4	0	0	0
Total Dedicated Receipts	38	4	0	0	0
Agency Total Revenue					
	83	41	16	45	61

	PAGE
Small Agency Profile.....	2
Agency Fiscal Page (Gov Rec).....	4
Change Summary.....	5
Agency Change Items	
↻ Operating Budget Reduction.....	6
Appendix	
Agency Revenue Summary Fiscal Page.....	7

↻ Designates that this item is a change item

Agency Purpose

Capitol Area Architectural Planning Board (CAAPB) was established by the 1967 legislature to ensure the architectural integrity of the Capitol, the buildings adjacent to it, the Capitol grounds, and the Capitol area. Guided by its responsibilities under M.S. 15B, the board works to preserve and enhance the Capitol area’s unique aesthetic and historic character. It also plans and guides its future development by maintaining a framework for physical growth. The agency’s responsibilities are unique on a national level.

Core Functions

As overseer of Capitol area development, the CAAPB's regulatory responsibility for public and private projects covers permitted zoning and all phases of design and construction review. Individual project planning occurs within a long-range framework for the area's physical development. The CAAPB's *1998 Comprehensive Plan* and the *Specific Actions for Implementation of the Comprehensive Plan* are the framework for its daily agenda, along with the *Zoning and Design Rules for the Capitol Area*, published in January 2000.

Key Service Strategies:

- ◆ Initiate funding requests, promoting timely design, restoration, and maintenance of the Capitol Building.
- ◆ Provide framework for the development and maintenance of the Capitol Mall and its memorials.
- ◆ Manage internal agency operations, human resources, planning, and projects.
- ◆ Provide planning tools and guidelines for future Capitol area development.
- ◆ Coordinate all historical documents for the Capitol area.
- ◆ Provide open communication and coordination with all clientele.

Operations

The 12-member CAAPB is chaired by the lieutenant governor: it includes four gubernatorial and three mayoral appointees, as well as and two members from both the house and senate. An advisory committee of two professional architects and one landscape architect, along with four staff, serves the board. The board takes public testimony, reviews staff/advisor reports, and takes action on zoning requests and design review issues. The board meets approximately six times a year.

Focusing their performance on good design and long-range planning, the board is often in a position to coordinate and leverage public improvements in a cost-effective and results-orientated manner with other state agencies, the city of Saint Paul, neighborhood planning bodies, private sector professionals, and most recently the Metropolitan Council.

At A Glance

- ◆ The board is comprised of 12 members, chaired by the lieutenant governor, with both house and senate representation as well as gubernatorial and city appointees.
- ◆ As the planning and regulatory agency responsible for architectural design and long-range planning for the Capitol area, the CAAPB has exclusive zoning jurisdiction and design review over both the state government complex and the surrounding commercial and residential neighborhoods.
- ◆ The agency's jurisdiction comprises a 60-block area that contains 15 state office buildings (two million gross square feet of office, ceremonial, and public spaces), six blocks of commercial/retail space, 12 residential blocks, and one primary care hospital campus.
- ◆ The non-partisan board is responsible to the legislature and provides capital budget requests for the Capitol Building
- ◆ Since 1986, CAAPB capital budget appropriations totaling \$31.0 million have been dedicated to capitol building projects.
- ◆ The board is charged by Statute for routing and design of the Central Corridor Light Rail Transit (LRT) project through the Capitol area.

Key Goals

With equal priority the CAAPB has four key goals.:

- ◆ Enforce and maintain the rules of zoning and design in keeping with the purposes of the CAAPB within the Capitol area.
- ◆ Work in cooperation with the city of Saint Paul and immediate neighborhood districts to ensure that area adjacent to the Capitol area is developed in keeping with the purposes of the board and the comprehensive plan.
- ◆ Monitor, enhance, and maintain the beauty of the Capitol area in keeping with M.S. 15B.01, and the comprehensive plan.
- ◆ Continue to build consensus on the need to restore the Minnesota state capitol building.

Key Measures

Within a biennium, the board and its zoning administrator take timely action on over 100 requests for zoning permits or design review approvals for projects within the Capitol area.

The CAAPB completes reviews and approvals of zoning requests within 60 days of when a request is filed. No building permit can be issued by the city of Saint Paul until the CAAPB issues a zoning permit. The board is currently in process of updating its 2000 *Rules Governing Zoning and Design for the Minnesota State Capitol Area* to be completed in early 2009, and to include new form-based design standards.

CAAPB staff, the advisory committee, and the board have been involved in all planning efforts focused on the Central Corridor LRT Project in response to M.S. 15B.13 regarding the Capitol area. To date, the CAAPB has worked closely with the city of Saint Paul and the Met Council in approving the alignment and three Capitol area station locations for the LRT through the district. The board must approve each station design for compatibility with the comprehensive plan.

The CAAPB is updating zoning and design rules and its comprehensive plan as well as launching a newly enhanced website. Based on solid planning tools and guidelines developed in concert with the comprehensive plan and the zoning and design rules, the board has a positive impact on the overall appearance and beauty of the Capitol area and beyond.

Budget

The CAAPB's base budget is appropriated from the general fund. The current budget allocates 81% for four FTEs, 9% for rent, 1% for LAN costs, and 9% for fundamental business operations: copier, phones, mailing, supplies, and board and advisory committee meetings.

Contact

Capitol Area Architectural and Planning Board
Suite 204, Administration Building
50 Sherburne Avenue
Saint Paul, Minnesota 55155

World Wide Web Home Page: <http://www.caapb.state.mn.us>

Nancy Stark, Executive Secretary
Phone: (651) 757-1501
Fax: (651) 296-6718

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	427	373	373	373	746
Recommended	427	373	354	354	708
Change		0	(19)	(19)	(38)
% Biennial Change from 2008-09					-11.5%
<u>Expenditures by Fund</u>					
Carry Forward					
General	1	1	4	0	4
Miscellaneous Special Revenue	2	0	0	0	0
Direct Appropriations					
General	366	434	354	354	708
Statutory Appropriations					
Miscellaneous Special Revenue	5	39	13	2	15
Total	374	474	371	356	727
<u>Expenditures by Category</u>					
Total Compensation	292	325	304	299	603
Other Operating Expenses	82	149	67	57	124
Total	374	474	371	356	727
<u>Expenditures by Program</u>					
Capitol Area Arch Planning Bd	374	474	371	356	727
Total	374	474	371	356	727
Full-Time Equivalent (FTE)	3.8	4.0	3.7	3.6	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
<i>Fund: GENERAL</i>				
FY 2009 Appropriations	373	373	373	746
Subtotal - Forecast Base	373	373	373	746
Change Items				
Operating Budget Reduction	0	(19)	(19)	(38)
Total Governor's Recommendations	373	354	354	708
<i>Fund: GENERAL</i>				
Planned Statutory Spending	1	4	0	4
Total Governor's Recommendations	1	4	0	4
<i>Fund: MISCELLANEOUS SPECIAL REVENUE</i>				
Planned Statutory Spending	39	13	2	15
Total Governor's Recommendations	39	13	2	15

CAPITOL AREA ARCHITECT

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(19)	\$(19)	\$(19)	\$(19)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(19)	\$(19)	\$(19)	\$(19)

Recommendation

The Governor recommends a reduction of \$19,000 in FY 2010 and \$19,000 in FY 2011 to the general fund operating budget of the Capitol Area Architectural and Planning Board. The Governor intends that the Board should focus its operating funds on maintaining its highest priority services. In addition, the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions.

Background

The Capitol Area Architectural Planning Board's operating budget is \$373,000 per fiscal year. The board's current base budget breaks down as follows:

Salary and Benefits	83%
Rent	9%
LAN and IT Charges	2%
Business Operations	6%

The board staff will work to ensure that the quality of services provided by the agency to the public and other state agencies is not reduced; however, the budget reduction will slow the delivery of services.

Relationship to Base Budget

This proposal represents a 5% base level reduction to the Board's general fund budget.

Key Goals and Measures

The recommended reduction to the base budget has the potential to impact:

- ◆ Agency operating hours and staff time by the use of "Leave Salary Savings (LSS)" measures (MN Statutes 43A.49) as previously utilized by the CAAPB during FY2004-2005 and FY2006-2007.
- ◆ Reduce the number of board and architectural advisors' meetings.
- ◆ Reduce monies of architectural advisors review of projects and agency policy initiatives per MN Statutes 15B.
- ◆ Reduce new equipment funds, and office systems servicing and repairs.
- ◆ Limit updating of agency planning tools; district maps, mall plans, and engineered documents.
- ◆ Eliminate employee professional training and development.

The budget submitted for the Capitol Area Architectural Planning Board seeks to safeguard core activities and reduce administrative overhead. The agency will manage budget reductions through various service level reductions or eliminations, staffing decreases, and/or operating expense reductions. The resulting budget will focus on new ways to operate the department's core functions.

Statutory Change: Not Applicable

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Other Sources:					
General	0	1	1	1	2
Total Non-Dedicated Receipts	0	1	1	1	2
<u>Dedicated Receipts:</u>					
Other Revenues:					
Miscellaneous Special Revenue	2	10	2	2	4
Total Dedicated Receipts	2	10	2	2	4
Agency Total Revenue					
	2	11	3	3	6

	PAGE
Small Agency Profile.....	2
Agency Fiscal Page (Gov Rec).....	5
Change Summary.....	6
Agency Change Items	
↻ Operating Budget Reduction.....	7
Appendix	
Agency Revenue Summary Fiscal Page.....	8

↻ Designates that this item is a change item

Agency Purpose

The Council on Affairs of Chicano/Latino People (“Chicano Latino Affairs Council” or “CLAC”) was established in 1978 by the Minnesota legislature to advise and bring awareness to the governor and state legislature on the nature of issues facing Minnesota’s vibrant and growing Latino communities statewide, including the challenges encountered by Chicano/Latino migrant agricultural workers. Additionally, CLAC serves as a liaison between state government and the Latino community in Minnesota.

The Chicano Latino Affairs Council engages the Latino community through public service and works to carry out its mission by:

- ◆ Advising and educating legislators and policymakers on critical issues that impact Latinos in the areas of health, education, housing, economic development, and immigration;
- ◆ Serving as a liaison between local, state, and federal government and Minnesota’s Latino community;
- ◆ Acting as an information and referral agency to ensure that Latinos have access to programs and services sponsored by government agencies and community-based organizations;
- ◆ Raising awareness about the challenges and issues that impact the Latino community; and
- ◆ Publicizing the accomplishments and contributions Latinos make to the state of Minnesota.

Core Functions

The Chicano Latino Affairs Council’s internal operations include four working units: executive, administrative, legislative, and civic/community affairs. Each unit carries on specific duties to support the mission of CLAC. The executive unit works in collaboration with the other units and council members to advise the governor and state legislature on issues that affect the Latino community. The legislative unit works to inform the state legislature and agency heads on recent trends of the community in health, housing, education, immigration, and economic development. Additionally, the unit informs the community on policy issues and relevant legislation that impacts the community. The civic/community affairs unit works to engage the Latino community statewide through community forums, focus groups, surveys, and other civic activities to capture the Latino voice. Through enhance methods of civic engagement, the unit also acts as a conduit to bring the Latino community to the state capitol to testify before the state legislature on important policy and issues for Latinos in Minnesota.

At A Glance

The Latino community in Minnesota is the state’s fastest growing ethnic group. Today, Latinos in Minnesota make up just fewer than 4% of the state’s total population or over 205,000 residents. From 1990 to 2000, Minnesota saw a historical growth in the Latino population of 166%, increasing from 54,000 to 143,000 Latino residents. Latinos continue to be an influential and integral part of Minnesota’s economy and culture, both in the Twin Cities metro area and in Greater Minnesota.

Mexican American Buying Power by Counties

The following table, based on Census 2000 data, shows the buying of this Latino group.

Figures in millions

Hennepin	\$288	Anoka	\$32
Ramsey	\$187	Rice	\$20
Dakota	\$78	Olmsted	\$20
Washington	\$37	Nobles	\$18

Median Household Income

The median household income for Latinos in was \$35,500, second lowest in the state to African Americans at \$25,000.

Education

The Latino student enrollment in the state continues to increase. While the Latino population in the state is less than 4%, Latino students in public schools represent over 6% or 51,000 students.

Minnesota: Latino Enrollment by Grade

Grade	2003-2004		2007-2008	
	Number	%	Number	%
PK	591	5.4	991	4.3
K	3,966	6.7	4,945	8.2
1-4	13,449	5.7	17,718	7.4
5-8	11,324	4.4	14,484	5.9
9-12	9,263	3.3	12,583	4.5

The following are key functions that carry out the mission of the Chicano Latino Affairs Council:

- Act as resource for the governor, Minnesota legislature, and state agencies that focus on policy issues that impact the Latino community and migrant farm workers in the state;
- ◆ Serve as an informative source on the Latino community for all levels of government that implement legislation and create policies that have an impact on Minnesota Latinos;
- ◆ Act as a resource for the Latino community to have access to programs and services by the state and community organizations;
- ◆ Educate and inform the Latinos community on relevant policy issues in Minnesota;
- ◆ Act as conduit to provide access to the Latino community to testify and present before the Minnesota legislature;
- ◆ Publish a quarterly newsletter to report on recent issues of importance and recognize the accomplishments and contributions Latinos make to the state of Minnesota; and
- ◆ Publish a statewide bilingual directory to serve as a resource of information for the community about Latino Minnesota organizations, businesses, churches, media, and networking groups that work to empower and serve the community.

At A Glance (continued)

Immigration

According to the American Community Survey immigrants in Minnesota represented 6.6 of the state's total population. The top three countries of birth of foreign born in Minnesota were Mexico, India, and Vietnam.

**Foreign Born Population in Minnesota, 2006
American Community Survey**

Asia	36.3%
Latin America	27.9%
Africa	18.8%
Europe	13%

Operations

The organizational structure of CLAC is unique to state government. The makeup of CLAC personnel consists of a four-person staff, one student intern, and a fifteen-council membership (or board). CLAC is led by an executive director and supported by three integral units: administrative, legislative, and civic/community affairs.

The CLAC members are appointed by the governor for a term of four years. The composition of the 15-member board is broken down by the following: three at-large members and eight members that represent the Minnesota's congressional districts. In addition, two state representatives and two state senators are appointed by the leadership of the Minnesota legislature. The composition of the CLAC membership must fully represent the demographics of the state's Latino community. Through the CLAC executive director and staff, the CLAC members provide the official voice of the council to represent over 205,000 Latinos in the state of Minnesota.

The Chicano Latino Affairs Council serves the Latino community, individuals, and ethnic groups born in or whose ancestors are from countries in Latin American, including Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Peru, Panama, Paraguay, Puerto Rico, Uruguay, and Venezuela.

Key Goals

During each legislative session, CLAC presents a united platform on behalf of the Latino community in Minnesota and addresses critical issues in policy areas such as pre K-12 and higher education, housing, health, economic development, and immigration. During the 86th Legislature, the Chicano Latino Affairs Council will focus on health disparities among Latinos in Minnesota, the achievement gap in education for Latinos, and single rate/universal tuition in higher education for all Minnesota students. The council's priorities align to those set forth by Minnesota Milestones in health care and insurance for all Minnesotans, addressing disparities in education and high school graduation rates, and the affordability of housing.

CLAC has a variety of specific goals related to planned activities for the biennium. They are as follows:

Goal 1 - To capture the Latino voice through a statewide civic engagement strategy

Goal 2 - To advise and educate the governor and legislature on critical issues that impacts the Latino community through a legislative engagement strategy

Goal 3 - To inform the community on policy issues that will impact the Latino community, as well as to publicize the contributions and accomplishments of Latinos in Minnesota

Key Measures

Goal 1 measures

- ◆ Host five community forums and visits in Latino cluster communities as designated by the State Demographic Center to inform local Latino communities of the CLAC's mission
- ◆ Engage several cohorts of Latinos in focus groups to secure qualitative and quantitative data in CLAC's five key areas
- ◆ Conduct survey research and management on policy priorities set by the Council

Goal 2 measures

- ◆ Host a Legislative Day at the Capitol: a forum used to present a united platform for the state's Latino community
- ◆ Present before senate and house committee hearings on CLAC's five key areas and act as a conduit for the Latino community to engage the Minnesota legislature
- ◆ Conduct one-on-one informative briefs with the governor and advisors and state legislators on CLAC's legislative priorities

Goal 3 measures

- ◆ Distribute a bimonthly legislative update medium entitled "Click-CLAC" to keep abreast the issues and bills being discussed during the legislative session
- ◆ Publish a quarterly statewide e-newsletter entitled "¡El Minnesotano! E-Newsletter to inform CLAC stakeholders of the council's work, recognize Latino individuals and entities contributing to the common good, and highlight relevant themes in Latino Minnesota
- ◆ Distribute press releases and action alerts to keep the community well informed on state policy and actions

Budget

The 2008-2009 biennial budget included a \$622,000 general fund appropriation.

Contact

Chicano Latino Affairs Council
60 Empire Drive, Suite 203
St. Paul, Minnesota 55103

Rogelio L. Muñoz, Jr., Executive Director
Phone: (651) 296-9587
Toll-free: (1-888) 234-1291
Fax: (651) 297-1297
Website: www.clac.state.mn.us

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	308	314	314	314	628
Recommended	308	314	298	298	596
Change		0	(16)	(16)	(32)
% Biennial Change from 2008-09					-4.2%
 <u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	4	2	0	0	0
Direct Appropriations					
General	291	331	298	298	596
Statutory Appropriations					
Miscellaneous Special Revenue	20	17	0	0	0
Gift	0	8	0	0	0
Total	315	358	298	298	596
 <u>Expenditures by Category</u>					
Total Compensation	233	254	240	246	486
Other Operating Expenses	82	104	58	52	110
Total	315	358	298	298	596
 <u>Expenditures by Program</u>					
Cncl Spanish Spkg	315	358	298	298	596
Total	315	358	298	298	596
 Full-Time Equivalent (FTE)	 3.9	 4.0	 3.4	 3.4	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: GENERAL				
FY 2009 Appropriations	314	314	314	628
Subtotal - Forecast Base	314	314	314	628
Change Items				
Operating Budget Reduction	0	(16)	(16)	(32)
Total Governor's Recommendations	314	298	298	596
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	19	0	0	0
Total Governor's Recommendations	19	0	0	0
Fund: GIFT				
Planned Statutory Spending	8	0	0	0
Total Governor's Recommendations	8	0	0	0

CHICANO LATINO AFFAIRS COUNCIL

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(16)	\$(16)	\$(16)	\$(16)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(16)	\$(16)	\$(16)	\$(16)

Recommendation

The Governor recommends a reduction of \$16,000 in FY 2010 and \$16,000 in FY 2011 to the general fund operating budget of the Chicano Latino Affairs Council. The Governor intends that the Council should focus its operating funds on maintaining its highest priority services. In addition, the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions.

Background

The Chicano Latino Affairs Council's operating budget of \$314,000 per fiscal year includes amounts budgeted for administration of its outreach and advocacy programs in the Chicano Latino Community. This proposal will reduce operating expenditures and produce salary savings during the FY 2010-11 biennium.

Relationship to Base Budget

This proposal represents a 5% base level reduction to the Council's general fund budget.

The budget submitted for the Chicano Latino Affairs Council seeks to safeguard core activities and reduce administrative overhead. The agency will manage budget reductions through various service level reductions or eliminations, staffing decreases, and/or operating expense reductions. The resulting budget will focus on new ways to operate the agency's core functions.

Statutory Change: Not Applicable

CHICANO LATINO AFFAIRS COUNCIL

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm.		Biennium 2010-11
			FY2010	FY2011	
<u>Non Dedicated Revenue:</u>					
Total Non-Dedicated Receipts	0	0	0	0	0
<u>Dedicated Receipts:</u>					
Grants:					
Miscellaneous Special Revenue	20	6	0	0	0
Other Revenues:					
Miscellaneous Special Revenue	0	11	0	0	0
Gift	1	8	0	0	0
Total Dedicated Receipts	21	25	0	0	0
Agency Total Revenue	21	25	0	0	0

	PAGE
Small Agency Profile.....	2
Agency Fiscal Page (Gov Rec).....	3
Change Summary.....	4
Agency Change Items	
↻ Eliminate State General Fund Support.....	5
Appendix	
Agency Revenue Summary Fiscal Page.....	6

↻ Designates that this is a change item

Agency Purpose

The state's Boxing Board, recreated in 2006, was officially renamed the Combative Sports Commission (Commission) in the 2008 legislative session. The new name reflects the commission's expanded oversight of mixed martial arts events that was added to the commission's purview in 2007. The commission's purpose is to protect the health and safety of professional boxers and mixed martial arts fighters, and to ensure the fairness of both boxing and mixed martial arts events.

Core Functions

The Commission licenses boxers, mixed martial arts fighters, promoters, referees, trainers, and related positions. It establishes regulatory safeguards for the protection of fighters, and regulates events to ensure fairness. The Commission is currently working to establish its administrative and program procedures. The rapid growth of the mixed martial arts industry has substantially redirected the main focus of the Commission from boxing to mixed martial arts.

Operations

The Commission conducts its work primarily through the executive director, who reports to a nine member executive board appointed by the governor. The executive director is currently a part-time position, and is one of only two paid employees at the Commission. Administrative and financial transaction services are provided to the Commission by the Department of Administration through its Small Agency Resource Team (SmART) program.

Key Goals

The key goal of the Commission is to continue to keep professional boxing and professional mixed martial arts events safe, fair and economically viable in Minnesota.

Budget

The legislature originally intended the Boxing Board to be self sufficient – fee supported – when it was created. For a number of reasons, that proved unworkable. The Commission is currently funded with a base general fund appropriation of \$80,000 each year. The Commission also has dedicated fee authority and normally anticipates about \$40,000 in fees annually.

The rapid growth in popularity of mixed martial arts events has greatly stretched the Commission's workload and it has made fee revenues much less predictable. For example, a large, nationally advertised mixed martial arts event was held on August 9, 2008 in Minneapolis. That event drove August fee collections to \$87,000. That is over 20 times the Commission's normal monthly fee revenue and is actually larger than their entire general fund appropriation for all of FY 2009. It is unknown if or when an event like that might come to Minnesota again.

At A Glance

- ◆ Boxing Board created in 2006
- ◆ Mixed martial arts added in 2007
- ◆ Renamed Combative Sports Commission in 2008
- ◆ Annual general fund budget of \$80,000 per year
- ◆ Estimated annual dedicated fee revenues of approximately \$40,000 per year.
- ◆ Rapid growth in mixed martial arts competition has greatly increased workload and made fee revenue much more volatile.

Contact

Scott LeDoux
 Executive Director:
 Phone: 763-792-7354
 For additional information go to www.mnboxingmma.commission.com

COMBATIVE SPORTS COMMISSION

Agency Overview

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	50	80	80	80	160
Recommended	50	80	0	0	0
Change		0	(80)	(80)	(160)
% Biennial Change from 2008-09					-100%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	50	80	0	0	0
Statutory Appropriations					
Miscellaneous Special Revenue	21	156	155	155	310
Total	71	236	155	155	310
<u>Expenditures by Category</u>					
Total Compensation	61	64	66	68	134
Other Operating Expenses	10	172	89	87	176
Total	71	236	155	155	310
<u>Expenditures by Program</u>					
Boxing Comm Fees	71	236	155	155	310
Total	71	236	155	155	310
Full-Time Equivalent (FTE)	1.3	1.3	1.3	1.3	

COMBATIVE SPORTS COMMISSION

Change Summary

Dollars in Thousands

	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: GENERAL				
FY 2009 Appropriations	80	80	80	160
Subtotal - Forecast Base	80	80	80	160
Change Items				
Eliminate State General Fund Support	0	(80)	(80)	(160)
Total Governor's Recommendations	80	0	0	0
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	156	155	155	310
Total Governor's Recommendations	156	155	155	310

COMBATIVE SPORTS COMMISSION

Change Item: Eliminate State General Fund Support

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(80)	\$(80)	\$(80)	\$(80)
Revenues	0	0	0	0
Net Fiscal Impact	\$(80)	\$(80)	\$(80)	\$(80)

Recommendation

The Governor recommends the elimination of the Combative Sports Commission's annual general fund base operating budget of \$80,000. The Governor intends that Combative Sports Commission (CSC) should focus its operating funds on maintaining its highest priority services and intends to provide as much flexibility as possible to the agency for the implementation of these reductions. The Governor believes this elimination in state funding is necessary to deal with the current budget deficit.

Background

Combative Sports Commission (then Minnesota Boxing Commission) was created in the 2006 session and given a one-time appropriation of \$50,000 to become operational. It was the intent of both the legislature and Governor that the commission would be self-sustaining after FY 2007. The timeframe proved to be too optimistic and the commission, after being given an additional one-time appropriation of \$50,000, was eventually given a base general fund appropriation of \$80,000 with the intent to be self-sustaining after FY 2008.

The commission expects to receive on-going dedicated receipts of about \$155,000 starting in FY 2009. This increase in dedicated receipts is largely due to anticipation of more large mixed martial arts events such as the recent event at the Target Center and the new fees that were added when Minnesota Boxing Commission became Combative Sports Commission.

The commission receives a general fund base appropriation of \$80,000 each fiscal year. CSC's operating budget includes amounts budgeted for salaries and operations. For budgeting purposes, this reduction was taken from CSC's operating expenditures during the FY 2010-11 biennium.

Relationship to Base Budget

This proposal represents a 100% base level reduction to CSC's general fund budget.

Due to the increase in dedicated receipts, the commission's activities should not be impacted by this change in funding.

Key Goals and Measures

The commission was to become self-sustaining after FY 2008. Due to the new fees added in 2008 and the mixed martial event held at the Target Center, it appears as though the commission has accomplished its goal.

The budget submitted for CSC seeks to safeguard core activities and reduce administrative overhead. The agency will manage budget reductions through various service level reductions or eliminations, staffing decreases, and/or operating expense reductions. The resulting budget will focus on new ways to operate the department's core functions.

Statutory Change: Not Applicable

COMBATIVE SPORTS COMMISSION

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<i>Non Dedicated Revenue:</i>					
Total Non-Dedicated Receipts	0	0	0	0	0
<i>Dedicated Receipts:</i>					
Departmental Earnings:					
Miscellaneous Special Revenue	54	155	156	156	312
Total Dedicated Receipts	54	155	156	156	312
Agency Total Revenue	54	155	156	156	312

	PAGE
Transmittal Letter	2
Agency Profile	4
Agency Fiscal Page (Gov Rec).....	6
Change Summary.....	7
Agency Change Items	
➤ Administrative Services.....	8
➤ Investigation Cost Recovery	9
➤ Product Review & Registration Changes	10
➤ Office of Energy Security Assessment.....	11
Programs	
Financial Institutions	12
Program Summary.....	15
Petroleum Tank Cleanup Fund	16
Program Summary.....	18
Administrative Services	19
Program Summary.....	21
Telecommunications	22
Program Summary	24
Market Assurance	25
Program Summary.....	28
Office Of Energy Security	29
Program Summary.....	32
Tam	33
Program Summary.....	35
Weights & Measures	36
Program Summary.....	38
Appendix	
Agency Revenue Summary Fiscal Page.....	39
Federal Funds Summary.....	40

➤ Designates that this item is a change item



January 27, 2009

The 2009 Minnesota Legislature

On behalf of Governor Pawlenty, following is the Department of Commerce budget recommendation for the FY2010-11 budget. This budget includes a total request of \$552.8 million. The request includes \$44.6 million from the state's general fund and \$508.2 million from all other funds. This recommendation includes a net \$2.1 million in general fund savings and \$62,000 in reductions from other funds.

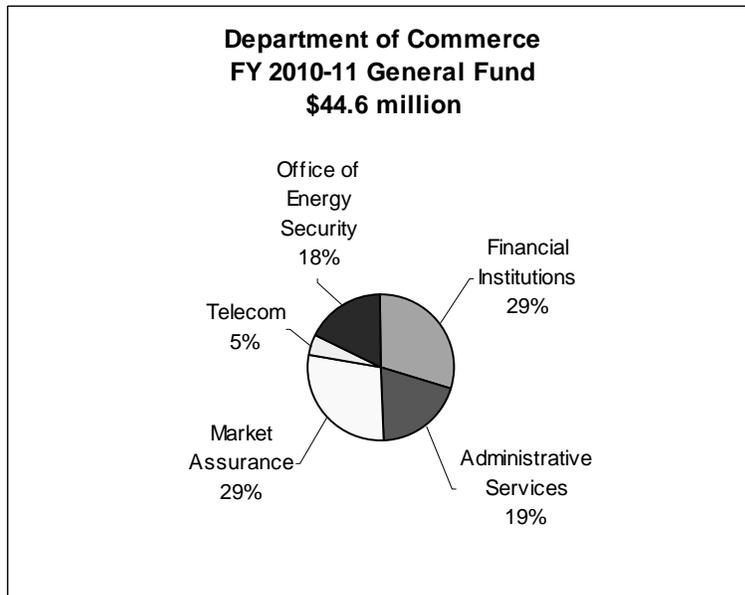
The recent down turn in the financial and real estate markets has increased the regulatory load of our Market Assurance team. In fiscal year 2008, the Department opened 6,754 cases and took 428 enforcement actions against

licensees and companies in real estate, mortgage, insurance, securities collections and several other business areas. In addition, the Department has dramatically increased the number of cases handed over to county, state and federal prosecutors for criminal prosecutions. During 2008 the Department also completed its transition to online licensing for the more than 200,000 licenses we issue each year.

The Office of Energy Security, housed in the Department of Commerce, is challenged to give more attention to the growing number of transmission cases coming before the Public Utilities Commission. The increase in these complex cases will draw more resources to ensure we do not lose ground in the effort to ensure Minnesota's energy security. The Office of Energy Security is also charged with carrying out the administration's goals for expanding the use of alternative fuels in Minnesota and encouraging and promoting the development of locally owned wind energy projects.

Additionally, the Department continues to administer programs in weights and measures, petroleum cleanup, unclaimed property and telecommunications. We also administer a significant federal grant for the state's low income heating and energy assistance program (LIHEAP).

As the accompanying chart indicates, our General Fund activities are carried out in five major program areas: Market Assurance, Financial Institutions, Telecommunications, Office of Energy Security, and Administration.



It is important to note that during the 2010-11 biennium the Department expects to collect \$688.7 million through fees, assessments, registrations, unclaimed property, special revenue, and federal funds. This amount represents 125% of the Department's total budget.

We look forward to working with the Legislature during the next several months to continue to progress toward our common goal of providing the best service possible to the people of Minnesota.

Sincerely,

A handwritten signature in cursive script that reads "Glenn Wilson".

Glenn Wilson
Commissioner

Agency Purpose

The Minnesota Department of Commerce (DOC) protect consumers by ensuring secure, stable, reliable, and fair commercial and financial transactions in more than 20 industries and utilities. The department accomplishes this through:

- ◆ investigating and resolving consumer complaints;
- ◆ regulating and licensing business activity to ensure compliance, responsible business conduct, security and stability;
- ◆ safeguarding consumers' rights and investments;
- ◆ advocating in front of the Public Utilities Commission to ensure equitable and reliable utility services; and,
- ◆ expanding economic opportunities while working to improve our environment and quality of life.

Core Functions

The DOC regulates utilities, financial institutions, licensed businesses, licensed individuals, retail businesses, and commercial activity without respect to the specific interests of either the regulated businesses or the clients they serve. The department's regulatory decisions maximize the net benefits to all residents and regulated businesses, while safeguarding the rights of consumers, and protecting policyholders and investors from financial failure.

Operations

The department enforces laws and rules, advocates on behalf of the public, and provides services to promote the financial well being of a broad constituency of individuals and businesses. To carry out its mission, the department must assess the significant consequences of every regulatory decision and enforcement action, including the impact on consumer costs, financial stability, reliability of service, the environment, and economic development. This carefully designed regulatory balance effectively protects the broad financial interests of Minnesota's businesses and consumers.

Financial Institutions Division:

- ◆ Licenses, examines and regulates insurance companies, credit unions, state chartered banks, mortgage companies, finance companies, and other financial institutions to ensure that they remain safe and financially solvent.

Petrofund:

- ◆ Reimburses petroleum storage tank owners and operators for the cost of investigating and cleaning up petroleum tank releases.
- ◆ Contracts to remove abandoned underground petroleum storage tanks across Minnesota.

Administration:

- ◆ Leads and directs the department, manages day-to-day operations, manages financial and human resources operations.
- ◆ Provides unclaimed property reclamation services to the people of Minnesota.
- ◆ Provides information management services and technical support to the department.

At A Glance

FY 2008-09 Budget:

- ◆ \$51.4 million general fund
- ◆ \$346.9 million all funds

Annual Business Processes:

- ◆ 6,754 Market Assurance Division investigation files opened.
- ◆ \$2.6 million In fines and penalties recovered by the Market Assurance Division.
- ◆ \$2 million Recovered in claims payments for consumers.
- ◆ \$20.7 million Reimbursements from the Petro fund.
- ◆ 126,000 Low income households served by LIHEAP and Weatherization.
- ◆ \$101.7 million Federal funds disbursed to low income households.
- ◆ 60,000 Weights and Measures inspections.
- ◆ 226,000 Licensed professionals and entities.
- ◆ 461 million Kilowatt hours of electricity saved through CIP.
- ◆ 1.92 billion Cubic feet of natural gas saved through CIP.

Market Assurance Division:

- ◆ Enforces compliance and responsible business conduct across a broad range of licensed occupations, including insurance agents, stock and investment brokers, and realtors.
- ◆ Evaluates insurance policies and rates to ensure fair rates and to ensure compliance with Minnesota law.
- ◆ Registers securities sold in Minnesota.
- ◆ Licenses businesses and individuals according to Minnesota statutes.

Office of Energy Security:

- ◆ Advocates on behalf of consumers and ratepayers in proceedings relating to regulated gas and electric utilities.
- ◆ Promotes energy efficient building, conservation, alternative transportation fuels, and modern energy technologies.
- ◆ Oversees conservation improvement programs operated by public, municipal, and cooperative utilities.
- ◆ Administers the Low Income Home Energy Assistance Program and the Weatherization Assistance Program.

Telecommunications Division:

- ◆ Advocates on behalf of consumers and ratepayers in proceedings relating to regulated telecommunications utilities.
- ◆ Promotes real competition among telecommunications companies in Minnesota.

TAM:

- ◆ Funds telecommunications access services for Minnesotan's with hearing, vision, speech, or physical disability.

Weights and Measures Division:

- ◆ Ensures accuracy in all transactions based on weight or measure.
- ◆ Ensures consistent quality of petroleum products.
- ◆ Provides precision mass, temperature, density and volume measurement services to businesses.

Budget

The department's FY 2008-09 budget totaled \$346.9 million. Department staff includes 312 full-time equivalents.

Contact

Department of Commerce
Suite 500
85 7th Place East
Saint Paul, Minnesota 55101

Home Page: <http://www.commerce.state.mn.us>
Performance Measures: <http://www.departmentresults.state.mn.us>
Glenn Wilson, Commissioner
Phone: (651) 296-5769
Fax: (651) 282-2568

Information on the department's results can be found at
<http://departmentresults.state.mn.us/commerce/index.html>

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	29,808	21,590	21,590	21,590	43,180
Recommended	29,808	21,590	22,307	21,307	43,614
Change		0	717	(283)	434
% Biennial Change from 2008-09					-15.1%
Petroleum Tank Release Cleanup					
Current Appropriation	1,084	1,084	1,084	1,084	2,168
Recommended	1,084	1,084	1,084	1,084	2,168
Change		0	0	0	0
% Biennial Change from 2008-09					0%
Workers Compensation					
Current Appropriation	835	835	835	835	1,670
Recommended	835	835	751	751	1,502
Change		0	(84)	(84)	(168)
% Biennial Change from 2008-09					-10.1%
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	217	395	0	0	0
General	22,228	27,634	23,307	21,307	44,614
Petroleum Tank Release Cleanup	785	1,383	1,084	1,084	2,168
Workers Compensation	828	842	751	751	1,502
Open Appropriations					
Petroleum Tank Release Cleanup	10,847	15,186	15,186	15,186	30,372
Statutory Appropriations					
State Government Spec Revenue	210	0	0	0	0
Miscellaneous Special Revenue	22,275	43,484	33,393	33,236	66,629
Federal	111,526	202,223	203,810	203,790	407,600
Miscellaneous Agency	111	388	374	0	374
Total	169,027	291,535	277,905	275,354	553,259
<u>Expenditures by Category</u>					
Total Compensation	24,502	30,312	28,671	28,958	57,629
Other Operating Expenses	30,752	39,323	37,568	36,737	74,305
Local Assistance	113,393	221,400	211,421	209,374	420,795
Other Financial Transactions	380	500	245	285	530
Total	169,027	291,535	277,905	275,354	553,259
<u>Expenditures by Program</u>					
Financial Institutions	10,315	10,252	9,832	9,832	19,664
Petroleum Tank Cleanup Fund	11,632	16,569	16,270	16,270	32,540
Administrative Services	4,856	6,833	5,585	5,535	11,120
Telecommunications	0	0	1,010	1,010	2,020
Market Assurance	10,034	12,747	13,831	13,521	27,352
Office Of Energy Security	123,516	235,671	222,298	220,045	442,343
Tam	5,190	6,091	5,790	5,798	11,588
Weights & Measures	3,484	3,372	3,289	3,343	6,632
Total	169,027	291,535	277,905	275,354	553,259
Full-Time Equivalent (FTE)	311.0	316.1	316.1	312.0	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: GENERAL				
FY 2009 Appropriations	21,590	21,590	21,590	43,180
Technical Adjustments				
Current Law Base Change		750	(250)	500
Pt Contract Base Reduction		(2)	(2)	(4)
Subtotal - Forecast Base	21,590	22,338	21,338	43,676
Change Items				
Administrative Services Reduction	0	(411)	(411)	(822)
Investigation Cost Recovery	0	680	680	1,360
Product Review & Registration Changes	0	(300)	(300)	(600)
Total Governor's Recommendations	21,590	22,307	21,307	43,614
Fund: PETROLEUM TANK RELEASE CLEANUP				
FY 2009 Appropriations	1,084	1,084	1,084	2,168
Subtotal - Forecast Base	1,084	1,084	1,084	2,168
Total Governor's Recommendations	1,084	1,084	1,084	2,168
Fund: WORKERS COMPENSATION				
FY 2009 Appropriations	835	835	835	1,670
Subtotal - Forecast Base	835	835	835	1,670
Change Items				
Investigation Cost Recovery	0	(84)	(84)	(168)
Total Governor's Recommendations	835	751	751	1,502
Fund: PETROLEUM TANK RELEASE CLEANUP				
Planned Open Spending	15,186	15,186	15,186	30,372
Total Governor's Recommendations	15,186	15,186	15,186	30,372
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	43,484	33,136	32,979	66,115
Change Items				
Administrative Services Reduction	0	235	235	470
Investigation Cost Recovery	0	22	22	44
Total Governor's Recommendations	43,484	33,393	33,236	66,629
Fund: FEDERAL				
Planned Statutory Spending	202,223	203,810	203,790	407,600
Total Governor's Recommendations	202,223	203,810	203,790	407,600
Fund: MISCELLANEOUS AGENCY				
Planned Statutory Spending	388	374	0	374
Total Governor's Recommendations	388	374	0	374
<u>Revenue Change Items</u>				
Fund: GENERAL				
Change Items				
Investigation Cost Recovery	0	754	754	1,508
Office of Energy Security Assessment	0	284	284	568

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$ (411)	\$ (411)	\$ (411)	\$ (411)
Revenues	0	0	0	0
Special Revenue Fund				
Expenditures	235	235	235	235
Revenues	0	0	0	0
Net Fiscal Impact	\$ (176)	\$ (176)	\$ (176)	\$ (176)

Recommendation

The Governor recommends an annual reduction of \$411,000 in the Administrative Services division. This reduction will require a decrease of 3.5 full-time equivalent (FTE) between human resources, general support, word processing and the records information center. In addition, three FTE currently funded using the general fund will be paid from the agency indirect cost account.

Background

Four areas in the department will be affected by this budget reduction.

Implementation will impact the services provided by our human resources department through the reduction of one FTE. We will no longer be able to provide guidance to employees who have general questions regarding their benefit packages and will also likely terminate our new employee orientation program. In addition, we will disperse administrative duties such as administering parking passes and building access cards.

The records information center will be reduced by five FTE which will affect how the department manages utility tariff books. Currently, this information is assembled by RIC staff for the Telecommunications division and the Office of Energy Security. Analysts will now have to gather this information from company websites.

Mailroom operations will be reduced by one FTE which will result in slower mail delivery to and from department staff, the elimination of most internal mail delivery, and the option to internally meter mail. In addition, the department will use the state’s central mail operation to process our mail.

Last, there will be a one FTE reduction between word processing and general support. The department is currently implementing an upgrade to the eFiling/eDockets application which will allow these areas to gain efficiency.

Relationship to Base Budget

The reduction is an annual 8.7% decrease to the Administrative Services base budget.

Key Goals and Measures

Enhancements to the eFiling/eDockets application will be closely monitored to verify that new functionality is relieving operational costs. This can be measured through the number of password change requests and other actions that will no longer require human intervention.

In addition, this proposal relates to Minnesota Milestone 36 – *Satisfaction with Government Services* in that this new system functionality will greatly benefit users of our on-line applications.

Alternatives Considered

No alternative were considered.

Statutory Change:

Minnesota Statutes, Chapter 237.07 will require changes.

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$680	\$680	\$680	\$680
Revenues	754	754	754	754
Other Fund				
Expenditures	(62)	(62)	(62)	(62)
Revenues	0	0	0	0
Net Fiscal Impact	\$(136)	\$(136)	\$(136)	\$(136)

Recommendation

The Governor recommends that the Market Assurance Division of the Department of Commerce change its business practices to recover a portion of the cost of examinations and investigations.

Currently, many of the insurance exams are conducted by outside contractors with the costs being billed back to the company being examined. By moving the examinations and investigations “in house,” the costs can be reduced and recovered through an assessment on the entities being examined or investigated. This will result in a net gain of \$74 thousand in the general fund. In addition, there will be an \$84 thousand reduction in workers’ compensation spending, and an increase in special revenue expenditures of \$22 thousand.

Background

Market Assurance conducts examinations of regulated entities in a number of industries. Such exams focus on the behavior of examined entities in the marketplace; e.g. are they complying with rating laws, marketing provisions, consumer services, etc. Commerce has the ability to charge the costs of such exams back to insurance companies. This proposal would allow Commerce to bill all regulated entities the costs associated with their examinations and investigations.

Currently, many of the insurance exams are conducted by outside contractors with the costs being billed back to the company being examined. This proposal would move the bulk of that work in-house and eliminate the need to contract with outside entities for market conduct examinations. By moving this work in-house, we can achieve a net savings to the general fund.

This proposal will add five additional FTE to the unit conducting examinations. To allow the examination team to focus on billable work, we move non-billable work to other units which will require two new FTEs for to our general investigations unit and one new FTE to the licensing unit.

There will also be a 1.3 FTE reduction in the workers’ compensation fund. This change will not have a large impact on the work since one FTE will be moved to the general fund and .3 FTE will be charged to the Insurance Fraud Prevention account in the special revenue account.

Relationship to Base Budget

This proposal is a 1.2% reduction in general fund spending and a 10% reduction in workers’ compensation fund spending but allows Market Assurance to continue fulfilling its mission of ensuring compliance and responsible business conduct in the industries it regulates.

Key Goals and Measures

Billing goals are set on a yearly basis and progress against those targets will be measured quarterly. In addition, this proposal relates to Minnesota Milestone 36 - *Satisfaction with Government Services* and Milestone 37 – *Price of Government* in that this proposal will decrease the costs related to the investigations referenced above.

Alternatives Considered

Market Assurance could lay off staff. Without commensurate reduction in the duties we are required to perform that would result in significant service and performance degradation.

Statutory Change: Replicate the examination fee authority found in 60A.03 in the general powers of the Commissioner found in Chapter 45.

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(300)	\$(300)	\$(300)	\$(300)
Revenues	0	0	0	0
Net Fiscal Impact	\$(300)	\$(300)	\$(300)	\$(300)

Recommendation

The Governor recommends that all insurance rates and forms be regulated on a “file and use basis”, with the exception of workers’ compensation, annuities, and health (other than dental, excess accident and health, and vision). This change will continue the Department’s evolution from a front-end product review process to a back-end audit process. This change will create a quicker speed-to-market for most insurance products and allow for greater focus on insurance products that require a higher level of review. This proposal will eliminate three FTEs from the Insurance Product Filing and Registration Unit of the Market Assurance Division and will eliminate one FTE from the Securities Registration Area.

Background

After July 1, 2009 insurance products other than workers’ compensation, annuities, and health (other than dental, excess accident and health, and vision) will no longer be reviewed and approved prior to being made available to consumers. Companies will certify that their products are in compliance when filing with the Department but can immediately sell such products after filing them.

Commerce will monitor adherence to statutory requirements through the use of targeted audits of products offered and sold in the marketplace. This strategy will allow staff to focus its resources on the lines of coverage it has found to have the most compliance issues and allow less problematic lines to get to the market more quickly.

Relationship to Base Budget

This proposal is an annual 5% reduction in general fund spending from the Market Assurance budget.

Key Goals and Measures

This proposal relates to Minnesota Milestone 36 - *Satisfaction with Government Services* and Milestone 37 - *Price of Government* in that this proposal will decrease the costs related to the filings and registrations referenced above.

Beyond the reduction in FTE outlined, the effectiveness of this program will also be measured by the number of audits done annually. Our proposal is to do 12 audits quarterly.

Alternatives Considered

The fees for product filings could be increased, but that would result in a negative fiscal impact to our filers.

Statutory Change: Changes will be required to Minnesota Statutes, Chapters 61A, 62A, and 70A.

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	0	0	0	0
Revenues	\$284	\$284	\$284	\$284
Net Fiscal Impact	\$284	\$284	\$284	\$284

Recommendation

The Governor recommends that the Office of Energy Security modify its recovery of non-regulatory costs. Additional non-regulatory costs will be recovered in the general fund through an assessment on all energy utilities. Non-regulatory costs currently recovered through assessment of municipal utilities and electric cooperatives will be assessed to all energy utilities. This will result in a net annual \$284,000 in general fund cost recovery.

Background

At present, \$284,000 of OES annual general fund costs (9.5%) are not recovered through utility assessments. These costs are incurred in the State Energy Office which provides policy and program development, technical assistance, public information and outreach, and financing programs delivery and management to advance energy efficiency and renewable energy development in the state. As these activities indirectly support utility efforts to meet statutory mandates for energy-efficiency programs and renewable energy development, it would be appropriate to recover these costs through assessment. In addition, technical assistance activities that benefit all utilities are currently assessed only to municipal utilities and electric cooperatives. It is recommended that costs for those activities be assessed to all utilities.

Relationship to Base Budget

This proposal increases revenue equal to 9.5% of the Office of Energy Security general fund appropriation.

Key Goals and Measures

This proposal relates to Minnesota Milestone 55 – *Energy Use Per Person* and Milestone 56 – *Renewable Energy Sources* in that the State Energy Office provides consumer education to the citizens of Minnesota and promotes the use and production of renewable energy.

Alternatives Considered

None.

Statutory Change: Minnesota Statutes, Chapter 216B.62 and Chapter 216C.

Program Description

The Financial Institutions Division protects consumers by assuring competitive, safe, sound, and solvent financial services in Minnesota. By maintaining the soundness and solvency of a large number of financial institutions, the program assures consumers and businesses access to a broad range of financial products and services at competitive prices. The Bank and Credit Union component licenses and regulates all state chartered banks, trust companies, credit unions, certificate investment companies, thrift companies, and consumer credit companies. The Insurance component licenses and monitors the financial stability of insurance companies.

Population Served

The Financial Institutions Division serves all Minnesota consumers and businesses that rely on banks, credit unions, finance companies, and insurance companies for financial products and services.

Services Provided

Bank and Credit Union Component

The unit licenses and conducts on-site examinations at all state-chartered banks, trust companies, credit unions, certificate investment companies and thrift companies on a 12 to 18 month cycle (determined by institution rating). Examinations are shared with the Federal Deposit Insurance Corporation (FDIC), Federal Reserve Bank and the National Credit Union Administration (NCUA). Oversight also includes monitoring quarterly financial reports.

The unit also licenses and examines consumer credit companies. Examinations are generally conducted on an 18-month cycle. Examinations focus on compliance issues rather than solvency or safety and soundness. There is no comparable federal regulation of the nonbank consumer credit industry.

The unit also licenses residential mortgage loan origination and servicing companies. Recent legislation requires these companies to conduct background checks on mortgage originators. An examination program was authorized by the legislature in 2007 and the exam program commenced in 2008.

The unit also licenses currency exchanges, payday lenders, money transmitters and debt management services providers.

The Division encourages the growth of state-chartered institutions. Healthy competition ensures numerous choices for consumers and business and drives down the cost of financial services. Several new financial products originated in state-chartered institutions and have spread nationwide.

Insurance Company/Actuarial Component

The unit's primary focus is to ensure the financial soundness and solvency of every insurance company doing business in Minnesota. If insurance companies headquartered in Minnesota are financially insecure, it is the Division's responsibility to formulate a plan to effect correction. If an insurer headquartered in another state becomes unstable, the Division would restrict the business they are allowed to conduct in Minnesota. If an insurance company failure is unavoidable, it is the unit's responsibility to manage the transition and to minimize any negative impact on Minnesota policyholders.

While there are discussions about a federal regulator for insurance, insurance regulation continues to be a state responsibility. Today, insurers are large, multi-state, multi-jurisdictional concerns, but regulation is still accomplished at the state level. There is no federal regulation of the insurance industry. The Insurance unit participates in the proceedings of the National Association of Insurance Commissioners (NAIC). The NAIC recommends model laws and regulatory standards for each state to adopt and encourages nationwide uniformity. However, these model acts are often adapted to conditions unique to Minnesota.

Program at a Glance

- ◆ In FY 2008, the Financial Institutions Division regulated:
 - ⇒ \$46 billion in bank, credit union, and finance company assets.
 - ⇒ \$236 billion in insurance company assets
- ◆ There have been no state bank failures since 2000 and no credit union failures since 1984.
- ◆ State banks operate from 862 offices, an increase of 71 since 2005.

The unit performs two types of examinations -- the desk audit and the on-site field examination. Desk audits are based on quarterly and annual financial reports submitted by insurance companies. Analysts evaluate information, and develop a financial profile of every company doing business in Minnesota. The second method of monitoring solvency is the five-year on-site examination of domestic insurers. Examiners review insurance company books and records at the company headquarters. The examination is a full and complete review of financial condition. The examination is completed by staff or by special examiners (generally accounting firms). Additionally, the unit employs an actuarial staff to calculate and verify reserve adequacy of regulated insurance companies, and in various workers' compensation issues.

Funding

With respect to insurance companies, the program is partially supported by an appropriation from the general fund. Operating costs are also paid from the insurance examination revolving fund. The balance of the revolving fund cancels at the end of every fiscal year to the general fund. Revenues generated by this program are a result of examination fees, registration and filing fees, licensing fees, and transaction fees.

With respect to banks, credit unions, and finance companies, the program is funded by appropriations from the general fund, but all costs are recovered by assessments and examination fees charged to regulated entities. The assessment is billed at the beginning of a fiscal year at 103% of operating, agency indirect and Attorney General cost. The examination fee is set based on a formula calculating examiner salary and billing hours. Fees are also charged for applications relating to charter and license activity.

Key Program Goals

Protect mortgage consumers by creating a new system for examining mortgage origination companies that do business in Minnesota as directed by the legislature.

Continue to monitor the health of Minnesota's community banks and credit unions and take aggressive action if necessary to prevent a bank or credit union failure from affecting Minnesota consumers.

Lead the nation in risk-focused financial examinations, which focus more on critical factors and less on "bean counting," and reduce the cost of insurance regulation.

Stay current on all financial examinations of banks, credit unions, insurance companies and finance companies.

Key Program Measures

The Division is accredited by both the Conference of State Bank Supervisors (CSBS) and the National Association of Insurance Commissioners (NAIC).

Minnesota state banks continue to compare favorably in comparison to national averages for earnings, capital adequacy, and net loan losses. While the vast majority of state banks and credit unions are healthy and well-capitalized, we are seeing noticeable deterioration in credit quality, which leads to operating losses and increased possibility of failure. The examination schedule is up to date with no overdue examinations.

There have been no failures of Minnesota-headquartered insurance companies in many, many years. There have been no state bank failures since 2000 and no credit union failures since 1984.

COMMERCE DEPT

Program: FINANCIAL INSTITUTIONS

Narrative

	FY 2005	FY 2006	FY 2007	FY 2008
Banks, Credit Unions and Consumer Credit				
State banks	343	335	330	327
Branch offices	448	487	515	535
Examinations conducted	124	130	132	120
Bank assets (\$ in billions)	\$ 31.7	\$ 34.4	\$ 36.3	\$ 38.6
State credit unions	102	99	98	96
Consumer credit companies	158	175	174	183
Examinations conducted	156	173	150	157
Credit union assets (\$ in billions)	\$ 3.6	\$ 3.6	\$ 3.8	\$ 4.1
Insurance	FY 2005	FY 2006	FY 2007	FY 2008
Licensed insurance companies	1,337	1,396	1,409	1,422
New company licenses issued	31	22	39	32
Domestic insurance companies	85	81	79	77
Financial reviews conducted (desk audit)	1,388	1,429	1,479	1,470
On-site examinations	20	11	26	16

Contact

Kevin Murphy, Deputy Commissioner
 Minnesota Department of Commerce
 85 7th Place East
 Saint Paul, Minnesota 55101
 Email: kevin.murphy@state.mn.us

COMMERCE DEPT

Program: FINANCIAL INSTITUTIONS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	6,489	6,637	6,637	6,637	13,274
Subtotal - Forecast Base	6,489	6,637	6,637	6,637	13,274
Total	6,489	6,637	6,637	6,637	13,274
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	6,069	7,057	6,637	6,637	13,274
Statutory Appropriations					
Miscellaneous Special Revenue	4,246	3,195	3,195	3,195	6,390
Total	10,315	10,252	9,832	9,832	19,664
<u>Expenditures by Category</u>					
Total Compensation	5,469	6,516	6,075	6,115	12,190
Other Operating Expenses	4,846	3,736	3,757	3,717	7,474
Total	10,315	10,252	9,832	9,832	19,664
<u>Expenditures by Activity</u>					
Financial Examinations	10,315	10,252	9,832	9,832	19,664
Total	10,315	10,252	9,832	9,832	19,664
Full-Time Equivalents (FTE)	65.4	65.4	66.8	66.8	

Program Description

The Petroleum Tank Release Cleanup Fund (Petrofund) contributes toward a cleaner environment and helps to prevent the pollution of Minnesota’s soil and water by providing eligible applicants reimbursement for a portion of their costs to investigate and clean-up contamination from leaking petroleum storage tanks.

Population Served

The Petrofund directly serves owners and operators of petroleum storage tanks, owners of properties where a petroleum tank release has occurred, and anyone else who has been requested or ordered by the Minnesota Pollution Control Agency (MPCA) to investigate or clean up a petroleum release. The program indirectly serves all Minnesotans by providing the financial assistance that is typically necessary to get these clean-up projects done, resulting in a cleaner environment for everyone.

Program at a Glance

- ◆ Approximately \$390 million has been provided in reimbursements since 1987.
- ◆ Approximately 11,300 eligible applicants have received reimbursement since 1987.
- ◆ During FY 2008 the program received 801 applications and reimbursed \$10.7 million to eligible applicants.

Services Provided

The Petrofund:

- ◆ provides reimbursement to eligible applicants for a portion of their costs to investigate and clean up contamination from leaking petroleum storage tanks in the most cost-effective manner possible;
- ◆ contracts for the removal of a limited number of abandoned underground petroleum storage tanks each year;
- ◆ provides reimbursement for a portion of the costs to replace PVC piping with metal piping on home heating oil tanks to help avoid the catastrophic release of fuel oil, as well as the ensuing clean-up costs, that occur at residences where PVC piping fails;
- ◆ passes through funds to the MPCA for administration of the Petroleum Remediation, the Underground Storage Tank, and the Emergency Response Programs, as well as to pay for state-financed investigation and cleanup projects where no viable responsible person is available; and
- ◆ annually approves the use of \$6.2 million from the fund to the Department of Employment and Economic Development (DEED) for the administration of the Contamination Clean up and Investigation Grant Program.

Historical Perspective

The Petrofund was created by the 1987 Minnesota Legislature to reimburse underground petroleum storage tank (UST) owners and operators for the cost of investigating and cleaning up petroleum tank releases. To meet the U.S. Environmental Protection Agency’s (EPA) financial assurance requirements, UST owners and operators must document their ability to pay up to \$1 million for such costs. Minnesota, along with 47 other states, established a state-financed reimbursement program to assist UST owners and operators in meeting their financial obligations.

Since the program's inception, it has helped to improve the environment for all Minnesotans by enabling tank owners and operators to investigate and remediate petroleum contaminated soil and groundwater.

The current demand on the fund of approximately \$25 million annually is projected up until the 2012 sunset date. The program is completely funded by an appropriation from the Petrofund. Revenue into the fund is generated by a \$.02 per gallon fee on wholesale petroleum products. The fee is imposed and collected by the Department of Revenue only when the fund balance falls below \$4 million and when such action has been authorized by the Petroleum Tank Release Compensation Board (see M.S. 115C.08). Revenue is also received from investment earnings on the fund balance.

Key Program Goals

By providing financial assistance to those who are cleaning up contaminated soil and groundwater from leaking petroleum storage tanks, the Petrofund is meeting the key program goal of helping to protect the public health and welfare and the environment. This goal goes hand-in-hand with the Minnesota Milestones statewide goal

regarding water use, which states, in part, "A clean and abundant water supply is essential to economic and human health."

Key Program Measures

The key program performance measure for the Petrofund is how long it takes staff to review applications (i.e. the application backlog). The Petrofund staff is currently reviewing applications within approximately one to two weeks of receiving them. This is at the historic low for application review time. By law, initial application must be reviewed within 60 days and supplemental applications must be reviewed within 120 days (M.S.115C).

Other performance measures include tracking the number of applications reviewed and the amount of reimbursement that has been awarded. As the following table illustrates, the number of applications received by the Petrofund, as well as the total funds reimbursed, has declined over the past few years as historic clean-up projects have been completed and fewer new petroleum releases have occurred and been reported.

Fiscal Year	Applications Received	Amount Reimbursed
2004	1278	\$14,561,358.09
2005	1496	\$13,138,941.92
2006	1110	\$12,289,906.56
2007	897	\$ 8,733,821.04
2008	801	\$10,673,750.36

Contact

Joel Fischer, Director
 Minnesota Department of Commerce
 Petroleum Tank Release Cleanup Fund
 85 7th Place East, Suite 500
 Saint Paul, Minnesota 55101
 Email: joel.fischer@state.mn.us

COMMERCE DEPT

Program: PETROLEUM TANK CLEANUP FUND

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
Petroleum Tank Release Cleanup					
Current Appropriation	1,084	1,084	1,084	1,084	2,168
Subtotal - Forecast Base	1,084	1,084	1,084	1,084	2,168
Total	1,084	1,084	1,084	1,084	2,168
 <u>Expenditures by Fund</u>					
Direct Appropriations					
Petroleum Tank Release Cleanup	785	1,383	1,084	1,084	2,168
Open Appropriations					
Petroleum Tank Release Cleanup	10,847	15,186	15,186	15,186	30,372
Total	11,632	16,569	16,270	16,270	32,540
 <u>Expenditures by Category</u>					
Total Compensation	613	1,155	858	884	1,742
Other Operating Expenses	11,019	15,414	15,412	15,386	30,798
Total	11,632	16,569	16,270	16,270	32,540
 <u>Expenditures by Activity</u>					
Petroleum Tank Cleanup Fund	11,632	16,569	16,270	16,270	32,540
Total	11,632	16,569	16,270	16,270	32,540
 Full-Time Equivalentents (FTE)					
	8.7	8.4	8.4	8.4	

Program Description

The Administration program includes the commissioner's office, the department's central management and support functions, and the unclaimed property operations. The program ensures that all department operations are managed and implemented in a manner consistent with law and with the goals of the administration.

Population Served

- ◆ The commissioner's office serves all Minnesotans who do business with the Department of Commerce (DOC).
- ◆ Unclaimed property serves all owners of abandoned property received by the state from banks, former employers, retailers, and other businesses.
- ◆ Central management and support functions facilitate the operations of the department's main programs.

Services Provided

Administration:

- ◆ Leads, manages, and directs the department to ensure efficient operations.
- ◆ Develops and directs implementation of annual and long range objectives.
- ◆ Manages department finances and develops budgets.
- ◆ Provides personnel management according to Minnesota statutes, rules, and policies.
- ◆ Provides administrative support services to all programs within the department.
- ◆ Manages information systems.
- ◆ Facilitates productive relationships with regulated businesses and individuals.
- ◆ Coordinates department activities with other government agencies, private sector businesses, and the public.
- ◆ Provides consumer information to the people of Minnesota.
- ◆ Provides unclaimed property reclamation services to the people of Minnesota.

Unclaimed Property

Abandoned property may include money from savings and checking accounts, wages, insurance proceeds, safe deposit box contents, stocks, bonds, or dividends. All banks, insurance companies, corporations, and government agencies operating in Minnesota are statutorily required to report, and turn over, abandoned property to the department. The unclaimed property operation acts as the custodian of all abandoned property it receives until the rightful owner claims it. In cooperation with MissingMoney.com, individuals may search for unclaimed property. In addition, other methods of advertisement are conducted throughout the year. Unclaimed property as a whole has garnered much attention at the national level. Stories that air on national news programs have provided our best form of advertisement outside of our website. Any tangible property from safe deposit boxes held by the department for more than one year is eligible to be sold at a public auction. In addition the department holds unclaimed stock for one year at which time the stock is liquidated. Proceeds from both an auction and stock sale are deposited in the general fund until claimed by the rightful owner.

Historical Perspective

This program is funded by an appropriation from the general fund.

The Unclaimed Property unit was created in 1969 following enactment of Minnesota's uniform disposition of unclaimed property act.

Program at a Glance

Leads, manages, and directs five divisions with diverse missions to:

- ◆ Regulate commercial, industrial, financial, utility, and retail activity in Minnesota.
- ◆ Provide technical services and support to Minnesota businesses.
- ◆ Provide energy assistance to low income households.
- ◆ Mitigate environmental damage from leaking petroleum storage tanks.
- ◆ Provide telecommunications services to the deaf and hard of hearing.
- ◆ License 195,000 professionals.
- ◆ Manage \$113 million in unclaimed property, and return \$25 million to rightful owners in FY 2006.
- ◆ Administrative costs account for less than 7% of the overall agency's budget.

Key Program Goals

Commerce has a goal to increase Unclaimed Property Holder compliance and to increase the rate at which property is returned to the rightful owner. Both goals can be linked to the Minnesota Milestone related to satisfaction with government services.

The Administrative Services unit provides support services to all areas of the department and indirectly supports a number of statewide strategic goals.

Key Program Measures

Unclaimed Property	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Number of Unclaimed Property Holders	13,500	13,500	13,500	13,500	13,500
Number of Property Inquiries-phone and e-mail	29,500	29,500	33,000	32,000	31,000
Unclaimed Property Remitted to Commerce	\$61M	\$63.6M	\$113.1M	\$56.0M	\$50.0M
Unclaimed Property Returned to Owners	\$13.5M	\$16.5M	\$24.5M	\$20.5M	\$18.4M

Contact

Glenn Wilson, Commissioner
 Minnesota Department of Commerce
 85 7th Place East
 Saint Paul, Minnesota 55101
 Email: glenn.wilson@state.mn.us

COMMERCE DEPT

Program: ADMINISTRATIVE SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	4,508	4,711	4,711	4,711	9,422
Subtotal - Forecast Base	4,508	4,711	4,711	4,711	9,422
Governor's Recommendations					
Administrative Services Reduction		0	(411)	(411)	(822)
Total	4,508	4,711	4,300	4,300	8,600
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	3,928	5,277	4,300	4,300	8,600
Statutory Appropriations					
Miscellaneous Special Revenue	928	1,556	1,285	1,235	2,520
Total	4,856	6,833	5,585	5,535	11,120
<u>Expenditures by Category</u>					
Total Compensation	3,419	4,499	3,806	3,819	7,625
Other Operating Expenses	1,437	2,334	1,779	1,716	3,495
Total	4,856	6,833	5,585	5,535	11,120
<u>Expenditures by Activity</u>					
Administrative Services	4,856	6,833	5,585	5,535	11,120
Total	4,856	6,833	5,585	5,535	11,120
Full-Time Equivalents (FTE)	45.2	45.1	42.7	42.7	

Program Description

The Telecommunications Division advocates the public interest in settlement discussions with companies and before the Public Utilities Commission (PUC); investigates telephone company filings; and enforces the statutes, rules and orders of the PCU and Federal requirements that have been delegated to states.

Population Served

The Division serves:

- ◆ All of Minnesota’s residential, small business, and large business consumers of telecommunication services by ensuring service is reliable, efficient, affordable and is provided in compliance with applicable rules and regulations;
- ◆ All providers of telecommunications services by processing applications and filings; advocating policies that promote fair competitive practices; and ensuring financial soundness for companies operating under rate of return regulation.

Program at a Glance

- ◆ Advocates on behalf of the public interest on telecommunications issues.
- ◆ Enforces state and federal laws and regulations with respect to:
 - ⇒ Almost 100 incumbent local telephone companies
 - ⇒ Over 150 competitive local carriers
 - ⇒ Over 300 companies offering long distance service
- ◆ Evaluated and acted on over 2,000 individual dockets in FY 2008.

Services Provided

The Telecommunications Division implements statewide telecommunications policies and provides a broad range of regulatory and other services including:

- ◆ Advocate on behalf of the public interest for statewide telecommunications policies that promote an orderly development of the telecommunications network and telecommunications competition in the state;
- ◆ Enforce Minnesota statutes, orders and rules of the Minnesota Public Utilities Commission, and certain orders of the Federal Communications Commission;
- ◆ Investigate company filings and telecommunications matters that may not be in compliance with Minnesota requirements;
- ◆ Administrative review of certification requests, service quality, pricing of services, and the competitive practices of incumbent and competitive telecommunications companies that interact with each other in the joint provision of services to customers.

Historical Perspective

All direct and indirect costs related to telecommunications regulation are assessed back to the regulated companies. Telecommunications carriers have only an indirect assessment, with the exception of new authority applications where there is a \$570 fee. Indirect costs are estimated and billed 30 days in advance of each quarter. Indirect costs are prorated to regulated companies based on their gross Minnesota jurisdictional revenues. Estimated indirect cost billings are reconciled and adjusted to actual costs after the close of the fiscal year. Receipts include recovery of the department’s administrative costs, statewide indirect costs and the cost of services provided by the Office of the Attorney General.

Key Program Goals

Minnesota Milestone—Indicator 37: Price of Government

Goal: Government in Minnesota will be cost efficient, and services will be designed to meet the needs of the people that use them.

- ◆ Certain functions of the Telecommunications Division are fully assessed to and paid by the telecommunications providers in the State. As such, these functions do not contribute to the net price of Government and instead, are paid by “the people who use them.”

Minnesota Milestone—Indicator 38: Growth in Gross State Product

Goal: Minnesota will have sustainable, strong economic growth.

- ◆ The Telecommunications Division oversees the development of the telecommunications infrastructure and the development of competition in the provision of telecommunications. Good infrastructure and strong competition in the telecommunications marketplace will assist in sustainable and strong economic growth.

Minnesota Milestone—Indicator 49: Counties Losing Population

Minnesota Milestone—Indicator 50: Net Gain in Business

Minnesota Milestone—Indicator 51: Regional Disparity in Unemployment

Goal: Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work.

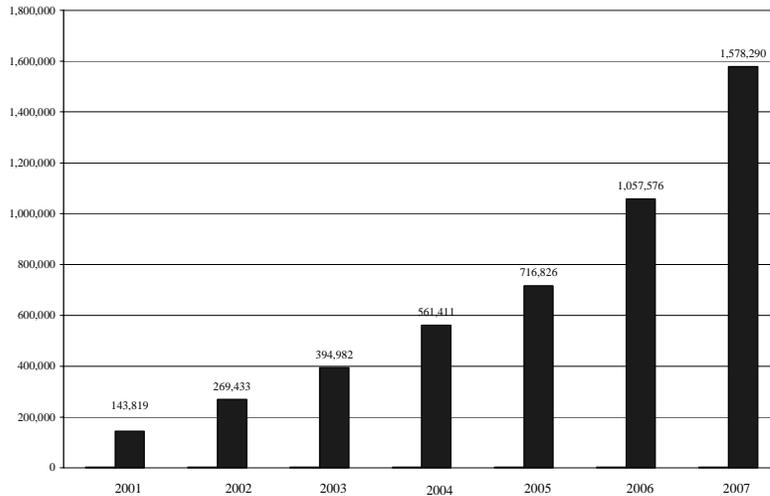
- ◆ Telecommunications infrastructure and a competitive telecommunications marketplace, both overseen by the Telecommunications Division, plays an increasingly important role in ensuring that rural areas, small cities and urban neighborhoods are economically viable places for people to live and work.

Key Program Measures

Telecommunications Infrastructure Deployment

The Department of Commerce (DOC) continues to work towards ensuring that broadband service is available to every state resident. Telephone companies provide high speed service primarily through digital subscriber line (DSL) technology. The department serves on the Governor’s Ultra High Speed Broadband Task Force and also provides administrative support to that task force, which will be submitting its report by 11-01-2009. The department will also be contracting for maps to be prepared of where broadband is available in Minnesota, with preliminary maps to be provided by 2-01-2009.

High-Speed Lines in Minnesota
(Data from FCC Form 477 filed by the providers)



Contact

Glenn Wilson, Commissioner
 Minnesota Department of Commerce
 85 7th Place East
 Saint Paul, Minnesota 55101
 Email: glenn.wilson@state.mn.us

COMMERCE DEPT

Program: TELECOMMUNICATIONS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	0	0	1,010	1,010	2,020
Subtotal - Forecast Base	0	0	1,010	1,010	2,020
Total	0	0	1,010	1,010	2,020
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	1,010	1,010	2,020
Total	0	0	1,010	1,010	2,020
 <u>Expenditures by Category</u>					
Total Compensation	0	0	848	873	1,721
Other Operating Expenses	0	0	162	137	299
Total	0	0	1,010	1,010	2,020
 <u>Expenditures by Activity</u>					
Telecommunications	0	0	1,010	1,010	2,020
Total	0	0	1,010	1,010	2,020
 Full-Time Equivalent (FTE)	 0.0	 0.0	 9.5	 9.5	

Program Description

The Market Assurance Division protects consumers by licensing, regulating, and investigating complaints in six distinct operations:

- ◆ The Insurance Investigations and Consumer Outreach unit investigates individual consumer complaints to determine whether regulated businesses or individuals have violated laws or rules. A sub unit, the Consumer Response Team (CRT), handles consumer inquiries over the phone and works to informally resolve disputes between consumers and the regulated industries.
- ◆ The Market Conduct Examination unit investigates the practices of insurance companies and producers to determine whether their practices are consistent with Minnesota Law. This unit also investigates complaints against insurance producers and debt collectors.
- ◆ The Registration and Policy Analysis unit reviews insurance forms to ensure compliance with Minnesota statutes. The unit also registers certain securities sold in the state of Minnesota. The unit ensures reasonable insurance rates, reviews financial offerings to ensure stable capital markets, and reviews the financial condition of companies that self-insure. This unit also registers over 20,000 securities broker-dealers, agents, and investment advisers.
- ◆ The Insurance Fraud Investigation unit investigates fraudulent claims filed against insurance companies. The unit's staff of investigators work to reduce insurance premium costs by reducing the number and frequency of fraudulent insurance claims filed in Minnesota.
- ◆ The Real Estate unit investigates complaints against the various licensed real estate professionals and entities, including allegations of mortgage fraud.
- ◆ The Licensing unit issues or renews licenses of professionals primarily in insurance, real estate and collection agencies.

Program at a Glance

During FY 2007 and FY 2008, the Division:

- ◆ Regulated 22 industries and occupations.
- ◆ Reviewed and analyzed 10,153 insurance form and rate filings.
- ◆ Reviewed 23,474 securities and franchise offerings.
- ◆ Opened 13,709 investigation files.
- ◆ Took 822 disciplinary actions.
- ◆ Received 67,602 calls from consumers and 147,219 license related calls.
- ◆ Licensed or renewed over 220,000 individual or entity licenses per year.
- ◆ Recovered \$5,922,586 in additional claims payments for consumers.
- ◆ Imposed \$4,876,016 in civil penalties.
- ◆ Collected \$61.9 million in registration, licensing and other general fund fees in FY 2008.

Population Served

The Market Assurance Division serves:

- ◆ All Minnesota individuals and corporations that need insurance, have mortgages, buy or sell real estate, make investments, or otherwise do business with any of the industries licensed or regulated by the division.
- ◆ Regulated individuals and businesses.
- ◆ Other government and self-regulatory organizations, both in and out-state, that engage in similar regulatory activity or interact with the regulated industries.

Services Provided

Insurance Investigations and Consumer Outreach. The unit investigates complaints in the following areas:

- | | |
|-----------------------|--|
| ⇒ insurance companies | ⇒ insurance agents and brokers |
| ⇒ insurance adjusters | ⇒ third party administrators and self-insurers |
| ⇒ athletic agents | |

The unit also is responsible for educating consumers on insurance topics.

Market Conduct Examination Team. The unit examines the behavior of insurance companies in the marketplace to determine whether prohibited behavior constitutes a pattern or practice. It also investigates complaints in the following areas:

- ⇒ currency exchanges
- ⇒ collection agencies
- ⇒ cigarette vendors
- ⇒ viatical settlements
- ⇒ insurance agents and brokers
- ⇒ below cost gas pricing
- ⇒ wire transfer agencies (money transmitters)

Real Estate Team: The unit investigates complaints in the following areas.

- ⇒ Real estate agents and brokers
- ⇒ abstractors
- ⇒ subdivided lands
- ⇒ notaries
- ⇒ investment advisers
- ⇒ residential mortgage originators and servicers
- ⇒ real estate appraisers
- ⇒ securities brokers, dealers and agents
- ⇒ franchises

Insurance Fraud Investigation:

- ◆ researches insurance data to look for patterns of fraud;
- ◆ investigates potential insurance fraud cases; and
- ◆ initiates criminal charges against individuals who commit insurance fraud.

Insurance Product Form Filing and Securities Registration:

- ◆ reviews insurance policies and investment documents to determine whether they comply with applicable statutes and rules;
- ◆ registers securities and franchise offerings;
- ◆ registers securities broker-dealers, agents, investment advisers, and viatical settlement providers;
- ◆ develops and implements policies and procedures to expedite compliance with registration requirements;
- ◆ promotes development and use of electronic registration and filing systems;
- ◆ reviews rates charged for insurance products to ensure that rates are not excessive;
- ◆ reviews the applications of employers and employer groups to self-insure; and monitors their financial performance.

Licensing:

The Licensing unit issues or renews licenses of approximately 192,000 professionals primarily in insurance, real estate and collection agencies and reviews and approves over 2,500 education courses each year.

Historical Perspective

During the last biennium the enforcement activities for the Division have evolved from primarily disciplinary proceedings to investigations of criminal behavior. As a result of this evolution, while case numbers have remained relatively flat, the amount of man hours needed to handle those cases has increased. In addition to that qualitative change, the following trends will affect both the workload and performance of the Division:

- ◆ As the economy continues to lag, we will see an increase in the number of complaints.
- ◆ Notwithstanding the tightening of the mortgage lending market, we continue to see increased mortgage fraud referrals.
- ◆ Stock market volatility increases complaints about securities and insurance issues.
- ◆ Continued uniformity (e.g. Interstate Compact) and other “speed to market” initiatives will impact the mission and duties of our Registration and Policy Analysis unit.
- ◆ Our examinations of an insurer’s overall behavior typically require multi-state investigations and other industries (e.g. examination of mortgage insurance has an impact on insurers and potentially lenders).
- ◆ The movement of the baby boom generation into retirement will mean more “suitability” complaints in both insurance and securities.
- ◆ Workforce planning needs for the Division may impact the organization.

Key Program Goals

- ◆ The Division's work supports the Minnesota Milestone Goal that "Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them."
- ◆ The Division's work supports two of the Agency's strategic goals:
 - ⇒ Protect Minnesota consumers in a variety of commercial and financial transactions
 - ⇒ Provide excellent service to business and industry
- ◆ The Division will be looking for opportunities to interact with the objectives of Enterprise Lean. <http://www.lean.state.mn.us/index.htm>

Key Program Measures

Market Assurance implemented a significant technology upgrade that allowed increased automation and web access for its licensing and complaint customers. The licensing piece has been successfully implemented. The complaint handling piece is still being implemented across all industries.

Our insurance fraud unit will be implementing a new case management system.

The Division will be looking at additional reorganization efforts to support the Enterprise Lean initiative.

Contact

Manny Munson-Regala, Deputy Commissioner
Minnesota Department of Commerce
85 7th Place East
Saint Paul, Minnesota 55101
Email: manny.munson-regala@state.mn.us

COMMERCE DEPT

Program: MARKET ASSURANCE

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	5,845	5,992	5,992	5,992	11,984
Technical Adjustments					
Pt Contract Base Reduction			(2)	(2)	(4)
Subtotal - Forecast Base	5,845	5,992	5,990	5,990	11,980
Governor's Recommendations					
Investigation Cost Recovery		0	680	680	1,360
Product Review & Registration Changes		0	(300)	(300)	(600)
Total	5,845	5,992	6,370	6,370	12,740
Workers Compensation					
Current Appropriation	835	835	835	835	1,670
Subtotal - Forecast Base	835	835	835	835	1,670
Governor's Recommendations					
Investigation Cost Recovery		0	(84)	(84)	(168)
Total	835	835	751	751	1,502
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	5,389	6,440	6,370	6,370	12,740
Workers Compensation	828	842	751	751	1,502
Statutory Appropriations					
Miscellaneous Special Revenue	3,706	5,077	6,336	6,400	12,736
Miscellaneous Agency	111	388	374	0	374
Total	10,034	12,747	13,831	13,521	27,352
<u>Expenditures by Category</u>					
Total Compensation	6,538	7,631	7,609	7,685	15,294
Other Operating Expenses	3,496	5,066	4,522	4,136	8,658
Local Assistance	0	50	1,700	1,700	3,400
Total	10,034	12,747	13,831	13,521	27,352
<u>Expenditures by Activity</u>					
Market Assurance	10,034	12,747	13,831	13,521	27,352
Total	10,034	12,747	13,831	13,521	27,352
Full-Time Equivalents (FTE)	87.5	89.9	91.7	89.4	

Program Description

In January 2008, Governor Pawlenty consolidated the energy relate function of the Department of Commerce and created the Minnesota Office of Energy Security (OES). OES provides energy-related services to the citizens of the State by advocating on behalf of the public interest in regulated utility matters, administers Minnesota’s Low-Income Heating Assistance and Weatherization Programs, assists viable new energy technologies to enter the commercial market and distributes information to individual energy users on actions they can take to use their energy wisely.

Population Served

The Minnesota Office of Energy Security serves all of Minnesota’s residential, small business, and large business consumers as well as investors and providers of energy services.

Services Provided

OES implements statewide energy policies and provides a broad range of regulatory and consumer services.

Program at a Glance

- ◆ OES administers \$77 million in federal Energy Assistance Program funds to Minnesota’s low-income households.
- ◆ OES administers \$20 million in federal Weatherization Program funds to Minnesota’s low-income households.
- ◆ Utilities have filed certificate of need (CN) requests to build new energy facilities. OES analyzed two requests in 2005 and 11 requests in 2008.
- ◆ Regulatory services costs are charged to energy service providers.
- ◆ OES administers approximately \$30 million for energy efficiency and technology programs.
- ◆ In 2007, approximately \$108 million was spent on Conservation Improvement Program activities that saved approximately:
 - ⇒ 461,000 MWh hours of electricity
 - ⇒ 1.9 million MCF of natural gas

- ◆ The Low Income Heating and Energy Assistance Program (LIHEAP)
 - ⇒ Provides financial assistance to help Minnesota’s low income residents pay their energy bills.
- ◆ **Energy Regulation, Facilities Permitting and Planning**
 - ⇒ Advocates for the public interest in energy utility matters before the Minnesota Public Utilities Commission, the Federal Energy Regulatory Commission, and in other national and regional forums.
 - ⇒ Manages and orchestrates the facilities permitting process and writes the environmental impact document for the siting or routing of large energy facilities.
 - ⇒ Participates as the consumer advocate designee in the development and operation of the regional electric transmission operating entity that operates the electric power grid in Minnesota plus 16 other states.
 - ⇒ Performs or participates in fact-finding, legislatively mandated or other studies, proceedings or communications regarding the reliable provision of energy service under the auspices of the Office of the Reliability Administrator.
- ◆ **The State Energy Office**
 - ⇒ Administers the U.S. Department of Energy Weatherization Assistance Program, providing energy conservation services to low-income households throughout Minnesota.
 - ⇒ Promotes clean renewable energy resources such as E85, biodiesel, wind, solar, and geothermal through consumer education, technical assistance, grants, and other deployment activities.
 - ⇒ Provides direct consumer education on energy conservation and renewable energy technologies through a toll-free telephone service and its website, and participation in trade shows, energy fairs, and school functions.
 - ⇒ Administers the U.S. Department of Energy State Energy Program, the Public Buildings Enhanced Energy Efficiency Program, the Renewable Energy Production Incentive, the Solar Rebate Program, the E85 Grant Program, and the Conservation Improvement Program’s Research & Development Grant Program.
 - ⇒ Administers, analyzes, and tracks the Conservation Improvement Program for technical feasibility and cost effectiveness in addition to making recommendations for improvements to the Deputy Commissioner for consideration when approving the plans.

Funding

All direct and indirect costs related to energy utility rates and services regulation and facilities permitting are assessed back to the regulated companies or the permittees. Direct energy utility costs are billed to regulated companies semi-annually. Indirect costs are estimated and billed 30 days in advance of each quarter. Indirect costs are prorated to regulated companies based on their gross Minnesota jurisdictional revenues. Estimated indirect cost billings are reconciled and adjusted to actual costs after the close of the fiscal year. Receipts include recovery of the department's administrative costs, statewide indirect costs and the cost of services provided by the Office of the Attorney General, the Reliability Administrator, and the Legislative Energy Commission.

The cost of some operations within the Energy Division is supported by federal funds.

- ◆ LIHEAP operates almost entirely on funds provided by the U.S. Department of Health and Human Services.
- ◆ Funds for the Weatherization Assistance Program come primarily from the U.S. Departments of Energy and Health and Human Services.
- ◆ The State Energy Office programs are funded through a combination of federal, state, and nonpublic funds, including oil overcharge funds, competitive grant awards, and energy utility program funds.

Key Program Goals

Minnesota Milestone—Indicator 37: Price of Government

Goal: Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them.

- ◆ Certain Office of Energy Security functions are fully assessed to and paid by the utilities and companies that benefit from the function. As such, these functions do not contribute to the net price of Government and, instead, are paid by “the people who use them.”

Minnesota Milestone—Indicator 40: Energy Efficiency of the Economy

Rationale: Improving the energy efficiency of Minnesota's economy is an important step in maintaining the long-term economic growth while minimizing cost and environmental impact.

- ◆ The Office of Energy Security's CIP and energy efficiency programs squarely meet this milestone.
- ◆ All energy regulatory proposals are investigated with an eye toward being reliable, reasonably priced and environmentally sensitive for the economic benefit of Minnesota and the public interest.
- ◆ Energy utilities and the industry recognize that substantial infrastructure must be built in the next decade to ensure Minnesota's continued strong economy for decades to come. This energy “building boom” is clearly evidenced in the marked increase in major project requests presently being investigated by OES. This large increase in workload is slated to continue for years to come.

Minnesota Milestone—Indicator 56: Renewable Energy Sources

Rationale: The percentage of energy that Minnesota derives from local, clean and renewable sources directly affects the state's long-term economic and environmental stability and security because much of the state's fuel is currently imported.

- ◆ The OES is seeing a large increase in requests to build wind-powered electric generation facilities. OES will examine each request to ensure that it will provide clean energy and contribute to “the state's long-term economic and environmental stability and security.”
- ◆ Energy utilities and the industry agree that the present energy delivery system is not substantial enough to support an expanding state economy in the decades to come nor will it be able to deliver all of the energy slated to be generated by all of the renewable energy projects currently being planned or constructed in the foreseeable future. As such, utilities have also filed certificate of need requests for hundreds of miles of large power lines across the state. These facilities must be built to achieve this milestone.

Minnesota Milestone--Indicator 25: Nearby Support

Rationale: People in need will receive support that helps them live as independently as they can.

- ◆ OES provides LIHEAP and Weatherization services predominantly through the community action agency network, ensuring that while funding may be from federal sources, the service is local and immediate.

Other statewide goals--The Next Generation Act of 2007's Energy Policy Goals

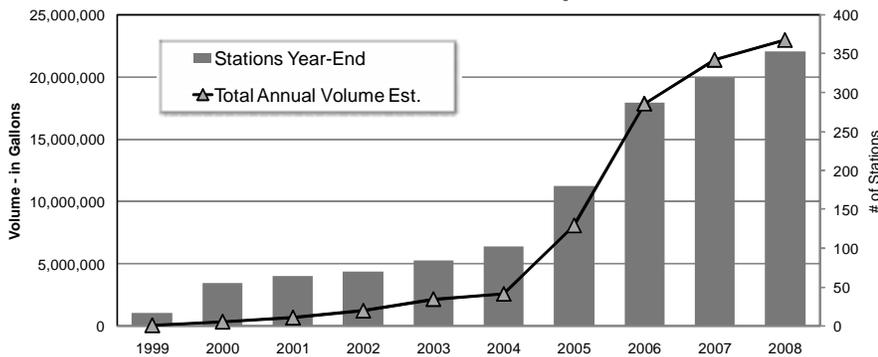
- ◆ 15% reduction in fossil fuel use per capita by 2015 through increased reliance on energy efficiency and renewable energy alternatives
- ◆ 25% of the total energy used in the state be derived from renewable energy resources by 2025

Key Program Measures

All program measures in OES target the state's energy policy goals of reliable, clean, affordable energy and to meet the milestones and laws listed above.

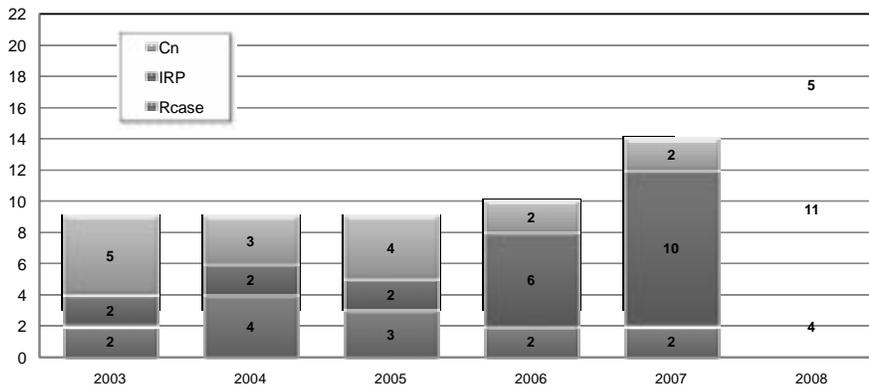
The first graph shows the increased use in biofuels in the state, specifically E85. Minnesota leads the nation in the number of E85 fueling stations, with 350 pumps.

Minnesota E-85 Development



The second graphic illustrates the impact on OES resources of the energy "building boom". Such major requests require between three and eight staff to adequately investigate such requests on behalf of the public interest. Of the over 300 various individual requests analyzed by OES staff per year, three types of major requests pertain to the planning, construction, and funding of large energy facilities. Planning is identified as IRP, construction as CN, and funding as RCase in the graph below. As the chart indicates, these major requests have collectively doubled in the past three to four years

Major Regulatory Requests Analyzed by OES



Contact

Glenn Wilson, Commissioner
 Minnesota Department of Commerce
 85 7th Place East
 Saint Paul, Minnesota 55101
 Email: glenn.wilson@state.mn.us

COMMERCE DEPT

Program: OFFICE OF ENERGY SECURITY

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	12,966	4,250	3,240	3,240	6,480
Technical Adjustments					
Current Law Base Change			750	(250)	500
Subtotal - Forecast Base	12,966	4,250	3,990	2,990	6,980
Total	12,966	4,250	3,990	2,990	6,980
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	217	395	0	0	0
General	6,842	8,860	4,990	2,990	7,980
Statutory Appropriations					
State Government Spec Revenue	210	0	0	0	0
Miscellaneous Special Revenue	4,721	24,193	13,498	13,265	26,763
Federal	111,526	202,223	203,810	203,790	407,600
Total	123,516	235,671	222,298	220,045	442,343
<u>Expenditures by Category</u>					
Total Compensation	6,077	8,017	7,051	7,121	14,172
Other Operating Expenses	3,666	5,804	5,281	4,965	10,246
Local Assistance	113,393	221,350	209,721	207,674	417,395
Other Financial Transactions	380	500	245	285	530
Total	123,516	235,671	222,298	220,045	442,343
<u>Expenditures by Activity</u>					
Office Of Energy Security	123,516	235,671	222,298	220,045	442,343
Total	123,516	235,671	222,298	220,045	442,343
Full-Time Equivalent (FTE)	70.9	73.2	64.4	63.6	

Program Description

The Telecommunications Access Minnesota (TAM) program of the Department of Commerce administers the Minnesota Relay, Telephone Equipment Distribution (TED) Program and TAM Fund.

Minnesota Relay is a federally mandated Telecommunications Relay Services (TRS) that provides equal access to the telecommunications network for persons with a hearing loss or speech disability.

The TED Program provides free assistive telecommunications devices to eligible Minnesotans.

Population Served

TAM serves Minnesotans who have hearing, vision, speech or physical disabilities that make it difficult or impossible to use standard telecommunications services and equipment, and also serves persons who wish to contact these individuals.

Services Provided

TAM serves Minnesota consumers through a vendor contract and an interagency agreement:

- ◆ Contract with Communication Service for the Deaf (CSD) for the provision of Minnesota Relay and associated outreach services. Outreach services include educating the public about TRS and the Minnesota Relay, training consumers on how to user relay services, and receiving and resolving consumer complaints.
- ◆ Interagency agreement with the Department of Human Services (DHS) for the provision of the TED Program. The TED Program is responsible for distributing assistive telecommunications devices to income eligible Minnesotans, informing persons with communication disabilities of services available through the program, and providing training in the use of specialized telecommunications devices. Available equipment includes: text telephones (TTYs), amplified telephones, telephone ring signalers (visual, tactile or auditory), remote control speaker phones, TTYs with large visual displays, Braille TTYs, captioned telephones (CapTel™), voice carry over and hearing carry over phones.

Key Program Goals

- ◆ To provide people with hearing, speech, vision or mobility loss with telecommunications equipment and services that advance at the same rate, have the same level of quality, and provide the same features and options as telecommunications services available to consumers without communications disabilities.
- ◆ To provide Minnesotans with education, training and support regarding TRS and specialized telecommunications equipment.

Key Program Measures

- ◆ Minnesota Relay handled 892,000 calls and conducted 390 outreach activities in fiscal year 2008.
- ◆ Minnesota Relay exceeds FCC call answering performance standards. On average, incoming relay calls are answered within 2 seconds.
- ◆ Received complaints on less than 1% of Minnesota Relay calls.
- ◆ The TED Program distributed 3,626 assistive telecommunications devices and conducted 230 outreach activities in fiscal year 2008.

Program at a Glance

- ◆ Minnesota Relay:
 - ⇒ Provided free of charge.
 - ⇒ Operates 24/7.
 - ⇒ Handles an average of 74,360 relay calls per month.
 - ⇒ Offers 40 custom calling features.
 - ⇒ Conducted 390 outreach activities reaching more than 22,300 Minnesotans in fiscal year 2008.
- ◆ TED Program:
 - ⇒ Distributes an average of 300 assistive telecommunications devices per month.
 - ⇒ Conducted 230 outreach activities reaching more than 5,900 Minnesotans in fiscal year 2008.
 - ⇒ Provides services via six regional offices.

Program Funding

- ◆ TAM programs are funded by a surcharge on all wired and wireless telephone access lines in Minnesota. The surcharge is required by M.S. 237.52, subd. 2.
- ◆ Funds from the surcharge are paid into an interest-bearing, dedicated special revenue account that funds:
 - ⇒ administration of the TAM program;
 - ⇒ the facility, equipment, operations and outreach for Minnesota Relay;
 - ⇒ administration of the TED Program;
 - ⇒ assistive telecommunications devices distributed by the TED Program;
 - ⇒ Accessible News for the Blind program;
 - ⇒ Rural Real-Time Captioning program;
 - ⇒ operational expenses for the Commission of Deaf, Deaf Blind and Hard of Hearing Minnesotans.
 - ⇒ The Public Utilities Commission (PUC) approves the TAM annual budget and sets the surcharge at a level that will generate sufficient revenue to fund the programs. The current TAM surcharge is \$.06.
 - ⇒ TAM fund anticipates \$4.7M of revenue in fiscal year 2009.
 - ⇒ TAM fund anticipates \$6.4M of expenditures in fiscal year 2009. The expenditures are broken down for these purposes:
 - \$3.7M for Minnesota Relay and TAM program administration,
 - \$1.8M for the TED program, and
 - \$.9M for other programs.

Contact

Rochelle Garrow, TAM Administrator
Minnesota Department of Commerce
85 7th Place East, Suite 600
Saint Paul, Minnesota 55101-3165
Phone: (651) 297-8941
Email: rochelle.garrow@state.mn.us

COMMERCE DEPT

Program: TAM

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Miscellaneous Special Revenue	5,190	6,091	5,790	5,798	11,588
Total	5,190	6,091	5,790	5,798	11,588
<u>Expenditures by Category</u>					
Total Compensation	66	77	78	81	159
Other Operating Expenses	5,124	6,014	5,712	5,717	11,429
Total	5,190	6,091	5,790	5,798	11,588
<u>Expenditures by Activity</u>					
Tam	5,190	6,091	5,790	5,798	11,588
Total	5,190	6,091	5,790	5,798	11,588
Full-Time Equivalent (FTE)	1.1	1.1	1.1	1.1	

Program Description

The Weights and Measures Division protects consumers by enforcing accuracy in commercial marketplaces by inspecting and testing all commercial weighing and measuring equipment in Minnesota.

- ◆ Provides the basis for physical measurement accuracy in Minnesota by maintaining the state standards for mass, length, volume, temperature, and density.
- ◆ Extends standardization and accuracy to commerce in Minnesota by offering precision calibration services to large and small businesses, and individuals.
- ◆ Ensures the quality of petroleum products by sampling and testing gasoline, diesel fuel, biodiesel, E85, heating fuels, and other products.
- ◆ Enforces statutory gasoline oxygenation requirements by sampling and testing gasoline at all levels of distribution and sale in Minnesota.
- ◆ Enforces below cost gas pricing, and bill of lading for correct fuel deliveries.
- ◆ Ensures the net weight and net volume accuracy of consumer commodities by inspecting and testing prepackaged goods in Minnesota.

Population Served

The Weights and Measures Division serves almost every person and business in Minnesota, including:

- ◆ Minnesota citizens and businesses that buy or sell goods or services based on a measured quantity, like gasoline or food.
- ◆ Businesses and individuals needing International Organization for Standardization (ISO) accredited calibration services to enable them to provide materials or services to other businesses in the United States, and throughout the world, and to enable them to compete in European Union nations.
- ◆ Motor fuel, heating fuel, and aviation fuel consumers.

Services Provided

The division provides three distinct services:

- ◆ Promotes accuracy in basic physical measurement by offering precision calibration services to Minnesota businesses and individuals.
- ◆ Enforces Minnesota's weights and measures statutes to ensure the accuracy of gas pumps, meters used at the terminals, refineries and airports, grocery scales, prepackaged commodities, livestock scales, railway track scales, grain and fertilizer scales, and a broad range of other commercial weighing and measuring devices.
- ◆ Ensures the quality of gasoline, diesel fuel, heating fuel, and other petroleum products.

Historical Perspective

The Weights and Measures Division is one of the oldest continuously operating units of Minnesota government. The division formally commenced operations in 1885 as part of the Railroad and Warehouse Commission.

The division has noted a continuing upward trend in the number of gasoline pumps in commercial use in Minnesota. The number has increased from approximately 21,000 in 1981 to 65,000 in 2007. Fuel consumption, which declined in the 1970s and 1980s, held steady in the 1990s, has increased through 2007. Both increasing gasoline consumption and increasing prices continue to push demand for the division's inspection services.

Program at a Glance

- ◆ Weights and Measures affects more than \$30 billion in Minnesota commerce each year.
- ◆ In FY 2007, the division's 16 petroleum and scale investigators tested and inspected:
 - ⇒ 46,587 gas pumps.
 - ⇒ 7,839 light capacity scales.
 - ⇒ 1,539 vehicle tank meters.
 - ⇒ 292 package inspections.
 - ⇒ 468 high volume meters
- ◆ In FY 2007, the division's six heavy capacity scale investigators tested and inspected:
 - ⇒ 1,430 vehicle scales.
 - ⇒ 767 grain and fertilizer scales.
 - ⇒ 1,424 other heavy capacity scales.
- ◆ In FY 2007, the Petroleum Lab processed:
 - ⇒ 1,108 distillate tests
 - ⇒ 2,511 other fuel tests
- ◆ The metrology laboratory is accredited under ISO 17025. It is one of the most highly regarded measurement laboratories in the nation.
- ◆ During FY 2007 1,270 artifacts were calibrated.

Key Program Goals

To work with the Department of Agriculture (DOA) to achieve the biodiesel mandates for 2009, 2012, and 2015 set forth by the Governor's alternative fuel initiatives. The division hopes to expand the petroleum lab responsibilities with additional equipment and staff to meet challenges of new fuel products/blends and the requirements associated with these products.

Key Program Measures

The division's metrology laboratory has achieved and maintained accreditation under ISO 17025, the most recently adopted quality standards. Additionally, the metrology laboratory meets performance standards set by the National Institute of Standards and Technology (NIST)/National Voluntary Laboratory Accreditation Program and the NIST Office of Weights and Measures.

Inspection operations have maintained high compliance rates for commercial weighing and measuring devices despite the increase in the number of weighing and measuring devices. For example, we tested 48,587 of the approximately 65,000 gas pumps in Minnesota during FY 2007. The division continues to upgrade our testing equipment to improve inspection intervals.

Petroleum quality enforcement operations maintained a 98.5% compliance rate for gasoline octane and oxygenation.

Contact

Mark Buccelli, Director
Minnesota Department of Commerce
Weights and Measures Division
14305 Southcross Drive, #150
Burnsville, Minnesota 55306
Email: mark.buccelli@state.mn.us

COMMERCE DEPT

Program: WEIGHTS & MEASURES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Miscellaneous Special Revenue	3,484	3,372	3,289	3,343	6,632
Total	3,484	3,372	3,289	3,343	6,632
<u>Expenditures by Category</u>					
Total Compensation	2,320	2,417	2,346	2,380	4,726
Other Operating Expenses	1,164	955	943	963	1,906
Total	3,484	3,372	3,289	3,343	6,632
<u>Expenditures by Activity</u>					
Weights & Measures	3,484	3,372	3,289	3,343	6,632
Total	3,484	3,372	3,289	3,343	6,632
Full-Time Equivalent (FTE)	32.2	33.0	31.5	30.5	

COMMERCE DEPT

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	107,183	105,377	107,690	107,445	215,135
Other Revenues:					
General	49	5	5	5	10
Petroleum Tank Release Cleanup	1,168	932	932	932	1,864
Other Sources:					
General	8	1	1	1	2
Petroleum Tank Release Cleanup	30	1	1	1	2
Total Non-Dedicated Receipts	108,438	106,316	108,629	108,384	217,013
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Miscellaneous Special Revenue	24,376	24,133	24,791	25,104	49,895
Grants:					
State Government Spec Revenue	30	0	0	0	0
Miscellaneous Special Revenue	387	0	0	0	0
Federal	111,526	202,223	203,810	203,790	407,600
Other Revenues:					
Miscellaneous Special Revenue	2,098	1,703	1,698	1,693	3,391
Miscellaneous Agency	22	-25	0	0	0
Gift	4	3	3	3	6
Other Sources:					
Miscellaneous Special Revenue	8,342	7,900	5,220	5,365	10,585
Miscellaneous Agency	342	199	255	0	255
Total Dedicated Receipts	147,127	236,136	235,777	235,955	471,732
Agency Total Revenue	255,565	342,452	344,406	344,339	688,745

Federal Funds Summary

Federal Program (\$ in Thousands)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
Low Income Home Energy Assistance Program	\$101,723	GCBO	\$101,723	\$190,000	\$190,000	\$190,000
Weatherization Assistance for Low Income Persons	\$8,651	GCBO	\$8,651	\$10,841	\$12,500	\$12,500
State Energy Program (SEP) and SEP Special Programs	\$1,136	SO, GPS, GCBO	\$1,136	\$1,362	\$1,290	\$1,290
EPA Clean Energy	\$16	SO	\$16	\$20	\$20	\$0
Agency Total	\$111,526		\$111,526	\$202,223	\$203,810	\$203,790

Key:

Primary Purpose

SO = State Operations

GPS = Grants to Political Subdivision

GI = Grants to Individuals

GCBO = Grants to Community Based Organizations

	PAGE
Transmittal Letter	2
Agency Profile	4
Agency Fiscal Page (Gov Rec)	6
Change Summary	7
Agency Change Items	
↻ Operational Deficiencies--Public Safety	8
↻ Corp Reduction	9
↻ Reduce pass-through funding	11
↻ Dental Reduction.....	12
↻ Operations Support Services Reduction	13
Programs	
Correctional Institutions	
Program Narrative.....	14
Program Summary.....	16
Community Services	
Program Narrative.....	18
Program Summary.....	21
Operations Support	
Program Narrative.....	22
Program Summary.....	24
Appendix	
Agency Revenue Summary Fiscal Page.....	25
Federal Funds Summary.....	26

↻ Designates that this item is a change item

January 27, 2009

The 2009 Minnesota Legislature:

On behalf of Governor Pawlenty, I request your consideration and acceptance of the Department of Corrections (DOC) budget recommendation for FY10-11. Keeping its citizens safe is one of the most fundamental "core" responsibilities of state government. The DOC exists to carry out that mandate. The department is responsible for incarcerating over 9,700 of Minnesota's most dangerous and violent offenders; providing opportunities for positive change; and supervising and holding accountable thousands of offenders currently living in our communities.

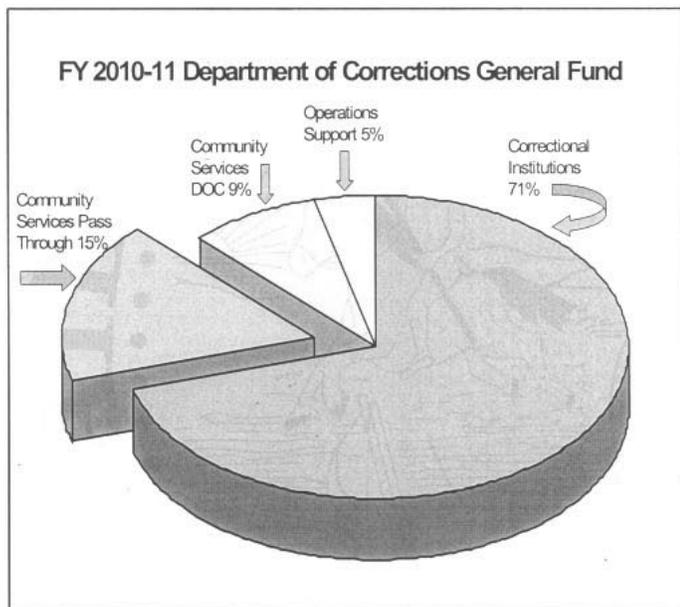
Minnesota is consistently recognized as one of the best and most effective correctional systems in the nation. We have one of the lowest recidivism rates and cost less than corrections systems in 48 other states. A 2008 Pew Center study showed that corrections spending in Minnesota was 2.7 percent of the state's general fund expenditures – the national average is 6.8 percent.

Minnesota corrections works because of our strong state and county partnership and a philosophical belief that offenders are better sanctioned and served at the local level (where they will eventually return), saving state prisons for the most dangerous and dysfunctional offenders.

The DOC has unique challenges. We manage ten correctional facilities 24/7 and have no ability to limit intake, create waiting lists, or close offices. Ninety-six percent of the department's budget is general fund appropriations, and no substantial alternative funding sources (fees, federal revenue) are available to support operations. The department is currently managing a \$10 million deficit for FY09.

The agency's general fund budget for the biennium is \$948.131 million. As the accompanying graph indicates, primary program activities include correctional institutions and community services.

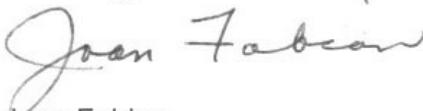
The Governor's budget proposal meets the agency's current operational goals while ensuring public, staff and offender safety. We will continue to successfully manage multiple strategies and key goals that are incorporated in our strategic plan - including optimizing best practices in all we do, effectively using our limited resources, and fostering strong partnerships with community providers and other government entities.



With this proposal, the department will be able to maintain staffing levels that are necessary to appropriately operate prisons and supervise offenders in the community. We continue to use continuous improvement processes, lean principles, and technological advances as we work to meet our agency's mission. Offenders' basic needs will be met, ensuring the offender population remains as healthy and as productive as possible, contributing to safer prison environments and low recidivism rates.

Budget recommendations were given thorough and careful consideration to ensure they are in the best interest of the citizens of Minnesota, without significantly impacting core services. In these difficult budget times, it's necessary to consider new ideas and initiatives to deliver services in the most efficient manner. This budget demonstrates our commitment to deliver quality services to the public, other government agencies and offenders in a fiscally responsible manner, while addressing our obligation to enhance public safety. We recognize the difficulty and complexity of the tasks ahead and look forward to discussing these budget recommendations with you in the 2009 legislative session.

Sincerely,

A handwritten signature in cursive script that reads "Joan Fabian". The signature is written in dark ink and is positioned above the printed name and title.

Joan Fabian
Commissioner

Agency Purpose

The Department of Correction's (DOC) primary purpose is public safety. The department's mission is to hold offenders accountable and offer opportunities for change while restoring justice to victims and contributing to a safer Minnesota. The department's vision is to focus on eliminating risk. This is accomplished by fostering community partnerships, optimizing best practices, creating a respectful and diverse culture, utilizing effective communication, and strategic and efficient use of resources.

Created by M.S. 241.01 in 1959, the department operates secure prisons and provides community supervision of offenders with public safety as the ultimate goal. Prison programs are designed to prepare offenders for release so they become contributing, law-abiding community members.

Core Functions

Primary responsibilities of the DOC include

- ◆ secure and safe operation of correctional facilities for adult felons and juvenile males;
- ◆ provision of work, treatment, and education programs that reduce the risk offenders present to the community after release;
- ◆ administration of the Community Corrections Act (CCA) that provides subsidies to 32 counties for local correctional services;
- ◆ supervision of adult offenders on probation, supervised release, and parole in the 55 counties that do not participate in the CCA;
- ◆ coordinate the supervision of released offenders who are approved to reside outside of Minnesota;
- ◆ operation of programs that assign low-risk offenders to perform community work service such as the sentencing to service program in which offenders clean up parks, clean up roadways, clean up rivers, build recreation trails, and complete other improvement projects; and the institution community work crew program in which minimum-custody offenders build homes for low-income families and perform community service tasks;
- ◆ inspection and enforcement of standards in all jails throughout the state; and
- ◆ administration and management of the department so it operates as cost-effectively, efficiently, and productively as possible.

The department continues to address rapidly increasing offender populations both in prisons and on supervision in the community. Over the last decade, the prison population has increased more than 67% and the supervised offender population has increased over 73%. Population projections indicate continued increases through the FY 2010-11 biennium and beyond.

Operations

Over the past decade, the department implemented budget reductions that successfully reduced prison per diem and other department costs. This occurred while expanding bed capacities at existing prisons. Multiple-occupancy of level three security prisons has increased from 50% to 80%, and a level four-security prison was built to accommodate all multiple occupancy cells. Budget reductions and adding beds to existing facilities will continue to enhance efforts to reduce prison per diem.

At A Glance

Ten Minnesota correctional facilities located in

- ◆ Oak Park Heights;
- ◆ Stillwater;
- ◆ St. Cloud;
- ◆ Rush City;
- ◆ Faribault;
- ◆ Lino Lakes;
- ◆ Moose Lake/Willow River;
- ◆ Shakopee;
- ◆ Red Wing; and
- ◆ Togo.

Community services include

- ◆ probation and supervised release;
- ◆ reentry services;
- ◆ sex offender risk assessment;
- ◆ sex offender community notification;
- ◆ grants and subsidies;
- ◆ inspection and enforcement; and
- ◆ interstate compacts.

Other initiatives such as attaining self-sufficiency for MINNCOR prison industries, centralizing support services previously provided at multiple locations, and sharing of services among correctional facilities have resulted in substantial savings.

The department is comprised of three program divisions including correctional institutions, community services, and operations support.

Correctional Institutions – the correctional institutions program operates ten correctional facilities housing male and female offenders throughout the state. The division is responsible for the management and delivery of services such as offender education programs, religious programming, offender transfer and classification, building improvements, expansions, investigations, safety, correctional industries, treatment, and medical care.

Community Services – the community services program provides probation and supervised release services, work release, and other services that benefit communities. Additional responsibilities include:

- ◆ administration of the CCA, county probation reimbursement, grants, and contracts;
- ◆ correctional facility and jail inspections;
- ◆ administration of offender transfer agreements with other states;
- ◆ sex offender risk assessment and community notification;
- ◆ offender reentry services; and
- ◆ contracts with local providers.

Operations Support – The operations support program provides direction and support contributing to consistency of agency functions and enabling all programs to accomplish the department's mission. The operations support program includes support services, the office of diversity, policy and legal services, financial services, office services, human resources, employee development, and information technology.

Budget

The department's biennial budget totals \$954.8 million, of which \$144.5 million is passed through to local entities. The department is projecting \$5.0 million in federal funds for chemical dependency and education programs, and facility construction and operation costs.

Contact

Department of Corrections
1450 Energy Park Drive, Suite 200
Saint Paul, Minnesota 55108-5219

World Wide Web Home Page: www.doc.state.mn.us
Phone (651) 361-7200
Fax (651) 642-0223
TTY (800) 627-3529

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	459,915	472,272	472,272	472,272	944,544
Recommended	459,915	472,272	469,727	478,404	948,131
Change		0	(2,545)	6,132	3,587
% Biennial Change from 2008-09					1.7%
Miscellaneous Special Revenue					
Current Appropriation	890	890	890	890	1,780
Recommended	890	890	890	890	1,780
Change		0	0	0	0
% Biennial Change from 2008-09					0%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	452,974	478,680	469,727	478,404	948,131
Miscellaneous Special Revenue	392	890	890	890	1,780
Statutory Appropriations					
Miscellaneous Special Revenue	17,264	19,323	14,272	14,510	28,782
Federal	3,133	5,980	4,256	3,321	7,577
Miscellaneous Agency	23,908	25,054	26,104	26,211	52,315
Gift	23	17	10	10	20
Correctional Industries	36,912	42,463	42,463	42,463	84,926
Total	534,606	572,407	557,722	565,809	1,123,531
<u>Expenditures by Category</u>					
Total Compensation	287,677	312,167	313,536	321,394	634,930
Other Operating Expenses	141,729	155,066	139,775	140,028	279,803
Capital Outlay & Real Property	1,186	72	75	75	150
Payments To Individuals	30,060	30,141	31,026	31,115	62,141
Local Assistance	73,954	74,961	73,310	73,197	146,507
Total	534,606	572,407	557,722	565,809	1,123,531
<u>Expenditures by Program</u>					
Correctional Institutions	395,147	426,338	413,316	420,646	833,962
Community Services	119,553	125,122	120,155	120,556	240,711
Operations Support	19,906	20,947	24,251	24,607	48,858
Total	534,606	572,407	557,722	565,809	1,123,531
Full-Time Equivalent (FTE)	4,129.2	4,297.8	4,429.1	4,432.1	

	<i>Dollars in Thousands</i>			Biennium 2010-11
	FY2009	Governor's Recomm. FY2010	FY2011	
Fund: GENERAL				
FY 2009 Appropriations	472,272	472,272	472,272	944,544
Technical Adjustments				
Approved Transfer Between Appr		0	0	0
End-of-session Estimate		4,886	9,792	14,678
November Forecast Adjustment	0	(7,924)	(9,945)	(17,869)
One-time Appropriations		(2,225)	(2,225)	(4,450)
Pt Contract Base Reduction		(204)	(204)	(408)
Subtotal - Forecast Base	472,272	466,805	469,690	936,495
Change Items				
Operational Deficiencies--Public Safety	0	7,929	14,824	22,753
CERP Reduction	0	(2,750)	(3,390)	(6,140)
Reduce Pass-Through Funding	0	(768)	(768)	(1,536)
Dental Reduction	0	(389)	(852)	(1,241)
Operations Support Services Reduction	0	(1,100)	(1,100)	(2,200)
Total Governor's Recommendations	472,272	469,727	478,404	948,131
Fund: MISCELLANEOUS SPECIAL REVENUE				
FY 2009 Appropriations	890	890	890	1,780
Subtotal - Forecast Base	890	890	890	1,780
Total Governor's Recommendations	890	890	890	1,780
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	19,323	14,272	14,510	28,782
Total Governor's Recommendations	19,323	14,272	14,510	28,782
Fund: FEDERAL				
Planned Statutory Spending	5,980	4,256	3,321	7,577
Total Governor's Recommendations	5,980	4,256	3,321	7,577
Fund: MISCELLANEOUS AGENCY				
Planned Statutory Spending	25,054	26,104	26,211	52,315
Total Governor's Recommendations	25,054	26,104	26,211	52,315
Fund: GIFT				
Planned Statutory Spending	17	10	10	20
Total Governor's Recommendations	17	10	10	20
Fund: CORRECTIONAL INDUSTRIES				
Planned Statutory Spending	42,463	42,463	42,463	84,926
Total Governor's Recommendations	42,463	42,463	42,463	84,926

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$7,929	\$14,824	\$14,824	\$14,824
Revenues	0	0	0	0
Other Fund				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact	\$7,929	\$14,824	\$14,824	\$14,824

Recommendation

The Governor recommends \$7.929 million in FY 2010 and \$14.824 million in FY 2011 to ensure Department of Corrections (DOC) staffing levels will be maintained to ensure an appropriate level of public, staff and offender safety.

Background

Public safety is a core responsibility of state government. In recent years, total compensation costs have risen due to increased wages related to contract settlements, higher insurance costs, and other items such as pension obligations. Funding for these costs has not been adequate, resulting in ongoing agency deficits.

This change item is essential to maintain adequate staffing levels for the agency's activities including operation of the state's correctional facilities and supervision of offenders in the community. It is assumed compensation-related costs will increase at rates calculated by the state's biennial budget system, with the exception of across-the-board (ATB) increases. Reflecting the Governor's salary freeze policy, this recommendation does not include any adjustment for ATB increases. It does reflect costs unique to the department, relating to correctional employees, which are required under law or existing contracts.

Unrealized bed savings have also contributed to the current deficit. Legislation was passed in 2003 to reduce the department's base funding due to an increase in double bunking, however the actual bed savings have been significantly less than projected. Although the department made efforts to expand the use of double-bunk cells to the recommended level, it became apparent over time that it was unsafe and posed significant threats to institution security, and staff and offender safety.

Biennial budget documents identify the department's base funding level and the current number of full-time equivalent positions (FTEs). However, the base budget is not adequate to fund the existing FTEs. Without the funding requested in this change item, layoffs of employees who occupy those FTEs will be unavoidable.

Relationship to Base Budget

This change item is an increase to the general operating funds of the agency. Detailed fiscal pages in the budget reflect this increase as it relates to specific activities of the agency.

Key Measures

Public safety is a key measure for this change item. Absorbing these costs would compromise public safety, as the agency would be forced to eliminate positions that are essential to operate prisons and supervise offenders in the community.

Alternatives Considered

The dollar amount of this change item is significant. The department has very few options in managing these costs, as its legislatively mandated mission is narrow. Funding reallocations are not available from elsewhere within the department to pay for these costs.

Statutory Change: Not applicable.

CORRECTIONS DEPT

Change Item: CERP Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(2,750)	\$(3,390)	\$(3,390)	\$(3,390)
Revenues	0	0	0	0
Other Fund				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact	\$(2,750)	\$(3,390)	\$(3,390)	\$(3,390)

Recommendation

The Governor recommends the Department of Corrections (DOC) move non-security employees from the Corrections Early Retirement Plan (CERP), and place those employees into the state's general employees retirement plan. Non-security positions include all job classifications used by the DOC except Corrections Officer 1, Corrections Officer 2, Corrections Officer 3, Corrections Canine Officer, Corrections Lieutenant and Corrections Captain. Affected staff will immediately transfer to the general retirement plan and will not be eligible for paid medical insurance upon retirement.

Additionally, employees must accumulate at least ten years of continuous service in one or more job classifications covered by the CERP to become vested, and therefore eligible for state-paid health insurance upon retirement.

Background

The DOC currently employs 2,855 staff who are in the CERP, including 2,049 security staff and 806 non-security staff. Per M.S. 352.91, DOC employees in job classifications that routinely require at least 75% direct offender contact are placed into the CERP. The department's retirement contribution will be 11.1% (FY 2010) and 12.1% (FY 2011) of each employee's gross wage, compared to 4.75% (FY 2010) and 5.0% (FY 2011) for employees who belong to the general retirement plan. Employees are eligible to retire at age 55 with paid medical insurance until the retiree is eligible for Medicare, if certain conditions are met. The CERP provides a benefit that aids the department in recruiting and retaining quality employees. The plan began in 1973 and included coverage for correctional officers and special teachers, however the role of a special teacher has significantly changed over time and it is no longer considered a security position. Nurses were not provided coverage until 1996, and other job classifications were added beginning in 1997. Employees in security positions have the greatest potential for danger and are directly responsible for offender, staff, and public safety.

If non-security employees are converted from the CERP to the general retirement plan, the estimated savings for the department's annual retirement plan contributions is \$2.447 million in FY 2010 and \$2.784 million in FY 2011. Future costs will also be avoided, as the affected employees will not receive paid medical insurance upon retirement. Annual costs of approximately \$167,000 will be avoided if 16 non-security employees, who would have previously been eligible for state-paid medical insurance, retire each year.

Lastly, if the length of time to become vested increases from three years to ten years for retirees to be eligible for state-paid health insurance, future costs will be avoided. Annual costs of approximately \$136,000 will be avoided if 13 CERP employees retire each year that do not meet the ten-year requirement.

Estimated Savings (\$000s)

Fiscal Year	2010	2011
Retirement Plan Contributions	(\$2,447)	(\$2,784)
State-paid medical insurance		
- for non-security staff	(\$167)	(\$334)
- for security staff with less than 10 years in the CERP	(\$136)	(\$272)
Total	(\$2,750)	(\$3,390)

Relationship to Base Budget

This change item represents a 0.61% reduction in the department's total general fund budget for the biennium.

Key Goals and Measures

Creating a respectful and diverse culture is a key goal related to this change item. Public safety is a key measure to be considered as recruitment and retention of qualified employees may be more difficult, however those concerns may be addressed with other strategies.

Statutory Change:

This change item will require a change to M.S. 352.91.

The provisions of this change item related to state-paid health insurance premiums for retirees will be subject to collective bargaining with AFSCME, MAPE, MMA, MNA, SRSEA and Commissioner's Plan representatives.

CORRECTIONS DEPT

Change Item: Reduce pass-through funding

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(768)	\$(768)	\$(768)	\$(768)
Revenues	0	0	0	0
Other Fund				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact	\$(768)	\$(768)	\$(768)	\$(768)

Recommendation

The Governor recommends the Department of Corrections (DOC) eliminate pass-through funding for correctional activities to targeted areas of the state or programs. This action will eliminate the funding for two day-reporting centers (\$195,000), four eight-day temporary holding juvenile facilities (\$367,000), and restorative justice grants (\$206,000).

Background

- ◆ The day-reporting center option for monitoring lower-risk offenders released from prison, providing pre- and post- release services under contract with community providers, will no longer be available.
- ◆ Four counties (Brown, Carver, Polk and Washington) currently have operational funding for their respective eight-day detention centers for juveniles, as defined in MS 241.0221 Subd. 5C. A county or group of counties operating an eight-day temporary holdover facility may apply for an operational subsidy in an amount not to exceed 50 percent of the facility's approved operational budget. Reimbursement occurs based on actual expenditures and compliance with standards and requirements established in Subd. 4, and cannot exceed \$100,000 per facility per year. Unless alternative funding sources can be identified, these counties may need to close those facilities and transport juveniles to other counties for detention purposes.
- ◆ Restorative justice programs funded by this small grant include sentencing circles, community conferencing and other community initiatives. These programs may be discontinued unless their activities are performed by volunteers and/or are funded by another source.

Relationship to Base Budget

This change item represents a 1% reduction of overall pass-through funding to locals, and will eliminate pass-thru funding to specific areas of the state and specific programs as indicated.

Key Goals and Measures

Fostering community partnerships is a key goal that is impacted by this change item. It may be necessary to discontinue some existing partnerships.

Statutory Change: Repeal MS 241.0221.

CORRECTIONS DEPT

Change Item: Dental Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(389)	\$(852)	\$(852)	\$(852)
Revenues	0	0	0	0
Other Fund				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact	\$(389)	\$(852)	\$(852)	\$(852)

Recommendation

The Governor recommends the Department of Corrections (DOC) reduce some of the dental services to offenders in prison. Services will be eliminated at all facilities except intake facilities. Two circuit-riding teams will be created to provide emergent services at other facilities. Net savings are \$389,000 in FY 2010 and \$852,000 in FY 2011.

Background

The department currently provides emergent, urgent and routine dental care to incarcerated offenders at all DOC institutions.

Emergent care includes dental care that is essential and timely to treat uncontrolled pain, swelling, bleeding, and other serious dental/oral injuries. Rapid deterioration would be an expected outcome if care was not provided. Urgent dental care is defined as non-emergent dental care without which the offender's oral condition will almost certainly deteriorate to an emergency situation before the offender is eligible for routine care and before the offender is released. Routine dental care includes non-emergent dental procedures and therapies that improve and maintain dental health or cause a return to a previous state of oral health. For example, dentures are considered routine care.

All offenders currently receive an intake dental screening upon arrival to the DOC. This practice will continue, and two circuit-riding teams will rotate among the other facilities. Emergent and urgent dental care is currently available to all offenders regardless of time served, and routine care is not available to offenders serving less than 12 months. With this change it is likely only emergent dental needs will be met. Urgent and routine dental care will be provided off-site if appropriations allow.

A total reduction of \$1.052 million will be offset by other costs. This change item will result in the elimination of 14.6 full-time equivalent positions. Projected savings in the first year will be offset by costs associated with layoff and severance, estimated to be approximately \$463,000. Professional/technical contracts with community dentists will be needed to provide emergent and urgent services at an estimated annual cost of \$150,000. Additional transportation and security will be needed to transport offenders to off-site dental providers. Travel expenses for the two circuit-riding teams are estimated to be \$50,000.

Relationship to Base Budget

This change item is a significant reduction, representing 36% of the dental services budget, and 1.4% of the total health care budget.

Key Goals and Measures

Optimizing best practices, and the strategic and efficient use of resources, are key goals related to this change item.

The need to provide off-site dental care could increase. Necessary precautions will be taken to minimize risk to public safety.

Statutory Change: MS 241.021 subdivision 4

CORRECTIONS DEPT**Change Item: Operations Support Services Reduction**

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(1,100)	\$(1,100)	\$(1,100)	\$(1,100)
Revenues	0	0	0	0
Other Fund				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact	\$(1,100)	\$(1,100)	\$(1,100)	\$(1,100)

Recommendation

The Governor recommends the Department of Corrections (DOC) reduce its operations support budget by \$1.1 million in FY 2010 and \$1.1 million in FY 2011.

Background

The operations support division provides direction and support contributing to consistency of agency functions and enabling all programs to accomplish the department's mission. The program includes support services, the office of diversity, policy and legal services, financial services, human resources, office services, employee development, information technology, and continuous improvement.

Positions will be evaluated as vacancies occur, and will be modified, held open or eliminated as appropriate to ensure agency needs are met. Several areas have centralized and regionalized services over the past ten years, already substantially reducing staffing levels while ensuring effective and efficient operations. The expansion of continuous improvement methods and technological advances will help ensure this trend will continue.

Relationship to Base Budget

This change item represents a five percent reduction to the operations support program.

Key Goals and Measures

The strategic and efficient use of resources is a key goal for this change item.

Statutory Change: Not applicable.

Program Description

The correctional institutions program serves a dual-purpose by protecting the community through incarceration of offenders and by providing industrial, vocational, academic, and therapeutic opportunities for offenders to maximize the probability they will return to the community as law-abiding citizens.

Population Served

Offenders committed to the commissioner of corrections to serve their term of incarceration make up the population served within correctional facilities. Minnesota prison populations have significantly increased since 1989, and projections indicate this trend will continue into the foreseeable future.

Services Provided

The program is responsible to house male and female felons. Each adult correctional facility is classified utilizing a system with a five-level classification structure ranging from level one (minimum custody) to level five (maximum custody). The department also rents beds for adult offenders from public and private entities. There are two juvenile male correctional facilities. The department rents beds for juvenile female offenders.

The department's central office provides support services within facilities such as offender education programs, offender transfer and classification, building improvements, and expansion. Services in the areas of investigation, correctional industries, treatment, and medical care are also provided. Each correctional facility provides the above-mentioned direct services to offenders.

Historical Perspective

Over the past decade budget reductions have reduced prison per diems and other department costs. Through an extensive internal review at each facility and double-bunking cells, the Department of Corrections (DOC) has increased total capacity at marginal cost. Also following a national consultant's recommendation regarding DOC staffing, the department identified 192 positions that were eliminated. Expanding bed capacities at existing prisons and eliminating positions has dropped the department's national ranking of cost per inmate from second to sixth.

Several other department initiatives have made a significant impact on this division and resulted in cost savings, such as: attaining self-sufficiency for MINNCOR prison industries, reducing staff positions and assigning their duties to other employees, and centralizing or sharing some management services among correctional facilities. The DOC will continue to explore additional per diem reduction initiatives for the upcoming biennium through further shared services between facilities and program centralization.

The juvenile facilities have gone through dramatic changes during the past decade. Most significant was the closing of the Sauk Centre facility and the assumption of its specialized programming of chemical dependency, sex offender treatment, and mental health services by the MCF-Red Wing.

Program at a Glance

Ten Minnesota correctional facilities located in

- ◆ Oak Park Heights;
- ◆ Stillwater;
- ◆ St. Cloud;
- ◆ Rush City;
- ◆ Faribault;
- ◆ Lino Lakes;
- ◆ Moose Lake/Willow River;
- ◆ Shakopee;
- ◆ Red Wing; and
- ◆ Togo.

MINNCOR prison industries

Offender population as of July 2008 was

- ◆ 8,630 adult male offenders;
- ◆ 594 adult female offenders;
- ◆ 120 juvenile male offenders; and
- ◆ one juvenile female offender.

Key Program Goals

Goal: Strategic and efficient use of resources.

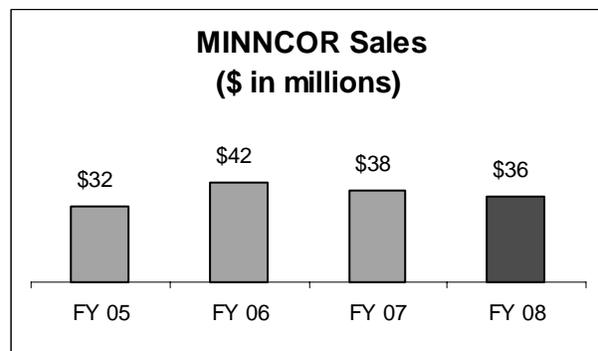
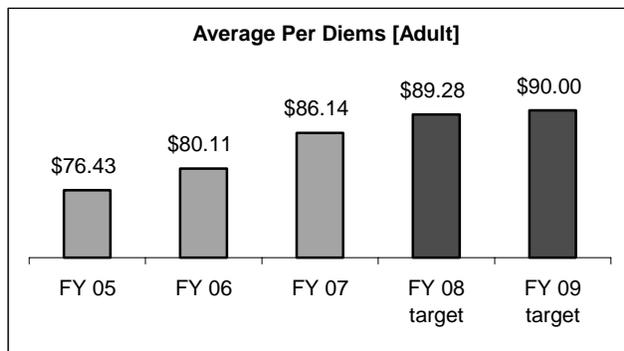
To accomplish this goal the department considers public and staff safety, in addition to cost efficiencies. Process improvements provide opportunities to increase customer satisfaction, save tax dollars, encourage employee participation, and develop efficient use of resources.

Goal: Optimizing best practices.

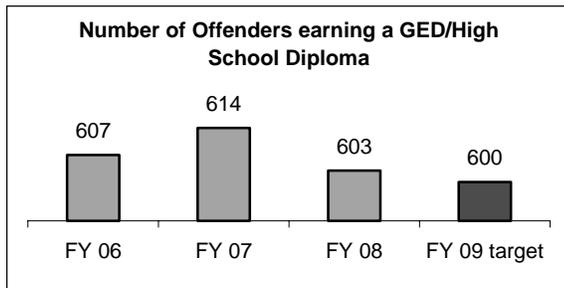
To help accomplish this goal the DOC became a founding member of the Evidence-Based Practices (EBP) policy team. In partnership with statewide best practices networks, the team focuses on offender assessment tools, dynamic case planning, sex offender management and cognitive behavioral interventions. Effective reentry planning is critical to an offenders' successful transition into the community.

Key Program Measures

Goal: Strategic and efficient use of resources.



Goal: Optimizing best practices.



Program Funding

This program is primarily funded through general fund appropriations.

Contact

Department of Corrections
1450 Energy Park Drive, Suite 200
St. Paul, Minnesota 55108-5219

World Wide Web Home Page: <http://www.doc.state.mn.us>
Phone: (651) 361-7200

The department's strategic goals and progress achieved on each are located on the Minnesota State Government at Work web site www.departmentresults.state.mn.us under Corrections.

CORRECTIONS DEPT

Program: CORRECTIONAL INSTITUTIONS

Program Summary

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	322,913	336,051	336,051	336,051	672,102
Technical Adjustments					
Approved Transfer Between Appr			(4,965)	(4,965)	(9,930)
End-of-session Estimate			4,886	9,792	14,678
November Forecast Adjustment		0	(7,924)	(9,945)	(17,869)
Pt Contract Base Reduction			(204)	(204)	(408)
Subtotal - Forecast Base	322,913	336,051	327,844	330,729	658,573
Governor's Recommendations					
Operational Deficiencies--Public Safety		0	6,943	12,861	19,804
CERP Reduction		0	(2,713)	(3,344)	(6,057)
Dental Reduction		0	(389)	(852)	(1,241)
Total	322,913	336,051	331,685	339,394	671,079
Miscellaneous Special Revenue					
Current Appropriation	580	580	580	580	1,160
Subtotal - Forecast Base	580	580	580	580	1,160
Total	580	580	580	580	1,160
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	318,218	339,035	331,685	339,394	671,079
Miscellaneous Special Revenue	181	580	580	580	1,160
Statutory Appropriations					
Miscellaneous Special Revenue	13,451	14,172	9,171	9,353	18,524
Federal	3,097	5,703	3,989	3,321	7,310
Miscellaneous Agency	23,267	24,368	25,418	25,525	50,943
Gift	21	17	10	10	20
Correctional Industries	36,912	42,463	42,463	42,463	84,926
Total	395,147	426,338	413,316	420,646	833,962
<u>Expenditures by Category</u>					
Total Compensation	243,751	264,649	262,564	269,560	532,124
Other Operating Expenses	124,062	133,459	121,634	121,879	243,513
Capital Outlay & Real Property	1,186	72	75	75	150
Payments To Individuals	25,711	27,848	28,733	28,822	57,555
Local Assistance	437	310	310	310	620
Total	395,147	426,338	413,316	420,646	833,962

CORRECTIONS DEPT

Program: CORRECTIONAL INSTITUTIONS

Program Summary

	<i>Dollars in Thousands</i>				
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<i>Expenditures by Activity</i>					
Mcf-Faribault	34,970	43,381	47,368	47,230	94,598
Mcf-Red Wing	14,217	14,618	14,344	14,305	28,649
Mcf-Lino Lakes	33,363	34,916	34,604	34,573	69,177
Mcf-Shakopee	15,475	17,705	17,703	17,679	35,382
Mcf-Willow River-Cip	3,885	4,033	4,550	4,570	9,120
Mcf-Moose Lake	26,780	27,482	27,263	27,223	54,486
Mcf-Togo	4,471	4,921	5,076	5,235	10,311
Mcf-Stillwater	39,293	40,331	40,061	39,998	80,059
Mcf-St Cloud	29,415	30,687	30,624	30,556	61,180
Mcf-Oak Park Heights	21,394	22,125	22,065	22,051	44,116
Mcf-Rush City	25,559	26,460	26,353	26,327	52,680
Mcf-Togo-Cip	1,047	1,110	1,110	1,110	2,220
Health Care	54,209	59,637	57,859	58,674	116,533
Education	4,996	6,238	1,104	1,104	2,208
Institution Support Serv	86,073	92,694	83,232	90,011	173,243
Total	395,147	426,338	413,316	420,646	833,962
<i>Full-Time Equivalent (FTE)</i>	3,514.1	3,657.1	3,725.9	3,731.0	

Program Description

The community services program exists to provide a broad range of correctional services in the community directly by employees of the department or through the program's oversight of state grants and subsidies. The objectives of these services are to protect the public, control offender criminal behavior, assist offenders in development of skills necessary to function in the community, provide fiscal accountability, and ensure compliance with standards governing the operation of local correctional facilities.

Population Served

This program serves offenders under community supervision. It is also essential to maintain regular contact with correctional professionals at the local and national levels, elected officials, courts, treatment providers, and the community at large.

Services Provided

The field services unit is responsible for all Department of Corrections (DOC) programs providing direct services to offenders in the community. The probation and supervised release activity of this program provides community supervision services to offenders in 55 counties not part of the Community Corrections Act (CCA). Services are provided to adult felons in 55 counties and to adult misdemeanants and juveniles in 28 counties, and include investigation services for the courts and the department's hearings and release unit. The intensive supervision program provides community supervision to the most serious offenders released from prison with face-to-face contacts, electronic monitoring, mandatory work or school, curfews, and random drug testing. Sentencing to Service (STS) provides a very specific sentencing option to the courts for non-dangerous offenders in lieu of or in conjunction with jail. The Institution Community Work Crew (ICWC) program provides supervised community work crews for select minimum-security offenders at the end of their institutional stay. The program contracts with public and private agencies for residential work release services.

Reentry services and the Minnesota Comprehensive Offender Reentry Plan (MCORP) pilot project are high priorities for the DOC as most offenders return to the community after serving their prison sentence. The DOC collaborates with key state agencies and community stakeholders to develop and implement comprehensive reentry initiatives based on successful best practice models. Minnesota is following national models proven to reduce recidivism by assisting offenders to remain law abiding and productive, making communities safer and curtailing the rising corrections costs associated with offenders returning to prison.

The administrative services unit of this program has four distinct and different functions. The risk assessment and community notification activity is responsible for a multifaceted system for the management of sex offenders including coordination of risk level assessment, community notification and education, and civil commitment referrals. The grants and subsidies activity is responsible for the administration and monitoring of all state funds appropriated for the delivery of correctional services in the community including direct subsidies, grants, contracts, and reimbursements.

Program at a Glance

Community services functions include

- ◆ felony probation and supervised release in 55 non-CCA counties/adult misdemeanant and juvenile probation in 28 counties;
- ◆ intensive supervision program;
- ◆ offender reentry services and stable housing;
- ◆ STS and ICWC programs;
- ◆ building affordable housing;
- ◆ work release;
- ◆ challenge incarceration program (CIP), phases 2 and 3 supervision;
- ◆ sex offender risk assessment and community notification;
- ◆ interstate compacts;
- ◆ inspection and enforcement;
- ◆ grants, contracts and subsidy administration;
- ◆ program support and evaluation;
- ◆ technical assistance;
- ◆ restorative justice; and
- ◆ jail resource center.

Grant programs include

- ◆ funds administered to partnerships that have been developed between state, county and nonprofit agencies to provide correctional services for adult and juvenile offenders.

As of December 31, 2007 offenders under community supervision included

- ◆ 146,800 offenders on probation, supervised release, and parole statewide; and
- ◆ over 20,700 offenders supervised by the Department of Corrections, others supervised locally.

The interstate compact activity is responsible for administering adult and juvenile interstate compacts, which allow for the controlled movement of offenders on probation and parole supervision to and from the state while addressing public safety and protecting the rights of victims. This activity is also responsible for the return of juvenile runaways, escapees, absconders, and minors taken across state lines by non-custodial persons. The inspection and enforcement activity is responsible for licensing all local correctional facilities in Minnesota and the certification of all out-of-state juvenile facilities that accept delinquent youth from Minnesota. The unit enforces standards, investigates complaints and unusual occurrences, and provides technical assistance to those facilities. In addition, the unit director provides assistance to the deputy commissioner and acts as the division's legislative liaison.

Historical Perspective

The number of offenders under supervision in the community has grown steadily over the past decade. Activities required of probation officers have grown as well. Since 1992 greater emphasis has been placed on the supervision and programming of sex offenders. Some activities added over the past 12 years include sex offender registration, notification, and enhanced supervision programs.

DOC grants, contracts, and subsidies amounted to approximately \$32.4 million in 1992 and have steadily increased to approximately \$78 million in FY2009. The interstate compact was enacted into law in 1939. A new compact was enacted in 2002. In July 1994 Minnesota was supervising approximately 1,500 offenders for other states and had approximately 1,000 Minnesota offenders in other states. In July 2002 Minnesota was supervising over 2,500 offenders for other states, while over 2,300 of its offenders were supervised in other states.

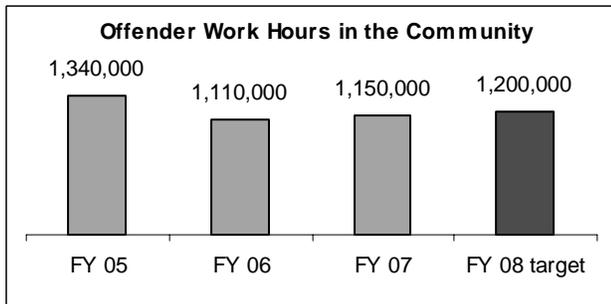
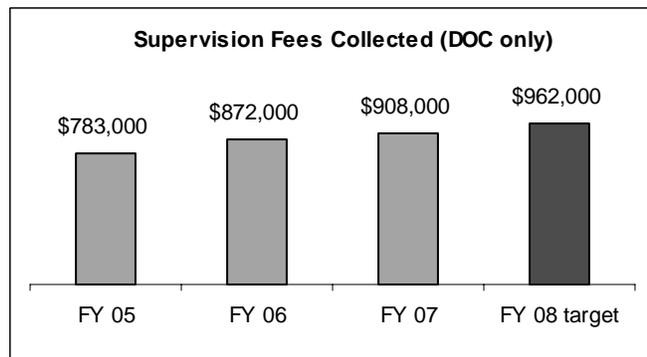
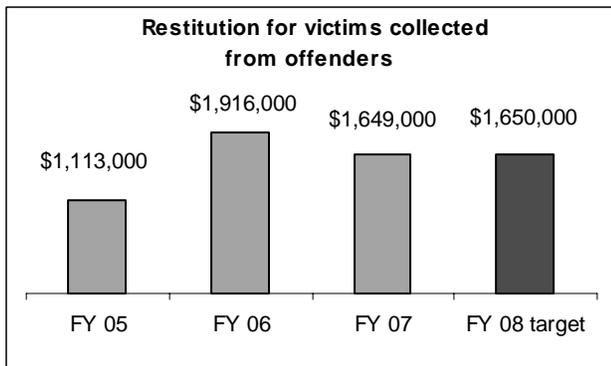
Key Program Goals

Goal: Optimizing best practices.

To help accomplish this goal the DOC became a founding member of the Evidence-Based Practices (EBP) policy team. In partnership with statewide best practices networks, the team focuses on offender assessment tools, dynamic case planning, sex offender management and cognitive behavioral interventions. Effective reentry planning is critical to an offenders' successful transition into the community.

Key Program Measures

Goal: Optimizing best practices.



Program Funding

This program is primarily funded through general fund appropriations.

Contact

Department of Corrections
1450 Energy Park Drive, Suite 200
St. Paul, Minnesota 55108-5219

World Wide Web Home Page: <http://www.doc.state.mn.us>

Phone: (651) 361-7200

The department's strategic goals and progress achieved on each are located on the Minnesota State Government at Work web site www.departmentresults.state.mn.us under Corrections.

CORRECTIONS DEPT
Program: COMMUNITY SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	119,629	118,504	118,504	118,504	237,008
Technical Adjustments					
Approved Transfer Between Appr			(467)	(467)	(934)
One-time Appropriations			(2,225)	(2,225)	(4,450)
Subtotal - Forecast Base	119,629	118,504	115,812	115,812	231,624
Governor's Recommendations					
Operational Deficiencies--Public Safety		0	582	1,259	1,841
CERP Reduction		0	(37)	(46)	(83)
Reduce Pass-Through Funding		0	(768)	(768)	(1,536)
Total	119,629	118,504	115,589	116,257	231,846
Miscellaneous Special Revenue					
Current Appropriation	100	100	100	100	200
Subtotal - Forecast Base	100	100	100	100	200
Total	100	100	100	100	200
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	117,075	120,504	115,589	116,257	231,846
Miscellaneous Special Revenue	1	100	100	100	200
Statutory Appropriations					
Miscellaneous Special Revenue	1,798	3,555	3,513	3,513	7,026
Federal	36	277	267	0	267
Miscellaneous Agency	641	686	686	686	1,372
Gift	2	0	0	0	0
Total	119,553	125,122	120,155	120,556	240,711
<u>Expenditures by Category</u>					
Total Compensation	28,842	31,542	30,989	31,531	62,520
Other Operating Expenses	12,845	16,636	13,873	13,845	27,718
Payments To Individuals	4,349	2,293	2,293	2,293	4,586
Local Assistance	73,517	74,651	73,000	72,887	145,887
Total	119,553	125,122	120,155	120,556	240,711
<u>Expenditures by Activity</u>					
Probation & Supervised Release	19,982	22,159	21,302	21,302	42,604
Special Supervision	9,264	10,992	10,127	10,127	20,254
Community Programs	7,625	6,181	5,854	5,854	11,708
Sentencing To Service	6,222	7,244	7,207	7,198	14,405
Facilities Planning & Inspecti	819	840	812	812	1,624
Pass Thru Grants & Subsidies	73,106	73,319	71,678	71,678	143,356
Program Support & Evaluation	2,535	4,387	3,175	3,585	6,760
Total	119,553	125,122	120,155	120,556	240,711
Full-Time Equivalents (FTE)	428.2	445.8	445.2	443.2	

Program Description

The operations support program provides direction and support that contributes to consistency across agency functions and enables all programs to accomplish the department's mission.

Population Served

Each Minnesota correctional facility and all field service offices are served by this division, as are all of the department's employees. Offenders are served by providing offender account services, adult and juvenile revocation hearings, offender policies, offender records, offender claims processing, and offender discipline review.

Services Provided

The program establishes the mission and major policy for the department and provides executive leadership. It also includes the office of diversity.

The policy and legal services unit is responsible for conducting offender hearings, developing policy, maintaining offender records, and providing direction and technical assistance on legal issues.

The financial services unit monitors and measures all fiscal activity within the department and reports the economic effect to managers and employees. This unit is responsible for completing the biennial budgets and annual spending plans for the agency. It also collects, classifies, records, and summarizes financial transactions and data. A primary responsibility is to provide managers with information necessary for planning and controlling operations on a day-to-day basis. This unit also provides offender account services.

The office services unit provides support services to the department's central office and field service offices. Services include telecommunications, coordination of motor pool vehicle usage, physical plant and staff security, courier services, specialized forms, mail processing, receptionist services, space planning, and maintenance of and improvements to buildings.

The human resources unit provides staffing, labor relations, management consultation and employee programs for the department. The primary goal is to partner with management in the recruitment, selection, management, and retention of a high-quality and diverse workforce. Services provided by the unit include recruitment, hiring assistance, job classification, benefit administration, labor contract negotiation and administration, supervisor training, affirmative action support, and human resource information systems. The employee development unit provides pre-service and in-service training designed to develop and maintain employee skill levels.

The information technology unit is responsible for supporting the department's mission by providing information technology solutions to department operational and management staff. The unit has responsibilities that include developing, piloting, and implementing the Statewide Supervision System for probation and detention. The unit develops integrated criminal justice information in collaboration with other state criminal justice agencies (CriMNet). Specific agency planning efforts, such as adult prison population projections and per diem reduction plans are also the responsibility of this unit. This unit routinely provides agency information services including responses to data requests, analyzing correctional issues and conducting research and evaluation projects.

Historical Perspective

This program has worked diligently to focus on system reengineering through shared services and/or centralization for cost containment. Several primary activities have been centralized or regionalized. The financial services, human resources and information technology units are sharing services department-wide. This reengineering process has created efficiencies and reduced a number of positions.

Program at a Glance**Operations support functions include**

- ◆ support services;
- ◆ office of diversity;
- ◆ policy and legal services;
- ◆ financial services;
- ◆ office services;
- ◆ human resources;
- ◆ employee development; and
- ◆ information technology.

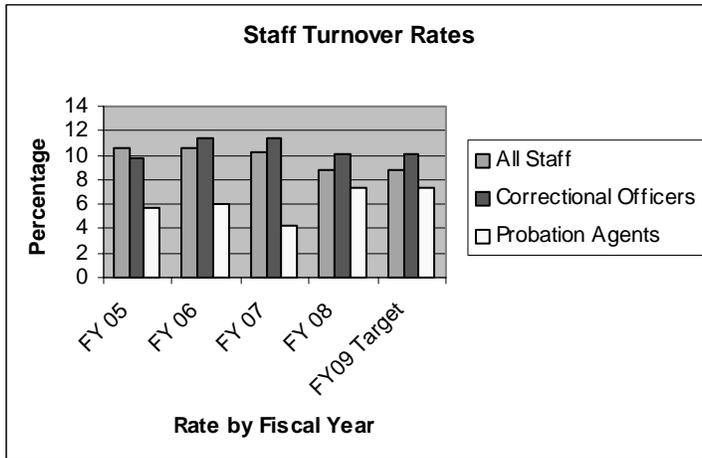
Key Program Goals

Goal: Strategic and efficient use of resources.

To accomplish this goal the department considers public and staff safety, in addition to cost efficiencies. Process improvements provide opportunities to increase customer satisfaction, save tax dollars, encourage employee participation, and develop efficient use of resources.

Key Program Measures

Goal: Strategic and efficient use of resources.



Program Funding

This program is primarily funded through general fund appropriations.

Contact

Department of Corrections
1450 Energy Park Drive, Suite 200
St. Paul, Minnesota 55108-5219

World Wide Web Home Page: <http://www.doc.state.mn.us>
Phone: (651) 361-7200

The department's strategic goals and progress achieved on each are located on the Minnesota State Government at Work web site www.departmentresults.state.mn.us under Corrections.

CORRECTIONS DEPT

Program: OPERATIONS SUPPORT

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	17,306	17,717	17,717	17,717	35,434
Technical Adjustments					
Approved Transfer Between Appr			5,432	5,432	10,864
Subtotal - Forecast Base	17,306	17,717	23,149	23,149	46,298
Governor's Recommendations					
Operational Deficiencies--Public Safety		0	404	704	1,108
Operations Support Services Reduction		0	(1,100)	(1,100)	(2,200)
Total	17,306	17,717	22,453	22,753	45,206
Miscellaneous Special Revenue					
Current Appropriation	210	210	210	210	420
Subtotal - Forecast Base	210	210	210	210	420
Total	210	210	210	210	420
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	17,681	19,141	22,453	22,753	45,206
Miscellaneous Special Revenue	210	210	210	210	420
Statutory Appropriations					
Miscellaneous Special Revenue	2,015	1,596	1,588	1,644	3,232
Total	19,906	20,947	24,251	24,607	48,858
<u>Expenditures by Category</u>					
Total Compensation	15,084	15,976	19,983	20,303	40,286
Other Operating Expenses	4,822	4,971	4,268	4,304	8,572
Total	19,906	20,947	24,251	24,607	48,858
<u>Expenditures by Activity</u>					
Operation Support Services	1,507	1,675	2,098	2,398	4,496
Policy And Legal Services	3,219	3,387	3,492	3,492	6,984
Crime Network Systems	1,225	1,565	1,519	1,519	3,038
Financial Services	1,242	1,289	5,147	5,151	10,298
Office Services	2,247	2,401	2,421	2,456	4,877
Human Resources	2,839	3,071	3,062	3,064	6,126
Employee Development	803	797	858	858	1,716
Information Technology	6,824	6,762	5,654	5,669	11,323
Total	19,906	20,947	24,251	24,607	48,858
Full-Time Equivalents (FTE)	186.9	194.9	258.0	257.9	

CORRECTIONS DEPT

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	8,871	9,057	9,097	9,097	18,194
Other Revenues:					
General	42	54	58	58	116
Other Sources:					
General	2	0	0	0	0
Taxes:					
General	361	0	0	0	0
Total Non-Dedicated Receipts	9,276	9,111	9,155	9,155	18,310
<u>Dedicated Receipts:</u>					
Departmental Earnings (Inter-Agency):					
Correctional Industries	32,502	41,000	39,000	40,000	79,000
Departmental Earnings:					
Miscellaneous Special Revenue	8,050	9,684	9,680	9,704	19,384
Correctional Industries	1,191	1,750	1,750	1,750	3,500
Grants:					
Miscellaneous Special Revenue	4,018	4,850	0	0	0
Federal	3,491	3,268	2,747	2,462	5,209
Other Revenues:					
Miscellaneous Special Revenue	5,078	5,474	4,878	4,429	9,307
Miscellaneous Agency	10,777	11,420	11,990	12,044	24,034
Gift	24	15	15	15	30
Correctional Industries	684	555	460	460	920
Other Sources:					
Miscellaneous Special Revenue	68	128	128	128	256
Miscellaneous Agency	13,490	14,529	15,075	15,116	30,191
Correctional Industries	127	130	130	130	260
Total Dedicated Receipts	79,500	92,803	85,853	86,238	172,091
Agency Total Revenue	88,776	101,914	95,008	95,393	190,401

Federal Funds Summary

Federal Program (\$ in Thousands)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
National School Breakfast / Lunch	\$255	SO	\$255	\$267	\$255	\$255
Residential Substance Abuse Treatment	\$151	SO	\$151	\$70	\$0	\$0
State Criminal Alien Assistance Program	\$811	SO	\$811	\$3,544	\$2,500	\$1,865
Bulletproof Vest Partnership	\$5	SO	\$5	\$46	\$10	\$10
Project Safe Neighborhood	\$86	SO	\$86	\$90	\$90	\$90
Adult Basic Education	\$667	SO	\$667	\$753	\$575	\$575
Chapter 1 Neglected & Delinquent	\$218	SO	\$218	\$212	\$200	\$200
Children with Disabilities	\$55	SO	\$55	\$82	\$79	\$64
21 st Century Community Learning Centers	\$72	SO	\$72	\$73	\$72	\$72
Vocational Education (Specter)	\$71	SO	\$71	\$190	\$190	\$190
Traumatic Brain Injury	\$115	SO	\$115	\$100	\$8	\$0
Byrne	\$78	SO	\$78	\$0	\$0	\$0
Protecting Inmates	\$301	SO	\$301	\$101	\$10	\$0
Reentry Success (Life Skills)	\$188	SO	\$188	\$88	\$0	\$0
Vocation Education (Perkins)	\$24	SO	\$24	\$7	\$0	\$0
Prisoner Reentry Initiative (Justice)	\$36	SO	\$36	\$207	\$207	\$0
Prisoner Reentry Initiative (Labor)	\$0	GCBO	\$0	\$70	\$60	\$0
Agency Total	\$3,133		\$3,133	\$5,900	\$4,256	\$3,321

Key:

Primary Purpose

SO = State Operations

GPS = Grants to Political Subdivision

GI = Grants to Individuals

GCBO = Grants to Community Based Organizations

The explanations below pertain to the Federal Funds Summary table.

10.553/5 National School Breakfast / Lunch Program funding is received from the U.S. Department of Agriculture through the MN Department of Education and is used for some salaries, supplies and equipment in kitchen areas at DOC institutions housing juveniles.

16.593 Residential Substance Abuse Treatment funds are received from the U.S. Department of Justice through the MN Department of Public Safety and are used for treatment programs and activities at MCF-Shakopee.

16.606 State Criminal Alien Assistance Program funding is received from the U.S. Department of Justice to reimburse states for housing criminal aliens. Funds are used to reimburse facilities for costs associated with housing those offenders and for offender health services and housing.

16.607 Bulletproof Vest Partnership funding is received from the U.S. Department of Justice and is used to help protect the lives of corrections and law enforcement officers by reimbursing part of the cost of armored vests.

16.609 Community Prosecution and Project Safe Neighborhood funds are received from the U.S. Department of Justice through the MN Department of Public Safety and are used to monitor offender and gang activities in the Native American community.

84.002 Adult Basic Education funds are received from the U.S. Department of Education through the MN Department of Education and are used as supplemental funds to serve the most difficult to reach literacy students in the DOC facilities.

84.013 Title 1 Neglected and Delinquent funding is received from the U.S. Department of Education through the MN Department of Education and is used to provide remedial instruction to students at DOC facilities, who have reading levels at least two grades below their peers.

84.027 Children with Disabilities funds are received from the U.S. Department of Education through the MN Department of Education and are used to provide services and instruction to students at DOC facilities who have an individual education plan.

84.287 Twenty-First Century Community Learning Centers funding is received from the U.S. Department of Education through the MN Department of Education and is used to provide juvenile offenders at MCF-Red Wing with an out-of-school time project which will include accelerated reading/math, fine arts programming, community service and drivers' education.

84.331 Post Secondary Education funding is received from the U.S. Department of Education and is used to fund lower division college courses for offenders between the ages of 18 and 25, who will be released within five years.

93.234 Traumatic Brain Injury funds are received from the U.S. Department of Health and Human Services through the MN Department of Human Services and are used to screen offenders for brain injury and develop release planning processes for offenders with brain injuries.

16.738 Byrne funds are received from the U.S. Department of Justice through the MN Department of Public Safety and are used to provide chemical dependency services in incarcerated offenders.

16.735 Protecting Inmates and Safeguarding Communities funds are received from the U.S. Department of Justice and are used to improve prison rape elimination.

84.255A Reentry Success through Personal Effectiveness and Community Support funds are received from the U.S. Department of Education and are used to improve success for offenders upon reentry to communities through the acquisition, application, and maintenance of life skills.

84.048 Vocation Education (Perkins) funds are received from the U.S. Department of Education through the MN State Colleges and Universities and are used to increase public safety through offender accountability and reduction in re-offense and recidivism.

16.202 Prisoner Reentry Initiative Demonstration funds are received from the U.S. Department of Justice and are used for the delivery of pre-release assessments and services and developing transition plans in collaboration with other community service providers.

17.270 Prisoner Reentry funds are received from the U.S. Department of Labor and are used to reduce recidivism by helping inmates find meaningful employment when they return to communities.

	PAGE
Transmittal Letter	2
Agency Profile	3
Agency Fiscal Page (Gov Rec)	5
Change Summary	6
Agency Change Items	
↻ Operating Budget Reduction.....	7
Appendix	
Agency Revenue Summary Fiscal Page.....	8
Judicial Branch Transmittal Letter (Agency Request)	9
Change Items	
↻ Maintain Core Justice Operations	15
↻ Designates that this item is a change item	



January 27, 2009

To the 2009 Legislature:

I respectfully submit for your consideration the Governor's FY 2010-11 budget proposals for the judicial branch agencies, including the Supreme Court, the Court of Appeals, the Trial Courts, the Legal Professions Boards, and the Board of Public Defense. The Governor respects the separation of powers and the desire of constitutional officers and officials in the judicial and legislative branches to independently present their budget requests directly to the legislature without specific recommendations for the Governor. However, since the Governor is required by law to submit a balanced budget to the legislature, it is necessary to identify funding for those offices as part of preparing a complete budget.

The Governor's general recommendations for the judicial and legislative branches and other constitutional officers reflect his concern with the magnitude of the projected budget shortfall and the desire to protect core government functions. As with the executive branch, the Governor suggests that these offices and institutions individually redesign their operations to increase efficiencies while minimizing the disruption of public services as much as possible.

For the Supreme Court, Court of Appeals, Trial Courts, and the Board of Public Defense, the Governor recommends a general 5% reduction in appropriations for the FY 2010-11 biennium. For the Trial Courts, the Governor also recommends \$5.586 million for increased costs for mandated services. The Legal Profession Boards are fully funded by fees collected under court rules, so no further actions are required on their budgets. The Governor makes no other recommendation regarding specific initiatives put forward by these agencies.

Sincerely,

A handwritten signature in cursive script that reads "Tom J. Hanson".

Tom J. Hanson
Commissioner

Agency Purpose

Minnesota's Court of Appeals is the state's intermediate appellate court, providing citizens with prompt and deliberate review of final decisions of the trial courts, state agencies, and local governments. This error-correcting court hears and decides cases in three-judge panels.

- ◆ **Mission:** To provide the people with impartial, clear, and timely appellate decisions made according to law.
- ◆ **Vision:** To be an accessible intermediate appellate court that renders justice under the law fairly and expeditiously through clear, well-reasoned decisions and promotes cooperative effort, innovation, diversity, and the professional and personal growth of all personnel.

Core Functions

The Court of Appeals has jurisdiction over all final decisions of the district court, except first-degree murder convictions, which are appealed directly to the Supreme Court. The Court of Appeals has jurisdiction to review interlocutory decisions, administrative agency decisions, and rules and decisions of the commissioner of Employment and Economic Development.

In support of these core functions, the Court of Appeals:

- ◆ Manages its cases to ensure prompt resolution within the statutory 90-day time limitation from oral argument to decision.
- ◆ Enhances the knowledge and skills of its staff by regular training.
- ◆ Explores the use of technology to improve its ability to provide timely and effective access to the court.

Operations

Through its decisions and administration, the Court of Appeals has an impact on all Minnesotans.

In their adjudicative roles, the judges of the Court of Appeals are assisted by law clerks. Administratively, they are assisted by the Chief Staff Attorney's Office and the State Court Administrator's Office.

The Court of Appeals hears cases throughout the state as well as in St. Paul. The court has installed interactive video as an additional measure to provide timely access.

The Court of Appeals issues a published opinion, unpublished opinion, or order opinion on each case it considers. The judges also share responsibility for hundreds of special term opinions, orders on motions, and petitions filed with the court.

With the assistance of a computerized case management system, the court monitors the progress of every appeal to ensure that there are no unnecessary delays in processing. The court demonstrates the value of aggressive, hands-on management of its cases.

At A Glance

- ◆ The Court of Appeals has 19 judges and considers more than 2,500 appeals each year.
- ◆ By law, the court must issue a decision within 90 days after oral arguments – the shortest deadline imposed on any appellate court in the nation.
- ◆ The court expedites decisions on child protection cases, child custody cases, mental health commitments, and other requested matters.
- ◆ Court of Appeals' decisions are the final ruling in about 95% of the appeals filed each year.
- ◆ The Court of Appeals operates in a constantly changing environment.
- ◆ Laws, case types, and legal sanctions change annually.
- ◆ Caseload volume is determined by the trial courts and by other branches of government.
- ◆ The Minnesota Courts regularly review their effectiveness by monitoring:
 - ⇒ case filing trends;
 - ⇒ case clearance rates; and
 - ⇒ elapsed case time from filing to disposition.

Key Goals

The Court of Appeals conducts its administrative functions in support of the following three strategic priority areas:

- ◆ **Access to Justice** – Ensuring the justice system is open, affordable, effective, and accountable to the people it serves.
- ◆ **Administering Justice for More Effective Results** – Adopting approaches and processes for the resolution of cases that enhance the outcomes for individual participants and the public.
- ◆ **Public Trust Accountability and Impartiality** – A justice system that engenders public trust and confidence through impartial decision –making and accountability for the use of public resources.

Key Measures

To further the three goals contained in the branch's strategic plan – Access to Justice; Administering Justice for More Effective Results; and Public Trust Accountability and Impartiality – the strategic plan outlines future priorities. Each of these specific priorities addresses challenges facing the court system by targeting judicial branch resources in a focused manner on achievable and measurable strategies. Implementation of these priorities will take place over the life of the strategic plan with specific performance measures to evaluate their success.

http://www.mncourts.gov/documents/0/Public/Court_Administration/Strategic_Plan_for_Minnesota_Courts.pdf

Budget

The Court of Appeals is funded 100% from general fund direct appropriations.

Contact

Minnesota Court of Appeals
Minnesota Judicial Center
25 Reverend Dr. Martin Luther King Jr.
Boulevard
Saint Paul, Minnesota 55155

Sue Dosal
State Court Administrator
135 Minnesota Judicial Center
25 Reverend Dr. Martin Luther King Jr.
Boulevard
Saint Paul, Minnesota 55155
Phone: (651) 296-2474
Fax: (651) 297-5636

Home page: <http://www.mncourts.gov>

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	9,766	10,370	10,370	10,370	20,740
Recommended	9,766	10,370	9,852	9,852	19,704
Change		0	(518)	(518)	(1,036)
% Biennial Change from 2008-09					-2.1%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	9,493	10,643	9,852	9,852	19,704
Statutory Appropriations					
Federal	0	30	0	0	0
Total	9,493	10,673	9,852	9,852	19,704
<u>Expenditures by Category</u>					
Total Compensation	8,162	9,108	8,654	8,654	17,308
Other Operating Expenses	1,283	1,565	1,198	1,198	2,396
Capital Outlay & Real Property	48	0	0	0	0
Total	9,493	10,673	9,852	9,852	19,704
<u>Expenditures by Program</u>					
Court Of Appeals	9,493	10,673	9,852	9,852	19,704
Total	9,493	10,673	9,852	9,852	19,704
Full-Time Equivalentents (FTE)	89.5	95.4	81.5	78.9	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
<i>Fund: GENERAL</i>				
FY 2009 Appropriations	10,370	10,370	10,370	20,740
Subtotal - Forecast Base	10,370	10,370	10,370	20,740
Change Items				
Operating Budget Reduction	0	(518)	(518)	(1,036)
Total Governor's Recommendations	10,370	9,852	9,852	19,704
<i>Fund: FEDERAL</i>				
Planned Statutory Spending	30	0	0	0
Total Governor's Recommendations	30	0	0	0

COURT OF APPEALS

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(518)	\$(518)	\$(518)	\$(518)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(518)	\$(518)	\$(518)	\$(518)

Recommendation

The Governor recommends a 5% reduction in the agency's base budget. The Governor makes no specific recommendations on the agency's change request.

Background

The Governor respects the separation of powers and the desire of officials in the judicial and legislative branches and other constitutional officers to independently present their budget requests directly to the legislature without specific recommendations from the Governor. However, since the Governor is required by law to submit a balanced budget to the legislature, it is necessary to identify funding for those offices as part of preparing a complete and balanced budget.

The Governor's general recommendations for the judicial and legislative branches and other constitutional officers reflect his concern with the magnitude of the projected budget shortfall and the desire to protect core government functions. As with the executive branch, the Governor suggests that these offices and institutions individually redesign their operations to increase efficiencies while minimizing the disruption to public services as much as possible.

Relationship to Base Budget

This reduction represents 5% of the base funding for the FY 2010-11 biennium.

Statutory Change: Not Applicable

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Total Non-Dedicated Receipts	0	0	0	0	0
<u>Dedicated Receipts:</u>					
Grants:					
Federal	0	30	0	0	0
Total Dedicated Receipts	0	30	0	0	0
Agency Total Revenue	0	30	0	0	0



THE SUPREME COURT OF MINNESOTA
MINNESOTA JUDICIAL CENTER
25 REV. DR. MARTIN LUTHER KING JR. BLVD.
SAINT PAUL, MINNESOTA 55155

CHAMBERS OF
ERIC J. MAGNUSON
CHIEF JUSTICE

(651) 296-3380

January 20, 2009

To the Honorable Tim Pawlenty and
Members of the 2009 Legislature:

On behalf of the hundreds of thousands of citizens who come before the Minnesota courts and the 315 judges and 2900 employees of the Judicial Branch, I transmit the FY10-11 budget request for the Minnesota Judicial Branch. I am also providing information on the Judicial Branch mission, services, transformational initiatives now underway, and financial challenges that drive our funding needs.

The Minnesota judiciary is an open door for justice. Our workload is dictated by the needs of citizens and businesses for redress, the needs of children and vulnerable adults for protection, and the policies and practices of law enforcement and prosecutors enforcing state and local laws. The Judicial Branch is unable turn away those who enter the courthouse to seek our services. Unlike state agencies, the Judicial Branch has no discretionary services. The court system adjudicates approximately two million cases brought to it by the citizens of the state on an annual basis.

Article 8, section 1 of the Minnesota Constitution provides that the object of government is to ensure the security, benefit and protection of the people. Government fulfills that obligation by passing and enforcing laws. Without adequate funding, the courts cannot perform their vital role in that process.

The Judicial Council and I want to join with the Governor and Legislature in finding collaborative solutions to stabilize our Judicial Branch budget and provide the citizens of this state with the level of services guaranteed by the Minnesota Constitution and state laws. However, I also need to clearly communicate our current dilemma. We now find ourselves at a tipping point where action is needed to avoid major service disruptions in the next biennium that will seriously jeopardize the justice function.

FY10-11 Biennial Budget Request

Our FY10-11 budget request seeks only to preserve core services and fund increased costs that are unavoidable. It is not a request for service expansion – rather, it is a request to maintain basic judicial operations that are constitutionally and statutorily required.

In addition to the FY10-11 base budget for the Supreme Court, the Court of Appeals, and the District Courts, I present five change requests addressing basic, non-discretionary needs of the Minnesota Judicial Branch for the next biennium. This includes an increase of \$43,035,000 to court operations, which represents a 7.31% increase to our biennial base, with an additional \$6,170,000 requested on behalf of our criminal justice partners and \$4,000,000 for civil legal services:

- \$29,879,000 in projected salary and insurance increases to maintain core justice operations by funding current staffing levels to handle the ever increasing caseloads in our courts. This money will go only to pay for current staff which is 9% short of our need. We are not asking for the restoration of positions lost or any new positions, and are not seeking compensation increases for judges or new judgeships. These estimates are based on potential negotiated settlements;
- \$5,586,000 for growth in mandated services: interpreters, psychological services, guardians ad litem, jury, and in forma pauperis costs which we are required by law to fund. We have no option of not paying these costs;
- \$5,651,000 to pursue strategic technology initiatives needed to transform operations and services provided by the branch. Without this investment in the future, we cannot realize our goals of increased efficiency and productivity;
- \$8,089,000 to continue funding for 37 existing problem-solving courts in the state, with investments included for related public partners costs (\$6,170,000 listed above). These courts represent the kind of creative and forward thinking solutions that, in the long run, result in a more highly functioning and effective justice system; and
- \$4,000,000 for Civil Legal Services for the poor. This is money that does not go to the Judicial Branch but which is still included in our request on a pass-through basis.

Transforming the Judicial Branch

The mission of the Judicial Branch is to provide equal access for the fair and timely resolution of cases and controversies. The Minnesota Judicial Branch is not a state agency – the Minnesota Constitution requires justice to be provided in all cases promptly and without delay.

The Minnesota judiciary recently completed its transformation from a confederation of 87 county-funded trial courts to a unified, state-funded branch of state government. The Judicial Council, a single statewide policy-making entity, has replaced the various policy groups associated with the prior court structure. These changes present a tremendous opportunity for the judicial branch to more equitably, efficiently, and effectively serve the citizens of Minnesota.

To address the historic disparity in county funding of trial courts, we've embarked on a long-term effort to equalize resources within our ten judicial districts. It is imperative that citizens of this state have access to similar levels of judicial services regardless of where they live to give meaning to our belief in equal justice under law. Although we have recently achieved an equitable distribution of resources among the ten districts, unfortunately these districts are now equally underfunded due to current budget constraints.

In recognition of the bleak economic outlook and increased demand for scarce state resources, this year we established an Access and Service Delivery Committee (ASD), charged with the responsibility to develop options for restructuring judicial delivery systems, redesigning business processes, expanding the use of technology, and prioritizing functions to provide appropriate levels of access and services at the lowest cost. These transformational goals include:

- Workflow re-engineering through technology enhancements aimed at improving services while cutting labor costs. This includes optimizing our case management system (MNCIS), implemented statewide in April, with web and voice payment options, the ability to process e-citations from local law enforcement agencies, automatic assessment of court fines, and electronically sending delinquent debt to a private collection agency.
- Legislative and court policy reforms, including implementing recommendations from the Non-Felony Enforcement Advisory Commission re-ranking some offenses to reduce workloads, expanding the number of payable offenses, and transferring enforcement of administrative regulations to other government entities to reduce the number of violations that require court appearances.
- Addressing structural and governance issues by administratively consolidating judicial districts or reducing their number through redistricting, expanding the use of less expensive subordinate judicial officers where possible, and centralizing service delivery through ITV to achieve greater efficiencies and effectiveness.

Challenges Facing Judicial Performance

Our courts have made enormous strides in recent times to improve the delivery of prompt, affordable, fair and effective results to a society that relies heavily on its legal system. Minnesota judges carry average caseloads that are 49% higher than in comparable states. Minnesota courts are trusted by the business community and the public – the National Chamber of Commerce survey ranks Minnesota in the top ten states for competence and fairness and a 2007 Minnesota Public Trust and Confidence Survey reflects that 80% of the public has confidence in the Minnesota courts.

We have done all of these things despite severe budget constraints through the innovation and industry of our judges and staff.

Current Cost Reductions and Efficiencies

Funding for all trial court operations became the sole responsibility of the state in 2005 when the transition from county to state funding was complete. During this transition, the Judicial Branch has experienced little financial flexibility because of base budget cuts and underfunding in FY04-05 (\$23 million), insufficient funding in FY06-07, and additional base budget reductions and underfunding in the current biennium (\$19 million).

There are no easy reductions left for us to make. Inadequate funding has already forced painful reductions in staff levels and service delivery. We already:

- Operate 9% short-staffed.
- Have instituted layoffs, voluntary separation programs, leaves without pay, and a hiring freeze.
- Hold open judge vacancies.
- Closed public counters a half day per week in the 3rd, 4th, and 10th judicial districts and permanently closed a satellite court in Washington County.
- Terminated the 4th Judicial District arbitration services, court supervised visitation services, and reduced staffing at the domestic abuse service center.
- Reduced juror per diem pay from \$20 to \$10.
- Cut funding for drug courts, retired judge services, and mandated services.
- Reduced operating costs to the lowest levels since the trial courts were brought into state funding.

As a result, delays in case processing and service delivery are occurring across the state.

Our Access and Service Delivery Workgroup is aggressively re-engineering our business practices so we can become as efficient and effective as possible. Unfortunately, progress on many of these initiatives, including our efforts to centralize and automate the 1.2 million payable citations, may be in jeopardy if further budget reductions are enacted.

Negative Impact of No Increased Funding or Base Budget Reductions

The negative impact of no new funding – or worse yet, funding reductions – will be immediate, unavoidable, and dramatic and will significantly affect the basic operation of Minnesota's courts with economic and other consequences for county and state government and public safety. Public trust and confidence in the courts and government will be significantly impacted.

Failure to provide adequate funding to cover unavoidable employee cost increases (mandatory employer health insurance and pension contributions) and budget cuts would require additional staff reductions of hundreds of positions depending on the results of our voluntary separation program, turnover rate over the next six months, and applicable severance costs. This reduction,

on top of our current 9% shortage, means that we will be unable to handle all of our current caseload.

In the interest of providing options to the Governor and the Legislature, at its December 2008 meeting, the Judicial Council reviewed 51 different case categories that are processed by the courts and assigned a priority level to each case type (see enclosed list). In general, lack of funding will force us to stop handling some or all of the following cases in the next biennium:

- Conciliation Court
- Consumer Credit
- Some Estate and Trust cases
- Property Damage
- Harassment
- Default Judgments
- Out of Custody Adult and Juvenile Non-targeted Misdemeanors (public defenders will not be able to assign attorneys for out-of-custody cases)
- Juvenile Status, Truancy, Runaway offenses
- Implied Consents
- Traffic, Ordinance, and Parking Violations, impacting the \$200 million annual revenue flow to cities, counties, and the state general fund.

In addition to not handling these types of matters, increased delays in criminal and juvenile case processing will produce collateral consequences to other public jurisdictions. Defendants will be incarcerated longer while awaiting trial, increasing costs at county jails that are already operating at 105% of capacity. Others will be out of custody longer awaiting disposition, increasing risks to public safety.

These proposed case processing priorities will appropriately generate a vigorous public debate about the stark implications associated with potential lack of funding or budget reductions. We welcome those discussions and are open to any specific suggestions for changes to our proposed priorities. However, any reprioritization must match the workload reduction needed to balance any budget cut imposed. Fewer reductions to our budget would allow us to limit the impact on some case types.

In addition, lack of funding or budget reductions could require us to close or significantly reduce hours/days of operation in some low volume rural courts and several of our high volume suburban courts because of the reduced workforce. Many of our drug courts, which save taxpayer money and improve public safety, could close as well.

At the appellate level, both the Supreme Court and Court of Appeals will be forced to further reduce personnel. Loss of crucial legal staff will result in an expanded backlog of cases at the Court of Appeals and significant delays at the Supreme Court. In the State Court

The Honorable Tim Pawlenty
Members of the 2009 Legislature
January 20, 2009
Page 6

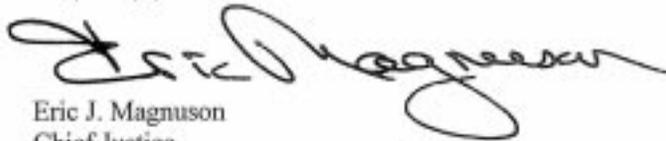
Administrator's Office, funding shortages will directly impact efforts currently underway to re-engineer business practices across the court system. Without sufficient funding, progress on technology initiatives such as e-citations, e-filing, e-payments, and automated collections--all of which save long term staff costs and increase state revenue collection--will be significantly impeded if not curtailed. And, cuts to civil legal services will mean that additional families will go without legal assistance in critical areas like mortgage foreclosure and housing, increasing public costs associated with homelessness and domestic violence.

Inadequate funding will jeopardize the justice system as we have known it in this state. Without adjudication of cases, civil and criminal consequences for illegal behavior will go unimposed. It is no exaggeration to say that the rule of law will be at stake.

In tough economic times, we must return to the basics. One of those is mandated by our Constitution: an adequately funded, functioning justice system that resolves disputes promptly in order to ensure the rule of law, protect public safety and individual rights, and promote a civil society. The Minnesota Judicial Branch is not a state agency. Funding should first be provided to institutions such as the Judicial Branch that deliver services directly required by the state Constitution. Justice is not an option. It is a constitutional obligation.

I look forward to the opportunity to discuss these matters with you in further detail.

Very truly yours,

A handwritten signature in black ink, appearing to read "Eric J. Magnuson". The signature is fluid and cursive, with a large loop at the end.

Eric J. Magnuson
Chief Justice

COURT OF APPEALS

Change Item: Maintain Core Justice Operations

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$277	\$464	\$464	\$464
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$277	\$464	\$464	\$464

Request

The Court of Appeals requests \$741,000 in FY 2010-11 to maintain core justice operations.

Background

Currently, the Court of Appeals has 76 employee FTEs and 19 appellate judges. All employee FTE's are funded from the state general fund. Employees of the Court of Appeals are compensated under the judicial branch compensation and pay plan administered by the State Court Administrator's Office (SCAO) under the direction of the Judicial Council.

The judicial branch non-judicial pay plan consists of the same four basic components as the executive branch: across the board adjustments to the salary range, merit or step increases, employer retirement contributions, and the insurance programs negotiated by Minnesota Management & Budget for all state employees.

During the FY 2010-11 biennium, the judicial branch has estimated that additional salary funding will be necessary to implement a pay plan commensurate with other negotiated state and local agreements. This request does not include a comparable salary increase for judges in FY 2010 and FY 2011. Additional funding is also required to fully fund statutorily mandated increases in employer paid retirement plan contributions. Health insurance costs are estimated at 6% based on historical cost increases.

Due to a shortage of funding in the current and previous two biennia, law clerk and staff positions in the Court of Appeals have been eliminated or held vacant for extended periods of time. This loss of staff has resulted in case backlogs and case processing delays including a doubling of the time it takes from acceptance of a case to oral argument. Prior to funding cuts in previous biennia, the Minnesota Court of Appeals was a national model of efficiency in case processing time. In 2005, the Court of Appeals did not meet American Bar Association (ABA) standards for clearance rates on cases, last brief to submission, and last brief to disposition. The addition of three judgeships in 2008 has helped. Presently, although the number of cases awaiting scheduling has been reduced by 200, the Court of Appeals is still not meeting the ABA standard of last brief to submission.

Juvenile protection cases are expedited as the Children's Justice Initiative is a strategic priority of the judicial branch. However, prioritizing these cases comes at a cost to all other case types including: family, juvenile delinquency, economic security, criminal, and civil. The litigants in these cases will not be able bring the uncertainty to an end and achieve closure to this major part of his/her life until the case can be processed.

Relationship to Base Budget

This request represents a 3.6% increase to the Court of Appeals biennial base budget.

Key Goals and Measures

Failure to fund core justice operations including negotiated pay plans and mandated employee health insurance costs will result in layoffs and additional delays in case processing. These will significantly impact the ability of the courts to accomplish their constitutional role of adjudicating disputes.

Alternatives Considered

Because human resources costs are 88% of the entire Court of Appeals budget, the effective alternatives available to fund salary increases are few. A reduction in the workforce is the most likely and least desirable as it will severely limit access to justice for the constituents of Minnesota as these important cases will take even longer to process. Each law clerk handles about 33 – 35 cases per year. If funding for core operations were not maintained and seven law clerk positions were held open in 2010, approximately 230 cases would not be resolved. If 10 law clerk positions were held open in 2011 that number would increase to over 350 cases per year. Ultimately, the backlog and time on appeal would increase. Justice delayed is justice denied.

Statutory Change: Not Applicable.

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	5
Appendix	
Agency Revenue Summary Fiscal Page.....	6

Agency Purpose

Minnesota Statutes 214 establish the Minnesota Board of Dentistry with the responsibility of being the official regulatory agency for dental professionals. The Minnesota Board of Dentistry was created in 1885. The board enforces MS 150A and Minnesota Rules chapter 3100— the Minnesota Dental Practice Act— relating to dentists, hygienists, and dental assistants whose fitness to practice has been tested, and whose training and other qualifications meet the specifications established by the legislature and the board.

The mission of the board is:

- ◆ to ensure that Minnesota citizens receive quality dental health care from competent dental health professionals;
- ◆ to protect the public at large by issuing licenses/registrations only to those who meet the minimum standards of practice;
- ◆ to promote continued competency of regulated dental professionals through establishing and monitoring professional development standards; and
- ◆ to provide timely and impartial resolution of complaints filed against dental professionals.

Core Functions

The purpose of the board is to protect the public by ensuring that licensed dental professionals comply with the board's rules and practice in a professional, legal, and ethical manner. The board's core functions are:

- ◆ establishing minimum standards for licensure/registration;
- ◆ regulating the dental professionals in Minnesota;
- ◆ ensuring that those who hold a professional dental credential from the board continue to meet those standards throughout the time they hold the credential;
- ◆ identifying those who fail to maintain the minimum standards needed to render quality care safely to patients;
- ◆ taking timely and appropriate disciplinary or corrective action when warranted; and
- ◆ providing accurate and current information to the public to enable them to make informed decisions about their dental health care.

Operations

- ◆ The board consists of nine members appointed by the governor: five dentists, one dental hygienist, one registered dental assistant, and two public members.
- ◆ The full board typically meets five times per year. The board also appoints several committees (e.g., executive, complaint, licensure & credentials, policy, etc.) that meet throughout the year.
- ◆ The board benefits and affects the public by ensuring that dental professionals meet and maintain minimum standards of competence and practice.
- ◆ At the end of FY2009, the Minnesota Board of Dentistry became the administering agency for the Health Professionals Services Program (HPSP), a joint program of the Health Related Boards to protect the public from health professionals with illnesses that could impact their ability to practice safely through:
 - ⇒ providing intake and assessment services
 - ⇒ creating and implementing monitoring contracts
 - ⇒ monitoring the continuing care and compliance of participants
 - ⇒ consulting with licensees, licensing boards, health employers, practitioners, and medical communities

Key Goals

The Minnesota Board of Dentistry operates according to goals that relate to the *Minnesota Milestones* that "Minnesotans will be healthy" and that government in Minnesota "will be cost-efficient, and services will be designed to meet the needs of the people who use them." The board's primary goal is to protect the public through appropriate regulation of the dental professions.

At A Glance

Minnesota Board of Dentistry Statistics (As of June 30, 2008):

Total Licensed/Registered:	15,791
New Licensees (FY08):	690
Complaints Filed (FY08):	237

Staff: 11 full-time equivalent employees

Board: nine board members appointed to staggered four-year terms by the governor

The board has additional goals spelled out in its Strategic Plan. Those strategic goals include:

- ◆ revising statutes and rules to keep them relevant
- ◆ enhancing communications with the public and with regulated individuals
- ◆ assessing and modifying systems and processes
- ◆ improving and utilizing technology
- ◆ instituting objective testing instruments
- ◆ better defining and measuring outcomes

The goals of the Health Professionals Services Program are to promote early intervention, diagnosis and treatment for health professionals with illnesses, and to provide monitoring services as an alternative or adjunct to board discipline. Early intervention enhances the likelihood of successful treatment, before clinical skills or public safety are compromised, consistent with the *Minnesota Milestone* that “Minnesotans will be healthy.”

Key Measures

- ◆ Public protection – the board's website offers several services to the public including posting of disciplinary orders, access to information on the complaint process, forms and instructions regarding how to file a complaint, viewing individual licensee disciplinary history, and other information related to regulatory expectations of dental professionals.
- ◆ Licensing – the number of regulated dental professionals (15,791) continues to reflect a growth pattern seen over the past decade. Of those regulated by the board, 43.8% are registered dental assistants, 31.2% are dental hygienists, and 25.0% are dentists.
- ◆ Professional Development – Licensed and registered dental professionals must attest to compliance with the board's professional development (continuing education) requirements. An audit process was initiated to review randomly selected files, which has identified a 73% compliance rate. Of those who failed their audits, less than 50% failed due to not completing a required professional self-assessment.
- ◆ Complaints and compliance – 68% of open complaint cases were resolved in FY08. Unresolved cases are in various stages of investigation or negotiation. Four cases, an unprecedented number for the Board of Dentistry, are being addressed through the contested case process with the Office of Administrative Hearings.
- ◆ Online services – the board offers license verification, address and contact information changes, license renewals, information for licensees. 70.4% of the Board of Dentistry's licensees are using the online renewal service.
- ◆ Public information – the board offers a public website, newsletters, presentations, public outreach, brochures, and real people answering the phone during business hours.

Budget

Total direct and indirect expenditures for FY 2008-09 are estimated to be \$2.945 million, which includes 11 FTE employees. Direct expenditures include salaries, rent, database management, professional/technical contracts with experts, and other related costs. The board receives a direct appropriation from the Special Revenue Fund for these costs, authorized by the legislature. Indirect expenditures include costs of services received by the Attorney General's Office, Health Professional Services Program, Department of Health HIV/HBV/HCV program, and the Administrative Services Unit. The board is responsible for collecting sufficient revenue to cover both direct and indirect expenditures.

The board is estimated to collect \$2.681 million in FY 2008-09, which is deposited as non-dedicated revenue into the state government special revenue fund. Revenue is collected from fees charged to applicants, licensees, and from fines and civil penalties assessed through the disciplinary process. The difference between the board's expenses and revenues is made up through the board's reserve funds.

The HPSP budget is currently within the Emergency Medical Services Regulatory Board, and will be integrated into the Board of Dentistry budget beginning with FY2010.

Contact

Minnesota Board of Dentistry
2829 University Avenue Southeast, Suite 450
Minneapolis, Minnesota 55414

The website at: <http://www.dentalboard.state.mn.us/> gives visitors easy access to useful information about Dentistry. Types of information available through the website include; regulatory news and updates, rules and Minnesota statutes, public notices and forms, newsletters, and on-line license verification (including full texts of disciplinary actions), renewal, and change of address.

Health Professionals Services Program (HPSP) maintains its own website at: <http://www.hpssp.state.mn.us/>.

Marshall Shragg, Executive Director
E-mail: dental.board@state.mn.us
Phone: (612) 617-2250
Non-metro toll free: 888-240-4762
Fax: (612) 617-2260
TDD: 1-800-627-3529

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
State Government Spec Revenue					
Current Appropriation	1,087	1,009	1,009	1,009	2,018
Recommended	1,087	1,009	1,009	1,009	2,018
Change		0	0	0	0
% Biennial Change from 2008-09					-3.7%
<u>Expenditures by Fund</u>					
Carry Forward					
State Government Spec Revenue	1	0	0	0	0
Direct Appropriations					
State Government Spec Revenue	1,000	1,096	1,009	1,009	2,018
Open Appropriations					
State Government Spec Revenue	20	39	15	15	30
Total	1,021	1,135	1,024	1,024	2,048
<u>Expenditures by Category</u>					
Total Compensation	704	751	744	733	1,477
Other Operating Expenses	317	384	280	291	571
Total	1,021	1,135	1,024	1,024	2,048
<u>Expenditures by Program</u>					
Dentistry, Board Of	1,021	1,135	1,024	1,024	2,048
Total	1,021	1,135	1,024	1,024	2,048
Full-Time Equivalents (FTE)	9.6	10.1	9.6	9.2	

DENTISTRY BOARD

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
State Government Spec Revenue	1,244	1,438	1,438	1,438	2,876
Total Non-Dedicated Receipts	1,244	1,438	1,438	1,438	2,876
<u>Dedicated Receipts:</u>					
Total Dedicated Receipts	0	0	0	0	0
Agency Total Revenue	1,244	1,438	1,438	1,438	2,876

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	4
Change Summary	5
Agency Change Items	
↻ Fee Reduction.....	6
Appendix	
Agency Revenue Summary Fiscal Page.....	8

↻ Designates that this item is a change item

Agency Purpose

The Minnesota Board of Dietetics and Nutrition Practice was created 1995 and is mandated by Minnesota Statutes 148.621 – 148.633 and Minnesota Rules, chapter 3250 to protect the public through the regulation of dietitians and nutritionists in the state of Minnesota. Regulation is accomplished through initial licensure examination, annual license renewal and required continuing education requirements.

The mission of the board is:

- ◆ promoting the public's interest in receiving quality dietetic and nutrition services from competent dietitians and nutritionists;
- ◆ protecting the public by ensuring that all licensed dietitians and nutritionists meet the educational and practical requirements specified in law; and
- ◆ protecting the public by setting standards for quality dietetic and nutrition services.

Core Functions

The board fulfills its mission by:

- ◆ reviewing and approving examination standards to insure knowledge of applicants for licensure as dietitians and nutritionists;
- ◆ reviewing of continuing education required to maintain knowledge for the safe practice of dietetics and nutrition;
- ◆ managing complaints alleging violation of board statutes and rules through initial committee review, thorough investigation, and disciplinary conferences with licensees to determine whether legal action against a dietitian or nutritionist is warranted; and
- ◆ providing accurate information about licensure requirements, standards of practice and disciplinary process to the public, licensees, and other interested parties.

Operations

- ◆ The board is comprised of seven individuals appointed by the governor, of which two are licensed dietitians and two are licensed nutritionists.
- ◆ The board serves consumers, licensed dietitians, licensed nutritionists, applicants for licensure, other governmental agencies, third party payers and sponsors of continuing education courses. Services are delivered through direct communication (telephone, mail, e-mail, and in-person).
- ◆ The Board's Education Committee reviews programs for maintenance of knowledge in the area of dietetics and nutrition practice.

Key Goals

- ◆ Maintain excellence in the regulation of dietetic and nutrition care.
- ◆ Increase use of online license renewal by licensees.
- ◆ Implement an online application service in 2009.

Key Measures

- ◆ Public protection – the board's website offers several services to the public including viewing disciplinary orders, access to information on complaint process and obtaining forms and information regarding how to file a complaint, and viewing individual licensee disciplinary history.
- ◆ Online services – the board offers license verification, address and contact information changes, license renewals, information for licensees.

At A Glance

Minnesota Board of Dietetics and Nutrition Practice Statistics

FY 2008 – 2009

Board members: Seven, including two licensed dietitians, two licensed nutritionists, and three public members, appointed by the governor.

New licenses issued:	113
Dietitian -	113
Nutritionist -	0
Total Licensed:	1,081
Dietitian -	1,020
Nutritionist -	61

- ◆ Licenses will be issued to applicants monthly allowing applicants to accept dietetic/nutrition employment opportunities in a timely manner.
- ◆ New online service for licensure applications added this biennium, with a goal of 30% of all applications completed online.
- ◆ Public information – the board offers a public website, newsletters, presentations, public outreach, brochures, and real people answering the phone during business hours.

Budget

Total direct and indirect expenditures for FY 2008-09 are estimated to be \$308,000, which includes 0.75 FTE employees. Direct expenditures include salaries, rent and other operating expenditures. The board receives a direct appropriation for these costs. Indirect expenditures include costs of services received by the Attorney General's Office, Health Professional Services Program, and the Administrative Services Unit. The board is responsible for collecting sufficient revenue to cover both direct and indirect expenditures.

The board is estimated to collect \$156,000 in FY 2008-09, which is deposited as non-dedicated revenue into the state government special revenue fund. Revenue is collected from fees charged to applicants, licensees, and sponsors of continuing education programs.

Contact

Minnesota Board of Dietetics and Nutrition Practice
2829 University Avenue Southeast, Suite 555
Minneapolis, Minnesota 55414

The website at: <http://www.dieteticsnutritionboard.state.mn.us/> gives visitors easy access to useful information.

Email: board.dietetics-nutrition@state.mn.us

Laurie Mickelson, Executive Director

Email: laurie.mickelson@state.mn.us

Phone: (651) 201-2764

Fax: (651) 201-2763

TDD: (612) 297-5353 or 1-800-627-3529

DIETETICS & NUTRITION PRACTICE

Agency Overview

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
State Government Spec Revenue					
Current Appropriation	103	119	119	119	238
Recommended	103	119	105	105	210
Change		0	(14)	(14)	(28)
% Biennial Change from 2008-09					-5.4%
 <u>Expenditures by Fund</u>					
Carry Forward					
State Government Spec Revenue	0	39	0	0	0
Direct Appropriations					
State Government Spec Revenue	74	148	105	105	210
Open Appropriations					
State Government Spec Revenue	7	7	7	7	14
Total	81	194	112	112	224
 <u>Expenditures by Category</u>					
Total Compensation	60	77	65	67	132
Other Operating Expenses	21	117	47	45	92
Total	81	194	112	112	224
 <u>Expenditures by Program</u>					
Dietetics & Nutrition Bd.	81	194	112	112	224
Total	81	194	112	112	224
 Full-Time Equivalents (FTE)	 0.8	 0.8	 0.8	 0.8	

DIETETICS & NUTRITION PRACTICE

Change Summary

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
<i>Fund: STATE GOVERNMENT SPEC REVENUE</i>				
FY 2009 Appropriations	119	119	119	238
Technical Adjustments				
One-time Appropriations		(14)	(14)	(28)
Subtotal - Forecast Base	119	105	105	210
Total Governor's Recommendations	119	105	105	210
<i>Fund: STATE GOVERNMENT SPEC REVENUE</i>				
Planned Open Spending	7	7	7	14
Total Governor's Recommendations	7	7	7	14
<i>Fund: STATE GOVERNMENT SPEC REVENUE</i>				
Planned Statutory Spending	39	0	0	0
Total Governor's Recommendations	39	0	0	0
<i>Revenue Change Items</i>				
<i>Fund: STATE GOVERNMENT SPEC REVENUE</i>				
Change Items				
Fee Reduction	0	(39)	(39)	(78)

DIETETICS & NUTRITION PRACTICE

Change Item: Fee Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
State Government Special Revenue Fund				
Expenditures	0	0	0	0
Revenues	(39)	(39)	(39)	(39)
Net Fiscal Impact	\$39	\$39	\$39	\$39

Recommendation

The Governor recommends that the Board of Dietetics and Nutrition Practice fees be reduced in the amounts of \$39,000 in FY 2010 and \$39,000 in FY 2011. This is a continuation of a temporary fee reduction approved in 2005 that will sunset June 30, 2009. Agency revenues based on the current fee structure are projected at \$119,000. Under the recommended change revenues are projected at \$80,000, which is a decrease totaling \$39,000. The Board's fees should be changed to comply with the M.S. 16A.1285, subdivision 2 provision that revenues must be set at a level that neither significantly over recovers nor under recovers all costs in providing the services. Although the Revisor's Office has advised the agency that they have the authority to make this fee reduction under M.S. 16A.1283(c), the Governor includes this recommendation in his budget to be consistent with other proposed fee changes.

Background

The Board of Dietetics and Nutrition Practice, like the other health-related licensing boards, is a fee-supported agency that receives no general fund dollars. While the legislature approves the Board's appropriation levels, the fees assessed to the various licensees of the agency cover all of the agency's direct and indirect expenditures.

The Board's revenues are derived entirely from applicants, licensees, and other miscellaneous services. After initially setting fees for Board services in 1995, the Board experienced an annual increase to the Board's accumulated balance. Through the Administrative Rules Process, the annual license renewal fee was reduced in 1997, 1998, and 2000 from the initial amount of \$150 to \$75. In 2005 the Legislature approved a temporary reduction in the annual license renewal fee to \$45. Even with the fee reduction, the Board's surplus continued to increase. The temporary fee reduction approved in 2005 will sunset June 30, 2009. Without action by the Legislature to approve a fee reduction during the 2009 session, the Board's annual license renewal fee will revert back to the higher fee of \$75.

Even with the temporary fee reduction there has been minimal decrease in the Board's accumulated surplus during the previous three fiscal years and the Board does not expect a substantial decrease in fiscal year 2009. This has occurred because the number of licensees and applicants continue to gradually increase. In addition, expenditures have decreased in licensure, compliance and administrative operations due to effective fiscal management, increased usage of online services, and continued streamlining of operations and processes.

Relationship to Base Budget

The change required will gradually reduce the Board's accumulated surplus while not having an impact on the Board's expenditures. All fees collected by the board must cover the costs of operation including the cost of the Administrative Services Unit, the Attorney General's Office, the Health Professional Services Program, and statewide indirect costs. The Board's ability to offer services to the licensees, applicants and Minnesota residents will not be jeopardized.

The June 30, 2009, sunset of reduced fees applies to the Board's renewal fees and renewal late fees. The table below reflects the current reduction to primary renewal fees at the 40% rate which would be continued under the Governor's recommendation.

The table listed below identifies:

- ◆ A list of all fees that will be changing – the name and current statute

DIETETICS & NUTRITION PRACTICE

Change Item: Fee Reduction

- ◆ The current amount of all fees that will be changing
- ◆ The current anticipated revenue collected each fiscal year
- ◆ The proposed percent of the fee change
- ◆ The proposed amount of each fee
- ◆ The total number anticipated to pay under the proposed changes
- ◆ The new proposed anticipated revenue
- ◆ The difference in revenue

CURRENT FEE INFORMATION 7/1/2009				PROPOSED NEW FEE INFORMATION 7/1/2009				
Fee Name	Statute	Current Fee Amount	Current FY 2008-09 Anticipated Revenue Budget each year	Proposed % of the Fee Change - Reduction	Proposed New Fee Amount	Number Paying under new proposals	Proposed FY 2010-11 Anticipated Revenue Budget each year	Difference in Revenue anticipated to be collected
D&NP Annual Renewal Fee	M.R. 3250.0050	\$75.00	\$93,750	40%	\$45.00	1,250	\$56,250	(\$37,500)
D&NP Late Renewal Penalty Fee	M.R. 3250.0050	\$37.50	\$1,688	40%	\$22.50	45	\$1,013	(\$675)
D&NP Reinstatement Fee	M.R. 3250.0150	\$137.50	\$1,100	33%	\$92.50	8	\$740	(\$360)
Total			\$96,538				\$58,003	(\$38,535)

Key Goals and Measures

The Board will monitor revenues and expenditures closely to ensure that deficit spending does not occur in the near future. The Board will also monitor and assess the phased reduction of the surplus to ensure that the budget could absorb an unanticipated expense, such as a contested case hearing.

The fee reduction will also fulfill broader goals and measures which include compliance with the Board's mandate to simplify, streamline and cut costs. This strategy also ensures compliance with state policy that revenues should closely match expenditures.

The recommended fee change will allow the Board to remain fiscally responsible while continuing to fulfill its mission of ensuring public protection to the residents of Minnesota.

Alternatives Considered

Without a fee change, the Board would not be able to comply with state law that requires that revenues should closely match expenditures and the Board would continue to run a significant surplus. Other options, such as a rebate on fees already paid, would be difficult to structure and implement.

Statutory Change: None

DIETETICS & NUTRITION PRACTICE

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
State Government Spec Revenue	81	75	80	80	160
Total Non-Dedicated Receipts	81	75	80	80	160
<u>Dedicated Receipts:</u>					
Total Dedicated Receipts	0	0	0	0	0
Agency Total Revenue	81	75	80	80	160

	PAGE
Small Agency Profile.....	2
Agency Fiscal Page (Gov Rec).....	4
Change Summary.....	5
Agency Change Items	
↻ Operating Budget Reduction.....	6
Appendix	
Agency Revenue Summary Fiscal Page.....	7

↻ Designates that this is a change item

Activity Description

The Minnesota State Council on Disability (MSCOD) is an independent state agency with the broad charge of advising the governor, state legislature, state agencies, and the families of and citizens with disabilities about legislation, programs, and policies that impact the lives of Minnesotans that have a disability (M.S. 256.482).

Population Served

MSCOD serves individuals with disabilities in Minnesota, either directly by providing support and information to those contacting the agency, or indirectly by assisting and advising policymakers to ensure the needs of people with disabilities are adequately considered and addressed. MSCOD also supplements the efforts of disability-related initiatives in the private and nonprofit sectors.

Services Provided

MSCOD coordinates activities of state agencies and various stakeholder groups to improve disability-related public policy. MSCOD monitors compliance with existing federal and state disability-related statutes and regulations. Examples of this include:

- ◆ Providing information and technical assistance on disability laws and regulations to the governor, federal and state legislators, state agency officials, businesses, non-profit organizations, and the general public.
- ◆ Educating the public about disability issues by publishing and disseminating disability-related information and training curricula to employers, and teachers.
- ◆ Assisting in the implementation of new programs and initiatives to ensure the needs of individuals with disabilities are met. The agency continues to work with the Departments of Public Safety, Health, and Human Services to implement emergency preparedness plans adequate serve individuals with disabilities.
- ◆ Serving as a training resource for employers, in both the private and public sectors, on issues impacting individuals with disabilities. This includes working with organizations to correct violations of federal and state disability laws.
- ◆ Completing research studies and state wide work plans as directed by policymakers.

Historical Perspective

Since 1973, MSCOD has provided technical assistance and public policy direction to the governor, legislature, state agencies and the general public. The governor can appoint up to 21 members to MSCOD. The Council currently consists of 15 members representing several economic regions throughout the state. In 2008, the legislature removed the MSCOD's sunset provision.

Key Goals

- ◆ Reduce the unemployment rate of people with disabilities in Minnesota. The agency seeks to maximize the number of disabled individuals employed as it is a key indicator of the extent they participate in society. This goal is from Minnesota Milestones, see: (<http://server.admin.state.mn.us/mm/indicator.html?Id=32&G=33&CI=32>)
- ◆ All people will be welcomed, respected and able to participate fully in Minnesota's communities and economy. To meet this goal, the agency is working to improve transportation options for people with disabilities throughout the state. As of 2008, seven Minnesota counties have no public transportation service for people with disabilities, limiting their ability to fully participate in community life. This goal is from Minnesota Milestones, see: (<http://server.admin.state.mn.us/mm/indicator.html?Id=33&G=33&CI=33>)

At a Glance

- ◆ 342,254 Minnesotans between the ages of 16 and 64 have a disability
- ◆ 47% of Minnesotans with disabilities are employed compared to 81% of Minnesotans with no disability
- ◆ On average, individuals with disabilities earn less than one half of those without a disability.
- ◆ 20% of Minnesotans with disabilities are at or below the poverty level compared to 8% of those without disabilities
- ◆ Baby boomers are aging, acquiring age-related disabilities
- ◆ The number of veterans with service-related disabilities is likely to increase as they return from Iraq and Afghanistan

**Figures taken from the 2006 American Community Survey*

Key Measures

- ◆ Request for technical assistance: The number of requests the agency receives has increased since FY 2005. The demand for the agency’s unique expertise and resources remains significant. The increase from FY 2007 to FY 2008 was due new requests associated with work on the Pathways to Employment Grant, in collaboration with the Department of Human Services, and an upgrade in the agency’s information analysis reporting software late in 2007.

Fiscal Year	Requests Received
2005	8,776
2006	10,150
2007	12,166
2008	24,384

- ◆ Customer satisfaction: MSCOD conducts annual surveys of customers to gauge their reaction to the services provided. In the most recent survey, 94% of respondents rated the agency’s service as satisfactory or above. Results from the previous year’s survey were similar, with 97% rating agency services as “excellent” or “very good.” The number of requests from other state agencies also continues to rise.

Activity Funding

MSCOD operations are supported primary by general fund appropriations. The agency also generates revenue by participating in financial partnerships with other state agencies and community organizations. An example of this is an interagency agreement with the Department of Human Services on the federal Pathways to Employment Grant. This grant is a partnership effort between multiple agencies to create a coordinated statewide strategy to facilitate the competitive employment of Minnesotans with disabilities. The agency will continue to seek partnerships with other organizations to maximize resources, provide expertise, and promote efficiency.

Contact

Minnesota State Council on Disability

121 7th Place, Suite 107
 Saint Paul, Minnesota 55105
 Phone: (651) 361-7800
 Toll Free: (800) 945-8913
 Fax: (651) 296-5935

For additional information please contact:

Joan Willshire, Executive Director
 Phone: (651) 361-7801
 Email: Joan.willshire@state.mn.us

David Schwartzkopf, Board Chair
 Phone: (651) 361-7801
 Email: Joan.willshire@state.mn.us

Agency Website: *www.disability.state.mn.us*. This includes our strategic plan, annual legislative reports, fact sheets, frequently asked questions, publications, and other information.

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	812	524	524	524	1,048
Recommended	812	524	498	498	996
Change		0	(26)	(26)	(52)
% Biennial Change from 2008-09					-25.4%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	537	598	498	498	996
Miscellaneous Special Revenue	203	173	211	106	317
Statutory Appropriations					
Miscellaneous Special Revenue	8	40	0	0	0
Total	748	811	709	604	1,313
<u>Expenditures by Category</u>					
Total Compensation	382	453	423	412	835
Other Operating Expenses	366	358	286	192	478
Total	748	811	709	604	1,313
<u>Expenditures by Program</u>					
Cncl On Disability	748	811	709	604	1,313
Total	748	811	709	604	1,313
Full-Time Equivalent (FTE)	7.2	7.9	7.1	6.7	

Dollars in Thousands

	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: GENERAL				
FY 2009 Appropriations	524	524	524	1,048
Subtotal - Forecast Base	524	524	524	1,048
Change Items				
Operating Budget Reduction	0	(26)	(26)	(52)
Total Governor's Recommendations	524	498	498	996
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	40	0	0	0
Total Governor's Recommendations	40	0	0	0

DISABILITY COUNCIL

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(26)	\$(26)	\$(26)	\$(26)
Revenues	0	0	0	0
Net Fiscal Impact	\$(26)	\$(26)	\$(26)	\$(26)

Recommendation

The Governor recommends a reduction of \$26,000 in FY 2010 and \$26,000 in FY 2011 from the general fund budget of the Disability Council. The Governor intends for the agency to focus its operating funds on maintaining its highest priority services; and intends to provide maximum flexibility for the implementation of these reductions.

Background

The recommended reduction will be taken from the following areas of the agency's operation budget:

- ◆ Salaries
- ◆ Travel
- ◆ P/T services

The staff reduction will result in fewer town hall meetings and full council meetings; and a decreased level of service provided to the agency's clients.

Relationship to Base Budget

This recommendation represents a 5 percent reduction of the agency's general fund budget.

Key Goals and Measures

- ◆ Reduce the unemployment rate of people with disabilities in Minnesota. This goal is from Minnesota Milestones, see: (<http://server.admin.state.mn.us/mm/indicator.html?Id=32&G=33&Cl=32>)
- ◆ Requests for technical assistance: reduced resources will impact capacity to respond to a rising number of these requests. See agency profile for additional information.
- ◆ Customer satisfaction: reduced capacity is likely to impact the satisfaction of customers and will be reflected in the agency's annual customer surveys. See agency profile for additional information.

The budget submitted for the Disability Council seeks to safeguard core activities and reduce administrative overhead. The agency will manage budget reductions through various service level reductions or eliminations, staffing decreases, and/or operating expense reductions. The resulting budget will focus on new ways to operate the department's core functions.

Alternatives Considered

None.

Statutory Change: Not Applicable.

DISABILITY COUNCIL

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Total Non-Dedicated Receipts	0	0	0	0	0
<u>Dedicated Receipts:</u>					
Other Revenues:					
Miscellaneous Special Revenue	219	149	211	106	317
Total Dedicated Receipts	219	149	211	106	317
Agency Total Revenue	219	149	211	106	317

	PAGE
Transmittal Letter	7
Agency Profile	10
Agency Fiscal Page (Gov Rec).....	12
Change Summary.....	13
Agency Change Items	
↻ Q Comp Expansion	14
↻ College Of Education Reforms.....	15
↻ U Teach	16
↻ SMART	17
↻ Assessment Policy And Schedule Revision.....	18
↻ Pay For Performance Plan.....	21
↻ Direct Concurrent Enrollment To AP/IB.....	22
↻ Principal'S Leadership Institute	23
↻ Rulemaking Principal Licensure Standards.....	24
↻ MVEP	25
↻ Summer Of Success	27
↻ Math & Science Teacher Academies	28
↻ Repeal Contract Penalty	30
↻ Modify Extended Time Revenue	31
↻ Cap Integration Revenue At Fy 2009 Level	32
↻ Convert Perpich To Charter School	33
↻ Agency Operating Reduction	34
↻ Aid Payments Shift.....	35
↻ Property Tax Shift	37
↻ Sod Advance Payment.....	38
Programs	
Agency Operating	39
Program Summary.....	41
General Education	42
Program Summary.....	43
Budget Activities	
General Education	44
Budget Activity Summary.....	55
K-12 Education Shifts (info only).....	56
Other General Education	58
Program Summary.....	59
Budget Activities	
Enrollment Options Transport.....	60
Budget Activity Summary.....	62
Abatement Revenue	63
Budget Activity Summary.....	65

	PAGE
Consolidation Transition	66
Budget Activity Summary.....	68
Nonpublic Pupil.....	69
Budget Activity Summary.....	71
Nonpublic Transportation.....	72
Budget Activity Summary.....	74
Compensatory Pilot Grants.....	75
Budget Activity Summary.....	76
Spec Prov For Select Districts	77
Budget Activity Summary.....	78
Miscellaneous Levies.....	79
State Paid Property Tax Credits (info only).....	83
Ed Ex Choice Programs	85
Program Summary.....	86
Budget Activities	
Charter School Lease Aid.....	87
Budget Activity Summary.....	89
Charter School Start Up.....	90
Budget Activity Summary.....	92
Integration Revenue	93
Budget Activity Summary.....	96
Magnet Schools Grants	97
Budget Activity Summary.....	99
Magnet Schools Start-Up Aid.....	100
Budget Activity Summary.....	102
Interdis Deseg Transportation.....	103
Budget Activity Summary.....	105
Ed Ex Indian Programs.....	106
Program Summary.....	107
Budget Activities	
Success For The Future	108
Budget Activity Summary.....	110
Indian Teacher Preparation	111
Budget Activity Summary.....	113
Tribal Contract Schools.....	114
Budget Activity Summary.....	116
Tribal Early Childhood Program.....	117
Budget Activity Summary.....	119

	PAGE
Ed Ex Innovation & Accountabil	120
Program Summary.....	121
Budget Activities	
Statewide Testing	122
Budget Activity Summary.....	126
Summer Of Success	
Budget Activity Summary.....	127
Ed Ex Spec Studnt & Teacher	128
Program Summary.....	129
Budget Activities	
Advance Placement/International BACC	130
Budget Activity Summary.....	133
AP/IB Expan Concurrent Enrollm.....	134
Budget Activity Summary.....	136
Collaborative Urban Educator.....	137
Budget Activity Summary.....	139
Youthworks.....	140
Budget Activity Summary.....	142
Student Organizations	143
Budget Activity Summary.....	145
Get Ready, Get Credit – EPAS.....	146
Budget Activity Summary.....	148
Early Childhood Literacy	149
Budget Activity Summary.....	151
Student Choice/Tax Incentives (info only).....	152
No Child Left Behind Programs	157
Budget Activity Summary.....	163
Math Science Teacher Center	
Budget Activity Summary.....	164
Misc. Federal Programs.....	165
Budget Activity Summary.....	168
Mn Virtual Education Program.....	
Budget Activity Summary.....	169
Principals' Leadership Inst.....	
Budget Activity Summary.....	170
Smart Program	
Budget Activity Summary.....	171
U Teach	
Budget Activity Summary.....	172

	PAGE
Special Education	173
Program Summary.....	174
Budget Activities	
Special Education Regular.....	175
Budget Activity Summary.....	181
Special Education Excess Cost	182
Budget Activity Summary.....	185
Child with Disability.....	186
Budget Activity Summary.....	187
Travel Home Based Services	188
Budget Activity Summary.....	190
Court Placed Special Education Revenue	191
Budget Activity Summary.....	192
Out State Tuition.....	193
Budget Activity Summary.....	194
Other Federal Sp Ed Programs	195
Budget Activity Summary.....	196
Facilities & Technology	197
Program Summary.....	198
Budget Activities	
Health & Safety Revenue.....	199
Budget Activity Summary.....	202
Debt Service Equalization.....	203
Budget Activity Summary.....	208
Alternative Facilities Aid.....	209
Budget Activity Summary.....	212
Deferred Maintenance	213
Budget Activity Summary.....	215
Telecommunications Access	216
Budget Activity Summary.....	218
Miscellaneous Facility Levies.....	219
Nutrition Programs	221
Program Summary.....	222
Budget Activities	
School Lunch	223
Budget Activity Summary.....	225
School Breakfast.....	226
Budget Activity Summary.....	228
Summer Food Replacement	229
Budget Activity Summary.....	231
Child and Adult Food Care Prog	232
Budget Activity Summary.....	234

	PAGE
Kindergarten Milk.....	235
Budget Activity Summary.....	237
Libraries.....	238
Program Summary.....	239
Budget Activities	
Basic Support/LSTA.....	240
Budget Activity Summary.....	243
Multicounty, Multitype Library	244
Budget Activity Summary.....	246
Electronic Library Minnesota.....	247
Budget Activity Summary.....	249
Reg Library Telecommunication	250
Budget Activity Summary.....	252
Early Childhood & Family Supp.....	253
Program Summary.....	254
Budget Activities	
Early Child/Family Ed.....	255
Budget Activity Summary.....	257
School Readiness.....	258
Budget Activity Summary.....	260
Kindergarten Entrance Exam.....	261
Budget Activity Summary.....	262
Health and Developmental Screen	263
Budget Activity Summary.....	266
Head Start.....	267
Budget Activity Summary.....	269
Infants & Toddlers.....	270
Budget Activity Summary.....	272
Educate Parents Partnership	273
Budget Activity Summary.....	274
Community Education	275
Program Summary.....	276
Budget Activities	
Community Education.....	277
Budget Activity Summary.....	279
Adults with Disability	280
Budget Activity Summary.....	281
Hearing Impaired Adults	282
Budget Activity Summary.....	283
School Age Care Revenue	284
Budget Activity Summary.....	285

	PAGE
Self Sufficient & Lifelong Lrn	286
Program Summary.....	287
Budget Activities	
Adult Basic Education.....	288
Budget Activity Summary.....	291
Ged Tests	292
Budget Activity Summary.....	294
Discontinued Programs	
Budget Activities	
State Discontinued.....	295
Budget Activity Summary.....	296
Appendix	
Agency Revenue Summary Fiscal Page.....	297
Grants Detail	298
Federal Funds Summary	376

↻ Designates that this item is a change item



TO: Minnesota Legislators

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

FROM Alice Seagren, Commissioner
Minnesota Department of Education

DATE: January 27, 2009

RE: Governor's Biennial Budget Recommendations

The Minnesota Department of Education is pleased to submit the education budget for FY 2010-11 on behalf of Governor Tim Pawlenty. This budget consists of \$14.0 billion from the state's General Fund and is a 2.0% increase from FY 2008-09 spending, when the impact of education budget shifts is excluded. More information can be found at www.education.state.mn.us

Minnesota continues to be a national leader when it comes to the education of our children. An *Education Week* study in 2007, found that Minnesota ranks third in the nation when it comes to preparing our children for success. Additionally, Minnesota students once again had the top scores in the nation on the ACT in 2008. Our fourth graders in 2007 also recorded the third largest gain in math in the history of the Trends in International Mathematics and Science Study (TIMSS), when compared to our fourth graders in 1995.

Since 2003, Governor Tim Pawlenty and the Minnesota Legislature have continued their efforts to raise student achievement by preparing for a more competitive global future, including:

- Creating more rigorous graduation requirements, including Algebra I by end of 8th grade, and Algebra II and Chemistry or Physics to graduate;
- Implementing new Math & Science Teacher Centers around the state of Minnesota. These Centers are preparing our teachers to deliver higher levels of instruction in math and science to meet the state's new requirements;
- Creating more rigorous standards in reading/language arts, math, science and social studies. In 2006, the new reading and mathematics MCA II assessments were given in grades 3-8, 10 and 11. The results of these new tests give us a clearer picture of how students are performing and serve as a basis to measure future improvement;

- Implementing Minnesota’s nation-leading Q Comp program, which is designed to advance the teaching profession by providing structured professional development and evaluation, as well as an alternative pay schedule that compensates teachers based on performance, not seniority. Forty-four school districts and 25 charter schools are participating in the Q Comp program. These districts and charter schools serve more than 255,000 students. An additional 10 school districts have recently submitted applications to implement the program for the 2009-10 school year;
- Expanding Get Ready, Get Credit, which resulted in an ongoing and substantial increase in Advanced Placement participation and scores. During the 2007-08 school year, there was a 6.5 percent increase in the number of students taking AP tests and a 8.1 percent increase in the number of students scoring a "3" or higher on their exams, which is the cut score used by most colleges to award college credit to new entering students. Additionally, during the 2007-08 school there was a 23 percent increase in the number International Baccalaureate (IB) exams taken by Minnesota students;
- Developing 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, a “Report to Taxpayers” regarding the school’s and district’s revenues and expenditures, and a new school growth model finalized in December 2008. The report cards are easily accessible on the Department’s website at www.education.state.mn.us;
- Implementing a new initiative to work with Minnesota’s Regional Service Cooperatives to provide local support for Minnesota schools and districts in their efforts to meet federal Adequate Yearly Progress (AYP) and No Child Left Behind (NCLB) requirements;
- Developing a statewide initiative to formulate an articulated Mandarin Chinese curriculum. The initiative will ensure that our students are prepared to enter a competitive global economy;
- Starting a teacher recruitment web site, which assists school districts and charter schools with hiring teachers in all subject areas and recruiting teachers to fill hard-to-fill subject areas such as math, science, special education, and world languages;
- Partnering on the implementation of the Principal Institute as designed by the National Institute for School Leadership (NISL) so that our school principals have the training and tools to be effective leaders; and
- Implementing a new online learning program that provides more choice options to parents.

While Minnesota has a proud tradition of leading the nation in education excellence, much more needs to be done to take our students from nation-leading to world-competing.

That is why the Pawlenty Administration will set a course of action to create a system of education for the 21st Century, which prepares Minnesota students to compete with students from anywhere around the world.

In order to address needs and push for greater accountability and innovation, Governor Pawlenty is proposing:

- **Q Comp Expansion:** The nation-leading Q Comp program will increase the per pupil funding from \$260 to \$300 per pupil and the program will be expanded to all school districts and charter schools in the state.
- **The Teaching Transformation Act:** This includes reforms to improve higher education teacher preparation programs by establishing minimum entrance requirements and increasing the rigor of the teacher certification process. This Act also creates alternative pathways to teacher licensure through the State of Minnesota Mid-Career Alternative Route to Teaching (SMART) and creates incentives and training to recruit teachers into shortage areas such as math and science.
- **21st Century Assessment System:** To advance the statewide assessment system to its next generation, all assessments in grade 3 through grade 8 will be migrated to adaptive and computer administration. In addition, end-of-course exams will be developed and implemented for high school.
- **Pay for Performance Plan:** A school district and charter school pay for performance plan will be implemented based upon school districts demonstrating student growth under the Minnesota Department of Education growth model.
- **Advanced Placement and International Baccalaureate:** Base funding will be targeted to continue the growth in AP/IB participation in our state.
- **Innovative School Leaders:** The National Institute for School Leadership program will be expanded and school leaders will be provided more training to be instructional leaders in their schools. Leaders will also have more authority to make personnel decisions about their schools.
- **Minnesota Virtual Education Program (MVEP):** MVEP will be created to provide access to online coursework throughout the state. This will support the requirement that beginning in 2013, every student participate in an online learning experience as part of their graduation requirements.
- **Summer of Success:** This aggressive intervention pilot program for 8th graders who are not yet proficient on the MCA-IIs in mathematics or reading will be provided through an intensive program targeted to students in the summer between 8th and 9th grades.

In conclusion, Governor Pawlenty's education agenda and budget presented to the 2009 Legislature and the people of Minnesota is one that places priority on expanding resources for schools, while making reforms to create 21st Century high schools, increasing rigor and accountability, developing more effective teachers and closing the achievement gap. All of these things will be essential to taking Minnesota students from nation-leading to world-competing.

I look forward to working with the legislature, education organizations and the public as we work toward our common goal: improving student achievement for every Minnesota student.

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

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.

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

The Office of Teaching and Learning is responsible for academic standards development, high school improvement activities, early childhood education and development activities, library development, the Minnesota Braille and Talking Book Library located in Faribault, and licensing of school administrators and teachers.

The Office of Accountability and Improvement is responsible for statewide testing programs, administration of federal education programs (Elementary and Secondary Education Act), and research and evaluation of educational programs.

The Office of School Choice and Support Services is responsible for school choice programs, charter school activities, supplemental services, Indian education programs, food and nutrition services, adult basic education and general educational development (GED) programs, and special education services.

At A Glance

MDE Customers (FY 2008)

- ◆ 825,603 pre-kindergarten through grade 12 students and their parents/guardians
- ◆ 137,402 licensed teachers
- ◆ approximately 2,003 public schools
- ◆ 340 school districts and 143 charter schools
- ◆ Over 74,000 adult learners
- ◆ Over 136,000 children participated in early learning programs.

Annual K-12 School Funding (FY 2008)

- ◆ State - \$6.9 billion or 73.4% of total funding
- ◆ Local - \$1.9 billion or 20.2% of total funding
- ◆ Federal - \$0.6 billion or 6.4% of total funding

School Finance and Program Accountability and Improvement is responsible for distribution of formula and competitive grant and aid programs, fiscal and grant compliance monitoring, calculating state aid and distributing aid payments to school districts and charter schools, calculating school district property tax levy limitations, managing and administering competitive and application grant programs.

Administration activities are provided in the areas of leadership and policy direction for the agency, information technology services to all agency programs, and agency fiscal (MAPS budget and spending plan) and human resource direction.

These offices and activities provide the following services to the preK-12 education community.

- ◆ Academic Standards
- ◆ Adult and Career Education
- ◆ Career and Technical Education
- ◆ Charter Schools
- ◆ Compliance and Assistance for Special Education Students
- ◆ Consolidated Federal Programs
- ◆ Early Learning Services
- ◆ Educator Licensing and Teacher Quality
- ◆ English Language Learners/Limited English Proficiency (LEP)
- ◆ Food and Nutrition Services
- ◆ High School Improvement
- ◆ Indian Education
- ◆ Library Development and Services
- ◆ Minnesota Braille and Talking Book Library
- ◆ Research and Assessment
- ◆ Safe and Healthy Learners
- ◆ School Choice
- ◆ School Finance
- ◆ School Improvement
- ◆ School Technology
- ◆ Special Education

Budget

MDE will administer over \$7 billion in state and federal funding for preK-12 and adult and career education funding. In addition, MDE will calculate in excess of \$1.9 billion of annual property tax levy limitations.

Contact

Agency Contact: (651)582-8200
Department of Education Website: <http://education.state.mn.us>

Minnesota Department of Education
1500 Highway 36 West
Roseville, Minnesota 55113-4266

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

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	6,812,223	6,971,008	6,971,008	6,971,008	13,942,016
Recommended	6,812,223	6,941,007	5,696,371	7,035,227	12,731,598
Change		(30,001)	(1,274,637)	64,219	(1,210,418)
% Biennial Change from 2008-09					-7.4%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	6,804,517	6,947,154	5,696,378	7,035,234	12,731,612
Miscellaneous Special Revenue	0	32	35	35	70
Statutory Appropriations					
Miscellaneous Special Revenue	11,336	13,239	11,747	11,855	23,602
Endowment School	27,847	28,222	29,845	31,467	61,312
Federal	622,867	681,840	699,612	727,293	1,426,905
Miscellaneous Agency	576	2,023	1,429	1,429	2,858
Gift	192	76	43	43	86
Total	7,467,335	7,672,586	6,439,089	7,807,356	14,246,445
<u>Expenditures by Category</u>					
Total Compensation	34,345	38,131	39,679	40,656	80,335
Other Operating Expenses	46,663	56,586	56,881	56,762	113,643
Payments To Individuals	781	2,121	735	735	1,470
Local Assistance	7,385,139	7,575,476	6,341,529	7,708,938	14,050,467
Other Financial Transactions	407	272	265	265	530
Total	7,467,335	7,672,586	6,439,089	7,807,356	14,246,445
<u>Expenditures by Program</u>					
Agency Operating	64,256	79,903	77,355	76,816	154,171
General Education	5,618,862	5,676,579	4,590,794	5,767,069	10,357,863
Other General Education	40,376	41,715	38,367	43,107	81,474
Ed Ex Choice Programs	118,211	128,576	117,252	134,512	251,764
Ed Ex Indian Programs	4,244	4,241	3,945	4,522	8,467
Ed Ex Innovation & Accountabil	25,201	25,559	31,626	35,580	67,206
Ed Ex Spec Studnt & Teacher	189,987	205,587	205,674	208,325	413,999
Special Education	962,899	1,012,782	952,540	1,078,374	2,030,914
Facilities & Technology	47,615	44,037	33,258	35,583	68,841
Nutrition Programs	215,008	238,580	257,858	281,801	539,659
Libraries	14,250	18,405	17,113	18,830	35,943
Early Childhood & Family Supp	66,200	76,371	66,622	70,026	136,648
Community Education	2,078	1,577	1,238	1,237	2,475
Self Sufficient & Lifelong Lrn	45,290	49,360	45,447	51,574	97,021
Discontinued Programs	52,858	69,314	0	0	0
Total	7,467,335	7,672,586	6,439,089	7,807,356	14,246,445
Full-Time Equivalent (FTE)	424.9	444.9	445.7	441.6	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: GENERAL				
FY 2009 Appropriations	6,971,008	6,971,008	6,971,008	13,942,016
Technical Adjustments				
Current Law Base Change		(5,061)	(5,061)	(10,122)
End-of-session Estimate		11,471	87,383	98,854
November Forecast Adjustment	(30,001)	(16,341)	(5,276)	(21,617)
One-time Appropriations		(64,054)	(64,212)	(128,266)
Program/agency Sunset		(7,750)	(7,750)	(15,500)
Pt Contract Base Reduction		(68)	(68)	(136)
Subtotal - Forecast Base	6,941,007	6,889,205	6,976,024	13,865,229
Change Items				
Q Comp Expansion	0	0	41,452	41,452
College of Education Reforms	0	40	45	85
U Teach	0	500	500	1,000
SMART	0	500	500	1,000
Assessment Policy and Schedule Revision	0	3,318	4,218	7,536
Pay for Performance Plan	0	40,460	50,658	91,118
Direct Concurrent Enrollment Base to AP/IB	0	0	0	0
Principals' Leadership Institute	0	400	400	800
Rulemaking Principal Licensure Standards	0	125	0	125
MVEP	0	1,000	1,000	2,000
Summer of Success	0	3,204	6,258	9,462
Math & Science Teacher Academies	0	1,500	1,500	3,000
Repeal Contract Penalty	0	400	100	500
Modify Extended Time Revenue	0	(5)	(5)	(10)
Cap Integration Revenue at FY 2009 Level	0	(3,491)	(4,411)	(7,092)
Convert Perpich to Charter School	0	0	2,036	2,036
Agency Operating Reduction	0	(410)	(410)	(820)
Aid Payments Shift	0	(676,451)	(9,624)	(686,075)
Property Tax Shift	0	(570,200)	(35,000)	(605,200)
SOD Advance Payment	0	6,276	(14)	6,262
Total Governor's Recommendations	6,941,007	5,696,371	7,035,227	12,731,598
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	13,239	11,747	11,855	23,602
Total Governor's Recommendations	13,239	11,747	11,855	23,602
Fund: ENDOWMENT SCHOOL				
Planned Statutory Spending	28,222	29,845	31,467	61,312
Total Governor's Recommendations	28,222	29,845	31,467	61,312
Fund: FEDERAL				
Planned Statutory Spending	681,840	699,612	727,293	1,426,905
Total Governor's Recommendations	681,840	699,612	727,293	1,426,905
Fund: MISCELLANEOUS AGENCY				
Planned Statutory Spending	2,023	1,429	1,429	2,858
Total Governor's Recommendations	2,023	1,429	1,429	2,858
Fund: GIFT				
Planned Statutory Spending	76	43	43	86
Total Governor's Recommendations	76	43	43	86

DEPT OF EDUCATION

Change Item: Q Comp Expansion

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	0	41,452	53,245	55,433
Revenues	0	0	0	0
Other Fund				
Expenditures	0			
Revenues	0	0	0	0
Net Fiscal Impact	0	41,452	53,245	55,433

Recommendation

The Governor recommends \$41.452 million in FY 2011, \$53.245 million in FY 2012, and \$55.433 million in FY 2013 to implement Q Comp statewide. This proposal would increase the current Q Comp allowance from \$260 per pupil to \$300 per pupil for FY 2011 and require all school districts and charter schools to participate in the program. For FY 2012 and later, this proposal would link the Q Comp allowance to the general education formula allowance, so that the Q Comp allowance would increase at the same rate as the formula allowance. The levy impact of this proposal is \$15.296 million in FY 2011, \$18.542 million in FY 2012, and \$19.558 million in FY 2013.

Background

Minnesota's nation-leading Q Comp program is designed to advance the teaching profession by providing structured professional development and evaluation, as well as an alternative pay schedule that compensates teachers based on performance, not just seniority. The program brings together career advancement, professional development and compensation linked to academic achievement. It includes a locally agreed-upon peer evaluation process for every teacher that is based on skills, responsibilities and student academic growth.

The Q Comp program gives school districts the flexibility to meet local needs within a comprehensive model of improved teaching and learning. A total of 44 school districts and 25 charter schools from across the state are participating in Q Comp.

Under current law, school districts, charter schools, the Perpich Center for Arts Education, and multi-district integration collaboratives with an approved alternative teacher professional pay system are eligible to receive up to \$260 per pupil enrolled at participating sites for implementation of the alternative teacher professional pay system. Participating school districts currently receive basic state aid of \$190 per pupil and are authorized to make an equalized levy of up to \$70 per pupil. Under current law, participating school districts will receive basic state aid of \$169 per pupil and are authorized to make an equalized levy of up to \$91 per pupil beginning in FY 2010. Beginning in FY 2011, the basic state aid will be \$195 per pupil and the equalized levy will be \$105 per pupil. Other participating units receive an amount equal to the average per pupil Q Comp revenue of participating school districts, all in the form of state aid.

This initiative will require all districts to implement Q Comp by FY 2011. Districts that have not implemented an approved Q Comp program would not receive Q Comp revenue.

Relationship to Base Budget

This proposal increases the base budget by \$41.452 million in FY 2011. The expenditures in this proposal are based on the Governor's recommended aid payment percentage of 80% in the current year and 20% in the final year.

Key Goals and Measures

This initiative supports the key department goals of increasing teacher quality, improving student achievement, and preparing all students to compete in a global economy.

Statutory Change: 126C.10, 122A.413, 122A.415.

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$40	\$45	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0		
Revenues	0	0	0	0
Net Fiscal Impact	\$40	\$45	\$0	\$0

Recommendation

The Governor recommends \$40,000 in FY 2010 and \$45,000 in FY 2011 to improve higher education teacher preparation programs at Minnesota colleges and universities. Improvements will include: 1) the establishment of minimum entrance requirements for students prior to admission into teacher preparation programs; 2) strengthening the teacher certification process by raising the cut scores on certification tests; and 3) revisions to the Standards of Effective Practice to provide greater emphasis on technology skills, content and teaching strategies.

Background

Research has indicated that besides the parent, the effectiveness of the teacher is the leading indicator of student success. Currently a rigorous entrance requirement is not established for individuals to enter a Minnesota teacher preparation program. Given that the Pre-Professional Skills Test (PPST) is a basic skills examination designed to demonstrate college readiness, the Governor is proposing passage of this examination as an entrance requirement into a Minnesota teacher preparation program.

Minnesota has participated in research studies designed to determine how Minnesota’s education system measures against those of leading countries. It has been noted that Minnesota lacks a requirement for core content, that is, that teachers hold the equivalence of an academic major in the field in which they are teaching. This proposal will revise the teacher licensure exams to ensure that a candidate can demonstrate the equivalence of an academic major in the content area in which they are applying for licensure.

Increased attention is needed to ensure teachers are able to deliver instruction utilizing strategies and resources designed for the 21st Century. Currently, students are often training their teachers on the use of technology. The Standards of Effective Practice will be revised to include a greater emphasis on the use of technology as well as focus on incorporating core content areas into curriculum so that student’s understanding of real world application is increased. In addition, teachers must have effective pedagogical training to meet the instructional needs of all students they may be encountering in the classroom. Teacher licensure tests for pedagogy will be revised to include new content in this area.

Funds for this initiative will be used to support Board of Teaching rule revisions and updates to the Standards of Effective Practice.

Relationship to Base Budget

This is a one-time appropriation.

Key Goals and Measures

- ◆ Establishment of rigorous teacher of education entrance requirements.
- ◆ Increased student achievement.

Statutory Change: M.S. 122A09 and 122A.18.

DEPT OF EDUCATION

Change Item: U Teach

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	500	500	0	0
Revenues	0	0	0	0
Other Fund				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact	500	500	0	0

Recommendation

The Governor recommends \$500,000 in FY 2010 and \$500,000 in FY 2011 to establish U Teach pilot programs at Minnesota colleges and universities. The programs would recruit current students in university math and science departments who have demonstrated an interest in teaching to take up to six teacher education courses at no cost to the student. Grants will be awarded to colleges and universities on a competitive basis.

Background

In the 2007 Teacher Supply and Demand report, districts reported perceived teacher shortages in several areas including life science, physics, chemistry, mathematics, and earth and space science. This initiative, modeled after the U Teach program at the University of Texas-Austin, would increase the number of students entering the teaching field in math and science content areas. Approximately 75% of U Teach students who enter the teaching profession remain in the classroom after five years.

This initiative will establish a competitive grant process open to the University of Minnesota, Minnesota State Colleges and University Institutions, and Minnesota private colleges to establish U Teach programs. The programs must be designed to encourage the recruitment of current students enrolled in math and science departments into teacher preparations programs. The grants funds awarded must be used to defray the cost of tuition of up to six teacher education courses per student.

Relationship to Base Budget

This is a new program.

Key Goals and Measures

- ⇒ Number of new teachers licensed in mathematics and science content areas.
- ⇒ Teacher retention in mathematics and science content areas.

Statutory Change: Not applicable.

DEPT OF EDUCATION

Change Item: SMART

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	500	500	500	500
Revenues	0	0	0	0
Other Fund				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact	500	500	500	500

Recommendation

The Governor recommends \$500,000 in FY 2010 and beyond for the State of Minnesota Mid-Career Alternative Route to Teaching (SMART) program. This would establish an alternative route to teacher licensure for qualified professionals.

Background

This initiative allows the Minnesota Board of Teaching to approve one-year teacher training programs developed for qualified professionals. Program providers, approved by the Board of Teaching could offer a program in the instructional fields of science, mathematics, world languages, English as a second language, and special education. To participate in a teacher training program, an individual would be required to have a bachelor's degree and have an undergraduate major or post-baccalaureate degree in the subject to be taught or in an equivalent or related subject area. Qualified candidates would become employed as a classroom teacher, go through a summer training program, receive training throughout the school year and complete a summer program following the school year resulting in a Minnesota Teaching License and graduate credits.

The Minnesota Department of Education, along with representatives of superintendents, principals, and teachers, would be required to participate on an advisory board to assist the Board of Teaching in developing the criteria used to approve programs under this program. Minnesota schools would be asked to hire the program participants with a limited license, with the understanding that the district would need to assemble an evaluation team and a mentor for the new teacher.

Funds for this program would be distributed via a request for proposal process to institutions of higher education to develop teacher training programs.

Relationship to Base Budget

This is a new program.

Key Goals and Measures

- ⇒ Number of teachers that obtain licensure through the SMART program.
- ⇒ Number of teachers licensed in shortage disciplines.

Statutory Change: 122A.246

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$3,318	\$4,218	\$4,082	\$892
Revenues	0	0	0	0
Other Fund				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact	\$3,318	\$4,218	\$4,082	\$892

Recommendation

The Governor recommends \$3.318 million in FY 2010, \$4.218 million in FY 2011, \$4.082 million in FY 2012, and \$892,000 in FY 2013 to advance the statewide assessment system to its next generation. This would include the development of a process for students required to pass the Graduation Required Assessment for Diploma (GRAD), migrating all assessments grade 3 through grade 8 to adaptive and computer administration and the development and implementation of end-of-course exams for high school that eventually will serve as a component of a student-stakes graduation requirement in place of the GRAD.

Background

Under the current statewide testing law, students are required to take comprehensive assessments correlated with the Graduation Rule’s High Standards in grades 3 – 8. At the high school level, students are tested in grade 9 (writing) grade 10 (reading), and grade 11 (mathematics). Students who entered grade 8 in 2005 or later must pass the Minnesota Comprehensive Assessments, Series II (MCA-II) or GRAD in reading or mathematics to satisfy their state level graduation assessment. The 2008 test results for mathematics, MCA-II, Mathematics Test for English Language Learners (MTELL), and Minnesota Test of Academic Skills (MTAS), showed that only 33% of 11th graders were considered proficient in mathematics while more than 70% of 11th graders were proficient in reading. Testing mathematics in 11th grade allows limited time for remediation for the students who need it prior to taking a graduation test.

Beginning in the spring of 2011, students will be tested on the new academic standards. In order to ensure students are college and work ready upon graduation, the state will move to end-of-course testing to support this goal. For the cohort of students currently required to pass the GRAD prior to the 2013-14 school year, an alternate pathway would be available for those students unable to pass the graduation test.

This initiative would make the following changes to the statewide assessment program:

- ◆ Clarifies the purposes of assessment program.
- ◆ Identifies “alignment of standard to assessment schedule” in statute.
- ◆ Eliminates the option to exempt students with disabilities or English language learners from testing, which is inconsistent with federal law.
- ◆ Clarifies science testing grade spans as allowed by the U.S. Department of Education.
- ◆ Allows for end-of-course tests to be developed for high school assessments.
- ◆ Provides for the migration to adaptive and computer administration for all MCA-III tests.
- ◆ Requires that schools selected for field testing or national sampling must participate, if selected.
- ◆ Requires schools, districts, or charter schools to place a student’s assessment score for the comprehensive assessments and the GRAD on the student’s report card.

An increase in funding is necessary to design and prepare a new, more responsive assessment while maintaining the administration of the current one until the next generation of assessments is launched according to the revision schedule in statute. Implications of not revising the assessment system means that enhanced student performance data would not be available to teachers at grades 3 – 8. Scores of grades 3 – 8 and high school exams would be available immediately in the school year with computer administration.

Efficiencies are quickly achieved after the start-up costs are funded as paper production and delivery of assessments are also a high-cost item in the assessment system.

School districts may choose to use these more informative statewide assessments and recover dollars in their own budgets by eliminating locally administered assessments if the state assessment system proves more responsive.

Funding would support the following activities necessary to design and field test the next generation of assessments while continuing to maintain the current system until implemented.

FY 2010:

- ◆ Additional multiple-choice item development required to align to new mathematics content standards of 2007.
- ◆ Additional interactive (Flash-based) math item development that uses computer technology for measurement of higher order thinking skills as required under No Child Left Behind (NCLB).
- ◆ Intensive development of additional math test items to allow for adaptive, on-grade level assessments in grades 3 – 8. More items are necessary to create an adaptive, more precise assessment tool.
- ◆ Additional multiple-choice item development required to align to new science content standards of 2008.
- ◆ Additional interactive (Flash-based) science item development that uses computer technology for more robust measures of student skills.
- ◆ Intensive development of additional science test items to allow for adaptive, on-grade level assessments in grades 5 and 8. More items are necessary to create an adaptive, more precise assessment tool.
- ◆ Field testing of new test items in a computer-delivered format for mathematics in grades 3 – 8. This must be an additional, stand-alone field test activity because the current administration is a paper administration.
- ◆ Field testing of new assessments in an end-of-course model for high school mathematics. This must be an additional, stand-alone field test activity because the current administration is a paper, comprehensive exam.

FY 2011:

- ◆ Additional multiple-choice item development required to align to new science content standards of 2008.
- ◆ Intensive development of additional science test items to allow for adaptive, on-grade level assessments in grades 5 and 8. More items are necessary to create an adaptive, more precise assessment tool.
- ◆ Operational grades 3 – 8 adaptive, computer-delivered assessments in mathematics.
- ◆ Operational grades 5 and 8 adaptive, computer-delivered assessments in science (administration within current budget).
- ◆ Field testing of new assessments in an end-of-course model for high school mathematics. This must be an additional, stand-alone field test activity because the current administration is a paper, comprehensive exam.
- ◆ Field testing of new assessments in an end-of-course model for high school science. This must be an additional, stand-alone field test activity because the current administration is a single biology exam. Chemistry and physics are the additional exams that would be implemented.
- ◆ Continued administration of the current math MCA-II and GRAD at the high school level for state and federal accountability (until the student cohort under revised standards arrives in high school courses).
- ◆ Setting of performance expectations for mathematics through a contractor-administered, standardized procedure in the summer of 2011.
- ◆ A single, paper administration of the next generation of math MCAs for the small number of districts unable to administer the computer test in its inaugural year.
- ◆ Comparability study necessary to equate the computer and paper modes of administration.
- ◆ Additional multiple-choice item development required to align to new reading content standards of 2009.
- ◆ Intensive development of additional reading test items to allow for adaptive, on-grade level assessments in grades 3 – 8. More items are necessary to create an adaptive, more precise assessment tool.

FY 2012:

- ◆ Additional multiple-choice item development required to align to new reading content standards of 2009.
- ◆ Intensive development of additional reading test items to allow for adaptive, on-grade level assessments in grades 3 – 8. More items are necessary to create an adaptive, more precise assessment tool.
- ◆ Additional interactive (Flash-based) math item development that uses computer technology for measurement of higher order thinking skills as required under NCLB.
- ◆ Operational grades 3 – 8 adaptive, computer-delivered assessments in mathematics (MCA-III).
- ◆ Pilot administrations of end-of-course exams in high school mathematics.
- ◆ Operational grades 5 and 8 adaptive, computer-delivered assessments in science (administration within current budget).
- ◆ Setting of performance expectations for science through a standardized procedure in the summer of 2012.
- ◆ Operational administrations of end-of-course exams in high school science.
- ◆ Continued administration of the current math MCA-II and GRAD at the high school level for state and federal accountability (until the student cohort under revised standards arrives in high school courses).

FY 2013:

- ◆ Operational assessments for all subjects (grades 3 – 8) in math, reading, and science.
- ◆ Operational administrations of end-of-course exams in high school mathematics.
- ◆ Operational administrations of end-of-course exams in high school science.
- ◆ Operational grades 5 and 8 adaptive, computer-delivered assessments in science (administration within current budget).
- ◆ Setting of performance expectations for reading through a standardized procedure in the summer of 2013.
- ◆ A single, paper administration of the next generation of reading MCAs for the small number of districts unable to administer the computer test in its inaugural year.
- ◆ Comparability study necessary to equate the computer and paper modes of administration.

Relationship to Base Budget

This initiative would increase the base budget for statewide testing by \$3.318 million in FY 2010 and \$4.218 in FY 2011. The base budget for statewide testing is \$15.150 million in FY 2010 and \$15.150 million in FY 2011.

Key Goals and Measures

This initiative addresses the Department of Education goals of improving student achievement and preparing students to compete in a global economy. This proposal is also aligned with the following Minnesota Milestones: 1) Minnesotans will excel in basic and challenging skills and knowledge; and 2) Minnesota's workforce will have the education and training to make the state a leader in the global economy. The key measures are:

- ◆ Minnesota teachers will have access to student-level assessment data more quickly.
- ◆ Students who need it will have additional time for remediation in mathematics.
- ◆ Minnesota tests will continue to be aligned with the rigorous standards adopted by the state.
- ◆ Assessments will provide more accurate measures with increased validity.
- ◆ Students will graduate from high school college- and career-ready.

Statutory Change: M.S. 120B.30

DEPT OF EDUCATION

Change Item: Pay for Performance Plan

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	40,460	50,658	50,898	51,331
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	40,460	50,658	50,898	51,331

Recommendation

The Governor recommends \$40.460 million in FY 2010, \$50.658 million in FY 2011, \$50.898 million in FY 2012, and \$51.331 million in FY 2013 to implement a school district and charter school pay for performance plan based upon students achieving medium and high growth under the Minnesota Department of Education (MDE) growth model.

Background

MDE has developed a robust growth model, which is a tool designed to help parents and educators to track students' progress toward academic proficiency in math and reading. Growth models are tools that are nationally recognized in measuring how students are progressing from year to year.

The MDE growth model looks at how students performed at the end of one school year and how they progressed in the next school year toward, or away from, proficiency. School and district level growth models are located on the MDE school report cards, which can be found at: <http://education.state.mn.us/ReportCard2005/index.do>.

The Pay for School District and Charter School Performance Plan uses a robust student growth model to determine if a district or charter school is eligible to receive funding. The model uses the Minnesota Comprehensive Assessments (MCA), Series II in order to determine performance. School districts and charter schools administer the MCA-II assessments in grades 3-8 in reading and math, and in high school for grade 10 in reading and grade 11 in math. For FY 2010 payouts, results from the MCA-II given in spring 2008 will be used in combination with the growth attained during the 2008-09 school year. For FY 2011 payouts, results from the MCA-II given in spring 2009 will be used in combination with the growth attained during the 2009-10 school year. All payouts will begin July 15 of each fiscal year and will be metered out in regular scheduled payments throughout the fiscal year.

School districts and charter schools must reach measurable results, either by demonstrating medium growth or high growth, in order to receive general education funding increases.

School districts will receive additional general education revenue equal to the sum of 1% of the formula allowance times the percent of tested students achieving medium growth plus 2% of the formula allowance times the percent of tested students achieving high growth.

Relationship to Base Budget

This is a new program. The expenditures in this proposal are based on the Governor's recommended aid payment percentage of 80% in the current year and 20% in the final year.

Key Goals and Measures

This initiative supports the key department goals of improving student achievement. Key measure:

⇒ Increases in student achievement in reading and mathematics.

Statutory Change: M.S. 126C.10, M.S. 125A.11 and M.S. 125A.79.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Change Item: Direct Concurrent / AP/IB Base Budget to AP/IB

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
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 directing the existing base budget of \$2 million per year to Advanced Placement (AP)/International Baccalaureate (IB) programs.

Background

The legislature provided funding during the 2007 session of \$6.5 million in FY 2008 and \$6.5 million in FY 2009 for concurrent enrollment, preadvanced placement, advanced placement, and international baccalaureate. Of the \$6.5 million, \$2.5 million each year was designated for concurrent enrollment. The language specified an ongoing base of \$2 million per year, but did not clarify whether the base is for concurrent enrollment or AP and IB programs.

This proposal would target the existing base funding of \$2 million per year for additional grants through the raised academic achievement, advanced placement and international baccalaureate programs only.

These programs provide rigorous academic opportunities for elementary, middle, and high school students. High school students who enroll in these programs are better prepared for college and have the opportunity to earn college credit or advanced standing. The Minnesota College and State Universities are required to offer college credit if students obtain a three or higher on an AP exam and a four or higher on the IB exam. Minnesota's private colleges and the University of Minnesota have credit awarding policies for AP and IB course credits for exams taken by students.

These programs provide increased academic rigor, accountability, comprehensive assessment, feedback to students and teachers, and the opportunity for high school students to complete academically on a global level.

Relationship to Base Budget

This proposal would direct the existing base of \$2 million per year to AP/IB programs.

Key Goals and Measures

This initiative supports the key goals of improving student achievement and preparing students to compete in a global economy by promoting rigorous education for all students and promoting dual credit opportunities for all students. The key measures of the program are:

- ⇒ Number of AP and IB students testing and the number of exams taken will increase each year.
- ⇒ Number of schools offering these programs will increase.
- ⇒ Number of students earning college credit through AP and IB will increase.
- ⇒ Number of minority and low-income students participating in these programs and taking exams will increase each year.

Statutory Change: Not applicable.

DEPT OF EDUCATION

Change Item: Principals' Leadership Institute

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	400	400	400	400
Revenues	0	0	0	0
Other Fund				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact	400	400	400	400

Recommendation

The Governor recommends \$400,000 in FY 2010 and beyond for the Principals' Leadership Institute.

Background

Research, including the seminal publication "A Nation at Risk," emphasizes that school leaders are the key to education reform. It found that school leaders need to be "collaborative" and "visionary leaders," while also developing expertise in school improvement, managing data and curriculum and understanding instruction. In order to be effective as school leaders, principals and charter school directors, need to have executive level professional development opportunities.

This initiative would provide funding to the Principals' Leadership Institute through the National Institute for School Leadership (NISL), to expand the program over time to all existing and new principals and charter school directors. The Principals' Leadership Institute provides executive level professional development opportunities and leadership frameworks for school principals. The 2008 legislature made a one-time appropriation of \$275,000 for this program.

Relationship to Base Budget

This program does not have a base budget.

Key Goals and Measures

This initiative supports the key department goals of improving student achievement and preparing students to compete in a global economy.

Statutory Change: Not applicable.

DEPT OF EDUCATION**Change Item: Rulemaking Principal Licensure Standards**

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	125	0	0	0
Revenues	0	0	0	0
Other Fund				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact	125	0	0	0

Recommendation

The Governor recommends \$125,000 in FY 2010 to allow the Board of School Administrators to establish rules to revise standards for approving principal licensure and administrator programs to include National Institute of School Leadership (NISL) standards.

Background

Recent research has suggested that effective school leaders have an impact on student performance. School leaders play an enormous role in moving education reform forward into the 21st Century. In Minnesota, the need for a more comprehensive program or training for school leaders, along with rapid growth over the past five years, has called for the need to improve administrator standards.

Research that includes publications such as *Nation at Risk* in 1983 and William Ouchi in 2003 have emphasized that school leaders are the key to education reform. Many publications and research have found that school leaders, need to be “collaborative leaders,” “visionary leaders,” “distributive leaders,” while also developing expertise in school improvement, managing data and curriculum, and understanding instruction, among many other roles and duties. Specifically, Ouchi noted seven keys to success for school leaders: 1) every principal is an entrepreneur; 2) every school controls its own budget; 3) everyone is accountable for student performance and its budget; 4) everyone delegates authority to those below; 5) there is a burning focus on student achievement; 6) every school is a community of learners; and 7) families have real choices among a variety of unique schools (Ouchi, 2003).

This proposal will expand on administrator training and licensure requirements so that they have the necessary tools to be an effective leader.

Relationship to Base Budget

This is a one-time appropriation.

Key Goals and Measures

This initiative supports the department goals of improving student achievement and preparing all students to compete in a global economy.

Statutory Change: Not applicable.

DEPT OF EDUCATION

Change Item: MVEP

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$1,000	\$1,000	\$1,000	\$1,000
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$1,000	\$1,000	\$1,000	\$1,000

Recommendation

The Governor recommends \$1 million in FY 2010, \$1 million in FY 2011, \$1 million in FY 2012, and \$1 million in FY 2013 to create and maintain the Minnesota Virtual Education Program (MVEP). Beginning with the 2009-10 school year, the state would provide online courses that have been reviewed and meet rigorous criteria for inclusion in MVEP including advanced placement (AP) coursework. Once the program is established, every student in Minnesota will be required to experience coursework online.

Background

The MVEP initiative includes the development of an online teaching tool and student courses to be maintained by the Minnesota Department of Education and used by teachers and public school students statewide. In order to meet statewide demand for more online and rigorous courses, the state would provide online courses that have been reviewed and meet rigorous criteria for inclusion in MVEP. For districts that choose to participate, their teachers would deliver instruction, monitor student progress and assign grades and credits according to local and state requirements.

A major feature of MVEP would be establishing an online College Board Advance Placement training site. Teachers would attend summer trainings and throughout the school year participate in online AP classes in the disciplines they are teaching. Such a site would extend the reach of AP into rural areas, sustain teachers through the difficult first year of offering an AP course in both urban and rural settings, increase teacher access to content classes, extend the access of rigorous classes currently not available in rural areas, and utilize technology proactively to enhance options. This initiative would also allow inner city schools expanded online access to better serve and mesh with the lives of their disadvantaged students, and to offer AP class options currently not available at the school.

Relationship to Base Budget

This is a new program.

Key Goals and Measures

This initiative supports the key department goals of promoting a minimum level of rigorous education for all students and preparing students to compete in a global economy.

Statutory Change: Not applicable.

Technology Funding Detail*

(dollars in thousands)

Funding Distribution	FY 2010-11 Biennium		FY 2012-13 Biennium		FY 2014-15 Biennium	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Personnel	\$100	\$100	\$100	\$100	\$100	\$100
Supplies						
Hardware						
Software	\$105	\$105	\$105	\$105	\$105	\$105
Facilities						
Services	\$150	\$150	\$150	\$150	\$150	\$150
Training						
Grants						
TOTAL	\$355	\$355	\$355	\$355	\$355	\$355

*This table shows technology related costs only

DEPT OF EDUCATION

Change Item: Summer of Success

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	3,204	6,258	0	0
Revenues	0	0	0	0
Other Fund				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact	3,204	6,258	0	0

Recommendation

The Governor recommends \$3.204 million in FY 2010 and \$6.258 million in FY 2011 for the “Summer of Success” program, an aggressive intervention program for 8th graders who are not yet proficient on the 8th grade Minnesota Comprehensive Assessments, Series II (MCA-II) in mathematics or reading. This initiative will allow for intensive instruction to be provided in an extended day or Saturday program during the 2009-10 school year and a four to eight hours per day six week program during the summer between 8th and 9th grade prior to the 2010-2011 school year.

Background

Nearly one-third of all high school students leave the public school system before graduating (Swanson, 2004), and research clearly indicates that 9th grade is a pivotal year. More students fail 9th grade than any other year (Herlihy, 2007), and a significant number of students retained in 9th grade eventually drop out. It is critical that a safety net be constructed to support these students, to prepare them for success in the critical high school years.

Most students lose about two months of grade level equivalent math skills over their summer break; low income students additionally lose more than two months in reading achievement over the summer (Cooper, et al, 1996). Research has highlighted that more than half of the achievement gap among low socioeconomic status 9th graders can be attributed to summer learning loss (Alexander, et al, 2007). It is clear that Minnesota could dramatically narrow the achievement gap by targeting and effectively addressing the summer learning loss among low-income students. Informed by the CHEER program established at Fayetteville State University, the Summer of Success program will increase academic readiness for high school and nurture the development of habits essential to academic persistence and success.

The Minnesota Department of Education will support and coordinate the development of intensive, intervention pilot programs targeted to students not yet proficient in reading and/or mathematics as measured by the MCA-IIs. The “Summer for Success” program will provide focused, relevant remedial instruction during the summer between 8th and 9th grade. The program will be administered by instructors who are highly trained and qualified in reading and mathematics instruction.

During the 2010-11 biennium this will be administered via a competitive process on a pilot basis to a total of 2,000 students during FY 2010 and 4,000 students in FY 2011 with sites funded in Minneapolis, St. Paul, the suburbs, and greater Minnesota. It is anticipated that 200 classrooms of 20 students per classroom would be established with two highly qualified instructors in each classroom.

Relationship to Base Budget

This is a new program.

Key Goals and Measures

This initiative will support the department’s goals of school success and preparation for college and the world of work by providing students the content knowledge in reading and mathematics necessary for success in high school and beyond. The key measures for this program are:

- ◆ Increased percentage of students proficient in mathematics and reading.
- ◆ Increased percentage of minority students proficient in mathematics and reading.

Statutory Change: Not applicable.

DEPT OF EDUCATION**Change Item: Math & Science Teacher Academies**

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	1,500	1,500	0	0
Revenues	0	0	0	0
Other Fund				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact	1,500	1,500	0	0

Recommendation

The Governor recommends \$1.5 million in FY 2010 and FY 2011 to sustain and expand the work of the regional Math and Science Teacher Academy, comprised of nine regional teacher centers. The academies, will provide technical assistance to schools and districts and professional development to teachers in order to ensure the successful implementation of the new Minnesota Academic Standards in mathematics and science.

Background

The Math and Science Teacher Academy, comprised of nine regional teacher centers throughout the state of Minnesota, located in Thief River Falls, Mountain Iron, Fergus Falls, Staples, Marshall, St. Cloud, Mankato, Rochester, and the Metro area, are expected to use quality professional development and technical assistance to assist teachers in:

- ◆ learning about effective research based pedagogical and content knowledge approaches to implement Minnesota's content standards;
- ◆ mastering the use of multiple instructional approaches to differentiate instruction as well as engage students; and
- ◆ improving skills to diagnose student learning needs using assessment of student performance.

The Math and Science Teacher Academies will focus on mathematics and science professional development. Each year, the professional development will have a specific mathematics and/or science content focus. This initiative will sustain and expand on the work of the nine regional centers. The regional centers will complete the following work in each fiscal year.

Fiscal Year 2009:

- ◆ All nine regional teacher centers will design, refine, and implement a grades 6-8 Algebra Connected to Number module.
- ◆ In addition, each regional teacher center will design and refine an additional K-12 mathematics module that will be implemented in Fiscal Year 2010 and shared with all of the other regional centers. The modules will include a K-2 Algebra Connected to Number module, a 3-5 Algebra Connected to Number module, a 9-12 Algebra Connected to Number, a 9-12 Data Analysis and Probability module, a K-5 Mathematical Reasoning and Proof Module, a 6-8 Mathematical Reasoning and Proof module, a 9-12 Mathematical Reasoning and Proof module, an Elementary School Mathematics Through Science, Technology and Engineering (STEM) module, a Middle School Mathematics Through Science, Technology and Engineering module (STEM), a High School Mathematics Through Science, Technology, and Engineering module, and an Accelerating Students to Grade Level in Grades 3-8 Mathematics module.

Fiscal Year 2010:

- ◆ All regional teacher centers will continue to sustain their Algebra Connected to Number Module by refining and implementing the module with additional teachers from new districts in their region.
- ◆ The regional teacher centers will also refine and implement the new mathematics module they designed in FY 2009 with participating districts.
- ◆ The regional teacher centers will design and refine a science module, with a strong emphasis on K-12 engineering and technology design, that aligns with the new revised state science standards.

Fiscal Year 2011:

- ◆ All regional teacher centers will continue to sustain quality professional development for teachers supporting regional needs by refining and implementing the grades 6-8 Algebra Connected to Number module with new districts in their region, and/or refining and implementing one of the required additional mathematics modules developed by the regional teacher centers based on the region's needs.
- ◆ The regional teacher centers will refine and implement the science module aligned to revised state science standards they designed in FY 2010.
- ◆ The regional teacher center will design and refine an additional science module that is aligned to the revised science standards.

Relationship to Base Budget

This program does not have a base budget. One-time funding of \$1.5 million each year was appropriated for FY 2008-09. This requests additional funding to support training on the new academic standards in mathematics and science.

Key Goals and Measures

This initiative supports the key department goals of enhancing teacher quality and improving student achievement. The key measures are:

- ⇒ Number of schools provided technical assistance by each regional academy
- ⇒ Number of math and science teachers who received professional development from each regional academy.
- ⇒ Student achievement in mathematics and science in participating schools (pre-and post-measures selected by academy provider in consultation with program evaluator).
- ⇒ Other measures recommended by program evaluator.

Statutory Change: M.S. 122A.72

DEPT OF EDUCATION

Change Item: Repeal Contract Penalty

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	400	100	400	100
Revenues	0	0	0	0
Other Fund				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact	400	100	400	100

Recommendation

The Governor recommends the repeal of the state aid penalty for school districts and cooperative units that receive state aid that fail to meet the January 15 deadline for signing a collective bargaining agreement. This proposal has a cost of \$400,000 in FY 2010, \$100,000 in FY 2011, \$400,000 in FY 2012, and \$100,000 in FY 2013.

Background

Under current law, school districts and representatives of the teachers must both sign a collective bargaining agreement on or before January 15 of an even-numbered calendar year. If an agreement is not signed, state aid to the school district or cooperative unit is reduced. The reduction in general education state aid is based on \$25 times the number of adjusted pupil units. Districts may receive exemptions to the state aid reduction if they meet certain criteria.

This proposal would repeal the state aid penalty for school districts and cooperative units that receive state aid that fail to meet the January 15 deadline for signing a collective bargaining agreement.

Relationship to Base Budget

This is an increase to the base budget of \$400,000 in FY 2010 and \$100,000 in FY 2011. The expenditures in this proposal are based on the Governor's recommended aid payment percentage of 80% in the current year and 20% in the final year.

Statutory Change: Repeal 123B.05.

DEPT OF EDUCATIONChange Item: **Modify Extended Time Revenue**

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	(5)	(5)	(5)	(5)
Revenues	0	0	0	0
Other Fund				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact	(5)	(5)	(5)	(5)

Recommendation

The Governor recommends allowing school districts and charter schools to generate extended time revenue only if they provide an extended time program during the current school year. This would eliminate the residual amount of extended time revenue that is generated the year after a program has been discontinued.

Background

Extended time revenue is based on extended time marginal cost pupil units which are calculated as the greater of 1) the current year extended time pupils, or 2) 77% of the current year extended time pupils plus 23% of the prior year extended time pupils. School districts and charter schools identify extended time average daily membership (ADM) based on whether the student participates in a state-approved learning year program such as an area learning center. However, since current law does not address this, a residual amount of extended time revenue can be generated the year after the program has been discontinued.

Extended time revenue began in FY 2004 as a spin off from general education basic revenue, when ADM used for that purpose was limited to 1.0. Since extended time revenue is used for specific extended time programs, it does not make sense for districts to generate extended time revenue if they do not operate an extended time program in the current year. This would make extended time revenue consistent with limited English proficiency (LEP) revenue.

Relationship to Base Budget

This initiative will decrease the base budget for this program by \$5,000 in FY 2010 and \$5,000 in FY 2011. The savings in this proposal are based on the Governor's recommended aid payment percentage of 80% in the current year, and 20% in the final year.

Key Goals and Measures

This initiative supports the key department goal of implementing education finance reform.

Statutory Change: 126C.10.

DEPT OF EDUCATION**Change Item: Cap Integration Revenue at FY 2009 Level**

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(3,491)	\$(4,411)	\$(4,430)	\$(4,453)
Revenues	0	0	0	0
Other Fund				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact	\$(3,491)	\$(4,411)	\$(4,430)	\$(4,453)

Recommendation

The Governor recommends a reduction of \$3.491 million in FY 2010, \$4.411 million in FY 2011, \$4.430 million in FY 2012, and \$4.453 million in FY 2013 to cap integration revenue at the 2009 base level amount. The proposal would also prevent new districts from entering the integration program in FY 2010 and later. The cap on revenue would result in a levy reduction of \$1.870 million in FY 2010, \$1.896 million in FY 2011, \$1.899 million in FY 2012, and \$1.910 million in FY 2013.

Background

Under current law, integration revenue for eligible districts other than Minneapolis, St. Paul, and Duluth (and for increases over the FY 2000 funding level for these three districts) is the lesser of the cost of implementing the district's plan or the statutorily-defined rate times the adjusted pupil units. This proposal would limit integration revenue to the lesser of the district's revenue under the current law formula, or the district's revenue per pupil unit for FY 2009 times the current year's pupil units. In addition, no new districts would be eligible for revenue for FY 2010 and later.

Relationship to Base Budget

This is a reduction to the base budget of \$3.491 million in FY 2010, \$4.411 million in FY 2011. The reduction in this proposal is based on the Governor's recommended aid payment percentage of 80% in the current year and 20% in the final year.

Key Goals and Measures

This program addresses the following Minnesota Department of Education goals: 1) improving student achievement/preparing students to compete in a global economy; 2) closing the achievement gap; and 3) improving teacher quality.

DEPT OF EDUCATION

Change Item: Convert Perpich to Charter School

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$0	\$2,036	\$2,602	\$2,504
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$0	\$2,036	\$2,602	\$2,504

Recommendation

The Governor recommends transitioning the Arts High School at the Perpich Center for Arts Education to charter school status. This initiative results in a \$2 million increase in K-12 aid payments in FY 2010 -11 and a \$4.1 million increase in FY 2012-13. These increases are offset by reductions in the Perpich Center budget. Overall, this proposal nets \$2.2 million in savings in FY 2010-11 and \$9 million in savings in FY 2012-13.

Background

Existing charter school law allows for the creation of schools that specialize in a specific subject matter. These laws did not exist at the time the Perpich Center for Arts Education was formed. Given the ability to create an arts centric charter school, the Governor recommends the state no longer operate the existing Arts High School as a state agency. This proposal also discontinues the arts outreach and professional development components of the Perpich Center for Arts Education.

During FY 2010, the Perpich Center will continue to operate as a state agency, while undergoing preparation for the transition to a charter school, including finding a partner organization to act as a sponsor. If the Perpich Center is unable to find an organization willing to sponsor the new charter school, the Minnesota Department of Education (MDE) will act as the sponsor.

Increases in K-12 aids resulting from this proposal are shown in this change item. Currently students at the Arts High School do not generate general education funding on the K-12 formula. These students will generate state K-12 funding if they attend the newly created charter school or if they return to their home districts. In addition, the newly created charter school will generate charter school lease aid and start up aid. Savings resulting from this proposal are shown in the Perpich Center budget. Total savings and costs are summarized below.

	FY 2011	FY 2012	FY 2013
Current Perpich Base Appropriation	\$(7,087,000)	\$(7,087,000)	\$(7,087,000)
Severance Costs	2,825,000	0	0
General Education Aid	1,682,000	2,160,000	2,166,000
Charter Lease	250,000	312,000	312,000
Charter Start Up	104,000	130,000	26,000
Total Reduction	\$(2,226,000)	\$(4,485,000)	\$(4,583,000)

Relationship to Base Budget

The base budget is unchanged for FY 2010. This initiative will increase the base for general education aid, charter school lease aid and charter school start up aid beginning in FY 2011.

Key Goals and Measures

This change item addresses the following Minnesota Milestone:

- ◆ Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them.

Statutory Change: Repeal M.S. 129C

DEPT OF EDUCATION

Change Item: Agency Operating Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(410)	\$(410)	\$(410)	\$(410)
Revenues	0	0	0	0
Net Fiscal Impact	\$(410)	\$(410)	\$(410)	\$(410)

Recommendation

The Governor recommends a reduction of \$410,000 in FY 2010 and \$410,000 in FY 2011 to the Department of Education's agency operating budget. The Minnesota Department of Education will focus its operating funds on maintaining its highest priority services and maintaining the momentum that has been established to increase teacher quality and college and work ready students. To support the department in its work, the Governor proposes to provide as much flexibility as possible to the agency for the implementation of these reductions. The reductions will result in reduced staffing levels and general agency-wide reductions.

Background

Funding for operational activities of the Minnesota Department of Education (MDE) is provided to staff and support the mission, goals, and objectives of the agency and state and federal laws governing preK-12 education. The mission of the agency is to improve educational achievement by establishing clear standards, measuring performance, assisting educators and increasing opportunities for lifelong learning. This mission is accomplished through the goals of:

- ◆ Improving student achievement for all students;
- ◆ Enhancing teacher quality;
- ◆ Expanding education options for students and families; and
- ◆ Implementing education finance reform and enhancing accountability.

Agency operation funding provides the infrastructure for the department to reach the goals established so that Minnesota students are college and work ready and move from nation-leading to world-competing.

Relationship to Base Budget

This proposal represents a 2% base level reduction to the agency's operating budget.

Key Goals and Measures

The budget submitted by MDE seeks to safeguard core activities and reduce administrative overhead. The agency will manage budget reductions through operating expense reductions. The resulting budget will focus on continuing to operate the department's core functions as effectively and efficiently as possible.

Statutory Change: Not Applicable

DEPT OF EDUCATION

Change Item: Aid Payments Shift

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(676,451)	\$(9,624)	\$(10,823)	\$(12,995)
Revenues	0	0	0	0
Other Fund				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact	\$(676,451)	\$(9,624)	\$(10,823)	\$(12,995)

Recommendation

The Governor recommends that the payment schedule for state aids and property tax credits paid to school districts and charter schools on a 90% current, 10% final adjustment basis be changed to an 80% current, 20% final adjustment basis beginning in FY 2010. This would result in a total reduction of state expenditures of \$683.2 million in FY 2010, \$9.477 million in FY 2011, \$10.712 million in FY 2012, and \$12.892 million in FY 2013. The amounts detailed in the chart above include only the reductions in state aid payments. The property tax credit reductions are reflected in the property tax credit portion of the budget document.

Background

The aid payment percentage refers to the amount of the entitlement that will be paid out in the “current year” and the “final year.” Under current law, for programs that are subject to the aid payment shift, 90% of the entitlement is paid to school districts in the “current year” and 10% is paid out in a final adjustment payment in the “final year.” The final adjustment payment must include the amounts necessary to pay a district’s full aid entitlement for the prior year based on actual data when actual data is available.

This proposal would change the percentage in the “current year” to 80% and the payment in the “final year” to 20%. Because school districts operate on an accrual basis rather than a cash basis, the reduction in cash paid during the school year allows the district to recognize the same level of revenue while allowing the state (operating on a cash basis) to defer the cost to the next fiscal year.

School districts have authority to borrow for a period of up to 13 months against receivable state aid, federal flow-through aid and local tax receipts, and to participate in a state credit enhancement plan that allows districts to qualify for the best interest rates with state guarantee of payment in the event of district default under M.S. 126C.50-56. For FY 2009, approximately 90 districts borrowed in anticipation of state and federal aid. The number of districts choosing to access additional cash by borrowing against taxes receivable is unknown at this time as the process begins in January and February after final certification of school district tax levies.

DEPT OF EDUCATION

Change Item: Aid Payments Shift

Fiscal Impact by Budget Activity (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Education	(566,668)	(3,924)	(5,520)	(7,058)
Abatement Revenue	(114)	13	5	(4)
Consolidation Transition	(34)	(42)	16	15
Nonpublic Pupil	(1,715)	(53)	(88)	(93)
Nonpublic Transportation	(2,124)	(23)	(38)	(40)
Charter School Lease Aid	(4,107)	(448)	(462)	(473)
Charter School Start-Up	(148)	43	(30)	0
Integration Revenue	(6,591)	26	(16)	(41)
Success for the Future	(214)	0	0	0
Tribal Contract Schools	(198)	(18)	(16)	(16)
Special Education Regular	(73,569)	(5,090)	(4,298)	(4,819)
Special Ed-Excess Cost	(8,203)	(3)	(233)	(268)
Home Based Travel	(25)	(2)	(1)	0
Health and Safety	(17)	1	1	2
Debt Service Equalization	(801)	24	3	15
Alternative Facilities	(1,929)	0	0	0
Deferred Maintenance	(224)	46	9	27
Basic Support	(1,357)	0	0	0
MultiCounty Multitype	(130)	0	0	0
Electronic Library	(230)	0	0	0
Early Childhood Family Education	(2,223)	(48)	(44)	(44)
School Readiness	(1,010)	0	0	0
Health and Developmental Screening	(387)	(11)	18	0
Community Education	(57)	14	3	6
Adults with Disabilities	(71)	0	0	0
Adult Basic Education	(4,305)	(129)	(132)	(204)
Total K-12 Aid Payment Delay	(676,451)	(9,624)	(10,823)	(12,995)

Key Goals and Measures

Districts will not experience revenue loss as a result of the payment shift.

Statutory Change: M.S. 127A.45

DEPT OF EDUCATION**Change Item: Property Tax Shift**

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	(570,200)	(35,000)	(57,000)	(62,900)
Revenues	0	0	0	0
Other Fund				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact	(570,200)	(35,000)	(57,000)	(62,900)

Recommendation

The Governor recommends implementation of an early recognition of property tax levies with a corresponding reduction to state aid payments beginning in FY 2010. Implementation of early recognition will result in a reduction in state expenditures of \$570.2 million in FY 2010, \$35.0 million in FY 2011, \$57.0 million in FY 2012, and \$62.9 million in FY 2013.

Background

This early recognition and corresponding aid reduction provides a savings in FY 2010 that will help to balance the state's budget and lessen appropriations reductions in education programs, while maintaining district revenues. Smaller budget savings in future years result from projected growth in district property tax levies.

There is currently an early recognition requirement in place for school districts. In each year, districts recognize specific levies identified in statute at 100% to match district revenue with district expenditures. In addition, districts recognize revenue equal to 31% of the referendum levy certified in 2000. For districts with early recognition amounts greater than cash receipts from property taxes, statute directs early recognition of the amount of general education aid that when added to tax receipts will equal the required early recognition amount. These provisions will remain in place and there will be no aid adjustments associated with the early levy recognition currently in place.

Under this recommendation, districts would recognize revenues equal to 48.6% of local property tax levies not currently subject to early recognition, including operating referendum levies, in the same year the levies are certified. State savings in FY 2010 are realized through reduction of state aid payments to school districts in an amount equal to the sum of 1) the difference between 48.6% of the pay 2010 operating referendum levies and 31% of the Pay 2001 referendum levy, and 2) 48.6% of other general and community service levies adjusted for levies currently recognized early. To lessen the negative effect on district cash flow, aid reduction will begin as late in the fiscal year as possible to coincide with district receipt for spring tax collections.

This recommendation will create cash flow issues for schools as total cash receipts for the first year are reduced. While districts are authorized by M.S. 126C.52 to resolve cash shortfalls through short-term borrowing based on property taxes or state aids receivable, they will incur costs for issuance and interest. Districts may also earn less interest on investments as cash reserves are drawn down.

Relationship to Base Budget

Aid savings resulting from this change equal approximately \$626 per adjusted marginal cost pupil unit.

Statutory Changes: Amend M.S. 123B.75

DEPT OF EDUCATION

Change Item: SOD Advance Payment

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	6,276	(14)	(14)	(7)
Revenues	0	0	0	0
Other Fund				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact	6,276	(14)	(14)	(7)

Recommendation

The Governor recommends \$6.276 million in FY 2010 for advance payments to districts in statutory operating debt as defined under 123B.83. For FY 2011 and later, the cost of the advance final payment is offset by savings from the smaller final payment made to statutory operating debt (SOD) districts for the prior year. The savings is \$14,000 in FY 2011, \$14,000 in FY 2012, and \$7,000 in FY 2013.

Background

A district or charter school exceeding its expenditure limitations under section 123B.83 as of June 30 of the prior fiscal year may receive a portion of its final payment for the current fiscal year on June 20, if requested by the district. Districts or charter schools in SOD may receive up to 10% of the district or charter school's general education aid for the current fiscal year, not to exceed the amount by which the district is in SOD. This initiative would allow SOD districts to continue to receive up to 90% of general education aid in the current year when the aid payment percentage is changed to 80% in the current year and 20% in the final year.

Relationship to Base Budget

This is an increase to the general education base budget of \$8.768 million in FY 2010.

Program Description

Funding for operational activities of the Minnesota Department of Education (MDE) is provided to staff and support the mission, goals, and objectives of MDE and state and federal laws governing preK-12 education. This program exists to fulfill the agency mission: to improve educational achievement by establishing clear standards, measuring performance, assisting educators, and increasing opportunities for life long learning.

Population Served

In FY 2008, this program directly serves 340 school districts, 143 charter schools, approximately 137,000 licensed teachers, and state public policymakers. All residents of the state are directly or indirectly impacted by services provided by this program. Services are provided to all children enrolled in preK-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 provided by MDE. Education services are provided by the following offices.

The Office of Teaching and Learning is responsible for academic standards development, high school improvement activities, early childhood education and development activities, library development, the Minnesota Braille and Talking Book Library located in Faribault, and licensing of school administrators and teachers.

The Office of Accountability and Improvement is responsible for statewide testing programs, administration of federal education programs (Elementary and Secondary Education Act), and research and evaluation of educational programs.

The Office of School Choice and Support Services is responsible for school choice programs, charter school activities, supplemental services, Indian education programs, food and nutrition services, adult basic education and GED programs, and special education services.

School Finance and Program Accountability and Improvement is responsible for distribution of formula and competitive grant and aid programs, fiscal and grant compliance monitoring, calculating state aid and distributing aid payments to school districts and charter schools, calculating school district property tax levy limitations, and managing and administering competitive and application grant programs.

Administration activities are provided in the area of providing leadership and policy direction for the agency, information technology services to all agency programs, agency fiscal (MAPS budget and spending plan), and human resource direction.

These offices and activities provide the following services to the preK-12 education community:

- ◆ Academic Standards
- ◆ Adult and Career Education
- ◆ Career and Technical Education
- ◆ Charter Schools
- ◆ Compliance and Assistance for Special Education Students
- ◆ Consolidated Federal Programs

Program at a Glance

FY 2008 general fund budget was approximately \$35.9 million.

Operating divisions:

- ◆ Office of Teaching and Learning
- ◆ Office of School Improvement and Accountability
- ◆ Office of School Choice and Support Services
- ◆ School Finance and Program Accountability and Improvement
- ◆ Administration

Allocates the \$7.4 billion spent annually in support of the pre-kindergarten through grade 12 education in Minnesota.

- ◆ Early Learning Services
- ◆ Educator Licensing and Teacher Quality
- ◆ English Language Learners/Limited English Proficiency (LEP)
- ◆ Food and Nutrition Services
- ◆ High School Improvement
- ◆ Indian Education
- ◆ Library Development and Services
- ◆ Minnesota Braille and Talking Book Library
- ◆ Research and Assessment
- ◆ Safe and Healthy Learners
- ◆ School Choice
- ◆ School Finance
- ◆ School Improvement
- ◆ School Technology
- ◆ Special Education

Program Funding

This program is funded primarily by state and federal funds. Total operating (excluding all flow through) expenditures for MDE are approximately \$82.389 million. The chart below summarizes the annual spending for operating accounts in FY 2009.

<u>Fund</u>	<u>Amount</u>	<u>%</u>
General	\$35,906,400	43.6
Special Revenue	4,782,300	5.8
Federal	41,303,800	50.1
All Other	<u>396,900</u>	<u>.5</u>
Total	<u>\$82,389,400</u>	<u>100.0%</u>

Contact

Additional information is available at <http://education.state.mn.us> or at 651-582-8200.

DEPT OF EDUCATION
 Program: AGENCY OPERATING

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	22,169	21,811	21,811	21,811	43,622
Technical Adjustments					
One-time Appropriations			(50)	(50)	(100)
Pt Contract Base Reduction			(68)	(68)	(136)
Subtotal - Forecast Base	22,169	21,811	21,693	21,693	43,386
Governor's Recommendations					
College of Education Reforms		0	40	45	85
Rulemaking Principal Licensure Standards		0	125	0	125
Agency Operating Reduction		0	(410)	(410)	(820)
Total	22,169	21,811	21,448	21,328	42,776
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	19,817	23,958	21,455	21,335	42,790
Miscellaneous Special Revenue	0	32	35	35	70
Statutory Appropriations					
Miscellaneous Special Revenue	6,406	6,676	6,717	6,825	13,542
Federal	37,265	47,138	47,676	47,149	94,825
Miscellaneous Agency	576	2,023	1,429	1,429	2,858
Gift	192	76	43	43	86
Total	64,256	79,903	77,355	76,816	154,171
<u>Expenditures by Category</u>					
Total Compensation	34,164	37,836	38,985	39,956	78,941
Other Operating Expenses	18,864	26,761	23,633	22,669	46,302
Payments To Individuals	35	38	35	35	70
Local Assistance	10,786	14,996	14,437	13,891	28,328
Other Financial Transactions	407	272	265	265	530
Total	64,256	79,903	77,355	76,816	154,171
<u>Expenditures by Activity</u>					
Improvement & Accountability	17,219	20,650	21,403	20,741	42,144
Student Support Services	15,180	20,089	20,007	20,195	40,202
Academic Excellence	10,511	10,850	10,038	10,013	20,051
Finance	5,505	6,032	6,358	6,518	12,876
Administration	14,902	21,247	18,399	18,326	36,725
Pass Through Programs	939	1,035	1,150	1,023	2,173
Total	64,256	79,903	77,355	76,816	154,171
Full-Time Equivalent (FTE)	421.9	440.0	439.0	434.9	

Budget Activities

- ◆ General Education
- ◆ K-12 Education Shifts (information only)

DEPT OF EDUCATION
 Program: GENERAL EDUCATION

Program Summary

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	5,592,142	5,675,902	5,675,902	5,675,902	11,351,804
Technical Adjustments					
End-of-session Estimate			(5,912)	13,236	7,324
November Forecast Adjustment		(27,531)	(19,304)	(8,485)	(27,789)
Subtotal - Forecast Base	5,592,142	5,648,371	5,650,686	5,680,653	11,331,339
Governor's Recommendations					
Q Comp Expansion		0	0	41,452	41,452
Pay for Performance Plan		0	40,460	50,658	91,118
Repeal Contract Penalty		0	400	100	500
Modify Extended Time Revenue		0	(5)	(5)	(10)
Convert Perpich to Charter School		0	0	1,682	1,682
Aid Payments Shift		0	(566,668)	(3,924)	(570,592)
Property Tax Shift		0	(570,200)	(35,000)	(605,200)
SOD Advance Payment		0	6,276	(14)	6,262
Total	5,592,142	5,648,371	4,560,949	5,735,602	10,296,551
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	5,591,015	5,648,357	4,560,949	5,735,602	10,296,551
Statutory Appropriations					
Endowment School	27,847	28,222	29,845	31,467	61,312
Total	5,618,862	5,676,579	4,590,794	5,767,069	10,357,863
<u>Expenditures by Category</u>					
Other Operating Expenses	1	0	0	0	0
Local Assistance	5,618,861	5,676,579	4,590,794	5,767,069	10,357,863
Total	5,618,862	5,676,579	4,590,794	5,767,069	10,357,863
<u>Expenditures by Activity</u>					
General Education	5,618,862	5,676,579	4,590,794	5,767,069	10,357,863
Total	5,618,862	5,676,579	4,590,794	5,767,069	10,357,863

Activity Description

Citation: M.S. 122A.415; 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 the component parts that make up total funding.

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
 - ⇒ the cost of delivering equivalent educational programs and services to students; and
 - ⇒ 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, alternative teacher compensation, staff development, gifted and talented programs, and basic skills.
- ◆ **Stability** – This program provides stable funding to ensure continuity of programs for students and stability in tax rates for taxpayers.

Activity at a Glance

Estimates for FY 2007

- ◆ 827,197 pre-kindergarten through grade 12 students average daily membership (ADM)
- ◆ 340 school districts and 132 charter schools
- ◆ \$5.5 billion in state aid and \$0.7 billion in levies
- ◆ \$7,556 average general education revenue per student
- ◆ \$4,974 basic education formula allowance per adjusted marginal cost pupil unit

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 2009 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.

DEPT OF EDUCATION

Program: GENERAL EDUCATION

Activity: GENERAL EDUCATION

Narrative

	Regular District	Charter School	PSEO College	Contract Alternative	Shared Time	Total ADM
Disabled Pre-K	7,030	5	0	0	6	7,041
Disabled Kndgrtn	5,055	55	0	2	28	5,140
Regular Kndgrtn	53,161	2,972	0	29	18	56,180
Grades 1-3	176,029	8,069	0	65	147	184,310
Grades 4-6	174,665	6,517	0	46	197	181,425
Grades 7-12	<u>374,607</u>	<u>14,181</u>	<u>3,168</u>	<u>1,559</u>	<u>253</u>	<u>393,768</u>
TOTAL ADM	790,547	31,799	3,168	1,701	649	827,864

Historical and projected ADM state totals and historical ADM by school district are available on the Division of Program Finance Website.

Services Provided

General education revenue is the primary source of general operating funds for school districts and charter schools. In FY 2007, 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) website, provides a breakdown of FY 2007 operating expenditures for each school district and charter school, 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 (\$102.48 per pupil unit in FY 2009) 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.
- ◆ *Gifted and talented* (M.S. 126C.10, Subd. 2b). This revenue must be used for gifted and talented programs.
- ◆ *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.
- ◆ 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. In FY 2008 the weighting factor for regular kindergarten was increased from 0.557 to 0.612.
- ◆ 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 was converted from an expenditure-based to an enrollment-based formula.
- ◆ Beginning in FY 2003, the general education levy was 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.
- ◆ Beginning in FY 2006, two new components were added to general education revenue: alternative teacher compensation (Q Comp) revenue and gifted and talented revenue.

Additional information on the history of Minnesota school finance is available on the Division of Program Finance website.

Key Activity Goals

This program, as the single largest state source of education funding, addresses the key department goals of improving student achievement and preparing students to compete in a global economy. The program also supports the following Minnesota Milestones goals:

- ◆ Minnesotans will excel in basic and academic skills and knowledge; and
- ◆ Minnesota's workforce will have the education and training to make the state a leader in the global economy.

Key Measures

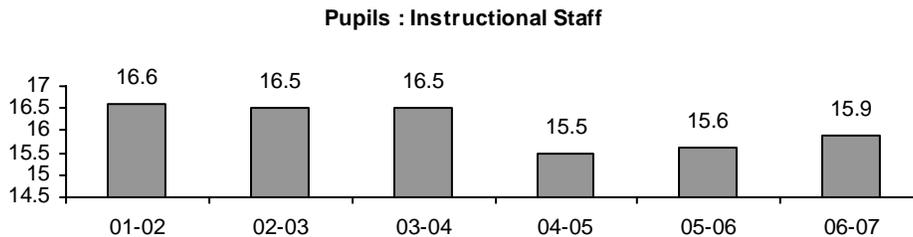
Indicators of the adequacy and equity of general education revenue include the following:

- ◆ *Growth in revenue per ADM.* The following table shows the change in general education revenue per ADM from FY 2002 through FY 2009 in current and constant (2008) dollars based on end of session 2008 estimates. Between FY 2002 and FY 2009, general education revenue per ADM increased by 30.1%. After adjusting for inflation using the consumer price index (CPI), the increase was 6.4%.

General Education Revenue per ADM, FY 2002 - 2009
Including Operating Referendum Revenue

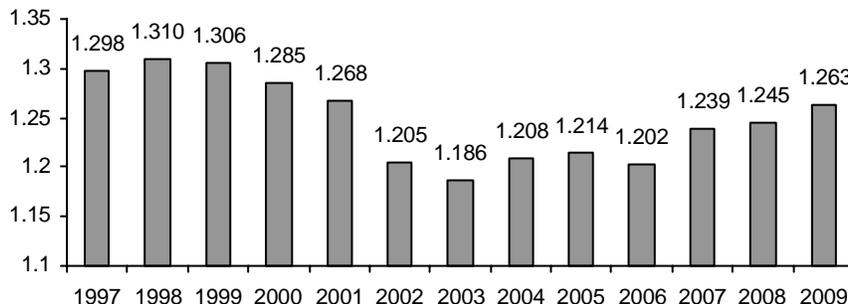
Fiscal Year	Revenue per ADM Current Dollars		Revenue per ADM Constant (2008) Dollars	
	Amount	Cumulative % Change	Amount	Cumulative % Change
2002	6,135	N/A	7,282	N/A
2003	6,484	5.7%	7,529	3.4%
2004	6,633	8.1%	7,537	3.5%
2005	6,776	10.4%	7,475	2.7%
2006	7,085	15.5%	7,530	3.4%
2007	7,507	22.4%	7,777	6.8%
2008	7,745	26.2%	7,745	6.4%
2009	7,979	30.1%	7,750	6.4%

- ◆ *Pupil – staff ratios.* Compensation for teachers and other district staff constitutes the districts' largest operating cost. The graph from the School District Financial Profiles shows the ratio of ADM pupils to licensed instructional staff. From 2002 to FY 2007, the ratio has decreased slightly.



- ◆ *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. According to this measure, the disparity in general education revenue per pupil unit has decreased significantly since the late 1990s, although now it seems to be trending upward again.

Ratio of 95th to 5th Percentile of General Education Revenue Per Pupil, Excluding Cost Differentials



DEPT OF EDUCATION

Program: GENERAL EDUCATION

Activity: GENERAL EDUCATION

Narrative

- ◆ *Student achievement.* State assessments provide teachers and school administrators with information about the academic status of all students. Information is available on the department's website for all state assessments given on a regular basis to students in Minnesota. For a summary of the results of the Minnesota comprehensive assessments see the budget narrative for statewide testing.
- ◆ *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 website.

Activity Funding

- ◆ Funding is based primarily on the ADM of students in pre-kindergarten through grade 12. ADM is computed by dividing the sum of the number of students enrolled each school day (student membership) 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.
- ◆ 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	1.250	Grades 1 – 3	1.115
Disabled Kindergarten	1.000	Grades 4 - 6	1.060
Regular Kindergarten	0.612	Grades 7 – 12	1.300

- ◆ 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 equals 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. Referendum revenue is funded with a mix of local property taxes, state referendum equalization aid, and state tax base replacement aid. Operating capital revenue, alternative teacher compensation revenue, equity revenue, and transition revenue are also funded with a mix of state aid and local property taxes. All other components are funded entirely with state aid.

Spreadsheets showing general education revenue by component for FY 2002 through FY 2009 for individual districts and the state are available on the Division of Program Finance website at district revenue FY 2002 through FY 2009. Detailed spreadsheets showing the calculation of each revenue component for each school district and charter school for each fiscal year are also available on the Division of Program Finance website.

DEPT OF EDUCATION

Program: GENERAL EDUCATION

Activity: GENERAL EDUCATION

Narrative

FY 2009 General Education Revenue by Component - FY 2009 (est.)

Component	Number of Districts	Number of Charter Schools	Amount (millions)	Percent of Total
<u>Formula Based Revenues:</u>				
1. Basic	339	143	\$ 4,886.8	74.0%
2. Additional \$51	339	143	48.6	0.7%
3. Gifted & Talented	339	143	11.4	0.2%
4. Extended Time	120	6	55.6	0.8%
5. Basic Skills:				
a) Compensatory	339	136	346.7	5.2%
b) LEP	216	59	32.0	0.5%
c) LEP Concentration	216	59	8.4	0.1%
6. Sparsity	94	143	22.6	0.3%
7. Transportation Sparsity	339	143	61.0	0.9%
8. Training & Experience	62	143	1.8	0.0%
9. Operating Capital	339	143	194.8	2.9%
10. Equity	339	143	94.9	1.4%
11. Transition	201	45	29.7	0.4%
12. Q Comp	41	21	80.6	1.2%
13. Alternative Attendance Adjust.	285	132	1.1	0.0%
14. Misc. Adjustments				
a) Pension Adjustment	339	143	(30.7)	-0.5%
b) PSEO-College	n/a	n/a	21.8	0.3%
c) Shared Time	n/a	n/a	3.8	0.1%
d) Contract Alternative	n/a	n/a	12.0	0.2%
Subtotal	340	143	\$ 5,882.9	89.0%
<u>Referendum-Based Revenues:</u>				
15. Oper. Referendum	<u>306</u>	<u>0</u>	<u>\$ 724.2</u>	<u>11.0%</u>
Grand Total Revenue	340	143	\$ 6,607.1	100.0%

DETAIL OF REVENUE COMPONENTS. For FY 2009 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 2009 and later is \$5,124.
- ◆ 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.

Gifted and Talented

- ◆ Gifted and talented revenue provides school districts and charter schools with \$12 per pupil unit for FY 2009 and later for identifying gifted and talented students, providing education programs for these students or providing staff development for teachers to best meet the needs of these students.

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 1/2 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 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%.

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. 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 state standards in reading and writing.

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.
- ◆ 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 (\$248.5 per pupil unit in FY 2009), 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. Faculty employed by the district in 1996-97 and the current year are counted at their 1996-97 levy of training and experience. Faculty hired by the district after 1996-97 are counted at the lowest step on the salary schedule. The revenue phases out as faculty employed by the district in 1996-97 retire or otherwise leave the employment of 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.
- ◆ 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 net tax capacity (NTC) 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 adjusted net tax capacity (ANTC) per AMCPU to \$10,700.

Alternative Teacher Compensation (Q Comp) Revenue

- ◆ School districts, charter schools, the Perpich Center for Arts Education, and multi-district integration collaboratives with an approved alternative teacher professional pay system are eligible to receive up to \$260 per pupil enrolled at participating sites for implementation of the alternative teacher professional pay system. Participating school districts receive basic state aid of \$190 per pupil and are authorized to make an equalized levy of up to \$70 per pupil. Beginning in FY 2010, the basic state aid will be \$169 per pupil, and the equalized levy will be \$91 per pupil. Other participating units receive an amount equal to the average per pupil revenue of participating school districts, all in the form of state aid.

Equity Revenue

- ◆ This formula provides additional revenue targeted primarily to districts with referendum revenue per pupil unit below the 95th percentile for the region where the district is located (metro or rural).
- ◆ For qualifying districts with no referendum levy, the initial revenue allowance is \$13 per pupil unit.
- ◆ For qualifying districts with a referendum levy, the initial 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 95th percentile (sliding scale).
- ◆ Districts with referendum revenue per pupil unit below 10% of the state average receive additional equity revenue equal to the difference between 10% of the state average and the district's referendum revenue per pupil unit.
- ◆ For districts in the seven-county metro area, the equity revenue as computed above is increased by 25%.
- ◆ Minneapolis, St. Paul, and Duluth are not eligible for the components of equity revenue described above.
- ◆ Beginning in FY 2009, all districts (including Minneapolis, St. Paul, and Duluth) are eligible for an additional \$46 per pupil unit of equity revenue.
- ◆ School districts must levy to receive equity revenue. 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 costs pupil unit to \$476,000.

Transition Revenue

- ◆ Transition revenue was added in FY 2004 to mitigate the loss of general education revenue that districts experienced from changes enacted by the 2003 legislature. The transition allowance is not recalculated after FY 2004.
- ◆ Beginning in FY 2006, districts that received general education revenue in FY 2004 for pupils enrolled in pre-kindergarten programs receive additional transition revenue based on 4% of the revenue generated by the enrollment of those students in FY 2004. The additional revenue must be reserved for pre-kindergarten programs.
- ◆ Beginning FY 2010, districts that lose revenue from a tuition reciprocity agreement with an adjoining state receive additional transition revenue if the sum of the general education revenue and net tuition revenue for FY 2010 is less than the amount the district would have received if the agreement had not been in effect.
- ◆ School districts must levy to receive transition revenue. 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 and equity revenue.

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. Beginning in FY 2008, districts with a high concentration of nonresident students that are not enrolled solely in on-line learning receive an alternative attendance adjustment based on a sliding scale tied to the first tier referendum equalization limit (currently \$700).
- ◆ 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

- ◆ *Post-Secondary Enrollment Options (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 minus \$415 times 1.3 and divided by 45. For institutions granting semester credit, the reimbursement per credit hour is 88% of the formula allowance minus \$415 times 1.3 and divided by 30. Additional information on this program can be found on the department's website.
- ◆ *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. The adjustment is reduced beginning in FY 2008 by 0.5% of FY 2007 TRA salaries to offset an increase in the TRA employer contribution rate.

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. Beginning in FY 2009, the amount on the ballot can include an automatic annual increase based on the rate of inflation.
- ◆ A district's referendum allowance per pupil unit may not exceed the greater of:
 - ⇒ 26% of the formula allowance adjusted for inflation (\$1,558 in FY 2009), or
 - ⇒ 117.7% of the district's referendum allowance in FY 1994 adjusted for inflation minus \$215 times a statutory inflation factor. The referendum allowance cap does not apply to districts receiving sparsity revenue.
- ◆ 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 \$700 of revenue per pupil unit, 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 \$700 per pupil unit, up to 26% of the formula allowance (\$1,332 in FY 2009), 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 cap does not apply and the full referendum revenue over \$700 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 2009, it provides a net reduction in taxes only for 41 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:

- ◆ *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, wind energy tax receipts, 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.

Endowment Fund

- ◆ *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.

Beginning in FY 2010, the general education aid subtraction for school endowment fund distributions is repealed (Laws 2008 Chapter 363, Article 2, Sec. 52 subdivision 1). The state general fund appropriation required to fund the general education program is increased by the amount of the earnings from the permanent school fund in FY 2010 and later.

DEPT OF EDUCATION

Program: GENERAL EDUCATION

Activity: GENERAL EDUCATION

Narrative

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8868, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html.

DEPT OF EDUCATION

Program: GENERAL EDUCATION

Activity: General Education Revenue

Budget Activity Summary

Dollars in Thousands

		Current		Governor's Rec		Biennium
		FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund						
General Fund						
1	Current Program Appropriation	5,601,508	5,675,902	5,675,902	5,675,902	11,351,804
2	Technical Adjustments					
	a. End of Session Estimate			(5,912)	13,236	7,324
	b. Open Appropriation					
	c. November Forecast		(21,756)	(19,304)	(8,485)	(27,789)
	d. Transfer to Education Aids Reserve	(1,143)				
	e. Cancellation	(9,350)	(5,789)			
3	Forecast Base	5,591,015	5,648,357	5,650,686	5,680,653	11,331,339
4	Governor's Recommendation					
	a. Aid Payment Shift			(566,668)	(3,924)	(570,592)
	b. Convert Perpich to Charter School			-	1,682	1,682
	c. Modify Extended Time Revenue			(5)	(5)	(10)
	d. Pay for Performance Plan			40,460	50,658	91,118
	e. Property Tax Shift			(570,200)	(35,000)	(605,200)
	f. Q Comp Expansion				41,452	41,452
	g. Repeal Contract Penalty			400	100	500
	h. SOD Advance Payment			6,276	(14)	6,262
5	Governor's Recommended Appropriation			4,560,949	5,735,602	10,296,551
District Revenue Summary (Entitlement Basis)						
AID						
State Aid						
6	Statutory Formula Aid	5,671,672	5,741,996	5,693,292	5,732,146	11,425,438
7	Statutory Excess/(Shortfall)	16,162				
8	Appropriated Entitlement	5,687,834	5,741,996	5,693,292	5,732,146	11,425,438
9	Adjustments					
	a. Cancellation	(15,019)				
	b. Transfer to Education Aids Reserve	(1,143)				
	d. TRA Adjustment	(30,634)	(30,789)	(30,917)	(31,061)	(61,978)
	e. Endowment Adjustment	(27,847)	(28,222)			-
	f. County Apportionment	(19,456)	(14,900)	(14,900)	(14,900)	(29,800)
	g. Other Adjustments including Taconite	(1,749)	(1,633)	(1,609)	(1,140)	(2,749)
10	State Aid Current Law	5,591,986	5,666,453	5,645,866	5,685,045	11,330,911
11	Governor's Recommendation					
	a. Convert Perpich to Charter School for State Aid				2,103	2,103
	b. Modify Extended Time Revenue			(5)	(5)	(10)
	c. Pay for Performance Plan			50,574	50,678	101,252
	d. Q Comp Expansion				51,813	51,813
	e. Repeal Contract Penalty			500	-	500
	f. SOD Advance Payment			-	-	-
plus						
12	Governor's Aid Recommendation			5,696,935	5,789,634	11,486,569
LEVY						
Levy						
13	Local Levy Current Law	759,048	870,412	961,961	1,082,585	2,044,546
14	Governor's Recommendation					
	a. Convert Perpich to Charter School				202	202
	b. Q Comp Expansion				15,296	15,296
equals						
15	Governor's Recommended Levy			961,961	1,098,083	2,044,748
REVENUE	16 Governor's Rec Revenue (State Aid & Levy)	6,351,034	6,536,865	6,658,896	6,887,717	13,546,613
Other Funding Sources						
17	State School Endowment Fund	27,847	28,222	29,845	31,467	61,312
18	Other Local Revenue					
	a. County Apportionment (local)	19,456	14,900	14,900	14,900	29,800
	b. Taconite (local)	664	554	530	61	591
19	Total All Sources Current Law	6,399,001	6,580,541	6,704,171	6,934,145	13,638,316
Appropriations Basis for State Aid						
	Prior Year (10%/20%)	537,112	543,752	556,059	1,121,845	1,677,904
	Cancellation - Prior Year	(120)	(5,789)			
	Current Year (90%/80%)	5,064,396	5,110,394	4,004,890	4,613,757	8,618,647
	Cancellation - Current Year	(9,230)				
	Transfer to Education Aids Reserve	(1,143)				
	Total State Aid - General Fund	5,591,015	5,648,357	4,560,949	5,735,602	10,296,551

Activity Description

Citation: M.S. 123B.75, Subd.5; M.S. 16A.152, Subd. 2

These accounting mechanisms have helped balance the state's budget and lessen cuts in education programs during periods of state budget crisis.

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. Districts benefit from certain provisions of the law that allow districts to preserve fund balances created by historic early recognition of the specific levies including referendum, health benefits, reemployment, and career-technical levies.

Activity at a Glance

- ◆ Most recent Aid Payment Shift yielded \$629.1 million in state budget savings.
- ◆ Most recent Property Tax Recognition Shift yielded \$251.5 million in state budget savings.
- ◆ Both shifts were fully bought back with appropriations totaling nearly \$1.1 billion in FY 2005-06.

History

Aid Payment Shift

Since most school revenue is tied to the number and characteristics of students served by the district, there is general agreement that a portion of the funding should be held back until final student data is available.

$$\mathbf{90\% \text{ Current Year Entitlement} + 10\% \text{ Adjusted Prior Year Entitlement} = \text{School District Appropriation}}$$

The consensus is that a 10% hold back is prudent. However, during FY 2004 this hold back (or shift) reached 20% in order to help the state balance its budget.

Recent Use of Aid Payment Shift

Time Period	Changes in Aid Payment Percentages	State Budget (Savings)/Costs¹ \$ in millions
2002 Legislative Session	90/10 to 83/17	(\$438.0)
2003 Legislative Session	83/17 to 80/20	(\$191.1)
November 2004 Forecast	80/20 to 81.9/18.1	\$117.9
February 2005 Forecast	81.9/18.1 to 84.3/17.4	\$150.1
November 2005 Forecast	84.3/17.4 to 90/10	\$370.4

Property Tax Recognition Shift

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.

$$\mathbf{May\ 15^{th}\ \text{Payment} + October\ 15^{th}\ \text{Payment} = \text{Levy}}$$

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 was recognized as revenue in the fiscal year of collection. The shift provision was structured to be revenue neutral to school districts 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 state aid appropriations, without reducing the overall revenue recognized by a school district.

¹ Savings do not equal costs because underlying funding formulas were increased beginning in FY 2006. This made the aid payment shift buy back more expensive.

DEPT OF EDUCATION**Program: GENERAL EDUCATION****Activity: K-12 EDUCATION SHIFTS (info only)**

Narrative

In the period FY 1983-1993, the state experienced savings of \$775.7 million resulting from this revenue shift. This amount was appropriated by the state over a 6-year period beginning in FY 1994 to repay school districts the revenue neutral portion of the shift that had previously been reduced from state aid payments.

Beginning in FY 2004, the revenue recognition policy was reinstated to again provide the state with one-time appropriation savings. To emphasize the importance of buying back the shift when the state's financial health improved, a statute was adopted that automatically appropriated positive forecast balances to shift repayment (M.S. 16A.152, Subd. 2). In FY 2006, the state again repaid the revenue neutral portion of the tax shift with appropriations totaling \$424.2 million.

Recent Use of Property Tax Recognition Shift

Time Period	Changes in Early Recognition Percentages	State Budget (Savings)/Costs² \$ in millions
2003 Legislative Session	0 ³ to 48.6	(\$251.5)
November 2005 Forecast	48.6 to 10.8	\$330.7
February 2006 Forecast	10.8 ⁴ to 0	\$93.5

Key Activity Goals

This activity supports MDE's goal of improving achievement for all students by lessening cuts in education programs during the periods of state budget crisis.

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8566, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html.

² Savings do not equal costs because property tax levies grew significantly while the shift was in place. This generated additional savings for the state, but also increased the cost of the property tax recognition shift buy back.

³ This number does not include the historical 31% shift in referendum levies or those levies subject to 100% shift. An amount equal to 31% of the referendum levy certified in 2000 is recognized early each year to prevent school district revenue and fund balance losses that would have occurred when the state bought back \$415 in referendum levy for FY 2003. The continued early recognition of other specified levies such as reemployment, health benefits and insurance, and career and technical levies matches the timing of revenue recognition to district expenditures.

⁴ This figure was subsequently adjusted to 15.1% because the November 2005 Forecast assumed a referendum growth recapture rate that was too high. The 15.1% shift was never actually implemented because the February 2006 Forecast provided enough funding to fully buy back the shift.

Budget Activities

This program includes the following budget activities:

- ◆ Enrollment Options Transportation
- ◆ Abatement Revenue
- ◆ Consolidation Transition
- ◆ Nonpublic Pupil Aid
- ◆ Nonpublic Transportation
- ◆ Compensatory Pilot Grants
- ◆ Special Provisions for Selected Districts
- ◆ Miscellaneous Levies
- ◆ State Paid Property Tax Credits (information only)

DEPT OF EDUCATION

Program: OTHER GENERAL EDUCATION

Program Summary

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	40,306	42,131	42,131	42,131	84,262
Technical Adjustments					
End-of-session Estimate			(13)	553	540
November Forecast Adjustment		(424)	236	686	922
One-time Appropriations			0	(158)	(158)
Subtotal - Forecast Base	40,306	41,707	42,354	43,212	85,566
Governor's Recommendations					
Aid Payments Shift		0	(3,987)	(105)	(4,092)
Total	40,306	41,707	38,367	43,107	81,474
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	40,376	41,715	38,367	43,107	81,474
Total	40,376	41,715	38,367	43,107	81,474
<u>Expenditures by Category</u>					
Local Assistance	40,376	41,715	38,367	43,107	81,474
Total	40,376	41,715	38,367	43,107	81,474
<u>Expenditures by Activity</u>					
Enrollment Options Transport	48	45	48	52	100
Abatement Revenue	1,333	1,407	1,052	1,039	2,091
Consolidation Transition	237	21	270	677	947
Nonpublic Pupil	15,601	16,608	15,390	17,575	32,965
Nonpublic Transportation	20,828	21,136	19,109	21,424	40,533
Compensatory Pilot Grants	2,175	2,175	2,175	2,175	4,350
Spec Prov For Select Districts	154	323	323	165	488
Total	40,376	41,715	38,367	43,107	81,474

Activity Description

Citation: M.S. 124D.03; 124D.09; 124D.10

This state aid program helps low-income students participate in the postsecondary enrollment options (PSEO), school district enrollment options (SDEO), and charter schools (CS) 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 2007

- ◆ 61 students served
- ◆ \$658 average reimbursement per family per year

Population Served

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

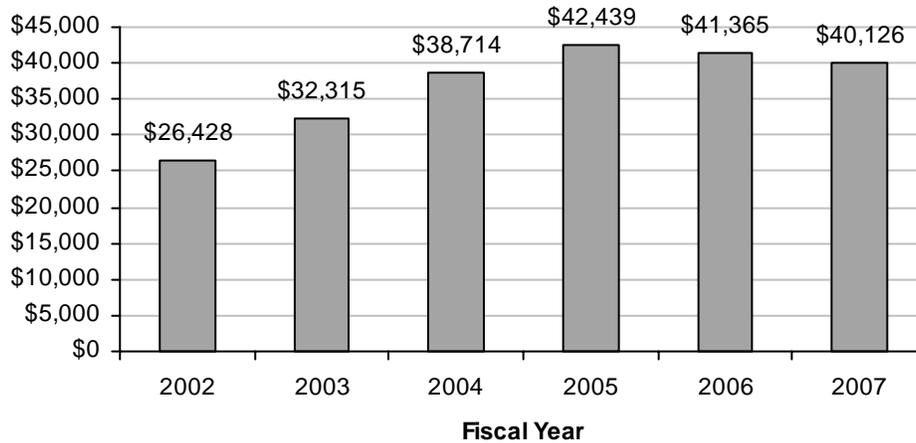
Services Provided

State aid is paid to school districts to reimburse transportation costs for qualifying low-income families with students participating in the postsecondary enrollment options program (M.S. 124D.09) or the open enrollment program (M.S. 125D.03). Charter schools that choose to provide out-of-district transportation on a fee basis are reimbursed for the transportation costs of qualifying low-income students.

Historical Perspective

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

Claims from Low-Income Families



The graph above represents the total amount of claims in PSEO, SDEO, and CS mileage reimbursement programs over the last six years. The total amount of claims steadily increased until FY 2005 and then a slightly decreased in FY 2006 and FY 2007.

DEPT OF EDUCATION

Program: OTHER GENERAL EDUCATION

Activity: ENROLLMENT OPTIONS TRANSPORT

Narrative

Key Activity Goals

This program is part of the Minnesota Department of Education's goal to expand education options for students and families.

Key Measures

All families of students meeting eligibility are reimbursed by school districts.

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 postsecondary institution is more than 25 miles from the student's home or high school. School districts and postsecondary institutions receive notification of this program on an annual basis. Students/families provide their own transportation in this program. PSEO students apply for reimbursement through their resident districts (or the postsecondary institutions, if nonpublic). Open enrollment students submit their applications to the enrolling districts. Charter school students apply to their charter 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, Division of Program Finance, (651) 582-8855, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html.

DEPT OF EDUCATION

Program: OTHER GENERAL EDUCATION

Activity: Enrollment Options Transportation

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund					
General Fund					
1 Current Appropriation	48	50	50	50	100
a. End of Session Estimate			2	5	7
b. November Forecast Adjustment		(5)	(4)	(3)	(7)
2 Governor's Recommended Appropriation	48	45	48	52	100

District Revenue Summary (Entitlement Basis)					
AID	State Aid				
3 Statutory Formula Aid	48	45	48	52	100
4 Statutory Excess/(Shortfall)		5			0
5 Appropriated Entitlement	48	50	48	52	100
6 Adjustments					
a. Appropriation reduction		(5)			
7 State Aid Entitlement Current Law	48	45	48	52	100
Appropriations Basis for State Aid					
Current Year	48	45	48	52	100
Total State Aid - General Fund	48	45	48	52	100

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.¹ 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 2007, the following occurred in this program:

◆ Taxes Abated	\$5.0 million
◆ Abatement Aid	\$1.4 million
◆ Abatement Levy	\$3.6 million
◆ Number of Districts Impacted	248

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.

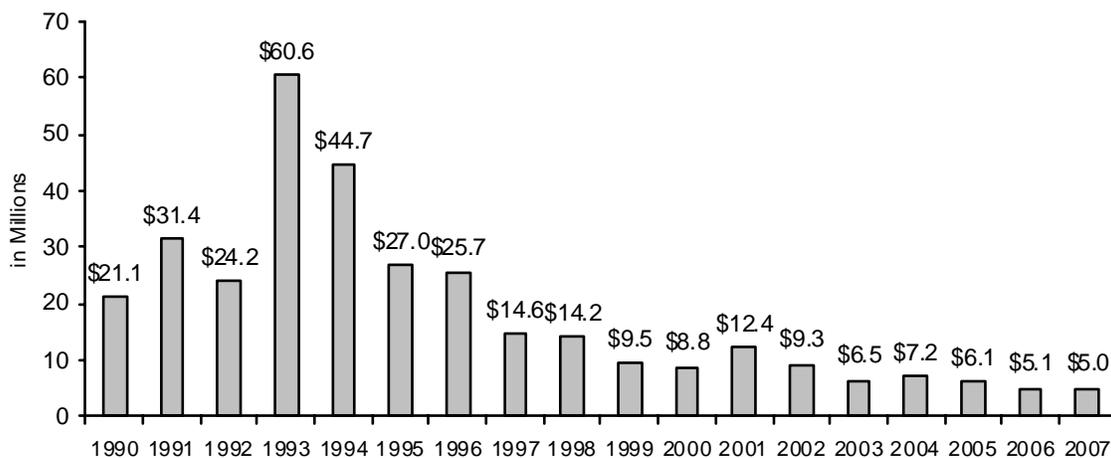
Key Activity Goals

This activity supports the Minnesota Department of Education’s (MDE) goal of expanding education options for students and families by replacing revenue that would be otherwise have been lost to school districts.

Key Measures

- ◆ A total of 248 school districts receive abatement aid in FY 2009 and/or abatement levy in FY 2010 for taxes abated in calendar 2007.
- ◆ The following graph shows the amount of school taxes abated each year since 1990. These amounts would be permanent losses to school district budgets without the abatement revenue formula.

Net Schools Taxes Abated



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

DEPT OF EDUCATION

Program: OTHER GENERAL EDUCATION

Activity: ABATEMENT REVENUE

Narrative

In the early 1990s due to economic conditions and a large unanticipated increase in commercial and industrial court ordered tax abatements, dramatic increases in net school taxes abated occurred.

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 spring. Abatement aid is paid in the following fiscal year and the abatement levy is included in the taxes payable in the next calendar year. For example, school taxes abated in 2007 are reported in the spring of 2008, with the abatement aid paid in FY 2009 and the levy included on the 2008 payable 2009 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, operating capital, equity, transition, alternative teacher compensation, health and safety, community education, early childhood family education, school age care, and debt service levies for which the district received corresponding state aid in the second preceding year, to 2) the district's total certified levy in the third 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
- ◆ the amount for any interest paid by the district on abatement refunds.

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8566, http://education.state.mn.us/MDE/Accountability_Programs/Program_Finance/index.html.

DEPT OF EDUCATION

Program: OTHER GENERAL EDUCATION

Activity: Abatement

Budget Activity Summary

Dollars in Thousands

		Current		Governor's Rec		Biennium
		FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund						
General Fund						
1	Total Current Appropriation	1,333	1,629	1,629	1,629	3,258
	a. End of Session Estimate			(429)	(655)	(1,084)
	b. November Forecast Adjustment		(222)	(34)	52	18
2	Forecast Base	1,333	1,407	1,166	1,026	2,192
3	Governor's Recommendation					
	a. Aid Payment Shift			(114)	13	(101)
4	Governor's Recommended Appropriation			1,052	1,039	2,091
District Revenue Summary (Entitlement Basis)						
AID						
State Aid						
5	Statutory Formula Aid	1,396	1,408	1,140	1,013	2,153
6	Statutory Excess/(Shortfall)		247			0
7	Appropriated Entitlement	1,396	1,655	1,140	1,013	2,153
8	Adjustments					
	a. Appropriation Reduction		(247)			
	b. Supplemental Appropriation					
9	State Aid Entitlement Current Law	1,396	1,408	1,140	1,013	2,153
<i>plus</i>						
LEVY						
Levy						
10	Local Levy Current Law	3,724	3,696	3,393	3,760	7,153
<i>equals</i>						
REVENUE	11 Current Law Revenue (State Aid & Levy)	5,120	5,104	4,533	4,773	9,306
Appropriations Basis for State Aid						
	Prior Year (10%/20%)	76	139	140	228	368
	Current Year (90%/80%)	1,257	1,268	912	811	1,723
	Total State Aid - General Fund	1,333	1,407	1,052	1,039	2,091

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.

Activity at a Glance

- ◆ There are no district consolidations for FY 2008 or FY 2009.

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 Activity Goals

This program addresses the following Minnesota Milestones:

- ◆ Minnesotans will excel in basic and challenging skills and knowledge;
- ◆ Minnesota’s workforce will have the education and training to make the state a leader in the global economy and
- ◆ Government in Minnesota will be cost-efficient and services will be designed to meet the needs of the people who use them.

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, has increased efficiency in district operations, and has 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 FY 2007, District 2899 was the result of the consolidation of District 806, Elgin-Millville and District 810, Plainview; and District 2902 was the result of the consolidation of District 409, Tyler, District 418, Russell, and District 584, Ruthton. So far there is no change in the total facility space being used. For District 2899, there is some current benefit in a more efficient utilization of staff. The primary benefit of District 2902 consolidation should be in a future year, with the potential reduction of facility space.

DEPT OF EDUCATION**Program: OTHER GENERAL EDUCATION****Activity: CONSOLIDATION TRANSITION**

Narrative

Activity Funding

This program is funded with state aid and a local property tax levy. State aid is equal to \$200 times the resident pupil units in the first year after consolidation and \$100 times the resident pupil units in the second year after consolidation. A maximum of 1,500 pupil units 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.

School District Consolidations

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
First Year of Consolidation	2	0	0	0	0	2	0	0
Second Year of Consolidations	3	2	0	0	0	0	2	0

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8757, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html.

DEPT OF EDUCATION

Program: OTHER GENERAL EDUCATION

Activity: Consolidation Transition

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund					
General Fund					
1 Current Appropriation	240	339	339	339	678
a. End of Session Estimate			(150)	(52)	(202)
b. Cancellation	(3)				
c. November Forecast Adjustment		(318)	115	432	547
2 Forecast Base	237	21	304	719	1,023
3 Governor's Recommendation					
a. Aid Payment Shift			(34)	(42)	(76)
4 Governor's Recommended Appropriation			270	677	947
District Revenue Summary (Entitlement Basis)					
AID	State Aid				
5 Statutory Formula Aid	215	0	337	762	1,099
6 Statutory Excess/(Shortfall)		353			0
7 Appropriated Entitlement	215	353	337	762	1,099
8 Adjustments					
a. Appropriation Reduction		(318)			
b. Cancellation					
c. Supplemental Appropriation					
9 State Aid Entitlement Current Law	215	35	337	762	1,099
Appropriations Basis for State Aid					
Prior Year (10%20%)	43	21	0	67	67
Cancellation (90%)	(3)				
Current Year (90%80%)	197	0	270	610	880
Total State Aid - General Fund	237	21	270	677	947

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 schools including 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.

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 Activity Goals

By providing nonpublic students with equitable access to secular study materials and pupil support services, the nonpublic pupil aid program improves student achievement and helps prepare nonpublic students to compete in a global economy.

Key Measures

Textbooks, Individualized Instructional Materials, and Standardized Tests

- ◆ The percentage of nonpublic school pupils participating in this category decreased slightly from 89% in FY 1990 to 87% in FY 2007.

Health Services

- ◆ The percentage of nonpublic school pupils participating in this category decreased from 88% in FY 1990 to 83% in FY 2007.

Activity at a Glance

- ◆ Number of students participating (FY 2007)

Text Book/Materials	82,718
Health Services	77,885
Guidance and Counseling	28,687
- ◆ Percentage of nonpublic students participating in program (FY 2007)

Text Book/Materials	87%
Health Services	83%
Guidance and Counseling (grades 7-12)	90%
- ◆ FY 2007 rates per nonpublic pupil

Text Book/Materials	\$72.89
Health Services	\$51.73
Guidance and Counseling	\$179.68
- ◆ All nonpublic students requesting materials and/or services by the statutory deadline have been and are being accommodated.

DEPT OF EDUCATION

Program: OTHER GENERAL EDUCATION

Activity: NONPUBLIC PUPIL

Narrative

Guidance and Counseling Services

- ◆ The percentage of nonpublic secondary school pupils participating in this category increased from 76% in FY 1990 to 90% in FY 2007.

Activity Funding

Nonpublic pupil aid is funded exclusively with state funds.

Textbooks, Individualized Instructional Materials, and Standardized Tests

- ◆ 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 2009, the maximum per pupil rate for textbooks is \$77.23.

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 2009, the maximum per pupil rate for health services is \$58.23.

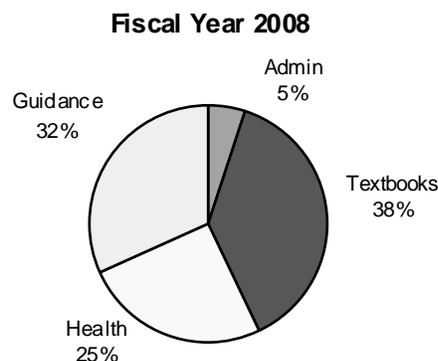
Guidance and Counseling Services

- ◆ 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 2009, the maximum per pupil rate for guidance and counseling is \$185.38.

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 2008. Money is allocated based on the number of participating nonpublic students and actual program expenditures.



Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8858, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/Miscellaneous_Revenue/index.html.

DEPT OF EDUCATION

Program: OTHER GENERAL EDUCATION

Activity: Nonpublic Pupil Aid

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund					
General Fund					
1 Total Current Appropriation	15,601	16,608	16,608	16,608	33,216
a. End of Session Estimate			497	1,020	1,517
b. Transfer per M.S. 127A.41					
2 Forecast Base	15,601	16,608	17,105	17,628	34,733
Governor's Recommendation					
a. Aid Payment Shift			(1,715)	(53)	(1,768)
3 Governor's Recommended Appropriation			15,390	17,575	32,965
District Revenue Summary (Entitlement Basis)					
AID					
State Aid					
4 Statutory Formula Aid	15,985	16,677	17,153	17,681	34,834
5 Statutory Excess/(Shortfall)					0
6 Appropriated Entitlement	15,985	16,677	17,153	17,681	34,834
7 Adjustments					
a. Transfer per M.S. 127A.41					
8 State Aid Entitlement Current Law	15,985	16,677	17,153	17,681	34,834
Appropriations Basis for State Aid					
Prior Year (10%20%)	1,214	1,599	1,667	3,430	5,097
Current Year (90%80%)	14,387	15,009	13,723	14,145	27,868
Transfer per M.S. 127A.41					0
Total State Aid - General Fund	15,601	16,608	15,390	17,575	32,965

DEPT OF EDUCATION

Program: OTHER GENERAL EDUCATION

Activity: NONPUBLIC 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 2007

- ◆ 61,320 nonpublic students were transported to and from schools
- ◆ 213 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 nonpublic 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.

Key Activity Goals

By providing nonpublic students with the same level of transportation services to public students, nonpublic students arrive at their nonpublic school ready to improve their academic achievement.

Key Measures

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 table shows the number of nonpublic students transported to and from school.

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Nonpublic Enrollment	91,682	89,944	88,203	86,914	83,909	81,163
Percentage Transported	78.82%	76.36%	77.45%	75.01%	76.00%	75.55%
Nonpublic Students Transported	72,266	68,677	68,315	65,192	63,775	61,320

Activity Funding

Nonpublic transportation aid equals the sum of the following two items:

- ◆ 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.
- ◆ 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.

DEPT OF EDUCATION

Program: OTHER GENERAL EDUCATION

Activity: NONPUBLIC TRANSPORTATION

Narrative

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) 582-8480, at http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html.

DEPT OF EDUCATION

Program: OTHER GENERAL EDUCATION

Activity: Nonpublic Pupil Transportation

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund					
General Fund					
1 Total Current Appropriation	20,755	21,007	21,007	21,007	42,014
a. End of Session Estimate			67	235	302
b. November Forecast Adjustment		121	159	205	364
c. Cancellation					
d. Transfer per M.S. 127A.41	73	8			0
2 Forecast Base	20,828	21,136	21,233	21,447	42,680
3 Governor's Recommendation					
a. Aid Payment Shift			(2,124)	(23)	(2,147)
Governor's Recommended Appropriation			19,109	21,424	40,533
District Revenue Summary (Entitlement Basis)					
AID	State Aid				
4 Statutory Formula Aid	20,782	21,175	21,240	21,470	42,710
5 Statutory Excess/(Shortfall)	(81)	(134)			0
6 Appropriated Entitlement	20,701	21,041	21,240	21,470	42,710
7 Adjustments					
a. Cancellation					
b. Supplemental Appropriation		134			
c. Transfer per M.S. 127A.41	81				
8 State Aid Entitlement Current Law	20,782	21,175	21,240	21,470	42,710
Appropriations Basis for State Aid					
Prior Year (10%/20%)	2,124	2,070	2,117	4,248	6,365
Current Year (90/80%)	18,631	19,058	16,992	17,176	34,168
Transfer per M.S. 127A.41	73	8			
Total State Aid - General Fund	20,828	21,136	19,109	21,424	40,533

Activity Description

Citation: Laws 2005 1st Special Session, Chapter 5, Article 1, Section 50, as amended by Laws 2007, chapter 146, Article 1, Section 24

This pilot program provides grant funding and allows school districts to allocate compensatory revenue received under M.S. 126C.10, Subd. 3, and the grants among their school buildings according to each building’s school performance measures. Other districts must allocate at least 95% of their compensatory revenue to the building where the students generating the revenue are served.

Activity at a Glance

Districts that received grants in FY 2007

◆ Anoka Hennepin	\$1,500,000
◆ Osseo	\$210,000
◆ Robbinsdale	\$160,000
◆ Rochester	\$165,000
◆ South Washington	\$65,000

Population Served

This pilot program is limited to five school districts listed in law, plus the addition of Brooklyn Center at \$75,000 beginning in FY 2008.

Services Provided

School districts participating are required to submit to the commissioner an application and board-approved plan that includes the following information.

- ◆ Identification of the test results that will be used to assess student performance
- ◆ Description of the method the district will use to distribute the compensatory revenue
- ◆ Summarization of the evaluation procedure the district will use to determine if the redistribution of compensatory revenue results in an improvement of measurable student performance

If any of the funds are not awarded the commissioner is allowed to increase the grant amounts to any of the remaining districts.

Key Activity Goals

This program addresses the following Minnesota Milestones:

- ◆ Minnesotans will excel in basic and challenging skills and knowledge; and
- ◆ Minnesota’s workforce will have the education and training to make the state a leader in the global economy.

Key Measures

The Minnesota Department of Education submitted a report to the legislature on the effectiveness of the pilot projects. The report findings were inconclusive as to the impact the pilot projects have had on student achievement. While some of the participating schools have experienced a positive impact as a result of their efforts, results of the test data used to assess the effectiveness of program initiatives are inconsistent. At the conclusion of the 2009 school year, participating districts will have further trend data to inform future decisions in their efforts to improve the academic performance for all students.

Contact

Additional information is available from the Minnesota Department of Education, School Improvement, (651) 582-8655, http://education.state.mn.us/MDE/Accountability_Programs/School_Improvement/index.html.

DEPT OF EDUCATION

Program: OTHER GENERAL EDUCATION

Activity: COMPENSATORY PILOT GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	2,175	2,175	2,175	2,175	4,350
Subtotal - Forecast Base	2,175	2,175	2,175	2,175	4,350
Total	2,175	2,175	2,175	2,175	4,350
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,175	2,175	2,175	2,175	4,350
Total	2,175	2,175	2,175	2,175	4,350
<u>Expenditures by Category</u>					
Local Assistance	2,175	2,175	2,175	2,175	4,350
Total	2,175	2,175	2,175	2,175	4,350

Activity Description

These programs address specific and unique financial circumstances for the impacted district.

Population Served

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

One-Room Schoolhouse

Citation: Laws 2005 1st Special Session, Chapter 5, Article 1, Section 54, Subd. 9

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 program provides aid of \$50,000 in each year.

Lancaster Sparsity Aid

Citation: Laws 2008, Chapter 363, Article 2, Section 51, Subd. 4

Sparsity revenue, a component of the general education formula, provides additional money to geographically isolated school districts. Because eligibility for sparsity revenue is based on the location of neighboring schools, a school closure or relocation in a neighboring district can affect a school district's eligibility for sparsity revenue.

The Lancaster School District was facing a loss of sparsity revenue due to the relocation of an elementary school in a neighboring district. This program provides aid of \$100,000 per year for FY 2009-2011 to replace the lost sparsity revenue.

Rushford-Peterson Pupil Aid

Citation: Laws 2008, Chapter 363, Article 2, Section 51, Subd. 2

The Rushford-Peterson School District receives funding to offset general education revenue lost as a result of students who left the district and increased transportation costs due to the floods of August 2007. The base appropriation is \$158,000 per year for FY 2009 and FY 2010 only.

Contact

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

Activity at a Glance

- ◆ Warroad School District Independent School District 660 – Angle Inlet
- ◆ Lancaster Sparsity Aid
- ◆ Rushford-Peterson Pupil Aid

DEPT OF EDUCATION

Program: OTHER GENERAL EDUCATION

Activity: SPEC PROV FOR SELECT DISTRICTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	154	323	323	323	646
Technical Adjustments					
One-time Appropriations			0	(158)	(158)
Subtotal - Forecast Base	154	323	323	165	488
Total	154	323	323	165	488
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	154	323	323	165	488
Total	154	323	323	165	488
<u>Expenditures by Category</u>					
Local Assistance	154	323	323	165	488
Total	154	323	323	165	488

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. For taxes payable in 2004 and 2005, this levy was limited to 90% of costs exceeding \$10 times the district's adjusted marginal cost pupil units.
- ◆ *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.
- ◆ *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 3-30-92 for health insurance and unreimbursed medical expenses of employees who retired before 7-1-92. The district levy authority may not exceed \$600,000. The levy is limited to the costs for the current fiscal year. Starting with taxes payable 2009, levy authority is expanded to include retirees from 7-1-92 through 6-30-98, if the district's collective bargaining agreement contains a sunset clause regarding the payment of health benefits for retired employees.
- ◆ *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 Teacher Retirement Association 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 5-1-74, 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 \$30 times the district's adjusted marginal cost pupil units to provide a drug abuse prevention program in the elementary schools, to provide police 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, including costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems. Starting with taxes payable 2006, authority of up to \$10 per adjusted marginal cost pupil unit for intermediate districts was added. Effective for FY 2010, districts are required to set aside \$3 per adjusted marginal cost pupil unit for school counselors, nurses, psychologists, social workers, and/or chemical dependency counselors. Also, effective for FY 2010, a school district must annually certify that its total spending on these activities is not less than the sum of its expenditures for these purposes in the previous year (adjusted for the safe school levy expenditures). Districts will be required to maintain effort in this area between FY 2009 and FY 2010 and thereafter.
- ◆ *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. For taxes payable 2004 through 2008, this levy was limited to 90% of net operational costs. 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

DEPT OF EDUCATION**Program: OTHER GENERAL EDUCATION****Activity: MISCELLANEOUS LEVIES**

Narrative

undesignated fund balance in the operating funds. The levy may be spread over a period up to five years. Starting for taxes payable 2008, a district that participated in the cooperative secondary facilities program, consolidated with at least two other school districts, and has unfunded severance or retirement costs may annually levy up to \$150,000 for unfunded severance or retirement costs.

- ◆ *Severance Levies* (M.S. 123A.30, Subd. 6; M.S. 123A.73, Subd. 12; M.S. 123A.444; M.S. 124D.05, Subd. 3; M.S. 126C.41, Subd. 6). A school district that reorganizes under dissolution and attachment may levy the costs of severance pay or early retirement incentives for licensed and non-licensed 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 Retirement Levies* (M.S. 123A.485, Subd. 2). For a school district that consolidates under 123A.48, consolidation transition aid is equal to a maximum of \$200 per resident pupil unit for the first year of consolidation and \$100 per resident pupil unit for the second year of consolidation. If the cost of the early retirement incentives offered by the district under M.S. 123A.48, Subd. 23, exceeds the amount of consolidation transition aid, the district may levy for the difference for a period not to exceed three years.
- ◆ *Consolidation/Transition Levies* (M.S. 123A.41, Subd. 4, M.S. 123A.76). The board(s) of districts combining or combined under M.S. 123.37, Subd. 2, may levy over three years or less for costs directly related to the transition from cooperation to combination. These costs must be approved by the commissioner and may be costs of negotiations, administrative expenses, and new athletic or band uniforms. The board of a school district that has had all or a portion of a dissolved district attached to previous district boundaries may levy in the year the dissolution and attachment are effective for commissioner approved costs of negotiations and administrative expenses.
- ◆ *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 and M.S. 124D.4531). Through the Pay 2007 levy cycle, a district could levy an amount equal to the district's FY 2001 entitlement for Career and Technical Education or \$10,000, whichever was greater. The 2005 legislature reestablished a formula-based career and technical education levy beginning in the Pay 2008 levy certification process. Districts with programs and budgets approved by MDE qualify for a levy equal to the lesser of \$80 times district ADM in grades 10-12 or 25% of approved expenditures. A hold harmless provision guarantees the levy limit will not be less than the lesser of previous year levy or 100% of approved expenditures. Districts recognize the entire levy in the same fiscal year it is certified.
- ◆ *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:
 - ⇒ 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
 - ⇒ 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.
- ◆ *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.
- ◆ *Administrative Services* (M.S. 123A.12). If an administrative position is discontinued in a district as a result of the purchase of administrative services from another district, the district may levy for costs of retirement incentives or severance pay or other costs related to the discontinuance of that position.
- ◆ *Carpenter Bus* (Laws of Minnesota, 2005 First Special Session, Chapter 5, Article 1, Section 49). A school district may levy \$30,000 times the number of Carpenter school buses in its fleet as of 01-01 03, that have been determined to have potentially defective welds and are subject to limitations imposed by the Department of Public Safety. The levy authority may be spread over five years, taxes payable 2006 through 2010.

DEPT OF EDUCATION

Program: OTHER GENERAL EDUCATION

Activity: MISCELLANEOUS LEVIES

Narrative

- ◆ *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). For taxes payable in 2003-2006, districts could 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 expired after taxes payable 2006.
- ◆ *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 had authority to levy for past operating debt. No districts qualify after taxes payable 2007 levy.

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.

Activity Funding

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

	FY 2004 <u>02 PAY 03</u>	FY 2005 <u>03 PAY 04</u>	FY 2006 <u>04 PAY 05</u>	FY 2007 <u>05 PAY 06</u>	FY 2008 <u>06 PAY 07</u>	FY 2009 <u>07 PAY 08</u>
1. Reemployment Ins.	\$8,251.1	\$3,333.5	\$3,201.6	\$9,420.6	\$8,483.4	\$859.0
# of Districts	184	92	123	282	291	287
2. Judgment Levy	185.7	87.0	85.5	1,740.8	1,691.6	837.2
# of Districts	8	4	3	17	13	22
3. Health Benefit	4,278.7	3,319.9	2,674.8	3,338.8	3,166.9	3,053.9
# of Districts	30	25	19	21	21	20
4. Additional Retirement	9,649.4	9,885.0	10,354.4	10,735.1	11,762.2	11,352.9
# of Districts	2	2	2	2	2	2
5. Mpls. Health Ins.	291.5	323.3	355.1	389.8	430.3	452.7
6. St. Paul Severance	662.2	777.9	834.3	911.9	951.1	1,009.6
7. Safe Schools Levy ⁽¹⁾	27,615.2	24,395.1	24,196.1	24,055.1	24,135.2	28,362.2
# of Districts	309	309	315	314	313	318
8. Ice Arena Levy	840.1	747.2	742.5	895.2	902.0	943.8
# of Districts	10	9	11	10	10	9
9. Reorg. Oper. Debt	378.1	212.4	196.1	-0-	-0-	-0-
# of Districts	5	3	2	-0-	-0-	-0-
10. Severance Levies	621.3	630.1	668.3	316.8	481.1	1,225.6
# of Districts	6	6	7	4	4	9
11. Consol/Retirement	-0-	-0-	-0-	-0-	-0-	-0-
# of Districts	-0-	-0-	-0-	-0-	-0-	-0-
12. Consol/Transition	-0-	-0-	-0-	-0-	-0-	-0-
# of Districts	-0-	-0-	-0-	-0-	-0-	-0-
13. Swimming Pool	383.4	424.2	457.0	508.5	561.2	558.2
# of Districts	4	4	4	4	4	4
14. Career and Technical	12,620.3	12,505.7	12,678.2	12,689.2	12,773.7	14,420.6
# of Districts	312	305	308	310	309	310
15. Econ. Dev. Abatement	299.6	395.5	413.7	491.6	740.9	942.6
# of Districts	5	8	7	7	10	10
16. Tree Growth ⁽³⁾	631.5	630.2	618.0	620.8	622.1	631.5
# of Districts	48	47	46	46	47	49
17. Adm. Services ⁽²⁾	-0-	-0-	-0-	-0-	19.1	19.1
# of Districts	-0-	-0-	-0-	-0-	1	1
18. Carpenter Buses ⁽²⁾	-0-	-0-	-0-	3,205.4	781.6	592.3
# of Districts	-0-	-0-	-0-	36	16	11
19. Lost Interest Earnings ⁽³⁾	2,994.2	2,992.8	2,987.7	2,975.1	-0-	-0-
# of Districts	337	339	336	333	-0-	-0-
20. Operating Debt	525.4	174.1	175.7	187.7	103.7	-0-
# of Districts	11	2	1	1	1	-0-

- (1) Authority of up to \$10 per AMCPU for intermediate districts added for Pay 2006
- (2) New levy for pay 2006
- (3) Levy authority authorized for Pay 2003-Pay 2006 only

DEPT OF EDUCATION

Program: OTHER GENERAL EDUCATION

Activity: MISCELLANEOUS LEVIES

Narrative

Key Activity Goals

This activity supports MDE's goal of expanding education options for students and families by providing revenue for districts with unique circumstances.

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Division, (651) 582-8566, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html.

DEPT OF EDUCATION

Program: OTHER GENERAL EDUCATION

Activity: 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;

Information Only

Property tax credits and aids calculated 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

- ◆ Six credit programs in FY 2009
- ◆ \$68 million total credits FY 2009

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) reduce property taxes paid by property owners 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.
- ◆ *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, 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.

Activity Funding

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 property tax credit expenditures are reported in the Department of Revenue budget.

DEPT OF EDUCATION**Program: OTHER GENERAL EDUCATION****Activity: STATE PAID PROPERTY TAX CREDITS (info only)**

Narrative

State Paid Property Tax Credits

	Dollars in Thousands					
	FY 2004 <u>02 Pay 03</u>	FY 2005 <u>03 Pay 04</u>	FY 2006 <u>04 Pay 05</u>	FY 2007 <u>05 Pay 06</u>	FY 2008 <u>06 Pay 07</u>	FY 2009 <u>07 Pay 08</u>
Disparity Reduction Aid	\$8,432	\$8,927	\$8,127	\$7,983	\$8,066	\$8,704
Disaster Credit	19	-0-	-0-	-0-	27	105
Agricultural Preserves Credit	110	-0-	-0-	-0-	-0-	-0-
Disparity Reduction Credit	439	710	644	798	819	890
Homestead Market Value Credit	69,007	64,741	59,208	59,647	56,605	52,361
Agric Homestead Market Value Credit	<u>5,879</u>	<u>5,209</u>	<u>5,296</u>	<u>5,597</u>	<u>5,769</u>	<u>5,646</u>
TOTAL	\$83,886	\$79,587	\$73,275	\$74,025	\$71,286	\$67,706
Prior Year Adjustment	<u>239</u>	<u>95</u>	<u>125</u>	<u>750</u>	<u>273</u>	<u>273</u>
Adjusted TOTAL	\$84,125	\$79,682	\$73,400	\$74,775	\$71,559	\$67,979

Source: Tax Research Division, Department of Revenue, 01-25-08

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.

Key Activity Goals

This activity supports the Minnesota Milestone that all Minnesotans will have decent, safe, and affordable housing by providing targeted property tax relief.

Contact

Additional information is available the Minnesota Department of Education, Division of Program Finance, (651) 582-8566, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html.

Budget Activities

This program includes the following budget activities:

- ◆ Charter School Lease Aid
- ◆ Charter School Start-Up Aid
- ◆ Integration Revenue
- ◆ Magnet School Grants
- ◆ Magnet School Start-Up Aid
- ◆ Interdistrict Desegregation Transportation

DEPT OF EDUCATION

Program: ED EX CHOICE PROGRAMS

Program Summary

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	104,305	114,593	114,593	114,593	229,186
Technical Adjustments					
End-of-session Estimate			6,706	14,300	21,006
November Forecast Adjustment		(1,048)	2,790	2,555	5,345
Subtotal - Forecast Base	104,305	113,545	124,089	131,448	255,537
Governor's Recommendations					
Cap Integration Revenue at FY 2009 Level		0	(3,491)	(4,411)	(7,902)
Convert Perpich to Charter School		0	0	354	354
Aid Payments Shift		0	(10,846)	(379)	(11,225)
Total	104,305	113,545	109,752	127,012	236,764
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	104,850	113,542	109,752	127,012	236,764
Statutory Appropriations					
Federal	13,361	15,034	7,500	7,500	15,000
Total	118,211	128,576	117,252	134,512	251,764
<u>Expenditures by Category</u>					
Local Assistance	118,211	128,576	117,252	134,512	251,764
Total	118,211	128,576	117,252	134,512	251,764
<u>Expenditures by Activity</u>					
Charter School Lease Aid	38,958	44,806	36,575	44,905	81,480
Charter School Start Up	8,576	9,028	8,889	8,737	17,626
Integration Revenue	59,036	60,905	55,345	61,289	116,634
Magnet Schools	741	759	750	750	1,500
Interdis Deseg Transportation	10,900	13,078	15,693	18,831	34,524
Total	118,211	128,576	117,252	134,512	251,764

DEPT OF EDUCATION

Program: ED EX CHOICE PROGRAMS

Activity: CHARTER SCHOOL LEASE AID

Narrative

Activity Description

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

Federal Citation: Elementary and Secondary Education Act of 1965, as amended, Title V Part B, Subpart 1.20, U.S.C. 8061-8067

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

Population Served

Charter schools and enrolled students are served by the aid program.

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.

Federal funding is available to eligible charter schools. Minnesota Department of Education (MDE) received a five-year competitive grant through Title V, Part B of the Elementary Secondary Education Act-State Charter School Facilities Incentives Grant Program. MDE may award sub-grants to eligible charter schools, including one Minnesota Facilities Incentive Grant (MFIG)-Renovation. This project's funds are intended to assist charter school is facilities renovations.

Historical Perspective

This program began in FY 1998 with 25 of 27 charter schools receiving aid; 138 of 143 schools received lease aid in FY 2008.

Key Activity Goals

This program addresses the following Minnesota Milestones: 1) Minnesotans will excel in basic and challenging skills and knowledge; and 2) Minnesota's workforce will have the education and training to make the state a leader in the global economy. The program also addresses the key department goal of expanding education options for students and families.

Key Measures

Charter School Lease Aid Statistics

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	Estimate <u>FY 2008</u>
Eligible Lease Cost	\$14,275,979	\$17,833,442	\$21,120,184	\$23,589,096	\$28,173,665	\$32,764,300	\$39,491,368
PU Served	11,480	13,856	15,889	19,524	23,028	26,766	31,807
Average Lease Cost							
Per PU	\$1,244	\$1,287	\$1,329	\$1,208	\$1,223	\$1,224	\$1,242
Max Aid Per PU	\$1,500	\$1,500	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Total Gross Aid	\$12,620,780	\$15,625,004	\$17,542,645	\$20,634,020	\$24,203,68	\$27,792,863	\$32,940,021
Average Aid/PU	1,099	1,127	1,104	1,057	1,051.07	1,038	1,036

Activity Funding

The commissioner reviews lease aid applications and denies or approves based on

- ◆ 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.

DEPT OF EDUCATION

Program: ED EX CHOICE PROGRAMS

Activity: CHARTER SCHOOL LEASE AID

Narrative

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 (30 charter schools have a grandfather allowance for FY 2008 greater than \$1,200).¹

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8801, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html. Information about charter school laws, school formation, and operation is available at http://education.state.mn.us/mde/Academic_Excellence/School_Choice/Public_School_Choice/Charter_Schools/index.html.

¹ 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.

DEPT OF EDUCATION

Program: Ed Ex Choice Programs

Activity: Charter School Lease

Budget Activity Summary

Dollars in Thousands

		Current		Governor's Rec		Biennium
		FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund						
General Fund						
1	Total Current Appropriation	32,817	37,527	37,527	37,527	
	a. End of Session Estimate			4,890	10,008	
	b. November Forecast Adjustment		(755)	(1,735)	(2,432)	(4,167)
	c. Cancellation	(336)				
2	Forecast Base	32,481	36,772	40,682	45,103	(4,167)
Governor's Recommendation						
	a. Aid Payment Shift			(4,107)	(448)	(4,555)
	b. Convert Perpich to Charter School				250	
3	Governor's Recommended Appropriation			36,575	44,905	81,480
District Revenue Summary (Entitlement Basis)						
AID						
State Aid						
3	Statutory Formula Aid	32,963	37,195	41,069	45,552	86,621
4	Statutory Excess/(Shortfall)	373	798			0
5	Appropriated Entitlement	33,336	37,993	41,069	45,552	86,621
6	Adjustments					
	a. Cancellation	(373)				
	c. Appropriation Reduction		(798)			0
7	State Aid Entitlement Current Law	32,963	37,195	41,069	45,552	86,621
plus	8 Governor Recommendation				312	
	a. Convert Perpich to Charter School					
9	Governor's Recommended Aid			41,069	45,864	
10	Current Law Revenue (State Aid & Levy)	32,963	37,195	41,069	45,864	86,621
REVENUE						
11	Other Revenue					0
	a. Federal	6,477	8,034			
	b. Dedicated Receipts					
12	Total All Sources Current Law	39,440	45,229	41,069	45,864	86,621
Appropriations Basis for State Aid						
	Prior Year (10%/20%)	2,814	3,296	3,719	8,213	11,932
	Current Year (90%/80%)	30,003	33,476	32,856	36,692	69,548
	Cancellation Prior Year Account					
	Cancellation Current Year Account	(336)				
	Total State Aid - General Fund	32,481	36,772	36,575	44,905	81,480

Activity Description

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

Federal Citation: Elementary and Secondary Education Act of 1965; Title V, Part B, Subpart 1 –Charter Schools Program (CSP); CFDA 84.282A

The state and federal funded programs provide 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 operation). Federal funding is provided as grants to assist charter schools in specific start-up activities.

Activity at a Glance

- ◆ There are currently 143 charter schools in Minnesota (FY 2008)
- ◆ Number of charter schools receiving funding (FY 2007 data)

State start-up	33
Federal start-up	69

Population Served

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

Services Provided

State funds for start-up of charter schools provide funding for the costs associated with start-up.

Federal funds may be used for the following purposes.

- ◆ Planning and Implementation
 - ⇒ For planning, program design, and initial implementation of new charter schools.
- ◆ Dissemination
 - ⇒ To fund proposals from eligible high quality charter schools that will support activities to open new public schools, including public charter schools, or share charter schools' best practices with other public schools.

Key Activity Goals

This activity supports the Minnesota Department of Education's (MDA) goal of expanding education options for students and families by providing start-up funding for new charter schools.

Key Measures

This table represents charter schools receiving state and federal funding. Since federal funding is available for three years and state funding is available for two years, the schools are counted more than once.

Charter Schools Receiving Start-Up Revenue

	<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>	<u>FY 2006</u>	<u>FY 2007</u>
State	11	20	28	32	26	20	11	-0*	23	33
Federal	39	47	53	48	40	37	54	70	65	69

*No appropriation for state start-up aid was provided for schools opening in FY 2005.

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. All charter schools receive this funding for their first two years of operation.

To qualify for federal start-up awards, schools must meet the following eligibility requirements.

- ◆ Planning and implementation grants: Newly approved public charter schools.
- ◆ Dissemination grants: Successful charter schools that have been in operation for three consecutive years. Demonstration of a successful charter school includes substantial improvement of student achievement, high

DEPT OF EDUCATION

Program: ED EX CHOICE PROGRAMS

Activity: CHARTER SCHOOL START UP

Narrative

levels of parent satisfaction and the management and leadership necessary to overcome initial start-up problems and establish a thriving, financially viable charter school.

Subgrants are awarded for a total period of up to 36 months; up to 18 months of the period may be used for planning and program design, and up to 24 months of which may be used for the initial implementation of a charter school. High-quality charter schools in their fourth or subsequent year of operation are eligible to receive one dissemination grant for a period of up to two years.

Federal planning and implementation maximum amount per school is \$540,000, distributed over 36 months. This is usually divided into three periods:

- ◆ pre-operational planning - \$180,000
- ◆ first year of implementation - \$180,000
- ◆ second year of implementation - \$180,000

Minnesota's dissemination grants have ranged from \$50,000 to \$300,000 per year. There is no specified maximum amount.

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 Programs & Services Division, (651) 582-8217. Information about charter school laws, school formation, and operation is available at

http://education.state.mn.us/mde/Academic_Excellence/School_Choice/Public_School_Choice/Charter_Schools/index.html.

DEPT OF EDUCATION

Program: ED EX CHOICE PROGRAMS

Activity: Charter School Start Up Aid

Budget Activity Summary

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec.		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
General Fund					
1 Total Current Appropriation	1,801	1,987	1,987	1,987	3,974
a. End of Session Estimate			(484)	(541)	(1,025)
b. November Forecast Adjustment		53	34	(356)	(322)
c. Cancellation	(109)	(12)			
2 Forecast Base	1,692	2,028	1,537	1,090	2,627
3 Governor's Recommendation					
a. Aid Payment Shift			(148)	43	(105)
b. Convert Perpich to Charter School				104	104
4 Governor's Recommended Appropriation			1,389	1,237	2,626
District Revenue Summary (Entitlement Basis)					
AID					
State Aid					
5 Statutory Formula Aid	1,614	2,074	1,477	1,047	2,524
6 Statutory Excess/(Shortfall)	121	(59)			0
7 Appropriated Entitlement	1,735	2,015	1,477	1,047	2,524
8 Adjustments					
a. Cancellation	(121)				
b. Appropriation Reduction	0				
c. Supplemental Appropriation		59			
9 State Aid Entitlement Current Law	1,614	2,074	1,477	1,047	2,524
10 Governor's Recommendation					
a. Convert Perpich to Charter School				130	130
11 Governor's Recommended Aid				1,177	1,177
REVENUE					
12 Other Revenue					
a. Federal	6,884	7,000	7,500	7,500	15,000
13 Total All Sources Current Law	8,498	9,074	8,977	8,547	15,000
Appropriations Basis for State Aid					
Prior Year (10%/20%)	239	172	207	295	502
Cancellation (10%)		(11)			
Current Year (90%/80%)	1,562	1,867	1,182	942	2,124
Cancellation	(109)				
Total State Aid - General Fund	1,692	2,028	1,389	1,237	2,626

Activity Description

Citation: M.S. 124D.86

The purpose of this state aid and local levy program is to promote voluntary racial integration, prevent segregation, and increase cross-cultural learning opportunities through programs established under an integration plan mandated by state rules.

Population Served

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

Activity at a Glance

- ◆ District participation has increased from 53 districts in FY 2003 to 113 districts in FY 2009.
- ◆ Integration plans are designed to provide voluntary strategies to reduce the racial isolation of school districts from their neighboring districts or to reduce racial isolation across schools within a single district.

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

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 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.

Integration revenue may be used for

- ◆ additional operating costs for magnet/specialty schools or other methods used to achieve school district integration;
- ◆ integration transportation costs (see Interdistrict Desegregation Transportation budget narrative);
- ◆ staff development costs for preparing teachers to work with diverse populations in an integrated setting;
- ◆ development and implementation of strategies to meet the needs of diverse populations of students in an integrated setting; and
- ◆ supplemental support services for unique student needs in integrated schools.

Under State Board of Education Rule 3535 (Desegregation Rule), an integration plan is required in two instances. *Racially identified school within a district.*

- ◆ 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 integration plan must specify how the district will increase opportunities for interracial contact between students in the building with other students in the same district.

Racially identified school 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 integration plan must specify how the district will increase opportunities for interracial contact between students in the district and, students in the contiguous districts.

Protected students means students are identified in the general racial categories of African/Black Americans, Asia/Pacific Americans, Chicano/Latino Americans, American Indian/Alaskan Native. Multiracial students self-identify or are identified as having origins in more than one of the categories or as having origins in one of the categories and in the category of Caucasian.

Historical Perspective

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

School District Participation

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Minneapolis, St. Paul, Duluth	3	3	3	3	3	3	3
Racially isolated districts (excluding Minneapolis and St. Paul)	11	13	17	19	22	27	29
Districts with greater than 15% ¹	9	10	11	12	13	16	17
Districts with less than 15% ²	<u>30</u>	<u>36</u>	<u>49</u>	<u>57</u>	<u>55</u>	<u>52</u>	<u>64</u>
Total	53	62	80	91	93	98	113

Pupil Units (adjusted) 412,493 399,689 465,955 459,553 *502,881 *529,696 *534,212

*Estimated

1 – protected class but not isolated or with racially identified schools

2 – protected class who are required to implement an integration plan per rule or are a member of an interdistrict integration collaborative

It is anticipated that growing concentrations of students of color in both urban core districts and in southwestern Minnesota will continue. The desegregation rule requires greater collaboration among more districts in addressing integration issues.

Key Activity Goals

This program addresses the following Minnesota Department of Education goals: 1) improving student achievement/preparing students to compete in a global economy; 2) closing the achievement gap; and 3) improving teacher quality.

Key Measures

- ◆ Students and parents in racially identified school districts and school sites have a variety of school choice options that provide opportunities for increased interracial interaction and improved educational opportunities.
- ◆ School districts and school sites participating in the integration program create educational programs and services that address specific educational needs of protected students in the context of an integrated learning environment and that contribute towards increased student achievement and success.
- ◆ School districts and school sites participating in the integration program create educational programs and services that increase cultural and racial understanding.
- ◆ School districts and school sites participating in the integration program provide professional development activities to licensed and non-licensed staff that support the implementation of educational programs that provide for increased student achievement and interracial interaction.

Activity Funding

This program is funded with a combination of state aid and a local property tax levy. 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 taxpayers. Currently, state aid is 70% of revenue. 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 proposed budget for approval by the Minnesota Department of Education (MDE) detailing the costs of implementing the integration plan. At the end of the school year the district reports

DEPT OF EDUCATION**Program: ED EX CHOICE PROGRAMS****Activity: INTEGRATION REVENUE**

Narrative

the actual expenditures related to implementation of the plan. For FY 2000 and later years, the maximum integration revenue for eligible districts other than Minneapolis, St. Paul, and Duluth (and for increases over the FY 2000 funding level for these three districts) is the lesser of the cost of implementing the district's plan or the statutorily-defined rate times the adjusted pupil units. Current statutory rates are provided below.

Minneapolis

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

St. Paul

- ◆ \$445

Duluth

- ◆ \$206

Other eligible districts

- ◆ \$92/\$129 per adjusted pupil unit for districts, other than Minneapolis, St. Paul, or Duluth, that must implement a plan under State Rule 3535.0100 to 3535.0180. Districts with more than 15% protected student enrollment are eligible for \$129 per adjusted pupil unit. Other districts, including noncontiguous districts and voluntary districts are eligible for \$92 per adjusted pupil units. Districts receive the lesser of the actual cost of implementation of the approved plan or \$129 per adjusted pupil unit.

Effective FY 2001, districts other than cities of the first class may generate alternative attendance integration aid by providing a budget for approval 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.

The following table summarizes the trends in integration revenue since FY 2002.

Total Integration Revenue By District

Dollars in Thousands

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	Est. <u>FY 2008</u>
Duluth	\$ 2,841	\$ 2,722	\$ 2,593	\$ 2,444	\$ 2,416	\$ 2,347	\$ 2,299
Minneapolis	30,259	23,906	22,645	24,465	20,477	19,511	18,657
St. Paul	23,282	23,136	21,533	20,983	20,931	20,493	20,386
Other Districts	<u>24,147</u>	<u>27,393</u>	<u>30,946</u>	<u>29,063</u>	<u>43,121</u>	<u>48,776</u>	<u>51,811</u>
STATE TOTALS	\$80,529	\$77,157	\$77,717	\$76,955	\$86,945	\$91,127	\$93,153

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 Choice Programs and Services, (651) 582-8586, http://education.state.mn.us/mde/Academic_Excellence/School_Choice/index.html.

DEPT OF EDUCATION

Program: ED EX CHOICE PROGRAMS

Activity: Integration Revenue

Budget Activity Summary

<i>Dollars in Thousands</i>						
		Current		Governor's Rec		Biennium
		FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund						
General Fund						
1	Total Current Appropriation	59,036	62,448	62,448	62,448	124,896
	a. End of Session Estimate			(76)	(394)	(470)
	b. November Forecast Adjustment		(1,543)	3,055	3,620	6,675
	c. Transfer per M.S. 127A.41					
2	Forecast Base	59,036	60,905	65,427	65,674	131,101
3	Governor's Recommendation			(6,591)	26	(6,565)
	a. Aid Payment Shift			(3,491)	(4,411)	(7,902)
	b. Cap Integration Revenue at FY 2009 Level					
4	Governor's Recommended Appropriation			55,345	61,289	116,634
District Revenue Summary (Entitlement Basis)						
AID						
State Aid						
5	Statutory Formula Aid	59,124	61,103	65,907	65,648	131,555
6	Statutory Excess/(Shortfall)		1,714			0
7	Appropriated Entitlement	59,124	62,817	65,907	65,648	131,555
8	Adjustments					
	a. Transfer per M.S. 127A.41					
	b. Supplemental Appropriation					
	c. Appropriation Reduction		(1,714)			
9	State Aid Entitlement Current Law	59,124	61,103	65,907	65,648	131,555
plus	10 Governor's Recommendation			(4,363)	(4,423)	(8,786)
	a. Cap Integration Revenue at FY 2009 Level					
11	Governor's Recommended Aid			61,544	61,225	122,769
LEVY						
Levy						
12	Local Levy Current Law	26,283	27,032	29,134	29,006	58,140
13	Governor's Recommendation			(1,870)	(1,896)	(3,766)
	a. Cap Integration Revenue at FY 2009 Level					
14	Governor's Recommended Levy			27,264	27,110	54,374
REVENUE						
15	Current Law Revenue (State Aid & Levy)	85,407	88,135	95,041	94,654	189,695
16	Governor's Recommended Revenue			88,808	88,335	177,143
Appropriations Basis for State Aid						
	Prior Year (10%/20%)	5,824	5,912	6,110	12,309	18,419
	Current Year (90%/80%)	53,212	54,993	49,235	48,980	98,215
	Transfer per M.S. 127A.41					
	Total State Aid - General Fund	59,036	60,905	55,345	61,289	116,634

Activity Description

Citation: M.S. 123B.04, M.S. 124D.871

The purpose of this state grant program is to provide funding for school districts and charter schools to establish or continue implementation of magnet school or programs. This grant also allows schools to increase learning opportunities within integrated educational settings and establish voluntary desegregation efforts across district efforts. Additionally, this grant will fund a site-based decision-making grant, up to \$100,000 each year, for innovative program oversight.

Activity at a Glance

- ◆ 10 projects were funded in FY 2007 and FY 2008 (six in the Twin Cities, four in greater Minnesota).
- ◆ Communities and school districts statewide wishing to provide integrated learning opportunities to students are able to apply for this competitive grant.

Population Served

Districts, students, and parents in participating programs or projects are the primary population served.

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
- ◆ indirect costs calculated according to the state statutory formula governing indirect costs

Key Activity Goals

This program addresses the following Minnesota Department of Education goals: 1) improve student achievement/prepare students to compete in a global economy; and 2) closing the achievement gap.

Key Measures

- ◆ Development and implementation of magnet schools and programs that attract students through added learning opportunities in high interest areas.
- ◆ Development and implementation of magnet schools and programs that promote cultural/racial understanding and provide greater racial balance.
- ◆ Development and implementation of magnet schools and programs that provide rigorous preparation in math, science, and language arts, and are aligned with state and national standards ensuring increased student achievement and success.

DEPT OF EDUCATION**Program: ED EX CHOICE PROGRAMS****Activity: MAGNET SCHOOLS GRANTS**

Narrative

Activity Funding

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

Funding History

District	Dollars in Thousands					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
WMEP FAIR School				100.0		
St Louis Park	102.0				41.6	
Willmar Area Project	202.0	150.0				
Chisholm	46.0					
Waseca		100.0				
WMEP Education Program		100.0				
Twin Cities International Elementary		8.4	16.0	13.0	12.6	10.0
Osseo		73.6				
NW Suburban Desegregation		27.2				
Ely		31.6	90.0			
East Metro		144.1				
Anoka Hennepin Magnet School		99.5	85.4	70.0		
West St. Paul ISD 197			70.0	47.0	100.0	100.0
Bemidi-Central					80.0	90.0
Duluth-Lincoln Park				94.0	50.0	
Duluth-Lowell					90.0	
Robbinsdale			63.0	70.0	60.0	
Minneapolis-Edison & Northup			97.0	239.0	215.2	167.0
High School for the Recording Arts			30.0			
White Bear Lake			27.0			
Bemidji-J.W. Smith						60.0
Duluth-Woodland MS						60.0
South Washington County-Spanish Immersion						90.0
Richfield-Spanish Immersion Magnet						78.0
Duluth-Nettleton						90.00
St Paul			100.0	117.0	100.0	
Totals	\$ 350.0	\$ 734.4	\$ 578.4	\$ 750.0	\$ 749.4	\$ 745.0

Contact

Additional information is available from the Minnesota Department of Education, Division of Choice Programs and Services, (651) 582-8586, http://education.state.mn.us/mde/Academic_Excellence/School_Choice/index.html.

DEPT OF EDUCATION
 Program: ED EX CHOICE PROGRAMS
 Activity: MAGNET SCHOOLS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	750	750	750	750	1,500
Subtotal - Forecast Base	750	750	750	750	1,500
Total	750	750	750	750	1,500
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	741	759	750	750	1,500
Total	741	759	750	750	1,500
<u>Expenditures by Category</u>					
Local Assistance	741	759	750	750	1,500
Total	741	759	750	750	1,500

Activity Description

Citation: M.S. 124D.88, Subd. 4

The purpose of this aid program is to provide additional funds for magnet schools for their first two years of operation to address expenses associated with start-up activities.

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

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; and
- ◆ to increase experience and exposure to racial, ethnic, and cultural diversity for students, staff, and communities.

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 Activity Goals

To establish or continue implementation of magnet schools or programs and to assist in the integration of public schools by supporting the elimination, reduction, and prevention of minority group isolation in public schools. In order to meet the purpose of the program, the project must establish or operate a magnet school or a program and provide all students with equitable education opportunities.

Key Measures

Two schools received start-up funding in FY 2001-03

- ◆ **Fine Arts Interdisciplinary Resource (FAIR) Magnet School** is for students in grades 4-8. FAIR school is one of two schools created by the West Metro Education Program (WMEP) to provide intercultural learning opportunities for students from Minneapolis and surrounding suburban school districts. The learning opportunities at FAIR school focus on three major areas: intercultural learning, fine arts performance, and academic excellence.
- ◆ **Crosswinds Arts and Science Magnet School** is a program of the East Metro Integration District. The school supports a year round 45/15 calendar. The Crosswinds academic program integrates arts and science into all subject areas and emphasizes hands-on, group work to help students understand the connections between what they are learning and the real world.

The two collaborative districts that have received magnet school start-up grants show an increasingly diverse population. The Crosswinds Arts and Science Magnet School has a racial mix of 52% white and 48%

<u>Activity at a Glance</u>
<ul style="list-style-type: none"> ◆ Two magnet schools have received this grant since FY 2001; no new schools have started since FY 2002 ◆ The funds help magnet schools with start-up costs for two years

DEPT OF EDUCATION

Program: ED EX CHOICE PROGRAMS

Activity: MAGNET SCHOOLS START-UP AID

Narrative

minority/protected students. The FAIR Magnet School has a racial mix of 69% white and 31% minority/protected students. Comparatively, the percentage of minority/protected students in the two magnet schools is less than Minneapolis or St. Paul that exceed 73%. However, the two schools have a greater percentage of protected students than most of the member districts in the collaboratives. This shows that the schools are meeting the intent of the law.

Magnet schools or programs funded under this grant have demonstrated success by continuing programs beyond the funded period. This includes, 1) the district ability to sustain a magnet school and maintain quality of programs and services for students and 2) the district ability to replicate the piloted program to implement it district wide. For example, St. Paul implementation of the AVID program after the third year of the magnet grant period; Garlough Environmental Magnet School sustaining the magnet school after the third year of the grant.

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. In the last seven years, two schools have qualified for aid in the first two years of operation.

	Dollars in Thousands				
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004*</u>	<u>FY 2005*</u>	<u>FY 2006*</u>
WMEP FAIR School	\$324	-0-	-0-	-0-	-0-
East Metro Crosswinds Middle	\$129	\$212	-0-	-0-	-0-

*No schools qualified in FY 2004-08.

In addition to the start-up funding, M.S. 124D.88 provides authority for a metropolitan magnet school capital facility grant program for the purpose of promoting integrated education for students in prekindergarten through grade 12, for the seven-county metropolitan area. The grant money must be used only to design, acquire, construct, expand, remodel, improve, furnish, or equip the building or site of a magnet school facility. Application processes and procedures are stated in statute. No school districts or collaboratives have applied for this grant program in recent 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, Division of Program Finance, (651) 582-8811, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html.

DEPT OF EDUCATION

Program: EDUCATION EXCELLENCE CHOICE PROGRAMS

Activity: Magnet School Startup Grants

Budget Activity Summary

Dollars in Thousands

		Current		Governor's Rec.		Biennium
<i>Direct Appropriations by Fund</i>		FY 2008	FY 2009	FY 2010	FY 2011	2010-11
General Fund						
1	Current Appropriation	0	0	0	0	0
	a. End of Session Estimate					0
	b. November Forecast Adjustment					0
	c. February Forecast Adjustment					0
2	Governor's Recommended Appropriation	0	0	0	0	0
District Revenue Summary (Entitlement Basis)						
AID	State Aid					
3	Statutory Formula Aid	0	0	0	0	0
4	Statutory Excess/(Shortfall)		0			0
5	Appropriated Entitlement	0	0	0	0	0
6	Adjustments					
7	State Aid Entitlement Current Law	0	0	0	0	0
Appropriations Basis for State Aid						
	Prior Year (10%/20%)	0	0	0	0	0
	Current Year (90%/80%)	0	0	0	0	0
	Total State Aid - General Fund	0	0	0	0	0

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 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 2007, over 5,000 students were transported to and from interdistrict desegregation or integration schools and the choice is yours (CIY) program at a cost of \$9.1 million.
- ◆ Other students were transported to a program or event at a cost of \$287,356 in FY 2007.

Population Served

This program serves public school students attending interdistrict desegregation or integration schools or programs and low-income Minneapolis students attending suburban districts under the CIY program.

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 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 experiences in more than 100 school districts.

Key Activity Goals

By providing transportation services that enable more students to participate in an integrated educational environment, this program addresses the key agency goals of expanding education options for students and families and closing the achievement gap.

Key Measures

Both the number of districts and the number of students participating has increased over time as shown in the table below. A large portion of the increase is attributable to the collaborative choice is yours program, which is a part of the overall desegregation program. Students transported under this program numbered 1,900 in FY 2006 and are expected to increase to 2,200 in FY 2008.

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of Districts	17	19	23	23	28	33	44	49
Number of Students Transported	1,232	1,527	2,206	3,322	3,725	4,036	4,341	5,067

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-

DEPT OF EDUCATION

Program: ED EX CHOICE PROGRAMS

Activity: INTERDIS DESEG TRANSPORTATION

Narrative

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 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/MDE/Accountability_Programs/Program_Finance/index.html.

DEPT OF EDUCATION

Program: ED EX CHOICE PROGRAMS

Activity: Interdistrict Desegregation Transportation Budget Activity Summary

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
General Fund					
1 Current Appropriation	9,901	11,881	11,881	11,881	23,762
a. End of Session Estimate			2,376	5,227	7,603
b. Transfer per M.S. 127A.41	999				
c. November Forecast Adjustment		1,197	1,436	1,723	3,159
2 Governor's Recommended Appropriation	10,900	13,078	15,693	18,831	34,524

<i>District Revenue Summary (Entitlement Basis)</i>					
AID	State Aid				
3 Statutory Formula Aid	10,900	13,078	15,693	18,831	34,524
4 Statutory Excess/(Shortfall)	(999)	(1,197)			0
5 Appropriated Entitlement	9,901	11,881	15,693	18,831	34,524
6 Adjustments					
a. Supplemental Appropriation		1,197			
b. Transfer per M.S. 127A.41	999				
7 State Aid Entitlement Current Law	10,900	13,078	15,693	18,831	34,524
Appropriations Basis for State Aid					
Transfer per M.S. 127A.41	999				
Current Year	9,901	13,078	15,693	18,831	34,524
Total State Aid - General Fund	10,900	13,078	15,693	18,831	34,524

Budget Activities

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

DEPT OF EDUCATION

Program: ED EX INDIAN PROGRAMS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	4,602	4,787	4,787	4,787	9,574
Technical Adjustments					
End-of-session Estimate			138	274	412
November Forecast Adjustment		(511)	(568)	(521)	(1,089)
Subtotal - Forecast Base	4,602	4,276	4,357	4,540	8,897
Governor's Recommendations					
Aid Payments Shift		0	(412)	(18)	(430)
Total	4,602	4,276	3,945	4,522	8,467
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	4,244	4,241	3,945	4,522	8,467
Total	4,244	4,241	3,945	4,522	8,467
<u>Expenditures by Category</u>					
Local Assistance	4,244	4,241	3,945	4,522	8,467
Total	4,244	4,241	3,945	4,522	8,467
<u>Expenditures by Activity</u>					
Success For The Future	2,137	2,137	1,923	2,137	4,060
Indian Teacher Preparation	186	194	190	190	380
Tribal Contract Schools	1,853	1,842	1,764	2,127	3,891
Tribal Early Childhood Program	68	68	68	68	136
Total	4,244	4,241	3,945	4,522	8,467

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

- ◆ 32 grants funded for six years (2007-13) with annual renewal of funds
- ◆ 8,850 American Indian students served

Population Served

- ◆ Twenty-six public school districts, four tribal schools, and two charter schools were awarded success for the future grant funds.
- ◆ American Indian student population served (urban – 4,850; rural/urban 4,000).

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 Activity Goals

The key measures are consistent with MDE goals of improving student achievement and closing the achievement gap.

Key Measures

- ◆ Increase the literacy/reasoning (math, science, critical thinking, etc.) skills of American Indian students through the use of culturally infused curriculum that supplements and does not supplant schools/district curriculum or programs. This will be shown by a 5% increase of identified students as shown by the MCAAIL.
- ◆ Increase by 5% the number of American Indian student's grades 7-12 who participate in extra/co-curricular activities, international baccalaureate, advanced placement, postsecondary options, and who take the SAT, ACT, CLEP, PSAT, PLAN, or EXPLORE.

Activity Funding

The grants are awarded for a six-year period with a biennial renewal process.

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of Grants Funded	30	30	30	31	31	32
Number of Applicants	46	46	46	46	46	48
Percent of Applicants Funded	65%	65%	65%	67%	67%	66%
Number of Participating Indian Students	9,454	7,778	10,527	8,950	8,950	8,850
Number of Indian Students in /Districts Statewide	17,145	17,479	17,667	17,574	17,397	17,000
Percent Served	55.1%	44.5%	59.6%	50.9%	51.4%	47.0%

DEPT OF EDUCATION

Program: ED EX INDIAN PROGRAMS

Activity: SUCCESS FOR THE FUTURE

Narrative

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. 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, Office of Indian Education, (651) 582-8862, http://education.state.mn.us/mde/Academic_Excellence/Indian_Education/index.html.

DEPT OF EDUCATION

Program: ED EX INDIAN PROGRAMS

Activity: Success for the Future

Budget Activity Summary

<i>Dollars in Thousands</i>						
		Current		Governor's Rec		Biennium
		FY 2008	FY 2009	FY 2010	FY 2011	2010-11
<i>Direct Appropriations by Fund</i>						
General Fund						
1	Total Current Appropriation	2,137	2,137	2,137	2,137	4,274
	a. Cancellation					
2	Forecast Base	2,137	2,137	2,137	2,137	4,274
Governor's Recommendation						
	a. Aid Payment Shift			(214)	0	(214)
3	Governor's Recommended Appropriation			1,923	2,137	4,060
<i>District Revenue Summary (Entitlement Basis)</i>						
AID						
State Aid						
4	Statutory Formula Aid	2,137	2,137	2,137	2,137	4,274
5	Statutory Excess/(Shortfall)					0
6	Appropriated Entitlement	2,137	2,137	2,137	2,137	4,274
7	Adjustments					
	a. Cancellation					
8	State Aid Entitlement Current Law	2,137	2,137	2,137	2,137	4,274
<i>Appropriations Basis for State Aid</i>						
	Prior Year (10%)	213	213	213	427	640
	Current Year (90%)	1,924	1,924	1,710	1,710	3,420
	Total State Aid - General Fund	2,137	2,137	1,923	2,137	4,060

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 eligible 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 postsecondary 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 postsecondary institutions.

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of Eligible Institutions	4	4	4	4	4	4
Number of New Participants	21	25	25	23	24	29
Number of Graduates	4	7	8	3	2	8

Individuals participating in the program range from teachers working on additional licensure programs to undergraduate students ranging from sophomore second-semester students through seniors. Typical education students require four and half to five years to complete postsecondary programs and receive licensure. In addition, because of financial and other issues, it is not uncommon for many students to take longer to complete their postsecondary education.

Key Activity Goals

The measures are reflective of the Minnesota Department of Education’s goal of improving teacher quality.

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;

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 Schools, and the University of Minnesota-Duluth in collaboration with Duluth Public Schools.
- ◆ The grants support approximately 29 students per year.

DEPT OF EDUCATION

Program: ED EX INDIAN PROGRAMS

Activity: INDIAN TEACHER PREPARATION

Narrative

- ◆ To create a welcoming and understanding school environment for minority children and families; and
- ◆ To increase experience and exposure to a diversity of teachers for all of Minnesota's students.
- ◆ There have been 60 graduates of the program since its inception in 1979.
- ◆ A total of 90 American Indians have participated or are participating in the program to date.

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 postsecondary institution, as determined by agreement.

Grant Summary:

Funding to each of these partnerships is constant through FY 2008.

Indian Teacher Preparation Grants

	Dollars in Thousands
	<u>FY 2008</u>
Bemidji State University and Red Lake School District sites	\$ 40
Moorhead State University and White Earth Nation sites	40
U of M-Duluth and Duluth School District sites	70
Augsburg College and Minneapolis and St. Paul School Districts' sites	<u>40</u>
TOTAL	\$190

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 Indian Education, (651) http://education.state.mn.us/MDE/Academic_Excellence/Indian_Education/index.html.

DEPT OF EDUCATION
 Program: ED EX INDIAN PROGRAMS
 Activity: INDIAN TEACHER PREPARATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	190	190	190	190	380
Subtotal - Forecast Base	190	190	190	190	380
Total	190	190	190	190	380
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	186	194	190	190	380
Total	186	194	190	190	380
<u>Expenditures by Category</u>					
Local Assistance	186	194	190	190	380
Total	186	194	190	190	380

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.

Activity at a Glance

FY 2007

- ◆ 820 American Indian students attend the four contract/grant schools in Minnesota.

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 4 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
- ◆ 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 No Child Left Behind, Title I and Bureau of Indian Affairs regulations.

Key Activity Goals

While promoting equal education opportunities for students enrolled in tribal contract schools, this funding helps improve student achievement and prepares the students to compete in a global economy. It also addresses two of the MDE goals: Improving student achievement and closing the achievement gap.

Key Measures

The appropriation is for the schools' general fund for educational services. In October 2004, yearly report cards for each school were collected and baseline data compiled regarding graduation standards, retention rate, and test scores.

Activity Funding

State aid is calculated by

1. **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;
2. **adding** compensatory revenue based on compensation revenue pupil units times the formula allowance minus \$300;
3. **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;

DEPT OF EDUCATION**Program: ED EX INDIAN PROGRAMS****Activity: TRIBAL CONTRACT SCHOOLS**

Narrative

4. **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,
5. **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).

Funding Per School

Dollars in Thousands

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Bug-O-Nay-Ge-Shig	\$702.9	\$712.3	\$721.9	\$727.8	\$759.6	\$695.7
Circle of Life	306.3	307.1	280.9	282.3	274.8	278.0
Nay Ah Shing	315.3	584.7	425.9	495.1	214.6	116.4
Fond du Lac	-0-	-0-	-0-	-0-	-0-	-0-
Total	\$1,324.5	\$1,604.1	\$1,428.7	\$1,505.2	\$1,249.0	\$1,090.1

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/mde/Academic_Excellence/Indian_Education/index.html.

DEPT OF EDUCATION

Program: ED EX INDIAN PROGRAMS

Activity: Tribal Contract Schools

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund					
General Fund					
1 Total Current Appropriation	2,207	2,392	2,392	2,392	4,784
a. End of Session Estimate			138	274	412
b. November Forecast Adjustment		(511)	(568)	(521)	(1,089)
c. Cancellation	(354)	(39)			
2 Forecast Base	1,853	1,842	1,962	2,145	4,107
3 Governor's Recommendation					
a. Aid Payment Shift			(198)	(18)	(216)
4 Governor's Recommended Appropriation			1,764	2,127	3,891
District Revenue Summary (Entitlement Basis)					
AID					
State Aid					
5 Statutory Formula Aid	1,832	1,843	1,975	2,164	4,139
6 Statutory Excess/(Shortfall)	393	568			0
7 Appropriated Entitlement	2,225	2,411	1,975	2,164	4,139
8 Adjustments					
a. Cancellation	(393)				
b. Appropriation Reduction		(568)			
9 State Aid Entitlement Current Law	1,832	1,843	1,975	2,164	4,139
Appropriations Basis for State Aid					
Prior Year (10%/20%)	204	222	184	395	579
Current Year (90%/80%)	2,003	1,659	1,580	1,732	3,312
Cancellation	(354)	(39)			
Total State Aid - General Fund	1,853	1,842	1,764	2,127	3,891

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 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 Activity Goals

The funding provided for the tribal early childhood education programs helps the participating children be healthy and prepared to learn when they start attending school. It also contributes to the Minnesota Department of Education’s (MDE) goal of closing the achievement gap.

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. MDE is currently working with the U.S. Department of Interior, Bureau of Indian Affairs, and the four tribal governments regarding assessment and data distribution.

Activity at a Glance

These programs provide support to four tribal early childhood family education (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

DEPT OF EDUCATION**Program: ED EX INDIAN PROGRAMS****Activity: TRIBAL EARLY CHILDHOOD PROGRAM**

Narrative

Activity Funding

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Fond du Lac	\$ 9,584	\$ 9,584	\$ 9,584	\$ 9,584	\$ 9,584	\$ 9,584
Circle of Life	18,233	18,233	18,233	18,233	18,233	18,233
Bug-O-Nay-Ge-Shig	26,271	26,271	26,271	26,271	26,271	26,271
Nay Ah Shing	13,909	13,909	13,909	13,909	13,909	13,909
TOTAL	\$67,997	\$67,997	\$67,997	\$ 67,997	\$ 67,997	\$ 67,997

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/mde/Academic_Excellence/Indian_Education/index.html.

DEPT OF EDUCATION

Program: ED EX INDIAN PROGRAMS

Activity: TRIBAL EARLY CHILDHOOD PROGRAM

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	68	68	68	68	136
Subtotal - Forecast Base	68	68	68	68	136
Total	68	68	68	68	136
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	68	68	68	68	136
Total	68	68	68	68	136
<u>Expenditures by Category</u>					
Local Assistance	68	68	68	68	136
Total	68	68	68	68	136

Budget Activities

- ◆ Statewide Testing
- ◆ Gov Rec – Summer of Success

DEPT OF EDUCATION

Program: ED EX INNOVATION & ACCOUNTABIL

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	15,150	15,150	15,150	15,150	30,300
Subtotal - Forecast Base	15,150	15,150	15,150	15,150	30,300
Governor's Recommendations					
Assessment Policy and Schedule Revision		0	3,318	4,218	7,536
Summer of Success		0	3,204	6,258	9,462
Total	15,150	15,150	21,672	25,626	47,298
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	15,150	15,150	21,672	25,626	47,298
Statutory Appropriations					
Federal	10,051	10,409	9,954	9,954	19,908
Total	25,201	25,559	31,626	35,580	67,206
 <u>Expenditures by Category</u>					
Total Compensation	0	0	100	100	200
Other Operating Expenses	25,201	25,559	28,622	29,472	58,094
Local Assistance	0	0	2,904	6,008	8,912
Total	25,201	25,559	31,626	35,580	67,206
 <u>Expenditures by Activity</u>					
Statewide Testing	25,201	25,559	28,422	29,322	57,744
Summer Of Success	0	0	3,204	6,258	9,462
Total	25,201	25,559	31,626	35,580	67,206
 Full-Time Equivalentents (FTE)					
	0.0	0.0	1.0	1.0	

Activity Description

Citation: M.S.120B.30, M.S. 120B.31, M.S. 124D.59

Federal Citations: ESEA 1965, Title VI, Part A, Subpart I, Section 6111, P.L. 107-110 and Section 6112, P.L. 107-220

These programs support improvements in teaching and learning with statewide testing in reading and mathematics in grades three through eight, grade 10 (reading); and grade 11 (mathematics); grade 9 (writing), science in grades five, eight, and high school; limited English proficiency (LEP) in grades K-12; and special education in grades three through eight and high school.

Population Served

These programs serve all citizens of Minnesota and other interested parties by providing test results of students in grades three through eight, 10, and 11 in reading and mathematics, as well as specialized assessments for LEP students in grades K-12, and special education students in grades three through eight, 10, and 11. All students attending public schools in Minnesota must participate in this program. Private schools may choose to participate.

Activity at a Glance

- ◆ Serves approximately 64,000 students per grade, grades 3-12.
- ◆ Serves approximately 60,000 English language learners (ELLs), grades K-12.
- ◆ Serves approximately 6,000 students with cognitive disabilities, graded 3-12.
- ◆ Administers, scores, and reports on 61 different tests for various grade levels and content areas specialized to student need.
- ◆ Develops math, reading, science, and special education assessments.
- ◆ Coordinates TIMSS and EPAS participation.
- ◆ Oversees NAEP participation.

Services Provided

Statewide testing provides information across all schools in order to inform parents, teachers, and the public on the achievement of students against the Minnesota Academic Standards, or other standards for special populations, as measured by the following.

- ◆ **Minnesota Comprehensive Assessments-Series II (MCA-II)**, designed to measure students achievement in reading, mathematics, and science of the Minnesota Academic Standards.
- ◆ **Graduation Required Assessment for Diploma (GRAD)**, designated to serve as the retest opportunity for students who do not pass on their first attempt of the high school MCA-II in reading or math, as well as serve as the writing assessment.
- ◆ **Basic Skills Test (BST)**, graduation tests in reading, mathematics, and writing which are now being retired in place of the more rigorous MCA-II in high school, but continue to be offered to students who began under that assessment.
- ◆ **Test of Emerging Academic English (TEAE)**, designed to provide information about how well students with limited English proficiency are learning academic English in reading and writing as described in the state's English language learner (ELL) standards.
- ◆ **Mathematics Test for English Language Learners (MTELL)**, a sheltered-English mathematics test for English language learners to make valid inferences about the math skills of this special population.
- ◆ **Minnesota Student Oral Language Observation Matrix (MN SOLOM)**, a listening and speaking evaluation that classroom teachers complete for K-12 ELLs.
- ◆ **Minnesota Test of Academic Skills (MTAS)**, an assessment based on the Minnesota Academic Standards in reading, mathematics, and science for students who are most severely cognitively challenged.
- ◆ **National Assessment of Education Progress (NAEP)**, a nationally representative and continuing assessment of what America's students know and can do in various subject areas as required by the federal government.
- ◆ **Trends in International Mathematics and Science Study (TIMSS)**, which provides reliable and timely data on the mathematics and science achievement of U.S. students compared to that of students in other countries. Minnesota participated as a separate "country" in 2007 with state funding. TIMSS 2007 results are scheduled for release on December 9, 2008.
- ◆ **Educational Planning and Assessment System (EPAS)** is a group of tests developed by ACT to assess student preparation for post-secondary education. As funds allow, Minnesota pays for the participation when

public school districts give the EXPLORE to eighth-graders and/or PLAN to tenth-graders. For more information, see the "Get Ready, Get Credit-EPAS" budget narrative.

All of these tests are required assessments under No Child Left Behind (NCLB) or Minnesota statute.

To comply with the *Standards for Educational and Psychological Testing* and to fulfill federal and state requirements, statewide testing also conducts the following activities with additional assessment vendors.

- ◆ **Quality Control Review**, an analysis of test results by an independent, third-party audit vendor to confirm that scores and results have been correctly assigned;
- ◆ **Standard Setting**, an industry standard practice used for tests like the MCA-II to determine the passing scores for students; and
- ◆ **Alignment Studies**, an NCLB-required, independent review of the state's assessments to ensure that the tests are measuring the content and skills of the standards.

Historical Perspective

In FY 1997, the legislature enacted the Statewide Testing Law that required comprehensive assessments correlated with the Graduation Rule's High Standards in 3rd, 5th, and 8th grades, and an unspecified high school grade. The 3rd and 5th grade MCA tests were first given in all public schools in the spring of 1998. The 10th grade MCA reading test and 11th grade MCA mathematics test were first given in all public schools in the spring of 2004. Districts administer the tests during a three-week window each spring.

Beginning with the 2005-06 school year, all students are tested in grades three through eight and high school in reading and mathematics. Students who entered grade eight in 2005 or after must pass the MCA-II or GRAD in reading or mathematics in high school to satisfy their state-level graduation assessment. They must also pass the writing GRAD. Students in grade 8 prior to 2005 satisfy this requirement using the BST. Other specialized assessments fulfill other federal requirements and supplement the assessment system for special populations.

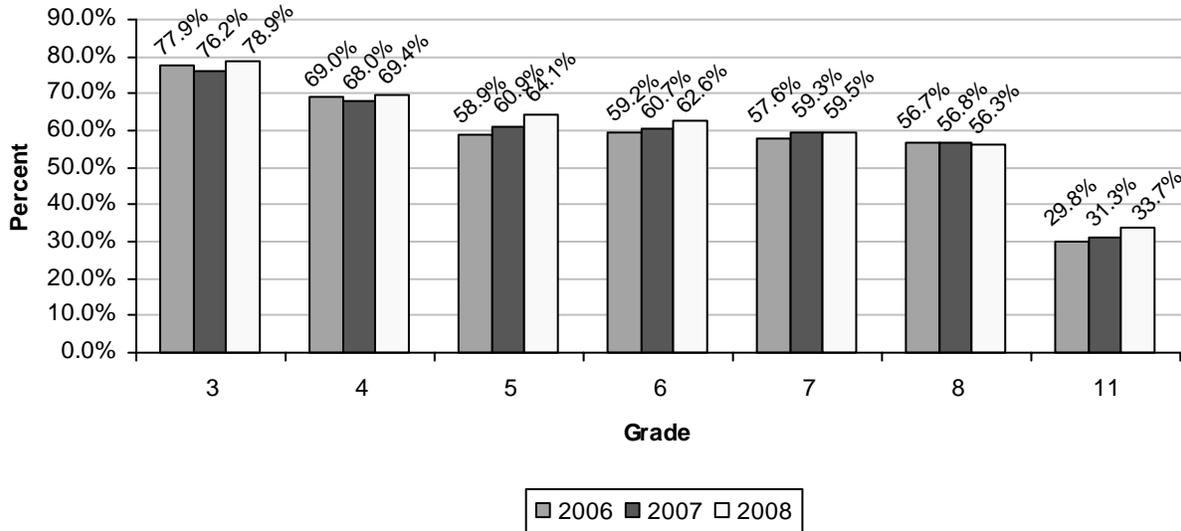
Key Activity Goals

This program addresses the Department of Education goals of improving student achievement and preparing students to compete in a global economy. This program is also aligned with the following Minnesota Milestones: 1) Minnesotans will excel in basic and challenging skills and knowledge; and 2) Minnesota's workforce will have the education and training to make the state a leader in the global economy.

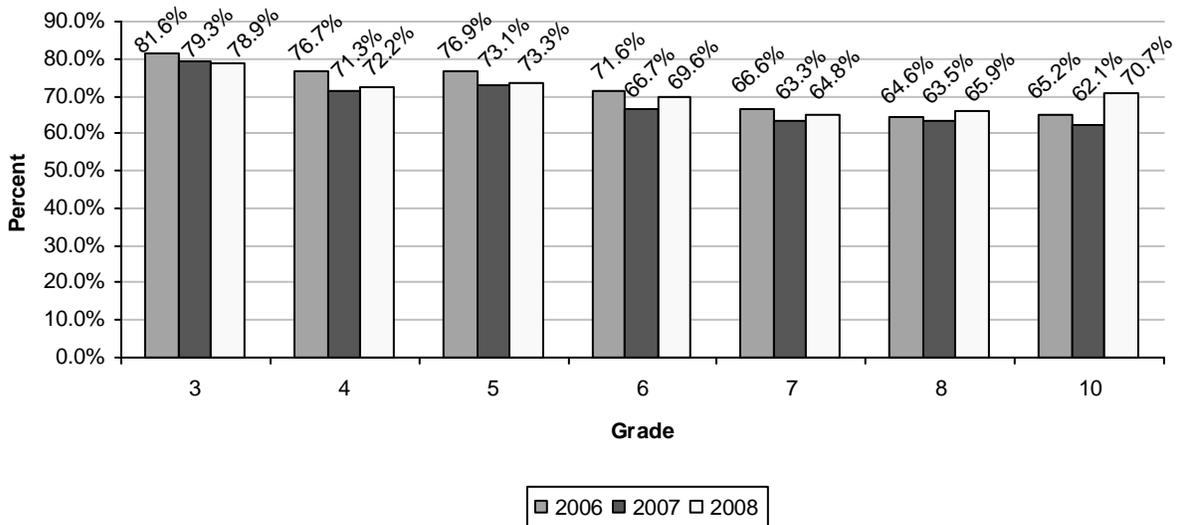
Key Measures

- ◆ The results of MCA-II are used in the statewide accountability program to provide information about the progress of all students, including LEP students. Test results, together with other quantitative and qualitative indicators, are used to identify schools in need of improvement and schools that are distinguished in their use of best curricular and instructional practices.
- ◆ Additional information regarding test data is available on the Minnesota Department of Education (MDE) Website. Individual district and school data is available through the school report cards on the MDE Website.
- ◆ State assessments provide teachers and school administrators with information about the academic status of all students. Information is available on the department's Website for all state assessments given on a regular basis to students in Minnesota. The charts below shows the percentage of students exhibiting proficiency in reading and math based on Minnesota assessments since 2006.

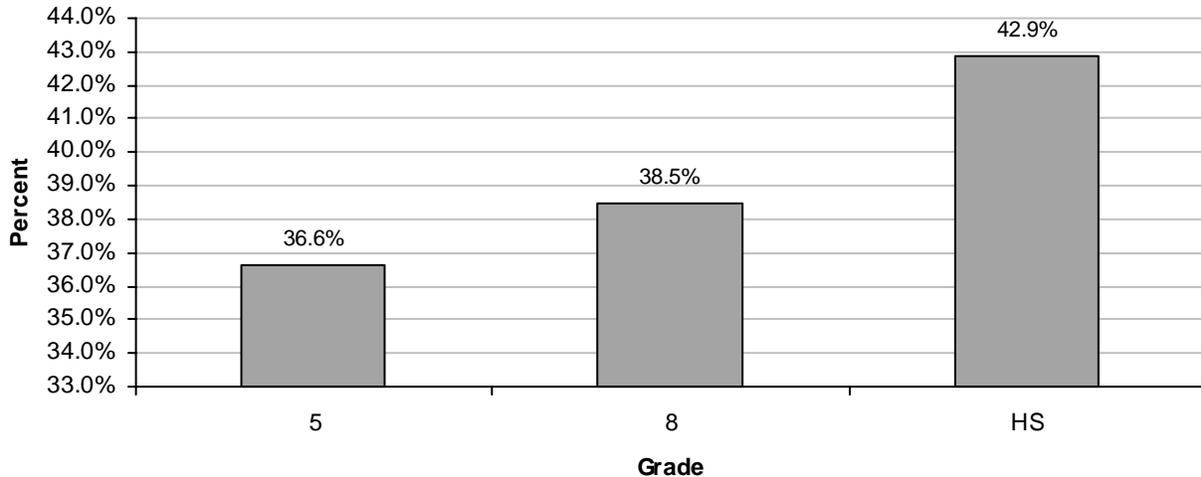
**2008 Mathematics (MCA-II, MTELL, MTAS)
Percent of Students Proficient in Each Grade**



**2008 Reading (MCA-II, MTAS)
Percent of Students Proficient in Each Grade**



**2008 Science (MCA-II, MTAS)
Percent of Students Proficient in Each Grade**



Activity Funding

The funding supports contract vendors to supply test development, administration, test scoring, performance level indicators, quality control review, and alignment studies. To meet all the current requirements of the state’s testing statutes and federal regulations under NCLB, there are 61 different tests, testing approximately 828,303 students. Both state and federal funds are being used to fulfill these requirements.

- ◆ *State Funds – All Assessments:* All assessments for general education students including graduation assessments.
- ◆ *Federal Funds – Title I Assessments:* Math, reading, and science assessments administered to general education students.
- ◆ *Federal Funds – Title III Assessments:* English language proficiency assessments administered to English language learners.
- ◆ *Federal Funds – Special Education Assessments:* Alternate assessments to the general education assessment for students with disabilities as appropriate.

Contact

Additional information is available from the Minnesota Department of Education, Assessment and Testing, (651) 582-1611, http://education.state.mn.us/mde/Accountability_Programs/Assessment_and_Testing/index.html.

DEPT OF EDUCATION

Program: ED EX INNOVATION & ACCOUNTABIL

Activity: STATEWIDE TESTING

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	15,150	15,150	15,150	15,150	30,300
Subtotal - Forecast Base	15,150	15,150	15,150	15,150	30,300
Governor's Recommendations					
Assessment Policy and Schedule Revision		0	3,318	4,218	7,536
Total	15,150	15,150	18,468	19,368	37,836
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	15,150	15,150	18,468	19,368	37,836
Statutory Appropriations					
Federal	10,051	10,409	9,954	9,954	19,908
Total	25,201	25,559	28,422	29,322	57,744
<u>Expenditures by Category</u>					
Other Operating Expenses	25,201	25,559	28,422	29,322	57,744
Total	25,201	25,559	28,422	29,322	57,744

DEPT OF EDUCATION

Program: ED EX INNOVATION & ACCOUNTABIL

Activity: SUMMER OF SUCCESS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
Summer of Success		0	3,204	6,258	9,462
Total	0	0	3,204	6,258	9,462
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	3,204	6,258	9,462
Total	0	0	3,204	6,258	9,462
<u>Expenditures by Category</u>					
Total Compensation	0	0	100	100	200
Other Operating Expenses	0	0	200	150	350
Local Assistance	0	0	2,904	6,008	8,912
Total	0	0	3,204	6,258	9,462
Full-Time Equivalents (FTE)	0.0	0.0	1.0	1.0	

Budget Activities

- ◆ Advanced Placement/International Baccalaureate (AP/IB)
- ◆ AP/IB Expansion and Concurrent Enrollment
- ◆ Collaborative Urban Educator
- ◆ Youthworks
- ◆ Student Organizations
- ◆ Get Ready, Get Credit – EPAS
- ◆ Early Childhood Literacy
- ◆ Student Choice/Tax Incentives (information only)
- ◆ No Child Left Behind Programs
- ◆ Miscellaneous Federal Programs
- ◆ Gov. Rec. – U Teach
- ◆ Gov. Rec. – SMART
- ◆ Gov. Rec. – Principal's Leadership Institute
- ◆ Gov. Rec. – MVEP
- ◆ Gov. Rec. - Math & Science Teacher Academies

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Program Summary

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	15,482	15,482	15,482	15,482	30,964
Technical Adjustments					
Current Law Base Change			(500)	(500)	(1,000)
One-time Appropriations			(4,500)	(4,500)	(9,000)
Subtotal - Forecast Base	15,482	15,482	10,482	10,482	20,964
Governor's Recommendations					
Direct Concurrent Enrollment Base to AP/IB			0	0	0
U Teach		0	500	500	1,000
SMART		0	500	500	1,000
Principals' Leadership Institute		0	400	400	800
MVEP		0	1,000	1,000	2,000
Math & Science Teacher Academies		0	1,500	1,500	3,000
Total	15,482	15,482	14,382	14,382	28,764
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	13,555	17,408	14,382	14,382	28,764
Statutory Appropriations					
Federal	176,432	188,179	191,292	193,943	385,235
Total	189,987	205,587	205,674	208,325	413,999
<u>Expenditures by Category</u>					
Total Compensation	14	53	474	475	949
Other Operating Expenses	1,004	1,838	2,538	2,538	5,076
Payments To Individuals	675	804	700	700	1,400
Local Assistance	188,294	202,892	201,962	204,612	406,574
Total	189,987	205,587	205,674	208,325	413,999
<u>Expenditures by Activity</u>					
Ap/Ib	3,533	5,467	4,500	4,500	9,000
Ap/Ib Expansion	5,899	7,101	2,000	2,000	4,000
Collaborative Urban Educator	442	614	528	528	1,056
Youthworks	900	900	900	900	1,800
Student Organizations	733	773	754	754	1,508
Epas	755	903	829	829	1,658
Early Childhood Literacy	1,321	1,679	1,000	1,000	2,000
No Child Left Behind Programs	168,147	180,801	184,018	186,669	370,687
Misc. Federal Programs	8,257	7,349	7,245	7,245	14,490
Math Science Teacher Center	0	0	1,500	1,500	3,000
U Teach	0	0	500	500	1,000
Mn Virtual Education Program	0	0	1,000	1,000	2,000
Smart Program	0	0	500	500	1,000
Principals' Leadership Inst	0	0	400	400	800
Total	189,987	205,587	205,674	208,325	413,999
Full-Time Equivalents (FTE)	0.2	0.7	4.4	4.4	

Activity Description

Citation: M.S. 120B.13.

This state program provides financial incentives for schools to begin or expand their Advanced Placement (AP) and International Baccalaureate (IB) programs 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. In FY 2007, 284 public schools and 43 nonpublic schools participated in AP programs and 29 secondary schools provided the IB programs.

Services Provided

These programs provide an opportunity for high school students to be better prepared for college and to earn college credit and/or advanced standing, thus saving students and their parents' time and money during postsecondary education. These programs provide increased 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 have credit awarding policies for AP and IB course credits for exams taken by students. Colleges and universities of the Minnesota State Colleges and Universities system must award, and the University of Minnesota and private postsecondary institutions are encouraged to award, college credit to high school students who receive a score of three or higher on an advanced placement examination or four or higher on the international baccalaureate program examination.

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 programs provide financial incentives to support the following two program components:

Teacher Training and Support

- ◆ Scholarships are available for public and nonpublic schoolteachers to train teachers to initiate or improve AP and/or IB courses.
- ◆ The state appropriation may be used to pay a portion of the costs associated for the required AP and IB training of teachers in districts providing these programs.

Student Examination Fees

- ◆ Approximately 75% of student exam fees are paid for public and nonpublic students taking AP and/or IB exams. Students or schools are responsible for the remaining exam costs. 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.

Key Activity Goals

Improve student achievement/prepare students to compete in a global economy by

- ◆ promoting rigorous education for all students; and
- ◆ promoting dual credit opportunities for all students.

Activity at a Glance

FY 2007

- ◆ 284 AP schools, including 49 nonpublic schools participated
- ◆ 29 IB schools participated
- ◆ 25,988 AP students took 41,763 exams
- ◆ 1,642 IB students took 3,410 exams
- ◆ 1,352 low-income students took 1,995 exams
- ◆ 490 AP teachers attended in-depth training
- ◆ 531 IB teachers attended in-depth training

DEPT OF EDUCATION

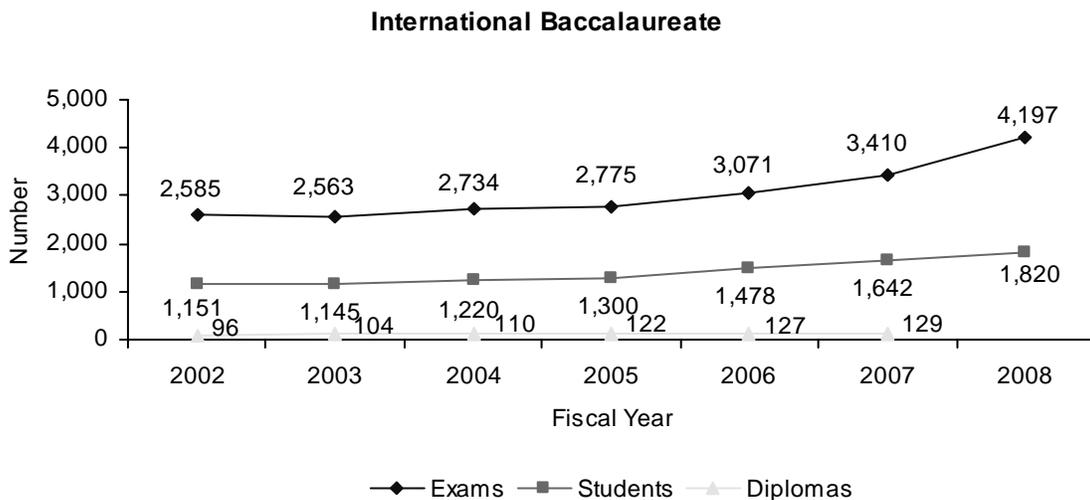
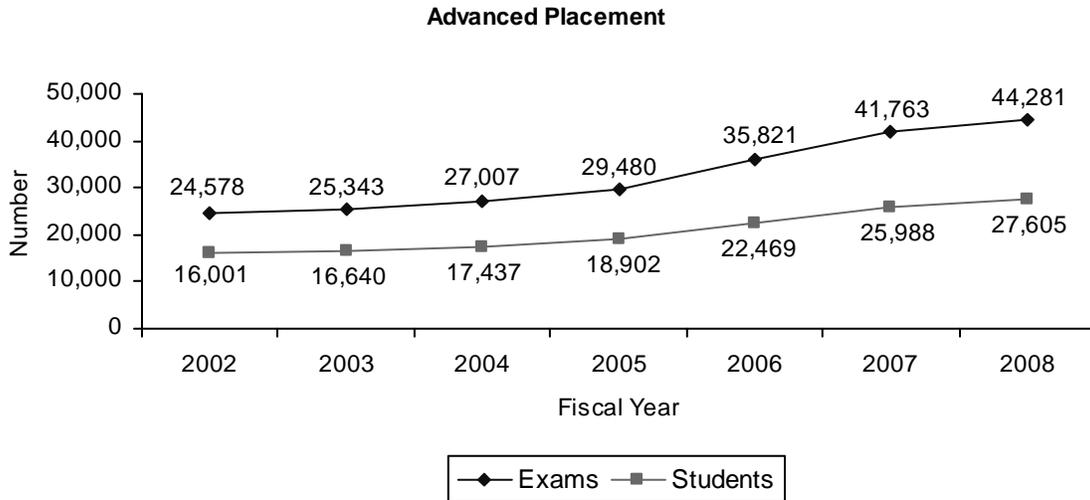
Program: ED EX SPEC STUDNT & TEACHER

Activity: ADVANCE PLACEMENT/INTERNATIONAL BACC.

Narrative

Key Measures

The number of AP and IB students testing and the number of exams taken will increase each year.



The number of minority students participating in these programs and taking exams will increase each year.

Advanced Placement

Based on FY 2007 data

- ◆ Students of color represent 15.83% of all Minnesota students tested in AP in FY 2007.
- ◆ Low income students represent 5.20% of students testing and take 4.77% of the exams.

International Baccalaureate

Based on FY 2007 data

- ◆ Students of color represent 29.29% of all Minnesota students tested in IB.
- ◆ Low income students represent 21.98% of students testing and take 22.08% of the exams.

DEPT OF EDUCATION**Program: ED EX SPEC STUDNT & TEACHER****Activity: ADVANCE PLACEMENT/INTERNATIONAL BACC.**

Narrative

*Teachers providing AP and IB programs are adequately trained.***Advanced Placement**

Based on FY 2007 data

- ◆ A total of 490 teachers participated in week-long summer training institutes: 144 at Carleton College, 321 at Augsburg, and 25 out-of-state.
- ◆ 411 teachers participated in follow-up training.

International Baccalaureate

Based on FY 2007 data

- ◆ 531 teachers participate in week-long summer training institutes.
- ◆ 190 teachers participated in follow-up training.

Activity Funding

	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>	<u>FY 2006</u>	<u>FY 2007</u>
Teacher Training	\$ 229.0	\$ 388.0	\$ 244.0	\$ 225.0	\$ 195.0	\$ 253.7	\$ 580.6	\$ 678.4
Student Exam Subsidies	1,225.0	1,914.0	905.0	1,626.0	362.1	407.1	2,461.6	3,548.7
Support Programs	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>58.2</u>	<u>71.3</u>
Total	\$1,461.0	\$2,302.0	\$1,149.0	\$1,851.0	\$ 557.1	\$ 714.4	\$3,100.4	\$4,298.4

Contact

Additional information is available from the Minnesota Department of Education, Academic Standards and High School Improvement, (651) 582-8848.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: AP/IB

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	4,500	4,500	4,500	4,500	9,000
Subtotal - Forecast Base	4,500	4,500	4,500	4,500	9,000
Total	4,500	4,500	4,500	4,500	9,000
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	3,533	5,467	4,500	4,500	9,000
Total	3,533	5,467	4,500	4,500	9,000
<u>Expenditures by Category</u>					
Other Operating Expenses	2	400	400	400	800
Local Assistance	3,531	5,067	4,100	4,100	8,200
Total	3,533	5,467	4,500	4,500	9,000

Activity Description

Citation: M.S. 120B.132.

This state program provides financial incentives for schools to begin or expand their Advanced Placement (AP), Pre-advanced Placement, and International Baccalaureate (IB) programs and to promote rigorous, challenging courses of study as part of the regular offerings for students in secondary schools. This program also provides funding to districts to defray the cost of delivering concurrent enrollment courses at high schools.

Population Served

Schools, charter schools, and students participating in the AP and IB programs are served by these programs. The program also serves high school students enrolled in a postsecondary course taught by a secondary teacher or a postsecondary faculty member and offered at the secondary school for secondary credit during the school year.

Services Provided

The AB/IB expansion program is a grant-based program that provides competitive grants to school districts and charter schools. Districts and charter schools must have a three-year plan approved by the local school board to create a new or expand an existing program. The plan must propose to increase availability of AP programs, expand the breadth of programs, and increase the diversity of students participating.

The concurrent enrollment activity provides funding to districts that offer a concurrent enrollment course according to an agreement under section 124D.09.

Key Activity Goals

Improve student achievement/prepare students to compete in a global economy by

- ◆ promoting a minimum level of rigorous education for all students;
- ◆ promoting college readiness through interest assessments and college credit bearing courses;
- ◆ promoting dual credit opportunities; and
- ◆ supporting student transitions at 9th grade and to postsecondary.

Key Measures

- ◆ The number of AP and IB students testing and the number of exams taken will increase each year.
- ◆ The number of students enrolling in concurrent enrollment classes will increase.
- ◆ The number of schools offering these programs will increase.
- ◆ The number of students earning college credit through AP and IB programs will increase.
- ◆ The number of students earning college credit through concurrent enrollment classes will increase.
- ◆ The percentage of minority and low-income students participating in these programs will increase each year.

A more than 6% increase in the number of Minnesota students taking the AP tests occurred in 2007-2008. The data also shows a nearly 8% increase in the number of students scoring a "3" or higher on the exams, which is the cut score used by most colleges to award college credit to new entering students.

Activity Funding

State aid is distributed to eligible districts for concurrent enrollment and AP/IB expansion based on formulas as specified in law.

Activity at a Glance

FY 2008

- ◆ 21 districts awarded a total of \$5,893,300 to establish and/or expand Pre-advanced Placement and Advanced Placement programs.
- ◆ 6 districts awarded a total of \$2 million to expand International Baccalaureate programs
- ◆ 16,000-18,000 students enrolled in concurrent enrollment courses

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: AP/IB EXPAN CONCURRENT ENROLLM

Narrative

Eligible districts receive \$34.50 per pupil enrolled in a concurrent enrollment course. Funds are to be used to defray the cost of delivering the course at the high school. More students than were projected enrolled, resulting in lower reimbursement than the \$150 per pupil allowed in legislation. Concurrent enrollment funding is ongoing.

For AP/IB expansion, eligible districts receive the lesser of \$85 times the number of pupils enrolled at the participating sites on October 1 of the previous fiscal year; or the approved supplemental expenditures based on the submitted budget.

Contact

Additional information is available from the Minnesota Department of Education, Academic Standards and High School Improvement, (651) 582-8848.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: AP/IB EXPANSION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	6,500	6,500	6,500	6,500	13,000
Technical Adjustments					
Current Law Base Change			(500)	(500)	(1,000)
One-time Appropriations			(4,000)	(4,000)	(8,000)
Subtotal - Forecast Base	6,500	6,500	2,000	2,000	4,000
Governor's Recommendations					
Direct Concurrent Enrollment Base to AP/IB			0	0	0
Total	6,500	6,500	2,000	2,000	4,000
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	5,899	7,101	2,000	2,000	4,000
Total	5,899	7,101	2,000	2,000	4,000
<u>Expenditures by Category</u>					
Local Assistance	5,899	7,101	2,000	2,000	4,000
Total	5,899	7,101	2,000	2,000	4,000

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: COLLABORATIVE URBAN EDUCATOR

Narrative

Activity Description

Citation: Session Laws 2007, Chapter 146, Article 2, Section 46, Subd. 14

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

	<u>FY 2008</u>	<u>FY 2009</u>
◆ Concordia University	\$210,000	\$210,000
◆ St. Thomas University	\$159,000	\$159,000
◆ Hamline University	\$159,000	\$159,000

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 (CEUT) at Hamline University provides training and support to teachers in applying proven culturally relevant pedagogical practices in urban and urban-like schools. CEUT offers tailored professional development to school districts including: Effectively Engaging Urban Learners, Strategies to Increase Teacher Effectiveness, and provides teachers advanced preparation focused on the knowledge and skills required for success with students from diverse racial, ethnic, linguistic, economic, and social backgrounds.

Since 1992, the University of St. Thomas Collaborative Urban Educator (CUE) project has been successfully preparing persons who have unique cultural, language, and experiential backgrounds, particularly those from underrepresented populations for teaching in urban and first-tier suburban settings.

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.

Key Activity Goals

This program addresses the following Minnesota Milestones: 1) all people will be welcomed, respected and able to participate fully in Minnesota's communities and economy; and 2) Minnesotans will excel in basic and challenging academic skills and knowledge.

Key Measures

- ◆ The collaborative urban educator program provides 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 recruits and prepares 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.
- ◆ In the 2007-08 school year, 86 teachers were enrolled in the certificate urban teaching program. Between September 2006 and November 2007 CEUT trained a total of 1,469 teachers, administrators, students, and community members.
- ◆ To date, 332 persons have completed CUE programs, earning licenses in special education, elementary education, mathematics, and science; the current cohort of 23 persons is earning licensure in the high needs area of special education. With a retention rate in education nearing 88%, CUE alumni have taught an estimated 45,000 students and are currently teaching in 126 schools in 16 Minnesota districts.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: COLLABORATIVE URBAN EDUCATOR

Narrative

- ◆ Since 1998, 160 students have entered the program, 81 graduated, 42 are teaching in Minnesota schools, 38 students have licensure pending, 92% of graduates of the SEAT program are either currently teaching or in the process of completing their licensure requirements, 80% of the students entering the program have graduated or are engaged in completing their degree, and of the SEAT graduates currently teaching, 94% are teaching in Minnesota schools.

Activity Funding

Grants are provided to the postsecondary institutions as detailed in "Activity at a Glance" above.

Contact

Additional information is available from the Minnesota Department of Education, Division of Choice and Services (651) 582-8616.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: COLLABORATIVE URBAN EDUCATOR

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	528	528	528	528	1,056
Subtotal - Forecast Base	528	528	528	528	1,056
Total	528	528	528	528	1,056
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	442	614	528	528	1,056
Total	442	614	528	528	1,056
<u>Expenditures by Category</u>					
Local Assistance	442	614	528	528	1,056
Total	442	614	528	528	1,056

Activity Description

Citation: M.S. 124D.36 to M.S. 124D.45

Federal Citation: National and Community Service Trust Act 1993

Youthworks funding provides the required local match for federal AmeriCorps 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.

<u>Activity at a Glance</u>
◆ 12 AmeriCorps programs are serving rural and urban communities and will mobilize more than 680 Youthworks-AmeriCorps members to serve over 30,000 Minnesotans.

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 Activity Goals

The program addresses the key goals of improving student achievement and participation in secondary education. The program also addresses the goals of closing the achievement gap by enhancing school readiness and ensuring that our communities will be safe, friendly, and caring.

Key Measures

In 2008, 12 Youthworks-AmeriCorps programs served more than 33,800 children and adults in need. Members provided services 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. Activities included:

- | | | |
|-------------------------|----------------------------|--------------------|
| Volunteer Mobilization | Educational Achievement | Tutoring |
| Minnesota Teacher Corps | Mentoring | After School |
| Service-Learning | AmeriCorps Promise Fellows | Affordable Housing |
| Family Stability | Environment | Disaster Response |
| Workforce Development | | |

For each dollar of state investment in this program more than \$26 was returned in services to communities throughout the state. Federal funds cover 85% of the costs associated with each AmeriCorps member and cover 100% of the federal AmeriCorps scholarships leveraged by each AmeriCorps member.

Activity Funding

State funds are used by local Minnesota programs to meet the local match required to access federal funds. Members earn 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 (\$10,900)
- ◆ health care
- ◆ childcare if qualified
- ◆ training and experience
- ◆ 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 (\$5,450)
- ◆ training and experience
- ◆ 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.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: YOUTHWORKS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	900	900	900	900	1,800
Subtotal - Forecast Base	900	900	900	900	1,800
Total	900	900	900	900	1,800
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	900	900	900	900	1,800
Total	900	900	900	900	1,800
<u>Expenditures by Category</u>					
Local Assistance	900	900	900	900	1,800
Total	900	900	900	900	1,800

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 was established by the legislature in 1996 and is directed by a 23 member foundation board formed in January 1998.

Population Served

The foundation funds both secondary and post-secondary career and 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.

- ◆ Provide a strong base to develop leadership, teamwork, citizenship and interpersonal skills
- ◆ Implement rigorous standards for skills and applied learning experiences
- ◆ Conduct collaborative projects with community, labor, business and industry, parents, government and educational institutions
- ◆ Provide a structure, motivation, and support for students to take primary responsibility for their own success
- ◆ Provide opportunities for students to prepare for leadership roles in business, community, and family
- ◆ Provide opportunities for diverse learners to accomplish common goals
- ◆ Promote a balance between work and family, personal, group and career skills

Key Activity Goals

Promoting rigorous education, secondary to postsecondary transition, and college readiness through local regional, state, and national leadership and skill development opportunities, and through competitions based upon skills and knowledge recognized by higher education and industry.

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)

DEPT OF EDUCATION**Program: ED EX SPEC STUDNT & TEACHER****Activity: STUDENT ORGANIZATIONS**

Narrative

Key Measures**Total Participating in Career Technical Student Organizations**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
BPA High School	1,651	1,421	1,350	1,387	1,371	1,780
BPA Postsecondary	236	240	251	244	227	248
DECA High School	2,083	2,106	2,202	2,654	2,561	2,615
DECA Postsecondary	1,221	1,229	1,367	1,197	1,219	1,518
FFA High School	5,240	6,104	6,606	6,553	6,406	7,766
PAS Postsecondary	203	156	186	184	281	228
FCCLA High School	1,578	1,322	1,383	1,383	1,124	1,126
HOSA High School	643	702	755	755	710	713
HERO	447	451	449	421	523	480
SKILLS-VICA High School	1,026	615	614	625	1,704	746
SKILLS-VICA Postsecondary	<u>1,148</u>	<u>1,521</u>	<u>1,659</u>	<u>1,425</u>	<u>1,273</u>	<u>1,247</u>
Total Participation	15,476	15,867	16,822	16,828	17,399	18,467

Activity Funding

\$725,000 is appropriated annually 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.

Contact

Additional information is available from the Minnesota Foundation for Student Organizations, (651) 582-8322.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: STUDENT ORGANIZATIONS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	725	725	725	725	1,450
Subtotal - Forecast Base	725	725	725	725	1,450
Total	725	725	725	725	1,450
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	705	744	725	725	1,450
Statutory Appropriations					
Federal	28	29	29	29	58
Total	733	773	754	754	1,508
<u>Expenditures by Category</u>					
Total Compensation	14	15	15	15	30
Other Operating Expenses	101	139	133	133	266
Local Assistance	618	619	606	606	1,212
Total	733	773	754	754	1,508
Full-Time Equivalent (FTE)	0.2	0.2	0.2	0.2	

Activity Description

Citation: M.S. 120B.128

This state aid program, *Get Ready, Get Credit – EPAS* is aimed at preparing high school students for postsecondary education options through the Educational Planning and Assessment System (EPAS) program.

Population Served

School districts and charter schools voluntarily participate in the EPAS program funded by the state. The Assessment and Comprehensive Testing (ACT) EPAS system provides a longitudinal, systematic approach to educational and career planning, assessment, instructional support, and evaluation. The system focuses on higher order thinking skills students develop in grades K-12 that are important for success both during and after high school. The EPAS achievement assessment includes English, reading, mathematics, science, and components on planning.

Activity at a Glance

In FY 2007

- ◆ 31,856 – 8th graders participated in Explore assessment.
- ◆ 50,173 – 10th graders participated in Plan assessment.

In FY 2008:

- ◆ 32,317 – 8th graders participated in Explore assessment.
- ◆ 52,520 – 10th graders participated in PLAN assessment.

Services Provided

FY 2006 was the first year for state funding for this program. The Minnesota Department of Education (MDE), in conjunction with districts and schools, provides the ACT Explore assessment for students in grade 8 and the ACT PLAN assessment for students in grade 10 to measure individual student academic strengths and weaknesses, academic achievement and progress, higher order thinking skills, and college readiness. The state funds the cost of these two assessments for Minnesota students.

These assessments 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 assessments allow for linkage to the state accountability system (Minnesota Comprehensive Assessments-II) and will help determine preparedness at an even earlier grade.

Historical Perspective

This program was first available with statewide funding in 2005-06. In 2008, approximately 85,000 students participated in these assessments. MDE expects participation to continue to increase during the 2008-09 and 2009-10 school years because of funding provided through the federal College Access Challenge Grant program, which will support training for middle school counselors in analyzing data from these assessments to support high school course planning and college readiness.

Key Activity Goals

Improve student achievement/prepare students to compete in a global economy by

- ◆ promoting a minimum level of rigorous education for all students;
- ◆ promoting college readiness through interest assessments and college credit bearing courses; and
- ◆ supporting student transitions at 9th grade and to postsecondary.

Key Measures

- ◆ Students will have access to the EPAS assessment opportunities.
- ◆ More students and parents will be aware of the need for college planning.
- ◆ Student participation will increase in succeeding years.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: GET READY, GET CREDIT - EPAS

Narrative

Activity Funding

Legislation charges the department with making the Explore and PLAN assessments available to Minnesota school districts. The funding for this activity pays ACT for the fees of school districts participating in these assessments. The state receives a group rate from ACT to have students participate in bulk. The fees are for the ordering, production, administration, and reporting of the Explore and Plan assessments.

Contact

Additional information is available from the Minnesota Department of Education, Assessment and Testing, (651) 582-8841, or (651) 582-8768,

http://education.state.mn.us/mde/Accountability_Programs/Assessment_and_Testing/Assessments/EPAS/index.html.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: EPAS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	829	829	829	829	1,658
Subtotal - Forecast Base	829	829	829	829	1,658
Total	829	829	829	829	1,658
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	755	903	829	829	1,658
Total	755	903	829	829	1,658
<u>Expenditures by Category</u>					
Other Operating Expenses	755	903	829	829	1,658
Total	755	903	829	829	1,658

Activity Description

Citation: M.S. 119A.50

Early Childhood Literacy Grants establish research-based literacy programs in head start classrooms. The purpose of the program is to increase the literacy skills of head start children and to increase families' participation in providing early literacy experiences to their children. The program is funded with a combination of state aid, federal funds, and private donations.

Population Served

The program serves children age three to grade three.

Services Provided

The Minnesota Reading Corps places AmeriCorps members in early childhood, after-school, and school settings to work with children age three to grade three. AmeriCorps members are trained in research-based tutoring techniques and assessments developed by the University of Minnesota. Additionally, they regularly monitor each student's progress. As the program develops at each site, AmeriCorps members also recruit community volunteers allowing the program to reach more children.

The Minnesota Reading Corps provides master literacy coaches to head start programs to train internal literacy coaches on early literacy curriculum and coaching techniques. The master literacy coaches also complete monthly site visits to observe internal coaches with AmeriCorps members, administer the early learning classroom observation tool, and provide feedback/coaching to AmeriCorps members.

Words Work! was developed by the Saint Paul Foundation for the purpose of closing the achievement gap for children in preschool and beyond. The program goals are to increase the literacy skills of children participating in head start to prepare them to be successful readers and to increase families' participation in providing early literacy mentors and other project staff. Child assessment data is utilized for continual improvement in teaching strategies.

Historical Perspective

Early childhood literacy grants were established in FY 2007.

Key Activity Goals

Closing the achievement gap, reduce disparities in achievement between groups of students to enhance opportunities for more at-risk students to succeed in life, and to become productive citizens (Agency Goal). The literacy grants program promotes the literacy of children from families who are at or below the federal poverty level.

Key Measures

Child assessment data aggregated to demonstrate children's progress in literacy skills tracked through grade three.

Activity Funding

State funding of \$1 million per year in FY 2008-09 is appropriated to leverage federal and private funding to support AmeriCorps members serving in the Minnesota Reading Corps program. A one-time appropriation of \$500,000 in each year, FY 2008-09 is for the Words Work! grants for early childhood literacy.

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.

Activity at a Glance

Minnesota Reading Corp

- ◆ Over 90 AmeriCorps members served in head start classrooms.
- ◆ Approximately 1,500 head start children served annually.

Words Work!

- ◆ 5 head start grantees contract with the Minnesota Department of Education for a two-year period.
- ◆ Approximately 2,800 children served.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: EARLY CHILDHOOD LITERACY

Narrative

Contact

Additional information is available from the Minnesota Department of Education, Early Learning Services, (651) 582-8397, http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: EARLY CHILDHOOD LITERACY

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,500	1,500	1,500	1,500	3,000
Technical Adjustments					
One-time Appropriations			(500)	(500)	(1,000)
Subtotal - Forecast Base	1,500	1,500	1,000	1,000	2,000
Total	1,500	1,500	1,000	1,000	2,000
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,321	1,679	1,000	1,000	2,000
Total	1,321	1,679	1,000	1,000	2,000
<u>Expenditures by Category</u>					
Local Assistance	1,321	1,679	1,000	1,000	2,000
Total	1,321	1,679	1,000	1,000	2,000

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: STUDENT CHOICE/TAX INCENTIVES (info only)

Narrative

Activity Description

Information Only

The purpose of these state programs is to provide learners with access to a wide range of educational choices and 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 2007

- ◆ Over 232,000 students participated in various choice programs
- ◆ The fastest growing choice program is online learning.
- ◆ Minnesota continues to be a leader in school choice.

Population Served

All students in Minnesota are eligible for one or more of these options. Other than Post Secondary Enrollment Options, school choice programs outlined below serve students in grades K-12.

Services Provided

Minnesota's choice programs include the following:

Online Learning (OLL) (M.S. 124D.095) allows public school students to access OLL courses offered by a state-approved OLL program in another district, charter school, or joint powers district. This program replaced the prior distance learning law in FY 2004.

- ◆ Students can take up to 50% of their instruction online each year while remaining enrolled in their original public school.
- ◆ The enrolling school must award academic credit for the completed OLL course(s).
- ◆ Limited state funding follows the student to the OLL program.

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of Approved Programs	15	22	25	21	20
Students Accessing OLL Courses	67	160	315	4,562	8,165
Number of OLL Course Registrations	197	327	911	23,722	27,949

Prior to FY 2007, certified programs were not required to report enrollment under a designated site number—students were included in the general site numbers. Beginning in FY 2007, certified online learning programs reported student enrollment data in an annual report that captured accurate enrollment numbers that resulted in what appears as a dramatic increase.

Contact

Additional information is available from the Minnesota Department of Education (MDE), School Choice Programs and Services, (651) 582-8733, http://education.state.mn.us/MDE/Academic_Excellence/School_Choice/index.html

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

	<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>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Students Participating	24,161	26,227	28,077	30,100	33,234	36,332	39,289	41,715	44,512	47,000 Est.

Students who open enroll to more than one school district are counted only once.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: STUDENT CHOICE/TAX INCENTIVES (info only)

Narrative

Contact

Additional information is available from the Minnesota Department of Education, School Choice Programs and Services, (651) 582-8572, http://education.state.mn.us/MDE/Academic_Excellence/School_Choice/index.html

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 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>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Students	4,901	7,756	9,383	10,190	12,122	13,948	17,121	20,524	23,657	27,983
Participating Number of Charter Schools	38	53	64	68	78	88	102	125	143	146

Contact

Additional information is available from the Minnesota Department of Education, School Choice Programs and Services, (651) 634-2304, http://education.state.mn.us/MDE/Academic_Excellence/School_Choice/index.html

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.
- ◆ The student data below does not include concurrent enrollment PSEO or College in the Schools.

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Students Participating	7,211	7,546	7,169	7,458	7,416	7,563	7,347

Contact

Additional information is available from the Minnesota Department of Education, School Choice Programs and Services, (651) 582-8733, http://education.state.mn.us/MDE/Academic_Excellence/School_Choice/index.html

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 K-12. A continual learning plan must be developed for each student. For FY 2004, the calculation of students in this program changed. FY 2008 data is estimated and will change as more information is reflected by MDE from school districts.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: STUDENT CHOICE/TAX INCENTIVES (info only)

Narrative

	FY 2004	FY 2005	FY 2006	FY 2007	Est. FY 2008
Students generating extended time revenue	2,717	1,966	2,192	2,497	2,846
Sites	16	14	15	15	18
Average Daily Membership for extended time	279	204	197	258	309

Contact

Additional information is available from the Minnesota Department of Education, School Choice Programs and Services, (651) 582-8586, http://education.state.mn.us/MDE/Academic_Excellence/School_Choice/index.html

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 86% of their coursework off site.
- ◆ 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 ADM per student.
- ◆ Financially, there is no distinction between an ALP and ALC.

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	Est. FY 2008
Programs	157	159	159	159	159	161	164
Sites	436	475	482	477	502	518	537
Students Participating	146,369	146,285	137,626	145,911	147,409	149,282	139,196
Average Daily Membership	27,065	26,102	23,347	24,022	24,091	24,410	22,090

Average daily membership (ADM) through FY 2002 represents uncapped ADM. For FY 2003 ADM capped at 1.5 ADM. For FY 2004 and FY 2005 ADM capped at 1.0 ADM. For FY 2006, it is the charter school's estimates of their ADM capped at 1.0.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: STUDENT CHOICE/TAX INCENTIVES (info only)

Narrative

Contact

Additional information is available from the Minnesota Department of Education, School Choice Programs and Services, (651) 582-8586, http://education.state.mn.us/MDE/Academic_Excellence/School_Choice/index.html

Tax Credits (M.S. 290.0674) enacted in 1997, effective beginning with tax year 1998.

- ◆ A refundable credit, that reduces state income tax liability, is allowed equal to 75% of eligible education expenses for a qualifying child in grades k-12.
- ◆ To qualify for the credit, household income must be within the following parameters:

If the total number of qualifying children is:	Household income is:
1 or 2	\$37,500
3	\$39,500
4	\$41,500
5	\$43,500
6 or more	+\$2,000 for each qualifying child

- ◆ Qualifying educational expenses include tutoring, educational summer camps, textbooks and instructional materials. Home computer hardware and educational software qualifies-with a maximum credit of \$200.00
- ◆ Expenses must be documented.
- ◆ K-12 students who attended a public, private or home school, if the criteria above is met, may qualify for the credit.
- ◆ Private school tuition does not qualify.

<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
2003	\$15,888	61,259	\$259
2004	\$14,990	58,593	\$256
2005	\$15,319	56,943	\$269
2006	\$14,762	55,747	\$265

Source: Minnesota Department of Revenue, Tax Research Division, August 2008

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(3)) was first enacted in 1995, expanded in 1997 (for 1998) and last changed in 2001.

- ◆ A subtraction from federal taxable income for certain educational expenses paid for a qualifying child in grades K-12.
- ◆ Available to all families, regardless of income and whether they itemize on their tax returns.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: STUDENT CHOICE/TAX INCENTIVES (info only)

Narrative

- ◆ Qualifying expenses are the same as with the tax credit, with the exception that private school tuition qualifies for the subtraction.
- ◆ The amount that can be subtracted is reduced by any expenses claimed as a K-12 education tax credit.
- ◆ Currently, the maximum subtraction is \$1,625 per child in kindergarten through 6th grade and \$2,500 per child in grades 7-12.

<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
2003	\$268,002	224,169	\$1,196
2004	\$277,038	231,484	\$1,197
2005	\$273,730	225,591	\$1,213
2006	\$255,196	208,486	\$1,224

Source: Minnesota Department of Revenue, Tax Research Division, August 2008

Additional information is available from the Minnesota Department of Revenue Web site:
<http://www.taxes.state.mn.us>.

Key Activity Goals

School choice meets two of the MDE strategic goals: 1) improve students' achievement/prepare students to compete in a global economy, and 2) close the achievement gap. Many of the choice programs promote college readiness including postsecondary enrollment options, dual enrollment programs, and have a focus on STEM or language emersion.

Contact

Additional information is available from the Minnesota Department of Education, School Choice Programs and Services, (651) 582-8695, http://education.state.mn.us/MDE/Academic_Excellence/School_Choice/index.html.

Activity Description

The No Child Left Behind Act of 2001 (NCLB) provides funding for various federal programs in Minnesota that are designed to improve student achievement in America's public schools. With the passage of No Child Left Behind, Congress reauthorized the Elementary and Secondary Education Act (ESEA), the principal federal law affecting education from kindergarten through high school. The purpose of NCLB is to increase accountability for results; emphasis on doing what works based on scientific research; expand parental options; and expand local control and flexibility.

Activity at a Glance

- ◆ NCLB is a national commitment to ensure that all children receive a high quality education so that no child is left behind.
- ◆ Between 2006 and 2008, Minnesota students' achievement in math grew by 4%.
- ◆ Between 2007 and 2008, Minnesota students' achievement in reading grew by 3%.

The following programs are funded by NCLB in Minnesota. Funding information is displayed on a federal fiscal year basis. Program descriptions exclude discontinued federal programs and programs that are directly awarded and paid by the federal government to eligible Minnesota school districts and organizations.

Title I Grants to LEAs (Local Education Agencies) (CFDA 84.010)

Elementary and Secondary Education Act of 1965, as amended, Title I, 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 130,100 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, 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. The Minnesota Department of Education (MDE) adjusts these entitlements to provide the required set-asides for administration, school support teams, low-performing schools, and charter schools.

Specific objectives of the Title I basic grants to local education agencies (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 I School Improvement Grant (CFDA 84.377A)

In conjunction with funds reserved under section 1003(a), School Improvement Funds are intended to improve student proficiency, increase the number of schools that make Adequate Yearly Progress, and use data to inform decisions and create a system of continuous feedback and improvement under section 1116 and 1117 of Title I Part A. MDE has targeted these funds to Title I schools of any size and districts with a student population of 1000 or less (as determined by October 1, 2007 MARSS data) identified in the corrective action or preparing to restructuring phase of Adequate Yearly Progress. The Minnesota Title I School Improvement Grants are intended to leverage change through high-quality professional development and increase student achievement in the areas of reading and/or mathematics.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: NO CHILD LEFT BEHIND

Narrative

Migrant Education (CFDA 84.011)

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;
- ◆ 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.

Neglected and Delinquent (CFDA 84.013)

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 are

- ◆ 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.

Safe and Drug-Free Schools and Communities State Grants (CFDA 84.186)

Elementary and Secondary Education Act, 2001, Title IV, Part A, Subpart 1, as amended 20 U.S.C. 7111-7118

Safe and drug-free schools provide resources to school districts and charter schools through a formula allocation to assist and support programs to prevent violence in and around schools and to prevent the illegal use of alcohol, tobacco, and other drugs. Specifically the law focuses on

- ◆ supporting researched-based drug abuse and violence prevention and education programs that involve parents and are coordinated with related community efforts and resource programs;
- ◆ providing resources to schools to establish, operate, and improve programs of violence and drug abuse prevention, early intervention, rehabilitation referral, and education for elementary and secondary students; and
- ◆ providing resources to community-based organizations for programs of violence and drug abuse prevention and education, early intervention, and rehabilitation referral for school dropouts and other high-risk youth.

Even Start Family Literacy Programs (CFDA 84.213)

Elementary and Secondary Education Act of 1965, Title I, Part B, Subpart 3, as amended. 20 U.S.C. 6362.

Even start is a Title I program which provides federal support for local family literacy services. 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 community partnerships on a competitive basis; grants are awarded for four years. Federal funding for FY 2009 is 23% of the FY 2003 allocation. Currently in Minnesota, there are five even start programs, down from 17 in FY 2006. In FY 2007, 383 children and 280 adults participated.

Specific objectives of the even start family literacy programs are

- ◆ to improve the academic achievement by integrating early childhood education, adult education, and parent education into a unified program of sufficient intensity and duration;
- ◆ 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.

21st Century Community Learning Centers (CFDA 84.287)

Elementary and Secondary Education Act of 1965, as amended, Title IV Part B.

The program funds after school programs to help K-12 students attending low-performing schools or schools with concentrations of families in poverty improve their academic achievement. Programs provide academic and cultural enrichment activities, tutoring, art, music, recreation, and other programs that are designed to reinforce academic instruction. Funds are distributed through an open competition.

Innovative Education Program Strategies (CFDA 84.298)

Elementary and Secondary Education Act of 1965, Title V, 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. Funding for this program was not included beyond FY 2008.

Education Technology State Grants (Enhancing Education Through Technology) (CFDA 84.318)

Elementary and Secondary Education Act of 1965, as amended, Title II, Part D, Subparts I and 2, as amended.

Provides funding on a formula basis to states to:

- ◆ improve student academic achievement through the use of technology in schools;
- ◆ assist all students in becoming technologically literate by the end of eighth grade; and
- ◆ encourage the effective integration of technology with teacher training and curriculum development to establish research-based instructional methods.

Comprehensive School Reform (CFDA 84.332) – Discontinued

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. Funding for this program was not included beyond FY 2006.

Reading First (Title I, Part B) (CFDA 84.357)

Elementary and Secondary Education Act of 1965, as amended, Title I, Part B, Subpart 1.

The reading first program replaced reading excellence in FY 2002. 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 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.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: NO CHILD LEFT BEHIND

Narrative

Rural and Low-Income Schools Grant (CFDA 84.358)

Elementary and Secondary Education Act of 1965, Title VI, Part B, as amended.

This 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.

English Language Acquisition Grants for Limited English Proficient Students (CFDA 84.365)

Elementary and Secondary Education Act 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.

Math and Science Partnership (CFDA 84.366)

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. These projects promote strong teaching methods based on scientifically based research and technology into the curriculum.

Improving Teacher Quality (CFDA 84.367)

Higher Education Act of 1965, Title II, Part A, P.L. 105-244.

This program provides funding to improve student achievement by improving the quality of the current and future teaching workforce by improving the preparation of prospective teachers and enhancing professional development activities; holding 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 plans to teach, such as mathematics, science, English, foreign language, history, economics, arts, civics government, and geography; including training in effective uses of technology in the classroom; and recruiting highly qualified individuals, including individuals from other occupations, into the teacher workforce.

Improving Academic Achievement Accountability, Grants for State Assessments (CFDA 84.369)

Elementary and Secondary Education Act of 1965, as amended, Title VI, Part A, Subpart I, Public Law 107-110.

This program supports:

- ◆ the development of the additional state assessments and standards required by Section 1111(b) of the federal ESEA, as amended; or
- ◆ the administration of the assessments required by Section 1111(b) or to carry out other activities related to ensuring that the state's schools and local education agencies are held accountable for results.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: NO CHILD LEFT BEHIND

Narrative

**No Child Left Behind Act of 2001 (NCLB)
Federal Awards by Federal Fiscal Year
Source: U.S. Department of Education**

Funds in this table include both grant funds and administrative funds awarded for expenditure over a 27 month period. Actual state expenditures will differ from the amounts awarded due to the timing of the distribution of grants and state and federal fiscal year reporting requirements.

Dollars in Thousands

<u>CFDA</u>	<u>Title of Program</u>	<u>FFY 2003</u>	<u>FFY 2004</u>	<u>FFY 2005</u>	<u>FFY 2006</u>	<u>FFY 2007</u>	Estimate
							<u>FFY 2008</u>
84.010	Title One	\$117,728.4	\$105,427.8	\$108,585.3	\$109,155.7	\$114,582.9	\$126,897.3
84.377	Title One School Improvement Grant					\$1,103.5	\$4,457.7
84.011	State Agency Program-Migrant	2,375.7	2,376.2	2,363.1	1,683.6	1,678.1	1,652.8
84.013	State Agency Program-Neglected and Delinquent	198.7	171.6	154.9	204.4	211.8	203.4
84.186	Safe & Drug Free Schools and Communities Grants	5,924.9	5,924.9	5,903.1	4,649.2	4,649.2	3,935.4
84.213	Even Start	2,109.7	1,691.0	1,648.2	758.4	669.8	556.5
84.287	21 st Century Community Learning Centers	5,909.9	9,220.5	7,375.5	7,813.2	7,952.4	9,306.8
84.318	Educational Technology State Grants	6,055.4	5,017.5	3,900.5	2,178.9	2,314.3	2,339.0
84.332	Comprehensive School Reform (Title I)	2,664.2	2,397.5	1,728.8	-0-	-0-	-0-
84.357	Reading First State Grants	9,566.7	8,279.3	8,948.2	8,999.5	9,604.5	3,721.9

Dollars in Thousands

<u>CFDA</u>	<u>Title of Program</u>	<u>FFY 2003</u>	<u>FFY 2004</u>	<u>FFY 2005</u>	<u>FFY 2006</u>	<u>FFY 2007</u>	Estimate
							<u>FFY 2008</u>
84.358	Rural and Low-Income Schools Program	121.6	-0-	106.4	67.7	114.8	116.8
84.365	Language Acquisition State Grants	5,289.5	6,108.7	6,595.3	7,098.3	6,707.8	8,212.8
84.366	Mathematics & Science Partnerships	931.3	1,168.0	1,492.3	1,492.9	1,595.1	1,603.8
84.367	Improving Teacher Quality State Grants	38,871.0	37,901.6	37,960.9	37,544.8	37,842.2	38,482.8
84.369	State Assessments*	6,909.8	6,927.7	7,037.7	7037.7	7047.0	7033.2

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: NO CHILD LEFT BEHIND

Narrative

Discontinued Programs - These NCLB federal funds are shown under Discontinued Programs.

84.340	Funds for the Improvement of Education-Comprehensive School Reform	1,296.6	1,239.1	-0-	-0-		
84.184	State Grants for Community Service for Expelled or Suspended Students	613.7	-0-	-0-	-0-		
84.298	State Grants for Innovative Programs	6,569.6	4,888.8	3,221.3	1,607.4	1,611.1	-0-
Federal direct aid – these funds are directly awarded and paid by the federal government to eligible Minnesota school districts and organizations. These NCLB funds do not flow through MDE.							
84.358	Small Rural Schools Achievement Program	2,537.9	2,782.9	2,775.8	3,020.9	2,929.9	2,985.4
	Impact Aid (Basic, Disabilities, Construction)	11,980.6	13,637.9	13,729.3	15,312.1	14,901.3	15,968.7
84.060	Indian Education-Grants to Local Education Entities	3,458.7	3,281.3	3,244.3	3,249.9	3,353.7	3,398.7
Total NCLB Act of 2001		\$231,113.9	\$218,442.3	\$216,770.9	\$211,875	\$218,869.7	\$230,872.7

*These funds are included in the statewide testing narrative. These funds are not included in the fiscal expenditure page for this narrative.

Contact

Additional information is available from the Minnesota Department of Education, No Child Left Behind Programs, (651) 582-8784, http://education.state.mn.us/mde/Accountability_Programs/No_Child_Left_Behind_Programs/index.html.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: NO CHILD LEFT BEHIND PROGRAMS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Federal	168,147	180,801	184,018	186,669	370,687
Total	168,147	180,801	184,018	186,669	370,687
<u>Expenditures by Category</u>					
Total Compensation	0	38	39	40	79
Other Operating Expenses	146	396	396	396	792
Local Assistance	168,001	180,367	183,583	186,233	369,816
Total	168,147	180,801	184,018	186,669	370,687
Full-Time Equivalent (FTE)	0.0	0.5	0.5	0.5	

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: MATH SCIENCE TEACHER CENTER

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
Math & Science Teacher Academies		0	1,500	1,500	3,000
Total	0	0	1,500	1,500	3,000
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	1,500	1,500	3,000
Total	0	0	1,500	1,500	3,000
<u>Expenditures by Category</u>					
Total Compensation	0	0	75	75	150
Other Operating Expenses	0	0	125	125	250
Local Assistance	0	0	1,300	1,300	2,600
Total	0	0	1,500	1,500	3,000
Full-Time Equivalents (FTE)	0.0	0.0	0.7	0.7	

Activity Description

This budget activity summarizes major federal programs that fund activities throughout Minnesota.

Career and Technical Education – Basic Grants to States (CFDA 84.048)

Carl D. Perkins Career and Technical Education Improvement Act of 2006

The purpose of this grant program is to develop more fully the academic, career, and technical skills of secondary and post-secondary students who elect to enroll in vocational and technical programs. Under a new state plan for career and technical education, secondary schools and postsecondary institutions must jointly plan for the use of these funds to develop and implement programs of study spanning at least grades 11 through 14. Twenty-six secondary/postsecondary consortia are recognized to receive Perkins funds in Minnesota.

This program is subject to administrative matching and non-supplanting requirements.

Byrd Honors Scholarship Program (CFDA 84.185)

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.

Homeless Children (CFDA 93.150)

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.

Foreign Language Assistance (CFDA 84.293)

Elementary and Secondary Education Act of 1965, as amended, Title V, Part D, subpart 9. 20 U.S.C. 7259 - 7259(b). To support innovative model programs of foreign language study in public elementary and secondary schools. Projects must be designed to support innovative model programs of foreign language study in elementary and secondary schools. Projects must show the promise of being continued beyond the grant period. No less than three-fourths of the appropriation must be used for elementary level projects. This program is subject to non-supplanting requirements and must use a restricted indirect cost rate which is referenced under 34 CFR 76.564- 76.569.

Teacher Quality Enhancement Grants (CFDA 84.336)

Higher Education Act of 1965, Title II, Part A, Public Law 105-244

To improve student achievement; improve the quality of the current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities; hold institutions of higher education accountable for preparing teachers who have the necessary teaching skills and are highly competent in the academic content areas in which the teachers plan to teach, such as mathematics, science, English, foreign language, history, economics, art, civics, Government, and geography, including training in the effective uses of technology in the classroom; and recruit highly qualified individuals, including individuals from other occupations, into the teaching force.

Activity at a Glance

Major federal programs in the activity are:

- ◆ Career and Technical Education Basic Grants – Carl Perkins
- ◆ Byrd Honors Scholarship Program
- ◆ Homeless Children
- ◆ Foreign Language Assistance
- ◆ Teacher Quality Enhancement Grants
- ◆ Voluntary School Choice
- ◆ Cooperative Agreements to Support Comprehensive School Health Programs
- ◆ Learn and Serve America

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: MISCELLANEOUS FEDERAL PROGRAMS

Narrative

Voluntary School Choice (CFDA 84.361)

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 expand the Choice is Yours program. The Choice is Yours program, developed by the 2000 settlement of the National Association for the Advancement of Colored People (NAACP) versus State of Minnesota, allows 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.

Cooperative Agreements to Support Comprehensive School Health Programs (CFDA 93.938)

Public Health Service Act, Section 301(a) and 311 (b) (c), as amended; 42 U.S.C. 241 (a), as amended; 42 U.S.C. 243 (b). To support the development and implementation of effective health education for human immunodeficiency virus (HIV) and other important health problems for school-age populations (elementary through college-age youth, parents, and relevant school, health, and education personnel).

Cooperative Agreement funds may be used to support personnel, their training and travel, and to purchase supplies and services for planning, organizing and conducting activities directly related to the objectives of this program. This program helps integrating HIV education within a more coordinated school health program; disseminating information about accessibility, availability, and quality of educational strategies, materials, and curricula to local education agencies and schools; and providing technical assistance to local school districts and schools in implementing HIV education. Special efforts are made to reach minority youth, youth in high-risk situations, and youth with special education needs.

Learn and Serve America (CFDA 94.004)

National and Community Service Act of 1990, as amended.

The goal of Minnesota's Service Learning program is to strengthen service learning efforts and promote the healthy development of youth and our communities. The focus is to increase the civic and literacy skills of youths particularly from disadvantaged situations by engaging them in state and local service learning programs, on project review and steering committees, and as presenters at conferences. Organizations utilize adult volunteers and work with teachers to increase their ability to use service learning as an instructional tool through curriculum building and teacher and administrator training. Partnerships with other education and community-based organizations leverage funding for greater efficiency and will facilitate resource sharing.

Miscellaneous Federal Programs

FFY = Federal Fiscal Year Allocation

<u>CFDA</u>	<u>Name</u>	<u>FFY</u> <u>2002</u>	<u>FFY</u> <u>2003</u>	<u>FFY</u> <u>2004</u>	<u>FFY</u> <u>2005</u>	<u>FFY</u> <u>2006</u>	<u>FFY</u> <u>2007</u>	<u>FFY</u> <u>2008</u>
84.048	Vocational Education Basic Grants- Carl Perkins	\$ 6,609.9	\$ 6,532.7	\$ 6,545.5	\$ 6,640.6	\$6,144.5	\$6495.6	\$6271.4
84.185	Byrd Honors Scholarships	721.5	718.5	694.5	690.0	688.5	667.5	673.5
84.196	Homeless Children	545.9	521.4	549.0	512.1	518.7	546.1	583.3
84.293	Foreign Language Assistance	-0-	-0-	-0-	280.0	-0-	-0-	-0-
84.336A	Teacher Quality Enhancement Grants	-0-	2,622.6	2,715.0	2,844.6	-0-	-0-	-0-
84.361	Voluntary School Choice	3,000.0	2,298.4	2,240.6	2,240.6	2,712.9	1,905.0	1,692.2
93.938	Comprehensive School Health Program	-0-	-0-	275.9	254.2	314.2	307.8	580.0
94.004	Learn and Serve America	<u>293.5</u>	<u>294.2</u>	<u>287.3</u>	<u>281.6</u>	<u>238.0</u>	<u>238.0</u>	<u>238.0</u>
TOTAL		\$11,170.8	\$12,987.8	\$13,307.8	\$13,743.7	\$7,901.4	\$3,118.6	\$1,256.8

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: MISCELLANEOUS FEDERAL PROGRAMS

Narrative

Federal funds awarded may be distributed over a 27-month period. Actual state expenditures will differ from the amounts awarded due to the timing of the distribution of grants and state and federal fiscal year reporting requirements.

Amounts in the narrative may differ when compared to the fiscal summary due to 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.

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: MISC. FEDERAL PROGRAMS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Federal	8,257	7,349	7,245	7,245	14,490
Total	8,257	7,349	7,245	7,245	14,490
<u>Expenditures by Category</u>					
Payments To Individuals	675	804	700	700	1,400
Local Assistance	7,582	6,545	6,545	6,545	13,090
Total	8,257	7,349	7,245	7,245	14,490

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: MN VIRTUAL EDUCATION PROGRAM

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
MVEP		0	1,000	1,000	2,000
Total	0	0	1,000	1,000	2,000
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	1,000	1,000	2,000
Total	0	0	1,000	1,000	2,000
<u>Expenditures by Category</u>					
Total Compensation	0	0	345	345	690
Other Operating Expenses	0	0	655	655	1,310
Total	0	0	1,000	1,000	2,000
Full-Time Equivalents (FTE)	0.0	0.0	3.0	3.0	

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: PRINCIPALS' LEADERSHIP INST

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
Principals' Leadership Institute		0	400	400	800
Total	0	0	400	400	800
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	400	400	800
Total	0	0	400	400	800
<u>Expenditures by Category</u>					
Local Assistance	0	0	400	400	800
Total	0	0	400	400	800

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: SMART PROGRAM

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
SMART		0	500	500	1,000
Total	0	0	500	500	1,000
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	500	500	1,000
Total	0	0	500	500	1,000
<u>Expenditures by Category</u>					
Local Assistance	0	0	500	500	1,000
Total	0	0	500	500	1,000

DEPT OF EDUCATION

Program: ED EX SPEC STUDNT & TEACHER

Activity: U TEACH

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
U Teach		0	500	500	1,000
Total	0	0	500	500	1,000
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	500	500	1,000
Total	0	0	500	500	1,000
<u>Expenditures by Category</u>					
Local Assistance	0	0	500	500	1,000
Total	0	0	500	500	1,000

Budget Activities

- ⇒ Regular Special Education
- ⇒ Special Education Excess Costs
- ⇒ Children with Disabilities
- ⇒ Travel for Home-Based Services
- ⇒ Court Placed Special Education Revenue
- ⇒ Out of State Tuition
- ⇒ Other Federal Special Education Programs

DEPT OF EDUCATION
 Program: SPECIAL EDUCATION

Program Summary

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	789,772	830,588	830,588	830,588	1,661,176
Technical Adjustments					
End-of-session Estimate			17,445	65,162	82,607
November Forecast Adjustment		2	3	3	6
Subtotal - Forecast Base	789,772	830,590	848,036	895,753	1,743,789
Governor's Recommendations					
Aid Payments Shift		0	(81,797)	(5,095)	(86,892)
Total	789,772	830,590	766,239	890,658	1,656,897
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	789,768	830,590	766,239	890,658	1,656,897
Statutory Appropriations					
Federal	173,131	182,192	186,301	187,716	374,017
Total	962,899	1,012,782	952,540	1,078,374	2,030,914
<u>Expenditures by Category</u>					
Other Operating Expenses	801	911	911	911	1,822
Local Assistance	962,098	1,011,871	951,629	1,077,463	2,029,092
Total	962,899	1,012,782	952,540	1,078,374	2,030,914
<u>Expenditures by Activity</u>					
Special Education Regular	850,633	898,260	845,968	963,373	1,809,341
Sp Ed Excess Cost	108,656	110,826	102,668	110,874	213,542
Sp Ed Child W Disability	2,086	2,282	2,519	2,779	5,298
Sp Ed Travel Home Based Svcs	208	229	224	270	494
Sp Ed Court Placed	67	74	76	78	154
Sp Ed Out State Tuition	250	250	250	250	500
Other Federal Sp Ed Programs	999	861	835	750	1,585
Total	962,899	1,012,782	952,540	1,078,374	2,030,914

DEPT OF EDUCATION**Program: SPECIAL EDUCATION****Activity: SPECIAL EDUCATION REGULAR**

Narrative

Activity Description

Citation: M.S. 125A.02; 125A.03; 125A.53; 125A.75; 125A.76; 125A.78; 125A.79

Federal Citation: P.L. 108-446 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 2007, Minnesota provided special education services to 121,511 children and youth, ages birth through 21. The following table shows the number of special education students by age and disability, as of 12-01-06.

Activity at a Glance

Special Education services, revenue, and expenditures for FY 2007:

- ◆ 121,511 students ages birth – 21 receiving services.
- ◆ 26,896 full-time equivalent professional and paraprofessional staff employed.
- ◆ \$700 million paid to districts.
- ◆ \$172 million federal funds allocated to school districts.

**FY 2007 Unduplicated Child Count by
Disability and Age Group as of 12-01-06**

<u>Disability</u>	Preschool	K-12	Ages	<u>Total</u>
	<u>Ages B-4</u>	<u>Ages 5-18</u>	<u>19-21</u>	
1. Autism Spectrum Disorders	745	8,907	277	9,929
2. Deaf-Blind	5	55	1	61
3. Developmentally Delayed	7,348	4,688	-0-	12,036
4. Mildly Moderate-DCD	39	6,328	619	6,986
5. Severe Profound-DCD	6	1,949	308	2,263
6. Deaf or Hard of Hearing	249	2,039	69	2,357
7. Emotional or Behavioral Disorders	76	16,483	343	16,902
8. Other Health Disabilities	37	13,297	202	13,536
9. Physically Impaired	55	1,549	63	1,667
10. Specific Learning Disability	2	31,898	502	32,402
11. Speech or Language Impairment	3,157	18,643	20	21,820
12. Severely Multiply Impaired	13	599	57	669
13. Traumatic Brain Injury	12	418	40	470
14. Visually Impaired	55	352	6	413
Total	11,799	107,205	2,507	121,511

Students become eligible for special education services by meeting specific state eligibility requirements under one or more of 14 disability categories.

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.

DEPT OF EDUCATION**Program: SPECIAL EDUCATION****Activity: SPECIAL EDUCATION REGULAR**

Narrative

The following table shows the number of special education students by education setting as of 12-01-06:

**Unduplicated Child Count by Setting
as of December 1, 2006 (Birth -21)**

<u>Setting Ages 6-21</u>	<u>Total</u>
Outside of regular classroom less than 21% of school day	62,699
Resource room between 21% and 60% of school day	26,117
Separate classroom more than 60% of school day	10,435
Public separate day school facility greater than 50% of school day	3,919
Private separate day school facility greater than 50% of school day	147
Public residential facility greater than 50% of school day	207
Private residential facility greater than 50% of school day	163
Homebound/hospital placement	248
Subtotal Ages 6-21	103,935
<u>Settings Ages 3-5</u>	
Regular EC program at least 80% of the time	7,105
Regular EC program 40-79% of the time	2,237
Regular EC program less than 40% of the time	967
Separate class	2,640
Separate school	113
Residential facility	13
Service provider location	543
Home	371
Subtotal Ages 3-5	13,989
<u>Settings Ages Birth-2</u>	
Designed for children with development delays	210
Designed for typically developing children	138
Home	3,172
Hospital (inpatient)	-0-
Resident facility	-0-
Service provider location	53
Other Setting	14
Subtotal Ages Birth-2	3,587
TOTAL	121,511

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. 108-446, 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 categorical eligibility and 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.

DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: SPECIAL EDUCATION REGULAR

Narrative

Special education is specially designed instruction that helps students with disabilities achieve results in the general curriculum and make progress toward graduation per individualized goals. The IEP team including parents determine the most appropriate means of delivering the necessary instruction and services to the students.

- ◆ 277 smaller school districts have formed 39 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.

The Division of 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 Activity Goals

The program addresses the MDE goal of improving student achievement and the Minnesota Milestones goal of preparing students to compete in global economy.

Key Measures

- ◆ Graduation rate of students with disabilities

	School Year		
	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
All Students	88.8%	90.5%	91.0%
Special Education	82.0%	82.4%	84.6%

- ◆ Dropout rate of students with disabilities

	School Year		
	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
All Students	3.2%	3.1%	3.1%
Special Education	4.6%	4.9%	4.2%

- ◆ Participation and performance on statewide assessments (MCA and MTAS)
 1. Participation

	School Year		
	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Overall %	97.7%	97.5%	96.0%

DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: SPECIAL EDUCATION REGULAR

Narrative

2. Overall proficiency (MCA and MTAS) – reading and mathematics combined

	School Year		
	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Reading			
Grade 3	50.4%	69.4%	63.3%
Grade 10	40.2%	45.1%	43.0%
Math			
Grade 3	53.5%	81.3%	75.7%
Grade 11	31.5%	19.7%	17.6^

Activity Funding

Special education programs are funded with state special education aids and federal IDEA funds.

District Special Education Expenditures State and Federal

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Average Cost Per Student	\$9,405	\$9,693	\$10,204	\$10,629	\$10,962
Child Count Birth-21	115,904	117,716	118,530	119,720	121,511
Total Expenditures (Dollars in Thousands)					
Salaries	\$ 731,125	\$ 754,858	\$ 790,784	\$ 826,456	\$ 873,554
Fringe Benefits*	201,059	207,586	217,466	227,275	240,227
Contracted Services	33,521	33,934	33,294	35,444	38,062
Individualized Instructional Supplies and Equipment	8,541	6,971	6,875	8,042	8,649
Federal Funds Used for Instruction (Birth-21)	115,805	137,666	161,036	175,306	171,548
SUBTOTAL for Direct & Related Services	\$1,090,051	\$1,141,015	\$1,209,455	\$1,272,533	\$1,332,040
Transportation**	101,030	108,922	119,043	130,492	137,698
TOTAL Expenditures	\$1,191,081	\$1,249,937	\$1,328,498	\$1,403,025	\$1,469,738
Annual % Change	6.30%	4.94%	6.29%	5.61%	4.75%

*Estimated based on ratio of salaries for staff from UFARS

**Includes transportation to and from school, between schools and board and lodging UFARS Finance code 723. Includes special transportation of selected pupils UFARS code 728.

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. Fiscal information for this program is included on the fiscal page page for Infants and Toddlers-Part C.

Federal Flow Through Awards to School Districts (Dollars in Thousands)

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Federal Flow Through Entitlement Section 611	\$111,405	\$ 131,914	\$150,292	156,235	155,880
Preschool Incentive Entitlement Section 619	5,751	5,694	5,696	5,643	5,576
Preschool Incentive CSPD Entitlement Section 619	177	185	194	192	402
Part C	4,900	5,245	5,719	5,407	5,472

State Special Education Aid:

Special education aid through FY 2007 was based on expenditures in the second prior year (base year). State special education aid for FY 2007 was based on expenditures in FY 2005. Beginning in FY 2008, special education aid is based on expenditures in the current year. State special education for FY 2008 is based on expenditures in FY 2008.

Several additional changes to the special education formulas took place in FY 2008. Transition disabled aid, which equaled \$8.8 million in FY 2007 was rolled into special education aid in FY 2008. Transition program for students with disabilities provides 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. Transition programs for students with disabilities 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.

Lastly, FY 2008 is the first year that districts receive bus depreciation aid for buses purchased after 07-01-05 and used for the majority of the time providing special transportation services.

The special education initial aid equals the sum of the following amounts:

- ◆ *Salary* - 68% of the salary of each essential staff providing direct instructional and related services to students (both special education and transition disabled programs);
- ◆ *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 (both special education and transition disabled programs). For transition disabled programs only, 52% of the cost of vocational evaluation;
- ◆ *Supplies and Equipment* -
 - ⇒ Special education programs - 47% of the cost of supplies and equipment not to exceed an average of \$47 per student with a disability,
 - ⇒ Transition disabled programs - 47% of the cost of supplies not to exceed an average of \$47 per student with disability. 47% of the cost of equipment;
- ◆ *Travel* - for transition disabled programs only, 47% of the costs of necessary travel between instructional sites by transition program teachers.
- ◆ *Bus Depreciation* - 100% of the cost of regular buses over eight years and Type III buses over five years that are used the majority of time providing special transportation services; and
- ◆ *Transportation* - 100% of the cost of special transportation services.

A school district's special education aid equals the state total special education aid times the ratio of the district's initial special education aid to the state total initial special education aid.

The state total special education revenue for FY 2008 through FY 2011 is set in state law. For FY 2008, FY 2009, FY 2010, and FY 2011 the state total is \$694.1 million, \$719.5 million, \$735.7 million, and \$787.6 million, respectively. The state total special education aid for FY 2012 and later fiscal years equals the state total special education aid for the preceding fiscal year times the program growth factor times the greater of one, or the ratio of the state total average daily membership (ADM) for the current fiscal year to the state total ADM for the preceding fiscal year. The program growth factor is 1.046 for FY 2012 and later years.

Special education aid as a percent of adjusted base revenue declined from FY 2004 through FY 2007 due to continued increases in special education expenditures, without a corresponding increase in the state total special education aid. For FY 2004, special education aid was 91.9% of adjusted base revenue; that percentage decreased to 87.5% in FY 2005, 83.6% in FY 2006, and 78.7% in FY 2007. Due to a large increase in funds for FY 2008, which includes the addition of resources attributable to transition disabled and the change to current

DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: SPECIAL EDUCATION REGULAR

Narrative

year funding, aid a percent of initial aid it is projected to be 86.2% in FY 2008. However, it begins to decline again and is projected to be 85.1% in FY 2009 and 83.5% in both FY 2010 and FY 2011.

Federal IDEA (Individuals with Disabilities Education Act) Funds:

IDEA Part B funds are allocated using a formula that includes a base amount, with the remainder of the funds distributed using poverty and enrollment figures of all students reported on MARSS (Minnesota Automated Reporting Student System).

The base amount is determined by the 12-01-1998 count of students with disabilities for Section 611 (ages 3 - 21) and the 12-01-1996 count of students with disabilities for Section 619 (ages 3 – 5). If a district has a resident student/s attending a new or significantly expanded (by more than 10%) charter school, the base amount is redistributed among the school district and the affected charter school/s using December 1 child count of students with disabilities for the year when the school opens or significantly expands.

85% of federal aid exceeding the base is allocated based on current year enrollment of all students (Section 611); 15% is allocated based on current year free and reduced price lunch counts (Section 619). For FY 2007, the following amounts were allocated through each formula:

◆ Part B –Section 611		
Base		\$55,057,097
Free/Reduced		\$15,123,413
Enrollment		\$85,699,341
◆ Part B – Section 619		
Base	\$	5,299,759
Free/Reduced	\$	41,430
Enrollment	\$	234,769

The federal law requires that the state and local school districts maintain effort from one year to the next. Total state aid and individual district state-local expenditures 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.

For FY 2007, the Minnesota Department of Education (MDE) flowed 89% of the federal funds to local education agencies. The department retains 2% of the funds for administration costs and approximately 9% for statewide set aside programs to implement Minnesota's State Improvement Plan and for technical assistance, training, and monitoring.

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/mde/Accountability_Programs/Program_Finance/Special_Education/Cross_Subsidy_Report/index.html.

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/mde/Learning_Support/Special_Education/index.html.

DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: Special Education

Budget Activity Summary

Dollars in Thousands

		Current		Governor's Rec		Biennium
		FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund						
General Fund						
1	Total Current Appropriation	677,622	716,929	716,929	716,929	1,433,858
	<i>Transition for Disabled Students</i>	879				
	a. End of Session Estimate			17,142	64,568	81,710
	b. November Forecast Adjustment					0
	c. Transfer per M.S. 127A.41					
2	Forecast Base	678,501	716,929	734,071	781,497	1,515,568
3	Governor's Recommendation					
	a. Aid Payment Shift			(73,569)	(5,090)	(78,659)
4	Governor's Recommended Appropriation			660,502	776,407	1,436,909
District Revenue Summary (Entitlement Basis)						
AID						
State Aid						
5	Statutory Formula Aid	694,063	719,470	735,693	786,586	1,522,279
6	Statutory Excess/(Shortfall)					0
7	Appropriated Entitlement	694,063	719,470	735,693	786,586	1,522,279
8	Adjustments					
	a. Excess Funds Transferred In/(Out)					
	b. Supplemental Appropriation					
9	State Aid Entitlement Current Law	694,063	719,470	735,693	786,586	1,522,279
10	Other Revenue					
	a. Federal	172,132	181,331	185,466	186,966	372,432
11	Total All Sources Current Law	866,195	900,801	921,159	973,552	1,894,711
Appropriations Basis for State Aid						
	Prior Year (10%/20%)	52,965	69,406	71,947	147,138	219,085
	Current Year (90%/80%)	624,657	647,523	588,555	629,269	1,217,824
	Transition for Disabled Students	879				
	Total State Aid - General Fund	678,501	716,929	660,502	776,407	1,436,909

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 costs have traditionally been subsidized by the general fund.

Population Served

All public schools in Minnesota whose unreimbursed special education costs exceed the funding threshold as defined by the aid formula receive 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 the school district general fund.

Historical Perspective

- ◆ Since FY 1996, the total state special education revenue has been set in law or has been the result of a formula. The growth in initial special education excess cost revenue since FY 1996 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 2008, transition programs for students with disabilities was rolled into the special education formula and the excess cost of serving these students was included in the excess cost formula. Additionally, in FY 2008, bus depreciation, reimbursable tuition and transportation tuition revenues and expenditures were also included in both formulas.
- ◆ 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 Activity Goals

By providing additional funding toward unreimbursed costs of special education and related services, this program addresses the key department goals of improving student achievement and preparing students to compete in a global economy.

Key Measures

Key indicators and measures for special education programs are available in the Special Education - Regular budget narrative.

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.

- ◆ \$104.7 million in entitlements to Minnesota districts in FY 2007.
- ◆ 325 districts received excess cost aid in FY 2007.

DEPT OF EDUCATION**Program: SPECIAL EDUCATION****Activity: SPECIAL EDUCATION EXCESS COST**

Narrative

Activity Funding

For FY 2002 through FY 2007, 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.

For FY 2008 and later years, a district excess cost aid equals 75% of the difference between the district's unreimbursed special education cost and 4.36% of the district's general revenue.

The state total excess cost aid equals \$104.7 million in FY 2007, \$110.6 million in FY 2008, and \$110.9 million in FY 2009, \$110.8 million in FY 2010, and \$110.9 million in FY 2011. In later fiscal years, the state total excess cost aid equals

- ◆ the state total special education excess cost aid for the preceding fiscal year; times
- ◆ the program growth factor; times
- ◆ the greater of one or the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

The program growth factors established by the legislature equal 1.044 for FY 2002, 1.02 for FY 2003, and 1.00 for FY 2004 through FY 2011. However, the state total excess cost aid for FY 2004 through FY 2011 is set in state law. The program growth factor is 1.02 for FY 2012 and later years. A district's initial excess cost aid is computed using the current formula. 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. Actual excess cost aid as a percent of initial excess cost aid declined since FY 2004 through FY 2007 due to continual increases in special education expenditures without a corresponding increase in the state total special education – regular or excess cost aid, from 82.6% in FY 2004 to 63.7% in FY 2005, 57.6% in FY 2006, 47.5% in FY 2007, 44.1%. A substantial portion of this reduction is attributable to a decline in the share of special education expenditures funded through the special education – regular program, which spill over into the excess cost formula.

Due to a large increase in special education funds for FY 2008, which includes the addition of resources attributable to transition disabled and the change in the regular formula to current year funding, aid as a percent of initial aid is projected to be 76.5% in FY 2008, 67.1% in FY 2009, 55.9% in FY 2010, and 53.1% in FY 2011.

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 2002 through FY 2007 and the numbers of districts participating in the program each year:

Special Education Excess Cost Revenue

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Total Revenue	\$90.8	\$92.1	\$92.1	\$91.8	\$103.6	\$104.70
Number of Districts	283	273	319	307	319	325

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.

DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: SPECIAL EDUCATION EXCESS COST

Narrative

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8810, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/Special_Education/Excess_Cost_Projection_Models/index.html.

DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: Special Education – Excess Costs

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund					
General Fund					
1 Total Current Appropriation	108,656	110,826	110,826	110,826	221,652
a. End of Session Estimate			45	51	96
b. November Forecast Adjustment				0	0
c. February Forecast Adjustment					0
2 Forecast Base	108,656	110,826	110,871	110,877	221,748
3 Governor's Recommendation					
a. Aid Payment Shift			(8,203)	(3)	(8,206)
4 Governor's Recommended Appropriation			102,668	110,874	213,542
District Revenue Summary (Entitlement Basis)					
AID					
State Aid					
5 Statutory Formula Aid	110,641	110,918	110,847	110,892	221,739
6 Statutory Excess/(Shortfall)					0
7 Appropriated Entitlement	110,641	110,918	110,847	110,892	221,739
8 Adjustments					
9 State Aid Entitlement Current Law	110,641	110,918	110,847	110,892	221,739
Appropriations Basis for State Aid					
Prior Year	34,969	36,954	37,046	45,225	82,271
Current Year	73,687	73,872	65,622	65,649	131,271
Total State Aid - General Fund	108,656	110,826	102,668	110,874	213,542

Activity Description**Citation:** M.S. 125A.75, Subd. 3

This state aid program provides funding for individuals with and without disabilities 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.

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 or guardian is not living within the state;
- ◆ no other district of residence can be established; 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.

Special education programs and services are specially designed to benefit individuals with disabilities whose educational needs range from academic or behavior support to self-care skills, independent living skills, or preparation of employment in the community. Students without disabilities are also eligible for this aid if they are eligible because parental rights have been terminated. 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.

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 that the parental rights have been terminated.

Key Activity Goals

This program addresses the following Minnesota Milestones: 1) Minnesotans will excel in basic and challenging skills and knowledge; and 2) all people will be welcomed, respected, and able to participate fully in Minnesota's communities and economy.

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 aid is paid as a reimbursement in the year following the year the services are provided.

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8840, http://education.state.mn.us/MDE/Accountability_Programs/Program_Finance/index.html.

Activity at a Glance

FY 2007

- ◆ 13.97 FTE without disabilities were placed
- ◆ 116.07 FTE with disabilities were placed
- ◆ \$1.4 million was reimbursed to school districts in FY 2008

DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: Children with Disabilities

Budget Activity Summary

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec.		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
General Fund					
1 Current Appropriation	2,086	2,282	2,282	2,282	4,564
a. End of Session Estimate			237	497	734
b. Transfer per M.S. 127A.41					
c. November Forecast Adjustment					0
2 Governor's Recommended Appropriation	2,086	2,282	2,519	2,779	5,298

<i>District Revenue Summary (Entitlement Basis)</i>					
AID	State Aid				
3 Statutory Formula Aid		2,086	2,282	2,519	2,779
4 Statutory Excess/(Shortfall)					0
5 Appropriated Entitlement		2,086	2,282	2,519	2,779
6 Adjustments					
b. Transfer per M.S. 127A.41					
c. Appropriation Reduction					
7 State Aid Entitlement Current Law		2,086	2,282	2,519	2,779
Appropriations Basis for State Aid					
Transfer per M.S. 127A.41					
Current Year		2,086	2,282	2,519	2,779
Total State Aid - General Fund		2,086	2,282	2,519	2,779

Activity Description

Citation: M.S. 125A.75, Subd. 1; P.L. 108-466, Part C

This state aid activity provides funding to assist school districts with travel costs for early childhood special education (ECSE) staff in delivering services to children and their families in home and community early childhood education program settings.

Activity at a Glance

Home-based travel for early childhood special education staff provide services in the home or community-based programs for children under five.

- ◆ 11,799 ECSE children served in FY 2007
◆ \$181,067 paid to districts in FY 2007

Population Served

Services are provided to children birth to five years with disabilities and their families who receive services in their homes or in community early childhood settings.

Services Provided

Travel for home-based services assures that all individuals from birth to five years of age with disabilities, and their families, have access to ECSE intervention services. For very young children, services may consist of parent consultation and training, as well as direct services to the child.

Federal funding under the Individuals with Disabilities Education Act (IDEA), (P.L. 108-466), the Preschool Incentive program (P.L. 108-466, Sec. 619), and the Infants and Toddlers program (P.L. 108-466, Part C) may also be used for this purpose.

Key Activity Goals

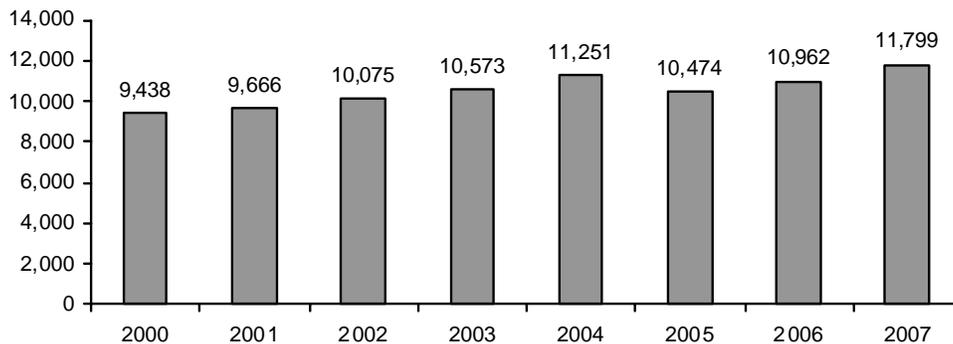
This program addresses the following Minnesota Milestones: 1) All children will be healthy and start school ready to learn, and 2) All people will be welcomed, respected and able to participate fully in Minnesota's communities and economy.

Key Measures

- ◆ The number of children, from birth to five years of age, identified as having disabilities and receiving special education services increased from 9,438 in FY 2000 to 11,799 in FY 2007. The majority of these services are provided in the child's home or in a center-based site in the community.

Key indicators and measures for special education programs are available in the Special Education - Regular budget narrative.

Number of Preschool Children (birth through age 4) Receiving Special Education Services



DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: TRAVEL FOR HOME BASED SERVICES

Narrative

Activity Funding

Under current law, the state must pay each district one-half of the sum actually expended by a district based on mileage for necessary travel of essential personnel providing home-based or community-based services to children with a disability under age five and their families.

The 2006 legislature clarified that home-based travel aid is calculated based on mileage. Districts cannot claim reimbursement for vehicle purchases or leases under 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, Division of Special Education Policy, (651) 582-8590, http://education.state.mn.us/mde/Learning_Support/Special_Education/index.html.

DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: Travel Home Based Services

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Rec.		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund					
General Fund					
1 Total Current Appropriation	207	227	227	227	454
a. End of Session Estimate			19	42	61
b. November Forecast		2	3	3	6
c. Transfer per M.S. 124A.41	1				
2 Forecast Base	208	229	249	272	521
3 Governor's Recommendation					
a. Aid Payment Shift			(25)	(2)	(27)
4 Governor's Recommended Appropriation			224	270	494
District Revenue Summary (Entitlement Basis)					
AID					
State Aid					
3 Statutory Formula Aid	206	232	251	274	525
4 Statutory Excess/(Shortfall)		(3)			0
5 Appropriated Entitlement	206	229	251	274	525
6 Adjustments					
a. Excess Funds Transferred In/(Out)					
b. Supplemental Appropriation		3			0
7 State Aid Entitlement Current Law	206	232	251	274	525
Appropriations Basis for State Aid					
Prior Year (10%/20%)	22	20	23	50	73
Transfer per M.S. 127A.41	1				
Current Year (90%/80%)	185	209	201	220	421
Total State Aid - General Fund	208	229	224	270	494

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.

Activity at a Glance

FY 2007 cost summary for non-Minnesota residents placed by the courts in Minnesota.

- ◆ Funded costs of 15 students (3.99 ADM)
- ◆ \$66,864 was paid to districts in FY 2008

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

In FY 2007, 15 nonresident students (3.99 average daily membership) were placed in Minnesota by the courts for services that were not paid by the resident non-Minnesota district or resident state. State aid of \$66,864 was paid in the following year, FY 2008, to reimburse districts for the cost of providing services to these nonresident students.

Activity Funding

To be eligible for this revenue, the serving districts must document that they have admittance procedures designed to identify the agency responsible for the education costs and must show a good faith effort to 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, http://education.state.mn.us/MDE/Accountability_Programs/Program_Finance/index.html.

DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: Court Placed Special Education Revenue Budget Activity Summary

Dollars in Thousands

	Current		Governor's Rec.		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
<i>Direct Appropriations by Fund</i>					
General Fund					
1 Current Appropriation	72	74	74	74	148
a. End of Session Estimate			2	4	6
b. Cancellation	(5)				
c. Transfer per M.S. 127A.41					
2 Governor's Recommended Appropriation	67	74	76	78	154
<i>District Revenue Summary (Entitlement Basis)</i>					
AID	State Aid				
3 Statutory Formula Aid	67	74	76	78	154
4 Statutory Excess/(Shortfall)	5				
5 Appropriated Entitlement	72	74	76	78	154
6 Adjustments					
a. Cancellation	(5)				
7 State Aid Entitlement Current Law	67	74	76	78	154
<i>Appropriations Basis for State Aid</i>					
Transfer per M.S. 127A.41					
Cancellation	(5)				
Current Year	72	74	76	78	154
Total State Aid - General Fund	67	74	76	78	154

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.

Activity at a Glance

- ◆ 249 students (74.7 average daily membership) were placed out-of-state for care and treatment in FY 2007.

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

Minnesota school districts are assured that costs of education will be reimbursed when students with disabilities are placed in care and treatment facilities in states without reciprocity.

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 Activity Goals

This helps to ensure that students with disabilities receive the most appropriate education to enable them to succeed to their highest potential.

Key Measures

In FY 2007, 249 students were placed out-of-state for care and treatment.

Activity Funding

Out-of-state care and treatment facilities submit tuition bills to the resident district based on the costs of providing education. The resident district submits the tuition bills to MDE and the department calculates aid revenue. Aid revenue is calculated by subtracting out any aid that the resident district receives for the student. This includes general education revenue that is not basic skills revenue, alternative compensation revenue, and referendum equalization aid. Special education services revenue is also subtracted out from the bill.

State aid is paid in the following year to reimburse school districts for the unreimbursed 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.

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. FY 2007 program costs are funded in FY 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, Division of Program Finance, (651) 582-8840, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/Special_Education/index.html.

DEPT OF EDUCATION
 Program: SPECIAL EDUCATION
 Activity: SP ED OUT STATE TUITION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	250	250	250	250	500
Subtotal - Forecast Base	250	250	250	250	500
Total	250	250	250	250	500
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	250	250	250	250	500
Total	250	250	250	250	500
<u>Expenditures by Category</u>					
Local Assistance	250	250	250	250	500
Total	250	250	250	250	500

Activity Description

This budget activity summarizes federal programs for special populations that fund activities throughout Minnesota.

Special Education – Deaf-Blind P.L. 108-446 IDEA.

The Deaf-Blind Technical Assistance grant provides support to initiate and improve statewide educational services for children who are deaf-blind from birth through age 21. The focus of the grant is to provide a range of technical assistance and support to Minnesota schools and families of children who are deaf-blind. Technical assistance and professional development activities are focused on building the capacity of teachers, service providers, and families to provide effective services and improve outcomes for students who are deaf-blind.

Special Education State Improvement Grant P.L. 108-446 IDEA.

Minnesota State Personnel Development Grant (SPDG) is designed to: 1) improve the educational opportunities and outcomes of children and youth with disabilities; and 2) ensure the availability of a qualified special education workforce across all geographic regions in the state.

The Minnesota SPDG will be entering in its fourth year of the current five-year funding cycle. During the 2006-07 year, 21 projects were funded with SPDG funds.

To achieve the two SPDG goals, the grant funds may be used to improve systems of professional development, technical assistance, and/or dissemination of knowledge about best practices. All SPDG activities aim to be replicable, scaled up, connected to the State Performance Plan, and for the benefit of Minnesota students and educational staff. The Minnesota Department of Education (MDE) has developed performance measures to assess the success of the programs in meeting these goals.

General Supervision Enhancement Grants P.L. 108-446 IDEA.

The General Supervision Enhancement Grants (GSEG) are intended to assist states in the development, revision and enhancement access to the statewide assessment system for students with disabilities, including the use of accommodations on the general assessment, an alternate assessment based on alternate achievement standards, and an alternate assessment based on modified achievement standards.

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.

Activity at a Glance

The federal programs in the narrative are:

- ◆ Special Education – Deaf/Blind
- ◆ Special Education State Improvement

DEPT OF EDUCATION
 Program: SPECIAL EDUCATION
 Activity: OTHER FEDERAL SP ED PROGRAMS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Federal	999	861	835	750	1,585
Total	999	861	835	750	1,585
<u>Expenditures by Category</u>					
Other Operating Expenses	46	60	60	60	120
Local Assistance	953	801	775	690	1,465
Total	999	861	835	750	1,585

Budget Activities

- ⇒ Health and Safety Revenue
- ⇒ Debt Service Equalization
- ⇒ Alternative Facilities Aid
- ⇒ Deferred Maintenance
- ⇒ Telecommunications Access
- ⇒ Miscellaneous Facility Levies

DEPT OF EDUCATION

Program: FACILITIES & TECHNOLOGY

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	45,209	39,869	39,869	39,869	79,738
Technical Adjustments					
Current Law Base Change			(4,993)	(4,993)	(9,986)
End-of-session Estimate			(2,300)	(3,149)	(5,449)
November Forecast Adjustment		81	953	1,085	2,038
Subtotal - Forecast Base	45,209	39,950	33,529	32,812	66,341
Governor's Recommendations					
Aid Payments Shift		0	(2,971)	71	(2,900)
Total	45,209	39,950	30,558	32,883	63,441
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	45,236	39,953	30,558	32,883	63,441
Statutory Appropriations					
Federal	2,379	4,084	2,700	2,700	5,400
Total	47,615	44,037	33,258	35,583	68,841
<u>Expenditures by Category</u>					
Local Assistance	47,615	44,037	33,258	35,583	68,841
Total	47,615	44,037	33,258	35,583	68,841
<u>Expenditures by Activity</u>					
Health & Safety Revenue	227	119	144	161	305
Debt Service Equalization	14,814	9,109	7,260	7,815	15,075
Alternative Facilities	19,287	19,287	17,358	19,287	36,645
Deferred Maintenance	3,286	2,695	2,046	1,870	3,916
Telecommunications Access	10,001	12,827	6,450	6,450	12,900
Total	47,615	44,037	33,258	35,583	68,841

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 to address health and safety issues identified in M.S. 123B.57 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 remediations are 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 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.

The program was modified by the 2003 legislature by transferring funding for large projects (over \$500,000 per building) from the health and safety program to the alternative facilities 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 over a longer period of time.

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); the alternative facility funding mechanism (FY 2003).

Key Activity Goals

Minnesota Milestones goal of providing a safe learning environment for students and staff.

Key Measures

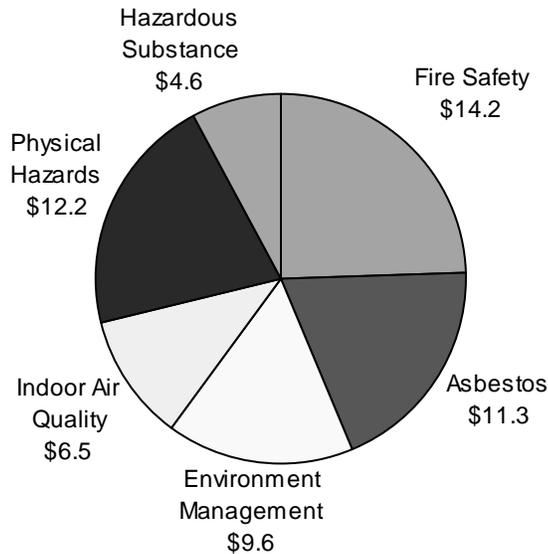
The program has facilitated the removal or remediation of a variety of hazards from school facilities. A breakdown of health and safety expenditures by category is provided on the following page.

Activity at a Glance

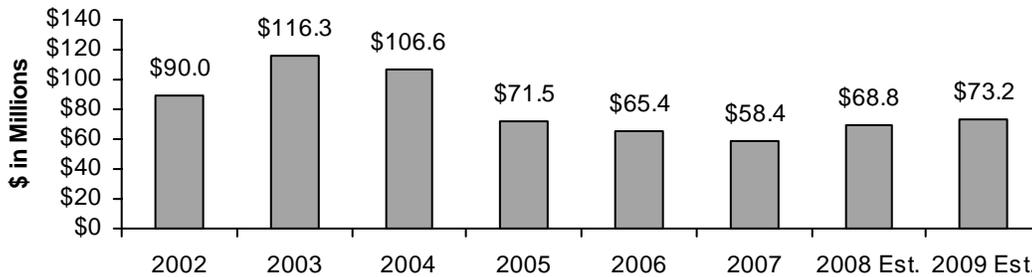
FY 2007 (Actual)

◆ Health and Safety Revenue	\$58,374,427
◆ State Aid	\$237,817
◆ Local Levy	\$58,136,610
◆ Number of Districts	318
◆ Expenditure by Project Type (\$ in millions)	
Indoor Air Quality	\$6.5
Physical Hazards	\$12.2
Fire Safety	\$14.2
Asbestos	\$11.3
Environment Management	\$9.6
Hazardous Substance	\$4.6

Health & Safety Expenditures Categories
FY 2007 Total: \$58.4 million



Health & Safety Expenditures by Fiscal Year



Total district expenditures for health and safety exceeded the \$100 million mark in FY 2003 and FY 2004. Expenditures began to decline in FY 2005, primarily due to the transfer of funding for large projects to the alternative facility program/health and safety, rather than within health and safety revenue. The downward trend has continued into FY 2006 and FY 2007. Expenditures are expected to increase in FY 2008 and FY 2009 due to increases in labor/materials costs.

Activity Funding

The formula for annual health and safety revenue is based on cumulative approved hazardous substance/health and safety expenditures for the period 1985-current, less cumulative revenues for the same period. Districts are eligible to receive 100% of approved project costs through a combination of state aid and local property tax levies. For FY 2003 and later, 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 districts adjusted net tax capacity (ANTC) per adjusted marginal cost pupil unit to \$2,935. State aid equals the annual revenue less local levy. Due to increasing property values and stable equalizing factor, the state aid share of revenue has decreased significantly from FY 2002 to present and most school districts support the

DEPT OF EDUCATION**Program: FACILITIES & TECHNOLOGY****Activity: HEALTH & SAFETY REVENUE**

Narrative

program entirely through property tax levies. In FY 2002, the state share equaled approximately 12% of revenue. By FY 2009 the states share is expected to fall to around 1/10 of 1%.

State-Local Share of Health and Safety Revenue

	Dollars in Thousands									
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	Est. <u>FY 2008</u>	Est. <u>FY 2009</u>	Est. <u>FY 2010</u>	Est. <u>FY 2011</u>
Total Revenue										
Amount	\$ 80,398	\$116,265	\$106,581	\$ 71,501	\$ 65,384	\$ 58,375	\$ 68,760	\$ 73,093	\$ 74,145	\$ 75,124
# of Districts	327	323	339	333	330	318	315	315	315	315
Levy										
Amount	\$ 70,440	\$109,045	\$101,815	\$ 70,185	\$ 64,756	\$ 58,137	\$ 68,500	\$ 73,093	\$ 74,065	\$ 75,049
# of Districts	327	323	339	333	330	318	315	315	315	315
State Aid										
Amount	\$ 9,958	\$ 7,221	\$ 4,766	\$ 1,316	\$ 628	\$ 238	\$ 260	\$ 85	\$ 80	\$ 75
Percentage	12.39%	6.21%	4.47%	1.84%	0.96%	0.41%	0.38%	0.12%	0.11%	0.10%
# of Districts	230	162	116	75	60	32	10	8	7	6

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/mde/Accountability_Programs/Program_Finance/index.html.

DEPT OF EDUCATION

Program: FACILITIES AND TECHNOLOGY

Activity: Health and Safety

Budget Activity Summary

Dollars in Thousands

		Current		Governor's Rec		Biennium
		FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund						
General Fund						
1	Total Current Appropriation	254	103	103	103	206
	a. End of Session Estimate			(23)	(27)	(50)
	b. November Forecast Adjustment		19	81	84	165
	c. Cancellation	(27)	(3)			
2	Forecast Base	227	119	161	160	321
3	Governor's Recommendation					
	a. Aid Payment Shift			(17)	1	(16)
4	Governor's Recommended Appropriation			144	161	305
District Revenue Summary (Entitlement Basis)						
AID						
State Aid						
5	Statutory Formula Aid	230	106	167	160	327
6	Statutory Excess/(Shortfall)	30	(21)			
7	Appropriated Entitlement	260	85	167	160	327
8	Adjustments					
	a. Appropriation Reduction					
	b. Supplemental Appropriation		21			
	c. Cancellation	(30)				
9	State Aid Entitlement Current Law	230	106	167	160	327
<i>plus</i>						
LEVY						
Levy						
10	Local Levy Current Law	65,000	62,912	63,590	64,226	127,816
<i>equals</i>						
REVENUE	11 Current Law Revenue (State Aid & Levy)	65,230	63,018	63,757	64,386	128,143
Appropriations Basis for State Aid						
	Prior Year (10%/20%)	20	26	10	33	43
	Current Year (90%/80%)	234	96	134	128	262
	Prior Year Cancellation		(3)			
	Current Year Cancellation	(27)				
	Total State Aid - General Fund	227	119	144	161	305

DEPT 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 helps to ensure that all school districts, regardless of property wealth, can provide 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 tax base per pupil unit. Some districts with a moderately high tax base per pupil unit can still qualify for debt service aid if they have a relatively high debt burden.

Activity at a Glance

Estimated FY 2009

◆ Districts having debt levies	275
◆ Districts receiving aid	46
◆ Percentage of eligible debt service revenue paid by state aid	1.1%

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 public school students and communities in Minnesota. School districts with a relatively high debt service tax rate and low to moderate tax base per pupil unit may receive aid to offset property owner's tax burden.

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 2009 (taxes payable in 2008).

Debt Service Revenue Components, FY 2009 - (\$ in Thousands)

<u>Funding Category</u>	<u>Total Amount</u>	<u>No. of Districts</u>
<i>Aid Eligible Revenue Components</i>		
Required Debt Service Levy-Eligible ¹	\$ 707,216	271
Maximum Effort Levy Above Required	2,316	18
Req. Debt Service for Alt. Facilities ²	64,643	17
Alt. Facilities Annual Levy ²	57,192	18
Req. Debt Service for Alt. Fac./H&S	15,137	31
Alt. Fac./H&S Annual Levy	4,840	7
Energy Conservation	103	13
Lease Purchase-Eligible	50,040	6
Net Debt Excess-Eligible	<u>(45,171)</u>	<u>141</u>
Total Gross Equalization Revenue ³	853,316	289
<i>Aid Ineligible Revenue Components</i>		
Required Debt Service Levy-Ineligible	6,717	18
Additional Maximum Effort Levy	723	11
Req. Debt Service Levy for Equipment Bonds	820	5
Req. Debt Service for Facilities Bonds	4,968	43
Lease Purchase-Ineligible	12,452	8
Net Debt Excess-Ineligible	<u>363</u>	<u>15</u>
Total Ineligible Revenue ³	26,043	100

¹ Includes net taconite debt service levy.

² Net amount after alternative facilities aid – see Alternative Facilities Bonding narrative

³ Number of districts is duplicated as some districts have multiple debt components.

Key Activity Goals

This program allows school districts to maintain adequate facilities.

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

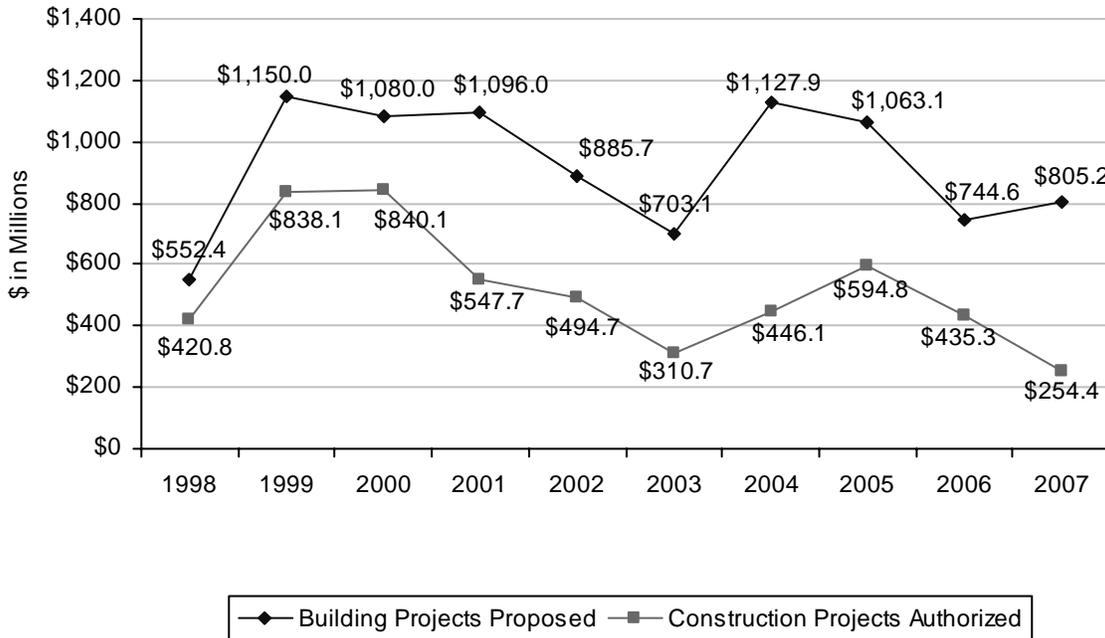
	Dollars in Millions						
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Unequalized Local Portion	\$440.1	\$474.4	\$514.5	\$560.4	\$606.5	\$648.9	\$678.3
Equalized Local Portion	66.0	111.0	100.0	127.8	100.9	110.2	99.6
Debt Service Aid	33.0	37.5	29.3	25.1	17.7	14.5	8.5
TOTAL Debt Service Revenue	\$539.1	\$622.9	\$643.8	\$713.3	\$725.1	\$773.6	\$786.4

- ◆ 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 has decreased substantially from 6.1% in FY 2003 to 2.5% in FY 2007 and to a fraction of 1% in FY 2009. From FY 2003 to FY 2007, 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 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 smaller 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.
- ◆ The graph below shows construction trends over the last 10 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. FY 1998-2003 includes only facility construction/renovation resulting from bonding elections. FY 2004-2005 includes not only bonding elections, but also alternative facility and capital project referendums subject to review and comment. FY 2006 and FY 2007 include only projects requiring voter approval.

**Minnesota School Construction Trends
Requiring Voter Approval**



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 28% or 32% of the latest ANTC (the 32% of ANTC applies only to capital loans issued after 2001; all others are 28%). 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 Bonds (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 Bonds (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. Issuance of the bonds is subject to a reverse referendum.
- ◆ 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 eligible for Tier 1 debt service equalization aid.
- ◆ See the Alternative Facilities Bonding narrative for more information.

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.
- ◆ See the Alternative Facilities Bonding narrative for more information.

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 and 6).

- ◆ 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.

DEPT OF EDUCATION

Program: FACILITIES & TECHNOLOGY

Activity: DEBT SERVICE EQUALIZATION

Narrative

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 unequalized local share (an amount equal to 15% of the district's ANTC).

Debt Service Equalization Aid (M.S. 123B.53, Subd. 1).

- ◆ The current equalization formula has two 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 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 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/mde/Accountability_Programs/Program_Finance/index.html.

DEPT OF EDUCATION

Program: FACILITIES AND TECHNOLOGY

Activity: Debt Services Equalization

Budget Activity Summary

Dollars in Thousands

		Current		Governor's Rec		Biennium
<i>Direct Appropriations by Fund</i>		FY 2008	FY 2009	FY 2010	FY 2011	2010-11
General Fund						
1	Total Current Appropriation	14,814	9,109	9,109	9,109	18,218
	a. End of Session Estimate			(1,823)	(2,231)	(4,054)
	b. November Forecast Adjustment			775	913	1,688
	c. Cancellation					0
2	Forecast Base	14,814	9,109	8,061	7,791	15,852
3	Governor's Recommendation					
	a. Aid Payment Shift			(801)	24	(777)
4	Governor's Recommended Appropriation			7,260	7,815	15,075
District Revenue Summary (Entitlement Basis)						
AID						
State Aid						
5	Statutory Formula Aid	14,497	8,511	8,011	7,766	15,777
6	Statutory Excess/(Shortfall)					
7	Appropriated Entitlement	14,497	8,511	8,011	7,766	15,777
8	Adjustments					
	a. Supplemental Appropriation					
	b. Cancellation					
9	State Aid Entitlement Current Law	14,497	8,511	8,011	7,766	15,777
<i>plus</i>						
LEVY						
Levy						
10	Local Levy Current Law	643,317	697,045	744,190	763,407	1,507,597
<i>equals</i>						
REVENUE	11 Current Law Revenue (State Aid & Levy)	657,814	705,556	752,201	771,173	1,523,374
Appropriations Basis for State Aid						
	Prior Year (10%/20%)	1,766	1,449	851	1,602	2,453
	Current Year (90%/80%)	13,048	7,660	6,409	6,213	12,622
	Cancellation					
	Total State Aid - General Fund	14,814	9,109	7,260	7,815	15,075

Activity Description

Citation: M.S. 123B.59

The alternative facilities program is a state aid and local levy program that applies to two different groups of school districts. It enables large school districts (1A districts) qualifying under M.S. 123B.59, subd. 1a, to complete deferred maintenance, health and safety, and disabled accessibility projects that cannot be completed with other available funds. For smaller school districts (1B districts) qualifying under M.S. 123B.59, subd. 1b, it provides a method of financing larger scale health and safety projects.

Activity at a Glance

Alt. Facility Districts – 1A

- ◆ Number of eligible large districts 23
- ◆ Minimum square feet required 1.5 million

Alt. Facility Districts - 1B

- ◆ Number of districts participating for FY 2009 (health and safety projects) 49
- ◆ Average annual alternative facility bond payment (FY 2009) \$365,239

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, 1B districts, or districts other than the 23 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 1A 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). Newly eligible districts are designated with a number three (3). 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 ^{2*}	Elk River ¹	North St. Paul ¹	South Washington ^{1 2}
Bloomington ^{1 2*}	Hopkins ¹	Osseo ²	St. Cloud ²
Burnsville ²	Lakeville ¹	Robbinsdale ^{1 2*}	St. Paul ^{1*}
Eden Prairie ³	Minneapolis ^{1*}	Rochester ^{1 2*}	Stillwater ¹
Edina ³	Minnetonka ¹	Rosemount ^{1 2}	White Bear Lake ¹
Duluth ^{1 2*}	Mounds View ¹	Roseville ²	

1A districts must meet one of the following criteria to be eligible:

- ◆ 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 was the first year of eligibility for White Bear Lake and Roseville, while Mounds View and Minnetonka became eligible in FY 2005. Elk River, Hopkins, and Lakeville, became eligible in FY 2006. The two newest members, Eden Prairie and Edina became eligible in FY 2008.

Services Provided

To receive alternative bonding revenue, 1A districts must submit a 10-year facility plan and 1B districts must submit a five-year 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.

Voter approval is not required to access this revenue. This program is funded by a combination of state aid and local property tax levies. Debt service levies under this program qualify for Tier 1 debt service equalization. Annual (pay-as-you-go) levies under this program qualify for health and safety aid. In FY 2009, none of the 1A

DEPT OF EDUCATION

Program: FACILITIES & TECHNOLOGY

Activity: ALTERNATIVE FACILITIES AID

Narrative

districts or 1B districts qualified for health and safety aid. For both district types, alternative facilities revenue may not be used for the construction of new facilities or the purchase of portable classrooms.

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.
- ◆ 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.
- ◆ Eight 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 beginning in FY 2005 to all districts for health and safety projects of \$500,000 or more per building.

Key Activity Goals

This program allows school districts to maintain adequate facilities.

Key Measures

The alternative facilities program enables large districts to complete necessary facilities maintenance in a timely manner without the need for voter approval. The program facilitates a long-term approach to building upkeep and is intended to promote cost-effective scheduling of needed repairs. 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.

Activity Funding

District revenue is determined by local school boards. Local decisions are impacted by building conditions, the financial condition of the district, and local property tax impact.

A district's alternative facilities aid for the seven eligible 1A districts 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 23 large (1A) 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 (1A) Districts

Dollars in Thousands

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Debt Levy	\$29,533	\$30,267	\$ 35,963	\$ 41,628	\$ 45,751	\$ 47,822	\$ 47,903
Debt Aid	16,456	16,456	16,456	16,456	16,456	16,456	16,456
General Fund Levy	38,845	40,151	47,832	53,393	61,776	78,382	81,099
Gen. Alt. Fac. Aid	2,830	2,830	2,830	2,830	2,830	2,830	2,830
Gen. Debt. Eq. Aid	<u>839</u>	<u>88</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL	\$88,503	\$89,792	\$103,081	\$114,307	\$126,813	\$145,490	\$148,288

DEPT OF EDUCATION**Program: FACILITIES & TECHNOLOGY****Activity: ALTERNATIVE FACILITIES AID**

Narrative

The table below shows the breakdown of aid and levy for the (1B) Alternative Facility/Health and Safety program by fiscal year.

Alternative Facility/Health and Safety Revenue

Dollars in Thousands

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Bonded Debt Levy	\$ 4,357	\$ 8,073	\$14,976	\$15,558	\$16,436
Bonded Debt Aid	-0-	-0-	-0-	-0-	-0-
Pay-As-You-Go Levy	9,828	5,811	4,735	5,411	4,840
Pay-As-You-Go Aid	352	-0-	70	27	-0-

For the period FY 2005 through FY 2009, 49 1B districts have issued bonds to fund eligible projects. An additional 7 1B districts made a pay-as-you-go levy to fund FY 2009 projects. The vast majority of the 1B projects funded are for indoor air quality. The health and safety program was modified by the 2003 legislature by transferring funding for large projects (over \$500,000 per building) from the health and safety program to the alternative facilities program. Prior to this change indoor air quality projects were funded under the health and safety 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, Division of Program Finance, (651) 582-8319, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html.

DEPT OF EDUCATION

Program: FACILITIES AND TECHNOLOGY

Activity: Alternative Facilities

Budget Activity Summary

Dollars in Thousands

		Current		Governor's Rec.		Biennium
Direct Appropriations by Fund		FY 2008	FY 2009	FY 2010	FY 2011	2010-11
General Fund						
1	Total Current Appropriation	19,287	19,287	19,287	19,287	38,574
2	Forecast Base	19,287	19,287	19,287	19,287	38,574
3	Governor's Recommendation					
a.	Aid Payment Shift			(1,929)	0	(1,929)
4	Governor's Recommended Appropriation	19,287	19,287	17,358	19,287	36,645
District Revenue Summary (Entitlement Basis)						
AID	State Aid					
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
<i>plus</i>						
LEVY	Levy					
10	Local Levy Current Law	64,278	64,643	74,182	80,117	154,299
<i>equals</i>						
REVENUE	11 Current Law Revenue (State Aid & Levy)	83,565	83,930	93,469	99,404	192,873
Appropriations Basis for State Aid						
	Prior Year (10%/20%)	1,928	1,928	1,928	3,857	5,785
	Current Year (90%/80%)	17,359	17,359	15,430	15,430	30,860
	Total State Aid - General Fund	19,287	19,287	17,358	19,287	36,645

Activity Description

Citation: 123B.591

The deferred maintenance revenue program provides additional revenue for facility maintenance to school districts ineligible to participate in the alternative facilities bonding and levy program under M.S. 123B.59, subd. 1(a).

Activity at a Glance

- ◆ This program was created to provide smaller districts with a dedicated revenue stream to address facility maintenance issues.
- ◆ FY 2008 is the first year of this program.

Population Served

School districts, students, and taxpayers are served through healthy, well-maintained facilities, and through extension of facility life.

Services Provided

- ◆ This program provides additional revenue to districts other than the 23 school districts eligible for alternative facilities revenue under M.S. 123B.59, subd. 1(a). Eligible uses of the revenue include health and safety, disabled accessibility, and deferred maintenance projects.
- ◆ Having a dedicated revenue source for deferred maintenance allows districts to schedule required capital projects essential to extending facility life.

Historical Perspective

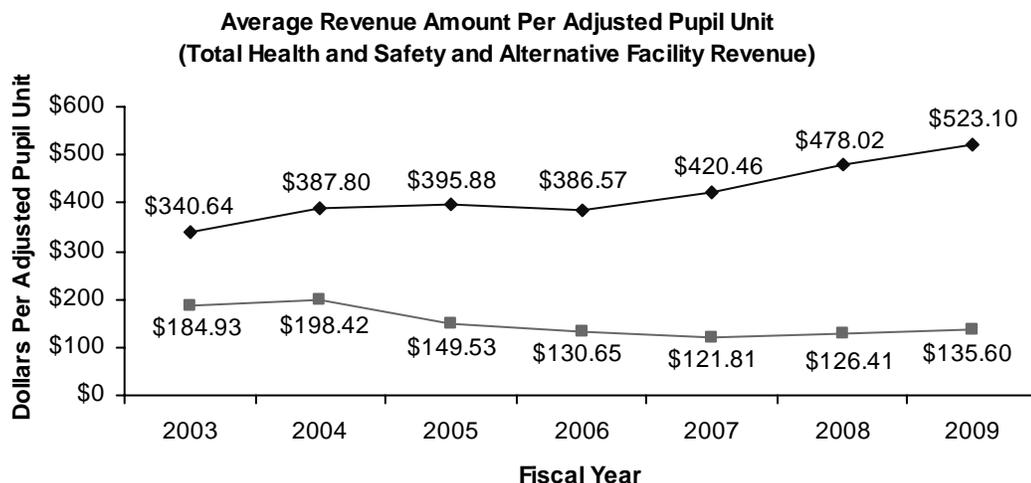
This program was initiated by the 2005 legislature to address the gap in deferred maintenance funding options.

Key Activity Goals

Provide a healthy and comfortable learning environment for students and staff.

Key Measures

The deferred maintenance program will decrease the level of disparity on a per pupil basis for facility maintenance and upkeep between districts that are eligible for alternative facility revenue and other school districts in the state.



◆ Districts Eligible for Alternative Facilities ■ Districts Ineligible for Alternative Facilities

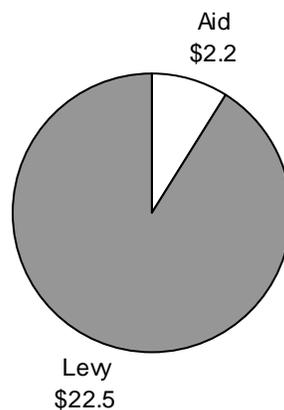
Activity Funding

This is an equalized aid and levy program beginning in FY 2008. Formula specifics are provided below. Districts must levy their local share to participate in this program and receive aid, if eligible.

- ◆ Deferred maintenance revenue for eligible districts equals the product of \$60 times the adjusted marginal cost pupil units for the school year times the lesser of one or the ratio of the district's average age of buildings space to 35 years. Based on FY 2009 estimates, 153 districts will qualify for the full \$60 formula allowance with a total of 317 school districts qualifying for revenue.
- ◆ Districts may levy an amount not more than the product of the deferred maintenance revenue for the fiscal year times the lesser of one or the ratio of the adjusted net tax capacity per adjusted marginal cost pupil unit to \$5,900.
- ◆ Deferred maintenance aid equals the deferred maintenance revenue minus the deferred maintenance levy times the ratio of the actual amount levied to the permitted levy.

The deferred maintenance revenue must be maintained in a reserve account within the general fund. The revenue generated by this program may only be used for expenditures that would be eligible for the alternative facilities bonding and levy program under section 123B.59 subd. 2 paragraph (a), if the district qualified for that revenue under section 123B.59 subdivision 1, paragraph (a).

Estimated FY 2009 Deferred Maintenance Revenue (Dollars in Millions)



Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8319, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html.

DEPT OF EDUCATION

Program: FACILITIES AND TECHNOLOGY

Activity: Deferred Maintenance

Budget Activity Summary

Dollars in Thousands

		Current		Governor's Rec		Biennium
<i>Direct Appropriations by Fund</i>		FY 2008	FY 2009	FY 2010	FY 2011	2010-11
General Fund						
1	Current Appropriation	3,232	2,627	2,627	2,627	5,254
	a. End of Session Estimate			(454)	(891)	(1,345)
	b. Transfer per M.S. 127A.41	54	6			
	c. November Forecast Adjustment		62	97	88	185
2	Forecast Base	3,286	2,695	2,270	1,824	4,094
3	Governor's Recommendation					
	a. Aid Payment Shift			(224)	46	(178)
4	Governor's Recommended Appropriation			2,046	1,870	3,916
District Revenue Summary (Entitlement Basis)						
AID	State Aid					
	5 Statutory Formula Aid	3,651	2,588	2,235	1,778	4,013
	6 Statutory Excess/(Shortfall)	(60)	(68)			0
	7 Appropriated Entitlement	3,591	2,520	2,235	1,778	4,013
	8 Adjustments					
	a. Supplemental Appropriation		68			
	b. Transfer per M.S. 127A.41	60				
<i>plus</i>	9 State Aid Entitlement Current Law	3,651	2,588	2,235	1,778	4,013
LEVY	Levy					
<i>equals</i>	10 Local Levy Current Law	21,371	22,748	23,435	24,096	47,531
REVENUE	11 Current Law Revenue (State Aid & Levy)	25,022	25,336	25,670	25,874	51,544
Appropriations Basis for State Aid						
	Prior Year (10%/20%)	0	359	258	447	705
	Transfer per M.S. 127A.41	54	6			
	Current Year (90%/80%)	3,232	2,330	1,788	1,423	3,211
	Total State Aid - General Fund	3,286	2,695	2,046	1,870	3,916

Activity Description**Citation:** M.S. 125B.26

This program provides telecommunication and internet access funding for all public and nonpublic schools in Minnesota.

Population Served

All public school districts and charter schools in Minnesota are eligible for participation in this program. Nonpublic schools, excluding home schools, participate in this program by formally requesting participation from the public school district.

Activity at a Glance

In FY 2008

- ◆ Applicants included 307 public school districts, 14 charter schools, and 29 nonpublic schools.
- ◆ Aid recipients included 266 public school districts, 9 charter schools, and 13 nonpublic schools.
- ◆ \$7.6 million in eligible costs after E-rate reported.

Services Provided

Costs eligible for reimbursement under this program are limited to the following

- ◆ ongoing or recurring telecommunications/internet access costs associated with internet access, data lines, and video links providing: a) the equivalent of one data line, video link, or integrated data/video link for each elementary school, middle school, or high school under section 120A.05, subdivisions 9, 11, and 13; or b) the equivalent of one data line or video circuit, or integrated data/video link for each district and ongoing internet access service fees;
- ◆ recurring costs of contractual or vendor-provided maintenance on the school district's wide area network;
- ◆ recurring costs of cooperative, shared arrangements for regional delivery of telecommunications/internet access between school districts, postsecondary institutions, and public libraries; and
- ◆ service provider installation fees for installation of new telecommunications lines or increased bandwidth.

The commissioner has developed criteria for approving costs submitted by organized school districts and charter schools.

Key Activity Goals

This program addresses the following Minnesota Milestones: 1) Minnesotans will excel in basic and challenging academic skills and knowledge and 2) Minnesota's workforce will have the education and training to make the state a leader in the global economy.

Key Measures

Increase participation in this program for funding assistance to provide telecommunications access to students throughout Minnesota.

- ◆ 490 school districts and charter schools are eligible to submit costs.
- ◆ 523 nonpublic schools are eligible to submit costs.
- ◆ Eligible costs for FY 2008 total \$15.3 million before E-rate discounts are subtracted.

Activity Funding

To be eligible for aid under this provision, a district or charter school is required to file a federal e-rate application and have a current technology plan on file with the department.

A district, charter school, or nonpublic school is required to submit its actual telecommunications/internet access costs for the previous fiscal year, adjusted for any e-rate revenue received, to the department by August 15 of each year as prescribed by the commissioner. Districts or charter schools that are members of a telecommunications cluster may rely on their cluster to report cost information to the department.

DEPT OF EDUCATION**Program: FACILITIES & TECHNOLOGY****Activity: TELECOMMUNICATIONS ACCESS**

Narrative

A district or charter school's internet access equity aid equals the district or charter school's approved cost after subtraction of federal e-rate discounts for the previous fiscal year exceeding \$15 times the district's adjusted marginal cost pupil units (AMCPU) for the previous fiscal year. Districts or charter schools that are members of a telecommunication cluster are not subject to the \$15 times AMCPU reduction in eligible costs.

FY 2008 Telecommunication Access Grants Participation and Funding

Organizations Applying for Aid	Number of Applicants	Number of Applicants Receiving Aid
Independent School Districts – no cluster affiliation	41	5
Independent School Districts – with cluster affiliation	266	266
Charter Schools	14	5
Nonpublic Schools	29	11

The amount of telecommunications access aid for nonpublic schools equals the lesser of: 1) 90% of the nonpublic school's approved cost for the previous fiscal year exceeding \$10 times the number of weighted pupils enrolled at the nonpublic school; or 2) the public school district of residence telecommunications access aid per pupil unit multiplied by the number of weighted pupils enrolled at the nonpublic school.

Each year, a district providing services to a nonpublic school may claim up to 5% of the aid determined in the formula for nonpublic students for costs of administering the telecommunication/internet access aid to nonpublic schools.

Contact

Additional information is available from the Minnesota Department of Education, School Improvement, (651) 582-8827.

DEPT OF EDUCATION
 Program: FACILITIES & TECHNOLOGY
 Activity: TELECOMMUNICATIONS ACCESS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	7,622	8,743	8,743	8,743	17,486
Technical Adjustments					
Current Law Base Change			(4,993)	(4,993)	(9,986)
Subtotal - Forecast Base	7,622	8,743	3,750	3,750	7,500
Total	7,622	8,743	3,750	3,750	7,500
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	7,622	8,743	3,750	3,750	7,500
Statutory Appropriations					
Federal	2,379	4,084	2,700	2,700	5,400
Total	10,001	12,827	6,450	6,450	12,900
<u>Expenditures by Category</u>					
Local Assistance	10,001	12,827	6,450	6,450	12,900
Total	10,001	12,827	6,450	6,450	12,900

DEPT OF EDUCATION

Program: FACILITIES & TECHNOLOGY

Activity: MISCELLANEOUS FACILITY 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.

Activity at a Glance

FY 2009	(\$ in Millions)	
	# of <u>Districts</u>	Amount <u>Levied</u>
◆ Building/Land Lease	204	\$46.12
◆ Capital Projects	20	\$33.81
◆ Coop Bldg Repair	-0-	\$0.00
◆ Disabled Access	6	\$0.34
◆ Specific Legislation	2	\$0.04

Population Served

All students in participating districts are served by these programs. Eligible districts with levy authority may participate in these programs.

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. The levy cannot exceed the net lease amount or \$150 times the weighted resident average daily membership (WADM) unless approved by the commissioner. (The 2008 legislature increased the maximum building lease levy and the levy for members of intermediate school districts. Before payable 2009, the per pupil unit limit was \$100.) Some additions to existing schools are funded with proceeds from this levy. Member districts may levy an amount up to the net lease amount or \$38 (Before 2009 the limit was \$25) 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 hold a referendum election to ask voters to increase property taxes 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.
- ◆ **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 or the dollar maximum levy authority has been reached.
- ◆ **Special Legislation**. Special legislation provides the following selected districts with additional capital levy for specific purposes.
 - ⇒ Independent School District 204, Kasson-Mantorville: Laws 1996, Chapter 412, Article 5, Section 28
 - ⇒ Independent School District 319, Nashwauk-Keewatin: Laws 2001 First Special Session, Chapter 5, Article 3, Section 87

DEPT OF EDUCATION**Program: FACILITIES & TECHNOLOGY****Activity: MISCELLANEOUS FACILITY LEVIES**

Narrative

Activity Funding

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

Miscellaneous Facilities Levies

Levy Year Fiscal Year	Dollars in Thousands					
	Pay 03 FY 2004	Pay 04 FY 2005	Pay 05 FY 2006	Pay 06 FY 2007	Pay 07 FY 2008	Pay 08 FY 2009
Building Lease	\$40,959.9	\$37,483.6	\$35,854.6	\$41,277.7	\$44,954.7	\$46,123.9
Districts	187	197	204	203	204	204
Capital Project Referendum	10,926.1	13,603.5	21,076.8	25,349.5	29,107.7	33,808.2
Districts	11	13	17	19	20	20
Coop. Building Repair	-0-	-0-	-0-	-0-	-0-	-0-
Districts*	-0-	-0-	-0-	-0-	-0-	-0-
Disabled Access	1,062.5	414.0	326.0	465.6	226.7	341.9
Districts	18	9	7	11	7	6
Special Legislation	39.0	39.0	39.0	56.0	39.0	39.0
Districts	2	2	2	3	2	2

* For this period, 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/mde/Accountability_Programs/Program_Finance/index.html.

Budget Activities

- ⇒ School Lunch
- ⇒ School Breakfast
- ⇒ Summer Food Replacement Aid
- ⇒ Child and Adult Care Food Program
- ⇒ Kindergarten Milk

DEPT OF EDUCATION
 Program: NUTRITION PROGRAMS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	17,804	18,941	18,941	18,941	37,882
Technical Adjustments					
End-of-session Estimate			606	1,237	1,843
November Forecast Adjustment		(692)	(632)	(692)	(1,324)
Subtotal - Forecast Base	17,804	18,249	18,915	19,486	38,401
Total	17,804	18,249	18,915	19,486	38,401
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	17,535	18,249	18,915	19,486	38,401
Statutory Appropriations					
Miscellaneous Special Revenue	4,900	6,533	5,000	5,000	10,000
Federal	192,573	213,798	233,943	257,315	491,258
Total	215,008	238,580	257,858	281,801	539,659
 <u>Expenditures by Category</u>					
Local Assistance	215,008	238,580	257,858	281,801	539,659
Total	215,008	238,580	257,858	281,801	539,659
 <u>Expenditures by Activity</u>					
School Lunch	117,356	128,980	141,038	154,255	295,293
School Breakfast	31,808	34,680	37,930	41,393	79,323
Summer Food Replacement	2,884	3,255	3,646	4,086	7,732
Child & Adult Food Care Prog	55,732	62,308	67,224	73,832	141,056
Kindergarten Milk	1,560	1,979	2,091	2,213	4,304
Commodities	5,668	7,378	5,929	6,022	11,951
Total	215,008	238,580	257,858	281,801	539,659

Activity Description

Citation: M.S. 124D.111; 124D.118

Federal Authorization: National School Lunch Act, Child Nutrition Act

The national school lunch program (NSLP) and commodity distribution program 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.

Activity at a Glance

FY 2007

- ◆ Over 98 million lunches served
- ◆ School lunch participation increased by over three million meals
- ◆ 29.4% of lunches were provided free to students
- ◆ 8.9% of lunches were provided at a reduced cost to students
- ◆ \$21,598,624 commodity received by schools

Population Served

Students (pre-kindergarten through high school) in public schools, nonpublic schools, and residential 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.

School lunch menus are planned and reviewed according to federal meal pattern 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.

Schools are surveyed annually. The main survey is in January of each year for the next school year. The three survey channels are: 1) regular survey for “brown box” products which are raw product. This survey has more than 55 products; 2) fee for service survey is for raw bulk beef and pork products that will be diverted to a processor and reaches the school as a finished end product, i.e., beef crumbles; and 3) the Minnesota Rebate Program for commercial products that have commodities in them. This survey has over 1,000 products.

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 programs are supported financially and administratively through

- ◆ federal and state reimbursements for lunches, and after-school snacks;
- ◆ 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 website which allows schools to meet their application, commodity, and claim requirements online and offers immediate access to program resources.

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 FY 2007, 98 million school lunches were being served at almost 700 public school districts, charter schools, private schools, and residential child care institutions in Minnesota.

Key Activity Goals

The NSLP provides reimbursement to schools to reduce the cost of providing nutrient appropriate meals to students. Research has shown that students that are fed nutrient appropriate meals are ready to learn, do better in the classroom and on tests, and have better attendance. Student meals must meet USDA regulations, including the dietary guidelines for Americans.

Key Measures

- ◆ Schools are reviewed once every five years for compliance with USDA regulations. Included in the review is a nutrient analysis of the menus to determine if the school is meeting dietary guidelines.
- ◆ New schools receive technical assistance with income application review in the first year to ensure their understanding and compliance with USDA regulations, including meeting dietary guidelines by age group.
- ◆ Workshops are offered throughout the state on USDA regulations and dietary guidelines for all food service staff. This is to ensure that schools are implementing the latest regulations.

Activity Funding

States are required to provide matching funds to participate in the NSLP. The funding provided by the state in FY 2007 allowed the school districts to receive over \$100 million in federal reimbursement and almost \$10 million of state funding, plus \$0.165 per lunch for 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 \$0.105 for each full paid, reduced, and free student lunch served to students in the district.

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) 582-8508, http://education.state.mn.us/mde/Learning_Support/FNS/index.html.

DEPT OF EDUCATION

Program: NUTRITION PROGRAMS

Activity: School Lunch

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Rec.		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund					
General Fund					
1 Current Appropriation	12,094	12,394	12,394	12,394	24,788
a. End of Session Estimate			248	501	749
b. November Forecast Adjustment		(95)	47	175	222
2 Governor's Recommended Appropriation	12,094	12,299	12,689	13,070	25,759

District Revenue Summary (Entitlement Basis)

AID	State Aid				
3 Statutory Formula Aid	12,094	12,299	12,689	13,070	25,759
4 Statutory Excess/(Shortfall)		95			0
5 Appropriated Entitlement	12,094	12,394	12,689	13,070	25,759
6 Adjustments					
a. Supplemental Appropriation					
b. Appropriation Reduction		(95)			
7 State Aid Entitlement Current Law	12,094	12,299	12,689	13,070	25,759
8 Other Revenue					
a. Federal	105,262	116,681	128,349	141,185	269,534
b. Dedicated Receipts					0
9 Total All Sources Current Law	117,356	128,980	141,038	154,255	295,293
Appropriations Basis for State Aid					
Current Year	12,094	12,299	12,689	13,070	25,759
Cancellation					
Total State Aid - General Fund	12,094	12,299	12,689	13,070	25,759

Activity Description

Citation: 124D.1158; 124D.117

Federal Authorization: National School Lunch Act, Child Nutrition Act

School Breakfast is part of the National School Lunch program. This program, like school lunch, helps 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.

Activity at a Glance

FY 2007

- ◆ Over 22 million breakfasts served.
- ◆ 57.75% of breakfasts were provided free to students.
- ◆ 12.79% of breakfasts were provided at a reduced rate to students.
- ◆ Over 450 public school districts, charter schools, private, and residential child care institutions participated.

This activity has both federal and state reimbursement rates based upon the income qualifications of the student.

Population Served

Students in public schools, nonpublic schools, and residential 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 meal pattern 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 and servings of milk 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 Website which allows schools to meet their application and claims requirements online and provides immediate access to program resources.

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 \$0.051.

Key Activity Goals

This program addresses the following Minnesota Milestones: 1) Minnesotans will excel in basic and challenging academic skills and knowledge; 2) Minnesota's workforce will have the education and training to make the state a leader in the global economy and 3) all children will be healthy and start school ready to learn. Research has shown that students that are fed nutrient appropriate meals are ready to learn, do better in the classroom and on tests, and have better attendance. Students' meals must meet USDA regulations, including the Dietary Guidelines for Americans.

Key Measures

- ◆ Schools are reviewed once every five years, as part of their National School Lunch Program review to ensure compliance with USDA regulations.
- ◆ New schools receive technical assistance in their first year to ensure their understanding and compliance with USDA regulations, including dietary guidelines by age group.
- ◆ Workshops on regulations and dietary need of students are offered throughout the state, both for new food service staff and for returning food service staff. This insures that food service staff is up to date on federal regulations, guidelines, and memos for the School Breakfast program.

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 \$0.55 for each fully paid breakfast and \$0.30 for each 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, Food and Nutrition Service, 651-582-8508, http://education.state.mn.us/mde/Learning_Support/FNS/index.html.

DEPT OF EDUCATION

Program: NUTRITION PROGRAMS

Activity: School Breakfast

Budget Activity Summary

Dollars in Thousands

		Current		Governor's Rec.		Biennium
Direct Appropriations by Fund		FY 2008	FY 2009	FY 2010	FY 2011	2010-11
General Fund						
1	Current Appropriation	4,759	5,125	5,125	5,125	10,250
	a. End of Session Estimate			308	634	942
	b. Cancellation	(184)				
	c. Transfer per M.S. 127A.41					
	d. November Forecast Adjustment		(401)	(455)	(613)	(1,068)
2	Governor's Recommended Appropriation	4,575	4,724	4,978	5,146	10,124
District Revenue Summary (Entitlement Basis)						
AID						
State Aid						
3	Statutory Formula Aid	4,575	4,724	4,978	5,146	10,124
4	Statutory Excess/(Shortfall)	184	401			0
5	Appropriated Entitlement	4,759	5,125	4,978	5,146	10,124
6	Adjustments					
	a. Transfer per M.S. 127A.41					
	b. Cancellation	(184)				
	c. Appropriation Reduction		(401)			
7	State Aid Entitlement Current Law	4,759	4,724	4,978	5,146	10,124
8	Other Revenue					
	a. Federal	27,233	29,956	32,952	36,247	69,199
9	Total All Sources Current Law	31,992	34,680	37,930	41,393	79,323
Appropriations Basis for State Aid						
	Transfer per M.S. 127A.41					
	Cancellation		(184)			
	Current Year	4,759	4,724	4,978	5,146	10,124
	Total State Aid - General Fund	4,575	4,724	4,978	5,146	10,124

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

- ◆ 51 sponsors served over 1 million meals during the summer of 2007 at 327 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 Activity Goals

This program addresses the following Minnesota Milestones: 1) Minnesotans will excel in basic and challenging academic skills and knowledge; 2) Minnesota's workforce will have the education and training to make the state a leader in the global economy and 3) all children will be healthy and start school ready to learn. This program ensures that free/reduced students during the school year have access to nutrient appropriate meals and snacks during the summer months. Research has shown that students that do not receive nutrient appropriate meals during the summer months may lag behind other students at the beginning of the school year.

Key Measures

- ◆ Summer sites are reviewed once every three years to ensure compliance with USDA regulations.
- ◆ Pre-approval visits/reviews for all new sponsors and returning sponsors with corrective action plans are completed each year prior to application approval. This ensures compliance and understanding of USDA regulations.
- ◆ Technical assistance/workshops are provided to summer sponsors to update returning sponsors and for first-time sponsors on USDA regulations.
- ◆ Continued outreach activities to increase the participation. In FY 2007, 98 million school lunches were served during the school year of 10.9 million each month. In summer food one million meals were served or 333,000 a month.

Activity Funding

Federal funds provide 96% of total funding and increase approximately 2% each year. The annual state share of funding is \$150,000.

DEPT OF EDUCATION

Program: NUTRITION PROGRAMS

Activity: SUMMER FOOD REPLACEMENT

Narrative

Contact

Additional information is available from the Minnesota Department of Education, (651) 582-8508, http://education.state.mn.us/mde/Learning_Support/FNS/index.html.

DEPT OF EDUCATION
 Program: NUTRITION PROGRAMS
 Activity: SUMMER FOOD REPLACEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	127	150	150	150	300
Subtotal - Forecast Base	127	150	150	150	300
Total	127	150	150	150	300
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	127	150	150	150	300
Statutory Appropriations					
Federal	2,757	3,105	3,496	3,936	7,432
Total	2,884	3,255	3,646	4,086	7,732
<u>Expenditures by Category</u>					
Local Assistance	2,884	3,255	3,646	4,086	7,732
Total	2,884	3,255	3,646	4,086	7,732

Activity Description

Federal Authorization: Child Nutrition Act and National School Lunch Act

Child and adult care food programs (CACFP) 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, adult day care centers, and after-school programs in low-income areas that provide educational or enrichment activities. 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.

CACFP is supported through

- ◆ federal reimbursement for meals and snacks that meet federal 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
- ◆ cash-in-lieu of commodities subsidies to program participants.

Historical Perspective

The CACFP was initiated with the federal Child Nutrition Act of 1966. Participation of adult day care centers was added in 1989. A two-tier reimbursement system was instituted for family child care providers under federal welfare reform legislation in 1996. As a result, Minnesota lost about \$1.5 million per month in federal reimbursements for meals served to children since 1997.

Key Activity Goals

The CACFP provides reimbursement to day care centers to defray the cost of providing nutrient appropriate meals to pre-school children and adults. Research has shown that children and adults that are provided nutrient appropriate meals are ready to learn. Nutrition education is a life-long learning skill. By providing nutrition appropriate meals to pre-school children, children learn nutrition education.

Key Measures

- ◆ One-third of all day centers and licensed family child care home sponsors are reviewed each year to ensure compliance with USDA regulations. Corrective actions are issued to bring centers and sponsors into compliance.
- ◆ Workshops are offered throughout the state on USDA regulations for day care centers and licensed family child care home sponsors to ensure that centers and sponsors are operating in compliance with USDA regulations. Family child care home sponsors also provide training to licensed child care home providers.

Activity at a Glance

FY 2007

- ◆ Almost 10,000 family child care homes, 679 child care centers, and 30 adult care centers participate in the CACFP.
- ◆ In a typical month, over 5 million meals and snacks are served.

DEPT OF EDUCATION

Program: NUTRITION PROGRAMS

Activity: CHILD AND ADULT FOOD CARE PROG

Narrative

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, Food and Nutrition Service, (651) 582-8508, and at http://education.state.mn.us/mde/Learning_Support/FNS/index.html.

DEPT OF EDUCATION

Program: NUTRITION PROGRAMS

Activity: CHILD & ADULT FOOD CARE PROG

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Federal	55,732	62,308	67,224	73,832	141,056
Total	55,732	62,308	67,224	73,832	141,056
<u>Expenditures by Category</u>					
Local Assistance	55,732	62,308	67,224	73,832	141,056
Total	55,732	62,308	67,224	73,832	141,056

Activity Description

Citation: 124D.1158

Federal Authorization: National School Lunch Act, Child Nutrition Act

The special milk program (SMP) is a federal U. S. Department of Agriculture (USDA) Child Nutrition Program that provides cash reimbursement for milk at 18 ¼ cents per half pint (8 ounces) of milk served at low or not cost to children. The program can be operated at schools participating in the National School Lunch Program and/or school breakfast program may also participate in the SMP for preschool and kindergarten students who do not have access to the meal programs.

The Minnesota kindergarten milk program is a state funded program that cash reimbursement for milk at 20 centers per half-pint per day per child served at low or not cost to kindergarten students.

Activity at a Glance

- ◆ Special milk program total half pints served = 7,900,713
- ◆ Minnesota Kindergarten Milk Program total half pints served = 5,578,445

Population Served

- ◆ Preschoolers and kindergarteners in public and private non-profit schools, residential child care institutions, child care centers, summer camps, and other sites sponsored by nonprofit organizations are served in the SMP.
- ◆ Preschools and kindergarteners in public and private nonprofit schools and boarding schools.
- ◆ Schools that participate in the SMP may also participate in the Minnesota Kindergarten Milk Program.

Services Provided

- ◆ Preschoolers and kindergarteners' health and achievement are improved through daily access to milk.
- ◆ Special milk and kindergarten milk programs are supported financially and administratively through
 - ⇒ federal and state reimbursements for half pints of milk served;
 - ⇒ assistance in meeting program requirements and increasing the consumption of milk are provided through administrative reviews, development of resource materials, and technical assistance; and
 - ⇒ "CLiCS" interactive Website which allows participants to meet their application and claims requirements online and provides immediate access to program resources.

Historical Perspective

- ◆ The SMP began in 1955 and contributes funding for milk served to children who do not have access to other child nutrition programs.
- ◆ The Minnesota Kindergarten Milk Program began in 1988 and contributes funding for milk served to kindergarten students to improve their intake of nutrients, especially calcium, and to support Minnesota dairy farmers.

Key Program Goals

This program addresses the following Minnesota Milestones: 1) Minnesotans will excel in basic and challenging academic skills and knowledge; 2) Minnesota's workforce will have the education and training to make the state a leader in the global economy and 3) all children will be healthy and start school ready to learn. Research has shown that students that are fed nutrient appropriate meals are ready to learn, do better in the classroom and on tests, and have better attendance.

Key Measures

- ◆ Schools providing special milk and/or kindergarten milk programs and also enrolled in the National School Lunch Program are reviewed once every five year for compliance with USDA regulations.
- ◆ Workshops are offered throughout the state on USDA regulations for all food service staff. This is to ensure that schools are implementing the latest regulations.

Activity Funding

- ◆ Federal special milk reimbursements are 18 ¼ cents per half-pint (8 ounces) of milk served at low or not cost to children.
- ◆ State Minnesota kindergarten milk reimbursements are 20 cents per half pint per day per child served at low or not cost to kindergarten students. The 2008 Legislature increased reimbursement from 14 cents to 20 cents per half pint of milk.

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, Food and Nutrition Service, 651-582-8526, http://education.state.mn.us/mde/Learning_Support/FNS/index.html.

DEPT OF EDUCATION

Program: NUTRITION PROGRAM

Activity: Kindergarten Milk

Budget Activity Summary

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec.		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
General Fund					
1 Current Appropriation	824	1,272	1,272	1,272	2,544
a. End of Session Estimate			50	102	152
b. Cancellation	(85)				
c. Transfer per M.S. 127A.41					
d. November Forecast Adjustment		(196)	(224)	(254)	(478)
2 Governor's Recommended Appropriation	739	1,076	1,098	1,120	2,218

District Revenue Summary (Entitlement Basis)						
AID	State Aid					
	3 Statutory Formula Aid	739	1,076	1,098	1,120	2,218
	4 Statutory Excess/(Shortfall)	85	196			0
	5 Appropriated Entitlement	824	1,272	1,098	1,120	2,218
	6 Adjustments					
	a. Cancellation					
	a. Transfer per M.S. 127A.41					
	b. Cancellation	(85)				
	c. Appropriation Reduction		(196)			
	7 State Aid Entitlement Current Law	824	1,076	1,098	1,120	2,218
<i>plus</i>						
REVENUE	8 Current Law Revenue (State Aid & Levy)	824	1,076	1,098	1,120	2,218
	9 Other Revenue					
	a. Federal	821	903	993	1,093	2,086
	b. Dedicated Receipts					
	10 Total All Sources Current Law	1,645	1,979	2,091	2,213	4,304
Appropriations Basis for State Aid						
	Transfer per M.S. 127A.41					
	Cancellation	(85)				
	Current Year	824	1,076	1,098	1,120	2,218
	Cancellation					
	Total State Aid - General Fund	739	1,076	1,098	1,120	2,218

Budget Activities

- ⇒ Basic Support/LSTA
- ⇒ Multicounty, Multitype Library
- ⇒ Electronic Library
- ⇒ Regional Library Telecommunications

DEPT OF EDUCATION

Program: LIBRARIES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	13,532	17,638	17,638	17,638	35,276
Technical Adjustments					
Current Law Base Change			432	432	864
Subtotal - Forecast Base	13,532	17,638	18,070	18,070	36,140
Governor's Recommendations					
Aid Payments Shift		0	(1,717)	0	(1,717)
Total	13,532	17,638	16,353	18,070	34,423
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	13,532	17,638	16,353	18,070	34,423
Statutory Appropriations					
Federal	718	767	760	760	1,520
Total	14,250	18,405	17,113	18,830	35,943
<u>Expenditures by Category</u>					
Local Assistance	14,250	18,405	17,113	18,830	35,943
Total	14,250	18,405	17,113	18,830	35,943
<u>Expenditures by Activity</u>					
Basic Support	9,900	13,905	12,973	14,330	27,303
Multicounty Multitype	1,260	1,300	1,170	1,300	2,470
Electronic Library Minnesota	900	900	900	900	1,800
Reg Library Telecommunication	2,190	2,300	2,070	2,300	4,370
Total	14,250	18,405	17,113	18,830	35,943

Activity Description

Citation: M.S. 134.31; 134.32;134,34; 134.35; 134.47

Regional library basic system support provides state aid to regional library systems to benefit public libraries for interlibrary resource sharing programs, shared automation, and coordinated services. The purpose of the federal Library Services and Technology Act (LSTA) program is to support all types of libraries (public, school, academic or special) in their efforts to improve and enhance services to underserved populations, to build electronic networks that support library services, and to encourage creative and innovative programs.

Population Served

Regional Library Basic System Support serves Minnesota residents through 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. Federal funding is administered for the benefit of all residents of Minnesota through programs delivered in all types of libraries.

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; and
- ◆ maintains and improves the infrastructure for reading and lifelong learning through collaborative library programs, materials, and outreach to culturally diverse communities;

Federal funds enhance the ability of libraries to meet state library goals and priorities that fall within the federal purposes including:

- ◆ expanding services for learning and access to information and educational resources in a variety of formats;
- ◆ developing innovative library services that connect users to information through national and international networks;
- ◆ targeting library services for individuals with diverse geographic, cultural, and socioeconomic backgrounds, and individuals with disabilities;
- ◆ creating solutions for individuals with limited functional literacy or information skills; and
- ◆ reducing barriers to successful use of library and information services.

LSTA funds are used to develop new programs or enhance existing program in accordance with the required LSTA state plan, 2008-12. All libraries which meet the criteria for the program are eligible applicants. The state library agency can fund statewide library initiatives with federal LSTA dollars provided they meet federal regulations. Up to a maximum of 4% of the appropriation can be used annually for administration purposes.

Activity at a Glance

- ◆ 12 regional library systems provide services to support 359 public libraries and 13 bookmobiles.
- ◆ In FY 2007, approximately 53 million items were loaned through public libraries, exhibiting a 3.6% increase from 2005.
- ◆ Federal funding for FFY 2008 is \$2,793,089.
- ◆ Statewide federal projects promote efficiencies in resource sharing and cultural preservation and enhance free choice learning opportunities.

Key Activity Goals

Regional library systems promote cost-efficient services by emphasizing the economies provided through cooperation, collaboration, and resource-sharing across communities (Minnesota Milestone goal 37). Regional and local libraries support many of the defined Minnesota Milestones.

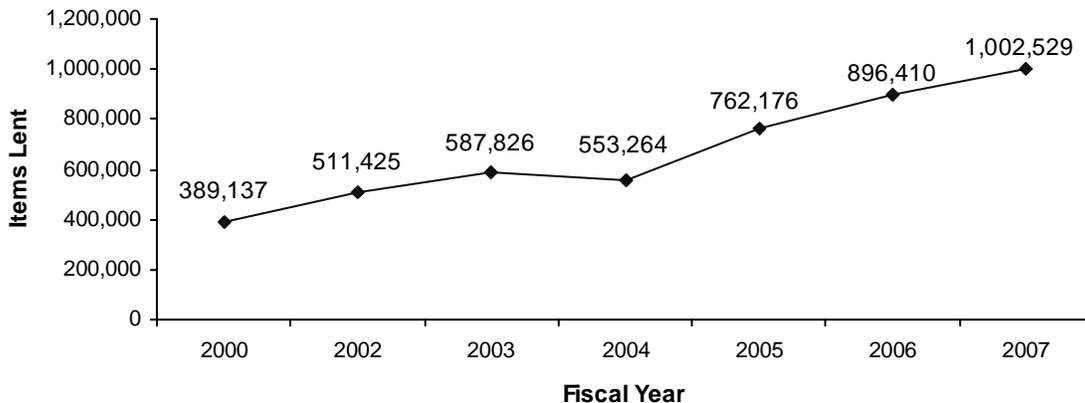
- ◆ provide programs that promote early childhood literacy (goal 10)
- ◆ support and promote academic excellence through homework help programs
- ◆ support and promote academic excellence by making resources and assistance available to students (goals 11,12,14)
- ◆ provide a safe and friendly environment for people of all ages (goal 21)
- ◆ provide a place and the technology to support distance education (goals 41-43)
- ◆ provide career and job training centers (goals 41-42)
- ◆ promote healthy communities by providing resources for healthy living, for recreating, as well as understanding illness, treatment options, and grief (goal: Minnesotans will be healthy)

Key Measures

Quality library services are available for Minnesotans of all ages.

- ◆ Access to public library internet computers continues to improve. The number of available terminals has increased 17% since 2005 to 4,329 in 2007 and 275 of 359 libraries offer wireless access.
- ◆ Regional systems together provided 58 databases to their respective members in addition to the 14 available through the Electronic Library of Minnesota.
- ◆ Centralized coordinated automation services and technical support ensure stability and equity of access to resources across regions.
- ◆ Regional systems operate delivery systems to facilitate fast and seamless resource sharing among participating libraries of all types.
- ◆ Library-to-library requests filled within regional public library systems through interlibrary loan increased 32% since 2005 when MnLINK self-service interlibrary loan functions (known as the “Get It Button”) were introduced.
- ◆ In 2005, Minnesota’s public libraries ranked 19th among the state in per capita expenditures from state and local funding sources. Minnesota’s ranking has been consistent over the past several years.

Inter-Library Loan Materials Provided by Public Libraries to Other Libraries



DEPT OF EDUCATION

Program: LIBRARIES

Activity: BASIC SUPPPORT/LSTA

Narrative

Activity Funding

Regional library basic system support is state aid distributed to regional public library systems 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.

Federal LSTA allocations awarded to Minnesota are distributed on the federal fiscal year beginning on October 1. The LSTA program allotment includes a state match requirement which is calculated by formula to certify maintenance of effort from state dollars. The annual federal LSTA allotment will be reduced if the level of state expenditures is reduced, using federal dollars to supplant state support.

The other sources of funds include foundation grants, gifts, and fundraising.

Contact

Additional Information is available from the Minnesota Department of Education, State Library Services at (651) 582-8881, http://education.state.mn.us/MDE/Learning_Support/Library_Services/index.html.

DEPT OF EDUCATION

Program: LIBRARIES

Activity: Basic Support for Libraries

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund					
General Fund					
1 Total Current Appropriation	9,182	13,138	13,138	13,138	26,276
a. End of Session Estimate			432	432	
2 Forecast Base	9,182	13,138	13,570	13,570	26,276
Governor's Recommendation					
a. Aid Payment Shift			(1,357)	0	(1,357)
3 Governor's Recommended Appropriation			12,213	13,570	25,783
District Revenue Summary (Entitlement Basis)					
AID					
State Aid					
4 Statutory Formula Aid	9,250	13,570	13,570	13,570	27,140
5 Statutory Excess/(Shortfall)					0
6 Appropriated Entitlement	9,250	13,570	13,570	13,570	27,140
7 Adjustments					
a. Excess Funds Transferred In/(Out)					
b. Prior Year Payments					
8 State Aid Entitlement Current Law	9,250	13,570	13,570	13,570	27,140
REVENUE					
9 Other Revenue					
a. Federal	718	767	760	760	1,520
10 Total All Sources Current Law	9,968	14,337	14,330	14,330	28,660
Appropriations Basis for State Aid					
Prior Year (10%/20%)	857	925	1,357	2,714	4,071
Current Year (90%/80%)	8,325	12,213	10,856	10,856	21,712
Total State Aid - General Fund	9,182	13,138	12,213	13,570	25,783

DEPT OF EDUCATION

Program: LIBRARIES

Activity: MULTICOUNTY, MULTITYPE LIBRARY

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.

Activity at a Glance

- ◆ Encourage and facilitate resource sharing among different types of library programs.
- ◆ Provide training opportunities for teacher-librarians and teachers.

Population Served

This activity focuses its services on school and special libraries in the state of Minnesota through seven regional multicounty, multitype library cooperation systems. Capacity-building and collaborative sharing of resources between all types of libraries including public and academic are the main strategies used. Currently, 1,902 members with almost 2,200 library outlets of all types in Minnesota work together.

Seven multicounty, multitype library cooperation systems were established in 1980 to facilitate cooperation between libraries not included in the regional public library systems. The systems and numbers of school and special libraries that are members of each system are listed below.

<u>Library System</u>	<u>Academic</u>	<u>Public</u>	<u>School</u>	<u>Special</u>	<u>Totals</u>
Central Minnesota Library Exchange	9	45	205	23	282
Metronet	49	110	391	54	604
North Country Library Cooperative	12	31	106	19	168
Northern Lights Library Network	18	54	183	15	270
Southcentral Minnesota Inter-Library Exchange	6	38	87	15	146
Southeast Library System	15	39	149	19	222
Southwest Area Multicounty Multitype Inter-Library Exchange	<u>8</u>	<u>60</u>	<u>131</u>	<u>11</u>	<u>210</u>
Grand Totals:	117	377	1,252	156	1,902

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; and
- ◆ helping with the organization and promotion of opportunities for continued staff development and expertise in new technologies and other services for the public.

Key Activity Goals

Multicounty, multitype library systems promote cost efficient services by encouraging cooperation, collaboration, and resource sharing across all types of libraries (goal 37).

- ◆ Support and promote academic excellence by strengthening school library media centers
- ◆ Provide training opportunities for teacher-librarians especially in the area of information literacy and use of online resources (goals 11, 12, 14)
- ◆ Support and promote academic excellence by making resources available to students (goals 11, 12, 14)

Key Measures

The Multi-County, Multi-type library directors adapted and moderated a North Carolina online tutorial to create *23 Things on a Stick*, a self-paced exploration of 23 innovations regarding the Internet. 1,100 librarians signed up to learn about 23 online productivity tools. Approximately 400 completed all 23 activities. A second round ran from May through September due to popular demand.

DEPT OF EDUCATION

Program: LIBRARIES

Activity: MULTICOUNTY, MULTITYPE LIBRARY

Narrative

Based on the goals identified in their strategic plans, each system develops programs and services most valued within their region. The following are examples of their accomplishments.

- ◆ *Central Minnesota Library Exchange (CMLE)*: Facilitated delivery of 18,000 items in FY 2006 and 20,500 in FY 2007 among its 282 members and expanded delivery to include locations in the East Central Regional Library System.
- ◆ *Metronet*: Developed and implemented the Metronet Information Literacy Initiative (MILI) in partnership with the St. Paul Public Schools to improve the information literacy skills of 10th graders.
- ◆ *North County Library Cooperative (NCLC)*: NCLC continued to convert catalog records for schools in preparation for converting to the regional web-based catalog.
- ◆ *Northern Lights Library Network (NLLN)*: Administers North Star Library Consortium in partnership with Region 1. School media centers use the same online catalog and management system. The number of participating libraries grew from 71 to 87 between FY 2006 and FY 2007.
- ◆ *Southcentral Minnesota Inter-Library Exchange (SMILE)*: SMILE sponsors monthly story times in conjunction with SOCRATES using American Sign Language (ASL). In FY 2007, 245 persons attended the seven programs.
- ◆ *Southeast Library System (SELS)*: In FY 2007, two school libraries were added to the regional online catalog. In FY 2008, two additional schools and two academic libraries were added. In FY 2007, the member libraries collectively loaned 11,972 items and borrowed 13,222 to enhance student education.
- ◆ *Southwest Area Multicounty Multitype Inter-Library Exchange (SAMMIE)*: SAMMIE, the Plum Creek Regional Public Library System, and Pioneerland Regional Public Library System partnered to develop and provide a youth program for children in grades 5 through 12.

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, (651) 582-8890, http://education.state.mn.us/mde/Learning_Support/Library_Services_and_School_Technology/index.html.

DEPT OF EDUCATION

Program: Libraries

Activity: Multicounty, Multitype Library Systems

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund					
General Fund					
1 Total Current Appropriation	1,260	1,300	1,300	1,300	2,600
2 Forecast Base	1,260	1,300	1,300	1,300	2,600
Governor's Recommendation					
a. Aid Payment Shift			(130)	0	(130)
3 Governor's Recommended Appropriation			1,170	1,300	2,470
District Revenue Summary (Entitlement Basis)					
AID	State Aid				
4 Statutory Formula Aid	1,300	1,300	1,300	1,300	2,600
5 Statutory Excess/(Shortfall)					0
6 Appropriated Entitlement	1,300	1,300	1,300	1,300	2,600
7 Adjustments					
8 State Aid Entitlement Current Law	1,300	1,300	1,300	1,300	2,600
Appropriations Basis for State Aid					
Prior Year (10%/20%)	90	130	130	260	390
Current Year (90%/80%)	1,170	1,170	1,040	1,040	2,080
Total State Aid - General Fund	1,260	1,300	1,170	1,300	2,470

Activity Description

Citation: Minnesota Session Laws 2005, First Special Session, Chapter 5, Article 6, Section 1, Subd. 4.

This program establishes funding for statewide access to a basic suite of licensed electronic resources.

Population Served

Provides access for Minnesota residents from school, public library, academic library, home, or business. It ensures basic equity of access to core resources.

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, health, research, 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.

Activity at a Glance

- ◆ Statewide licensing of information databases ensures maximized use of tax dollars with statewide impact. As user numbers increase, the cost per use declines.
- ◆ Use of electronic resources has steadily increased across Minnesota, experiencing a continuing and steady increase in use in FY 2007. This represents over 11 million requests.
- ◆ Ensures equal access to a core of quality resources by all Minnesota school children regardless of their location.
- ◆ Ensures equal access to information resources to support economic development and consumer health.

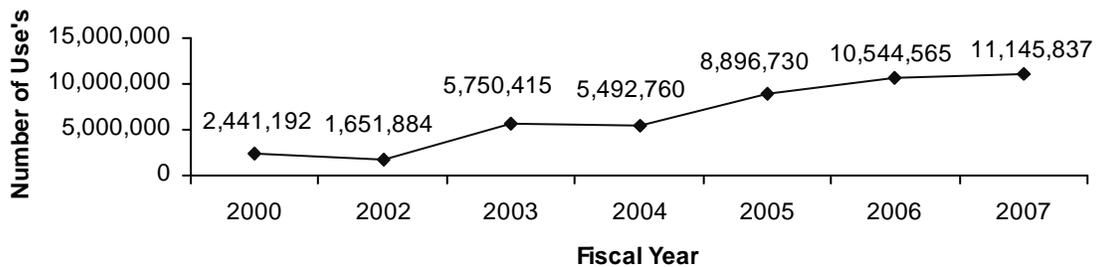
Key Activity Goals

ELM promotes governmental efficiency by licensing databases for statewide access at a reduced cost (goal 37). ELM supports student growth and achievement by providing resources to enhance their education and developing 21st century information literacy skills (goals 11, 12, 14, 41-43). ELM provides resources which support economic viability and development of communities regardless of size (goals 49-51).

Key Measures

- ◆ Maintain and support statewide access to electronic resources through an interagency agreement between the Minnesota Department of Education (MDE), State Library Services, and the Office of Higher Education, MINITEX Library Information Network.
- ◆ Integrate with and leverage other state, regional, and local resources.
- ◆ Build upon or support collaboration with all types of libraries and information resource providers.

Uses of Libraries' Electronic Resources



Activity Funding

Currently, funding for ELM comes through an appropriation of \$900,000 per year to MDE and funding from the Office of Higher Education.

DEPT OF EDUCATION

Program: LIBRARIES

Activity: ELECTRONIC LIBRARY MINNESOTA

Narrative

Contact

Additional information is available from the Minnesota Department of Education, State Library Services, (651) 582-8251, http://education.state.mn.us/MDE/Learning_Support/Library_Services/index.html.

DEPT OF EDUCATION

Program: LIBRARIES

Activity: ELECTRONIC LIBRARY MINNESOTA

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	900	900	900	900	1,800
Subtotal - Forecast Base	900	900	900	900	1,800
Total	900	900	900	900	1,800
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	900	900	900	900	1,800
Total	900	900	900	900	1,800
<u>Expenditures by Category</u>					
Local Assistance	900	900	900	900	1,800
Total	900	900	900	900	1,800

Activity Description

Citation: M.S. 134.355

The Regional Library Telecommunications Aid (RLTA) program provides state aid to regional library systems to equalize data and video access costs and other related costs to improve or maintain electronic access of participating public libraries 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 uses public libraries for information and self-sufficiency including access to resources for financial business decisions, education, self-development, and personal interests. Libraries are a destination for people to come and use electronic resources. RLTA facilitates optimal access and connections to the statewide electronic infrastructure and supports equity of access to electronic resources. It allows libraries to capitalize on other federal, state, and local investments in electronic access. Among the activities supported through connectivity are:

- ◆ automation activities for cost-effectiveness in resource sharing;
- ◆ connectivity necessary to access licensed online full-text databases provided by state funds allocated to support the Electronic Library for Minnesota (ELM);
- ◆ access to the Internet necessary for e-government, job centers, immigration services, tax filing, and other activities requiring use of the internet;
- ◆ interconnectivity and interoperability with school districts, post-secondary education or other governmental agencies;
- ◆ community access to high-speed Internet links; and
- ◆ integration of new technology and training.

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.

Key Activity Goals

- ◆ Supports the infrastructure necessary to ensure adequate connectivity in libraries in order to provide efficient access to the internet by Minnesotans in order to conduct business with government (goals 34, 35).
- ◆ Meet educational goals (goals 10-14).
- ◆ Stimulate a vibrant economy (goals 38-40).
- ◆ Promote quality of life in rural communities (goal 49).
- ◆ Provides the infrastructure necessary to support statewide collaboration and resources sharing (goal 36, 37).

Activity at a Glance

- ◆ 359 public library buildings are served through this program.
- ◆ Bandwidth in regional public library systems has expanded from 164 T1 lines to 236 since 2004.
- ◆ Connectivity and improved bandwidth facilitates resource sharing and access to electronic resources such as the Electronic Library for Minnesota (ELM) and MnLINK.

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, fiber optics, wireless, and DSL in order to reduce costs.
- ◆ Improved bandwidth allows public libraries to expand services to include audio book download capabilities, remote meeting capacity, and video streaming for distance education.

As a result of improved connectivity, online public access catalogs make more resources available for Minnesotans to borrow or access, with the following results.

- ◆ Library to library requests filled between public libraries through interlibrary loan continued to increase rising 31.5% from 762,178 in 2005 to 1,002,529 in 2007, following a similar increase of 38% in the prior biennium.
- ◆ Uses of electronic resources in libraries reflects continued increases with usage gains between 2006 (10,544,565) and 2007 (11,145,837) uses.

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 need for more broadband access continues to increase in order to support more complex internet applications

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 (651) 582-8251, http://education.state.mn.us/MDE/Learning_Support/Library_Services/index.html.

DEPT OF EDUCATION

Program: LIBRARIES

Activity: Regional Libraries Telecommunication Aid Budget Activity Summary

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
<i>Direct Appropriations by Fund</i>					
General Fund					
1 Total Current Appropriation	2,190	2,300	2,300	2,300	4,600
2 Forecast Base	2,190	2,300	2,300	2,300	4,600
Governor's Recommendation					
a. Aid Payment Shift			(230)	0	(230)
3 Governor's Recommended Appropriation			2,070	2,300	4,370
<i>District Revenue Summary (Entitlement Basis)</i>					
AID					
State Aid					
3 Statutory Formula Aid	2,300	2,300	2,300	2,300	4,600
4 Statutory Excess/(Shortfall)					0
5 Appropriated Entitlement	2,300	2,300	2,300	2,300	4,600
6 Adjustments					
7 State Aid Entitlement Current Law	2,300	2,300	2,300	2,300	4,600
<i>Appropriations Basis for State Aid</i>					
Prior Year (10%20%)	120	230	230	460	690
Current Year (90%80%)	2,070	2,070	1,840	1,840	3,680
Total State Aid - General Fund	2,190	2,300	2,070	2,300	4,370

Budget Activities

- ⇒ Early Childhood/Family Education
- ⇒ School Readiness
- ⇒ Kindergarten Entrance Assessment
- ⇒ Health and Development Screening
- ⇒ Head Start Program
- ⇒ Infants and Toddlers-Part C
- ⇒ Educate Parents Partnership

DEPT OF EDUCATION

Program: EARLY CHILDHOOD & FAMILY SUPP

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	54,140	63,448	63,448	63,448	126,896
Technical Adjustments					
End-of-session Estimate			(6,212)	(6,426)	(12,638)
November Forecast Adjustment		122	190	147	337
Subtotal - Forecast Base	54,140	63,570	57,426	57,169	114,595
Governor's Recommendations					
Aid Payments Shift		0	(3,620)	(59)	(3,679)
Total	54,140	63,570	53,806	57,110	110,916
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	54,107	63,602	53,806	57,110	110,916
Statutory Appropriations					
Miscellaneous Special Revenue	30	30	30	30	60
Federal	12,063	12,739	12,786	12,886	25,672
Total	66,200	76,371	66,622	70,026	136,648
<u>Expenditures by Category</u>					
Total Compensation	90	97	120	125	245
Other Operating Expenses	762	1,232	1,177	1,172	2,349
Local Assistance	65,348	75,042	65,325	68,729	134,054
Total	66,200	76,371	66,622	70,026	136,648
<u>Expenditures by Activity</u>					
Early Child Family Ed	21,772	30,078	21,473	23,272	44,745
School Readiness	9,987	10,095	9,085	10,095	19,180
Kindergarten Entrance Exam	273	300	287	287	574
Health & Developmental Screen	2,624	3,592	3,466	3,961	7,427
Head Start	20,100	20,100	20,100	20,100	40,200
Infants & Toddlers	11,413	12,137	12,161	12,261	24,422
Educate Parents Partnership	31	69	50	50	100
Total	66,200	76,371	66,622	70,026	136,648
Full-Time Equivalents (FTE)	1.4	1.3	1.3	1.3	

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 purpose of the program is to provide parenting education to support children's learning and development.

Population Served

All families with children ages birth to kindergarten are eligible for ECFE. ECFE served 133,620 children and 150,370 parents in FY 2007 (duplicated counts). Expectant parents and family relatives may also participate. The program is administered through local school districts.

Activity at a Glance

FY 2007

- ◆ Over 274,300 children and parents participated.
- ◆ More than 19,900 referrals were made to ECFE from other community programs.
- ◆ More than 17,550 children were referred to other programs by EFCE.

Services Provided

ECFE programs typically include the following components.

- ◆ parent discussion groups
- ◆ parent-child activities
- ◆ play and learning activities that promote children's development
- ◆ home visits
- ◆ special events for the entire family
- ◆ information on community resources

If funds are insufficient to provide programs for all children, ECFE is encouraged to emphasize programming for children birth to age three and encourage parents to involve four and five year old children in school readiness programs and other public and nonpublic early learning programs.

Historical Perspective

- ◆ ECFE pilot programs were established in 1974. In 1984, the legislature made it possible for any school district with a community education program to establish the program. ECFE was offered in all 348 independent and special school districts in FY 2008.

Key Activity Goals

- ◆ Families will provide a stable, supportive environment for their children (Milestones). ECFE programs educate parents and other relatives about child development.
- ◆ All children will be healthy and start school ready to learn (Milestones). ECFE programs include programs and activities to promote healthy child development.
- ◆ Improve student achievement/prepare students to compete in a global economy (agency goal). ECFE programs include activities to promote healthy child development.

Key Measures

Increase the number of parents receiving the education and the 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 results in improved understanding of how infants learn and develop (83%), support of their infant's learning and development (81%), confidence as a parent (79%), understanding of responsiveness to their child's behavior (76%), and 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 three 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 three-48% compared to 38%),
 - ⇒ regularly visit libraries (kindergarten-37% compared to 25%; grade three-31% compared to 20%),
 - ⇒ volunteer in the classroom (kindergarten-65% compared to 39%; grade three-58% compared to 37%), and
 - ⇒ serve on PTA advisory committees or school site councils (kindergarten-20% compared to 6%; grade three-18% compared to 8%).

Activity Funding

A statutory formula generates annual revenue of \$120 per district resident under the age of five, as reported by the district in its annual 0-4 Census count for the prior year. Statutes fix the amount of annual ECFE revenue from local levies at \$22.135 million and require the department each levy cycle to set a tax rate that will generate this amount of revenue statewide. A district's levy may not exceed its formula revenue; a district with a property tax base that yields a levy less than its formula revenue is entitled to state aid for the amount of the difference. In 2008, 22 districts generated 100% of their revenue from levy. For FY 2009, the legislature lowered the levy cap on a one-time basis by \$8.57 million to \$13.565 million; all but nine districts will receive state aid in FY 2009.

In FY 2007, state aid and local levy comprise 87% of the revenue districts generate for ECFE programs, which includes fees, grants, and revenue from other sources. Statutes require that districts have a "reasonable sliding fee scale" for ECFE, but waive the fee for any participant not able to pay. In FY 2007, districts reported generating more than \$6.3 million in fees, about 13% of total ECFE revenue.

Statutes require school districts to maintain a separate reserve account in the community service fund for ECFE. The ECFE reserve account average fund balance for the most recent three-year period must not exceed 25% of the prior year's program 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, Early Learning Services, (651) 582-8397, http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html.

DEPT OF EDUCATION

Program: EARLY CHILDHOOD & FAMILY SERVICES

Activity: Early Childhood & Family Education

Budget Activity Summary

Dollars in Thousands

		Current		Governor's Rec		Biennium
		FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund						
General Fund						
1	Total Current Appropriation	21,092	29,324	29,324	29,324	58,648
	a. End of Session Estimate			(6,473)	(6,806)	(13,279)
	b. Cancellation					
	c. Transfer per M.S. 127A.41					
	d. November Forecast Adjustment		122	190	147	337
2	Forecast Base	21,092	29,446	23,041	22,665	45,706
Governor's Recommendation						
	a. Aid Payment Shift			(2,223)	(48)	(2,271)
3	Governor's Recommended Appropriation			20,818	22,617	43,435
District Revenue Summary (Entitlement Basis)						
AID State Aid						
4	Statutory Formula Aid	21,440	30,335	22,231	22,713	44,944
5	Statutory Excess/(Shortfall)		(135)			0
6	Appropriated Entitlement	21,440	30,200	22,231	22,713	44,944
7	Adjustments					
	a. Supplemental Appropriation		135			
	b. Cancellation					
	c. Transfer per M.S. 127A.41					
8	State Aid Entitlement Current Law	21,440	30,335	22,231	22,713	44,944
<i>plus</i>						
LEVY Levy						
9	Local Levy Current Law	21,992	13,520	22,108	22,134	44,242
<i>equals</i>						
REVENUE	10 Current Law Revenue (State Aid & Levy)	43,432	43,855	44,339	44,847	89,186
Appropriations Basis for State Aid						
	Prior Year (10%/20%)	1,796	2,144	3,033	4,446	7,479
	Current Year (90%/80%)	19,296	27,302	17,785	18,171	35,956
	Transfer per M.S. 127A.41					
	Cancellation					
	Total State Aid - General Fund	21,092	29,446	20,818	22,617	43,435
Additional ECFE Revenue-Fund 200						
	ECFE Partnership-Ucare	30	30	30	30	60

Activity Description**Citation:** M.S. 124D.15; 124D.16

The purpose of the school readiness program is to prepare children to enter kindergarten. The program is administered through local school districts.

Population Served

The program serves children age three years to kindergarten entrance.

Activity at a Glance

FY 2007

- ◆ 55,940 children and parents participated in the program.
- ◆ Nearly 23,000 referrals were made to and from other community services and programs.
- ◆ Approximately 21,400 children received 30 or more hours per year of services.

Services Provided

Most school-based classroom programs are two and a half hours in length and vary from one day to five days per week. Other programs models include

- ◆ kindergarten transition classes for children and parents;
- ◆ one or two days of child-only activities added to early childhood family education (ECFE);
- ◆ early childhood special education and school readiness integrated classrooms;
- ◆ coordination of referrals and follow-up to early childhood screening;
- ◆ staff development and consultation for family child care providers; or
- ◆ comprehensive head start and family literacy/English language learner programs.

Programs include the following requirements.

- ◆ Assessment of child's cognitive skills at entrance to program and again at program exit to inform parents and improve program.
- ◆ Provision of comprehensive program content based on early childhood research and professional practice that is focused on children's cognitive skills and development and prepares children for the transition to kindergarten.

Historical Perspective

The school readiness program was established in 1991.

Key Activity Goals

- ◆ All children will be healthy and start school ready to learn (Milestones). School readiness programs prepare children for kindergarten entrance and arrange for early childhood screening and appropriate referral.
- ◆ Improve student achievement/prepare students to compete in a global economy (agency goal). School readiness assesses each child's cognitive skills at program entry and exit and provides comprehensive program content based on early childhood research and professional practice to promote kindergarten readiness.

Key Measures

- ◆ Since 1994, the department has provided training to early childhood teachers on child assessment in order to measure child progress of participating children. 63% of the school districts report using the work sampling system of child assessment.
- ◆ MDE assesses the school readiness of a random sample of kindergarten students in the domains of personal and social development, language and literacy, mathematical thinking, the arts, and physical development. Students who consistently perform the indicators in a domain are rated "proficient;" children who perform them sometimes but inconsistently are rated "in process;" and those who cannot perform them are rated "not yet."

Fall 2007 Readiness Levels by Domain

<u>Developmental Domain</u>	<u>Not Yet</u>	<u>In Process</u>	<u>Proficient</u>
Physical Development	3%	33%	65%
Personal & Social Development	8%	40%	52%
The Arts	5%	42%	53%
Language & Literacy	10%	40%	50%
Mathematical Thinking	9%	41%	50%

N = 6,493

Activity Funding

To be eligible to receive state aid, districts must submit a biennial school readiness plan. Each district receives a portion of the total appropriation to provide readiness activities that prepare children for kindergarten. Districts receive aid equal to the number of eligible four year olds in the district on October 1 for the previous school year times the ratio of 50% of the total school readiness aid for that year to the total number of eligible four year olds reported for the previous school year; plus the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program for the second previous school year times the ratio of 50% of the total school readiness aid for that year to the total number pupils in the state from families eligible for the free or reduced school lunch program for the second previous school year.

Statutes require school districts to maintain a separate reserve account in the community service fund for school readiness. The school readiness reserve account average fund balance for the most recent three-year period must not exceed 25% of the prior year's program revenue. If a district exceeds this limit, the district's state aid entitlement is decreased and the district must fund a portion of program costs with fund balance.

State aid for school readiness has changed little over the past ten years, and is currently funded at a base level of \$10.095 million per year. FY 2007 formula calculation of state aid provided total aid ranging from \$732 (Cyrus), \$8,023 (Hayfield), \$57,973 (Willmar), \$114,770 (North St. Paul-Maplewood), \$173,346 (Rochester), \$386,118 (Anoka-Hennepin), to \$850,040 (St. Paul) and \$823,622 (Minneapolis). Based on total state aid of \$9.095 million and participation of 55,940 children and parents, state aid funded an average of approximately \$162 per participant in FY 2007.

School districts reported financial data that shows school readiness aid provided 59% of the program's total revenue in FY 2007, while 41% came from tuition and fees. Districts must adopt a sliding fee schedule based on family income, but must waive the fee for any participant not able to pay.

Contact

Additional information is available from the Minnesota Department of Education, Early Learning Services, (651) 582-8397, http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html.

DEPT OF EDUCATION

Program: EARLY CHILDHOOD & FAMILY SERVICES

Activity: School Readiness

Budget Activity Summary

Dollars in Thousands

		Current		Governor's Rec		Biennium
		FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund						
General Fund						
1	Total Current Appropriation	9,987	10,095	10,095	10,095	20,190
2	Forecast Base	9,987	10,095	10,095	10,095	20,190
Governor's Recommendation						
a.	Aid Payment Shift			(1,010)	0	(1,010)
3	Governor's Recommended Appropriation			9,085	10,095	19,180
District Revenue Summary (Entitlement Basis)						
AID	State Aid					
3	Statutory Formula Aid	10,095	10,095	10,095	10,095	20,190
4	Statutory Excess/(Shortfall)					0
5	Appropriated Entitlement	10,095	10,095	10,095	10,095	20,190
7	State Aid Entitlement Current Law	10,095	10,095	10,095	10,095	20,190
Appropriations Basis for State Aid						
	Prior Year (10%/20%)	901	1,009	1,009	2,019	3,028
	Current Year (90%/80%)	9,086	9,086	8,076	8,076	16,152
	Total State Aid - General Fund	9,987	10,095	9,085	10,095	19,180

Activity Description

Citation: Laws M.S. 124D.162

This program provides funding for a kindergarten readiness assessment.

Activity at a Glance

◆ 6,500 entering kindergarteners were assessed in fall 2007.

Population Served

A random sample of 10% of incoming kindergarteners is assessed within the first six weeks of school.

Services Provided

Kindergarten teachers observe children in the classrooms during the initial six weeks of kindergarten in order to minimize the impact of kindergarten instruction on observational results. Teachers record their observations and submit documentation to the department where it is reviewed and forwarded for scanning. Results are compiled and given to participating school sites.

Aggregate results are used to inform school administrators, teachers, parents, early childhood teachers, child care providers, policymakers, and the public about progress towards the goal of ensuring that children are ready for kindergarten. It is expected that results will be used to plan children's transition from home to school, prepare for teacher conferences, and improve instruction and services to families.

Historical Perspective

The 2006 legislature established the program in statutes and appropriated state aid to implement the assessment study.

Key Activity Goals

Improve student achievement/prepare students to complete in a global economy (agency goal). The assessment study tracks the state's progress toward ensuring that children are ready for kindergarten.

Key Measures

MDE assesses the school readiness of a random sample of kindergarten students in the domains of personal and social development, language and literacy, mathematical thinking, the arts, and physical development. Students who consistently perform the indicators in a domain are rated "proficient;" children who perform them sometimes but inconsistently are rated "in process;" and those who cannot perform them are rated "not yet."

Fall 2007 Readiness Levels by Domain

<u>Developmental Domain</u>	<u>Not Yet</u>	<u>In Process</u>	<u>Proficient</u>
Physical Development	3%	33%	65%
Personal and Social Development	8%	40%	52%
The Arts	5%	42%	53%
Language and Literacy	10%	40%	50%
Mathematical Thinking	9%	41%	50%

Activity Funding

\$287,000 is appropriated each year for this program.

Contact

Additional information is available from the Minnesota Department of Education, Division of Early Learning Services, (651) 582-8397, http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html.

DEPT OF EDUCATION

Program: EARLY CHILDHOOD & FAMILY SUPP

Activity: KINDERGARTEN ENTRANCE EXAM

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	287	287	287	287	574
Subtotal - Forecast Base	287	287	287	287	574
Total	287	287	287	287	574
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	273	300	287	287	574
Total	273	300	287	287	574
<u>Expenditures by Category</u>					
Total Compensation	90	97	120	125	245
Other Operating Expenses	183	203	167	162	329
Total	273	300	287	287	574
Full-Time Equivalent (FTE)	1.4	1.3	1.3	1.3	

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

Every school board must provide for a mandatory program of early childhood developmental screening for children once before school entrance. A child need not submit to this screening if the child’s health records indicate to the district that the child has received comparable developmental screening from a public or private health care provider. This program targets children who are between three and four years of age. Districts are required to notify each resident family with an eligible child of the availability of the program and the state’s screening requirement.

Activity at a Glance

In FY 2007, a total of 59,752 children were screened. This included:

- ◆ 4,893 children referred to the school readiness program.
- ◆ 5,787 families referred to early childhood family education.
- ◆ 1,610 children referred to head start.
- ◆ 398 parents referred to adult education/literacy.

Services Provided

A screening program must include the following components: developmental assessments, hearing and vision screening or referral, immunization review and referral, the child’s height and weight, identification of risk factors that may influence learning, an interview with the parent about the child, and referral for assessment, diagnosis, and treatment when potential needs are identified. A district may offer additional components such as nutritional, physical and dental assessments, review of family circumstances that might affect development, blood pressure, laboratory tests, and health history.

Families may opt out by submitting a signed statement of conscientiously held beliefs. A district must provide the parent or guardian of the child screened with a record indicating the month and year the child received screening and the results of the screening.

Historical Perspective

The early childhood screening program was established in 1977.

Up until FY 2006, statutes set the targeted age for early childhood screening at between the ages of three and a half and four years. The 2005 legislature lowered the targeted ages to between three and four years and changed the aid formula to provide an incentive to districts to screen children within the targeted age range. The legislature also added the requirement that districts assign a student identification number to each child at the time of screening, or at the time health records are presented documenting a comparable screening by another provider.

The 2008 legislature increased aid amounts effective for FY 2009 to \$75 for a child screened at age three, \$50 at age four, and \$40 for a child screening at age five or six before kindergarten. Districts receive \$30 for a child screened within 30 days after kindergarten enrollment if the child has not previously been screened.

Key Activity Goals

- ◆ Families will provide a stable, supportive environment for their children (Milestones). Screening aims to increase parents’ awareness of the connections between physical health, development and learning readiness, and to link families to community services; programs must also refer a child without health coverage to an appropriate health care provider.
- ◆ All children will be healthy and start school ready to learn (Milestones). Screening provides early detection of conditions that may interfere with young children’s growth and development thereby promoting school readiness and improved health.

DEPT OF EDUCATION

Program: EARLY CHILDHOOD & FAMILY SUPP

Activity: HEALTH AND DEVELOPMENTAL SCREEN

Narrative

- ◆ Improve student achievement/prepare students to compete in a global economy (agency goal). Health and/or development conditions that can affect learning are identified early and timely referrals improve children's learning potential.

Key Measures

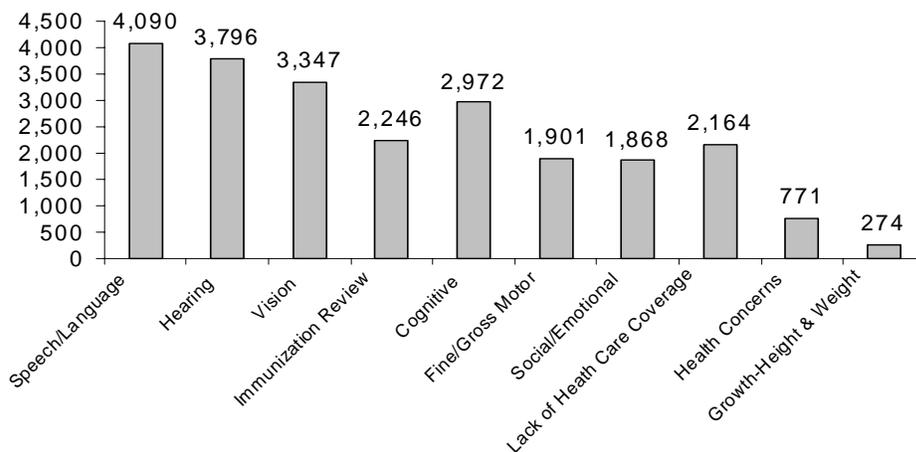
Increase the percentage of children who receive referrals and services to address health and developmental concerns.

- ◆ In FY 2007, nearly 24,000 referrals were made for potential health or developmental concerns identified at the time of early childhood health and developmental screening. Note: the department 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.
- ◆ In FY 2004, MDE translated the early childhood screening parent brochure into 10 languages to facilitate outreach to linguistically diverse families.

Increase 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, Human Services, and the state Head Start Collaboration Office;
- ◆ development of common screening forms for early childhood screening, child and teen checkups, and head start; and
- ◆ development of Minnesota child health and developmental screening quality indicators.

2007: Number of Potential Concerns Identified



Activity Funding

Districts receive state aid for every child screened prior to kindergarten entrance or within 30 days after first entering kindergarten. Effective FY 2009, districts are reimbursed \$75 for each child screened at age three; \$50 for each child screened at age four; and \$40 for each child screened at age five or six prior to kindergarten. Districts receive \$30 for a child screened within 30 days after kindergarten enrollment if the child has not previously been screened.

DEPT OF EDUCATION

Program: EARLY CHILDHOOD & FAMILY SUPP

Activity: HEALTH AND DEVELOPMENTAL SCREEN

Narrative

Districts may not charge parents a fee for required screening, but they may charge fees for any of the optional screening components. If the amount of state aid is not sufficient, districts may make a permanent transfer from the general fund to pay for costs not covered by early childhood screening aid. Statutes also encourage districts to reduce screening costs by using volunteers, and public or private health care organizations.

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, Early Learning Services, (651) 582-8397, http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html.

DEPT OF EDUCATION

Program: EARLY CHILDHOOD AND FAMILY SUPPORT

Activity: Health and Development Screening

Budget Activity Summary

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
General Fund					
1 Total Current Appropriation	2,624	3,592	3,592	3,592	7,184
a. End of Session Estimate			261	380	641
b. November Forecast					
c. Cancellation					
2 Forecast Base	2,624	3,592	3,853	3,972	7,825
Governor's Recommendation					
a. Aid Payment Shift			(387)	(11)	(398)
3 Governor's Recommended Appropriation			3,466	3,961	7,427
<i>District Revenue Summary (Entitlement Basis)</i>					
AID					
State Aid					
3 Statutory Formula Aid	2,595	3,703	3,869	3,984	7,853
4 Statutory Excess/(Shortfall)					0
5 Appropriated Entitlement	2,595	3,703	3,869	3,984	7,853
6 Adjustments					
a. Cancellation					
b. Appropriation Reduction					
7 State Aid Entitlement Current Law	2,595	3,703	3,869	3,984	7,853
<i>Appropriations Basis for State Aid</i>					
Prior Year (10%/20%)	288	260	370	773	1,143
Current Year (90%/80%)	2,336	3,333	3,096	3,188	6,284
Cancellation					
Total State Aid - General Fund	2,624	3,592	3,466	3,961	7,427

Activity Description

Citation: M.S. 119A.50-119A.545; 42 U.S.C.9840 et seq.

The head start program promotes school readiness of low-income children by enhancing cognitive, social, and emotional development in a supportive learning environment and through comprehensive health, educational, nutritional services. 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 2007

- ◆ 36 head start programs served 17,639 children and families, approximately 15% with state funds.
- ◆ 14% of enrolled children had a diagnosed disability.

Population Served

Head start primarily serves three and four-year-olds from low-income families. Some programs serve infants, toddlers, and pregnant mothers in early head start. Programs predominantly serve children from families at or below the federal poverty level or participating in Minnesota Family Investment Program (MFIP). If this need has been met, the program may serve up to 35% of its enrollment with children from families whose incomes are between 100% and 130% of poverty. Up to 10% of the children enrolled may be from families that exceed the low-income guidelines. A child who is homeless or in foster care is automatically eligible. At least 10% of enrollment is reserved for children with diagnosed disabilities.

About 52% of the enrolled children are at least four years old; about 27% are from families who are English language learners. Approximately 53% have two parents or guardians, 73% have at least one parent working, and 13% have at least one parent in job training or school.

Services Provided

Head start provides a comprehensive program including health, nutrition, education, parent involvement, and social services to children and families. In addition to services focused on the child, approximately 86% of the enrolled families received one or more services such as assistance with housing and transportation, health and parenting education, adult education, and job training.

Programs operate a center-based, home-based, and/or combination option. Center-based programs must operate a minimum of 3.5 hours per day, four days per week, for 128 days per year supplemented with at least two home visits. Home-based programs must offer a minimum of 32 home visits of 1.5 hours each supplemented with at least 16 group socialization activities per year. In response to changing needs of children and their families, some programs 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, and self-sufficiency programs.

Parents work in partnership with head start staff as volunteers and employees in parent education activities and in program governance. Former or current head start parents made up 28% of the staff and 40% of approximately 41,000 volunteers in 2007.

Historical Perspective

Head start began as a federal program in 1965 and was most recently federally reauthorized and amended in December 2007. In 1988, the Minnesota legislature first appropriated supplemental state funds. State funded head start programs are required to comply with federal head start requirements.

Key Activity Goals

Closing the achievement gap; reduce disparities in achievement between groups of students to enhance the opportunities for more at-risk students to succeed in life and to become productive citizens (agency strategic goal.) Head Start promotes the school readiness of children from families who are at or below the federal poverty level.

Key Measures

In FY 2007

- ◆ 96% of all enrolled children completed a medical examination
- ◆ 94% of children with identified health needs received treatment
- ◆ 87% of all enrolled preschool-age children completed a dental examination
- ◆ 82% of children with an identified dental need received treatment

Activity Funding

Federal head start funds flow directly from the federal office to 36 local head start programs (\$84.7 million in FFY 2007 and \$84.8 million in FFY 2008). 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. The Minnesota legislature chose to use the existing federal programs, administrative structure, and program performance standards already in place. State allocation of funds is based equally on the program 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 – Minnesota annually receives a \$125,000 federal grant from the head start federal office to create significant statewide collaboration 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, Early Learning Services, (651) 582-8397, http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html.

DEPT OF EDUCATION

Program: EARLY CHILDHOOD & FAMILY SUPP

Activity: HEAD START

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	20,100	20,100	20,100	20,100	40,200
Subtotal - Forecast Base	20,100	20,100	20,100	20,100	40,200
Total	20,100	20,100	20,100	20,100	40,200
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	20,100	20,100	20,100	20,100	40,200
Total	20,100	20,100	20,100	20,100	40,200
<u>Expenditures by Category</u>					
Local Assistance	20,100	20,100	20,100	20,100	40,200
Total	20,100	20,100	20,100	20,100	40,200

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 three years, 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 95 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, 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, opportunities for 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 parents and teachers;
- ◆ the central directory and 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 service providers; and
- ◆ coordination with child care providers and other early childhood service providers to improve Child Find.

Historical Perspective

Minnesota has participated in Part C (formerly Part H), IDEA (Individuals with Disabilities Education Act) since 1987.

The Minnesota Department of Education (MDE), designated by the state as the lead agency, together with the 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.

Activity at a Glance

FY 2007

- ◆ 3,924 Minnesota children and families received services through an individual family services plan.
- ◆ 96 community coordinating committees design comprehensive intervention services for very young children with disabilities.

DEPT OF EDUCATION

Program: EARLY CHILDHOOD & FAMILY SUPP

Activity: INFANTS & TODDLERS

Narrative

Key Activity Goals

This program addresses the following Minnesota Milestones: 1) all children will be healthy and start school ready to learn; and 2) Minnesotans will excel in basic and challenging academic skills and knowledge.

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. The goal is to have 2.44% of children in this age range participating in FY 2011.

The number of eligible children, birth to age three, with an IFSP on December 1 of each year has increased from 2,464 in 2000 to 3,924 in 2007.

	Children and Their Families with an IFSP on December 1			
	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of children and their families participating with IFSPs	3,039	3,209	3,587	3,924
Percentage of children participating (est.)	1.50%	1.56%	1.70%	NA

The percentage of children participating is based upon federal estimates and is provided to the states by the U.S. Department of Education, Office of Special Education Programs.

Activity Funding

Minnesota's federal allocation for Part C is based on the annual number of all children in the cohorts from birth to age three.

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, Early Learning Services at (651) 582-8397, http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html.

DEPT OF EDUCATION

Program: EARLY CHILDHOOD & FAMILY SUPP

Activity: INFANTS & TODDLERS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Federal	11,413	12,137	12,161	12,261	24,422
Total	11,413	12,137	12,161	12,261	24,422
<u>Expenditures by Category</u>					
Other Operating Expenses	548	960	960	960	1,920
Local Assistance	10,865	11,177	11,201	11,301	22,502
Total	11,413	12,137	12,161	12,261	24,422

Activity Description**Citation:** M.S. 124D.129

The purpose of this program is to work with health care providers and community organizations to provide parent information to parents of newborns at the time of birth.

Population Served

All parents of newborn children in Minnesota are potential customers of this program.

Services Provided

The department coordinates a partnership with early childhood organizations, including, but not limited to, early childhood family education, child care resource and referral, and interagency early intervention committees. Parents of newborns are provided informational materials and contacts for a broad range of subjects prior to hospital discharge. MDE has developed a Website (<http://mnparentsknow.info>) that provides information and links to resources on child development, parent education, child care, and consumer safety.

The Website continues to have new and expanded content. The interactive and innovative parent Website includes

- ◆ an interactive early childhood program directory;
- ◆ customized Google search providing users with research-based information evaluated by Tufts University using evaluation criteria developed by national scholars;
- ◆ over 75 videos on child development, health, and parenting topics;
- ◆ podcasts on relevant newborn topics;
- ◆ parenting A-Z topics on child development, parenting, child health, and consumer safety information;
- ◆ moderated parent forum; and
- ◆ periodic online surveys to parents on a variety of topics.

Key Activity Goals

- ◆ Families will provide a stable, supportive environment for their children (Milestones). The partnership's parent Website provides reliable, research-based information, and links to programs in one convenient and easily accessible location, so that families can create optimal stable environments for their children.
- ◆ All children will be healthy and start school ready to learn (Milestones). The partnership provides resources to support children's development and learning, as well as information and referrals that can lead to earlier detection and intervention for child health and development problems to improve children's learning potential.

Activity Funding

\$80,000 was provided in FY 2007 to develop the program. The base for this program in FY 2008 and later years is \$50,000.

Contact

Additional information is available from the Minnesota Department of Education, Early Learning Service, (651) 582-8397, http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html.

Activity at a Glance

- ◆ Parent website receives approximately 10,000 views per month.
- ◆ Voted "Best Source of Information" by Minnesota Parent magazine readers.

DEPT OF EDUCATION

Program: EARLY CHILDHOOD & FAMILY SUPP

Activity: EDUCATE PARENTS PARTNERSHIP

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	50	50	50	50	100
Subtotal - Forecast Base	50	50	50	50	100
Total	50	50	50	50	100
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	31	69	50	50	100
Total	31	69	50	50	100
<u>Expenditures by Category</u>					
Other Operating Expenses	31	69	50	50	100
Total	31	69	50	50	100

Budget Activities

- ⇒ Community Education
- ⇒ Adults with Disabilities Program
- ⇒ Hearing Impaired Adults
- ⇒ School Age Care Revenue

DEPT OF EDUCATION

Program: COMMUNITY EDUCATION

Program Summary

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	2,079	1,577	1,577	1,577	3,154
Technical Adjustments					
End-of-session Estimate			(230)	(333)	(563)
November Forecast Adjustment		0	19	(21)	(2)
Subtotal - Forecast Base	2,079	1,577	1,366	1,223	2,589
Governor's Recommendations					
Aid Payments Shift		0	(128)	14	(114)
Total	2,079	1,577	1,238	1,237	2,475
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,078	1,577	1,238	1,237	2,475
Total	2,078	1,577	1,238	1,237	2,475
<u>Expenditures by Category</u>					
Local Assistance	2,078	1,577	1,238	1,237	2,475
Total	2,078	1,577	1,238	1,237	2,475
<u>Expenditures by Activity</u>					
Community Education	1,299	796	528	456	984
Adults W Disability	708	710	639	710	1,349
Hearing Impaired Adults	70	70	70	70	140
School Age Care	1	1	1	1	2
Total	2,078	1,577	1,238	1,237	2,475

DEPT OF EDUCATION

Program: COMMUNITY EDUCATION

Activity: COMMUNITY EDUCATION

Narrative

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 access to school facilities for public use.

Activity at a Glance

- ◆ Every Minnesota school district operates a community education program.
- ◆ Programs serve participants of all ages from preschool through senior citizens.

Population Served

Every Minnesota school district operates a community education program. Programs serve children and adults of all ages.

Services Provided

Community education provides services beyond the regular K-12 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.

School boards must establish a community education advisory council and, with some exceptions, must employ a licensed community education director.

Historical Perspective

State funding for community education began in 1971 to promote the community use of public schools facilities beyond the regular school day.

Key Activity Goals

- ◆ Minnesota's workforce will have the education and training to make the state a leader in the global economy (Milestones). Community education programs, including adult basic education, provide lifelong learning opportunities for persons of all ages.
- ◆ Our communities will be safe, friendly, and caring (Minnesota Milestones). Youth development and youth service programs provide young people opportunities to become active citizens, involved in their community. Youth after-school enrichment programs provide structured, supervised activities to support the social, mental, physical, and creative abilities of school-age youth during high-risk times.

Key Measures

The table below shows reported participants, not including those reported separately under ECFE, ABE, and early childhood screening.

	Numbers in Millions					
					Est.	Est.
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Participants	2.00	2.15	2.54	2.60	3.30	2.97

DEPT OF EDUCATION

Program: COMMUNITY EDUCATION

Activity: COMMUNITY EDUCATION

Narrative

Activity Funding

The community education revenue formula has three components for FY 2007 and later. All districts receive general revenue equal to \$5.42 times the greater of the district's resident population or 1,335. The general revenue rate for FY 2009 is \$5.42. Districts that have implemented a youth development plan receive youth service revenue of \$1 times the greater of 1,335 or the district's population. Districts that operate a youth after-school enrichment program receive additional revenue of \$1.85 times the greater of 1,335 or the population of the district up to 10,000, plus \$0.43 times the population in excess of 10,000. The community education levy is set at the lesser of a district's total community education revenue or 0.9% times its adjusted net tax capacity (ANTC). A district receives state aid if its tax capacity is not sufficient to generate a levy equal to its formula revenue.

Fees, federal and private grants, and other local revenue sources provide nearly five times the revenue for community education programs as the statutory formula generates in local levy and state aid. Districts reported nearly \$187 million in revenue from these sources, more than 80% of the total FY 2007 revenue for community education programs, excluding ECFE, school readiness, and ABE.

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) 582-8330.

DEPT OF EDUCATION

Program: COMMUNITY EDUCATION & PREVENTION

Activity: Community Education

Budget Activity Summary

Dollars in Thousands

		Current		Governor's Rec		Biennium
		FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund						
General Fund						
1	Total Current Appropriation	1,299	796	796	796	1,592
	a. End of Session Estimate			(230)	(333)	(563)
	b. Cancellation					0
	c. November Forecast Adjustment			19	(21)	(2)
2	Forecast Base	1,299	796	585	442	1,027
Governor's Recommendation						
	a. Aid Payment Shift			(57)	14	(43)
3	Governor's Recommended Appropriation			528	456	984
District Revenue Summary (Entitlement Basis)						
AID						
State Aid						
4	Statutory Formula Aid	1,266	748	567	428	995
5	Statutory Excess/(Shortfall)					0
6	Appropriated Entitlement	1,266	748	567	428	995
7	Adjustments					
	a. Appropriation Reduction					
	b. Cancellation					
	c. Supplemental Appropriation					
8	State Aid Entitlement Current Law	1,266	748	567	428	995
<i>plus</i>						
LEVY						
Levy						
9	Local Levy Current Law	37,151	38,091	38,546	39,112	77,658
<i>equals</i>						
REVENUE	10 Current Law Revenue (State Aid & Levy)	38,417	38,839	39,113	39,540	78,653
Appropriations Basis for State Aid						
	Prior Year (10%/20%)	195	122	74	113	187
	Current Year (90%/80%)	1,104	674	454	343	797
	Total State Aid - General Fund	1,299	796	528	456	984

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 grown to over 89,000 reported in FY 2007.

Services Provided

Community education programs locally administer the adults with disabilities program. Thirty of 67 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
- ◆ activities to increase public awareness of the roles of people with disabilities

Key Activity Goals

This program provides funding to support activities designed to help adults with disabilities participate in Minnesota's communities and economy.

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 (MDE).

The state aid formula provides the lesser of \$30,000 or one-half of 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, Center for Postsecondary Success, Adult and Career Education section, (651) 582-8330.

Activity at a Glance

- ◆ 67 school districts were approved for adults with disabilities program aid in FY 2007. Of these, 63 districts levied a matching amount while four districts operated on an aid only pilot basis.

DEPT OF EDUCATION

Program: COMMUNICATION EDUCATION

Activity: Adults with Disabilities

Budget Activity Summary

Dollars in Thousands

		Current		Governor's Rec		Biennium
		FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund						
General Fund						
1	Total Current Appropriation	709	710	710	710	1,420
	a. Cancellation	(1)				
2	Forecast Base	708	710	710	710	1,420
Governor's Recommendation						
	a. Aid Payment Shift			(71)	0	(71)
3	Governor's Recommended Appropriation			639	710	1,349
District Revenue Summary (Entitlement Basis)						
AID	State Aid					
4	Statutory Formula Aid	710	710	710	710	1,420
5	Statutory Excess/(Shortfall)					0
6	Appropriated Entitlement	710	710	710	710	1,420
7	Adjustments					
8	State Aid Entitlement Current Law	710	710	710	710	1,420
<i>plus</i>						
LEVY	Levy					
9	Local Levy Current Law	670	670	670	670	1,340
<i>equals</i>						
REVENUE	10 Current Law Revenue (State Aid & Levy)	1,380	1,380	1,380	1,380	2,760
Appropriations Basis for State Aid						
	Prior Year (10%/20%)	70	71	71	142	213
	Current Year (90%/80%)	639	639	568	568	1,136
	Cancellation (PY 10%)	(1)				
	Total State Aid - General Fund	708	710	639	710	1,349

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

- ◆ 15 sites received funding under this program in FY 2007 with aid ranging from \$25 to more than \$24,000.
- ◆ Requests exceeded available funding by \$12,800.

Population Served

This program serves deaf and hard of hearing adults participating in adult education classes.

Services Provided

This program

- ◆ targets part-time adult students with hearing impairments;
- ◆ provides access to vocational education programs and 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). This program provides 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 Activity Goals

This program provides services that improve the access to adult education classes for deaf and hard of hearing adults, allowing them to participate in Minnesota's communities and economy.

Key Measures

Approximately 63% of reimbursement requests come from school districts providing adult education. The remaining 37% come from other public and private organizations. During FY 2008, 15 different agencies received funds, ranging from over \$24,000 for St. Paul College to \$25 for a local school district to interpret a one-time community education class for one adult.

Activity Funding

The Minnesota Department of Education (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 \$50 and \$80.

Both public and private agencies providing adult education classes to hearing impaired adults may apply to 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.

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, Center for Postsecondary Success, Adult and Career Education section, (651) 582-8330.

DEPT OF EDUCATION
 Program: COMMUNITY EDUCATION
 Activity: HEARING IMPARED ADULTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	70	70	70	70	140
Subtotal - Forecast Base	70	70	70	70	140
Total	70	70	70	70	140
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	70	70	70	70	140
Total	70	70	70	70	140
<u>Expenditures by Category</u>					
Local Assistance	70	70	70	70	140
Total	70	70	70	70	140

Activity Description

Citation: M.S. 124D.19; 124D.22

School age care (SAC) revenue is an equalized levy and aid program that supports the additional costs of providing after-school care for children with disabilities or children experiencing family or related problems of a temporary nature.

Activity at a Glance.

- ◆ 155 school districts certified levies for FY 2009.

Population Served

Services funded by this revenue are only for children with disabilities or children who experience problems of a temporary nature and participate in school age care programs.

Services Provided

School age care is a program for children from kindergarten through grade six to expand student's learning opportunities when school is not in session. Local school boards must develop the standards for 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
- ◆ access to available school facilities when otherwise not in use as part of the operation of the school

Historical Perspective

The Minnesota legislature authorized school boards to offer school age care programs in 1989; no levy was authorized or state aid appropriated. In 1992, the legislature authorized school age care revenue to pay for the additional costs of providing school age care to children with a disability or children "experiencing family or related problems of a temporary nature." The number of districts participating in this revenue program had grown from 79 in FY 1994 to 155 districts in FY 2009.

Key Activity Goals

All people will be welcomed, respected, and able to participate fully in Minnesota's communities and economy (Milestones). The school age care revenue program enables school districts to accommodate students with disabilities in before- and after-school care programs.

Activity Funding

School age care revenue is equal to the eligible annual additional costs of providing school age care services to children with disabilities or children who are experiencing a temporary family problem. The levy is equalized at a rate of \$2,433 of adjusted net tax capacity per resident pupil unit. That is, districts with a per-pupil tax capacity less than this amount are eligible to receive state aid. Levy authority equals school age care revenue times the lesser of 1.0 or the ratio of the district's per-pupil tax capacity to \$2,433. Aid equals the difference between revenue and levy authority. Most school districts accessing this revenue have tax capacities sufficient to generate 100% of their school age care revenue.

The School Age Care levy comprised around 10% of the total revenue school districts reported for before- and after-school care programs in FY 2007, 90% of which came from fees.

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 at (651) 582-8467, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html.

DEPT OF EDUCATION

Program: COMMUNITY EDUCATION

Activity: School Age Care

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund					
General Fund					
1 Total Current Appropriation	1	1	1	1	2
a. End of Session Estimate					
b. November Forecast Adjustment					
d. Transfer per M.S. 127A.41					
2 Governor's Recommended Appropriation	1	1	1	1	2

District Revenue Summary (Entitlement Basis)						
AID	State Aid					
3 Statutory Formula Aid	1	1	1	1	2	
4 Statutory Excess/(Shortfall)						
5 Appropriated Entitlement	1	1	1	1	2	
6 Adjustments						
7 a. Supplemental Appropriation						
b. Transfer per M.S. 127A.41						
8 State Aid Entitlement Current Law	1	1	1	1	2	
<i>plus</i>						
LEVY	Levy					
9 Local Levy Current Law						
<i>equals</i>						
REVENUE	10 Current Law Revenue (State Aid & Levy)	1	1	1	1	2
Appropriations Basis for State Aid						
	Prior Year (10%)					
	Current Year (90%)	1	1	1	1	2
	Transfer per M.S. 127A.41					
	Total State Aid - General Fund	1	1	1	1	2

Budget Activities

- ⇒ Adult Basic Education
- ⇒ GED Tests

DEPT OF EDUCATION

Program: SELF SUFFICIENT & LIFELONG LRN

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	40,470	41,837	41,837	41,837	83,674
Technical Adjustments					
End-of-session Estimate			1,243	2,529	3,772
November Forecast Adjustment		0	(28)	(33)	(61)
Subtotal - Forecast Base	40,470	41,837	43,052	44,333	87,385
Governor's Recommendations					
Aid Payments Shift		0	(4,305)	(129)	(4,434)
Total	40,470	41,837	38,747	44,204	82,951
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	40,396	41,860	38,747	44,204	82,951
Statutory Appropriations					
Federal	4,894	7,500	6,700	7,370	14,070
Total	45,290	49,360	45,447	51,574	97,021
<u>Expenditures by Category</u>					
Other Operating Expenses	0	55	0	0	0
Local Assistance	45,290	49,305	45,447	51,574	97,021
Total	45,290	49,360	45,447	51,574	97,021
<u>Expenditures by Activity</u>					
Adult Basic Education	45,188	49,212	45,322	51,449	96,771
Ged Tests	102	148	125	125	250
Total	45,290	49,360	45,447	51,574	97,021

Activity Description

Citation: M.S. 124D.52; 124D.53 ;

Federal Citation: Adult Education and Family Literacy Act, Chapter 2, Public Law 105-220, and Workforce Investment Act, Section 503. 20 U.S.C. 1201 et seq. (CFDA 84.002).

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, self sufficiency, and postsecondary training.

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 300,000 Minnesota residents are immigrants or refugees in need of basic English skills. Enrollment in English as a Second Language (ESL) programs has doubled in the past five years. During FY 2008, over 32,000 adults enrolled in ESL classes and 45% of all enrollees in adult basic education (ABE) were ESL students. A majority of ESL students are at the lowest literacy levels.

Activity at a Glance

- ◆ 53 ABE consortia, 500 delivery sites statewide.
- ◆ 1,200 licensed teachers and 3,000 volunteers served over 75,000 students in FY 2007.
- ◆ One out of every 11 diplomas issued in Minnesota during 2007 was a GED or adult high school diploma.
- ◆ 48% of all enrollees were ESL students, 72% were parents, and 18% were unemployed.
- ◆ Research shows that the average GED or adult diploma graduate earns about \$7,000 more per year than a dropout.

Services Provided

ABE program options include the following program types.

- ◆ *GED* (General Education Development diploma) - high school equivalency program (a GED online program will begin in 2008)
- ◆ *Adult Diploma* - programs for adults leading to a Minnesota high school diploma
- ◆ *English as a Second Language* - for students 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 students 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 students' 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 noncitizens 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 (53 administrative units) to maximize efficiency and to share resources.

Key Activity Goals

By providing educational opportunities for adults who lack basic academic skills, this program promotes a Minnesota workforce that will have the education and training to be a leader in global economy.

DEPT OF EDUCATION

Program: SELF SUFFICIENT & LIFELONG LRN

Activity: ADULT BASIC EDUCATION

Narrative

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.

<u>Selected Outcome Results</u>	<u>FY 2000</u>	<u>FY 2008</u>	<u>Percent Change</u>
Enrollment	73,213	74,656	1%
GED's Earned	6,885	6,170	-10%
H.S. Diplomas Earned	1,102	1,344	22%
Left Public Assistance	145	578	299%
Entered Post-Secondary Education	2,442	5,398	121%
Gained U.S. Citizenship or Civics Skills	884	1,095	24%
Able to Assist Children in School	12,221	14,491	19%
Gained or Better Employment	2,621	7,872	200%
Annual Cost Per Learner	\$462	\$655	42%

The state ABE program exceeded its nationally established accountability targets for the past six years. These targets include measurable outcomes of academic level completion, diploma/GED attainment, job placement/retention, and transition to higher education/training.

In December 2005, the federal ABE office conducted a four-day monitoring visit to Minnesota ABE. Their report commended the state on five administrative and programmatic issues and found zero deficiencies in the Minnesota ABE program.

Activity Funding

State ABE aid is distributed to approved consortia using a formula as specified in law:

- ◆ 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) students 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 an 11% 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 \$22 per prior year contact hour. The increase in learner contact hours over the past five years and the resulting contact hour revenue generated under the formula are shown in the table below.

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Contact Hours	4,170,176	4,420,210	4,845,106	4,994,916	5,216,421	5,214,101	5,054,208
% Increase in Contact Hours Over Prior Year	17.40	6.00	9.60	3.10	11.20	-0.04	-3.10
Contact Hour Revenue Rate Generated for Next Year Funding	\$5.19	\$4.80	\$4.79	\$4.61	\$4.54	\$5.01	\$5.41

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.

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.

DEPT OF EDUCATION

Program: SELF SUFFICIENT & LIFELONG LRN

Activity: ADULT BASIC EDUCATION

Narrative

Contact

Additional information is available from the Minnesota Department of Education, Adult Basic Education, (651) 582-8442, http://education.state.mn.us/MDE/Learning_Support/Adult_Basic_Education_GED/Adult_Basic_Education/index.html.

DEPT OF EDUCATION

Program: SELF SUFFICIENT AND LIFELONG LEARNING

Activity: Adult Basic Education

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2008	FY 2009	FY 2010	FY 2011	2010-11
Direct Appropriations by Fund					
General Fund					
1 Total Current Appropriation	40,344	41,712	41,712	41,712	83,424
a. End of Session Estimate			1,243	2,529	3,772
b. November Forecast			(28)	(33)	(61)
c. Cancellation	(50)				
2 Forecast Base	40,294	41,712	42,927	44,208	87,135
3 Governor's Recommendation					
a. Aid Payment Shift			(4,305)	(129)	(4,434)
4 Governor's Recommended Appropriation			38,622	44,079	82,701
District Revenue Summary (Entitlement Basis)					
AID					
State Aid					
5 Statutory Formula Aid	40,651	41,829	43,050	44,336	87,386
6 Statutory Excess/(Shortfall)	(1)				0
7 Appropriated Entitlement	40,650	41,829	43,050	44,336	87,386
8 Adjustments					
a. Cancellation					
b. Appropriation Reduction					
9 State Aid Entitlement Current Law	40,650	41,829	43,050	44,336	87,386
10 Other Revenue					
a. Federal					0
11 Total All Sources Current Law	40,650	41,829	43,050	44,336	87,386
Appropriations Basis for State Aid					
Prior Year (10%/20%)	3,759	4,065	4,182	8,610	12,792
Cancellation (10%)	(50)				
Cancellation (90%)					
Current Year (90%/80%)	36,585	37,647	34,440	35,469	69,909
Total State Aid - General Fund	40,294	41,712	38,622	44,079	82,701

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 four criteria:

1. be 19 years of age or obtain a waiver from the Minnesota Department of Education (MDE);
2. be a Minnesota resident and have been so for at least 90 days;
3. not be currently enrolled in a program leading to a high school diploma; and
4. not have the testing fee paid by another government agency.

Nearly all GED applicants qualify for GED test financial support.

In Calendar Year 2007

- ◆ 22.7 years = average age of GED examinee
- ◆ 10.2 years = average years of education of GED examinee
- ◆ 16-18 year olds accounted for 1,619 of the graduates, 26 % of the total

Services Provided

This budget activity provides supplementary funds to GED testing centers to help offset the cost of GED 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 nine 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. Most 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 MDE. A high school diploma or GED is required by many employers and virtually all of Minnesota's postsecondary 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. The 2008 legislature raised this \$20 subsidy to \$40.

Key Activity Goals

By earning a State of Minnesota GED diploma, individuals are welcomed, respected, and able to participate fully in Minnesota's communities and economy.

Activity at a Glance

- ◆ 58 GED testing centers.
- ◆ In Calendar Year 2007, 10,356 examinees took at least one GED test and 7,412 took all five tests.
- ◆ In 2007, 6,170 adults were granted GED diplomas in Minnesota.
- ◆ Individuals who receive their high school diploma or GED earn about \$7,000 more per year than a dropout and gain access to postsecondary education.

Key Measures

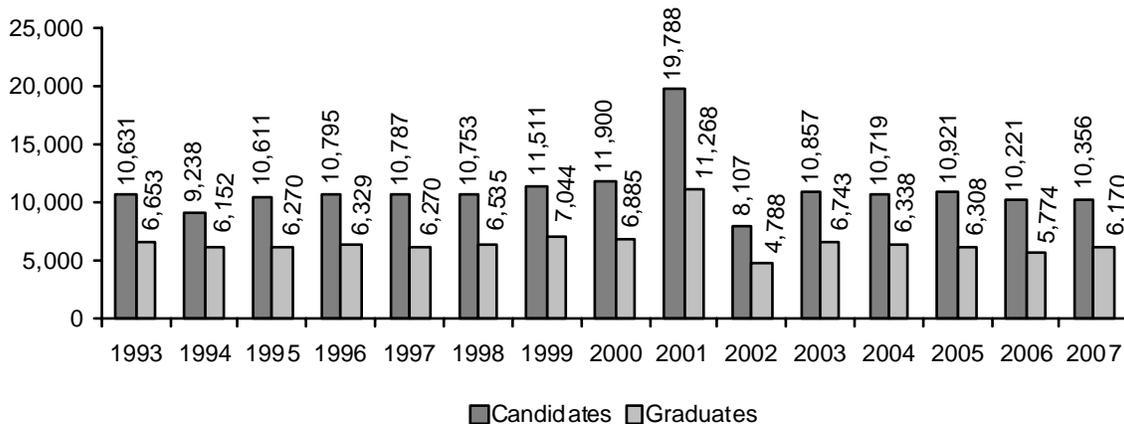
Provide increased access for eligible individuals to complete the GED test by paying a portion of the student's testing fees.

- ◆ GED testing data is reported on a calendar year basis (January through December annually).

Calendar Year 2007 Statistics

- ◆ Passing rate in Minnesota is 83 % (Top five in US).
- ◆ In 2007, more than one of 11 high school credentials issued in Minnesota was a GED or adult diploma. A total of 6,170 GEDs and 1,344 adult diplomas were earned.
- ◆ 46% of examinees wanted a GED to be able to further education; 46% for employment; and 4% for entrance into the military.

**Candidates Taking All or Part of Test
GED Graduates
Calendar Year Basis (Jan.-Dec.)**



Activity Funding

Currently, the average GED test fee per participant is \$95. In 1992, the state covered \$9 of the total \$15 test fee (60%). In 2007, the state covered \$20 of the \$95 test fee (21%).

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, http://education.state.mn.us/mde/Learning_Support/Adult_Basic_Education_GED/index.html.

DEPT OF EDUCATION

Program: SELF SUFFICIENT & LIFELONG LRN

Activity: GED TESTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	125	125	125	125	250
Subtotal - Forecast Base	125	125	125	125	250
Total	125	125	125	125	250
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	102	148	125	125	250
Total	102	148	125	125	250
<u>Expenditures by Category</u>					
Local Assistance	102	148	125	125	250
Total	102	148	125	125	250

DEPT OF EDUCATION

Program: DISCONTINUED PROGRAMS

Activity: STATE DISCONTINUED

Narrative

Statute requires a report of discontinued education aids or grants if there is an expenditure in FY 2007, FY 2008, and FY 2009.

<u>Discontinued State Programs</u>	Dollars in Thousands		
	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Other General Education			
Special Education Task Force		20	20
Declining Pupil Aid Browns Valley		100	100
Declining Pupil Aid Red Lake		455	50
Declining Pupil Aid McGregor		100	
Rushford Peterson transportation aid		40	
Ed Ex-Innovation and Accountability			
St. Croix River Ed District (SCRED)		500	500
Best Practices Seminars	1,630		
Ed Ex-Special Student and Teacher			
First Grade Preparedness	7,250	7,250	7,250
Principals' Leadership Institute			275
MN Humanities Commission			275
Character Development	1,460		
Get Ready, Get Credit (CLEP)	42	71	1,279
Math & Teacher Science Academies		257	2,743
Science, Technology (STEM)		1,500	1,500
Site Based Governance Grants	29		
Scholars of Distinction	24		
World Language/Chinese Language	116	232	268
TIMMS Study	475		
NW Online College in High School	47		
Ed Ex-Indian Programs			
Amer Indian Scholarship	1,873		
Facilities and Technology			
Rocori School District	137	53	
Eden Valley Grant		125	
Technology/Deferred Maintenance		38,236	52,454
Disaster Relief Grants		14	
Plainview Grant		17	
Lewiston Disaster Relief		5	
Waseca Levy	316		
Community Ed & Prevention			
After School Community Learning Grants		2,633	2,600
Self Sufficiency and Life-long Learning			
Adult Literacy Grants	1,250	1,250	
Total	\$14,649	\$52,858	\$69,314

*FY 2007 amounts are actuals. FY 2008 and FY 2009 are budgeted amounts.

DEPT OF EDUCATION
 Program: DISCONTINUED PROGRAMS
 Activity: STATE DISCONTINUED

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	55,061	67,254	67,254	67,254	134,508
Technical Adjustments					
One-time Appropriations			(59,504)	(59,504)	(119,008)
Program/agency Sunset			(7,750)	(7,750)	(15,500)
Subtotal - Forecast Base	55,061	67,254	0	0	0
Total	55,061	67,254	0	0	0
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	52,858	69,314	0	0	0
Total	52,858	69,314	0	0	0
<u>Expenditures by Category</u>					
Total Compensation	77	145	0	0	0
Other Operating Expenses	30	230	0	0	0
Payments To Individuals	71	1,279	0	0	0
Local Assistance	52,680	67,660	0	0	0
Total	52,858	69,314	0	0	0
Full-Time Equivalents (FTE)	1.4	2.9	0.0	0.0	

DEPT OF EDUCATION

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	1,778	1,870	1,939	1,929	3,868
Other Revenues:					
General	6	5	0	0	0
Other Sources:					
General	5	0	0	0	0
Total Non-Dedicated Receipts	1,789	1,875	1,939	1,929	3,868
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Miscellaneous Special Revenue	6,998	4,769	5,599	5,633	11,232
Grants:					
Miscellaneous Special Revenue	2,112	1,774	1,676	1,677	3,353
Federal	573,889	626,400	639,866	661,573	1,301,439
Miscellaneous Agency	163	429	0	0	0
Other Revenues:					
Miscellaneous Special Revenue	3,918	3,741	3,750	3,750	7,500
Federal	49,283	54,239	59,743	65,717	125,460
Maximum Effort School Loan	1,818	1,626	1,500	1,500	3,000
Miscellaneous Agency	323	1,429	1,429	1,429	2,858
Gift	12	17	50	50	100
Other Sources:					
Miscellaneous Special Revenue	309	220	220	220	440
Maximum Effort School Loan	10	0	0	0	0
Miscellaneous Agency	177	0	0	0	0
Total Dedicated Receipts	639,012	694,644	713,833	741,549	1,455,382
Agency Total Revenue	640,801	696,519	715,772	743,478	1,459,250

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
Fund 100 – State General				
MN Children's Museum – 002 – Laws 07, Chap. 146, Art. 7, Sect. 4, Subd. 2(e)	Grant to support activities of the Minnesota Children's Museum.	MN Children's Museum	\$260,000	
Academy of Science – 003 – Laws 07, Chap. 146, Art. 7, Sect. 4, Subd. 2(f)	Grant to support activities of the Academy of Science.	Academy of Science	41,000	
Lancaster Loss of Sparsity Revenue – 007 – Laws 08, Art. 2, Sect. 51, Subd. 4	For a grant to Independent School District No. 356, Lancaster, to replace the loss of sparsity revenue.	Lancaster School District	100,000	
Board of Teaching – 008 – Laws 07, Chap. 146, Art. 7, Sect. 4, Subd. 2(g)			10,000	
Duluth Children's Museum – 013 - Laws 07, Chap. 146, Art. 7, Sect. 4, Subd. 2(i)	Grant to support the activities of the Duluth Children's Museum.	Duluth Children's Museum	50,000	
Flood Aid ISD 239 Enrollment Impact – 023 – Laws 07 1 st SS, Chap. 2, Art. 1, Sect. 11, Subd. 2(a)	The MDE shall pay to the school district flood enrollment impact aid equal to \$5,394 times the number of pupils lost as a result of the floods of August 2007. The district must provide to the MDE documentation of the number of pupils in average daily membership lost as a result of the flood.	ISD 239 Rushford Peterson School District	158,000	
Head Start – 081 – MS 08, Chap. 119A.50 - .545	The MDE is responsible for administering the Head Start program. The MDE shall allocate funds according to formula to public or private nonprofit agencies for the purpose of providing supplemental funds for the federal Head Start program. The MDE must distribute money appropriated to federally designated Head Start programs to expand services and to serve additional low-income children. Migrant and Indian reservation programs must be initially allocated money based on the programs' share of federal funds. The remaining money must be initially allocated to the remaining local agencies based equally on the agencies' share of federal funds and on the proportion of eligible children in the agencies' service area who are not currently being served. A Head Start program must be funded at a per child rate equal to its contracted, federally funded base level at the start of the fiscal year. In allocating funds the MDE must assure that each Head Start program in existence in 1993 is allocated no less	Non-government Organizations	20,100,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>funding in any fiscal year than was allocated to that program in fiscal year 1993. Before paying money to the programs, the MDE must notify each program of its initial allocation, how the money must be used, and the number of low-income children to be served with the allocation based upon the federally funded per child rate. Each program must present a plan. For any program that cannot utilize its full allocation at the beginning of the fiscal year, the MDE must reduce the allocation proportionately. Money available after the initial allocations are reduced must be redistributed to eligible programs. The MDE must develop procedures to make payments to programs based upon the number of children reported to be enrolled during the required time period of program operations. Enrollment is defined by federal Head Start regulations. The procedures must include a reporting schedule, corrective action plan requirements, and financial consequences to be imposed on programs that do not meet full enrollment after the period of corrective action. Programs reporting chronic under enrollment, as defined by the MDE, will have their subsequent program year allocation reduced proportionately. Funds made available by prorating payments and allocations to programs with reported under enrollment will be made available to the extent funds exist to fully enrolled Head Start programs through a form and manner prescribed by the department. A research-based early childhood literacy program premised on actively involved parents, ongoing professional staff development, and high quality early literacy program standards is established to increase the literacy skills of children participating in Head Start to prepare them to be successful readers and to increase families' participation in providing early literacy experiences to their children. Program providers must: work to prepare children to be successful learners; work to close the achievement gap for at-risk children; use an integrated approach to early literacy that daily offers a literacy-rich classroom learning environment composed of books, writing materials, writing centers, labels, rhyming, and other related literacy materials and opportunities; support children's home language while helping the children master</p>			

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>English and use multiple literacy strategies to provide a cultural bridge between home and school; use literacy mentors, ongoing literacy groups, and other teachers and staff to provide appropriate, extensive professional development opportunities in early literacy and classroom strategies for preschool teachers and other preschool staff; use ongoing data-based assessments that enable preschool teachers to understand, plan, and implement literacy strategies, activities, and curriculum that meet children's literacy needs and continuously improve children's literacy; and foster participation by parents, community stakeholders, literacy advisors, and evaluation specialists. Program providers are encouraged to collaborate with qualified, community-based early childhood providers in implementing this program and to seek non-state funds to supplement the program. Program providers interested in extending literacy programs to children in kindergarten through grade 3 may elect to form a partnership with an eligible organization, schools enrolling children in kindergarten through grade 3, and other interested and qualified community-based entities to provide ongoing literacy programs that offer seamless literacy instruction focused on closing the literacy achievement gap. To close the literacy achievement gap by the end of third grade, partnership members must agree to use best efforts and practices and to work collaboratively to implement a seamless literacy model from age 3 to grade 3. Literacy programs must collect and use literacy data to: evaluate children's literacy skills; and formulate specific intervention strategies to provide reading instruction to children premised on the outcomes of formative and summative assessments and research-based indicators of literacy development. The literacy programs under this paragraph also must train teachers and other providers working with children to use the assessment outcomes to develop and use effective, long-term literacy coaching models that are specific to the program providers. The MDE must collect and evaluate literacy data on children from age 3 to grade 3 who participate in literacy programs to determine the efficacy of early literacy programs on children's success in</p>			

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	developing the literacy skills that they need for long-term academic success and the programs' success in closing the literacy achievement gap.			
Inter-district Desegregation Transportation – 105 – MS 08 Chap. 124D.87	A district that provides transportation of pupils to and from an inter-district program for desegregation or integration purposes is eligible for state aid to reimburse the additional costs of transportation during the preceding fiscal year. A district in the metropolitan area may apply to the MDE for state aid to reimburse the costs of transporting pupils who are enrolled during the preceding fiscal year if the enrollment of the student in the nonresident district contributes to desegregation or integration purposes. The MDE shall develop the form and manner of applications for state aid, the criteria to be used to determine when transportation is for desegregation or integration purposes, and the accounting procedure to be used to determine excess costs. In determining aid amounts, the MDE shall consider other revenue received by the district for transportation for desegregation or integration purposes.	School Districts	13,078,000	
Non-Public Pupil Transportation – 106/906 – MS 08 Chap. 123B.92, Subd. 9	A district's nonpublic pupil transportation aid for the school year for transportation services for nonpublic school pupils equals the sum of the amounts computed. This aid does not limit the obligation to transport pupils. For regular and excess transportation an amount equal to the product of: the district's actual expenditure per pupil transported in the regular and excess transportation categories during the second preceding school year; times the number of nonpublic school pupils residing in the district who receive regular or excess transportation service or reimbursement for the current school year; times the ratio of the formula allowance for the current school year to the formula allowance for the second preceding school year. For nonpublic non-regular transportation an amount equal to the product of: the district's actual expenditure for nonpublic non-regular transportation during the second preceding school year; times the ratio of the formula allowance for the current school year to the formula allowance for the second preceding school year.	School Districts – Current Year Prior Year Total	19,058,000 <u>2,070,000</u> 21,128,000	
One Room Schoolhouse – 125 – Laws 2005, 1 st Special Session,	For a grant to Independent School District No. 690, Warroad, to operate the Angle Inlet School.	ISD 690, Warroad	65,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
Chap. 5, Art. 1, Sect. 54				
Student Organizations – MS 08, Chap. 124D.34 and 124D.355	The purpose of the Minnesota Foundation For Student Organization Act is to promote vocational student organizations and applied leadership opportunities in Minnesota public and nonpublic schools through public-private partnerships. The foundation is a nonprofit organization. The board of directors of the foundation and activities of the foundation are under the direction of the MDE. The foundation shall advance applied leadership and intra-curricular vocational learning experiences for students. These may include, but are not limited to: recognition programs and awards for students demonstrating excellence in applied leadership; summer programs for student leadership, career development, applied academics, and mentorship programs with business and industry; recognition programs for teachers, administrators, and others who make outstanding contributions to school-to-work programs; outreach programs to increase the involvement of urban and suburban students; organized challenges requiring cooperation and competition for secondary and postsecondary students; assistance and training to community teams to increase career awareness and empowerment of youth as community leaders; and assessment and activities in order to plan for and implement continuous improvement. To the extent possible, the foundation shall make these programs available to students in all parts of the state. The state shall identify and secure appropriate funding for the basic staffing of the foundation and individual student school-to-work student organizations at the state level. The foundation must seek private resources to supplement the available public money. Individuals, businesses, and other organizations may contribute to the foundation in any manner specified by the board of directors. All money received shall be administered by the board of directors.	Health Occupations Service Occupations and other related programs Trade and Industry Occupations Business Professionals of America Agriculture and Agribusiness Education Family, Career and Community Leaders of America Marketing Education	40,000 38,000 88,000 84,000 134,000 135,000 95,000	
Collaborative Urban Educator – 823/843/845 – Laws of 2007, Chap. 146, Art. 2, Sect. 14	For collaborative urban educator grants: \$210,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; \$159,000 each year is for the collaborative urban educator program at the University of St. Thomas; and \$159,000 each year is for the Center for	Concordia College St. Thomas College Hamline University	212,000 223,000 179,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	Excellence in Urban Teaching at Hamline University. Grant recipients must collaborate with urban and non-urban school districts.			
Charter School Lease Aid – 824/924 – MS 08, Chap. 124D.11, Subd. 4	When a charter school finds it economically advantageous to rent or lease a building or land for any instructional purposes and it determines that the total operating capital revenue is insufficient for this purpose, it may apply to the MDE for building lease aid for this purpose. The MDE must review and either approve or deny a lease aid application using the following criteria: the reasonableness of the price based on current market values; the extent to which the lease conforms to applicable state laws and rules; and the appropriateness of the proposed lease in the context of the space needs and financial circumstances of the charter school. A charter school must not use the building lease aid it receives for custodial, maintenance service, utility, or other operating costs. The amount of building lease aid per pupil unit served for a charter school for any year shall not exceed the lesser of 90% of the approved cost or the product of the pupil units served for the current school year times the greater of the charter school's building lease aid per pupil unit served or \$1,200.	Charter Schools – Current Year Prior Year Total	33,476,000 <u>3,296,000</u> 36,772,000	
Charter School Start Up Aid – 825/925 – MS 08, Chap. 124D.11, Subd. 8	During the first two years of a charter school's operation, the charter school is eligible for aid to pay for start-up costs and additional operating costs. Start-up cost aid equals the greater of: \$50,000 per charter school; or \$500 times the charter school's pupil units served for that year.	Charter Schools – Current Year Prior Year Total	1,867,000 <u>161,000</u> 2,028,000	
Summer Food Service Replacement – 833 – MS 08 124D.119	States funds are available to compensate department-approved summer food program sponsors for reduced federal operating reimbursement rates under Public Law 104-193, the federal summer food service program. A sponsor is eligible for summer food service replacement aid equal to the sum of the following amounts: for breakfast service, up to four cents per breakfast served by the sponsor during the current program year; for lunch or supper service, up to 14 cents per lunch or supper served by the sponsor during the current program year; and for supplement service, up to ten cents per supplement served by the sponsor during the current program year.	Cities and Towns, School Districts, State Agencies, and Non-government Organizations	150,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
International Baccalaureate (IB) - 834 – MS 08, Chap. 120B.13	The advanced placement and international baccalaureate programs are academic programs for mature, academically directed high school students. 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. Advanced placement and international baccalaureate programs allow students to leave high school with the academic skills and self-confidence to succeed in college and beyond. The advanced placement and international baccalaureate programs help provide Minnesota students with world-class educational opportunity. Critical to schools' educational success is ongoing advanced placement/international baccalaureate-approved teacher training. A secondary teacher assigned by a district to teach an advanced placement or international baccalaureate course or other interested educator may participate in a training program offered by The College Board or International Baccalaureate North America, Inc. The state may pay a portion of the tuition, room, board, and out-of-state travel costs a teacher or other interested educator incurs in participating in a training program. The MDE shall determine application procedures and deadlines, select teachers and other interested educators to participate in the training program, and determine the payment process and amount of the subsidy. The procedures determined by the MDE shall, to the extent possible, ensure that advanced placement and international baccalaureate courses become available in all parts of the state and that a variety of course offerings are available in school districts. The MDE shall provide support programs during the school year for teachers who attended the training programs and teachers experienced in teaching advanced placement or international baccalaureate courses. The support programs shall provide teachers with opportunities to share instructional ideas with other teachers. The state may pay the costs of participating in the support programs, including substitute teachers, if necessary, and program affiliation costs. The state may pay all or part of the fee for	School Districts	770,000	
Advance Placement (AP) – A49 – MS 08, Chap. 120B.13		School Districts	3,754,000	
APIB Summer Workshops – 836 – MS 08, Chap. 120B.13		School Districts	543,000	
Pre AP – APIB Increase Student Participation – 886 -		School Districts	4,601,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>advanced placement or international baccalaureate examinations. The MDE shall pay all examination fees for all public and nonpublic students of low-income families and to the limit of the available appropriation shall also pay a portion or all of the examination fees for other public and nonpublic students sitting for an advanced placement examination, international baccalaureate examination, or both. The MDE shall determine procedures for state payments of fees. The colleges and universities of the Minnesota State Colleges and Universities system must award, and the University of Minnesota and private postsecondary institutions are encouraged to award, college credit to high school students who receive a score of three or higher on an advanced placement or four or higher on the international baccalaureate program examination.</p>			
<p>Concurrent Enrollment Program – 839 -</p>	<p>To establish a uniform standard by which concurrent enrollment courses and professional development activities may be measured, postsecondary institutions are encouraged to apply for accreditation by the National Alliance of Concurrent Enrollment Partnership. A district that offers a concurrent enrollment course is eligible to receive aid for the costs of providing postsecondary courses at the high school. Beginning in fiscal year 2011, districts only are eligible for aid if the college or university concurrent enrollment courses offered by the district are accredited by the National Alliance of Concurrent Enrollment Partnership, in the process of being accredited, or are shown by clear evidence to be of comparable standard to accredited courses. An eligible district shall receive \$150 per pupil enrolled in a concurrent enrollment course. The money must be used to defray the cost of delivering the course at the high school. The MDE shall establish application procedures and deadlines for receipt of aid payments.</p>	<p>School Districts</p>	<p>2,500,000</p>	
<p>Regional Library Telecommunications – 846/946 – MS 08, Chap. 134.355, Subd. 8 - 10</p>	<p>A regional public library system may apply for regional library telecommunications aid. The aid must be used for data and video access maintenance, equipment, or installation of telecommunication lines. To be eligible, a regional public library system must be officially designated by the MDE as a regional public library system and each of its participating cities and counties</p>	<p>Other Government – Current Year Prior Year Total</p>	<p>2,070,000 <u>230,000</u> 2,300,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>must meet local support levels. A public library building that receives this aid must be open a minimum of 20 hours per week. An application for regional library telecommunications aid must contain information to document the following: the connections are adequate and employ an open network architecture that will ensure interconnectivity and interoperability with school districts, postsecondary education, or other governmental agencies; that the connection is established through the most cost-effective means and that the regional library has explored and coordinated connections through school districts, postsecondary education, or other governmental agencies; that the regional library system has filed an e-rate application; and other information, as determined by the MDE, to ensure that connections are coordinated, efficient, and cost-effective, take advantage of discounts, and meet applicable state standards. The library system may include costs associated with cooperative arrangements with postsecondary institutions, school districts, and other governmental agencies. The MDE shall develop an application and a reporting form and procedures for regional library telecommunications aid. Aid shall be based on actual costs of connections and funds available for this purpose. The MDE shall make payments directly to the regional public library system.</p>			
<p>ECL MN Reading Corp – 847 – MS 08 Chap. 119A.50, Subd. 3 Laws 07, Chap. 146, Art. 2, Sect. 46, Subd. 16</p>	<p>For early childhood literacy programs leveraging federal and private funding to support Ameri-Corps members serving in the Minnesota Reading Corps program established by Serve Minnesota, including costs associated with the training and teaching of early literacy skills to children age three to grade 3 and the evaluation of the impact of the program. Also for words work grants for early childhood literacy allocated by the MDE.</p>	<p>Non-government Organizations</p>	<p>1,000,000</p>	
<p>ECL Words Works – 848 - MS 08 Chap. 119A.50, Subd. 3 Laws 07, Chap. 146, Art. 2, Sect. 46, Subd. 16</p>	<p>For a grant to the St. Croix River Education District: These funds must be used to: deliver standardized research-based professional development in problem-solving, including response to intervention, scientifically based reading instruction, and standards-aligned instruction and assessment; provide</p>	<p>Non-government Organizations</p>	<p>679,000</p>	
<p>St. Croix River Education District – 850 - Laws 07, Chap. 146, Art. 2, Sect. 46, Subd. 17</p>	<p>For a grant to the St. Croix River Education District: These funds must be used to: deliver standardized research-based professional development in problem-solving, including response to intervention, scientifically based reading instruction, and standards-aligned instruction and assessment; provide</p>	<p>School District</p>	<p>500,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	coaching to targeted districts throughout the state; deliver large scale training throughout the state; provide ongoing technical assistance to schools; assist with implementing professional development content into higher education instructional curricula; and evaluate the effectiveness of project activities.			
Integration Aid – 866/966 – MS 08 124D.86	Integration revenue must be used for programs established under a desegregation plan filed with the MDE according to Minnesota Rules or under court order. The revenue must be used to create or enhance learning opportunities which are designed to provide opportunities for students to have increased interracial contacts through classroom experiences, staff initiatives, and other educationally related programs. Each year before a district receives any revenue the district must submit to the MDE, for review and approval, a budget detailing the costs of the desegregation/integration plan. A district's integration aid equals the difference between the district's integration revenue and its integration levy. The integration aid must be adjusted for each pupil residing in a district eligible for integration revenue and attending a nonresident district that is not eligible for integration revenue and has implemented a plan under Minnesota Rules if the enrollment of the pupil in the nonresident district contributes to desegregation or integration purposes. The adjustments must be made according to aid paid to a district serving nonresidents must be increased by an amount equal to the revenue per pupil unit of the resident district minus the revenue attributable to the pupil in the nonresident district for the time the pupil is enrolled in the nonresident district.	School Districts – Current Year Prior Year Total	54,993,000 <u>5,912,000</u> 60,905,000	
MN Humanities Commission – 868 - Laws 08, Chap. 363, Art. 2, Sect. 51, Subd. 7	Grant to support the activities of the MN Humanities Commission.	MN Humanities Commission	275,000	
Principal's Leadership Institute – 869 – Laws 08, Chap. 363, Art. 2, Sect. 51, Subd. 5	The MDE may contract with the regents of the University of Minnesota to establish a Principals' Leadership Institute to provide professional development to school principals by: creating a network of leaders in the educational and business communities to communicate current and future trends in leadership techniques;	University of Minnesota	275,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>helping to create a vision for the school that is aligned with the community and district priorities; and developing strategies to retain highly qualified teachers. The University of Minnesota must cooperate with participating members of the business community to provide funding and content for the institute. Participants must agree to attend the Principals' Leadership Institute for four weeks during the academic summer and the Institute must incorporate program elements offered by leadership programs at the University of Minnesota and program elements used by the participating members of the business community to enhance leadership within their businesses. The board of each school district in the state may select a principal, upon the recommendation of the district's superintendent and based on the principal's leadership potential, to attend the institute. The school board shall forward its list of recommended participants to the MDE by February 1 each year. In addition, a principal may submit an application directly to the MDE by February 1. The MDE shall notify the school board, the principal candidates, and the University of Minnesota of the principals selected to participate in the Principals' Leadership Institute each year.</p>			
<p>Math Science Teacher Centers – 876 – Laws 07, Chap. 146, Art. 2, Sect. 46, Subd. 23</p>	<p>For grants to create teacher centers for mathematics and science teacher development.</p>	<p>School Districts and Higher Education</p>	<p>2,743,000</p>	
<p>Court Placed Special Education Revenue – 877 – MS 08, Chap. 125A.79, Subd. 4</p>	<p>For children who are nonresidents of Minnesota and are placed in the serving school district by court action, the serving school district shall submit un-reimbursed tuition bills for eligible services to the MDE instead of the resident school district. To be eligible for reimbursement, the serving school district, as part of its child intake procedures, must demonstrate good faith effort to obtain from the placing agency a financial commitment to pay tuition costs.</p>	<p>School Districts</p>	<p>74,000</p>	
<p>STEM Teacher Resource Centers – 879 – Laws 07, Chap. 146, Art. 2, Sect. 46, Subd. 25</p>	<p>For a grant to the Science Museum of Minnesota for the statewide science, technology, engineering, and math initiative: \$750,000 each year is available for the teacher resource center</p>	<p>Non-government Organization</p>	<p>750,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
STEM Middle School – 880 - Laws 07, Chap. 146, Art. 2, Sect. 46, Subd. 25	and other related programs and \$750,000 each year is available for the expansion and support of the middle school math and science initiative, including teacher workshops and expanded outreach programs in classrooms. This grant includes funding for an evaluation of the programs by an entity approved by the MDE.	Non-Government Organization	750,000	
World Languages – 887 – Laws 08, Chap. 146, Art. 2, Sect. 46, Subd. 21	Grant funds to provide expansion of world language programs in schools.	School Districts	268,000	
Alternative Facilities Bonding – 895/995 – MS 08, Chap. 123B.59	A district's alternative facilities aid is the amount equal to the district's annual debt service costs, provided that the amount does not exceed the amount certified to be levied for those purposes or the lesser of the district's annual levy amount, or one-sixth of the amount of levy that it certified for that purpose for taxes payable in 1998. An independent or special school district qualifies to participate in the alternative facilities bonding and levy program if the district has: more than 66 students per grade; over 1,850,000 square feet of space and the average age of building space is 15 years or older or over 1,500,000 square feet and the average age of building space is 35 years or older; insufficient funds from projected health and safety revenue and capital facilities revenue to meet the requirements for deferred maintenance, to make accessibility improvements, or to make fire, safety, or health repairs; and a ten-year facility plan approved by the MDE. An independent or special school district not eligible to participate in the alternative facilities bonding and levy program qualifies for limited participation in the program if the district has: one or more health and safety projects with an estimated cost of \$500,000 or more per site that would qualify for health and safety revenue except for the project size; and insufficient funds from capital facilities revenue to fund those projects. Notwithstanding the square footage limitation a school district that qualified for eligibility as of July 1, 2007, remains eligible for funding as long as the district continues to meet the requirements. A district qualifying must have a ten-year facility plan approved by the MDE that includes an inventory of	School Districts – Current Year Prior Year Total	17,359,000 <u>1,928,000</u> 19,287,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>projects and costs that would be eligible for: health and safety revenue, without restriction as to project size; disabled access levy; and deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities. Or if a district qualifies, the district must have a five-year plan approved by the MDE that includes an inventory of projects and costs for health and safety projects with an estimated cost of \$500,000 or more per site that would qualify for health and safety revenue except for the project size limitation. The school district must: annually update the plans; biennially submit a facility maintenance plan; and indicate whether the district will issue bonds to finance the plan or levy for the costs.</p>			
<p>Electronic Library for Minnesota – 897 – Laws 07, Chap. 146, Art. 6, Sec. 3, Subd. 4</p>	<p>For statewide licenses to online databases selected in cooperation with the Minnesota Office of Higher Education for school media centers, public libraries, state government agency libraries, and public or private college or university libraries.</p>	<p>Higher Education</p>	<p>900,000</p>	
<p>General Education – A01/B01 – MS 08, Chap. 126C.10</p>	<p>The general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, alternative teacher compensation revenue, and transition revenue. Each component of the formula is defined by statute. General education revenue can be used for all components of the formula.</p>	<p>School Districts – Current Year Prior Year Total</p>	<p>5,132,150,000 <u>543,752,000</u> 5,675,902,000</p>	
<p>Out of State Tuition – A04 – MS 08, Chap. 125A.79, Subd.8</p>	<p>For children who are residents of the state, receive special education services and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the MDE, the resident school district shall submit the balance of the tuition bills, minus the general education revenue, excluding basic skills revenue and alternative teacher compensation revenue, and referendum equalization aid attributable to the pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit minus the special education contracted services initial revenue attributable to the pupil.</p>	<p>School Districts – Current Year</p>	<p>250,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
<p>Transportation Enrollment Options – A05 – MS 08, Chap. 124D.03 Subd. 8, 124D.09 Subd. 22 and 124D.10 Subd. 16</p>	<p>For enrollment options programs, if requested by the parent of a pupil electing to participate in enrollment options programs, the nonresident district shall provide transportation within the district. The resident district is not required to provide or pay for transportation between the pupil's residence and the border of the nonresident district. A parent may be reimbursed by the nonresident district for the costs of transportation from the pupil's residence to the border of the nonresident district if the pupil is from a family whose income is at or below the poverty level, as determined by the federal government. The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week. At the time a nonresident district notifies a parent or guardian that an application has been accepted the nonresident district must provide the parent or guardian with information regarding the transportation of nonresident pupils.</p> <p>For post secondary enrollment options, a parent or guardian of a pupil enrolled in a course for secondary credit may apply to the pupil's district of residence for reimbursement for transporting the pupil between the secondary school in which the pupil is enrolled or the pupil's home and the postsecondary institution that the pupil attends. The state shall provide state aid to a district in an amount sufficient to reimburse the parent or guardian for the necessary transportation costs when the family's or guardian's income is at or below the poverty level, as determined by the federal government. The reimbursement shall be the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week. However, if the nearest postsecondary institution is more than 25 miles from the pupil's resident secondary school, the weekly reimbursement may not exceed the reimbursement rate per mile times the actual distance between the secondary school or the pupil's home and the nearest postsecondary institution times ten. The</p>	<p>School Districts – Current Year</p>	<p>45,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>state must pay aid to the district. For charter schools, a charter school must notify the district in which the school is located and the MDE if it will provide its own transportation or use the transportation services of the district in which it is located for the fiscal year. If a charter school elects to provide transportation for pupils, the transportation must be provided by the charter school within the district in which the charter school is located. The state must pay transportation aid to the charter school according to statutes. Provisions exist for the calculation of aid for charter schools providing transportation and for school districts when the charter school does not provide transportation.</p>			
<p>Special Education Aid – A06/B06 – MS 08, Chap. 125A.02, 125A.03, 125A.53, 125A.75, 125A.76, 125A.78, 125A.79</p>	<p>Every district must provide special instruction and services, either within the district or in another district, for all children with a disability, including providing required services under federal regulations, to all children with disabilities including those children suspended or expelled from school for more than ten school days in that school year, who are residents of the district and who are disabled. For purposes of state and federal special education laws, the phrase "special instruction and services" in the state Education Code means a free and appropriate public education provided to an eligible child with disabilities and includes special education and related services defined in the IDEA. Notwithstanding any age limits in laws to the contrary, special instruction and services must be provided from birth until July 1 after the child with a disability becomes 21 years old but shall not extend beyond secondary school or its equivalent, except as provided in law. Local health, education, and social service agencies must refer children under age five who are known to need or suspected of needing special instruction and services to the school district. Districts with less than the minimum number of eligible children with a disability as determined by the MDE must cooperate with other districts to maintain a full range of programs for education and services for children with a disability. The state must pay each district one-half of the sum actually expended by a district, based on mileage, for necessary travel of</p>	<p>School Districts - Current Year Prior Year Total</p>	<p>647,523,000 <u>69,406,000</u> 716,929,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>essential personnel providing home-based or community-based services to children with a disability under age five and their families. The aids provided for children with a disability must be paid to the district providing the special instruction and services. General education aid must be paid to the district of the pupil's residence. The total amount of aid paid may not exceed the amount expended for children with a disability in the year for which the aid is paid. The state must pay each district the actual cost incurred in providing instruction and services for a child whose district of residence has been determined and who is temporarily placed in a state institution, a licensed residential facility, or foster facility for care and treatment. The regular education program at the facility must be an approved program. Upon following the procedure specified by the MDE, the district may bill the state the actual cost incurred in providing the services including transportation costs and a proportionate amount of capital expenditures and debt service, minus the amount of the basic revenue of the district for the child and the special education aid, transportation aid, and any other aid earned on behalf of the child. The limit applies to aid paid. To the extent possible, the MDE shall obtain reimbursement from another state for the cost of serving any child whose parent or guardian resides in that state. The MDE may contract with the appropriate authorities of other states to effect reimbursement. All money received from other states must be paid to the state treasury and placed in the general fund. Before June 1 of each year, each district providing special instruction and services to children with a disability, including children eligible for Part C must submit to the MDE an application for approval of these programs and their budgets for the next fiscal year. The application must include an enumeration of the costs proposed as eligible for state aid pursuant to this Sect. and of the estimated number and grade level of children with a disability in the district who will receive special instruction and services during the next fiscal year. The application must also include any other information deemed necessary by the MDE for the calculation of state aid and for the evaluation of the</p>			

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>necessity of the program, the necessity of the personnel to be employed in the program, for determining the amount which the program will receive from grants from federal funds, or special grants from other state sources, and the program's compliance with the rules and standards of the MDE. The MDE shall review each application to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability. The MDE shall not approve aid pursuant to this Sect. for any program or for the salary of any personnel determined to be unnecessary or unessential on the basis of this review. The MDE may withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. By August 31 the MDE shall approve, disapprove, or modify each application, and notify each applying district of the action and of the estimated amount of aid for the programs. The MDE shall provide procedures for districts to submit additional applications for program and budget approval during the fiscal year, for programs needed to meet any substantial changes in the needs of children with a disability in the district. The MDE may modify or withdraw the program or aid approval and withhold without at any time the MDE determines that the program does not comply with rules of the MDE or that any facts concerning the program or its budget differ from the facts in the district's approved application.</p>			
<p>Children with Disability Aid – A07 – MS 08, Chap. 125A.75, Subd. 3</p>	<p>The state must pay each district the actual cost incurred in providing instruction and services for a child whose district of residence has been determined statute, and who is temporarily placed in a state institution, a licensed residential facility, or foster facility for care and treatment. The regular education program at the facility must be an approved program. Upon following the procedure specified by the MDE, the district may bill the state the actual cost incurred in providing the services including transportation costs and a proportionate amount of capital expenditures and debt service, minus the amount of the basic revenue of the district for the child and the special education aid, transportation aid, and any other aid</p>	<p>School Districts – Current Year</p>	<p>2,282,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	earned on behalf of the child.			
Travel Home Base – A09/B09 – MS 08, Chap. 125A.75, Subd. 1	The state must pay each district one-half of the sum actually expended by a district, based on mileage, for necessary travel of essential personnel providing home-based or community-based services to children with a disability under age five and their families.	School Districts – Current Year Prior Year Total	209,000 <u>20,000</u> 229,000	
Special Education Excess Cost – A10/B10 – MS 08, Chap. 125A.79	A district's special education excess cost aid equals the state total special education excess cost aid times the ratio of the district's initial excess cost aid to the state total initial excess cost aid. For children who are residents of the state, receive services and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the resident school district shall submit the balance of the tuition bills, minus the general education revenue, excluding basic skills revenue and alternative teacher compensation revenue, and referendum equalization aid attributable to the pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit minus the special education contracted services initial revenue attributable to the pupil.	School Districts – Current Year Prior Year Total	73,687,000 <u>36,954,000</u> 110,641,000	
First Grade Preparedness – A16 – MS 08, Chap. 124D.081	The purposes of the first-grade preparedness program are to ensure that every child has the opportunity before first grade to develop the skills and abilities necessary to read and succeed in school and to reduce the underlying causes that create a need for compensatory revenue. A school district may receive first-grade preparedness revenue for qualifying school sites if the school board approves a resolution requiring the district to provide services to all children located in a qualifying school site attendance area. The MDE shall rank all school sites with kindergarten programs that do not exclusively serve students. The ranking must be from highest to lowest based on the site's free and reduced-price lunch count as a percent of the fall enrollment using the preceding October 1 enrollment data. Once a school site is calculated to be eligible, it remains eligible for the duration of the pilot program, unless the site's ranking falls below the state average for elementary schools. For each school site, the percentage used to calculate the	School Districts – Current Year	7,250,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>ranking must be the greater of the percent of the fall kindergarten enrollment receiving free and reduced-price lunch, or the percent of the total fall enrollment receiving free and reduced-price lunch. The list of ranked sites must be separated into the following geographic areas: Minneapolis district, St. Paul district, suburban Twin Cities districts in the seven-county metropolitan area, and school districts in greater Minnesota. The MDE shall establish a process and timelines to qualify school sites for the next school year. School sites must be qualified in each geographic area from the list of ranked sites until the estimated revenue available for this program has been allocated. The total estimated revenue must be distributed to qualified school sites in each geographic area as follows: 25% for Minneapolis sites, 25% for St. Paul sites, 25% for suburban Twin Cities sites, and 25% for greater Minnesota. A qualifying school site must develop its first-grade preparedness program in collaboration with other providers of school readiness and child development services. A school site must offer a full-day kindergarten program to participating children who are five years of age or older for the full school day every day, a program for participating children who are four years old, or a combination of both. The program may offer as an option to family home visits and other practices as appropriate, and may provide such services with the consent of the parent or guardian. Program providers must ensure that the program supplements existing school readiness and child development programs and complements the services provided with compensatory revenue. Where possible, individuals receiving assistance under a family assistance plan can meet the work activity requirement of the plan by participating in a first-grade preparedness program as a volunteer.</p> <p>Extended Day - The board of a qualifying school district must develop and approve a plan to provide extended day services to serve as many children as possible. To accept children whose families participate in child care assistance programs and to meet the requirements of statutes, the board must formally approve the first-grade preparedness program. All revenue received must be allocated to the</p>			

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>qualifying school sites within the district. A qualifying school district is eligible for first-grade preparedness revenue equal to the basic formula allowance for that year times the number of children five years of age or older enrolled in a kindergarten program at the site on October 1 of the previous year times .53. This revenue must supplement and not replace compensatory revenue that the district uses for the same or similar purposes. A pupil enrolled in the first grade preparedness program at a qualifying school site is eligible for transportation. First grade preparedness revenue paid to a charter school for which a school district is providing transportation shall be decreased by an amount equal to the product of the formula allowance times .0485 times the pupil units calculated. This amount shall be paid to the school district for transportation costs. First grade preparedness revenue must be placed in a reserve account within the general fund and may only be used for first grade preparedness programs at qualifying school sites.</p>			
<p>Indian Teacher Prep Grants – A20 – M.S. 122A.63</p>	<p>A grant program is established to assist American Indian people to become teachers and to provide additional education for American Indian teachers. The MDE may award a joint grant to each of the following: the Duluth campus of the University of Minnesota and Independent School District No. 709, Duluth; Bemidji State University and Independent School District No. 38, Red Lake; Moorhead State University and one of the school districts located within the White Earth Reservation; and Augsburg College, Independent School District No. 625, St. Paul, and Special School District No. 1, Minneapolis. To obtain a joint grant, a joint application must be submitted to the MDE. The application must be developed with the participation of the parent advisory committee and the Indian advisory committee at the postsecondary institution. The joint application shall set forth: the in-kind, coordination, and mentorship services to be provided by the postsecondary institution; and the coordination and mentorship services to be provided by the school district. The MDE must submit the joint application to the American Indian Education Committee for review and comment. The</p>	<p>School Districts and Higher Education – Current Year</p>	<p>194,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>MDE may award a joint grant in the amount it determines to be appropriate. The grant shall include money for the postsecondary institution, school district, student scholarships, and student loans. At the time a student applies for a scholarship and loan, the student shall be provided information about the fields of licensure needed by school districts in the part of the state within which the district receiving the joint grant is located. The information shall be acquired and periodically updated by the recipients of the joint grant. Information provided to students shall clearly state that scholarship and loan decisions are not based upon the field of licensure selected by the student. The following Indian people are eligible for scholarships: a student, including a teacher aide employed by a district receiving a joint grant, who intends to become a teacher and who is enrolled in a postsecondary institution receiving a joint grant; a licensed employee of a district receiving a joint grant, who is enrolled in a master of education program; and a student who, after applying for federal and state financial aid and an Indian scholarship has financial needs that remain unmet. Financial need shall be determined according to the congressional methodology for needs determination or as otherwise set in federal law. A person who has actual living expenses in addition to those addressed by the congressional methodology for needs determination, or as otherwise set in federal law, may receive a loan according to criteria established by the MDE. A contract shall be executed between the state and the student for the amount and terms of the loan. The loan may be forgiven if the recipient is employed as a teacher in an eligible school or program in Minnesota. One-fourth of the principal of the outstanding loan amount shall be forgiven for each year of eligible employment, or a pro rata amount for eligible employment during part of a school year, part-time employment as a substitute teacher, or other eligible part-time teaching. Loans for \$2,500 or less may be forgiven at the rate of up to \$1,250 per year. The following schools and programs are eligible for the purposes of loan forgiveness: a school or program</p>			

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>operated by a school district; a tribal contract school eligible to receive aid; a Head Start program; an early childhood family education program; a program providing educational services to children who have not entered kindergarten; or a program providing educational enrichment services to American Indian students in grades K-12. If a person has an outstanding loan obtained through this program, the duty to make payments of principal and interest may be deferred during any time period the person is enrolled at least one-half time in an advanced degree program in a field that leads to employment by a school district. To defer loan obligations, the person shall provide written notification to the MDE and the recipients of the joint grant that originally authorized the loan. Upon approval by the MDE and the joint grant recipients, payments shall be deferred. The Indian teacher preparation loan repayment revolving account is established in the state treasury. Any amounts repaid or contributed by a teacher who received a scholarship or loan under this program shall be deposited in the account. All money in the account is annually appropriated to the MDE and shall be used to enable Indian students to participate in the program.</p>			
<p>Tribal Contract Schools – A21/B21 – MS 08, Chap. 124D.83</p>	<p>Each year each American Indian-controlled tribal contract or grant school authorized by the United States Code, title 25, Sect. 450f, that is located on a reservation within the state is eligible to receive tribal contract or grant school aid. The school must plan, conduct, and administer an education program that complies with the requirements of state or federal law . The school must comply with all other state statutes governing independent school districts or their equivalent in the federal law. The state tribal contract or grant school aid must be used to supplement, and not to replace, the money for American Indian education programs provided by the federal government. An American Indian-controlled tribal contract or grant school that is located on a reservation within the state and that complies with the requirements is eligible to receive tribal contract or grant school aid. The amount of aid is derived by: multiplying the formula allowance less</p>	<p>Sovereign Entities – Current Year Prior Year Total</p>	<p>1,659,000 <u>183,000</u> 1,842,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>\$170, times the difference between the resident pupil units in average daily membership and the number of pupils for the current school year, weighted according to statute, receiving benefits or for which the school is receiving reimbursement; and adding to the result of an amount equal to the product of the formula allowance less \$300 times the tribal contract compensation revenue pupil units; subtracting from the amount of money allotted to the school by the federal government through Indian School Equalization Program of the Bureau of Indian Affairs for the basic program for the base rate as applied to kindergarten through twelfth grade, excluding small school adjustments and additional weighting, but not money allotted for contingency funds, school board training, student training, interim maintenance and minor repair, interim administration cost, pre-kindergarten, operation and maintenance, and the amount of money that is received according to M.S. 124D.69; dividing the result by the sum of the resident pupil units in average daily membership, excluding M.S. 126C.05, Subd. 13, plus the tribal contract compensation revenue pupil units; and multiplying the sum of the resident pupil units in average daily membership plus the tribal contract compensation revenue pupil units by the lesser of \$1,500 or the result. Pupil units for pupils enrolled in tribal contract schools shall be used only for the purpose of computing tribal contract aid.</p>			
<p>Early Childhood Tribal School – A22 – MS 08, Chap. 124D.83, Subd. 4</p>	<p>A school receiving aid under this section is eligible to receive early childhood family education revenue to provide early childhood family education programs for parents and children who are enrolled or eligible for enrollment in a federally recognized tribe. The revenue equals 1.5 times the statewide average expenditure per participant times the number of children and parents participating full time in the program. The program must comply with statutes, except that the school is not required to provide a community education program or establish a community education advisory council. The program must be designed to improve the skills of parents and promote American Indian</p>	<p>Sovereign Entities – Current Year</p>	<p>68,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>history, language, and culture. The school must make affirmative efforts to encourage participation by fathers. Admission may not be limited to those enrolled in or eligible for enrollment in a federally recognized tribe.</p>			
<p>Adult Basic Education – A25/B25 – MS 08, Chap. 124D.518,.52, .521, .522 and .531</p>	<p>An adult basic education program is a day or evening program offered by a district that is for people over 16 years of age who do not attend an elementary or secondary school. The program offers academic instruction necessary to earn a high school diploma or equivalency certificate. A school board or the governing body of a consortium offering an adult basic education program may adopt a sliding fee schedule based on a family's income, but must waive the fee for participants who are under the age of 21 or unable to pay. The fees charged must be designed to enable individuals of all socioeconomic levels to participate in the program. A program may charge a security deposit to assure return of materials, supplies, and equipment. Each approved adult basic education program must develop a memorandum of understanding with the local workforce development centers located in the approved program's service delivery area. Adult basic education aid must be spent for adult basic education purposes. A state-approved adult basic education program must count and submit student contact hours for a program that offers high school credit toward an adult high school diploma according to student eligibility requirements and competency demonstration requirements established by the MDE. Each district, group of districts, or private nonprofit organization providing adult basic education programs must establish and maintain a reserve account within the community service fund for the receipt and disbursement of all funds related to these programs. All revenue received must be utilized solely for the purposes of adult basic education programs. State aid must not equal more than 100% of the un-reimbursed expenses of providing these programs, excluding in-kind costs. An adult basic education program may include as valid expenditures for the previous fiscal year program spending that occurs from July 1 to September 30 of the following year. A program may carry over a maximum of 20% of its adult basic education aid revenue into the</p>	<p>School Districts, Higher Education, State Agencies, Non- government Organizations, and Sovereign Entities - Current Year Prior Year Total</p>	<p>37,647,000 <u>4,065,000</u> 41,712,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>next fiscal year. Program spending may only be counted for one fiscal year. An adult basic education consortium providing an approved adult basic education program may be its own fiscal agent and is eligible to receive state-aid payments directly from the MDE. The MDE, in consultation with the policy review task force may make grants to nonprofit organizations to provide services that are not offered by a district adult basic education program or that are supplemental to either the statewide adult basic education program, or a district's adult basic education program. The MDE may make grants for: staff development for adult basic education teachers and administrators; training for volunteer tutors; training, services, and materials for serving disabled students through adult basic education programs; statewide promotion of adult basic education services and programs; development and dissemination of instructional and administrative technology for adult basic education programs; programs which primarily serve communities of color; adult basic education distance learning projects, including television instruction programs; and other supplemental services to support the mission of adult basic education and innovative delivery of adult basic education services. The MDE must establish eligibility criteria and grant application procedures. Grants under this Sect. must support services throughout the state, focus on educational results for adult learners, and promote outcome-based achievement through adult basic education programs. The MDE may make grants under this Sect. from the state total adult basic education aid set aside for supplemental service grants. Up to one-fourth of the appropriation for supplemental service grants must be used for grants for adult basic education programs to encourage and support innovations in adult basic education instruction and service delivery. A grant to a single organization cannot exceed \$100,000. Nothing prevents an approved adult basic education program from using state or federal aid to purchase supplemental services. The state total adult basic education aid equals: the state total adult basic education aid for the</p>			

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>preceding fiscal year plus any amount that is not paid for during the previous fiscal year, as a result of adjustments; times the lesser of: 1.03; or the average growth in state total contact hours over the prior ten program years. Two percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants. The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed and the state total basic population aid. A district is eligible for basic population aid if the district has a basic service level approved by the MDE or is a member of a consortium with an approved basic service level. Basic population aid is equal to the greater of \$3,844 or \$1.73 times the population of the district. Adult basic education programs approved by the MDE are eligible for revenue. Adult basic education revenue for each approved program equals the sum of: the basic population aid for districts participating in the program during the current program year; plus 84% times the amount computed times the ratio of the contact hours for students participating in the program during the first prior program year to the state total contact hours during the first prior program year; plus 8% times the amount computed above, times the ratio of the enrollment of students with limited English proficiency during the second prior school year in districts participating in the program during the current program year to the state total enrollment of students with limited English proficiency during the second prior school year in districts participating in adult basic education programs during the current program year; plus 8% times the amount computed in above, times the ratio of the latest federal census count of the number of adults aged 20 or older with no diploma residing in the districts participating in the program during the current program year to the latest federal census count of the state total number of adults aged 20 or older with no diploma residing in the districts participating in adult basic education programs during the current program</p>			

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>year. The total adult basic education aid for a program per prior year contact hour must not exceed \$22 per prior year contact hour. For fiscal year 2009 and later the aid adjusted for changes in program membership, must not exceed the aid for that program for the first preceding fiscal year by more than the greater of 11% or \$10,000. Adult basic education aid is payable to a program for unreimbursed costs occurring in the program year. Any adult basic education aid that is not paid to a program because of the program aid limitation must be added to the state total adult basic education aid for the next fiscal year. Any adult basic education aid that is not paid to a program because of the program aid limitations must be reallocated among programs by adjusting the rate per contact hour. Adult basic education aid must be paid directly to the fiscal agent of each approved program. An approved program must have only one fiscal agent. A district that is part of a consortium may request direct payment of basic population aid. The district must make a written request to the MDE by June 15 for aid payments the following fiscal year. The request must include certification that: the district will deposit direct aid payments in a separate adult basic education account; and the district will use direct aid payments only for adult basic education instruction. Programs that receive aid under this section must maintain records that support the aid payments. The MDE may audit these records upon request. The MDE must establish procedures for conducting fiscal audits of adult basic education programs. The MDE must establish procedures to reconcile any discrepancies between aid payments based on information reported to the MDE and aid estimates based on a program audit. A consortium or district shall not spend more than 5% of the consortium or district's total adult basic education aid on administrative costs. Programs that receive aid must submit an annual report to the MDE that includes revenue and expense reports for each district and program, including instructional services offered in partnership with businesses and nonprofit organizations.</p>			

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
<p>Adults with Disabilities – A26/B26 - MS 08, Chap. 124D.56</p>	<p>A district that is eligible may receive revenue for a program for adults with disabilities. Revenue for the program for adults with disabilities for a district or a group of districts equals the lesser of: the actual expenditures for approved programs and budgets; or \$60,000. Program aid for adults with disabilities equals the lesser of: one-half of the actual expenditures for approved programs and budgets; or \$30,000. A district may levy for a program for adults with disabilities an amount up to the amount designated above. In the case of a program offered by a group of districts, the levy amount must be apportioned among the districts according to the agreement submitted to the department. A district may receive money from public or private sources to supplement revenue for the program for adults with disabilities. Aid may not be reduced as a result of receiving money from these sources. Revenue for the program for adults with disabilities may be used only to provide programs for adults with disabilities.</p>	<p>School Districts – Current Year Prior Year Total</p>	<p>639,000 <u>71,000</u> 710,000</p>	
<p>Community Education Aid – A28/B28 – MS 08, Chap. 124D.18 to .20</p>	<p>The purpose of community education programs is to make maximum use of the public schools of Minnesota by the community and to expand utilization by the school of the human resources of the community, by establishing a community education program. Each school board may initiate a community education program in its district and provide for the general supervision of the program. Each board may, as it considers appropriate, employ community education staff to further the purposes of the community education program. Total community education revenue equals the sum of a district's general community education revenue, youth service program revenue, and youth after-school enrichment revenue. To be eligible for community education revenue, a district must operate a community education. The general community education revenue for a district equals \$5.42 for fiscal year 2007 and later, times the greater of 1,335 or the population of the district. Youth service program revenue is available to a district that has implemented a youth development plan and a youth service program. Youth service revenue equals \$1 times the greater of 1,335 or the population of</p>	<p>School Districts – Current Year Prior Year Total</p>	<p>674,000 <u>122,000</u> 769,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>the district. Youth after-school enrichment revenue for a district operating youth after-school enrichment equals: \$1.85 times the greater of 1,335 or the population of the district, not to exceed 10,000; and \$0.43 times the population of the district, in excess of 10,000. Youth after-school enrichment revenue must be reserved for youth after-school enrichment programs. To obtain total community education revenue, a district may levy the amount raised by a maximum tax rate of .9% times the adjusted net tax capacity of the district. If the amount of the total community education levy would exceed the total community education revenue. If the amount of the community education levy for a district exceeds the district's community education revenue, the amount of the community education levy is limited to the district's community education revenue. A district's community education aid is the difference between its community education revenue and the community education levy. If the district does not levy the entire amount permitted, the community education aid must be reduced in proportion to the actual amount levied. General community education revenue may be used for: non-vocational, recreational, and leisure time activities and programs; programs for adults with disabilities, if the programs and budgets are approved by the department; adult basic education programs; summer programs for elementary and secondary pupils; implementation of a youth development plan; implementation of a youth service program; early childhood family education programs; and extended day programs. In addition to money from other sources, a district may use up to 10% of its community education revenue for equipment that is used exclusively in community education programs. This revenue may be used only for the following purposes: to purchase or lease computers and related materials; to purchase or lease equipment for instructional programs; and to purchase textbooks and library books. General community education revenue must not be used to subsidize</p>			

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>the direct activity costs for adult enrichment programs. Direct activity costs include, but are not limited to, the cost of the activity leader or instructor, cost of materials, or transportation costs. Youth service revenue may be used to implement a youth development plan approved by the school board and to provide a youth service program. Community education revenue, which includes aids, levies, fees, grants, and all other revenues received by the school district for community education programs, must be maintained in a reserve account within the community service fund. The sum of the average balances during the most recent three-year period in a district's community education reserve account and unreserved/undesignated community service fund account on June 30 of each year, adjusted for any prior reductions, must not be greater than 25% of the sum of the district's maximum total community education revenue, excluding adjustments under this subdivision, plus any fees, grants, or other revenue received by the district for community education programs for the prior year. If the sum of the average balances during the most recent three-year period in a district's community education reserve account and unreserved/undesignated community service fund account on June 30 of each year, adjusted for any prior reductions, is in excess of the limit, the district's community education state aid and levy authority for the current school year must be reduced by the lesser of the current year revenue under subdivision 1 or the excess reserve amount. The aid reduction equals the product of the lesser of the excess reserve amount or the current year revenue times the ratio of the district's aid for the current year to the district's revenue for the current year. The levy reduction equals the excess reserve amount minus the aid reduction. If a district does not levy the entire amount permitted the revenue must be reduced in proportion to the actual amount levied. If a district anticipates that the reserve account may exceed the 25% limit because of extenuating circumstances, prior</p>			

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	approval to exceed the limit must be obtained in writing from the MDE.			
Health and Developmental Screening Aid – A30/B30 – MS 08 Chap. 121A.17 and .19	Every school board must provide for a mandatory program of early childhood developmental screening for children at least once before school entrance, targeting children who are between three and four years old. This screening program must be established either by one board, by two or more boards acting in cooperation, by service cooperatives, by early childhood family education programs, or by other existing programs. This screening examination is a mandatory requirement for a student to continue attending kindergarten or first grade in a public school. A child need not submit to developmental screening provided by a board if the child's health records indicate to the board that the child has received comparable developmental screening from a public or private health care organization or individual health care provider. A student identification number, as defined by the MDE, shall be assigned at the time of early childhood developmental screening or at the time of the provision of health records indicating a comparable screening. Each school district must provide the essential data to the MDE. Districts are encouraged to reduce the costs of preschool developmental screening programs by utilizing volunteers and public or private health care organizations or individual health care providers in implementing the program. A child must not be enrolled in kindergarten in a public school unless the parent or guardian of the child submits to the school principal or other person having general control and supervision of the school a record indicating the months and year the child received developmental screening and the results of the screening not later than 30 days after the first day of attendance. If a child is transferred from one kindergarten to another, the parent or guardian of the child must be allowed 30 days to submit the child's record, during which time the child may attend school. A screening program must include at least the following components: developmental assessments, hearing and vision screening or referral, immunization review and referral, the child's height and weight, identification of risk factors that may influence learning, an interview with the	School Districts – Current Year Prior Year Total	3,333,000 <u>259,000</u> 3,592,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>parent about the child, and referral for assessment, diagnosis, and treatment when potential needs are identified. All screening components shall be consistent with the standards of the state MDE of health for early developmental screening programs. A developmental screening program must not provide laboratory tests or a physical examination to any child. The district must request from the public or private health care organization or the individual health care provider the results of any laboratory test or physical examination within the 12 months preceding a child's scheduled screening. If a child is without health coverage, the school district must refer the child to an appropriate health care provider. A board may offer additional components such as nutritional, physical and dental assessments, review of family circumstances that might affect development, blood pressure, laboratory tests, and health history. If a statement signed by the child's parent or guardian is submitted to the administrator or other person having general control and supervision of the school that the child has not been screened because of conscientiously held beliefs of the parent or guardian, the screening is not required. Each school year, the state must pay a district for each child or student screened by the district. The amount of state aid for each child or student screened shall be: \$75 for a child screened at age three; \$50 for a child screened at age four; \$40 for a child screened at age five or six prior to kindergarten; and \$30 for a student screened within 30 days after first enrolling in a public school kindergarten if the student has not previously been. If this amount of aid is insufficient, the district may permanently transfer from the general fund an amount that, when added to the aid, is sufficient. Developmental screening aid shall not be paid for any student who is screened more than 30 days after the first day of attendance at a public school kindergarten, except if a student transfers to another public school kindergarten within 30 days after first enrolling in a Minnesota public school kindergarten program. In this case, if the student has not been screened, the district to which the</p>			

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	student transfers may receive developmental screening aid for screening that student when the screening is performed within 30 days of the transfer date.			
Hearing Impaired Adults – A31 – MS 08, Chap. 124D.57	The MDE shall coordinate and may pay for support services for hearing impaired persons to assure access to educational opportunities. Services may be provided to adult students who are hearing impaired and have been denied access to educational opportunities because of the lack of support services or are presently enrolled or are contemplating enrollment in an educational program and would benefit from support services. The MDE shall also be responsible for conducting in-service training for public and private agencies regarding the needs of hearing impaired persons in the adult education system. The MDE may pay school districts or public or private community agencies for the following support services: interpreter services to provide translation for an individual or a group of students; or note taker services to convert spoken language to written language when the student must maintain visual contact with other persons such as an interpreter or instructor. Support services may be provided for: local school district adult education programs; adult technical college programs; and vocational education programs sponsored by public or private community agencies.	School Districts	70,000	
GED Tests – A32 – MS 08, Chap. 124D.549 and .55	The MDE shall pay 60% of the fee that is charged to an eligible individual for the full battery of a general education development (GED) test, but not more than \$40 for an eligible individual.	School Districts, Higher Education and Sovereign Entities	148,000	
Early Childhood Family Education – A35/B35 – MS 08, Chap. 124D.13 and .135	A district that provides a community education program may establish an early childhood family education program. Two or more districts, each of which provides a community education program, may cooperate to jointly provide an early childhood family education program. The purpose of the early childhood family education program is to provide parenting education to support children's learning and development. Early childhood family education programs are programs for children in the period of life from birth to kindergarten, for the parents and other relatives of these children, and for expectant parents. To the extent that funds	School Districts – Current Year Prior Year Total	27,302,000 <u>2,144,000</u> 29,446,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>are insufficient to provide programs for all children, early childhood family education programs should emphasize programming for a child from birth to age three and encourage parents and other relatives to involve four- and five-year-old children in school readiness programs, and other public and nonpublic early learning programs. A district may not limit participation to school district residents. Early childhood family education programs must provide: programs to educate parents and other relatives about the physical, mental, and emotional development of children and to enhance the skills of parents and other relatives in providing for their children's learning and development; structured learning activities requiring interaction between children and their parents or relatives; structured learning activities for children that promote children's development and positive interaction with peers, which are held while parents or relatives attend parent education classes; information on related community resources; information, materials, and activities that support the safety of children, including prevention of child abuse and neglect; and a community outreach plan to ensure participation by families who reflect the racial, cultural, and economic diversity of the school district. The programs must include learning experiences for children, parents, and other relatives that promote children's early literacy skills. The program must not include activities for children that do not require substantial involvement of the children's parents or other relatives. The program must be reviewed periodically to assure the instruction and materials are not racially, culturally, or sexually biased. The programs must encourage parents to be aware of practices that may affect equitable development of children. The revenue for early childhood family education programs for a school district equals \$112 for fiscal year 2007 and \$120 for fiscal year 2008 and later, times the greater of: 150; or the number of people under five years of age residing in the district on October 1 of the previous school year. Data reported to the department may be used to determine the number of people under five years of age residing in the district. The MDE, with the assistance of the state demographer, shall review the</p>			

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>number reported by any district operating an early childhood family education program. If requested, the district shall submit to the MDE an explanation of its methods and other information necessary to document accuracy. If the MDE determines that the district has not provided sufficient documentation of accuracy, the MDE may request the state demographer to prepare an estimate of the number of people under five years of age residing in the district and may use this estimate. If a district complies with 124D.13, it must receive early childhood family education aid equal to the difference between the early childhood family education revenue and the early childhood family education levy. If the district does not levy the entire amount permitted, the early childhood family education aid must be reduced in proportion to the actual amount levied.</p>			
<p>School Readiness Program – A36/B36 – MS 08, Chap. 124D.15 and .16</p>	<p>A district or a group of districts may establish a school readiness program for children age three to kindergarten entrance. The purpose of a school readiness program is to prepare children to enter kindergarten. A school readiness program provider must: assess each child's cognitive skills when the child enters and again before the child leaves the program to inform program planning and promote kindergarten readiness; provide comprehensive program content based on early childhood research and professional practice that is focused on children's cognitive skills and development and prepares children for the transition to kindergarten, including early literacy skills; arrange for early childhood screening and appropriate referral; involve parents in program planning and decision making; coordinate with relevant community-based services; and cooperate with adult basic education programs and other adult literacy programs. A district is eligible to receive school readiness aid for eligible pre-kindergarten pupils enrolled in a school readiness program if the biennial plan required has been approved by the MDE. For fiscal year 2002 and thereafter, a district must receive school readiness aid equal to: (1) the number of four-year-old children in the district on October 1 for the previous school year times the ratio of 50% of the total school readiness aid for that year to the total number of four-year-old</p>	<p>School Districts – Current Year Prior Year Total</p>	<p>9,086,000 <u>1,009,000</u> 10,095,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>children reported to the MDE for the previous school year; plus (2) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program for the previous school year times the ratio of 50% of the total school readiness aid for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program for the previous school year. School readiness aid shall be used only to provide a school readiness program and may be used to provide transportation. Not more than 5% of program revenue may be used for the cost of administering the program. Aid must be used to supplement and not supplant local, state, and federal funding. Aid may not be used for instruction and services required under sections 125A.03 to 125A.24 and 125A.65. Aid may not be used to purchase land or construct buildings, but may be used to lease or renovate existing buildings. School readiness revenue, which includes aids, fees, grants, and all other revenues received by the district school readiness programs, must be maintained in a reserve account within the community service fund. The average balance, during the most recent three-year period, in a district's school readiness reserve account on June 30 of each year, adjusted for any prior reductions, must not be greater than 25% of the district's school readiness annual revenue for the prior year, excluding adjustments. If a district's adjusted average school readiness reserve over the three-year period is in excess of the limit the district's current year school readiness state aid must be reduced by the lesser of the excess reserve amount or the current year aid. If a district anticipates that the reserve account may exceed the 25% limit because of extenuating circumstances, prior approval to exceed the limit must be obtained in writing from the MDE.</p>			
<p>School Age Care – A39 – MS 08, Chap. 124D.19, Subd. 11 and 124D.22</p>	<p>A school board may offer, as part of a community education program, a school-age care program for children from kindergarten through grade 6 for the purpose of expanding students' learning opportunities. If the school board chooses not to offer a school-age care program, it may allow an appropriate insured community group, for profit entity or nonprofit organization to use available</p>	<p>School Districts</p>	<p>1,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>school facilities for the purpose of offering a school-age care program. A school-age care program must include the following: adult supervised programs while school is not in session; parental involvement in program design and direction; partnerships with the K-12 system, and other public, private, or nonprofit entities; opportunities for trained secondary school pupils to work with younger children in a supervised setting as part of a community service program; and access to available school facilities, including the gymnasium, sports equipment, computer labs, and media centers, when not otherwise in use as part of the operation of the school. The school district may establish reasonable rules relating to access to these facilities and may require that: the organization request access to the facilities and prepare and maintain a schedule of proposed use; the organization provide evidence of adequate insurance to cover the activities to be conducted in the facilities; and the organization prepare and maintain a plan demonstrating the adequacy and training of staff to supervise the use of the facilities. The district may charge a sliding fee based upon family income for school-age care programs. The district may receive money from other public or private sources for the school-age care program. The board of the district must develop standards for school-age child care programs. The district shall maintain a separate account within the community services fund for all funds related to the school-age care program. A district is encouraged to coordinate the school-age care program with its special education, vocational education, adult basic education, early childhood family education programs, kindergarten through grade 12 instruction and curriculum services, youth development and youth service agencies, and with related services provided by other governmental agencies and nonprofit agencies. A district that offers a school-age care program is eligible for school-age care revenue for the additional costs of providing services to children with disabilities or to children experiencing</p>			

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>family or related problems of a temporary nature who participate in the school-age care program. The school-age care revenue for an eligible district equals the approved additional cost of providing services to children with disabilities or children experiencing family or related problems of a temporary nature who participate in the school-age care program. To obtain school-age care revenue, a school district may levy an amount equal to the district's school-age care revenue multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the resident pupil units in the district for the school year to which the levy is attributable, to \$2,433. A district's school-age care aid is the difference between its school-age care revenue and its school-age care levy. If a district does not levy the entire amount permitted, school-age care aid must be reduced in proportion to the actual amount levied.</p>			
<p>Success for the Future – A40/B40 – M.S. Chap. 124D.81</p>	<p>Each fiscal year the MDE must make grants to no fewer than six American Indian education programs. At least three programs must be in urban areas and at least three must be on or near reservations. The board of a local district, a participating school or a group of boards may develop a proposal for grants in support of American Indian education programs. Proposals may provide for contracts for the provision of program components by nonsectarian nonpublic, community, tribal, charter, or alternative schools. The MDE shall prescribe the form and manner of application for grants, and no grant shall be made for a proposal not complying with the requirements. Each district or participating school submitting a proposal must develop and submit with the proposal a plan which shall: identify the measures to be used to meet the requirements; identify the activities, methods and programs to meet the identified educational needs of the children to be enrolled in the program; describe how district goals and objectives as well as the objectives of the program are to be achieved; demonstrate that required and elective courses as structured do not have a discriminatory effect; describe how each school program will be organized, staffed, coordinated, and monitored; and project</p>	<p>School Districts and Non-government Organizations – Current Year Prior Year Total</p>	<p>1,924,000 <u>213,000</u> 2,137,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>expenditures for programs. Each district receiving a grant must ,each year conduct a count of American Indian children in the schools of the district; test for achievement; identify the extent of other educational needs of the children to be enrolled in the American Indian education program; and classify the American Indian children by grade, level of educational attainment, age and achievement. Participating schools must maintain records concerning the needs and achievements of American Indian children served. In accordance with recognized professional standards, all testing and evaluation materials and procedures utilized for the identification, testing, assessment and classification of American Indian children must be selected and administered so as not to be racially or culturally discriminatory and must be valid for the purpose of identifying, testing, assessing, and classifying American Indian children. Participating schools and districts must keep records and afford access to them as the MDE finds necessary to ensure that American Indian education programs are implemented in conformity with law. Each school district or participating school must keep accurate, detailed, and separate revenue and expenditure accounts for pilot American Indian education programs funded under this section. A district or participating school providing American Indian education programs shall be eligible to receive moneys for these programs from other government agencies and from private sources when the moneys are available. A district or school is not prohibited from implementing an American Indian education program which is not in compliance if the proposal and plan for that program is not funded by this grant program.</p>			
<p>Health and Safety Aid – A42/B42 – MS 08, Chap. 123B.57</p>	<p>To receive health and safety revenue for any fiscal year a district must submit to the MDE an application for aid and levy by the date determined by the MDE. The application may be for hazardous substance removal, fire and life safety code repairs, labor and industry regulated facility and equipment violations, and health, safety, and environmental management, including indoor air quality management. The application</p>	<p>School Districts – Current Year Prior Year Total</p>	<p>96,000 <u>23,000</u> 119,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>must include a health and safety program adopted by the school district board. The program must include the estimated cost, per building, of the program by fiscal year. Upon approval through the adoption of a resolution by each of an intermediate district's member school district boards and the approval of the MDE, a school district may include its proportionate share of the costs of health and safety projects for an intermediate district in its application. Health and safety projects with an estimated cost of \$500,000 or more per site, approved after February 1, 2003, are not eligible for health and safety revenue. Health and safety projects with an estimated cost of \$500,000 or more per site, approved after February 1, 2003, that meet all other requirements for health and safety funding, are eligible for alternative facilities bonding and levy revenue. A school board shall not separate portions of a single project into components to qualify for health and safety revenue, and shall not combine unrelated projects into a single project to qualify for alternative facilities bonding and levy revenue. A district must adopt a health and safety program. The program must include plans, where applicable, for hazardous substance removal, fire and life safety code repairs, regulated facility and equipment violations, and health, safety, and environmental management, including indoor air quality management. A district's health and safety revenue for a fiscal year equals the district's alternative facilities levy under plus the greater of zero or: (1) the sum of (a) the total approved cost of the district's hazardous substance plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's health and safety program for fiscal year 1990 through the fiscal year to which the levy is attributable, excluding expenditures funded with bonds issued, or certificates of indebtedness, or capital notes, or other federal, state, or local revenues, minus (2) the sum of (a) the district's total hazardous substance aid and levy for fiscal years 1985 through 1989, plus (b) the district's health and</p>			

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>safety revenue under this subdivision, for years before the fiscal year to which the levy is attributable. A district's health and safety aid is the difference between its health and safety revenue and its health and safety levy. If a district does not levy the entire amount permitted, health and safety aid must be reduced in proportion to the actual amount levied. Health and safety aid may not be reduced as a result of reducing a district's health and safety levy.</p>			
<p>Debt Service Aid – A43/B43 – MS 08, Chap. 123B.53</p>	<p>The debt service equalization revenue of a district equals the sum of the first tier debt service equalization revenue and the second tier debt service equalization revenue. The first tier debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue minus the amount raised by a levy of 15% times the adjusted net tax capacity of the district minus the second tier debt service equalization revenue of the district. The second tier debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue, excluding alternative facilities levies minus the amount raised by a levy of 25% times the adjusted net tax capacity of the district. A district's debt service equalization aid is the sum of the district's first tier debt service equalization aid and the district's second tier debt service equalization aid. A district's first tier debt service equalization aid equals the difference between the district's first tier debt service equalization revenue and the district's first tier equalized debt service levy. A district's second tier debt service equalization aid equals the difference between the district's second tier debt service equalization revenue and the district's second tier equalized debt service levy. Eligible debt service revenue of a district is defined as follows: the amount needed to produce between five and 6% in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects, including the amounts necessary for repayment of energy loans, debt service loans and capital loans, lease purchase payments, alternative facilities levies, minus the amount of debt service excess levy reduction for that school year calculated according to the procedure</p>	<p>School Districts – Current Year Prior Year Total</p>	<p>7,660,000 <u>1,449,000</u> 9,109,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>established by the MDE. These obligations are excluded from eligible debt service revenue: obligations under Sect. 123B.61; the part of debt service principal and interest paid from the taconite environmental protection fund or Douglas J. Johnson economic protection trust; obligations issued under Laws 1991, Chap. 265, Art. 5, Sect. 18, as amended by Laws 1992, Chap. 499, Art. 5, Sect. 24; and obligations under Sect. 123B.62. If a preexisting school district reorganized and is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting districts. For purposes of this Sect., the adjusted net tax capacity determined shall be adjusted to include the tax capacity of property generally exempted from ad valorem. The following portions of a district's debt service levy qualify for debt service equalization: debt service for repayment of principal and interest on bonds issued before July 2, 1992; debt service for bonds refinanced after July 1, 1992, if the bond schedule has been approved by the MDE and, if necessary, adjusted to reflect a 20-year maturity schedule; and debt service for bonds issued after July 1, 1992, for construction projects that have received a positive review and comment, if the MDE has determined that the district has met the criteria and if the bond schedule has been approved by the MDE and, if necessary, adjusted to reflect a 20-year maturity schedule. The department shall determine the eligibility for sparsity at the location of the new facility, or the site of the new facility closest to the nearest operating school if there is more than one new facility. Debt service for repayment of principal and interest on bonds issued after July 1, 1997, does not qualify for debt service equalization aid unless the primary purpose of the facility is to serve students in kindergarten through grade 12.</p>			
<p>Equity Telecommunications Access – A46 – MS 08, Chap. 125B.26</p>	<p>For fiscal year 2006 and later, a district or charter school's Internet access equity aid equals the district or charter school's approved cost for the previous fiscal year according exceeding \$15 times the district's adjusted marginal cost pupil units</p>	<p>School Districts</p>	<p>8,743,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>for the previous fiscal year or no reduction if the district is part of an organized telecommunications access cluster. Equity aid must be distributed to the telecommunications access cluster for districts that are members of the cluster or to individual districts and charter schools not part of a telecommunications access cluster. A district or charter school shall submit its actual telecommunications/Internet access costs for the previous fiscal year, adjusted for any e-rate revenue received, to the department by August 15 of each year as prescribed by the MDE. Costs eligible for reimbursement under this program are limited to the following: ongoing or recurring telecommunications/Internet access costs associated with Internet access, data lines, and video links providing the equivalent of one data line, video link, or integrated data/video link that relies on a transport medium that operates at a minimum speed of T1 for each elementary school, middle school, or high school, including the recurring telecommunications line lease costs and ongoing Internet access service fees; or the equivalent of one data line or video circuit, or integrated data/video link that relies on a transport medium that operates at a minimum speed of T1 for each district, including recurring telecommunications line lease costs and ongoing Internet access service fees; recurring costs of contractual or vendor-provided maintenance on the school district's wide area network to the point of presence at the school building up to the router, codec, or other service delivery equipment located at the point of presence termination at the school or school district; recurring costs of cooperative, shared arrangements for regional delivery of telecommunications/Internet access between school districts, postsecondary institutions, and public libraries including network gateways, peering points, regional network infrastructure, Internet2 access, and network support, maintenance, and coordination; and service provider installation fees for installation of new telecommunications lines or increased bandwidth. Costs not eligible for</p>			

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>reimbursement under this program include: recurring costs of school district staff providing network infrastructure support; recurring costs associated with voice and standard telephone service; costs associated with purchase of network hardware, telephones, computers, or other peripheral equipment needed to deliver telecommunications access to the school or school district; costs associated with laying fiber for telecommunications access; costs associated with wiring school or school district buildings; costs associated with purchase, installation, or purchase and installation of Internet filtering; and costs associated with digital content, including online learning or distance learning programming, and information databases. To be eligible for aid, a district or charter school is required to file an e-rate application either separately or through its telecommunications access cluster and have a current technology plan on file with the department. Discounts received on telecommunications expenditures shall be reflected in the costs submitted to the department for aid. MDE shall develop criteria for approving costs submitted by organized school districts and charter schools. Districts shall provide each year upon formal request by or on behalf of a nonpublic school, not including home schools, located in that district or area, ongoing or recurring telecommunications access services to the nonpublic school either through existing district providers or through separate providers. The amount of district aid for telecommunications access services for each nonpublic school equals the lesser of: 90% of the nonpublic school's approved cost for the previous fiscal year according to subdivision 1 exceeding \$10 for fiscal year 2006 and later times the number of weighted pupils enrolled at the nonpublic school as of October 1 of the previous school year; or the product of the district's aid per pupil unit according to subdivision 4 times the number of weighted pupils enrolled at the nonpublic school as of October 1 of the previous school year. Nonpublic school pupils shall be weighted by grade level using the weighting factors defined in law. Each</p>			

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>year, a district providing services may claim up to 5% of the aid for costs of administering this subdivision. No district may expend an amount for these telecommunications access services which exceeds the amount allocated under this subdivision. The nonpublic school is responsible for the Internet access costs not covered by law. At the request of a nonpublic school, districts may allocate the amount directly to the nonpublic school to pay for or offset the nonpublic school's costs for telecommunications access services; however, the amount allocated directly to the nonpublic school may not exceed the actual amount of the school's ongoing or recurring telecommunications access costs.</p>			
<p>Declining Pupil Aid, Browns Valley – A61 – Laws 07, Chap. 146, Art. 1, Sect. 24, Subd. 11</p>	<p>For declining pupil unit aid to Independent School District No. 801, Browns Valley.</p>	<p>School District</p>	<p>100,000</p>	
<p>Abatement Aid – A62/B62 – MS 08, 127A.49</p>	<p>Whenever the net tax capacity or referendum market value of any district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the MDE the amount of any resulting net revenue loss that accrued to the district during the preceding year. Each year, the MDE shall pay an abatement adjustment to the district in an amount calculated according to the provisions in statute. This amount shall be deducted from the amount of the levy.</p>	<p>School Districts – Current Year Prior Year Total</p>	<p>1,268,000 <u>139,000</u> 1,407,000</p>	
<p>Non-public Pupil Aid – A64/B64 – MS 08 Chap. 123B.40 through 123B.48</p>	<p>Funds are to provide for distribution of educational aids such as textbooks, standardized tests and pupil support services so that every school pupil in the state will share equitably in education benefits and therefore further assure all Minnesota pupils and their parent's freedom of choice in education. MDE shall make such payments to school districts or intermediary service areas as are needed to meet contractual obligations incurred for the provision of benefits to nonpublic school students and an additional sum for the administration equal to 5% of the district or area allocation for that year.</p>	<p>School Districts – Current Year Prior Year Total</p>	<p>15,010,000 <u>1,598,000</u> 16,608,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
<p>School Lunch Aid – A65 – MS 08, Chap. 124D.111 and 124D.1115</p>	<p>Each school year, the state must pay participants in the national school lunch program the amount of 12 cents for each full paid, reduced, and free student lunch served to students. A school district, charter school, nonpublic school, or other participant in the national school lunch program shall apply to the department for this payment on forms provided by the department. In each district, the expenses for a school food service program for pupils must be attributed to a school food service fund. Under a food service program, the school food service may prepare or serve milk, meals, or snacks in connection with school or community service activities. Revenues and expenditures for food service activities must be recorded in the food service fund. The costs of processing applications, accounting for meals, preparing and serving food, providing kitchen custodial services, and other expenses involving the preparing of meals or the kitchen of the lunchroom may be charged to the food service fund or to the general fund of the district. The costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program must be charged to the general fund. That portion of superintendent and fiscal manager costs that can be documented as attributable to the food service program may be charged to the food service fund provided that the school district does not employ or contract with a food service director or other individual who manages the food service program, or food service management company. If the cost of the superintendent or fiscal manager is charged to the food service fund, the charge must be at a wage rate not to exceed the statewide average for food service directors as determined by the department. Capital expenditures for the purchase of food service equipment must be made from the general fund and not the food service fund, unless two conditions apply: the unreserved balance in the food service fund at the end of the last fiscal year is greater than the cost of the equipment to be purchased; and the department has approved the</p>	<p>Counties, School Districts, State Agencies, and Non-government Organizations</p>	<p>12,299,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>purchase of the equipment. If the two conditions apply, the equipment may be purchased from the food service fund. If a deficit in the food service fund exists at the end of a fiscal year, and the deficit is not eliminated by revenues from food service operations in the next fiscal year, then the deficit must be eliminated by a permanent fund transfer from the general fund at the end of that second fiscal year. However, if a district contracts with a food service management company during the period in which the deficit has accrued, the deficit must be eliminated by a payment from the food service management company. A district may incur a deficit in the food service fund for up to three years without making the permanent transfer if the district submits to the MDE by January 1 of the second fiscal year a plan for eliminating that deficit at the end of the third fiscal year. If a surplus in the food service fund exists at the end of a fiscal year for three successive years, a district may recode for that fiscal year the costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program charged to the general and charge those costs to the food service fund in a total amount not to exceed the amount of surplus in the food service fund.</p>			
<p>School Breakfast – A66 – MS 08, Chap. 124D.1158 and 124D.117</p>	<p>The purpose of the school breakfast program is to provide affordable morning nutrition to children so that they can effectively learn. Public and nonpublic schools that participate in the federal school breakfast program may receive state breakfast aid. Schools shall encourage all children to eat a nutritious breakfast, either at home or at school, and shall work to eliminate barriers to breakfast participation at school such as inadequate facilities and transportation. Each school year, public and nonpublic schools that participate in the federal school breakfast program are eligible for the state breakfast program. Each school year, the state must reimburse each participating school 30 cents for each reduced price breakfast and 55 cents for each fully paid breakfast. A school that receives school breakfast aid under this Sect. must make breakfast</p>	<p>Counties, School Districts, State Agencies, and Non- government Organizations</p>	<p>4,841,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	available without charge to all participating students who qualify for free or reduced price meals. A district must offer a school breakfast program in every school building in which at least 33% of the school lunches served during the second preceding school year were served free or at a reduced price. A school in which fewer than 25 pupils are expected to take part in the program is exempt. It also does not apply to a district that does not participate in the national school lunch program.			
School Milk – A68 – MS 08, Chap. 124D.118 and 124D.114	The school milk program established to provide districts in the state with added resources so that all kindergarten students in public and nonpublic schools may have access to wholesome milk on a daily basis. Each district in the state is encouraged to participate in the state-supported school milk program for kindergartners. Participating districts must provide one serving of milk on each school day to each kindergarten student attending a public or nonpublic school in the district. No student is required to accept the milk that is provided by the district. The program must be promoted and operated under the direction of the MDE or the designee. MDE shall: encourage all districts to participate in the school milk program for kindergartners; prepare program guidelines which will effectively and efficiently distribute appropriated and donated money to participating districts; and seek donations and matching funds from appropriate private and public sources. Program guidelines may provide for disbursement to districts through a mechanism of prepayments or by reimbursement for approved program expenses. Reimbursement is made for each participating public or nonpublic school 20 cents for each half-pint of milk that is served to kindergarten students and is not part of a school lunch or breakfast.	School Districts and Non-government Organizations	1,555,000	
Declining Pupil Aid, Red Lake – A67 – Laws 07, Chap. 146, Art. 1, Sect. 24, Subd. 11	For a grant to Independent School District No. 38. Red Lake, for declining pupil aid.	School District	50,000	
Compensatory Pilot Grants – Laws 2005, 1 st Special Session, Chap. 5, Art. 1, Sect. 50	A pilot program is created to allow a school district to allocate compensatory revenue among school buildings according to each building's school performance measures. An identified district may submit an application to the MDE for a plan to allocate	ISD 279 Osseo ISD 281 Robbinsdale ISD 286 Brooklyn Center ISD 535 Rochester ISD 833 South Washington County	210,000 160,000 75,000 165,000 65,000 <u>1,500,000</u> 2,175,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>compensatory revenue to school sites based on student performance. The application must include a written resolution approved by the school board that: identifies the test results that will be used to assess student performance; describes the method for distribution of compensatory revenue to the school sites; and summarizes the evaluation procedure the district will use to determine if the redistribution of compensatory revenue improves overall student performance.</p>	<p>ISD 11 Anoka Hennepin Total</p>		
<p>Public Library Basic Grant – A71/B71 – MS 08, Chap. 134.355</p>	<p>Basic system support grants and regional library telecommunications aid provide the appropriations for the basic regional library system. Any regional public library system which qualifies may apply for an annual grant for regional library basic system support. Regional public library districts may not compensate board members using grant funds. The amount of each grant for each fiscal year shall be calculated as follows. 51.5% of the available grant funds shall be distributed to provide all qualifying systems an equal amount per capita. Each system's allocation pursuant to this subdivision shall be based on the population it serves. 12.5% of the available grant funds shall be distributed to provide all qualifying systems an equal amount per square mile. Each system's allocation pursuant to this subdivision shall be based on the area it serves. 5% of the available grant funds shall be paid to each system as a base grant for basic system services. 25% of the available grant funds shall be distributed to regional public library systems based upon the adjusted net tax capacity per capita for each member county or participating portion of a county as calculated for the second year preceding the fiscal year for which the grant is made. Each system's entitlement shall be calculated as follows. Multiply the adjusted net tax capacity per capita for each county or participating portion of a county by .0082. Add sufficient grant funds that are available to raise the amount of the county or participating portion of a county with the lowest value calculated to the amount of the county or participating portion of a county with the next highest value calculated. Multiply the amount of the additional grant funds by the population of the</p>	<p>Other Government – Current Year Prior Year Total</p>	<p>12,213,000 <u>925,000</u> 13,138,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>county or participating portion of a county. Continue the process by adding sufficient grant funds that are available under this subdivision to the amount of a county or participating portion of a county with the next highest value to raise it and the amount of counties and participating portions of counties with lower values up to the amount of the county or participating portion of a county with the next highest value, until reaching an amount where funds available under this subdivision are no longer sufficient to raise the amount of a county or participating portion of a county and the amount of counties and participating portions of counties with lower values up to the amount of the next highest county or participating portion of a county. If the point is reached using the process and the remaining grant funds are not adequate for raising the amount of a county or participating portion of a county and all counties and participating portions of counties with amounts of lower value to the amount of the county or participating portion of a county with the next highest value, those funds are to be divided on a per capita basis for all counties or participating portions of counties that received grant funds under the first calculation. Population shall be determined according to law.</p>			
<p>Multi-county, Multi-type Library – A72/B72 – MS 08 Chap. 134.353-354</p>	<p>The MDE may provide development grants to multi-county, multi-type library systems. In awarding a development grant, the MDE shall consider the extra costs incurred in systems located in sparsely populated and large geographic regions. The MDE may also provide operating grants to multi-county, multi-type library systems. In awarding an operating grant, the MDE shall consider the extra costs incurred in systems located in sparsely populated and large geographic areas.</p>	<p>Other Government – Current Year Prior Year Total</p>	<p>1,170,000 <u>130,000</u> 1,300,000</p>	
<p>Magnet School Grant – A80 – MS 08, Chap. 124D.88</p>	<p>The MDE, in consultation with the desegregation/integration office, shall award grants to school districts and chartered public schools for planning and developing magnet schools and magnet programs. Grant recipients must use the grant money under paragraph to establish or operate a magnet school or a magnet program and provide all students with</p>	<p>School Districts</p>	<p>759,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>equal educational opportunities. Grant recipients may expend grant money on: teachers who provide instruction or services to students in a magnet school or magnet program; educational paraprofessionals who assist teachers in providing instruction or services to students in a magnet school or magnet program; clerical support needed to operate 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 field trips that are part of a magnet school or magnet program curriculum; program planning and staff and 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's statutory formula governing indirect costs.</p>			
<p>Youth Works – A88 – MS 08, Chap. 124D.36 -.45</p>	<p>The youth works program is established to fulfill the purposes of renew the ethic of civic responsibility in Minnesota; empower youth to improve their life opportunities through literacy, job placement, and other essential skills; empower government to meet its responsibility to prepare young people to be contributing members of society; help meet human, educational, environmental, and public safety needs, particularly those needs relating to poverty; prepare a citizenry that is academically competent, ready for work, and socially responsible; demonstrate the connection between youth and community service, community service and education, and education and meaningful opportunities in the business community; demonstrate the connection between providing opportunities for at-risk youth and reducing crime rates and the social costs of troubled youth; create linkages for a comprehensive youth service and learning program in Minnesota including school age programs, higher education programs, youth work programs, and service corps programs; and coordinate federal and state activities that advance the program purposes. The youth works program must supplement existing programs and services. The program must not displace existing</p>	<p>Non-government Organization</p>	<p>900,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>programs and services, existing funding of programs or services, or existing employment and employment opportunities. No eligible organization may terminate, layoff, or reduce the hours of work of an employee to place or hire a program participant. No eligible organization may place or hire an individual for a project if an employee is on layoff from the same or a substantially equivalent position. An eligible organization interested in receiving a grant may prepare and submit an application to the Minnesota commission on national and community service. The commission must use any state appropriation and any available federal funds, including any grant received under federal law, to award grants to establish programs for youth works. At least one grant each must be available for a metropolitan proposal, a rural proposal, and a statewide proposal. If a portion of the suburban metropolitan area is not included in the metropolitan grant proposal, the statewide grant proposal must incorporate at least one suburban metropolitan area. In awarding grants, the commission may select at least one residential proposal and one nonresidential proposal.</p>			
<p>Consolidation Aid – B73 – MS 08, 123.485</p>	<p>A district that has been reorganized after June 30, 1994 is eligible for consolidation transition revenue. Revenue is equal to the sum of aid and levy. Revenue must be used for the following purposes and may be distributed among these purposes at the discretion of the district: to offer early retirement incentives; to reduce operating debt; to enhance learning opportunities for students in the reorganized district; for other costs incurred in the reorganization. Revenue received may be expended for operating, facilities, and/or equipment.</p>	<p>School Districts – Prior Year</p>	<p>21,000</p>	
<p>Deferred Maintenance Aid – C05 – MS 08, Chap. 123B.591</p>	<p>An independent or special school district that does not qualify to participate in the alternative facilities bonding and levy is eligible to receive deferred maintenance revenue. The deferred maintenance revenue for an eligible school district equals the product of \$60 times the adjusted marginal cost pupil units for the school year times the lesser of one or the ratio of the district's average age of building space to 35 years. For fiscal year 2008 and later, a district's deferred maintenance aid equals its deferred maintenance revenue minus its deferred</p>	<p>School Districts</p>	<p>2,330,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>maintenance levy times the ratio of the actual amount levied to the permitted levy. Deferred maintenance revenue must be maintained in a reserve account within the general fund. Deferred maintenance revenue may be used only for expenditures that would be eligible for alternative facilities bonding and levy if the district qualified for that revenue.</p>			
<p>School Technology – C06 – MS 08, Chap. 126C.10, Subd. 14 and Laws 07, Chap. 146, Art. 09, Sect. 17, Subd. 8</p>	<p>Total operating capital revenue may be used only for the following purposes: to acquire land for school purposes; to acquire or construct buildings for school purposes; to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement; to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures, including library media centers; for a surplus school building that is used substantially for a public non-school purpose; to eliminate barriers or increase access to school buildings by individuals with a disability; to bring school buildings into compliance with the State Fire Code; to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs; to clean up and dispose of polychlorinated biphenyls found in school buildings; to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel; for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years; to improve buildings that are leased; to pay special assessments levied against school property but not to pay assessments for service charges; to pay principal and interest on state loans for energy conservation or loans made under the Douglas J. Johnson Economic Protection Trust Fund Act; to purchase or lease interactive telecommunications equipment; by board resolution, to transfer money into the debt redemption fund to pay the amounts needed to meet, when due, principal and interest payments on certain obligations or pay principal and interest</p>	<p>School Districts</p>	<p>52,454,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>on debt service loans or capital loans; to pay operating capital-related assessments of any entity formed under a cooperative agreement between two or more districts; to purchase or lease computers and related materials, copying machines, telecommunications equipment, and other non-instructional equipment; to purchase or lease assistive technology or equipment for instructional programs; to purchase textbooks; to purchase new and replacement library media resources or technology; to purchase vehicles; to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for: managing and reporting learner outcome information for all students under a results-oriented graduation rule; managing student assessment, services, and achievement information required for students with individual education plans; and other classroom information management needs; and to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software. For fiscal years 2008, and 2009 only, school technology and operating capital aid equals \$40 for fiscal year 2008 and \$55 for fiscal year 2009 times the district's adjusted marginal cost pupil units for that fiscal year.</p>			
<p>After School Community Learning – C18 – Laws 07, Chap. 146, Art. 9, Sect. 17, Subd. 12</p>	<p>For after school community learning grants.</p>	<p>Cities and Towns, School Districts, Higher Education, and Non-government Organizations</p>	<p>2,498,000</p>	
<p>Fund 200 – Special Revenue</p>				
<p>ECFE Partnership</p>	<p>Money provided from U-Care to be distributed to ECFE program providers to support ECFE programs. Partnership ended with activity in FY 2008.</p>	<p>School Districts</p>	<p>30,000</p>	
<p>Commodity Donated Food</p>	<p>A revolving fund is established for the purpose of depositing cash received for commodity donated foods that have been lost, damaged, recalled, or diverted for processing. The state shall use the fund to issue payments for the value of the lost, damaged, recalled, or diverted commodity</p>	<p>School Districts, State Agencies and Non-government Organizations</p>	<p>6,533,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	donated foods and related costs.			
WJ – Spanish Outreach	The Online Computer Library Center provided one time funding to pass through to library systems for an opportunity to receive training for up to three staff members who will use that training to conduct outreach workshops to train other library staff throughout the state on how to conduct additional outreach activities for Spanish speaking individuals in their communities.	Other Government	1,000	
Mott Foundation Grant	Provide support and development of the Statewide Afterschool Network, a coalition of public and private organizations dedicated to ensuring beneficial options for youth to learn, develop and contribute during non-school hours.	Higher Education	38,000	
Refugee Child School Impact	Provide funding to eligible school districts to design and implement activities that will enhance the service capacity of schools to address rapidly increasing number of refugee students newly resettled in Minnesota.	School Districts	550,000	
ESL – Refugees DHS Grant	To continue ESL services for eligible refugees (funding first awarded in 2007) and to reduce the number of refugees currently on ESL waiting lists. Additionally, this project will provide a greater level of intensity of ESL services to eligible refugees.	School Districts	580,000	
Radiological Grant HSEM	To provide emergency response capability to meet certain specialized needs identified in the Minnesota Emergency Operations plan to assure constant readiness and compliance with federal and state regulations and guidance as required by the Federal Emergency Management Agency and the Emergency Response Plan for Nuclear Power Plants.	School Districts	44,000	
Fund 210 – Endowment School Fund				
Endowment School Apportionment – MS 08 Chap. 127A.33	The Permanent School Fund is a trust fund created by the Minnesota State Constitution and designated as a long-term source of revenue for public schools. Proceeds from land sales, mining royalties, timber sales, lake shore and other leases are invested in the Fund. Income generated by the fund's assets is used to offset state school aid payments.	School Districts	28,222,000	
Fund 300 – Federal				
Special Education State Improvement – 301 – IDEA, Part D., Subpart 1	To assist SEA's in reforming and improving their systems for personnel preparation and professional development of individuals providing early intervention,	School Districts, Higher Education and Non-government Organizations	626,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	educational and transition services, to improve results for children with disabilities. This is a project grant that must be used for program objectives. No matching requirement.			
Charter School Facilities -354 – ESEA of 1965, as amended, Title V Part B, Subpart 1. 20 U.S.C. 8061-8067	Supports the planning and development of charter schools facilities and the dissemination of information on charter schools. This is a project grant to assist charter schools with planning and costs of facilities. Funds are awarded to sub-grantees that are eligible enabling them to plan and provide for the school facility. This program is subject to non-supplanting requirements and must use a restricted indirect cost rate. No matching requirement.	Charter Schools	8,034,000	
Charter School – 355 - ESEA of 1965, as amended, Title V Part B, Subpart 1. 20 U.S.C. 8061-8067	Supports the planning, development and initial implementation of charter schools and the dissemination of information on charter schools. This is a project grant. Funds are awarded to sub-grantees that are eligible enabling them to plan and implement a charter school. Grantees can receive up to three years assistance of which, up to 18 months of can be used for planning and program design and/or not more than two years for initial implementation. This program is subject to non-supplanting requirements and must use a restricted indirect cost rate. No matching requirement.	Charter School	7,000,000	
Head Start – 365 – Head Start Act, as amended; Improving Head Start for School Readiness Act of 2007, Public Law 110-134	To promote school readiness by enhancing the social and cognitive development of low-income children, including children on federally recognized reservations and children of migratory farm workers, through the provision of comprehensive health, educational, nutritional, social and other services. To involve parents in their children’s learning and to help parents make progress toward their educational, literacy and employment goals. Parent participation is emphasized in the administration of local Head Start programs. This is a project grant. At least 90% of enrollees must be income eligible. There are exceptions to increase the 10% to up to 45% if a program can demonstrate they are serving all of the income eligible families in their service area. A 20% of the total program cost must be provided by Head Start grantees. The match can be waived if certain conditions apply. Match can be cash or in-kind.	Non-government Organization	4,000	
School Breakfast – 400 – Child Nutrition	To assist states in providing a nutritious nonprofit breakfast service for school	Counties, School Districts, State	29,956,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
Act of 1966, as amended, U.S.C. 1773, 1779, Public Laws 104-193, 100-435, 99-661, 97-35	children, through cash grants and food donations. This is a formula grant program. Funds are available to reimburse participating public and non-profit private schools, K-12 and residential child care institutions for breakfasts that meet the nutritional requirements set by USDA and served to eligible children. Rates are adjusted annually to reflect changes in the Food Away From Home series of the CPI for all urban consumers. There is a cap on the maximum rate that can be charged for reduced rate students. Rates are also adjusted for schools that serve 40% or more free and reduced for two consecutive years. Participating schools must agree to serve free and reduced price meals to eligible children and operate the program on a nonprofit basis for all children. Funds are provided on a block grant program from the federal government for breakfast, lunch, special milk, summer food, and CACFP. These funds are formula driven allocated based on: multiplying the number of paid breakfasts served to eligible children by the National Average Payment (NAP); multiplying the number of breakfasts served free to eligible children by a NAP prescribed by the Secretary of Agriculture for free breakfasts; and multiplying the number of reduced price breakfasts served to eligible children by a NAP prescribed by the Secretary for reduced-price breakfast. The sum of the three computations is the amount given the grantee. This program has no maintenance of effort requirements.	Agencies, and Non-government Organizations		
National School Lunch Program – 403 – National School Lunch Act, as amended, 42 U.S.C. 1751,1760,1779	To assist states, through cash grants and food donations, in making the school lunch program available to school children and to encourage the domestic consumption of nutritious agricultural commodities. This is a formula grant program. Funds are available to each State to reimburse participating public and/or non-profit private schools, k-12 and residential care institutions, for lunches meeting the nutritional requirements set by USDA and served to eligible children. Schools may also be reimbursed for snacks served to children enrolled in after school hour care programs. Rates are adjusted on an annual basis to reflect changes in the Food Away From Home series of the CPI for all urban consumers. There is a maximum cap that can be charged for reduced rate students. Schools serving 60% or more	Counties, School Districts, State Agencies, and Non-government Organizations	115,788,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>free and reduced lunches for two consecutive years are eligible for an additional general cash assistance for all lunches served. Rates are adjusted annually. This is part of the block grant. There is a formula for general cash for food assistance (Sect. 4) and special cash assistance (Sect. 11) provided. State receives a payment from Sect. 4 for every lunch served in a federal fiscal year and in addition, a payment from Sect. 11 for each lunch served to a child eligible for free or reduced price lunch. The amounts are determined by the National Average Payment factors. The formula is: multiply the total number of eligible paid lunches and free and reduced price lunches served during the year by the Sect. 4 NAP factor; multiply the number of free lunches served by the Sect. 11 NAP factor for free lunches; multiply the number of lunches served at reduced price by the Sect. 11 NAP factor for reduced lunches; multiply the total number of lunches served in school food authorities serving over 60% or more free and reduced in the 2nd preceding school year by the additional rate for 60% schools; and add together the four products. As matching funds, each participating state is required to appropriate from State revenues an amount equal to 30% of the Sect. 4 funds made available to the state in the 1980-81 school year.</p>			
<p>Special Milk Program for Children – 404 – Child Nutrition Act of 1966, as amended, 42 U.S.C. 1772 and 1779</p>	<p>Subsidies are provided to schools and institutions to encourage the consumption of fluid milk by children. This is a formula grant program. Funds are made available to States to encourage the consumption of milk in public and private nonprofit schools for K-12, public and private nursery schools, child care centers, settlement houses, summer camps, and similar nonprofit institutions devoted to the care and training of children (except Job Corps Centers) that do not participate in a meal service program of the National School Lunch or Child Nutrition Acts. The funds are available based on the number of half pints of milk served to non-needy children and the rate is established by law based on the average cost of a half pint of milk. This program is part of the block grant. The rate is adjusted each year to correspond to the change in the Producer Price Index for Fluid Milk Products. The cost of milk in excess of the reimbursement must be</p>	<p>School Districts and Non-government Organizations</p>	<p>903,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	borne by sources within the State. There is no maintenance of effort requirement.			
Child and Adult Food Care Program – Commodities – 405 – Richard B. Russell National School Lunch Act, as amended, Sect. 9, 11, 14, 16 and 17, as amended, 89 Stat. 522-525, 42 U.S.C. 1758, 1759a, 1762a, 1765 and 1766	State assistance through grant-in-aid and other means, to initiate and maintain nonprofit food services programs for children, elderly or impaired adults in nonresidential day care facilities and children in emergency shelters. The USDA Food Distribution Program provides foods to children and helps farmers by supporting domestic agriculture and removing surplus commodities from the market. For the National School Nutrition Program (NSLP), the Food Distribution Program complements the Federal cash reimbursement of eligible meals served, providing additional non-cash assistance to schools in the form of USDA Commodities. All sponsors participating in the NSLP are required to participate in the Food Distribution Program. In addition to the cash reimbursements, schools receive commodity foods, purchased with "Commodity Entitlement," at a value set by USDA for each reimbursable meal served during a school year. Schools can also receive "Bonus Commodities" as they are available from surplus agricultural stocks. The State surveys School Food Authorities to determine demand and orders and coordinates distribution of a wide variety of USDA commodities.	Counties, School Districts, State Agencies, and Non-government Organizations	845,000	
Child and Adult Care Food Program Food Service – 407 - Richard B. Russell National School Lunch Act, as amended, Sect. 9, 11, 14, 16 and 17, as amended, 89 Stat. 522-525, 42 U.S.C. 1758, 1759a, 1762a, 1765 and 1766	State assistance through grant-in-aid and other means, to initiate and maintain nonprofit food services programs for children, elderly or impaired adults in nonresidential day care facilities and children in emergency shelters. Funds are available for eligible institutions to reimburse their costs in providing meals and snacks to homeless children in emergency shelters and children and adults receiving nonresidential day care (including after school programs). Disbursement is made on the basis of the number of lunches, suppers, breakfasts and snacks served using annually adjusted reimbursement rates. Programs can receive reimbursement for 3 meals per day, per participant. The program is available in child care centers and homes to children up to age 12 (except for children of migrant workers that participate up to age 15) and individuals with disabilities without regard for age who are participating in a center or home where the majority of the children are 18 or younger.	Counties, School Districts, State Agencies, and Non-government Organizations	54,311,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	Children in emergency centers participate through age 18. After school care programs, reimbursement is available for snacks. For adult day care centers, functionally impaired adults 18 and older or all adults 60 and older (not residents of an institution) are eligible. This is part of the block grant. Funds are provided based on the rates of reimbursement multiplied by the number of meals served. Rates are adjusted annually based on the Food at Home series of the CPI for all urban consumers. The reimbursement for this program is passed on by sponsoring organizations to the day care home providers under their auspices. There is no maintenance of effort requirement .			
FNS FFY 2002 Award Prior Claims - 500	CACFP claims payments processed that had been in process for prior closed federal fiscal year.	Non-Government Organizations	1,069,000	
Child and Adult Care Food Program Sponsor Administration – 408 - Richard B. Russell National School Lunch Act, as amended, Sect. 9, 11, 14, 16 and 17, as amended, 89 Stat. 522-525, 42 U.S.C. 1758, 1759a, 1762a, 1765 and 1766	State assistance through grant-in-aid and other means, to initiate and maintain nonprofit food services programs for children, elderly or impaired adults in nonresidential day care facilities and children in emergency shelters. Funds are available for eligible institutions to reimburse their costs in providing meals and snacks to homeless children in emergency shelters and children and adults receiving nonresidential day care (including after school programs). Centers participating in this program are required to have sponsors that monitor activities of participating providers to assure compliance with all program requirements for food served, nutritional value and claims. The funds are provided to sponsors to cover the cost of administering the program requirements at all sponsored locations.	Non-government Organizations	6,928,000	
Summer Food Service Program for Children State Administration – 410 – Richard B. Russell National School Lunch Act, Sect. 9, 13 and 14, as amended, 42 U.S.C. 1758, 1761 and 1762a	Assistance provided to states to conduct nonprofit food service programs for low-income children during the summer months and at other approved times, when schools are out of session or are closed for vacation.	Non-government Organization	39,000	
Summer Food Program Sponsor – G15 - Richard B. Russell National School Lunch Act, Sect. 9, 13 and 14, as	Assistance provided to states to conduct nonprofit food service programs for low-income children during the summer months and at other approved times, when schools are out of session or are closed for vacation. Food service centers	Cities and Towns, School Districts, State Agencies, Non- government Organizations	281,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
amended, 42 U.S.C. 1758, 1761 and 1762a	participating in this program are required to have sponsors that monitor activities of participating providers to assure compliance with all program requirements for food served, nutritional value and claims. The funds are provided to sponsors to cover the cost of administering the program requirements at all sponsored locations.			
Summer Food Program Operations – G16 - Richard B. Russell National School Lunch Act, Sect. 9, 13 and 14, as amended, 42 U.S.C. 1758, 1761 and 1762a	Assistance provided to states to conduct nonprofit food service programs for low-income children during the summer months and at other approved times, when schools are out of session or are closed for vacation. Funds are available for eligible service institutions that provide free meals to children in areas that at least 50% of the children meet the income eligibility criteria for free and reduced price lunches. Meals may be served to children 18 and under and to individuals over 18 who participate in State approved school programs for persons with disabilities. The program generally operates May through September at site locations where regularly scheduled food services are provided for children. Reimbursement may be provided for one meal and 1 snack or 2 meals per child per day. Camps and sites serving primarily children of migrant workers may be approved for 3 meals per day. This is part of the block grant. Reimbursements are provided on a per meal basis with the rate adjusted January 1 to reflect changes in the Food Away From Home series of the CPI. There is no maintenance of effort requirement.	Cities and Towns, School Districts, Higher Education, State Agencies, Non-government Organizations	2,824,000	
Team Nutrition Training – J12 – National School Lunch Act, Sect. 6(a)(3) Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Act of 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003 Public Law 104-280, 105-86, 105-277, 106-78, 106-387, 107-229	Team Nutrition Training Grants for Health School meals is a national plan for training and technical assistance for supporting USDA goals for nutritional requirements in school meals. The goal is to improve children’s lifelong eating and physical activity habits by using the principles of the Dietary Guidelines for Americans and the Food Guide System. Funding is provided to state agencies to establish or enhance sustainable infrastructures for implementing training using behavior focused strategies. This is a competitive grant application process. There are no matching requirements.	Non-government Organizations	7,000	
Adult Basic Education – Basic Grants to States – 421 – Adult Education and Family Literacy Act; 20	To fund local programs of adult education and literacy services, including workplace literacy services, family literacy services, and English literacy and civics education programs. Participation in these programs	Counties, School Districts, Higher Education, State Agencies, and Non-government	7,795,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
U.S.C. 1209 et seq.	<p>is limited to adults and out-of-school youths aged 16 and older. This is a formula grant. Specific performance measures are indicated in the Act and include: demonstrated improvements in literacy skills levels in reading, writing and speaking in the English language, numeracy, problem solving, English language acquisition and other literacy skills; placement, retention or completion of postsecondary education, training, unsubsidized employment, or career advancement; receipt of a high school diploma or equivalent; other objective, quantifiable measures, as identified by the State. Up to 12.5% of the State allotment can be used for State leadership activities (including professional development); 82.5 shall be used to support local programs and corrections education and other institutionalized individuals (with not more than 8.25% going to corrections or other institutionalized individuals); 5% may be used for State administrative costs. The program is subject to non-supplanting and must use a restricted indirect cost rate. Each state received an initial allotment of \$250,000 plus an amount calculated on the basis of the ratio of adults 16 and older who are not enrolled or required to be enrolled in secondary school under State law. No State shall receive less than 90% of its allotment for the preceding fiscal year. Eligible outlying agencies must provide a nonfederal contribution in an amount equal to 12% of the total amount of funds expended for adult education and literacy activities. Maintenance of effort is required.</p>	Organizations		
Migrant Education – 422 - Elementary and Secondary Education Act of 1965, Title I, Part C, as amended. 20 U.S.C. 6391 et seq.	<p>To assist States to ensure that migratory children have the opportunity to meet the same challenging State content and performance standards that all children are expected to meet. This is a formula grant program. Program funds are used to support high quality and comprehensive educational programs that address the needs of migratory children. Funds are allocated through a statutory formula based on each State's per pupil expenditure and the number of eligible full-time and part-time equivalent migrant students aged three through twenty-one residing within the State. In determining the full-time and part-time equivalent number of migratory children who are in a State during the summer months, the</p>	School Districts, Higher Education and Non-government Organizations	2,054,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	Secretary adjusts the number to take into account the special needs of those children for summer and/or intersession programs and the additional costs of operating such programs during the summer. Beginning in 2003, each State will receive at least 100% of its fiscal year 2002 allocation and any amount in excess of that appropriation will be distributed by the formula included above.			
Neglected and Delinquent -423 - Elementary and Secondary Education Act; Title I, Part D, Subpart 1	To help provide education continuity for children and youth in State-run institutions for juveniles and in adult correctional institutions, so that these youth can make successful transitions to school or employment once they are released from State institutions. This is a formula grant program. Funds are used for educational or educationally related services. State juvenile institutions are eligible to use funds for institution wide programs that integrate activities with other Federal, State, and local education programs in the institution. In facilities not operating institution wide programs, services must be used to supplement, not supplant, those normally provided with State funds.	State Agencies	262,000	
Deaf Blind Center – 424 - Individuals with Disabilities Education Act (IDEA), Part D, Subpart 2, Sect. 663, as amended, 20 U.S.C. 1463	To promote academic achievement and improve results for children with disabilities by supporting technical assistance, supporting model demonstration projects, dissemination useful information, and implementing activities that are supported by scientifically based research. This is a project grant. Funds must be used to support the objectives of the program. USDE can require a recipient of a grant, contract or cooperative agreement to share in the cost of a project.	School District	175,000	
LSTA Title I – Grants to States for Library Services – 426 - Museum and Library Services Act, codified at 20 U.S.C. Sect. 9101 et seq	To promote improvement in library services in all types of libraries to better serve the people of the United States. To facilitate access to resources in all types of libraries for the purpose of cultivating an educated and informed citizenry and to encourage resource sharing among all types of libraries for the purpose of achieving economical and efficient delivery of library services to the public. This is a formula grant program. To make grants to state library administrative agencies which shall expend funds, either directly or through sub-grants, for: expanding services for learning and access to information and educational resources in a variety of formats, in all types of libraries, for individuals of all ages; developing	School Districts, Higher Education, Other Government, and State Agencies	2,701,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>library services that provide all users access to information through local, state, regional, national, and international electronic networks; providing electronic and other linkages between and among all types of libraries; developing public and private partnerships with other agencies and community-based organizations; targeting library services to help increase access and ability to use information resources for persons of diverse geographic, cultural, and socioeconomic backgrounds; persons with disabilities; and persons with limited functional literacy or information skills; and targeting library and information services to help increase access and ability to use information resources for persons who have difficulty using a library and for underserved urban and rural communities, including children from birth through age 17 from families with incomes below the poverty line. The amount a State receives under this program consists of a minimum allotment set by Congress (20 USCS 9131(b)) plus an additional amount based on the most current published population estimates available the first day of the federal fiscal year from the Bureau of the Census. The federal share is 66% and the state matching requirement is 34%.</p>			
<p>Rural and Low Income Schools – 428 - Elementary and Secondary Education Act, Title VI, Part B</p>	<p>To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. This is a formula grant program. Grantees under the Small, Rural School Achievement Program component may use program funds to carry out activities authorized under: Title I- Part A (Grants to LEAs); Title II- Part A (Improving Teacher Quality State Grants); Title II-Part D (Educational Technology State Grants); Title III (Language Instruction for Limited English Proficient and Immigrant Students); Title IV-Part A (Safe and Drug-Free Schools and Communities State Grants); Title IV-Part B (21st Century Community Learning Centers); and Title V-Part A (State Grants for Innovative Programs). Grantees under the Rural and Low- Income School Program component may use program funds for: teacher recruitment and retention; teacher professional development; educational technology; parental involvement activities; activities authorized under ESEA Title IV-Part A</p>	<p>School Districts</p>	<p>75,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>(Safe and Drug-Free Schools and Communities); activities authorized under ESEA Title I-Part A (Grants to LEAs); and activities authorized under ESEA Title III (Language Instruction for Limited English Proficient and Immigrant Students). For the Small, Rural School Achievement Program component, LEA allocations are based on a statutory formula which weighs ADA numbers and the LEAs prior year's allocations under ESEA Title II-subpart 2, Title II-Sect. 2412(a)(2)(A), Title IV- Sect. 4114, and Title V-Part A. Contact the program office for more specific information. For the Rural and Low-Income School Program component, SEA allocations are based on the ADA numbers of eligible LEA recipients. SEA's may make sub-grants through formula or by competition.</p>			
<p>School Dropout Prevention – 431 - Elementary and Secondary Education Act of 1965, as amended; Title I, Part H</p>	<p>To support effective, sustainable and coordinated dropout prevention and reentry programs in high schools with annual dropout rates that exceed their state average annual dropout rate. Middle schools that have students who continue on to these high schools are also supported. This grant is a project grant. Grant recipients must implement proven strategies for reducing the number of students who drop out before completing secondary school and for assisting youth to reenter school after they have dropped out. These strategies may include: identify students at risk of dropping out; providing at-risk students with services designed to prevent them from dropping out; identifying and encouraging youth who already have dropped out to reenter school; and implementing other comprehensive approach. Specifically authorized activities include: professional development; reduction in pupil-teacher ratios; counseling and mentoring for at-risk students; and implementing comprehensive school reform models. There is no matching requirement.</p>	<p>School Districts</p>	<p>60,000</p>	
<p>Preschool Grant – Part B – 434 - Individuals with Disabilities Education Act (IDEA), Part B, Sect. 619, as amended, 20 U.S.C. 1419</p>	<p>To provide grants to States to assist them to make available special education and related services for children with disabilities ages 3 through 5 years, and at a State's discretion, to 2 year old children with disabilities who will reach age three during the school year. This is a formula grant program. Funds are used by State education agencies: to provide a free appropriate public education (FAPE) to</p>	<p>School Districts, Higher Education and Non-government Organizations</p>	<p>6,697,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>preschool children with disabilities ages 3 through 5, and at the State's discretion, to 2-year old children with disabilities who will reach age 3 during the next school year; to administer Sect. 619; and for support services, direct services, activities to meet the State's performance goals, to supplement other funds used for a Statewide coordinated service system designed to improve results for children and families, to provide early intervention services in accordance with Part C to children ages 3 through 5 who would otherwise be eligible under the Preschool Grants program, and to continue service coordination or case management for families who receive services under Part C. Preschool Grants are awarded to States based on a statutory formula. A State first receives the amount it received under this program in federal fiscal year 1997. If the appropriation for this program in any subsequent fiscal year exceeds the amount for the preceding fiscal year, 85% of the excess appropriation over the fiscal year 1997 appropriation is awarded to States based on their relative populations of children aged 3 through 5, and 15% of the excess appropriation is awarded based on the State's relative population of all children aged 3 - 5 living in poverty. The formula also provides several floors and ceilings regarding the amount a State can receive in a year. The Act also specifies how funds are allocated when the appropriation is less the amount provided in the prior fiscal year.</p>			
<p>Infant and Toddlers – Part C – 435 - Individuals with Disabilities Education Act (IDEA), Part C, as amended, 20 U.S.C. 1431-1444</p>	<p>To provide grants to States to assist them to implement and maintain a Statewide, comprehensive, coordinated, multidisciplinary, interagency system to make available early intervention services to infants and toddlers with disabilities and their families. This is a formula grant program. Funds are used to assist States in implementing and maintaining their Statewide systems of early intervention services. Funding may also be used to provide direct services for eligible infants and toddlers with disabilities aged birth through 2 and their families that are not otherwise provided by other public or private sources, to expand and improve services for infants and toddlers with disabilities that are otherwise available and to provide a free appropriate public education, in accordance with Part B of</p>	<p>School Districts and Non-Government Organizations</p>	<p>5,131,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>IDEA, to children with disabilities from their third birthday to the beginning of the following school year. States also have the discretion to provide services to infants and toddlers who are at risk of having substantial developmental delays if they do not receive appropriate early intervention services. The Individuals with Disabilities Education Improvement Act of 2004 amended IDEA to allow states, at their discretion, to continue to serve children with disabilities under this program beyond age 2 until the children enter or are eligible to enter kindergarten or elementary school, if the children are otherwise eligible for services under the Preschool Grants Program (84.173), and previously received services under this program. Awards are based on each applicants proportionate share of children, aged birth through two years, in the general population, based on the most recent satisfactory data available from the United States Bureau of the Census. No State shall receive less than 0.5% of the funds available for all States. The Department of Interior receives 1.25% of the amount available to States. The Outlying Areas receive up to 1% of the funds appropriated.</p>			
<p>Drug and Violence Prevention – 437/438 - Elementary and Secondary Education Act, Title IV, Part A, Subpart 1, as amended. 20 U.S.C. 7111-7117</p>	<p>To offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and are coordinated with related Federal, State, and community efforts and resources. This is a formula grant program. Drug prevention programs must convey a clear and consistent message that the illegal use of alcohol and other drugs is wrong and harmful. Generally, funds under the program may not be used for construction, medical services, or drug treatment or rehabilitation. This program is subject to maintenance of effort requirements. The statutory formula used to determine each State's allotment is authorized by Title IV, Part A, Subpart 1, Elementary and Secondary Education Act, as amended (ESEA). This program has maintenance of effort requirements; see funding agency for further details. From the total appropriation, 1% or \$4.75 million (whichever is greater) is reserved for the Outlying Areas, 1% or \$4.75 million (whichever is greater) is reserved for the</p>	<p>Counties and School Districts</p>	<p>4,104,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>Bureau of Indian Affairs for programs for Indian youth, and 0.2% is reserved for programs for Native Hawaiians. The Department allocates the remaining funds by formula to States, half on the basis of school-aged population and half on the basis of State shares of ESEA Title I Concentration Grants funding for the previous year, provided that no State receives less than the greater of: (1) one-half of 1% of the total, or (2) the amount it received under the program in fiscal year 2001. Of each State's allocation, the Governor may elect to administer up to 20% of the funds; the remainder is administered by the State educational agency. The SEA must sub-grant at least 93% to LEAs. LEA allocations are based 60% on ESEA Title I Concentration Grant funding for the preceding year and 40% on enrollment.</p>			
<p>Homeless Children – 440 - McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B</p>	<p>To ensure that all homeless children and youth have equal access to the same free, appropriate public education available to other children, the Education for Homeless Children and Youth program provides assistance to States, Outlying Areas, and the Bureau of Indian Education (BIE) to: (1) establish or designate an Office of Coordinator of Education of Homeless Children and Youths; (2) develop and carry out a State plan for the education of homeless children; and (3) make sub-grants to local educational agencies to support the education of those children. This is a formula grant program. SEAs and LEAs may use funds for a wide variety of activities that facilitate the educational success of homeless children and youth. Such activities include: tutoring summer enrichment programs, the provision of school supplies, and professional development designed to heighten educators' understanding of and sensitivity to the needs of homeless children and youth. Services provided with these funds cannot replace the regular academic program and must expand upon or improve services provided as part of the regular academic program. Each State educational agency receives an amount that bears the same ratio to the amount appropriated for this program as the amount allocated under Sect. 1122 of the Elementary and Secondary Education Act bears to the total allocations made under Sect. 1122. States shall not receive less</p>	<p>School Districts</p>	<p>650,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	than \$150,000, 0.25% of the total, or the amount of the State's fiscal year 2001 award.			
Even Start – 441 - Elementary and Secondary Education Act, as amended; Title I, Part B, Subpart 3. 20 U.S.C. 6362	To help break the cycle of poverty and illiteracy and improve the educational opportunities of low-income families, by integrating early childhood education, adult literacy or adult basic education, and parenting education into a unified family literacy program. This is both a formula and project grant program. Sub-grants are used for activities such as recruitment and screening of children and parents, design of programs, instruction of children and parents, support services, staff training, evaluation, and coordination with other programs. The Federal share of the cost of a sub-grant project is not more than 90% in the first year, 80% in the second year, 70% in the third year, 60% in the fourth year, and 50% in any subsequent year. Federal funds are distributed to SEAs based on their relative shares of Title I, Part A of ESEA.	School Districts	621,000	
Title V – State Grants for Innovative Programs – 449 - Elementary and Secondary Education Act of 1965, Title V, Part A	To assist State and local educational agencies in the reform of elementary and secondary education. This is a formula grant program. Funding may be used for the following purposes: to support local education reform efforts; to provide funding to enable state educational agencies and local educational agencies to implement promising educational reform programs and school improvement programs that rely on scientifically based research; to provide a continuing source of innovation and educational improvement, including support programs that provide library services and instructional and media materials; to meet the educational needs of all students, including at-risk youths; and to develop and implement education programs to improve school, student, and teacher performance, including professional development activities and class-size reduction programs. The Department is authorized to reserve up to 1% of the funds for the Outlying areas. The balance is allotted to SEAs based on the State's relative share of the Nation's school-aged population. The SEA is authorized to reserve up to 15% of the funds for State administration and technical assistance, of which not more than 15% may be used for administrative expenses. The balance of the funds the State receives is distributed to the LEAs on	School Districts	1,367,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	the basis of the formula developed by the State and approved by the USDOE.			
Title I Grants to LEAS – 450 - Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq	To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. This is a formula grant program. Use of funds varies, depending on whether a school is operating a schoolwide program under Sect. 1114 of Title I or a targeted assistance program under Sect. 1115. A school with at least a 40% poverty rate may choose to operate a schoolwide program under Sect. 1114 that allows Title I funds to be combined with other Federal, State, and local funds to upgrade the school's overall instructional program. All other participating schools must operate targeted assistance programs, which provide extra instruction to those children failing, or most at risk of failing, to meet challenging State academic standards. Targeted assistance programs must ensure that Title I services supplement, not supplant the regular education programs normally provided by State and local educational agencies. The statute includes four separate formulas for allocating Title I Grants to LEAs. Under the statute, Basic and Concentration Grants are funded at the 2001 appropriation level. Basic Grants are allocated to almost all local educational agencies based on each State's per-pupil expenditure for education and the number of school-aged children from low-income families. Concentration Grants are allocated to LEAs having more than 6,500 children from low-income families or a poverty rate of more than 15%. In addition, funds appropriated in excess of the fiscal year 2001 level are to be distributed as Targeted Grants, which make higher payments to LEAs with higher numbers or percentages of poor children. The law also includes a separately authorized Education Finance Incentive Grants formula, which incorporates factors designed to measure a State's commitment to provide sufficient education funding, as well as how equitably that funding is distributed across districts. Allocations from all four formulas are combined into a single award to eligible LEAs. Within LEAs, funds are targeted to schools with the greatest percentages of poor children. The Bureau of Indian Affairs, Outlying Areas, and the	School Districts	114,596,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	Pacific Regional Education Laboratory also receive funding.			
Children with Disabilities – 451 - Individuals with Disabilities Education Act (IDEA), Part B, Sect. 611-618, as amended, 20 U.S.C. 1411-1418	To provide grants to States to assist them in providing a free appropriate public education to all children with disabilities. This is a formula grant program. Funds are used by State and local educational agencies, in accordance with the IDEA, to help provide the special education and related services needed to make a free appropriate public education available to all eligible children and, in some cases, early intervening services. Funds are awarded based on a statutory formula. In general, subject to minimum and maximum funding requirements, if the funds available to States increase from one year to the next, each of the states first received what it received in 1999. Eighty-five percent of the remaining funds are distributed based on the relative number of children with disabilities in the age range for which States mandate services; 15% of the remaining funds are distributed based on the relative numbers of those children living in poverty. If the amount available to these entities decreases from one year to the next, each entity receives what it did in 1999. Remaining funds are distributed in proportion to the increase these entities received between 1999 and the present year. Most of the funds must be distributed to local education agencies directly serving children. States may retain the remaining funds for state-level activities including administration of, support of, and direct services to children with disabilities. There are excess cost requirements.	School Districts, Higher Education, State Agencies, and Non-government Organization	180,480,000	
Education Technology (Enhancing Education through Technology Program) - 452 - Elementary and Secondary Education Act of 1965, as amended, Title II, Part D, Subparts 1 and 2	To provide grants to SEAs on a formula basis to (a) improve student academic achievement through the use of technology in schools; (b) assist all students in becoming technologically literate by the end of eighth grade; and (c) encourage the effective integration of technology with teacher training and curriculum development to establish successful research-based instructional methods. This is a formula grant program. At least 95% of awards to SEAs must be used to make sub-grants to LEAs. Half of the sub-grant funds (the 95%) must be used for formula awards to eligible local educational agencies (LEAs) that receive funds under Title I, Part A. The remaining one-half provides competitive awards to eligible local entities. In the U.S. DOE FY 2006	School Districts	4,084,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>appropriations bill, Congress also included language overriding this statutory provision and included language that provides SEAs with the flexibility to reserve up to 100% of their allocations for competitive awards to eligible entities. These provisions continue to apply under the FY 2008 appropriation. Each LEA and eligible entity receiving funds under this program must use at least 25% of its funds to provide professional development; the remaining funds must be used to carry out other activities consistent with the purposes of the program and the district's local technology plan. Funds are allocated to States proportionate to their share under Part A of Title I of ESEA but with a minimum allocation to any State of one-half of 1% of the amount appropriated.</p>			
<p>21st Century Community Learning – 461 - Elementary and Secondary Education Act of 1965, as amended, Title IV, Part B</p>	<p>To create community learning centers that provide academic enrichment opportunities for children, particularly students who attend high-poverty and low-performing schools. The program is intended to help students meet state and local student standards in core academic subjects, such as reading and math; offers students a broad array of enrichment activities that should complement their regular academic programs; and offers literacy and other educational services to the families of participating children. This is a formula grant program. Projects funded under this program must be for the purpose of meeting the needs of the residents of rural and inner city communities, through the creation or expansion of community learning centers. Funds are allocated to States in proportion to each state's share of funds in the previous fiscal year under Part A of Title I of the ESEA, except that no state may receive less than 0.5 of 1% of the amount available to states.</p>	<p>Schools Districts, Higher Education, State Agencies, Non-government Organization, and Sovereign Entity</p>	<p>9,739,000</p>	
<p>English Language Acquisition – 464 - Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sect.s 3101-3129</p>	<p>To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same challenging State academic content and student academic achievement standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaska Native children with certain modifications relative to the unique status of native American language under Federal Law. This is both formula and project grant program. The Department makes awards</p>	<p>School Districts</p>	<p>7,926,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>to States using a formula based on their numbers of limited English proficient (LEP) children and immigrant children. States must use at least 95% of their allotments to award local educational agencies sub-grants to assist limited English proficient students learn English and meet challenging State academic content and student achievement standards and to provide immigrant students enhanced instructional opportunities. States may reserve up to 5% of their allotments for administrative costs and technical assistance to sub-grantees. The Department awards funds to Outlying Areas for such activities in developing instructional programs for LEP students by hiring tutors, conducting professional development for paraprofessionals, training teachers, hiring teachers for "new-comer" programs, and purchasing and developing materials to be used in the classroom for the instruction of LEP students. Grants for Native American projects are used to increase English proficiency and student academic achievement for LEP students and provide high-quality professional development training for teachers and support personnel. Training must improve teacher instruction and assessment capabilities, and enhance their ability to understand and use curricula, assessment measures, and instructional strategies for LEP students. Training must also be based upon scientifically based research and be of sufficient intensity and duration to have a positive and lasting impact. Funds may also be used for identifying, acquiring, and upgrading curricula, instructional materials, educational software, and assessment procedures. State grants will be issued on a formula basis based on the count of LEP students and the count of immigrant children. Eighty percent of the funds are allocated based on the State's portion of the LEP count as compared to the total LEP count for all States, and 20% are allocated based on the state's portion of the immigrant children count as compared to the count for all States. Outlying area grants are issued on a formula basis based on the number of LEP students in the particular outlying area as compared to the LEP count for all of the outlying areas. The amount of Native American institutions discretionary grants based is based on</p>			

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	budget request.			
Improving Teacher Quality – 465 - Elementary and Secondary Education Act of 1965, Title II, Part A	To provide grants to State Educational Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. This is a formula grant program. At least 95% of awards to SEAs must be used to make sub-grants to LEAs for the following purposes: to assist schools in effectively recruiting and retaining highly qualified teachers; to afford to LEAs the means of recruiting, hiring, and retaining teachers; to make available professional development activities that address subject matter knowledge; and other activities. Improving Teacher Quality State Grants funds are distributed by formula. Each State receives the amount of funds that it received from the antecedent Eisenhower Professional Development State Grants and Class Size Reduction programs in fiscal year 2001. Remaining funds are then allocated to States by formula based 35% on States' relative share of the population aged 5 to 17 and 65% on States' relative share of poor children aged 5 to 17, with each State receiving at least one-half of 1% of these remaining funds.	School Districts	34,836,000	
Reading First – 468 - Elementary and Secondary Education Act of 1965, as amended, Title I, Part B, Subpart 1	To ensure that every student can read at grade level or above by the end of third grade. The Reading First program provides assistance to States and districts in establishing reading programs for students in kindergarten through third grade that are based on scientifically based reading research. Reading First also focuses on teacher development and ensuring that all teachers, including special education teachers, have the tools they need to effectively help their students learn to read. The program provides assistance to States and districts in preparing teachers to identify specific reading barriers facing their students. This is a project grant program. Each State educational agency (SEA) receiving a grant shall use the funds to establish reading programs that are based on scientifically based reading	School Districts	3,412,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>research. The Department awards grants through a formula based on the State's share of children aged 5-17 whose families have incomes below the poverty line, after first reserving 1/2 of 1% for the Outlying Areas and 1/2 of 1% for Bureau of Indian Education schools.</p>			
<p>Vocational Education Act – 482 - Carl D. Perkins Career Technical Education Act of 2006, Title I</p>	<p>To develop more fully the academic, career, and technical skills of secondary and postsecondary students who elect to enroll in career and tech education programs. This is a formula grant program. Each State may keep up to 5% of its award for state administration and up to 10% of its award to fund leadership activities. Each State must distribute at least 85% of its award to local agencies to fund secondary and postsecondary institutions that provide career and technical education services, from which the state may choose to award an amount equivalent to 10% of its award to make awards to local agencies in rural areas, areas with high percentages of career and technical education students, and areas with high numbers of career and technical education students. The funding formula is based on State per-capita income and population in three age cohorts (15-19, 20-24, and 25-65). The formula provides for a minimum State allocation of at least 0.5% of the total, and a "hold-harmless" provision in the formula ensures that no State's share of the appropriation is less than its share of the fiscal year 1998 appropriation. A special provision limits the increase a State with an initial allocation of the 0.5% minimum may receive, resulting in a number of States that receive an allocation of less than 0.5% of the total. If appropriations result in the amount of funds for allocation to States exceeding the amount of funds allocated to States from the FY 2006 appropriation, up to one-third of the additional funds are allotted to States with FY 2006 grants that are less than the minimum 0.5% grant amount and the remainder would flow to the other States. In addition, the Pacific territories receive 0.13% of the total appropriated for State Grants to operate the same kinds of career and technical education programs as the States. Also, 1.25% of the total appropriation for State Grants is set aside for grants to federally recognized Indian tribes and tribal organizations, and 0.25% is set aside for competitive grants to</p>	<p>School Districts, Higher Education, State Agencies, and Non-government Organizations</p>	<p>6,025,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>organizations that primarily serve and represent Hawaiian Natives. The Bureau of the Census supplies the population data; the Department of Labor supplies the per-capita income data. Sect. 102 of the Perkins Act requires 50/50 matching for State administration. No match is required for American Samoa, the Northern Mariana Islands, the Virgin Islands, Guam, or the Republic of Palau. The Perkins Act describes maintenance of effort requirements.</p>			
<p>Voluntary School Choice – 486 - Elementary and Secondary Education Act, as amended; Title V, Part B, Subpart 3; 20 U.S.C. 7225-7225g</p>	<p>To support efforts to establish or expand intra-district, inter-district, and open enrollment public school choice programs to provide parents, particularly parents whose children attend low-performing public schools, with expanded education options and with greater choice for their children's education. This is a project grant program. An eligible entity that receives a grant under this subpart may use the grant funds for: planning or designing a program (for not more than 1 year); the cost of making tuition transfer payments to public elementary schools or secondary schools to which students transfer under the program; the cost of capacity-enhancing activities that enable high-demand public elementary schools or secondary schools to accommodate transfer requests under the program; the cost of carrying out public education campaigns to inform students and parents about the program; and other costs reasonably necessary to implement the program. An eligible entity that receives a grant under this subpart may not use the grant funds for school construction. The eligible entity may use not more than 5% of the funds made available through the grant for any fiscal year for administrative expenses. There is no matching requirement.</p>	<p>School Districts and Non-government Organizations</p>	<p>2,886,000</p>	
<p>Learn and Serve America School and Community Based Programs – 497 - National and Community Service Act of 1990, as amended</p>	<p>To encourage elementary and secondary schools and community-based agencies to create, develop, and offer service-learning opportunities for school-age youth; educate teachers about service-learning and incorporate service-learning opportunities into classrooms to enhance academic learning; coordinate adult volunteers in schools; and introduce young people to a broad range of careers and encourage them to pursue further education and training. This is a project grant program. Grant funds may be used for a wide range of activities including:</p>	<p>School Districts</p>	<p>202,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
	<p>planning and capacity building; operating and expanding service-learning programs through grants to local partnerships; implementing and expanding school-based programs involving adult volunteers to use service-learning to improve the education of students; and providing training and technical assistance to qualified organizations. Corporation assistance may not be used to provide religious instruction, conduct worship services or engage in any form of proselytization; to assist, promote, or deter union organizing; to finance, directly or indirectly, any activity designed to influence the outcome of an election to any public office; or to impair existing contracts for service of collective bargaining agreements. The Corporation's share of the total cost of carrying out a funded program may not exceed 90% for the first program year; 80% for the second year; 70% for the third year; 50% for the fourth and any subsequent year.</p>			
<p>School Improvement Grants – J99 - Sect. 1003(g) of the Elementary and Secondary Education Act (ESEA), as amended (Public Law 107-110)(115 Stat. 1442, 20 U.S.C. 6303(g)).</p>	<p>To strengthen the capacity of States to carry out their program improvement responsibilities required of Title I of the ESEA by building State capacity to provide leadership in implementing effective school improvement strategies for local educational agencies (LEAs) and schools that have been identified for improvement, are in corrective action, and are in the restructuring process and providing resources to LEAs to support school improvement activities, including the development and implementation of effective restructuring plans. This is a project grant program. A State educational agency (SEA) must allocate at least 95% of the amount of the funds it receives directly to LEAs for schools that have been identified for improvement, corrective action, or restructuring to carry out activities. An SEA may retain up to 5% of the grant amount received for administration, evaluation, and technical assistance expenses. At the LEA level, these funds may be used for any reasonable costs associated with carrying out school improvement, corrective action, or restructuring activities. There are no matching requirements.</p>	<p>School Districts</p>	<p>5,205,000</p>	
<p>Fresh Fruit and Vegetable Program – K14 - National School Lunch Act, as amended, 42 U.S.C.</p>	<p>To assist States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2005. This is a project grant</p>	<p>School Districts</p>	<p>893,000</p>	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2009	Most Recent Federal Award (cite year)
1769	program. The National School Lunch Act, Federally appropriated Fresh Fruit and Vegetable Program funds are available to a specified number of State agencies: 25 schools in each of eight designated states (Indiana, Iowa, Michigan, Mississippi, North Carolina, Pennsylvania, Ohio, Washington); and 25 schools among three Indian Tribal Organizations in 3 designated states (Arizona, South Dakota, and New Mexico). Participating public and nonprofit private schools of high school grade or under are reimbursed free to school children outside of the lunch or breakfast food service periods. All participating schools must agree to serve fresh fruits and vegetables free to all enrolled children, and to publicize fresh fruit and vegetable availability within the school. Funds are allocated to each State based on the enrollment of schools selected for participation. There is no matching requirement.			
Enhanced Assessment Grant – K19 –	To enhance the assessment program to provide access to all student content on grade level assessments.	Non-government Organization	830,000	
Fund 610 – Miscellaneous Agency				
Bush Foundation ESL	To provide additional ESL services to supplement state and federal initiatives.	School Districts	20,000	
FNS Restitution Recapture	To return funds overpaid to providers.	Non-government Organizations	66,000	
NGA – STEM Grant	To develop and implement comprehensive plans to engage in K-12 science, technology, engineering and math education redesign that supports a state economy's innovation capacity. Funds are granted to MDE from the Bill and Melinda Gates Foundation to grant to schools.	School Districts	475,000	

Federal Program (\$ in Thousands)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
Adult Basic Education 421	152 40,151 <u>1,443</u> 40,496	SO GPS GCBO TOTAL	676 4,348 <u>876</u> 5,900	986 7,024 <u>771</u> 8,781	963 6,312 <u>738</u> 8,013	983 69,21 <u>799</u> 8,703
Byrd Honors Scholarships 436		GI	675	804	700	700
Carl Perkins Act – Vocational Education 482	475 0 <u>0</u> 475	SO GPS GCBO TOTAL	796 6,977 <u>5</u> 7,778	909 6,020 <u>5</u> 6,934	944 6,020 <u>5</u> 6,969	970 6,020 <u>5</u> 6,995
Charter School – Facilities Grant 354	0 <u>32,817</u> 33,817	SO GPS TOTAL	81 <u>6,514</u> 6,595	142 <u>8,034</u> 8,176	0 <u>0</u> 0	0 <u>0</u> 0
Charter School – Start-up 355	268 <u>1,801</u> 2,069	SO GPS TOTAL	370 <u>6,884</u> 7,254	452 <u>7,000</u> 7,452	546 <u>7,500</u> 8,046	570 <u>7,500</u> 8,070
Comprehensive School Health Programs 481		SO	347	578	587	599
Comprehensive School Health Improve Health & Educational Outcomes K60		SO	0	63	0	0
Comprehensive School Health Expanding Technical Assistance K66		SO	0	60	9	0
Early Childhood – Head Start 365		SO	132	124	128	131
Early Childhood – Special Education Preschool Grant Part B 434		SO GPS GCBO TOTAL	471 6,317 <u>77</u> 6,865	628 6,618 <u>79</u> 7,325	651 6,655 <u>80</u> 7,386	668 6,755 <u>80</u> 7,503
Early Childhood – Special Education Infants & Toddlers Grant Part C 435		SO GPS GCBO Total	919 5,026 <u>44</u> 5,989	1,439 5,000 <u>131</u> 6,570	1,461 5,000 <u>131</u> 6,592	1,473 5,000 <u>131</u> 6,604
ESEA – Safe & Drug Free Schools 357		SO	184	72	0	0
ESEA – Consolidated Administration Funding 420	155	SO	2,427	2,284	2,478	2,616
ESEA – Migrant Education 422		SO GPS GCBO TOTAL	139 1,592 <u>422</u> 2,153	136 1,626 <u>428</u> 2,190	138 1,676 <u>428</u> 2,242	140 1,676 <u>428</u> 2,244
ESEA – Migrant Education Information System MSIX J22		SO	0	34	0	0
ESEA – Migrant Education Coordination K24		SO	0	71	0	0
ESEA – Neglected and Delinquent 423		GPS	170	262	200	200
ESEA – Foreign Language Assistance 425	232	GPS	185	0	0	0
ESEA – Rural & Low Income Schools 428		GPS	72	75	75	75

Federal Program (\$ in Thousands)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
ESEA – Drop Out Prevention 431		SO	1,087	505	613	618
		GPS	6	60	60	60
		TOTAL	1,093	565	673	678
ESEA – Drug & Violence Prevention 437 and 438		SO	355	563	568	569
		GPS	3,286	4,104	4,343	4,543
		TOTAL	3,641	4,667	4,911	5,112
ESEA – Even Start Family Literacy 441		SO	53	80	82	83
		GPS	673	621	644	644
		TOTAL	726	701	726	727
ESEA – Title V 449		SO	190	268	277	287
		GPS	1,497	1,367	1,500	1,500
		Total	1,687	1,635	1,777	1,787
ESEA – Title I 450		SO	196	182	191	197
		GPS	106,846	114,596	118,988	124,488
		Total	107,042	114,778	119,179	124,685
ESEA – Enhancing Technology State Grants 452	0	SO	118	90	94	96
	45,858	GPS	2,379	4,084	2,700	2,700
	45,858	TOTAL	2,497	4,174	2,794	2,796
ESEA – School Reform 454		GPS	275	0	0	0
		SO	290	382	398	409
ESEA – 21 st Century Community Learning 461	56	GPS	6,370	6,589	6,589	6,589
	1,738	GCBO	3,127	3,150	3,150	3,150
	839	TOTAL	9,787	10,121	10,137	10,148
	2,633					
ESEA – State Assessments 462	16,349	SO	7,531	7,074	7,137	7,177
ESEA – English Language Acquisition 464		GPS	5,464	7,926	8,025	8,025
ESEA – Title II Improving Teacher Quality 465	914	SO	1,209	1,948	2,130	2,186
	0	GPS	33,426	34,836	34,836	34,836
	914	TOTAL	34,635	36,784	36,966	37,022
ESEA – Reading First 468		SO	1,282	790	642	0
		GPS	8,088	3,412	3,000	500
		TOTAL	9,370	4,202	3,642	500
ESEA – Voluntary Public School Choice 486	538	SO	511	618	631	416
	0	GPS	1,400	2,339	2,000	2,100
	0	GCBO	320	547	550	600
	538	TOTAL	2,231	3,504	3,181	3,116
ESEA – Math Science Partnerships 498	31	SO	42	106	108	108
	1,726	GPS	1,399	2,545	2,200	2,000
	0	GCBO	171	0	0	0
	1,757	TOTAL	1,612	2,651	2,308	2,108
ESEA – School Improvement Grants J99		SO	0	119	120	121
		GPS	0	5,205	5,000	5,000
		TOTAL	0	5,324	5,120	5,121
ESEA – Enhanced Assessment Grant K19		SO	0	830	830	0
FNS – Breakfast 400	4,534	GPS	25,785	28,364	31,200	34,320
	107	GCBO	1,448	1,592	1,752	1,927
	4,641	TOTAL	27,233	29,956	32,952	36,247
FNS – Lunch 403	11,407	GPS	100,645	110,590	121,649	133,815
	687	GCBO	4,617	5,198	5,718	6,289
	12,094	TOTAL	105,262	115,788	127,367	140,104
FNS – Special Milk 404	862	GPS	201	218	240	264
	80	GCBO	620	685	753	829
	942	TOTAL	821	903	993	1,093

DEPT OF EDUCATION

Federal Funds Summary

Federal Program (\$ in Thousands)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
		GPS	58	65	71	78
		GCBO	<u>710</u>	<u>780</u>	<u>858</u>	<u>944</u>
FNS Commodities 405		TOTAL	768	845	929	1,022
FNS – CACFP Audit 406		SO	666	913	944	971
		GPS	665	783	861	947
FNS – CACFP Food Service 407 and 500		GCBO	<u>48,709</u>	<u>54,597</u>	<u>58,882</u>	<u>64,770</u>
		TOTAL	49,374	55,380	59,743	65,717
FNS – CACFP Sponsor Administration 408		GCBO	6,358	6,928	7,481	8,115
FNS – Summer Food Service Program State Administration Expense 410		SO	79	117	84	86
FNS – State Administration Expense G11	163	SO	2,927	4,093	4,303	4,462
		GPS	209	214	236	259
FNS – Summer Food Program Sponsor Admin G15		GCBO	<u>46</u>	<u>67</u>	<u>73</u>	<u>80</u>
		TOTAL	255	281	309	339
		GPS	2,023	2,344	2,618	2,955
FNS – Summer Food Program G16		GCBO	<u>479</u>	<u>480</u>	<u>569</u>	<u>642</u>
		TOTAL	2,502	2,824	3,187	3,597
FNS – Wellness Program H09		SO	15	0	0	0
		SO	0	47	122	68
FNS – Team Nutrition Training J12		GCBO	<u>0</u>	<u>7</u>	<u>16</u>	<u>0</u>
		TOTAL	0	54	138	68
FNS – Fresh Fruits and Vegetables K14		GPS	0	893	982	1,081
Homeless Children 440		SO	55	138	136	137
		GPS	<u>714</u>	<u>650</u>	<u>650</u>	<u>650</u>
		TOTAL	769	788	786	787
	575	SO	543	656	669	684
Institute of Museum & Library Services – Grants to States 426	<u>13,532</u>	GPS	<u>1,826</u>	<u>2,701</u>	<u>2,410</u>	<u>2,210</u>
	14,107	TOTAL	2,369	3,357	3,079	2,894
		SO	135	120	126	131
Learn & Serve America School Based Programs 497		GPS	<u>169</u>	<u>202</u>	<u>202</u>	<u>202</u>
		TOTAL	304	322	328	333
Longitudinal Data Systems 302 and K02		SO	1,149	2,125	1,500	1,500
		SO	430	595	605	613
Special Education - State Improvement Grant 301		GPS	<u>691</u>	<u>626</u>	<u>600</u>	<u>515</u>
		TOTAL	1,121	1,221	1,205	1,128
Special Education - General Supervision Enhancement Grant 307 and 330		SO	250	735	279	279
Special Education – Deaf and Blind Center 424		GPS	263	175	175	175
	580	SO	14,170	16,723	17,251	17,586
Special Education – Children with Disabilities 451	961,025	GPS	170,406	179,075	183,210	184,710
	<u>0</u>	GCBO	<u>971</u>	<u>1,405</u>	<u>1,405</u>	<u>1,405</u>
	961,605	TOTAL	185,547	197,203	201,866	203,701
		SO	122	0	0	0
Teacher Quality Enhancement Grant 469		GPS	<u>306</u>	<u>0</u>	<u>0</u>	<u>0</u>
		TOTAL	428	0	0	0
USDE Contract – NAEP 463		SO	82	136	139	140

Federal Program (\$ in Thousands)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
USDE Contract – PBDMI 483		SO	8	12	12	12
State Operations	20,257	SO	40,037	47,943	47,896	47,086
Grants to Political Subdivisions	1,115,683	GPS	513,155	555,350	567,445	588,232
Grants to Individuals	0	GI	675	804	700	700
Grants to Community Based Organizations	<u>3,156</u>	GCBO	<u>69,000</u>	<u>77,743</u>	<u>83,571</u>	<u>91,275</u>
Total	1,139,096		622,867	681,840	699,612	727,293

Key:

Primary Purpose

SO = State Operations

GPS = Grants to Political Subdivision

GI = Grants to Individuals

GCBO = Grants to Community Based Organizations

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	5
Change Summary	6
Appendix	
Agency Revenue Summary Fiscal Page.....	7

Agency Purpose

Minnesota Statutes 144E.001-144E.52 designate the Emergency Medical Services Regulatory Board (EMSRB) as the lead agency for emergency medical services (EMS) in the state. Its mission is to *provide leadership which optimizes the quality of emergency medical care for the people of Minnesota – in collaboration with its communities – through policy development, regulation, system design, education and medical direction.*

The EMSRB was created in 1995 legislation and began operations on July 1, 1996. It was one of the first such independent EMS agencies in the nation and has served as a model for other states. Before its existence, EMS functions in Minnesota had been carried out in the Department of Health's EMS Section, dating to the 1960s when EMS was emerging here and nationally as a distinct public health component. The agency is governed by a 19-member board. Fifteen of those members are appointed by the governor from a variety of disciplines and areas comprising the EMS system. Additional members are a senator and a representative (both ex-officio) and the commissioners of Health and Public Safety.

The EMSRB also serves as the administering agency for the Health Professionals Services Program (HPSP), a program initiated and shared by the health licensing boards. M.S. 214.31 to 214.37 charge (HPSP) with the responsibility to *protect the public from persons regulated by the [15 health-licensing] boards [and the EMSRB and Department of Health] who are unable to practice with reasonable skill and safety by reason of illness, use of alcohol, drugs, chemicals or any other material, or as a result of any mental, physical or psychological condition.*

Core Functions

The core functions of the Emergency Medical Services Regulatory Board (EMSRB) stem from its purpose -- to ensure the public has access to safe and reliable pre-hospital emergency medical care. By licensing ambulance services and individual EMS personnel, and by investigating complaints against EMS providers, the EMSRB assures a minimum standard in EMS is available to the people of Minnesota. Through its grant programs, the EMSRB provides support to the ambulance services that rely on volunteers and to areas of the state where the demographics require additional resources to ensure access to ambulance response.

HPSP provides intake and assessment services to health professionals to determine whether they have an illness that could impact their ability to practice safely. When monitoring is deemed appropriate, HPSP develops monitoring plans that include illness and practice specific conditions. A plan may include the individual's agreement to comply with continuing care recommendations, practice restrictions, random drug screening, and support group participation. Health professionals who comply with monitoring and demonstrate appropriate management of their illness may complete monitoring after an average of three years. Health professionals who do not comply with monitoring are reported to their licensing board for further action.

Operations

- ◆ Investigates complaints from the public and EMS providers about ambulance services, EMS training programs and EMS personnel, taking action as necessary to protect the public from unsafe EMS practice.
- ◆ Inspects licensed ambulance services biannually, ensuring safe and reliable ambulance service statewide.
- ◆ Provides funding for Comprehensive Advanced Life Support (CALS) courses that teach advanced emergency care skills to rural doctors, nurses and emergency room personnel.
- ◆ Administers federal funding for the Minnesota EMS for Children (EMSC) Resource Center which provides information and training on pediatric emergency care and child safety.
- ◆ Reimburses volunteer ambulance services for a portion of expenses associated with initial training and continuing education for approximately 1,400 volunteer EMS personnel.

At A Glance

- ◆ Minnesota's ambulance services (≈300) are licensed and inspected biannually.
- ◆ 30,000 EMS Personnel (EMTs, Paramedics and First Responders) are licensed biannually.
- ◆ 100 complaints are investigated annually with action taken as needed to ensure the safety and health of the public.
- ◆ HPSP monitors more than 500 health professionals with potentially impairing illnesses for 17 health boards and state agencies to ensure the public is protected.

- ◆ Administers MNSTAR (Minnesota State Ambulance Reporting) a web-based, statewide system for collecting data from licensed ambulance services on approximately 450,000 ambulance runs annually. Implemented in April 2003, MNSTAR provides objective reports for improving EMS delivery (care/efficiency) in Minnesota.
- ◆ Administers the EMS Personnel Longevity Award and Incentive Program that provides one-time cash awards to qualifying volunteer EMS personnel upon retirement.
- ◆ Performs (through HPSP) assessment services to determine if monitoring health professionals is required.
- ◆ Creates (through HPSP) contracts for health professionals and monitors their compliance with the contracts (e.g., review drug screens, treatment provider and work site reports).

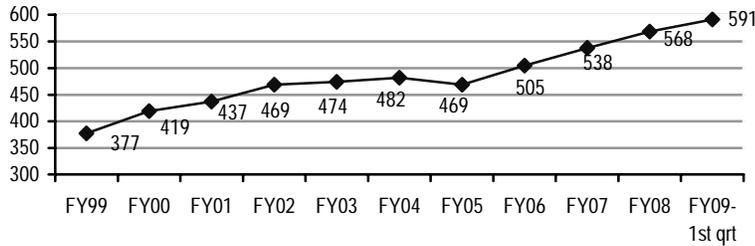
Key Goals:

- ◆ MNSTAR (Minnesota State Ambulance Reporting) is a web-based system available to all Minnesota ambulance services for tracking and reporting ambulance responses statewide. Enhancement of the system will continue to improve state-wide EMS through decisions made by data driven information. Data should be collected at the local, regional, and national level for EMS system improvement in many "cross-walks".
- ◆ The EMSRB has been selected by the Office of Enterprise Technology to pilot the development of a new electronic licensing system. As part of the Drive to Excellence, the E-Licensing project has a final goal of provision of a state-wide online licensing system that can be easily accessed by customers.
- ◆ The goals of HPSP are to promote early intervention, diagnosis and treatment for health professionals with illnesses, and to provide monitoring services as an alternative to board discipline. Early intervention enhances the likelihood of successful treatment, before clinical skills or public safety are compromised. This is consistent with the *Minnesota Milestone*, which states: "Minnesotans will be healthy."

Key Measures

- ◆ MNSTAR (Minnesota State Ambulance Reporting) is a web-based system available to all Minnesota ambulance services for tracking and reporting ambulance responses statewide. 100% of ambulance services currently use the system.
- ◆ E-Licensing project is completed for EMSRB within the next year and customers are educated in its use. This project is in concord with the OET and the Drive To Excellence and will be available to 100% (over 30,000) of customers.
- ◆ Licenses and regulates approximately 300 (0% change) ambulance services.
- ◆ Investigates approximately 100 complaints per year (number has remained static over the past 2 fiscal years).
- ◆ Certifies more than 30,000 (2% increase from FY2007) EMS personnel after they have completed the required training and testing.
- ◆ Approves approximately 140 (0% change) training programs that conduct training courses for EMS personnel.
- ◆ Designates and funds eight organizations that provide EMS support on a regional level throughout the state.
- ◆ Registers approximately 60 first responder units, on a voluntary basis, statewide (94 additional units - 54% of published list have not completed on-line two-year renewal information).
- ◆ Monitors (through HPSP) over 500 (12% increase from FY06 to FY08) health professionals to enhance public safety in health care.

HPSP's success can be measured in the growing number of persons seeking program services. The chart below shows the increase in the number of persons enrolled in the program.



Budget

The EMSRB portion of the budget is from a variety of sources: general fund, dedicated funds, federal grants and fines for seat-belt violations. Because the EMS system in Minnesota is heavily dependent on a diminishing pool of volunteers, particularly in rural areas, there is no fee for certification, thereby preventing the EMSRB from becoming fee-supported. A majority of the agency's budget is dedicated to grant programs to support volunteer ambulance services. Administrative expenses of the EMSRB accounts for 33% of its budget expenditures (15 FTE employees). The HPSP portion of the budget is generated by the 17 participating boards and agencies. Each board pays an annual participation fee of \$1,000 and a pro rata share of program expenses based on the number of licensees they have in the program. HPSP has 7.0 FTE employees.

Contact

Debby Teske, Interim Exec. Director
 Debra.Teske@state.mn.us
 (651) 201-2806

Emergency Medical Services Regulatory Board
 2829 University Avenue Southeast, Suite 310
 Minneapolis, Minnesota 55414-3222
<http://www.emsrb.state.mn.us>

Monica Feider, Program Manager
 Monica.Feider@state.mn.us
 (651) 643-2120

Health Professionals Services Program
 1885 University Avenue West, Suite 229
 Saint Paul, Minnesota 55104
<http://www.hpssp.state.mn.us>

EMERGENCY MEDICAL SERVICES BD

Agency Overview

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	3,659	3,688	3,688	3,688	7,376
Recommended	3,659	3,688	3,288	3,288	6,576
Change		0	(400)	(400)	(800)
% Biennial Change from 2008-09					-10.5%
State Government Spec Revenue					
Current Appropriation	687	704	704	704	1,408
Recommended	687	704	704	704	1,408
Change		0	0	0	0
% Biennial Change from 2008-09					1.2%
<u>Expenditures by Fund</u>					
Carry Forward					
State Government Spec Revenue	0	41	0	0	0
Miscellaneous Special Revenue	14	0	0	0	0
Direct Appropriations					
General	3,437	3,851	3,288	3,288	6,576
State Government Spec Revenue	644	747	704	704	1,408
Open Appropriations					
State Government Spec Revenue	1	2	2	2	4
Statutory Appropriations					
General	29	10	10	10	20
Miscellaneous Special Revenue	1,298	1,448	487	425	912
Federal	185	166	310	310	620
Gift	0	1	1	1	2
Total	5,608	6,266	4,802	4,740	9,542
<u>Expenditures by Category</u>					
Total Compensation	1,572	1,680	1,568	1,565	3,133
Other Operating Expenses	1,024	1,355	1,176	1,179	2,355
Payments To Individuals	292	385	385	385	770
Local Assistance	2,720	2,846	2,356	2,294	4,650
Transfers	0	0	(683)	(683)	(1,366)
Total	5,608	6,266	4,802	4,740	9,542
<u>Expenditures by Program</u>					
Emergency Medical Services Bd	5,608	6,266	4,802	4,740	9,542
Total	5,608	6,266	4,802	4,740	9,542
Full-Time Equivalent (FTE)	22.0	22.8	20.3	19.4	

EMERGENCY MEDICAL SERVICES BD

Change Summary

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: GENERAL				
FY 2009 Appropriations	3,688	3,688	3,688	7,376
Technical Adjustments				
One-time Appropriations		(400)	(400)	(800)
Subtotal - Forecast Base	3,688	3,288	3,288	6,576
Total Governor's Recommendations	3,688	3,288	3,288	6,576
Fund: STATE GOVERNMENT SPEC REVENUE				
FY 2009 Appropriations	704	704	704	1,408
Subtotal - Forecast Base	704	704	704	1,408
Total Governor's Recommendations	704	704	704	1,408
Fund: STATE GOVERNMENT SPEC REVENUE				
Planned Open Spending	2	2	2	4
Total Governor's Recommendations	2	2	2	4
Fund: GENERAL				
Planned Statutory Spending	10	10	10	20
Total Governor's Recommendations	10	10	10	20
Fund: STATE GOVERNMENT SPEC REVENUE				
Planned Statutory Spending	41	0	0	0
Total Governor's Recommendations	41	0	0	0
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	1,448	487	425	912
Total Governor's Recommendations	1,448	487	425	912
Fund: FEDERAL				
Planned Statutory Spending	166	310	310	620
Total Governor's Recommendations	166	310	310	620
Fund: GIFT				
Planned Statutory Spending	1	1	1	2
Total Governor's Recommendations	1	1	1	2

EMERGENCY MEDICAL SERVICES BD

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	85	57	87	57	144
Other Revenues:					
General	3	20	20	20	40
State Government Spec Revenue	8	10	0	0	0
Total Non-Dedicated Receipts	96	87	107	77	184
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Miscellaneous Special Revenue	23	23	23	23	46
Grants:					
Federal	185	166	310	310	620
Other Revenues:					
General	620	6,210	10	10	20
Gift	2	2	1	1	2
Total Dedicated Receipts	830	6,401	344	344	688
Agency Total Revenue	926	6,488	451	421	872

	PAGE
Transmittal Letter	3
Agency Profile	4
Agency Fiscal Page (Gov Rec)	6
Change Summary	7
Agency Change Items	
↻ Angel And Early-Stage Capital.....	9
↻ Base Budget Reduction	11
↻ Biobusiness Alliance Of Minnesota	13
↻ Greenjobz	14
↻ Section 125 Grant Reduction	15
↻ Universal Job Seekers/Workforce Centers	16
Programs	
Business & Community Developmt	18
Program Summary.....	19
Budget Activities	
Business Development	20
Budget Activity Summary.....	22
Entrepreneurship & Sm Bus Dvlp	23
Budget Activity Summary.....	25
Jobz And Business Finance.....	26
Budget Activity Summary.....	28
Community Finance.....	29
Budget Activity Summary.....	31
Minnesota Trade Office.....	32
Budget Activity Summary.....	34
Unemployment Insurance	35
Program Summary.....	37
Workforce Development	38
Program Summary.....	39
Budget Activities	
Business Services	40
Budget Activity Summary.....	42
Adult Services.....	43
Budget Activity Summary.....	45
Youth Programs.....	46
Budget Activity Summary.....	48
Vocational Rehabilitation	49
Budget Activity Summary.....	50
Services For The Blind.....	51
Budget Activity Summary.....	53
Extended Employment.....	54

	PAGE
Budget Activity Summary.....	55
Independent Living	56
Budget Activity Summary.....	57
Disability Determination	58
Budget Activity Summary.....	59
General Support Services	60
Program Summary.....	62
Appendix	
Agency Revenue Summary Fiscal Page.....	63
Federal Funds Summary.....	64

➡ Designates that this item is a change item

January 27, 2009

The 2009 Minnesota Legislature:

On behalf of Governor Pawlenty, I am pleased to submit the Department of Employment and Economic Development (DEED) budget recommendation for the FY 2010-11 biennial budget. The total budget recommendation for all funds is \$736 million for the biennium. This budget includes \$78 million from the General fund, \$97 million from the Workforce Development fund, \$507 million from federal funds, and \$54 million from other funds. The recommended funding level represents a 9% decrease from total FY 2008-09 spending and 10% decrease from the general fund forecast base.

DEED's mission is to support the economic success of individuals, business, and communities by improving opportunities for growth. It reflects an integrated approach to economic and workforce development in Minnesota. Programs are administered through three operating divisions organized to support the following goals:

- Creating and retaining jobs,
- Strengthen the workforce,
- Cultivate entrepreneurs,
- Foster self-sufficiency,
- Enhance community vitality, and
- Addressing economic change.

This budget recommendation reflects the key economic development, community development, and workforce development priorities of the Pawlenty administration. Some highlights of the proposed budget are:

- Creating a GreenJOBZ program to help Minnesota compete for investment that will make it possible to achieve a green economy.
- Providing tax incentives for investments in small, emerging businesses stimulating availability of early stage capital for these job-creating businesses.
- Utilizing \$6 million from the Workforce Development fund to provide employment services through the Workforce Centers to unemployed workers and universal job seekers who do not qualify for other state or federal programs.

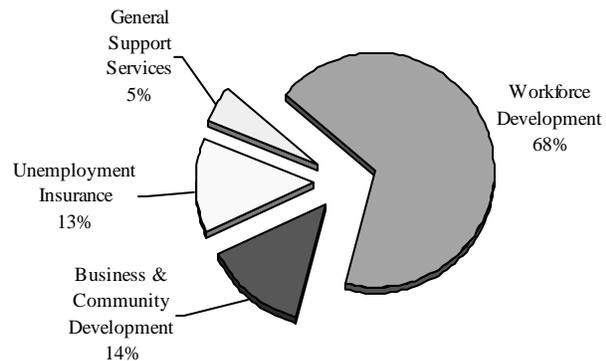
Minnesota and the nation are facing challenging economic times during this recession. We will continue work collaboratively with the Legislature and other partners to provide support to individuals, businesses, and communities and to enhance economic growth.

Sincerely,



Dan McElroy
Commissioner

**Department of Employment and Economic Development
FY 2010-11
All Funds = \$736 Million**



Agency Purpose

The Department of Employment and Economic Development (DEED) facilitates an economic environment to produce jobs and improve the quality of the state's workforce. These actions support the economic success of Minnesota individuals, businesses, and communities by providing opportunities for growth.

Most of the statutory authority for this agency resides in M.S. Chapters 116J, 116L, 248, 268, 268A, 446A, and 469. Federal law also provides authority for multiple specific programs; see program and budget activity narratives for specific citations.

Core Functions

The agency has three major functions:

- ◆ to support business creation, expansion, relocation, and retention in Minnesota through the resources and programs of the Business and Community Development division;
- ◆ to stabilize and stimulate the economy in times of downturn through the benefit payments administered by the Unemployment Insurance division; and
- ◆ to support the workforce needs of Minnesota's businesses, workers, and communities through the activities of the Workforce Development division.

Operations

The agency's diverse programs directly serve Minnesota's businesses, communities, and workers. In addition, DEED works with a wide range of partners on the federal, state, and local level to ensure the highest levels of program coordination and quality.

- ◆ **Business & Community Development** programs help companies expand in or relocate to Minnesota, promote international trade, finance business expansions, and help companies find and train employees. In addition, Minnesota communities can tap into the division's financial and technical assistance programs to help spur business growth while addressing important revitalization issues – for example, through tax-exempt Job Opportunity Building Zones. DEED offers grants, loans, and technical assistance for redevelopment projects and activities, including housing and commercial rehabilitation, wastewater treatment facilities and drinking water systems, and contaminated site cleanup.
- ◆ **Unemployment Insurance** determines program tax rates for Minnesota businesses and collects those revenues for deposit into the Unemployment Insurance Trust Fund. This trust fund supplies weekly benefit payments to eligible individuals. Primarily through Internet and phone-based systems, DEED staff computes benefit entitlements for applicants, pays benefits as appropriate, and provides impartial due process hearings for applicants and employers.
- ◆ **Workforce Development** programs serve new workers in preparing for their first job; assist incumbent workers increase their skill levels to meet changing business demands; and strive to recapture knowledge and skills of mature workers to contribute their talents to existing businesses. DEED offers its services in collaboration with many community and regional partners through the WorkForce Center System. The partnerships are diverse as they respond to the unique needs of regional economies. The Workforce Development division promotes unprecedented collaboration among education, business, labor, and workforce development professionals to ensure Minnesota's future prosperity.

At A Glance

- ◆ Approximately 1,600 employees located throughout the state.
- ◆ Administers \$1.5 billion budget annually, including benefits paid to approximately 182,000 unemployed workers during CY 2007.
- ◆ During FY 2008, assisted with the creation and retention of an estimated 14,500 jobs and leveraged private investments of \$1.4 billion.
- ◆ During FY 2007, assisted over 104,500 Minnesotans to prepare for, find or retain employment, with 30,000 entering employment.

Budget

For FY 2008-09, DEED manages an approximately \$800 million budget covering about 1,600 FTE's spread across the state. This amount does not include the approximately \$1 billion in Unemployment Insurance transactions each year, which are administered through a federal trust fund.

Of the \$800 million, 60% comes from federal sources such as the U.S. departments of Labor, Education, Housing and Urban Development, and Agriculture. Another 15% comes from the state's general fund. The remaining 25% comes from the workforce development and other funds.

Contact

Department of Employment and Economic Development
Phone: (651) 259-7114
www.positivelyminnesota.com

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	104,905	44,214	44,214	44,214	88,428
Recommended	104,905	44,214	38,870	38,870	77,740
Change		0	(5,344)	(5,344)	(10,688)
% Biennial Change from 2008-09					-47.9%
Health Care Access					
Current Appropriation	0	0	0	0	0
Recommended	0	-800	0	0	0
Change		(800)	0	0	0
% Biennial Change from 2008-09					n.m.
Workforce Development					
Current Appropriation	16,495	16,495	16,495	16,495	32,990
Recommended	16,495	16,495	17,845	17,845	35,690
Change		0	1,350	1,350	2,700
% Biennial Change from 2008-09					8.2%
Remediation Fund					
Current Appropriation	700	700	700	700	1,400
Recommended	700	700	700	700	1,400
Change		0	0	0	0
% Biennial Change from 2008-09					0%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	86,328	48,311	38,830	38,830	77,660
Health Care Access	0	1,000	0	0	0
Workforce Development	16,615	16,608	17,845	17,845	35,690
Remediation Fund	737	1,400	700	700	1,400
Statutory Appropriations					
Clean Water Revolving Fund	38	50	50	50	100
Petroleum Tank Release Cleanup	9,538	6,857	6,200	6,200	12,400
Miscellaneous Special Revenue	30,913	48,995	20,250	20,558	40,808
Workforce Development	28,629	35,725	29,828	31,090	60,918
Federal	27,256	30,449	32,928	32,525	65,453
Mdes Federal	199,629	216,476	219,923	221,261	441,184
Miscellaneous Agency	1,070	0	0	0	0
Gift	1,705	865	340	268	608
Total	402,458	406,736	366,894	369,327	736,221
<u>Expenditures by Category</u>					
Total Compensation	102,624	114,414	120,261	123,255	243,516
Other Operating Expenses	72,340	64,546	61,997	62,235	124,232
Payments To Individuals	30,626	37,966	37,804	37,689	75,493
Local Assistance	195,830	175,815	144,217	143,488	287,705
Other Financial Transactions	1,038	13,995	2,615	2,660	5,275
Total	402,458	406,736	366,894	369,327	736,221
<u>Expenditures by Program</u>					
Business & Community Developmt	100,551	83,368	51,585	51,173	102,758
Unemployment Insurance	51,717	47,400	47,800	47,900	95,700
Workforce Development	233,372	258,779	250,792	253,158	503,950
General Support Services	16,818	17,189	16,717	17,096	33,813
Total	402,458	406,736	366,894	369,327	736,221
Full-Time Equivalents (FTE)	1,527.2	1,592.6	1,609.4	1,590.6	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: GENERAL				
FY 2009 Appropriations	44,214	44,214	44,214	88,428
Technical Adjustments				
Current Law Base Change		42	42	84
One-time Appropriations		(995)	(995)	(1,990)
Pt Contract Base Reduction		(1)	(1)	(2)
Subtotal - Forecast Base	44,214	43,260	43,260	86,520
Change Items				
Base Budget Reduction	0	(4,490)	(4,490)	(8,980)
BioBusiness Alliance of Minnesota	0	100	100	200
Total Governor's Recommendations	44,214	38,870	38,870	77,740
Fund: HEALTH CARE ACCESS				
FY 2009 Appropriations	0	0	0	0
Subtotal - Forecast Base	0	0	0	0
Change Items				
Section 125 Grant Reduction	(800)	0	0	0
Total Governor's Recommendations	(800)	0	0	0
Fund: WORKFORCE DEVELOPMENT				
FY 2009 Appropriations	16,495	16,495	16,495	32,990
Subtotal - Forecast Base	16,495	16,495	16,495	32,990
Change Items				
Base Budget Reduction	0	(1,650)	(1,650)	(3,300)
Universal Job Seekers/Workforce Centers	0	3,000	3,000	6,000
Total Governor's Recommendations	16,495	17,845	17,845	35,690
Fund: REMEDIATION FUND				
FY 2009 Appropriations	700	700	700	1,400
Subtotal - Forecast Base	700	700	700	1,400
Total Governor's Recommendations	700	700	700	1,400

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
<i>Fund: CLEAN WATER REVOLVING FUND</i>				
Planned Statutory Spending	50	50	50	100
Total Governor's Recommendations	50	50	50	100
<i>Fund: PETROLEUM TANK RELEASE CLEANUP</i>				
Planned Statutory Spending	6,857	6,200	6,200	12,400
Total Governor's Recommendations	6,857	6,200	6,200	12,400
<i>Fund: MISCELLANEOUS SPECIAL REVENUE</i>				
Planned Statutory Spending	48,995	20,250	20,558	40,808
Total Governor's Recommendations	48,995	20,250	20,558	40,808
<i>Fund: WORKFORCE DEVELOPMENT</i>				
Planned Statutory Spending	35,725	29,828	31,090	60,918
Total Governor's Recommendations	35,725	29,828	31,090	60,918
<i>Fund: FEDERAL</i>				
Planned Statutory Spending	30,449	32,928	32,525	65,453
Total Governor's Recommendations	30,449	32,928	32,525	65,453
<i>Fund: MDES FEDERAL</i>				
Planned Statutory Spending	216,476	219,923	221,261	441,184
Total Governor's Recommendations	216,476	219,923	221,261	441,184
<i>Fund: GIFT</i>				
Planned Statutory Spending	865	340	268	608
Total Governor's Recommendations	865	340	268	608

EMPLOYMENT & ECONOMIC DEV DPT

Change Item: Angel and Early-Stage Capital

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	12,500	12,500
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$0	\$0	\$12,500	\$12,500

This change item page is presented for cross reference purposes only. The primary change page and the associated financial impacts are located in the Tax Policy, Aids and Credits presentation.

Recommendation

The Governor recommends providing \$50 million in tax incentives for investments in small, emerging businesses, stimulating availability of early-stage capital for these job-creating businesses. The tax costs would be spread over four fiscal years between FY 2012 and FY 2015. Half of these investments would be targeted to “green” investments that support the state’s 25x25 renewable energy standards.

Background**Job Creation Investment Tax Credit**

This proposal would provide \$12 million in tax incentives for angel investments in regional investment funds, stimulating formation of early-stage capital to invest in emerging businesses. It would provide for the following:

- ◆ A 25% tax credit for investments in funds that invest in qualified businesses that meet certain criteria; to encourage longer term investments, the credit would be allowed only after an investment has been held for four years.
- ◆ A maximum of \$3 million in credits would be granted per year for four years; a maximum credit of \$200,000 per investor and \$1 million per fund would be allowed each year.
- ◆ Up to 20 funds, geographically dispersed, would be qualified, and each fund would need to invest at least 60% of its money in qualified businesses within the fund’s region.
- ◆ 50% of investments must go to green technology.

Small Business Investment Tax Credit

This proposal would provide \$38 million in tax incentives to insurance companies for early-stage investments in certified capital companies, which would be required to invest in qualified businesses in Minnesota. It would provide for the following:

- ◆ A 60% tax credit, in the form of an insurance premium tax credit, for insurance company investments in approved certified capital companies; the credit would be allowed only in the fifth calendar year after the investment is made, at a rate not to exceed 20% of the earned credit in any taxable year.
- ◆ Investments totaling \$63 million would be eligible for the credit, creating a large pool of capital for investment in small, emerging businesses.
- ◆ 30% of the businesses would need to be located in Greater Minnesota or in low-income communities.
- ◆ 50% of the investments must go to green technology.

The tax cost of these proposals would be deferred until 2012 and later. Businesses receiving the investment would need to be headquartered in Minnesota, have 60% of their employees working in Minnesota, have fewer than 100 employees, have less than \$2 million in sales, be engaged in certain types of business (e.g., clean-tech, biotech, other manufacturing, etc.) and not engaged in other types of business (e.g., real estate, banking, professional services, etc.) among other criteria.

Relationship to Base Budget

Not applicable.

Key Goals and Measures

Both elements of the proposal support the *Minnesota Milestones* goal that *Minnesota will have sustainable, strong economic growth*.

Between the two programs there will be the formation of an additional \$110 million in new capital for new and emerging technology firms — a sum that is absent in today's economic development landscape. In terms of potential impact, for comparison purposes, RAIN Source Capital, a private nonprofit working to establish regional venture capital pools, has generated \$77 million that has been invested in 55 companies located in 41 communities, creating 2,200 jobs.

Statutory Change: New statutory language will need to be drafted for both elements of the proposal.

EMPLOYMENT & ECONOMIC DEV DPT

Change Item: Base Budget Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(4,490)	\$(4,490)	\$(4,490)	\$(4,490)
Revenues	0	0	0	0
Other Fund				
Expenditures	(1,650)	(1,650)	(1,650)	(1,650)
Revenues	0	0	0	0
Net Fiscal Impact	\$(6,140)	\$(6,140)	\$(6,140)	\$(6,140)

Recommendation

The Governor recommends a reduction of 10% to the base budget for all direct appropriated funds.

Background

The Department of Employment and Economic Development (DEED) proposes to allocate this reduction across agency administrative costs and pass-through grants. The reduction to DEED's internal costs, approximately \$1.8 million over the biennium, would be allocated across agency programs and activities. The remaining \$10.4 million is allocated to the following grant programs.

Under this proposal, the following grants would be eliminated:

- ◆ \$ 2,000,000 (WDF) Minnesota Alliance of Boys and Girls Clubs
- ◆ \$ 500,000 (GEN) Rural Policy and Development Center
- ◆ \$ 378,000 (GEN) Entrepreneurs and Small Business Grants
- ◆ \$ 170,000 (GEN) Minnesota Inventors Congress

Although these are good programs, in setting priorities for limited funds these programs are not core to the agency's mission. In addition, some of these organizations have access to other funding that can be used to support these activities.

Other grant programs would be reduced as follows:

- ◆ DEED Administered Programs

Program Name	Fund	Reduction	Remaining Base
Job Skills Partnership Program	General	\$4,486,000	\$9,124,000
Extended Employment	General	\$430,000	\$10,824,000
	Workforce Development	\$180,000	\$13,660,000
Independent Living Services	General	\$120,000	\$4,760,000
Mental Illness Supported Employment	General	\$80,000	\$3,226,000

EMPLOYMENT & ECONOMIC DEV DPT

Change Item: Base Budget Reduction

◆ Pass-through Grants

Program Name	Fund	Reduction	Remaining Base
Minneapolis Summer Youth Program	Workforce Development	\$650,000	\$2,000,000
Opportunities Industrialization Centers	Workforce Development	\$250,000	\$2,500,000
Twin Cities Rise	General	\$210,000	\$700,000
Northern Connections	General	\$200,000	\$300,000
St. Paul Summer Youth Program	Workforce Development	\$200,000	\$1,000,000
Youthbuild	General	\$150,000	\$-0-
	Workforce Development	\$-0-	\$2,000,000
Women Venture	General	\$150,000	\$350,000
Metropolitan Economic Development Association	General	\$100,000	\$210,000
Lifetrack	General	\$100,000	\$100,000
	Workforce Development	\$-0-	\$500,000
Deaf/Hard of Hearing Interpreters (VECTOR)	Workforce Development	\$20,000	\$680,000
Minnesota Employment Center for the Deaf (Rise, Inc.)	General	\$10,000	\$290,000
	Workforce Development	\$-0-	\$350,000

Relationship to Base Budget

This represents a 10% reduction to the base budget.

Statutory Change: Not applicable.

EMPLOYMENT & ECONOMIC DEV DPT

Change Item: BioBusiness Alliance of Minnesota

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$100	\$100	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$100	\$100	\$0	\$0

Recommendation

The Governor recommends a one-time appropriation of \$200,000 for the biennium to support the activities of the BioBusiness Alliance of Minnesota to ensure the long-term prosperity of biobusiness in Minnesota.

Background

Minnesota is a national and world leader in ground-breaking scientific research and innovation in the health care and life science industry, contributing to the health and well-being of people, animals, plants and the environment. Governor Pawlenty has acknowledged the important role of the BioBusiness Alliance of Minnesota and the Destination 2025 initiative in developing a strategic vision and roadmap for the state's biobusiness industries.

Relationship to Base Budget

The BioBusiness Alliance of Minnesota received a one-time appropriation in FY 2008 of \$1.75 million. There is no base funding for this organization.

Key Goals and Measures

This initiative supports the *Minnesota Milestones* goal that *Minnesota will have sustainable, strong economic growth*.

The BioBusiness Alliance of Minnesota will move into execution in FY 2010-11 of its Destination 2025 roadmap that will delineate how Minnesota can be competitive in bioscience sectors. These funds will support that strategic implementation.

Statutory Change: Not applicable.

EMPLOYMENT & ECONOMIC DEV DPT

Change Item: GreenJOBZ

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	1,150	2,500	3,050	3,550
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$1,150	\$2,500	\$3,050	\$3,550

This change item page is presented for cross reference purposes only. The primary change page and the associated financial impacts are located in the Tax Policy, Aids and Credits presentation.

Recommendation

The Governor recommends the creation of a "GreenJOBZ" initiative patterned after the original JOBZ program, but with three major changes:

- ◆ GreenJOBZ would be exclusively for companies that create renewable energy, represent manufacturing equipment or services used in renewable energy, or that create a product or service that lessens energy use or emissions.
- ◆ Companies would receive benefits for twelve years for all agreements signed by the end of 2015.
- ◆ Projects could be anywhere in Minnesota, including the metro area.

Background

In the green/renewable energy sector, Minnesota has excellent goals to achieve greater use of green/renewable sources, but it lags other states in jobs in this sector. Providing a new GreenJOBZ program that has twelve years of benefits, and the ability to bring new investment anywhere in Minnesota, will help Minnesota compete for investment that will promote a green economy. The manufacturing and services *will* occur, but there is no certainty that they will happen in Minnesota without special incentives.

The tax implications associated with a green/renewable focused JOBZ are more than matched by the direct and indirect economic impact of the investments. GreenJOBZ will be targeted for projects that are green/renewable manufacturing-related. If GreenJOBZ is not provided in the competitive marketplace for selection of new projects, it is likely that these projects would not occur in Minnesota.

Relationship to Base Budget

Not applicable.

Key Goals and Measures

This initiative supports the *Minnesota Milestones* goal that *Minnesota will have sustainable, strong economic growth*.

Statutory Change: New language is needed to create the "GreenJOBZ" program.

EMPLOYMENT & ECONOMIC DEV DPT**Change Item: Section 125 Grant Reduction**

Fiscal Impact (\$000s)	FY 2009	FY 2010	FY 2011	FY 2012
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund - HCAF				
Expenditures	(800)	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$800)	\$0	\$0	\$0

Recommendation

The Governor recommends reducing the FY 2009 Section 125 grants from \$1 million to \$200,000.

Background

Section 125 plans, named for Section 125 of the Internal Revenue Code, provide a mechanism for employees to pay for health insurance premiums with pre-tax dollars.

The 2008 health reform bill requires Minnesota employers that have more than ten full-time equivalent employees and that do not offer health insurance benefits to establish a Section 125 plan that would enable their employees to purchase individual market health insurance with pre-tax dollars. Depending on individual circumstances, it is estimated that employees who are able to purchase this coverage with pre-tax dollars will see savings of 30 to 50 percent. The law also includes an "opt-out" provision for employers that receive education about the benefits of Section 125 plans and choose not to establish one.

The cost to an employer of establishing a Section 125 plan is low, estimated to be around \$300. Employers also benefit financially when their employees choose to use a Section 125 plan to purchase health insurance, because employers do not have to pay payroll taxes (Social Security, Medicare, or unemployment insurance) on amounts that employees have withheld on a pre-tax basis. Even if only a few employees take advantage of this option, the employer would likely recover the cost of establishing the Section 125 plan within a year.

The Section 125 grants were created in the 2008 health reform bill to provide small employers (those with two to 50 employees) with grants of up to \$350 each to offset the cost of establishing a Section 125 plan. A one-time appropriation of \$1 million was made available for these grants for FY 2009. The funding is available until spent.

With reduced Section 125 grants available, employers may experience a longer payback period on the costs of establishing a Section 125 plan, but would still gain financially overall.

Relationship to Base Budget

This proposal reduces funding for Section 125 incentive grants by 80%. This funding is not part of DEED's base but is available until spent.

Statutory Change: An amendment to Laws 2008, chapter 258, article 5, section 4, subdivision 3 is required.

EMPLOYMENT & ECONOMIC DEV DPT

Change Item: Universal Job Seekers/Workforce Centers

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Workforce Development Fund				
Expenditures	3,000	3,000	3,000	3,000
Revenues	0	0	0	0
Net Fiscal Impact	\$3,000	\$3,000	\$3,000	\$3,000

Recommendation

The Governor recommends an appropriation of \$6 million for the biennium from the Workforce Development fund to provide re-employment services to unemployed workers in order to reduce the number of weeks on Unemployment Insurance (UI) and reduce the cost of benefits paid by the UI trust fund. These re-employment services will also be provided to universal job seekers who do not qualify for any other state or federal program and need job seeking services such as skill assessments, career counseling, workshops on resume writing, job search, interviewing, and access to job openings.

Background

This proposal, which is part of the *Building a Future that Works: Workforce Development* initiative, is designed to provide an array of services to the growing number of unemployment insurance claimants and universal job seekers utilizing Minnesota's WorkForce Center system. The services that are most in demand include brief one-on-one guidance on how to use the public resources that are available for job seekers, basic skills and industry specific assessments, and workshops conducted in WorkForce Centers for job seekers. The Department of Employment and Economic Development (DEED) would create a system where job seekers across the state would be able to register for workshops online and DEED staff would be deployed to WorkForce Centers, libraries or schools to deliver workshops based on the customer demands.

A universal job seeker is a person who is seeking employment but does not qualify for any specific federal or state program. The universal job seeker makes up 75% of all customers who enter a WorkForce Center for assistance in finding a job. This includes unemployment insurance claimants who have been laid off through no fault of their own and qualify for temporary benefits. Unemployment insurance claimants are no longer required to come to a Workforce Center for job search activities and therefore are not knowledgeable about the services available to them. In the late 1980s, a study was conducted with unemployment insurance claimants in Minnesota that revealed that claimants who received re-employment services went back to work on an average of four weeks earlier than the control group that did not receive services. The program more than paid for itself in the savings to the UI trust fund. Likewise, the majority of other job seekers who are not eligible for any existing federal or state program need staff assistance to serve the increased demand for services due to the economy.

In addition to the overall increase in job seekers, WorkForce Centers are seeing greater numbers of specific groups of job seekers such as recently unemployed individuals, older workers, ex-offenders and recent immigrants who require both general and specialized services to help them find employment. Because of flat federal funding since 1982, most of the services for unemployment insurance claimants and universal job seekers are now self-service; individuals are unable to receive the individualized job search and career planning assistance that they need. Many of these job seekers are also unable to make informed career decisions or effectively compete for jobs because they do not have the necessary information on the current job market and job-seeking techniques that are provided in workshop settings.

In 1983, the \$12 million federal allocation for these activities paid for 433 staff positions. Today, the same \$12 million federal allocation pays for 143 positions, as well as the electronic job bank and customer tracking systems required by the federal government. Thus the state cannot provide the required services to all unemployment insurance claimants and to the general population.

The federal Job Service budget is intended to provide for the following activities: job search assistance, placement services to include career counseling, testing, occupational and labor market information, assessment,

and referrals to employers. It is also intended to fund recruitment services to employers and specialized services to employers regarding hiring, labor laws, labor market information and retention services. In addition it is intended to provide linkages to educational sites for placement of students, provide services to laid off workers, develop and provide labor market and occupational information, develop a management information system for compiling and analyzing information, and administer the work test for the unemployment compensation system as well as provide job finding and placement services for unemployment insurance claimants.

DEED is requesting base funding of \$6 million for the biennium from the WorkForce Development fund for Job Service to provide trained re-employment specialists who can deliver skills assessments, career information, job leads to unemployed and underemployed workers to match their skills to jobs in demand, and to provide group activities in the form of workshops to help unemployment insurance claimants and universal job seekers. Most experts predict the economy, and job growth, will recover slowly. Minnesota's WorkForce Center system is well positioned to respond to the increasing demand for job seeker services, but is not funded or staffed to keep up with the current demands. This initiative will help Minnesota address one of the key issues of the economic downturn by providing the much needed assistance and resources to areas that have the most volume of people seeking work. Unemployment insurance claimants and other job seekers will be able to sign up for services, and DEED can deploy staff to WorkForce Centers based on the workload demands.

Relationship to Base Budget

There is currently no state funding for helping unemployment insurance claimants or universal job seekers find employment and helping employers find workers unless they qualify for a specific state or federal program. Most states do provide state funding to supplement the limited federal funding available for these activities.

Key Goals and Measures

This initiative supports the following *Minnesota Milestones* goals:

- ◆ *People in need will receive support that helps them live as independently as they can.*
- ◆ *Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them.*
- ◆ *Minnesota will have sustainable, strong economic growth.*
- ◆ *Minnesota's workforce will have the education and training to make the state a leader in the global economy.*
- ◆ *All Minnesotans will have the economic means to maintain a reasonable standard of living.*
- ◆ *Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places to live and work.*

DEED's mission is to support the economic success of individuals, businesses, and communities by improving opportunities for growth. With more job-search and career-planning workshops available, unemployment insurance claimants and universal job seekers will be better prepared to make career decisions and compete for jobs. This can be measured by a decrease in the average length of stay on unemployment insurance, the increased number of individuals who participate in job-seeking and career-planning workshops, and, longitudinally, by the number of individuals who obtain employment and their increased earnings.

Statutory Change: Not applicable

Program Description

The Business and Community Development division supports business creation, expansion, relocation, and retention in Minnesota to increase jobs and economic opportunities.

Budget Activities

- ⇒ Business Development
- ⇒ Entrepreneurship and Small Business Development
- ⇒ JOBZ and Business Finance
- ⇒ Community Finance
- ⇒ Minnesota Trade Office

EMPLOYMENT & ECONOMIC DEV DPT

Program: BUSINESS & COMMUNITY DEVELOPMT

Program Summary

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	68,817	8,450	8,450	8,450	16,900
Technical Adjustments					
Current Law Base Change			42	42	84
One-time Appropriations			(800)	(800)	(1,600)
Subtotal - Forecast Base	68,817	8,450	7,692	7,692	15,384
Governor's Recommendations					
Base Budget Reduction		0	(966)	(966)	(1,932)
BioBusiness Alliance of Minnesota		0	100	100	200
Total	68,817	8,450	6,826	6,826	13,652
Health Care Access					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
Section 125 Grant Reduction		(800)	0	0	0
Total	0	(800)	0	0	0
Remediation Fund					
Current Appropriation	700	700	700	700	1,400
Subtotal - Forecast Base	700	700	700	700	1,400
Total	700	700	700	700	1,400
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	48,714	10,146	6,826	6,826	13,652
Health Care Access	0	1,000	0	0	0
Remediation Fund	737	1,400	700	700	1,400
Statutory Appropriations					
Clean Water Revolving Fund	38	50	50	50	100
Petroleum Tank Release Cleanup	9,538	6,857	6,200	6,200	12,400
Miscellaneous Special Revenue	14,052	33,438	4,876	4,871	9,747
Federal	27,256	30,449	32,928	32,525	65,453
Gift	216	28	5	1	6
Total	100,551	83,368	51,585	51,173	102,758
<u>Expenditures by Category</u>					
Total Compensation	4,534	5,281	4,979	5,080	10,059
Other Operating Expenses	1,673	3,260	1,978	1,903	3,881
Local Assistance	93,381	60,832	42,013	41,530	83,543
Other Financial Transactions	963	13,995	2,615	2,660	5,275
Total	100,551	83,368	51,585	51,173	102,758
<u>Expenditures by Activity</u>					
Business Development	5,593	4,277	2,440	2,416	4,856
Entrepreneurship & Sm Bus Dvlp	2,259	4,061	2,598	2,598	5,196
Jobz And Business Finance	45,129	34,075	4,391	4,411	8,802
Community Finance	45,789	38,720	40,216	39,813	80,029
Minnesota Trade Office	1,781	2,235	1,940	1,935	3,875
Total	100,551	83,368	51,585	51,173	102,758
Full-Time Equivalents (FTE)	55.2	60.8	56.3	56.3	

Activity Description

The Business Development office works to attract and retain high-quality jobs and businesses. The focus of the office is to provide direct business assistance and coordinate resources to facilitate business expansion. The office also supports the efforts of communities and regions to market themselves to new businesses. Statutory authority comes from M.S. 116J.011.

Population Served

The Business Development office's primary customers are businesses. Significant time is also spent with local government officials and economic development practitioners marketing DEED programs and offering specific economic development expertise. In addition, the office works with communities who participate in the Positively Minnesota initiative (described below). A wide range of businesses may be served in any given year.

Activity at a Glance

In FY 2008, the office

- ◆ made over 700 direct contacts with companies to encourage growth and expansion;
- ◆ worked on more than 250 projects considering Minnesota as a place to expand their business; and
- ◆ coordinated more than 50 economic development groups and service providers' participation in Positively Minnesota marketing events.

Services Provided

The office provides a wide range of services specially designed to assist Minnesota businesses.

Business Development Specialists coordinate the state's response to assist businesses interested in expanding or relocating in Minnesota. Services include:

- ◆ promoting Minnesota's business assets and advantages;
- ◆ providing information and analysis on business financing, site selection, and real estate;
- ◆ connecting businesses with training and educational resources;
- ◆ providing targeted industry expertise;
- ◆ serving as a liaison with other state, local, and federal agencies; and
- ◆ assisting companies with other business development needs as requested.

While Business Development Specialists market all DEED programs and services, special emphasis is placed on the Job Opportunity Building Zone (JOBZ) program in Greater Minnesota. Nine business development specialists have regional responsibilities as well as responsibility for specific high-growth, high wage industry sectors including: biosciences and medical devices, renewable energy, wind, information technology, and manufacturing. In addition to representing the department, the Business Development Specialists have a broad knowledge of economic development programs available through DEED and those available through utilities, federal programs, and local government. The specialists are connected to their regions, industries, and statewide development organizations that ultimately provide an invaluable service to businesses and communities.

The **Positively Minnesota Marketing Initiative** partners with other economic development entities to market Minnesota outside its borders. With minimal state investment, the funds of non-state partners are leveraged to support ongoing marketing of Minnesota to national and international business leaders looking for locations to grow. The initiative showcases Minnesota's assets at international events attended by corporate site selectors and industry leaders. Over the past year, the partnership coordinated ten events and raised more than \$250,000 from members and other organizations to support marketing efforts. Positively Minnesota continues to lead planning efforts for several events outside of the state, as well as events that the state is hosting.

Other Specific Business Initiatives include:

- ◆ Minnesota Manufacturers' Advocate, which connects state government to the multiple manufacturing trade associations and their initiatives to ensure competitiveness;
- ◆ Biosciences Development, which coordinates state support for these emerging industries, including support for the Bio Business Alliance and bioscience marketing;

EMPLOYMENT & ECONOMIC DEV DPT

Program: BUSINESS & COMMUNITY DEVELOPMENT

Activity: BUSINESS DEVELOPMENT

Narrative

- ◆ Renewable Energy Specialist, which coordinates economic development support with other state agencies to further the renewable energy goals of the state;
- ◆ actively working with site selection consultants and corporate real estate executives;
- ◆ conducting an annual Development Conference and Manufacturers' Week ;
- ◆ assisting communities in preparing for development by coordinating the Minnesota Shovel Ready initiative;
- ◆ developing and maintaining key linkages between the public and private sector related to workforce and economic development;
- ◆ marketing of DEED programs at trade shows and conferences;
- ◆ marketing of Minnesota at national events, trade shows and conferences such as BIO, Windpower and IAMC;
- ◆ coordinating flood recovery activities in the southeast region; and
- ◆ maintaining the Business Expansion database to report Minnesota expansions for national marketing.

The office also administers grants to **WomenVenture** and the **Metropolitan Economic Development Association**. These Twin Cities-based nonprofit organizations provide business customers with resources and assistance. Other pass-through grants and special appropriations to specific recipients are also administered through the office such as several bioscience and community appropriations and Minnesota Technology.

Key Activity Goals

The Business Development office supports the *Minnesota Milestones* goal that *Minnesota will have sustainable, strong economic growth*.

Key Activity Measures

Measures are based on a state fiscal year (July - June). FY 2008 is the first year of Customer Relationship Management software that effectively tracks project performance.

	2008
Number of business expansions assisted	39
Proposed number of jobs to be created	2,100
Proposed capital investment (in millions)	\$430

Activity Funding

The Business Development office is funded by an appropriation from the general fund. The office recovers its costs for trade shows and conferences through participant fees.

Contact

For more information, contact DEED by phone at (651) 259-7114 or (800) 657-3858, by TTY at (651) 296-3900 or (800) 657-3973, by email at DEED.customerservice@state.mn.us, or online at www.positivelyminnesota.com/bizdev.

EMPLOYMENT & ECONOMIC DEV DPT
 Program: BUSINESS & COMMUNITY DEVELOPMT
 Activity: BUSINESS DEVELOPMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	6,016	2,113	2,088	2,088	4,176
Subtotal - Forecast Base	6,016	2,113	2,088	2,088	4,176
Governor's Recommendations					
Base Budget Reduction		0	(253)	(253)	(506)
BioBusiness Alliance of Minnesota		0	100	100	200
Total	6,016	2,113	1,935	1,935	3,870
Health Care Access					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
Section 125 Grant Reduction		(800)	0	0	0
Total	0	(800)	0	0	0
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	5,121	2,708	1,935	1,935	3,870
Health Care Access	0	1,000	0	0	0
Statutory Appropriations					
Miscellaneous Special Revenue	256	541	500	480	980
Gift	216	28	5	1	6
Total	5,593	4,277	2,440	2,416	4,856
<u>Expenditures by Category</u>					
Total Compensation	1,285	1,316	1,280	1,283	2,563
Other Operating Expenses	663	1,171	780	753	1,533
Local Assistance	3,645	1,790	380	380	760
Total	5,593	4,277	2,440	2,416	4,856
Full-Time Equivalents (FTE)	14.8	14.0	14.0	14.0	

Activity Description

The Office of Entrepreneurship and Small Business Development (OESB) facilitates programs and networks that support Minnesota's entrepreneurship and small business development. The focus of the office is three-fold: assist entrepreneurial and small businesses and coordinate resources; facilitate the start-up, growth and wealth creation of small businesses; and offer innovative partnering and services tailored to meet the current and future needs of Minnesota's science and technology communities. Statutory authority comes from M.S. 116J.656 through 116J.85 and the U. S. Code, Title 15, Section 648.

Activity at a Glance

In FY 2008, the OESB's programs:

- ◆ created and retained over 6,000 jobs through direct services;
- ◆ helped businesses raise over \$148 million for business investment; and
- ◆ helped businesses generate nearly \$540 million in new business wealth, generating \$23.5 million in new tax revenues.

Population Served

The OESB's primary customers are aspiring and existing small- and medium-sized businesses, including technology-based businesses.

Services Provided

The office conducts a wide range of activities specially designed to assist Minnesota businesses.

Minnesota Small Business Development Center (SBDC) Program

Through its network of nine regional and 23 satellite and outreach service centers, and more than 100 professional business consultants, the SBDC program helps aspiring and existing businesses by providing, at no cost to the customer, one-to-one, confidential, business development consulting. SBDC professional business consultants help entrepreneurs and small business owners identify, understand and build solutions to overcome the challenges of running a successful business. Areas of consulting include, but are not limited to:

- ◆ Feasibility and Concept Analysis
- ◆ Start-up Assistance
- ◆ Business Plan Development
- ◆ Marketing and Market Research Assistance
- ◆ Accessing Capital and Loan Packaging
- ◆ Financial Analysis and Assessment
- ◆ Accounting System and Financial Literacy
- ◆ E-Commerce and Website Development
- ◆ Succession and Strategic Planning

SBDC consulting services are aligned with its network of state, regional and local strategic service provider partners to ensure entrepreneurs and small businesses are provided the full scope of available services to be successful.

Small Business Assistance Office (SBAO)

The SBAO has three main activities:

- ◆ Professional business advisors who provide timely, accurate and comprehensive guidance in answering constituents' basic transactional questions (e.g., "what do I need and where do I get it?"), as well as tax, regulatory and business structure questions, including appropriate referral to other office programs and outside service providers.
- ◆ Production and distribution of publications of interest to business. Current publication topics include:
 - ⇒ Guide to Starting a Business in Minnesota
 - ⇒ Employer's Guide to Employment Law Issues in Minnesota
 - ⇒ Employer's Guide to Employee Handbooks in Minnesota

EMPLOYMENT & ECONOMIC DEV DPT

Program: BUSINESS & COMMUNITY DEVELOPMENT

Activity: ENTREPRENEURSHIP & SM BUS DVLP

Narrative

- ⇒ Employer's Guide to Employee Benefits
- ⇒ Why and How to Conduct a Human Resources Audit in Minnesota
- ⇒ Loan Documentation: An Introduction for Small Businesses
- ⇒ Raising Capital: Securities Law and Business Considerations
- ⇒ Guide to Biotechnology Finance
- ⇒ Guide to Intellectual Property Protection
- ⇒ Legal Guide to the Internet
- ⇒ Introduction to Franchising

All publications are available to the public free-of-charge and are available in hard-copy format, on CD, and as downloads from DEED's website.

- ◆ Servicing and updating of the content of the state's License Minnesota website; a comprehensive, centralized system of all business and occupational license and permit information.

Office of Science and Technology (OST)

The OST was established July 1, 2008 to help technology based businesses with the following activities:

- ◆ Coordination of public and private efforts to procure federal funding for collaborative research and development projects throughout the state.
- ◆ Promotion of contractual relationships between Minnesota businesses that are recipients of federal grants and prime contractors, and Minnesota-based subcontractors.
- ◆ Undertake referral activities to link Minnesota companies with federal request for proposal opportunities.
- ◆ Develop a framework for Minnesota companies to establish sole-source relations with federal agencies.
- ◆ Coordinate workshops, assistance with technical proposals, licensing, intellectual property protection, commercialization, and government auditing.

Key Activity Goals

The OESB supports the *Minnesota Milestones* goal that *Minnesota will have sustainable, strong economic growth.*

Key Activity Measures

	2007	Since 2000
Number of businesses consulted by SBDC	3,204	28,243
Number of jobs created/retained	6,020	36,549
Investment leveraged (in millions)	\$148.8	\$1,068.1

Activity Funding

This activity is funded by an appropriation from the general fund and a federal grant from the U.S. Small Business Administration.

Contact

For more information, contact DEED by phone at (651) 259-7114 or (800) 657-3858, by TTY at (651) 296-3900 or (800) 657-3973, by email at DEED.customerservice@state.mn.us, or online at www.positivelyminnesota.com/bizdev.

EMPLOYMENT & ECONOMIC DEV DPT
Program: BUSINESS & COMMUNITY DEVELOPMENT
Activity: ENTREPRENEURSHIP & SM BUS DVLP

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,276	1,694	1,702	1,702	3,404
Technical Adjustments					
Current Law Base Change			42	42	84
One-time Appropriations			(400)	(400)	(800)
Subtotal - Forecast Base	1,276	1,694	1,344	1,344	2,688
Governor's Recommendations					
Base Budget Reduction		0	(261)	(261)	(522)
Total	1,276	1,694	1,083	1,083	2,166
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,177	1,793	1,083	1,083	2,166
Statutory Appropriations					
Miscellaneous Special Revenue	6	5	5	5	10
Federal	1,076	2,263	1,510	1,510	3,020
Total	2,259	4,061	2,598	2,598	5,196
<u>Expenditures by Category</u>					
Total Compensation	591	855	703	732	1,435
Other Operating Expenses	235	591	180	161	341
Local Assistance	1,433	2,615	1,715	1,705	3,420
Total	2,259	4,061	2,598	2,598	5,196
Full-Time Equivalents (FTE)	7.0	9.5	8.0	8.0	

Activity Description

The JOBZ and Business Finance office offers financial assistance to local governments and businesses in order to support business development and expansion. Financing activities seek to help create high-quality jobs, through statewide and specifically targeted programs. In addition to job creation, specifically targeted programs also leverage private investment, increase tax base, provide for the development of public infrastructure and enhance business development projects.

Activity at a Glance

- ◆ As of 12-31-07, the Job Opportunity Building Zones (JOBZ) initiative facilitated 257 active business projects.
- ◆ In FY 2007, the office's Minnesota Investment Fund and Urban Initiative program combined \$5.8 million to leverage \$169 million in private investment.

Statutory authority comes from M.S. 41A.022 (Agricultural and Economic Development Program), 116J.423 (21st Century Minerals Fund), 116J.431 (public infrastructure grants), 116J.8731 (Minnesota Investment Fund), 116M (Urban Initiative), 116J.64 (Indian Business Loans), and 469.310 through 469.3201 (Job Opportunity Building Zones).

Population Served

The office serves businesses and communities directly and indirectly through partnerships with economic development agencies, local governments, utilities, banks, and others. The communities and businesses services are:

- ◆ construction and renovation of affordable infrastructure;
- ◆ creation of additional tax base through business development; and
- ◆ creation of tax-free business development properties through the Job Opportunity Building Zones (JOBZ) program.

Services Provided

Services are designed to assist in the creation of high-quality jobs. Specifically:

- ◆ **The Job Opportunity Building Zone (JOBZ) Program** creates development activity in rural areas of Minnesota by providing local and state tax exemptions (including corporate franchise tax, income tax, sales tax, property tax for improvements, and wind energy production tax). In early 2004, ten zones with 325 subzones (as well as one Agricultural Processing Facility Zone) were created. These zones remain in effect through 2015.
- ◆ **The Minnesota Investment Fund (MIF)** assists local units of government to improve and strengthen their business and economic base by providing financing for business expansions and relocations. MIF funds can be used for land or building acquisition or construction, equipment financing, or infrastructure improvements. At least 50% of total project costs must be privately financed through owner equity and other lending sources. Awards typically do not exceed \$500,000, though a limited number of projects have received up to \$1 million. Most applications selected for funding have at least 70% private financing. Federal funds are allocated through the Community Development Block Grant program to provide funds to local governments for public infrastructure improvements in support of business development.
- ◆ **The Urban Initiative Program (UIP)** assists primarily minority-owned businesses in creating jobs in low-income areas of the Twin Cities. DEED partners with local non-profit organizations that provide technical assistance to these business owners in addition to funding assistance.
- ◆ **The Agricultural and Economic Development Program** makes small business development loans, primarily for manufacturing and industrial projects, through low interest rate loans and issues tax-exempt industrial revenue bonds for business expansion.
- ◆ **Indian Business Loans** support the development of Indian-owned and -operated businesses and promote economic opportunities for Native American people throughout Minnesota. Applications are submitted to DEED and then forwarded to the appropriate Tribal Council for further consideration and approval.
- ◆ **The 21st Century Minerals Fund** makes strategic investments in value-added mineral processing to assist the state's mining industry to remain competitive in the global economy.

EMPLOYMENT & ECONOMIC DEV DPT

Program: BUSINESS & COMMUNITY DEVELOPMENT

Activity: JOBZ AND BUSINESS FINANCE

Narrative

Key Activity Goals

The JOBZ and Business Finance office supports the following *Minnesota Milestones* goals:

- ◆ *Minnesota will have sustainable, strong, economic growth; and*
- ◆ *Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work.*

Key Activity Measures

Measures for JOBZ are reported on a calendar year basis. All other results are based on a state fiscal year (July-June).

	2005	2006	2007
Number of active JOBZ projects	84	61	41
Amount awarded for MIF and UIP (in millions)	\$6.0	\$7.3	\$5.8
Projected job creation/retention	6,607	4,392	3,128
Investment leveraged (in millions)	\$333.8	\$305.0	\$486.8

Activity Funding

This activity is funded by an appropriation from the general fund and the sale of General Obligation and Industrial Revenue bonds. The MIF program is a revolving fund, where new loans are funded from the repayments of old loans' principal and interest.

This activity's budget does *not* include the tax exemptions from JOBZ; the Department of Revenue maintains those projections.

Contact

For more information, contact DEED by phone at (651) 259-7114 or (800) 657-3858, by TTY at (651) 296-3900 or (800) 657-3973, by email at DEED.customerservice@state.mn.us, or online at www.positivelyminnesota.com/bizdev.

EMPLOYMENT & ECONOMIC DEV DPT
Program: BUSINESS & COMMUNITY DEVELOPMENT
Activity: JOBZ AND BUSINESS FINANCE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	54,637	1,251	1,250	1,250	2,500
Technical Adjustments					
One-time Appropriations			(400)	(400)	(800)
Subtotal - Forecast Base	54,637	1,251	850	850	1,700
Governor's Recommendations					
Base Budget Reduction		0	(275)	(275)	(550)
Total	54,637	1,251	575	575	1,150
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	31,736	1,851	575	575	1,150
Statutory Appropriations					
Clean Water Revolving Fund	38	50	50	50	100
Miscellaneous Special Revenue	13,355	32,174	3,766	3,786	7,552
Total	45,129	34,075	4,391	4,411	8,802
<u>Expenditures by Category</u>					
Total Compensation	507	553	557	573	1,130
Other Operating Expenses	124	206	174	158	332
Local Assistance	43,535	20,279	2,000	2,000	4,000
Other Financial Transactions	963	13,037	1,660	1,680	3,340
Total	45,129	34,075	4,391	4,411	8,802
Full-Time Equivalents (FTE)	6.0	7.2	6.7	6.7	

Activity Description

The Community Finance office offers financial assistance to local areas and businesses in order to support community and business development. Financing activities seek to help create the infrastructure and livability of communities that support the creation of high-quality jobs, through statewide and specifically targeted programs.

Statutory authority comes from: M.S 116J.551 through 116J.558, Contamination Cleanup Grant and Loan Program; 116J.571 through 116J.575, Redevelopment Grant Program; 469.35, Transit Improvement Area Loan Program; 116J.980, Small Cities Development Program; 116J.431 Greater Minnesota Business Development Public Infrastructure Grant Program, 116J.435 Bioscience Public Infrastructure Program.

Activity at a Glance

- ◆ Between FY 2004 and FY 2008 the office has funded 325 projects for \$221.1 million leveraging over \$2.1 billion from other sources.
- ◆ In FY 2008, the office provided 90 grants to communities worth \$39.6 million for critical infrastructure to foster business development in Greater Minnesota, clean up of contaminated sites, redevelopment of underutilized sites, and housing and business rehabilitation projects in small cities.

Population Served

The office serves businesses and communities, directly and through partnerships with other state and federal agencies, economic development agencies, utilities, banks, local governments, and others.

Services offered those communities include:

- ◆ construction and renovation of affordable infrastructure;
- ◆ creation of additional tax base through business and housing revitalization and new development;
- ◆ removal of public health threats through contaminated site cleanup; and
- ◆ development of infrastructure necessary for the creation and expansion of bio-science related businesses.

Services Provided

Services are designed to assist in the creation of viable communities. Specifically:

- ◆ **Contamination Cleanup Grant Program** provides grants to local governments and local development agencies to clean up soil and groundwater contamination so a site can serve as a housing or business location.
- ◆ **Minnesota Cleanup Revolving Loan Fund** utilizes Federal grants to provide loans to public or private entities for cleanup of contaminated property.
- ◆ The **Redevelopment Grant Program** provides funding for local governments to acquire and prepare sites for redevelopment.
- ◆ **Small Cities Development Program (SCDP)** channels federal Community Development Block Grant funds for the rehabilitation or construction of housing or municipal infrastructure, as well as downtown revitalization projects.
- ◆ **Greater Minnesota Business Development Public Infrastructure Program (BDPI)** provides funds to local governments for public infrastructure extension projects in support of business development.
- ◆ **Bio-Science Public Infrastructure Grant Program (BSPI)** provides funds to local units of government statewide for infrastructure necessary to support bioscience business development and expansion.
- ◆ The **Transit Improvement Area Loan Program** is a new program created in 2008, however no funds were appropriated. It is designed to help communities energize and revitalize areas around transit facilities.
- ◆ **Credit Enhanced Bond Program** is a new program creating a partnership between DEED and the Public Facilities Authority (PFA) to bring the bond market experience and nationally recognized name of the PFA to access investment capital for community development projects. The communities that issue a General Obligation Bond for their share of a project that is partially funded by DEED Minnesota Investment Fund or Redevelopment Grant Program can participate in the bond program. The state will guarantee payment of the debt service on the bonds if the city goes into default and there are funds available in the state's general fund.

EMPLOYMENT & ECONOMIC DEV DPT

Program: BUSINESS & COMMUNITY DEVELOPMENT

Activity: COMMUNITY FINANCE

Narrative

The Community Finance office also works closely with the Public Facilities Authority (PFA), which shares office space. The PFA is an interagency authority with an Executive Director and eight staff overseen by a board consisting of commissioners of six agencies. The Chair and CEO is the Commissioner of DEED, and other commissioners represent the departments of Finance, Agriculture, Health, and Transportation, and the Minnesota Pollution Control Agency. DEED currently has an interagency agreement with the PFA to have the Executive Director manage the community finance programs. In addition to office space, DEED provides basic administrative support for the PFA (i.e. human resources, information technology, and fiscal services).

Key Activity Goals

The Community Finance office supports the *Minnesota Milestones* goal that *Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work.*

Key Activity Measures

Measures are based on a state fiscal year (July-June).

	2006	2007	2008
Number of projects	97	104	90
Amount awarded (in millions)	\$41.8	\$55.6	\$39.6
Projected job creation/retention	4,709	3,218	3,488
Investment leveraged (in millions)	\$475.4	\$442.7	\$660.0

Activity Funding

The activity is funded by appropriations from the general, petroleum tank release cleanup, and remediation funds, as well as federal grants from the U.S. Department of Housing and Urban Development and the U.S. Environmental Protection Agency. The activity also has revolving loan funds, where new loans are funded from the repayments of old loans' principal and interest.

Contact

For more information, contact the Community Finance office by phone at (651) 259-7114 or (800) 657-3858, by TTY at (651) 296-3900 or (800) 657-3973, by email at deed.customerservice@state.mn.us, or online at www.positivelyminnesota.com/community.

EMPLOYMENT & ECONOMIC DEV DPT
 Program: BUSINESS & COMMUNITY DEVELOPMENT
 Activity: COMMUNITY FINANCE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	5,430	1,912	1,910	1,910	3,820
Subtotal - Forecast Base	5,430	1,912	1,910	1,910	3,820
Governor's Recommendations					
Base Budget Reduction		0	(92)	(92)	(184)
Total	5,430	1,912	1,818	1,818	3,636
Remediation Fund					
Current Appropriation	700	700	700	700	1,400
Subtotal - Forecast Base	700	700	700	700	1,400
Total	700	700	700	700	1,400
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	9,334	2,202	1,818	1,818	3,636
Remediation Fund	737	1,400	700	700	1,400
Statutory Appropriations					
Petroleum Tank Release Cleanup	9,538	6,857	6,200	6,200	12,400
Miscellaneous Special Revenue	0	75	80	80	160
Federal	26,180	28,186	31,418	31,015	62,433
Total	45,789	38,720	40,216	39,813	80,029
<u>Expenditures by Category</u>					
Total Compensation	915	1,275	1,168	1,217	2,385
Other Operating Expenses	106	339	175	171	346
Local Assistance	44,768	36,148	37,918	37,445	75,363
Other Financial Transactions	0	958	955	980	1,935
Total	45,789	38,720	40,216	39,813	80,029
Full-Time Equivalents (FTE)	12.8	15.1	13.6	13.6	

Activity Description

The Minnesota Trade Office (MTO) supports business development and expansion by promoting exports and foreign direct investments that contribute to the growth of the state's economy. Specific statutory authority comes from M.S. 116J.966.

Population Served

MTO services are available to all Minnesota manufacturers and service providers, but the MTO primarily assists small- and medium-sized companies.

Services Provided

MTO services are divided into six broad categories:

- ◆ **Export counseling and technical assistance:** The MTO is staffed with a team of international trade representatives with broad international business experience who can help guide companies through the challenges of conducting international business. Through confidential and personalized meetings, MTO trade representatives help companies evaluate their export readiness, assist with market research, identify market opportunities, provide market intelligence and regulatory information, identify potential distributors, partners, agents, and buyers, and much more. The MTO has a Trade Assistance Help Line to streamline assistance to companies.
- ◆ **Export promotion services:** The MTO arranges numerous export promotional events, including trade missions and trade shows, to help companies acquire market information, explore market opportunities, and meet prospective distributors, partners, agents, and buyers. The MTO manages the state's strategy for China, called the Minnesota-China Partnership. The MTO has an office in Shanghai to assist companies with this unique and challenging market. During the Governor's mission to India in 2005, Minnesota established a sister-state partnership with the State of Haryana, India.
- ◆ **Export education and training services:** In partnership with other organizations, the MTO provides cutting-edge training seminars and workshops for new and experienced exporters. Education programs include fundamentals for beginners, how to conduct international market research, topical seminars on specific and technical aspects of exporting, daylong "immersion" courses focused on the business climate and requirements of specific countries such as China, Japan and Korea, and detailed market and industry briefings. The MTO offers education and training programs in St. Paul and occasionally in other locations throughout Minnesota.
- ◆ **International business resources:** To ensure Minnesota companies have the very latest market intelligence at their disposal, the MTO works with the DEED library to maintain an extensive collection of information on foreign markets. Open to the public Monday through Friday and staffed with professional researchers, the resource center is replete with economic data, export statistics, international trade periodicals, company directories, a wide variety of electronic and internet-based market research tools, as well as materials to help companies learn the mechanics of exporting and the art of conducting business in other cultures. Companies also can access valuable research resources on the MTO website.
- ◆ **Protocol Assistance:** The MTO serves as the Office of Protocol for Minnesota. As such, when visiting foreign delegations and dignitaries visit Minnesota in an official capacity to meet with the Governor or Lieutenant Governor, the MTO assists with hosting meetings, making travel arrangements, providing gifts, and other functions as necessary to ensure a successful visit and positive image of Minnesota.
- ◆ **Investment Attraction:** The MTO partners with the Business Development office and other DEED offices in attracting investment in Minnesota whenever the potential investor is from another country. The MTO assists

Activity at a Glance

- ◆ Minnesota-manufactured exports reached a record high in 2007 at \$16.2 billion, which is a 71% increase since 2000. U.S. growth over the same period was 44%.
- ◆ Minnesota's exports to China increased 77% since launching the strategy in 2005 and China is now the state's second largest export market behind Canada.
- ◆ In 2007, the MTO assisted approximately 35 foreign delegations/dignitaries and provided technical assistance and education services to nearly 1,000 business leaders.

EMPLOYMENT & ECONOMIC DEV DPT

Program: BUSINESS & COMMUNITY DEVELOPMENT

Activity: MINNESOTA TRADE OFFICE

Narrative

with the cultural awareness, global connections, and international marketing aspects of DEED's investment attraction program.

Key Activity Goals

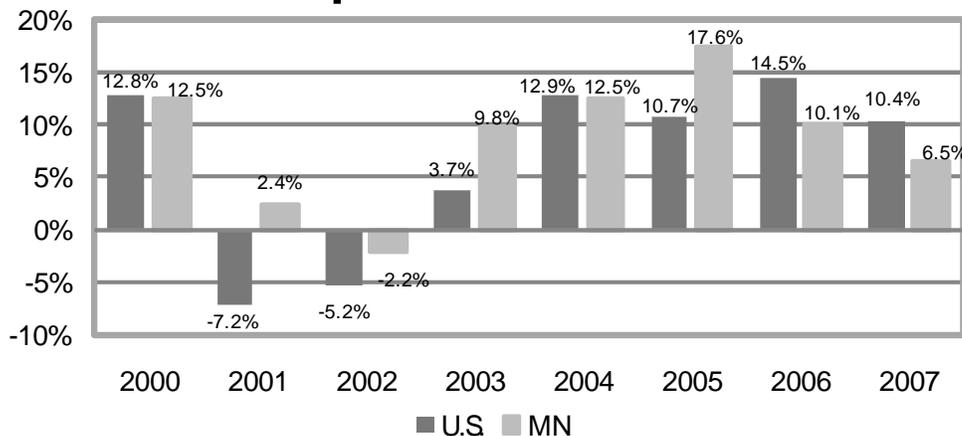
The MTO supports these *Minnesota Milestones* goals:

- ◆ *Minnesota will have sustainable, strong economic growth; and*
- ◆ *Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work.*

Key Activity Measures

Measures are based on a calendar year. For the past several years, Minnesota manufactured exports have grown significantly, and in some years, outperformed U.S. export growth rates. Since 2000, Minnesota-manufactured exports increased 71% compared to the U.S. increase of 44%. Minnesota-manufactured exports also reached a record high of \$16.2 billion in 2007.

Minnesota and U.S. Manufacturing Export Growth Rate



Source: Origin of Movement Series, U.S. Department of Commerce Census Bureau Foreign Trade Division and U.S. Institute of Economic Research

U.S. Institute of Economic Research

Activity Funding

The MTO is funded by an appropriation from the general fund. The office recovers its costs for seminars and promotional events through participant fees.

Contact

For more information, contact MTO by phone at (651) 259-7499 or (800) 657-3858, by TTY at (651) 296-3900 or (800) 657-3973, by email at mto@state.mn.us, or online at www.exportminnesota.com.

EMPLOYMENT & ECONOMIC DEV DPT
 Program: BUSINESS & COMMUNITY DEVELOPMENT
 Activity: MINNESOTA TRADE OFFICE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,458	1,480	1,500	1,500	3,000
Subtotal - Forecast Base	1,458	1,480	1,500	1,500	3,000
Governor's Recommendations					
Base Budget Reduction		0	(85)	(85)	(170)
Total	1,458	1,480	1,415	1,415	2,830
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,346	1,592	1,415	1,415	2,830
Statutory Appropriations					
Miscellaneous Special Revenue	435	643	525	520	1,045
Total	1,781	2,235	1,940	1,935	3,875
<u>Expenditures by Category</u>					
Total Compensation	1,236	1,282	1,271	1,275	2,546
Other Operating Expenses	545	953	669	660	1,329
Total	1,781	2,235	1,940	1,935	3,875
Full-Time Equivalents (FTE)	14.6	15.0	14.0	14.0	

Program Description

The Unemployment Insurance (UI) program provides a temporary, partial wage replacement to those Minnesota workers who become unemployed through no fault of their own. UI is an economic stabilizer and stimulator in time of economic downturn and helps retain an available skilled workforce for businesses. Statutory authority is from U.S. Code (Title 42, Chapter 7; and Title 26, Chapter 23) and M.S. 268.

Program at a Glance

- ◆ An eligible worker can be paid up to 50% of his or her average weekly wage, subject to a state maximum (\$566 effective 10-01-08) for up to 26 weeks in unemployment benefits.
- ◆ In CY 2007, over \$870 million in premiums (taxes) were collected from nearly 130,000 employers covered by the program.

Population Served

In CY 2007, there were more than 2.7 million Minnesotans participating in the workforce; 182,000 received UI benefits. More than \$680 million was paid to out-of-work Minnesotans. The average payment was \$320 per week (out of a maximum of \$538) for 15 weeks (out of a maximum of 26 weeks). Nearly 130,000 Minnesota employers subject to the UI law were required to provide wage information on their employees which is then used to calculate benefit entitlement and UI taxes due.

Services Provided

UI services are provided statewide through customer service centers located in St. Paul and St. Cloud.

- ◆ UI staff issue benefit entitlement determinations, pay weekly benefits to eligible applicants, assist applicants and employers with their UI account questions, and provide impartial due process hearings for applicants and employers who appeal initial UI determinations. Individuals likely to remain unemployed for lengthy periods are referred to a local WorkForce Center for appropriate job-seeking assistance, job training, or other help.
- ◆ The UI system is based on an insurance model, with tax paid by employers based upon their “experience” with the system; that is, those with a higher number of lay-offs pay a higher rate. UI staff determines if employers are subject to the law, collect revenues, and audit employer accounts to ensure proper payments are made to the UI trust fund.
- ◆ The UI tax paid by Minnesota employers is kept in a trust fund, a separate account in the federal treasury for use in paying unemployment benefits. At the beginning of CY 2007, the UI trust fund balance was \$392 million and the year ended with a balance of \$529 million.
- ◆ Employers and benefit applicants access UI services via the Internet or the telephone. The new online system streamlines the UI program for businesses and applicants. All UI employer tax and applicant benefit activities are now processed faster, resulting in improved services and lower administrative costs.

Key Program Goals

The UI program supports the *Minnesota Milestones* goal that *All Minnesotans will have the economic means to maintain a reasonable standard of living.*

Key Program Measures

Measures are reported on the federal fiscal year basis (October – September).

	2005	2006	2007
Timely first payment of benefits	90.0%	88.0%	89.5%
Appeal decisions made within 30 days	61.0%	88.8%	86.6%

Program Funding

Administration of the UI program is funded by a federal grant from the U.S. Department of Labor.

Contact

For more information, contact DEED by phone at (651) 259-7114 or (800) 657-3858, TTY at (651) 296-3900 or (800) 657-3973, by email at ui.mn@state.mn.us, or online at www.uimn.org.

EMPLOYMENT & ECONOMIC DEV DPT
 Program: UNEMPLOYMENT INSURANCE

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Miscellaneous Special Revenue	2,601	600	600	600	1,200
Mdes Federal	49,116	46,800	47,200	47,300	94,500
Total	51,717	47,400	47,800	47,900	95,700
<u>Expenditures by Category</u>					
Total Compensation	24,859	26,339	27,639	27,739	55,378
Other Operating Expenses	26,733	21,011	20,111	20,111	40,222
Local Assistance	50	50	50	50	100
Other Financial Transactions	75	0	0	0	0
Total	51,717	47,400	47,800	47,900	95,700
<u>Expenditures by Activity</u>					
Unemployment Insurance	51,717	47,400	47,800	47,900	95,700
Total	51,717	47,400	47,800	47,900	95,700
Full-Time Equivalent (FTE)	428.6	445.0	429.5	410.7	

Program Description

The Workforce Development Division supports the workforce needs of Minnesota's businesses, workers and communities.

Budget Activities

This program includes the following budget activities:

- ⇒ Business Services
- ⇒ Adult Services
- ⇒ Youth Programs
- ⇒ Vocational Rehabilitation
- ⇒ Services for the Blind
- ⇒ Extended Employment
- ⇒ Independent Living
- ⇒ Disability Determination

EMPLOYMENT & ECONOMIC DEV DPT
 Program: WORKFORCE DEVELOPMENT

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	33,079	33,046	33,046	33,046	66,092
Technical Adjustments					
One-time Appropriations			(195)	(195)	(390)
Subtotal - Forecast Base	33,079	33,046	32,851	32,851	65,702
Governor's Recommendations					
Base Budget Reduction		0	(3,253)	(3,253)	(6,506)
Total	33,079	33,046	29,598	29,598	59,196
Workforce Development					
Current Appropriation	16,495	16,495	16,495	16,495	32,990
Subtotal - Forecast Base	16,495	16,495	16,495	16,495	32,990
Governor's Recommendations					
Base Budget Reduction		0	(1,650)	(1,650)	(3,300)
Universal Job Seekers/Workforce Centers		0	3,000	3,000	6,000
Total	16,495	16,495	17,845	17,845	35,690
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	35,206	34,907	29,598	29,598	59,196
Workforce Development	16,615	16,608	17,845	17,845	35,690
Statutory Appropriations					
Miscellaneous Special Revenue	2,676	2,898	2,413	2,430	4,843
Workforce Development	28,629	35,725	29,828	31,090	60,918
Mdes Federal	148,757	167,804	170,773	171,928	342,701
Gift	1,489	837	335	267	602
Total	233,372	258,779	250,792	253,158	503,950
<u>Expenditures by Category</u>					
Total Compensation	61,823	70,244	74,929	77,312	152,241
Other Operating Expenses	38,524	35,636	35,905	36,249	72,154
Payments To Individuals	30,626	37,966	37,804	37,689	75,493
Local Assistance	102,399	114,933	102,154	101,908	204,062
Total	233,372	258,779	250,792	253,158	503,950
<u>Expenditures by Activity</u>					
Business Services	15,796	19,516	9,253	9,241	18,494
Adult Services	93,416	107,342	110,860	112,682	223,542
Youth Programs	15,167	15,324	13,732	13,736	27,468
Vocational Rehabilitation	48,994	53,867	54,786	55,938	110,724
Services For The Blind	17,793	18,368	18,228	18,326	36,554
Extended Employment	14,876	15,427	14,515	14,515	29,030
Independent Living	5,566	5,658	5,592	3,998	9,590
Disability Determination	21,764	23,277	23,826	24,722	48,548
Total	233,372	258,779	250,792	253,158	503,950
Full-Time Equivalents (FTE)	905.3	939.1	979.1	979.1	

Activity Description

The Business Services activities provide employment and training services to businesses. Statutory references include: the Small Business Job Protection Act of 1996 (Public Law 104-188); the Taxpayer Relief Act of 1997 (Public Law 105-34); the Job Creation and Worker Assistance Act of 2002 (Public Law 107-147); the Wagner-Peyser Act as amended by Public Law 97-300; and U.S. Code, Titles 8, 26, 29, and 38. Statutory authority for the Minnesota Job Skills Partnership is from M.S. 116L; that and all programs in M.S. 116L are accountable to the Job Skills Partnership Board.

Population Served

Business services are available to all Minnesota businesses.

Services Provided

Business Services provides a comprehensive and consistent approach to employment and training services for businesses. Tools and services that help businesses manage and strengthen their workforce include:

- ◆ **Business Services Field Operations** is an initiative established in 2004 to help businesses define and meet their workforce needs. Workforce needs include finding and hiring qualified workers, skilled worker retention strategies, connectivity to worker skill training resources, labor laws, and information on the labor market. Referrals to local and regional resources and other government services are provided. The Business Services Specialists are available through the statewide network of WorkForce Centers and coordinate labor exchange activities with Job Seeker Services.
- ◆ **Industry Specialists** create and implement industry-specific solutions to meet the long-term recruitment, training, and retention needs of businesses in the manufacturing, healthcare, and financial services sectors. Three Industry Specialists work closely with a statewide network of local and regional partners and service providers.
- ◆ **MinnesotaWorks.net** uses cutting edge, web-based technology to link business with job seekers. Minnesota's businesses can post job opportunities, search the database for resumes, store their resume searches, and contact qualified applicants for interviews; job seekers can post resumes, search the database for job openings, and contact businesses about positions. It is the premier job listing tool with the largest employment database in the state, and it is used by Minnesota WorkForce Centers as well as most public employment and training programs across Minnesota.
- ◆ **Minnesota's Job Skills Partnership Program (MJSP)** is the state's primary funding vehicle for upgrading the skills of the incumbent workforce. It acts as a catalyst between businesses and educational institutions to develop cooperative training projects for either new jobs, retention, or skills upgrades for current employees. MJSP awards grants to educational institutions partnered with business to help the partnerships develop training programs specific to business need and it provides grants to help low-income individuals receive training.
- ◆ The **Foreign Labor Certification Program** enables U.S. businesses to hire foreign workers on a permanent or temporary basis. The program reviews employer applications, assists agricultural employers seeking seasonal workers, and issues prevailing wage determinations to employer applicants.
- ◆ The **Work Opportunity Tax Credit (WOTC) program** provides a federal tax credit to employers as an incentive for hiring members of targeted groups who traditionally have difficulty finding jobs.

Activity at a Glance

- ◆ Business Services Specialists will make more than 4,300 business consultations in 2008.
- ◆ MinnesotaWorks.net, the state's online resume and job matching system, has added an average of over 4,000 new employer accounts each year since 2003.
- ◆ The Minnesota Job Skills Partnership program trained more than 13,000 workers and leverage nearly \$24 million in private investment in 2007.

EMPLOYMENT & ECONOMIC DEV DPT

Program: WORKFORCE DEVELOPMENT

Activity: BUSINESS SERVICES

Narrative

Key Activity Goals

The Business Services activity supports these *Minnesota Milestones* goals:

- ◆ *Minnesota will have sustainable, strong economic growth;*
- ◆ *Minnesota's workforce will have the education and training to make the state a leader in the global economy; and*
- ◆ *Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work.*

Key Activity Measures

Measures are on a calendar year basis. MinneostaWorks.net (MnW) data is shown as point-in-time for each June.

	2005	2006	2007
Business Consultations	2,433	3,396	4,259
MnW Employer Accounts	21,559	26,494	30,267
Number of workers trained through MJSP	27,455	10,602	13,063

Activity Funding

The MJSP is funded by the general fund. Other Business Services activities are funded by federal grants, primarily from the U.S. Department of Labor.

Contact

For more information, contact DEED by phone at (651) 259-7114 or (800) 657-3858, by TTY at (651) 296-3900 or (800) 657-3973, by e-mail at DEED.customerservice@state.mn.us, or online at www.positivelyminnesota.com/bizdev or www.positivelyminnesota.com/mjsp.

EMPLOYMENT & ECONOMIC DEV DPT

Program: WORKFORCE DEVELOPMENT

Activity: BUSINESS SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	6,800	6,805	6,805	6,805	13,610
Subtotal - Forecast Base	6,800	6,805	6,805	6,805	13,610
Governor's Recommendations					
Base Budget Reduction		0	(2,243)	(2,243)	(4,486)
Total	6,800	6,805	4,562	4,562	9,124
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	9,011	8,150	4,562	4,562	9,124
Statutory Appropriations					
Miscellaneous Special Revenue	520	377	12	0	12
Workforce Development	1,603	6,310	0	0	0
Mdes Federal	4,662	4,679	4,679	4,679	9,358
Total	15,796	19,516	9,253	9,241	18,494
<u>Expenditures by Category</u>					
Total Compensation	3,466	3,401	3,384	3,384	6,768
Other Operating Expenses	1,824	1,942	1,941	1,941	3,882
Payments To Individuals	4	4	4	4	8
Local Assistance	10,502	14,169	3,924	3,912	7,836
Total	15,796	19,516	9,253	9,241	18,494
Full-Time Equivalent (FTE)	44.0	45.2	45.2	45.2	

Activity Description

Adult Services includes a broad range of employment and training programs. These programs include those for the general public (e.g. Job Seeker Services) and those for eligible populations (e.g. Dislocated Worker, Veterans, etc.) Taken together, they form a critical strategy of preparing today's workforce for tomorrow's global economy.

Statutory authority is from Title V of the Federal Older Americans Act of 1965; Public Law 106-501 as amended by the Comprehensive Older Americans Act of 2000; U.S. Code, Chapter 42, Section 3056; U.S. Code, Titles 8, 26, 29, and 38; U.S. Code Title 7, Chapter 51, Section 2015(d); U.S. Code Title 45; the Workforce Investment Act (WIA) of 1998, Title 1B (Public Law 105-220); the Wagner-Peyser Act as amended by Public Law 97-300; the Jobs For Veterans Act (Public Law 107-288); and M.S. 116L.17, 116L.60, 256D.051, and 256J.

Activity at a Glance

- ◆ Workforce Investment Act Title 1B Adult and Dislocated Worker Programs met or exceeded all eight of the performance goals negotiated with the U.S. Department of Labor for FFY 2007.
- ◆ MinnesotaWorks, the electronic web-based labor exchange system had a monthly average of 49,000 active resumes and 22,000 job openings during SFY 2008.

Population Served

Job Seeker Services are available to anyone. All other programs provide services to individuals in targeted populations.

Services Provided

There are several major programs in the Adult Services activity:

- ◆ The **Dislocated Worker** program serves individuals who have been laid off from their jobs through no fault of their own and are eligible for Unemployment Insurance (UI). Special enrollment priority is given to workers unlikely to return to their former occupation or industry due to changes in the job market. Some workers may also be entitled to additional benefits under Trade Readjustment Assistance (TRA) and/or other assistance under the Trade Adjustment Assistance Act (TAA) which serves workers whose jobs have been lost to foreign competition.
- ◆ Services through **Workforce Investment Act Title 1B Adult** for job seekers include assessment of skill levels and abilities; support services; occupational training; on-the-job training; job search assistance; placement assistance; and career counseling. Local workforce councils select specific services and providers for their areas.
- ◆ **Job Seeker Services (Job Service)**, funded by the federal Wagner-Peyser Act, provide labor exchange services to individuals seeking employment and to businesses seeking workers. Job seeker services are provided at WorkForce Centers; such services include preliminary skills assessment; access to computer-based and written materials on available jobs and career information; workshops on effective work search, interviewing, and how to write resumes; and referrals to training and supportive services with other WorkForce Center partners and community-based agencies. Staff also put on local job fairs and help employers in mass-recruitment efforts.
- ◆ **Veterans Employment Services (VES)**, in concert with Job Seeker Services, assure that specialized employment and training services are provided to Minnesota veterans using the WorkForce Center system. A *Transition Assistance Program (TAP)* workshop is provided for returning Minnesota National Guard Reserves and their spouses along with reintegration meetings conducted throughout the state to explain and facilitate access to employment and training services, and make referrals to various state and federal service providers. VES also provides employers with information on the benefits of hiring former service members and guidance about issues facing deploying and returning Veterans.
- ◆ Through the **Senior Community Service Employment Program (SCSEP)**, individuals work in part-time jobs at senior citizen and day care centers, schools, hospitals; programs for people with disabilities; fire prevention programs; and beautification, conservation, and restoration projects. Annual physical examinations, personal and job-related counseling, job training (if necessary), and in some cases, placement into unsubsidized jobs, are part of the services. Local agencies and national sponsors provide programs in all 87 Minnesota counties.

EMPLOYMENT & ECONOMIC DEV DPT

Program: WORKFORCE DEVELOPMENT

Activity: ADULT SERVICES

Narrative

- ◆ The **Displaced Homemaker (DHP) program** provides specialized pre-employment services to empower homemakers to enter or re-enter the labor market. Customers are women or men who have cared for home and family and due to loss of family financial support (usually through death, disability, or divorce); these individuals must support themselves and their families. Services are provided on a sliding fee scale. Six displaced homemaker program sites provide services across 48 counties.
- ◆ DEED coordinates the delivery of employment and support services for the **Minnesota Family Investment Program (MFIP), Food Support Employment and Training (FSET) Program, and the Diversionary Work Program (DWP)**, with the Department of Human Services (DHS). The activities of these programs are reported in the DHS section of the Budget Background Information.
- ◆ DEED also administers several pass-through appropriations to community based non-profit organizations that provide employment and training services, including the Opportunities Industrialization Centers (OIC's), Lifetrack Resources, and Twin Cities RISE.

Key Activity Goals

The Adult Services activities support the following *Minnesota Milestones* goals:

- ◆ *Minnesota will have sustainable, strong economic growth;*
- ◆ *Minnesota's workforce will have the education and training to make the state a leader in the global economy;*
and
- ◆ *All Minnesotans will have the economic means to maintain a reasonable standard of living.*

Key Activity Measures

All measures are on a state fiscal year basis.

	2006	2007	2008
Total number of individuals served by Adult Services	93,390	68,128	57,995
Total number of individuals exiting programs	36,262	37,433	24,553
Entered employment rate of clients exited	65.4%	65.6%	69.7%

Activity Funding

The Adult Services activities are funded by appropriations from the general and workforce development funds. The unit also administers federal grants from the U.S. Department of Labor and earns fee revenue through the Displaced Homemaker program.

Contact

For more information, contact DEED by phone at (651) 259-7114 or (800) 657-3858, by TTY at (651)296-3900 or (800) 657-3973, by email at DEED.customerservice@state.mn.us, or online at www.mnwfc.org/jobseekers.htm.

EMPLOYMENT & ECONOMIC DEV DPT

Program: WORKFORCE DEVELOPMENT

Activity: ADULT SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,025	1,000	1,000	1,000	2,000
Technical Adjustments					
One-time Appropriations			(195)	(195)	(390)
Subtotal - Forecast Base	1,025	1,000	805	805	1,610
Governor's Recommendations					
Base Budget Reduction		0	(255)	(255)	(510)
Total	1,025	1,000	550	550	1,100
Workforce Development					
Current Appropriation	1,625	1,625	1,625	1,625	3,250
Subtotal - Forecast Base	1,625	1,625	1,625	1,625	3,250
Governor's Recommendations					
Base Budget Reduction		0	(125)	(125)	(250)
Universal Job Seekers/Workforce Centers		0	3,000	3,000	6,000
Total	1,625	1,625	4,500	4,500	9,000
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,025	1,000	550	550	1,100
Workforce Development	1,625	1,625	4,500	4,500	9,000
Statutory Appropriations					
Miscellaneous Special Revenue	1,053	1,462	1,130	1,152	2,282
Workforce Development	27,026	29,415	29,828	31,090	60,918
Mdes Federal	62,687	73,840	74,852	75,390	150,242
Total	93,416	107,342	110,860	112,682	223,542
<u>Expenditures by Category</u>					
Total Compensation	17,162	21,254	24,229	24,662	48,891
Other Operating Expenses	15,876	15,308	15,782	15,803	31,585
Payments To Individuals	4,555	6,608	6,608	6,612	13,220
Local Assistance	55,823	64,172	64,241	65,605	129,846
Total	93,416	107,342	110,860	112,682	223,542
Full-Time Equivalent (FTE)	239.6	261.3	304.3	304.3	

Activity Description

Youth Services includes a core set of employment and training programs for economically disadvantaged and at-risk youth. Three programs (WIA Youth, Minnesota Youth Program and Youthbuild) form a critical strategy in preparing Minnesota's neediest youth to succeed in a global economy. Statutory authority comes from the federal Workforce Investment Act (WIA) and M.S. 116L.361 to 116L.366, 116L.56, and 116L.561.

Activity at a Glance

- ◆ Youth Services provides hands-on, contextualized and active training for approximately 10,000 of Minnesota's neediest youth per year.
- ◆ In SFY 2008, each state dollar invested in the Minnesota Youth Program generated a return on investment of \$3.56.

Population Served

Customers are low-income and at-risk youth who lack academic and "applied" skills considered critical for current and future workplace needs. In SFY 2008, 65% of participants were basic skills-deficient, 51% had a disability, 23% were from families receiving public assistance; and 42% were from communities of color. The neediest youth; those in foster care, juvenile offenders, and pregnant or parenting teens, are served at levels that are consistently two to three times the national average. Participants are teens from low-income families who have the least access to jobs, work experience, and work-related education — especially those that combine work and school. Cost-effective youth services reduce future costs of out-of-home placement, public assistance, and the juvenile justice system.

Services Provided

The Youth Services budget activity includes the following core programs providing employment and training opportunities for at-risk youth:

- ◆ The **Workforce Investment Act Title 1B (WIA) Youth Program** provides long-term, year-round employment and training services to economically disadvantaged youth, ages 14 to 21. Local Workforce Investment Boards/Youth Councils provide oversight to federally-funded youth programs which operate statewide. The WIA eligibility criteria targets federal dollars to economically disadvantaged youth. Participants have access to work experience in high-growth industries (including healthcare and manufacturing) along with aid in the form of tuition assistance and transportation. Emphasis is placed on career planning at the high school level and regional planning to meet employer needs.
- ◆ The **Minnesota Youth Program (MYP)** provides short-term, contextualized and active/individualized training services for at-risk youth, ages 14 to 21. Coordinated at the local level by the Workforce Investment Boards/Youth Councils, MYP eligibility criteria is more flexible (inclusive) than the WIA youth program. MYP permits stand-alone summer youth employment. MYP serves an extremely disadvantaged group of young men and women: participants have multiple challenges such as substance abuse, criminal records, mental health issues, and cognitive learning limitations, in addition to being poor. Exposure to work/careers in high school improves employment prospects and short, medium, and long-term earnings.
- ◆ The **Youthbuild (YB) Program** trains and employs young adults, ages 16 to 24, in construction, increasing their job-specific building trade skills, basic skills, employability skills, and leadership skills. Communities benefit from highly visible construction projects which expand affordable housing for needy families. Hands-on learning improves student grades, attendance, and graduation rates.

Historical Perspective

DEED's Youth Services activities support a collaborative approach to prepare youth for success in a global, demand-driven economy. Referred to by the federal partners as "The Shared Youth Vision", it means that the nation's neediest youth will acquire the talents, skills, and knowledge necessary to ensure their healthy transition to successful adult roles and responsibilities. No one agency can provide all of the services necessary to support the neediest youth. Minnesota is considered a national leader in developing and sustaining effective interagency partnerships at the state and local level to improve services to the neediest youth.

Key Activity Goals

The Youth Services activities support the following *Minnesota Milestones* goals:

- ◆ *Our children will not live in poverty;*
- ◆ *Minnesotans will excel in basic and challenging academic skills and knowledge;*
- ◆ *Our communities will be safe, friendly and caring;*
- ◆ *All people will be welcomed, respected and able to participate fully in Minnesota's communities and economy;*
- ◆ *Minnesota's workforce will have the education and training to make the state a leader in the global economy;*
- ◆ *Families will provide a stable, supportive environment for their children; and*
- ◆ *Minnesota will have sustainable, strong economic growth.*

Key Activity Measures

All measures are on a state fiscal year basis.

	2006	2007	2008
Youth Diploma/Equivalent Attainment	76%	81%	84%
Youth Placement	82%	80%	82%

Activity Funding

The Youth Services activities are funded by appropriations from the general and workforce development funds and administer federal grants from the U.S. departments of Labor and Housing and Urban Development.

Contact

For more information, contact DEED by phone at (651) 259-7114 or (800) 657-3858, by TTY at (651) 296-3900 or (800) 657-3973, by email at DEED.customerservice@state.mn.us, or online at www.positivelyminnesota.com/youth.

EMPLOYMENT & ECONOMIC DEV DPT

Program: WORKFORCE DEVELOPMENT

Activity: YOUTH PROGRAMS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	75	75	75	75	150
Subtotal - Forecast Base	75	75	75	75	150
Governor's Recommendations					
Base Budget Reduction		0	(75)	(75)	(150)
Total	75	75	0	0	0
Workforce Development					
Current Appropriation	7,425	7,425	7,425	7,425	14,850
Subtotal - Forecast Base	7,425	7,425	7,425	7,425	14,850
Governor's Recommendations					
Base Budget Reduction		0	(1,425)	(1,425)	(2,850)
Total	7,425	7,425	6,000	6,000	12,000
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	75	75	0	0	0
Workforce Development	7,457	7,502	6,000	6,000	12,000
Statutory Appropriations					
Mdes Federal	7,635	7,747	7,732	7,736	15,468
Total	15,167	15,324	13,732	13,736	27,468
<u>Expenditures by Category</u>					
Total Compensation	461	480	493	497	990
Other Operating Expenses	145	191	187	190	377
Payments To Individuals	15	16	16	17	33
Local Assistance	14,546	14,637	13,036	13,032	26,068
Total	15,167	15,324	13,732	13,736	27,468
Full-Time Equivalents (FTE)	6.0	6.0	6.0	6.0	

Activity Description

The Minnesota Vocational Rehabilitation (VR) program is a comprehensive statewide program that assists persons with significant disabilities to seek, gain, and retain employment. Statutory authority is from the federal Rehabilitation Act of 1973, as amended, and M.S. 268A.

Population Served

VR program customers have severe disabilities that cause serious functional limitations in one or more areas of life. They require multiple VR services over an extended time to achieve employment goals. Nearly half of all customers receive public support at the time they apply for VR.

Services Provided

VR provides assessment, vocational evaluation, training, rehabilitation counseling, assistive technology, and job placement. These services are coordinated by 165 VR counselors located throughout the state's WorkForce Center system and delivered to program participants through a partnership of public and private providers. VR also promotes the state as a model employer of persons with disabilities by identifying and supporting internships in state agencies that provide experience in state government.

Key Activity Goals

Minnesota VR supports these *Minnesota Milestones* goals:

- ◆ *All people will be welcomed, respected and able to participate fully in Minnesota's communities and economy; and*
- ◆ *Minnesota will have sustainable, strong economic growth.*

Key Measures

Measures are based on a federal fiscal year (October – September).

	2005	2006	2007
Number of new consumers accepted for service	6,996	6,447	7,453
Number of persons completing an employment plan attaining employment status	2,219	2,523	2,502
Persons satisfied or very satisfied with their employment goals and with the services provided to achieve them	72.3%	70.7%	69.8%

Activity at a Glance

- ◆ 42% of VR customers are students with disabilities, aged 16-21, transitioning to work.
- ◆ 75% of exiting VR customers report job earnings as their primary source of support, compared with 12% of entering customers.
- ◆ Exiting customers with full-time employment earn an average hourly wage of \$11.55, and 97% of all working VR customers earn more than minimum wage.
- ◆ Over 2,100 employers participated in the program during FFY 2007, a 30% increase since FFY 2005.

Activity Funding

This activity is funded by an appropriation from the general fund and a federal grant from the U.S. Department of Education. The general fund appropriation is required matching dollars for federal funding; each state dollar brings in about \$3.70 of federal funds.

Contact

For more information, contact DEED by phone at (651) 259-7114 or (800) 657-3858, by TTY at (651)296-3900 or (800) 657-3973, by email at DEED.customerservice@state.mn.us, or online at www.positivelyminnesota.com/rehab.

EMPLOYMENT & ECONOMIC DEV DPT
 Program: WORKFORCE DEVELOPMENT
 Activity: VOCATIONAL REHABILITATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	9,271	9,171	9,171	9,171	18,342
Subtotal - Forecast Base	9,271	9,171	9,171	9,171	18,342
Governor's Recommendations					
Base Budget Reduction		0	(221)	(221)	(442)
Total	9,271	9,171	8,950	8,950	17,900
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	9,271	9,171	8,950	8,950	17,900
Statutory Appropriations					
Mdes Federal	39,723	44,690	45,830	46,982	92,812
Gift	0	6	6	6	12
Total	48,994	53,867	54,786	55,938	110,724
<u>Expenditures by Category</u>					
Total Compensation	23,273	24,905	25,911	27,063	52,974
Other Operating Expenses	9,330	9,236	9,149	9,149	18,298
Payments To Individuals	14,516	17,981	17,981	17,981	35,962
Local Assistance	1,875	1,745	1,745	1,745	3,490
Total	48,994	53,867	54,786	55,938	110,724
Full-Time Equivalent (FTE)	345.7	352.2	350.2	350.2	

Activity Description

State Services for the Blind (SSB) assists blind, visually impaired, DeafBlind, and print-disabled Minnesotans to achieve vocational and personal independence. Statutory authority is from U.S. Code, Title 2, Chapter 5; Title 20, Section 107 et. seq.; Title 29, Sections 16 and 701 et. seq.; M.S. 248.01 through 248.11; and Minn. Rules 3321 and 3325.

Population Served

SSB serves Minnesotans who are blind, visually impaired, DeafBlind, and print-disabled. It also serves those businesses looking for highly skilled and qualified workers.

Services Provided

There are several key services provided by SSB:

- ◆ **Workforce Development Services** ensures customers receive the rehabilitation services necessary to prepare for, seek, gain, or retain employment. Services may include vocational assessment and counseling; training in adjustment to blindness, Braille, use of assistive technology, job seeking skills, and vocational skills; job placement assistance; and job adaptation assistance. Informed customer choice drives the services provided. Rehabilitation counselors in 11 field offices (including ten WorkForce Centers), as well as a network of private vendors across Minnesota, provide these workforce development services.
- ◆ Workforce Development Services also includes the **Business Enterprise Program (BEP)**. BEP provides appropriate training and support to blind Minnesotans so they can become self-employed in their own vending business. Specific services include training to operate small businesses and placement in self-employment franchise opportunities on federal, state, county, city, and some private property. Businesses include operating convenience shops, vending machine sites, vending machine routes, and vending machines on interstate and state highways.
- ◆ **Senior Services** assist blind, visually impaired, and DeafBlind Minnesotans age 55 and older regain or maintain their personal independence. Assistance does not focus on employment. Rather, services tackle barriers to independence resulting from vision loss. Based on individual needs, they range from Braille and other forms of communication training, to cane travel instruction, and household management skill development. Needed services are provided on a group and individual basis by SSB staff and private vendors throughout the state.
- ◆ **Assistive and Adaptive Technology Services** are provided as support to *Workforce Development Services* and *Senior Services* in delivering solutions so their customers have access to the printed word at work and in their daily lives. Solutions may include screen-reading or enlargement software, Braille output devices, and system interfaces. This section assists DEED and other entities in the review and development of accessible web-based products and also conducts research and development in new technology that will assist all customers in being productive and independent citizens.
- ◆ The **Communication Center** serves as a public library for blind, visually impaired, DeafBlind, and print-disabled Minnesotans. Through transcription and reading services, customers have access to the same print media as sighted Minnesotans. The Center lends transcribed textbooks and leisure reading books (Braille, CD, or tape), lends and repairs special radio receivers, and lends and repairs cassette players (through the Library of Congress Talking Book Program). The Center broadcasts a 24-hour radio reading service through a closed-circuit radio network (Radio Talking Book) that includes six greater Minnesota outreach sites: Duluth, Fergus Falls, Grand Rapids, Mankato, Rochester, and St. Cloud. These sites allow the Center to broadcast local news within their communities. The Center, with partial funding from the Department of Commerce's

Activity at a Glance

- ◆ More than 680 Communication Center volunteers assist in serving over 14,000 customers every year.
- ◆ Nearly 100 customers annually find paid work as a result of SSB's Workforce Development Services.
- ◆ Approximately 3,500 blind or visually impaired seniors use SSB's services each year to become more self-sufficient.
- ◆ Approximately 900,000 pages of Braille were provided in FFY 2007.

EMPLOYMENT & ECONOMIC DEV DPT

Program: WORKFORCE DEVELOPMENT

Activity: SERVICES FOR THE BLIND

Narrative

Telecommunication Access Minnesota (TAM) fund, provides two 24-hour audio newspaper reading services: Dial-In News (metropolitan area newspapers) and National Federation for the Blind (NFB)-Newline for the Blind (some local and over 200 national newspapers). These services are accessed using a telephone. The Center provides all of these audio, print, and digital communication services through state staff and a network of over 670 volunteers.

Historical Perspective

The demographics of vision loss have always been skewed towards the aged, and are becoming more so. In 2005, the number of Minnesotans over the age of 65 with a vision loss is estimated at 110,710. By 2020, that number is expected to increase to 160,775, a 45% increase. By 2030, it is projected to rise to 225,739, a 104% increase over the 2005 level.

Key Activity Goals

SSB services support the following *Minnesota Milestones* goals:

- ◆ *Minnesotans will excel in basic and challenging academic skills and knowledge;*
- ◆ *People in need will receive support that helps them live as independently as they can; and*
- ◆ *All people will be welcomed, respected and able to participate fully in Minnesota's communities and economy.*

Key Activity Measures

Measures are on a federal fiscal year basis (October – September).

	2005	2006	2007
Percentage of workforce development customers achieving paid employment after receiving vocational rehabilitation services	46%	42%	41%
Average hourly wage for workforce development services customers employed full-time	\$14.64	\$14.44	\$14.34
Percentage of workforce development services customers achieving an employment outcome earning at least minimum wage	98%	90%	99%

Activity Funding

SSB is funded by an appropriation from the general fund that is used to match a federal grant from the U.S. Department of Education. The activity also maintains a revolving fund in support of the Business Enterprise Program.

Contact

For more information, contact SSB by phone at (651) 642-0500 or (800) 652-9000, by TTY at (651) 296-3900 or (800) 657-3973, by e-mail at DEED.customerservice@state.mn.us, or online at www.mnssb.org.

EMPLOYMENT & ECONOMIC DEV DPT

Program: WORKFORCE DEVELOPMENT

Activity: SERVICES FOR THE BLIND

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	6,041	6,125	6,125	6,125	12,250
Subtotal - Forecast Base	6,041	6,125	6,125	6,125	12,250
Governor's Recommendations					
Base Budget Reduction		0	(139)	(139)	(278)
Total	6,041	6,125	5,986	5,986	11,972
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	6,041	6,125	5,986	5,986	11,972
Statutory Appropriations					
Miscellaneous Special Revenue	1,103	1,059	1,271	1,278	2,549
Mdes Federal	9,160	10,353	10,642	10,801	21,443
Gift	1,489	831	329	261	590
Total	17,793	18,368	18,228	18,326	36,554
<u>Expenditures by Category</u>					
Total Compensation	7,377	8,732	8,982	9,316	18,298
Other Operating Expenses	5,997	3,775	3,571	3,455	7,026
Payments To Individuals	4,395	5,837	5,675	5,555	11,230
Local Assistance	24	24	0	0	0
Total	17,793	18,368	18,228	18,326	36,554
Full-Time Equivalents (FTE)	114.0	115.6	114.6	114.6	

Activity Description

The Extended Employment (EE) program makes it possible for persons with significant disabilities to maintain jobs and careers in the community. Statutory authority is from M. S. 268A.13 - 268A.15.

Population Served

EE customers are Minnesotans with significant disabilities that require ongoing employment services and supports to maintain or advance their employment in the community.

Activity at a Glance

- ◆ Over 6,400 Minnesotans work about 5.1 million paid hours every year and earn more than \$30 million in wages through Extended Employment.
- ◆ The average hourly wages in the EE-Basic program have grown at an annual rate of at least 3% through FFY 2007.

Services Provided

The basic EE program provides funding for supported and center-based employment of persons with severe disabilities through a statewide network of 28 community rehabilitation programs (CRPs). Supported employment provides ongoing support for persons working in the larger community in a variety of employment settings. Center-based employment provides ongoing support for persons who work in manufacturing, service, and retail enterprises operated by the CRP.

Supported employment services are also provided to persons with serious mental illness who secure employment through the innovative Coordinated Employability Projects, in collaboration with the Mental Health Division of the Department of Human Services. Similarly, supported employment services are also provided to persons who are deaf or hard of hearing through a grant to the Minnesota Employment Center for Persons who are Deaf or Hard of Hearing.

Key Activity Goals

The Extended Employment program supports these *Minnesota Milestones* goals:

- ◆ *All people will be welcomed, respected and able to participate fully in Minnesota's communities and economy and*
- ◆ *Minnesota will have sustainable, strong economic growth.*

Key Activity Measures

Measures are on a federal fiscal year basis (October – September).

		2005	2006	2007
Number of customers employed:	Serious Mental Illness	568	569	629
	Basic EE	6,042	5,901	5,819
Total number of hours worked:	Serious Mental Illness	201,900	204,398	220,976
	Basic EE	5,054,389	4,995,415	4,835,267
Total wages earned (in millions):	Serious Mental Illness	\$2.4	\$2.1	\$1.7
	Basic EE	\$26.3	\$27.6	\$28.0

Activity Funding

This activity is funded by appropriations from the general and workforce development funds.

Contact

For more information, contact DEED by phone at (651) 259-7114 or (800) 657-3858, by TTY at (651) 296-3900 or (800) 657-3973, by e-mail at DEED.customerservice@state.mn.us, or online at www.positivelyminnesota.com.

EMPLOYMENT & ECONOMIC DEV DPT

Program: WORKFORCE DEVELOPMENT

Activity: EXTENDED EMPLOYMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	7,427	7,430	7,430	7,430	14,860
Subtotal - Forecast Base	7,427	7,430	7,430	7,430	14,860
Governor's Recommendations					
Base Budget Reduction		0	(260)	(260)	(520)
Total	7,427	7,430	7,170	7,170	14,340
Workforce Development					
Current Appropriation	7,445	7,445	7,445	7,445	14,890
Subtotal - Forecast Base	7,445	7,445	7,445	7,445	14,890
Governor's Recommendations					
Base Budget Reduction		0	(100)	(100)	(200)
Total	7,445	7,445	7,345	7,345	14,690
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	7,343	7,946	7,170	7,170	14,340
Workforce Development	7,533	7,481	7,345	7,345	14,690
Total	14,876	15,427	14,515	14,515	29,030
<u>Expenditures by Category</u>					
Total Compensation	409	447	453	454	907
Other Operating Expenses	76	40	34	33	67
Local Assistance	14,391	14,940	14,028	14,028	28,056
Total	14,876	15,427	14,515	14,515	29,030
Full-Time Equivalents (FTE)	4.8	4.8	4.8	4.8	

Activity Description

The Independent Living (IL) program activity provides services and training that enable Minnesotans with significant disabilities to live independently in the community. Statutory authority is from the federal Rehabilitation Act of 1973, as amended, and M.S. 268A.11.

Population Served

IL customers are persons with significant disabilities who request services to help them live independently in their communities.

Services Provided

There are four core IL services:

- ◆ individual and systems advocacy;
- ◆ information and referral;
- ◆ IL skills training; and
- ◆ peer counseling. IL services maximize the independence, productivity, and empowerment of people with disabilities.

IL services are provided through:

- ◆ a grant program that supports a network of eight community-based, non-residential private, nonprofit Centers for Independent Living; and
- ◆ the state’s Vocational Rehabilitation (VR) program and its 17 dedicated IL/VR counselors.

Key Activity Goals

The Independent Living program supports the *Minnesota Milestones* goal that *People in need will receive support that helps them live as independently as they can.*

Key Activity Measures

The measures are on a federal fiscal year basis (October – September).

	2005	2006	2007
Total number of persons served by IL services	4,487	5,684	5,555
Total instances of service (including duplicate customers)	24,027	21,980	22,897
Percentage of IL goals met across all customers (IL goals-set divided by IL goals-attained)	70%	65%	71%

Activity at a Glance

- ◆ Each year, Independent Living services make it possible for over 5,000 Minnesotans with significant disabilities to live independently in communities of their choice.
- ◆ Clients include more than 250 people who get assistance moving out of nursing homes or who gain independence skills that prevent costly and unnecessary institutional care.

Activity Funding

This activity is funded by an appropriation from the general fund that is used to match a federal grant from the U.S. Department of Education.

Contact

For more information, contact DEED by phone at (651) 259-7114 or (800) 657-3858, by TTY at (651) 296-3900 or (800) 657-3973, by e-mail at DEED.customerservice@state.mn.us, or online at www.positivelyminnesota.com/rehab.

EMPLOYMENT & ECONOMIC DEV DPT

Program: WORKFORCE DEVELOPMENT

Activity: INDEPENDENT LIVING

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	2,440	2,440	2,440	2,440	4,880
Subtotal - Forecast Base	2,440	2,440	2,440	2,440	4,880
Governor's Recommendations					
Base Budget Reduction		0	(60)	(60)	(120)
Total	2,440	2,440	2,380	2,380	4,760
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,440	2,440	2,380	2,380	4,760
Statutory Appropriations					
Mdes Federal	3,126	3,218	3,212	1,618	4,830
Total	5,566	5,658	5,592	3,998	9,590
<u>Expenditures by Category</u>					
Total Compensation	155	190	193	199	392
Other Operating Expenses	60	102	99	93	192
Payments To Individuals	113	120	120	120	240
Local Assistance	5,238	5,246	5,180	3,586	8,766
Total	5,566	5,658	5,592	3,998	9,590
Full-Time Equivalent (FTE)	2.0	3.0	3.0	3.0	

EMPLOYMENT & ECONOMIC DEV DPT

Program: WORKFORCE DEVELOPMENT

Activity: DISABILITY DETERMINATION

Narrative

Activity Description

Disability Determination Services (DDS) determines if Minnesota applicants meet federal criteria for disability cash benefits under the Social Security Administration's Disability Insurance or Supplemental Security Income program. Statutory authority stems from the federal Social Security Act, Section 221, 42 USC 421.

Activity at a Glance

- ◆ DDS serves about 50,000 Minnesota residents every year.

Population Served

The primary customers of DDS are Minnesota residents who file applications annually for disability benefits or are reviewed for continuing eligibility for payments.

Services Provided

In addition to providing determinations on eligibility for disability payments, DDS also provides verification information to rehabilitation agencies and resources for customers eligible for the Social Security Administration's Ticket to Work program. DDS began processing disability applications in an electronic format in 2005.

Key Activity Goals

The Disability Determination Services activity supports the *Minnesota Milestones* goal that *People in need will receive support that helps them live as independently as they can.*

Key Activity Measures

Measures are reported on a federal fiscal year basis (October – September). "Continuing disability workload completion" refers to performance relative to federal targets for completing reviews of persons already on benefits, so numbers may exceed 100%.

	2005	2006	2007
Days in decision-making	90.1	94.6	86.0
Accuracy of decisions	97.5%	95.4%	96.5
Continuing disability workload completion	99.8%	102.7%	114.4%

Activity Funding

This activity is funded by a federal grant from the U.S. Social Security Administration.

Contact

For more information, contact DEED by phone at (651) 296-2574 or (800) 937-6469, by TTY at (651) 296-3900 or (800) 657-3973, by e-mail at DEED.customerservice@state.mn.us, or online at www.positivelyminnesota.com/dds.

EMPLOYMENT & ECONOMIC DEV DPT

Program: WORKFORCE DEVELOPMENT

Activity: DISABILITY DETERMINATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Mdes Federal	21,764	23,277	23,826	24,722	48,548
Total	21,764	23,277	23,826	24,722	48,548
<u>Expenditures by Category</u>					
Total Compensation	9,520	10,835	11,284	11,737	23,021
Other Operating Expenses	5,216	5,042	5,142	5,585	10,727
Payments To Individuals	7,028	7,400	7,400	7,400	14,800
Total	21,764	23,277	23,826	24,722	48,548
Full-Time Equivalent (FTE)	149.2	151.0	151.0	151.0	

Program Description

The General Support Services (GSS) division includes the fiscal, human resources, information systems, communications, research and analysis, and leadership activities for the agency. Proper administration ensures compliance with federal and state laws and regulations, as well as more effective, efficient, and accountable programs.

Population Served

The GSS division directly supports the department's operating divisions by providing critical infrastructure support services necessary to operate programs, develop policies, and provide technical business, community and workforce assistance.

The division's services and products also serve a varied external marketplace including such customers as businesses, economic developers, students, job seekers, education and training planners, workforce development professionals, policymakers, government entities, media, and the general public.

Services Provided

- ◆ **Administrative and Financial Services** provides accounting, budgeting, financial reporting, payroll, and purchasing services. It provides general oversight to ensure compliance with state and federal laws, regulations, and guidelines for sound fiscal management. Additional responsibilities include facilities management, business continuity planning, and printing and mailroom operations.
- ◆ **Human Resources** administer the agency's personnel, labor relations, employee development, and equal opportunity systems. Included are compensation/classification, benefits, recruitment and selection, performance management, union contract bargaining and administration, workforce planning, internal/external complaint investigations, and accessibility for employees and consumers.
- ◆ **Business and Information Technology** provides centralized computer and information services support agency wide. This includes designing, acquiring, maintaining, and servicing the information resource tools and technology of the agency. It ensures agency compliance with state policies, goals, and guidelines for information technology.
- ◆ **Communications, Analysis, and Research** manages the agency's marketing and public relations activities, and provides critical support to the agency's web site and Positively Minnesota initiative. It also includes the department's business/economic development analysis, program measures and evaluation, labor market information (LMI) office, and library operations. The group adds efficiency through centralized services, maintains the independence of the evaluation and analysis functions, and develops and implements a single department-wide communications plan integrating the activities of the operating divisions.
- ◆ **Commissioner's Office**, in addition to its traditional leadership and support role, includes key accountability activities such as legislative relations and performance measurement of DEED's services.

Key Program Goals

The division provides critical infrastructure support to assist agency programs in obtaining the goals referenced elsewhere in this document.

Program at a Glance

During the past year, GSS staff provided:

- ◆ Fiscal and budgetary support for approximately \$1.5 billion expenditures (including UI benefits).
- ◆ Payroll and human resources support for about 1,600 employees.
- ◆ Completed more than 350 publications, graphic projects and other marketing materials.
- ◆ "Positively Minnesota" web site hosted nearly 2.2 million user sessions.
- ◆ Analysts respond to approximately 2,700 requests.

Key Program Measures

Measures are based on a State Fiscal Year (July – June).

	2006	2007	2008
Percentage of payments made to vendors within 30 days	98.8%	98.8%	99.2%
Percentage of job audits completed within 30 days (and total audits completed)	96% (132)	91% (143)	92% (146)
Number of pieces of mail processed (millions)	5.7	4.0	4.1
DEED web site user sessions/visits (millions)	2.3	2.1	2.2

Program Funding

The General Support Services division is funded by an appropriation from the general fund and indirect cost revenue recovered from agency programs. The division also administers a federal research grant from the U.S. Department of Labor.

Contact

For more information, contact DEED by phone at (651) 259-7114 or (800) 657-3858, by TTY at (651) 296-3900 or (800) 657-3973, by e-mail at DEED.customerservice@state.mn.us, or online at www.positivelyminnesota.com.

EMPLOYMENT & ECONOMIC DEV DPT
 Program: GENERAL SUPPORT SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	3,009	2,718	2,718	2,718	5,436
Technical Adjustments					
Pt Contract Base Reduction			(1)	(1)	(2)
Subtotal - Forecast Base	3,009	2,718	2,717	2,717	5,434
Governor's Recommendations					
Base Budget Reduction		0	(271)	(271)	(542)
Total	3,009	2,718	2,446	2,446	4,892
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,408	3,258	2,406	2,406	4,812
Statutory Appropriations					
Miscellaneous Special Revenue	11,584	12,059	12,361	12,657	25,018
Mdes Federal	1,756	1,872	1,950	2,033	3,983
Miscellaneous Agency	1,070	0	0	0	0
Total	16,818	17,189	16,717	17,096	33,813
<u>Expenditures by Category</u>					
Total Compensation	11,408	12,550	12,714	13,124	25,838
Other Operating Expenses	5,410	4,639	4,003	3,972	7,975
Total	16,818	17,189	16,717	17,096	33,813
<u>Expenditures by Activity</u>					
General Support Services	16,818	17,189	16,717	17,096	33,813
Total	16,818	17,189	16,717	17,096	33,813
Full-Time Equivalent (FTE)	138.1	147.7	144.5	144.5	

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Other Revenues:					
General	50	36	33	27	60
Other Sources:					
General	602	258	227	191	418
Petroleum Tank Release Cleanup	6	0	0	0	0
Taxes:					
Workforce Development	17,100	17,274	17,274	17,274	34,548
Total Non-Dedicated Receipts	17,758	17,568	17,534	17,492	35,026
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Miscellaneous Special Revenue	1,090	1,160	1,166	1,172	2,338
Grants:					
Miscellaneous Special Revenue	96	110	110	110	220
Federal	27,192	30,447	32,916	32,513	65,429
Mdes Federal	199,360	215,355	219,747	221,107	440,854
Other Revenues:					
Clean Water Revolving Fund	1	1	1	1	2
Miscellaneous Special Revenue	22,018	22,134	22,820	22,610	45,430
Workforce Development	1,855	1,250	1,250	1,250	2,500
Federal	64	2	12	12	24
Gift	1,083	843	340	303	643
Other Sources:					
Clean Water Revolving Fund	176	82	73	19	92
Miscellaneous Special Revenue	1,381	1,417	1,358	1,325	2,683
Miscellaneous Agency	1,069	0	0	0	0
Taxes:					
Miscellaneous Special Revenue	144	120	120	120	240
Workforce Development	24,743	26,560	27,233	28,549	55,782
Total Dedicated Receipts	280,272	299,481	307,146	309,091	616,237
Agency Total Revenue	298,030	317,049	324,680	326,583	651,263

Federal Program (\$ in Thousands)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
Employment Services Wagner Peyser	0	SO/GPS	12,346	12,340	12,340	12,340
Basic Support / Supported Employment	Yes	SO/GI	48,803	53,974	55,917	57,228
Disability Determination	0	SO	22,833	23,227	23,826	24,722
EPA Brownfield/Petroleum Cleanup	0	GPS	10	1,025	950	1,000
ETA Career One-Stop WOTC, Alien Labor, LMI	0	SO/GPS	12,605	15,892	16,371	16,497
Independent Living Services	Yes	SO/GCBO	3,681	3,773	3,767	2,173
Labor Force Statistics	0	SO	1,716	1,869	1,950	2,033
Sr Community Service Employment Program	0	SO/GPS	2,229	2,450	2,450	2,450
Trade Adjustment Assistance	0	SO/GPS	3,393	4,539	4,642	4,642
Unemployment Insurance	0	SO	48,684	46,800	47,200	47,300
USHUD Small Cities CDBG	Yes	GPS	26,170	27,161	30,468	30,015
USSBA Small Business Development Centers	Yes	SO/GPS	1,076	2,263	1,510	1,510
Veterans Programs	0	SO/GPS	2,649	2,989	3,026	3,071
WIA Programs	0	SO/GPS	40,421	47,502	48,258	48,651
Agency Total			226,616	245,804	252,675	253,632

Key:
 Primary Purpose
 SO = State Operations
 GPS = Grants to Political Subdivision
 GI = Grants to Individuals
 GCBO = Grants to Community Based Organizations

	PAGE
Transmittal Letter	2
Agency Profile	4
Agency Fiscal Page (Gov Rec).....	7
Change Summary.....	8
Agency Change Items	
↻ Data Center Consolidation	9
↻ Minnesota Electronic Licensing System.....	12
Program	
Enterprise Planning & Mgmt	
↻ Operating Budget Reduction.....	15
Programs	
Enterprise Technology Services	16
Program Summary.....	17
Budget Activities	
Oet Computing Services	18
Budget Activity Summary.....	22
Oet Telecomm Services.....	23
Budget Activity Summary.....	26
Enterprise Planning & Mgmt	27
Program Summary.....	29
Ent Application Development	30
Program Summary.....	33
Enterprise IT Security	34
Program Summary.....	38
Info Stds & Resource Mgmt	39
Program Summary.....	41
Appendix	
Agency Revenue Summary Fiscal Page.....	42

↻ Designates that this item is a change item



January 27, 2009

To the 2009 Minnesota Legislature,

On behalf of Governor Pawlenty, I am pleased to submit the Office of Enterprise Technology's (OET) budget recommendations for FY 2010-11.

In light of the difficult financial times facing the State of Minnesota, the budget includes a 5% reduction in general fund operating monies for OET. This amounts to a \$606,000 reduction that will impact the Enterprise Planning and Management program, one of only two program areas at OET that are supported through the general fund. The reduction has been focused on this area in order to preserve the high-priority enterprise-wide security activity without interruption.

OET's mission is to provide leadership and services that improve government through the effective use of information technology. Over the past two years, OET has provided leadership toward the modernization and consolidation of Minnesota's technology infrastructure, including the refinement of an enterprise governance structure, the launching of an enterprise security program, and the first stages of two important enterprise-wide IT systems: an enterprise electronic licensing system and an enterprise e-mail system. OET has continued to build its IT Products and Standards Program, which has helped state agencies avoid significant costs in the purchase of hardware and software. The agency also continues to provide a large catalog of IT services to government customers, including mainframe computing, data center management, and telecommunications services. An internal organizational improvement program is currently underway to ensure that the IT services it offers provide added value and are cost-effective in the larger marketplace.

Over the next biennium, OET is ready to build on its successes and advance Minnesota's information technology infrastructure and enterprise services in order to support more efficient and effective government. Our priorities remain the same:

- To improve the security of the state's IT assets and sensitive government and private citizen data
- To help the state modernize its infrastructure
- To consolidate IT management and service in key strategic areas
- To provide high quality, cost-effective IT service to government customers.

To meet our goals, OET seeks two priority initiatives on behalf of the state enterprise:

Data Center Consolidation

The executive branch state agencies currently maintain at least 36 data center facilities to house equipment for data processing, communication, and storage. In so doing, the state uses 69,251 square feet of space and 3,275 servers. This enterprise Data Center Consolidation initiative would centralize most current data centers to better manage costs, service quality, security, and energy consumption (green IT).

Enterprise e-Licensing

After successfully building a scalable enterprise e-licensing system – a “one-stop” online shop for businesses, professionals and citizens – and implementing the system at two pilot agencies, the next phase of the project would expand the system to the remaining licensing agencies. The new system will be a vital step forward for better citizen services and efficient government.

State of Minnesota Office of Enterprise Technology
Centennial Office Building ▲ 658 Cedar Street ▲ St. Paul, Minnesota 55155 ▲ voice: 651-296-8888

No one in state government remains unaware of the difficult times ahead and the hard choices that must be made by state leadership. However, many view technology as a necessary part of the solution now and in the years ahead by improving government services and increasing efficiencies.

Today, citizens are demanding that government do more with less and transform to a paperless, online world. Consequently, the need for prudent technology investment will continue to grow across the board. It is the role of the Office of Enterprise Technology to ensure the effective management of our precious technology resources through leadership, standards and the managed delivery of IT services.

I look forward to working with you in this important legislative session, and I thank you for your support.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Gopal Khanna". The signature is fluid and cursive, with a long horizontal stroke at the end.

Gopal Khanna
Chief Information Officer, State of Minnesota

Agency Purpose

The mission of the Office of Enterprise Technology (OET) is to support the transformation of public services by effective information management and efficient delivery of services to government and its customers. This mission is carried out by developing statewide enterprise strategies and standards, overseeing technology investments, and creating a secure and efficient information management environment. OET has broad statutory authority to set state information technology (IT) direction and policy, to provide services, and to manage and direct state IT resources. This mission is further reinforced by M.S. 16E that directs the development of:

- ◆ an information technology governance structure at a statewide enterprise level;
- ◆ an enterprise information technology management organization (OET) capable of leading a statewide transformation to increased shared services; and
- ◆ resource allocation processes and standards.

At A Glance

To carry out its mission, OET:

- ◆ Provides technology and telecommunications services to state agencies and political subdivisions
- ◆ Provides statewide enterprise governance structure, planning process, and service level agreement processes for new consolidated, shared, and utility services including shared data centers
- ◆ Sets state standards and manages IT hardware, software, and professional/technical service contracts
- ◆ Develops enterprise security program and governance.

Core Functions

OET's 2006 Strategic Plan outlines several strategies to further the mission of the organization:

- ◆ transform OET / organization and workforce development
- ◆ define the scope and offerings of services
- ◆ transform decision-making processes
- ◆ implement enterprise security and identify management programs
- ◆ leverage IT contracting and procurement processes for best value
- ◆ develop comprehensive funding mechanisms for enterprise IT
- ◆ embrace a strong portfolio management program
- ◆ lead the development of an enterprise architecture
- ◆ provide the foundation for seamless integration of eGovernment.

These strategies are pursued through several core functions within the following five program areas:

Enterprise Planning and Management – managing a strong state architecture including business, information, application, and technology components; managing strategic planning processes incorporating statewide information management strategies, business needs, and administration priorities and ensuring that IT plans and review processes are properly integrated with enterprise technology and architecture standards, state budget processes, and legislative packages; managing a statewide portfolio of technology projects, applications, staff and operations as enterprise assets to leverage technology and data for maximum efficiency and impact; and managing OET's funds and financial processes and collaboratively working with agency partners to find funding models and mechanisms for enterprise-wide investments and system modernizations, utility services, OET and agency-centered shared services, and emerging services.

Enterprise Technology Services (ETS) – delivering utility and shared information and telecommunications technology systems and services through OET's internal service fund to enable faster, better, more efficient services to Minnesota's public sector. Includes aggregation of demand, integration of multi-platform systems to minimize redundancy of procurement and staffing requirements for economies of scale, and scalability of shared and utility resources (storage, processing, and network capacity) to meet the varying peak demands for resources. New in FY 2007 is a two-tiered encryption program for all state agencies: government-to-government encryption and government-to-citizens-and-businesses.

Enterprise Application Development (EAD) – phasing out the current North Star web portal and engaging agency partners in seeking a cost-effective, standard enterprise infrastructure and Minnesota.gov web portal interface. Includes management of user access, authentication, and authorization and user detection to government IT applications assuring citizens of data, process, and transactional integrity. The goal is to deliver seamless, unified, and secure EAD services that will support electronic access to government information and services by citizens and business partners that is independent of time, geography, and government organization and allows for information and technology sharing between agencies for reduced costs.

Enterprise Security – managing a more robust, comprehensive, and consistent enterprise-wide security environment and structure. Includes security architecture, enterprise security planning, vulnerability assessment, administration, security monitoring, interception, incident response, remediation, compliance, and business continuation of the state's critical, time-sensitive IT infrastructure, systems, and services with minimal interruption or essential change in the event of a disaster. The high-priority need by OET and agencies for these heightened security services has been buttressed by the recent risk assessment done by the Office of the Legislative Auditor.

IT Standards and Resource Management (ISRM) – managing the IT acquisition process for hardware, software, and professional/technical services that builds on the architecture and state standard and leverages the buying power that goes with aggregation and focused procurement. Includes economies of scale and improvements in support through standardization of investments.

Operations

Current OET customers include citizens of Minnesota, state agencies and constitutional offices, courts, public school systems and higher education institutions, and local political subdivisions of the state. OET works with other agencies by charging internal service rates, developing interagency agreements for collaborative partnerships or shared utility / common functions, sharing loaned agency staff, and leveraging resources for enterprise IT savings.

In the transformation of the OET organization, the department has refocused to place a stronger emphasis on cost and task matrices and value-adding services to better align services with ongoing customer needs and to become more citizen-centric. OET is also in the process of developing service metrics and service level agreements. OET has redefined or resized processes and organizations and has retired services that are not competitive or for which no real market has emerged. A number of factors were considered in the retirement process including customer impact, availability of alternative solutions, and the historical financial performance of the services.

Budget

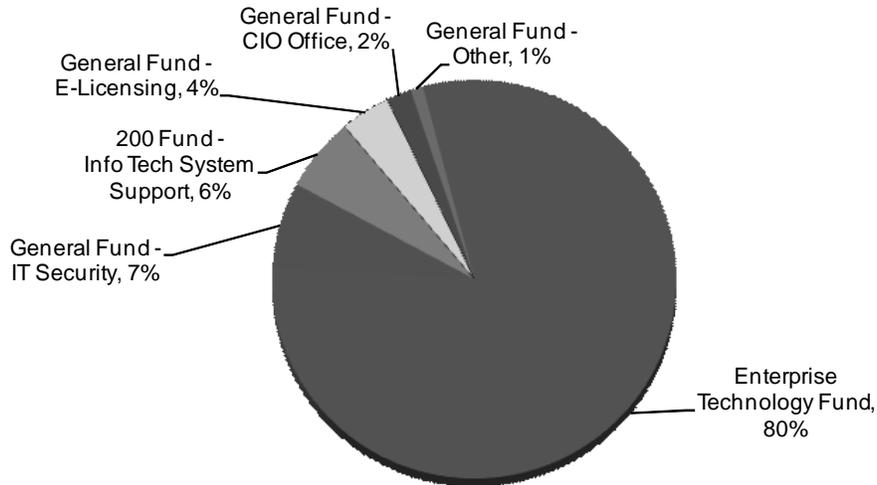
OET's services are funded primarily by the enterprise technology fund through cost-recovery/charge back rates. OET also receives a general fund appropriation, which was increased in the 2006 legislative session for management of a comprehensive and consistent statewide security structure. Also in 2006, the information/telecommunication technology systems and services account was established to capture savings for reinvestment on behalf of the enterprise. Through an interagency agreement, OET receives a portion of vendor administrative fees charged by the Department of Administration for IT purchases. Additionally, federal funds have been received during the past several years through interagency agreements with the Department of Public Safety (DPS), Emergency Management and Preparedness Division, for homeland security leasehold improvements and IT cyber-security assessments and initiatives.

The cost recovery rate structure for the enterprise technology fund has been realigned to be more transparent and equitable to agencies, reflecting actual costs of services provided. Agencies are impacted differently based on their needs and usage.

OET continues to explore additional funding mechanisms for the programs and functions identified above that are legislatively mandated or critical to fully realizing the transformation of OET. This includes long-term savings that are realized through aggregation and consolidation of services and economies of scale.

The following pie chart represents the FY 2009 revenue budget:

FY2009 OET Revenue Budget



OET's employs 386.3 FTE. Of this total, 88% is funded by the enterprise technology fund and 12% is funded by the general fund. As a result of data center and other IT service consolidations, FTE count and funding for OET may increase, typically with a corresponding decrease in the other agencies.

Contact

Julie Freeman, Financial Management Director
 Phone: (651) 201-1191
 Email: julie.freeman@state.mn.us
www.oet.state.mn.us

Larry Freund, Chief Financial Officer
 Phone: (651) 556-8028
 Email: larry.freund@state.mn.us
www.oet.state.mn.us

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	16,445	7,516	7,516	7,516	15,032
Recommended	16,445	7,516	17,483	10,568	28,051
Change		0	9,967	3,052	13,019
% Biennial Change from 2008-09					17.1%
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	158	243	0	0	0
Direct Appropriations					
General	8,405	15,508	17,483	10,568	28,051
Statutory Appropriations					
Miscellaneous Special Revenue	3,031	5,784	4,750	4,750	9,500
Enterprise Technology Fund	78,357	90,813	91,541	92,791	184,332
Total	89,951	112,348	113,774	108,109	221,883
<u>Expenditures by Category</u>					
Total Compensation	30,693	37,510	39,151	39,645	78,796
Other Operating Expenses	56,865	74,658	74,623	68,464	143,087
Local Assistance	0	180	0	0	0
Other Financial Transactions	2,393	0	0	0	0
Total	89,951	112,348	113,774	108,109	221,883
<u>Expenditures by Program</u>					
Enterprise Technology Services	64,059	71,828	81,551	75,651	157,202
Enterprise Planning & Mgmt	15,627	23,238	18,968	19,094	38,062
Enterprise Application Devel	3,688	6,241	5,906	5,943	11,849
Enterprise I T Security	6,010	10,319	6,432	6,478	12,910
Info Stds & Resource Mgmt	567	722	917	943	1,860
Total	89,951	112,348	113,774	108,109	221,883
Full-Time Equivalentents (FTE)	320.7	378.0	380.4	374.4	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
<i>Fund: GENERAL</i>				
FY 2009 Appropriations	7,516	7,516	7,516	15,032
Technical Adjustments				
Current Law Base Change		(1,440)	(1,440)	(2,880)
Pt Contract Base Reduction		(15)	(15)	(30)
Subtotal - Forecast Base	7,516	6,061	6,061	12,122
Change Items				
Data Center Consolidation	0	11,725	4,810	16,535
Operating Budget Reduction	0	(303)	(303)	(606)
Total Governor's Recommendations	7,516	17,483	10,568	28,051
<i>Fund: MISCELLANEOUS SPECIAL REVENUE</i>				
Planned Statutory Spending	6,027	0	0	0
Change Items				
Minnesota Electronic Licensing System	0	4,750	4,750	9,500
Total Governor's Recommendations	6,027	4,750	4,750	9,500
<i>Fund: ENTERPRISE TECHNOLOGY FUND</i>				
Planned Statutory Spending	90,813	91,541	92,791	184,332
Total Governor's Recommendations	90,813	91,541	92,791	184,332
<u>Revenue Change Items</u>				
<i>Fund: MISCELLANEOUS SPECIAL REVENUE</i>				
Change Items				
Minnesota Electronic Licensing System	0	4,750	4,750	9,500

ENTERPRISE TECHNOLOGY OFFICE

Change Item: Data Center Consolidation

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$11,725	\$4,810	\$0	\$0
Revenues	0	0	0	0
Net Fiscal Impact	\$11,725	\$4,810	\$0	\$0

Recommendation

The Governor recommends an appropriation of \$16.535 million for FY 2010-2011 to reduce the state's information technology (IT) vulnerability and consolidate most of the executive branch state agency data centers and facilities into an enterprise operation. The enterprise operation would consist of a single primary facility with one or more separate disaster recovery sites. The primary facility would be leased with the operations provided by the Office of Enterprise Technology (OET) and its agency partners.

Background

Data center facilities house equipment for data processing, communication, and storage. Minnesota's executive branch state agencies currently maintain at least 36 data center facilities, using 69,251 square feet of space and 3,275 servers. As more state agencies move their essential services online, the need for secure, reliable 24x7x365 operations to maintain and protect the information and services citizens receive is absolutely critical. By centralizing the data centers, this proposal would better manage investments, service quality, security, and energy consumption (green IT).

Data center consolidation was recommended by a number of agency chief information officers (CIOs) in 2007 as an enterprise consolidation opportunity. A steering team comprised of agency CIOs and OET management guided the creation of a business case, which was completed in 2007. The enterprise IT governance process approved a planning phase, which is now underway.

A detailed assessment was recently prepared on all the state data centers and facilities. It defines the security and business risks of the existing data center environment and provides recommendations for data center consolidation. The resulting recommendations address the physical configuration of enterprise-level data centers, as well as the support structure for those centers and estimated cost to migrate and operate them.

The assessment determined that the current state of the data centers poses a serious and growing risk to state data, services, and programs, and is highly inefficient and wasteful. The assessment found that limited financial resources over the years, coupled with decentralized management of the data centers, has resulted in facilities and locations that are makeshift, antiquated, and deteriorating. The locations are built to 40 year-old guidelines and most facilities are retrofitted office space lacking key mechanical and electrical capabilities.

The current decentralized environment uses an excessive number of locations based upon the number of servers, applications, and requirements. It is extremely complex and difficult to maintain, creating large-scale inefficiencies and wasteful spending:

- ◆ The current square footage used for data centers is three times larger than necessary.
- ◆ There are 85 different operating system versions in use and there should be significantly fewer. Many of these operating systems are no longer supported by the vendor, which means they cannot be fixed if they break down and cannot integrate with new software.
- ◆ There are 267 different server models and there should only be 30-50, excluding appliances and specialty use servers. A server inventory this diverse increases costs.
- ◆ Approximately 25% of the servers are over five years old and an additional 25% will reach five years in the next 12 months. The age limits the virtualization, which allows multiple applications to run on a server, and consolidation opportunities.

Under current conditions, it is estimated that within the next three years the state will experience three to five data center failures. Multiple problems contribute to the vulnerabilities. The data centers lack cameras and video recording. Critical agency infrastructure is effectively run out of "home and garage" type power and cooling. In one case, there are 64 servers plugged into a single wall outlet without a backup power supply. Lastly, there is no

disaster recovery plan for any major facility and 80% of the locations have no or inadequate disaster recovery capability.

The \$16.535 million appropriation is designed to help agencies make the transition to a consolidated data center operation. The FY 2010 appropriation includes \$4.3 million for planning and migration costs such as:

- ◆ \$500,000 for consulting assistance to help create a detailed migration and operations plan, as well as transition to leased space
- ◆ \$390,000 for tools needed to manage a consolidated data center
- ◆ \$500,000 for facility upgrades to disaster recovery sites
- ◆ \$2.91 million for the actual migration and consolidation of servers

The remaining \$12.235 appropriation for the biennium will be used to lease new data center space and facility management from an outside provider. The FY 2010 portion covers the entire cost for lease and facility management of the enterprise data center in that year. Since the migration occurs mid-year, it represents a partial year operating cost and agencies will not be billed for their portion. The FY 2011 appropriation covers the difference between what agencies currently spend on data center space and what they will need to pay for the enterprise data center space in that year. The detailed assessment found that executive branch state agencies currently spend \$10.04 million per year on data center space and facility management, but in doing so are taking on too much risk. For consolidated facilities that meet industry standards for service and security, it is estimated that agencies will need to spend closer to \$14.85 million per year. Therefore, the second year appropriation covers the difference between the lease and facility management costs of an enterprise data center (\$14.85 million) and the current agency spending (\$10.04 million). Agencies will be billed for the remaining \$10.04 million cost during that year. Starting in FY 2012, agencies would bear the full \$14.85 million annual cost via charge-back rates paid to OET.

Relationship to Base Budget

This activity is not currently funded as part of the OET general fund budget. According to the detailed assessment recently conducted, executive branch state agencies spend \$10 million per year on data center facilities. It is estimated that if the state takes no actions to consolidate or improve the data centers or facilities, capital costs alone will still exceed \$14 million just to maintain the current equipment and system “as is” over the next five years. This number is projected to rise to over \$25 million in 10 years and over \$44 million in 15 years.

Key Goals and Measures

- ◆ A greater than 50% reduction in square footage used for data centers and a 30% reduction in physical servers.
- ◆ A 38% reduction in data center energy and power consumption.
- ◆ An improved, tested, and functional disaster recovery plan for critical enterprise applications housed in state data centers.

Alternatives Considered

A full-range of options were considered, such as (1) no change to the state executive branch data centers or “staying as is,” (2) upgrading current data centers/delaying the building of a new data center, (3) building a new data center for the state to own and manage, and (4) a variety of outsourcing scenarios including complete outsourcing.

Statutory Change: Not Applicable.

ENTERPRISE TECHNOLOGY OFFICE

Change Item: Data Center Consolidation

Technology Funding Detail

(dollars in thousands)

Funding Distribution	FY 2010-11 Biennium		FY 2012-13 Biennium		FY 2014-15 Biennium	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Personnel	\$785					
Supplies						
Hardware	2,160	\$1,820				
Software	648	480				
Facilities	500					
Services	7,632	2,510				
Training						
Grants						
TOTAL	\$11,725	\$4,810				

ENTERPRISE TECHNOLOGY OFFICE

Change Item: Minnesota Electronic Licensing System

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
Special Revenue Fund				
Expenditures	\$4,750	\$4,750	\$4,750	\$4,750
Revenues	4,750	4,750	4,750	4,750
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendation

The Governor recommends completion of the Minnesota Enterprise Electronic Licensing System in order to achieve the goal of one-stop online access to professional/occupational and business/commercial licenses issued by the state. Already being launched for two pilot agencies, this system provides web-based, electronic processing of licenses through a self-service portal. The cost to complete the system will be funded through a temporary surcharge on all licenses that will be migrated to the system. The surcharge is expected to raise \$38 million over eight years, during which time the system would be implemented for the remaining agencies who issue professional/occupational and business/commercial licenses.

Background

During these challenging financial times, the “e-Licensing” project continues to be a critical project for the state. It has been years in the making and is a vital step forward for better services and efficient government. The creation of an e-Licensing system was recommended as part of the state’s Drive to Excellence government reform initiative, which began in 2005. The Drive to Excellence e-Licensing Steering Committee continues to guide the project. The State IT Master Plan, which was published in 2007, also envisions consolidated, enterprise-wide licensing services.

Currently, Minnesota’s regulated licensing and permitting activities consist of at least 320 types of professional/occupational licenses and business/commercial licenses; the state issues over 568,000 of these licenses annually. The state’s licensing operations for all license types are performed by over 800 full-time employees at more than 40 state agencies and boards, using in excess of 60 independent licensing systems. The annual expense is more than \$60 million. Some Minnesota agencies have streamlined and e-enabled their licensing processes, and in a few cases, paper has been virtually eliminated. In other cases, the process has remained essentially paper based, with electronic service limited to the download of application forms from the web for manual completion and processing. For private businesses it is a cumbersome system that cannot be avoided.

Citizens expect the same quality of service from their government as they do from their favorite online bookseller — convenient, secure, reliable, and fast, with no mistakes. Eighty-five percent of citizens surveyed indicated a preference for online license applications and renewals. In response to these demands, the e-Licensing project will create a “one-stop shop” where citizens and businesses can quickly, easily, and securely obtain a state-issued license through the Internet. This includes professional/occupational licenses and business/commercial licenses. The new system will allow agencies to move from manual to automated licensing processes and to make access available 24 hours a day, every day of the year. Streamlining underlying business processes and moving from paper to electronic workflows and transactions where possible will make the state’s licensing operations more efficient and effective.

The 2007 legislature appropriated \$7.5 million from the general fund to develop an infrastructure for this system and launch the pilot phase. The pilot phase includes the purchase and design of an enterprise system as well as implementation for the Peace Officer Standards and Training Board (POST) and the Emergency Medical Services Regulatory Board (EMS). The system is now operational for POST customers and will be ready for EMS customers by the end of January 2009. This proposal implements a user fee on license-holders in order to fund integration of the remaining licensing agencies to the new system and cover system operating and maintenance costs through the end of the development phase.

Under this proposal, each licensing agency would collect a 10% surcharge (with a minimum of \$10) on each license issued or renewed over a six-year period. The majority of licenses would be subject to a surcharge between \$10 and \$50. Some commercial licenses (e.g., hospitals) cost over \$3,000 and therefore would incur

surcharges in the range of \$300 to \$900. (POST and EMS boards would not assess the surcharge since their licenses will already be available through the system.) Each agency will be migrated to the new system at some point during the six year period when its license-holders are paying the surcharge. While each agency will assess the surcharge for a total of six years, the start and end dates of the surcharge will be staggered during the eight-year period to match as closely as possible to the implementation schedule for each agency. In total, the surcharge is estimated to raise between \$3 million and \$7 million per year or \$38 million over eight years. The fiscal data in the recommendation reflect an average of \$4.75 million per year in revenue and expenditures. The actual revenue and expenses for each year will depend on how the surcharge and implementation timeline are eventually phased.

The Office of Enterprise Technology will use the surcharge funds to:

- ◆ Enter a phased contract with a private partner to manage implementation of the system for the remaining licensing agencies. The majority of the surcharge revenue will fund a private partner to integrate agencies' licenses by re-engineering and automating agencies' business processes, and aggregating them with the online licensing portal that the public will access. The contract will be phased to accommodate the timing of the surcharge revenue and implementation schedule.
- ◆ Fund state system operating and maintenance costs through completion of the development phase. System operating and maintenance costs include: hardware and software maintenance and related staff costs, costs for storage, servers, audit and security controls, and business support staff to ensure critical agency licensing functions are fully operational. These costs are estimated to start at \$1.782 million for FY 2010-11 and increase approximately 12% per biennium as additional agencies are added to the system. Once all licensing agencies are migrated to the new system and the surcharges have ended, OET will assess a charge-back rate to licensing agencies (rather than directly to their license-holders) to fund ongoing operating and maintenance costs. The charge-back rate is currently planned to be the greater of 2% or \$2 per license per year, however this will be re-evaluated when the rate is developed for inclusion in the FY 2018 OET business plan.

By expanding the system to encompass the remaining professional/occupational and business/commercial licenses, the state will leverage its existing investment in a state-of-the-art new system and deliver on the promise of an online "one-stop shop" for licenses.

Relationship to Base Budget

This activity is not currently included in the general fund base operating budget. During the FY 2008-09 biennium, OET received \$7.5 million in one-time funds for the pilot phase. The state's licensing systems generate about \$165 million in revenue for the state each year.

Key Goals and Measures

- ◆ Customer satisfaction with state government service delivery continuously increases as a result of increased numbers and quality of customer-centered, self-service applications that are available online 24 hours a day, every day of the year.
- ◆ Government service delivery is increasingly more cost-effective across the enterprise as a result of state agencies using common tools and technology infrastructure for transacting business and communicating with citizens, businesses and government partners online. This can be measured by the increase in the percentage of licensing transactions conducted online; reduction in the amount of time needed to process license and permit applications; and increase in the number of agencies using the enterprise licensing system.
- ◆ Minnesota's ranking in national e-Government evaluations significantly improves following implementation.
- ◆ Increase the transparency and information available about licenses and license-holders, including educational and other license requirements, application and renewal cost rates, and other license specifics.

Alternatives Considered

The primary alternative is to not complete the Minnesota Electronic Licensing System. Under this scenario, no additional agencies would be migrated to the new system. Agencies would continue to conduct a large portion of their licensing by paper and build separate electronic systems that duplicate activities and costs. Businesses and professionals with multiple licenses would not have the convenience of a one-stop shop and would be forced to pursue multiple channels for their licenses. Without an additional funding stream for operating and maintenance costs, consideration would be given to shutting down the new system for the pilot agencies (POST and EMS) and returning them to their previous systems.

Statutory Change: M.S. 16E.

Technology Funding Detail

(dollars in thousands)

Funding Distribution	FY 2010-11 Biennium		FY 2012-13 Biennium		FY 2014-15 Biennium	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Personnel	\$208	\$208	\$208	\$208	\$208	\$208
Supplies	5	5	5	5	5	5
Hardware	466	466	466	466	466	466
Software	195	195	195	195	195	195
Facilities						
Services	3,871	3,871	3,871	3,871	3,871	3,871
Training	5	5	5	5	5	5
Grants						
TOTAL	\$4,750	\$4,750	\$4,750	\$4,750	\$4,750	\$4,750

ENTERPRISE TECHNOLOGY OFFICE

Program: ENTERPRISE PLANNING & MGMT

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(303)	\$(303)	\$(303)	\$(303)
Revenues	0	0	0	0
Net Fiscal Impact	\$(303)	\$(303)	\$(303)	\$(303)

Recommendation

The Governor recommends a reduction of \$303,000 per year to the Office of Enterprise Technology (OET) general fund budget. This reduction directly affects the Enterprise Planning and Management program, one of only two program areas at OET that are supported through the general fund. The reduction has been focused on this area in order to preserve the high-priority enterprise-wide security activity without interruption. The Governor intends that OET should focus its operating funds on maintaining the highest priority services. In addition the Governor intends to provide as much flexibility as possible to OET for the implementation of this reduction within the specified program.

Background

Enterprise Planning and Management provides leadership and oversight to state agencies and other levels of government in the areas of statewide information policies, technology investments, and strategies; provides analysis, planning and support to the governor and state legislature on matters of technology; and provides management and direction to the programs and activities of OET. This reduction will result in the elimination of 4.05 FTE in the Enterprise Planning and Management program through current vacant positions and attrition.

Relationship to Base Budget

This proposal represents a 5% base level reduction in OET's general fund budget.

Key Goals and Measures

This change will reduce capacity in the areas of IT management and oversight.

Statutory Change: This proposal affects part or all of M.S. 16E.01, 16E.03, 16E.035, 16E.04, 16E.0465, and 16E.05.

Program Description

The mission of Enterprise Technology Services (ETS) is to provide information technology and telecommunications systems and services to state agencies and other public sector entities. The mission is to ensure that state technology investments are aligned with an overall enterprise management approach and to streamline service delivery through business process change and enabling technology. ETS serves Minnesota's public sector by delivering cost-effective, value-added information technology and telecommunication services through a service-oriented architectural approach to utility and shared infrastructure and best practice deployment. ETS actively promotes an enterprise approach that builds on the state's potential capability for shared IT management and the leveraging of opportunities for partnerships and vendor relationships for efficient, cost effective service delivery. Underlying strategies for ETS are aggregation of demand and integration of distributed and centralized systems to minimize redundancy and provide scalability of shared and utility resources, efficiencies and economies of scale.

Budget Activities Included:

- ⇒ Computing Services
- ⇒ Telecommunication Services

Further detail on each of these Budget Activities is included in subsequent pages of this budget document.

ENTERPRISE TECHNOLOGY OFFICE

Program: ENTERPRISE TECHNOLOGY SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	11,725	4,810	16,535
Statutory Appropriations					
Miscellaneous Special Revenue	1,910	2,779	0	0	0
Enterprise Technology Fund	62,149	69,049	69,826	70,841	140,667
Total	64,059	71,828	81,551	75,651	157,202
<u>Expenditures by Category</u>					
Total Compensation	23,277	28,150	29,548	29,711	59,259
Other Operating Expenses	40,782	43,678	52,003	45,940	97,943
Total	64,059	71,828	81,551	75,651	157,202
<u>Expenditures by Activity</u>					
Oet Computing Services	28,874	35,613	45,107	38,800	83,907
Oet Telecomm Services	35,185	36,215	36,444	36,851	73,295
Total	64,059	71,828	81,551	75,651	157,202
Full-Time Equivalent (FTE)	245.9	282.7	284.8	278.8	

Activity Description

The mission of Computing Services is to enable faster, better, and more efficient services to Minnesota’s public sector through shared computing infrastructure and services. Underlying strategies for Computing Services are aggregation of demand and integration of systems to minimize redundancy of procurement, hardware, software, maintenance agreements, professional/technical services, and staffing requirements to provide efficiencies and economies of scale. The scalability of shared and utility resources (storage, processing and network capacity) meets the varying peak demands for computing resources. This activity is described in M.S. 16E.19, subd. 1: “integrate and operate the state’s centralized computer facilities to serve the needs of state government.”

- OET’s Computing Services provide central and distributed data processing and storage such as:
- ◆ 1,800 Servers managed per year
 - ◆ 20,000 Incidents managed per year
 - ◆ 4.8 million Batch job processed per year
 - ◆ 10 million Spam emails filtered in a year
 - ◆ 120 million web pages served per year
 - ◆ 280 million Emails delivered in a year
 - ◆ 1.7 billion online transactions processed per year
 - ◆ 120 terabytes data backed up per year
 - ◆ 150 terabytes storage managed per year

Population Served

In accordance with M.S. 16E.18, subd. 2, any public sector entity within Minnesota may participate in Computing Services. Current customers represent state agencies, the legislature, courts, institutions of higher education, cities, and counties. In FY 2008, Office of Enterprise Technology’s (OET’s) largest Computing Services customers and their applications were:

- ◆ *Department of Human Services (DHS):* PRISM (the Child Support System), MAXIS (the eligibility determination system for TANF / MFIP (Temporary Assistance for Needy Families / Minnesota Family Investment Program), food stamps, Medicaid, and other social service programs), Medicaid Management Information System (MMIS) (Medicaid and other medical insurance programs’ claims processing), MN-ITS (the billing system for Minnesota Health Care Programs’ claims and other transactions), and Shared Master Index (SMI).
- ◆ *Department of Finance and Employee Relations (FER):* Statewide procurement/accounting system (MAPS), Information Access (IA) Warehouse and human resources/payroll system (SEMA4).
- ◆ *Department of Employment and Economic Development (DEED):* Unemployment insurance data.
- ◆ *Department of Public Safety (DPS):* Criminal Justice Information System (CJIS), which is used by state, local government, municipal police departments and sheriffs, correctional institutions, Department of Natural Resources (DNR), and others, with ties to the Federal Bureau of Investigation and other national law enforcement systems.
- ◆ *Department of Revenue (DOR):* Income tax returns and refund checks, state sales tax, and property tax records and processing.
- ◆ *Department of Commerce (DOC):* License renewal and lookup, and electronic document filing and lookup.

Services Provided

Application Hosting Services include batch processing, data transfer, and web transaction processing services with the full range of support for 24 X 7 X 365 operations, production control, networking, security, databases and technical support. Also included are virtual and other distributed servers. Application Hosting provides the server platform, operating system, middleware, monitoring, security, and other shared and utility support needed to host an agency’s business application.

Storage Management Services include controlled storage and 24 X 7 X 365 monitoring of disk, tape and virtual tape media, and tape or disk back up and restoration of computerized data from a distributed environment. This service includes a Storage Area Network (SAN) infrastructure.

e-Reporting Services provide for PC-based, web viewing or retention of stored e-reports.

Print Services is planned for closure in FY 2009 due to historical budget shortfalls.

ENTERPRISE TECHNOLOGY OFFICE

Program: ENTERPRISE TECHNOLOGY SERVICES

Activity: OET COMPUTING SERVICES

Narrative

Equipment Hosting Services provide state-of-the-art data center space, environmentals, utilities, security, and monitoring for agencies' distributed servers or other equipment. Equipment Hosting often includes several other services such as server/Operating System (OS) support, database administration, network, storage, and other utility services.

Electronic Document Management System (EDMS) Services provide an enterprise infrastructure for organizing, storing, retrieving, distributing, and archiving electronic documents. Core functions include library services (check-in/check-out, version control, document-level security), cross-repository searching, and system administration.

Recovery Strategies (formerly *Continuity Services*) include warm site file service recovery, hot site system recovery, and equipment hosting of disaster recovery or failover equipment at State Recovery Center (SRC).

Data Entry Services translate hard copy public, sensitive and nonpublic data into an electronic format that can be delivered to partners using a variety of media including diskette, compact disk and tape, as well as file transfer protocol (FTP).

Enterprise Messaging Services manage the state's messaging infrastructure, commonly referred to as the Mail Hub. Email passing through the Mail Hub is scanned by a robust anti-virus and Spam filtering application prior to entering the state's critical communication infrastructure. Secure, e-mail Tier 1 encryption capabilities have also been added to this service to address rising concerns related to secure e-mail transmittal of sensitive, confidential, health, personal, criminal justice, business, and tax-related information and federal and state requirements related to it such as HIPAA (Health Insurance Portability and Accountability Act).

Database Support Services offer highly trained, skilled database administration support and expertise 24 X 7 X 365 for mainframe and distributed databases.

Enterprise Server/Desktop Support Services provide assistance with hardware procurement and configuration, as well as day-to-day support of servers, desktops and Microsoft Windows, z-Linux, Linux-based virtual and other "distributed" server operating systems. This service includes Enterprise Project Management (EPM)/SharePoint web collaboration tool/service that is being initiated as a full service in FY 2009.

Enterprise Email Services provide a centralized, enterprise e-mail and calendaring environment including directory synchronization, global address book, and multiple interface. Full implementation for all executive branch agencies is expected to be completed by the end of 2010.

Admin Executive Liaison Services provide executive liaison and CIO-level administrative support to the Department of Administration through an interagency relationship.

Key Goals

Computing Services supports OET's mission for transformation of public services through effective and efficient delivery of services to government and their customers. The provision of web-enabled government services and the use of consolidation, virtualization and standardization to achieve higher utilization and lower costs are consistent with Minnesota Milestones.

Key Measures

High availability of Computing Services is assured through 24 X 7 X 365 operational support in a secure data center that protects assets and data, utilizing continuous equipment power and environmental controls. In FY 2008, OETs' computing availability was 99.9%. OET's Computing Services is in the process of developing service metrics and service level agreements.

ENTERPRISE TECHNOLOGY OFFICE

Program: ENTERPRISE TECHNOLOGY SERVICES

Activity: OET COMPUTING SERVICES

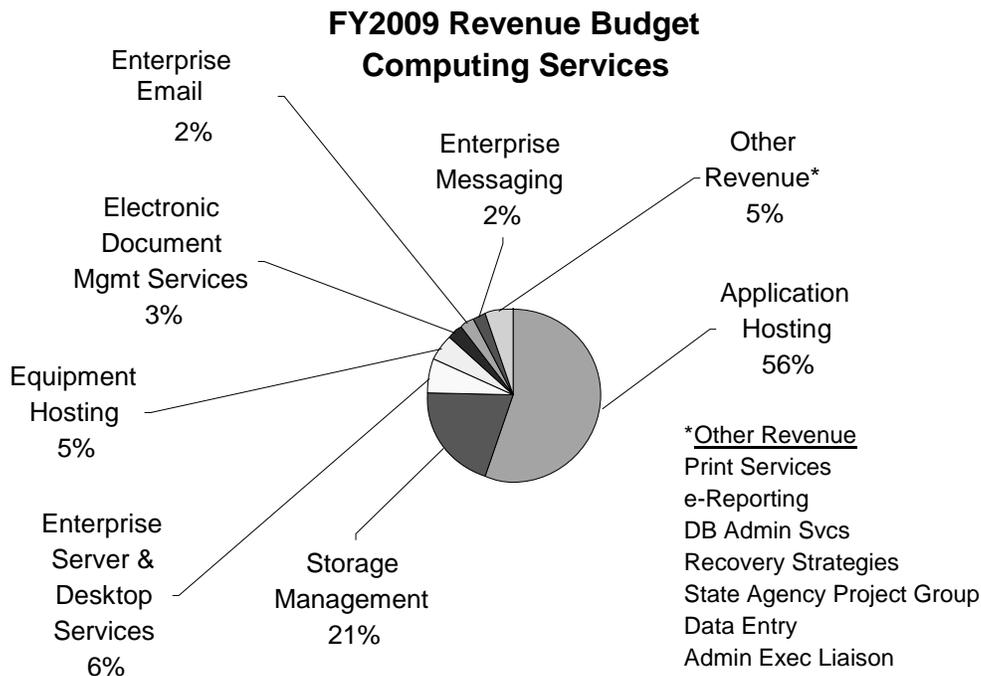
Narrative

Accomplishments for Computing Services include:

- ◆ E-Licensing. Installed software required to implement a web-enabled business and professional licensing system, which is projected to go live in September 2008.
- ◆ Minnesota Electronic Child Care. Prepared the infrastructure to implement a Department of Human Services system which provides financial subsidies to help low-income families pay for child care so that their parents may pursue employment or education leading to employment, while ensuring their children are well cared for and prepared to enter school and be ready to learn.
- ◆ Enterprise Email System. Prepared storage and database infrastructure for implementation of a single, highly available and centrally managed email and calendaring system by December 2008 for the first five pilot executive branch agencies.
- ◆ Real Property Management. Created the infrastructure for implementation of a web-enabled, shared technology tool that will be used by Department of Administration to meet information reporting needs, as well as assist enterprise-wide real property portfolio management.
- ◆ Enterprise Vulnerability Management System (EVMS). Provided storage infrastructure for implementation of a comprehensive security program to identify, classify, track, and remediate security vulnerabilities at the first of six pilot executive branch agencies.

Activity Funding

Computing Services is 100% funded by the enterprise technology fund through chargeback / cost recovery rates. Below is a pie chart showing FY 2009 estimated revenue for the major products/services within Computing Services.



In FY 2009, OET's Computing Services has approximately 212.6 FTEs, including FTEs for overtime expenses, which are 100% funded through the enterprise technology fund. As FTE and funding migrate from other agencies as a result of data center and other utility service consolidations, FTE count may increase, typically with corresponding decreases in other agencies.

ENTERPRISE TECHNOLOGY OFFICE

Program: ENTERPRISE TECHNOLOGY SERVICES

Activity: OET COMPUTING SERVICES

Narrative

General Fund Loans: Computing Services does not have a loan from the general fund nor does it anticipate a need for a general fund loan during the next biennium.

Proposed Investments in Technology or Equipment of \$100,000 or more: OET's Computing Services purchases capital equipment to support customer applications. The depreciated portion of the total cost is incorporated into cost recovery rates and varies depending upon life cycle of equipment being purchased. Computing Services' equipment such as mainframe and disk equipment is depreciated over three years, with tape and other equipment depreciated over four years. Generally, master lease funding is utilized for the capitalized asset purchases. In order to continue to meet its customer needs and requirements, central processing or distributed replacements or upgrades are planned, as well as uninterrupted power service (UPS) battery replacement systems. In FY 2009, below are the planned investments in equipment of \$100,000 or more. It is anticipated that there will be similar purchases during the FY 2010-11 biennium.

◆ Z8000,Z900 Processor (1)	\$2,000,000
◆ Uninterruptible Power Supply Replacements at COB Data Center (4)	\$ 500,000
◆ Redundant Generator at COB Data Center (1)	\$ 800,000
◆ Tape Storage Management (TSM) Upgrade (1)	\$ 175,000
◆ V960 Tape and Direct Access Storage Device (DASD) upgrade (1)	\$ 175,000
◆ Switched Virtual Circuit (SVC) Storage Area Network (SAN) (1)	\$ 125,000
◆ Axion Back-up and Restore	<u>\$ 100,000</u>
TOTAL	\$3,875,000

Operating Losses/Increases in Retained Earnings: OET's Computing Services manages retained earnings according to federal requirements, which state that the retained earnings balance cannot exceed two months of operating expenses. The federal government does not recognize depreciation as an operating expense in this calculation. In FY 2009, Computing Services' depreciation expense is projected to be \$3.0 million. OET's Computing Services budget goal is to break even by the end of each fiscal year, however, if customer usage is higher or lower than forecasted, increases or decreases in retained earnings occur. Historically, Computing Services' product usage has exceeded budget forecasts, causing increases in retained earnings. The earnings above federal guidelines have been rebated to OET's Computing Services customers.

History of Computing Services' Rate Changes:

Fiscal Year Change	2002	2003	2004	2005	2006	2007	2008	2009
	(18%)	(11%)	(16%)	(7%)	(1%)	0%	0%	0.32%

Impact of Rate Changes:

Historically, Computing Services rates overall have continued to decrease primarily due to increases in customer usage, efficiencies in equipment, and decreases in costs. Although the rates have continued to decrease, most customers have not realized overall reduced costs due to their increased usage of the services. Customers whose usage has decreased have received the most benefit from the lower rates.

Contact

Julie Freeman, Financial Management Director
Phone: (651) 201-1191
Email: julie.freeman@state.mn.us
www.oet.state.mn.us

PG Narayanan, Assistant Commissioner
Phone: (651) 201-1054
Email: pg@state.mn.us
www.oet.state.mn.us

ENTERPRISE TECHNOLOGY OFFICE
Program: ENTERPRISE TECHNOLOGY SERVICES
Activity: OET COMPUTING SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	11,725	4,810	16,535
Statutory Appropriations					
Miscellaneous Special Revenue	910	2,623	0	0	0
Enterprise Technology Fund	27,964	32,990	33,382	33,990	67,372
Total	28,874	35,613	45,107	38,800	83,907
<u>Expenditures by Category</u>					
Total Compensation	13,654	16,734	17,722	17,478	35,200
Other Operating Expenses	15,220	18,879	27,385	21,322	48,707
Total	28,874	35,613	45,107	38,800	83,907
Full-Time Equivalents (FTE)	143.4	166.3	168.5	162.5	

Activity Description

The mission of Telecommunication Services is to enable faster, better and more efficient services to Minnesota’s public sector through shared communications infrastructure and services. This activity is governed by M.S. 16E.17: “The chief information officer shall supervise and control all state telecommunication facilities and services.”

Population Served

In FY 2008, the largest users of Telecommunication Services were: Minnesota State Colleges and Universities (MnSCU), the University of Minnesota (U of M), the departments of: Public Safety, Human Services, Transportation, Employment and Economic Development, Natural Resources, Revenue, Health, and Corrections, counties, cities, and hundreds of Minnesota school districts and public libraries.

Services Provided

Wide Area Network Services, *Minnesota’s Network for Enterprise Telecommunications (MNET)* is a public-private partnership delivering secure, reliable and seamless intra- and inter-organizational networking of data, video and voice shared utility services for education, local government and state agencies. MNET’s public sector partners include all state agencies and boards, the legislature, courts and constitutional offices, all MnSCU and U of M campuses, all 87 counties, and many municipalities, tribal governments, public television, schools and libraries. Office of Enterprise Technology (OET) provides 24x7x365 operations to allow effective state information infrastructure network management, responsiveness, and fault protection through a single point of contact for service orders, problem management and repair.

IP Services use MNET to deliver IP telephony and IP videoconference services. IP Telephony capabilities are replacing classic voice—local, long distance and call center services. Included in this suite of services are hosted IP Telephony, Contact Center Minnesota (CCM), and voice mail and E-fax. Hosted IP Telephony is regular telephone service provided via an IP infrastructure and transported over MNET and customers’ local area networks (LANs). Contact Center Minnesota is a multimedia environment using the same infrastructure to manage many types of customer service interactions, including telephone calls, emails, faxes, web site chats, and correspondence—queues, skills-based routing, screen pops from a database, call recording, interactive voice response, and support for remote and telecommuting agents. E-fax services deliver faxes to e-mail accounts reducing cost and paper consumption. IP Video Conferencing Services, provided over MNET, are in use in throughout state agencies, higher education institutions, K-12 schools, and counties throughout Minnesota. Over 800 videoconference rooms are in use at nearly 300 MNET locations. Video Conference services are available via subscription, and as one-time events. One-way streaming media services are also available to stream out live or archived content over MNET and made available to the citizens via the Internet.

Classic Voice Services are local voice and long distance telephone services contracted and provided by common carriers, e.g., Centrex, business lines, and voice trunk facilities for premise-based telephone systems, direct dial long distance, calling cards, toll-free (8XX) and pay-per-call numbers. Foreign language interpretation services and audio conferencing services are also offered. Consolidated, web-enabled ordering and billing are provided to customer agencies for over 100 telecommunications carriers providing services to government locations throughout the state. This service is declining as state agencies migrate to an IP Services solution.

Activity at a Glance

In carrying out its mission, Office of Enterprise Technology’s Telecommunication Services:

- ◆ Partners with over 100 private sector telecommunication service and equipment providers to deliver secure and reliable converged IP network services via MNET in more than 1,000 locations in 300 Minnesota communities.
- ◆ Contracts with over 50 telephone companies to provide 40,000 telephone lines and millions of minutes of long distance service to hundreds of locations statewide.
- ◆ Delivers mission-critical, secure and reliable wide area network connections for Minnesota’s public safety, criminal justice, learning, and governmental operations.
- ◆ Achieves large-scale cost efficiencies through network aggregation of state’s enterprise-wide customers and productivity transformations through IP Telephony and Call Center Minnesota.

Key Goals

Telecommunications services support OET’s mission for transformation of public services through effective and efficient delivery of services to government and education and their customers.

Telecommunications Services are shared utility services which provide foundational technology infrastructure support to Minnesota’s public safety, learning and government operations. This infrastructure provides network-wide security and confidentiality as appropriate for promoting public safety, health, and welfare. Telecommunications services integrate private sector services to support secure, reliable and seamless intra- and inter-organizational voice, data and video communications among Minnesota’s branches and levels of government. Services are procured in a manner that helps to promote investment and growth of the private sector information infrastructure throughout the state.

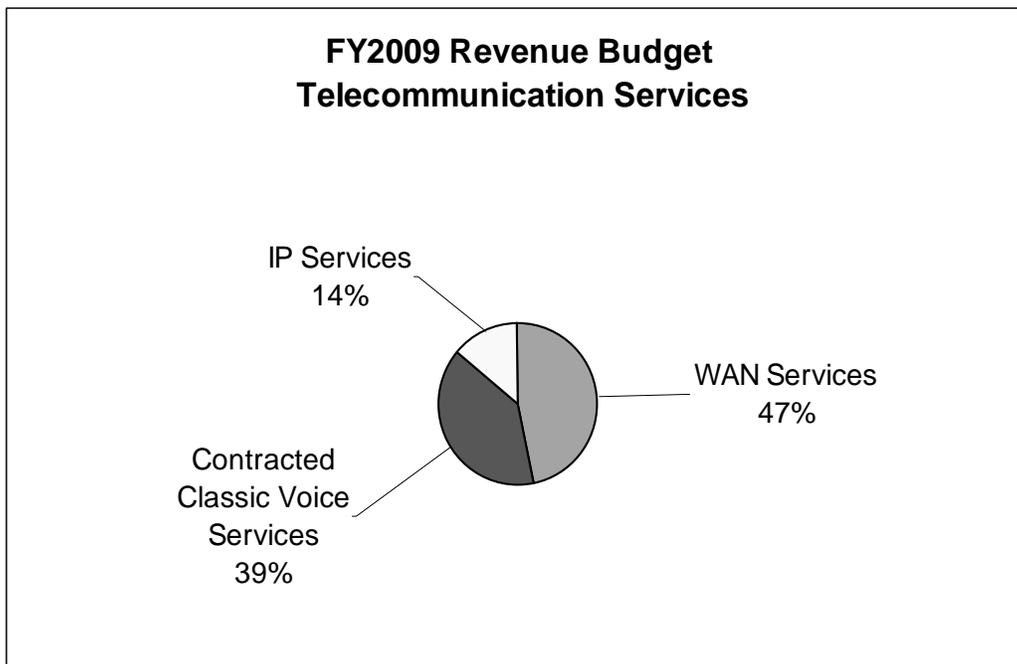
E-government and e-learning applications are enabled by these services and can be delivered to every county government, every state agency, every higher education campus and many cities, schools and public libraries. Provisioning of shared high-capacity, reliable and secure access to the worldwide Internet, national networks (Internet@ and National LambdaRail) and provide provider networks enable public access to electronic government and educational services. These services enable government and education to meet many of state wide goals of Minnesota Milestones.

Key Measures

High availability of Telecommunications Services is assured through 24 X 7 X 365 operational support in a secure operations center that protects assets, data, and operational staff, with continuous equipment power and environmental controls. In FY 2008, OETs’ network availability was 99.9%. OET’s Telecommunication Services is in the process of developing service metrics and service level agreements.

Activity Funding

Telecommunication Services is 100% funded by the enterprise technology revolving fund through chargeback / cost recovery rates. Below is a pie chart showing FY 2009 estimated revenue for the major products/services within Telecommunication Services.



ENTERPRISE TECHNOLOGY OFFICE

Program: ENTERPRISE TECHNOLOGY SERVICES

Activity: OET TELECOMMUNICATION SERVICES

Narrative

In FY 2009, Telecommunication Services has approximately 104 FTEs, including an FTE for overtime expenses, which are 100% funded through the enterprise technology fund. As funding and FTE migrate from other agencies as a result of data center and other utility service consolidations, the FTE count may increase, typically with corresponding decreases in other agencies.

General Fund Loans: Telecommunication Services does not have a loan from the general fund nor does it anticipate a need for a general fund loan during the next biennium.

Proposed Investments in Technology or Equipment of \$100,000 or more: OET purchases some wide area network equipment to support customer applications and then depreciates the equipment over four years with the depreciation expense incorporated into the cost recovery rates. OET anticipates continued growth in the WAN Services and is planning capital purchases in this area to respond to business needs and the deployment of converged IP voice traffic on MNET, which will require an increase in the bandwidth capacity and network hubs. In FY2009, all of the network equipment to be purchased has a unit cost of less than \$100,000 and will include routers, switches, bridges, telephony conferencing and data sharing equipment, and IP Telephony Contact Center Minnesota (CCM) replacement equipment. It is anticipated that there will be similar purchases for WAN Services and IP Services under \$100,000 during the FY 2010-11biennium. Telecommunication Services does not plan any capital purchases for Contracted Classic Voice Services over \$100,000 during the biennium the FY 2010-11 biennium. Also, in FY2008, one-time OET assisted small agencies in removing the barrier of migration to IP Telephony business solution by purchasing IP telephones on their behalf.

Operating Losses/Increases in Retained Earnings: OET's Telecommunication Services manages retained earnings according to federal requirements, which state that the retained earnings balance cannot exceed two months of operating expenses. The federal government does not recognize depreciation as an operating expense in this calculation. In FY 2009, Telecommunication Services' depreciation expense is projected to be approximately \$1.8 million. Generally, Telecommunication Services overall has not contributed positively to OET's overall retained earnings balance due to changes in customer usage and new emerging shared services.

History of Telecommunication Services' Rate Changes:

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009
Change	0%	(5%)	(4%)	(3%)	6%	3%	(6.63%)	(0.93%)

Impact of Rate Changes: Cost recovery rates for some classic voice services are increasing due to a decreasing participant base as customers migrate to other products or solutions. These increases should be offset by decreases in the WAN services cost recovery rates for those customers using both Contracted Classic Voice Services and WAN Services, whose usage remains stable between FY 2008 and FY 2009.

Contact

Julie Freeman, Financial Management Director
Phone: (651) 201-1191
Email: julie.freeman@state.mn.us
Website: www.oet.state.mn.us

PG Narayanan, Assistant Commissioner
Phone: (651) 201-1054
Email: pg.narayanan@state.mn.us
Website: www.oet.state.mn.us

ENTERPRISE TECHNOLOGY OFFICE
Program: ENTERPRISE TECHNOLOGY SERVICES
Activity: OET TELECOMM SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Miscellaneous Special Revenue	1,000	156	0	0	0
Enterprise Technology Fund	34,185	36,059	36,444	36,851	73,295
Total	35,185	36,215	36,444	36,851	73,295
<u>Expenditures by Category</u>					
Total Compensation	9,623	11,416	11,826	12,233	24,059
Other Operating Expenses	25,562	24,799	24,618	24,618	49,236
Total	35,185	36,215	36,444	36,851	73,295
Full-Time Equivalent (FTE)	102.5	116.4	116.3	116.3	

Program Description

The mission of Enterprise Planning and Management is to provide leadership and oversight to agencies and other levels of government in the area of statewide information policies, technology investments, and strategies; to provide analytical, planning, and support to the governor and state legislature on matters of technology; and to provide general management and direction to the programs and activities that make up the Office of Enterprise Technology (OET).

Population Served

Primary customers are the state Chief Information Officer (CIO), Information Technology (IT) governance structure, agency CIOs and program leads, and legislative staff and committees.

Services Provided

Activities include statewide strategic IT Master Plan development; OET strategic and business planning; management of the enterprise project, systems, and asset portfolios; oversight of IT projects and IT components of building projects; development and oversight of enterprise information policies; analysis of budget proposals involving technology; communications programs involving state technology; administration of the state's technology architecture and standards; and support for risk management, project management, and business process improvement best practices. Internal OET leadership and direction includes oversight of the day-to-day agency operations and of the management of agency resources.

Historical Perspective

Prior to the creation of OET by the legislature in 2005, information and technology management was highly decentralized, and policymaking was distributed across several entities. This resulted in inefficiencies, duplication of activity, lack of true central oversight and lack of planning across agencies and program areas. Similarly, planning was an accumulation of agency directions instead of a true strategic vision for state government. Executive Order 05-04 and legislative changes to M.S. 16E.01 established a cabinet-level CIO and clarified the authority and responsibilities of that position and the Office of Enterprise Technology.

Key Program Goals

Ensure effective management of state technology investments and stewardship of state resources.

Three trends require the state to become more vigilant in the management of IT resources:

- ◆ The availability of good technology solutions to improve service is growing exponentially.
- ◆ The burden of technology infrastructure, applications and security is increasing, consuming larger proportions of agency budgets. Individual agencies can no longer afford to "go it alone."
- ◆ The competition for limited resources in state government continues to build.

With the enterprise IT portfolio, OET tracks major state IT projects and evaluates agency IT budgets. In 2007, as part of the biennial budget development process, OET released the enterprise IT portfolio, the first comprehensive view of the scope and breath of the state's IT resources. The next report will be released in FY 2009.

Key Program Measures

- ◆ Completed Enterprise Master Plan for Information Management with broad participation, on schedule.
- ◆ Designed and implemented the first stages of comprehensive portfolio management for applications, resources and assets as planned.
- ◆ Implemented a new application Enterprise Project Management (EPM) to monitor the progress of IT projects statewide and for agencies to use for internal project management and project inventory purposes.

Program at a Glance

In carrying out its mission, OET's Enterprise Planning and Management:

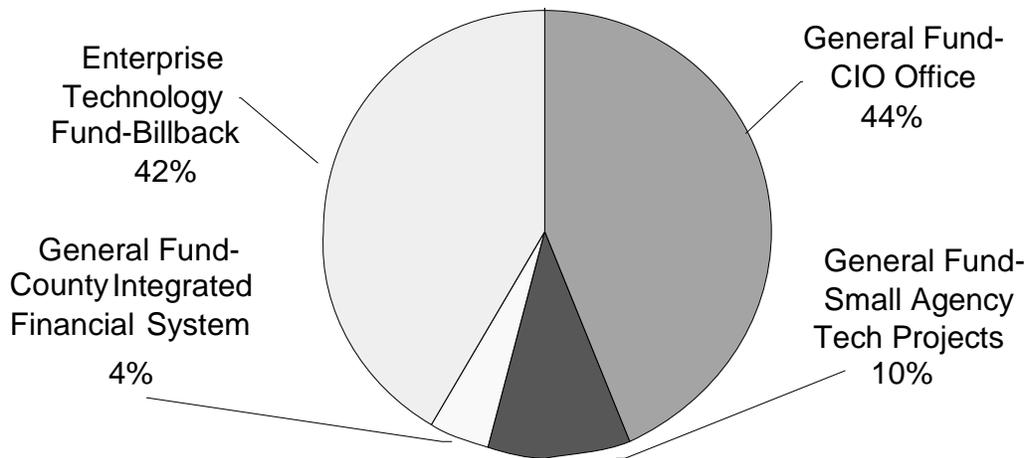
- ◆ Led 11 strategy teams (involving more than 100 state agencies, higher education and local leaders in both IT and business) to create the first enterprise-wide Master Plan for Information Management.
- ◆ Provided support for the first cabinet-level CIO function in state history and for the new federated IT governance process by which state strategy, investment and priority decisions will be made.

- ◆ Completed design and implementation of the State CIO's Governance structure. This includes the Commissioner's Technology Advisory Board and three councils: Technology Business Advisory Council, Agency CIO Advisory Council, and Agency Program Advisory Council.
- ◆ Launched a wide array of cross-agency process improvement projects applying the principles of the Drive To Excellence.

Program Funding

Support, oversight, and governance functions for the entire executive branch are funded by the general fund. OET's internal operations are funded by the enterprise technology fund through charge back / cost recovery rates.

FY 2009 Enterprise Planning and Management Revenue Budget



In FY 2009, Enterprise Planning and Management has approximately 36.48 FTEs, of which 38% are funded by the general fund and 62% are funded through the enterprise technology fund through chargeback/cost recovery. As FTE and funding migrate from other agencies as a result of data center and other utility service consolidations, the FTE count may increase, typically with corresponding decreases in other agencies.

Contact

Julie Freeman, Financial Management Director
Phone: (651) 201-1191
Email: julie.freeman@state.mn.us
Website www.oet.state.mn.us

John Lally, Planning & Program Management Director
Phone: (651) 556-8001
Email: john.lally@state.mn.us
Website www.oet.state.mn.us

ENTERPRISE TECHNOLOGY OFFICE

Program: ENTERPRISE PLANNING & MGMT

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	158	243	0	0	0
Direct Appropriations					
General	1,992	2,818	1,495	1,495	2,990
Statutory Appropriations					
Miscellaneous Special Revenue	656	2,462	0	0	0
Enterprise Technology Fund	12,821	17,715	17,473	17,599	35,072
Total	15,627	23,238	18,968	19,094	38,062
<u>Expenditures by Category</u>					
Total Compensation	2,810	3,403	3,145	3,266	6,411
Other Operating Expenses	10,424	19,655	15,823	15,828	31,651
Local Assistance	0	180	0	0	0
Other Financial Transactions	2,393	0	0	0	0
Total	15,627	23,238	18,968	19,094	38,062
<u>Expenditures by Activity</u>					
Enterprise Planning & Mgmt	15,627	23,238	18,968	19,094	38,062
Total	15,627	23,238	18,968	19,094	38,062
Full-Time Equivalents (FTE)	32.2	42.1	38.1	38.1	

Program Description

The mission of the Enterprise Application Development Program is to establish an integrated and secure framework that enables citizen and business access to “borderless” government services. The program capitalizes on information, communication, and e-commerce technologies to optimize the delivery of government products and services on-demand, independent of time, place, and agency organization. eGovernment is a strategy that fundamentally transforms the ways in which government interacts and collaborates with citizens, business, employees, and government entities.

Program at a Glance

In carrying out its mission, OET's Enterprise Application Development program provides:

- ◆ Business Process Redesign;
- ◆ Ten million page views per month on the state portal;
- ◆ 1.5 million state government documents indexed and discoverable on the web; and
- ◆ Hosting of 73 agency websites.

This program implements Office of Enterprise Technology's (OET's) statutory requirements to: “coordinate statewide efforts by units of state and local government to plan for and develop a system for providing access to government services; make recommendations to facilitate coordination and assistance of demonstration projects; explore ways and means to improve citizen and business access to public services, including implementation of technological improvements” (M.S. 16E.05); “establish ‘North Star’ as the ... state's governmental framework for coordinating and collaborating in providing online government information and services” (M.S.16E.07 subd.2); and to “establish ... methods for developing information and communications systems appropriate to the specific needs of individual state agencies” (M.S. 16E.03 subd.6).

Population Served

Services are provided to state departments, agencies, commissions, councils, boards, task forces, and committees; constitutional offices; court entities; Minnesota State Colleges and Universities; counties, statutory and home rule charter cities and towns; school districts; special districts; and any other board, commission, district, or authority created under law, local ordinance, or charter provision.

Services Provided

North Star Portal manages the infrastructure and information architecture for the state's citizen-centric portal that enables integrated access to government services and information quickly and easily. North Star is an entry point to over 250 state entities accessed by over 1.0 million visitors per month. OET is working collaboratively with other agencies to migrate from the North Star portal to the state's new website - Minnesota.gov.

Website Hosting uses the North Star infrastructure for static web page hosting or dynamic, portal-driven hosting. Static hosting gives agencies a professional, secure, reliable web presence, using the **www.agency.state.mn.us** domain name. Portal hosting offers the full portal tool suite, including content management, consistent look-and-feel templates and policies, decentralized content creation and posting, agency personalization, customized search interface and web authentication.

Website Design creates templates for web page layout, navigation, and graphics. Designs created by a professional design team, in consultation with agency customers, are reflective of the agency's unique identity, and compliant with state standards and federal usability requirements.

Website Indexing and Search uses the Ultraseek search engine to provide intelligent, adaptive spidering all of state agency web content into a common index that makes it possible to search all agency websites with a single query. Information architects assist agencies in developing high quality metadata to improve search results and relevancy.

Business Transformation Services identifies current and potential future software applications, that will transform government delivery and to make government more accessible and more responsive to individual citizens, business and government partners, in areas and functions which by their nature:

- ◆ Are generic in application so as to provide value to users throughout the enterprise. For example, e-Licensing, email, virus/spam protection, payroll, budgeting, accounting, scheduling, compliance with Data Practices Act, and project reporting.
- ◆ Are fundamental to multiple operations and therefore able to provide the foundation upon which specialized extensions can be developed. For example, e-Licensing, permitting, certification and registration, grants management, electronic payment, content management.
- ◆ Involve technical capabilities such as an employee Intranet portal, electronic data exchange portals, and other general facilities with distributed components.

Web Content Services

This activity includes the web portal, web content and web design services and is managed as an enterprise strategic initiative funded through the enterprise technology fund. It is not expected to fully recover the cost of operations in FY 2009. OET is actively engaging agency partners in developing a business plan for a sustainable enterprise web content management service that addresses common needs, resources, readiness, and funding model. The delivery of Web Content Services has been an unfunded mandate and has been historically operating as a loss in the enterprise technology fund.

Electronic Licensing

This activity includes building the e-Licensing infrastructure and framework, including implementation of two agencies onto the platform.

Key Goals

The One-Stop Licensing Initiative creates a streamlined one-stop-shop for business and professional licenses and is one of six Drive to Excellence initiatives launched by Governor Tim Pawlenty in April 2005. This initiative, along with the other activities in this program, are designed to:

- ◆ Optimize the delivery of e-government products and services on-demand, independent of time, place, and agency organization;
- ◆ Transform the ways in which government interacts and collaborates with citizens, businesses, employees, and government entities;
- ◆ Increase the security and effective electronic delivery of government services; and
- ◆ Create more “one-stop-shop” opportunities for easier government services.

Two agencies are scheduled to migrate to the E-Licensing system in FY 2009.

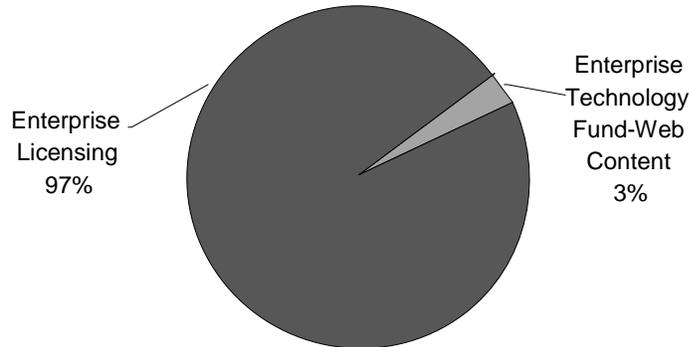
Key Measures

- ◆ A common eGovernment framework, including a unified web hosting infrastructure; information presentation and navigation standards; content management and secure identity management for transacting business and communicating online results in more efficient and cost-effective public service delivery.
- ◆ Online applications adhering to standards for user interface design, coding, and security, resulting in reusable solutions, and increased coordination and collaboration among government agencies.
- ◆ Reengineered business processes, resulting in streamlined “back office” functions in multiple agencies.
- ◆ Citizen and business identities and privacy protected and data accessible to authorized persons.

Program Funding

Currently, Enterprise Application Development’s Web Content Services (previously North Star) is funded through the enterprise technology fund by cost recovery / chargeback rates. Historically, expenses have exceeded revenue. In FY 2008-09, OET received a general fund appropriation of \$7.5 million dollars to fund the first phase of an electronic licensing system.

FY2009 Enterprise Application Development Revenue Budget



In FY 2009, Enterprise Application Development has approximately 46.45 FTEs, of which 65% are funded through the enterprise technology fund and 25% funded through the general fund appropriation. As FTE and funding migrate from other agencies as a result of data center and other utility service consolidations, the FTE count may increase, typically with corresponding decreases in other agencies.

General Fund Loans: Enterprise Application Development does not have a loan from the general fund nor does it anticipate a need for a general fund loan during the FY 2010-2011 biennium.

Proposed Investments in Technology or Equipment of \$100,000 or more: There are no proposed investments in technology or equipment of \$100,000 or more.

Operating Losses/Increases in Retained Earnings: OET's Enterprise Application Development funded through the enterprise technology fund manages retained earnings according to federal requirements, which state that the retained earnings balance cannot exceed two months of operating expenses. The federal government does not recognize depreciation as an operating expense in this calculation. In FY 2009, Enterprise Application Development Web Content Services' depreciation expense is projected to be \$106 thousand. OET's Enterprise Application Development chargeback/budget goal is to break even by the end of each fiscal year. However, if customer usage is higher or lower than forecasted, increases or decreases in retained earnings occur. Historically, Enterprise Application Development expenses in the enterprise technology fund have exceeded revenue, causing decreases in retained earnings.

History of EAD Services' Rates Changes:

Fiscal Year Change	2002	2003	2004	2005	2006	2007	2008	2009
	n/a	0%	0%	0%	0%	0%	2.30%	2.93%

Impact of Rate Changes:

The rate changes reflect changes in hourly billing rates for web design services based on bargaining unit agreements.

Contact

Julie Freeman, Financial Management Director
 Phone: (651) 201-1191
 Email: julie.freeman@state.mn.us
 Website: www.oet.state.mn.us

Larry Freund, Chief Financial Officer
 Phone: (651) 556-8028
 Email: larry.freund@state.mn.us
 Website: www.oet.state.mn.us

ENTERPRISE TECHNOLOGY OFFICE

Program: ENTERPRISE APPLICATION DEVEL

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,881	4,619	0	0	0
Statutory Appropriations					
Miscellaneous Special Revenue	0	415	4,750	4,750	9,500
Enterprise Technology Fund	807	1,207	1,156	1,193	2,349
Total	3,688	6,241	5,906	5,943	11,849
<u>Expenditures by Category</u>					
Total Compensation	898	1,120	1,271	1,308	2,579
Other Operating Expenses	2,790	5,121	4,635	4,635	9,270
Total	3,688	6,241	5,906	5,943	11,849
<u>Expenditures by Activity</u>					
Ead System Delivery	3,688	6,241	5,906	5,943	11,849
Total	3,688	6,241	5,906	5,943	11,849
Full-Time Equivalent (FTE)	8.2	11.1	13.4	13.4	

Program Description

The mission of Enterprise Information Technology (IT) Security Services is to coordinate the security planning efforts for the state as a whole. It also provides core utility services so that state agencies can detect, investigate, and promptly respond to security threats. This program supports all security services within the Office of Enterprise Technology (OET). Finally, it includes professional staff to provide direct assistance to agencies that do not have the capacity to manage their own security program.

Population Served

This program provides a wide array of security services to state agencies and local units of government.

Services Provided

Most services provided to state government in this activity are those that require a great deal of specialized knowledge or tools that cannot be purchased cost effectively by individual entities. This activity also coordinates the security efforts for the entire executive branch of government, including setting baseline policies, procedures, standards, and guidelines. Finally, Enterprise IT Security Services provides direct assistance to many small entities that do not have the capacity to manage their own information security programs.

Key services include:

Enterprise Security Governance helps entities understand and manage information security risks through a consistent and formal risk assessment methodology. This service area also compiles and publishes information security metrics and is responsible for defining the baseline information security policies, procedures, and standards for the state as a whole.

Detective and Corrective Security Controls helps entities prevent, promptly detect and respond to attacks. This service area oversees the statewide vulnerability and threat management program and the security incident management program.

Compliance assesses whether agencies have appropriate security controls that comply with the state’s baseline policies, procedures, and standards. It also helps ensure that appropriate information security controls are embedded in new government computer systems.

Access Control Services designs and manages robust and highly secure access control solutions for state agencies.

Agency Services provides security consulting and training for all state agencies and the Office of Enterprise Technology. This area also manages the state’s continuity of operations program, providing strategies and tools to plan for and mitigate a wide array of disasters that could interrupt agency operations.

Key Goals

Improved Situational Awareness

- ◆ Continuous monitoring of all state computer systems for adverse information security events
- ◆ Continuous assessment of Information security controls for effectiveness
- ◆ Use of key performance indicators to measure the information security program’s effectiveness
- ◆ Consolidated and reportable information security risk profile for the state

Proactive Risk Management

- ◆ Government leaders at the highest levels understanding and supporting the information security program
- ◆ All state employees receive ongoing security training appropriate to their job duties

Program at a Glance

In carrying out its mission, OET’s Enterprise IT Security Services:

- ◆ Coordinates all state government information technology security services
- ◆ Provides security services that cannot be performed cost effectively by individual units of government
- ◆ Provides security consulting services to entities that do not have expertise in-house

- ◆ Clear articulation of information security program requirements in a framework of policies, procedures, and standards
- ◆ Established relationships between state, local, and federal government entities permitting shared security solutions that span traditional parochial boundaries
- ◆ Stakeholders' participation in the design and implementation of information security solutions
- ◆ The state attracts, develops, and retains professionals with the appropriate security skills
- ◆ Prompt identification and remediation of exploitable technical vulnerabilities in state computer systems
- ◆ Information security controls adapting rapidly to changing risk conditions
- ◆ People and entities conducting business with state government, with appropriate and timely access to the necessary computer resources and data
- ◆ State computer resources and data protected from being used or accessed inappropriately
- ◆ Government entities compliance with the information security program and other externally mandated compliance requirements
- ◆ Support of government entities, regardless of size, by security professionals and engaged in the information security program
- ◆ The Office of Enterprise Technology demonstrated leadership by setting high standards for excellence in information security

Robust Crisis and Security Incident Management

- ◆ Prompt containment, remediation and management of information security incidents by government entities, when this occurs.
- ◆ Continuation of mission-critical services in the event of a crisis.

Key Measures

Enterprise IT Security began in July 2006 and is in the process of building out its service areas. During this biennium, OET will be developing metrics for all service areas.

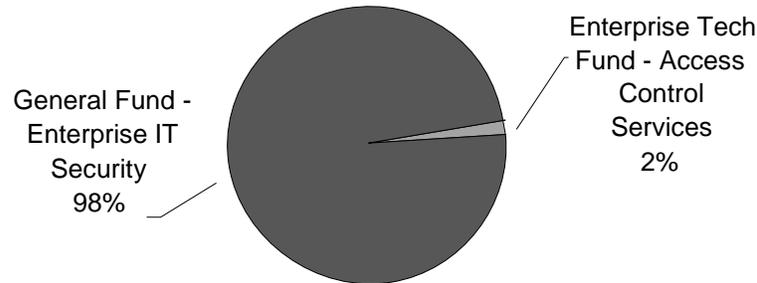
Accomplishments to date include:

- ◆ Installed a framework for the program, based on the National Institute of Standards and Technology;
- ◆ Published numerous baseline security policies and standards for the state as a whole;
- ◆ Provided business continuity and disaster recovery services to numerous state and local units of government;
- ◆ Performed ongoing scans of thousands of state computers to find and mitigate vulnerabilities before they can be exploited by hackers;
- ◆ Managed numerous security incidents each month and performed forensic investigations, when necessary;
- ◆ Participated in major government computer system projects to ensure that appropriate controls are embedded in those systems;
- ◆ Provided security consulting services to many state agencies;
- ◆ Hosted a wide array of information security training classes, adding many new Certified Information Systems Security Professionals (CISSPs) to state government;
- ◆ Hosted an annual Enterprise Security Briefing for government executives; and
- ◆ Published the State of Minnesota's first Enterprise Security Strategic Plan.

Program Funding

Enterprise IT Security Services is primarily funded by a direct appropriation from the general fund. Security services for the Office of Enterprise Technology services are funded by the enterprise technology fund through chargeback/cost recovery rates. Below is a pie chart showing FY 2009 estimated revenue.

FY2009 Enterprise IT Security Revenue Budget



In FY 2009, Enterprise IT Security Services has approximately 28.85 FTEs, of which 90% are funded through the general fund and 10% are funded through the enterprise technology fund. As FTE and funding migrate from other agencies as a result of data center and other utility service consolidations, the FTE count may increase, typically with corresponding decreases in other agencies.

General Fund Loans: Enterprise IT Security Services does not have a loan from the general fund nor does it anticipate a need for a general fund loan during the FY 2010-2011 biennium.

Proposed Investments in Technology or Equipment of \$100,000 or more: In FY 2010 and FY 2011 Enterprise IT Security Services will purchase technology and equipment that may exceed \$100,000. OET is in the process of collaboratively assessing the enterprise IT security service needs with agencies.

Operating Losses/Increases in Retained Earnings: Enterprise IT Security Services manages retained earnings for the enterprise technology fund according to federal requirements, which state that the retained earnings balance cannot exceed two months of operating expenses. The federal government does not recognize depreciation as an operating expense in this calculation. In FY 2009, Enterprise IT Security Services depreciation expense is projected to be approximately \$26 thousand. Enterprise IT Security Services has not contributed positively to OET's overall retained earnings balance due to the startup of the new emerging shared services.

History of Enterprise IT Security Services Rate Changes in ETF:

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009
Change	n/a	0%	1%	20%	0%	95%	0.67%	0.18%

Impact of Rate Changes:

OET made a significant investment in an enterprise solution for directory services and web authentication beginning in FY 2002. At the time, growth in the number of users was projected to reach 1.0 million by FY 2006 based on agency projections. In the end, only the Department of Human Services (DHS) and two smaller agencies elected to participate which caused a historical budget shortfall. In FY 2007, OET instituted a breakeven rate for Access Control Services (formerly Web Authentication Services), charging current customers the total cost of providing this service. In FY 2003, DHS invested \$1.0 million in a different product, and migrated all DHS user authentication to that platform in FY 2008. OET is actively engaging agency partners in seeking a cost-effective, standard enterprise solution for access management and identity management services for web based applications including managing directory services, user provisioning, user self-service, password and account management and simplified sign-on services for customers.

Customers whose usage remains stable between FY 2008 and FY 2009 will be paying the same in FY 2009.

Contact

Julie Freeman, Financial Management Director
Phone: (651) 201-1191
Email: julie.freeman@state.mn.us
Website: www.oet.state.mn.us

Chris Buse, Chief Security Officer
Phone: (651) 201-1200
Email: chris.buse@state.mn.us
Website: www.oet.state.mn.us

ENTERPRISE TECHNOLOGY OFFICE

Program: ENTERPRISE I T SECURITY

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	3,532	8,071	4,263	4,263	8,526
Statutory Appropriations					
Miscellaneous Special Revenue	22	128	0	0	0
Enterprise Technology Fund	2,456	2,120	2,169	2,215	4,384
Total	6,010	10,319	6,432	6,478	12,910
<u>Expenditures by Category</u>					
Total Compensation	3,213	4,237	4,399	4,549	8,948
Other Operating Expenses	2,797	6,082	2,033	1,929	3,962
Total	6,010	10,319	6,432	6,478	12,910
<u>Expenditures by Activity</u>					
Enterprise It Security	6,010	10,319	6,432	6,478	12,910
Total	6,010	10,319	6,432	6,478	12,910
Full-Time Equivalentents (FTE)	29.1	36.0	36.0	36.0	

Program Description

The mission of IT Standards and Resource Management (ISRM) is to establish information technology (IT) standards and leverage the vast purchasing power of Minnesota government entities through a collaborative process. Entities at all levels are invited to jointly develop IT standards and redesign the processes to more easily obtain IT information and order IT products and services.

Population Served

Entities served by this program are: state agencies, counties, cities, school districts, Minnesota State Colleges and Universities (MnSCU), University of Minnesota, and other government entities.

Services Provided

- ◆ Establish **enterprise IT standards** for hardware such as desktops, laptops, monitors, servers, storage, and cell phones.
- ◆ Establish **enterprise agreements** with several major software vendors.
- ◆ Identify commonly needed **professional services**.
- ◆ Create and maintain a **web presence** for all Minnesota government entities related to IT contract vendors as the definitive site for information.
- ◆ Provide comparisons and **reports of sales and savings** for the enterprise.
- ◆ Provide the **value added information** that individual government entities would not have access to through their normal vendor relationship.
- ◆ Ensure premium **quality service at low cost**.
- ◆ Improve **technology management** with implementation of standards.

Program at a Glance

In carrying out its mission, OET's IT Standards and Resource Management:

- ◆ Establishes Minnesota government enterprise aggregation for IT related hardware, software and professional services
- ◆ Provides services for 100+ state agencies, 87 counties, 850 cities, 430 school districts, 36 MnSCU campuses, four University of Minnesota campuses
- ◆ Generates \$35 million in investment capital to reinvest in organizational business needs
- ◆ Reduces the cost to obtain IT related products and services and increases the purchasing entity productivity through aggregated purchasing.

Historical Perspective

Historically, IT purchases have been managed on a decentralized basis with little opportunity to aggregate across government entities due to lack of standards. Aggregation offers the opportunity to leverage the full purchasing power of the state and benefits smaller entities with limited budgets and staffing. IT products and services have been obtained on a project-by-project basis with little coordination and no standards. Disconnected, independent decision-making and lack of standards has resulted in many disjointed projects and the creation of business and technology silos.

Key Goals

Strategic Sourcing of IT was a key recommendation of the Drive to Excellence. ISRM has implemented standards for desktop, notebooks, monitors, servers and storage. The acceptance of these standards at all levels of Minnesota government has been accomplished by collaborative efforts and participation on various IT standards teams.

Key Measures

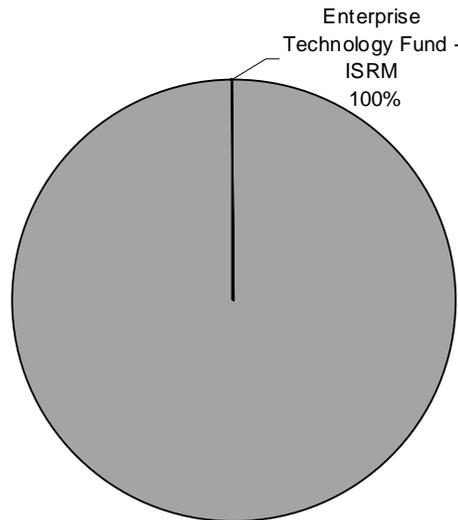
- ◆ Establish enterprise hardware standards to reduce cost by:
 - ⇒ Benchmarking contract price against Western State Contracting Alliance (WSCA), a 40 state buying consortium
 - ⇒ Securing a 10 - 44% savings on negotiated contracts for established hardware standard products
 - ⇒ Reducing the number of agency exception requests as compared to the number of agency hardware purchases using established standards and contracts

- ◆ Establish enterprise software license agreements to reduce cost by:
 - ⇒ Leveraging major software manufacturers licensing fees through aggregation of state and local government demand
 - ⇒ Reducing the number of agency exception requests as compared to the number of agency software license purchases using established standards and contracts
- ◆ Establish enterprise IT professional services to reduce cost by:
 - ⇒ Leveraging the commonly used professional services fees through aggregation of state and local government demand
 - ⇒ Providing a clearinghouse to organize and quickly obtain professional IT services for state and local government

Program Funding

ISRM is funded by the enterprise technology fund through an interagency contract with Department of Administration (Admin) for a portion of vendor administrative fees collected on IT purchases.

ISRM FY 2009 Revenue Budget



In FY2009, ISRM has approximately six FTEs.

Contact

Julie Freeman, Financial Management Director
Phone: (651) 201-1191
Email: julie.freeman@state.mn.us
Website: www.oet.state.mn.us

Ed Valencia, Chief Technology Officer
Phone: (651) 556-8029
Email: ed.valencia@state.mn.us
Website: oet.isrm@state.mn.us
www.oet.state.mn.us

ENTERPRISE TECHNOLOGY OFFICE

Program: INFO STDS & RESOURCE MGMT

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Miscellaneous Special Revenue	443	0	0	0	0
Enterprise Technology Fund	124	722	917	943	1,860
Total	567	722	917	943	1,860
<u>Expenditures by Category</u>					
Total Compensation	495	600	788	811	1,599
Other Operating Expenses	72	122	129	132	261
Total	567	722	917	943	1,860
<u>Expenditures by Activity</u>					
Isrm	567	722	917	943	1,860
Total	567	722	917	943	1,860
Full-Time Equivalents (FTE)	5.3	6.1	8.1	8.1	

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<i>Non Dedicated Revenue:</i>					
Total Non-Dedicated Receipts	0	0	0	0	0
<i>Dedicated Receipts:</i>					
Departmental Earnings (Inter-Agency):					
Miscellaneous Special Revenue	1,620	124	0	0	0
Enterprise Technology Fund	82,129	86,550	88,399	89,878	178,277
Departmental Earnings:					
Miscellaneous Special Revenue	0	0	4,750	4,750	9,500
Other Revenues:					
Enterprise Technology Fund	281	270	270	270	540
Total Dedicated Receipts	84,030	86,944	93,419	94,898	188,317
Agency Total Revenue	84,030	86,944	93,419	94,898	188,317

	PAGE
Agency Profile	2
Agency Fiscal Page (Gov Rec)	5
Change Summary	6
Agency Change Items	
↻ Operating Budget Reduction.....	7
Appendix	
Agency Revenue Summary Fiscal Page.....	8

↻ Designates that this is a change item

Agency Purpose

The mission of Explore Minnesota Tourism (EMT) is to promote and facilitate increased travel to and within the state of Minnesota by increasing nonresident travel, stimulating travel in-state by Minnesota residents and sustaining and growing travel related sales. EMT markets Minnesota in North America and internationally as a travel destination to consumers, tour operators, group tours and travel agents, promotes coverage of Minnesota by domestic and international travel media, and initiates, develops, and coordinates activity with travel industry buyers and sellers.

EMT leverages its resources by generating over \$12 million in cash and in-kind partnerships. The match includes corporate marketing partnerships, publishing partnerships, advertising revenue, marketing program fees and partnership grant matches.

EMT works closely in conjunction with the Explore Minnesota Tourism Council, which was created in 2004. Council members are appointed by the Governor and represent various sectors of the tourism industry. Statutory authority for EMT resides at M.S. 116U.05.

At A Glance

- ◆ Leisure and hospitality in Minnesota generates over \$10 billion in gross sales annually.
- ◆ State sales tax revenue from tourism totals \$650 million: dollars that can be used for education, health care, roads and the environment
- ◆ The leisure and hospitality industry provides over 244,000 jobs throughout the state of Minnesota, with a \$3.7 billion payroll. It is expected to grow by 17.5% from 2004 through 2014.
- ◆ Every dollar invested in tourism marketing provides a return of investment of \$4.60 in new state and local taxes, \$20.40 in wages, and \$53.00 in gross sales.
- ◆ Each year Minnesota hosts more than 41 million travelers across all regions of the state.

Core Functions

To fulfill its mission and achieve its strategic objectives, EMT is organized into four areas: Communications, Industry Relations, Marketing and Research, and Operations and Consumer Services.

Communications: Media relations and publications are both key to Explore Minnesota Tourism marketing. Media relations programs generate positive media coverage of Minnesota travel opportunities and of the state's tourism industry. A large photo library provides the media with visual images of the state. A series of publications, many developed through publishing partnerships, promote Minnesota destinations and activities. This unit is also responsible for the comprehensive exploreminnesota.com website and offers consumers a series of email newsletters.

Marketing and Research: This area includes advertising and promotions directed to potential travelers, using print media, television and radio, direct mail and electronic marketing and special promotions. Marketing partnerships extend the reach of Explore Minnesota advertising. The primary markets in the U.S. are in the North Central region. International markets include Canada, Japan, United Kingdom, Germany and Scandinavia. In the upcoming year, the international unit is also exploring specific opportunities in Korea, China, Latin and South American markets. This unit also markets Minnesota to group tour operators and has a packaged travel program. Research conducted in-house or provided by other sources, guides the development of marketing programs.

Industry Relations: This program area is responsible for facilitating two-way communication between EMT and the state's tourism industry. Regional staff located in Brainerd, Duluth, Mankato and Thief River Falls as well as St. Paul provide community based marketing assistance. This unit facilitates interagency partnerships, develops educational programs and monitors public policy issues that may affect tourism in Minnesota. Grants are awarded to non-profit tourism organizations which maximize both state and local resources. All grants and marketing partnerships must meet established criteria and include matching fund requirements and performance measures.

Operations and Consumer Services: This unit is responsible for management of administrative systems and financial and personnel functions office wide. It also provides travel information to travelers and prospective travelers. It handles customer inquiries via the phone, fax and internet in response to consumer advertising programs. Travel information is delivered person-to-person to visitors at highway Travel Information Centers located throughout the state; four of these are operated by local tourism organizations in partnership with EMT.

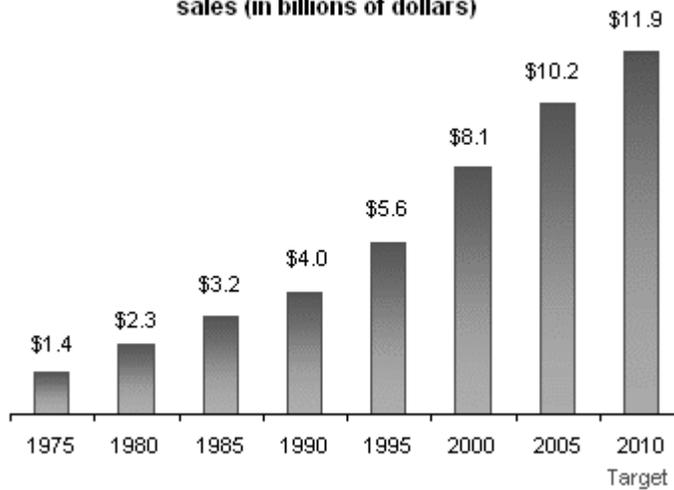
An extensive database maintained by this unit includes detailed information on approximately 2,300 accommodations, 2,300 attractions and tourism organizations, and 2,800 events. The database is available to consumers through exploreminnesota.com and through Journey, the customized travel planning service.

Key Goal

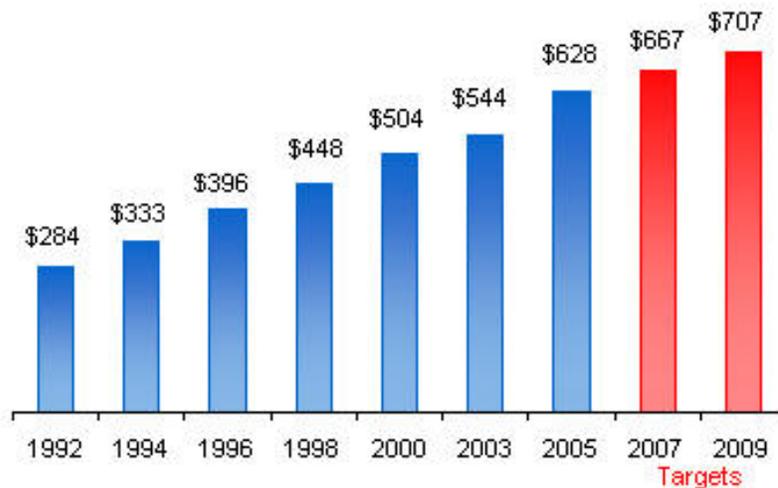
To promote and facilitate travel to and within the state of Minnesota.

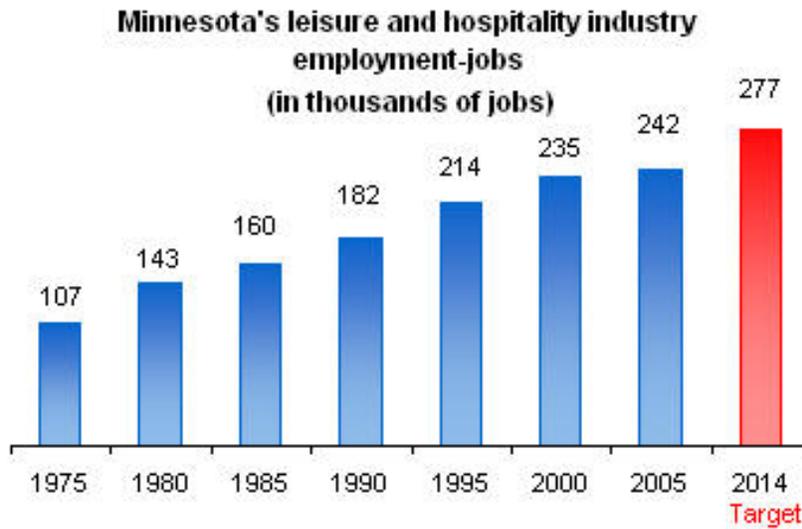
Key Measures

Minnesota's leisure and hospitality industry gross sales (in billions of dollars)



Minnesota's leisure and hospitality industry state sales tax (in millions of dollars)





Budget

Explore Minnesota Tourism has a general fund budget of over \$11 million in FY2009. Annual special revenue funds total approximately \$1.0 million.

Contact

John F. Edman, Director
 Explore Minnesota Tourism
 121 East 7th Place
 St. Paul, Minnesota 55101
 Phone: (651) 296-4783
 Fax: (651) 296-7095
 Email: John.Edman@state.mn.us

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	11,828	11,779	11,779	11,779	23,558
Recommended	11,828	11,779	9,988	9,988	19,976
Change		0	(1,791)	(1,791)	(3,582)
% Biennial Change from 2008-09					-15.4%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	12,203	13,018	9,988	9,988	19,976
Statutory Appropriations					
Miscellaneous Special Revenue	1,126	1,739	1,736	1,736	3,472
Federal	57	155	72	72	144
Total	13,386	14,912	11,796	11,796	23,592
<u>Expenditures by Category</u>					
Total Compensation	3,404	3,689	3,686	3,784	7,470
Other Operating Expenses	7,197	8,095	6,485	6,387	12,872
Local Assistance	2,785	3,128	1,625	1,625	3,250
Total	13,386	14,912	11,796	11,796	23,592
<u>Expenditures by Program</u>					
Explore Minnesota Tourism	13,386	14,912	11,796	11,796	23,592
Total	13,386	14,912	11,796	11,796	23,592
Full-Time Equivalents (FTE)	50.9	50.9	50.9	50.9	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: GENERAL				
FY 2009 Appropriations	11,779	11,779	11,779	23,558
Technical Adjustments				
Biennial Appropriations		650	650	1,300
One-time Appropriations		(1,299)	(1,299)	(2,598)
Pt Contract Base Reduction		(29)	(29)	(58)
Subtotal - Forecast Base	11,779	11,101	11,101	22,202
Change Items				
Operating Budget Reduction	0	(1,113)	(1,113)	(2,226)
Total Governor's Recommendations	11,779	9,988	9,988	19,976
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	1,739	1,736	1,736	3,472
Total Governor's Recommendations	1,739	1,736	1,736	3,472
Fund: FEDERAL				
Planned Statutory Spending	155	72	72	144
Total Governor's Recommendations	155	72	72	144

EXPLORE MINNESOTA TOURISM

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(1,113)	\$(1,113)	\$(1,113)	\$(1,113)
Revenues	0	0	0	0
Net Fiscal Impact	\$(1,113)	\$(1,113)	\$(1,113)	\$(1,113)

Recommendation

The Governor recommends a \$2.226 million base reduction for Explore Minnesota Tourism's general fund appropriation. The Governor intends that Explore Minnesota Tourism (EMT) should focus its operating funds on maintaining its highest priority services and intends to provide as much flexibility as possible to the agency for the implementation of these reductions. The Governor believes this reduction is necessary given the current budget deficit.

Background

Explore Minnesota Tourism's general fund base budget is \$11.101 million in each year of the FY 2010-2011 biennium. EMT is proposing to reduce operating expenditures by \$2.226 million during the FY 2010-11 biennium. These reductions will impact their ability to market the state.

Explore Minnesota Tourism's mission is to keep tourism – one of the state's most profitable areas - vibrant. Through marketing the state, EMT increases the income of the state. Every year more than 40 million travelers spend over \$10 billion at Minnesota businesses and impact virtually every sector of the state's economy. Leisure and hospitality accounts for \$650 million or about 15% of the total state sales tax collected in 2006.

Tourism is an economic stimulus to counties and communities throughout the state, both in spending by visitors and in supporting amenities that add to the quality of life of local citizens. In addition, tourism creates jobs, from entry level to management. In 2006, there were 244,200 jobs in the leisure and hospitality industry alone. Leisure and hospitality jobs account for over 10% of total employment in 45 of Minnesota's counties.

Relationship to Base Budget

The reduction of \$2.226 million in FY2010-2011 is a 10% base level reduction to the general fund budget.

Key Goals and Measures

Explore Minnesota Tourism's key goals are to:

- ◆ Increase the number of resident and nonresident travelers in Minnesota.
- ◆ Grow gross receipts/sales of tourism in Minnesota.
- ◆ Generate increased state and local sales tax revenue from tourism.
- ◆ Increase leisure and hospitality employment in Minnesota.

To meet these goals, the agency develops results-driven advertising and coordinates promotions that market Minnesota as a desirable travel destination. Every dollar invested in tourism marketing results in:

- ◆ \$4.60 in new state and local taxes
- ◆ \$20.40 in wages
- ◆ \$53 in gross sales

The budget submitted for EMT seeks to safeguard core activities and reduce administrative overhead. The agency will manage budget reductions through various service level reductions or eliminations, staffing decreases, and/or operating expense reductions. The resulting budget will focus on new ways to operate EMT's core functions. For the purpose of preparing the Governor's recommendation, this reduction level was allocated according to EMT's specifications.

Statutory Change: Not Applicable

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<i>Non Dedicated Revenue:</i>					
Total Non-Dedicated Receipts	0	0	0	0	0
<i>Dedicated Receipts:</i>					
Departmental Earnings:					
Miscellaneous Special Revenue	1,200	1,125	1,158	1,158	2,316
Grants:					
Federal	57	142	72	72	144
Other Revenues:					
Miscellaneous Special Revenue	43	32	32	32	64
Other Sources:					
Miscellaneous Special Revenue	0	0	371	371	742
Total Dedicated Receipts	1,300	1,299	1,633	1,633	3,266
Agency Total Revenue	1,300	1,299	1,633	1,633	3,266

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	4
Appendix	
Agency Revenue Summary Fiscal Page.....	5

Agency Purpose

The Gambling Control Board (Board) regulates lawful gambling in Minnesota, so that citizens are assured of the integrity of the operations and nonprofit organizations may continue to raise funds for charitable contributions.

Core Functions

The Board regulates five forms of lawful gambling: pull-tabs, raffles, bingo, paddlewheels, and tipboards. The Board licenses nonprofit groups that conduct lawful gambling. Compliance audits and inspections are done at charitable gambling sites in Minnesota ensuring the integrity of operations and accountability of an estimated \$1.2 billion in annual gross receipts.

Operations

The Board is comprised of seven citizens and supported by 31.5 full-time equivalent staff. It regulates and provides education and guidance to the lawful gambling industry.

Administration oversees the agency providing rules coordination, human resources and administrative support for the Board.

Compliance conducts compliance audits of licensed organizations and educates the industry using training classes, a newsletter, the website, and mentoring.

Investigations monitors for theft and fraud in the industry by inspecting gambling products, investigating irregularities noted in compliance audits and responding to allegations made by players.

Licensing reviews applications and issues licenses and permits for those compliant with statutes. If serious statute violations are found the board will suspend or revoke lawful gambling licenses.

Key Goals

The 2008 Legislature authorized the Board to study operations and regulatory procedures, accounting functions, tax structure and recent trends in lawful gambling. The goals of the study are to:

- ◆ Maintain regulation but simplify reporting
- ◆ Minimize expenses for charitable organizations and increase donations
- ◆ Explore new technology for accounting and reporting
- ◆ Simplify the tax structure

Key Measures

In calendar year 2007 the board:

- ◆ held training and education classes for over 9,150 registered employees of licensed organizations
- ◆ conducted compliance audits of 581 organizations (42% of licensed organizations), an increase of nearly 10% from 2006
- ◆ inspected 1,964 gambling sites for law compliance (63% of sites)
- ◆ investigated 144 cases for fraud or defective gambling equipment; 69 cases were referred for criminal charges. Increased oversight and game testing resulted in a decrease of 4% in the number of cases from the previous year.

At A Glance

In calendar year 2007:

- ◆ In Minnesota the lawful gambling industry generated \$1.2 billion in gross sales
- ◆ Net state taxes on lawful gambling were \$47.5 million
- ◆ Charitable contributions exceeded \$55 million
- ◆ The board issued:
 - ⇒ 3,126 gambling site permits
 - ⇒ 1,381 nonprofit organization licenses
 - ⇒ 3,413 exempt/excluded permits
 - ⇒ 15 distributor licenses
 - ⇒ 12 manufacturer licenses
 - ⇒ 2 linked bingo game providers licenses

Cost of regulation:

- ◆ For every dollar spent on lawful gambling less than one fourth of a penny goes towards regulation

Budget

The biennial operating budget for the Board is \$5.8 million. The agency is supported by special revenue fees collected biennially in the form of license/permit and regulatory fees. Fees are paid by manufacturers and distributors of gambling equipment, linked bingo game providers, and nonprofit organizations. Penalties and fines are paid to the state's general fund.

Contact

Gambling Control Board
1711 West County Road B Suite 300 South
Roseville, Minnesota 55113
<http://www.gcb.state.mn.us>

Tom Barrett, Executive Director
Phone: (651) 639-4090
Fax: (651) 639-4032

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
Miscellaneous Special Revenue					
Current Appropriation	2,869	2,940	2,940	2,940	5,880
Recommended	2,869	2,940	2,940	2,940	5,880
Change		0	0	0	0
% Biennial Change from 2008-09					1.2%
<u>Expenditures by Fund</u>					
Direct Appropriations					
Miscellaneous Special Revenue	2,868	2,941	2,940	2,940	5,880
Total	2,868	2,941	2,940	2,940	5,880
<u>Expenditures by Category</u>					
Total Compensation	2,408	2,506	2,501	2,497	4,998
Other Operating Expenses	460	435	439	443	882
Total	2,868	2,941	2,940	2,940	5,880
<u>Expenditures by Program</u>					
Lawful Gambling Control	2,868	2,941	2,940	2,940	5,880
Total	2,868	2,941	2,940	2,940	5,880
Full-Time Equivalent (FTE)	32.1	31.6	30.6	28.6	

GAMBLING CONTROL BOARD

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Other Revenues:					
General	51	65	65	65	130
Total Non-Dedicated Receipts	51	65	65	65	130
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Miscellaneous Special Revenue	1,548	1,540	1,540	1,540	3,080
Total Dedicated Receipts	1,548	1,540	1,540	1,540	3,080
Agency Total Revenue	1,599	1,605	1,605	1,605	3,210

	PAGE
Transmittal Letter	2
Small Agency Profile.....	3
Agency Fiscal Page (Gov Rec).....	5
Change Summary.....	6
Agency Change Items	
➡ Operating Budget Reduction.....	7
➡ In Lieu of Rent Allocation	8
Appendix	
Agency Revenue Summary Fiscal Page.....	9

➡ Designates that this item is a change item



STATE OF MINNESOTA

Office of Governor Tim Pawlenty

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

January 27, 2009

To the 2009 Legislature:

Enclosed is the FY 2010-11 Budget for the Office of Governor Tim Pawlenty, totaling \$6.968 million in General Funds and \$780 thousand in Special Revenue Funds.

The General Fund amount reflects a decrease of \$360,000, or 5.1% compared to the last biennium. The proposed budget reduction will be achieved through savings in staff salaries and operating expenses. General Fund dollars will be used to support Governor Pawlenty and his staff in providing information to the public and the Legislature, developing biennial budgets, public policy development and other official duties.

The Special Revenue Fund, contributed by fourteen state agencies, funds the Federal Affairs Office in Washington, D.C. As the only voice for state government in our nation's capital, this office's core responsibilities are working with the Congressional delegation and federal agencies to address federal legislation, regulations, and state mandates; advocating, monitoring and reporting on federal activities that impact the State of Minnesota, providing access to federal grant opportunities, and assisting Minnesotans overall.

If you have any questions, please feel free to call me at 651-296-0059.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Kramer", with a long, sweeping underline.

Matt Kramer
Chief of Staff

Agency Purpose

As chief executive, the governor oversees all operations of state government and takes the lead in shaping public policy and representing the interests of Minnesotans to the legislature.

Core Functions

The Governor's Office is organized to effectively administer the duties of the chief executive. Major duties of the governor are to:

- ◆ oversee and provide leadership for the day-to-day operations of state government, with emphasis on quality service delivery and state agency responsiveness to Minnesota citizens;
- ◆ appoint state department heads, people to state boards and commissions, and judges for all court systems when vacancies occur;
- ◆ chair the State Executive Council, the State Board of Investment, the Land Exchange Board, and the Board of Pardons;
- ◆ serve as Commander-in-Chief of the Minnesota National Guard, and oversee emergency responses;
- ◆ issue extradition papers, proclamations, and writs of special elections;
- ◆ prepare and establish advisory committees to aid in developing legislative proposals and plans for executive action;
- ◆ inform the legislature of the general condition of the state, review, veto, or sign into law legislation and rules, and call special sessions of the legislature when needed;
- ◆ develop the biennial budget and present it to the legislature;
- ◆ promote business development and help create new jobs with assistance and advice from legislators and business leaders;
- ◆ represent the citizens of the state at various functions at local, state, national, and international levels; and
- ◆ perform all other duties as specified by the laws of the state.

The lieutenant governor's chief duty is to assist the governor in carrying out the functions of the executive branch. The lieutenant government serves as an extension of the governor, represents the governor, and is prepared to act in the governor's place in the event of the governor's absence or disability. The lieutenant governor is a key member of the governor's cabinet and is involved in major policy and budget decisions.

Part of the lieutenant governor's official duties include:

- ◆ chairing the Capitol Area Architectural Planning Board (CAAPB); and
- ◆ serving as a member of the State Executive Council.

Operations

The Governor's Office is organized by program areas overseen by the chief of staff. These include: Legislative and Cabinet Affairs, Communications, Citizen Outreach, Operations, Appointments and the Governor's Residence.

At A Glance

The governor and lieutenant governor, along with their staff:

- ◆ Report to and represent over 5.2 million citizens of Minnesota
- ◆ Manage 24 cabinet-level executive departments and 59 non-cabinet level, executive branch agencies that are comprised of over 48,000 state employees (see <http://www.departmentresults.state.mn.us/>)
- ◆ Are responsible for the implementation of state laws.
- ◆ Develop a state budget of over \$56 billion every two years
- ◆ Consult with 201 state legislators during annual legislative sessions
- ◆ Appoint 1,300 citizens to 145 boards and commissions
- ◆ Appoint judges to the state's ten judicial districts, the Court of Appeals, and the Supreme Court
- ◆ Respond to more than 100,000 citizen calls and contacts, conduct hundreds of media interviews, attend scores of meetings, and travel thousands of miles to promote the state of Minnesota.

Budget

The office is funded through a direct appropriation from the general fund. Because state agencies have an interest in maintaining and supporting the functions of the Washington, D.C. office, the Governor's Office has agreements with 14 agencies who share in the costs of staffing and operating the D.C. office.

Contact

Office of the Governor
Chief of Staff or Director of Operations
130 State Capitol
75 Reverend Dr. Martin Luther King Jr. Boulevard
Saint Paul, Minnesota 55155
Phone: (651) 296-3391
Fax: (651) 296-2089

World Wide Web Home Page: www.governor.state.mn.us.

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	3,679	3,664	3,664	3,664	7,328
Recommended	3,679	3,664	3,484	3,484	6,968
Change		0	(180)	(180)	(360)
% Biennial Change from 2008-09					-5.1%
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	27	173	0	0	0
Direct Appropriations					
General	3,542	3,801	3,484	3,484	6,968
Statutory Appropriations					
Miscellaneous Special Revenue	381	383	390	390	780
Total	3,950	4,357	3,874	3,874	7,748
<u>Expenditures by Category</u>					
Total Compensation	3,184	3,351	3,135	3,134	6,269
Other Operating Expenses	766	1,006	739	740	1,479
Total	3,950	4,357	3,874	3,874	7,748
<u>Expenditures by Program</u>					
Governors Office	3,950	4,357	3,874	3,874	7,748
Total	3,950	4,357	3,874	3,874	7,748
Full-Time Equivalent (FTE)	38.7	38.7	38.1	38.1	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
<i>Fund: GENERAL</i>				
FY 2009 Appropriations	3,664	3,664	3,664	7,328
Technical Adjustments				
Current Law Base Change		37	37	74
Subtotal - Forecast Base	3,664	3,701	3,701	7,402
Change Items				
In Lieu of Rent Allocation	0	(32)	(32)	(64)
Operating Budget Reduction	0	(185)	(185)	(370)
Total Governor's Recommendations	3,664	3,484	3,484	6,968
<i>Fund: MISCELLANEOUS SPECIAL REVENUE</i>				
Planned Statutory Spending	556	390	390	780
Total Governor's Recommendations	556	390	390	780

GOVERNORS OFFICE

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(185)	\$(185)	\$(185)	\$(185)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(185)	\$(185)	\$(185)	\$(185)

Recommendation

The Governor recommends reductions of \$185,000 in FY 2010 and \$185,000 in FY 2011 to the general fund operating budget for the Governor's Office. These reductions are necessary to balance budgets in these funds. They are in addition to the \$32 thousand reduction in the Governor's Office budget each year to offset the *in lieu of rent* appropriation to the Department of Administration.

Background

The proposed budget reduction will be achieved through savings in salaries and operating expenses. Funding for the FY 2010-11 biennium will be used to focus on providing support for Governor Pawlenty and providing information to the public and the Legislature, developing biennial budgets, public policy development, and other official duties.

Relationship to Base Budget

This proposal represents a 5% reduction from the agency's forecast base and is consistent with the recommendations for other constitutional officers and the legislature.

Statutory Change: Not Applicable

GOVERNORS OFFICE

Change Item: In Lieu of Rent Allocation

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(32)	\$(32)	\$(32)	\$(32)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(32)	\$(32)	\$(32)	\$(32)

Recommendation

The Governor recommends a \$32,000 reduction in FY 2010 and \$32,000 in FY 2011 to offset an increase in the *in lieu of rent* appropriation to the Department of Administration. Allocating offsets to tenant agencies' budgets ensures that the cost of maintaining the space is borne by the agencies that benefit from the service.

Background

The *in lieu of rent* amount is appropriated to the Department of Administration each year from the general fund to pay for plant management costs associated with the office space in the State Office Building, the Capitol Building, the Governor's Residence, and in other ceremonial and statutorily free space. The plant management costs include salaries and benefits for plant management workers, repairs and maintenance, supplies, utilities, depreciation, and bond interest. Other executive branch agencies pay a lease rate to the Department of Administration based upon the cost of maintaining the space per square foot for similar services. While other agencies' lease rates have increased over time, there has been no comparable increase to the *in lieu of rent* appropriation since 2004.

In order to provide a \$500,000 increase to the Department of Administration each fiscal year for *in lieu of rent*, and to minimize fiscal impact to the general fund, offset amounts were allocated to the Legislature, the Historical Society, and the Governor's office. Allocations were made based upon the amount of square footage occupied by each governmental unit. In addition, two-thirds of the cost of the ceremonial space was allocated to the Legislature and one-third was allocated to the Governor's office.

Please refer to the Governor's recommendation in the Department of Administration's budget for more detailed information about this change item.

Relationship to Base Budget

This proposal represents a base level reduction of less than 1% to the biennial general fund forecast base budget \$7.402 million. When added to the recommended operating reduction, the total recommended general fund reduction is \$434,000 or 5.9% of the forecast base.

Statutory Change: Not Applicable

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm.		Biennium 2010-11
			FY2010	FY2011	
<i>Non Dedicated Revenue:</i>					
Total Non-Dedicated Receipts	0	0	0	0	0
<i>Dedicated Receipts:</i>					
Total Receipts and Transfers in from Agencies*	381	383	390	390	780
Total Dedicated Receipts	381	383	390	390	780
Agency Total Revenue	381	383	390	390	780

*The Governor's Office staffs a Federal Affairs Office in Washington, D.C. that advocates at the federal level on behalf of state agencies. Fourteen of the agencies benefitting from the Washington, DC office contribute funds for its operations. Agencies pay either through transfers or direct contributions. The payment source at each agency may be different and may vary over time.