

# Minnesota Biennial Budget

FY 2012 - 2013



2012 - 2013

## *Governor's Budget Recommendation*

*Presented by  
Governor Mark Dayton  
To the 87th Legislature  
February 15, 2011*

*Volume I  
(A - G)*

# FY 2012 – 2013 Governor's Budget Recommendations

## Volume 1

Recommendations for the following agencies:

- Accountancy, Board of
- Administration, Department of
- Administrative Hearings Office
- Agricultural Utilization Research Institute (AURI)
- Agriculture, Department of
- Amateur Sports Commission
- Animal Health, Board of
- Architecture, Engineering, Board of
- Arts Board
- Asian-Pacific Minnesotans Council
- Attorney General
- Barber Examiners Board
- Behavioral Health & Therapy Board
- Black Minnesotans Council
- Campaign Finance & Public Disclosure Board
- Capitol Area Architectural Planning Board
- Chicano Latino Affairs Council
- Chiropractic, Board of
- Combative Sports Commission
- Commerce, Department of
- Corrections, Department of
- Cosmetologist Examiners Board
- Court of Appeals
- Dentistry, Board of
- Dietetic & Nutrition Practice Board
- Disability Council
- Education, Department of (K-12)
- Emergency Medical Services Regulatory Board
- Employment & Economic Development, Department of
- Explore Minnesota Tourism
- Gambling Control Board
- Governor's Office
- Guardian Ad Litem Board

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**Agency Purpose**

The Board of Accountancy's (Board) mission is to protect the public by providing reasonable assurance that the persons engaged in public accounting meet and maintain the qualifications and standards required to competently practice public accounting in the state of Minnesota.

M.S. Chapter 326A provides the Board with authority to regulate persons engaged in public accounting for the purpose of public protection.

**At a Glance**

Following are the basic services offered by the Board on an annual basis.

**Credentialing Services**

- License over 17,000 CPAs and registered accounting professionals.
- License almost 2,000 firms or sole proprietor firms.
- Expect that 3,400 applications will sit for the certified public accountants (CPA) exam.

**Discipline/Enforcement Services**

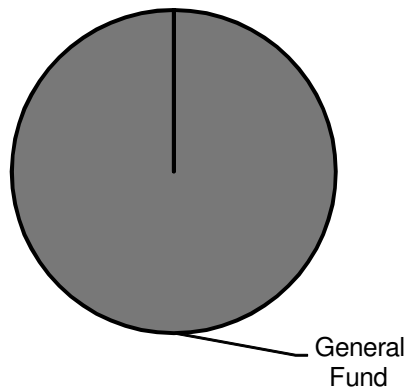
- Investigate over 400 complaints of violation of the law.
- Resolve over 400 disciplinary actions and issue orders based on Board's authorized disciplinary actions.

**Education Services**

- Public outreach and audit of continuing education requirements.

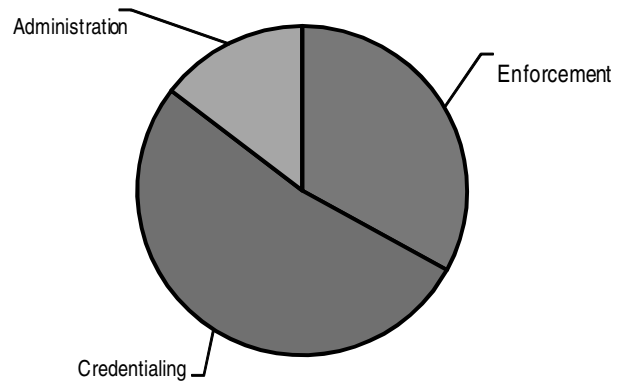
In addition, the Board has a General Fund, biennial budget of approximately \$1 million which is recovered through license and application fees. The Board has a staff of four full-time equivalent employees.

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Service**



Source: Board of Accountancy estimate based on employee workload.

## Strategies

The Board's tasks are guided by four primary principals:

- Responsibility for public protection will be fulfilled with respect for due process and adherence to laws.
- Customer services will be delivered in a responsive, respectful and timely manner.
- Government services will be easily accessible, timely in content and secure.
- Business functions will be delivered with accountability, efficiency, maximization of technology and willingness.

## Operations

The Board of Accountancy regulates the practice of public accounting by enforcing its rules and applicable laws to assure the public that the individuals practicing public accounting in Minnesota have the required education, competence and ethical character to practice public accounting. The Board collaborates with other organizations to facilitate the licensure and or reporting of violations for the CPA profession.

The Board investigates complaints and takes action against licensees who violate the practice act including removing individuals from practice when necessary. Public safety and transparency is enhanced by providing public access to information regarding the licensee status, discipline history, information on the complaint process, and how to file a complaint. The Board also promotes competent practice of public accountancy by interpreting the laws and rules related to the practice. The Board participates in outreach to educate the licensees and the public on the requirements of competent practice.

The Board interacts with, and provides services to, consumers, applicants, licensees, educational institutions, other state agencies and national information services and a national test service. The Board is comprised of seven certified public accountants (CPA) and two public members and is a national leader in the enforcement of the accountancy act. Information is disseminated by the web site, participating in statewide initiatives and participating in public presentation and speeches.

The Department of Commerce provides 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 2010, the Board's statutes were updated to coincide with changes to the Uniform Accountancy Act and to enhance mobility for Minnesota CPA's.

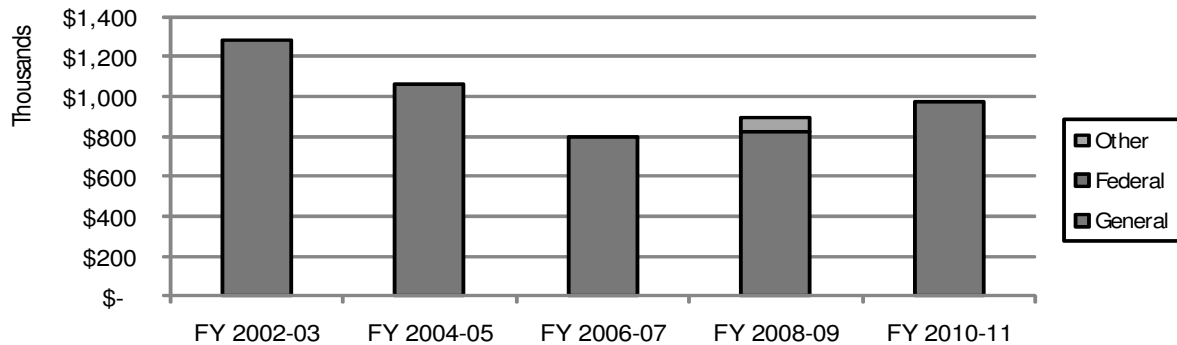
The board's biennial appropriation for FY 2010-11 is just over \$1.0 million. This funding comes from a direct appropriation from the state's General Fund. The Board is expected to recover in excess of \$2.25 million for the general fund in that same timeframe through the collection of fees for credentialing, disciplinary action, and examinations.

## Key Activity Goals & Measures

- The Board increased utilization of online renewal services in the past fiscal year by 7%, bringing the total to 77%. Applications and information are also on-line.
- Licenses are issued within 48 hours of an applicant meeting all requirements.
- All disciplinary data is reported to the National Council and to public within 48 hours after issuance.

**Budget Trends Section**

**Total Expenditures by Fund**



*\* FY 2010-11 is estimated, not actual*

*Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/09/10.*

**External Factors Impacting the Board** - The lack of growth in the economy has kept the amount of new applications and renewals at a stable level. There has been no noticeable change in the volume of enforcement actions.

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<http://www.boa.state.mn.us/Licensing/>

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	490	480	480	480	960
<b>Recommended</b>	<b>490</b>	<b>480</b>	<b>630</b>	<b>480</b>	<b>1,110</b>
Change		0	150	0	150
% Biennial Change from 2010-11					14.4%
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	387	583	630	480	1,110
<b>Total</b>	<b>387</b>	<b>583</b>	<b>630</b>	<b>480</b>	<b>1,110</b>
 <b><u>Expenditures by Category</u></b>					
Total Compensation	276	315	315	315	630
Other Operating Expenses	111	268	315	165	480
<b>Total</b>	<b>387</b>	<b>583</b>	<b>630</b>	<b>480</b>	<b>1,110</b>
 <b><u>Expenditures by Program</u></b>					
Accountancy	387	583	630	480	1,110
<b>Total</b>	<b>387</b>	<b>583</b>	<b>630</b>	<b>480</b>	<b>1,110</b>
 <b>Full-Time Equivalents (FTE)</b>	 <b>4.1</b>	 <b>4.1</b>	 <b>4.1</b>	 <b>4.1</b>	

**ACCOUNTANCY BOARD**

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b>Fund: GENERAL</b>				
<b>FY 2011 Appropriations</b>	480	480	480	960
<b>Subtotal - Forecast Base</b>	480	480	480	960
<b>Change Items</b>				
E-Licensing Adaptor Work	0	150	0	150
<b>Total Governor's Recommendations</b>	480	630	480	1,110



# ACCOUNTANCY BOARD

Change Item: E-Licensing Adaptor Work

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$150	\$0	\$0	\$0
Net Fiscal Impact	\$150	\$0	\$0	\$0

## Recommendation

The Governor recommends a one-time increase of \$150,000 in FY 2012 to fund the electronic connection to link the existing Boards data and web based services to the e-Licensing centralized one stop shopping.

## Rationale

E-licensing is one of the six initial *Drive to Excellence* projects launched in 2005. The e-Licensing calls for the creation of a one-stop online shop for business and professional licenses.

Without the additional funds the Board will not be able to complete the implementation of e-Licensing due to the costs associated with adapter integration development. The Board's current licensing system programming will be adapted to allow for transmission of data between it and the e-Licensing solution of Versa Gateway via web services.

The completion of this Versa Gateway Integration with the Board's licensing system will provide an additional level of security to our data, eliminate redundant data entry and enhance customer service.

## Key Goals and Measures

The Board will migrate to the e-Licensing system by the end of FY 2013.

## Technology Funding Detail

(Dollars in thousands)

Funding Distribution	FY 2012-13 Biennium		FY 2014-15 Biennium		FY 2016-17 Biennium	
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Personnel						
Supplies						
Hardware						
Software						
Facilities						
Services	\$150					
Training						
Grants						
<b>TOTAL</b>	<b>\$150</b>					

**Statutory Change:** Not Applicable.

**ACCOUNTANCY BOARD**

Agency Revenue Summary

*Dollars in Thousands*

	<b>Actual FY2010</b>	<b>Budgeted FY2011</b>	<b>Governor's Recomm. FY2012   FY2013</b>		<b>Biennium 2012-13</b>
<b><u>Non Dedicated Revenue:</u></b>					
<b>Departmental Earnings:</b>					
General	1,412	860	860	860	1,720
<b>Total Non-Dedicated Receipts</b>	<b>1,412</b>	<b>860</b>	<b>860</b>	<b>860</b>	<b>1,720</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Total Dedicated Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Agency Total Revenue</b>					
	<b>1,412</b>	<b>860</b>	<b>860</b>	<b>860</b>	<b>1,720</b>

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**Agency Purpose**

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

**At a Glance**

**Facilities management services**

- 4.4 million square feet of space cleaned, repaired, and maintained
- 22 facilities involved in improving energy efficiency
- 18 million pieces of mail processed

**Procurement services**

- \$2.1 billion in state purchases annually
- Approximately 1,500 goods and services contracts negotiated and managed
- Over 900 local government and other eligible members in Cooperative Purchasing Venture
- 46 states are members of Minnesota's pharmaceutical and medical supply purchasing cooperative

**Government-to-government services**

- \$12 billion in property and 13,400 vehicles insured
- 60,000 employees served through workers' compensation program
- 145 rapid improvement events at 18 agencies
- \$18.4 million in state agency surplus goods sold
- 15 small agencies, boards, and commissions served by SmART
- 92 development projects reviewed for archaeological significance

**Construction and space leasing services**

- 400-plus building projects and \$166 million in capital appropriations under management
- Over 3.6 million square feet of non-state space leased
- Provides guidance to ensure state-funded capital improvements achieve sustainability objectives

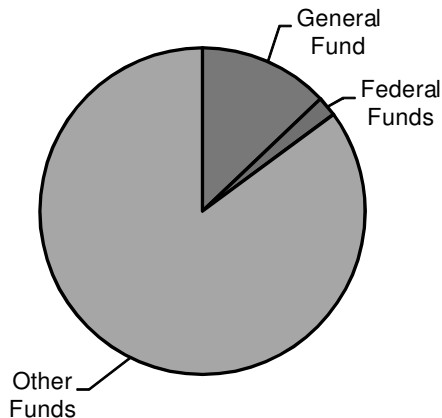
**Government management services**

- 17% of state agency motor fuel purchases are E85
- 14% decline in energy consumption in two years at 17 state-owned buildings
- 31% lower workers' compensation costs for state employees compared to other employers
- 98% of labor grievances resolved before arbitration

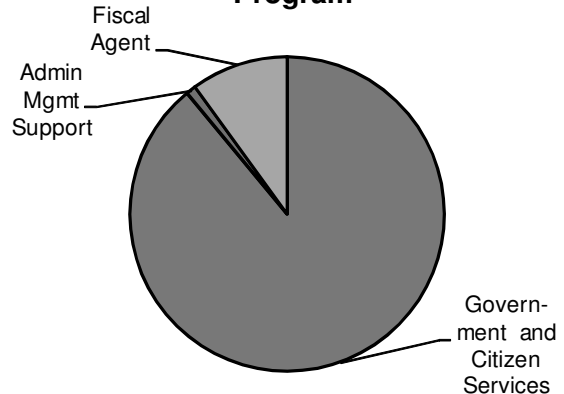
**Citizen services**

- Second-highest Census 2010 state response rate
- 25 cabinet-level agencies report goals, measures, performance at [www.accountability.state.mn.us](http://www.accountability.state.mn.us)
- 578 Capitol-area public rallies and other events
- 789 Minnesota graduates of Partners in Policymaking leadership training program
- 1,146 assistive technology devices loaned to citizens through five non-profit partnerships

**Est. FY 2010-11 Expenditures by Fund**



**Est. FY 2010-11 Expenditures by Program**



Source data is the Minnesota Accounting and Procurement System (MAPS) FY 2010 expenditures and encumbrances as of 8-20-10. FY 2011 is based on current budget as of 8-20-2010.

Source data is the Minnesota Accounting and Procurement System (MAPS) FY 2010 expenditures and encumbrances as of 8-20-10. FY 2011 is based on current budget as of 8-20-2010.

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.

Although the agency primarily serves other state agencies, some activities serve many other populations as well. For example, Materials Management Division assists local governments, the education community, and other states to achieve best value in the procurement of goods and services. The Developmental Disabilities Council and the System of Technology to Achieve Results (STAR) Program assist government and the public by working to ensure that persons with disabilities are fully engaged in society. The Minnesota Geospatial Information Office coordinates the development, implementation, support, and use of geospatial information technology among state agencies; between the state and other units of government; and among non-government stakeholders.

## Strategies

The agency's primary strategies are to:

- Ensure the wise use, allocation, and maintenance of existing structures and make sustainable investments in new facilities that support the mission and service delivery of the agencies we serve;
- Conserve natural and economic resources through the wise use of energy, sustainable design, and environmentally responsible purchasing;
- Offer customers sound policy and organizational advice, based on well-grounded research and experience, for better state decision-making;
- Build and sustain a continuous improvement culture in the delivery of government services; and
- Manage the state's procurement process to achieve enterprise-wide economies of scale.

## Operations

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

### Government and Citizen Services

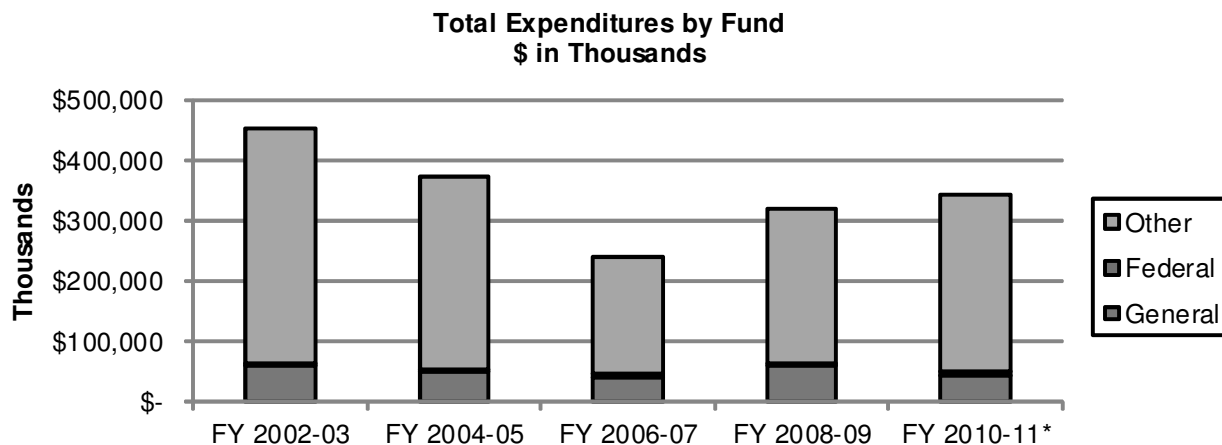
- The **Developmental Disabilities Council** seeks to assure that people with developmental disabilities receive necessary services and support for achieving increased independence, productivity, integration, and inclusion into the community.
- The **Environmental Quality Board** develops policy and reviews proposed projects that could significantly affect the environment. In addition, staffing and administrative support are provided to the board.
- **Fleet and Surplus Services** provides fleet management services to state agencies, including long-term vehicle leasing, maintenance support, fuel, and insurance. The division also assists in the acquisition, storage, disposal, and reuse of federal, state, and local surplus government goods.
- **Information Policy Analysis Division** advances understanding of and compliance with the Minnesota Government Data Practices Act, the Open Meeting Law, and other government-information policy laws.
- **Materials Management Division** acquires goods and services via methods that ensure the best value for the state's dollars and that conform to the highest ethical standards of public procurement. The division facilitates and oversees an average of \$2.1 billion in state agency purchases annually and administers three statewide and/or national cooperative purchasing programs.
- The **Minnesota Geospatial Information Office** (MnGeo) provides leadership and coordination for the effective use of geographic information and technology tools and systems across the state enterprise.
- The **Office of Enterprise Continuous Improvement** provides enterprise-wide expertise and training for improving organizational performance and results in state government agencies.
- The **Office of Grants Management** is responsible for standardizing, streamlining, and improving statewide grant-making practices and for increasing public access to information about state grant opportunities.
- The **Office of State Archaeologist** helps manage the state's archaeological resources, sponsors, conducts, and directs research into prehistoric and historic archaeology, and enforces laws concerning archaeological sites.

- **Plant Management Division** maintains 4.4 million square feet of space in 22 state-owned facilities, ensures the efficient use of energy in these facilities, works to reduce disposed waste, provides grounds maintenance, mail processing, and delivery services; manages parking services for employees and visitors in the Capitol complex; and operates Minnesota’s Bookstore.
- **Real Estate and Construction Services** manages state remodeling and construction projects; ensures the sustainable design, construction, and operation of state facilities; and designs, acquires, leases, and disposes of office and other space.
- **Risk Management Division** operates the state’s insurance program and manages the state workers’ compensation and safety programs.
- The **Small Agency Resource Team (SmART)** delivers consolidated and streamlined human resources and financial management services to small state agencies, boards, and councils.
- The **State Demographer’s Office** estimates, forecasts, and investigates changes in the state’s population, analyzes census data, and distributes information. Serves as Minnesota’s liaison to the U.S. Census Bureau.
- The **STAR Program** helps people of all ages with disabilities gain access to and acquire assistive technology that will maintain, improve, or increase their functional capabilities at home, school, and work.

**Admin Management Services**

- **Executive Support** provides leadership, communications, legislative, emergency preparedness planning and support, and data practices compliance services for the agency.
- **Financial Management and Reporting Division** provides financial management support, coordinates agency internal control activities, and performs fiscal agent functions.
- **Human Resources Division** provides training, safety, and personnel services to employees; administers labor agreements; and is responsible for agency payroll and employee benefit services.

**Budget Trends**



Source data is the Minnesota Accounting and Procurement System (MAPS) expenditures as of 8-20-10 for FY 2002-09. FY 2010 is based on MAPS expenditures and encumbrances as of 8-20-10. FY 2011 is based on current budget as of 8-20-2010 less the lease rate savings reduction.

**Contact**

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 Website: <http://www.admin.state.mn.us>  
 Strategic Plan: [http://www.admin.state.mn.us/admin\\_strategicplan.html](http://www.admin.state.mn.us/admin_strategicplan.html)  
 Department Results: <http://www.accountability.state.mn.us/Departments/Administration/>

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	21,638	20,864	20,864	20,864	41,728
<b>Recommended</b>	<b>21,638</b>	<b>20,864</b>	<b>20,105</b>	<b>19,990</b>	<b>40,095</b>
Change		0	(759)	(874)	(1,633)
% Biennial Change from 2010-11					-5.7%
<b>Miscellaneous Special Revenue</b>					
Current Appropriation	250	0	0	0	0
<b>Recommended</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	0	0	0
% Biennial Change from 2010-11					-100%
<b>Arts And Cultural Heritage</b>					
Current Appropriation	6,500	7,900	7,900	7,900	15,800
<b>Recommended</b>	<b>6,500</b>	<b>7,900</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	(7,900)	(7,900)	(15,800)
% Biennial Change from 2010-11					-100%
<b><u>Expenditures by Fund</u></b>					
<b>Carry Forward</b>					
General	279	561	10	0	10
<b>Direct Appropriations</b>					
General	20,428	21,291	20,105	19,990	40,095
Miscellaneous Special Revenue	0	250	0	0	0
Arts And Cultural Heritage	6,305	7,831	0	0	0
Clean Water	0	70	70	0	70
<b>Open Appropriations</b>					
General	842	2,468	1,942	1,990	3,932
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	37,741	46,881	42,486	43,950	86,436
Federal	1,849	1,810	1,581	1,507	3,088
Federal Stimulus	216	2,751	4,237	0	4,237
Risk Management	10,347	12,482	12,866	13,155	26,021
Gift	67	3	0	0	0
Plant Management	43,753	48,396	46,454	47,758	94,212
Documents And Publications	1,227	1,374	1,362	1,391	2,753
Central Motor Pool	14,729	16,795	17,499	18,344	35,843
Central Stores	2,811	1,017	0	0	0
Materials Distribution	11,318	13,771	14,564	14,942	29,506
Central Mailing	9,102	8,878	9,114	9,411	18,525
<b>Total</b>	<b>161,014</b>	<b>186,629</b>	<b>172,290</b>	<b>172,438</b>	<b>344,728</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	33,051	34,609	33,625	34,521	68,146
Other Operating Expenses	97,935	119,253	115,779	114,733	230,512
Capital Outlay & Real Property	1,088	390	85	75	160
Local Assistance	8,923	10,328	2,431	2,429	4,860
Other Financial Transactions	20,017	22,049	20,705	21,015	41,720
Transfers	0	0	(335)	(335)	(670)
<b>Total</b>	<b>161,014</b>	<b>186,629</b>	<b>172,290</b>	<b>172,438</b>	<b>344,728</b>
<b><u>Expenditures by Program</u></b>					
Govt And Citizen Services	142,855	167,033	160,482	160,630	321,112
Administrative Mgmt Services	1,526	1,905	1,718	1,718	3,436
Fiscal Agent	16,633	17,691	10,090	10,090	20,180
<b>Total</b>	<b>161,014</b>	<b>186,629</b>	<b>172,290</b>	<b>172,438</b>	<b>344,728</b>



	<i>Dollars in Thousands</i>				
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<i>Full-Time Equivalents (FTE)</i>	480.7	489.7	476.6	478.0	

**ADMINISTRATION DEPT**

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b>Fund: GENERAL</b>				
<b>FY 2011 Appropriations</b>	20,864	20,864	20,864	41,728
<b>Technical Adjustments</b>				
Biennial Appropriations		66	66	132
Current Law Base Change		(31)	(31)	(62)
Operating Budget Reduction		(269)	(269)	(538)
Transfers Between Agencies		(119)	(119)	(238)
<b>Subtotal - Forecast Base</b>	20,864	20,511	20,511	41,022
<b>Change Items</b>				
Increase in SmART Funding	0	145	145	290
Operating Budget Reductions	0	0	(115)	(115)
Transfer Env Quality Bd to MPCA	0	(551)	(551)	(1,102)
<b>Total Governor's Recommendations</b>	20,864	20,105	19,990	40,095
<b>Fund: MISCELLANEOUS SPECIAL REVENUE</b>				
<b>FY 2011 Appropriations</b>	0	0	0	0
<b>Subtotal - Forecast Base</b>	0	0	0	0
<b>Total Governor's Recommendations</b>	0	0	0	0
<b>Fund: ARTS AND CULTURAL HERITAGE</b>				
<b>FY 2011 Appropriations</b>	7,900	7,900	7,900	15,800
<b>Technical Adjustments</b>				
One-time Appropriations		(7,900)	(7,900)	(15,800)
<b>Subtotal - Forecast Base</b>	7,900	0	0	0
<b>Total Governor's Recommendations</b>	7,900	0	0	0
<b>Fund: GENERAL</b>				
<b>Planned Open Spending</b>	2,468	1,942	1,990	3,932
<b>Total Governor's Recommendations</b>	2,468	1,942	1,990	3,932

**ADMINISTRATION DEPT**

Change Summary

	<i>Dollars in Thousands</i>			
	FY2011	Governor's Recomm. FY2012	FY2013	Biennium 2012-13
<b>Fund: GENERAL</b>				
Planned Statutory Spending	561	10	0	10
Total Governor's Recommendations	561	10	0	10
<b>Fund: MISCELLANEOUS SPECIAL REVENUE</b>				
Planned Statutory Spending	46,881	42,486	43,950	86,436
Total Governor's Recommendations	46,881	42,486	43,950	86,436
<b>Fund: FEDERAL</b>				
Planned Statutory Spending	1,810	1,581	1,507	3,088
Total Governor's Recommendations	1,810	1,581	1,507	3,088
<b>Fund: FEDERAL STIMULUS</b>				
Planned Statutory Spending	2,751	4,237	0	4,237
Total Governor's Recommendations	2,751	4,237	0	4,237
<b>Fund: RISK MANAGEMENT</b>				
Planned Statutory Spending	12,482	12,866	13,155	26,021
Total Governor's Recommendations	12,482	12,866	13,155	26,021
<b>Fund: GIFT</b>				
Planned Statutory Spending	3	0	0	0
Total Governor's Recommendations	3	0	0	0
<b>Fund: PLANT MANAGEMENT</b>				
Planned Statutory Spending	48,396	46,454	47,758	94,212
Total Governor's Recommendations	48,396	46,454	47,758	94,212
<b>Fund: DOCUMENTS AND PUBLICATIONS</b>				
Planned Statutory Spending	1,374	1,362	1,391	2,753
Total Governor's Recommendations	1,374	1,362	1,391	2,753
<b>Fund: CENTRAL MOTOR POOL</b>				
Planned Statutory Spending	16,795	17,499	18,344	35,843
Total Governor's Recommendations	16,795	17,499	18,344	35,843
<b>Fund: CENTRAL STORES</b>				
Planned Statutory Spending	1,017	0	0	0
Total Governor's Recommendations	1,017	0	0	0
<b>Fund: MATERIALS DISTRIBUTION</b>				
Planned Statutory Spending	13,771	14,564	14,942	29,506
Total Governor's Recommendations	13,771	14,564	14,942	29,506
<b>Fund: CENTRAL MAILING</b>				
Planned Statutory Spending	8,878	9,114	9,411	18,525
Total Governor's Recommendations	8,878	9,114	9,411	18,525

## ADMINISTRATION DEPT

### Change Item: Increase in SmART Funding

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$145	\$145	\$145	\$145
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 2012 and \$145,000 in FY 2013 to deliver consolidated and streamlined human resources and financial management services to additional small agencies, boards, and councils as resources permit. SmART's personnel strive to learn and understand the business needs of the groups they serve, enhancing opportunities for providing leadership and guidance. SmART provides sound policy advice, enabling effective informed decision-making by the small agencies, boards, and councils it serves.

#### Rationale

SmART received initial funding in FY 2008 (\$250,000 per year) to provide human resources and financial services to a select number of state 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 activities and need assistance understanding state policies and procedures and fulfilling legal requirements. Services provided include: payroll; vacancy filling; classification; benefit administration; Family Medical Leave Act administration; labor relations; labor contract advice; training; purchasing; payment processing; cash receipts; employee expense reimbursement; expenditure corrections; expense transfers; financial report distribution and review assistance; 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 the needs of small agencies, boards and councils; and
- the opportunity for customers served to leverage SmART services to improve their operations and business discipline

To facilitate a smooth transition, Admin partners with Minnesota Management & Budget (MMB) and each agency that will be served. SmART meets with the agency and the MMB 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 available, the agency has 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, avoid adverse audit findings, and improve accountability.

This request supports funding for approximately one and a half staff plus associated costs such as rent, phone, and computer service. This funding is sufficient to provide assistance to the Tax Court, Amateur Sports Commission, and two or three additional agencies, depending on the size of each agency, as recommended by the administration.

#### 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 a proven shared services model. Minnesota Milestones also sets forth that *Government in Minnesota will be cost-effective, and services will be designed to meet the needs of the people who use them.* 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. 43A and in accordance with Generally Accepted Accounting Principles. Specific services, levels of service, and turnaround times are determined through service level agreements. Customer satisfaction, training opportunities, and purchasing turnaround time are measured to ensure a high level of service.

**Statutory Change:** Not Applicable

## ADMINISTRATION DEPT

Change Item: Transfer Environmental Quality Board to MPCA

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(551)	\$(551)	\$(551)	\$(551)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(551)	\$(551)	\$(551)	\$(551)

### Recommendation

The Governor recommends moving the support and administration of the Environmental Quality Board (EQB) from the Department of Administration (Admin) to the Minnesota Pollution Control Agency (MPCA). This move combines staff with environmental expertise into the same organization, thereby providing efficiencies and leveraging expertise. A portion of Admin's EQB general fund budget will be transferred to MPCA (\$151,000) and the remaining EQB general fund appropriation (\$400,000) will be eliminated.

### Rationale

The executive and legislative branches of government have historically sought ways to coordinate and foster strategic discussions of the environment. The EQB has had a longstanding environmental coordination role, yet the need exists to perform these functions more efficiently. In addition to transfer of the technical and administrative support of the EQB to the MPCA, the Governor recommends completing a report that recommends to the legislature by January 2012 the roles, responsibilities, and staffing of the EQB.

Transfer of existing EQB staff to the MPCA will provide the EQB with improved availability of environmental expertise, and capacity, including rulemaking, resulting in greater efficiency while preserving transparency. Bringing together the staffs improves service to local government units relating to environmental review, strengthens the technical expertise for water-related policy and plan development, and maintains legislators' and citizens' access to EQB Board members, environmental data, technical reports and information.

The MPCA and EQB staff will continue to work with other state agencies, local governmental units, environmental organizations and concerned citizens. The EQB staff will transfer to the MPCA effective in FY 2012 bringing valuable expertise, understanding, and relationships to the MPCA. The MPCA will fully incorporate the work of the EQB and provide staff with enhanced resources, tools, leadership and connections to achieve the goals common to the state, the EQB, and the MPCA. The MPCA remains committed to ensuring that ongoing assistance and advice is offered to local governmental units as EQB staff currently does.

### Key Goals and Measures

This change item will result in a continued focus on the water quality of Minnesota's lakes, rivers and streams, and groundwater. With its experience working with multiple state agencies on water initiatives, the EQB will:

- allow for heightened activity to keep these issues at the forefront of the environment agenda;
- engage more state citizens in developing strategies related to state water resources; and
- lead discussions needed to determine future environmental policy.

Additionally, as the EQB is more fully integrated into the MPCA, other environmental issues of concern will likely encompass its focus.

**Statutory Change:** M.S. 116C.03

## ADMINISTRATION DEPT

### Change Item: Operating Budget Reductions

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$(115)	\$(115)	\$(115)
Revenues	\$0	0	0	0
Other Fund				
Expenditures	\$(126)	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(126)	\$(115)	\$(115)	\$(115)

### Recommendation

The Governor recommends transfers to the general fund of \$126,000 (with corresponding reductions from other funds) in FY 2012, and reductions of \$115,000 in FY 2013 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.

### Rationale

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 is less than five percent of the agency's 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; 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.

**Reduce Demography's Census Funding (\$70,000 per year beginning in FY 2013).** This reduction, effective in FY 2013, reduces funding for activities related to the decennial census. Continued funding at the reduced amount (\$100,000 annually), will allow Demography to continue redistricting assistance, liaison with federal census and local government officials, and perform other census activities.

**Reduce Enterprise Real Property Funding (\$45,000 per year beginning in FY 2013).** This reduction, effective in FY 2013, reduces funding for operating and support of the enterprise real property system. Three modules (space, building operations, and facility assessment) have been integrated in the enterprise real property system and are available for use by state agencies. Three remaining modules (move/add, fixed assets, and project management) require integration, which is anticipated to be completed in FY 2012. The reduced level of funding will allow for completion of development of the enterprise system. State agencies are in varying phases of implementation of the modules. Computer-aided design (CAD) drawings and other implementation work required of state agencies to utilize the modules is on-going. After development of the system is completed, the precise level of funding necessary to effectively maintain the enterprise system is unknown as there are several key decisions that will impact system operating and support costs. These potential cost drivers include: 1) possible interfaces with SWIFT to ensure exchange of information between the systems which will enhance both systems as well as limit duplicate data entry; 2) the data center co-location project is still in the planning phase and the enterprise real property system application requires it be housed in a Tier III facility. If costs for either of these two potential cost drivers are greater than the available budget, a delay could occur or Admin may need to seek funding from participating agencies.

**Transfer Resource Recovery Funds (\$80,000 in FY 2012).** As part of recent operating budget reductions, general fund support for Resource Recovery ended in FY 2010. Revenue was received in FY 2011 through the sale of equipment and recyclable materials. The Resource Recovery operations ended on September 3, 2010,

and remaining funds are no longer needed. This will transfer funds that were not used for recycling operations between July 1, 2010, and the close of operations.

**Transfer Funding from Office Supply Connections (OSC) (\$39,000 in FY 2012).** The office supply function transitioned to a new service model in which customers purchase directly from a contract vendor and a private, non-profit day training and habilitation provider licensed by the Department of Human Services. The new model includes cost savings for customers; easy-to-use catalog ordering and online tools for managing office supply purchases more efficiently; direct delivery; and increased employment opportunities for persons with disabilities. This will transfer remaining funds to the general fund.

**Reduce Savings Monitoring System (SMS) (\$7,000 in FY 2012).** The SMS monitored energy savings from interest free loans issued to implement energy efficiency improvements under M.S. 16B.32 subd. 2. State agencies that participated in the program repaid the loans based on energy savings over ten years or less. Funds were collected from the state agencies to pay the vendor that monitored the SMS. The current program is complete and other funding options are available to state agencies for financing energy savings. This will transfer remaining funds to the general fund.

**Statutory Change:** Not Applicable

## ADMINISTRATION DEPT

### Change Item: Enterprise Real Property Contributions

Fiscal Impact (\$000s)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
General Fund					
Expenditures	\$0	\$0	\$0	\$0	\$0
Revenues	0	0	0	0	0
Other Fund					
Expenditures	(399)	229	170	0	0
Revenues	0	0	0	0	0
Net Fiscal Impact	\$(399)	\$229	\$170	\$0	\$0

### Recommendation

The Governor recommends that Minnesota Laws of 2009, Chapter 101, Article 2, Section 106 be amended to provide for the use of funds through the FY 2012-13 biennium. The law sets forth that the commissioner of administration shall determine the amount to be contributed by each executive agency to maintain the enterprise real property technology system for the FY 2010-11 biennium. The 2009 authorization was for \$399,000. Continued use of these funds, combined with additional funding from state agencies, will ensure achievement of the objective to complete computer-aided design (CAD) drawings for state buildings by no later than the end of FY 2013.

### Rationale

Continued use of the available funds through the next biennium will allow the completion of CAD drawings for executive branch agencies participating in the enterprise real property project. This will maximize utilization of the enterprise system and provide agencies with information needed to manage their facilities.

Completed CAD drawings enable facility managers the ability to obtain accurate space calculations and allocations. Users can easily query the database for information such as area by agency, site, building, floor, and/or room. Queries also provide reports on vacancies, useable to gross square feet ratios, equipment maintenance and other space utilization information.

The enterprise real property technology system includes modules for:

- space management,
- building operations,
- move management,
- asset management,
- facility condition assessment, and
- project management.

CAD drawings are the foundation upon which the database is built. Facility management effectiveness is enhanced through the availability of CAD drawings and is a building block to a comprehensive enterprise system. If drawings are not completed and cataloged to enterprise standards, there is no way to assure that reports generated from the system are complete or accurate, and agencies without drawing data to work from will not be able to take advantage of some of the advanced modules such as building operations and asset management which offer the greatest opportunity for savings.

### Key Goals and Measures

Minnesota Milestones sets forth that *Government in Minnesota will be cost-effective, and services will be designed to meet the needs of the people who use them.* Maintaining an enterprise real property system for the state's real property is most cost-effective because it promotes more efficient use of capital, shifts the paradigm from reaction to preventative action, uses state-wide standards, leverages purchasing power, controls inventory, enhances productivity from automating manual procedures, and allows for future integration with energy management, emergency preparedness, and geographic information systems.

Approximately seven million square feet of CAD drawings need to be completed out of a total of 28.3 million square feet. The objective is to complete CAD drawings statewide for all state owned facilities by the end of FY 2013, subject to the availability of funding for this purpose. The performance measure is to complete four million square feet by the end of FY 2012 and three million square feet by the end of FY 2013. In addition to this request, it is anticipated that some agencies will be dedicating a portion of their operating budget to complete CAD drawings.

### Technology Funding Detail

- This is not a new funding proposal but will enhance the previously funded enterprise real property system.

**Statutory Change:** Laws of 2009, Chapter 101, Article 2, Section 106



**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 Disabilities Council
- Environmental Quality Board
- Fleet and Surplus Services
- Information Policy Analysis
- Materials Management Division
- Minnesota Geospatial Information Office
- Office of Enterprise Continuous Improvement
- Office of Grants Management
- 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

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	9,509	8,884	8,884	8,884	17,768
<b>Technical Adjustments</b>					
Current Law Base Change			(31)	(31)	(62)
Operating Budget Reduction			(31)	(31)	(62)
Transfers Between Agencies			(119)	(119)	(238)
Subtotal - Forecast Base	9,509	8,884	8,703	8,703	17,406
<b>Governor's Recommendations</b>					
Increase in SmART Funding		0	145	145	290
Operating Budget Reductions		0	0	(115)	(115)
Transfer Env Quality Bd to MPCA		0	(551)	(551)	(1,102)
<b>Total</b>	<b>9,509</b>	<b>8,884</b>	<b>8,297</b>	<b>8,182</b>	<b>16,479</b>
<b>Miscellaneous Special Revenue</b>					
Current Appropriation	250	0	0	0	0
Subtotal - Forecast Base	250	0	0	0	0
<b>Total</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Carry Forward</b>					
General	279	540	10	0	10
<b>Direct Appropriations</b>					
General	8,564	9,429	8,297	8,182	16,479
Miscellaneous Special Revenue	0	250	0	0	0
Arts And Cultural Heritage	23	121	0	0	0
Clean Water	0	70	70	0	70
<b>Open Appropriations</b>					
General	842	2,468	1,942	1,990	3,932
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	37,741	46,881	42,486	43,950	86,436
Federal	1,849	1,810	1,581	1,507	3,088
Federal Stimulus	216	2,751	4,237	0	4,237
Risk Management	10,347	12,482	12,866	13,155	26,021
Gift	54	0	0	0	0
Plant Management	43,753	48,396	46,454	47,758	94,212
Documents And Publications	1,227	1,374	1,362	1,391	2,753
Central Motor Pool	14,729	16,795	17,499	18,344	35,843
Central Stores	2,811	1,017	0	0	0
Materials Distribution	11,318	13,771	14,564	14,942	29,506
Central Mailing	9,102	8,878	9,114	9,411	18,525
<b>Total</b>	<b>142,855</b>	<b>167,033</b>	<b>160,482</b>	<b>160,630</b>	<b>321,112</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	31,714	33,255	32,280	33,169	65,449
Other Operating Expenses	89,410	110,587	107,248	106,209	213,457
Capital Outlay & Real Property	1,088	390	85	75	160
Local Assistance	626	752	499	497	996
Other Financial Transactions	20,017	22,049	20,705	21,015	41,720
Transfers	0	0	(335)	(335)	(670)
<b>Total</b>	<b>142,855</b>	<b>167,033</b>	<b>160,482</b>	<b>160,630</b>	<b>321,112</b>

# ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Program Summary

	<i>Dollars in Thousands</i>				
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><i>Expenditures by Activity</i></b>					
Developmental Disability Counc	1,082	1,375	1,099	1,099	2,198
Environmental Quality Board	520	584	0	0	0
Fleet And Surplus Services	15,822	17,998	18,889	19,805	38,694
Information Policy Analysis	470	478	473	473	946
Materials Management	14,964	15,741	15,116	15,423	30,539
Mn Geospatial Info Office	1,739	2,727	1,674	1,540	3,214
Office Of Enterprise Cont Impr	133	138	135	135	270
Office Of Grants Management	97	199	125	125	250
Office Of State Archaeologist	204	211	206	206	412
Plant Management	60,731	71,679	65,614	67,332	132,946
Real Estate And Constr Service	4,146	7,967	8,091	3,750	11,841
Risk Management	41,572	46,539	47,592	49,344	96,936
Smart	207	293	393	393	786
Star	501	484	482	482	964
State Demographer	667	620	593	523	1,116
<b>Total</b>	<b>142,855</b>	<b>167,033</b>	<b>160,482</b>	<b>160,630</b>	<b>321,112</b>
<b><i>Full-Time Equivalents (FTE)</i></b>	<b>461.8</b>	<b>470.5</b>	<b>457.9</b>	<b>459.6</b>	

**Activity at a Glance**

- More than 16,000 Partners in Policymaking program graduates nationally/internationally since 1987; including 789 graduates from Minnesota
- 738,787 publications distributed (print and downloads)
- A total of 273,212 unique website visitors
- More than 600 people with developmental disabilities employed in the area of digital imaging in public/private sector businesses
- 40 students learned document imaging skills
- 800 self advocates attended 49 training sessions on housing, transportation, employment, and leadership

**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 or family members of people with disabilities.

**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, or about 59,500 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 to and usable by 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 passed by the Minnesota Legislature calls on state government to promote the employment of people with developmental disabilities in scanning government records.
- Information and training sessions about the concept of document imaging, the capabilities of individuals with developmental disabilities to work in scanning/document imaging positions, and the scanning technology available are arranged with businesses and day programs throughout Minnesota.

**Communications and Training**

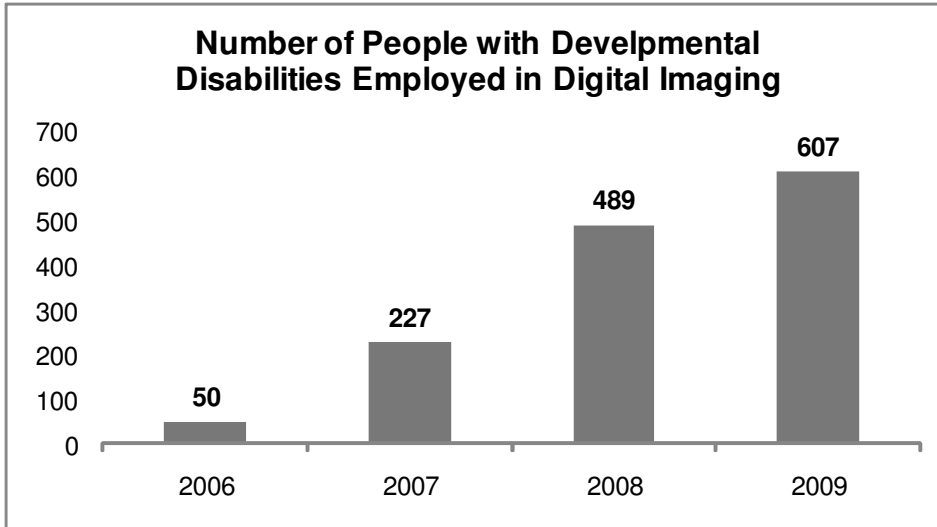
- Education/resource materials on best practices are available to citizens through print and web-based formats. GCDD and Partners in Policymaking websites are maintained and new products and services are added on an ongoing basis. The Partners curriculum was converted to e-learning modules and updates to each of the five courses are being made.

**Customer Focus and Quality Improvement**

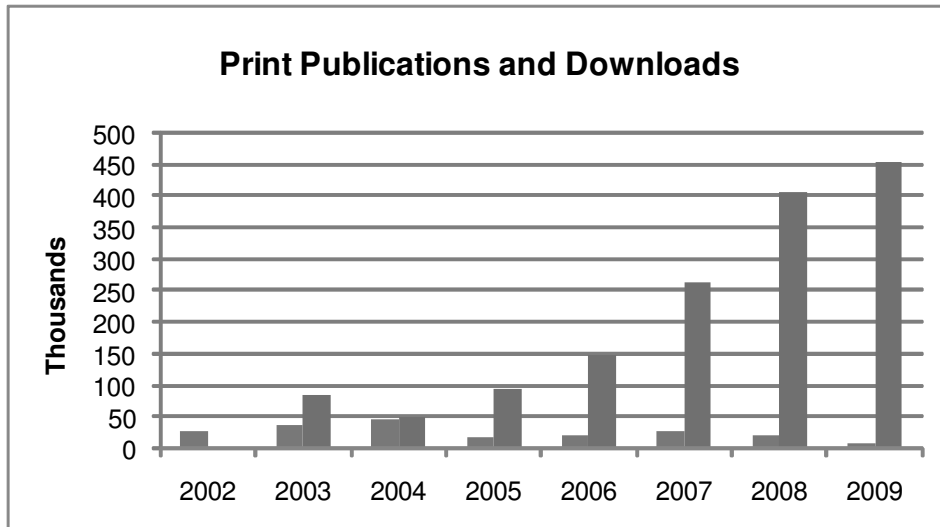
- Customer Research: Annual research studies are conducted on issues including the impact of the Americans with Disabilities Act on Minnesota businesses, use and benefits of information technologies on Minnesota households, and attitudinal changes of the general population about people with developmental disabilities during the past 45 years.
- Application of Malcolm Baldrige Quality Management Framework: Increases knowledge, understanding, and application of the Baldrige criteria to GCDD's business.

**Key Activity Goals & Measures**

**Minnesota Milestones Statewide Goals - All people will be welcomed, respected, and able to participate fully in Minnesota's communities and economy** (<http://server.admin.state.mn.us/mm/goal.html>) Goal 1) Employment/Document Imaging: This topic addresses Minnesota Milestones indicator 32: Employment of People with Disabilities. Over 600 people with developmental disabilities are working in document imaging jobs in public and private sector businesses that are using current technology to conserve space and preserve business records. Direct employment of people with developmental disabilities in a broad range of businesses, with pay at least at the minimum wage level, is a priority. **NOTE:** *Employment can be full time, part time, intermittent, or temporary.*



Goal 2) Information/Education/Training: Over 500,000 GCDD publications and documents will be distributed. 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 to the U.S. Department of Health and Human Services. The federal fiscal year (FFY) 2010 allocation was \$1,025,295. Level funding is anticipated for FFY 2011. A required 25% non-federal match is acquired through a state General Fund appropriation and in-kind contributions from grantees.

**Contact**

Director  
Phone: (651) 296-9964  
MN Relay (800) 627-3529 or 711  
Web sites: <http://www.mnddc.org>  
<http://www.partnersinpolicymaking.com>  
<http://www.mncdd.org>

**ADMINISTRATION DEPT**

**Program: GOVT AND CITIZEN SERVICES**

Activity: DEVELOPMENTAL DISABILITY COUNCIL

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	201	193	193	193	386
<b>Technical Adjustments</b>					
Transfers Between Agencies			(119)	(119)	(238)
Subtotal - Forecast Base	201	193	74	74	148
<b>Total</b>	<b>201</b>	<b>193</b>	<b>74</b>	<b>74</b>	<b>148</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	74	74	74	74	148
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	0	210	0	0	0
Federal	949	950	1,025	1,025	2,050
Federal Stimulus	59	141	0	0	0
<b>Total</b>	<b>1,082</b>	<b>1,375</b>	<b>1,099</b>	<b>1,099</b>	<b>2,198</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	246	214	289	289	578
Other Operating Expenses	338	524	415	415	830
Local Assistance	498	637	395	395	790
<b>Total</b>	<b>1,082</b>	<b>1,375</b>	<b>1,099</b>	<b>1,099</b>	<b>2,198</b>
<b>Full-Time Equivalents (FTE)</b>	<b>3.5</b>	<b>3.0</b>	<b>3.9</b>	<b>3.9</b>	

**Activity at a Glance**

In FY 2009 and 2010

- Rules revised to streamline and clarify environmental review in Minnesota
- Electronically published the *EQB Monitor* bi-weekly
- Addressed 1,525 calls for technical assistance
- Processed 22 citizen petitions, 180 environmental assessment worksheets, 27 alternative urban area wide reviews, and 36 environmental impact statements
- Adopted water resources report, addressing sustainability of state water supplies
- Developed an innovative Geographic Information System (GIS) web tool to help prospective water users evaluate impacts
- Contributed to four state reports on water sustainability
- Initiated collaborations to streamline state mandates for local land and water planning and assist local governments
- Convened a committee to identify future steps for fulfilling the board's environmental policy planning and coordination mandates.

**Activity Description**

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

- Administer the statewide environmental review program
- Coordinate state environmental policies and programs
- Develop the state water plan and water policy reports
- Study environmental issues
- Convene environmental congresses
- Advise the governor and the legislature

EQB staff is a unit within the Office of Geographic and Demographic Analysis.

**Population Served**

EQB serves executive branch agencies, the legislature, and Minnesota's citizens, focusing on those involved with or affected by development, and those interested in coordinated environmental policy and sustainable management of the state's natural resources.

**Services Provided**

EQB provides a public forum for discussing state environmental policies and decisions. EQB writes rules and provides guidance about the statewide environmental review program (M.S. 116D.04-.06), including 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. Chapter 116G), the study of 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**

The EQB was established in 1973 as the state's environmental coordinating body. Since then, it has undertaken a broad range of environmental studies, including Mississippi River barge fleetings, animal agriculture, forestry, urban development, copper-nickel mining, genetically modified organisms, land use management, water management, and sustainable development. Major changes to board programs occurred 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).

**Key Activity Goals & Measures****Minnesota Milestones Statewide Goals – Supports Environmental Cluster**

(<http://server.admin.state.mn.us/mm/goal.html>)

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.*

Goal 1) Improve the efficiency and effectiveness of environmental review for project proposers, responsible governmental units, and the general public.

Measure: Adoption of improved environmental review forms and guidance. The 2010 legislature mandated the Department of Natural Resources (DNR), Minnesota Pollution Control Agency (MPCA), and EQB periodically examine environmental review and customize forms used for certain types of projects. EQB staff and member agencies have initiated a comprehensive review of forms and guidance typically used in environmental review with the objective of improving efficiency and effectiveness.

Goal 2) Move toward sustainable water management.

Measure: Adoption and initial implementation of decadal state water plan in 2010. Together with the University of Minnesota's Water Sustainability Framework and Clean Water Council recommendations, this plan will articulate state agency directions for the coming decade.

Measure: Substantial progress toward development of a decision support system for the Minnesota River Basin. The EQB is coordinating nonfederal partners and co-leading a state-US Army Corps of Engineers project to identify opportunities to restore ecosystem and economic vitality and water quality in the basin.

Goal 3) Streamline mandates for local land and water planning and integrate assistance to local governments.

Measure: Implementation of measures that streamline local government implementation of state land and water planning requirements, provide assistance and foster local-state partnerships. The EQB has convened interagency working groups to study and recommend improvements.

Goal 4) Undertake and participate in important environmental policy strategic planning and coordination.

Measure: The number of environmental policy strategic planning and coordination efforts that the EQB leads, or in which it participates. The EQB has led major efforts in recent years and has convened a committee of EQB citizen members to identify future actions for continuing to fulfill EQB's mandates. In addition to EQB-led efforts, participation by EQB staff in efforts led by other agencies and entities helps ensure that environmental policy-making is coordinated, comprehensive, and properly considers long-term implications.

	<b>Efforts Led</b>	<b>EQB Participation</b>
FY 2006-07	7	14
FY 2008-09	5	17
FY 2010-11	9	15

**Activity Funding**

EQB programs are supported by a general fund appropriation.

**Contact**

Executive Director

Phone: (651) 201-2462

Web site: <http://www.eqb.state.mn.us>



**ADMINISTRATION DEPT**

**Program: GOVT AND CITIZEN SERVICES**

Activity: ENVIRONMENTAL QUALITY BOARD

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><i>Expenditures by Fund</i></b>					
<b><i>Direct Appropriations</i></b>					
General	520	584	0	0	0
<b>Total</b>	<b>520</b>	<b>584</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Expenditures by Category</i></b>					
Total Compensation	457	482	0	0	0
Other Operating Expenses	63	102	0	0	0
<b>Total</b>	<b>520</b>	<b>584</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Full-Time Equivalents (FTE)</i></b>	<b>4.8</b>	<b>4.9</b>	<b>0.0</b>	<b>0.0</b>	

**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 19 state agencies and numerous political subdivisions with fleet management planning, implementation, and ongoing review
- Implement enterprise-wide, cost effective, fleet management practices
- Provides assistance in the disposal of nearly \$20 million annually in surplus property

**Activity Description**

The Fleet and Surplus Services Division (FSS) supplies vehicles to state agencies and political subdivisions for use in the conduct of official business. Support services including maintenance, fuel, and insurance are also provided. FSS assists in the disposal and reuse of state, federal, and political subdivision 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 state agencies, political subdivisions, various nonprofit organizations, and the public.

**Services Provided**

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

- operates a long-term rental program providing a wide variety of passenger vehicles and light trucks
- assists state agencies in meeting the state and federal requirements for alternative fuel vehicle acquisition
- assists agencies in decreasing dependence on petroleum fuels
- monitors and adjusts leases to help customers realize best value from fleet equipment
- manages the disposal of state surplus property
- provides assistance in the re-use of government surplus items
- provides storage and handling services for state agencies

**Historical Perspective**

Fleet Services was established in 1961 to help state agencies effectively meet transportation needs. The program has evolved over the years to address more efficiently the changing needs of state government. Vehicle life cycles are monitored closely and tailored to best meet the work requirements of customers.

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. The FSP Program and State Surplus Property (SSP) Program were reorganized under one division in 1986 to maximize resources.

The Surplus Services unit merged with the Fleet Services unit in FY 2008 to become a single division within the Department of Administration (Admin). This co-location has provided opportunities to streamline operations and share support services.

**Key Activity Goals & Measures**

**Admin Goal – To provide our customers with valuable services, products, advice, and expertise**  
(<http://www.admin.state.mn.us/admin.html>)

Goal 1) Fleet Services provides state agencies with a complete vehicle package including acquisition, insurance, maintenance/repair, fuel, and disposal. This allows customers to focus on their governmental missions.

Measure: Fleet Services reviews the use patterns and corresponding life cycles for state agency leased vehicles and adjusts leases to better align vehicle use with assigned life cycle.

Measure: Fleet Services facilitates the move away from petroleum dependency by increasing the use of alternative fuels. State fleet use of E85 fuel has increased by approximately 780 percent from calendar year 2005 to 2010.

Goal 2) Surplus Services provides information and recommendations for the optimal method of disposal to obtain the greatest return while addressing environmental objectives.

## ADMINISTRATION DEPT

**Program: GOVT AND CITIZEN SERVICES**

**Activity: FLEET AND SURPLUS SERVICES**

Narrative

Measure: The Auction Program and Surplus Exchange Program return revenue to participating state agencies and political subdivisions (cities, counties, school districts, and others) to aid customers in replenishing equipment budgets.

Measure: Minnbid online auction software provides a public forum for state agencies and political subdivisions to sell their surplus items from their locations, avoiding time delays and transportation costs associated with transporting items to alternative locations.

### **Admin Goal – To reduce costs by working across government**

(<http://www.admin.state.mn.us/admin.html>)

Goal 1) The physical co-location of the new Fleet and Surplus Services Division enhances the efficient sale of used vehicles. Co-location allows vehicles to be offered for sale as soon as they are physically present at the combined site. Vehicle sales include online auctions and live auctions.

Measure: The average number of days that a vehicle is not in use/assigned to a customer is 30 days or less.

Goal 2) In the current economic climate, government organizations are turning more to Surplus Services for used equipment to meet their needs because purchasing new items may not be a viable option.

Measure: The Property Exchange Program provides a common forum for state agencies and political subdivisions to reuse surplus property.

Measure: The Surplus Store maintains an inventory of usable state and federal surplus property for redistribution to eligible organizations.

### **Activity Funding**

Fleet Services operates as an internal service fund that primarily provides services to state agencies. Surplus Services operates as an enterprise fund that provides services to a variety of customers. No money is appropriated to FSS from the state's general fund. Vehicle lease rates are calculated on an individual vehicle basis and take into account acquisition cost, fuel economy, and life cycle. This rate structure offers customers flexibility in managing vehicle expenses. As of 7-01-10, Fleet Services had eight full-time employees.

#### *General Fund Loans:*

General fund loans are used to refinance master lease loans so that the repayment schedules work within cash flow parameters. New vehicles are purchased 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, while reimbursement for the vehicle occurs over the life cycle of the vehicle. No general fund loans were used in FY 2010.

#### *Operating Losses/Increases in Retained Earnings:*

FY 2010 retained earnings increased due to lower than anticipated expenses. Retained earnings are used to improve cash flow and reduce the amount borrowed from the general fund.

#### *History of Rate Changes:*

<b>Fiscal Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Change</b>	3.5%	3.5%	0%	(3.0%)	(3.0%)

#### *Impact of Rate Changes:*

Assuming the same volume and mix of goods/services as in FY 2010, Fleet Services' customers will pay 3% less in FY 2011 than in FY 2010 because rates were reduced.

### **Contact**

Director

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

Narrative

**Fleet Services**  
**Internal Service Fund**  
**Fund Financial Statement**  
(Dollars in thousands)
**\* OPERATIONS DATA \***

	ACTUAL FY 2010	ESTIMATED FY 2011	PROJECTED FY 2012	PROJECTED FY 2013
OPERATING REVENUES:				
NET SALES	13,840	14,699	15,901	16,341
LESS: COST OF SALES				
GROSS PROFIT ON SALES	13,840	14,699	15,901	16,341
OTHER REVENUE				
NET REVENUES	13,840	14,699	15,901	16,341
LESS: OPERATING EXPENSES:				
SALARIES	645	656	767	787
SUPPLIES & EXPENSES	6,758	8,636	8,797	9,022
INDIRECT COSTS	331	435	435	435
AMORTIZATION & DEPRECIATION	4,898	5,458	5,488	5,518
TOTAL OPERATING EXPENSES	12,632	15,185	15,487	15,762
OPERATING INCOME (LOSS)	1,209	(486)	414	579
NON-OPERATING REVENUES (EXPENSES)	114	(210)	(50)	(50)
NET INCOME (LOSS)	1,322	(696)	364	529
BEGINNING RETAINED EARNINGS	8,330	9,618	8,922	9,286
PRIOR PERIOD ADJUSTMENT	(34)	0	0	0
ENDING RETAINED EARNINGS	9,618	8,922	9,286	9,815
RATE INCREASE/(DECREASE):	-3.00%	-3.00%	3.50%	3.50%
FTE	7.5	9.4	10.2	10.2
<b>Expenditure Reconciliation to BBS</b>				
Operating Expenses			15,487	15,762
Less amortization & depreciation (non cash)			(5,488)	(5,518)
Plus interest expense and purchase of vehicles and capital assets			7,500	8,100
Total cash payments			17,499	18,344
BBS Amounts - Financing by Fund			17,499	18,344
Travel Management				
<b>Receipt Reconciliation to BBS</b>				
Net Revenues			15,901	16,341
Interest Income from Non operating revenue/expenses			300	300
Sale of used vehicles and miscellaneous revenue			1,300	1,300
			17,501	17,941
BBS Amounts - Revenue Collected			17,051	17,941
Travel Management				

Note: Non-operating revenue/expenses generally includes interest revenue, interest expenses, gains/losses on sale of capital assets.

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

Narrative

**Fleet Services  
Internal Service Fund  
Fund Financial Statement****\* FINANCIAL DATA \***

	ACTUAL FY 2010	ESTIMATED FY 2011
ASSETS:		
CURRENT ASSETS:		
CASH	2,205	2,720
OTHER CURRENT ASSETS	1,705	2,147
TOTAL CURRENT ASSETS	3,910	4,866
NON-CURRENT ASSETS:	17,731	18,009
TOTAL ASSETS	21,641	22,876
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	0	0
MASTER LEASE - CURRENT	2,295	3,117
OTHER CURRENT LIABILITIES	322	326
TOTAL CURRENT LIABILITIES	2,616	3,443
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0	0
MASTER LEASE - NON-CURRENT	8,809	9,903
OTHER NON-CURRENT LIABILITIES	96	106
TOTAL NON-CURRENT LIABILITIES	8,905	10,008
TOTAL LIABILITIES	11,521	13,452
FUND EQUITY:		
CONTRIBUTED CAPITAL-GENERAL FUND	502	502
RETAINED EARNINGS	9,618	8,922
TOTAL FUND EQUITY	10,120	9,424
TOTAL LIABILITIES & FUND EQUITY	21,641	22,876

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

Narrative

**Surplus Services  
Internal Service Fund  
Fund Financial Statement****\* OPERATIONS DATA \***

	ACTUAL FY 2010	ESTIMATED FY 2011	PROJECTED FY 2012	PROJECTED FY 2013
<b>OPERATING REVENUES:</b>				
NET SALES	1,293	1,292	1,275	1,275
LESS: COST OF SALES	154	200	175	200
GROSS PROFIT ON SALES	1,139	1,092	1,100	1,075
OTHER REVENUE	0	0	0	0
NET REVENUES	1,139	1,092	1,100	1,075
<b>LESS: OPERATING EXPENSES:</b>				
SALARIES	489	477	532	544
SUPPLIES & EXPENSES	357	449	605	637
INDIRECT COSTS	75	76	78	80
AMORTIZATION & DEPRECIATION	95	90	70	70
TOTAL OPERATING EXPENSES	1,016	1,092	1,285	1,331
OPERATING INCOME (LOSS)	123	0	(185)	(256)
NON-OPERATING REVENUES (EXPENSES)	11	0	0	0
NET INCOME (LOSS)	134	0	(185)	(256)
BEGINNING RETAINED EARNINGS	1,258	1,407	1,408	1,223
PRIOR PERIOD ADJUSTMENT	16	0	0	0
ENDING RETAINED EARNINGS	1,407	1,408	1,223	968
RATE INCREASE/(DECREASE):	0.00%	0.00%	0.00%	0.00%
FTE	7.4	7.2	7.7	7.7
<b>Expenditure Reconciliation to BBS</b>				
Operating Expenses			1,285	1,331
Less amortization & depreciation (non cash)			(70)	(70)
Plus purchase of items for resale (cost of goods sold)			175	200
Total cash payments			1,390	1,461
BBS Amounts - Financing by Fund				
Materials Distribution - Surplus Property			1,390	1,461
<b>Receipt Reconciliation to BBS</b>				
Net Sales			1,275	1,275
BBS Amounts - Revenue Collected				
Materials Distribution - Surplus Property			1,275	1,275

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

Narrative

**Surplus Services  
Internal Service Fund  
Fund Financial Statement****\* FINANCIAL DATA \***

	ACTUAL FY 2010	ESTIMATED FY 2011
ASSETS:		
CURRENT ASSETS:		
CASH	757.4	828.3
OTHER CURRENT ASSETS	87.1	85.7
TOTAL CURRENT ASSETS	844.5	914.0
NON-CURRENT ASSETS:	818.7	728.7
TOTAL ASSETS	1,663.2	1,642.7
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	0	0
MASTER LEASE - CURRENT	0	0
OTHER CURRENT LIABILITIES	53	33
TOTAL CURRENT LIABILITIES	53	33
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0	0
MASTER LEASE - NON-CURRENT	0	0
OTHER NON-CURRENT LIABILITIES	80	80
TOTAL NON-CURRENT LIABILITIES	80	80
TOTAL LIABILITIES	134	113
FUND EQUITY:		
CONTRIBUTED CAPITAL-GENERAL FUND	122	122
RETAINED EARNINGS	1,407	1,408
TOTAL FUND EQUITY	1,529	1,530
TOTAL LIABILITIES & FUND EQUITY	1,663	1,643

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

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Expenditures by Fund</u></b>					
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	2	0	0	0	0
Central Motor Pool	14,729	16,795	17,499	18,344	35,843
Materials Distribution	1,091	1,203	1,390	1,461	2,851
<b>Total</b>	<b>15,822</b>	<b>17,998</b>	<b>18,889</b>	<b>19,805</b>	<b>38,694</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	1,023	1,133	1,299	1,330	2,629
Other Operating Expenses	14,799	16,318	17,515	18,400	35,915
Capital Outlay & Real Property	0	50	75	75	150
Other Financial Transactions	0	497	0	0	0
<b>Total</b>	<b>15,822</b>	<b>17,998</b>	<b>18,889</b>	<b>19,805</b>	<b>38,694</b>
<b>Full-Time Equivalents (FTE)</b>	<b>14.9</b>	<b>16.6</b>	<b>17.9</b>	<b>17.9</b>	



**Activity at a Glance**

On average, the Information Policy Analysis Division (IPAD) has annually

- Issued 30 advisory opinions
- Resolved questions or requests for assistance from more than 12,000 citizens, media professionals, government entities, and attorneys
- Sponsored and participated in 32 continuing education events and conferences and trained over 1,150 attendees

For the period 7-01-2008 through 6-30-2010, IPAD's website had 281,968 visits.

**Activity Description**

The Information Policy Analysis Division (IPAD) provides government entities, private sector organizations, the legislature, and citizens with information and training on the Open Meeting Law and 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.

Government information is regulated by extensive rules. These include the Minnesota Government Data Practices Act, the federal Family Educational Rights and Privacy Act and related rules, M.S. 144.291 (the Minnesota Health 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. 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 state and local government entities, private citizens, the media, private sector organizations, public and private attorneys, and the legislature.

**Services Provided**

IPAD services include: answer questions about rights under and requirements of various information laws; consult on difficult information policy issues; provide staff services to the commissioner of Administration (Admin) in performing statutory duties that include issuing data practices and open meeting law advisory opinions, act on appeals to challenges to government data, act on applications for temporary classification of data and requests to make new uses of data; prepare and distribute model compliance and informational materials; develop, update, and operate a publicly accessible website that contains all advisory opinions and all informational materials prepared by the division; conduct training for state and local government entities; conduct information sessions for citizens; provide training materials that enable government entities to conduct their own training; answer citizen inquiries and advise on how to exercise their rights; and work 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 experienced numerous revisions and additions. Issues of information policy, such as data privacy, fair information practices, genetic privacy, identity theft, security breaches, and government-computer-based systems complaint with the law continue to receive widespread attention.

**Key Activity Goals & Measures**

**Admin Goal – To provide our customers with valuable services, products, advice, and expertise**  
(<http://www.admin.state.mn.us/admin.html>)

Measure: Assess IPAD-sponsored training effectiveness. A high goal was set that 90% of training respondents definitely would utilize the training provided by IPAD in their job. In FY 2010, this goal of was achieved.

Measure: Assess the effectiveness of reactive trainings provided as a part of another organization's larger agenda or program. When IPAD does not control the overall curriculum nor the audience, it is expected that a smaller percentage of training participants (75%) would definitely utilize the training in their work. In FY 2010, the goal was exceeded slightly with 77%.

## ADMINISTRATION DEPT

**Program: GOVT AND CITIZEN SERVICES**

**Activity: INFORMATION POLICY ANALYSIS**

Narrative

**Minnesota Milestones Statewide Goals - Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them.** (<http://server.admin.state.mn.us/mm/goal.html>)

Measure: IPAD provides technical assistance on complex data practices and Open Meeting Law issues to citizens, members of the media, state and local government entities, and private attorneys each year.

Measure: IPAD produces webinars, quarterly electronic newsletters, Power Point presentations, and other informational materials for citizen and government customers.

Measure: IPAD continues to develop and implement new training programs on the Open Meeting Law and data practices.

### **Activity Funding**

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

### **Contact**

Director

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[www.ipad.state.mn.us](http://www.ipad.state.mn.us)

**ADMINISTRATION DEPT**

**Program: GOVT AND CITIZEN SERVICES**

Activity: INFORMATION POLICY ANALYSIS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	460	468	463	463	926
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	10	10	10	10	20
<b>Total</b>	<b>470</b>	<b>478</b>	<b>473</b>	<b>473</b>	<b>946</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	419	416	416	416	832
Other Operating Expenses	51	62	57	57	114
<b>Total</b>	<b>470</b>	<b>478</b>	<b>473</b>	<b>473</b>	<b>946</b>
<b>Full-Time Equivalents (FTE)</b>	<b>5.0</b>	<b>4.7</b>	<b>4.7</b>	<b>4.5</b>	

**Activity at a Glance**

- Oversees an average \$2.1 billion annually in Minnesota state agency purchasing
- Negotiates and manages approximately 1,500 enterprise contracts offering volume discounts to state agencies. Over 800 of these contracts are available for use by more than 900 local units of government and other authorized entities
- Reviews an average of approximately 6,000 professional/technical contracts and related documents per year
- Negotiated in excess of \$60 million in contract savings and cost avoidance for government entities in FY 2009 and FY 2010

**Activity Description**

The Materials Management Division (MMD) acquires goods and services using methods that ensure the best value for taxpayers' dollars and that conform to the highest ethical standards of public procurement. The division facilitates and oversees an average of \$2.1 billion in state agency purchases each year. The statutory framework for the division's activities is M.S. Chapter 16C – State Procurement.

**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 900 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.

**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 the Minnesota Accounting and Procurement System (MAPS);
- partnering with Minnesota Management & Budget in the development of Statewide Integrated Financial Tools (SWIFT) procurement functions;
- 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; and
- operating a cooperative purchasing program for Minnesota's local units of government and other authorized entities and the Minnesota Multi-State Contracting Alliance for Pharmacy (MMCAP), a pharmaceutical purchasing program on behalf of 46 states and the cities of Chicago and Los Angeles.

**Historical Perspective**

Minnesota's procurement laws seek 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, persons with disabilities, 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 in which 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 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 legislative direction and the department's strategic goals are described in "Key Activity Goals & Measures" below.

In December 2009, to reduce costs, gain efficiencies, and provide best value to customers, MMD transitioned its long-standing, in-house office supply operation to contracts with the private sector and a private, non-profit Day Training and Habilitation provider licensed by the Department of Human Services. This change has resulted in cost reductions for office supply purchases by state agencies and other purchasers, along with increased employment opportunities for persons with disabilities.

# ADMINISTRATION DEPT

**Program: GOVT AND CITIZEN SERVICES**

**Activity: MATERIALS MANAGEMENT**

Narrative

## Key Activity Goals & Measures

**Admin Goal – To reduce costs by working across government** (<http://www.admin.state.mn.us/admin.html>)

Measure: MMD aggressively negotiates state contracts to achieve price reductions below the best competitive offer initially received. In FY 2009, this strategy yielded an estimated savings or cost avoidance valued at \$27.8 million on goods and services contracts and \$7.3 million on professional and technical contracts over the life of the contracts. In FY 2010, it yielded \$9.9 million on goods and services contracts and \$15.7 million on professional/technical contracts.

- MMD awards and manages approximately 1,500 contracts for use by state agencies and other units of government. These contracts cover frequently-purchased goods (e.g., vehicles, heavy equipment, food, uniforms, computers, cell phones, industrial supplies, furniture), services (e.g. janitorial, interpretation, equipment maintenance, technology consulting) and construction. By utilizing state contracts, local units of government benefit from both the state's aggregated buying power and the assurance that contracts have been lawfully awarded.

**Admin Goal – To provide our customers with valuable services, products, advice, and expertise**

(<http://www.admin.state.mn.us/admin.html>)

Measure: MMD attempts to review professional/technical contracts, certifications, amendments, and related documents within three days of receipt. The average for the approximately 6,000 documents processed annually has steadily improved over the past five years

FY	2006	2007	2008	2009	2010
Days	2.83	2.58	2.39	1.81	1.44

- MMD promotes and oversees procurement practices that 1) provide the best value to the taxpayers, 2) are open, fair and competitive, and 3) adhere to the highest ethical and legal standards.
- MMD assists agencies with the state's most complex, high-stakes acquisitions including a new accounting/procurement system (SWIFT), Public Safety's Minnesota Licensing and Registration System (MnLARS), a 50-state computer contract managed by Minnesota, telecommunications systems, procurement cards and, in conjunction with the Office of Enterprise Technology, a new program that places technical resources in agencies within 48 hours of the identified need (ASAP-IT).
- MMD trains and certifies state employees who are then authorized to make purchases on behalf of their agencies within designated dollar levels. Currently, 661 state employees are so certified. Additionally, the division offers training for state employees on a variety of procurement issues. In FY 2010, approximately 1,600 individuals, primarily state and local government employees and vendors, attended classes, workshops and other presentations on priority topics such as bidding for conference facilities and effective negotiation practices.

**Admin Goal – To be recognized for our innovation and efficiency** (<http://www.admin.state.mn.us/admin.html>)

Measure: To continue innovative procurement performance worthy of national recognition from objective parties as a "best practices" state.

- MMD received the 2010 George Cronin Award for Procurement Excellence. The Cronin Award is presented by the National Association of State Procurement Officials who describe it as "the premier award for innovations in state government procurement." The 2010 award is shared between Minnesota and Wisconsin and recognizes this two-state partnership for its inventiveness, costs savings, transferability to other governments, and enhanced services for customers. The initiative was also documented in the August 2010 issue of *Governing* as "The Great 'Minnesconsin' Adventure."
- MMD was further recognized for leadership in strategic procurement by the Pew Center on the States in a study and white paper issued in May 2010 entitled "States Buying Smarter: Lessons in Purchasing and Contracting from Minnesota to Virginia."

## 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 programs are self-sustaining enterprise funds.

## Contact

Director

Phone: (651) 201-2400

Website: <http://www.mmd.admin.state.mn.us>

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

Narrative

**Cooperative Purchasing  
Internal Service Fund  
Fund Financial Statement  
(Dollars in thousands)****\* OPERATIONS DATA \***

	ACTUAL FY 2010	ESTIMATED FY 2011	PROJECTED FY 2012	PROJECTED FY 2013
<b>OPERATING REVENUES:</b>				
NET SALES	11,513	13,949	14,296	14,701
LESS: COST OF SALES	0	0	0	0
GROSS PROFIT ON SALES	11,513	13,949	14,296	14,701
OTHER REVENUE	0	0	0	0
NET REVENUES	11,513	13,949	14,296	14,701
<b>LESS: OPERATING EXPENSES:</b>				
SALARIES	3,154	4,014	4,185	4,282
SUPPLIES & EXPENSES	1,141	1,758	1,866	1,866
INDIRECT COSTS	77	98	98	98
AMORTIZATION & DEPRECIATION	0	0	0	0
TOTAL OPERATING EXPENSES	4,372	5,870	6,149	6,246
OPERATING INCOME (LOSS)	7,141	8,079	8,147	8,455
NON-OPERATING REVENUES (EXPENSES)	(6,698)	(6,698)	(7,025)	(7,235)
NET INCOME (LOSS)	443	1,381	1,122	1,220
BEGINNING RETAINED EARNINGS	3,152	2,389	3,770	4,892
PRIOR PERIOD ADJUSTMENT	243	0	0	0
ENDING RETAINED EARNINGS	3,838	3,770	4,892	6,112
RATE INCREASE/(DECREASE): *	0.00%	0.00%	0.00%	0.00%
FTE	37.2	45.6	47.0	47.0
<b>Expenditure Reconciliation to BBS</b>				
Operating Expenses			6,149	6,246
Less amortization & depreciation (non cash)			0	0
Plus cash payment of rebate in Non-operating revenues/expense			7,025	7,235
Total cash payments			13,174	13,481
BBS Amounts - Financing by Fund				
Materials Distribution			13,174	13,481
<b>Receipt Reconciliation to BBS</b>				
Net Sales			14,296	14,701
Total cash receipts			14,296	14,701
BBS Amounts - Revenue Collected				
Materials Distribution			14,296	14,701

\* Note: Contract fees paid by vendors are determined on a case-by-case basis and may either increase or decrease as specific contracts are negotiated.

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

Narrative

**Cooperative Purchasing  
Internal Service Fund  
Fund Financial Statement****\* FINANCIAL DATA \***

	ACTUAL FY 2010	ESTIMATED FY 2011
ASSETS:		
CURRENT ASSETS:		
CASH	8,943	8,642
OTHER CURRENT ASSETS	2,436	2,799
TOTAL CURRENT ASSETS	11,379	11,441
NON-CURRENT ASSETS:		
TOTAL ASSETS	0	0
	11,379	11,441
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	0	0
MASTER LEASE - CURRENT	0	0
OTHER CURRENT LIABILITIES	7,222	7,346
TOTAL CURRENT LIABILITIES	7,222	7,346
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0	0
MASTER LEASE - NON-CURRENT	0	0
OTHER NON-CURRENT LIABILITIES	319	325
TOTAL NON-CURRENT LIABILITIES	319	325
TOTAL LIABILITIES	7,541	7,671
FUND EQUITY:		
CONTRIBUTED CAPITAL-GENERAL FUND	0	0
RETAINED EARNINGS	3,838	3,770
TOTAL FUND EQUITY	3,838	3,770
TOTAL LIABILITIES & FUND EQUITY	11,379	11,441

# ADMINISTRATION DEPT

**Program: GOVT AND CITIZEN SERVICES**

**Activity: MATERIALS MANAGEMENT**

Narrative

**Office Supply Connection  
Internal Service Fund  
Fund Financial Statement**

(Dollars in thousands)

**\* OPERATIONS DATA \***

	ACTUAL FY 2010	ESTIMATED FY 2011	PROJECTED FY 2012	PROJECTED FY 2013
<b>OPERATING REVENUES:</b>				
NET SALES	2,830	(11)	0	0
LESS: COST OF SALES	2,320	0	0	0
GROSS PROFIT ON SALES	510	(11)	0	0
OTHER REVENUE	0	0	0	0
NET REVENUES	510	(11)	0	0
<b>LESS: OPERATING EXPENSES:</b>				
SALARIES	296	(19)	0	0
SUPPLIES & EXPENSES	256	0	0	0
INDIRECT COSTS	155	11	0	0
AMORTIZATION & DEPRECIATION	1	0	0	0
TOTAL OPERATING EXPENSES	707	(8)	0	0
OPERATING INCOME (LOSS)	(197)	(2)	0	0
NON-OPERATING REVENUES (EXPENSES) *	(147)	(773)	(39)	0
NET INCOME (LOSS)	(344)	(776)	(39)	0
BEGINNING RETAINED EARNINGS	1,159	815	39	(0)
PRIOR PERIOD ADJUSTMENT	0	0	0	0
ENDING RETAINED EARNINGS	815	39	(0)	(0)
<b>RATE INCREASE/(DECREASE):</b>				
	0.00%			
	<i>on stocked products</i>			
FTE	4.0	0.0	0.0	0.0
<b>Expenditure Reconciliation to BBS</b>				
Operating Expenses			0	0
Less amortization & depreciation (non cash)				0
Plus distribution of remaining net assets				0
Plus purchase of items for resale (cost of goods sold)				0
Total cash payments			39	0
<b>BBS Amounts - Financing by Fund plus Change Item - Transfer Out</b>				
MMD Office Supply Connection			39	0
<b>Receipt Reconciliation to BBS</b>				
Net Sales			0	0
<b>BBS Amounts - Revenue Collected</b>				
MMD Office Supply Connection			0	0

\* The operations closed in December 2009.

The distribution of the remaining net assets are included in the non-operating revenues (expenses) amounts in this statement for BBS reporting purposes only.



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

Narrative

**Office Supply Connection  
Internal Service Fund  
Fund Financial Statement****\* FINANCIAL DATA \***

	ACTUAL FY 2010	ESTIMATED FY 2011
ASSETS:		
CURRENT ASSETS:		
CASH	1,257	39
OTHER CURRENT ASSETS	15	0
TOTAL CURRENT ASSETS	1,272	39
NON-CURRENT ASSETS:	0	0
TOTAL ASSETS	1,272	39
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	0	0
MASTER LEASE - CURRENT	0	0
OTHER CURRENT LIABILITIES	174	0
TOTAL CURRENT LIABILITIES	174	0
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0	0
MASTER LEASE - NON-CURRENT	0	0
OTHER NON-CURRENT LIABILITIES	18	0
TOTAL NON-CURRENT LIABILITIES	18	0
TOTAL LIABILITIES	192	0
FUND EQUITY:		
CONTRIBUTED CAPITAL-GENERAL FUND	265	0
RETAINED EARNINGS	815	39
TOTAL FUND EQUITY	1,080	39
TOTAL LIABILITIES & FUND EQUITY	1,272	39

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

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	1,832	2,035	1,931	1,931	3,862
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	22	11	11	11	22
Federal Stimulus	72	110	0	0	0
Central Stores	2,811	1,017	0	0	0
Materials Distribution	10,227	12,568	13,174	13,481	26,655
<b>Total</b>	<b>14,964</b>	<b>15,741</b>	<b>15,116</b>	<b>15,423</b>	<b>30,539</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	5,248	5,872	5,932	6,064	11,996
Other Operating Expenses	3,721	2,146	2,159	2,124	4,283
Other Financial Transactions	5,995	7,723	7,025	7,235	14,260
<b>Total</b>	<b>14,964</b>	<b>15,741</b>	<b>15,116</b>	<b>15,423</b>	<b>30,539</b>
<b>Full-Time Equivalent (FTE)</b>	<b>61.6</b>	<b>67.3</b>	<b>67.8</b>	<b>67.8</b>	

**Activity at a Glance**

- Coordinates state Geographic Information Systems (GIS) support for response to floods
- Negotiates and manages enterprise GIS software license agreement benefiting 14 agencies
- Provides 14.4 million requested map images through web services in 2010
- 28 GIS consulting projects valued at more than \$600,000 of services in 2010
- Coordinates acquisition and management of data valued at more than \$3 million in 2010
- Coordinates Minnesota interactions with federal programs involving GIS issues

**Activity Description**

The Minnesota Geospatial Information Office (MnGeo) coordinates the state's development, management, and use of geospatial information technology, including Geographic Information Systems (GIS). With broadly defined responsibilities authorized by M.S. 16B.99, MnGeo works closely with state agencies and stakeholders to improve services statewide through the coordinated, affordable, reliable, and effective use of GIS. Headed by the state's first Geospatial Information Officer, MnGeo works closely with the Office of Enterprise Technology and is guided by advisory councils established to represent state agencies and organizations throughout Minnesota. MnGeo is a unit within the Office of Geographic and Demographic Analysis.

**Population Served**

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

**Services Provided**

**GIS Coordination:** MnGeo works with stakeholders throughout Minnesota to coordinate GIS, develop and implement standards and shared services; and integrate GIS with other technologies. For example, MnGeo has negotiated an enterprise license agreement that standardized GIS software among state agencies, expanding its use at savings up to 80% of the previous cost. MnGeo also coordinated statewide programs to acquire high-resolution imagery and elevation data (LiDAR), benefitting state agencies and local governments throughout Minnesota. MnGeo also represents the state's GIS interests nationally as the state's liaison with federal agencies.

**Data Services:** MnGeo serves as the state's steward of publicly funded spatial data. In this role, MnGeo 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, and 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 MnGeo functions, which are supported by the general fund, the Service Bureau is entirely funded by project revenues.

**Historical Perspective**

MnGeo succeeds the Land Management Information Center (LMIC), which was established 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 during the early years. As state agencies and local governments adopted the technology, LMIC's role shifted to coordination of geospatial information technology, promoting access to standardized geospatial data, developing GIS-based decision support tools that help organizations improve their effectiveness, and consulting with agencies in need of GIS assistance. Supported by stakeholders who participated in an extensive statewide assessment of GIS use, 2009 legislation established MnGeo with a broad and comprehensive mandate to coordinate Minnesota's geospatial information technology. MnGeo is recognized within the state and around the nation for leadership and creativity in the GIS field.

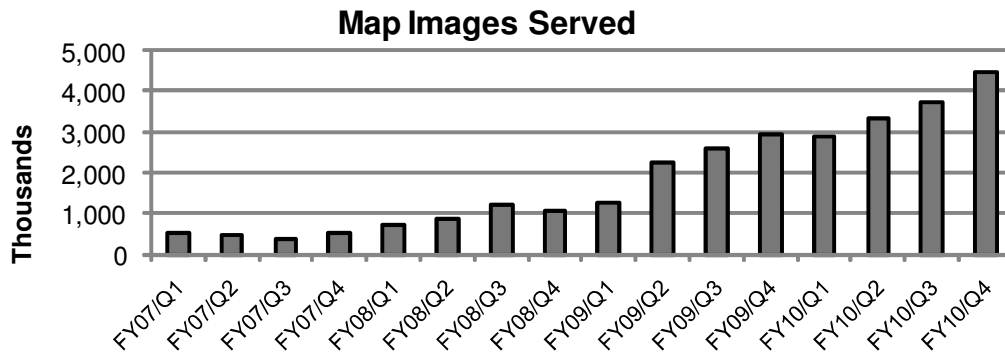
**Key Activity Goals & Measures**

**Admin Goal – To provide our customers with valuable services, products, advice, and expertise**  
(<http://www.admin.state.mn.us/admin.html>)

Measure: The average *quality of service* score on MnGeo’s customer satisfaction surveys based upon a five-point scale where four = Good and five = Excellent. For FY 2010, those scores averaged 4.6, with 94% of the evaluations rated as Good or Excellent.

**Admin Goal – To be recognized for our innovation and efficiency**  
(<http://www.admin.state.mn.us/admin.html>)

Measure: The number of map images served by MnGeo web mapping services designed to deliver data effectively and directly to GIS users and web mapping applications. During FY 2010, more than 14.4 million map images were served in “real time” to state agencies, local governments and other users throughout Minnesota. This number will continue to grow as MnGeo acquires and hosts new imagery.



**Admin Goal – To reduce costs by working across government**  
(<http://www.admin.state.mn.us/admin.html>)

Measure: Continued agency demand for MnGeo’s Project Service Bureau consulting that is self-supporting at below market rates.

**Activity Funding**

MnGeo depends upon a general fund appropriation to support its core coordination activities. These are supplemented by grants, generally from federal agencies, that involve coordination between the state and federal programs. Project services are funded through contracts with agencies with fees based on rates established through an annual review process with Minnesota Management & Budget (MMB).

**Contact**

Chief Geospatial Information Officer  
Phone: (651) 201-2460  
Web site: <http://www.mngeo.state.mn.us>

**ADMINISTRATION DEPT**  
**Program: GOVT AND CITIZEN SERVICES**  
 Activity: MN GEOSPATIAL INFO OFFICE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	802	802	802	802	1,604
<b>Technical Adjustments</b>					
Operating Budget Reduction			(2)	(2)	(4)
Subtotal - Forecast Base	802	802	800	800	1,600
<b>Total</b>	<b>802</b>	<b>802</b>	<b>800</b>	<b>800</b>	<b>1,600</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	788	814	800	800	1,600
Clean Water	0	70	70	0	70
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	706	1,467	730	740	1,470
Federal	245	376	74	0	74
<b>Total</b>	<b>1,739</b>	<b>2,727</b>	<b>1,674</b>	<b>1,540</b>	<b>3,214</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	1,175	1,473	1,323	1,272	2,595
Other Operating Expenses	564	1,229	351	268	619
Local Assistance	0	25	0	0	0
<b>Total</b>	<b>1,739</b>	<b>2,727</b>	<b>1,674</b>	<b>1,540</b>	<b>3,214</b>
<b>Full-Time Equivalents (FTE)</b>	<b>13.3</b>	<b>16.4</b>	<b>14.4</b>	<b>14.4</b>	

**Activity at a Glance**

- Over 145 rapid process improvement events (Kaizen) at 18 agencies held since program's beginning in November 2007, realizing:
  - 68% average lead-time reduction
  - 44% average task time reduction
  - \$85,000 average cost-avoidance per event
- Over 2,000 state agency staff have participated in Lean training
- Lean website monitors and reports results, and serves as an online resource for information, teaching tools, and training materials

**Activity Description**

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

- Simplify the business processes of government for citizens and employees
- Reduce costs and increase the productivity of state government administrative responsibilities
- 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 process improvement opportunities; and provide training, resources, and expertise to implement efficiency solutions
- Provide a reporting mechanism to monitor and publish performance and status of improvement efforts within agencies

**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**

**Kaizen Improvement Event Facilitation** – 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** – Develop the infrastructure and culture within each agency to sustain and expand initial continuous improvement efforts through training, coaching, and material support.

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

**Reporting Results** – Publish the results of individual improvement efforts completed by each agency through the Lean website.

**Sustainment of Results** – Monitor and report on sustainment of 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, benchmark results, and learn from other efforts.

**Department Results Reporting** – Assist 24 cabinet-level agencies with reporting goals, measures, and performance through the Lean Results website, including requesting, organizing, and publishing information from each of the agencies.

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

**Key Activity Goals & Measures**

**Admin Goal – To reduce costs by working across government** (<http://www.admin.state.mn.us/admin.html>)

Through the use of Lean and other process improvements tools, agencies will identify and improve existing business processes to realize measureable reductions in lead time, increased efficiency, and cost savings, while improving enterprise efficiency, reducing redundancy, and improving processing time.

Measure: To date, 18 agencies have completed over 145 Kaizen or rapid process improvement events that have reduced lead time by an average of 68%, reduced the amount of task time by an average of 44%, and reduced processing costs by an average of \$85,000 per event.

**Admin Goal – To provide our customers with valuable services, products, advice, and expertise** (<http://www.admin.state.mn.us/admin.html>)

Continuous process improvement tools and methods will be understood by agency leaders and staff, and recognized as valuable tools for reducing waste and improving services.

Measure: Nearly 3,000 state leaders and employees have participated in Lean training, through direct participation in process improvement teams, Lean 101, Kaizen facilitator, and other training opportunities, and through leadership symposiums.

**Activity Funding**

This activity is funded through a general fund appropriation.

**Contact**

Continuous Improvement Program Leader

Phone: (651) 201-2560 Web site: <http://www.lean.state.mn.us>

**ADMINISTRATION DEPT**

**Program: GOVT AND CITIZEN SERVICES**

Activity: OFFICE OF ENTERPRISE CONT IMPR

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	133	138	135	135	270
<b>Total</b>	<b>133</b>	<b>138</b>	<b>135</b>	<b>135</b>	<b>270</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	114	120	120	120	240
Other Operating Expenses	19	18	15	15	30
<b>Total</b>	<b>133</b>	<b>138</b>	<b>135</b>	<b>135</b>	<b>270</b>
<b>Full-Time Equivalents (FTE)</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>	<b>1.2</b>	

**Activity at a Glance**

- 13 comprehensive grant policies to improve grant-making
- 2 websites to provide information and assistance to grant-makers and grant-seekers
- 175,000 visitors to grant-seeker website annually/average visit 40 minutes
- 450 state employees participated in 12 training sessions

**Activity Description**

The Office of Grants Management (OGM) provides policy leadership and direction to foster consistent, streamlined interaction between executive agencies, funders, and grantees. This enhances access to grant opportunities and information and leads to greater program accountability and transparency. OGM is the central point of contact for allegations of state agency violations and "fraud and waste" in grant processes in accordance with M.S. 16B.98.

**Population Served**

OGM provides leadership on state grants management policies and procedures to executive agencies, boards, commissions, councils, and task forces. The public has increased access to grant opportunities and information.

**Services Provided**

The mission of OGM is to standardize, streamline, and improve state grant-making practices and to increase public information about state grant opportunities. OGM works closely with organizations on standardizing practices, policies, procedures, and on increasing public information about state grant opportunities, information, and resources. Standard policies for grants management in the executive branch that create greater oversight, consistency, and transparency for state grant expenditures have been implemented since the creation of this office. Training is provided to state employees on grant management policies and effective financial management of state grants. An informational website (<http://www.admin.state.mn.us/ogm>) for state grant-makers features legislation, policy, forms, templates, federal grants resources, best practices, training, and development links. In addition, a one-stop website (<http://www.grants.state.mn.us>) links all competitive state grant opportunities, providing increased access to grants. OGM works across executive branch agencies to provide public outreach and information on state grants for applicants and ensures the investigation of public complaints about fraud and waste in state grants. A variety of training courses on grant monitoring, outcomes, and policies are also provided. OGM also works with state agencies, boards, commissions, councils, and task forces to provide continuous improvement events (Lean) that lead to improving state grant-making practices.

**Historical Perspective**

Executive branch agencies in FY 2006 granted \$1.2 billion to nonprofits and local units of government as a mechanism to deliver programs, services, and other public benefits. OGM was created with a one-time appropriation in FY 2008; its creation responded to a January 2007 Office of the Legislative Auditor report on state grant-making that called for greater consistency and oversight in state grants. In July of 2010, OGM began receiving a general fund appropriation. Legislation was also passed that requires the commissioner of Administration (Admin) to recover the amount of the appropriation through deductions in state grants. State agencies now pay a share of OGM costs to Admin and these funds are returned to the general fund to offset the general fund appropriation. OGM is governed by a Grants Governance Committee that includes representatives from state agencies, the Minnesota Council of Nonprofits, and the Association of Minnesota Counties.

**Key Activity Goals & Measures**

**Admin Goal – To provide our customers with valuable services, products, advice, and expertise**

(<http://www.admin.state.mn.us/admin.html>).

Measure: OGM provides customers with valuable services, products, advice, and expertise by increasing the transparency of government for citizens. Through its grant opportunities website, OGM provides information about state grant opportunities, as well as extensive information on state grants policies and best practices. The successful resolution of public complaints about fraud and waste in state grants is also a key outcome for the office.



## ADMINISTRATION DEPT

**Program: GOVT AND CITIZEN SERVICES**

**Activity: OFFICE OF GRANTS MANAGEMENT**

Narrative

### **Admin Goal – To reduce costs by working across government**

(<http://www.admin.state.mn.us/admin.html>)

Measure: OGM reduces costs by providing training through a centralized office. OGM also works with the Enterprise Grants Management Community, a professional network of state grants administrators, to facilitate communication and sharing of best practices in grants management. Adding consistency to policies and procedures and using the Lean process to reduce inefficiencies in grant-making, OGM helps reduce costs and improve the quality of service of all state agencies.

### **Activity Funding**

This activity is funded by a general fund appropriation. Legislation requires recovery of the appropriation to offset the general fund appropriation.

### **Contact**

Director

Phone: (651) 201-2569

<http://www.admin.state.mn.us/ogm>

<http://www.grants.state.mn.us/public/>

**ADMINISTRATION DEPT**

**Program: GOVT AND CITIZEN SERVICES**

Activity: OFFICE OF GRANTS MANAGEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	150	125	125	125	250
Subtotal - Forecast Base	150	125	125	125	250
<b>Total</b>	<b>150</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>250</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	74	78	125	125	250
Arts And Cultural Heritage	23	121	0	0	0
<b>Total</b>	<b>97</b>	<b>199</b>	<b>125</b>	<b>125</b>	<b>250</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	83	106	69	72	141
Other Operating Expenses	14	93	56	53	109
<b>Total</b>	<b>97</b>	<b>199</b>	<b>125</b>	<b>125</b>	<b>250</b>
<b>Full-Time Equivalents (FTE)</b>	<b>1.2</b>	<b>1.6</b>	<b>1.0</b>	<b>1.0</b>	

**Activity at a Glance**

For FY 2009

- Reviewed and licensed 56 archaeological projects
- Evaluated/accepted 203 archaeological site data forms
- Completed 12 burial site investigation cases
- Reviewed 92 development projects
- Coordinated Archaeology Week, involving 23 events in 17 counties, attended by more than 1,300 individuals

**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, OSA is responsible for archaeological resource management as specified in the *Outdoor Recreation Act* (M.S. 86A) and the *Minnesota Environmental Rights Act* (M.S. 116B).

OSA reviews 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.

**Population Served**

OSA clients include government 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, 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 (Admin). OSA is a unit within 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." The rationale for the conclusion was based primarily on the state's obligation to ensure that archaeological resources are protected and that funding the office's operations through fees was not feasible. 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."

**Key Activity Goals & Measures**

**Admin Goal – To provide our customers with valuable services, products, advice, and expertise**  
(<http://www.admin.state.mn.us/admin.html>)

## ADMINISTRATION DEPT

**Program: GOVT AND CITIZEN SERVICES**

**Activity: OFFICE OF STATE ARCHAEOLOGIST**

Narrative

Measure: OSA will review and issue licenses to qualified applicants within ten days of receipt of application. In FY 2010, 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. (Note: OSA response time is not the sole variable in determining turnaround time as the Minnesota Historical Society must sign the licenses.)

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

### **Admin Goal – To be recognized for our innovation and efficiency**

(<http://www.admin.state.mn.us/admin.html>)

OSA will be recognized for its innovation and efficiency in protecting Minnesota archaeological resources.

Measure: OSA will provide additional online services to professional archaeologists and public agencies, including archaeological resource locations and predictive models.

### **Minnesota Milestones Statewide Goals – Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them**

(<http://server.admin.state.mn.us/mm/goal.html>)

Measure: Success in clarifying and implementing state statutes regarding protection of archaeological resources and burials sites. In FY 2007 and 2008, the State Archeologist worked to clarify and simplify M.S. 307.08 through statutory changes and revised procedural guidelines to increase customer satisfaction and reduce the cost of government services. In FY 2010, the State Archaeologist intensified efforts to map unplatted pioneer cemeteries and to assess remotely burial mound conditions to assist landowners, developers, and planning agencies in avoiding adverse impacts to cemetery sites thus reducing development costs and more rapidly providing essential information.

### **Activity Funding**

The program operates through a general fund appropriation.

### **Contact**

Archaeologist

Phone: (612) 725-2411

<http://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>		<i>Dollars in Thousands</i>		<i>Biennium 2012-13</i>
	<i>Current FY2010</i>	<i>Current FY2011</i>	<i>Governor's Recomm. FY2012</i>	<i>Governor's Recomm. FY2013</i>	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	206	206	206	206	412
Subtotal - Forecast Base	206	206	206	206	412
<b>Total</b>	<b>206</b>	<b>206</b>	<b>206</b>	<b>206</b>	<b>412</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	201	211	206	206	412
<b>Statutory Appropriations</b>					
Gift	3	0	0	0	0
<b>Total</b>	<b>204</b>	<b>211</b>	<b>206</b>	<b>206</b>	<b>412</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	177	176	176	176	352
Other Operating Expenses	27	35	30	30	60
<b>Total</b>	<b>204</b>	<b>211</b>	<b>206</b>	<b>206</b>	<b>412</b>
<b>Full-Time Equivalents (FTE)</b>	<b>2.1</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	

**Activity at a Glance**

- Maintains 4.4 million square feet of office, ceremonial, meeting room, and other space in 22 buildings
- Maintains 25 monuments and memorials and 32 parking facilities
- 578 special event permits issued for public use of State Capitol and grounds in FY 2010
- \$945,000 in postage savings in FY 2010 through automated mail services
- More than 70,000 Minnesota's Bookstore customers annually

**Activity Description**

Plant Management Division (PMD) delivers consistent, quality services to ensure cost-effective, clean, safe, and environmentally sound buildings, grounds, and operations. PMD provides mail distribution services and publishing and distribution services to state and local government through the central mail unit and Minnesota's Bookstore. Division work is outlined in M.S. 16B.24, 16B.48, 16B.49, 16B.58, 14.46, and 16B.51.

**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. Minnesota's Bookstore also provides services to state government, local governments, school districts, higher education entities, and the general public.

**Services Provided**

Services provided by PMD include:

- housekeeping, engineering, building management, waste removal, general recycling, 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 area tenants, visitors, and Minnesota citizens
- mail services including metering, processing, addressing, inserting, and bar-coding for state agencies, with the result of reduced postage costs
- moving, equipment rental, and delivery services
- maintaining and managing parking facilities and customer contracts, and providing alternative transportation services
- 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

**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 and visitors. As part of this goal, PMD maintains an Asset Preservation Program outlining necessary facility repairs. Failure to address deferred maintenance issues will result in serious structural damage, deterioration, and reduction in the life expectancy of buildings.

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

**Key Activity Goals & Measures****Admin Goal – To be recognized for our innovation and efficiency**

(<http://www.admin.state.mn.us/admin.html>)

Goal 1: Reduce energy consumption in non-computer server facilities compared with FY 2008 actual consumption. Reduction of 12.0% in FY 2011, 13.5% in FY 2012 and 15.0% in FY 2013.

Measure: Less than: 449,000 MMBtu in FY 2011, 441,000 in FY 2012, and 433,000 in FY 2013.

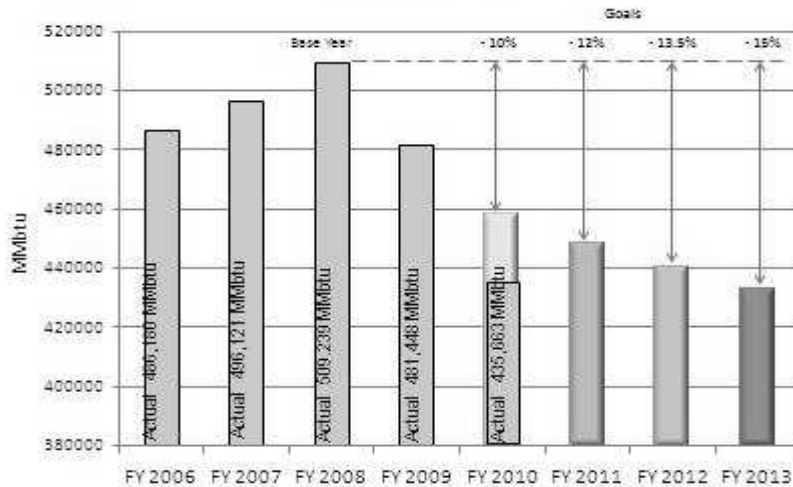
# ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: PLANT MANAGEMENT

Narrative

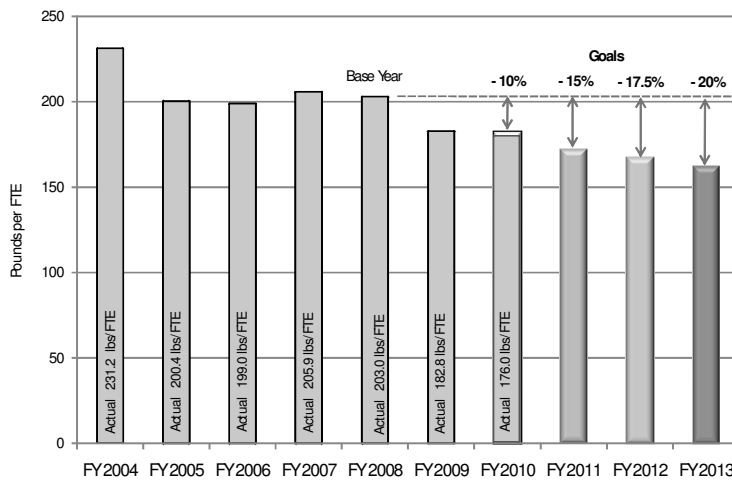
Reduce Capitol Complex energy consumption in non-data center facilities  
Base Year FY 2008



Goal 2: Achieve an absolute reduction in disposed waste per FTE over FY 2008.

Measure: Less than 173 pounds per FTE in FY 2011, 168 in FY 2012 and 163 in FY 2013

Reduce Capitol Complex disposed waste per F.T.E.  
Base Year -- FY2008



Goal 3: Reduce unleaded fuel consumption over 2010 actual by 5%.

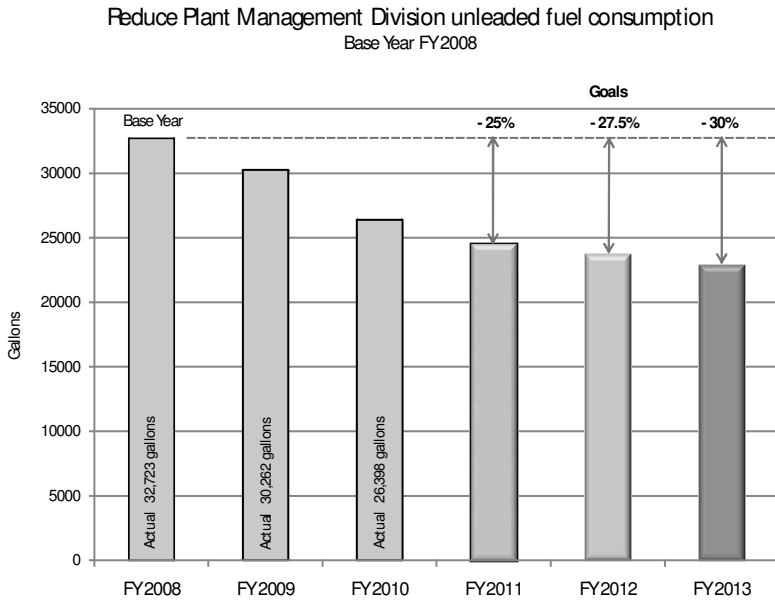
Measure: Less than 25,000 gallons

# ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: PLANT MANAGEMENT

Narrative



## Activity Funding

The PMD 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. The central mail unit has a separate ISF with state agencies located in St. Paul as its primary customers. Minnesota's Bookstore is an enterprise fund with the primary function of providing publishing and retail services to state agencies, publish the *State Register*, and manage the sale of public data from select state agency licensing files. The goal of an ISF is to set rates as close to break-even as possible while maintaining limited working capital funds. Expenditures include salaries/benefits, utilities, operating expenses, bond interest, building depreciation, and debt service.

The number of full-time employees, as of 7-01-10, for each activity: 226.27 for leases, 8.38 for materials transfer, 1.83 for repair and other jobs, 7.09 for central mail, and 8.98 for Minnesota's Bookstore.

### Operating Losses/Increases in Retained Earnings:

- Retained earnings for the lease activity increased in FY 2009 and FY 2010 due in large part to reduced utility usage. These changes in retained earnings will be reflected in lease rates for FY 2012 and FY 2013.
- Retained earnings for the repair and other jobs activity increased in FY 2009 and FY 2010 due to lower than anticipated expenses and increased revenue.
- Retained earnings for the materials transfer decreased in FY 2009 and FY 2010 due to lower than anticipated billable hours.
- Retained earnings for the central mail activity increased in FY 2009 due to higher than anticipated sales and increased in FY 2010 due to lower than anticipated expenses.
- Retained earnings for Minnesota's Bookstore decreased in FY 2009 and FY 2010 due to lower than anticipated sales.

### History of Rate Changes:

Fiscal Year	2006	2007	2008	2009	2010	2011
Leases	(4.79%)	4.61%	(1.04%)	0.72%	0.31%	(0.69)%
Repair and Other Jobs	10.41%	0.00%	9.17%	0.00%	4.80%	0.00%
Materials Transfer	1.90%	0.00%	0.00%	0.00%	3.90%	57.3%
Central Mail	1.40%	0.00%	0.00%	0.00%	0.00%	0.00%
Minnesota's Bookstore (State Register)	0.00%	0.00%	0.00%	(5.56%)	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 2010, the five largest Lease customers will pay 0.23% less in FY 2011.
- Assuming the same volume and mix of goods/services as FY 2010, the five largest Repair and Other Jobs customers will pay the same amount in FY 2011.
- Assuming the same volume and mix of goods/services as FY 2009, the five largest Materials Transfer customers will pay approximately 38% more in FY 2011. (Materials Transfer rates became effective November 1, 2010.)
- Assuming the same volume and mix of goods/services as FY 2010, Central Mail's five largest customers will pay the same amount in FY 2011.  
Assuming the same volume and mix of goods/services as FY 2010, the State Register's five largest customers will pay the same amount in FY2011.

In addition to the ISF, PMD receives a general fund appropriation for mail delivery services. PMD also receives revenue from parking fees.

### Contact

Director

Phone: (651) 201-2350

Web site: <http://www.admin.state.mn.us/pmd>

# ADMINISTRATION DEPT

**Program: GOVT AND CITIZEN SERVICES**

**Activity: PLANT MANAGEMENT**

Narrative

**Plant Management**  
**Internal Service Fund**  
**Fund Financial Statement**  
(Dollars in thousands)

**\* OPERATIONS DATA \***

	ACTUAL FY 2010	PROJECTED FY 2011	PROJECTED FY 2012	PROJECTED FY 2013
OPERATING REVENUES:				
NET SALES	63,566	64,472	61,295	61,700
LESS: COST OF SALES				
GROSS PROFIT ON SALES	63,566	64,472	61,295	61,700
OTHER REVENUE	1,182	1,182	1,354	1,432
NET REVENUES	64,748	65,654	62,649	63,132
LESS: OPERATING EXPENSES:				
SALARIES	14,722	14,692	13,994	14,669
SUPPLIES & EXPENSES	14,291	19,566	19,052	19,808
INDIRECT COSTS	674	1,105	1,057	1,073
AMORTIZATION & DEPRECIATION	313	210	183	223
TOTAL OPERATING EXPENSES	30,001	35,573	34,286	35,773
OPERATING INCOME (LOSS)	34,747	30,081	28,363	27,359
NON-OPERATING REVENUES (EXPENSES)	(28,213)	(28,056)	(27,800)	(27,734)
NET INCOME (LOSS)	6,534	2,025	563	(375)
BEGINNING RETAINED EARNINGS	10,491	20,786	22,811	23,373
PRIOR PERIOD ADJUSTMENT	3,761	0	0	0
ENDING RETAINED EARNINGS	20,786	22,811	23,373	22,999
RATE INCREASE/(DECREASE):				
Leases	0.31%	-0.69%	-2.40%	0.60%
Materials Transfer	3.90%	57.30%	0.00%	0.00%
ROJ	4.80%	0.00%	0.00%	0.00%
FTE	242.6	240.4	231.9	235.4
<b>Expenditure Reconciliation to BBS</b>				
Operating Expenses			34,286	35,773
Less amortization & depreciation (non-cash)			(183)	(223)
Plus payments for debt service, equipment, and resource recovery closure			12,766	12,543
Less adjustment for inter-agency transfer in			(335)	(335)
Total cash payments			46,534	47,758
BBS Amounts - Financing by Fund plus Change Item - Transfer Out				
Plant Management			46,534	47,758
<b>Receipt Reconciliation to BBS</b>				
Net Sales			61,295	61,700
Plus Other Revenue			1,354	1,432
Less adjustment for inter-agency transfer in			(335)	(335)
Total cash receipts			62,314	62,797
BBS Amounts - Revenue Collected				
Plant Management			62,314	62,797

Note: The Non-operating revenues/expenses relate to building depreciation and bond interest which are transferred out. It also includes debt service, gain/loss on sale of capital assets, and resource recovery closure.

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

Narrative

**Plant Management  
Internal Service Fund  
Fund Financial Statement****\* FINANCIAL DATA \***

	ACTUAL FY 2010	ESTIMATED FY 2011
<b>ASSETS:</b>		
<b>CURRENT ASSETS:</b>		
CASH	19,730	19,721
OTHER CURRENT ASSETS	745	1,000
<b>TOTAL CURRENT ASSETS</b>	<b>20,475</b>	<b>20,721</b>
<b>NON-CURRENT ASSETS:</b>		
<b>TOTAL ASSETS</b>	<b>4,885</b>	<b>4,926</b>
	<b>25,360</b>	<b>25,646</b>
<b>LIABILITIES &amp; FUND EQUITY:</b>		
<b>LIABILITIES:</b>		
<b>CURRENT LIABILITIES:</b>		
DUE GENERAL FUND - CURRENT	0	0
MASTER LEASE - CURRENT	0	0
OTHER CURRENT LIABILITIES	2,480	1,375
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,480</b>	<b>1,375</b>
<b>NON-CURRENT LIABILITIES:</b>		
DUE GENERAL FUND - NON-CURRENT	0	0
MASTER LEASE - NON-CURRENT	0	0
OTHER NON-CURRENT LIABILITIES	1,583	950
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,583</b>	<b>950</b>
<b>TOTAL LIABILITIES</b>	<b>4,064</b>	<b>2,325</b>
<b>FUND EQUITY:</b>		
CONTRIBUTED CAPITAL-GENERAL FUND	511	511
RETAINED EARNINGS	20,786	22,811
<b>TOTAL FUND EQUITY</b>	<b>21,296</b>	<b>23,322</b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>25,360</b>	<b>25,646</b>

# ADMINISTRATION DEPT

**Program: GOVT AND CITIZEN SERVICES**

**Activity: PLANT MANAGEMENT**

Narrative

**Minnesota's Bookstore  
Internal Service Fund  
Fund Financial Statement  
(Dollars in thousands)**

**\* OPERATIONS DATA \***

	ACTUAL FY 2010	PROJECTED FY 2011	PROJECTED FY 2012	PROJECTED FY 2013
OPERATING REVENUES:				
NET SALES	1,117	1,383	1,409	1,436
LESS: COST OF SALES	258	337	338	345
GROSS PROFIT ON SALES	860	1,046	1,071	1,091
OTHER REVENUE	0	0	0	0
NET REVENUES	860	1,046	1,071	1,091
LESS: OPERATING EXPENSES:				
SALARIES	660	748	723	740
SUPPLIES & EXPENSES	243	239	248	252
INDIRECT COSTS	51	52	53	54
AMORTIZATION & DEPRECIATION	7	7	7	7
TOTAL OPERATING EXPENSES	960	1,046	1,031	1,053
OPERATING INCOME (LOSS)	(101)	(0)	40	38
NON-OPERATING REVENUES (EXPENSES)	0	0	0	0
NET INCOME (LOSS)	(101)	(0)	40	38
BEGINNING RETAINED EARNINGS	708	609	609	649
PRIOR PERIOD ADJUSTMENT	2	0	0	0
ENDING RETAINED EARNINGS	609	609	649	687

FOOTNOTES TO STATEMENTS:

Statements include both the Bookstore and the *State Register*.

RATE INCREASE/(DECREASE):	0.00%	0.00%	0.00%	0.00%
FTE	10	11	10.7	10.7
<b>Expenditure Reconciliation to BBS</b>				
Operating Expenses			1,031	1,053
Less amortization & depreciation (non cash)			(7)	(7)
Plus purchase of items for resale (cost of goods sold)			338	345
Total cash payments			1,362	1,391
BBS Amounts - Financing by Fund Minnesota's Bookstore			1,362	1,391
<b>Receipt Reconciliation to BBS</b>				
Net Sales			1,409	1,436
BBS Amounts - Revenue Collected Minnesota's Bookstore			1,409	1,436

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

Narrative

Minnesota's Bookstore  
 Internal Service Fund  
 Fund Financial Statement

**\* FINANCIAL DATA \***

	ACTUAL FY 2010	ESTIMATED FY 2011
ASSETS:		
CURRENT ASSETS:		
CASH	545	548
OTHER CURRENT ASSETS	542	550
TOTAL CURRENT ASSETS	1,087	1,098
NON-CURRENT ASSETS:		
	39	32
TOTAL ASSETS	1,126	1,130
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	0	0
MASTER LEASE - CURRENT	0	0
OTHER CURRENT LIABILITIES	93	95
TOTAL CURRENT LIABILITIES	93	95
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0	0
MASTER LEASE - NON-CURRENT	0	0
OTHER NON-CURRENT LIABILITIES	131	133
TOTAL NON-CURRENT LIABILITIES	131	133
TOTAL LIABILITIES	224	228
FUND EQUITY:		
CONTRIBUTED CAPITAL	293	293
RETAINED EARNINGS	609	609
TOTAL FUND EQUITY	902	902
TOTAL LIABILITIES & FUND EQUITY	1,126	1,130

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

Narrative

Central Mail

Internal Service Fund

Fund Financial Statement

(Dollars in thousands)

**\* OPERATIONS DATA \***

	ACTUAL FY 2010	ESTIMATED FY 2011	PROJECTED FY 2012	PROJECTED FY 2013
OPERATING REVENUES:				
NET SALES	8,808	8,806	9,114	9,411
LESS: COST OF SALES	0	0	0	0
GROSS PROFIT ON SALES	8,808	8,806	9,114	9,411
OTHER REVENUE				
NET REVENUES	8,808	8,806	9,114	9,411
LESS: OPERATING EXPENSES:				
SALARIES	396	425	443	474
SUPPLIES & EXPENSES	8,255	8,411	8,628	8,893
INDIRECT COSTS	42	42	43	44
AMORTIZATION & DEPRECIATION	24	24	24	24
TOTAL OPERATING EXPENSES	8,715	8,902	9,138	9,435
OPERATING INCOME (LOSS)	92	(96)	(24)	(24)
NON-OPERATING REVENUES (EXPENSES)	0	0	0	0
NET INCOME (LOSS)	92	(96)	(24)	(24)
BEGINNING RETAINED EARNINGS	1,447	1,540	1,444	1,420
PRIOR PERIOD ADJUSTMENT	0	0	0	0
ENDING RETAINED EARNINGS	1,540	1,444	1,420	1,397
RATE INCREASE/(DECREASE):	0.00%	0.00%	7.95%	5.64%
FTE	6.9	7.3	7.5	7.8
<b>Expenditure Reconciliation to BBS</b>				
Operating Expenses			9,138	9,435
Less amortization & depreciation (non cash)			(24)	(24)
Plus inventory				
Total cash payments			9,114	9,411
BBS Amounts - Financing by Fund				
Central Mail			9,114	9,411
<b>Receipt Reconciliation to BBS</b>				
Net Sales			9,114	9,411
Plus interest revenue from Non-operating revenue/expenses			0	0
Total cash receipts			9,114	9,411
BBS Amounts - Revenue Collected				
Central Mail			9,114	9,411

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

Narrative

Central Mail  
 Internal Service Fund  
 Fund Financial Statement

**\* FINANCIAL DATA \***

	ACTUAL FY 2010	ESTIMATED FY 2011
ASSETS:		
CURRENT ASSETS:		
CASH	33	20
OTHER CURRENT ASSETS	1,620	1,600
TOTAL CURRENT ASSETS	1,653	1,620
NON-CURRENT ASSETS:		
	74	51
TOTAL ASSETS	1,727	1,671
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	0	0
MASTER LEASE - CURRENT	0	0
OTHER CURRENT LIABILITIES	63	106
TOTAL CURRENT LIABILITIES	63	106
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0	0
MASTER LEASE - NON-CURRENT	0	0
OTHER NON-CURRENT LIABILITIES	59	55
TOTAL NON-CURRENT LIABILITIES	59	55
TOTAL LIABILITIES	121	161
FUND EQUITY:		
CONTRIBUTED CAPITAL	66	66
RETAINED EARNINGS	1,540	1,444
TOTAL FUND EQUITY	1,606	1,510
TOTAL LIABILITIES & FUND EQUITY	1,727	1,671

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

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	871	521	457	457	914
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	5,778	12,510	8,227	8,315	16,542
Plant Management	43,753	48,396	46,454	47,758	94,212
Documents And Publications	1,227	1,374	1,362	1,391	2,753
Central Mailing	9,102	8,878	9,114	9,411	18,525
<b>Total</b>	<b>60,731</b>	<b>71,679</b>	<b>65,614</b>	<b>67,332</b>	<b>132,946</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	16,398	16,788	16,048	16,784	32,832
Other Operating Expenses	30,040	41,521	36,921	37,903	74,824
Capital Outlay & Real Property	876	0	0	0	0
Other Financial Transactions	13,417	13,370	12,980	12,980	25,960
Transfers	0	0	(335)	(335)	(670)
<b>Total</b>	<b>60,731</b>	<b>71,679</b>	<b>65,614</b>	<b>67,332</b>	<b>132,946</b>
<b>Full-Time Equivalent (FTE)</b>	<b>279.1</b>	<b>274.5</b>	<b>265.8</b>	<b>269.3</b>	



**Activity at a Glance****Real Estate and Construction Services**

- Manages 996 nonstate-owned and state-owned real property leases
- Leases 3.6 million useable square feet of nonstate-owned space and other real property at an annual cost of \$63.4 million
- Leases 2.1 million useable square feet of state-owned space under the custodial control of Administration (Admin)
- Manages over 430 remodeling/repair/new building projects
- Oversees over \$166 million in capital appropriations

**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. The following are key Minnesota Statutes (M.S.) citations applicable to Real Estate and Construction Services (RECS): 16A.632, 16B.05, 16B.24, 16B.25, 16B.26, 16B.281, 16B.282, 16B.283, 16B.284, 16B.286, 16B.287, 16B.30, 16B.305, 16B.31, 16B.32, 16B.322, 16B.325, 16B.33, 16B.335, 16B.35, 16C.08, 16C.095, 16C.10, 16C.14, 16C.32, 16C.33, 16C.34, and 216B.241.

**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, correctional facilities, emergency services, training centers, environmental services, communication facilities, laboratories, driver vehicle services, licensing centers, and state veterans homes.

**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 the statewide predesign program, maintains the predesign manual, and reviews/approves submittals
- Provides oversight of the statewide facility condition audit
- Provides staff support for, and is a member of, the State Designer Selection Board (SDSB)
- Develops and maintains building design guidelines
- Oversees Minnesota Sustainable Building Guidelines and Benchmarking Tool (B3) programs
- Manages Public Buildings Enhanced Energy Efficiency Program (PBEEEP)
- Administers the Enterprise Total Infrastructure Facility Management System (E-TIFM)
- Participates in enterprise real property governance initiatives
- 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 rental rates
- 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 preparing funding requests, managing budgets, 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 coordinates transfers custodial control of real property between agencies
- 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 30 million square feet in more than 4,000 buildings and managed by 20 custodial agencies. In addition, Admin currently leases 3.6 million useable square feet of nonstate-owned space for over 100 state agencies, boards, and councils.

Real Estate Services (RES) and the State Architect's Office (SAO) combined in FY 2008 to form RECS. Combining the two organizations created efficiencies in support functions and facilitated comprehensive end-to-end services to statewide customers. The Department of Administration previously provided more energy management services to state agencies. While these efforts have been scaled back in recent years, RECS continues to receive a small appropriation to support a limited number of energy related projects and initiatives.

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.

The Enterprise Total Infrastructure Facility Management (E-TIFM) system is providing the state with a web-enabled, shared repository to facilitate more efficient and effective oversight and stewardship of the state's real estate assets.

**Key Activity Goals & Measures**

**Admin Goal – To reduce costs by working across government** (<http://www.admin.state.mn.us/admin.html>)

RECS Goal: Reduce rent costs by negotiating leases effectively.

Measure: lease rates on average for nonstate-owned property will not increase more than 2% per year.

FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
1.09%	2.0%	1.0%	2.0%	1.0%

**Admin Goal – To provide our customers with valuable services, products, advice, and expertise** (<http://www.admin.state.mn.us/admin.html>)

RECS Goal: Improve energy conservation and efficiency in state buildings.

Measure: Conduct energy audits in at least 5% of state-owned buildings each fiscal year.

**Activity Funding**

This activity is primarily funded through general fund appropriations. In addition, some funding is received by charging direct project management services to projects. 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

<http://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>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Expenditures by Fund</u></b>					
<b>Carry Forward</b>					
General	279	540	10	0	10
<b>Direct Appropriations</b>					
General	2,753	3,598	3,120	3,075	6,195
Miscellaneous Special Revenue	0	250	0	0	0
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	838	1,079	724	675	1,399
Federal	140	0	0	0	0
Federal Stimulus	85	2,500	4,237	0	4,237
Gift	51	0	0	0	0
<b>Total</b>	<b>4,146</b>	<b>7,967</b>	<b>8,091</b>	<b>3,750</b>	<b>11,841</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	2,081	2,021	2,015	2,018	4,033
Other Operating Expenses	1,853	5,606	6,066	1,732	7,798
Capital Outlay & Real Property	212	340	10	0	10
<b>Total</b>	<b>4,146</b>	<b>7,967</b>	<b>8,091</b>	<b>3,750</b>	<b>11,841</b>
<b>Full-Time Equivalents (FTE)</b>	<b>22.7</b>	<b>21.8</b>	<b>21.3</b>	<b>20.6</b>	

**Activity at a Glance**

- More than \$12 billion in property values insured
- 13,400 vehicles insured
- Approximately 60,000 employees served in the executive, legislative, and judicial branches of state government and in quasi-state agencies such as the Minnesota State Fair
- 2,691 workers' compensation claims were filed in FY2009
- Co-sponsors an annual State Safety and Loss Control Conference for state agencies and MnSCU.

**Activity Description**

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

- Multiple lines of property and casualty insurance coverage and other insurance programs for state agencies at below-market cost through the Risk Management Fund (RMF)
- 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 RMF offers five major lines of insurance:

- auto liability
- auto comprehensive and collision
- general liability
- property
- boiler and machinery

The RMF 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, coordinating statewide risk management, 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 (DLI), 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.

**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 state's difficulty obtaining auto liability insurance in the commercial market. The RMF allows the commissioner of Administration (Admin) to offer state agencies alternatives to purchasing conventional insurance. Historical development of the fund is as follows

- First general liability insurance underwritten by the RMF in 1988.
- Automobile comprehensive and collision insurance available soon after.
- Full line of property and casualty insurance coverage added with the creation of Minnesota State Colleges and Universities (MnSCU).

# ADMINISTRATION DEPT

## Program: GOVT AND CITIZEN SERVICES

### Activity: RISK MANAGEMENT

### Narrative

The fund is maintained by charging premiums for the various insurance products. The RMF has an advisory committee, composed of representatives from state agencies, academia, and the private sector, that 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 covered groups have one of two options.

The first 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 is known today as the premium pool option. The premium pool, started in FY 2003, allows agencies to pay annual premiums, 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 DLI. The program was under the Department of Employee Relations (DOER) from 1987 until it became part of the Risk Management Division in Admin in December 2007.

#### **Key Activity Goals & Measures**

**Admin Goal – To provide our customers with valuable services, products, advice, and expertise** (<http://www.admin.state.mn.us/admin.html>)

**Admin Goal – To reduce costs by working across government** (<http://www.admin.state.mn.us/admin.html>)

Goal 1) The RMF provides insurance coverage for the state at a lower cost than the traditional insurance market.

Measure: Compare industry overhead to the RMF. Performance over the past five years is as follows

Fiscal Year	2005	2006	2007	2008	2009
Industry Average Operating Expense Ratio	30.3	30.0	30.9	32.6	32.7
RMF Operating Expense Ratio (lower is better)	13.8	15.9	18.1	20.5	20.1

Measure: The RMF operating expense ratio compared to the industry average operating expense ratio over the past five years is 1.8:1. That is, for every \$1.80 the industry spends on operating expenses, RMF spends \$1.00. The RMF operating expense ratio is stabilizing after prior increases caused by sharp increases in reinsurance costs.

Goal 2) The Workers' Compensation program uses industry benchmarks to measure its performance. Two of these measures follow. The total cost of the state's workers' compensation expenditures is stable over the last five years when compared to payroll costs and to the average cost of indemnity (loss of time from work) for all other Minnesota employers.

Measure: **WC Costs per \$100 Payroll**

Fiscal Year	2004	2005	2006	2007	2008
State of Minnesota	\$1.06	\$ .99	\$1.01	\$1.00	\$ .93
Minnesota Self-Insured Employers	\$1.24	\$1.25	\$1.26	\$1.27	\$1.21
All Other Minnesota Employers	\$1.72	\$1.69	\$1.60	\$1.52	\$1.35

**Data Source:** DLI System Report (released 2010)

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

Measure: **Average Cost of Indemnity Claims**

Fiscal Year	2004	2005	2006	2007	2008
State of Minnesota	\$13,200	\$12,000	\$12,700	\$12,000	\$12,600
All Other Minnesota Employers	\$17,100	\$17,200	\$17,400	\$17,600	\$18,100

**Data Source:** DLI System Report (released 2010)

# ADMINISTRATION DEPT

## Program: GOVT AND CITIZEN SERVICES

Activity: RISK MANAGEMENT

Narrative

### Activity Funding

The property and casualty program operates as an internal service fund, charging fees based on insurance options requested by customers. No money is appropriated for division operations from the general fund. The property and casualty program has 10 full-time employees on 7-1-10.

The 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, and safety and loss control services.

An open general fund appropriation pays for the state's annual Workers' Compensation Reinsurance (WCRA) premium.

### Operating Losses/Increases in Retained Earnings:

Retained earnings for the property and casualty program decreased by \$1,607,666 in FY 2009. This decrease is due to large property claim losses and large dividend payments over the biennium. The FY 2009 policyholder surplus is \$6.3 million.

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 2010, the Advisory Committee approved a dividend payment of \$605,233. The RMF has returned more than \$16 million in dividends to policyholders over the past 22 years.

The workers' compensation premium pool experienced a deficit of \$119,268 in FY 2009. This amount will be added to the premiums paid by agencies participating in the pool in FY 2011.

### History of Rate Changes:

Fiscal Year	2006	2007	2008	2009	2010	2011
Rate Change (by line)						
Auto Liability	7.47%	8.24%	10.67%	.00%	11.60%	.00%
Auto Physical Damage	.00%	1.37%	(2.81%)	.00%	(12.55%)	.00%
General Liability	.00%	.00%	.00%	.00%	.00%	.00%
Property	(21.05%)	.00%	.00%	.00%	5.00%	.00%
Other	.00%	.00%	.00%	.00%	.00%	.00%
Rate Change Average	(13.80%)	2.37%	2.43%	.00%	4.50%	.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
- fluctuations of the reinsurance marketplace

The workers' compensation program's administrative fee has remained unchanged since FY 2004.

Fiscal Year	2006	2007	2008	2009	2010	2011
Administrative Fee	\$2.5M	\$2.5M	\$2.5M	\$2.5M	\$2.5M	\$2.5M

### Impact of Rate Changes:

Assuming the same volume and mix of services as FY 2010, customers will pay the same amount in FY 2011.

### Contact

Director

Phone: (651) 201-2585

Email: <http://www.admin.state.mn.us/risk>

Annual reports online: <http://www.admin.state.mn.us/risk/publications.html>.

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

Narrative

**INTERNAL SERVICE FUND  
FINANCIAL STATEMENT**

(DOLLARS IN THOUSANDS)	* OPERATIONS DATA *			
	ACTUAL FY 2010	PROJECTED FY 2011	PROJECTED FY 2012	PROJECTED FY 2013
OPERATING REVENUES:				
NET SALES	12,164	11,996	12,204	12,459
LESS: COST OF SALES				
GROSS PROFIT ON SALES	12,164	11,996	12,204	12,459
OTHER REVENUE				
NET REVENUES	12,164	11,996	12,204	12,459
LESS: OPERATING EXPENSES:				
CLAIMS	5,354	5,727	6,024	6,174
SALARIES	848	941	945	964
SUPPLIES & EXPENSES	5,087	5,099	5,114	5,134
INDIRECT COSTS	64	83	83	83
AMORTIZATION & DEPRECIATION	0	62	62	62
TOTAL OPERATING EXPENSES	11,352	11,912	12,228	12,417
OPERATING INCOME (LOSS)	811	84	(24)	42
NON-OPERATING REVENUES (EXPENSES)	(456)	(307)	(550)	(650)
NET INCOME (LOSS)	355	(223)	(574)	(608)
BEGINNING RETAINED EARNINGS	6,299	6,654	6,431	5,857
PRIOR PERIOD ADJUSTMENT	0	0	0	0
ENDING RETAINED EARNINGS	6,654	6,431	5,857	5,249
RATE INCREASE/(DECREASE):	4.50%	0.00%	2.00%	2.00%
FTE	10.1	11.7	11.7	11.7
<b>Expenditure Reconciliation to BBS</b>				
Operating Expenses			12,228	12,417
Less amortization & depreciation (non-cash)			62	62
Plus dividend expense paid in same FY as declared			700	800
Total cash payments			12,866	13,155
BBS Amounts - Financing by Fund				
Risk Management			12,866	13,155
<b>Receipt Reconciliation to BBS</b>				
Net Revenues			12,204	12,459
Interest Income from Non-operating revenue/expenses			150	150
Total cash receipts			12,354	12,609
BBS Amounts - Revenue Collected				
Risk Management			12,354	12,609

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

Narrative

**INTERNAL SERVICE FUND  
FINANCIAL STATEMENT****\* FINANCIAL DATA \***

	ACTUAL FY 2010	ESTIMATED FY 2011
ASSETS:		
CURRENT ASSETS:		
CASH	18,151	17,575
OTHER CURRENT ASSETS	3,042	1,050
TOTAL CURRENT ASSETS	21,193	18,625
NON-CURRENT ASSETS:		
TOTAL ASSETS	594	634
	21,787	19,259
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	0	0
MASTER LEASE - CURRENT	0	0
OTHER CURRENT LIABILITIES	15,042	12,734
TOTAL CURRENT LIABILITIES	15,042	12,734
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0	0
MASTER LEASE - NON-CURRENT	0	0
OTHER NON-CURRENT LIABILITIES	91	95
TOTAL NON-CURRENT LIABILITIES	91	95
TOTAL LIABILITIES	15,133	12,829
FUND EQUITY:		
CONTRIBUTED CAPITAL-GENERAL FUND	0	0
RETAINED EARNINGS	6,654	6,431
TOTAL FUND EQUITY	6,654	6,431
TOTAL LIABILITIES & FUND EQUITY	21,787	19,259



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

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Expenditures by Fund</u></b>					
<b>Open Appropriations</b>					
General	842	2,468	1,942	1,990	3,932
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	30,383	31,589	32,784	34,199	66,983
Risk Management	10,347	12,482	12,866	13,155	26,021
<b>Total</b>	<b>41,572</b>	<b>46,539</b>	<b>47,592</b>	<b>49,344</b>	<b>96,936</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	3,423	3,567	3,588	3,669	7,257
Other Operating Expenses	37,544	42,515	43,304	44,875	88,179
Other Financial Transactions	605	457	700	800	1,500
<b>Total</b>	<b>41,572</b>	<b>46,539</b>	<b>47,592</b>	<b>49,344</b>	<b>96,936</b>
<b>Full-Time Equivalents (FTE)</b>	<b>40.9</b>	<b>44.5</b>	<b>44.5</b>	<b>44.5</b>	

# ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: SMART

Narrative

### Activity at a Glance

- 13 small agencies, boards, and councils receive human resource services
- 11 small agencies, boards, and councils receive financial management services

### Activity Description

The Small Agency Resource Team (SmART) delivers consolidated and streamlined human resources and financial management services to small agencies, boards, and councils. SmART's personnel strive to learn and understand the business needs of the groups they serve, enhancing opportunities for providing leadership and guidance. SmART provides sound policy advice, enabling effective informed decision-making by the small agencies, boards, and councils it serves.

### Population Served

Professional business support services are provided to small agencies, boards, and councils which enable them to focus on their core business functions.

### Services Provided

SmART business support services provided include

- position filling
- classification determinations
- bi-weekly payroll processing
- advising on labor contract provisions
- benefit administration
- Family Medical Leave Act administration
- 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
- training

### Historical Perspective

SmART began receiving General Fund appropriations in FY 2007 to provide human resource and financial services to several agencies, boards, and councils. 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 the needs of small agencies, boards, and councils; and
- the opportunity for customers served to leverage SmART services to improve their operations and business discipline.

### Key Activity Goals & Measures

**Admin Goal – To provide our customers with valuable services, products, advice, and expertise**

(<http://www.admin.state.mn.us/admin.html>)

Measure: Smart customers will rate the SmART Human Resources program at four or higher on a scale of one to five, with five as the highest value. SmART provides comprehensive human resource services to agencies that cannot afford their own human resource staff. As part of the SmART program, these agencies, boards, and councils will receive the same level of expertise as larger agencies and will have access to information to follow legal, contract, and Office of the Legislative Auditor guidelines. For FY 2010, SmART received an average score of 4.8.

Measure: SmART customers will receive at least three training opportunities each year in order to remain current on human resource practices integral to their work. In the past year, customers have been invited to training sessions for the Department of Administration supervisors on interviewing, generational differences, Family and Medical Leave Act and Americans with Disabilities Act updates, and preventing sexual harassment.

Measure: Purchase orders will be issued within two days of receipt of the purchase request from customers on no-bid purchases.

Fiscal Year	2008	2009	2010	2011 (est.)
Days to Issue Purchase Order	1.7	1.8	2.2	1.5

### Activity Funding

This activity is funded through a general fund appropriation. This activity also receives funding through payments from agencies with collaborative agreements for SmART services.

### Contact

Director

Phone: (651) 201-2609 or (651) 201-2563 Website: <http://www.admin.state.mn.us/fmr>

**ADMINISTRATION DEPT**  
**Program: GOVT AND CITIZEN SERVICES**  
 Activity: SMART

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	205	293	393	393	786
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	2	0	0	0	0
<b>Total</b>	<b>207</b>	<b>293</b>	<b>393</b>	<b>393</b>	<b>786</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	180	199	332	332	664
Other Operating Expenses	27	94	61	61	122
<b>Total</b>	<b>207</b>	<b>293</b>	<b>393</b>	<b>393</b>	<b>786</b>
<b>Full-Time Equivalents (FTE)</b>	<b>2.9</b>	<b>3.3</b>	<b>4.9</b>	<b>4.8</b>	

**Activity at a Glance**

- 1,146 Assistive Technology (AT) devices were loaned in 28 counties
- 584 individuals received AT demonstrations
- 381 Minnesotans saved \$37,122 by purchasing used rather than new AT
- Four citizens saved \$8,390 by purchasing used AT from [www.mnstarte.org](http://www.mnstarte.org)
- 2,418 citizens received AT information at 24 community events
- 372 consumers, professionals, and family members attended 22 training sessions
- Over 2,330 Funding and Resources Directories distributed
- Technical assistance was provided to the Technology Accessibility Advisory Committee (TAAC) for Web Accessibility and Accessible Information Technology Procurement
- 14 Minnesotans received Awards for Excellence for their work with or use of AT during an event at the capitol

**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 (PL 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; 71.4% 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 AT resources and provides Minnesotans access to AT for demonstration and loan prior to purchasing a device. STAR also provides AT training, technical assistance, public awareness, and statewide information and referral services.

**Population Served**

According to 2004 Census estimates, nearly one in eight, or 12.2%, of Minnesota's population has at least one form of disability. Approximately 566,000 Minnesotans between the ages of five and 64 had one or more disabilities and approximately 217,000 Minnesota adults 65 years old or older had one or more disabilities. These individuals often need assistance in performing daily activities or participating in community life. STAR conducts activities that promote the availability and benefits of assistive technology devices and services for these populations.

**Services Provided**

STAR works to build collaborative relationships in the AT community and, along with its nonprofit partners, is working to provide 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

- STAR's five nonprofit partners loan AT devices to individuals with disabilities regardless of age or diagnosis. Individuals with cerebral palsy, autism, cancer, or stroke survivors benefit from using the loan programs. Devices are loaned so individuals may try an AT device prior to purchase.
- STAR and five nonprofit partners provide AT demonstrations to individuals with disabilities, their families and the professionals who work with them. A demonstration compares features of similar AT devices in order to make a decision regarding the appropriateness of a specific AT device.
- When appropriate, STAR encourages the reutilization of AT and provides a website, [www.mnstarte.org](http://www.mnstarte.org), where individuals may post AT for sale, donation, or exchange. STAR also contracted with five community organizations to refurbish gently used AT devices for reuse throughout Minnesota.

Collaboration, training, and technical assistance

- STAR participates in collaborative efforts to increase awareness of and access to AT. Collaborative efforts include working with the Department of Education's Assistive Technology Leadership Team; the Department of Health's Emergency Preparedness Committee; the Minnesota Disability Law Center Advisory Council; and the Minnesota Regions Assistive Technology Collaborative.
- STAR exhibits at community events, provides information to individuals and families, and conducts training sessions about using AT to live, learn, work, and play.

Public awareness and information and referral assistance

- STAR provides information about AT to individuals who contact STAR either by phone or the web.

# ADMINISTRATION DEPT

## Program: GOVT AND CITIZEN SERVICES

Activity: STAR

Narrative

- STAR publishes a biennial statewide directory of AT funding resources and services. This directory provides consumers of AT and professionals with information about AT, who provides evaluations and assessments to determine a need for AT, and where and how to obtain funding to purchase AT.
- STAR sponsors an awards ceremony each spring which creates awareness of AT and recognizes individuals for their commitment to removing barriers to independence for people with disabilities through the use of AT.

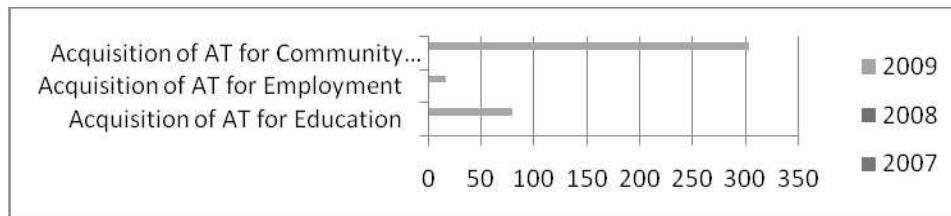
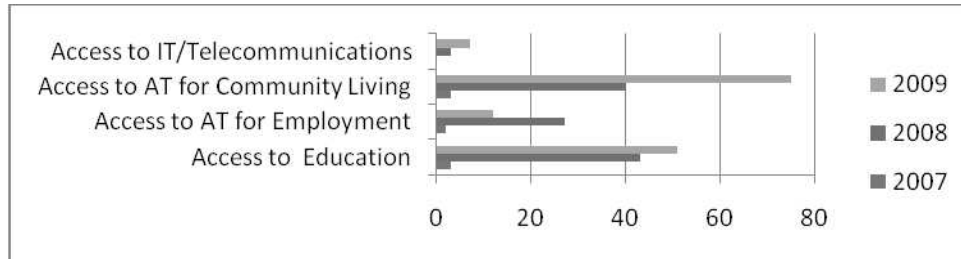
### Key Activity Goals & Measures

**Minnesota Milestones Statewide Goals - All people will be welcomed, respected, and able to participate fully in Minnesota's communities and economy (<http://server.admin.state.mn.us/mm/goal.html>)**

STAR works to achieve the Minnesota Milestone for Community and Democracy that all people will be welcomed, respected, and able to participate fully in Minnesota's communities and economy. In order to live as independently as possible and to live, learn, work and play, people with disabilities and senior citizens may need AT for hearing, vision, mobility, or to accomplish a task. Consistent with STAR's federal mandates, the STAR Advisory Council recommended two goals for the STAR Program. These goals are:

- STAR will provide AT device loan and demonstration services to improve access to AT education, employment, community living and information technology (IT)/telecommunications.
- STAR will provide support for the exchange or reutilization of AT to improve acquisition of AT in education, employment, and community living.

Measures (graphs represent individuals):



### Activity Funding

Funding for the STAR Program is obtained from the U.S. Department of Education, Office of Special Education and Rehabilitative Services, Rehabilitation Services Administration under the Assistive Technology Act of 1998, as amended by PL 108-364. Funding is currently \$475,163 per federal fiscal year (FFY). Level funding is anticipated for FFY 2011. 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

<http://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
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Expenditures by Fund</u></b>					
Statutory Appropriations					
Federal	501	484	482	482	964
<b>Total</b>	<b>501</b>	<b>484</b>	<b>482</b>	<b>482</b>	<b>964</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	209	209	215	217	432
Other Operating Expenses	164	183	163	163	326
Local Assistance	128	90	104	102	206
Other Financial Transactions	0	2	0	0	0
<b>Total</b>	<b>501</b>	<b>484</b>	<b>482</b>	<b>482</b>	<b>964</b>
<b>Full-Time Equivalents (FTE)</b>	<b>3.0</b>	<b>3.1</b>	<b>3.1</b>	<b>3.0</b>	

**Activity at a Glance**

- Prepares annual population and household estimates for counties, cities, and towns
- Plans for 2010 Census data for legislative and congressional redistricting
- Prepares 10 and 50 year population projections and budget impacts of trends
- 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 Minnesota's population, education, housing, income, migration, foreign-born population, and aging.
- Updates Minnesota Milestones indicators
- Prepares report on Minnesota state plan in odd numbered fiscal years
- Makes more than 100 presentations annually
- Provides Minnesota input on technical matters involving federal demographic programs

**Activity Description**

The State Demographer's Office provides demographic services as outlined in M.S. 4A.02 and below in "Services Provided." This program is a unit within the Office of Geographic and Demographic Analysis.

Beginning in November 2010, the State Demographer will prepare annual long run projections of population and demographic characteristics and project the budget impact of major demographic changes.

The State Demographer's Office also annually updates Minnesota Milestones indicators and prepares a biennial report on the state plan.

**Population Served**

The state demographer serves state elected officials, state agencies, legislators, local governments, 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, including for school districts and municipal boundary changes
- periodically prepare population and related projections for the state and sub areas
- analyze the impact of demographic change on state government budgets and programs
- act as liaison with the U.S. Census Bureau
- continuously monitor demographic data and trends and prepare reports
- work with the U.S. Census Bureau and legislature on the data for 2010 redistricting
- provide demographic and related information on request.

**Historical Perspective**

The State Demographer's Office was created in 1973 by statute. For over 37 years, the state demographer 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, households, revenue collections, people with disabilities, and structural issues in the state budget.

Annual population and household estimates made by the state demographer are a major component in a number of state 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 Activity Goals & Measures**

**Admin Goal – To provide our customers with valuable services, products, advice, and expertise**  
(<http://www.admin.state.mn.us/admin.html>)

Measure: The state demographer provides official statistics and estimates that are used in funding formulas and other operational efforts necessary for efficient and effective government operations.

# ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: STATE DEMOGRAPHER

Narrative

Measure: The state demographer makes between 100 and 150 public appearances per year, at the request of customers, to explain demographic trends and their impact on government operations.

Measure: The state demographer provides, on request, estimates and forecasts of demographic characteristics to departments of state government, to meet their operational needs.

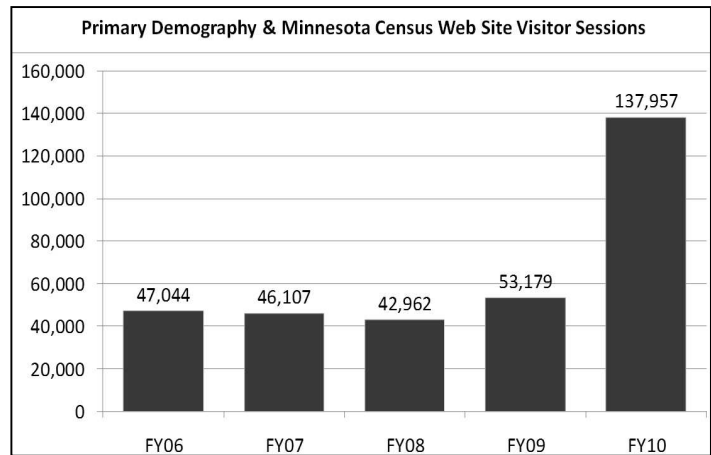
**Minnesota Milestones Statewide Goals - Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them.**

(<http://server.admin.state.mn.us/mm/goal.html>)

Measure: The state demographer makes forecasts of population and demographic characteristics to guide funding for major capital expenditures and to anticipate the financial impact of existing and proposed programs

Measure: The state demographer anticipates changes in major demographic trends and their future impact on state government budgets.

Measure: The state demographer makes information available to all Minnesotans by updating Minnesota Milestones, maintaining a website, preparing publications, responding to phone requests, and outreach.



## Activity Funding

The program operates through a general fund appropriation.

## Contact

State Demographer

Phone: (651) 201-2461

Helpline: (651) 296-2557

<http://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
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	250	170	170	170	340
<b>Technical Adjustments</b>					
Operating Budget Reduction			(2)	(2)	(4)
Subtotal - Forecast Base	250	170	168	168	336
<b>Governor's Recommendations</b>					
Operating Budget Reductions		0	0	(70)	(70)
<b>Total</b>	<b>250</b>	<b>170</b>	<b>168</b>	<b>98</b>	<b>266</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	653	615	593	523	1,116
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	0	5	0	0	0
Federal	14	0	0	0	0
<b>Total</b>	<b>667</b>	<b>620</b>	<b>593</b>	<b>523</b>	<b>1,116</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	481	479	458	410	868
Other Operating Expenses	186	141	135	113	248
<b>Total</b>	<b>667</b>	<b>620</b>	<b>593</b>	<b>523</b>	<b>1,116</b>
<b>Full-Time Equivalents (FTE)</b>	<b>5.5</b>	<b>5.5</b>	<b>5.3</b>	<b>4.7</b>	

**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**

This program includes the following 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>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	1,726	1,726	1,726	1,726	3,452
<b>Technical Adjustments</b>					
Operating Budget Reduction			(8)	(8)	(16)
Subtotal - Forecast Base	1,726	1,726	1,718	1,718	3,436
<b>Total</b>	<b>1,726</b>	<b>1,726</b>	<b>1,718</b>	<b>1,718</b>	<b>3,436</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	1,526	1,905	1,718	1,718	3,436
<b>Total</b>	<b>1,526</b>	<b>1,905</b>	<b>1,718</b>	<b>1,718</b>	<b>3,436</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	1,337	1,353	1,345	1,352	2,697
Other Operating Expenses	189	552	373	366	739
<b>Total</b>	<b>1,526</b>	<b>1,905</b>	<b>1,718</b>	<b>1,718</b>	<b>3,436</b>
<b><u>Expenditures by Activity</u></b>					
Executive Support	431	495	467	467	934
Financial Mgmt And Reporting	736	920	827	827	1,654
Human Resources	359	490	424	424	848
<b>Total</b>	<b>1,526</b>	<b>1,905</b>	<b>1,718</b>	<b>1,718</b>	<b>3,436</b>
<b>Full-Time Equivalents (FTE)</b>	<b>18.9</b>	<b>19.2</b>	<b>18.7</b>	<b>18.4</b>	

# ADMINISTRATION DEPT

**Program: ADMINISTRATIVE MGMT SERVICES**

**Activity: EXECUTIVE SUPPORT**

Narrative

## Activity at a Glance

- Project management for statewide efficiency initiatives
- Assisted with a variety of statewide efforts, including alternative fuels, building energy efficiency, and government reform
- Addressed 135 media inquiries in FY 2010
- Addressed 88 data practices requests in FY 2010
- Maintained five websites
- Published 18 newsletters focusing on government efficiency and agency services
- Reviewed 26 issues of division newsletters

## Activity Description

Executive Support serves the numerous needs of the Department of Administration (Admin) in the execution of its responsibilities as the primary administrative/operations agency of the executive branch. These include agency and executive leadership and management and program support. Executive Support also coordinates the Department Results/Accountability Minnesota website ([www.accountability.state.mn.us](http://www.accountability.state.mn.us)), which helps citizens follow the progress of 26 state agencies/offices toward specific goals in eight categories.

## Population Served

Executive Support serves numerous populations: the agency and employees; the governor's office; all executive branch agencies, boards and commissions; media; the legislature; and citizens.

## Services Provided

- Executive management support
- Intra-agency and inter-agency coordination
- Internal and external communications
- Data practices compliance
- Legislative coordination
- Media relations
- Website management
- Executive branch agency performance reporting
- Continuity of operations planning for emergency preparedness

## Key Activity Goals & Measures

**Admin Goal – To provide our customers with valuable services, products, advice, and expertise**

**Admin Goal – To be recognized for our innovation and efficiency** (<http://www.admin.state.mn.us/admin.html>)

Executive Support assists the agency in delivering on its mission of helping customers succeed by providing valuable services, products, advice, and expertise, and by recognizing innovation and efficiency through communications with customers and others.

Measure: Publication of a semi-monthly online newsletter for customers across state government. In FY 2010, the department published five newsletters, one less than the goal of six per year.

Measure: Assisting agency programs with a variety of communications, including online and print newsletters, memoranda, policies, news releases, and other documents. In FY 2010, five divisions/units received assistance with all 38 issues of their respective newsletters.

Measure: Responding to data practices requests. The agency's data practices compliance function strives to acknowledge requests for data within 24 business hours and to provide the requested data, if any is maintained, within 10 business days. In FY 2010, the department's data practices compliance function received 88 requests for which the department maintained responsive data. The responsive data were made available to the requestor within 10 business days 88.2% of the time, slightly under the goal of 90 percent.

**Minnesota Milestones Statewide Goals** (<http://server.admin.state.mn.us/mm/goal.html>)

More generally, Executive Support aids agency 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.

## Activity Funding

This activity is primarily funded through a general fund appropriation.

## Contact

Director

Phone: (651) 201-2563

Website: <http://www.admin.state.mn.us>

Strategic Plan: [http://www.admin.state.mn.us/admin\\_strategicplan.html](http://www.admin.state.mn.us/admin_strategicplan.html)

Performance Goals, Measures and Results: <http://www.accountability.state.mn.us/Departments/Administration/>

**ADMINISTRATION DEPT**  
**Program: ADMINISTRATIVE MGMT SERVICES**  
 Activity: EXECUTIVE SUPPORT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Expenditures by Fund</u></b>					
Direct Appropriations					
General	431	495	467	467	934
<b>Total</b>	<b>431</b>	<b>495</b>	<b>467</b>	<b>467</b>	<b>934</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	319	302	305	310	615
Other Operating Expenses	112	193	162	157	319
<b>Total</b>	<b>431</b>	<b>495</b>	<b>467</b>	<b>467</b>	<b>934</b>
<b>Full-Time Equivalents (FTE)</b>	<b>4.2</b>	<b>3.9</b>	<b>3.9</b>	<b>3.9</b>	

# ADMINISTRATION DEPT

## Program: ADMINISTRATIVE MGMT SERVICES

### Activity: FINANCIAL MGMT AND REPORTING

Narrative

#### Activity at a Glance

- Administers agency budget - FY 2010 approximately \$161 million
- Supports agency divisions in all aspects of financial management
- Produces 75 monthly, quarterly, and annual financial statements each year providing reporting on the financial condition
- Coordinates internal control activities

#### Activity Description

Financial Management and Reporting Division (FMR) provides financial management support, coordinates internal control activities, and performs the fiscal agent function for the Department of Administration (Admin).

#### Population Served

Financial support, information, and transactions are provided to all divisions within the agency, Minnesota Management and Budget (MMB), the Legislative Auditor, the legislature, and vendors.

#### Services Provided

FMR serves as the agency's financial liaisons and consultants conforming to Generally Accepted Accounting Principles (GAAP). Fiscally responsible utilization of available resources, as governed by applicable laws, policies, and procedures, are achieved through effective financial management. FMR provides the following agency services:

- annual, biennial, and supplemental budget preparation
- purchasing
- transaction processing
- financial reporting
- internal control coordination
- financial statement preparation
- business plan and rate review oversight
- fiscal note management
- policy and procedure development and training
- financial analysis
- assurance review
- financial verification
- state accounting/procurement system coordination, implementation, and maintenance
- quarterly operations review oversight and metrics reporting
- capital budget assistance

#### Key Activity Goals & Measures

##### Admin Goal – To provide our customers with valuable services, products, advice, and expertise

(<http://www.admin.state.mn.us/admin.html>)

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.

Measure: 98% of payments will be made within 30 days.

Fiscal Year	2007	2008	2009	2010	2011 (est.)
Prompt Payment goal - 98%	98.37%	98.37%	98.22%	96.85%	98.00%
Number of payment transactions	21,198	22,110	20,058	14,815	14,500

Measure: Purchase orders will be issued within two days of receipt of the purchase request from customers on no-bid purchases.

Fiscal Year	2007	2008	2009	2010	2011 (est.)
Days to Issue Purchase Order	1.7	1.7	2.2	1.4	1.5

#### Activity Funding

This activity is primarily funded through a general fund appropriation.

#### Contact

Director

Phone: (651) 201-2563

Web site: <http://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 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	736	920	827	827	1,654
<b>Total</b>	<b>736</b>	<b>920</b>	<b>827</b>	<b>827</b>	<b>1,654</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	762	779	750	747	1,497
Other Operating Expenses	(26)	141	77	80	157
<b>Total</b>	<b>736</b>	<b>920</b>	<b>827</b>	<b>827</b>	<b>1,654</b>
<b>Full-Time Equivalents (FTE)</b>	<b>10.8</b>	<b>11.2</b>	<b>10.4</b>	<b>10.1</b>	

**Activity at a Glance**

- 118 vacancies filled per calendar year
- 98% of labor grievances per fiscal year are resolved without arbitration
- 60% of employees provided onsite or offsite training per fiscal year
- 898 individual payroll timesheets processed bi-weekly

**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.

**Population Served**

The Human Resources Division serves both Admin and OET.

**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
- bi-weekly payroll processing
- performance management and wage/compensation administration
- Worker's compensation administration, Occupational Safety and Health Administration (OSHA) compliance, and general safety/wellness program administration
- Affirmative Action, Americans with Disabilities Act (ADA), and Family and Medical Leave Act (FMLA) oversight and administration
- consultation on human resources management issues

**Key Activity Goals & Measures**

**Admin Goal – To provide our customers with valuable services, products, advice, and expertise**  
(<http://www.admin.state.mn.us/admin.html>)

Measure: Managers and supervisors will receive a list of qualified applicants for positions within 48 hours of the closing of the announcement. It is critical that supervisors receive applications as soon as possible to diminish the length of time positions are vacant.

Measure: Average sick leave in the agency will be reduced to 30 hours per year or less. The agency is actively seeking to improve attendance so that its resources can be used most effectively. The number of sick leave hours does not include hours used under the Family and Medical Leave Act. In the past three years, the agency has averaged 42, 34, and 37 hours.

Measure: A collaborative effort between Admin and the Department of Transportation will reduce the time to train a new employee in the accounting series by 35%. Because of the complexity of the accounting system and its multiple demands, supervisors have been reluctant to hire candidates without state accounting experience. A training program being developed now will train new accounting staff across the state so that each accounting supervisor will have to spend less on-the-job training time.

**Activity Funding**

This activity is primarily funded through a general fund appropriation.

**Contact**

Director

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**ADMINISTRATION DEPT**  
**Program: ADMINISTRATIVE MGMT SERVICES**  
 Activity: HUMAN RESOURCES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	359	490	424	424	848
<b>Total</b>	<b>359</b>	<b>490</b>	<b>424</b>	<b>424</b>	<b>848</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	256	272	290	295	585
Other Operating Expenses	103	218	134	129	263
<b>Total</b>	<b>359</b>	<b>490</b>	<b>424</b>	<b>424</b>	<b>848</b>
<b>Full-Time Equivalents (FTE)</b>	<b>3.9</b>	<b>4.1</b>	<b>4.4</b>	<b>4.4</b>	

**Program Description**

The purpose of the **Fiscal Agent** is to meet the administrative needs of grant and other funding 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**

This program includes the following budget activities

- Public broadcasting
- In lieu of rent
- Miscellaneous 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

*Dollars in Thousands*

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	10,403	10,254	10,254	10,254	20,508
<b>Technical Adjustments</b>					
Biennial Appropriations			66	66	132
Operating Budget Reduction			(230)	(230)	(460)
Subtotal - Forecast Base	10,403	10,254	10,090	10,090	20,180
<b>Total</b>	<b>10,403</b>	<b>10,254</b>	<b>10,090</b>	<b>10,090</b>	<b>20,180</b>
<b>Arts And Cultural Heritage</b>					
Current Appropriation	6,500	7,900	7,900	7,900	15,800
<b>Technical Adjustments</b>					
One-time Appropriations			(7,900)	(7,900)	(15,800)
Subtotal - Forecast Base	6,500	7,900	0	0	0
<b>Total</b>	<b>6,500</b>	<b>7,900</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Carry Forward</b>					
General	0	21	0	0	0
<b>Direct Appropriations</b>					
General	10,338	9,957	10,090	10,090	20,180
Arts And Cultural Heritage	6,282	7,710	0	0	0
<b>Statutory Appropriations</b>					
Gift	13	3	0	0	0
<b>Total</b>	<b>16,633</b>	<b>17,691</b>	<b>10,090</b>	<b>10,090</b>	<b>20,180</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	0	1	0	0	0
Other Operating Expenses	8,336	8,114	8,158	8,158	16,316
Local Assistance	8,297	9,576	1,932	1,932	3,864
<b>Total</b>	<b>16,633</b>	<b>17,691</b>	<b>10,090</b>	<b>10,090</b>	<b>20,180</b>
<b><u>Expenditures by Activity</u></b>					
Public Broadcasting	7,064	8,301	1,932	1,932	3,864
In Lieu Of Rent	8,323	8,091	8,158	8,158	16,316
Misc Grants/Studies/Other	1,246	1,299	0	0	0
<b>Total</b>	<b>16,633</b>	<b>17,691</b>	<b>10,090</b>	<b>10,090</b>	<b>20,180</b>

**Activity at a Glance**

- 1.2 million people per week view programming of the Minnesota Public Television Association
- Approximately 276,000 people listen one or more times per week to the Association of Minnesota Public Educational Radio Stations (AMPERS) radio programming with signal coverage reaching 95% of the state of Minnesota
- Over 900,000 Minnesotans listen to MPR stations weekly. Programming produced and distributed by MPR reaches 16 million people nationally each week
- MPR provides the state with infrastructure and services for the Emergency Broadcast System, the Amber Alert System, and the blind and visually impaired
- MPR's three program services are also available online at [www.mpr.org](http://www.mpr.org)
- Metro Cable Network reaches over 600,000 cabled households in the seven-county metro area

**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. Public television also provides statewide over-the-air broadcast coverage of the House and Senate floor sessions and major committee hearings. In addition to over-the-air broadcast, all stations provide a variety of web services and video streaming. 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 95% of the state. State grants provide between three and 21% of individual stations' operating budgets.

The *Clean Water, Land, and Legacy Amendment* through the Laws of 2009, Chapter 172, Article 4, Sec. 2, Subd. 5, appropriated funding from the arts and cultural heritage fund to the Department of Administration (Admin) for public television grants related to production and acquisitions (\$6,300,000). This funding enabled recipient stations to develop and broadcast numerous hours of arts, cultural, and history programming.

**Association of Minnesota Public Educational Radio Stations (AMPERS)**

State funds are used to support radio stations operated by the 12 organizations belonging to the Association of Minnesota Public and Education Radio Stations (AMPERS). These organizations serve Minnesota residents through radio programming that is local, unique in their communities, broadly educational, reaching underserved audiences. One AMPERS station is the only local radio service in the community and assists in times of county emergencies or 911/Internet technology failures. The stations provide programming that is a diverse mix of community news, public affairs programming, and music designed to engage, inform, and interact with listeners. In addition to their 12 main stations, they operate ten translators/repeaters at other locations and one station broadcasts HD Digital radio.

The AMPERS stations cover approximately 95% of the population and 90% of the geography of the state serving 276,000 unique listeners per week. State grants provide between four and 60% of the individual stations' total annual budget.

The *Clean Water, Land, and Legacy Amendment* through the Laws of 2009, Chapter 172, Article 4, Sec. 2, Subd. 5, appropriated funding from the arts and cultural heritage fund for grants to AMPERS for production and acquisitions (\$2,650,000). This funding allowed AMPERS stations to collaborate and share programs to reach new audiences, develop and deploy a new website that gives the public free access to programming, and build a vast archival source of arts, cultural, and history programming spotlighting the stories of Minnesota's rich heritage.

**Minnesota Public Radio (MPR)**

Through its 41 stations and 39 translator stations, Minnesota Public Radio (MPR) provides a broadcast signal to more than 95% of the state's population and most of its geography. Every week, 900,000 people tune into one of

## ADMINISTRATION DEPT

Program: FISCAL AGENT

Activity: PUBLIC BROADCASTING

Narrative

MPR's three regional services (News, Classical Music, and The Current) for an average of six hours. Collectively, Minnesotans spend 5.7 million hours listening to MPR each week.

MPR's general fund investments – MPR's network is unique as a broadcast service because Minnesotans through the state can rely on MPR to provide vital security, safety, and public services including:

- the backbone to the statewide Emergency Broadcast System providing emergency signals to all other radio, television, and cable stations in Minnesota;
- the backbone to 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 the Minnesota State Services for the Blind;
- *Hmong Language Services*, serving the Hmong language population (on a subcarrier of KCMP in the Twin Cities) – in cooperation with Hmong Minnesota Radio;
- *Hybrid Digital (HD) Services*, including programming for children and young families (limited currently to Twin Cities stations until distribution of HD to other stations is funded).

Support from the state provides less than 2% of MPR's total capital and operating revenue during the FY 2010-2011 biennium. Over the past several years, state General Fund support has enabled MPR to build and maintain critical infrastructure in Greater Minnesota communities where population density is not amenable to other fundraising. Some of these communities include St. Peter, Roseau, Warroad, Granite Falls, Saint James, Windom, and several others.

The *Clean Water, Land, and Legacy Amendment* through the Laws of 2009, Chapter 172, Article 4, Sec. 2, Subd. 5, appropriated funding from the arts and cultural heritage fund to Admin for grants to MPR to create new programming and events, expand regional news service, amplify Minnesota culture, and document Minnesota's history (\$2,650,000). This funding enabled MPR to expand its arts and cultural programming in innovative ways. With these funds, MPR has brought Minnesota artists and performers to the attention of previously underserved communities across the state. Measured by audience, MPR is the state's largest cultural nonprofit. Through its broadcast and web audiences, MPR is uniquely positioned to engage Minnesotans in art, arts education, and the preservation of Minnesota's history and cultural heritage. Since first receiving *Clean Water, Land, and Legacy Amendment* funds, MPR has developed 15 unique projects that focus on expanding Minnesotans' access to art, arts education, Minnesota's history, and Minnesota's cultural heritage.

**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 and some of the entities receive funding, beginning in FY 2010, through the *Clean Water, Land, and Legacy Amendment*.

### Contact

Director

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**ADMINISTRATION DEPT**  
**Program: FISCAL AGENT**  
 Activity: PUBLIC BROADCASTING

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	2,015	1,866	1,866	1,866	3,732
<b>Technical Adjustments</b>					
Biennial Appropriations			66	66	132
Subtotal - Forecast Base	2,015	1,866	1,932	1,932	3,864
<b>Total</b>	<b>2,015</b>	<b>1,866</b>	<b>1,932</b>	<b>1,932</b>	<b>3,864</b>
<b>Arts And Cultural Heritage</b>					
Current Appropriation	5,100	6,500	6,500	6,500	13,000
<b>Technical Adjustments</b>					
One-time Appropriations			(6,500)	(6,500)	(13,000)
Subtotal - Forecast Base	5,100	6,500	0	0	0
<b>Total</b>	<b>5,100</b>	<b>6,500</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	2,015	1,866	1,932	1,932	3,864
Arts And Cultural Heritage	5,049	6,435	0	0	0
<b>Total</b>	<b>7,064</b>	<b>8,301</b>	<b>1,932</b>	<b>1,932</b>	<b>3,864</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	7,064	8,301	1,932	1,932	3,864
<b>Total</b>	<b>7,064</b>	<b>8,301</b>	<b>1,932</b>	<b>1,932</b>	<b>3,864</b>

## ADMINISTRATION DEPT

Program: FISCAL AGENT

Activity: IN LIEU OF RENT

Narrative

### Activity at a Glance

- 371,562 square feet of space maintained
- 21 monuments and memorials maintained and
- 28.3 acres of ceremonial grounds maintained

### Activity Description

This activity serves as a pass-through account for legislative general fund appropriations for entities that do not directly pay for 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 (12 sites) under the Plant Management Division’s custodial control (MS 248.07, subd. 7)
- *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)

### Population Served

Services and support are provided to the legislature and constituents, vending operators with Services for the Blind, 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 (371,562 total square feet) serviced under this activity

- Ceremonial Space – 36,519 square feet
- Services for the Blind – 5,308 square feet
- Rent Waived – 329,735 square feet

### Key Activity Goals & Measures

Goal: 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

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

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	8,388	8,388	8,388	8,388	16,776
<b>Technical Adjustments</b>					
Operating Budget Reduction			(230)	(230)	(460)
Subtotal - Forecast Base	8,388	8,388	8,158	8,158	16,316
<b>Total</b>	<b>8,388</b>	<b>8,388</b>	<b>8,158</b>	<b>8,158</b>	<b>16,316</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	8,323	8,091	8,158	8,158	16,316
<b>Total</b>	<b>8,323</b>	<b>8,091</b>	<b>8,158</b>	<b>8,158</b>	<b>16,316</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	8,323	8,091	8,158	8,158	16,316
<b>Total</b>	<b>8,323</b>	<b>8,091</b>	<b>8,158</b>	<b>8,158</b>	<b>16,316</b>



## ADMINISTRATION DEPT

**Program:** FISCAL AGENT

**Activity:** MISC GRANTS/STUDIES/OTHER

Narrative

### **Activity at a Glance**

- \$14,400,000 in Arts and Cultural Heritage grants
- Six construction grants currently in process

### **Activity Description**

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

### **Population Served**

Various grant recipients are served based on specific legislative intent.

### **Services Provided**

Each of the activities is established and operated under specific state legislation. Emphasis is placed on fulfilling the intent of the specific legislation, which varies with each activity.

#### **Arts and Cultural Heritage Fund**

The Laws of 2009, Chapter 172, Article 4, Sec. 2, Subd. 5, appropriated funding from the arts and cultural heritage fund for grants to specified organizations for specified purposes. These include the following for FY 2010 and FY 2011:

- Zoos - programmatic development of Minnesota's zoos (\$900,000)
- Minnesota Children's Museum - arts, arts education, and arts access and to preserve Minnesota's history and cultural heritage (\$500,000)
- Duluth Children's Museum - arts, arts education, and arts access and to preserve Minnesota's history and cultural heritage (\$500,000)
- Science Museum of Minnesota - arts, arts education, and arts access and to preserve Minnesota's history and cultural heritage (\$900,000)

#### **Construction Grants to Political Subdivisions**

The legislature appropriates state funding to the Department of Administration (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:

- 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)
- Ramsey County – design, construct, furnish, and equip capital improvements for Gillette Children's Specialty Health Care (\$10,000,000)
- Hennepin County - design, construct, furnish, and equip a hyperbaric oxygen facility for Hennepin County Medical Center (\$5,000,000)

#### **Governor's Residence Council Gift Fund**

Based on M.S. 16B.27, the Governor's Residence Council develops an overall restoration and maintenance 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.

### **Key Activity Goals & Measures**

Key goals for this activity are timely distribution of funding and effective grants management. Processes are established and maintained for handling financial transactions, tracking information, and reporting the information. Contracts and agreements with recipients of the funding are an integral function of this activity.

### **Activity Funding**

This activity distributes a mix of funding from the arts and cultural heritage funds, gifts, bond proceeds, and other funds.

### **Contact**

Director

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**ADMINISTRATION DEPT**

**Program: FISCAL AGENT**

Activity: MISC GRANTS/STUDIES/OTHER

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>Arts And Cultural Heritage</b>					
Current Appropriation	1,400	1,400	1,400	1,400	2,800
<b>Technical Adjustments</b>					
One-time Appropriations			(1,400)	(1,400)	(2,800)
Subtotal - Forecast Base	1,400	1,400	0	0	0
<b>Total</b>	<b>1,400</b>	<b>1,400</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Carry Forward</b>					
General	0	21	0	0	0
<b>Direct Appropriations</b>					
Arts And Cultural Heritage	1,233	1,275	0	0	0
<b>Statutory Appropriations</b>					
Gift	13	3	0	0	0
<b>Total</b>	<b>1,246</b>	<b>1,299</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	0	1	0	0	0
Other Operating Expenses	13	23	0	0	0
Local Assistance	1,233	1,275	0	0	0
<b>Total</b>	<b>1,246</b>	<b>1,299</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Narrative

This Federal Funds Summary lists anticipated receipts for incoming federal grants listed in the same sequence as program budget activity order in the biennial budget. Admin receives federal funding and American Recovery and Reinvestment Act (ARRA) funding.

Federal funds are important because they enable Admin to carry out activities as described in the graph below. The agency receives ongoing funding for the following activities:

- Developmental Disabilities Council (DD Council) receives a basic grant allocation from the 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 re-granted 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. The majority of the DD Council's match is met through in-kind contributions of grant recipients. The annual state appropriation of \$74,000 must be maintained according to the federal law. Level funding is projected through FY 2013; no significant changes are anticipated in the DD Act. In addition, ARRA funding was received for an autism project.
- The Minnesota System of Technology to Achieve Results (STAR) is federally funded by the Rehabilitation Services Administration in accordance with the Assistive Technology Act of 1998, as amended (P.L. 108-364). The funding is used to help all Minnesotans with disabilities gain access to and acquire the assistive technology (AT) needed to live, learn, work, and play. 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. There is no required maintenance level of support or matching funds related to the Assistive Technology Act of 1998, as amended (AT Act). Level funding is projected through FY 2013.

The following budget activities also received federal funding:

- Materials Management Division received ARRA funding to implement information technology accessibility.
- The Minnesota Geospatial Information Office (MnGeo) 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 2011, MnGeo expects to receive funding from grants and agreements with the US Geological Survey (USGS) and the US Environmental Protection Agency (EPA). Each of these will support work devoted to improved efficiencies and standardization of state operations and have value for both the state and its federal partners. None carry with them an obligation for ongoing maintenance beyond the scope of the funded project.

These projects will result in the development of strategically important data assets for the state. MnGeo plans to host the data and tools that are developed as a result of these projects as an essential function of its core mission. Viewed by the USGS and EPA as successful partners that help support their program goals, there is a high probability that federal funding will be available to continue these partnerships in the future. Such partnerships represent opportunities to achieve state objectives that would otherwise be difficult to achieve with only state funding.

- Real Estate and Construction Services (RECS) received ARRA funding for energy efficiency improvements at state facilities. The stimulus funds are made available to Admin for this purpose through an interagency agreement with the Minnesota Department of Commerce.
- The State Demographer serves as Minnesota's liaison with the U.S. Census Bureau. The Census Bureau, in an effort to improve the quality of the 2010 Census, offered states the option of reviewing counts of housing units to receive a 2010 Census form in February 2010 and review counts of group facilities, such as college dormitories, nursing homes, prisons, and other group facilities during August 2010. The Census Bureau agreed to reimburse expenses for these reviews, including data development and travel expenses and salary for a State Demographic Center employee to review the counts in Washington DC. This is a one-time program during calendar year 2010 related specifically to operations of the 2010 Census count. The specific amounts invoiced are shown in the table. This program is completed.

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
Governor's Council on Developmental Disabilities (DD Council): Basic support & advocacy grant for individuals with developmental disabilities & their families that will result in the increased independence, productivity, self determination, integration.	No	Yes	Yes	949	950	1025	1025
ARRA - DD Council DEED Autism Project: Improve employment outcomes for young adults on the autism spectrum in digital fields.	New	No	No	59	141		
ARRA - Accessibility Standards: Development of procurement practices to implement information technology (IT) accessibility.	Yes	No	No	72	110		
Statewide Orthoimagery Collaboration: federal U.S Geological Survey (USGS) contribution to acquiring leaf-on imagery for 2008.	No	No	No	64			
Metro Orthoimagery Collaboration: federal USGS contribution to acquiring "leaf-off" imagery for 13 metro counties.	Yes	No	No	30	24	21	
National Hydrography Dataset (NHD) Stewardship Project: federal USGS funding to develop and test tools to standardize surface water network.	No	No	No	8			
NHD Updates/State Collaboration: Environmental Protection Agency (EPA) funding to continue work to standardize surface water data.	No	No	No	104	79		
NHD Stewardship Grant: federal USGS funding to continue work to standardize surface water data.	Yes	Yes	No		65	10	
National Spatial Data Infrastructure (NSDI) 2008 Cooperative Agreement Program grant: funding to develop tools to collect and standardize data to map "critical structures" for emergency response events.	No	Yes	No	30			
NSDI 2010 Cooperative Agreement Program grant: funding to develop tools to update municipal jurisdictional boundary data.	Yes	Yes	No	9	66		
High-Resolution NhdPlus-Enhanced Modeling & Analysis: funding to improve the state's shared hydrography geographical information system (GIS).	No	No	No		120	40	

		Required state match/MOE?					
		Yes	No				
Minnesota Structures Enhancement Project: funding will provide improvements of adding structure data, updating the map library of structures-focuses U.S. National Grid maps, and enhancing the web-based data entry and updating tools.	<b>Yes</b>	<b>Yes</b>	<b>No</b>		<b>22</b>	<b>3</b>	
ARRA Commerce Stimulus Funds: These funds are to make improvements to state facilities to enhance energy efficiency by Admin, in cooperation with Commerce. In accordance with MS16B.322, this program identifies and implements energy-related improvements in state-owned buildings.	<b>Yes</b>	<b>No</b>	<b>Yes</b>	<b>85</b>	<b>2,500</b>	<b>4,237</b>	
System of Technology to Achieve Results (STAR): This funding must be expended specifically for AT device demonstration, AT device reuse, training, transition services, public awareness and technical assistance related to AT.	<b>No</b>	<b>No</b>	<b>No</b>	<b>503</b>	<b>482</b>	<b>482</b>	<b>482</b>
2010 Census Group Quarters Count Review: Funding received for reviewing counts of housing units to receive a 2010 Census form in February 2010 and review counts of group facilities, such as college dorms, nursing homes, prisons and other group facilities during August 2010.	<b>Yes</b>	<b>No</b>	<b>No</b>	<b>14</b>			
<b>Total</b>				<b>1,927</b>	<b>4,559</b>	<b>5,818</b>	<b>1,507</b>

**ADMINISTRATION DEPT**

Agency Revenue Summary

*Dollars in Thousands*

	<b>Actual FY2010</b>	<b>Budgeted FY2011</b>	<b>Governor's Recomm.</b>		<b>Biennium 2012-13</b>
			<b>FY2012</b>	<b>FY2013</b>	
<b><u>Non Dedicated Revenue:</u></b>					
<b>Departmental Earnings (Inter-Agency):</b>					
General	175	33	0	0	0
<b>Other Revenues:</b>					
General	140	0	0	0	0
<b>Other Sources:</b>					
General	19	0	0	0	0
<b>Taxes:</b>					
General	124	0	0	0	0
<b>Total Non-Dedicated Receipts</b>	<b>458</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings (Inter-Agency):</b>					
Miscellaneous Special Revenue	3,749	3,707	3,769	3,847	7,616
Risk Management	12,642	11,996	12,204	12,459	24,663
Plant Management	64,166	65,609	62,267	62,750	125,017
Documents And Publications	1,145	1,383	1,409	1,436	2,845
Central Motor Pool	13,865	14,696	15,900	16,340	32,240
Central Stores	2,821	4	0	0	0
Materials Distribution	12,626	15,241	15,571	15,976	31,547
Central Mailing	849	855	923	975	1,898
<b>Departmental Earnings:</b>					
Miscellaneous Special Revenue	591	907	730	730	1,460
<b>Grants:</b>					
Miscellaneous Special Revenue	263	532	0	0	0
Federal	1,711	1,808	1,581	1,507	3,088
Federal Stimulus	85	2,500	4,237	0	4,237
<b>Other Revenues:</b>					
Miscellaneous Special Revenue	27,088	30,509	31,571	32,821	64,392
Federal Stimulus	131	251	0	0	0
Risk Management	149	150	150	150	300
Gift	22	0	0	0	0
Plant Management	49	125	47	47	94
Central Motor Pool	1,664	1,603	1,601	1,601	3,202
Materials Distribution	83	0	0	0	0
Central Mailing	8,101	7,952	8,191	8,436	16,627
<b>Other Sources:</b>					
Miscellaneous Special Revenue	2,558	2,400	2,400	2,400	4,800
<b>Total Dedicated Receipts</b>	<b>154,358</b>	<b>162,228</b>	<b>162,551</b>	<b>161,475</b>	<b>324,026</b>
<b>Agency Total Revenue</b>	<b>154,816</b>	<b>162,261</b>	<b>162,551</b>	<b>161,475</b>	<b>324,026</b>

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**Agency Purpose**

The Office of Administrative Hearings (OAH) is as an independent tribunal within the executive branch. Our office conducts hearings when a state or local law provides the right to challenge a government action through an administrative hearing. The services our agency provides are an important part of the state’s guarantee of “due process of law.”

For example, the judges of the OAH conduct hearings in cases involving:

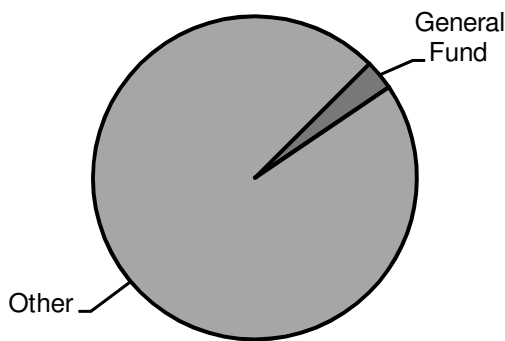
- discipline of professionals licensed by the state;
- rulemaking by state agencies;
- regulation of Minnesota utilities;
- claims of campaign practice violations;
- special education disputes; and,
- claims to workers’ compensation benefits.

**At a Glance**

**Annual Business Processes:**

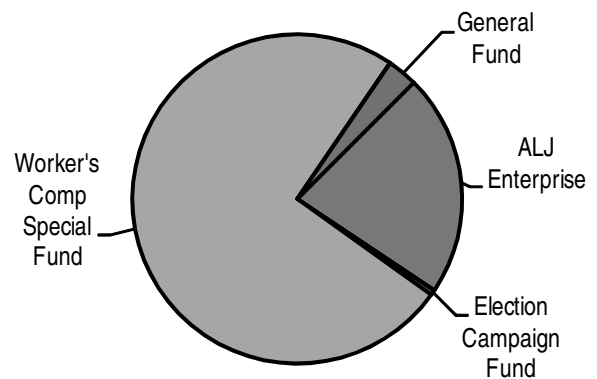
- Service to more than 80 state agencies and 40 local governmental units.
- 613 administrative rulemaking and contested case proceedings per year.
- 7,531 workers’ compensation matters settled per year.
- 1,944 workers’ compensation claim petitions and benefit requests adjudicated per year.
- 117 municipal boundary adjustments totaling 18,303 acres in 46 different counties.

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement and MAPS.

**Est. FY 2010-11 Expenditures by Fund Detail**



Source: MAPS.

**Strategies**

OAH offers a wide-range of dispute-resolution services, namely:

- providing persons that are adversely affected by certain government actions with a full and fair opportunity 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;
- 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;



- encouraging and assisting disputing parties to resolve their differences through settlement, arbitration, and mediation; and
- providing injured workers, their employers, and workers' compensation insurers with prompt and impartial resolutions of claims for workers' compensation benefits.

**Operations**

The **Administrative Law Division** meets the administrative hearing needs of most state agencies and a number of local governments. The subject matter of "contested case" proceedings varies widely among the 120 agencies that present disputes for resolution. Accordingly, the Division deploys a highly-experienced team of generalist judges to locations across the state to conduct hearings and resolve disputes. Likewise, these judges are supported by a team of staff attorneys in Saint Paul who are subject-matter experts in at least one of the Division's "core areas" and cross-trained to provide support in other areas of the law.

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 for Administrative Law issues order on petitions for creation or dissolution of municipalities or for alterations of municipal boundaries through consolidation, annexation, or detachment of real property.

The **Workers Compensation Division** conducts pre-trial and trial functions associated with 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. By "block assigning" a set of cases to each Compensation Judge, the Division is able to sharply reduce the average number of days that it takes an injured worker to receive a hearing date.

**Key Goals and Measures**

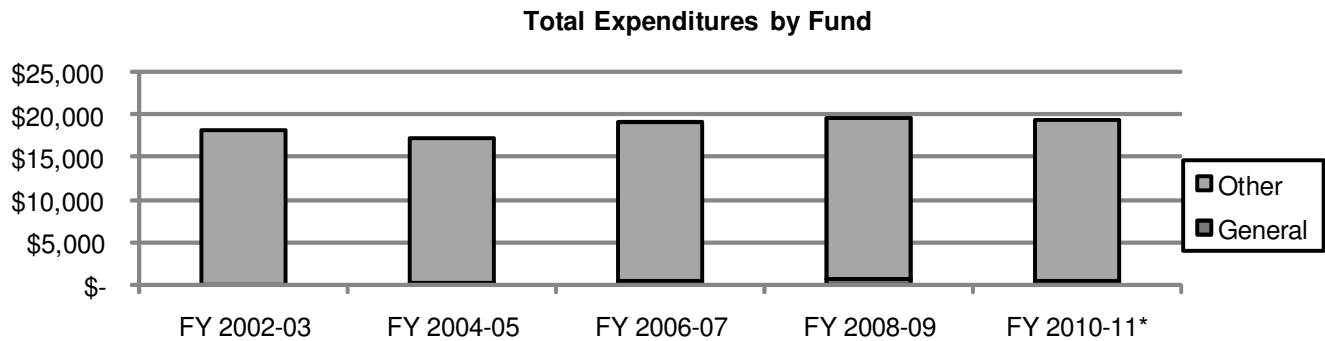
OAH's performance measures focus on our ability to clearly and correctly resolve disputes in the fewest number of days. We strive to provide quality services in a fraction of the time that is allowed by law to resolve our cases.

	<b>Statutory Requirement</b>	<b>FY 2010 Average</b>
• Average number of days for an Administrative Law Judge to issue a written opinion after the record closes.	90 days	27 days
• Average number of days for a Compensation Judge to issue final decisions after the record closes.	60 days	38 days
• Average number of days for a Compensation Judge to issue an order on a request for discontinuance of benefits.	5 days	3 days
• Average number of days for a Compensation Judge to issue an order for medical or rehabilitation requests.	30 days	19 days

<b>OAH Cost and Quality Improvement Goal</b>	<b>Minnesota Milestone Indicator and OAH Strategic Plan Objective</b>	<b>Metric</b>
Progress in reducing the time from an initial case filing to the date of an evidentiary hearing.	Indicator 36: Satisfaction with Services Indicator 37: Price of Services OAH Strategic Plan: III-C-1-b	Number of days from an initial case filing to the date set for an evidentiary hearing.
Progress in reducing the time from the closure of the hearing record to the issuance of a final decision.	Indicator 36: Satisfaction with Services Indicator 37: Price of Services OAH Strategic Plan: III-C-1-b	Number of days from the closure of the hearing record to the issuance of a final decision.
Increasing the number of agencies and local units of governments that utilize the agency's services.	Indicator 36: Satisfaction with Services Indicator 37: Price of Services OAH Strategic Plan: III-C-1 and IV-C	Number of filings by agency  Length of client-agency roster

<b>OAH Cost and Quality Improvement Goal</b>	<b>Minnesota Milestone Indicator and OAH Strategic Plan Objective</b>	<b>Metric</b>
Qualitative improvements in the clarity of written decisions.	Indicator 36: Satisfaction with Services OAH Strategic Plan: Directions 2 and 3	Enrollment in agency-approved judicial writing courses.  Reduction in the number of hours spent on peer review of judicial opinions.
Improving access to information on municipal boundary adjustments.	Indicator 36: Satisfaction with Services Indicator 37: Price of Services OAH Strategic Plan: IV-F	Range of case-related data that is accessible to the public through the Internet.

**Budget Trends**



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/24/10.  
\* FY 2010-11 is estimated, not actual

OAH currently maintains a staff of 77 full-time equivalent positions, and its FY 2010-11 biennial budget totals \$19.1 million.

The Administrative Law Division has a \$4.1 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 \$130,000 biennial appropriation from the General Fund to the general account of the state elections campaign fund. This funding is used to manage processes related to campaign and election law complaints.

The Municipal Boundary Adjustment Unit currently receives a \$267,000 annual appropriation from the General Fund to manage functions related to petitions for creation or dissolution of municipalities or for alterations of municipal boundaries through consolidation, annexation, or detachment of real property.

The Workers' Compensation Division has a \$14.5 million biennial budget funded by an appropriation, by the legislature, from the state's workers' compensation special compensation fund.

Among the strategic, operational and financial challenges that the OAH will face in FY 2012-2013 are:

- Management of the Administrative Law Division's special revenue fund and the Workers Compensation special compensation fund at a time when there is volatility in the number of cases being referred to OAH.

- Minimizing the litigation costs assessed against the agency for the defense of the 2010 amendments to the Fair Campaign Practices Act, in *MCCL v. Swanson*, Case No. 10-CV-2938 DWF/JSM (D. Minn. 2010).
- Completing succession planning, so that our agency can continue to deliver expertise in highly-specialized areas of the law, at locations all across Minnesota, following the retirement of some OAH judges.
- Engineering around the limitations of legacy case management systems within the Department of Labor and Industry so as to resolve the claims of injured workers in a timely, efficient and cost-effective manner.

### Contact

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Raymond R. Krause

Chief Administrative Law Judge

Phone: (612) 341-7600

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# ADMINISTRATIVE HEARINGS

# Agency Overview

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	397	267	397	267	664
<b>Recommended</b>	<b>397</b>	<b>267</b>	<b>397</b>	<b>267</b>	<b>664</b>
Change		0	0	0	0
% Biennial Change from 2010-11					0%
<b>Workers Compensation</b>					
Current Appropriation	7,250	7,250	7,250	7,250	14,500
<b>Recommended</b>	<b>7,250</b>	<b>7,250</b>	<b>7,250</b>	<b>7,250</b>	<b>14,500</b>
Change		0	0	0	0
% Biennial Change from 2010-11					0%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	348	316	352	312	664
Workers Compensation	6,914	7,586	7,250	7,250	14,500
<b>Statutory Appropriations</b>					
Administrative Hearings	2,290	2,341	2,250	2,280	4,530
Workers Comp Transcript	21	20	25	25	50
<b>Total</b>	<b>9,573</b>	<b>10,263</b>	<b>9,877</b>	<b>9,867</b>	<b>19,744</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	7,668	8,064	8,001	8,026	16,027
Other Operating Expenses	1,905	2,199	1,876	1,841	3,717
<b>Total</b>	<b>9,573</b>	<b>10,263</b>	<b>9,877</b>	<b>9,867</b>	<b>19,744</b>
<b><u>Expenditures by Program</u></b>					
Administrative Hearings	9,573	10,263	9,877	9,867	19,744
<b>Total</b>	<b>9,573</b>	<b>10,263</b>	<b>9,877</b>	<b>9,867</b>	<b>19,744</b>
<b>Full-Time Equivalents (FTE)</b>	<b>76.9</b>	<b>76.7</b>	<b>76.7</b>	<b>76.9</b>	

# ADMINISTRATIVE HEARINGS

# Agency Revenue Summary

*Dollars in Thousands*

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012   FY2013		Biennium 2012-13
<b><u>Non Dedicated Revenue:</u></b>					
<b>Departmental Earnings:</b>					
General	24	29	29	29	58
<b>Total Non-Dedicated Receipts</b>	<b>24</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>58</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings:</b>					
Administrative Hearings	2,066	2,250	2,250	2,280	4,530
Workers Comp Transcript	4	6	6	6	12
<b>Total Dedicated Receipts</b>	<b>2,070</b>	<b>2,256</b>	<b>2,256</b>	<b>2,286</b>	<b>4,542</b>
<b>Agency Total Revenue</b>	<b>2,094</b>	<b>2,285</b>	<b>2,285</b>	<b>2,315</b>	<b>4,600</b>

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**Agency Purpose**

The Agricultural Utilization Research Institute (AURI) was created by the Minnesota legislature (M.S. 116V.01) to foster long-term economic benefit by increasing business and employment opportunities to rural Minnesota through:

- Research and development of innovative new uses or value improvements for Minnesota agricultural commodities and products, including the identification and expansion of new and existing markets;
- Implementation of basic and applied research to support innovation, technology and growth of the agricultural (ag) industry; and
- The development of renewable energy and biobased opportunities from Minnesota agricultural commodities and co-products.

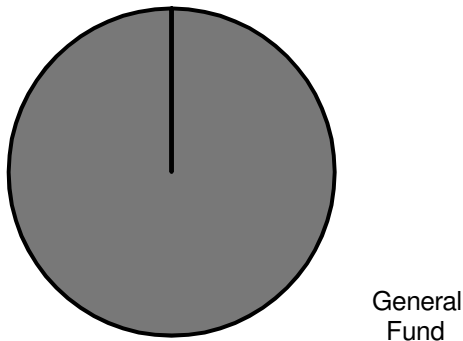
**At a Glance**

AURI provides technical and scientific assistance to Minnesota’s agricultural processing industry in the areas of food processing, renewable energy, biobased products, and co-product/waste product utilization.

This unique asset helps provide the Minnesota agri-processing industry with a competitive advantage by assisting in the development and feasibility analysis of new innovations and market advancements. During the last two years, AURI has:

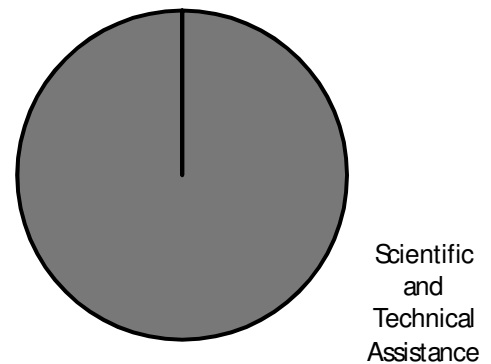
- Assisted in the development of over 325 unique projects and initiatives;
- Brought 143 new or improved ag based products to the market;
- Leveraged \$2.478 million of outside funds for projects; and
- Helped bring \$123.075 million in capital investment to Minnesota.

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Program**



Source: AURI Budget

**Strategies**

AURI provides Minnesota businesses and entrepreneurs with access to high quality industry-driven research, unique rural laboratory facilities, and scientific and project management professionals with expertise in food, renewable energy, biobased products, and co-product and waste product utilization.

AURI supports value-added agricultural innovation as a means to grow Minnesota's economic, employment, and business base in communities throughout the state. With significant focus on the green economy, renewable energy, petroleum replacement and many other ag-based possibilities, opportunities for Minnesota abound. AURI creates wealth in Minnesota through:

- Research and development of innovative new uses or value improvements for Minnesota agricultural commodities and products, including the identification and expansion of new and existing markets by researching feasibility and implementing agricultural product or processing innovations;
- Implementation of basic and applied research to support innovation, technology and growth of the agricultural industry; and
- The development of renewable energy and biobased opportunities from Minnesota agricultural commodities and co-products.

### Operations

AURI serves Minnesota businesses, entrepreneurs, small to medium-sized ag processors, grower organizations, cooperatives, and others interested in adding value to Minnesota agricultural commodities and products. AURI's services are designed to support the entire value chain as it provides seamless service from idea to implementation.

AURI provides scientific technical assistance, feasibility assessments and access to laboratories, and pilot plants on an individual basis to clients as they seek to develop new value added ventures. Unique assets available to clients include:

- USDA Inspected Meats Lab, Marshall
- Analytical Lab, Marshall
- Food Product Development Lab, Crookston
- Microbiology and Fermentation Lab, Crookston
- Coproduct Utilization Lab, Waseca
- Accessible PhD scientists in chemistry, microbiology, cereal science, experts in meat processing and product development, renewable energy, co-product and waste product utilization

AURI clients benefit from comprehensive project management services that bring the client from idea to implementation. Project management staff has extensive knowledge of Minnesota's agricultural industry, available state resources for business development, techniques for managing innovation and supporting entrepreneurship, and the dynamics and challenges of rural communities.

The organization seeks to identify, educate and inform agricultural stakeholders about emerging value-added agricultural opportunities through the development of industry wide applied research initiatives, industry focused technology forums, and annual stakeholder meetings. This combination of research and initiative dissemination is key to ensuring findings are implemented by industry, industry needs are being met, and research resources are properly targeted.

Additionally, AURI facilitates innovation and collaboration among key stakeholders, businesses, and non-ag public interested in food, renewable energy, biobased products, or co-product and waste product utilization. AURI works closely with various state agencies, the University of Minnesota, Minnesota State Colleges & Universities, federal agencies, national organizations, the agricultural industry, and countless others to ensure that the Institute's research, services, and expertise meets the emerging needs of Minnesota's entrepreneurs and businesses. For example, AURI facilitates Minnesota's Renewable Energy Roundtable to help eliminate barriers to development of new renewable energy sources in the state through a coordinated and collaborative network. The Roundtable has over 525 participants, representing over 217 organizations.



**Key Goals & Measures**

**GOAL:** Create and retain wealth in Minnesota through the promotion of agricultural innovation.

- **MEASURE:** Leverage outside funds  
During the last two years, AURI leveraged \$2.478 million of outside funds for value-added agriculture projects. In the previous reporting period, AURI projects had leveraged \$1.4 million. This measure is a total of the cash match for all AURI funded projects for a two year period.
- **MEASURE:** Capital investment  
AURI helped bring \$123.075 million in capital investment to Minnesota in FY 2010-2011. This is an increase over the nearly \$71 million of capital investment seen in the previous biennium. This information is captured by project managers at the time of project closure as reported by AURI clients.
- **MEASURE:** Retained wealth  
Approximately \$52.9 million in wealth was retained by clients not investing in projects deemed not currently viable. AURI provided complete and unbiased information to assist clients in making informed decisions, contributing greatly to retained wealth. During the previous biennium, over \$100 million was retained by AURI clients not investing in projects deemed not currently viable. This information is captured by project managers at the time of project closure as reported by AURI clients.

**GOAL:** Expand Minnesota’s ag processing industry.

- **MEASURE:** Number of projects  
AURI assisted in the development of over 325 unique projects and initiatives. This is an increase over the 281 unique projects and initiatives that received help during the previous biennium.
- **MEASURE:** Number of new or improved products brought to the market  
AURI helped bring 143 new or improved ag-based products to the market during the past biennium. This is an increase of 107% over the 69 products brought to the market in the previous biennium. Project management staff monitors the introduction of new products and report totals at the end of the year.
- **MEASURE:** New ag processes development  
AURI helped develop or improve 117 new ag processes. This is an area of growing interest as processors are seeking efficiency improvements to maximize existing or identify new revenue sources.

**GOAL:** Advance Minnesota’s renewable energy industry.

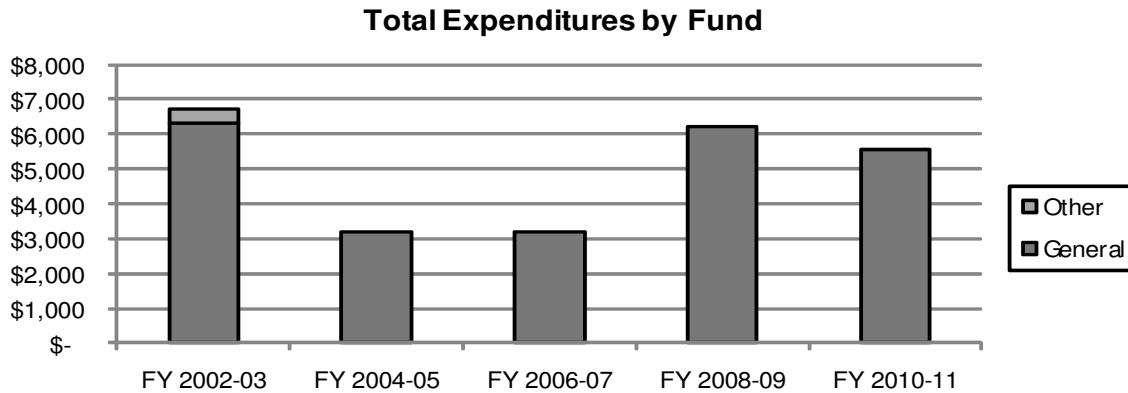
- **MEASURE:** Minnesota Renewable Energy Roundtable participation  
The Minnesota Renewable Energy Roundtable has over 525 participants, representing over 217 organizations. This is an increase of 125 participants and 117 new organizations from the past biennium.
- **MEASURE:** Number of energy related projects  
AURI has provided scientific and technical assistance to 155 energy-related projects in the past two years.

**GOAL:** Provide seamless service from feasibility to implementation of innovations and process improvements for Minnesota agricultural products and co-products.

- **MEASURE:** Percent of AURI clients who feel the organization’s technical expertise meets their needs.  
98% of AURI clients indicate that AURI’s technical expertise met their needs during their working relationship with the organization.
- **MEASURE:** Percent of AURI clients who indicate services were offered in a timely manner.  
88% of AURI clients indicated that AURI’s services were offered in a timely manner that met the needs of their project.
- **MEASURE:** Percent of AURI clients who categorized the services provided as valuable and vital to growing their business.  
93% of clients categorized the services provided by AURI as valuable to their value-added project, with 61% of clients indicating that AURI services were vital to growing their business.

This information was captured as part of a client satisfaction survey.

**Budget Trends**



*\* FY 2010-11 is estimated, not actual. Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/10/10.*

Uncertain economic times and limited access to capital has challenged the continued development of capital intensive projects, including many renewable energy ventures. Many Minnesota ethanol and biodiesel facilities are struggling to cash flow current operations. However, increased consumer demand for biobased products is providing opportunities for Minnesota businesses. Additionally, increased consumer interest in locally sourced foods has increased the demand for local food processing. Demand continues to be very high for the co-product utilization lab, the animal products lab, and the food product development facility. In all sectors, businesses are seeking assistance to find efficiency in their process, to develop new products or to identify additional revenue streams. Potential federal legislation, including food handling and carbon regulation, will increase demand for AURI services as Minnesota businesses seeks to comply with new regulations. These factors all align to result in significant increased demand for AURI services and facilities.

**Contact**

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 PO Box 599  
 Crookston, Minnesota 56716-0599  
 (218) 281-7600  
<http://www.auri.org>

# AGRICULTURE UTILIZATION RESRCH

# Agency Overview

*Dollars in Thousands*

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	2,783	2,783	2,783	2,783	5,566
<b>Recommended</b>	<b>2,783</b>	<b>2,783</b>	<b>2,783</b>	<b>2,783</b>	<b>5,566</b>
Change		0	0	0	0
% Biennial Change from 2010-11					0%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	2,783	2,783	2,783	2,783	5,566
<b>Total</b>	<b>2,783</b>	<b>2,783</b>	<b>2,783</b>	<b>2,783</b>	<b>5,566</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	2,783	2,783	2,783	2,783	5,566
<b>Total</b>	<b>2,783</b>	<b>2,783</b>	<b>2,783</b>	<b>2,783</b>	<b>5,566</b>
<b><u>Expenditures by Program</u></b>					
Ag Utilization Research Inst	2,783	2,783	2,783	2,783	5,566
<b>Total</b>	<b>2,783</b>	<b>2,783</b>	<b>2,783</b>	<b>2,783</b>	<b>5,566</b>

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⇒ Designates that this item is a change item

**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. MDA activities help ensure that Minnesota agricultural activities are orderly, safe, and competitive. The importance of this mission is underscored by the following facts:

- More than half of the state's total land area is farmland.
- Agriculture and its related industries make up the state's second largest economic sector, accounting for about 15% of all Minnesota jobs.
- More than 80% of all agricultural jobs are off-farm: in processing, distribution, supply, and service activities.
- Minnesota's agricultural exports bring in nearly \$4 billion to the state each year, ranking sixth in the nation. The state ranks first in turkey exports and in the top ten in milk, soybeans, pork and many other commodities.

**At a Glance**

**Protection Services**

- Dairy and food activities such as regulatory inspections and enforcement, surveillance sampling, special investigations, consumer protection, and educational outreach.
- Pesticide and fertilizer management activities such as regulation, water quality protection, research, emergency response and remediation.
- Plant protection activities such as inspection, pest exclusion, certification and auditing.
- Laboratory services such as biological, chemical and toxicological analyses and scientific consulting.

**Ag Marketing & Development**

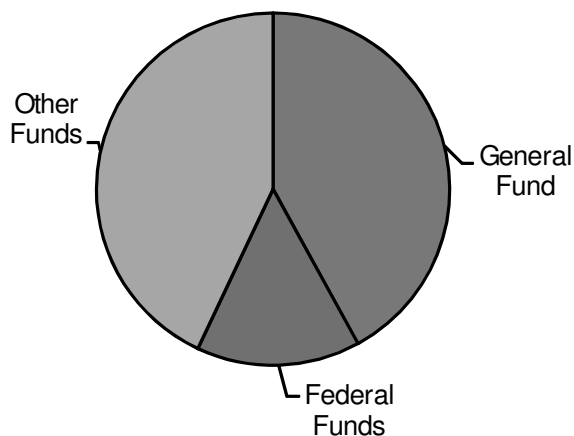
- Ag marketing services such as domestic and international market research, commodities promotion, licensing of livestock purchasers,

- profitability assistance for dairy producers, development assistance for biofuels initiatives and management of the Minnesota Grown Program
- Ag development activities such as research projects, technical assistance, financial assistance, and promotion of entrepreneurial and value-added agricultural activities.

**Assistance Program and Agency-level Leadership**

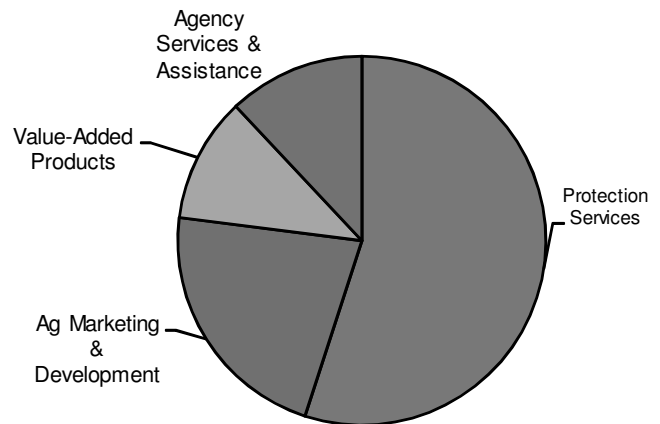
- Legislatively directed grant and assistance programs such as ethanol producer payments, NextGen energy grants and aid to county fairs and other agricultural societies.
- Outreach to ag industries and consumers.
- Coordination of activities within MDA and with other agencies and organizations.

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Activity**



Source: Minnesota Accounting and Procurement System

**Strategies**

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. To accomplish its mission, the department utilizes the following two strategies:

To ensure the safety and integrity of products, the department **conducts onsite inspections throughout the state**. The department's main offices are in Saint Paul. However, since most of the regulatory and promotion services it provides require face to face contact with our farmers, producers, and consumers, almost half of its staff are scattered throughout the state in the areas they serve. 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 used on lawns must meet quality standards just as the fertilizer used in production agriculture. Milk is also inspected at many points, from the farm, to the milk plant, to the supermarkets. Sustainable agricultural practices, such as biological control of weeds and pests, benefit not only the farmers but the consumers in urban shopping malls as well.

The department also aims to strengthen the agricultural economy by **helping farmers and agribusinesses market their products in an increasingly competitive global marketplace**. 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. 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.

## Operations

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. 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 **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 employees. Producers use the statistical information gathered by our joint federal/state division of Ag Statistics to learn about important trends in their industry.

## Budget Trends

The MDA budget comes from many sources, each with its own trends and limitations.

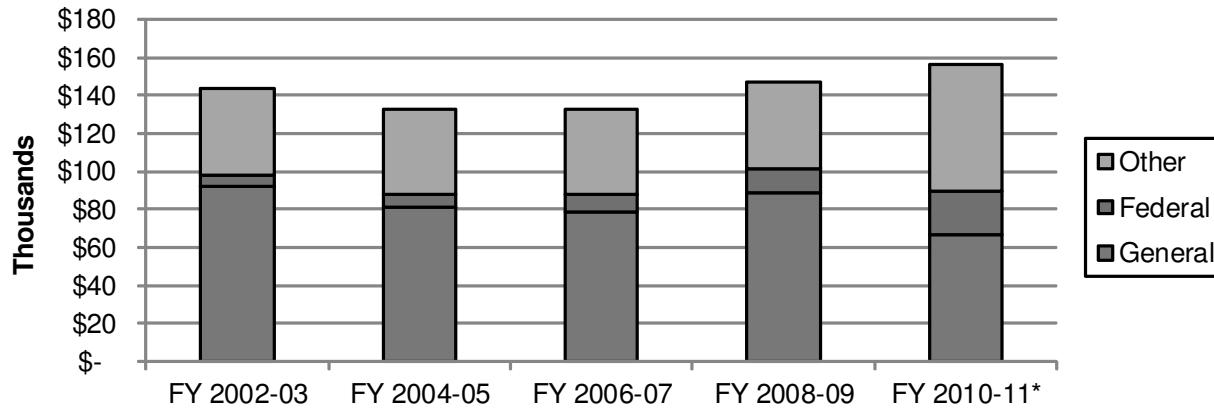
The state's general fund currently provides roughly 40% of the agency's budget. This percentage has been significantly reduced by recent budget-balancing laws. Not counting one-time appropriations in the previous (2008-2009) biennium, the 2010-2011 budget was reduced approximately 17% from base spending levels. Roughly one-third of the current general fund budget is passed through in ethanol producer payments and other, smaller assistance programs. The remainder is for the agency's operations. Some of the agency's regulatory programs collect fees that are deposited in the general fund to defray the cost of general fund-supported protection services that benefit the entire population of the state.

Dedicated funds spent by the MDA come mostly from fee revenues, which are dedicated to be used on the activities for which they were collected. Revenues into these accounts vary with economic trends and the weather. Most dedicated money is deposited in the Agricultural Fund and is appropriated to the agency only for activities specified in statute. While fee revenues have remained fairly steady and a few rates have increased recently, the largest recent budget increase has been the more than \$10 million from the Clean Water and

Outdoor Heritage Funds generated by the sales tax increase approved by voters through an amendment to the Minnesota State Constitution.

Federal funds have increased in recent years, especially for programs related to food safety, though there is no indication that this trend will continue.

**Total Expenditures by Fund**



\* FY 2010-11 is estimated, not actual. Source: Consolidated Fund Statement.

In addition to the above, the MDA manages several agricultural loan programs. Loan programs for beginning farmers, livestock development and other improvements fall under the oversight of the Rural Finance Authority, which is created in statute and staffed by the MDA. These programs are funded with user-financed state bonds and dedicated revolving funds. Agricultural Best Management Practices (AgBMP) loans, for water quality-related improvements, are funded with appropriations to the MDA and Federally-supported funds managed by the Minnesota Public Facilities Authority. Loan funds currently managed by the MDA total approximately \$160 million.

The following are external factors affecting MDA's operations:

**Increased focus on food safety** – The American public has become increasingly more attentive to food safety. This has increased MDA's responsibilities as it responds to meet these high expectations while simultaneously navigating increasingly complex and varied supply chains and sourcing arrangements.

**Globalization** – The increasing global movement of people and goods has created new marketing opportunities for Minnesota farm products, but it has also introduced new logistical and service challenges in the form of increases in demand for certain export services, regulation of imported foods and control of invasive pests.

**Growth of interest in local and organic foods** – As public tastes and preferences change, MDA has stepped up its efforts to link consumers with local, Minnesota Grown foods. The department has also worked with organic growers to take advantage of growing market opportunities.

**Environmental issues** – As societal expectations regarding the environment and land use evolve, MDA has worked to help farmers maximize productivity while protecting soil and water resources for future generations. MDA has increased its activities and responsibilities in areas, such as water monitoring, on-farm resource management and development of best-management practices for pesticide and fertilizer use.

**Renewable energy** – There is a growing understanding that America's reliance on fossil fuels cannot go on indefinitely. This has driven MDA to promote the use of environmentally-friendly renewable fuels, such as ethanol and biodiesel, and work with the University of Minnesota and other institutions to determine the safety and usefulness of higher blends of these fuels.

**Contact**

MDA's website: <http://www.mda.state.mn.us> contains information on each of the divisions in the agency, licensing information, food recall information, and more. For more information, contact the Office of the Commissioner at 651-201-6015.



Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	33,926	36,077	36,077	36,077	72,154
<b>Recommended</b>	<b>33,926</b>	<b>36,077</b>	<b>36,224</b>	<b>26,690</b>	<b>62,914</b>
Change		0	147	(9,387)	(9,240)
% Biennial Change from 2010-11					-10.1%
<b>Miscellaneous Special Revenue</b>					
Current Appropriation	0	40	0	0	0
<b>Recommended</b>	<b>0</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	0	0	0
% Biennial Change from 2010-11					-100%
<b>Remediation Fund</b>					
Current Appropriation	388	388	388	388	776
<b>Recommended</b>	<b>388</b>	<b>388</b>	<b>388</b>	<b>388</b>	<b>776</b>
Change		0	0	0	0
% Biennial Change from 2010-11					0%
<b>Outdoor Heritage</b>					
Current Appropriation	2,000	0	0	0	0
<b>Recommended</b>	<b>2,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	0	0	0
% Biennial Change from 2010-11					-100%
<b>Clean Water</b>					
Current Appropriation	3,790	5,170	5,170	5,170	10,340
<b>Recommended</b>	<b>3,790</b>	<b>5,170</b>	<b>6,575</b>	<b>8,575</b>	<b>15,150</b>
Change		0	1,405	3,405	4,810
% Biennial Change from 2010-11					69.1%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	33,553	36,883	35,944	26,410	62,354
Miscellaneous Special Revenue	0	40	0	0	0
Remediation Fund	359	466	388	388	776
Outdoor Heritage	1,943	57	0	0	0
Clean Water	694	6,009	6,575	8,575	15,150
<b>Open Appropriations</b>					
Remediation Fund	1,560	2,324	2,000	2,000	4,000
<b>Statutory Appropriations</b>					
Clean Water Revolving Fund	2,246	5,105	5,105	5,105	10,210
Miscellaneous Special Revenue	7,977	4,991	4,971	5,023	9,994
Agriculture Fund	19,469	23,575	24,416	24,796	49,212
Federal	6,946	8,628	8,886	8,212	17,098
Federal Stimulus	69	0	0	0	0
Rural Finance Administration	60	900	1,004	354	1,358
Miscellaneous Agency	59	119	62	62	124
Gift	63	47	34	32	66
<b>Total</b>	<b>74,998</b>	<b>89,144</b>	<b>89,385</b>	<b>80,957</b>	<b>170,342</b>

*Dollars in Thousands*

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Expenditures by Category</u></b>					
Total Compensation	30,721	34,819	34,723	35,047	69,770
Other Operating Expenses	21,700	27,436	25,196	24,634	49,830
Capital Outlay & Real Property	22	0	0	0	0
Payments To Individuals	567	510	538	538	1,076
Local Assistance	15,549	17,243	18,849	9,311	28,160
Other Financial Transactions	6,439	9,136	10,079	11,427	21,506
<b>Total</b>	<b>74,998</b>	<b>89,144</b>	<b>89,385</b>	<b>80,957</b>	<b>170,342</b>
<b><u>Expenditures by Program</u></b>					
Protection Service	41,757	48,502	47,348	47,018	94,366
Promotion & Marketing	12,865	16,423	16,421	17,789	34,210
Value-Added Products	9,948	9,948	15,014	5,480	20,494
Admin & Financial Assist	10,428	14,271	10,602	10,670	21,272
<b>Total</b>	<b>74,998</b>	<b>89,144</b>	<b>89,385</b>	<b>80,957</b>	<b>170,342</b>
<b>Full-Time Equivalents (FTE)</b>	<b>458.3</b>	<b>453.7</b>	<b>451.5</b>	<b>452.2</b>	

**AGRICULTURE DEPT**

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b>Fund: GENERAL</b>				
FY 2011 Appropriations	36,077	36,077	36,077	72,154
<b>Technical Adjustments</b>				
Approved Transfer Between Appr		0	0	0
Current Law Base Change		(425)	(425)	(850)
One-time Appropriations		1,220	1,220	2,440
Operating Budget Reduction		(53)	(53)	(106)
<b>Subtotal - Forecast Base</b>	<b>36,077</b>	<b>36,819</b>	<b>36,819</b>	<b>73,638</b>
<b>Change Items</b>				
BIO-ENERGY & AGRI VALUE-ADDED PROGRAMS	0	296	(9,238)	(8,942)
AGENCY OPERATING REDUCTIONS	0	(1,016)	(1,016)	(2,032)
RETAIL FOOD HANDLER FEE INCREASE	0	245	245	490
WHOLESALE PRODUCE DEALERS FEE	0	(120)	(120)	(240)
<b>Total Governor's Recommendations</b>	<b>36,077</b>	<b>36,224</b>	<b>26,690</b>	<b>62,914</b>
<b>Fund: MISCELLANEOUS SPECIAL REVENUE</b>				
FY 2011 Appropriations	40	0	0	0
<b>Subtotal - Forecast Base</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Governor's Recommendations</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund: REMEDIATION FUND</b>				
FY 2011 Appropriations	388	388	388	776
<b>Subtotal - Forecast Base</b>	<b>388</b>	<b>388</b>	<b>388</b>	<b>776</b>
<b>Total Governor's Recommendations</b>	<b>388</b>	<b>388</b>	<b>388</b>	<b>776</b>
<b>Fund: OUTDOOR HERITAGE</b>				
FY 2011 Appropriations	0	0	0	0
<b>Subtotal - Forecast Base</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Governor's Recommendations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund: CLEAN WATER</b>				
FY 2011 Appropriations	5,170	5,170	5,170	10,340
<b>Technical Adjustments</b>				
One-time Appropriations		(5,170)	(5,170)	(10,340)
<b>Subtotal - Forecast Base</b>	<b>5,170</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Change Items</b>				
CW AG BMP LOAN PROGRAM	0	3,625	5,625	9,250
CW DRINKING WATER PROTECTION	0	850	850	1,700
CW PESTICIDE MONITORING & ASSESSMENT	0	350	350	700
CW RESEARCH, EVALUATION & ASSISTANCE	0	1,750	1,750	3,500
<b>Total Governor's Recommendations</b>	<b>5,170</b>	<b>6,575</b>	<b>8,575</b>	<b>15,150</b>
<b>Fund: REMEDIATION FUND</b>				
Planned Open Spending	2,324	2,000	2,000	4,000
<b>Total Governor's Recommendations</b>	<b>2,324</b>	<b>2,000</b>	<b>2,000</b>	<b>4,000</b>

# AGRICULTURE DEPT

# Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b>Fund: CLEAN WATER REVOLVING FUND</b>				
Planned Statutory Spending	5,105	5,105	5,105	10,210
Total Governor's Recommendations	5,105	5,105	5,105	10,210
<b>Fund: MISCELLANEOUS SPECIAL REVENUE</b>				
Planned Statutory Spending	4,991	4,971	5,023	9,994
Total Governor's Recommendations	4,991	4,971	5,023	9,994
<b>Fund: AGRICULTURE FUND</b>				
Planned Statutory Spending	23,575	24,185	24,454	48,639
<b>Change Items</b>				
WHOLESALE PRODUCE DEALERS FEE	0	120	120	240
ANHYDROUS AMMONIA INSPECTION PROGRAM	0	111	222	333
Total Governor's Recommendations	23,575	24,416	24,796	49,212
<b>Fund: FEDERAL</b>				
Planned Statutory Spending	8,628	8,886	8,212	17,098
Total Governor's Recommendations	8,628	8,886	8,212	17,098
<b>Fund: RURAL FINANCE ADMINISTRATION</b>				
Planned Statutory Spending	900	1,004	354	1,358
Total Governor's Recommendations	900	1,004	354	1,358
<b>Fund: MISCELLANEOUS AGENCY</b>				
Planned Statutory Spending	119	62	62	124
Total Governor's Recommendations	119	62	62	124
<b>Fund: GIFT</b>				
Planned Statutory Spending	47	34	32	66
Total Governor's Recommendations	47	34	32	66
<b><u>Revenue Change Items</u></b>				
<b>Fund: GENERAL</b>				
<b>Change Items</b>				
RETAIL FOOD HANDLER FEE INCREASE	0	245	245	490
WHOLESALE PRODUCE DEALERS FEE	0	(120)	(120)	(240)
<b>Fund: AGRICULTURE FUND</b>				
<b>Change Items</b>				
WHOLESALE PRODUCE DEALERS FEE	0	120	120	240
ACRRA SURCHARGE MINIMUM ELIMINATION	0	2	2	4
ANHYDROUS AMMONIA INSPECTION PROGRAM	0	111	222	333

## AGRICULTURE DEPT

Change Item: CLEAN WATER: AGRICULTURE BEST MANAGEMENT LOAN PROGRAM

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Clean Water Fund				
Expenditures	\$3,625	\$5,625	\$0	\$0
Revenues	0	0	0	0
Net Fiscal Impact	\$3,625	\$5,625	\$0	\$0

### Recommendation

The Governor recommends \$9.25 million in Clean Water Funds in FY 2012-13 be allocated to the Agriculture Best Management Practices (AgBMP) loan program for the Minnesota Department of Agriculture (MDA) to continue 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.

### Rationale

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.

In FY 2010-11 the MDA obtained clean water funds to increase the size of the loan corpus to allow more loan funding for projects in TMDL areas. This will continue that work. The Ag BMP loan program was started in 1985 and has had more than 10,000 loans. It is a revolving loan program, with monies located in separate accounts which revolve for new loans as loans are repaid.

The allocation would be in addition to the base allocation the local governmental units (LGUs) 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, leading to achieving the goal of 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 projects in TMDL areas.

**Statutory Change:** None

## AGRICULTURE DEPT

### Change Item: CLEAN WATER: DRINKING WATER PROTECTION

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Clean Water Fund				
Expenditures	\$850	\$850	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$850	\$850	0	0

### Recommendation

The Governor recommends \$1.7 million in Clean Water Funds in FY 2012-13 be allocated to continue actions to protect drinking water from agricultural chemicals, primarily nitrate contamination. The source of these funds is derived from the new constitutionally-dedicated sales tax.

### Rationale

Nitrates are widely present in vulnerable aquifers in Minnesota, sometimes above the drinking water standard. This proposal would continue state efforts to respond 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 remain 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 liaisons 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.

### Key Goals and Measures

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

**Statutory Change:** None

## AGRICULTURE DEPT

### Change Item: CLEAN WATER: PESTICIDE MONITORING & ASSESSMENT

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Clean Water Fund				
Expenditures	\$350	\$350	\$0	\$0
Revenues	0	0	0	0
Net Fiscal Impact	\$350	\$350	\$0	\$0

### Recommendation

The Governor recommends \$700,000 in Clean Water Funds in FY 2012-13 be allocated for continued pesticide assessment and monitoring. The source of these funds is derived from the new constitutionally-dedicated sales tax.

### Rationale

This proposal would continue monitoring efforts for pesticides and pesticide degradates in surface water and groundwater. The 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 continued 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 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 continued 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.

### 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.

**Statutory Change:** None

## AGRICULTURE DEPT

Change Item: CLEAN WATER: RESEARCH, EVALUATION & ASSISTANCE

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Clean Water Fund				
Expenditures	\$1,750	\$1,750	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$1,750	\$1,750	0	0

### Recommendation

The Governor recommends \$3.5 million in Clean Water funds in FY 2012-13 for: 1) research projects; 2) pilot and demonstration projects; and 3) technical assistance and staff.

### Rationale

In FY 2010-11 the MDA obtained clean water funds to conduct research on the environmental impacts of agricultural practices and transfer the technical lessons learned by that research to various end users including farmers, agricultural groups, and TMDL planning and implementation teams. This proposal is a continuation of the research and evaluation aspects of the FY 2010-11 initiative. It includes funding for academic research to: evaluate, develop and refine agricultural best management practices; for developing targeting methodology to identify those areas of the landscape that provide the greatest potential sources of contamination for efficient use of limited implementation resources; and, for the development and application of other technologies and practices to protect Minnesota's water resources from contamination from agricultural sources.

In addition, funds appropriated to MDA were used to conduct research on the environmental impacts of agricultural practices and transfer the technical lessons learned by that research to various end users including farmers, agricultural groups, and TMDL planning and implementation teams. This work included field demonstration and evaluation sites. This proposal is a continuation of the technology transfer aspects of the FY 2010-11 initiative. It includes funding for staff and other resources to support the Discovery Farms concept which empowers local farmers to develop demonstration farms to promote and evaluate best management practices.

This funding will help provide current and accurate scientific data on the environmental impacts of agricultural practices and to develop or revise agricultural best management practices that reduce environmental impacts while maintaining profitability. This information and these practices are critically important for accurately evaluating the agricultural contribution to impaired waters and any necessary steps to reduce that contribution via the impaired waters (TMDL) process. It will also allow the MDA to support the efforts of Minnesota's agricultural community to become actively engaged in protecting water quality. The MDA is the lead agency responsible for developing agricultural best management practices.

### 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: BIO-ENERGY AND AGRICULTURAL GROWTH, RESEARCH & INNOVATION PROGRAM VALUE-ADDED PROGRAMS

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$296	\$(9,238)	\$(4,471)	\$(4,471)
Revenues	0	0	0	0
Net Fiscal Impact	\$0	\$(9,238)	\$(4,471)	\$(4,471)

### Recommendation

The Governor recommends an additional \$296,000 in FY 2012 in order to make the remaining ethanol producer payments. The Governor, then, recommends reducing the FY 2013 appropriation by \$9.238 million, which would provide \$5.480 million for the Agricultural Growth, Research and Innovation (AGRI) program in FY 2013. The ongoing base level of funding for this appropriation in FY 2014-15 would be \$10.247 million per year and would continue to support the AGRI program.

### Rationale

AGRI was established by the legislature to promote the advancement of the state's agricultural and renewable energy industries and allows the commissioner of agriculture to issue grants, loans or other forms of financial assistance to livestock producers under the livestock investment grant program (M.S. 17.118) bio-energy awards made by the NextGen Energy Board (M.S. 41A.105) and financial assistance to support other rural economic infrastructure activities.

Minnesota's emerging food and agriculture based industry can also be enhanced by taking a lead in advocating, marketing and promoting bio-tech plant and animal derived products in the state and at the international level, along with building public understanding through education on emerging technology opportunities.

Over the past several years the grant assistance provided to livestock producers and innovation energy projects has allowed Minnesota to stay in the forefront and give a hand up to agriculture and energy providers and producers.

Agriculture can create "green" jobs and opportunities exist to leverage with industry, researchers and a variety of other partners.

- Minnesota's food and agriculture industry ranks 7<sup>th</sup> nationally in the volume of exports totaling more than \$3.5 billion in 2007 and has had an average annual growth of 6.5% since 2000.
- Of the top 50 U.S. food companies 29 had operations located in Minnesota in 2005 – including agricultural companies with crop protection and seed trait products had a Minnesota based presence.
- Minnesota would retain some of the world's leading companies for dairy, swine and turkey health, including applied genetics, productions management, feed supplements and vaccine production.
- Minnesota can continue to be a magnet for nationally and internationally known veterinarians practicing in the field of animal disease prevention and management.

### Key Goals and Measures

This recommendation supports AGRI funding for Minnesota's emerging food and agriculture based industry by taking a lead in advocating, marketing and promoting plant and animal derived products in the state and international level. It builds public understanding and education on emerging opportunities and fits well into statewide goals of improving the economy, being leaders in the global economy, and protecting our environment and natural resources.

**Statutory Change:** None

# AGRICULTURE DEPT

## Change Item: AGENCY OPERATING REDUCTIONS

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(1,016)	\$(1,016)	\$(1,016)	\$(1,016)
Revenues	0	0	0	0
Net Fiscal Impact	\$(1,016)	\$(1,016)	\$(1,016)	\$(1,016)

### Recommendation

The Governor recommends a reduction of \$1.016 million in FY 2012 and \$1.016 million in FY 2013 from the General Fund operating budget of the Department of Agriculture (MDA). The Governor intends that the department 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.

This proposal represents a 5.1% reduction to the department's general fund base budget.

### Rationale

The total base forecast General Fund operating budget for the MDA is \$19.757 million for FY 2012 and \$19.757 million for 2013. This includes amounts budgeted for protection services, marketing and development and agency-level leadership, but excludes amounts for ethanol and other direct assistance payments.

The largest component of these reductions is a consolidation of activities to generate cost savings. The department will merge the Ag Marketing Service Division and the Ag Development & Financial Assistance Division to create efficiencies in staff and space utilization. This consolidation aligns programs within budget activities and aligns agency-level services within a division rather than across divisions.

- Ag Finance - the Rural Finance Authority (RFA) and Ag Best Management Practices (AgBMP) loan programs will move under Agency Services into the Finance & Budget Division
- Environmental outreach, impaired water and agricultural water research will be under the supervision of the Pesticide and Fertilizer Management Division
- The newly merged division of Ag Marketing and Development will include four specific sections including local foods, livestock development, domestic and international marketing, along with energy and environmental policy review.

Additional costs savings will be realized through filling of positions vacated by early retirements at lower levels and deferring consideration of filling some positions for the coming biennium.

**Statutory Change:** None

# AGRICULTURE DEPT

## Change Item: RETAIL FOOD HANDLER FEE INCREASE

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$245	\$245	\$245	\$245
Revenues	245	245	245	245
Net Fiscal Impact	\$0	\$0	\$0	\$0

### Recommendation

The Governor recommends increasing the fees for the food inspection program by 15% for retail food- handler licenses, including late renewal and no license penalties. An estimated \$245,000 in additional revenue per year will be collected. These funds will be used to hire new food inspection staff to help meet minimum statutorily required inspection frequencies.

### Rationale

The Food Inspection Program is charged with the inspection, licensing, and plan review activity for approximately 5,200 retail food facilities throughout the state (convenience and grocery stores), 800 food manufacturing facilities, 740 wholesale food facilities, and 850 mobile food vehicles. These food inspections are considered an essential service to protect public health.

Establishments are routinely inspected to identify and reduce risk factors found to cause illness. Currently, 45% of retail facilities are not inspected as frequently as required by statute, due to excess workload for inspection staff. The current fees do not wholly cover the cost of MDA's inspection services. In addition, they do not provide adequate funding to maintain the staffing levels needed to perform legislatively mandated food safety and inspection requirements. This proposal would fund 2-4 additional food inspection FTEs to directly increase the number of retail food facilities inspected in Minnesota. The last fee adjustment was in 2003.

Ongoing demands resulting from a global food supply, emergency preparedness and technological advances continually challenge the program. To meet these challenges, MDA must regularly evaluate and improve inspection services and approaches.

### Key Goals and Measures

*MDA goal: Protect the safety of the food supply from farm to consumer*

- MDA takes seriously its role of ensuring the safety of Minnesotans' food supply. This proposal will better allow MDA to fulfill our mission to protect food safety.

*State of Minnesota Goal: Minnesotans will be healthy*

- MDA recognizes that food safety is crucial to public health. This proposal will enable MDA to comply with inspection frequency as required under Minnesota Statute.

*State of Minnesota 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, which is an important component of Minnesota's economic security.

**Statutory Change:** M.S. 28A.08

**AGRICULTURE DEPT****Change Item: WHOLESAL PRODUCE DEALERS FEE DEDICATION**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Fund				
Expenditures	\$ (120)	\$ (120)	\$ (120)	\$ (120)
Revenues	(120)	(120)	(120)	(120)
Agricultural Fund				
Expenditures	120	120	120	120
Revenues	120	120	120	120
Net Fiscal Impact	\$0	\$0	\$0	\$0

**Recommendation**

The Governor recommends that the revenue from wholesale produce license fee collected under M.S. 27.041 in the amount of \$120,000 be deposited into an agricultural fund account for the sole purpose of meeting the expenditures necessary for meeting the administrative needs of the program.

**Rationale**

This change will ensure that the program is fully funded and that fees needed to support the program are dedicated for that purpose. A dedicated fee program increases accountability and provides increased assurance that all wholesale produce are appropriately licensed. It is anticipated that this change would be enacted July 1, 2011.

**Key Goals and Measures**

The Minnesota Wholesale Producer Dealers program is designed to provide economic protection to Minnesota producers, farm marketing cooperatives and licensed dealers who do not receive payment after selling their perishable agricultural products. Ensuring that the program is fully supported by a dedicated account ensures that the program has sufficient revenue to meet program needs and also makes the program more accountable to ensuring all wholesale producers are properly licensed and fully paying appropriate fees.

**Statutory Change:** M.S. 27.041

**AGRICULTURE DEPT****Change Item: ACRRA SURCHARGE MINIMUM ELIMINATION**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Agricultural Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	2	2	2	2
Net Fiscal Impact	\$(2)	\$(2)	\$(2)	\$(2)

**Recommendation**

The Governor recommends eliminating the \$10 minimum for the Ag Chemical Response and Reimbursement (ACRRA) surcharge.

**Rationale**

ACRRA surcharge fees are based on the total amount of a pesticide product sold in the state and are calculated on a per-product basis. The fee structure was changed in 2009 to shift the point of collection from product registrants to product dealers. This, by design, means more, smaller amounts collected from more payers.

Under current law, no ACRRA surcharge is required if the amount due is less than \$10. Continuing this exemption requires burdensome refund activities since the surcharge must be paid at the same that sales volumes are reported. The new fee system collects surcharge fees from approximately 600 agricultural pesticide dealers.

**Statutory Change:** M.S. 18E

## AGRICULTURE DEPT

### Change Item: ANHYDROUS AMMONIA INSPECTION PROGRAM

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Agricultural Fund				
Expenditures	\$111	\$222	\$222	\$222
Revenues	111	222	222	222
Net Fiscal Impact	\$0	\$0	\$0	\$0

### Recommendation

The Governor recommends:

- Implementing an alternative regulatory program approach for facilities storing or distributing agricultural anhydrous ammonia (NH3) that provides less inspection frequency incentives for facilities with documented compliance;
- Researching, developing rules, and implementing a program that would allow an external, private party to certify MDA regulatory compliance at NH3 facilities;
- Revising and updating administrative rules that regulate the storage and distribution of NH3;
- Implementing a \$400 re-inspection fee for NH3 facilities that have serious noncompliance issues noted upon initial inspection; and,
- Authorizing an annual NH3 Public Safety Surcharge on sales of NH3 of \$0.75 / ton.

### Rationale

Current inspections find some facilities in full compliance. A new hazard-based inspection strategy and standards would provide a frequency-tiered system for MDA inspections of those facilities and equipment, offering less frequent inspections for facilities in compliance or when MDA or an external, private compliance audit documents adherence to MDA hazard reduction criteria. Administrative rules governing NH3 storage & distribution are outdated and do not reflect contemporary risk management needs. Facilities that have serious noncompliance issues and require a re-inspection and to offset the costs of the re-inspection a fee will be charged.

This proposal will allow MDA to make more strategic use of its current limited inspector resources. In addition, it will allow MDA to concentrate its finite inspection resources on known and repeat non-compliant facilities and equipment. It will reduce the frequency of MDA regulatory oversight for facilities that are in full compliance. Finally, it will provide industry the opportunity to prepare and utilize hazard avoidance or corrective plans, and will reduce the number of inspections MDA performs at certain sites.

### Key Goals and Measures

Key Goal: **Promote environmentally friendly agricultural practices.** Improved regulation of NH3 is not only environmentally friendly but also has a direct impact on human health. Decreased release of NH3 via incidents is desirable from an environmental perspective as this will reduce NH3 deposition through rainfall. More importantly, increased attention to innovative regulation decreases the opportunity for human injury and death through direct contact.

Key Measures:

- **The number of reinspections will decrease in future years.** Rationale: The purpose of this inspection program is to improve compliance. It is believed that through the additional staff, additional inspections, disincentives for noncompliance and the development of a focused inspection plan with modern rules, the need for reinspection based on serious non compliance will decrease.
- **The amount of penalties per facility inspection will decrease in future years.** Rationale: The amount of the penalty per facility inspection is based on the seriousness of the penalty and the number of violations. This measure will take into count account and track over all compliance with by facilities over time.

**Statutory Change:** M. S. 18C.425, Subd.6, (c); 18D.301, Subd.2.

**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**

This program includes the following budget activities:

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

# AGRICULTURE DEPT

## Program: PROTECTION SERVICE

## Program Summary

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	12,357	11,728	11,728	11,728	23,456
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			366	366	732
Current Law Base Change			25	25	50
Operating Budget Reduction			(40)	(40)	(80)
Subtotal - Forecast Base	12,357	11,728	12,079	12,079	24,158
<b>Governor's Recommendations</b>					
AGENCY OPERATING REDUCTIONS		0	(399)	(399)	(798)
RETAIL FOOD HANDLER FEE INCREASE		0	245	245	490
WHOLESALE PRODUCE DEALERS FEE		0	(120)	(120)	(240)
<b>Total</b>	<b>12,357</b>	<b>11,728</b>	<b>11,805</b>	<b>11,805</b>	<b>23,610</b>
<b>Remediation Fund</b>					
Current Appropriation	388	388	388	388	776
Subtotal - Forecast Base	388	388	388	388	776
<b>Total</b>	<b>388</b>	<b>388</b>	<b>388</b>	<b>388</b>	<b>776</b>
<b>Outdoor Heritage</b>					
Current Appropriation	2,000	0	0	0	0
Subtotal - Forecast Base	2,000	0	0	0	0
<b>Total</b>	<b>2,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Clean Water</b>					
Current Appropriation	1,790	2,670	2,670	2,670	5,340
<b>Technical Adjustments</b>					
One-time Appropriations			(2,670)	(2,670)	(5,340)
Subtotal - Forecast Base	1,790	2,670	0	0	0
<b>Governor's Recommendations</b>					
CW DRINKING WATER PROTECTION		0	850	850	1,700
CW PESTICIDE MONITORING & ASSESSMENT		0	350	350	700
CW RESEARCH, EVALUATION & ASSISTANCE		0	1,750	1,750	3,500
<b>Total</b>	<b>1,790</b>	<b>2,670</b>	<b>2,950</b>	<b>2,950</b>	<b>5,900</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	12,860	12,432	11,805	11,805	23,610
Remediation Fund	359	466	388	388	776
Outdoor Heritage	1,943	57	0	0	0
Clean Water	694	3,459	2,950	2,950	5,900
<b>Open Appropriations</b>					
Remediation Fund	1,560	2,324	2,000	2,000	4,000
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	685	1,057	1,023	988	2,011
Agriculture Fund	17,919	22,429	22,729	23,106	45,835
Federal	5,678	6,161	6,393	5,721	12,114
Miscellaneous Agency	59	117	60	60	120
<b>Total</b>	<b>41,757</b>	<b>48,502</b>	<b>47,348</b>	<b>47,018</b>	<b>94,366</b>



# AGRICULTURE DEPT

Program: PROTECTION SERVICE

Program Summary

*Dollars in Thousands*

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Expenditures by Category</u></b>					
Total Compensation	22,415	25,968	26,383	26,653	53,036
Other Operating Expenses	17,295	22,347	20,835	20,235	41,070
Capital Outlay & Real Property	22	0	0	0	0
Local Assistance	2,025	130	130	130	260
Other Financial Transactions	0	57	0	0	0
<b>Total</b>	<b>41,757</b>	<b>48,502</b>	<b>47,348</b>	<b>47,018</b>	<b>94,366</b>
<b><u>Expenditures by Activity</u></b>					
Pesticide & Fertilizer Mgmt	13,466	19,399	18,463	18,685	37,148
Plant Protection	8,291	7,283	7,174	6,937	14,111
Dairy & Food Inspection	11,444	12,753	12,392	12,070	24,462
Laboratory Services	8,556	9,067	9,319	9,326	18,645
<b>Total</b>	<b>41,757</b>	<b>48,502</b>	<b>47,348</b>	<b>47,018</b>	<b>94,366</b>
<b>Full-Time Equivalent (FTE)</b>	<b>350.5</b>	<b>350.5</b>	<b>351.1</b>	<b>351.8</b>	

**Activity at a Glance**

- Issued nearly 30,000 licenses and certifications to pesticide applicators, dealers, and fertilizer companies.
- Purchased a liquid chromatograph mass spectrometer that can detect a much broader suite of agricultural chemicals at potentially lower concentrations.
- 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.
- Assisted the U.S. Environmental Protection Agency on the south Minneapolis residential soil contamination site/arsenic cleanup of more than 400 homes.
- Permitted over 640 ag chemical and 340 anhydrous ammonia storage sites.
- Certified 50 manure testing laboratories.
- Responded to over 250 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.
- Disposed of more than 260,000 lbs of waste pesticide.

**Activity Description**

The Pesticide and Fertilizer Management (PFM) division regulates pesticides and fertilizers within Minnesota including matters relating to registration, labeling, distribution, sale, storage, handling, use, application, or disposal. This encourages fair competition, product 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**

Minnesota citizens, agricultural producers, and industries benefit from PFM activities. PFM activities directly affect agriculture, and help protect Minnesota's land and water resources. Many 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, the federal government, and other countries to facilitate uniform regulatory programs.

**Services Provided**

PFM has responsibilities in five categories:

- Traditional pesticide and fertilizer regulation;
- Water quality protection;
- Pesticide and fertilizer emergency response and remediation;
- Waste pesticide disposal; and,
- Administration of Clean Water Funds to support research and demonstration projects and to enhance efforts for groundwater and surface water monitoring for agricultural chemicals.

Regulatory strategies include education, training, monitoring, licensing, permitting, and promotion of voluntary practices along with inspection, investigation, and enforcement activities. 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 pesticides 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, proper product use and sale in urban areas. Tasks have become increasingly complex because of the associated public health and environmental risk concerns.

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 communicate and update 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 the state Superfund (Minnesota's environmental response and liability program, managed by the Minnesota Pollution Control Agency) or an industry-supported funding program. Additionally, the division facilitates property transfers by the oversight of environmental site assessments and voluntary site remediation.

PFM is using Clean Water Funds to support research and demonstration projects and to enhance efforts for groundwater and drinking water protection and pesticide monitoring. Research and demonstration projects

provide more precise information on non-point source contributions to impaired waters and empirically validate BMPs. These projects aim to better understand agriculture's contribution to impairments and what specific BMPs need to be implemented to actually improve water quality.

PFM has been monitoring the state's water resources for more than 20 years. The purpose of the MDA's monitoring activities has been to determine the identity, concentration, and frequency of detections of pesticides and nutrients in Minnesota's ground and surface waters. Over that time the MDA monitoring efforts have been viewed as an unbiased source of water quality data by stakeholders of vastly different background and missions including regulatory agencies, farm organizations, environmental organizations, academic entities, and individual farmers. Clean Water funding has increased analytical capacity by providing funds to purchase an instrument capable of detecting a broader suite of chemicals and hiring chemists to process and analyze additional samples.

### **Historical Perspective**

Since at least the 1980s, public interest in and concerns about 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 authority, 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 fertilizer 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. In 2008 the division successfully transitioned to a single entry, all electronic inspection system that also serves as a document management system.

Recent legislative changes have increased the division's role in nonpoint pesticide and fertilizer research, BMP promotion, monitoring and Total Maximum Daily Load (TMDL) activities. Increased fertilizer fees support the Agricultural Fertilizer Research and Education Council's activities. Clean Water Funds are used to support increased program activities to understand and address ground and surface water impacts from nutrients, pesticides and agriculture.

### **Key Activity Goals & Measures**

- 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 supports this economic growth by providing consumers with confidence in food quality and safety.

Pesticide license applications will be increasingly processed electronically. In 2008 - 2010 electronic pesticides licenses application and issuance increased 15%.

Since 2008, PFM regulatory activities have migrated to a paperless inspection and documentation system.

- **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 BMPs, along with sound regulations on the use, handling and storage of these materials, provides for the protection of the environment.

## AGRICULTURE DEPT

Program: PROTECTION SERVICE

Activity: PESTICIDE & FERTILIZER MANAGEMENT

Narrative

The Agricultural Fertilizer Research and Education Council funded nine research projects in 2008 and an additional seven projects in 2009 to better understand the dynamics of fertilizer in crop production and fertilizer fate.

Clean Water Research projects to increase the understanding of agricultural impacts on water quality. This will be accomplished through increasing the number of projects, which totaled four (a total of \$800,000 in FY 2007) and nine (a total of \$1.1 million) in FY 2008-09.

- **Minnesotans will conserve natural resources to give future generations a healthy environment and a strong economy.**

The promotion of BMPs, 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.

The number of farms participating in nutrient initiative demonstrations has risen from 17 in 2008, to 35 in 2009, and to 50 in 2010.

In federal FY 2010, 81% of pesticide misuse cases were processed in less than six months from the time of notification.

In federal FY 2010, 100% of the pesticides misuse cases involving human or animal exposure were initiated on the same day or the next day.

### 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. Dedicated Clean Water funds support new activities in water quality research and protection. 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.

### Contact

Additional information on these activities can be found on the MDA website:

<http://www.mda.state.mn.us/about/divisions/pfmd.aspx>

The division's main information number is (651) 201-6121.

**AGRICULTURE DEPT**  
**Program: PROTECTION SERVICE**  
 Activity: PESTICIDE & FERTILIZER MGMT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	714	664	664	664	1,328
Subtotal - Forecast Base	714	664	664	664	1,328
<b>Governor's Recommendations</b>					
AGENCY OPERATING REDUCTIONS		0	(100)	(100)	(200)
<b>Total</b>	<b>714</b>	<b>664</b>	<b>564</b>	<b>564</b>	<b>1,128</b>
<b>Remediation Fund</b>					
Current Appropriation	388	388	388	388	776
Subtotal - Forecast Base	388	388	388	388	776
<b>Total</b>	<b>388</b>	<b>388</b>	<b>388</b>	<b>388</b>	<b>776</b>
<b>Clean Water</b>					
Current Appropriation	1,790	2,670	2,670	2,670	5,340
<b>Technical Adjustments</b>					
One-time Appropriations			(2,670)	(2,670)	(5,340)
Subtotal - Forecast Base	1,790	2,670	0	0	0
<b>Governor's Recommendations</b>					
CW DRINKING WATER PROTECTION		0	850	850	1,700
CW PESTICIDE MONITORING & ASSESSMENT		0	350	350	700
CW RESEARCH, EVALUATION & ASSISTANCE		0	1,750	1,750	3,500
<b>Total</b>	<b>1,790</b>	<b>2,670</b>	<b>2,950</b>	<b>2,950</b>	<b>5,900</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	1,513	826	564	564	1,128
Remediation Fund	359	466	388	388	776
Clean Water	694	3,459	2,950	2,950	5,900
<b>Open Appropriations</b>					
Remediation Fund	1,560	2,324	2,000	2,000	4,000
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	5	37	73	36	109
Agriculture Fund	8,963	11,814	12,070	12,301	24,371
Federal	372	473	418	446	864
<b>Total</b>	<b>13,466</b>	<b>19,399</b>	<b>18,463</b>	<b>18,685</b>	<b>37,148</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	5,976	7,322	7,634	7,815	15,449
Other Operating Expenses	7,340	11,947	10,699	10,740	21,439
Local Assistance	150	130	130	130	260
<b>Total</b>	<b>13,466</b>	<b>19,399</b>	<b>18,463</b>	<b>18,685</b>	<b>37,148</b>
<b>Full-Time Equivalents (FTE)</b>	<b>97.0</b>	<b>97.0</b>	<b>101.5</b>	<b>102.8</b>	

**Activity at a Glance**

In FY 2010, the division:

- Issued approximately 3,000 export certificates for Minnesota agricultural products moving worldwide.
- Tested 1,600 official seed samples to verify label claims for more than 500 labelers offering more than 40,000 lots of seed for sale annually and providing seed sales compliance education to retail firms.
- Inspected 8,000 – 9,000 acres of nursery stock and 8,000 retail outlets annually for agricultural, flower, vegetable and tree seed quality.
- Inspected and certified 35 million pounds of imported fruits and vegetables and six million pounds of export fruits and vegetables.
- Installed and collected more than 22,000 gypsy moth monitoring traps statewide.
- Conducted gypsy moth suppression treatments on 100,846 acres.
- Installed and collected 2,800 emerald ash borer monitoring traps statewide.
- Investigated 630 reports of potential emerald ash borer infestations.
- Successfully implemented and enforced ash wood quarantine on three Minnesota counties infested with emerald ash borer.

**Activity Description**

Plant Protection Division (PPD) regulates seed, noxious weeds, nursery stock, invasive/exotic plant pests and apiaries. Division staff also provides inspection and certification services for potatoes, fruit and vegetables, and agricultural products for export, food safety audits and licensing, bonding and certification of wholesale produce dealers, grain buyers and grain storage elevators. In addition, PPD is responsible for surveying, monitoring and eradicating new plant pests. This ensures the promotion and encouragement of global trade and, at the same time, protection of agricultural crops and the natural environment from unwanted exotic or invasive plant pests. Concurrently, importers and consumers of Minnesota agricultural products and commodities demand assurance or official certification that Minnesota products meet prescribed standards.

**Population Served**

All citizens of the state, and especially farmers, consumers, processors, exporters, and agricultural and forestry industries benefit from PPD activities. PPD activities directly benefit agriculture and protect natural resources in rural, suburban and urban areas. In addition, the division works 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; and
- Facilitation of biological control of target pests.

PPD protects producers by licensing, bonding, inspecting and auditing:

- Wholesale produce dealers; and
- Grain buyers and grain storage elevators.

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, PPD uses regulatory strategies including education, training, monitoring, licensing, certifying and promotion of voluntary practices along with survey, monitoring, inspection and enforcement actions.

PPD 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 reliable, unbiased determinations of produce quality and quantity. This facilitates orderly and fair commerce.

### **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 PPD. Licensing, bonding, and auditing programs are more important than ever when sellers and buyers of agricultural products are no longer neighbors but strangers separated by thousands of miles. As the international economy expands and the movement of people and goods becomes more widespread, the role of the PPD has expanded to accommodate the increased demand for its services.

PPD entomologists, plant pathologists and horticulturalists are increasingly challenged to protect Minnesota's industries and natural resources by monitoring and combating plant pests such as potato cyst nematode, soybean cyst nematode, gypsy moth, emerald ash borer, soybean rust and Karnal bunt. They also conduct field inspections and certify the pest-free status of shipments destined for markets outside of Minnesota.

### **Key Activity Goals & Measures**

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

- Protect the integrity of the food supply from farm to consumer.
- Ensure the strength of our agricultural economy.

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

- Licensing and bonding requests will be processed within five business days of receipt.
- Inspection and certification services will be provided for all of the more than five million pounds of fruits and vegetables exported to Canada within eight business hours of service request.
- PPD will inspect and certify the more than nine million pounds of fresh and seed potatoes within eight business hours of service request.
- All growers and receivers will be provided with requested audits of their food growing and handling practices in a timely fashion.
- Export certification 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.
- PPD will help ensure Minnesota growers have access to foreign and domestic markets by testing more than 2,000 Minnesota seed potato acres following harvest in the fall to verify and ensure that Minnesota is free of the exotic potato cyst nematode.
- Seed performance complaints will be investigated within five business days of receipt and truthfulness of seed labeling will be enforced.
- A minimum of 15,000 gypsy moth traps will be set annually.
- Gypsy moth eradication/control treatments will be conducted within 12 months in all locations where trapping results indicate such actions are necessary.
- More than 6,000 survey and detection traps will be set for invasive species such as emerald ash borer and regulatory and mitigation efforts will be immediately implemented if an infestation is detected.
- New invasive plant species will be swiftly detected and rapid response measures will be implemented within two weeks of pest discover.

### **Activity Funding**

This activity receives approximately half of its funding from seed, nursery, potato, fruit and vegetable, grain buyers and grain storage facility fee revenues, which are 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**

Additional information on these activities can be found on the MDA website:

<http://www.mda.state.mn.us/about/divisions/plantprotection.aspx>.

The division's main information number is 651-201-6020.

**AGRICULTURE DEPT**  
**Program: PROTECTION SERVICE**  
 Activity: PLANT PROTECTION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	2,308	1,947	1,947	1,947	3,894
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			160	160	320
Current Law Base Change			25	25	50
Operating Budget Reduction			(1)	(1)	(2)
Subtotal - Forecast Base	2,308	1,947	2,131	2,131	4,262
<b>Governor's Recommendations</b>					
AGENCY OPERATING REDUCTIONS		0	(143)	(143)	(286)
WHOLESALE PRODUCE DEALERS FEE		0	(120)	(120)	(240)
<b>Total</b>	<b>2,308</b>	<b>1,947</b>	<b>1,868</b>	<b>1,868</b>	<b>3,736</b>
<b>Outdoor Heritage</b>					
Current Appropriation	2,000	0	0	0	0
Subtotal - Forecast Base	2,000	0	0	0	0
<b>Total</b>	<b>2,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	2,136	2,402	1,868	1,868	3,736
Outdoor Heritage	1,943	57	0	0	0
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	5	1	0	0	0
Agriculture Fund	3,177	3,618	3,640	3,608	7,248
Federal	1,030	1,148	1,666	1,461	3,127
Miscellaneous Agency	0	57	0	0	0
<b>Total</b>	<b>8,291</b>	<b>7,283</b>	<b>7,174</b>	<b>6,937</b>	<b>14,111</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	4,344	4,845	4,945	4,937	9,882
Other Operating Expenses	2,072	2,381	2,229	2,000	4,229
Local Assistance	1,875	0	0	0	0
Other Financial Transactions	0	57	0	0	0
<b>Total</b>	<b>8,291</b>	<b>7,283</b>	<b>7,174</b>	<b>6,937</b>	<b>14,111</b>
<b>Full-Time Equivalents (FTE)</b>	<b>79.0</b>	<b>79.2</b>	<b>75.7</b>	<b>75.1</b>	



**Activity at a Glance**

In FY10, the division:

- Inspected 4,300 dairy farms, 450 bulk milk trucks, 475 haulers, and 60 plants;
- Inspected 772 food processing plants and 2,999 retail food stores;
- Analyzed 5,113 food and environmental samples;
- Analyzed 7,979 dairy samples;
- Issued 1,433 Certificates of Free Sale for export;
- Inspected 60 meat and poultry plants, 250 custom exempt plants and eight egg grading facilities;
- Conducted 716 bovine spongiform encephalopathy (BSE) inspections; and
- Collected 85 feed samples for analysis.

**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 inspection of animal feed, dairy, food, meat, shell eggs, and poultry products. DFID accomplishes this 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. The division supports the export of Minnesota products through the issuance of Certificates of Free Trade when required by importing countries.

**Population Served**

Consumers, farmers, processors and retailers of Minnesota dairy, food, feed, poultry, egg, and meat products benefit from DFID food protection programs.

**Services Provided****Food Inspection Regulatory Program:**

The purpose of DFID inspection is to examine and validate processes and procedures of retail or manufactured food facilities to ensure they are producing safe food when the inspector is not present. The frequency of inspection for each facility depends on the food safety risks associated with the specific food handling activities of the facility (high, medium or low).

Together with Minnesota Department of Health (MDH) epidemiologists, food inspectors work to investigate food-borne illness outbreaks. Recently, DFID traced the source of a *Salmonella* typhimurium peanut butter outbreak to a producer in Georgia and played a major role in identifying the source of eggs associated with the recent national Salmonella enteritidis outbreak. They also work with industry and the public during food recalls verifying that recalled products have been removed from sale. Recently, the division, in cooperation with the Food and Drug Administration (FDA), conducted recall effectiveness checks in response to a shell egg recall due to a Salmonella enteritidis outbreak.

DFID conducts a number of comprehensive manufactured food facility inspections that include comprehensive environmental sampling to identify potential pathogen harborage areas. These inspections are conducted to identify and prevent conditions that could lead to the contamination of foods that have historically been associated with large outbreaks or recalls.

DFID inspectors respond to emergencies such as floods, fires, and truck rollovers to determine if the affected food is safe, and to prevent damaged and contaminated goods from reaching the public. DFID also works with MDA's Pesticide and Fertilizer Management Division to investigate pesticide misuse cases involving food and food crops.

**Commercial Feed Inspection Program:**

The program regulates commercial feed distribution including pet food so that purchasers of commercial feed are protected and the health of animals consuming the feed is assured. The purpose of inspection is to examine and validate a feed manufacturer's processes and procedures to ensure that the facility is producing safe feed when the inspector is not present. The commercial feed program also regulates drugs in animal feeds, the prohibition of animal proteins from ruminant feeds, contaminants in feed (such as dioxins and mycotoxins), as well as unapproved ingredient use. Inspectors respond to feed emergencies, such as floods, fires, and truck rollovers to ensure that the recovered feed does not pose a threat to animals consuming the feed or the health of the public.

consuming products from those animals. Feed program personnel also investigate consumer and competitor complaints ensuring that the industry is subject to uniform and fair conditions of regulation. The program conducts recall effectiveness audits to verify recalled products are removed from commerce.

**Dairy Inspection Program:**

Dairy inspectors inspect from the state's 4300 dairy farms, 450 bulk milk trucks, 475 haulers, and 70 plants, to make sure all milk and dairy products are produced and handled safely. Inspectors take samples from inspected facilities, 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 them keep pace 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.

**Compliance:**

The compliance section supports the dairy, food, animal feed, 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 & Measures**

- **Minnesota Milestones Goal: Minnesotans will be healthy.**
- **MDA goal: Ensure the safety and integrity 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.
  - The Compliance Information System for Dairy and Food Inspection Programs will be deployed.
  - The FDA Manufactured Food Regulatory Program Standards improvement plan will be implemented.

**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 an increasingly important source of funding.

**Contact**

Additional information on these activities can be found on the MDA website

<http://www.mda.state.mn.us/about/divisions/dairyfood.aspx>.

The division's main information number is 651-201-6027.

**AGRICULTURE DEPT**  
**Program: PROTECTION SERVICE**  
 Activity: DAIRY & FOOD INSPECTION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	5,477	5,284	5,284	5,284	10,568
<b>Technical Adjustments</b>					
Operating Budget Reduction			(2)	(2)	(4)
Subtotal - Forecast Base	5,477	5,284	5,282	5,282	10,564
<b>Governor's Recommendations</b>					
AGENCY OPERATING REDUCTIONS		0	(140)	(140)	(280)
RETAIL FOOD HANDLER FEE INCREASE		0	245	245	490
<b>Total</b>	<b>5,477</b>	<b>5,284</b>	<b>5,387</b>	<b>5,387</b>	<b>10,774</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	5,371	5,390	5,387	5,387	10,774
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	631	907	833	825	1,658
Agriculture Fund	3,341	4,454	4,345	4,436	8,781
Federal	2,042	1,942	1,767	1,362	3,129
Miscellaneous Agency	59	60	60	60	120
<b>Total</b>	<b>11,444</b>	<b>12,753</b>	<b>12,392</b>	<b>12,070</b>	<b>24,462</b>
 <b><u>Expenditures by Category</u></b>					
Total Compensation	8,205	9,445	9,361	9,394	18,755
Other Operating Expenses	3,239	3,308	3,031	2,676	5,707
<b>Total</b>	<b>11,444</b>	<b>12,753</b>	<b>12,392</b>	<b>12,070</b>	<b>24,462</b>
 <b><u>Full-Time Equivalents (FTE)</u></b>					
	119.7	119.5	119.1	119.1	

**Activity at a Glance**

In FY10, the Lab:

- Performed 23,866 tests for 25,829 substances on 8,987 samples for MDA's Dairy and Food Inspection Division;
- Performed 4,619 tests for 36,079 substances on 3,574 samples for MDA's Pesticide and Fertilizer Inspection Division;
- Performed 6,863 tests for 10,965 substances on 4,779 samples for Minnesota Department of Natural Resources; and
- Performed 528 pathogen tests in support of food borne illness investigations.

**Activity Description**

The Laboratory Services Division (Lab) provides analytical data and scientific consulting critical to the protection of Minnesota's food supply, agricultural industry, and natural 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 Lab activities help protect Minnesota citizens and those who use Minnesota agricultural products by contributing to the safety and security of our food supply, and by protecting the environment from misuse or accidental release of agricultural chemicals. Through partnerships, we support various federal agencies to identify and address problems of local and national concern.

**Services Provided**

Laboratory Services performs chemical, microbiological, and physical analyses of food, meat, dairy products, beverages, water, fertilizer, lime, feed, seed, plant material, pesticides, pesticide residues, and grain. These tests support the inspection, enforcement, and surveillance 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 Lab 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 the state's ability to respond to emergencies such as intentional food contamination, and other unique, emerging issues that affect public health and the economic well being of Minnesota's food and agriculture sector.

The Lab's specialized analytical testing also gives MDA rapid and accurate data to use in responding to environmental and food-borne crises, such as contaminated peanut butter, ground beef and produce. The Lab develops and maintains new analytical capabilities as new problems or questions arise within the feed, food, and agro-chemical industry. The MDA Lab also consults on analytical issues with inspectors, managers, private analytical laboratories, and regulated industries. In addition to laboratory services for MDA's regulatory programs, the division is the primary laboratory providing analyses to the Minnesota Department of Natural Resources (DNR). Through grants and cooperative agreements MDA's Lab also provide testing for the U.S. Department of Agriculture, the Food and Drug Administration, the Environmental Protection Agency, and other federal and state agencies. The Lab also administers a laboratory certification program for private and commercial testing laboratories as required under the Pasteurized Milk Ordinance governing interstate milk shipment.

**Historical Perspective**

MDA's Laboratory Services Division has served Minnesotans since 1887. The lab's first duty was to oversee our state's dairy industry. Over the years Lab 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 integrated DNR's analytical services into MDA's operations. This allowed DNR to close two laboratories while still having access to quality laboratory data required for decision making.

In November 2005, the division moved to a new lab facility co-located with the Minnesota Department of Health (MDH's) laboratory. This co-location enhanced the strong, unique partnership that already existed between MDA and MDH. This partnership gives Minnesota increased capacity to address emerging food safety and defense concerns. 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 Minnesota and impact its citizens.

### Key Activity Goals and Measures

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 laboratory for the state of Minnesota. 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 2009 outbreak of *Salmonella* Typhimurium in peanut butter. We also deal with chemical contaminants such as heavy metals and Polycyclic Aromatic Hydrocarbons (PAH) in seafood. Laboratory data produced by the lab are often vital for regulatory and management decisions.

- **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 food and natural environment.

By March 31, 2013, the Laboratory will become accredited as required under the Dairy and Food Inspection Division's mandate from the Food and Drug Administration for continued participation in the Manufactured Food Regulatory Program.

As part of a continuous improvement process, by July 1, 2011, the Laboratory will begin conducting performance satisfaction surveys and by July 31, 2011, will start incorporating changes to its operations as appropriate based on survey findings.

A Corrective Action/Preventative Action process will be employed in all areas of the laboratory by January 2011.

During FY2011, the Laboratory will provide 100% of test results to regulatory programs within required timelines during crisis response efforts.

### Activity Funding

Laboratory funding is comprised of 46% General Fund dollars. Over half of the General Fund dollars are allocated to rent for the lab facility; the balance primarily funds food safety initiatives. Dedicated dollars make up 30% of the laboratory's budget. These dollars support programs that look specifically at agricultural inputs such as feed, food and targeted environmental testing. The remaining 24% of the laboratory's funding comes from federal funds. This work compliments the department's programs for food safety and environmental protection.

### Contact

Additional information on these activities can be found on the MDA website

<http://www.mda.state.mn.us/about/divisions/lab.aspx>.

The division's main information number is 651-201-6010.

**AGRICULTURE DEPT**  
**Program: PROTECTION SERVICE**  
**Activity: LABORATORY SERVICES**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	3,858	3,833	3,833	3,833	7,666
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			206	206	412
Operating Budget Reduction			(37)	(37)	(74)
Subtotal - Forecast Base	3,858	3,833	4,002	4,002	8,004
<b>Governor's Recommendations</b>					
AGENCY OPERATING REDUCTIONS		0	(16)	(16)	(32)
<b>Total</b>	<b>3,858</b>	<b>3,833</b>	<b>3,986</b>	<b>3,986</b>	<b>7,972</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	3,840	3,814	3,986	3,986	7,972
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	44	112	117	127	244
Agriculture Fund	2,438	2,543	2,674	2,761	5,435
Federal	2,234	2,598	2,542	2,452	4,994
<b>Total</b>	<b>8,556</b>	<b>9,067</b>	<b>9,319</b>	<b>9,326</b>	<b>18,645</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	3,890	4,356	4,443	4,507	8,950
Other Operating Expenses	4,644	4,711	4,876	4,819	9,695
Capital Outlay & Real Property	22	0	0	0	0
<b>Total</b>	<b>8,556</b>	<b>9,067</b>	<b>9,319</b>	<b>9,326</b>	<b>18,645</b>
<b>Full-Time Equivalents (FTE)</b>	<b>54.8</b>	<b>54.8</b>	<b>54.8</b>	<b>54.8</b>	

**Program Description**

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

**Budget Activities**

This program includes the following budget activities:

- Agricultural Marketing Services
- Agricultural Development and Financial Assistance

# AGRICULTURE DEPT

Program: PROMOTION & MARKETING

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	4,531	4,461	4,461	4,461	8,922
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			(366)	(366)	(732)
Operating Budget Reduction			(2)	(2)	(4)
Subtotal - Forecast Base	4,531	4,461	4,093	4,093	8,186
<b>Governor's Recommendations</b>					
AGENCY OPERATING REDUCTIONS		0	(561)	(561)	(1,122)
<b>Total</b>	<b>4,531</b>	<b>4,461</b>	<b>3,532</b>	<b>3,532</b>	<b>7,064</b>
<b>Clean Water</b>					
Current Appropriation	2,000	2,500	2,500	2,500	5,000
<b>Technical Adjustments</b>					
One-time Appropriations			(2,500)	(2,500)	(5,000)
Subtotal - Forecast Base	2,000	2,500	0	0	0
<b>Governor's Recommendations</b>					
CW AG BMP LOAN PROGRAM		0	3,625	5,625	9,250
<b>Total</b>	<b>2,000</b>	<b>2,500</b>	<b>3,625</b>	<b>5,625</b>	<b>9,250</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	3,981	4,464	3,346	3,346	6,692
Clean Water	0	2,550	3,625	5,625	9,250
<b>Statutory Appropriations</b>					
Clean Water Revolving Fund	2,246	5,105	5,105	5,105	10,210
Miscellaneous Special Revenue	4,301	701	692	709	1,401
Agriculture Fund	1,313	889	885	888	1,773
Federal	838	1,769	1,730	1,728	3,458
Federal Stimulus	69	0	0	0	0
Rural Finance Administration	60	900	1,004	354	1,358
Miscellaneous Agency	0	2	2	2	4
Gift	57	43	32	32	64
<b>Total</b>	<b>12,865</b>	<b>16,423</b>	<b>16,421</b>	<b>17,789</b>	<b>34,210</b>



# AGRICULTURE DEPT

Program: PROMOTION & MARKETING

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	3,726	3,832	3,381	3,361	6,742
Other Operating Expenses	2,290	2,553	2,005	2,045	4,050
Payments To Individuals	69	0	0	0	0
Local Assistance	341	959	956	956	1,912
Other Financial Transactions	6,439	9,079	10,079	11,427	21,506
<b>Total</b>	<b>12,865</b>	<b>16,423</b>	<b>16,421</b>	<b>17,789</b>	<b>34,210</b>
<b><u>Expenditures by Activity</u></b>					
Ag Marketing Services	3,330	3,634	3,115	3,118	6,233
Ag Development Financial Assis	9,535	12,789	13,306	14,671	27,977
<b>Total</b>	<b>12,865</b>	<b>16,423</b>	<b>16,421</b>	<b>17,789</b>	<b>34,210</b>
<b>Full-Time Equivalent (FTE)</b>	<b>52.6</b>	<b>47.0</b>	<b>44.2</b>	<b>44.2</b>	

**Activity at a Glance**

In FY 2010, the division:

- Participated in 11 international food shows and 86 international trade events;
- Hosted visits from 637 trade officials from 60 countries;
- Established 1,016 contacts with new agricultural product buyers;
- Increased Minnesota exports sales by \$44 million;
- Worked with 75 livestock producers around the state to address key issues affecting their competitive ability and business viability;
- Produced the largest-ever Minnesota Grown Directory, with 840 listings of farms and other small businesses selling locally grown products; and
- Collaborated with Minnesota Olympian Carrie Tollefson on an advertising campaign to promote Minnesota Grown foods within the state.

**Activity Description**

The Agricultural Marketing Services (AMS) division:

- Assists in the orderly marketing of Minnesota's agricultural commodities and products;
- Promotes Minnesota agricultural products in domestic and international markets;
- Provides 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 sale of agricultural products.

**Population Served**

AMS serves Minnesota farmers, agricultural product manufacturers, processors, distributors, retailers, and exporters by protecting and promoting Minnesota agriculture. Consumers in Minnesota and around the world benefit from a stronger economy and from the availability of fresh, high-quality Minnesota agricultural products.

**Services Provided**

AMS helps diversify and strengthen Minnesota agriculture 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 Minnesota agricultural products 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;
- Supporting dairy and livestock development through personalized assistance and grant administration, 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;
- Promoting Minnesota Grown products, so consumers can more easily identify and buy high-quality Minnesota Grown produce and products;
- Administering the Dairy Development and Profitability Enhancement Program and Dairy Business Planning grants and assisting other divisions with the implementation of the Livestock Development Grant, as well as other livestock-related grants; and
- Providing oversight of the operations of the state's 13 commodity promotion and research councils.

AMS also protects producers by licensing, bonding, inspecting, and auditing livestock dealers, markets and agents.

### 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 increased. The globalization and consolidation of agriculture within the rapidly evolving global marketplace means family farmers and local agribusinesses benefit 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 fostering the Minnesota – China partnership. AMS helps Minnesota consumers and producers connect locally through the Minnesota Grown program. It also connects Minnesota producers and agribusinesses 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 of agricultural products 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 & Measures

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.**
  - Participation in Minnesota Grown directory will increase from 840 in 2010 to at least 900 farmers in 2011.
  - The quantity of distributed point-of-service materials for the Minnesota Grown program will surpass two million items in 2011 (compared to 1.1 million items in 2008).
  - The number of unique visitors to the Minnesota Grown website will exceed 200,000 in 2011 (compared to 138,000 in 2008 to 151,000 in 2009).
  - All licensing and bonding requests will be processed within five business days of receipt.
  - Agricultural exports to China will double from 2010 to 2015.
  - Agricultural exports to priority non-China markets in East Asia will be expanded by 50 percent from 2010 to 2015.
  - Minnesota's pork, dairy, poultry and beef production will grow by an annual average of at least 2 percent from 2010 to 2015.
  - At least 100 livestock farmers will be assisted in making growth-oriented improvements during fiscal year 2011.
  - At least 30 farmers will be assisted through the environmental review process during fiscal year 2011.

### 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

Additional information on these activities can be found on the MDA website

<http://www.mda.state.mn.us/about/divisions/agmktg.aspx>.

The division's main information number is (651) 201-6008.

**AGRICULTURE DEPT**  
**Program: PROMOTION & MARKETING**  
 Activity: AG MARKETING SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	1,741	1,708	1,708	1,708	3,416
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			(80)	(80)	(160)
Operating Budget Reduction			(1)	(1)	(2)
Subtotal - Forecast Base	1,741	1,708	1,627	1,627	3,254
<b>Governor's Recommendations</b>					
AGENCY OPERATING REDUCTIONS		0	(480)	(480)	(960)
<b>Total</b>	<b>1,741</b>	<b>1,708</b>	<b>1,147</b>	<b>1,147</b>	<b>2,294</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	1,449	1,502	961	961	1,922
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	34	3	5	5	10
Agriculture Fund	1,313	889	885	888	1,773
Federal	415	1,197	1,232	1,232	2,464
Federal Stimulus	69	0	0	0	0
Gift	50	43	32	32	64
<b>Total</b>	<b>3,330</b>	<b>3,634</b>	<b>3,115</b>	<b>3,118</b>	<b>6,233</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	1,891	1,779	1,318	1,350	2,668
Other Operating Expenses	1,107	910	852	823	1,675
Payments To Individuals	69	0	0	0	0
Local Assistance	263	945	945	945	1,890
<b>Total</b>	<b>3,330</b>	<b>3,634</b>	<b>3,115</b>	<b>3,118</b>	<b>6,233</b>
<b>Full-Time Equivalent (FTE)</b>	<b>27.2</b>	<b>22.8</b>	<b>20.8</b>	<b>20.8</b>	

**Activity at a Glance**

In FY 2010, the division:

- Operated 30 conservation drainage demonstration projects at 14 locations, affecting 2,560 acres.
- Protected 132,652 acres with agricultural land preservation covenants.
- Organized the Minnesota Organic Conference, attended by 450 people.
- Helped 90 organic farmers enroll in Farm Business Management courses.
- Established Minnesota Farmer Assistance Network (MFAN) to address the needs of farmers facing financial difficulties, transitional issues, and disaster related challenges.
- Reached an Agricultural Best Management Practices Loan Program milestone of funding 10,000 projects since the program was created in 1985.

**Activity Description**

The Agriculture Development and Financial Assistance (ADFA) division supports the success and innovation of farmers and agricultural (ag) businesses, and their positive impact on communities. This is done 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 financial and technical assistance;
- Participates in policy discussions.

**Population Served**

This activity serves Minnesota farmers, agricultural professionals, local government officials, processors, suppliers, and the general public.

**Services Provided**

Farmers face many complex 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.** ADFA works with individuals, organizations and the University of Minnesota on projects to protect soil and water resources and environmental quality. ADFA also works with these partners to improve economic performance and resilience of farming operations. Examples of projects include:
  - Innovative agricultural drainage technologies;
  - Environmentally-beneficial cropping, cultivation, and targeting of agricultural practices; and
  - New organic and sustainable farming practices.
- **Providing tools, outreach and technical assistance.**
  - Grazing plan assistance;
  - Notifications about upcoming meetings and activities;
  - 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), and integrated pest management (IPM); and
  - Management of biocontrol and plant pathology containment facility services with the University of Minnesota.
- **Providing financial assistance** through the following:
  - Minnesota Rural Finance Authority (RFA) programs funded with state bonds, a revolving loan account and the federal Agricultural Development Bond (Aggie Bond) Program;
  - Ag Best Management Practices (AgBMP) Loan Program, supported by revolving funds from MDA and the Public Facilities Authority;
  - Sustainable Agriculture Grant and Loan Programs;
  - Organic cost-share payments; and
  - Livestock Investment Grant Program, a competitive grant program established in FY 2009 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 information and analytical support to MDA participation on the Clean Water Council, Board of Water and Soil Resources and similar groups. ADFA is the 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 & Measures**

The following goals support the MDA mission: To enhance Minnesota's quality of life by ensuring the integrity of our food supply, the health of our environment, and the strength of our agricultural economy.

**Goal 1** Minnesota agricultural economy is strong and that strength contributes to quality of life in rural communities and throughout the state. This goal also supports the Minnesota Milestone goal: "Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work."

Ag BMP loans increase from \$12.4 million in FY 2010 to \$15 million in FY 2013.

**Measure 1 b.** Number of loans to beginning farmers increases from 41 in FY 2010 to 65/year in FY 2013.

**Goal 2** Minnesota agriculture continues its progress in ensuring the health of the environment while maintaining or improving the integrity of the food supply and economic strength. This goal also supports the Minnesota Milestone goals: "Minnesotans will conserve natural resources to give future generations a healthy environment and a strong economy" and "Minnesotans will improve the quality of the air, water and earth."

Number of environmental demonstration projects increases by 20% by FY 2013.

Double the number of local personnel trained in methods to target water quality management practices from current 70 people to 140 people by FY 2013.

**Goal 3** The number and diversity of production and market options for Minnesota agriculture continues to improve, resulting in greater economic resiliency for agricultural producers and increased choices for consumers, improving the strength of the agricultural economy. This goal also supports the Minnesota Milestone 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."

Number of producers and handlers assisted with organic certification costs continues to grow from 334 in FY 2006 to 473 in FY 2010 to 550 in FY 2013.

Number of fruit and vegetable producers accessing on-line real-time pest reports and integrated pest management (IPM) practices during the growing season grows from 600 in FY 2010 to 750 in FY 2013.

### **Activity Funding**

The agricultural development component of this activity relies primarily on general fund appropriations, with federal grants, dedicated funds, Legislative-Citizen Commission on Minnesota Resources 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 General Fund as the loans are repaid. Other loan programs, including the AgBMP and Sustainable Agriculture loan programs, are funded through the use of revolving loan accounts that continue to grow and be reused.

### **Contact**

Additional information on these activities can be found on the MDA website:

<http://www.mda.state.mn.us/about/divisions/agdev.aspx>.

The division's main information number is (651) 201-6012.

# AGRICULTURE DEPT

## Program: PROMOTION & MARKETING

Activity: AG DEVELOPMENT FINANCIAL ASSIS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	2,790	2,753	2,753	2,753	5,506
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			(286)	(286)	(572)
Operating Budget Reduction			(1)	(1)	(2)
Subtotal - Forecast Base	2,790	2,753	2,466	2,466	4,932
<b>Governor's Recommendations</b>					
AGENCY OPERATING REDUCTIONS		0	(81)	(81)	(162)
<b>Total</b>	<b>2,790</b>	<b>2,753</b>	<b>2,385</b>	<b>2,385</b>	<b>4,770</b>
<b>Clean Water</b>					
Current Appropriation	2,000	2,500	2,500	2,500	5,000
<b>Technical Adjustments</b>					
One-time Appropriations			(2,500)	(2,500)	(5,000)
Subtotal - Forecast Base	2,000	2,500	0	0	0
<b>Governor's Recommendations</b>					
CW AG BMP LOAN PROGRAM		0	3,625	5,625	9,250
<b>Total</b>	<b>2,000</b>	<b>2,500</b>	<b>3,625</b>	<b>5,625</b>	<b>9,250</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	2,532	2,962	2,385	2,385	4,770
Clean Water	0	2,550	3,625	5,625	9,250
<b>Statutory Appropriations</b>					
Clean Water Revolving Fund	2,246	5,105	5,105	5,105	10,210
Miscellaneous Special Revenue	4,267	698	687	704	1,391
Federal	423	572	498	496	994
Rural Finance Administration	60	900	1,004	354	1,358
Miscellaneous Agency	0	2	2	2	4
Gift	7	0	0	0	0
<b>Total</b>	<b>9,535</b>	<b>12,789</b>	<b>13,306</b>	<b>14,671</b>	<b>27,977</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	1,835	2,053	2,063	2,011	4,074
Other Operating Expenses	1,183	1,643	1,153	1,222	2,375
Local Assistance	78	14	11	11	22
Other Financial Transactions	6,439	9,079	10,079	11,427	21,506
<b>Total</b>	<b>9,535</b>	<b>12,789</b>	<b>13,306</b>	<b>14,671</b>	<b>27,977</b>
<b>Full-Time Equivalent (FTE)</b>	<b>25.4</b>	<b>24.2</b>	<b>23.4</b>	<b>23.4</b>	

**Program Description**

The purpose of this program is to conduct value-added agricultural programs.

**Budget Activities**

This program includes the following budget activities:

- Bio-Energy Products
- Ag Growth Research and Innovation Program



# AGRICULTURE DEPT

Program: VALUE-ADDED PRODUCTS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	9,948	9,948	9,948	9,948	19,896
<b>Technical Adjustments</b>					
Current Law Base Change			(450)	(450)	(900)
One-time Appropriations			5,220	5,220	10,440
Subtotal - Forecast Base	9,948	9,948	14,718	14,718	29,436
<b>Governor's Recommendations</b>					
BIO-ENERGY & AGRI VALUE-ADDED PROGRAMS		0	296	(9,238)	(8,942)
<b>Total</b>	<b>9,948</b>	<b>9,948</b>	<b>15,014</b>	<b>5,480</b>	<b>20,494</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	9,948	9,948	15,014	5,480	20,494
<b>Total</b>	<b>9,948</b>	<b>9,948</b>	<b>15,014</b>	<b>5,480</b>	<b>20,494</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	9,948	9,948	15,014	5,480	20,494
<b>Total</b>	<b>9,948</b>	<b>9,948</b>	<b>15,014</b>	<b>5,480</b>	<b>20,494</b>
<b><u>Expenditures by Activity</u></b>					
Bio-Energy Products	9,948	9,948	15,014	0	15,014
Agri Program	0	0	0	5,480	5,480
<b>Total</b>	<b>9,948</b>	<b>9,948</b>	<b>15,014</b>	<b>5,480</b>	<b>20,494</b>

**Activity at a Glance**

- Minnesota's 21 ethanol plants can produce over a billion gallons of ethanol per year.
- The state's ethanol producer payment program helped 16 plants get started in the state.
- Just over \$15 million is needed to make the program's remaining payments. These final payments are for past production that qualified for full payment but received less due to appropriation limits.

**Activity Description**

This activity includes the ethanol producer payment program.

The ethanol producer payment program provided financial incentives for the production of ethanol in the state, but is nearly at the end of its statutorily-defined mission.

**Population Served**

Sixteen plants participated in MDA's ethanol producer incentive program, helping provide local markets for agricultural producers, employment opportunities for local economies and home-grown fuel for the state. Nine of the plants remain eligible for deficiency payments. These payments are for plants that were entitled to full payments, but were given lesser payments due to insufficient appropriations in fiscal years 2003-2007. At base-level funding, all remaining deficiency payments would be made in fiscal year 2012.

**Services Provided**

This activity has provided producer payments to encourage the development of the ethanol industry in Minnesota.

**Historical Perspective**

MDA began administering the ethanol producer payment program in 1994. With quarterly per-gallon incentive payments for ethanol production, this program was instrumental in the establishment of the ethanol industry in Minnesota. Though no ethanol produced after June 30, 2010 will receive regular ethanol payments, M.S. 41A.09 still requires payments to be made to plants that received some past payments at reduced rates due to limited appropriation levels at the time.

The NextGen Board was created in 2007 to spur the development of new biofuel production in Minnesota. In fiscal year 2009, 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. In FY 2010, this program was moved, and is now part of the Agricultural Research and Innovation Program (AGRI).

**Key Activity Goals & Measures**

This activity supports the MDA goal of improving the marketability of Minnesota's agricultural products. Performance measures to evaluate the effectiveness of this activity include the following:

- In 1994, the state's ethanol plants produced about 24 million gallons, about 20% of the ethanol consumed in the state. Current production capacity is about a billion gallons per year, four times as much as is consumed in the state.
- Minnesota currently has 21 ethanol plants and over 350 commercial E85 stations.

**Activity Funding**

This activity has been funded by direct appropriations from the General Fund.

**Contact**

Additional information on these activities can be found on the MDA website:

<http://www.mda.state.mn.us/renewable/ethanol.aspx> or by contacting the Office of the Commissioner at (651) 201-6015.

**AGRICULTURE DEPT**  
**Program: VALUE-ADDED PRODUCTS**  
 Activity: BIO-ENERGY PRODUCTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	9,948	9,948	9,948	9,948	19,896
<b>Technical Adjustments</b>					
Current Law Base Change			(450)	(14,872)	(15,322)
One-time Appropriations			5,220	5,220	10,440
Subtotal - Forecast Base	9,948	9,948	14,718	296	15,014
<b>Governor's Recommendations</b>					
BIO-ENERGY & AGRI VALUE-ADDED PROGRAMS		0	296	(296)	0
<b>Total</b>	<b>9,948</b>	<b>9,948</b>	<b>15,014</b>	<b>0</b>	<b>15,014</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	9,948	9,948	15,014	0	15,014
<b>Total</b>	<b>9,948</b>	<b>9,948</b>	<b>15,014</b>	<b>0</b>	<b>15,014</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	9,948	9,948	15,014	0	15,014
<b>Total</b>	<b>9,948</b>	<b>9,948</b>	<b>15,014</b>	<b>0</b>	<b>15,014</b>

**Activity at a Glance**

- 245 livestock producers applied for grants from the first AGRI appropriation.
- 50 applicants were awarded grants.
- The AGRI Program was created in 2009 to further livestock industry development and other programs pursuant to M.S. 41A.12.

**Activity Description**

The Agricultural Growth, Research and Innovation (AGRI) program was created in 2009 to provide grants and loans to fund emerging needs in agriculture, particularly in two areas:

- Reinvestment in the livestock industry through the Livestock Investment Grant Program; and
- Investment in bio-energy projects through the NextGen Energy Grant Program.

**Population Served**

AGRI's programs allow MDA to target investment throughout the agricultural community. The Livestock Investment Grant Program has served beginning farmers, as well as organic and traditional farmers. Grant recipients are located across Minnesota and represent a variety of livestock species.

**Services Provided****Livestock Investment Program**

In FY 2010, \$1 million was provided for AGRI and directed to be spent on the Livestock Investment Program, which is aimed at boosting the state's livestock sector. Grants were awarded to 50 livestock producers. The program is very popular, with 245 farmers applying for grants that would help offset investments valued at \$39 million. Projects approved in FY 2010 include renovation of milking facilities, barn upgrades, technology modernization, improved waste management systems and business transitions.

**NextGen Energy Grant Program**

The NextGen Energy Grant Program serves the biofuels and green energy industry, providing investment in a wide arrange of bioenergy and green fuel projects, and creating jobs and other economic development in rural areas of Minnesota.

**Historical Perspective**

Both the Livestock Investment Grant Program and the NextGen Energy Grant Program, funded in FY 2008 and FY09, were enthusiastically received by Minnesota's agricultural community. Over 800 livestock producers have applied for the livestock investment grants since the program was launched in 2008.

Governor Pawlenty created AGRI in 2009, to provide on-going funding for supporting Next Generation energy development and livestock investment, stimulating growth in both areas. AGRI received an appropriation of \$1 million in FY 2010, directed only toward livestock investment.

When created, it was anticipated that the AGRI program would receive funding at the completion of the ethanol producer payment program. Budget reductions have caused the completion of the ethanol producer payment program to be delayed, with the last payment expected to be made in FY 2012, which could allow additional AGRI funding in FY 2013.

**Key Program Goals & Measures**

Minnesota Milestones Goals:

- Minnesota will have sustainable, strong economic growth, indicated by growth in gross state product, employment of working-age population, and energy efficiency of the economy. AGRI's programs will help advance new bioenergy technologies, leading to improved energy efficiency in Minnesota; and will create and improve rural employment opportunities by making livestock farms more profitable and efficient.
- Minnesotans will conserve natural resources to give future generations a healthy environment and a strong economy, indicated by renewable energy sources, and air pollutants. AGRI's NextGen Energy Program is aimed at increasing availability of renewable energy sources and reducing air emissions.

- Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work. Both programs under AGRI are aimed at keeping residents in Minnesota's rural areas by creating new jobs, making existing jobs and agri-businesses more profitable, and generally providing enhanced rural economic development.

**Activity Funding**

Before the following were moved into the AGRI program, the:

- NextGen Energy Grant Program was funded at \$3 million in FY 2008; and
- Livestock Investment Grant Program was funded at \$1 million in FY 2008.

Since they were moved into the AGRI program, the:

- NextGen Energy Program has not received additional funding; and,
- Livestock Investment Grant Program was funded at \$1 million in FY 2010.

**Contact**

Additional information on these activities can be found on the following web pages:

<http://www.mda.state.mn.us/renewable/nextgen.aspx> and

<http://www.mda.state.mn.us/en/grants/grants/livestockinvestment.aspx> or by contacting the Office of the Commissioner at (651) 201-6015.

**AGRICULTURE DEPT**  
**Program: VALUE-ADDED PRODUCTS**  
 Activity: AGRI PROGRAM

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	0	0	0	0	0
<b>Technical Adjustments</b>					
Current Law Base Change			0	14,422	14,422
Subtotal - Forecast Base	0	0	0	14,422	14,422
<b>Governor's Recommendations</b>					
BIO-ENERGY & AGRI VALUE-ADDED PROGRAMS		0	0	(8,942)	(8,942)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,480</b>	<b>5,480</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	0	0	0	5,480	5,480
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,480</b>	<b>5,480</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	0	0	0	5,480	5,480
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,480</b>	<b>5,480</b>

**Program Description**

The purpose of the Administrative Services program is 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**

This program includes the following budget activities:

- Grants and Assistance
- Agency Services

# AGRICULTURE DEPT

Program: ADMIN & FINANCIAL ASSIST

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	7,090	9,940	9,940	9,940	19,880
<b>Technical Adjustments</b>					
One-time Appropriations			(4,000)	(4,000)	(8,000)
Operating Budget Reduction			(11)	(11)	(22)
Subtotal - Forecast Base	7,090	9,940	5,929	5,929	11,858
<b>Governor's Recommendations</b>					
AGENCY OPERATING REDUCTIONS		0	(56)	(56)	(112)
<b>Total</b>	<b>7,090</b>	<b>9,940</b>	<b>5,873</b>	<b>5,873</b>	<b>11,746</b>
<b>Miscellaneous Special Revenue</b>					
Current Appropriation	0	40	0	0	0
Subtotal - Forecast Base	0	40	0	0	0
<b>Total</b>	<b>0</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	6,764	10,039	5,779	5,779	11,558
Miscellaneous Special Revenue	0	40	0	0	0
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	2,991	3,233	3,256	3,326	6,582
Agriculture Fund	237	257	802	802	1,604
Federal	430	698	763	763	1,526
Gift	6	4	2	0	2
<b>Total</b>	<b>10,428</b>	<b>14,271</b>	<b>10,602</b>	<b>10,670</b>	<b>21,272</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	4,580	5,019	4,959	5,033	9,992
Other Operating Expenses	2,115	2,536	2,356	2,354	4,710
Payments To Individuals	498	510	538	538	1,076
Local Assistance	3,235	6,206	2,749	2,745	5,494
<b>Total</b>	<b>10,428</b>	<b>14,271</b>	<b>10,602</b>	<b>10,670</b>	<b>21,272</b>
<b><u>Expenditures by Activity</u></b>					
Grants & Assistance	3,673	6,869	3,482	3,396	6,878
Agency Services	6,755	7,402	7,120	7,274	14,394
<b>Total</b>	<b>10,428</b>	<b>14,271</b>	<b>10,602</b>	<b>10,670</b>	<b>21,272</b>
<b>Full-Time Equivalents (FTE)</b>	<b>55.2</b>	<b>56.2</b>	<b>56.2</b>	<b>56.2</b>	



**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

**Activity Description**

This activity provides a variety of grant programs, pass-through 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 consists of the Dairy Enhancement Team Grants and Dairy Business Planning Grants. Local teams are composed of University of Minnesota Extension and 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 percent cost share, up to \$3,000 per producer, of the cost for 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 gives preference to 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-Women, Infant and Children (WIC) recipients through the local WIC 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 Nutrition Assistance Program for Seniors (NAPS) 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 to Minnesota farmers who face crisis due to a natural disaster or financial problems. Farm Advocates understand the needs of agricultural families. Farm Advocates assist farmers who are entering negotiations with a lender, liquidating assets of a 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.

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 Activity Goals & Measures**

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 crisis.

- The Dairy Profitability and Enhancement Teams have worked with more than 400 individual producers over the past biennium.
- For every dollar spent on the Dairy Development Profitability and Enhancement Program, dairy producers have realized returns of \$17, either in reduced costs or increased revenues.
- Approximately 35,000 WIC families received farmers' market nutrition assistance each year of the past biennium.
- Approximately 6,000 seniors received famers' market nutrition assistance each year of the past biennium.
- Approximately 300 farmers have been vendors in the FMNP each year of the past biennium.

### **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 more information, contact the Office of the Commissioner at (651) 201-6015.

# AGRICULTURE DEPT

## Program: ADMIN & FINANCIAL ASSIST

Activity: GRANTS & ASSISTANCE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	3,554	6,485	6,485	6,485	12,970
<b>Technical Adjustments</b>					
One-time Appropriations			(4,000)	(4,000)	(8,000)
Subtotal - Forecast Base	3,554	6,485	2,485	2,485	4,970
<b>Total</b>	<b>3,554</b>	<b>6,485</b>	<b>2,485</b>	<b>2,485</b>	<b>4,970</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	3,421	6,439	2,391	2,391	4,782
<b>Statutory Appropriations</b>					
Agriculture Fund	236	254	800	800	1,600
Federal	16	176	291	205	496
<b>Total</b>	<b>3,673</b>	<b>6,869</b>	<b>3,482</b>	<b>3,396</b>	<b>6,878</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	109	103	106	110	216
Other Operating Expenses	179	260	270	243	513
Payments To Individuals	150	300	357	298	655
Local Assistance	3,235	6,206	2,749	2,745	5,494
<b>Total</b>	<b>3,673</b>	<b>6,869</b>	<b>3,482</b>	<b>3,396</b>	<b>6,878</b>
<b>Full-Time Equivalent (FTE)</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>	

**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 manage over \$200 million each year for a wide variety of operations, grants and loan programs
- 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 over 300 employees located in the Minneapolis/St. Paul metro area, and over 200 employees located throughout Minnesota in the areas they serve

**Activity Description**

Agency Services provides 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 main 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**

Agency Services consists of the following:

- Commissioner's Office – provides leadership for the department, sets policy, and represents the department in interactions with our stakeholders.
- Human Resources – provides employee safety and health, labor relations, training, and diversity programs 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.

**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 advances to align business needs with technology support, moving from a fragmented information technology infrastructure to a highly integrated system that provides 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.

**Key Activity Goals & Measures**

This activity supports the three basic goals of the Department of Agriculture: 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.

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

- Documented ongoing involvement at national and local levels to ensure that Minnesota's agriculture activities are understood and the valuable contributions they make are continued and enhanced.

## AGRICULTURE DEPT

**Program:** ADMIN & FINANCIAL ASSIST

**Activity:** AGENCY SERVICES

Narrative

- Continued advancement in technological improvements to key areas of the agency's operations, such as inspections and other safety-related activities.
- Participation in statewide human resources activities to better manage skills across state government.

### 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

Additional information on these activities can be found on the MDA website:

<http://www.mda.state.mn.us/about/divisions.aspx> or by contacting the Office of the Commissioner at 651-201-6015.

**AGRICULTURE DEPT**  
**Program: ADMIN & FINANCIAL ASSIST**  
 Activity: AGENCY SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	3,536	3,455	3,455	3,455	6,910
<b>Technical Adjustments</b>					
Operating Budget Reduction			(11)	(11)	(22)
Subtotal - Forecast Base	3,536	3,455	3,444	3,444	6,888
<b>Governor's Recommendations</b>					
AGENCY OPERATING REDUCTIONS		0	(56)	(56)	(112)
<b>Total</b>	<b>3,536</b>	<b>3,455</b>	<b>3,388</b>	<b>3,388</b>	<b>6,776</b>
<b>Miscellaneous Special Revenue</b>					
Current Appropriation	0	40	0	0	0
Subtotal - Forecast Base	0	40	0	0	0
<b>Total</b>	<b>0</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	3,343	3,600	3,388	3,388	6,776
Miscellaneous Special Revenue	0	40	0	0	0
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	2,991	3,233	3,256	3,326	6,582
Agriculture Fund	1	3	2	2	4
Federal	414	522	472	558	1,030
Gift	6	4	2	0	2
<b>Total</b>	<b>6,755</b>	<b>7,402</b>	<b>7,120</b>	<b>7,274</b>	<b>14,394</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	4,471	4,916	4,853	4,923	9,776
Other Operating Expenses	1,936	2,276	2,086	2,111	4,197
Payments To Individuals	348	210	181	240	421
<b>Total</b>	<b>6,755</b>	<b>7,402</b>	<b>7,120</b>	<b>7,274</b>	<b>14,394</b>
<b>Full-Time Equivalents (FTE)</b>	<b>53.9</b>	<b>54.9</b>	<b>54.9</b>	<b>54.9</b>	

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 and 2.) project grants, where the funds are awarded on a competitive basis for specific activities.

MDA has several cooperative agreements that provide recurring 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.

Federal funding in FY 2012-2013 for both the EPA Pesticide Program and the Farmers Market Nutrition Program is expected to be consistent with our FY 2010-2011 level. However, funding for a cooperative agreement with the FDA used to enhance and build infrastructure of State food protection programs in the amount of \$500K is expected to be eliminated the second quarter of FY 2012.

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 the core activities of invasive pest surveys and eradications of pests, such as the emerald ash borer (EAB) and the gypsy moth. The required matching funds for the gypsy moth program are provided through General Fund appropriation. EAB poses a significant threat to ash trees in Minnesota. Both survey and educational outreach are critical components in early detection and management of EAB in Minnesota. EAB federal funding from APHIS is expected to increase 30% from FY 2010-2011 to FY 2012-2013. There is no required match for funds received from APHIS.

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 again granted to participate on the Risk Assessment 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. Federal funding is expected to remain stable for FY 2012-2013. The 100% required state match is from the General Fund. FSIS does not allow fees to be charged for this activity.

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. Minnesota Specialty Crop funding received from USDA Ag Marketing Services is expected to increase 50% from FY 2010-2011 to FY 2012-2013. Funds are used to enhance the competitiveness of specialty crops and provide support for socially disadvantaged and beginning farmers of specialty crops. The required match is from the General Fund. One project funded through the federal

319 (nonpoint source water protection) Program through the Minnesota Pollution Control Agency (MPCA) is expected to continue through FY 2012-2013.

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.) Multi-State Security in Agriculture and 2.) Agriculture Readiness. These funds will support Minnesota's capability to share and disseminate information in a timely manner during a food and/or agricultural emergency.

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
<b>PROTECTION SERVICES (01)</b>							
<b>PESTICIDE &amp; FERTILIZER MGMT</b>							
F36 MPCA 319 Cottonwood River Native Vegetation Water Quality Grant ongoing contract for nutrient management & nitrate clinics.	No	Yes	No	0	73	18	46
F46 USDA Natural Resources Conservation Service Provide conservation technical assistance to landowners and operators within Minnesota.	No	Yes	No	49	50	50	50
F50 USDA Pest Record Keeping Education & inspection of private applicator records for compliance.	No	Yes	No	39	65	65	65
F60 EPA FIFRA Grant Ongoing grant for pesticide enforcement & groundwater protection and other core programs.	No	Yes	No	284	285	285	285
<b>TOTAL PESTICIDE &amp; FERTILIZER</b>				<b>372</b>	<b>473</b>	<b>418</b>	<b>446</b>
<b>PLANT PROTECTION</b>							
F56 APHIS Slow the Spread Survey work to detect & stop the spread of Gypsy Moths and other invasive species.	No	Yes	No	194	0	0	0
F57 USDA Forest Survey Gypsy moth survey work to detect & stop the spread of gypsy moths and other invasive species.	No	Yes	No	40	269	419	269
F62 CAPS APHIS Funds for consolidated base surveys and emergency funding for priority pest (i.e. emerald ash borer, bark beetle).	No	No	No	794	879	1,247	1,192
<b>TOTAL PLANT PROTECTION</b>				<b>1,028</b>	<b>1,148</b>	<b>1,666</b>	<b>1,461</b>
<b>DAIRY &amp; FOOD INSPECTION</b>							
F02 USDA Poultry Inspection Ongoing contract for poultry.	No	No	No	82	91	97	97
F03 USDA Egg Inspection Ongoing contract for egg inspections of egg handlers and hatcheries.	No	No	No	15	34	34	34
F08 HHS-FDA Food Inspection Develop and sustain an all Food Hazards Rapid Response team.	No	No	No	342	557	420	15
F32 USDC-NOAA Fish Inspection Ongoing contract for fish & fish products.	No	No	No	21	29	29	29
F52 Homeland Security Risk Assessment Minnesota Public Safety contract for risk assessment of food supply in Minnesota.	No	No	No	180	0	0	0



		Required state match/MOE? Yes/No					
F66 BSE Ruminant Feed Ban Increase surveillance to prevent the introduction or amplification of BSE (cattle disease) in commercial food channels.	No	No	No	239	0	0	0
F83 Meat and Poultry Inspection Equal To meat and poultry inspection services that meet the Federal regulatory requirements.	No	Yes	No	1,132	1,000	1,182	1,182
<b>TOTAL DAIRY &amp; FOOD INSPECTION</b>				<b>2,011</b>	<b>1,711</b>	<b>1,762</b>	<b>1,357</b>
<b>LABORATORY SERVICES</b>							
F08 HHS-FDA Food Inspection Lab analysis for the Food Hazards Rapid Response team, develop protocols for use as field diagnostics.	No	No	No	288	466	390	300
F55 USDA FERN Food Safety 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 Working Group.	No	No	No	598	583	583	583
F58 USDA FERN To develop and improve local food safety and security testing programs.	No	No	No	350	400	400	400
F60 EPA FIFRA Grant Ongoing grant for pesticide enforcement & groundwater protection and other core programs – see Pesticide & Fertilizer Management).	No	Yes	No	303	302	302	302
F81 USDA AMS-MDP Cooperative agreement to collect comprehensive data on pathogen and indicator organisms in food and perform evaluation analysis.	No	No	No	207	330	330	330
F83 Meat and Poultry Inspection Lab analysis for the Equal To meat and poultry inspection services that meet the Federal regulatory requirements.	No	Yes	No	156	142	142	142
F96 USDA AMS-PDP Cooperative agreement to collect pesticide data residues and perform evaluation analysis.	No	No	No	332	375	395	395
<b>TOTAL LABORATORY SERVICES</b>				<b>2,234</b>	<b>2,598</b>	<b>2,542</b>	<b>2,452</b>
<b>TOTAL PROTECTION SERVICES (01)</b>				<b>5,645</b>	<b>5,930</b>	<b>6,388</b>	<b>5,716</b>
<b>PROMOTION &amp; MARKETING (02)</b>							
<b>AG MARKETING SERVICES</b>							
F20 USDA-FSMIP Marketing Improvement Fund To develop direct marketing for agricultural products.	No	Yes	No	42	50	65	65
F48 USDA-FSMIP Emerging Markets Funds to develop direct marketing for agricultural products in emerging markets.	No	Yes	No	57	90	110	110
F91 USDA-Agricultural Marketing Service Cooperative agreement to enhance the competitiveness of specialty crops in Minnesota.	No	No	No	306	1,057	1,057	1,057
<b>TOTAL AG MARKETING SERVICES</b>				<b>405</b>	<b>1,197</b>	<b>1,232</b>	<b>1,232</b>

		Required state match/MOE? Yes/No					
<b>AG RESOURCES MGMT &amp; DEVP</b> F14 NPS Improvement Grants MPCA funding for conservation drainage program. Conduct focus groups, report findings, and develop report for statewide drainage conference.	No	Yes	No	38	53	53	53
F21 USDA-AMS Cooperative agreement to provide cost-share assistance to organic producers or handlers.	No	No	No	329	400	400	400
F45 USDA-RMA Partnership Outreach Risk Management Federal Crop Insurance partnership agreement for organic strategy implementation assessment.	No	No	No	16	50	8	8
F46 USDA-NRCS Soil & Water Funds to provide grazing land technical assistance for resource conservation management.	No	No	No	23	6	6	6
F60 EPA FIFRA Grant Integrated Pest Management Establish improved pest management strategies in schools emphasizing health & safety and cost management.	No	No	No	0	24	24	24
F64 Tools for Organic Transition Disseminate farm-based information regarding performance during the transition from conventional to organic agriculture production.	Yes	No	No	0	75	90	90
F91 USDA-AMS Cooperative agreement to enhance the competitiveness of specialty crops in Minnesota.	No	No	No	27	32	11	11
<b>TOTAL AG RESOURCES MANAGEMENT &amp; DEVELOPMENT</b>				<b>433</b>	<b>640</b>	<b>592</b>	<b>592</b>
<b>TOTAL PROMOTION &amp; MARKETING (02)</b>				<b>838</b>	<b>1,837</b>	<b>1,824</b>	<b>1,824</b>
<b>ADMIN &amp; FINANCIAL ASSIST (06)</b> <b>GRANTS &amp; ASSISTANCE</b>							
F17 WIC Farmers' Market Nutrition Ongoing contract for food coupons reimbursement for Farmers' Markets.	No	Yes	No	312	371	366	366
F95 Senior Farmers' Market Nutrition Ongoing contract for reimbursements of food coupons for Senior Citizens at Farmers' Markets.	No	No	No	95	64	130	130
<b>TOTAL GRANTS &amp; ASSISTANCE</b>				<b>407</b>	<b>435</b>	<b>496</b>	<b>496</b>
<b>AGENCY SERVICES</b>							
F01 USDA Agricultural Statistics Funding for ongoing contract to collect, analyze and publish primary crop & livestock statistical data.	No	No	No	31	45	45	45
F52 Homeland Security Risk Assessment Multi- State Partnership for Security in Agriculture. Plan and provide training and certification to members for agriculture security.	No	No	No	0	230	230	230
<b>TOTAL AGENCY SERVICES</b>				<b>31</b>	<b>275</b>	<b>275</b>	<b>275</b>
<b>TOTAL ADMIN &amp; FINANCIAL ASSIST (06)</b>				<b>438</b>	<b>710</b>	<b>703</b>	<b>703</b>
<b>TOTAL AGENCY</b>				<b>6,921</b>	<b>8,477</b>	<b>8,983</b>	<b>8,311</b>

# AGRICULTURE DEPT

# Agency Revenue Summary

*Dollars in Thousands*

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012   FY2013		Biennium 2012-13
<b><u>Non Dedicated Revenue:</u></b>					
<b>Departmental Earnings:</b>					
General	3,368	3,107	3,234	3,234	6,468
Remediation Fund	93	92	92	92	184
<b>Other Revenues:</b>					
General	38	0	0	0	0
<b>Other Sources:</b>					
General	34	0	0	0	0
<b>Total Non-Dedicated Receipts</b>	<b>3,533</b>	<b>3,199</b>	<b>3,326</b>	<b>3,326</b>	<b>6,652</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings:</b>					
Miscellaneous Special Revenue	3	3	3	3	6
Agriculture Fund	19,345	20,050	20,706	20,825	41,531
<b>Grants:</b>					
Miscellaneous Special Revenue	108	156	192	155	347
Federal	6,934	8,402	8,893	8,221	17,114
Federal Stimulus	69	0	0	0	0
<b>Other Revenues:</b>					
Miscellaneous Special Revenue	4,285	3,808	3,828	3,831	7,659
Agriculture Fund	699	612	608	642	1,250
Rural Finance Administration	3,036	3,002	2,717	1,221	3,938
Miscellaneous Agency	2	0	0	0	0
Gift	61	32	32	32	64
<b>Other Sources:</b>					
Clean Water Revolving Fund	5,201	4,665	4,665	4,665	9,330
Miscellaneous Special Revenue	808	396	396	396	792
Rural Finance Administration	7,973	5,024	5,878	5,272	11,150
Miscellaneous Agency	0	1	1	1	2
<b>Total Dedicated Receipts</b>	<b>48,524</b>	<b>46,151</b>	<b>47,919</b>	<b>45,264</b>	<b>93,183</b>
<b>Agency Total Revenue</b>	<b>52,057</b>	<b>49,350</b>	<b>51,245</b>	<b>48,590</b>	<b>99,835</b>

	<b>PAGE</b>
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**Agency Purpose**

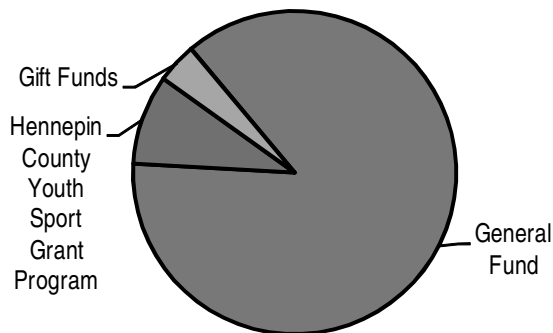
The Minnesota Amateur Sports Commission (MASC) was created in Minnesota statues to promote the economic and social benefits of sport for Minnesota citizens and organizations. The MASC contributes to the statewide system of amateur sports by:

- generating economic benefits through sport events;
- providing increased amateur sport opportunities; and
- improving infrastructure through developing new sport facilities.

**At a Glance**

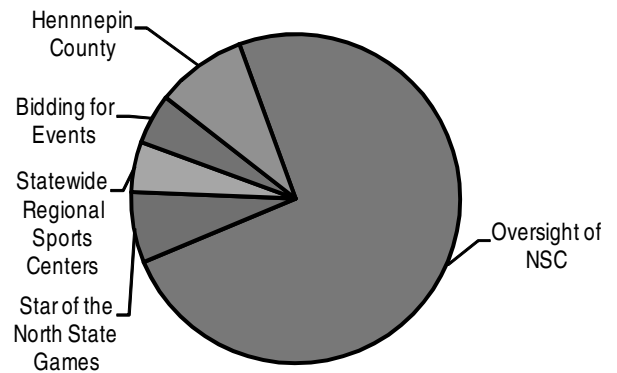
- 76.1 million dollars spent on Minnesota amateur sports by non-Minnesota visitors
- 48 million dollars spent annually at the NSC by non-Minnesota visitors
- 5.6 million annual participants in MASC affiliate facilities and programs
- 4 million annual visitors at the National Sports Center (NSC) in Blaine
- The NSC is the state’s most visited amateur sport facility
- Star of the North state Games hosts up to 5,000 Minnesota athletes annually

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Type**



Source: MASC Analysis.

**Strategies**

The MASC employs several strategies to achieve the agency’s goals and mission to bring the economic and social benefits of amateur sports to Minnesota:

- develop top class amateur sport facilities in partnership with select Minnesota cities like the Regional Centers which have significant facilities that draw out-of-state visitors and serve many Minnesotans;
- identify and research national and regional amateur sport events and then prepare bid presentations in order to bring these events to Minnesota; and
- create and develop new major amateur sport events and programs in Minnesota.

**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 New Sports 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 throughout Minnesota to host the games;
- host the selected annual state games event involving up to 5,000 athletes; and
- establish and administer the policy of the games.

**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 & Ski Resort (Biwabik)
- National Kayak Center (Carlton)
- Ole Mangseth memorial Ski Jump (Coleraine)
- Range Recreation Civic Center (Eveleth)
- National Volleyball Center (Rochester)
- Minneapolis Sports Center (Minneapolis)
- Bush Lake Ski Jump (Bloomington)

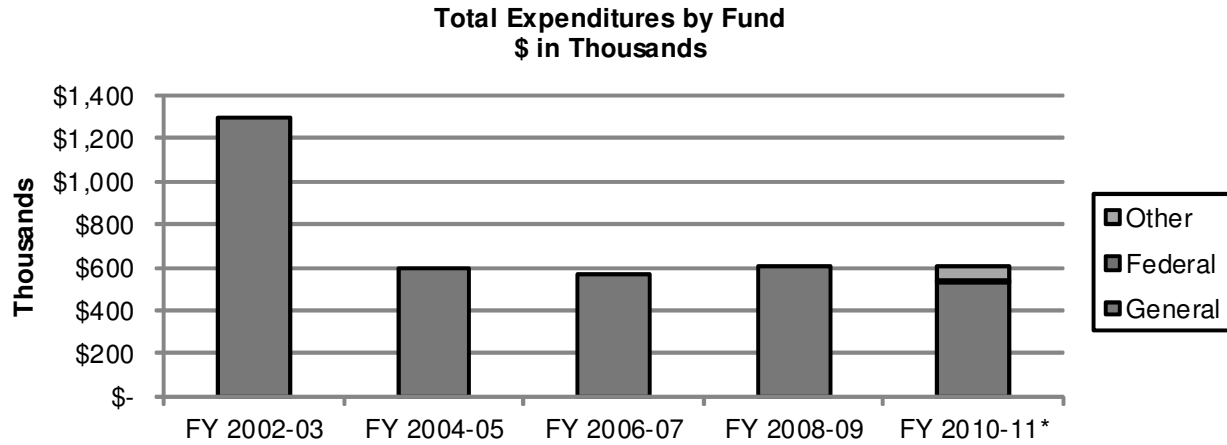
## Key Goals & Measures

MASC’s primary goal is to promote and develop the economic and social impacts of amateur sports statewide.

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

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) in Blaine, the State’s flagship amateur sports facility, has seen its annual economic impact grow an average of 4% per year from \$30.2 million in 2000 to \$48.0 million in 2009. Secondly, attendance at the NSC has grown from 2.5 million in 2000 to over four million in 2009. Thirdly, the MASC continues to oversee the operation of the NSC without a state facility operating subsidy.

**Budget Trends**



\* FY 2010-11 is estimated, not actual

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS).

The MASC has a dual role in its management and execution of established agency priorities. Staff continues to develop and promote amateur sports tourism statewide and carries out the recommendations of the MASC Board. The agency serves as a steward of the state’s assets by providing prudent oversight of the NSC and its operations. It will be vital to the state’s investment that the MASC continue to maintain its management oversight of the NSC by continuing to provide direct administrative assistance and staff operating support. The current MASC staff provides direct support of the overall operation of the NSC: 1) management oversight of the budget and facility operations; 2) recruitment and management of NSC sponsorship 3) oversight and management of the NSC’s marketing, promotion and communication initiatives; and 4) ongoing community and government relations support. The NSC is a non-profit corporation and is financially supported by its user/registration fees and sponsor revenues and does not receive any state operating subsidy.

Trends that will directly affect the NSC’s performance include: 1) an aging facility that requires investment (NSC has limited ability to maintain a significant capital improvement and replacement reserve); and 2) the economic down turn diminishes revenues and directly impacts program participation numbers, sponsor recruitment/retainment and economic impact.

**Contact**

Minnesota Amateur Sports Commission  
1700 – 105<sup>th</sup> Avenue Northeast  
Blaine, Minnesota 55449

Paul D. Erickson, Executive Director  
Phone: 763-785-5632  
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Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	266	261	261	261	522
<b>Recommended</b>	<b>266</b>	<b>261</b>	<b>261</b>	<b>261</b>	<b>522</b>
Change		0	0	0	0
% Biennial Change from 2010-11					-0.9%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	266	261	261	261	522
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	120	98	65	65	130
Gift	12	4	0	0	0
<b>Total</b>	<b>398</b>	<b>363</b>	<b>326</b>	<b>326</b>	<b>652</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	291	294	291	291	582
Other Operating Expenses	14	9	5	5	10
Local Assistance	93	60	30	30	60
<b>Total</b>	<b>398</b>	<b>363</b>	<b>326</b>	<b>326</b>	<b>652</b>
<b><u>Expenditures by Program</u></b>					
Amateur Sports Commission	398	363	326	326	652
<b>Total</b>	<b>398</b>	<b>363</b>	<b>326</b>	<b>326</b>	<b>652</b>
<b>Full-Time Equivalents (FTE)</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	



**AMATEUR SPORTS COMM**

Agency Revenue Summary

*Dollars in Thousands*

	<b>Actual FY2010</b>	<b>Budgeted FY2011</b>	<b>Governor's Recomm.</b>		<b>Biennium 2012-13</b>
			<b>FY2012</b>	<b>FY2013</b>	
<b><i>Non Dedicated Revenue:</i></b>					
<b>Total Non-Dedicated Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Dedicated Receipts:</i></b>					
<b>Other Revenues:</b>					
Miscellaneous Special Revenue	130	98	65	65	130
<b>Total Dedicated Receipts</b>	<b>130</b>	<b>98</b>	<b>65</b>	<b>65</b>	<b>130</b>
<b>Agency Total Revenue</b>	<b>130</b>	<b>98</b>	<b>65</b>	<b>65</b>	<b>130</b>

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⇒ 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.

**At a Glance**

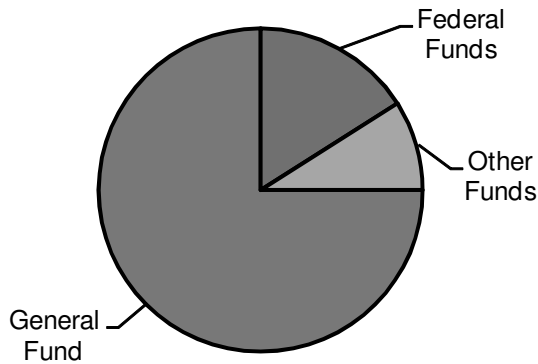
**Animal Health Programs**

- Decreased incidence of Johne’s disease in the nearly 2,000 participating herds.
- Over 60,000 birds were tested for Avian Influenza, eight farms had positive results with over one million turkeys managed to prevent spread of the disease
- Collaborated with swine producers to educate the public about the H1N1 virus and safety of pork products.

**Bovine Tuberculosis (TB) Eradication**

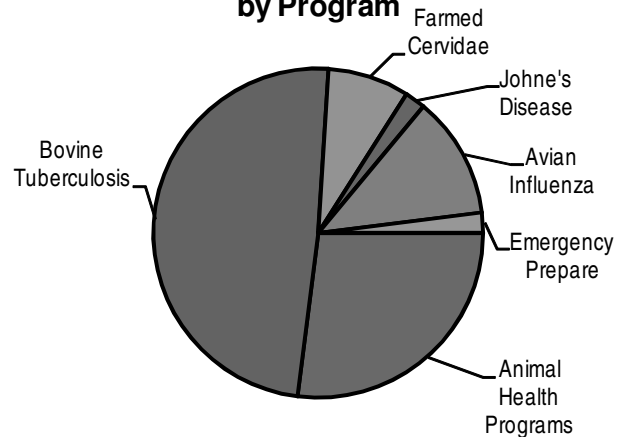
- Conducted statewide surveillance on approximately 1,900 cattle herds.
- Implemented sweeping controls to eradicate TB, including: a split state status to prevent the spread of disease from the affected area, a voluntary cattle herd buyout, and fencing installation.
- No infected cattle have been found in the state in nearly two years.

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Program**



Source: MAPS

**Strategies**

The Board has four primary strategies:

- Set standards for entry of domestic animals into Minnesota in an effort to protect the domestic animal population.
- Monitor the movement of livestock and poultry into, out of and within the boundaries of Minnesota, so animals can be traced during a disease outbreak.
- Detect, control and eradicate certain domestic animal diseases to maintain a healthy domestic animal population and keep the livestock and poultry industries competitive.
- Respond to emerging and foreign animal diseases, such as Foot-and-Mouth Disease, which could devastate the livestock population.

**Operations**

Based upon the direction provided by a five member citizen board, programs are led by an executive director and three assistant directors. The agency has 31 full-time staff members based at the Board’s main office located in St. Paul. Activities, such as animal testing and on-site inspections, are conducted by a statewide field workforce consisting of nine veterinarians and 11 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, located in Willmar, 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 Board's primary customers are Minnesota livestock and poultry producers, veterinarians and pet owners. The agency administers many national disease eradication programs cooperatively with the United States Department of Agriculture. Some diseases affect wild animals, people and domestic animals, which makes it imperative that efforts be coordinated with the Minnesota Departments of Natural Resources and Health. The Minnesota Department of Agriculture and the Board have a very close relationship in providing an abundant and wholesome food supply to Minnesota consumers.

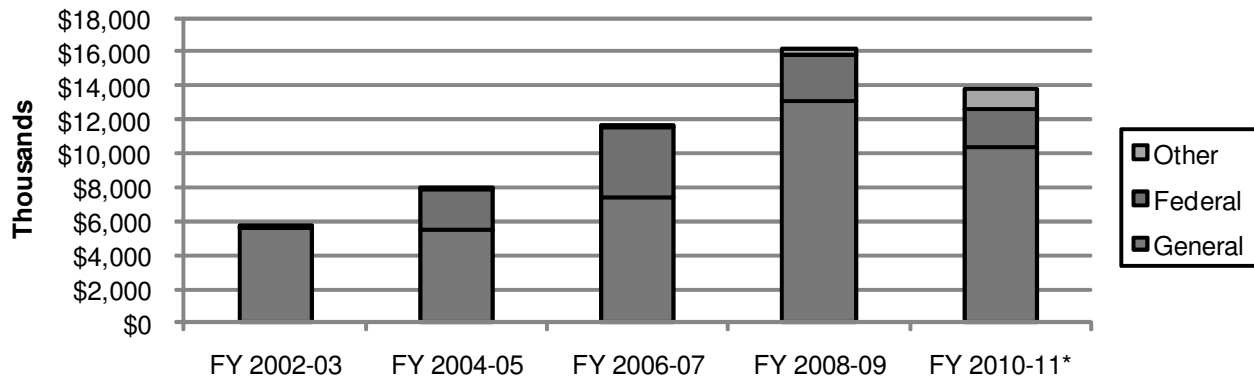
Standards for entry of domestic animals into Minnesota are defined in statute, rules and policy. Standards are adjusted based on the current disease situation in other countries and within the United States. Certificates of Veterinary Inspection, import permits, import testing and vaccinating are methods used to protect Minnesota's domestic animals.

Animal identification and tracking is necessary to locate the source and extent of disease spread in an outbreak. This is accomplished by educating livestock and poultry producers on the importance of identifying their animals and keeping records of purchases and sales. Beyond the farm, official identification and record keeping are required for livestock auction markets, livestock dealers and processing plants.

When there is a disease outbreak in Minnesota, it is the Board's role to detect it early, control its spread and eventually eradicate it, if practical. This includes diseases, such as Bovine Tuberculosis, that are endemic in the country and Foot and Mouth Disease, which is not present in the United States. The relationship with the Veterinary Diagnostic Laboratory provides the Board with a mechanism for early detection, since the laboratory receives diagnostic samples from Minnesota farms on a daily basis. The response by the Board to an outbreak could include: quarantining animals, testing animals, vaccinating animals, establishing a disease control zone and implementing animal movement controls.

**Budget Trends**

**Total Expenditures by Fund**



*Note: The increase in federal funding starting in FY 2005 and the increase in state funding starting in FY 2006 were the result of a major effort to contain an outbreak of Bovine Tuberculosis.*

*\* FY 2010-11 is estimated, not actual. Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/27/10.*

The main outside variable impacting the Board of Animal Health is disease outbreaks. As part of its core functions, the Board conducts regular surveillance for diseases and is prepared to respond if something is discovered. Recent examples include the detection of tuberculosis in cattle and the subsequent drop in state status in the federal classification system. During the response to this outbreak three quarters of a million animals have been tested, 12 infected herds have been depopulated, 46 herds have been bought out and 73,000 linear feet of fencing has been constructed. Other examples are: avian influenza that affected more than a million turkeys, H1N1 pandemic influenza in pigs, and piroplasmosis in race track horses.

**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>  
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 Phone: (651) 201-6825  
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Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	5,152	5,098	5,098	5,098	10,196
<b>Recommended</b>	<b>5,152</b>	<b>5,098</b>	<b>4,841</b>	<b>4,841</b>	<b>9,682</b>
Change		0	(257)	(257)	(514)
% Biennial Change from 2010-11					-5.5%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	5,152	5,168	4,841	4,841	9,682
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	243	976	45	45	90
Federal	1,207	1,042	1,042	1,042	2,084
<b>Total</b>	<b>6,602</b>	<b>7,186</b>	<b>5,928</b>	<b>5,928</b>	<b>11,856</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	3,835	3,960	3,560	3,660	7,220
Other Operating Expenses	2,239	2,608	1,865	1,765	3,630
Local Assistance	528	618	503	503	1,006
<b>Total</b>	<b>6,602</b>	<b>7,186</b>	<b>5,928</b>	<b>5,928</b>	<b>11,856</b>
<b><u>Expenditures by Program</u></b>					
Livestock And Poultry Health	6,602	7,186	5,928	5,928	11,856
<b>Total</b>	<b>6,602</b>	<b>7,186</b>	<b>5,928</b>	<b>5,928</b>	<b>11,856</b>
<b>Full-Time Equivalents (FTE)</b>	<b>52.2</b>	<b>51.5</b>	<b>49.5</b>	<b>49.5</b>	

# ANIMAL HEALTH BOARD

# Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b><i>Fund: GENERAL</i></b>				
<b>FY 2011 Appropriations</b>	5,098	5,098	5,098	10,196
<b>Technical Adjustments</b>				
Operating Budget Reduction		(2)	(2)	(4)
<b>Subtotal - Forecast Base</b>	5,098	5,096	5,096	10,192
<b>Change Items</b>				
Operating reduction	0	(255)	(255)	(510)
<b>Total Governor's Recommendations</b>	5,098	4,841	4,841	9,682
<b><i>Fund: MISCELLANEOUS SPECIAL REVENUE</i></b>				
<b>Planned Statutory Spending</b>	976	45	45	90
<b>Total Governor's Recommendations</b>	976	45	45	90
<b><i>Fund: FEDERAL</i></b>				
<b>Planned Statutory Spending</b>	1,042	1,042	1,042	2,084
<b>Total Governor's Recommendations</b>	1,042	1,042	1,042	2,084

# ANIMAL HEALTH BOARD

## Change Item: Operating Budget Reductions

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(255)	\$(255)	\$(255)	\$(255)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(255)	\$(255)	\$(255)	\$(255)

### Recommendation

The Governor recommends reducing \$254,900 in both FY 2012 and FY 2013 from the Board of Animal Health's general fund operating budget. 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.

This proposal represents a 5% reduction to Board of Animal Health's general fund base budget.

### Rationale

The Board of Animal Health's total general fund base operating budget is \$9.186 million for the FY 2012 - 2013 biennium, and includes amounts budgeted for livestock and poultry health programs. The Board is proposing to reduce operating expenditures and positions during the FY 2012-13 biennium. Specifically, the Board will reduce operating budgets by the following amount for the biennium:

- Bovine Tuberculosis program - \$509,800.

Significant progress has been made through the Board's effort to eradicate Bovine Tuberculosis (TB). It has been over two years since an infected cattle herd has been found in the state. Efforts are ongoing to maintain two zones (the disease management zone and TB-free zone), monitor the movement of cattle between zones and test all cattle herds in the Modified Accredited Advanced (MAA), or disease management, zone. The federal government upgraded the state's status for both zones in October 2010. The level of activities for TB has decreased, allowing for this reduction. The reduction will be achieved through the retirement of one district veterinarian, whose responsibilities will be reassigned to other Board veterinarians. Two full-time, temporary employees and one seasonal employee with TB eradication duties will be eliminated. The responsibilities of these positions will be reassigned to other Board staff. The agency will also reduce overtime associated with TB eradication activities.

**Statutory Change:** Not Applicable

**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 eradicating specific domestic animal disease, protecting Minnesota livestock from foreign animal diseases, and responding to animal disease emergencies.

**Budget Activities**

This program includes the following budget activities:

- Bovine TB Eradication Programs
- Animal Health Programs



# ANIMAL HEALTH BOARD

**Program: LIVESTOCK AND POULTRY HEALTH**

**Activity: BOVINE TB ERADICATION PROGRAM**

Narrative

## **Activity at a Glance**

- 73,000 linear feet of fencing constructed to separate cattle and free ranging deer
- 134,920 tests done in the last two years
- No TB infected herds detected in nearly two years
- Split state status achieved
- Entire state poised for a TB status upgrade in October of 2010

## **Activity Description**

Bovine Tuberculosis (TB) eradication is a cooperative state/federal program to eradicate Bovine Tuberculosis from the cattle population in the United States. This activity protects public health and provides economic benefits for Minnesota and the United States.

## **Population Served**

The activity primarily serves the cattle industry in Minnesota. It indirectly serves all citizens of Minnesota because TB infected cattle negatively impact the Minnesota economy.

## **Services Provided**

The activity was established to detect and eradicate TB. Detection is accomplished by passive surveillance at slaughter and active surveillance through farm testing. BAH also:

- Detects and eliminates infected cattle herds;
- Maintains a management zone and TB-free zone in Minnesota;
- Maintains reduced cattle numbers in the management zone; and
- Facilitates separation of cattle and deer in the management zone.

## **Historical Perspective**

Minnesota eradicated bovine tuberculosis in 1971, and was declared a TB-free state in 1976. Then, in July 2005, a TB-infected beef cow was found through slaughter surveillance and traced to a northwest Minnesota herd. Since that time, 11 infected cattle herds, and 27 infected free ranging white-tailed deer, have been found in this area. Due to these findings, Minnesota's status dropped two levels in the United States Department of Agriculture (USDA)'s classification system. This status change puts Minnesota at a competitive disadvantage for cattle marketing. BAH's top priority is to eradicate the disease from cattle and upgrade Minnesota's status.

The twelve infected cattle herds were depopulated and the owners were compensated for their losses by the federal government. Statewide surveillance of both cattle and deer indicated that this was a localized event; therefore, a disease control zone has been established in the affected area. Minnesota was granted split state status by the USDA in October 2008, which upgraded most of the state by one level. It is anticipated that the USDA will upgrade both areas on approximately October 1, 2010, so the majority of the state will be TB-free again.

## **Key Activity Goals & Measures**

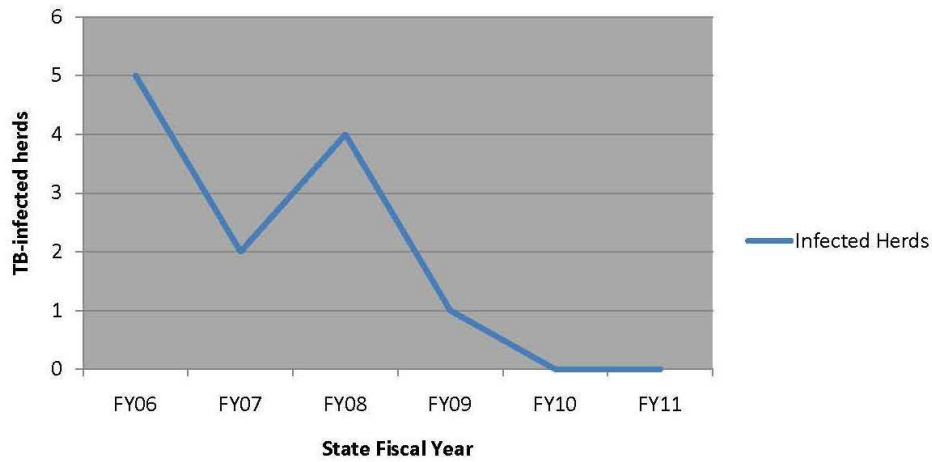
The activity goal is to eradicate TB from Minnesota and return it to TB-free status. This goal is measured by the number of infected cattle herds/free ranging white tailed deer detected in the state.

A cattle herd buyout was administered by the Board of Animal Health in the management zone. While 12 herds were found to be infected, 46 of the 67 herds in the management zone participated in the buyout, removing 6,200 head of cattle from this area. In addition to the initial buyout payment, the Board of Animal Health will make annual payments to these herd owners until the area regains its TB-free status.

The cattle herds that remain in the management zone are required to have a wildlife risk assessment every year, and implement the recommended changes, to reduce the contact between deer, cattle, and stored feed. To this end, more than 73,000 linear feet of deer proof fencing was constructed around stored feed and winter feeding areas. The owner is responsible for maintaining the fences, which are inspected on a regular basis.

Since 2005, all 269 cattle herds in the disease control zone have been tested annually. No new herds have been detected in nearly two years.

**Infected Herds**



**Activity Funding**

Funding for the eradication of Bovine Tuberculosis has been shared by the state of Minnesota, the USDA, and Minnesota cattle producers. The Board's FY 2010-2011 biennial budget for TB is approximately \$6.7million. Of the total budget, 76% comes from the general fund, 10% from federal funds, and 14% from a cattle sale assessment in 2009.

**Contact**

For more information, contact the Board of Animal Health's Executive Director at 651-201-6825 or visit <http://www.bah.state.mn.us>.

# ANIMAL HEALTH BOARD

**Program:** LIVESTOCK AND POULTRY HEALTH

**Activity:** ANIMAL HEALTH PROGRAMS

Narrative

## Activity at a Glance

In FY10, the Board:

- Successfully eradicated Avian Influenza on eight commercial turkey operations with more than one million turkeys.
- Depopulated the largest elk herd in the U.S. (572 elk) because of the detection of Chronic Wasting Disease.
- Found no Scrapie infected flocks.
- Reduced incidence of Johne's disease in participating herds.

## Activity Description

The Minnesota Board of Animal Health's animal health program is responsible for controlling and eradicating animal disease in Minnesota's domestic animal populations.

## Population Served

The animal health program serves the state's livestock producers, veterinarians, and agriculture industry.

## Services Provided

The animal health program actively controls and eradicates the following diseases:

- Avian Influenza in the state's poultry flocks;
- Chronic Wasting Disease in farmed cervidae;
- Scrapie in the state's sheep flocks; and
- Johne's disease in Minnesota cattle herds.

## Historical Perspective

In 1903, Minnesota lawmakers recognized the value of protecting the animal agriculture industry in the state and formed the Minnesota Livestock Sanitary Board. One hundred years later, this organization maintains the same mission, but is known as the Minnesota Board of Animal Health.

## Key Activity Goals & Measures

The program's success is measured by controlling or eradicating the following animal diseases.

### Avian Influenza (AI)

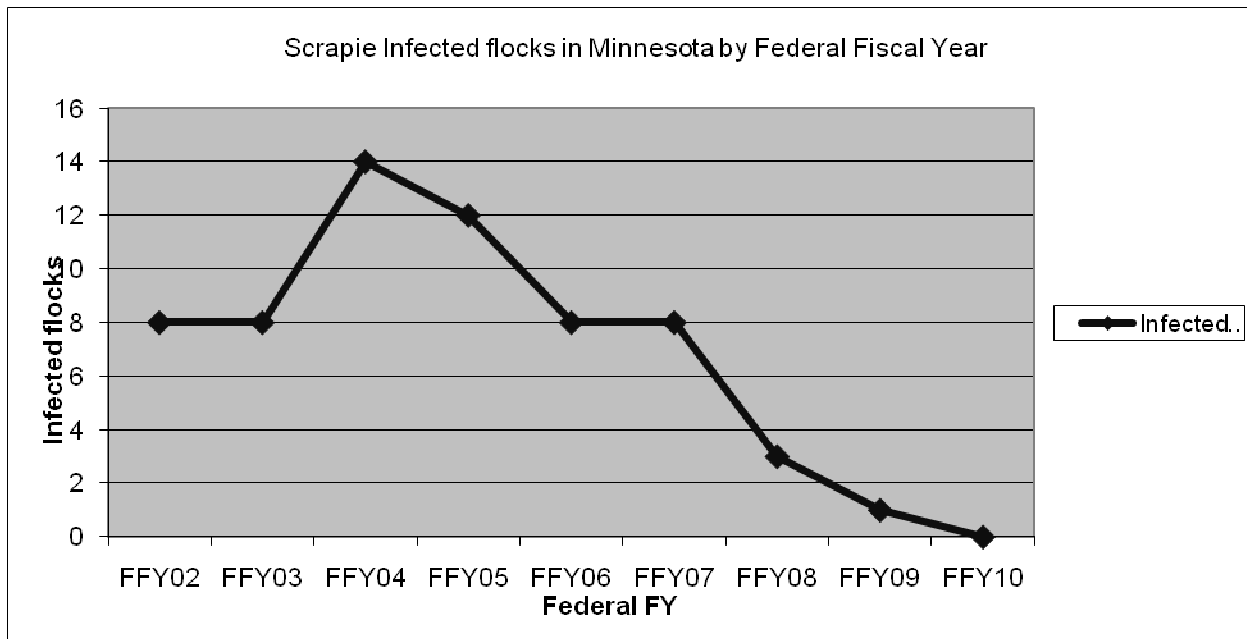
The Board of Animal Health has been working with Minnesota turkey producers for more than thirty years to prevent the spread of AI from flock-to-flock. In May 2009, avian Influenza was identified in eight turkey flocks in Minnesota that had more than one million turkeys. Once the disease was detected, the Board successfully prevented the spread to other flocks.

### Chronic Wasting Disease (CWD)

The Board has strict import regulations for deer and elk, and requires all Minnesota deer and elk producers to participate in a rigorous CWD surveillance program. Since CWD surveillance in Minnesota became mandatory in 2003, CWD has been identified in four farmed deer or elk herds. In each case, an investigation was conducted by the Board and the disease was quickly eliminated. There are currently 616 producers that raise almost 20,000 farmed deer or elk in Minnesota. All deer or elk farms are inspected by Board personnel each year to ensure compliance with program requirements.

### Scrapie

Minnesota participates in a federally funded Scrapie eradication program for sheep and goats. Infected flocks are identified by testing animals that exhibit signs of the disease or through slaughter surveillance. When a scrapie-positive farm is identified, BAH works with the producer to eliminate the disease from their flock and traces any exposed animals. The success of the program is measured in the decreasing number of scrapie-infected farms that have been identified each year since the inception of the program in 2001.

**Johne's disease**

The Board administers a voluntary Johne's disease control program funded jointly by the state of Minnesota and the federal government. Almost 2,000 Minnesota cattle producers are enrolled in the program. Participating herds are visited by trained veterinarians who perform risk assessments and develop herd management plans to help eliminate the disease. University of Minnesota research shows the program is successful in reducing the incidence of Johne's disease in participating herds.

**Activity Funding**

The Board's funding for animal health programs comes from three sources: the general fund, federal funds, and dedicated receipts. The board's FY 2010-11 biennial budget is approximately \$7.0 million. Of the total budget, 74% comes from the general fund, 22% comes from federal funds, and 4% comes from dedicated revenue receipts.

**Contact**

For more information, contact the Board of Animal Health's Executive Director at 651-201-6825 or visit <http://www.bah.state.mn.us>.

Federal funds are accepted when they support the Board’s mission, strategies, goals and objectives. Federal funds provide monetary support for animal disease surveillance, control and eradication efforts in Minnesota’s domestic animal populations. During the FY 2010-11 biennium, the Board received \$1 million in the form of cooperative agreements from the federal government.

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
<b>Animal Disease Traceability</b> - Funds will be used to offset expenses for confirming location and contact information of livestock premises throughout Minnesota, tagging cattle tested for tuberculosis in Northwest Minnesota with radio frequency identification (RFID) ear tags, and issuing national premises identification numbers to livestock producers upon request.	Ongoing	Yes	No		\$112	\$112	\$112
<b>Bovine Tuberculosis</b> – Funds will be used to offset expenses for salaries, travel, and a lease agreement for storage of equipment.	Ongoing	No	No	\$416	\$262	\$262	\$262
<b>Chronic Wasting Disease</b> - Funds will be used to offset expenses for inspecting all the farmed cervidae (deer and elk) producers in Minnesota and enforcing the requirements for Chronic Wasting Disease (CWD) surveillance.	Ongoing	No	No	0	\$56	\$56	\$56
<b>Foreign Animal Disease</b> – Funds will be used to offset salary and travel expenses associated with investigating potential foreign animal diseases.	Ongoing	No	No	\$77	\$75	\$75	\$75
<b>Johne’s Disease</b> - Funds will be used to offset expenses for implementation of the national program for control of Johne’s Disease, producer education and conducting Johne’s Disease risk assessments on cattle farms throughout Minnesota.	Ongoing	No	No	\$73	\$66	\$67	\$67
<b>Avian Influenza</b> – Funds will be used to offset expenses for testing poultry.	Ongoing	No	No	\$414	\$390	\$390	\$390
<b>Scrapie</b> – Funds will be used to offset expenses for salaries and miscellaneous supplies.	Ongoing	No	No	\$44	\$44	\$44	\$44
<b>Swine Feeding</b> - Funds will be used to offset expenses for inspecting premises where food waste is fed to livestock and enforcement of requirements to cook food waste prior to feeding it to livestock.	Ongoing	No	No	\$38	\$38	\$38	\$38
<b>Total</b>				\$1,062	\$1,043	\$1,044	\$1,044

# ANIMAL HEALTH BOARD

# Agency Revenue Summary

*Dollars in Thousands*

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012   FY2013		Biennium 2012-13
<b><u>Non Dedicated Revenue:</u></b>					
<b>Departmental Earnings:</b>					
General	2	3	3	3	6
<b>Total Non-Dedicated Receipts</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>6</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings:</b>					
Miscellaneous Special Revenue	678	45	45	45	90
<b>Grants:</b>					
Federal	1,207	1,042	1,042	1,042	2,084
<b>Other Revenues:</b>					
Miscellaneous Special Revenue	1	0	0	0	0
<b>Total Dedicated Receipts</b>	<b>1,886</b>	<b>1,087</b>	<b>1,087</b>	<b>1,087</b>	<b>2,174</b>
<b>Agency Total Revenue</b>	<b>1,888</b>	<b>1,090</b>	<b>1,090</b>	<b>1,090</b>	<b>2,180</b>

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⇒ Designates that this item is a change item

**Agency Purpose**

The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design (Board) was established to safeguard life, health, and property and to promote the public's welfare. The Board's mission is to protect the public by providing reasonable assurance that the persons engaged in the professions meet and maintain the qualifications and standards required to competently practice in the state of Minnesota.

M.S. Chapter 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 design.

**At a Glance**

**Credentialing Services**

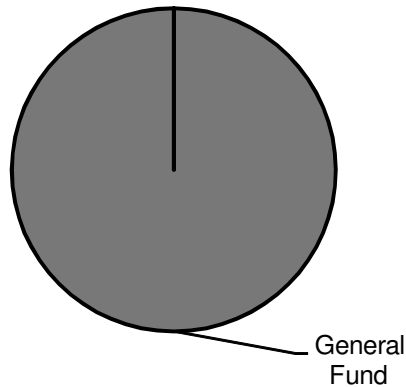
*Licensure:* The Board licenses and certifies over 18,000 individuals who meet the established qualifications. Online renewal and applications are available.

**Discipline/Enforcement Services**

The Board has received over 75 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.

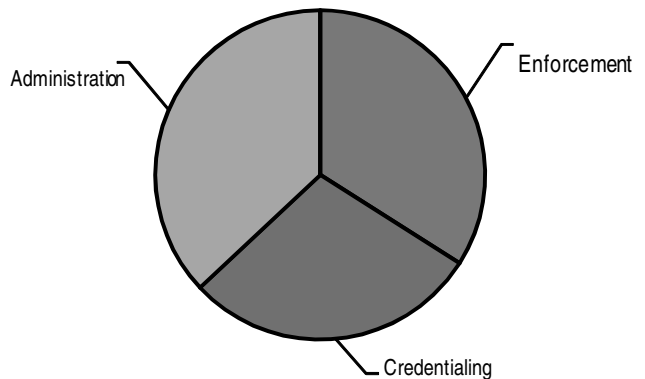
Staff: 7.0 full-time equivalent employees

**Est. FY 2010-11 Expenditures by Fund**



*Source: Consolidated Fund Statement.*

**Est. FY 2010-11 Expenditures by Service**



*Source: Board estimate based on employee workload.*



## Strategies

The Board's tasks are guided by four primary principals:

- Responsibility for public protection will be fulfilled with respect for due process and adherence to laws.
- Customer services will be delivered in a responsive, respectful and timely manner.
- Government services will be easily accessible, timely in content and secure.
- Business functions will be delivered with accountability, efficiency, maximization of technology and willingness to collaborate.

## Operations

The Board regulates the practice of six of the professions and the use of certified interior designers by enforcing its rules and applicable laws to assure the public that the individuals practicing in Minnesota have the required education, competence and ethical character to practice their professions safely and effectively. The Board collaborates with other organizations to facilitate the licensure and or reporting of violations for the seven professions.

The Board investigates complaints and takes action against licensees who violate the title and/or practice act including removing individuals from practice when necessary. Public safety and transparency is enhanced by providing public access to information regarding the licensee status, discipline history, information on the complaint process, and how to file a complaint. The Board also promotes competent practice of the professions by interpreting the laws and rules related to the practice. The Board participates in outreach to educate the licensees and the public on the requirements of competent practice.

The Board interacts with, and provides services to, consumers, applicants, licensees, educational institutions, other state agencies, national information services and a national test services. 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 eight times a year and additional committees meet as needed. The Board is seen as a national leader in the enforcement arena of the regulated professions. The Board's outreach program provides information to Minnesota citizens, legislators, building officials, fire marshals, other state agencies, schools and national councils.

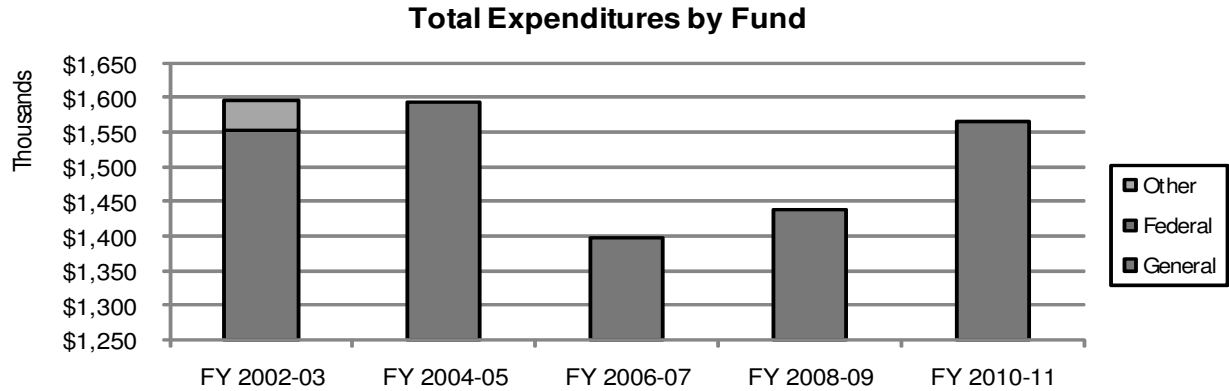
The Department of Commerce provides administrative support to the Board. On a daily basis the board staff processes documents and responds to inquiries related to initial license applications, continuing education courses, annual license renewals, complaint registrations and investigations, and the practice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

The Board's FY2010-11 budget is just over \$1.6 million in general fund direct appropriations and supports seven full-time equivalent employees. The Board collects over \$2.6 million for the general fund in the same timeframe through the collection of fees for credentialing, disciplinary action, filings, and examinations. The Board's license fees are set in statute.

## Key Activity Goals & Measures

- The Board increased utilization of online renewal services in the past fiscal year by 5%, bringing the total to 88%. Applications and information are also online.
- Licenses are issued within 48 hours of an applicant meeting all requirements.
- All disciplinary data is reported to the National Council and to public within 48 hours after issuance.

Budget Trends Section



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/09/10.

**External Factors Impacting Board** - There is a high unemployment rate in the building industry and that has led to very flat licensee numbers.

**Contact**

Minnesota Board of Architecture, Engineering, Land Surveying, Landscape Architecture,  
Geoscience, and Interior Design  
85 7<sup>th</sup> Place East, Suite 160  
Saint Paul, Minnesota 55101

Phone: 651-296-2388  
Fax: 651-297-5310  
TTY: 1-800-627-3529  
<http://www.aelslagid.state.mn.us/>

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	791	774	774	774	1,548
<b>Recommended</b>	<b>791</b>	<b>774</b>	<b>924</b>	<b>774</b>	<b>1,698</b>
Change		0	150	0	150
% Biennial Change from 2010-11					8.5%
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	599	966	924	774	1,698
<b>Total</b>	<b>599</b>	<b>966</b>	<b>924</b>	<b>774</b>	<b>1,698</b>
 <b><u>Expenditures by Category</u></b>					
Total Compensation	370	440	440	440	880
Other Operating Expenses	229	526	484	334	818
<b>Total</b>	<b>599</b>	<b>966</b>	<b>924</b>	<b>774</b>	<b>1,698</b>
 <b><u>Expenditures by Program</u></b>					
Aelsla	599	966	924	774	1,698
<b>Total</b>	<b>599</b>	<b>966</b>	<b>924</b>	<b>774</b>	<b>1,698</b>
<b>Full-Time Equivalents (FTE)</b>	<b>6.2</b>	<b>6.2</b>	<b>6.2</b>	<b>6.2</b>	

**ARCHITECTURE, ENGINEERING BD**

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b>Fund: GENERAL</b>				
<b>FY 2011 Appropriations</b>	774	774	774	1,548
<b>Subtotal - Forecast Base</b>	774	774	774	1,548
<b>Change Items</b>				
E-Licensing Adaptor Work	0	150	0	150
<b>Total Governor's Recommendations</b>	774	924	774	1,698

# ARCHITECTURE, ENGINEERING BD

Change Item: E-Licensing Adaptor Work

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$150	0	0	0
Net Fiscal Impact	\$150	0	0	0

## Recommendation

The Governor recommends a one-time increase of \$150,000 in FY 2012 to fund the electronic connection to link the existing Boards data and web based services to the e-Licensing centralized one stop shopping.

## Rationale

E-licensing is one of the six initial *Drive to Excellence* projects launched in 2005. The e-Licensing calls for the creation of a one-stop online shop for business and professional licenses.

Without the additional funds the Board will not be able to complete the implementation of e-Licensing due to the costs associated with adapter integration development. The Board's current licensing system programming will be adapted to allow for transmission of data between it and the e-Licensing solution of Versa Gateway via web services.

The completion of this Versa Gateway Integration with the Board's licensing system will provide an additional level of security to our data, eliminate redundant data entry and enhance customer service.

## Key Goals and Measures

The Board will migrate to the e-Licensing system by the end of FY 2013.

## Technology Funding Detail

(dollars in thousands)

Funding Distribution	FY 2012-13 Biennium		FY 2014-15 Biennium		FY 2016-17 Biennium	
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Personnel						
Supplies						
Hardware						
Software						
Facilities						
Services	\$150					
Training						
Grants						
<b>TOTAL</b>	<b>\$150</b>					

**Statutory Change:** Not Applicable.

**ARCHITECTURE, ENGINEERING BD**

Agency Revenue Summary

*Dollars in Thousands*

	<b>Actual FY2010</b>	<b>Budgeted FY2011</b>	<b>Governor's Recomm. FY2012   FY2013</b>		<b>Biennium 2012-13</b>
<b><u>Non Dedicated Revenue:</u></b>					
<b>Departmental Earnings:</b>					
General	2,026	675	1,675	675	2,350
<b>Other Revenues:</b>					
General	27	0	0	0	0
<b>Total Non-Dedicated Receipts</b>	<b>2,053</b>	<b>675</b>	<b>1,675</b>	<b>675</b>	<b>2,350</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Total Dedicated Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Agency Total Revenue</b>					
	<b>2,053</b>	<b>675</b>	<b>1,675</b>	<b>675</b>	<b>2,350</b>

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**Agency Purpose**

The Minnesota State Arts Board’s vision is that all Minnesotans have the opportunity to participate in the arts. Its 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.

The Arts Board was established in its current form in 1976, by M.S. Chapter 129D; however, it had several predecessor organizations that have been serving Minnesota residents and communities, artists, arts organizations, and arts educators since 1903.

**At a Glance**

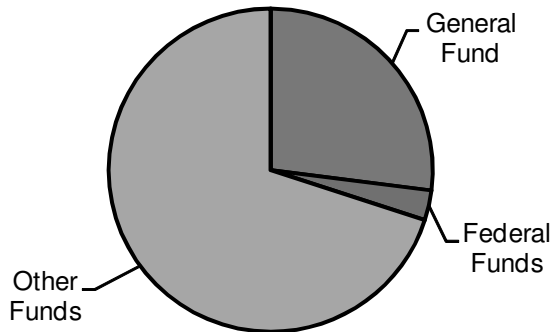
- The Arts Board’s principal function is grant making
- In FY 2010, the Arts Board received 1,480 grant requests. It awarded 678 grants, totaling \$29.3 million, to artists, arts organizations, educational institutions, nonprofit organizations, and public agencies. Breakdown by funding priority area: Arts and arts access \$ 24.7 million, arts learning \$ 3.4 million, and arts and cultural heritage \$ 1.2 million.

**FY 2010-2011 Budget**

General Fund	\$16,705,000
All funds	\$61,979,000

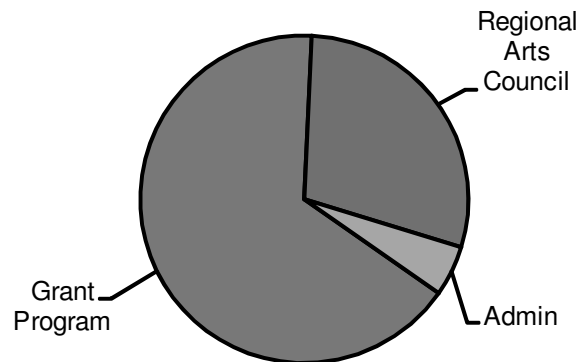
- 95.6% of the Arts Board’s budget is spent on grants and services
- 4.4% of the Arts Board’s budget is spent on general administration

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Program**



Source: Minnesota State Arts Board

**Strategies**

In FY 2010, the Arts Board developed a 25-year framework to guide its activities. The framework includes the long-term strategies, which were created specifically to address the agency’s six long-term goals.

- Develop strategic relationships and partnerships.
- Enhance public understanding of the value of the arts.



- Fully engage with nontraditional and underrepresented participants.
- Transform everyone's life by experiencing the arts.
- Provide an accountable arts support system.
- Be responsible stewards of public funds.
- Foster visionary, skilled arts leaders and organizations statewide.
- Ensure sufficient resources to sustain the arts and artists.

## Operations

**Grants to Regional Arts Councils** – The Arts Board, together with the state's eleven regional arts councils serve communities, residents, and visitors in all 87 Minnesota counties. Regional councils are charged with designing and delivering programs and services specifically tailored to meet the needs, and maximize the opportunities for the arts in their geographic area.

- The Arts Board serves as fiscal agent for the state's eleven regional arts councils.
- In FY 2010 the Arts Board provided \$8,788,000 in block grants to the councils.

**Grants for Arts and Arts Access** – The Arts Board provides operating support to arts organizations and launched three new project grant programs (Arts Tour, Arts Access, and Partners in Arts Participation) designed to expand the number of Minnesotans who are able to engage in the arts.

- In FY 2010 Arts Board received 1,114 requests and awarded 506 grants.
- The activities funded by these grants will serve 9,691,115 participants.

**Grants for Arts Learning** – The Arts Board provides support for lifelong learning in the arts through two grant programs (Arts Learning and Community Arts Schools and Conservatories) so that all Minnesotans, no matter their ages, can develop their skills and understanding of the arts.

- In 2010 the Arts Board received 232 requests and awarded 110 grants.
- The activities funded by these grants will serve 210,834 participants.

**Grants for Arts and Cultural Heritage** – The arts are a bridge between cultures; they help us learn about and celebrate our state's rich cultural traditions. The Arts Board offers three grant programs (Cultural Community Partnership, Folk and Traditional Arts, Minnesota Festival Support) to support diverse artists and arts forms.

- In 2010 the Arts Board received 123 requests and awarded 51 grants.
- The activities funded by these grants will serve 696,540 participants.

**Partnerships Projects** – The Arts Board is a small agency, but can greatly expand its capacity for service through partnerships. It manages the State's Percent for Art in Public Places program through a delegation of authority from the Minnesota Department of Administration. It works with Explore Minnesota Tourism and other state agencies to promote cultural pluralism. The Arts Board also offers partnership grants to provide professional/career development opportunities for artists.

- In 2010 the Arts Board offered professional development opportunities for Minnesota artists through two significant partnerships – one with the Forum of Regional Arts Councils, the other with Springboard for the Arts.

## Key Activity Goals and Measures

As part of its 25-year framework, the board developed a set of strategic goals, the following are three of the key goals.

**Goal:** Minnesotans of all ages, ethnicities, and abilities, participate in the arts

**Measure:** The number of Minnesotans who participate in activities supported by the Arts Board and the regional arts councils. In FY 2008-09, board and council grantees served a combined audience of 17.7 million. We will measure participation in relation to public funds invested.

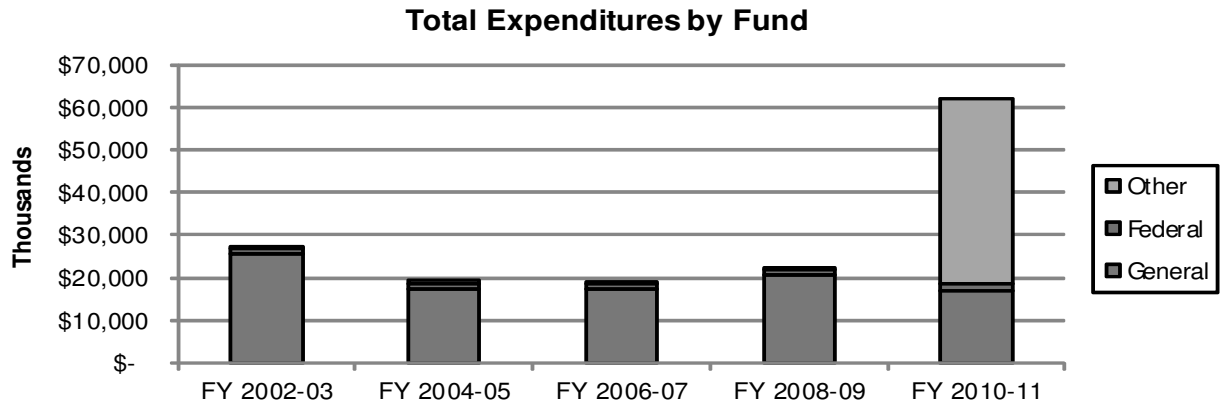
**Goal:** The arts thrive in Minnesota

**Measures:** The number of artists living in Minnesota.  
 The number of arts organizations operating in Minnesota.  
 The number of professional development opportunities for Minnesota artists and arts administrators.

**Goal:** People trust Minnesota’s stewardship of public arts funding

**Measure:** The number of citizens who serve as volunteers reviewing grant applications and making grant recommendations.

**Budget Trends Section**



*\* FY 2010-11 is estimated, not actual. Source data for the previous chart is the Consolidated Fund Statement.*

**External Factors Impacting the Arts Board** - Two key demographic factors in the state are impacting the Arts Board, its services, and its constituents. As the state becomes more ethnically and racially diverse there is more demand to support artists and art forms from diverse communities. Age and generational shifts also are affecting the arts. Aging arts participants; and younger, technology-savvy participants are changing the way audiences expect to interact with the arts.

**Contact**

Office of the Executive Director 400 Sibley Street, Suite 200 Saint Paul, Minnesota 55101	Phone: (651) 215-1600 or 1 (800) 866-2787 Email: <a href="mailto:msab@arts.state.mn.us">msab@arts.state.mn.us</a> Web site: <a href="http://www.arts.state.mn.us">http://www.arts.state.mn.us</a>
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Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	8,439	8,266	8,266	8,266	16,532
<b>Recommended</b>	<b>8,439</b>	<b>8,266</b>	<b>7,923</b>	<b>7,923</b>	<b>15,846</b>
Change		0	(343)	(343)	(686)
% Biennial Change from 2010-11					-5.1%
<b>Arts And Cultural Heritage</b>					
Current Appropriation	21,650	21,650	21,650	21,650	43,300
<b>Recommended</b>	<b>21,650</b>	<b>21,650</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	(21,650)	(21,650)	(43,300)
% Biennial Change from 2010-11					-100%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	8,219	8,486	8,340	8,340	16,680
Arts And Cultural Heritage	16,396	26,904	0	0	0
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	4	0	4	4	8
Federal	638	1,242	893	893	1,786
Federal Stimulus	316	0	0	0	0
Gift	40	40	40	40	80
<b>Total</b>	<b>25,613</b>	<b>36,672</b>	<b>9,277</b>	<b>9,277</b>	<b>18,554</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	655	941	706	727	1,433
Other Operating Expenses	399	729	527	506	1,033
Local Assistance	24,559	35,002	8,044	8,044	16,088
<b>Total</b>	<b>25,613</b>	<b>36,672</b>	<b>9,277</b>	<b>9,277</b>	<b>18,554</b>
<b><u>Expenditures by Program</u></b>					
Mn State Arts Board	25,613	36,672	9,277	9,277	18,554
<b>Total</b>	<b>25,613</b>	<b>36,672</b>	<b>9,277</b>	<b>9,277</b>	<b>18,554</b>
<b>Full-Time Equivalent (FTE)</b>	<b>10.1</b>	<b>13.3</b>	<b>9.5</b>	<b>9.5</b>	

**ARTS BOARD**

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b><i>Fund: GENERAL</i></b>				
FY 2011 Appropriations	8,266	8,266	8,266	16,532
<b>Technical Adjustments</b>				
Biennial Appropriations		74	74	148
<b>Subtotal - Forecast Base</b>	<b>8,266</b>	<b>8,340</b>	<b>8,340</b>	<b>16,680</b>
<b>Change Items</b>				
Operating Budget Reduction	0	(417)	(417)	(834)
<b>Total Governor's Recommendations</b>	<b>8,266</b>	<b>7,923</b>	<b>7,923</b>	<b>15,846</b>
<b><i>Fund: ARTS AND CULTURAL HERITAGE</i></b>				
FY 2011 Appropriations	21,650	21,650	21,650	43,300
<b>Technical Adjustments</b>				
One-time Appropriations		(21,650)	(21,650)	(43,300)
<b>Subtotal - Forecast Base</b>	<b>21,650</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Governor's Recommendations</b>	<b>21,650</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Fund: MISCELLANEOUS SPECIAL REVENUE</i></b>				
Planned Statutory Spending	0	4	4	8
<b>Total Governor's Recommendations</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>8</b>
<b><i>Fund: FEDERAL</i></b>				
Planned Statutory Spending	1,242	893	893	1,786
<b>Total Governor's Recommendations</b>	<b>1,242</b>	<b>893</b>	<b>893</b>	<b>1,786</b>
<b><i>Fund: GIFT</i></b>				
Planned Statutory Spending	40	40	40	80
<b>Total Governor's Recommendations</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>80</b>

# ARTS BOARD

## Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(417)	\$(417)	\$(417)	\$(417)
Net Fiscal Impact	\$(417)	\$(417)	\$(417)	\$(417)

### Recommendation

The Governor recommends a reduction of \$417,000 in FY 2012 and \$417,000 in FY 2013 to the Arts Board general fund operating budget. The Governor intends that the Arts 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.

This proposal represents a 5% reduction to Arts Board base General Fund forecast budget.

### Rationale

The Arts Board total base forecast general fund operating budget is \$8.34 million for FY 2012 and \$8.34 million for 2013 and includes amounts budgeted for block grants to regional art councils, Arts Board grants, and Arts Board operations and services. The three appropriation lines will be reduced as follows:

- Block grants to regional art councils (\$ 119,000)
- Arts Board grants (\$ 267,000)
- Arts Board operations and services (\$ 31,000)

### Impact of the Reductions

- Block grants to regional arts councils – Minnesota Statutes 129D directs that the Arts Board serve as the fiscal agent for eleven regional arts councils. The councils are autonomous, nonprofit organizations that are responsible for assessing the needs in their areas of the state and developing and delivering programs and services specifically tailored to meet those needs. As a result of this proposed reduction, the state funding allocation to each of the eleven councils will be reduced by 5%. In turn, the councils will need to reduce the financial assistance and the direct services they provide to their constituents. They also will need to reduce their administrative costs.
- Arts Board grants – As a result of this proposed reduction, the Arts Board will eliminate one grant program (Arts in Education Organizational Support) for fiscal year 2012-13. It will decrease the grant size for arts organizations that receive operating support grants; it will decrease the number of grants it can award to individual artists and to arts and community-based festivals.
- Arts Board operations and services – As a result of this proposed reduction, the Arts Board will need to reduce its costs to promote its grant programs and services and its costs to provide technical assistance. As a result, fewer Minnesota individuals and organizations will know about, and be able to take advantage of, programs from which they and their communities might benefit.

**Statutory Change:** Not Applicable

**Narrative**

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 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% 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 was a one-time only award and will not be repeated in the future. There is no match requirement on the grant. The Arts Board needed to 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.

The Arts Board received a FY 2009-2010 grant from the NEA – an American Recovery and Reinvestment Act award. This one-time award will not be repeated in the future. There was no matching requirement for this award. The Arts Board must use the dollars to support arts projects and activities which preserve jobs in the nonprofit arts sector threatened by declines in philanthropic and other support during the current economic downturn.

**Table**

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
NEA Block Grant: Support art activities in schools; expand the arts to underserved communities; achieve the Arts Board's mission	No	Yes	No	623	1,221	893	893
ARRA Grant: Support arts projects that preserve jobs in the nonprofit arts sector	Yes	No	No	316			
NEA Accessibility Leadership: Provide equipment so that Minnesotans with disabilities can participate in the arts	Yes	No	No	9	21		
<b>Total</b>				<b>948</b>	<b>1,242</b>	<b>893</b>	<b>893</b>

**ARTS BOARD**

Agency Revenue Summary

*Dollars in Thousands*

	<b>Actual FY2010</b>	<b>Budgeted FY2011</b>	<b>Governor's Recomm.</b>		<b>Biennium 2012-13</b>
			<b>FY2012</b>	<b>FY2013</b>	
<b><i>Non Dedicated Revenue:</i></b>					
<b>Total Non-Dedicated Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Dedicated Receipts:</i></b>					
<b>Grants:</b>					
Federal	632	1,242	893	893	1,786
Federal Stimulus	316	0	0	0	0
<b>Other Revenues:</b>					
Miscellaneous Special Revenue	4	-1	4	4	8
Gift	2	42	42	42	84
<b>Other Sources:</b>					
Miscellaneous Special Revenue	0	1	1	1	2
<b>Total Dedicated Receipts</b>	<b>954</b>	<b>1,284</b>	<b>940</b>	<b>940</b>	<b>1,880</b>
<b>Agency Total Revenue</b>	<b>954</b>	<b>1,284</b>	<b>940</b>	<b>940</b>	<b>1,880</b>

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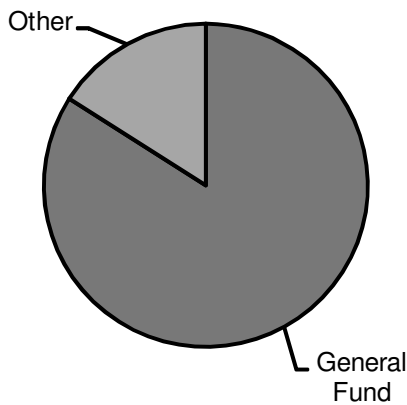
**Agency Purpose**

The Council on Asian-Pacific Minnesotans (CAPM) was created by the Minnesota 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, ensure 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 other sectors of the community.

**At a Glance**

- *Serve a growing Asian American and Pacific Islander population of 210,000, an increase of 25% from the 2000 census.*
  - About 85% of the community is concentrated within the metropolitan area, and about 55% of the community has a refugee background.
- *Advocate for community development through trainings and advocacy efforts reaching 4,000 people.*
  - Efforts include coordinating the annual Asian-Pacific Day at the capitol, supporting advocacy and leadership training, and sponsoring a council and leadership retreat for youth.
- *Advise the governor, members of the legislature and other policy makers through reports and forums reaching 6,000 people.*
  - Topics include dropout prevention, health disparities, and economic vitality.
- *Enhance communication and understanding between the Asian-Pacific community and others through education and outreach projects reaching 40,000 people.*

**Est. FY 2010-11 Expenditures by Fund**



Source: Minnesota Accounting and Procurement System (MAPS).

**Strategies**

On behalf of the Asian-Pacific 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 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 community conveys an urgent need for solutions.

## Operations

The CAPM consists of 23 members, 19 of whom are appointed by the governor and represent various sections 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.

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 & Measures

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 established the following key activities:

- Continue to be a credible and trusted voice for the Asian American and Pacific Islanders community
- Advocate for community development
- Broker education and outreach opportunities for the Asian American and Pacific Islander community and other sectors of the community

### **The key goals and measures to remain a credible and trusted voice on issues pertaining to the Asian American and Pacific Islanders (AAPI) community include:**

- Partner with the Department of Education and school districts that have high percentages of AAPI 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
- Partner with the Department of Human Services, other state agencies, counties and non-profits to increase the participation of AAPI in Minnesota's workforce. Goals include:
  - 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, with a key goal of decreasing the poverty rate for Hmong families, which is at 33% compared to 9% for all Minnesotans.
- Partner with the Minnesota Fair Housing Agency and others to increase the homeownership rate of the AAPI community and address issues of fair housing and foreclosure. Key activities include:
  - Collecting and disseminating homeownership data and trends for AAPI community
  - Increasing AAPI access to loans and homeownership programs
- Partner with community non-profits to decrease number of AAPI home foreclosures

### **The key goals and measures related to advocacy for community development are:**

- Partner with AAPI non-profits and the political parties to engage and increase the number of AAPI registered voters and voting rates
- Partner with community and organizations to educate and inform the AAPI community about the political and electoral process
- Conduct advocacy training and host the Asian American and Pacific Islander Day at the capitol
- Conduct leadership training and retreats for adults and youth focusing on leadership development and capacity building regarding civic engagement and leadership

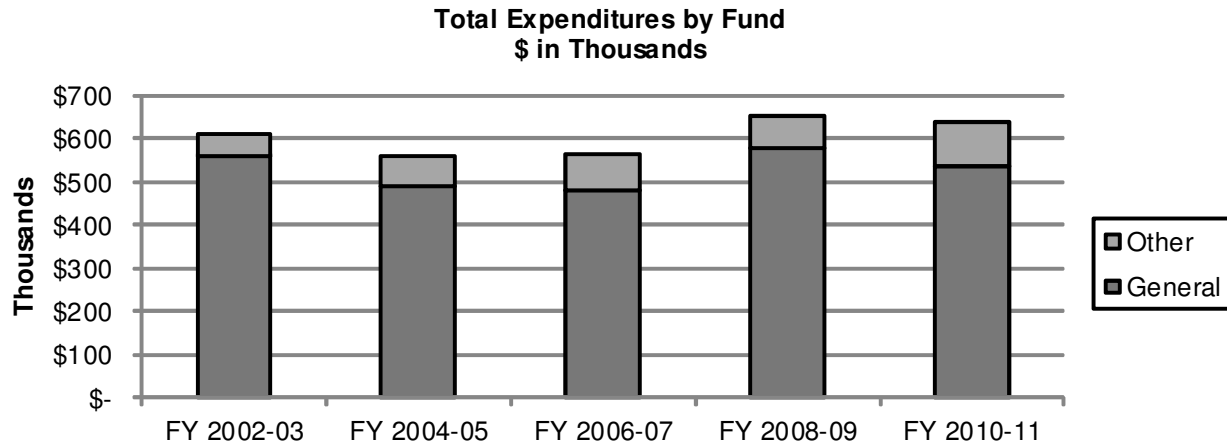
### **The key goals and measures related to brokering education and outreach opportunities include:**

- Recognize Asian Americans and Pacific Islanders for the contributions they make to this state via the annual presentation of the AAPI Leadership Awards

- Provide resources for communities to commemorate May as Asian American and Pacific Islanders Heritage Month
- Partner with others to create opportunities that will educate and highlight the contributions and successes of Asian American youth and adults
- Provide educational and outreach materials on the key demographics and make-up of the community

**Budget Trends**

The FY 2010 – 2011 budget includes \$537,000 from the General Fund. Of that funding, 90% supports three FTEs, 9% provides operational support, and 1% supports heritage month activities and other services.



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 09/24/2010.

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<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	270	267	267	267	534
<b>Recommended</b>	<b>270</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>534</b>
Change		0	0	0	0
% Biennial Change from 2010-11					-0.6%
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	266	271	267	267	534
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	49	33	9	9	18
Gift	8	13	13	13	26
<b>Total</b>	<b>323</b>	<b>317</b>	<b>289</b>	<b>289</b>	<b>578</b>
 <b><u>Expenditures by Category</u></b>					
Total Compensation	254	207	224	229	453
Other Operating Expenses	69	110	65	60	125
<b>Total</b>	<b>323</b>	<b>317</b>	<b>289</b>	<b>289</b>	<b>578</b>
 <b><u>Expenditures by Program</u></b>					
Asian Pacific Council	323	317	289	289	578
<b>Total</b>	<b>323</b>	<b>317</b>	<b>289</b>	<b>289</b>	<b>578</b>
 <b>Full-Time Equivalent (FTE)</b>	 <b>3.5</b>	 <b>2.9</b>	 <b>3.3</b>	 <b>3.3</b>	

# ASIAN-PACIFIC COUNCIL

# Agency Revenue Summary

*Dollars in Thousands*

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012   FY2013		Biennium 2012-13
<b><u>Non Dedicated Revenue:</u></b>					
<b>Total Non-Dedicated Receipts</b>	0	0	0	0	0
<b><u>Dedicated Receipts:</u></b>					
<b>Grants:</b>					
Miscellaneous Special Revenue	10	24	0	0	0
<b>Other Revenues:</b>					
Miscellaneous Special Revenue	40	9	9	9	18
Gift	4	13	13	13	26
<b>Total Dedicated Receipts</b>	<b>54</b>	<b>46</b>	<b>22</b>	<b>22</b>	<b>44</b>
<b>Agency Total Revenue</b>	<b>54</b>	<b>46</b>	<b>22</b>	<b>22</b>	<b>44</b>

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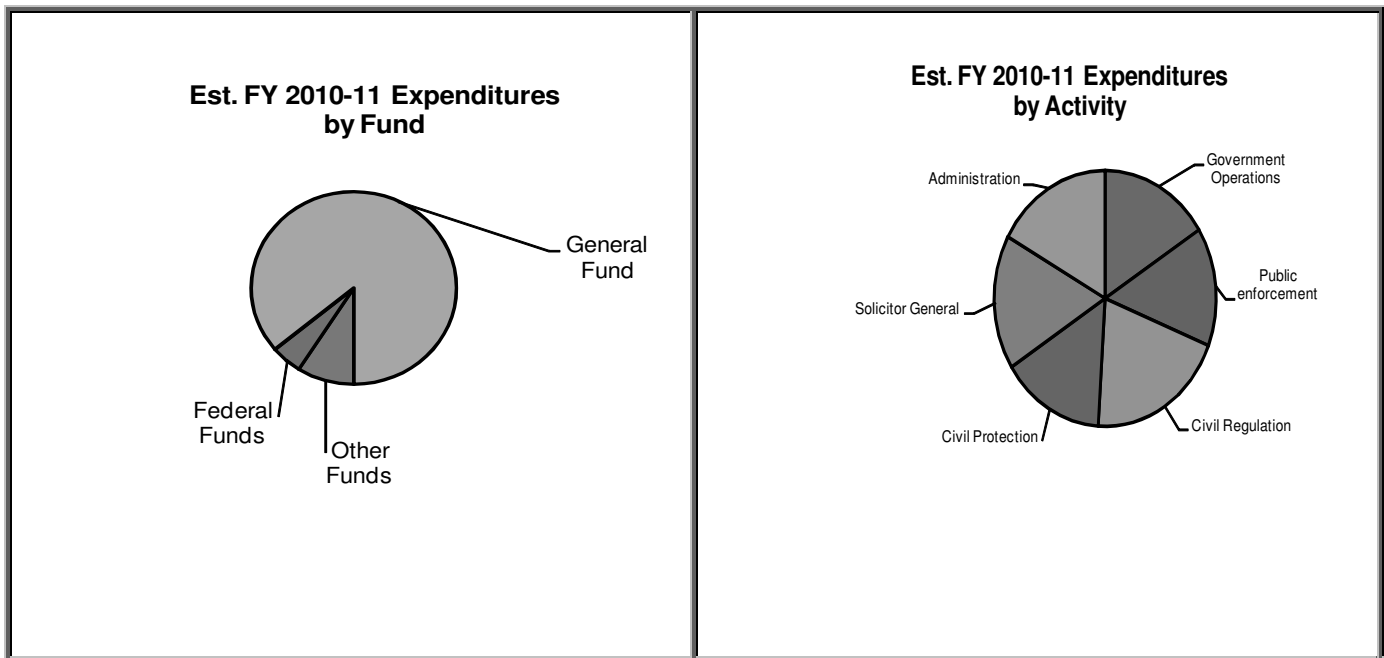
**Agency Purpose**

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 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;
- defends the Constitution and state laws and defends the State in litigation.



Source: Consolidated Fund Statement.

Source: Minnesota Accounting and Procurement System (MAPS)

**Operations**

The Attorney General’s Office (AGO) is divided into five sections, each headed by a deputy attorney general, and a legal operations support unit. Sections are divided into divisions specializing in various legal areas.

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**

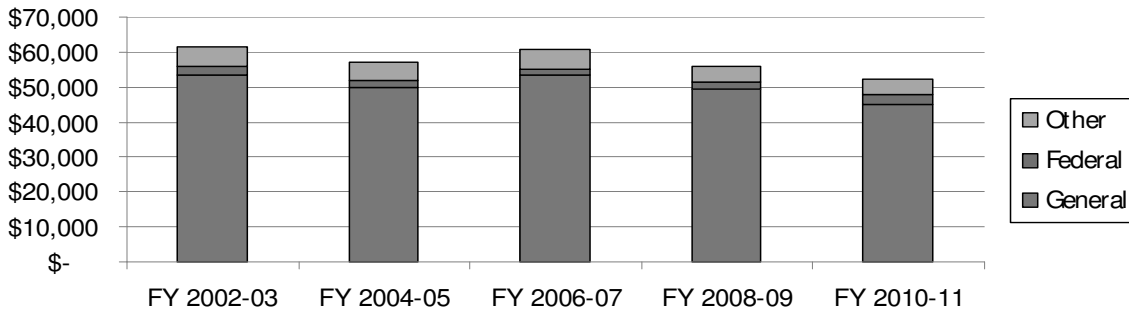
- Represents state agencies in courts and administrative hearings.
- Defends the state against claims, including using alternative dispute resolution methods to save on legal costs.
- Protects taxpayers’ dollars.
- Provides legal advice and representation on matters that have an impact on issues as diverse as transportation, delivery of social services, state resources, public safety, and other matters.

- Provides opinions on legal issues to local governments and school districts.
- Enforces state laws.
- Assists county attorneys in prosecuting serious crimes, in criminal appeals, as well as the civil commitment of sexual predators.
- Provides 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 Trends**

Of the total agency request for the FY 2012-13 biennium, 63.2% comes from the general fund; 26.2% is received from partner agreements with certain state agencies; 6.5% is received from other appropriations (health-related boards--fund 171, environmental--fund 330, and remediation--fund 331); and 4.1% is received from federal and special revenue funds.

**Total Expenditures by Fund**



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS).

**Contact**

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Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	22,722	22,204	22,204	22,204	44,408
<b>Recommended</b>	<b>22,722</b>	<b>22,204</b>	<b>21,094</b>	<b>21,094</b>	<b>42,188</b>
Change		0	(1,110)	(1,110)	(2,220)
% Biennial Change from 2010-11					-6.1%
<b>State Government Spec Revenue</b>					
Current Appropriation	1,827	1,827	1,827	1,827	3,654
<b>Recommended</b>	<b>1,827</b>	<b>1,827</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	(1,827)	(1,827)	(3,654)
% Biennial Change from 2010-11					-100%
<b>Environmental</b>					
Current Appropriation	145	145	145	145	290
<b>Recommended</b>	<b>145</b>	<b>145</b>	<b>145</b>	<b>145</b>	<b>290</b>
Change		0	0	0	0
% Biennial Change from 2010-11					0%
<b>Remediation Fund</b>					
Current Appropriation	250	250	250	250	500
<b>Recommended</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>500</b>
Change		0	0	0	0
% Biennial Change from 2010-11					0%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	21,436	25,775	22,204	22,204	44,408
State Government Spec Revenue	1,891	2,463	1,884	1,884	3,768
Environmental	0	145	145	145	290
Remediation Fund	134	250	250	250	500
<b>Statutory Appropriations</b>					
General	6,535	0	0	0	0
Miscellaneous Special Revenue	166	8,676	6,391	6,391	12,782
Federal	1,068	1,291	1,287	1,287	2,574
Miscellaneous Agency	489	157	0	0	0
<b>Total</b>	<b>31,719</b>	<b>38,757</b>	<b>32,161</b>	<b>32,161</b>	<b>64,322</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	27,103	32,684	29,166	29,166	58,332
Other Operating Expenses	4,616	6,073	5,916	5,916	11,832
Transfers	0	0	(2,921)	(2,921)	(5,842)
<b>Total</b>	<b>31,719</b>	<b>38,757</b>	<b>32,161</b>	<b>32,161</b>	<b>64,322</b>
<b><u>Expenditures by Program</u></b>					
Attorney General	31,719	38,757	32,161	32,161	64,322
<b>Total</b>	<b>31,719</b>	<b>38,757</b>	<b>32,161</b>	<b>32,161</b>	<b>64,322</b>
<b>Full-Time Equivalents (FTE)</b>	<b>311.7</b>	<b>311.3</b>	<b>311.3</b>	<b>311.3</b>	

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b>Fund: GENERAL</b>				
FY 2011 Appropriations	22,204	22,204	22,204	44,408
Subtotal - Forecast Base	22,204	22,204	22,204	44,408
<b>Change Items</b>				
Operating Budget Reduction	0	(1,110)	(1,110)	(2,220)
<b>Total Governor's Recommendations</b>	<b>22,204</b>	<b>21,094</b>	<b>21,094</b>	<b>42,188</b>
<b>Fund: STATE GOVERNMENT SPEC REVENUE</b>				
FY 2011 Appropriations	1,827	1,827	1,827	3,654
<b>Technical Adjustments</b>				
End-of-session Estimate		57	57	114
Subtotal - Forecast Base	1,827	1,884	1,884	3,768
<b>Change Items</b>				
Convert Health Brds to Dedicated Funding	0	(1,884)	(1,884)	(3,768)
<b>Total Governor's Recommendations</b>	<b>1,827</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund: ENVIRONMENTAL</b>				
FY 2011 Appropriations	145	145	145	290
Subtotal - Forecast Base	145	145	145	290
<b>Total Governor's Recommendations</b>	<b>145</b>	<b>145</b>	<b>145</b>	<b>290</b>
<b>Fund: REMEDIATION FUND</b>				
FY 2011 Appropriations	250	250	250	500
Subtotal - Forecast Base	250	250	250	500
<b>Total Governor's Recommendations</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>500</b>
<b>Fund: MISCELLANEOUS SPECIAL REVENUE</b>				
Planned Statutory Spending	8,676	6,391	6,391	12,782
<b>Change Items</b>				
Convert Health Brds to Dedicated Funding	0	1,884	1,884	3,768
<b>Total Governor's Recommendations</b>	<b>8,676</b>	<b>8,275</b>	<b>8,275</b>	<b>16,550</b>
<b>Fund: FEDERAL</b>				
Planned Statutory Spending	1,291	1,287	1,287	2,574
<b>Total Governor's Recommendations</b>	<b>1,291</b>	<b>1,287</b>	<b>1,287</b>	<b>2,574</b>
<b>Fund: MISCELLANEOUS AGENCY</b>				
Planned Statutory Spending	157	0	0	0
<b>Total Governor's Recommendations</b>	<b>157</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Revenue Change Items</u></b>				
<b>Fund: MISCELLANEOUS SPECIAL REVENUE</b>				
<b>Change Items</b>				
Convert Health Brds to Dedicated Funding	0	1,884	1,884	3,768

# ATTORNEY GENERAL

## Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(1,110)	\$(1,110)	\$(1,110)	\$(1,110)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(1,110)	\$(1,110)	\$(1,110)	\$(1,110)

### Recommendation

The Governor recommends general fund operating budget reductions of \$1.11 million in FY 2012 and \$1.11 million in FY 2013 for the Attorney General's Office. The reductions are necessary to balance the budget in the general fund.

The proposal represents a 5% base level reduction to the Attorney General's General Fund budget.

### Rationale

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.

While the Governor recommends a total amount for the reduction, he respects the Attorney General's authority to decide whether to adopt the reduction and to determine how to distribute it among the office's divisions. For purposes of budget presentation, the reduction was distributed between compensation and other operating expenditures.

**Statutory Change:** Not Applicable.

# ATTORNEY GENERAL

## Change Item: Convert Health Brds to Dedicated Funding

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Health Related Boards Fund (171)				
Expenditures	\$(1,884)	\$(1,884)	\$(1,884)	\$(1,884)
Revenues	0	0	0	0
Special Revenue Fund (211)				
Expenditures	1,884	1,884	1,884	1,884
Revenues	1,884	1,884	1,884	1,884
Net Fiscal Impact	\$0	\$0	\$0	\$0

### Recommendation

The Governor recommends changing the way appropriations are made to the health related licensing boards that operate in the state government special revenue fund. Under this proposal, the boards' funding would be converted from direct appropriations to dedicated appropriations, giving each board spending authority equal to its fee revenue and any accumulated balance. This proposal would reduce the Attorney General's direct appropriation from the health related boards account in the state government special revenue fund. The Attorney General, under this proposal, would receive funding for the office's work related to the health boards through partnership agreements with the boards.

### Rationale

This proposal places ownership in the boards' 183 appointed members to be efficient and cost effective in setting their spending levels, while providing continued legislative oversight in the setting of the boards' fees. It encourages the boards to find efficiencies and ensures the fees paid by each occupation are dedicated to the boards' mission to protect the public and ensure that Minnesota citizens receive quality care by qualified licensed health professionals. The establishment of the dedicated appropriation will improve the boards' management of resources and transparency for licensees.

The health related licensing boards are fee-supported organizations that receive no general fund dollars. The boards currently collect and deposit fees as non-dedicated special revenue into the health related boards account in the state government special revenue fund (171). The legislature then provides a direct appropriation from these revenues to each board for their operating expenses. Unlike agencies that receive direct appropriations from the general fund, the boards must ensure that licensing fees are collected to recover each board's direct and indirect expenditures to maintain the solvency of the state government special revenue fund. For this reason, the health boards already operate much like agencies with dedicated appropriations—except that they must seek appropriation authority to gain access to their existing fee revenue.

This proposal has no net fiscal impact on the Attorney General because the reduction in the appropriation from the state government special revenue fund will be replaced by funding from partnership agreements with the boards.

**Statutory Change:** Minnesota Statutes Chapter 148

**Program Description**

The Attorney General's Office (AGO) is organized under one program consisting of five sections and a legal operations division as listed under the following budget activities.

**Budget Activities**

This program includes the following budget activities:

- Agency Services
- Legal Services
- Government Services
- Civil Law
- Solicitor General
- Legal Operations

**Program at a Glance**

Provide expert legal advice and representation to state agencies

**Program Description**

Provide a wide range of cost-effective, efficient legal services to state agencies.

**Population Served**

- Citizens of Minnesota
- Department of Agriculture
- Department of Natural Resources (DNR)
- Department of Human Rights
- Department of Human Services
- Minnesota Management & Budget
- Department of Administration
- Minnesota state boards
- Minnesota State Colleges and Universities (MnSCU)
- 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 and the state 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 lawsuits to represent and defend the public interest.

**Historical Perspective**

- Advised MnDOT regarding numerous legal issues.
- Facilitated bond issuance for state agencies.
- Saved the taxpayers 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 4,600 implied consent cases (drunk driver license revocations) annually.
- Assists counties in defending in criminal prosecutions.

**Key Program Goals & 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.

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# ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	22,722	22,204	22,204	22,204	44,408
Subtotal - Forecast Base	22,722	22,204	22,204	22,204	44,408
<b>Governor's Recommendations</b>					
Operating Budget Reduction		0	(1,110)	(1,110)	(2,220)
<b>Total</b>	<b>22,722</b>	<b>22,204</b>	<b>21,094</b>	<b>21,094</b>	<b>42,188</b>
<b>State Government Spec Revenue</b>					
Current Appropriation	1,827	1,827	1,827	1,827	3,654
<b>Technical Adjustments</b>					
End-of-session Estimate			57	57	114
Subtotal - Forecast Base	1,827	1,827	1,884	1,884	3,768
<b>Governor's Recommendations</b>					
Convert Health Brds to Dedicated Funding		0	(1,884)	(1,884)	(3,768)
<b>Total</b>	<b>1,827</b>	<b>1,827</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Environmental</b>					
Current Appropriation	145	145	145	145	290
Subtotal - Forecast Base	145	145	145	145	290
<b>Total</b>	<b>145</b>	<b>145</b>	<b>145</b>	<b>145</b>	<b>290</b>
<b>Remediation Fund</b>					
Current Appropriation	250	250	250	250	500
Subtotal - Forecast Base	250	250	250	250	500
<b>Total</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>500</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	21,436	25,775	22,204	22,204	44,408
State Government Spec Revenue	1,891	2,463	1,884	1,884	3,768
Environmental	0	145	145	145	290
Remediation Fund	134	250	250	250	500
<b>Statutory Appropriations</b>					
General	6,535	0	0	0	0
Miscellaneous Special Revenue	166	8,676	6,391	6,391	12,782
Federal	1,068	1,291	1,287	1,287	2,574
Miscellaneous Agency	489	157	0	0	0
<b>Total</b>	<b>31,719</b>	<b>38,757</b>	<b>32,161</b>	<b>32,161</b>	<b>64,322</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	27,103	32,684	29,166	29,166	58,332
Other Operating Expenses	4,616	6,073	5,916	5,916	11,832
Transfers	0	0	(2,921)	(2,921)	(5,842)
<b>Total</b>	<b>31,719</b>	<b>38,757</b>	<b>32,161</b>	<b>32,161</b>	<b>64,322</b>

# ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Expenditures by Activity</u></b>					
Agency Services	5,456	5,964	5,249	5,249	10,498
Legal Services	6,290	10,594	9,301	9,301	18,602
Government Services	5,972	7,232	6,514	6,514	13,028
Civil Law	4,569	4,914	1,915	1,915	3,830
Solicitor General	3,889	3,707	2,836	2,836	5,672
Legal Operations	5,543	6,346	6,346	6,346	12,692
<b>Total</b>	<b>31,719</b>	<b>38,757</b>	<b>32,161</b>	<b>32,161</b>	<b>64,322</b>
<b>Full-Time Equivalent (FTE)</b>	<b>311.7</b>	<b>311.3</b>	<b>311.3</b>	<b>311.3</b>	



# ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: AGENCY SERVICES

Narrative

## Activity at a Glance

Saved the state millions of dollars by its defense and resolution of eminent domain and tax actions and appeals.

## Activity Description

Provide a wide range of cost-effective, efficient legal services to state agencies.

## Population Served

- Citizens of the state
- Department of Administration
- Department of Agriculture
- Department of Commerce
- Department of Corrections
- Department of Education
- Department of Employment and Economic Development
- Housing Finance Agency
- Iron Range Resources
- Department of Labor and Industry
- Department of Health
- Minnesota Management & Budget
- Minnesota State Colleges and Universities (MnSCU)
- Minnesota Office of Higher Education
- Department of Natural Resources (DNR)
- Department of Revenue
- Secretary of State
- State Auditor
- Department of Transportation (MnDOT)
- Minnesota counties, cities and school boards
- State Board of Investment
- State boards

## 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.
- Represents state agencies and boards in disciplinary and enforcement proceedings.
- Handles tax litigation for the Department of Revenue.
- Provides representation to the MnDOT in eminent domain and construction litigation.

## Historical Perspective

- Obtained millions of dollars of tax revenue for the Department of Revenue.
- Saved the state millions of dollars defending the Department of Revenue in tax refund claims.
- Represented MnDOT in its statutory enforcement responsibilities and in eminent domain actions and appeals.
- Facilitated over \$2.7 billion in bond issuance for state agencies in FY 2010.
- Represented MnSCU's colleges and universities in litigation, discrimination/harassment issues, data practices transactional and real estate matters.
- Represented the Secretary of State in various election matters.
- Provided legal advice and representation to the Department of Education on special education and charter school matters.
- During FY 2010, the Attorney General's Office (AGO) provided legal advice including drafting, review of and approval of numerous real estate transactions.

## Key Activity Goals & 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.

## Contact

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**ATTORNEY GENERAL**  
**Program: ATTORNEY GENERAL**  
 Activity: AGENCY SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	2,299	3,879	3,164	3,164	6,328
<b>Statutory Appropriations</b>					
General	3,157	0	0	0	0
Miscellaneous Special Revenue	0	2,085	2,085	2,085	4,170
<b>Total</b>	<b>5,456</b>	<b>5,964</b>	<b>5,249</b>	<b>5,249</b>	<b>10,498</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	5,321	5,757	5,042	5,042	10,084
Other Operating Expenses	135	207	207	207	414
<b>Total</b>	<b>5,456</b>	<b>5,964</b>	<b>5,249</b>	<b>5,249</b>	<b>10,498</b>
<b>Full-Time Equivalents (FTE)</b>	<b>51.7</b>	<b>47.2</b>	<b>47.2</b>	<b>47.2</b>	

**Activity at a Glance**

- Represents state licensing boards.
- Represents Minnesota Pollution Control Agency ("MPCA").
- Enforces Minnesota law.
- During FY 2010, the AGO participated in utility cases that resulted in saving Minnesota small businesses and consumers over \$30 million per year in rate increases and a one-time saving of \$25 million.

**Activity Description**

Provides legal representation to state licensing boards and the Minnesota Pollution Control Agency. Represents and further the interests of small businesses and residential utility customers in matters before the Public Utilities Commission and in courts. Enforces Minnesota laws.

**Population Served**

- Board of Medical Practice
- Health-related licensing boards
- Minnesota Pollution Control Agency ("MPCA")
- State pension funds
- Citizens of the state of Minnesota
- Minnesota businesses and the marketplace

**Services Provided**

- Provide legal representation to various state licensing boards, including Board of Medical Practice, Board of Nursing, Pharmacy Board, Chiropractic Board.
- Provides legal advice to and represents the MPCA in a variety of legal actions.
- Represents the interests of small businesses and residential customers in proceedings before the Public Utilities Commission and the courts.
- Initiates legal action to enforce state laws.
- Represents state pension funds.

**Historical Perspective**

- Provided legal representation to various health boards.
- Provided legal representation to MPCA.
- Provided legal representation to state pension funds.
- Represented the interest of small businesses and the citizens of Minnesota in issues before the Public Utilities Commission.
- Advanced litigation to enforce laws of the state of Minnesota.

**Key Activity Goals & Measures**

- Various state boards are represented and provided excellent legal service.
- State resources are protected.
- Citizens of the state are well served.
- Public interest is advanced in litigation.
- The rights of small businesses and residential customers are protected in the purchase of and payment for services from utility companies.

**Contact**

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**ATTORNEY GENERAL**  
**Program: ATTORNEY GENERAL**  
 Activity: LEGAL SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	4,420	6,068	5,354	5,354	10,708
State Government Spec Revenue	1,870	2,442	1,863	1,863	3,726
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	0	2,084	2,084	2,084	4,168
<b>Total</b>	<b>6,290</b>	<b>10,594</b>	<b>9,301</b>	<b>9,301</b>	<b>18,602</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	5,817	10,054	9,397	9,397	18,794
Other Operating Expenses	473	540	540	540	1,080
Transfers	0	0	(636)	(636)	(1,272)
<b>Total</b>	<b>6,290</b>	<b>10,594</b>	<b>9,301</b>	<b>9,301</b>	<b>18,602</b>
<b>Full-Time Equivalents (FTE)</b>	<b>82.6</b>	<b>93.9</b>	<b>93.9</b>	<b>93.9</b>	

**Activity at a Glance**

- Handled over 4,600 implied consent cases (drunk driver license revocations) annually.
- Assisted county attorneys in prosecuting serious crime.
- Prosecuted Medicaid fraud and financial exploitation of vulnerable adult cases.

**Activity Description**

Represents the Department of Public Safety. Investigates and prosecutes cases involving Medicaid fraud, financial exploitation of vulnerable adults, and patient abuse or neglect. Assist county attorneys in prosecuting serious crime statewide, defending felony convictions upon appeal, and obtaining civil commitment of sex offenders.

**Population Served**

- Citizens of the state of Minnesota
- Department of Public Safety
- Gambling Control Board
- Minnesota counties
- Law Enforcement
- Minnesota Medical Assistance program

**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 implied consent cases.
- Handles appeals of convictions for drunk driving.
- 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.
- Recovers funds for the Minnesota Medical Assistance program because of illegal activities.

**Historical Perspective**

- Represented the Department of Public Safety.
- Defended the state against challenges to DWI statutes.
- Represented the commissioner of Public Safety in over 4,600 district court implied consent proceedings that challenged revocations of driving privileges.
- Assisted county attorneys in criminal appeals.
- Prosecuted violent and serious crime.
- Provided assistance to county attorneys in the commitment of sexually dangerous person/sexual psychopathic personality commitment cases.
- Recovered over \$10 million for the Minnesota Medical Assistance program in settlements and restitution as a result of fraud.

**Key Activity Goals & Measures**

- Citizens of state are well served.
- Citizens are protected from illegal activities.
- Implied consent cases are prosecuted vigorously.
- Challenges to DWI laws are defended effectively.
- Prosecutions are successful.
- Prior criminal convictions are upheld.
- The Department of Public Safety receives effective and efficient legal representation.
- Funds are recovered for taxpayers on behalf of Minnesota Medical Assistance program.

**Contact**

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**ATTORNEY GENERAL**  
**Program: ATTORNEY GENERAL**  
 Activity: GOVERNMENT SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	4,464	3,836	3,122	3,122	6,244
State Government Spec Revenue	21	21	21	21	42
<b>Statutory Appropriations</b>					
General	392	0	0	0	0
Miscellaneous Special Revenue	27	2,084	2,084	2,084	4,168
Federal	1,068	1,291	1,287	1,287	2,574
<b>Total</b>	<b>5,972</b>	<b>7,232</b>	<b>6,514</b>	<b>6,514</b>	<b>13,028</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	5,563	6,641	5,923	5,923	11,846
Other Operating Expenses	409	591	591	591	1,182
<b>Total</b>	<b>5,972</b>	<b>7,232</b>	<b>6,514</b>	<b>6,514</b>	<b>13,028</b>
<b>Full-Time Equivalents (FTE)</b>	<b>63.6</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>	

# ATTORNEY GENERAL

**Program:** ATTORNEY GENERAL

**Activity:** CIVIL LAW

Narrative

## Activity at a Glance

- Handled health care legal matters for state health care programs covering over 700,000 Minnesotans.
- Oversight of more than 20,000 charities and non-profit organizations.

## Activity Description

Provide a wide range of legal services to state agency programs and citizens of Minnesota.

## Population Served

- Citizens of the state
- Department of Human Services

## Services Provided

- Provides client advice and legal representation to state agency programs in the application and enforcement of state laws in federal, state and administrative courts.
- Assists client agency programs to recover fines, penalties and restitution.
- Provides client defense in suits brought against the state.
- Register charities and non-profit organizations.
- Enforce state laws.

## Historical Perspective

- 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 700,000 Minnesotans.
- Assisted DHS in recovering millions of dollars in Medical Assistance and alternative care services through liens, tort claims and lawsuits against third parties and from special needs trusts.
- Provided public repository for state charities information.
- Has oversight of charities and non-profit organizations that are registered in the state.
- Defended federal court claim against a DHS program which reduced Medical Assistance payments to pharmacies, saving millions of dollars.
- Brought enforcement cases on behalf of the citizens
- Handled scores of DHS licensing cases involving maltreatment and disqualification decisions.

## Key Activity Goals & Measures

- Effective and efficient legal advice is provided to state agency programs.
- State agency receives expert representation in litigated matters.
- Litigation brought against state agency is defended successfully.
- Constitutional challenges are defended successfully.
- Regulate and register charities and non-profit organizations and enforce Minnesota laws.

## Contact

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**ATTORNEY GENERAL**  
**Program: ATTORNEY GENERAL**  
 Activity: CIVIL LAW

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	2,721	2,379	1,665	1,665	3,330
Remediation Fund	134	250	250	250	500
<b>Statutory Appropriations</b>					
General	1,714	0	0	0	0
Miscellaneous Special Revenue	0	2,285	0	0	0
<b>Total</b>	<b>4,569</b>	<b>4,914</b>	<b>1,915</b>	<b>1,915</b>	<b>3,830</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	4,497	4,644	3,930	3,930	7,860
Other Operating Expenses	72	270	270	270	540
Transfers	0	0	(2,285)	(2,285)	(4,570)
<b>Total</b>	<b>4,569</b>	<b>4,914</b>	<b>1,915</b>	<b>1,915</b>	<b>3,830</b>
<b>Full-Time Equivalents (FTE)</b>	<b>46.8</b>	<b>39.5</b>	<b>39.5</b>	<b>39.5</b>	



**Activity at a Glance**

Saved the state millions of dollars by its defense and resolution of tort and employment law claims; provided legal advice and appellate representation to the Public Utilities Commission; successfully defended many constitutional challenges to Minnesota laws.

**Activity Description**

Provide a wide range of legal services to the state and state agencies.

**Population Served**

- Citizens of the state of Minnesota
- All state agencies
- Public Utilities Commission (PUC)
- Constitutional officers
- Judiciary and legislature

**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.
- Advise and represent state agencies.
- Advise and represent PUC.

**Historical Perspective**

- Saved the state millions of dollars by its of defense and resolution of tort and employment law claims.
- Successfully defended state laws against constitutional attacks.

**Key Activity Goals & Measures**

- Citizens of the 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 exposure.
- Effective and efficient legal advice is provided to state agencies to proactively avoid lawsuits.
- State agencies receive expert representation in all litigated matters.

**Contact**

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Saint Paul, Minnesota 55101  
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**ATTORNEY GENERAL**  
**Program: ATTORNEY GENERAL**  
 Activity: SOLICITOR GENERAL

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	2,131	3,405	2,691	2,691	5,382
Environmental	0	145	145	145	290
<b>Statutory Appropriations</b>					
General	1,269	0	0	0	0
Miscellaneous Agency	489	157	0	0	0
<b>Total</b>	<b>3,889</b>	<b>3,707</b>	<b>2,836</b>	<b>2,836</b>	<b>5,672</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	3,282	3,088	2,374	2,374	4,748
Other Operating Expenses	607	619	462	462	924
<b>Total</b>	<b>3,889</b>	<b>3,707</b>	<b>2,836</b>	<b>2,836</b>	<b>5,672</b>
<b>Full-Time Equivalents (FTE)</b>	<b>38.1</b>	<b>26.9</b>	<b>26.9</b>	<b>26.9</b>	

**Activity Description**

Legal operations provides overall administrative support to the Attorney General's Office (AGO).

**Population Served**

- Citizens of Minnesota
- Employees of the AGO
- 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.
- Human resources services/personnel transactions.
- Legal support

**Key Activity Goals & Measures**

- AGO systems are up-to-date and operate efficiently.
- Fiscal activities are accurate, complete, and meet state standards.
- Personnel transactions are accurate and timely.
- Administrative support is provided to carry out the delivery of legal services.

**Contact**

Rebecca Spartz  
Director of Legal Operations  
102 State Capitol  
75 Rev. Dr. Martin Luther King, Jr. Blvd.  
Saint Paul, Minnesota 55155-2128  
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**ATTORNEY GENERAL**  
**Program: ATTORNEY GENERAL**  
 Activity: LEGAL OPERATIONS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	5,401	6,208	6,208	6,208	12,416
<b>Statutory Appropriations</b>					
General	3	0	0	0	0
Miscellaneous Special Revenue	139	138	138	138	276
<b>Total</b>	<b>5,543</b>	<b>6,346</b>	<b>6,346</b>	<b>6,346</b>	<b>12,692</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	2,623	2,500	2,500	2,500	5,000
Other Operating Expenses	2,920	3,846	3,846	3,846	7,692
<b>Total</b>	<b>5,543</b>	<b>6,346</b>	<b>6,346</b>	<b>6,346</b>	<b>12,692</b>
<b>Full-Time Equivalents (FTE)</b>	<b>28.9</b>	<b>26.6</b>	<b>26.6</b>	<b>26.6</b>	

**Narrative**

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 2010 but future projections remain on a year-to-year basis.

**Table**

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
Medicaid Fraud Grant Program from the U.S. Department of Health and Human Services		Yes		968	1,241	1,237	1,237
Narcotics Grant Program from the U.S. Office of Justice Program as a sub grant from the Department of Public Safety		No		50	50	50	50
<b>Total</b>				<b>1,018</b>	<b>1,291</b>	<b>1,287</b>	<b>1,287</b>

**ATTORNEY GENERAL****Program: ATTORNEY GENERAL****Activity: CONSOLIDATED LISTING OF APPROPRIATIONS**

(\$ in thousands)

	<u>Agency Request</u>		<u>Senate Budget Division</u>	<u>House Finance Division</u>
	<u>FY 2012</u>	<u>FY 2013</u>		
<b>Submitted as Part of the Attorney General's Budget Request:</b>				
Direct Appropriations:				
General	\$22,204	\$22,204		
State Government Special Revenue	1,884	1,884		
Environmental	145	145		
Remediation Fund	250	250		
Statutory Appropriations:				
Miscellaneous Special Revenue	6,391	6,391		
Federal	<u>1,287</u>	<u>1,287</u>		
<b>Total Agency Request</b>	<b><u>\$32,161</u></b>	<b><u>\$32,161</u></b>	State Government	State Government
<hr/>				
<b>Other Funding: Partner Agreements:</b>				
Direct Appropriations:				
General				
--Department of Human Services	2,285	2,285	Health, Human Services & Corrections	Health & Human Services
State Government Special Revenue				
--State Board of Medical Practice	636	636	Health, Human Services & Corrections	Health & Human Services
<b>Total &amp; Other Partner Agreement Funding</b>	<b><u>\$2,921</u></b>	<b><u>\$2,921</u></b>		
<b>TOTAL ALL</b>	<b><u>\$35,082</u></b>	<b><u>\$35,082</u></b>		

**ATTORNEY GENERAL**

Agency Revenue Summary

*Dollars in Thousands*

	<b>Actual FY2010</b>	<b>Budgeted FY2011</b>	<b>Governor's Recomm. FY2012   FY2013</b>		<b>Biennium 2012-13</b>
<b><u>Non Dedicated Revenue:</u></b>					
<b>Departmental Earnings (Inter-Agency):</b>					
General	1,558	1,500	1,500	1,500	3,000
<b>Departmental Earnings:</b>					
General	557	550	550	550	1,100
<b>Other Revenues:</b>					
General	3,268	12,086	600	600	1,200
<b>Total Non-Dedicated Receipts</b>	<b>5,383</b>	<b>14,136</b>	<b>2,650</b>	<b>2,650</b>	<b>5,300</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings (Inter-Agency):</b>					
General	6,532	0	0	0	0
Miscellaneous Special Revenue	0	6,253	6,253	6,253	12,506
<b>Grants:</b>					
Federal	1,068	1,291	1,287	1,287	2,574
<b>Other Revenues:</b>					
Miscellaneous Special Revenue	221	133	133	133	266
Miscellaneous Agency	412	370	42	0	42
<b>Other Sources:</b>					
General	5	0	0	0	0
Miscellaneous Special Revenue	0	5	5	5	10
Miscellaneous Agency	18	11	0	0	0
<b>Total Dedicated Receipts</b>	<b>8,256</b>	<b>8,063</b>	<b>7,720</b>	<b>7,678</b>	<b>15,398</b>
<b>Agency Total Revenue</b>	<b>13,639</b>	<b>22,199</b>	<b>10,370</b>	<b>10,328</b>	<b>20,698</b>

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**Agency Purpose**

The Board of Barber Examiners (Board) is a licensing agency, responsible for safeguarding the public through the licensing and regulation of individuals, establishments, and schools related to barbering. The Board was established as an independent board on July 1, 2009, when the Board of Barber and Cosmetologist Examiners was separated into two distinct boards.

The mission of the Board is to promote public health and safety by assuring that barbers are appropriately trained and demonstrate the skills necessary to conduct barber services in a safe manner and sanitary environment through the regulation and licensing of barbers and barber shops. The Board's licensing and inspection processes assure that barbers and barber shops meet or exceed the legislative and Board established criteria designed to protect public health and safety. The statutory authority of the Board resides in M.S. Chapter 154.

**At a Glance**

**Licensing Services Annually**

850	Barber Shops
100	Student Barbers
200	Apprentice Barbers
2,500	Registered (Master) Barbers
10	Instructors
5	Barber Schools
<u>3,315</u>	Total licenses issued or renewed annually

**Inspection Services**

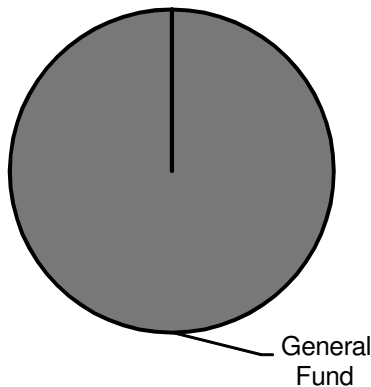
Barber Shop Inspections (includes re-inspection when necessary)

455	7/1/2010 – 6/30/2011
455	7/1/2011 – 6/30/2012

**Discipline Services**

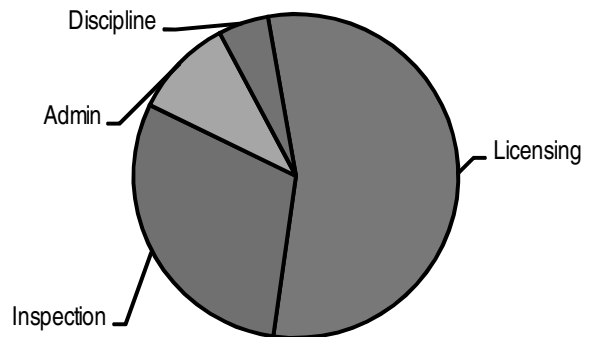
45	Complaints annually
20	Investigations annually

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Program**



Source: Board expenses allocated to the services provided by the board.

**Strategies**

The Board accomplishes the mission of promoting public health and safety in relation to the barbering profession and barbering services provided to the public by

- setting standards of practice and conduct;
- reviewing applications in a thorough manner to ensure compliance with statutes and rules;
- setting educational requirements and examination standards;
- conducting barber examinations to assure professional standards of service are met;

- inspecting barber shops and schools to ensure compliance with statutes and rules;
- responding to inquiries, complaints, and reports regarding licensure and conduct of licensed barbers and unlicensed practitioners;
- providing information and education to the public; and
- providing clear and concise inspection reports of barber shops.

## Operations

The Board protects the public and serves the barbering profession by licensing only individuals, establishments, and schools that meet established requirements. Applicants for barber licensure must successfully complete a Board administered examination consisting of a written examination, oral examination, and practical skills demonstration. Applications for barber and barber shop license and renewal are carefully evaluated and verified before individuals or establishments are licensed to provide barbering services. The Board conducts inspections of barbering establishments and verifies the credentials of those individuals providing barbering services. The Board also investigates complaints and if necessary, initiates corrective or disciplinary actions.

## Key Activity Goals & Measures

The newly established Board is developing processes, procedures and information related to the Board and the barbering profession. The Board's key goals and measures highlight the Board's intention to develop a responsive agency that strives to safeguard the public's health in relation to the barbering profession while meeting the needs of licensees.

### Key Goals:

**Goal:** To build an efficient and responsive operation to safeguard the public and serve barbers.

**Activity:** Development of a website that will provide information and services to the public and the licensee related to barbering. By the end of FY2011 the Board's website will include: a license look-up, Board minutes, inspection status, general licensure information, and all licensure forms.

**Measure:** Volume of use of the website will be monitored.

**Activity:** Inspection and disciplinary action results will be available to the public on the website as appropriate per Minnesota Data Practices, M.S. Chapter 13.

**Activity:** In addition to the website the Board provides information via phone, letters, and in person.

**Measure:** Length of time between receipt of call or request and response.

**Goal:** To protect the public and ensure health and safety all barber shops in the State of Minnesota will be inspected regularly to assure compliance with applicable statutes and rules.

**Activity:** By the end of the FY2012-2013 biennium, all barber shops will be inspected and subsequent inspections will occur at an interval of not more than 24 months.

**Measure:** The number of barber shops being inspected monthly.

**Activity:** Correction orders will be issued as appropriate and re-inspections of barber shops to assure corrective actions have been taken will occur.

**Measure:** The number of correction orders issued and re-inspections completed.

**Goal:** To develop, promote, and maintain a complaint process that is responsive in addressing health and safety concerns and assures that law and rule violations are identified and violators are held accountable.

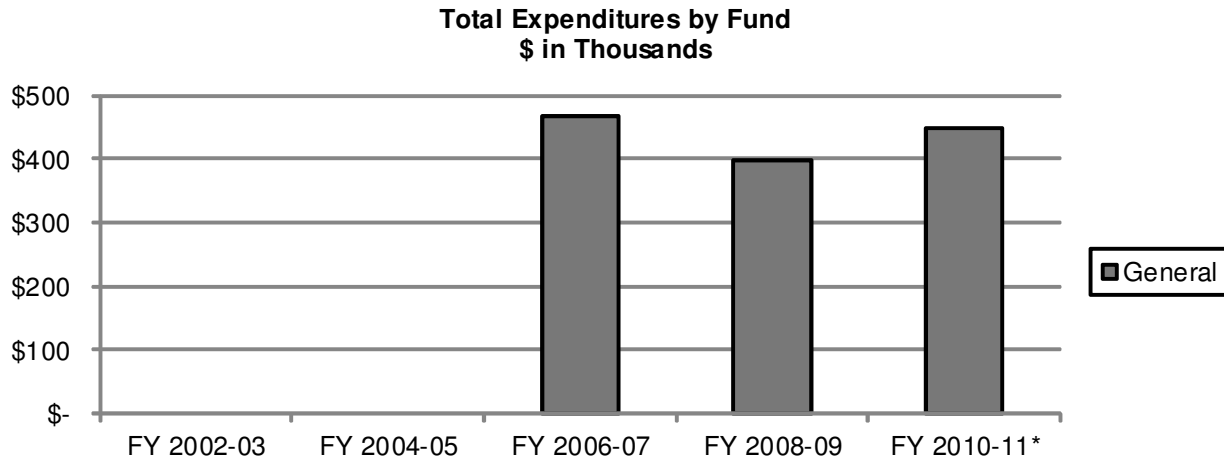
**Activity:** The Board will develop and maintain a complaint process that is compliant with all applicable statutes and rules.

**Measures:** The number of complaints, status of complaints, outcomes and length of time elapsed from receipt of complaint to resolution.

**Budget Trends**

The Board receives a direct appropriation from the general fund for all operating expenses. All revenues are deposited as non-dedicated receipts in the general fund. The legislature sets all fee amounts in statute.

The Board of Barber Examiners was created as an independent agency July 1, 2009. In FY2010, the general fund budget for the Board of Barber Examiners was \$188,000, revenues received were approximately \$221,000 and expenditures were approximately \$175,500. There was two full-time administrative support staff for seven months and one Executive Secretary during the fiscal year. The Law Compliance Representative I (Inspector) position remained vacant.



*\* FY 2010-11 is estimated, not actual*

*Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 07/31/10.*

Economic Recession: Barber schools in Minnesota report consistent enrollment with a greater number of dislocated workers enrolling in the programs. Barber’s report a decrease in business of 20% – 30% resulting in a number of established barber shops closing. These closures are being offset by a slight increase in new barber shop applications leaving the number of shops operating relatively consistent. At this time the number of licensed barbers and barber shops has remained constant despite changes in the demographics

**Contact**

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Web: <http://www.barbers.state.mn.us>

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	193	257	257	257	514
<b>Recommended</b>	<b>193</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>514</b>
Change		0	0	0	0
% Biennial Change from 2010-11					14.2%
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	176	274	257	257	514
<b>Total</b>	<b>176</b>	<b>274</b>	<b>257</b>	<b>257</b>	<b>514</b>
 <b><u>Expenditures by Category</u></b>					
Total Compensation	140	141	145	161	306
Other Operating Expenses	36	133	112	96	208
<b>Total</b>	<b>176</b>	<b>274</b>	<b>257</b>	<b>257</b>	<b>514</b>
 <b><u>Expenditures by Program</u></b>					
Barbers	176	274	257	257	514
<b>Total</b>	<b>176</b>	<b>274</b>	<b>257</b>	<b>257</b>	<b>514</b>
<b>Full-Time Equivalents (FTE)</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	

**BARBER EXAMINERS BOARD**

Agency Revenue Summary

*Dollars in Thousands*

	<b>Actual FY2010</b>	<b>Budgeted FY2011</b>	<b>Governor's Recomm. FY2012   FY2013</b>		<b>Biennium 2012-13</b>
<b><i>Non Dedicated Revenue:</i></b>					
<b>Departmental Earnings:</b>					
General	215	262	258	258	516
<b>Total Non-Dedicated Receipts</b>	<b>215</b>	<b>262</b>	<b>258</b>	<b>258</b>	<b>516</b>
<b><i>Dedicated Receipts:</i></b>					
<b>Total Dedicated Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Agency Total Revenue</b>					
	<b>215</b>	<b>262</b>	<b>258</b>	<b>258</b>	<b>516</b>

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**Agency Purpose**

The Minnesota Board of Behavioral Health and Therapy regulates the practice of professional counseling and alcohol and drug counseling in Minnesota. 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 to regulate the practice of professional counseling in the State of Minnesota. Minnesota Statutes chapter 148C requires the Board of Behavioral Health and Therapy to license alcohol and drug counselors (LADCs), issue temporary permits to practice alcohol and drug counseling, and regulate the practice of alcohol and drug counseling in Minnesota. The board was established in May 2003. On July 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.

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.

**At a Glance**

Minnesota LADC, LPC and LPCC Statistics as of June 30, 2010:

**Licensing Services**

- 2142 Licensed Alcohol and Drug Counselors
- 143 ADC Temporary Permit Holders
- 557 Licensed Professional Counselors
- 170 Licensed Professional Clinical Counselors
- Annual renewals processed for all LPCs, LPCCs, and ADC permit holders
- Biennial renewals processed for LADCs
- 75 new LPC/LPCC Licensure Supervisor Applications processed annually
- 25 Sponsor Applications for LADC Continuing Education Activities processed annually
- 120 Sponsor Applications for LPC/LPCC Continuing Education Activities processed annually.

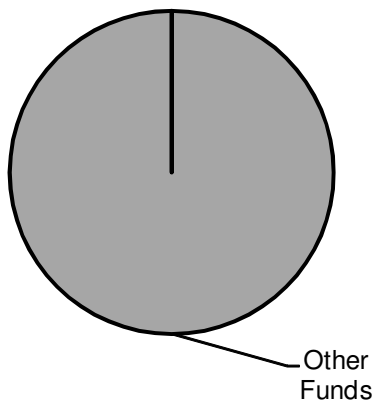
**Complaint Resolution Services**

- Investigate jurisdictional complaints of applicants and licensees who violate the practice acts
- 168 complaints received between July 1, 2008 and June 30, 2010
- 207 complaints resolved between July 1, 2008 and June 30, 2010
- Three disciplinary actions taken
- Monitor licensees under disciplinary order
- Assure monitoring of licensees in Health Professional Services Program

**Staff**

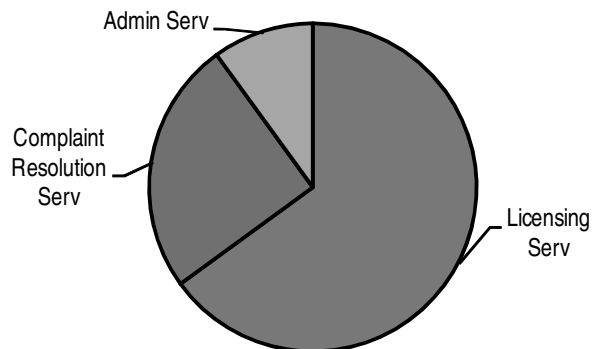
- 3.0 full time equivalent employees

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Service**



Source: Board expenses allocated to the services provided by the board.

## Strategies

The Board of Behavioral Health and Therapy is a regulatory agency and accomplishes its public protection 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 (disciplinary or corrective 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 applicants and licensees, 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 (Application and Licensure Committee), draft rules (Policy and Rules Committee), draft legislation (Legislative Committee), review complaints and hold educational and disciplinary conferences with applicants and licensees (Complaint Resolution Committee), and perform other duties required for the operation of the board.

### Licensing Services:

- Initial Licensure: board staff members and members of the Application and Licensure Committee review, approve and process initial license applications. Application review is ongoing and licenses are issued monthly.
- License Renewals: In August 2010, online renewal services became available for LADCs for the first time. A significant number of licensees opted to renew online, but final data is not yet available on the total percentage of licensees who renewed online. By December 31, 2010, online renewal services will be available for LPCs and LPCCs. Online renewals will streamline the renewal process for both licensees and board staff.
- Other online services will eventually include license verification, address and contact information changes, and online data services (mailing lists, statistical data, etc.).
- The BBHT website includes information about board members, board staff, public meeting notices, and current issues affecting the board. Initial licensure application forms, continuing education sponsor application forms and instructions, supervisor application forms, and LADC and LPC/LPCC statutes and rules are printable from the website.
- Board staff members provide licensure information and public information by answering telephone calls, responding to email inquiries, and meeting with walk-in customers.
- Board staff members review and approve applications for continuing education course approval.
- Board staff members make annual presentations to counselor education programs and professional associations.

### Complaint Resolution Services:

- Public protection is provided through investigating complaints, taking disciplinary or corrective action against licensees who violate the practice acts, and monitoring licensees under disciplinary orders and agreements for corrective action.



- The board’s website provides information to the public about complaints and discipline, including information on the complaint process, complaint registration forms, and a list of disciplinary and corrective actions taken by the board.

**Key Activity Goals & Measures**

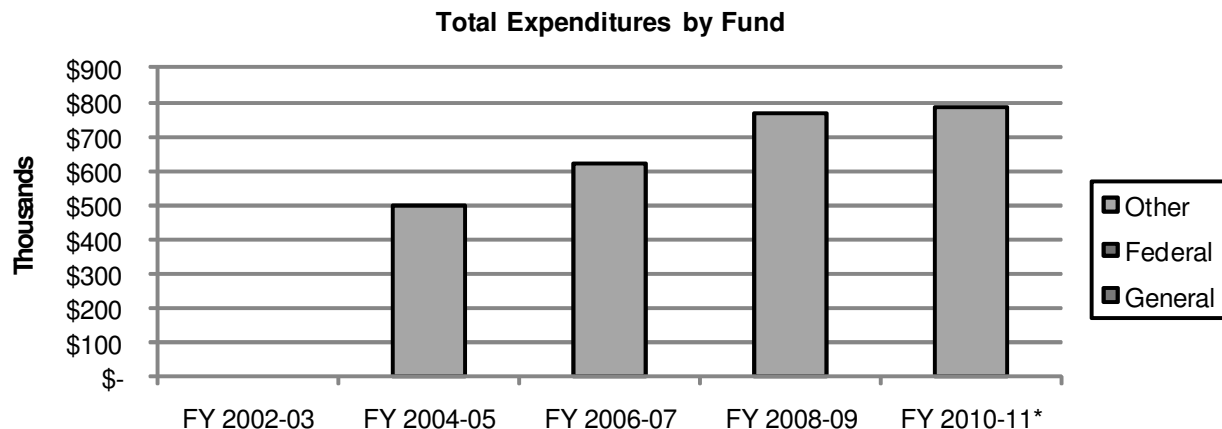
**Create more cost-effective and efficient licensure processes.**

- Continue work that began in the 2010 legislative session to repeal existing LADC statutes and rules and rewrite the practice act for licensed alcohol and drug counselors. The rewrite will clarify and simplify existing statutory and rule language, with the goal of making board operations more efficient, resulting in cost savings. It removes confusing, obsolete, repetitive, and unnecessary language and creates licensure processes and regulatory language for LADCs that are consistent with those of other health licensing boards. Continue to work with representatives from the Minnesota Association of Resources for Recovery and Chemical Health (MARRCH) (the professional association for LADCs), Minnesota Coalition of Addiction Studies Educators (MNCASE), Minnesota Certification Board (MCB) (the exam entity), Minnesota Association of Treatment Providers (MATP), and the Department of Human Services to get this legislation passed in the 2011 session.
- Complete contract with database consultant by December 31, 2010, or as soon thereafter as possible, for the development and implementation of a comprehensive database for all of the Board’s licenses and processes. The database will include the ability for at least the following online services: license renewals, license verifications, name and address changes; data services capabilities to generate mailing lists and statistical reports, and eventually initial licensure applications.
- Fill a clerical position that has been vacant for more than four years to improve customer service and application processing time.

**Budget Trends Section**

The board is responsible for collecting sufficient revenue to cover both direct and indirect expenditures. The board is estimated to collect \$1,616,000 in FY 2010-11, which is deposited as non-dedicated revenue into the state government special revenue fund.

From this fund, the board receives a direct appropriation to pay for agency activities such as salaries, rent, costs for disciplinary/contested cases and operating expenditures. It also pays statewide indirect costs through an open appropriation. In FY 2010-11, total expenditures for these purposes are estimated at \$788,000. The chart below shows funding trends over the last five biennia for the direct and open appropriation.



\*FY 2010-11 is estimated, not actual

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 07/31/10.

Board fees are also responsible for covering a prorated share of support functions provided outside of the Board itself. These include legal support (Attorney General), statewide e-licensing system development and operations

(Office of Enterprise Technology), centralized administrative support (Health Boards Administrative Services Unit) and funding for services to health professionals (Health Professionals Services Program). In FY 2010-11, some of the health boards' reserves in the state government special revenue fund were also transferred to the general fund. The table below displays direct and open appropriation expenditures, external support costs (prorated share), and the general fund transfers (prorated share) estimated in FY 2010-11.

	FY 2010-11 (in thousands)
Board's Direct and Open Appropriations	\$ 788
Board's External Support Costs and Transfers (prorated Share)	
• Attorney General support	147
• E-licensing support	29
• Central administrative service unit	41
• Health professional service program	22
• General fund transfer	0
Total	1,027
 Fees Collected by Board	 \$1,616
Prorated Surplus/(Deficit)	589

In most years, Board fee revenues exceed direct expenditures and external support costs, and as directed by law, the surplus is used to maintain a reserve in the state government special revenue fund.

**External Factors Impacting Agency Operations**

The number of licensees regulated by the Board continues to rise, as do the number of complaints and the complexity of the cases.

**Contact**

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# BEHAVIORAL HLTH & THERAPY BD

# Agency Overview

*Dollars in Thousands*

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>State Government Spec Revenue</b>					
Current Appropriation	394	394	394	394	788
<b>Recommended</b>	<b>394</b>	<b>394</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	(394)	(394)	(788)
% Biennial Change from 2010-11					-100%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
State Government Spec Revenue	301	487	0	0	0
<b>Statutory Appropriations</b>					
State Government Spec Revenue	0	0	729	832	1,561
<b>Total</b>	<b>301</b>	<b>487</b>	<b>729</b>	<b>832</b>	<b>1,561</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	246	263	278	289	567
Other Operating Expenses	55	224	451	543	994
<b>Total</b>	<b>301</b>	<b>487</b>	<b>729</b>	<b>832</b>	<b>1,561</b>
<b><u>Expenditures by Program</u></b>					
Behavioral Health & Therapy	301	487	729	832	1,561
<b>Total</b>	<b>301</b>	<b>487</b>	<b>729</b>	<b>832</b>	<b>1,561</b>
<b>Full-Time Equivalent (FTE)</b>	<b>4.1</b>	<b>3.8</b>	<b>4.0</b>	<b>4.0</b>	

**BEHAVIORAL HLTH & THERAPY BD**

Change Summary

*Dollars in Thousands*

	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b>Fund: STATE GOVERNMENT SPEC REVENUE</b>				
FY 2011 Appropriations	394	394	394	788
Subtotal - Forecast Base	394	394	394	788
<b>Change Items</b>				
Convert to Dedicated Funding	0	(394)	(394)	(788)
<b>Total Governor's Recommendations</b>	<b>394</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund: STATE GOVERNMENT SPEC REVENUE</b>				
Planned Statutory Spending	0	0	0	0
<b>Change Items</b>				
Convert to Dedicated Funding	0	729	832	1,561
<b>Total Governor's Recommendations</b>	<b>0</b>	<b>729</b>	<b>832</b>	<b>1,561</b>

# BEHAVIORAL HLTH & THERAPY BD

## Change Item: Convert to Dedicated Funding

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Health Related Boards (171)				
<b>Direct Appropriated Account</b>				
Expenditures	\$(394)	\$(394)	\$(394)	\$(394)
Non-Dedicated Revenues	(729)	(832)	(713)	(713)
<b>Open Appropriated Account</b>				
Expenditures	0	0	0	0
<b>Dedicated Account</b>				
Expenditures	729	832	713	713
Dedicated Revenues	729	832	713	713
Transfer In	0	0	0	0
Net Fiscal Impact	\$335	\$438	\$319	\$319

### Recommendation

The Governor recommends changing the way appropriations are made to the health related licensing boards that operate in the state government special revenue fund. Under this proposal, the boards' funding would be converted from direct appropriations to dedicated appropriations, giving each board spending authority equal to its fee revenue and any accumulated balance. The net effect of this change is the difference between the board's current base appropriations and projected revenues.

### Rationale

This proposal places ownership in the boards' 183 appointed members to be efficient and cost effective in setting their spending levels, while providing continued legislative oversight in the setting of the boards' fees. It encourages the boards to find efficiencies and ensures the fees paid by each occupation are dedicated to the boards' mission to protect the public and ensure that Minnesota citizens receive quality care by qualified licensed health professionals. The establishment of the dedicated appropriation will improve the boards' management of resources and transparency for licensees.

The health related licensing boards are fee-supported organizations that receive no general fund dollars. The boards currently collect and deposit fees as non-dedicated special revenue into the health related boards account in the state government special revenue fund (171). The legislature then provides a direct appropriation from these revenues to each board for its operating expenses. Unlike agencies that receive direct appropriations from the general fund, the boards must ensure that licensing fees are collected to recover each board's direct and indirect expenditures to maintain the solvency of the state government special revenue fund. For this reason, the health boards already operate much like agencies with dedicated appropriations—except that they must seek appropriation authority to gain access to their existing fee revenue.

This proposal changes the boards' non-dedicated revenue to dedicated revenue within the same fund and provides each board with a dedicated appropriation from the board's revenue. Additionally, the current accumulated fund balance within the health related boards account will be transferred to individual boards based on each board's contribution to the balance. M.S. 16A.1283 requires that all fee increases be approved by the legislature, so even with a dedicated funding arrangement, the boards must still seek legislative action to increase spending beyond current law fee revenues.

### Key Goals and Measures

Minnesota Milestone: Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them. Minnesotans expect their state and local governments to spend money carefully and effectively.

#### Measures:

- Transparency of fees and expenditures
- The level of service provided to licensees and Minnesota citizens.

**Statutory Change:** Minnesota Statutes Chapter 148

# BEHAVIORAL HLTH & THERAPY BD

# Agency Revenue Summary

*Dollars in Thousands*

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012   FY2013		Biennium 2012-13
<b><u>Non Dedicated Revenue:</u></b>					
<b>Departmental Earnings:</b>					
State Government Spec Revenue	762	852	0	0	0
<b>Other Revenues:</b>					
State Government Spec Revenue	(30)	0	0	0	0
<b>Total Non-Dedicated Receipts</b>	<b>732</b>	<b>852</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings:</b>					
State Government Spec Revenue	0	0	729	832	1,561
<b>Total Dedicated Receipts</b>	<b>0</b>	<b>0</b>	<b>729</b>	<b>832</b>	<b>1,561</b>
<b>Agency Total Revenue</b>	<b>732</b>	<b>852</b>	<b>729</b>	<b>832</b>	<b>1,561</b>

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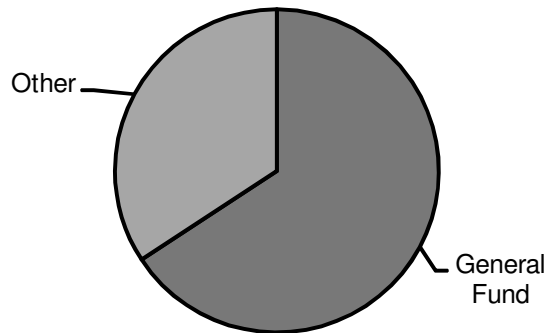
**Agency Purpose**

The Council on Black Minnesotans (CBM) addresses the need for people of African heritage to fully and effectively participate in and equitably benefit from the political, social, and economic resources 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. 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.

**At a Glance**

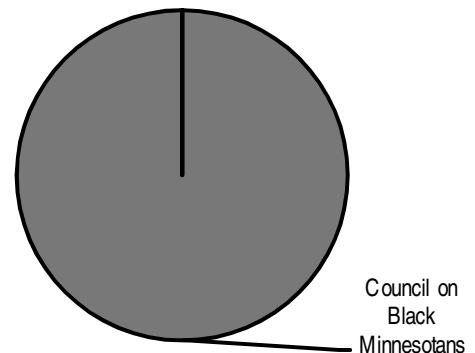
- Serves Minnesota's fast growing Black population of about 247,500 residents, based on 2009 estimates. This represents a 13.4% increase from 2005 estimates. Over 90% of the council's constituents are residents of the Twin Cities metropolitan area, with smaller constituent groups located in and near Rochester, Duluth, St. Cloud, Mankato, Moorhead and Worthington.
- Serves Minnesota's growing African immigrant population estimated at 60,000 - 90,000 residents.
- Collaborates with an institutional constituency of education, health and human service and research organizations with similar values, concerns, target populations and objectives.
- Addresses needs of a population that is disproportionately impoverished with complex social, political and economic problems, which are exacerbated by a lack of equal access and opportunity, and institutional and individual racism.
- Addresses social, political, and economic disparities and strives to be an instrument to create institutional and social change.

**Est. FY 2010-11 Expenditures by Fund**



Source: Minnesota Accounting and Procurement System (MAPS)

**Est. FY 2010-11 Expenditures by Program**



Source: Minnesota Accounting and Procurement System (MAPS)

**Strategies**

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 on issues relevant to Black Minnesotans, researching and analyzing the broad spectrum of issues affecting Black Minnesotans, or educating Black Minnesotans regarding specific policy issues and the value of political and policy participation. 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 limited access to the office of the governor or other policy makers.

The council's advice to policy makers must be well founded, accurate, and representative 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.

## Operations

The council operates as a liaison between state agencies and individuals seeking access to state Government. CBM 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 Black Minnesotans. In order to effectively advise the governor, legislators, and other policy makers, the council has organized community legislative/policy dialogues. The council also sponsors and promotes issue/policy-oriented educational programs. 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. It also conducts primary and secondary research 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, however, is 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 allows the council to determine 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 collaborated on 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 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.

## Key Goals & Measures

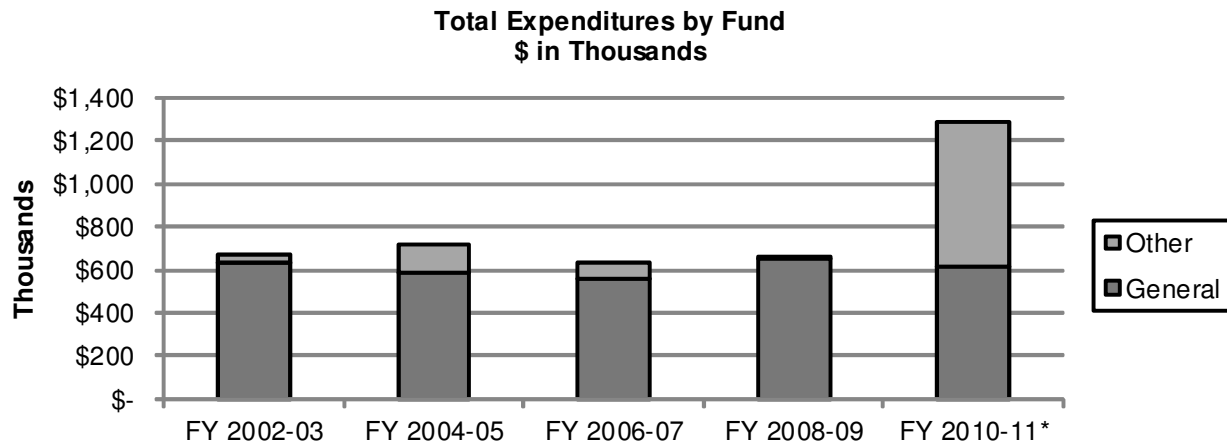
It is important to note that the Council does not operate specific programs and is involved in governmental and other public policy processes primarily from an education, advocacy and monitoring perspective. The goals/objectives of the Council on Black Minnesotans are described below:

- Reducing the level of racial disparities and disproportionalities experienced by Minnesotans of African descent through education, collaboration and advocacy.

**Measure:** 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.

- 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, with a particular focus 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.  
**Measure:** 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.
- 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.  
**Measure:** The number and names of collaboration participants.
- Promoting solutions through collaboration and by representing the interests of Black Minnesotans and advocating for their benefit.  
**Measure:** Participating in the decision making processes on issues affecting Black Minnesotans by providing testimony and advice to the governor, legislators, the judiciary and administrative committees and initiatives.

**Budget Trends**



\* FY 2010-11 is estimated, not actual

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 10/01/10.

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*Dollars in Thousands*

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	311	307	307	307	614
<b>Recommended</b>	<b>311</b>	<b>307</b>	<b>307</b>	<b>307</b>	<b>614</b>
Change		0	0	0	0
% Biennial Change from 2010-11					-0.6%
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	308	310	307	307	614
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	291	551	150	0	150
Gift	22	17	17	22	39
<b>Total</b>	<b>621</b>	<b>878</b>	<b>474</b>	<b>329</b>	<b>803</b>
 <b><u>Expenditures by Category</u></b>					
Total Compensation	325	335	278	233	511
Other Operating Expenses	296	543	196	96	292
<b>Total</b>	<b>621</b>	<b>878</b>	<b>474</b>	<b>329</b>	<b>803</b>
 <b><u>Expenditures by Program</u></b>					
Council On Black Minnesotans	621	878	474	329	803
<b>Total</b>	<b>621</b>	<b>878</b>	<b>474</b>	<b>329</b>	<b>803</b>
 <b><u>Full-Time Equivalent (FTE)</u></b>					
	4.1	4.2	3.5	2.8	

**BLACK MINNESOTANS COUNCIL**

Agency Revenue Summary

*Dollars in Thousands*

	<b>Actual FY2010</b>	<b>Budgeted FY2011</b>	<b>Governor's Recomm.</b>		<b>Biennium 2012-13</b>
			<b>FY2012</b>	<b>FY2013</b>	
<b><u>Non Dedicated Revenue:</u></b>					
<b>Total Non-Dedicated Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Grants:</b>					
Miscellaneous Special Revenue	303	520	150	0	150
<b>Other Revenues:</b>					
Gift	19	17	17	17	34
<b>Total Dedicated Receipts</b>	<b>322</b>	<b>537</b>	<b>167</b>	<b>17</b>	<b>184</b>
<b>Agency Total Revenue</b>	<b>322</b>	<b>537</b>	<b>167</b>	<b>17</b>	<b>184</b>

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**Agency Purpose**

The Campaign Finance and Public Disclosure Board administers statutory requirements for raising, spending, and disclosing money used in state elections and for lobbying. The Board also provides disclosure of public officials' economic interests.

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 supports its mission by ensuring public access to and understanding of information filed with the Board so that the public may evaluate on its own the potential effects of money in state politics.

**At a Glance**

**Campaign Finance Regulation and Disclosure**

- Implemented new statutes and systems to handle corporate spending and new reporting schedules
- Administered registration and reporting for 1,600 Candidates and political organizations
- 9% increase in candidates filing for office over 2006; the last comparable election year
- Number of reports increased by 30% over 2006
- Electronic filing increased by 30% since 2006
- Staff decrease of 11% since 2006

**Website Operation**

- Provides access to 280,000 visitors per year
- Web visits up 19% since 2008

**Lobbyist Registration and Disclosure**

- Lobbyist/Association registrations: 3,200
- Lobbyist reports per year – 4,000
- Principal reports per year – 1,200

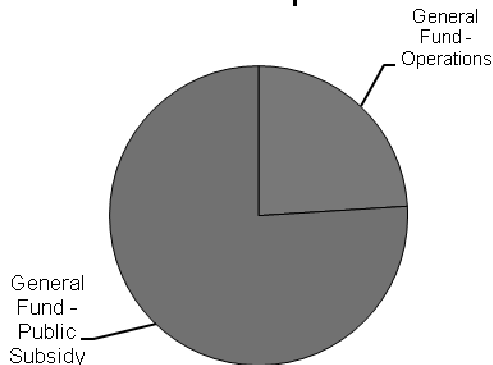
**Administration of Public Subsidy Program**

- Administered and audited eligibility for more than 850 candidates
- Managed and disbursed more than \$4 million in public subsidy money during FY 2010-11
- 87% of general election candidates qualified

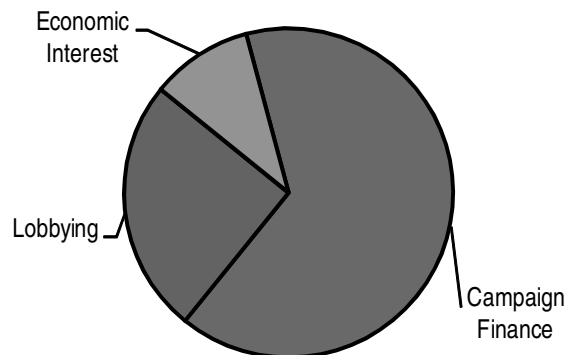
**Public Officials Financial Disclosure**

- Disclosure maintained for 2,450 officials
- Filings increased 17% over 2008

**Est. 2010-11 Breakdown of General Fund Expenditures**



**Est. FY 2010-11 Expenditures by Type**



Source: Consolidated Fund Statement. Note: 100% of the Board's funding is from the general fund.

Source: Agency estimates

## Strategies

The Campaign Finance and Public Disclosure Board achieves its mission using these strategies:

- Facilitate easier and more universal compliance with M.S. Chapter 10A by providing strong support for treasurers, most of whom are volunteers, and for other filers so that they can understand and meet the obligations of their positions.
- Cultivate an environment of voluntary compliance by providing educational programs, publications, training, consultation, software, internet applications, and other aids to enable those governed by M.S. Chapter 10A to understand and comply with their statutory obligations.
- Provide swift, even-handed, non-partisan administration of the compliance and disclosure statutes so that regulated entities understand that when compliance is not voluntary, it will be required through agency action and to ensure that subjects of compliance procedures are treated fairly and impartially.
- Provide transparency concerning money in Minnesota politics by publishing campaign finance and other data filed with the Board in easily accessible and meaningful formats for citizen use through its worldwide web site, printed materials, and electronic communications.
- Help citizens to better understand public and private financing of election campaigns and lobbying activities so that they may have a higher level of confidence that elected officials' decision-making is not unduly influenced by outside interests.
- Ensure the integrity of the state's program of partial public financing of political campaigns by determining eligibility, calculating amounts, and distributing public subsidy funding for election campaigns to qualified candidates and parties.

## Operations

The Board implements its strategies through:

### Filer support

- Developing and supporting software to allow treasurers to record, test for compliance, and report campaign finance transactions
- Providing various other technology tools to assist those required to file information with the Board
- Producing and publishing handbooks, reporting forms, information sheets and other educational materials
- Providing educational classes related to compliance, reporting, lobbying, software use, and other subjects
- Providing fast return of requests for assistance; providing week-end telephone support when filings are due

### Fair and impartial compliance operations

- Conducting regular public meetings to set policy, issue decisions, and conduct other board business
- Developing and administering policies and procedures, including the use of objective computer analysis, to review filed reports and documents to ensure consistent statutory compliance
- Investigating filed complaints and issuing public findings
- Cultivating in board members and staff objective, non-partisan, approaches to compliance matters

### Creation of a compliance environment

- Developing and implementing a customer service model of operations so that regulated entities are willing to approach the agency for assistance before issues arise
- Making staff available to speak at any meeting or gathering where a better understanding of M.S. Chapter 10A can be promoted
- Issuing formal advisory opinions to persons requesting guidance on a specific issue; issuing statements of guidance providing direction at a more general level, and providing informal staff advice

### Transparency of money in politics

- Working with the legislature to achieve its goals for disclosure by assisting in the development of legislation
- Designing and implementing forms and processes to manage the regulation and disclosure of corporate independent expenditures
- Developing and maintaining a web site containing tens of thousands of pages of indexed data available in static and dynamic form, serving more than 1.5 million page views to users each year
- Producing reports of campaign finance and lobbying activity
- Maintaining original documents for public inspection, copying, and eventual archiving to the State Archives

- Developing and implementing systems to determine eligibility and amounts for public subsidy payments; disbursing payments on time and in the right amount using state financial systems; publishing reports of public subsidy paid to candidates and parties

**Key Goals & Measures**

- 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)

**Measure:** Quality and accessibility of information available online.

Progress: The board has moved virtually all of its recent public data online, thus eliminating the need for citizens to travel to the board offices to obtain copies. In addition to scanned reports, campaign finance data is available in a format that is searchable and available to be downloaded. Site visits have increased 19% since 2008.

- 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 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.

**Measure:** 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 easier compliance.

Historical data:

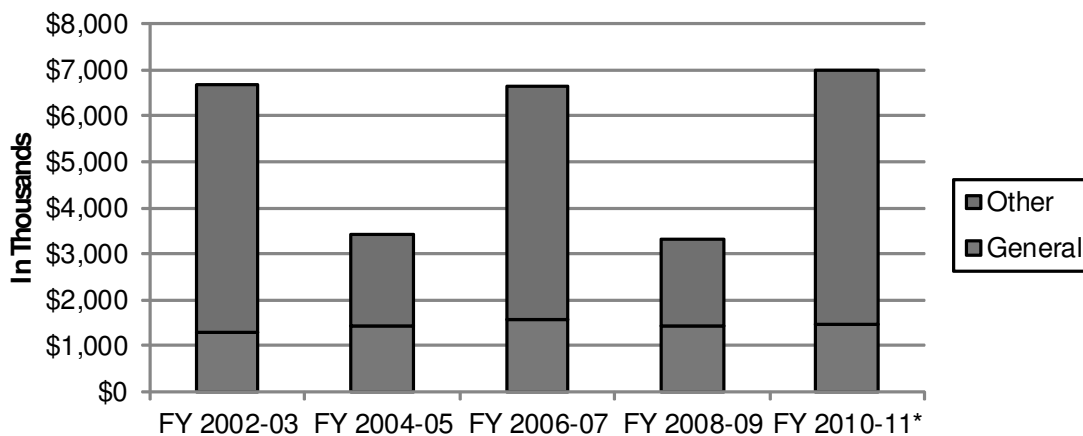
Year:	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Filers	120	160	200	218	249	344	218*	412	456	466**

\* 2007 decrease due to committee terminations after an election cycle

\*\* 2010 counts based on pre-primary-election report, which exclude candidates who did not file for office

**Budget Trends**

**Total Expenditures by Fund**



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 9/16/2010. \* FY 2010-11 is estimated, not actual. Notes: (1) Public subsidy fluctuates due to the fact that House of Representatives members are elected every two years while other offices are up for election on a four-year cycle. (2) FY 2006-7 General Fund appropriation includes a one-time deficiency appropriation of \$146,000 for attorneys’ fees in litigation.



The agency's operations are being strongly affected by changing social trends with respect to use of technology in general and the internet in particular. Both regulated entities and the public expect better data and support materials online, including online registration systems that the agency is not currently able to provide. Treasurers are more widely using the agency's reporting software and expect more features, better functionality, and a more up-to-date user interface. Citizens expect an easy to navigate the web site with access to data through downloading. People with compliance and filing responsibilities expect online training materials in a variety of formats. The state Office of Enterprise Technology and the Office of the Legislative Auditor require systems to be secure and that a functional Continuation of Operations Plan be developed, requiring additional costs for technology equipment and services.

### Contact

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Web site: <http://www.cfBoard.state.mn.us>

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	720	740	740	740	1,480
<b>Recommended</b>	<b>720</b>	<b>740</b>	<b>725</b>	<b>725</b>	<b>1,450</b>
Change		0	(15)	(15)	(30)
% Biennial Change from 2010-11					-0.7%
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	677	782	725	725	1,450
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	106	5,260	150	2,555	2,705
<b>Total</b>	<b>783</b>	<b>6,042</b>	<b>875</b>	<b>3,280</b>	<b>4,155</b>
 <b><u>Expenditures by Category</u></b>					
Total Compensation	583	599	606	623	1,229
Other Operating Expenses	96	183	119	102	221
Payments To Individuals	21	5,137	0	2,432	2,432
Local Assistance	83	123	150	123	273
<b>Total</b>	<b>783</b>	<b>6,042</b>	<b>875</b>	<b>3,280</b>	<b>4,155</b>
 <b><u>Expenditures by Program</u></b>					
Campaign Finance & Publ Disc	783	6,042	875	3,280	4,155
<b>Total</b>	<b>783</b>	<b>6,042</b>	<b>875</b>	<b>3,280</b>	<b>4,155</b>
 <b><u>Full-Time Equivalents (FTE)</u></b>					
	<b>7.6</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b><i>Fund: GENERAL</i></b>				
FY 2011 Appropriations	740	740	740	1,480
<b>Technical Adjustments</b>				
Current Law Base Change		(14)	(14)	(28)
Operating Budget Reduction		(1)	(1)	(2)
<b>Subtotal - Forecast Base</b>	<b>740</b>	<b>725</b>	<b>725</b>	<b>1,450</b>
<b>Total Governor's Recommendations</b>	<b>740</b>	<b>725</b>	<b>725</b>	<b>1,450</b>
<b><i>Fund: MISCELLANEOUS SPECIAL REVENUE</i></b>				
Planned Statutory Spending	5,260	150	2,555	2,705
<b>Total Governor's Recommendations</b>	<b>5,260</b>	<b>150</b>	<b>2,555</b>	<b>2,705</b>

*Dollars in Thousands*

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012   FY2013		Biennium 2012-13
<b><u>Non Dedicated Revenue:</u></b>					
<b>Other Revenues:</b>					
General	67	60	47	40	87
<b>Total Non-Dedicated Receipts</b>	<b>67</b>	<b>60</b>	<b>47</b>	<b>40</b>	<b>87</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Other Revenues:</b>					
Miscellaneous Special Revenue	2	0	0	0	0
<b>Total Dedicated Receipts</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Agency Total Revenue</b>					
	<b>69</b>	<b>60</b>	<b>47</b>	<b>40</b>	<b>87</b>

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**Agency Purpose**

The Capitol Area Architectural and 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 mission under M.S. 15B, the board works to preserve and enhance the capitol area's unique aesthetic and historic character, by planning its future development and physical growth.

As overseer of capitol area development, the CAAPB's core functions are regulatory responsibility for public and private projects covering permitted zoning and all phases of design and construction review. Individual project planning occurs within the following long-range framework for the area's physical development:

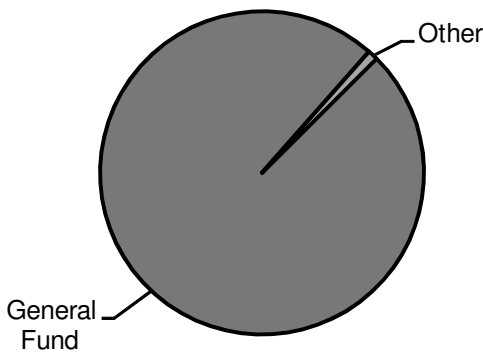
- The 1998 Comprehensive Plan and the Specific Actions for Implementation, Amended in 2009, and
- The 2009 Zoning and Design Rules for the Minnesota State Capitol Area

Focusing 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. The agency's mission and responsibilities are unique on a national level.

**At A Glance**

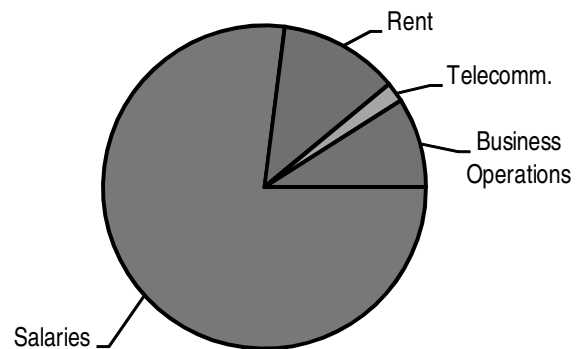
- The board is comprised of 12 members, chaired by the lieutenant governor, with a General Fund base budget.
- As the planning and regulatory agency responsible for architectural design and long-range planning for the capitol area, the CAAPB has exclusive zoning jurisdiction and design review over both 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 (with ceremonial and public spaces), 12 residential blocks, and one primary care hospital.
- The non-partisan board responds to the legislature and provides capital budget requests for the capitol.
- Since 1985, CAAPB appropriations totaling \$61 million have been dedicated to capitol building projects.
- The board is charged by statute for routing, design, and final approval of the Central Corridor Light Rail Transit (LRT) project through the capitol area.

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Type**



Source: MAPS.

**Strategies**

The CAAPB has four major service strategies to fulfilling its mission:

- Provide framework for the development and maintenance of the capitol mall, its memorials, and the capitol area.
- Initiate funding requests, promoting timely design, restoration, and maintenance of the capitol building.
- Provide planning tools, guidelines and zoning rules enforcement for future capitol area development.
- Coordinate all historical documents for the capitol area.

**Operations**

The 12-member CAAPB is chaired by the lieutenant governor: it includes four gubernatorial and three Saint Paul mayoral appointees, as well as four members from both the house and senate. An advisory committee, consisting of two professional architects and one landscape architect, and three staff serve the board. The board takes public testimony, reviews staff/advisor reports, develops policy, and takes action on zoning requests and design review issues. The board meets approximately six times a year.

The board has no specific programs or initiatives beyond its daily operations which encompass human resources, review and planning, project development, and facilitation of open communication and coordination of information with all clientele.

**Key Goals & Measures**

**Key Goals**

With equal priority the CAAPB has four key goals:

- Enforce and maintain the rules of zoning and design in keeping with the mission 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 board’s mission 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 Minnesota’s state capitol building.

**Key Measures**

No building permit can be issued by the city of Saint Paul until the CAAPB issues a zoning permit. Within a biennium, the board and its zoning administrator take timely action on over 50 requests for zoning permits or design review approvals for projects (state, local, commercial and residential) within the capitol area. The CAAPB strives to complete reviews and approvals of zoning requests within 60 days of when a request is filed.

<b>Biennium</b>	<b># of Zoning Requests</b>	<b># Completed within 60 Days</b>
FY02-03	79	All
FY04-05	94	All but one
FY06-07	56	All
FY08-09	43	All
FY10-11	29 to-date	All

In FY 2010-11, the board rewrote and codified its zoning rules to include new form-based design standards in its *2009 Zoning and Design Rules for the Minnesota State Capitol Area*. Also in 2009, the board amended its Comprehensive Plan.

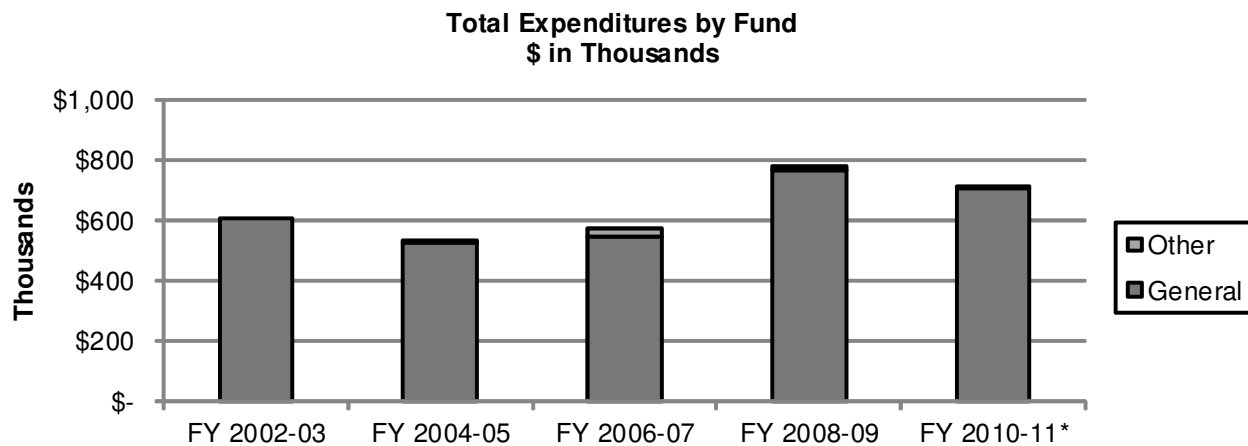
CAAPB staff, the advisory committee, and the board have been involved in all planning efforts focused on the Central Corridor LRT Project in response to M.S. 15B.13 regarding the capitol area. To date, the CAAPB has worked closely with the city of Saint Paul and the Metropolitan Council in approving 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 maintains a very active website with all agency documents readily available for public access, as well as links to other Minnesota state agencies and national web sites. The board's website has recently added a link to access information for people with disabilities to enhance their experience while visiting Minnesota's capitol building and surrounding area.

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 Trends**

The CAAPB's base budget is appropriated from the general fund. The current budget allocates 77% for three full-time employees (down from four full-time employees in FY 2010), 12% for rent, 2% for telecommunications costs, and 9% for fundamental business operations: copier, phones, mailing, supplies, and board and advisory committee meetings. An external factor that could impact the CAAPB's operations is the LRT. With the LRT moving forward, there is a strong possibility for increased development and an increase in complexity of zoning applications.



\* FY 2010-11 is estimated, not actual

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/25/10.

**Contact**

Office of the 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>

Phone: 651-757-1500  
Fax: 651-296-6718



<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	348	343	343	343	686
<b>Recommended</b>	<b>348</b>	<b>343</b>	<b>342</b>	<b>342</b>	<b>684</b>
Change		0	(1)	(1)	(2)
% Biennial Change from 2010-11					-1%
 <b><u>Expenditures by Fund</u></b>					
<b>Carry Forward</b>					
General	0	0	13	0	13
<b>Direct Appropriations</b>					
General	348	342	342	342	684
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	10	6	6	6	12
<b>Total</b>	<b>358</b>	<b>348</b>	<b>361</b>	<b>348</b>	<b>709</b>
 <b><u>Expenditures by Category</u></b>					
Total Compensation	306	289	295	281	576
Other Operating Expenses	52	59	66	67	133
<b>Total</b>	<b>358</b>	<b>348</b>	<b>361</b>	<b>348</b>	<b>709</b>
 <b><u>Expenditures by Program</u></b>					
Capitol Area Arch Planning Bd	358	348	361	348	709
<b>Total</b>	<b>358</b>	<b>348</b>	<b>361</b>	<b>348</b>	<b>709</b>
 <b>Full-Time Equivalent (FTE)</b>	 <b>3.8</b>	 <b>3.5</b>	 <b>3.5</b>	 <b>3.4</b>	

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b><i>Fund: GENERAL</i></b>				
FY 2011 Appropriations	343	343	343	686
<b>Technical Adjustments</b>				
Operating Budget Reduction		(1)	(1)	(2)
<b>Subtotal - Forecast Base</b>	<b>343</b>	<b>342</b>	<b>342</b>	<b>684</b>
<b>Total Governor's Recommendations</b>	<b>343</b>	<b>342</b>	<b>342</b>	<b>684</b>
<b><i>Fund: GENERAL</i></b>				
Planned Statutory Spending	0	13	0	13
<b>Total Governor's Recommendations</b>	<b>0</b>	<b>13</b>	<b>0</b>	<b>13</b>
<b><i>Fund: MISCELLANEOUS SPECIAL REVENUE</i></b>				
Planned Statutory Spending	6	6	6	12
<b>Total Governor's Recommendations</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>12</b>

CAPITOL AREA ARCHITECT

Agency Revenue Summary

*Dollars in Thousands*

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012   FY2013		Biennium 2012-13
<b><u>Non Dedicated Revenue:</u></b>					
<b>Other Sources:</b>					
General	0	1	0	0	0
<b>Total Non-Dedicated Receipts</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings:</b>					
Miscellaneous Special Revenue	8	7	1	1	2
<b>Other Revenues:</b>					
Gift	2	0	0	0	0
<b>Total Dedicated Receipts</b>	<b>10</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>Agency Total Revenue</b>	<b>10</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>2</b>

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**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.

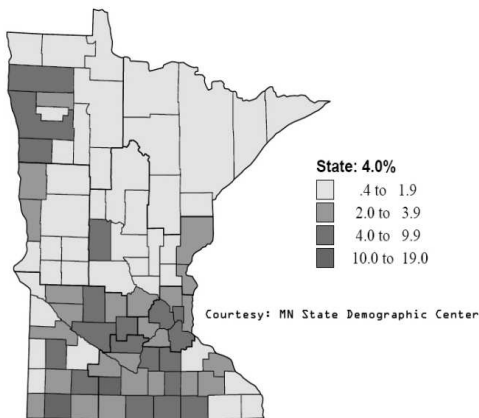
**At a Glance**

The Chicano Latino Affairs Council engages the Latino community 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
- Publicizing the accomplishments and contributions Latinos make to the state of Minnesota

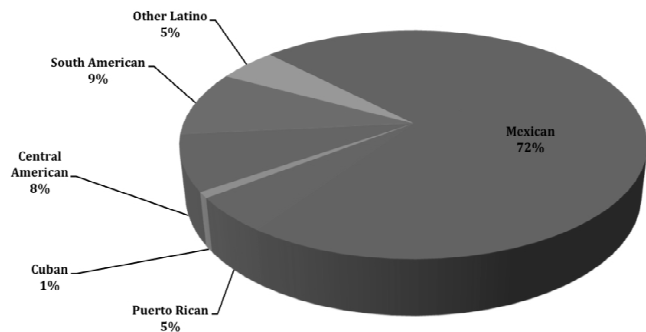
The Latino community in Minnesota is the state’s fastest growing ethnic group. Today, Latinos in Minnesota number approximately 215,820, which is about 4% of the state’s total population. According to the Minnesota State Demographic Center, it is estimated that by 2030 Latinos in Minnesota will number over 406,000. 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.

**Latino Population as Percent of Total**  
2007 Census Bureau Estimates

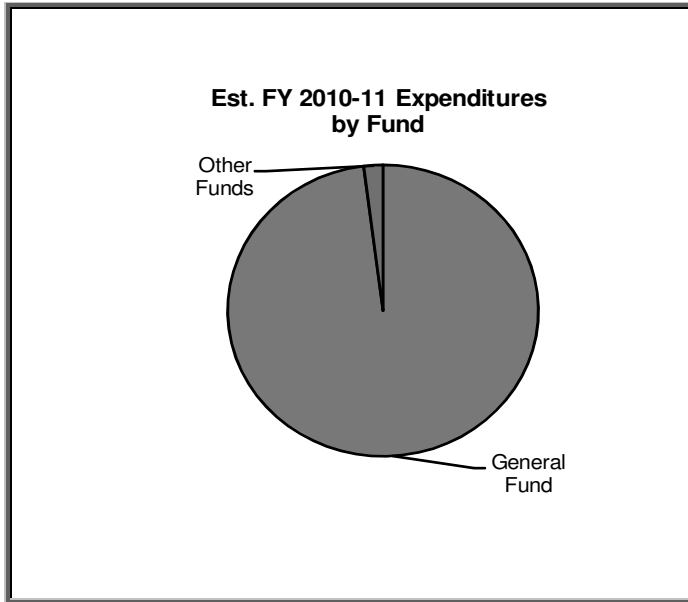


*This map reflects the 2007 population data for Latino population in Minnesota by county. Latinos have a heavier presence in the southern half of Minnesota, as well as along the western border.*

**Minnesota Latino Origins**



*The pie chart reflects origins of all Latinos in Minnesota, but does not reflect current immigration patterns. While Mexico may have the largest level of representation in Minnesota, Latinos from several other areas of Latin America are also present.*



Source: Minnesota Accounting and Procurement System (MAPS).

**Strategies**

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 a source of information on the Latino community for all levels of government that implement legislation and create policies, which 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 Latino community on relevant policy issues in Minnesota
- Act as conduit to provide access to the Latino community to testify and make presentations before Minnesota’s legislators
- Publish a quarterly newsletter to report on recent issues of importance and recognize the accomplishments and contributions Latinos make to the state of Minnesota

- 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.

**Operations**

The Chicano Latino Affairs Council’s internal operations include four working units: executive, administrative, legislative, and community/communications. 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 community/communications unit works to engage the Latino community statewide through community forums, focus groups, surveys, and other civic activities to capture the Latino voice as well as by keeping the community informed and aware of government services. Through enhanced methods of civic engagement, this 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. The administrative unit provides management and finance support to the executive unit.

The CLAC members are appointed by the governor for a term of four years. The composition of the 15-member board includes three at-large members, eight members representing Minnesota’s congressional districts, two state representatives, and two state senators. The senators and representatives 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 CLAC’s executive director and staff, the Council’s members provide the official voice of the council to represent over 215,820 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 America, including Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Peru, Panama, Paraguay, Uruguay, Venezuela, and Puerto Rico.

**Key Goals & Measures**

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 E-12 and higher education, housing, health, economic development, and immigration. CLAC has specific goals and measures related to activities for the FY 2012-13 biennium. They are as follows:

**Goal 1 – To capture the Latino voice through a statewide civic engagement strategy**

- Conduct three or more community forums and visits in Latino cluster communities as designated by the State Demographic Center to inform local Latino communities of 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

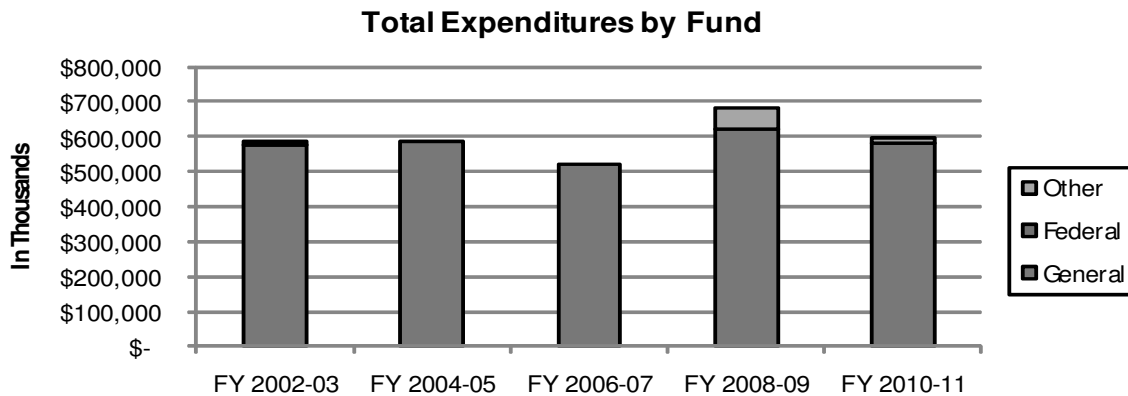
**Goal 2 – To advise and educate the governor and legislature on critical issues that impact the Latino community through a legislative engagement strategy**

- Host a CLAC Legislative Day at the capitol to present a united platform for the state’s Latino community
- Testify 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, state legislators and commissioners on CLAC’s legislative priorities

**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**

- Distribute a bimonthly legislative update medium entitled “Click-CLAC” to inform the community of the issues and bills being discussed during the legislative session
- Publish a quarterly statewide e-newsletter entitled “¡El Minnesotano!” to inform CLAC stakeholders of the council’s work, recognize Latino individuals and entities which contribute to the common good, and highlight relevant themes in the Latino community and Minnesota
- Distribute press releases and action alerts to keep the community informed on state policy and actions

**Budget Trends**



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 09/23/2010. \* FY 2010-11 is estimated, not actual

The unemployment resulting from the recession has impacted Latinos and other minorities more than the general public. Similarly, Latinos have been impacted by significant home loan foreclosure rates. Also, the budget pressures on education funding are especially difficult for Latino students, whose achievement gap is one of the most significant in the state and the nation. These situations likely will produce increased demands on the CLAC

to facilitate improvements. The agency is responding proactively by proposing revenue-generating and collaborative ideas with various state agencies, private entities, and other stakeholder groups.

**Contact**

Chicano Latino Affairs Council  
60 Empire Drive, Suite 203  
St. Paul, Minnesota 55103

Hector Garcia, Executive Director  
Phone: 651-296-9587  
Toll-free: 1-888-234-1291  
Fax: 651-297-1297  
Website: <http://www.clac.state.mn.us>



<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	292	289	289	289	578
<b>Recommended</b>	<b>292</b>	<b>289</b>	<b>289</b>	<b>289</b>	<b>578</b>
Change		0	0	0	0
% Biennial Change from 2010-11					-0.5%
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	271	310	289	289	578
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	8	28	0	0	0
<b>Total</b>	<b>279</b>	<b>338</b>	<b>289</b>	<b>289</b>	<b>578</b>
 <b><u>Expenditures by Category</u></b>					
Total Compensation	241	269	212	218	430
Other Operating Expenses	38	69	77	71	148
<b>Total</b>	<b>279</b>	<b>338</b>	<b>289</b>	<b>289</b>	<b>578</b>
 <b><u>Expenditures by Program</u></b>					
Chicano Latino Affairs Council	279	338	289	289	578
<b>Total</b>	<b>279</b>	<b>338</b>	<b>289</b>	<b>289</b>	<b>578</b>
 <b><u>Full-Time Equivalent (FTE)</u></b>					
	<b>3.6</b>	<b>3.6</b>	<b>3.1</b>	<b>3.1</b>	

**CHICANO LATINO AFFAIRS COUNCIL**

Agency Revenue Summary

*Dollars in Thousands*

	<b>Actual FY2010</b>	<b>Budgeted FY2011</b>	<b>Governor's Recomm.</b>		<b>Biennium 2012-13</b>
			<b>FY2012</b>	<b>FY2013</b>	
<b><i>Non Dedicated Revenue:</i></b>					
<b>Total Non-Dedicated Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Dedicated Receipts:</i></b>					
<b>Grants:</b>					
Miscellaneous Special Revenue	8	28	0	0	0
<b>Total Dedicated Receipts</b>	<b>8</b>	<b>28</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Agency Total Revenue</b>	<b>8</b>	<b>28</b>	<b>0</b>	<b>0</b>	<b>0</b>

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⇒ Convert to Dedicated Funding .....	9
⇒ Animal Chiropractic Fee .....	10
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⇒ Designates that this item is a change item	

**Agency Purpose**

The Minnesota Board of Chiropractic Examiners (MBCE) was established by legislative act on 3-13-1919. Minnesota Statutes 148.01-148.108 and Minnesota Rules 2500 give the board authority to regulate, to license by examination and renewal, and to investigate complaints.

The mission of the MBCE is to protect the public through effective licensure and enforcement of the statutes and rules governing the practice of chiropractic to ensure a standard of competent and ethical practice is in profession.

**At a Glance**

**Credentialing Services (As of 6/30/2010)**

- 2819 Licensed Chiropractors (2662 Active; 157 Inactive)
- 644 Acupuncture Registrations
- 663 Professional Firm Registrations
- 53 Independent Examiner Registrations
- 20 Animal Chiropractic Registrations
- 37 Graduate Preceptor Registrations

**New Licenses/Registrations FY 2010**

- 155 Licensed Chiropractors
- 24 Acupuncture Registrations
- 67 Professional Firm Registrations
- 7 Independent Examiner Registrations
- Eight Animal Chiropractic Registrations
- 17 Graduate Preceptor Registrations

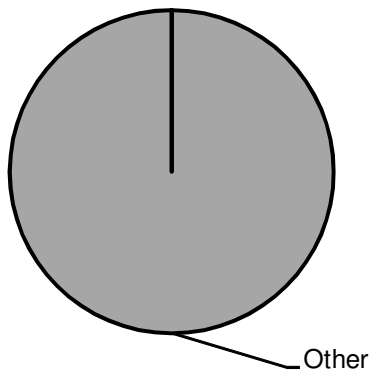
**Education Services**

- ~45 Continuing Education Sponsors

**Discipline Services (Calendar 2009)**

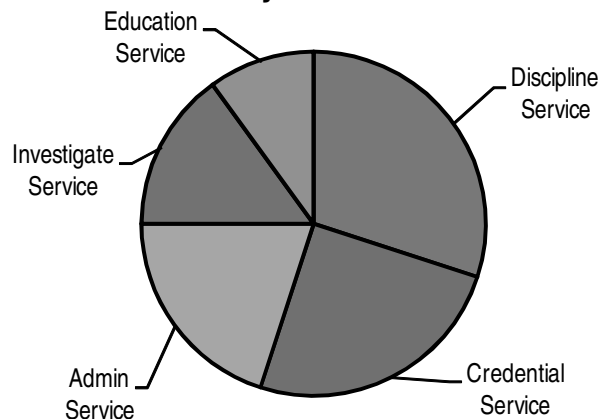
- Process 197 jurisdictional complaints of chiropractors who violate the chiropractic practice act.
- Closed 180 Complaints.
- 27 complaints resulted in Board action. This represents discipline against 14 different doctors as well as Agreements for corrective action with two doctors. (NOTE: This does not include doctors who may have been referred to the Health Professional Services Program, and whose impairments are currently being successfully monitored by this program.

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Service**



Source: Board expenses allocated to the services provided by the board.

## Strategies

The board regulates the practice of chiropractic through the following four core functions:

- license by examination;
- ensure continued competency;
- respond to complaints about chiropractors; and
- enforce the laws governing the practice of chiropractic in Minnesota.

To meet these four core functions the MBCE operates under the following five key service strategies while protecting the public and providing services in an efficient and cost-effective manner with a focus on public accessibility and self-service:

- maintains an integrated database of licensee information, registrations, discipline, and complaints;
- publishes information regarding licensed chiropractors on the web, including licensure information, disciplinary orders, and rulemaking efforts;
- conducts regular board meetings where citizens have input into the review of operations and rulemaking efforts;
- responds to public requests for information on chiropractors, continuing education sponsors, and licensee's status; and
- manages funds soundly.

The Board accomplishes its core public safety and regulatory mission of doctors of chiropractic by:

- Administering minimum educational, and examination requirements for initial licensure as a doctor of chiropractic and administering requirements and processes for renewal of licensure;
- Enforcing standards of ethical practice; and responding to inquiries, complaints and or reports regarding applicants, or licensees;
- Investigating complaints of alleged violations of statutes, holding educational and disciplinary conferences, and taking legal action when appropriate against licensees who fail to meet minimum standards of practice or who may otherwise constitute a harm to the public as a result of improper/unethical practice;
- Approving continuing education providers; and
- Providing information about licensure and standards of practice, through professional education outreach efforts, the Board's website, online license verification services, and telephone, mail or email inquiries.

## Operations

The seven-member board, appointed by the governor, meets five times a year with additional meetings scheduled to handle disciplinary matters when necessary. The board operates through the following committees: executive; rules; three complaint panels; and any additional committees formed to guide policy-making. Each committee meets on a pre-scheduled basis, and notices are published/posted in accordance with the open meeting laws.

The board's office is staffed with 4.75 full-time employees who on a daily basis work to:

- license applicants;
- approve registrations for: acupuncture, animal chiropractic, professional firm, graduate preceptorship, and independent examiner;
- renew the licenses/registrations described above;
- manage funds received;
- manage continuing education; and
- investigate and resolve complaints.

The board makes nearly all of the information it gathers available to the public at no cost via publication on its website.

The Board provides core public safety services through the regulatory oversight of doctors of chiropractic, as noted in the strategies listed above, to ensure both high standards of chiropractic practice and excellent customer service. Services are provided to the general public, consumers of chiropractic services, applicants and licensees, students and faculty in chiropractic academic programs, other state and local agencies, state and national professional chiropractic associations and finally the national testing organization as well as the Federation of Chiropractic Licensing Boards.

**Board Structure and Duties:** The Board meets approximately five times per year and consists of five actively licensed doctors of chiropractic and two public members appointed by the Governor, to serve four-year terms. In addition, various Board committees meet regularly. The Board manages professional licensing and renewals, oversees the agency budget, acts to resolve complaints against chiropractors, and directs a staff of 4.75 FTE.

**Licensing/Credentialing Services:** The purpose of regulation through licensing is to set and enforce standards of competence and ethical practice, and to ensure that persons licensed as doctors of chiropractic meet educational, examination, and continuing education standards. Staff process applications, verify compliance with statutory requirements, provide assistance and information to a variety of customers, and work in collaboration with other agencies at the state, federal, and national levels.

**Discipline/Complaint Resolution Services:** Staff, Board Members, and the Office of the Attorney General work collaboratively to review, investigate, and take action, as appropriate, in alleged complaint cases against licensed doctors of chiropractic. When a licensee is determined to have engaged in conduct which is a violation of the statutes or rules the Board is empowered to enforce, an appearance before Board Members may occur. Licensee's may enter into an agreement for corrective action with the Board's complaint panel, or may become subject to disciplinary action, with such final action determined by the full Board. Either of these two remedies is public once completed. In addition, staff provide informational services to a variety of customers regarding the Board's statutory requirements and standards of practice, including how to file a complaint and the complaint resolution process. The Board also works with the Health Professionals Services Program (HPSP), the state's diversion program for regulated professionals who are impaired, as an additional method to ensure public protection.

**Online Services:** the board maintains a very robust web site which includes: information on Board structure, meetings, and policies; licensing information, applications and renewal forms for nearly all licenses/registrations; information on continuing education programs and sponsors; access to specific statutes and rules directly impacting the profession; information on current emerging issues impacting the profession; information on access to the Health Professional Services Program, and links to many other related sites, and online license renewal. The Chiropractic Board was the first among the Health Related Licensing Boards to provide online license renewal capability. The board renewed well in excess of 4000 licenses and registrations last fiscal year, and generally appreciates approximately a 90%+ online application renewal rate.

**Administrative Services Unit:** The Health-Licensing Boards (HLBs), including the Board of Chiropractic Examiners, are co-located, and collaborate through the Administrative Services Unit (ASU) to reduce duplication of services and expenses, and to create greater efficiencies. ASU provides the centralized functions of accounting and finance, purchasing, payroll, human resources, contracts, and IT services to all HLBs. ASU is supervised by the HLB Executive Directors Forum through a Management Committee. This highly effective, award winning collaborative program is in its 18<sup>th</sup> year, and has become a model for an efficient management solution which is being looked at by other agencies as well as other states.

### Key Activity Goals & Measures

The MBCE works to meet the Minnesota Milestone of access to government information 24x7x365 through its self-service website. The MBCE works to protect the public from access to impaired practitioners by prompt investigation of complaints and resolution of disciplinary matters through educational conferences, corrective action agreements, board orders and/or contested case proceedings as deemed required based on the severity of the infractions reported. The MBCE collaborates with other licensing boards and state agencies to create an efficient state government. Some of the key measures of Board activity include:

- 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. The website averages greater than 83,000 requests per month, resulting in nearly three million hits in three years. Of this, the most active month registered in excess of 173,000 hits, which are coming from all over the world. Statistics show 99 jurisdictional domains have accessed the website including Latvia, Moldavia, The Netherlands, and the Cocos (Keeling) Islands. Finally, the statistics also show that the single largest hit center on the website (beyond the front

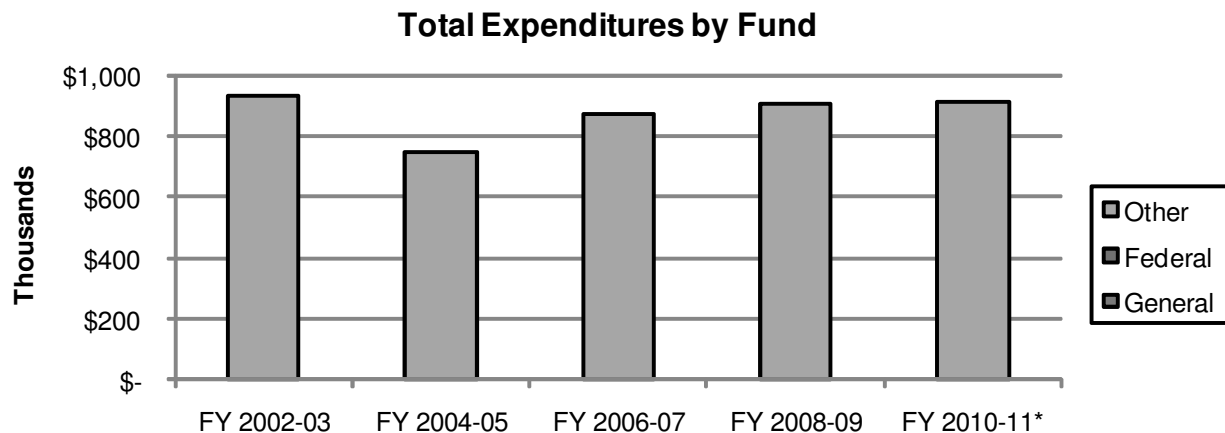
page) is the disciplinary page where the disciplinary orders are listed and available for review. This indicates a clear public protection interest.

- Online services – the board maintains a web site as described above.
- Public information – the board website, newsletters, presentations, public outreach, brochures, and real people answering the phone during business hours.
- Currently the board has more than 90% of its licensees using the online renewal service. In addition, in the last year, the Board has been on an aggressive project of requesting and updating the email addresses of licensees, and is currently at a 94% compliance rate (only 183 licensee's either don't have or have refused to provide their email addresses to the Board. Having these email addresses makes it much easier to quickly notify the entire profession of important information with the simple push of a button, rather than standard US mail. Of course, such notification can now be accomplished at no cost, thereby substantially reducing costs to the Board.

**Budget Trends Section**

The board is responsible for collecting sufficient revenue to cover both direct and indirect expenditures. The board is estimated to collect \$1.457 million in FY 2010-11, which is deposited as non-dedicated revenue into the state government special revenue fund.

From this fund, the board receives a direct appropriation to pay for agency activities such as salaries, rent, costs for disciplinary/contested cases and operating expenditures. It also pays statewide indirect costs through an open appropriation. In FY 2010-11, total expenditures for these purposes are estimated at \$912,000. The chart below shows funding trends over the last five biennia for the direct and open appropriation.



*\*FY 2010-11 is estimated, not actual*

*Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 07/31/10.*

Board fees are also responsible for covering a prorated share of support functions provided outside of the Board itself. These include legal support (Attorney General), statewide e-licensing system development and operations (Office of Enterprise Technology), centralized administrative support (Health Boards Administrative Services Unit) and funding for services to health professionals (Health Professionals Services Program). In FY 2010-11, some of the health boards' reserves in the state government special revenue fund were also transferred to the general fund. The table below displays direct and open appropriation expenditures, external support costs (prorated share), and the general fund transfers (prorated share) estimated in FY 2010-11.

	FY 2010-11 (in thousands)
Board's Direct and Open Appropriations	\$ 912
Board's External Support Costs and Transfers (prorated Share)	
• Attorney General support	352
• E-licensing support	59
• Central administrative service unit	46
• Health professional service program	29
• General fund transfer	84
	Total 1,482
Fees Collected by Board	\$1,457
	Prorated Surplus/(Deficit) (25)

In most years, Board fee revenues exceed direct expenditures and external support costs, and as directed by law, the surplus is used to maintain a reserve in the state government special revenue fund. It should be noted here that the FY 2010-11 transfers to the General Fund, along with unanticipated increases in the support costs discussed above, have resulted in the Board's fee revenue not covering its prorated costs and transfers.

**External Factors Impacting Agency Operations**

The number of licensees regulated by the Board continues to rise, as do the number of complaints and the complexity of the cases. The Board has not had to raise fees for 18 years (since early 1993) as a result of sound fiscal management, and creative solutions for reducing costs; however, the Board anticipates that it may need to increase fees in the upcoming biennium.

**Contact**

Board of Chiropractic Examiners  
2829 University Avenue Southeast, Suite 300  
Minneapolis, Minnesota 55414-3220

The website at: <http://www.mn-chiroboard.state.mn.us/> gives visitors easy access to useful information about chiropractors. Types of information available through the website include: regulatory news and updates, rules and Minnesota statutes, public notices and forms.

Larry A. Spicer, D.C., Executive Director  
Email: [larry.spicer@state.mn.us](mailto:larry.spicer@state.mn.us)  
Phone: (651) 201-2850  
Fax: (651) 201-2852  
TDD: (612) 297-5353 or 1-800-627-3529



*Dollars in Thousands*

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>State Government Spec Revenue</b>					
Current Appropriation	447	447	447	447	894
<b>Recommended</b>	<b>447</b>	<b>447</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	(447)	(447)	(894)
% Biennial Change from 2010-11					-100%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
State Government Spec Revenue	410	584	0	0	0
<b>Open Appropriations</b>					
State Government Spec Revenue	2	6	0	0	0
<b>Statutory Appropriations</b>					
State Government Spec Revenue	0	0	723	731	1,454
<b>Total</b>	<b>412</b>	<b>590</b>	<b>723</b>	<b>731</b>	<b>1,454</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	310	318	319	326	645
Other Operating Expenses	102	272	404	405	809
<b>Total</b>	<b>412</b>	<b>590</b>	<b>723</b>	<b>731</b>	<b>1,454</b>
<b><u>Expenditures by Program</u></b>					
Chiropractors, Board Of	412	590	723	731	1,454
<b>Total</b>	<b>412</b>	<b>590</b>	<b>723</b>	<b>731</b>	<b>1,454</b>
<b>Full-Time Equivalents (FTE)</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>	

**CHIROPRACTORS BOARD**

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b><i>Fund: STATE GOVERNMENT SPEC REVENUE</i></b>				
<b>FY 2011 Appropriations</b>	<b>447</b>	<b>447</b>	<b>447</b>	<b>894</b>
<b>Subtotal - Forecast Base</b>	<b>447</b>	<b>447</b>	<b>447</b>	<b>894</b>
<b>Change Items</b>				
Convert to Dedicated Funding	0	(447)	(447)	(894)
<b>Total Governor's Recommendations</b>	<b>447</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Fund: STATE GOVERNMENT SPEC REVENUE</i></b>				
<b>Planned Open Spending</b>	<b>6</b>	<b>9</b>	<b>9</b>	<b>18</b>
<b>Change Items</b>				
Convert To Dedicated Funding	0	(9)	(9)	(18)
<b>Total Governor's Recommendations</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Fund: STATE GOVERNMENT SPEC REVENUE</i></b>				
<b>Planned Statutory Spending</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Change Items</b>				
Convert to Dedicated Funding	0	717	725	1,442
Animal Chiropractic Fee	0	6	6	12
<b>Total Governor's Recommendations</b>	<b>0</b>	<b>723</b>	<b>731</b>	<b>1,454</b>
<b><i>Revenue Change Items</i></b>				
<b><i>Fund: STATE GOVERNMENT SPEC REVENUE</i></b>				
<b>Change Items</b>				
Animal Chiropractic Fee	0	6	6	12

# CHIROPRACTORS BOARD

## Change Item: Convert to Dedicated Funding

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Health Related Boards (171)				
<b>Direct Appropriated Account</b>				
Expenditures	\$ (447)	\$ (447)	\$ (447)	\$ (447)
Non-Dedicated Revenues	(717)	(725)	(725)	(725)
<b>Open Appropriated Account</b>				
Expenditures	(9)	(9)	(9)	(9)
<b>Dedicated Account</b>				
Expenditures	717	725	725	725
Dedicated Revenues	717	725	725	725
Transfer In	69	0	0	0
Net Fiscal Impact	\$330	\$269	\$269	\$269

### Recommendation

The Governor recommends changing the way appropriations are made to the health related licensing boards that operate in the state government special revenue fund. Under this proposal, the boards' funding would be converted from direct appropriations to dedicated appropriations, giving each board spending authority equal to its fee revenue and any accumulated balance. The net effect of this change is the difference between the board's current base appropriations and projected revenues.

### Rationale

This proposal places ownership in the boards' 183 appointed members to be efficient and cost effective in setting their spending levels, while providing continued legislative oversight in the setting of the boards' fees. It encourages the boards to find efficiencies and ensures the fees paid by each occupation are dedicated to the boards' mission to protect the public and ensure that Minnesota citizens receive quality care by qualified licensed health professionals. The establishment of the dedicated appropriation will improve the boards' management of resources and transparency for licensees.

The health related licensing boards are fee-supported organizations that receive no general fund dollars. The boards currently collect and deposit fees as non-dedicated special revenue into the health related boards account in the state government special revenue fund (171). The legislature then provides a direct appropriation from these revenues to each board for its operating expenses. Unlike agencies that receive direct appropriations from the general fund, the boards must ensure that licensing fees are collected to recover each board's direct and indirect expenditures to maintain the solvency of the state government special revenue fund. For this reason, the health boards already operate much like agencies with dedicated appropriations—except that they must seek appropriation authority to gain access to their existing fee revenue.

This proposal changes the boards' non-dedicated revenue to dedicated revenue within the same fund and provides each board with a dedicated appropriation from the board's revenue. Additionally, the current accumulated fund balance within the health related boards account will be transferred to individual boards based on each board's contribution to the balance. M.S. 16A.1283 requires that all fee increases be approved by the legislature, so even with a dedicated funding arrangement, the boards must still seek legislative action to increase spending beyond current law fee revenues.

### Key Goals and Measures

Minnesota Milestone: Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them. Minnesotans expect their state and local governments to spend money carefully and effectively.

Measures:

- Transparency of fees and expenditures
- The level of service provided to licensees and Minnesota citizens.

**Statutory Change:** Minnesota Statutes Chapter 148

# CHIROPRACTORS BOARD

## Change Item: Animal Chiropractic Fee

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Health Related Boards Fund (171)				
<b>Dedicated Account</b>				
Expenditures	\$6	\$6	\$6	\$6
Dedicated Revenues	6	6	6	6
Net Fiscal Impact	\$0	\$0	\$0	\$0

### Recommendation

The Governor recommends establishing a new fee for the Animal Chiropractic registration maintained by the Board of Chiropractic Examiners. The fee will generate an estimated \$6,000 of revenue in FY 2012 and \$6,000 in FY 2013. The new fee will allow the Board to cover the costs of maintaining the Animal Chiropractic registration and associated regulation.

### Rationale

The Animal Chiropractic registration was established under M.S. 148.01. Since that time, the regulation of these registrations has increased by 600% and is expected to increase exponentially. However, the Board does not receive any fees associated with this registration.

Fees charged by the Minnesota Board of Chiropractic Examiners have not been changed since 1993 despite rising regulatory costs. The proposed fee is a small change as the additional revenue is 1% of total revenue received in the licensing program over the biennium.

The Board would implement the Animal Chiropractic fees for the 2012 renewal season, which begins November, 2011.

### Key Goals and Measures

The mission of the Minnesota Board of Chiropractic Examiners is to protect the public through effective licensure and enforcement of the statutes and rules governing the practice of chiropractic to ensure a standard of competent and ethical practice in the profession.

Providing the requested fees will allow the Board to perform its functions of licensing chiropractors and disciplining licensees whose behavior is a violation of the law and is a risk to the public and the animals that they own. As indicated below, the Board has seen a steady increase in its number of Animal Chiropractic registrations.

Year	Animal Chiropractic Registrations at end of FY	Status of Numbers
FY2013	30	projected
FY2012	28	projected
FY2011	24	projected
FY 2010	20	actual
FY 2009	12	actual
FY 2008	0	actual
FY 2007	0	actual

Key measures include: maintaining a revenue neutral fund balance in the future; retain appropriate staff to manage applications and renewals for animal chiropractors, update our current licensing database and renewal system to include the animal chiropractic registration.

**CHIROPRACTORS BOARD**

Agency Revenue Summary

*Dollars in Thousands*

	<b>Actual FY2010</b>	<b>Budgeted FY2011</b>	<b>Governor's Recomm. FY2012   FY2013</b>		<b>Biennium 2012-13</b>
<b><i>Non Dedicated Revenue:</i></b>					
<b>Departmental Earnings:</b>					
State Government Spec Revenue	776	715	0	0	0
<b>Other Revenues:</b>					
State Government Spec Revenue	(58)	0	0	0	0
<b>Total Non-Dedicated Receipts</b>	<b>718</b>	<b>715</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Dedicated Receipts:</i></b>					
<b>Departmental Earnings:</b>					
State Government Spec Revenue	0	0	723	731	1,454
<b>Total Dedicated Receipts</b>	<b>0</b>	<b>0</b>	<b>723</b>	<b>731</b>	<b>1,454</b>
<b>Agency Total Revenue</b>	<b>718</b>	<b>715</b>	<b>723</b>	<b>731</b>	<b>1,454</b>

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<b>Change Summary .....</b>	<b>5</b>
<b>Agency Change Items</b>	
⇒ Fee Increases To Support Operations .....	6
<b>Agency Revenue Summary Fiscal Page .....</b>	<b>7</b>
⇒ Designates that this is a change item	

**Agency Purpose**

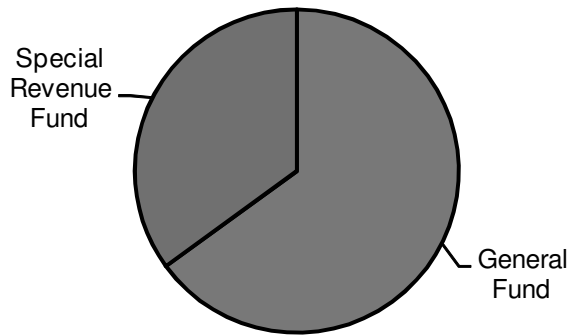
The purpose of the Combative Sports Commission is to make sure that the three primary combative sports, boxing, mixed martial arts, and tough person competition are conducted safely and fairly in Minnesota. These inherently dangerous sports can result in injury during competition and can have long term health consequences.

The state’s Boxing Board was reestablished in 2006 and was officially renamed the Combative Sports Commission (CSC) in the 2008 legislative session to reflect the agency’s expanded oversight of mixed martial arts (MMA) and tough person events. This Commission was reestablished to minimize the health and safety risks associated with combative sports.

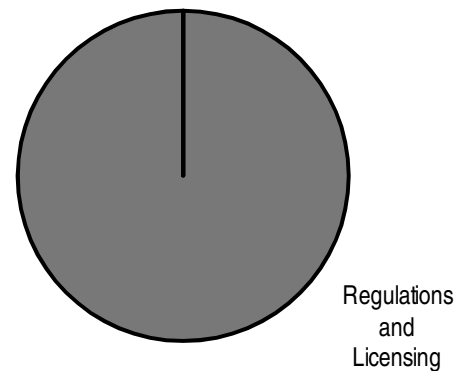
**At a Glance**

- Pursuant to Laws of 2009, Chapter 78, Article 1, Section 18, CSC expires on July 1<sup>st</sup>, 2011 unless their projected revenues for FY 2012-13 exceed their projected expenditures for FY 2012-13.
- Received \$160,000 from the General Fund for FY 2010-11. This funding was one-time.
- Anticipates \$40,000 - 60,000 annually in dedicated revenue from fees
- Licenses combatants, promoters and officials
- Maintains calendar of all MMA and boxing events on its website
- Regulated 45 combative events in FY 2010

**Est. FY 2010-11 Expenditures by Fund**



**Est. FY 2010-11 Expenditures by Program**



Source: Consolidated Fund Statement.

**Strategies**

The Commission

- licenses boxers, mixed martial arts fighters, promoters, referees, trainers, and related positions;
- establishes regulatory safeguards for the protection of fighters; and
- regulates events to ensure fairness and safety.

In order to make sure events are conducted to minimize injuries and ensure fair competition, the Commission employs these strategies:

**Pre-competition** – All combatants are medically tested for conditions that may increase the chance of injury or transmissions communicable disorders to their opponents. Promoters are required to post a performance bond guaranteeing combatant payout and provide an insurance policy covering combatant injuries.

**During competition** – Ringside physicians are present to treat injuries, and all combatants are inspected for proper safety equipment. Referees are used to make sure each match is conducted safely and fairly and judges ensure that the outcome is decided using objective criteria.

**Post-competition** - Combatants are examined by a ringside physician prior to being released. Payments by promoters to combatants are monitored by the Commission to make sure that they adhere to the terms of the bout agreement.

**Operations**

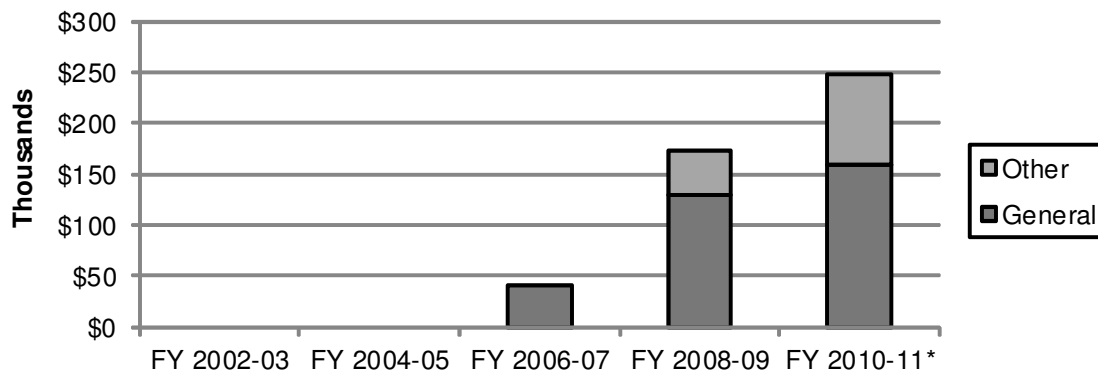
The Commission conducts its work primarily through the executive director, who reports to a nine member executive board appointed by the governor. The executive director is currently a part-time position, and is one of only two paid employees at the Commission. Administrative and financial transaction services are provided to the Commission by the Department of Administration through its Small Agency Resource Team (SmART) program.

**Key Activity Goals & Measures**

The key goal of the Commission is to continue to keep professional boxing and professional and amateur mixed martial arts and tough person events safe, fair and economically viable in Minnesota.

**Budget Trends Section**

**Total Expenditures by Fund**



\* FY 2010-11 is estimated, not actual.

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/20/2010.

**External Factors Impact CSC-** The Commission was established in FY 2006-07. The rapid growth in popularity of mixed martial arts events has increased the Commission’s workload and required the agency to focus more of its resources on MMA events.

**Contact**

Minnesota Combative Sports Commission  
 National Sports Center, Schwan Center  
 1700 105th Avenue Northeast  
 Blaine, Minnesota 55449  
 Phone: 763-792-7354 Fax: 763-717-3887

<http://www.mnboxingmma.com/>



# COMBATIVE SPORTS COMMISSION

# Agency Overview

*Dollars in Thousands*

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	80	80	80	80	160
<b>Recommended</b>	<b>80</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	(80)	(80)	(160)
% Biennial Change from 2010-11					-100%
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	80	80	0	0	0
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	53	75	189	191	380
<b>Total</b>	<b>133</b>	<b>155</b>	<b>189</b>	<b>191</b>	<b>380</b>
 <b><u>Expenditures by Category</u></b>					
Total Compensation	107	125	156	159	315
Other Operating Expenses	26	30	33	32	65
<b>Total</b>	<b>133</b>	<b>155</b>	<b>189</b>	<b>191</b>	<b>380</b>
 <b><u>Expenditures by Program</u></b>					
Combative Sports Commission	133	155	189	191	380
<b>Total</b>	<b>133</b>	<b>155</b>	<b>189</b>	<b>191</b>	<b>380</b>
 <b><u>Full-Time Equivalent (FTE)</u></b>					
	2.1	2.0	2.3	2.3	

**COMBATIVE SPORTS COMMISSION**

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b><i>Fund: GENERAL</i></b>				
FY 2011 Appropriations	80	80	80	160
<b>Technical Adjustments</b>				
Program/agency Sunset		(80)	(80)	(160)
<b>Subtotal - Forecast Base</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Governor's Recommendations</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Fund: MISCELLANEOUS SPECIAL REVENUE</i></b>				
Planned Statutory Spending	75	0	0	0
<b>Change Items</b>				
Fee Increases to Support Operations	0	189	191	380
<b>Total Governor's Recommendations</b>	<b>75</b>	<b>189</b>	<b>191</b>	<b>380</b>
<b><u>Revenue Change Items</u></b>				
<b><i>Fund: MISCELLANEOUS SPECIAL REVENUE</i></b>				
<b>Change Items</b>				
Fee Increases to Support Operations	0	154	154	308

# COMBATIVE SPORTS COMMISSION

## Change Item: Fee Increases to Support Operations

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Special Revenue Fund				
Expenditures	\$189	\$191	\$191	\$191
Revenues	154	154	154	154
Net Fiscal Impact	\$37	\$37	\$37	\$37

### Recommendation

The Governor recommends increases to Combative Sports Commission's (CSC) professional and amateur license and event fees to ensure the Commission continues to protect the health and safety of the combatants and to ensure the fairness of boxing and mixed martial arts (MMA) events.

### Rationale

Pursuant to Laws of 2009, Chapter 78, Article 1, Section 18, CSC expires on July 1, 2011 unless their projected revenues for FY 2012-13 exceed their projected expenditures for FY 2012-13. Total projected spending in FY 2012-13 is \$380,000, while projected revenues are \$174,000.

To ensure the Commission continues to regulate this sport in Minnesota, the Governor recommends fee increases to the licenses related to the sport. The proposal increases all of the Combative Sport Commission's professional and amateur license and events fees.

- All professional licenses are increased from \$25 to \$45. This will impact both combatants as well as those involved in the sports, including but not limited to referees, promoters, judges and trainers. The professional promoter's license fee is unchanged.
- All amateur licenses are increased from \$10 to either \$25 or \$45. This will impact both combatants as well as those involved in the sports, including but not limited to referees, promoters, judges and trainers. The amateur promoter's license fee is increased from \$100 to \$400.
- The fee for a professional contest is changed to be \$1,500 per event or four percent of gross ticket sales, whichever is greater. The fee for an amateur contest is \$500 per event or four percent of gross ticket sales, whichever is greater.

The proposed changes generate approximately \$67,000 in additional revenue each year. Combined with the additional resources available to the Commission (approximately \$163,000 in license fees unspent), the CSC will continue to regulate the industry.

### Key Goals and Measures

The key goal of the Commission is to continue to keep professional boxing and professional and amateur mixed martial arts and tough person events safe, fair and economically viable in Minnesota.

### Alternatives Considered

- 1) Dedicate the sales tax that promoters pay to the state for gate receipts, food and liquor sold at MMA and boxing events to the Combative Sports Commission.
- 2) Charge an event fee for all pay-per-view boxing and MMA sporting events that telecast within the state of Minnesota by the Cable, Satellite and Internet networks.

**Statutory Change:** M.S. Chapter 341.321

# COMBATIVE SPORTS COMMISSION

# Agency Revenue Summary

*Dollars in Thousands*

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012   FY2013		Biennium 2012-13
<b><i>Non Dedicated Revenue:</i></b>					
<b>Total Non-Dedicated Receipts</b>	0	0	0	0	0
<b><i>Dedicated Receipts:</i></b>					
<b>Departmental Earnings:</b>					
Miscellaneous Special Revenue	67	63	154	154	308
<b>Total Dedicated Receipts</b>	<b>67</b>	<b>63</b>	<b>154</b>	<b>154</b>	<b>308</b>
<b>Agency Total Revenue</b>	<b>67</b>	<b>63</b>	<b>154</b>	<b>154</b>	<b>308</b>

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⇒ Designates that this item is a change item

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>Environment &amp; Natural Resource</b>					
Current Appropriation	2,000	0	0	0	0
<b>Recommended</b>	<b>2,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	0	0	0
% Biennial Change from 2010-11					-100%
<b>General</b>					
Current Appropriation	21,721	21,600	21,600	21,600	43,200
<b>Recommended</b>	<b>21,721</b>	<b>21,600</b>	<b>21,075</b>	<b>21,083</b>	<b>42,158</b>
Change		0	(525)	(517)	(1,042)
% Biennial Change from 2010-11					-2.7%
<b>Petroleum Tank Release Cleanup</b>					
Current Appropriation	1,059	1,052	1,052	1,052	2,104
<b>Recommended</b>	<b>1,059</b>	<b>1,052</b>	<b>1,052</b>	<b>1,052</b>	<b>2,104</b>
Change		0	0	0	0
% Biennial Change from 2010-11					-0.3%
<b>Federal Stimulus</b>					
Current Appropriation	196,753	0	0	0	0
<b>Recommended</b>	<b>196,753</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	0	0	0
% Biennial Change from 2010-11					-100%
<b>Workers Compensation</b>					
Current Appropriation	751	751	751	751	1,502
<b>Recommended</b>	<b>751</b>	<b>751</b>	<b>751</b>	<b>751</b>	<b>1,502</b>
Change		0	0	0	0
% Biennial Change from 2010-11					0%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	702	1,568	0	0	0
General	19,511	26,251	21,075	21,083	42,158
Petroleum Tank Release Cleanup	655	1,456	1,052	1,052	2,104
Federal Stimulus	55,551	109,965	32,701	2,951	35,652
Workers Compensation	610	892	751	751	1,502
<b>Open Appropriations</b>					
Petroleum Tank Release Cleanup	6,891	11,336	11,336	17,136	28,472
<b>Statutory Appropriations</b>					
State Government Spec Revenue	0	232	0	0	0
Miscellaneous Special Revenue	27,191	35,631	31,460	32,230	63,690
Federal	181,954	175,886	187,683	194,066	381,749
Federal Stimulus	3,879	1,532	300	327	627
Miscellaneous Agency	207	456	200	0	200
<b>Total</b>	<b>297,151</b>	<b>365,205</b>	<b>286,558</b>	<b>269,596</b>	<b>556,154</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	26,140	30,586	30,328	29,867	60,195
Other Operating Expenses	31,537	47,041	47,476	50,736	98,212
Local Assistance	239,474	287,356	208,754	183,193	391,947
Transfers	0	222	0	5,800	5,800
<b>Total</b>	<b>297,151</b>	<b>365,205</b>	<b>286,558</b>	<b>269,596</b>	<b>556,154</b>

*Dollars in Thousands*

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><i>Expenditures by Program</i></b>					
Financial Institutions	9,158	11,256	10,079	10,083	20,162
Petroleum Tank Cleanup Fund	7,546	12,792	12,388	18,188	30,576
Administrative Services	4,798	5,398	5,082	5,082	10,164
Market Assurance	11,930	14,981	23,918	30,530	54,448
Telecommunications	943	1,077	1,010	1,010	2,020
Office Of Energy Security	254,851	309,208	225,159	195,086	420,245
Telecommunications Access Mn	4,933	7,331	5,767	6,462	12,229
Weights & Measures	2,992	3,162	3,155	3,155	6,310
<b>Total</b>	<b>297,151</b>	<b>365,205</b>	<b>286,558</b>	<b>269,596</b>	<b>556,154</b>
<b><i>Full-Time Equivalent (FTE)</i></b>	<b>301.7</b>	<b>334.7</b>	<b>330.2</b>	<b>323.9</b>	

**Agency Purpose**

The Minnesota Department of Commerce (DOC) protects 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.

**At a Glance**

The department's General Fund spending is estimated to be in excess of \$45.8 million for the FY 2010-11 biennium. The all fund spending is estimated to be in excess of \$758.9 million over the same period.

**Financial Institutions**

- Regulates \$53 billion in bank, credit union and finance company assets and \$246 billion in insurance company assets
- Twelve state banks have failed in recent years
- There have been no failures of Minnesota insurers or credit unions in recent history.

**Petroleum Tank Cleanup Fund**

- Over \$10 million in annual reimbursements
- Approximately \$403 million in reimbursements since program inception
- Program sunset date of June 30, 2012

**Administrative Services**

- Provides leadership and support services to all agency programs
- Manages over \$450 million in unclaimed property and returned over \$25 million to rightful owners in FY 2010

**Market Assurance**

- Over 4,800 investigation files opened annually
- Recovered \$2.7 million in claims payments for consumers
- Licenses over 210,000 individuals and entities
- Receives over 23,000 calls from consumers and over 46,000 license-related calls

**Telecommunications**

- Regulates almost 100 local telephone companies, over 150 local carriers, and over 300 long distance carriers
- Evaluates and acts on over 1,000 dockets per year

**Office of Energy Security**

- 165,000 low income households served by LIHEAP and Weatherization
- \$140 million of federal funds disbursed to low income households
- 628,000 MWh of electricity saved through CIP
- 1.8 million Mcf of natural gas saved through CIP

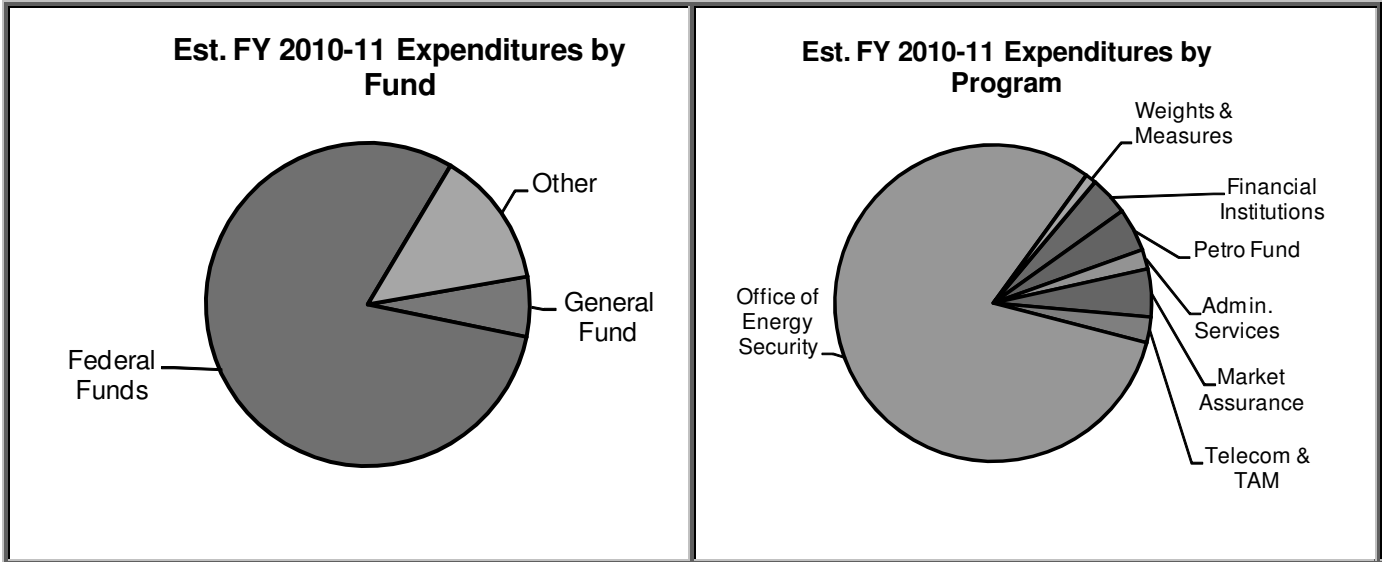
**Telecommunications Access Minnesota (TAM)**

- Provides Minnesota Relay service and the telephone equipment distribution (TED) program
- Minnesota Relay service handles an average of 63,000 calls per month
- TED program distributes an average of 400 assistive telecommunications devices per month

**Weights and Measures**

- Over 60,000 inspections on an annual basis
- Metrology lab is accredited under the most recently adopted quality standards
- Program funding based on the volume of petroleum product received in Minnesota





Source: Consolidated Fund Statement.

Source: Minnesota Accounting and Procurement System as of 08/31/2010

**Strategies**

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 banks 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.

**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.

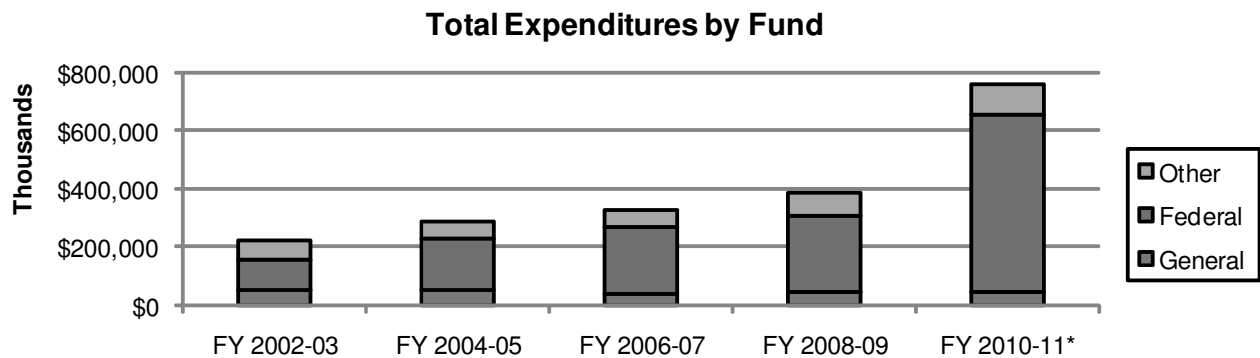
**Telecommunications Access Minnesota:**

- Funds telecommunications access services for Minnesotans 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 Trends Section**



\* FY 2010-11 is estimated, not actual. Source data for the previous chart is the Minnesota Management and Budget consolidated fund statement.

**External Factors Impacting Commerce**

There are a number of external factors that have affected the department. Most significantly, the economic downturn has touched all of the major work units in the department.

Market Assurance – The declining housing market has put many appraisers, mortgage, and real estate professionals under financial stress. Unfortunately this has led to an increase in the number of complaints received, and the number of investigations completed, by our Market Assurance division. For example, in FY 2009 a total of \$2.7 million in fines and penalties were assessed against the mortgage industry, up from a previous high of \$564,000 in FY 2003.

Financial Exams – State regulated banks and credit unions have also been significantly affected by poor economic conditions. Currently, about 1/3 of the state regulated banks and credit unions are on the department's watch list, up significantly over the past few years.

Office of Energy Security (OES) – [0]The federal government passed the American Reinvestment and Recovery Act (ARRA). This has lead to OES receiving approximately \$200 million in energy-related stimulus money. OES's Weatherization program, for example, saw a 13-fold increase in funding. OES has worked hard to scale up stimulus-funded programs and will need to work to scale them back down as we near 2012.

### Contact

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<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b>Fund: ENVIRONMENT &amp; NATURAL RESOURCE</b>				
FY 2011 Appropriations	0	0	0	0
Subtotal - Forecast Base	0	0	0	0
Total Governor's Recommendations	0	0	0	0
<b>Fund: GENERAL</b>				
FY 2011 Appropriations	21,600	21,600	21,600	43,200
<b>Technical Adjustments</b>				
Current Law Base Change		(227)	(219)	(446)
One-time Appropriations		(38)	(38)	(76)
Operating Budget Reduction		(5)	(5)	(10)
Subtotal - Forecast Base	21,600	21,330	21,338	42,668
<b>Change Items</b>				
Expediting Regulatory Decision-Making	0	265	265	530
Operating Budget Reduction	0	(520)	(520)	(1,040)
Total Governor's Recommendations	21,600	21,075	21,083	42,158
<b>Fund: PETROLEUM TANK RELEASE CLEANUP</b>				
FY 2011 Appropriations	1,052	1,052	1,052	2,104
<b>Technical Adjustments</b>				
Program/agency Sunset		0	(1,052)	(1,052)
Subtotal - Forecast Base	1,052	1,052	0	1,052
<b>Change Items</b>				
Extension of the Petrofund Sunset	0	0	1,052	1,052
Total Governor's Recommendations	1,052	1,052	1,052	2,104
<b>Fund: FEDERAL STIMULUS</b>				
FY 2011 Appropriations	0	0	0	0
Subtotal - Forecast Base	0	0	0	0
Total Governor's Recommendations	0	0	0	0
<b>Fund: WORKERS COMPENSATION</b>				
FY 2011 Appropriations	751	751	751	1,502
Subtotal - Forecast Base	751	751	751	1,502
Total Governor's Recommendations	751	751	751	1,502
<b>Fund: PETROLEUM TANK RELEASE CLEANUP</b>				
Planned Open Spending	11,336	11,336	0	11,336
<b>Change Items</b>				
Extension Of The Petrofund Sunset	0	0	17,136	17,136
Total Governor's Recommendations	11,336	11,336	17,136	28,472

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b><i>Fund: STATE GOVERNMENT SPEC REVENUE</i></b>				
Planned Statutory Spending	232	0	0	0
Total Governor's Recommendations	232	0	0	0
<b><i>Fund: MISCELLANEOUS SPECIAL REVENUE</i></b>				
Planned Statutory Spending	35,631	31,460	32,230	63,690
Total Governor's Recommendations	35,631	31,460	32,230	63,690
<b><i>Fund: FEDERAL</i></b>				
Planned Statutory Spending	175,886	187,683	194,066	381,749
Total Governor's Recommendations	175,886	187,683	194,066	381,749
<b><i>Fund: FEDERAL STIMULUS</i></b>				
Planned Statutory Spending	1,532	300	327	627
Total Governor's Recommendations	1,532	300	327	627
<b><i>Fund: MISCELLANEOUS AGENCY</i></b>				
Planned Statutory Spending	456	200	0	200
Total Governor's Recommendations	456	200	0	200
<b><u>Revenue Change Items</u></b>				
<b><i>Fund: GENERAL</i></b>				
<b>Change Items</b>				
Expediting Regulatory Decision-Making	0	265	265	530
<b><i>Fund: PETROLEUM TANK RELEASE CLEANUP</i></b>				
<b>Change Items</b>				
Extension of the Petrofund Sunset	0	0	26,333	26,333

<b>Fiscal Impact (\$000s)</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Petroleum Tank Fund				
Expenditures	\$0	\$18,188	\$18,188	\$18,188
Revenues	0	26,333	26,333	26,333
Net Fiscal Impact	\$0	(\$8,145)	(\$8,145)	(\$8,145)

**Recommendation**

The Governor recommends amending the repealer date (i.e. 'sunset date') in M.S. 115C.13 from June 30, 2012 to June 30, 2017. This legislation would result in a five-year extension of the Petroleum Tank Release Cleanup Fund (Petrofund) program at the Department of Commerce, as well as provide funding for other programs at the Minnesota Pollution Control Agency and the Department of Employment and Economic Development (separate *Change Item* documents are provided by both of those agencies in their budgets).

**Rationale**

Federal financial responsibility regulations require that petroleum storage tank owners have at least \$1 million of coverage to address contamination from leaking tanks and to pay third-party liability claims. The 'sunset' of the Petrofund, which has served as the tank owners' financial assurance mechanism since 1987, would negatively impact their ability to comply with federal law and would likely result in financial hardships for those tank owners who could not obtain alternative coverage and were obligated to incur the costs related to investigating and cleaning up petroleum contamination on their own. Extension of the 'sunset date' would have no impact on the Department's current operations, since no increases in staffing or annual Petrofund reimbursement program budgets are anticipated. The effective implementation date would be the first day of the extension: July 1, 2012. The new sunset on the PetroFund will be June 30, 2017.

All current and proposed expenditures are fully covered by the Petrofund fee; thus, there is no effect on the General Fund. The Petrofund program's revenue is generated by a fee on gasoline and other petroleum products. Of the \$18.2 million is spending each year, \$1.052 million each year is for the Petroleum Tank Release Cleanup Board while \$11 million is provided in claims.

**Key Goals and Measures**

The key goal of the Petrofund program is to provide timely financial assistance to those who are cleaning up contaminated soil and groundwater from leaking petroleum storage tanks, with the ultimate goal of helping to protect the public health and welfare and the environment. These objectives go 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."

The principal measure for whether or not the Petrofund is providing financial assistance in a timely manner is the 'application backlog'. Minnesota Statute §115C.09 provides that initial applications be reviewed within 60 days of receipt and supplemental applications within 120 days of receipt. The status of the 'application backlog' is assessed weekly by the Petrofund Director and reported to the five-member Petrofund Board at their bi-monthly meetings. The Petrofund staff is currently reviewing applications within the 60-day and 120-day deadlines. The Petrofund has consistently processed reimbursement applications in a timely manner (as illustrated in the following table), and it is anticipated that these high compliance rates will continue into the foreseeable future.

<b>Year</b>	<b>Applications Received</b>	<b>Applications Reviewed Within 60 and 120 Days</b>	<b>Compliance Rate</b>
FY08	807	807	100%
FY09	735	735	100%
FY10	721	681*	94%*

\*Short-term lack of compliance due to the departure of one of the three analysts that process applications for reimbursement.

**Statutory Change:** Change the sunset date contained in M.S. 115C.13 to June 30, 2017

<b>Fiscal Impact (\$000s)</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Fund				
Expenditures	\$265	\$265	\$265	\$265
Revenues	265	265	265	265
Net Fiscal Impact	\$0	\$0	\$0	\$0

**Recommendation**

The Governor recommends increasing the Office of Energy Security appropriation and related assessment of utilities by \$265,000 each year. This increase represents an 8.9% increase in general fund spending for the Office of Energy Security.

**Rationale**

Funding in the Office of Energy Security (OES) has remained flat over the past few years as workload has increased. The number and complexity of utility filings brought before the Public Utilities Commission have increased greatly over the past few years. This workload cannot be controlled internally and is driven by the regulated industries. As an example, in FY 2007 there were three rate cases and during FY 2010 OES worked on nine rate cases. These highly contested cases require thousands of hours of OES staff time; typically, OES work results in millions of dollars of savings for utility customers.

This proposal includes three FTE which will be used to improve the speed by which utility filings are processed. Additional resources will be used to analyze and recommend action on the utility filings to better meet the expectations of the regulated industries.

**Key Goals and Measures**

One of the key goals stated in the OES mission statement is to provide access to energy that is reliable, reasonably-priced, and environmentally sound. This proposal will help OES meet these stated goals by providing staff and related resources. OES will be able to measure the length of time a standard rate case currently takes to work its way through the system and compare that to the same data after additional staff have been added.

**Statutory Change:** Not Applicable.

## COMMERCE DEPT

### Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	(\$520)	(\$520)	(\$520)	(\$520)
Revenues	0	0	0	0
Net Fiscal Impact	(\$520)	(\$520)	(\$520)	(\$520)

### Recommendation

The Governor recommends a reduction of \$520,000 in FY 2012 and \$520,000 in FY 2013 to the Department of Commerce General Fund operating budget. The Governor intends that the Department of Commerce 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.

This proposal represents a 5% reduction to the Department of Commerce base general fund forecast budget.

### Rationale

The Department of Commerce's total Market Assurance and Administrative Services base forecast general fund operating budget is \$10.398 million for FY 2012 and \$10.398 million for 2013 and includes amounts budgeted for licensing, enforcement, securities registration, rate and form filing, consumer protection, unclaimed property, and general administrative functions. The Department of Commerce is proposing to reduce operating expenditures and positions during the FY 2012-13 biennium. Specifically, Department of Commerce will reduce operating budgets by the following amounts:

- Elimination of two positions in the Market Conduct unit - \$150,000
- Elimination of one position on the Consumer Response team - \$75,000
- Reduction of general administrative costs in Market Assurance - \$91,000
- Elimination of two positions and operational reductions in Administrative Services - \$204,000

These reductions will not impact any current employees since these positions are currently vacant. In anticipation of budget reductions, positions have not been filled when employees have left.

**Statutory Change:** Not Applicable.



**Program at a Glance**

- In FY 2010, the Financial Institutions Division regulated
  - \$53 billion in bank, credit union, and finance company assets
  - \$246 billion in insurance company assets
- Twelve state banks have failed in recent years, but mergers have been arranged with no losses to depositors.
- There have been no failures of Minnesota insurers or credit unions in recent history.

**Program Description**

The Financial Institutions Division licenses and regulates financial institutions, insurance companies and other entities that provide financial products and services. Specifically, the Bank and Credit Union unit licenses and regulates state-chartered banks, trust companies, credit unions, certificate investment companies, thrift companies, consumer credit companies, and debt management and debt settlement companies. The Insurance component licenses and monitors the solvency of all insurance companies that operate in Minnesota. The Division also licenses and examines mortgage companies that operate in Minnesota. The objectives include assuring a competitive market for a broad range of financial services with minimal failures and losses to citizens.

**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 Unit**

The unit licenses and conducts on-site examinations at all state-chartered banks, trust companies, credit unions and certificate investment companies on a 12 to 18 month cycle. There is much cooperation and collaboration with federal counterparts. Many examinations are conducted jointly and examination findings are shared with the Federal Deposit Insurance Corporation (FDIC), Federal Reserve Bank and the National Credit Union Administration (NCUA). On-site examinations focus on various financial factors with particular emphasis on loan portfolio quality. Oversight also includes ongoing monitoring of 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. Examinations often result in significant refunds of overcharges to consumers.

The unit also licenses residential mortgage loan origination and servicing companies. Recent legislation authorizes Minnesota’s federally mandated participation in the National Mortgage Licensing System (NMLS) which will screen and license natural persons who engage in mortgage origination. An on-site mortgage company examination program was authorized by the legislature in 2007 and the exam program commenced in 2008. The mortgage unit is currently gearing up for participation in NMLS.

The unit also licenses currency exchanges, payday lenders, money transmitters and debt management services providers. The Division’s 2008 legislative proposal mandated licensing of Internet payday lenders and compliance with Minnesota’s conservative fee schedule.

The Division encourages the growth of state-chartered financial 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 Unit**

A major focus is on oversight of insurers headquartered in Minnesota. The unit’s primary focus is to ensure the financial soundness and solvency of every insurance company doing business in Minnesota. If an insurance company headquartered in Minnesota is financially troubled, it is the Division’s responsibility to formulate a plan to effect correction. If an insurer headquartered in another state falters, the Division would restrict the business that

it conducts in Minnesota. If an insurance company failure is unavoidable, the Division manages the transition 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. Insurers today are large, multi-state and multi-jurisdictional concerns, but regulation rests at the state level. The recent Dodd/Frank federal legislation establishes a federal entity to track insurance issues; however, there is no federal regulation of the insurance industry.

The Insurance unit also 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. Model acts are often tailored to conditions unique to Minnesota. The Division's 2010 legislative initiative included strengthening oversight of fraternal life insurers which are not covered by the guaranty fund safety net. The Minnesota fraternal law has become the model for legislative initiatives in other states.

The unit performs two types of examinations – the desk audit and the on-site field examination. Desk audits are based on periodic financial reports submitted by insurance companies. Analysts evaluate information, and develop a financial profile of every company doing business in Minnesota. On-site examinations of Minnesota-based insurers are conducted every five years. Examiners review insurance company books and records at the company headquarters and conduct a full and complete review of financial condition. Examinations are completed by staff or by contract examiners (generally accounting firms). Additionally, the unit employs an actuarial staff to calculate and verify the adequacy of insurance company reserves and various workers' compensation issues. The Division also conducts periodic examinations of health maintenance organizations (HMOs) via a contract with the Department of Health.

The Division also oversees the operations of the two insurance "guaranty funds," which are the safety net mechanism to protect policyholders from losses in the event of an insurance company failure.

### **Historical Perspective**

While Minnesota's diversified and comparatively resilient economy is reflected in the generally satisfactory financial condition of state banks and credit unions, the severe economic downturn beginning in 2007 has taken its toll. Twelve state banks have failed between 2007 and mid-2010 and "watch lists" remain at high levels. Financial stress will continue to adversely affect Minnesota's financial institutions. The 12 state bank failures have all been resolved by merger, with no loss to depositors and minimal inconvenience. While some "shotgun weddings" have been arranged, there have been no outright credit union failures since 1984. There have been no failures of Minnesota-headquartered insurance companies in many, many years.

### **Key Program Goals & Measures**

#### **Goals**

Continue to monitor the health of Minnesota's state banks, credit unions and insurance companies, initiate timely corrective actions where appropriate, and resolve failures with minimal losses to citizens.

Continue to lead the nation in risk-focused insurance regulation, which emphasizes critical factors rather than "bean counting," and reduces the cost of insurance regulation.

Stay current with the statutory schedule for examinations of banks, credit unions, insurance companies and finance companies.

Maintain the accreditation (peer review quality control) with both the Conference of State Bank Supervisors (CSBS) for banks and the National Association of Insurance Commissioners (NAIC) for insurance.

Assure a competitive marketplace for financial services, but with minimal failures.

**Financial Examinations related activities (FY2007-10):**

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
<b>Banks, Credit Unions and Consumer Credit</b>				
State banks	330	327	321	306
Branch offices	515	535	535	524
Examinations conducted	132	120	108	110
Bank assets (\$ in billions)	\$36.3	\$38.6	\$39.5	\$39.6
State credit unions	98	96	94	94
Consumer credit companies	174	183	185	194
Examinations conducted	150	157	135	160
Credit union assets (\$ in billions)	\$3.8	\$4.1	\$4.0	\$6.8
<b>Insurance Companies</b>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Licensed insurance companies	1,409	1,422	1,402	1,436
New company licenses issued	39	32	40	34
Domestic insurance companies	79	77	77	77
Financial reviews conducted (desk audit)	1,479	1,470	1,425	1,485
On-site examinations	26	16	12	17
Township Mutual exams (beginning 2008)		9	11	32

**Program 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 consist of examination fees, registration and filing fees, licensing fees, and transaction fees.

With respects to banks, credit unions, and finance companies, the program is funded by a General Fund appropriation, but all costs are recovered by assessments and examination fees charged to the regulated entities. The assessment is billed at the beginning of a fiscal year at 103% of operating, agency indirect and Attorney General cost. Examination fees are based on hourly charges for examiner time and cover the costs of the examination program. Fees are also charged for applications relating to charter and license activity.

**Contact**

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**COMMERCE DEPT**

Program: FINANCIAL INSTITUTIONS

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	7,038	6,899	6,899	6,899	13,798
<b>Technical Adjustments</b>					
Current Law Base Change			(123)	(119)	(242)
Operating Budget Reduction			(2)	(2)	(4)
Subtotal - Forecast Base	7,038	6,899	6,774	6,778	13,552
<b>Total</b>	<b>7,038</b>	<b>6,899</b>	<b>6,774</b>	<b>6,778</b>	<b>13,552</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	5,964	7,960	6,774	6,778	13,552
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	3,194	3,296	3,305	3,305	6,610
<b>Total</b>	<b>9,158</b>	<b>11,256</b>	<b>10,079</b>	<b>10,083</b>	<b>20,162</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	5,422	6,595	6,221	6,225	12,446
Other Operating Expenses	3,736	4,661	3,858	3,858	7,716
<b>Total</b>	<b>9,158</b>	<b>11,256</b>	<b>10,079</b>	<b>10,083</b>	<b>20,162</b>
<b><u>Expenditures by Activity</u></b>					
Financial Institutions	9,158	11,256	10,079	10,083	20,162
<b>Total</b>	<b>9,158</b>	<b>11,256</b>	<b>10,079</b>	<b>10,083</b>	<b>20,162</b>
<b>Full-Time Equivalents (FTE)</b>	<b>64.4</b>	<b>67.1</b>	<b>67.1</b>	<b>67.1</b>	

**Program at a Glance**

- Approximately \$403 million has been provided in reimbursements since 1987.
- Funding has covered corrective actions at approximately 13,000 leaksites.

**Program Description**

The Petroleum Tank Release Cleanup Fund (Petrofund) contributes to 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 cleanup 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 cleanup projects done, resulting in a cleaner environment for everyone.

**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 release of fuel oil;
- 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 funds by the Department of Employment and Economic Development (DEED) for the administration of the contamination cleanup and investigation grant Pprogram.

**Historical Perspective**

The Petrofund was created in 1987 in response to federal legislation requiring owners of underground petroleum storage tanks to have up to \$1 million of financial assurance to cover costs associated with investigating and cleaning up contamination in the event that their tanks leak. Minnesota, along with 47 other states, established a state-financed reimbursement program to assist tank owners and operators in meeting their financial obligations. Since its inception, the Petrofund has reimbursed a total of approximately \$403 million for corrective actions performed at approximately 13,000 leak sites. The Petrofund is currently scheduled to ‘sunset’ on June 30, 2012.

**Key Program Goals & Measures**

The key goal of the Petrofund program is to provide timely financial assistance to those who are cleaning up contaminated soil and groundwater from leaking petroleum storage tanks, with the ultimate goal of helping to protect the public health and welfare and the environment. These objectives go 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.”

The principal measure for whether or not the Petrofund is providing financial assistance in a timely manner is the ‘application backlog’. M. S. 115C.09 provides that initial applications be reviewed within 60 days of receipt and supplemental applications within 120 days of receipt. The status of the ‘application backlog’ is assessed weekly by the Petrofund director and reported to the five-member Petrofund board at their bi-monthly meetings. The Petrofund staff is currently reviewing applications within the 60-day and 120-day deadlines. As the following table illustrates, the Petrofund has consistently processed reimbursement applications in a timely manner.

<b>Year</b>	<b>Applications Received</b>	<b>Applications Reviewed Within 60 and 120 Days</b>	<b>Compliance Rate</b>
FY08	807	807	100%
FY09	735	735	100%
FY10	721	681*	94%*

\*Short-term lack of compliance due to the departure of one of the three analysts that process applications.

Another measure of the Petrofund's efforts to protect economic and human health is the number of abandoned underground storage tanks that have been identified and removed by the program. Since 2004, the Petrofund has removed over 200 abandoned tanks from nearly 150 sites and recovered over 70,000 gallons of fuel/sludge/contaminated water from the tanks that could have otherwise been released into the environment. To date, a total of 88 new releases have been identified and reported as part of the abandoned tank removal activities, an important first step in the cleanup and possible redevelopment of those impacted properties.

### **Program Funding**

The Petrofund program is completely funded by an appropriation from the Petrofund, which derives its revenue from a fee on petroleum products paid by the first licensed distributors receiving the products in Minnesota. The fee is imposed at a rate of \$20 per 1,000 gallons of product, rounded to the nearest 1,000 gallons, but is typically referred to as a \$.02 per gallon fee. The fee is collected by the Department of Revenue only when the unencumbered balance of the fund falls below \$4 million and only after imposition of the fee has been authorized by the Board (see M.S. 115C.08). After four months, the fee automatically turns off. Revenue is also received from investment earnings on the fund balance.

### **Contact**

Minnesota Department of Commerce  
 Petroleum Tank Release Cleanup Fund  
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 Saint Paul, Minnesota 55101  
 Phone: (651) 215-1775 or (800) 638-0418  
 Email: petrofund.commerce@state.mn.us

**COMMERCE DEPT**

Program: PETROLEUM TANK CLEANUP FUND

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>Petroleum Tank Release Cleanup</b>					
Current Appropriation	1,059	1,052	1,052	1,052	2,104
<b>Technical Adjustments</b>					
Program/agency Sunset			0	(1,052)	(1,052)
Subtotal - Forecast Base	1,059	1,052	1,052	0	1,052
<b>Governor's Recommendations</b>					
Extension of the Petrofund Sunset		0	0	1,052	1,052
<b>Total</b>	<b>1,059</b>	<b>1,052</b>	<b>1,052</b>	<b>1,052</b>	<b>2,104</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Petroleum Tank Release Cleanup	655	1,456	1,052	1,052	2,104
<b>Open Appropriations</b>					
Petroleum Tank Release Cleanup	6,891	11,336	11,336	17,136	28,472
<b>Total</b>	<b>7,546</b>	<b>12,792</b>	<b>12,388</b>	<b>18,188</b>	<b>30,576</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	498	793	643	643	1,286
Other Operating Expenses	7,048	11,999	11,745	11,745	23,490
Transfers	0	0	0	5,800	5,800
<b>Total</b>	<b>7,546</b>	<b>12,792</b>	<b>12,388</b>	<b>18,188</b>	<b>30,576</b>
<b><u>Expenditures by Activity</u></b>					
Petroleum Tank Cleanup Fund	7,546	12,792	12,388	18,188	30,576
<b>Total</b>	<b>7,546</b>	<b>12,792</b>	<b>12,388</b>	<b>18,188</b>	<b>30,576</b>
<b>Full-Time Equivalents (FTE)</b>	<b>6.3</b>	<b>6.8</b>	<b>6.8</b>	<b>6.8</b>	

**Program at a Glance**

Provides leadership and support services to the program delivery areas within the department. In addition, the Unclaimed Property unit resides in Administrative Services.

- Provides human resource and staffing expertise.
- Manages agency finances including budgeting, accounting, and payroll processing.
- Implement internal control procedures.
- Provides secure and efficient technology solutions for all department staff.
- Manages over \$450 million in unclaimed property, and returned over \$25 million to rightful owners in FY 2010.

**Program Description**

Administrative Services includes the commissioner’s office, human resources, information technology services, accounting and financial services, the record information center and the unclaimed property unit. We ensure that all department operations are managed and implemented in a manner consistent with state and federal laws and with the goals of the administration.

**Population Served**

- Administrative Services serves Minnesotans who do business with the Department of Commerce (DOC).
- Central management and support functions facilitate the operations of the department’s main programs.
- Unclaimed property serves owners of abandoned property received by the state from banks, former employers, retailers, and other businesses.

**Services Provided**

**Administrative Support**

- 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;
- ensures that the business units are supported by the necessary technology and information systems;
- provides website management, project management, application development and support, network operations and security, and desktop support for all staff;
- facilitates productive relationships with regulated businesses and individuals;
- coordinates department activities with other government agencies, private sector businesses, and the public; and
- provides consumer information to Minnesotans.

**Unclaimed Property**

- The program began in 1969 following the enactment of Minnesota’s uniform disposition of unclaimed property act.
- Unclaimed property includes money from savings and checking accounts, wages, insurance proceeds, safe deposit box contents, stocks, bonds, and dividends.
- Banks, insurance companies, corporations, and government agencies operating in Minnesota are statutorily required to report, and turn over, abandoned property.
- The unclaimed property operation acts as the custodian of all abandoned property it receives until the rightful owner claims it.
- 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. Unclaimed stock is also held for one year before it is liquidated. Proceeds from both an auction and stock sale are deposited in the General Fund until claimed by the rightful owner.

**Key Program Goals & Measures**

Administrative Services provide support services to all areas of the department and indirectly support a number of statewide strategic goals. All goals can be linked to the Minnesota Milestone related to satisfaction with government services.

**Financial Management**

Administrative Services ensures that financial transactions, such as paying outstanding invoices, are completed according to state law and statewide policy. The unit measure performance by reviewing monthly prompt payment



reports to verify compliance with the statewide policy that requires 98% of all payments be paid within the 30 days.

Fiscal Year	Prompt Payment Percent
2008	98.95%
2009	99.01%
2010	98.55%

### Information Technology Services

One of its goals is to ensure that each business unit has what it needs to complete their work on time, accurately, and cost effectively. Administrative Services has a goal of 99% system availability for all computer systems and the unit measure total downtime against that goal.

Fiscal Year	System Availability
2008	99.2%
2009	96.4%
2010	97.5%

### Unclaimed Property

The unit is working to increase unclaimed property holder compliance and to increase the rate at which property is returned to the rightful owner.

<b>Unclaimed Property</b>	<b><u>FY 2006</u></b>	<b><u>FY 2007</u></b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>FY 2010</u></b>
Number of Unclaimed Property Holders	13,500	13,500	13,500	13,300	12,700
Number of Property Inquiries-phone and email	33,000	32,000	31,000	32,000	32,000
Unclaimed Property Remitted to Commerce	\$113.1M	\$56M	\$50M	\$62.7M	\$53M
Unclaimed Property Returned to Owners	\$24.5M	\$20.5M	\$18.4M	\$21.3M	\$25.3M

### Program Funding

Administrative Services is funded by a General Fund appropriation and an agency indirect cost account. Funding in the indirect cost account comes from the application of our approved indirect cost rate on federal accounts.

### Contact

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**COMMERCE DEPT**

Program: ADMINISTRATIVE SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	4,137	4,077	4,077	4,077	8,154
<b>Technical Adjustments</b>					
Operating Budget Reduction			(1)	(1)	(2)
Subtotal - Forecast Base	4,137	4,077	4,076	4,076	8,152
<b>Governor's Recommendations</b>					
Operating Budget Reduction		0	(204)	(204)	(408)
<b>Total</b>	<b>4,137</b>	<b>4,077</b>	<b>3,872</b>	<b>3,872</b>	<b>7,744</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	3,826	4,388	3,872	3,872	7,744
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	972	1,010	1,210	1,210	2,420
<b>Total</b>	<b>4,798</b>	<b>5,398</b>	<b>5,082</b>	<b>5,082</b>	<b>10,164</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	3,467	3,731	3,688	3,698	7,386
Other Operating Expenses	1,331	1,667	1,394	1,384	2,778
<b>Total</b>	<b>4,798</b>	<b>5,398</b>	<b>5,082</b>	<b>5,082</b>	<b>10,164</b>
<b><u>Expenditures by Activity</u></b>					
Administrative Services	4,798	5,398	5,082	5,082	10,164
<b>Total</b>	<b>4,798</b>	<b>5,398</b>	<b>5,082</b>	<b>5,082</b>	<b>10,164</b>
<b>Full-Time Equivalent (FTE)</b>	<b>44.1</b>	<b>44.9</b>	<b>42.9</b>	<b>42.9</b>	

**Program at a Glance**

During FY 2009 and FY 2010, the Division

- regulated 22 industries and occupations; and
- reviewed and analyzed over 5,900 insurance form and rate filings.

During FY 2009, the Division

- recovered \$2.7 million in additional claims payments for consumers;
- imposed \$11 million in fines; and
- took over 430 disciplinary actions.

On an annual basis the Division

- reviews over 10,000 securities and franchise offerings;
- opens over 4,800 investigation files per year;
- receives over 23,000 calls from consumers and over 46,000 license related calls; and
- licenses or renews over 210,000 individual or entity licenses.

**Program Description**

The Market Assurance Division protects consumers by licensing, regulating and investigating complaints in five distinct operations:

The **Consumer and Industry Services** unit responds to 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 **Enforcement** unit investigates the practices of regulated entities to determine whether their practices are consistent with Minnesota Law. The majority of cases and complaints handled by the unit fall into the following categories: Abstractors, collection agencies, real estate agents, brokers and appraisers, residential mortgage originators and servicers, securities brokers, dealers and agents, wire transfer agencies (money transmitters) and insurance.

The **Insurance Product Form Filing and Securities Registration** units review 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 works to reduce insurance premium costs by reducing the number and frequency of fraudulent insurance claims filed in Minnesota.

The **Licensing** unit issues or renews licenses of professionals primarily in insurance, real estate and collection agencies.

**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; and
- 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**

The **Consumer and Industry Services** unit responds to complaints in the following areas:

- insurance companies
- insurance adjusters
- athletic agents
- insurance agents and brokers
- third party administrators and self insurers

The unit also is responsible for educating consumers on insurance topics.

The **Enforcement** unit examines the behavior of regulated entities in the marketplace to determine whether prohibited behavior constitutes a pattern of practice. Three teams investigate complaints in the following areas:

- currency exchanges
- collection agencies
- cigarette vendors
- viatical settlements
- real estate agents and brokers
- abstractors
- subdivided lands
- notaries
- insurance agents and brokers
- below-cost gas pricing
- wire transfer agencies (money transmitters)
- investment advisers
- residential mortgage originators and servicers
- real estate appraisers
- securities brokers, dealers and agents
- franchises

**Insurance Fraud Investigation unit**

- 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 unit**

- 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; and
- reviews the applications of employers and employer groups to self-insure, and monitors their financial performance

**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 Insurance Product Form Filing and Securities Registration 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 & Measures

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 three of the department's strategic goals:

- Protect Minnesota consumers in a variety of commercial and financial transactions.
- Provide excellent service to business and industry.
- Provide increased emphasis on consumer outreach and education.

Market Assurance implemented a significant technology upgrade that allowed increased automation and web access for its licensing and complaint customers. The licensing unit implemented the requirement of finger printing of applicants for insurance producers and adjusters.

In 2009, the insurance fraud unit referred 45 cases to prosecuting authorities and expects that the number of referrals will increase in the future.

The division will be looking at additional reorganization efforts to support the Enterprise Lean initiative. The division held a successful Kaizen even in the insurance product form filing and securities registration unit. A Kaizen event is one of the tools of the Enterprise Lean initiative. <http://www.lean.state.mn.us/index.htm>

### Program Funding

The Market Assurance division is funded through direct appropriations, the assessment of regulated industries and the collection of dedicated revenues.

Direct appropriations from the General Fund and the workers' compensation fund are used to fund a large portion of the division work. The Enforcement unit, in some cases, is authorized to recover the cost of investigation. The funds received from cost recovery, along with funds received through the collection of licensing revenue and fines and penalties, are deposited in the General Fund as non-dedicated revenue.

The Insurance Fraud Investigation unit is authorized to assess regulated entities for the cost of operation as established in statute. Funds collected from the assessment are directly used to pay for future operating costs.

The Auto Theft Prevention program receives funding through the collection of a tax on automobile insurance policies written in Minnesota. These policies contain a \$.50 tax for every six months of insurance written. The money is collected and used to fund automobile theft prevention programs across the state.

Commerce has applied for and is planning to receive federal funds for the planning and implementation of the state's health care insurance exchange. Commerce will work with state agencies and other stakeholders as progress is made on the insurance exchange, which will allow insurers and individuals to view and purchase health care plans.

### Contact

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85 7<sup>th</sup> Place East

Saint Paul, Minnesota 55101

Phone: (651) 296-4051 or (651) 296-4026

TTY: (651) 296-2860 Fax: (651) 297-1959

Email: [general.commerce@state.mn.us](mailto:general.commerce@state.mn.us)

#### Consumer Concerns

Phone: (651) 296-2488 or (800) 657-3602 (MN only, outside of the metro area)

Fax: (651) 296-4328 Email: [market.assurance@state.mn.us](mailto:market.assurance@state.mn.us)

#### Licensing

Phone: (651) 296-6319 (8am – 4:15pm)

**COMMERCE DEPT**

Program: MARKET ASSURANCE

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	6,396	6,624	6,624	6,624	13,248
<b>Technical Adjustments</b>					
Current Law Base Change			(104)	(100)	(204)
One-time Appropriations			(38)	(38)	(76)
Operating Budget Reduction			(2)	(2)	(4)
Subtotal - Forecast Base	6,396	6,624	6,480	6,484	12,964
<b>Governor's Recommendations</b>					
Operating Budget Reduction		0	(316)	(316)	(632)
<b>Total</b>	<b>6,396</b>	<b>6,624</b>	<b>6,164</b>	<b>6,168</b>	<b>12,332</b>
<b>Workers Compensation</b>					
Current Appropriation	751	751	751	751	1,502
Subtotal - Forecast Base	751	751	751	751	1,502
<b>Total</b>	<b>751</b>	<b>751</b>	<b>751</b>	<b>751</b>	<b>1,502</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	5,540	7,467	6,164	6,168	12,332
Workers Compensation	610	892	751	751	1,502
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	5,573	5,836	6,133	6,111	12,244
Federal	0	330	10,670	17,500	28,170
Miscellaneous Agency	207	456	200	0	200
<b>Total</b>	<b>11,930</b>	<b>14,981</b>	<b>23,918</b>	<b>30,530</b>	<b>54,448</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	6,919	8,046	8,601	8,970	17,571
Other Operating Expenses	3,709	5,271	13,656	19,921	33,577
Local Assistance	1,302	1,664	1,661	1,639	3,300
<b>Total</b>	<b>11,930</b>	<b>14,981</b>	<b>23,918</b>	<b>30,530</b>	<b>54,448</b>
<b><u>Expenditures by Activity</u></b>					
Market Assurance	11,930	14,981	23,918	30,530	54,448
<b>Total</b>	<b>11,930</b>	<b>14,981</b>	<b>23,918</b>	<b>30,530</b>	<b>54,448</b>
<b>Full-Time Equivalents (FTE)</b>	<b>86.9</b>	<b>92.9</b>	<b>97.7</b>	<b>101.7</b>	

**Program at a Glance**

The Division

- advocates on behalf of the public interest on telecommunications issues; and
- enforces state and federal laws and regulations with respect to:
  - Almost 100 incumbent local telephone companies
  - Over 150 competitive local carriers
  - More than 300 companies offering long distance services
- In FY 2009 the division evaluated and acted on over 1,000 individual dockets filed.

**Program Description**

The Telecommunications Division investigates telephone company filings; enforces the statutes (Minn. Stat. § 237), rules and orders of the Public Utilities Commission (PUC) and Federal requirements that have been delegated to states; and advocates the public interest in settlement discussions with companies and before the PUC.

**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 application rules and regulations; and
- 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

**Services Provided**

The Telecommunications Division implements statewide telecommunications policies and provides a broad range of regulatory and other services, such as

- advocating 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;
- enforcing Minnesota Statutes, orders and rules of the Minnesota Public Utilities Commission, and certain orders of the Federal Communications Commission’
- investigating company filings and telecommunications matters that may not be in compliance with Minnesota requirements; and
- 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.

**Key Program Goals & Measures**

**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**

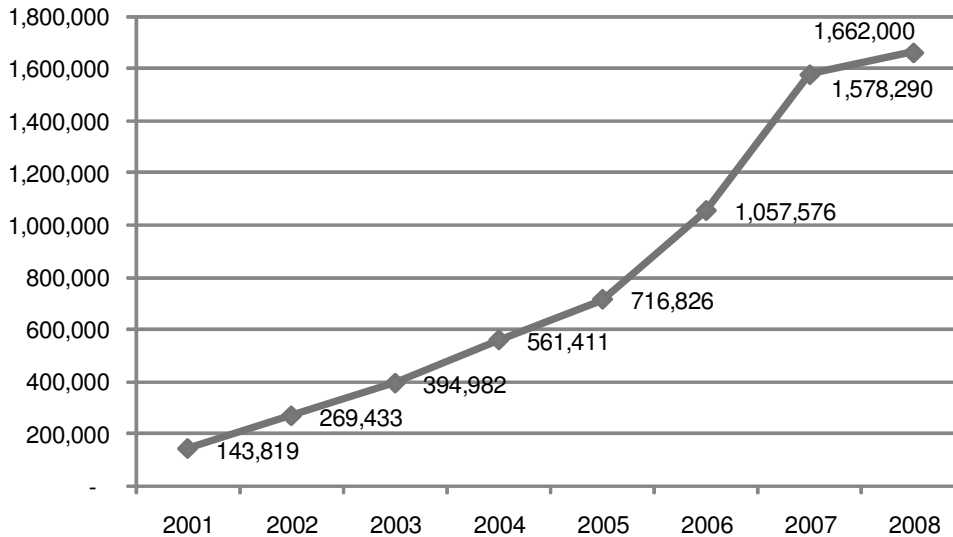
Goal: Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work.

- Telecommunications infrastructure and a competitive telecommunications marketplace, both overseen by the Telecommunications division, play an increasingly important role in ensuring that rural areas, small cities and urban neighborhoods are economically viable places for people to live and work.

*Telecommunications Infrastructure Deployment*

The Department of Commerce (DOC) continues to work toward ensuring that broadband service is available to every state resident. Telephone companies provide high-speed service primarily through digital subscriber line (DSL) technology although there is increasing deployment of fiber to the home (FTTH). The department served on the Governor’s Ultra High Speed Broadband Task Force, which submitted its report in November 2009. The Commissioner of Commerce has established a Broadband Advisory Council to assist in tracking progress towards reaching the broadband availability and penetration goals established in the 2010 legislative session (M.S. Chapter 237.012; 2010 Session Laws, Chapter 277). The department is also working on the continued development of maps showing where broadband is available in Minnesota (see [www.connectmn.org](http://www.connectmn.org)).

**High-Speed Lines in Minnesota**  
(Data from FCC Form 477 filed by the providers)



**Program Funding**

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.

**Contact**

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Telecommunications Division  
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**COMMERCE DEPT**

Program: TELECOMMUNICATIONS

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	1,010	1,010	1,010	1,010	2,020
Subtotal - Forecast Base	1,010	1,010	1,010	1,010	2,020
<b>Total</b>	<b>1,010</b>	<b>1,010</b>	<b>1,010</b>	<b>1,010</b>	<b>2,020</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	943	1,077	1,010	1,010	2,020
<b>Total</b>	<b>943</b>	<b>1,077</b>	<b>1,010</b>	<b>1,010</b>	<b>2,020</b>
 <b><u>Expenditures by Category</u></b>					
Total Compensation	792	915	848	848	1,696
Other Operating Expenses	151	162	162	162	324
<b>Total</b>	<b>943</b>	<b>1,077</b>	<b>1,010</b>	<b>1,010</b>	<b>2,020</b>
 <b><u>Expenditures by Activity</u></b>					
Telecommunications	943	1,077	1,010	1,010	2,020
<b>Total</b>	<b>943</b>	<b>1,077</b>	<b>1,010</b>	<b>1,010</b>	<b>2,020</b>
 <b>Full-Time Equivalents (FTE)</b>	 <b>8.7</b>	 <b>8.5</b>	 <b>8.5</b>	 <b>8.5</b>	

**Program at a Glance**

- Administers \$164 million in federal Energy Assistance Program funds to 165,000 of Minnesota’s low-income households.
- Administers \$132 million in federal ARRA Weatherization Program funds and \$8 million in regular Weatherization funds to Minnesota’s low-income households.
- Utilities have filed certificate of need (CN) requests to built new energy facilities. OES analyzed two requests in 2005 and 11 requests in 2010.
- Utilities file rate cases for authority to increase rates to energy consumers. OES will analyze eight cases in 2010. In 1999, there were zero rate cases.
- Regulatory services costs are charged to energy service providers.
- OES administers approximately \$30 million for energy efficiency and technology programs.
- In 2009, approximately \$133 million was spent on Conservation Improvement Program activities that saved approximately:
  - 628,000 MWh hours of electricity
  - 1.8 million Mcf of natural gas

**Program Description**

In January 2008, Governor Pawlenty created the Minnesota Office of Energy Security (OES) by renaming and refocusing the energy-related functions of the Energy and Telecommunications Division. OES provides energy-related services to the citizens of the State by advocating on behalf of the public interest in regulated utility matters, administering Minnesota’s Low-Income Heating Assistance and Weatherization Programs, assisting viable new energy technologies to enter the commercial market, overseeing utilities’ conservation improvement programs, assisting the Public Utilities Commission with siting and permitting large energy facilities, and distributing information to individual energy users on actions they can take to reduce energy usage.

**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.

*The Low Income Heating and Energy Assistance Program (LIHEAP) provides financial assistance to help Minnesota’s*

low income residents pay their energy bills, avoid shutoffs and refusals to deliver fuel as well as repair and replace furnaces

**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 documents for the siting or routing of large energy facilities--currently managing 16 projects;
- 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 and other midwestern states;
- performs and participates in fact-finding, legislatively-mandated or other studies, proceedings or communications regarding the reliable provision of energy service; and
- analyzes certificate of need (CN), integrated resource plans (IRP) and rate cases to ensure that utilities charge businesses and consumers reasonable rates for reliable energy service.

**The State Energy Office**

- administers the U.S. Department of Energy regular and ARRA Weatherization Assistance Program, providing energy conservation to over 17,000 households in Minnesota and creating over 450 jobs;
- promotes clean, renewable energy resources such as E85, biodiesel, wind, solar, geothermal, and smart grid 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’s 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 (CIP) Research & Development Grant Program; and

- administers, analyzes, and tracks the state's Conservation Improvement Program for technical feasibility and cost effectiveness in addition to making recommendations for improvements to the Deputy Commissioner for consideration when approving utility conservation plans.

### Key Program Goals & Measures

#### 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 conservation improvement program 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.

#### 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.
- In addition, Minnesota leads the nation in the number of E85 fueling stations, with approximately 350.

#### Minnesota Milestone—Indicator 25: Nearby Support

*Rationale: People in need will receive support that helps them live as independently as they can.*

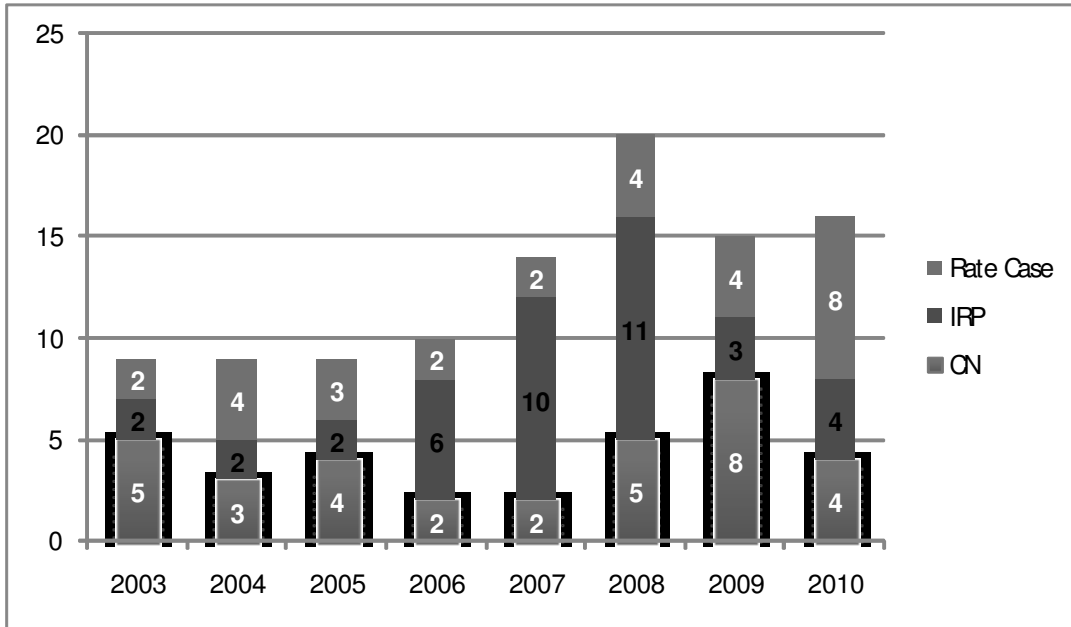
- OES provides LIHEAP and Weatherization services predominantly through the statewide community action agency network, ensuring that while funding may be from federal sources, the service is local and immediate.

#### Other statewide goals—The Next Generation Act of 2007's Energy Policy Goals

- 25 percent of the total electricity used in the state to be derived from renewable energy resources by 2025
- Reduce retail sales of energy 1.5 percent per year through utilities' conservation improvement programs

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. 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. Ensuring reliable energy service and promoting energy efficiency are important ways to minimize cost and environmental impacts. There has been significant growth in the renewable energy industry resulting in a large number of controversial certificates of need. In addition, there has been an increase in the number and complexity of integrated resource plans and rate cases.

**Regulatory Cases Analyzed by the Office of Energy Security**



Note: On average, each rate case requires eight staff over a 15 month period, integrated resource plans (IRP) require five staff over a six month period and certificate of need (CN) require four staff over a five-month period.

**Program 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.

**Contact**

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 Office of Energy Security  
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 Saint Paul, Minnesota 55101  
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 Fax: (651) 297-7891

Website: <http://www.energy.mn.gov>

**COMMERCE DEPT**

Program: OFFICE OF ENERGY SECURITY

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>Environment &amp; Natural Resource</b>					
Current Appropriation	2,000	0	0	0	0
Subtotal - Forecast Base	2,000	0	0	0	0
<b>Total</b>	<b>2,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>General</b>					
Current Appropriation	3,140	2,990	2,990	2,990	5,980
Subtotal - Forecast Base	3,140	2,990	2,990	2,990	5,980
<b>Governor's Recommendations</b>					
Expediting Regulatory Decision-Making		0	265	265	530
<b>Total</b>	<b>3,140</b>	<b>2,990</b>	<b>3,255</b>	<b>3,255</b>	<b>6,510</b>
<b>Federal Stimulus</b>					
Current Appropriation	196,753	0	0	0	0
Subtotal - Forecast Base	196,753	0	0	0	0
<b>Total</b>	<b>196,753</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	702	1,568	0	0	0
General	3,238	5,359	3,255	3,255	6,510
Federal Stimulus	55,551	109,965	32,701	2,951	35,652
<b>Statutory Appropriations</b>					
State Government Spec Revenue	0	232	0	0	0
Miscellaneous Special Revenue	9,527	14,996	11,890	11,987	23,877
Federal	181,954	175,556	177,013	176,566	353,579
Federal Stimulus	3,879	1,532	300	327	627
<b>Total</b>	<b>254,851</b>	<b>309,208</b>	<b>225,159</b>	<b>195,086</b>	<b>420,245</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	6,723	8,058	7,872	7,024	14,896
Other Operating Expenses	9,956	15,236	10,194	6,508	16,702
Local Assistance	238,172	285,692	207,093	181,554	388,647
Transfers	0	222	0	0	0
<b>Total</b>	<b>254,851</b>	<b>309,208</b>	<b>225,159</b>	<b>195,086</b>	<b>420,245</b>
<b><u>Expenditures by Activity</u></b>					
Office Of Energy Security	254,851	309,208	225,159	195,086	420,245
<b>Total</b>	<b>254,851</b>	<b>309,208</b>	<b>225,159</b>	<b>195,086</b>	<b>420,245</b>
<b>Full-Time Equivalents (FTE)</b>	<b>60.3</b>	<b>83.5</b>	<b>76.2</b>	<b>65.9</b>	

**Program at a Glance**

**Minnesota Relay:**

- Provided free of charge
- Operates 24/7
- Handles an average of 63,000 relay calls per month
- Offers 40 custom calling features
- Conducted 386 outreach activities reaching 22,773 Minnesotans in 2009

**TED Program:**

- Distributes an average of 400 assistive telecommunications devices per month
- Conducted 151 outreach activities reaching 4,532 Minnesotans in 2009
- Provides services via six regional offices

**Program Description**

The Telecommunications Access Minnesota (TAM) program administers the TAM Fund, Minnesota Relay, and the Telephone Equipment Distribution (TED) Program. The purpose of the TAM program is to ensure equal access to the telecommunications network for persons with a hearing, speech, vision or physical disability.

Minnesota Relay is a federally mandated Telecommunications Relay Services (TRS) and must be in full compliance with the requirements and intent of Title IV of the Americans with Disabilities Act of 1990, 47 U.S.C. § 225, and Federal Communications Commission (FCC) regulations at 47 C.F.R. §§ 64.601 through 64.606.

The state procedures and requirements regulating Minnesota Relay, the Telephone Equipment Distribution Program and the TAM Fund fall under M.S. 237.50-237.56 and Minnesota Rules, Chapter 8775.

**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. The program also serves persons who wish to contact these individuals.

**Services Provided**

TAM serves Minnesota consumers through a vendor contract and various interagency agreements:

Minnesota Relay and associated outreach services are provided under contract with Communication Service for the Deaf. Outreach services include educating the public about TRS and the Minnesota Relay, training consumers on how to use relay services, and receiving and resolving consumer complaints.

The TED Program and Rural Real-time Captioning program are provided under interagency agreements with the Department of Human Services. The TED program distributes assistive telecommunications devices to income-eligible Minnesotans and provides 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. Rural Real-time Captioning provides real-time, closedcaptioning of certain local television news programs for people who are deaf, hard of hearing or deaf/blind.

The Accessible News for the Blind (ANB) program is provided under an interagency agreement with the Department of Employment and Economic Development. ANB provides accessible electronic information (news and other timely information) for people who are blind and disabled.

The Commission of Deaf, DeafBlind and Hard of Hearing Minnesotans (MCDHH) receives an annual direct appropriation from the TAM fund for operational expenses. MCDHH is a governor-appointed commission that advocates for equality of opportunity for Minnesotans who are deaf, deaf/blind, and hard of hearing.

**Historical Perspective**

In 1987, the Minnesota Legislature passed legislation creating the Telecommunications Access for Communication Impaired Persons Board for the purpose of enabling people who have difficulty hearing or speaking on the telephone to talk to standard voice telephone users. Two programs were established to accomplish this goal: the Minnesota Relay, which began service on March 1, 1989; and the Equipment Distribution Program, which began as a pilot program on October 1, 1988.

In 2005, the Minnesota Legislature passed legislation that created two new state programs, Accessible News for the Blind and Rural Real-time Captioning that are funded via the TAM surcharge. In 2006, the Minnesota Legislature passed legislation for an annual appropriation from the TAM Fund to the Commission of Deaf, DeafBlind and Hard of Hearing Minnesotans.

### **Key Program Goals & Measures**

**Goal-** 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.

- Minnesota Relay exceeds FCC call answering performance standards. On average, incoming relay calls are answered within one second.
- In 2009, Minnesota Relay handled 755,825 calls and the TED Program distributed 4,837 assistive telecommunications devices.
- New forms of relay services and enhancements are added to the Minnesota Relay platform, and new telecommunications equipment is added to the TED Program as technology advances.

**Goal-** To provide Minnesotans with education, training and support regarding TRS and specialized telecommunications equipment.

- In 2009 Minnesota Relay conducted 386 outreach activities and the TED Program conducted 151 outreach activities.
- TAM received complaints on less than 1 percent of Minnesota Relay calls.

### **Program Funding**

TAM programs are funded by a surcharge (currently \$0.10) on all wired and wireless telephone access lines in Minnesota. The surcharge is required by M.S. Chapter 237.52, Subd. 2. Funds from the surcharge are paid into an interest-bearing, dedicated special revenue account that funds:

- the facility, equipment, operations and outreach for Minnesota Relay;
- administration of TAM and 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, DeafBlind and Hard of Hearing Minnesotans; and
- one-time appropriations for various other programs/activities.

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. TAM fund anticipates \$7.6M of revenue and \$8.2 million of expenditures in fiscal year 2011. TAM is required to balance revenue and expenditures over time. A deficit has been proposed for FY2011 to off-set the over collection of funds in prior fiscal years. The expenditures are broken down for these purposes:

- two percent for TAM program administration;
- 63 percent for Minnesota Relay (including outreach);
- 20 percent for the TED program; and
- 15 percent for other programs.

### **Contact**

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Minnesota Relay (<http://www.mnrelay.org/>)

TED Program (<http://www.tedprogram.org/>)

Accessible News for the Blind

([http://www.positivelyminnesota.com/JobSeekers/Blind\\_or\\_Visually\\_Impaired/Braille\\_Books\\_News\\_Services/News\\_By\\_Telephone.aspx](http://www.positivelyminnesota.com/JobSeekers/Blind_or_Visually_Impaired/Braille_Books_News_Services/News_By_Telephone.aspx))

Commission of Deaf, DeafBlind and Hard of Hearing Minnesotans (<http://www.mncdhh.org/>)

**COMMERCE DEPT**

Program: TELECOMMUNICATIONS ACCESS MN

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Expenditures by Fund</u></b>					
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	4,933	7,331	5,767	6,462	12,229
<b>Total</b>	<b>4,933</b>	<b>7,331</b>	<b>5,767</b>	<b>6,462</b>	<b>12,229</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	76	78	85	89	174
Other Operating Expenses	4,857	7,253	5,682	6,373	12,055
<b>Total</b>	<b>4,933</b>	<b>7,331</b>	<b>5,767</b>	<b>6,462</b>	<b>12,229</b>
<b><u>Expenditures by Activity</u></b>					
Tam	4,933	7,331	5,767	6,462	12,229
<b>Total</b>	<b>4,933</b>	<b>7,331</b>	<b>5,767</b>	<b>6,462</b>	<b>12,229</b>
<b>Full-Time Equivalent (FTE)</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	



**Program at a Glance**

- Weights and Measures affects more than \$32 billion in Minnesota commerce each year.
- In FY 2010, the division's 13 petroleum and scale investigators tested and inspected:
  - 44,459 gas pumps
  - 7,723 light-capacity scales
  - 882 vehicle tank meters
  - 260 package inspections
  - 882 high-volume meters
- In FY 2010, the division's six heavy-capacity scale investigators tested and inspected:
  - 1,392 vehicle scales
  - 755 grain and fertilizer scales
  - 925 other heavy capacity scales
- In FY 2010, the Petroleum Lab processed:
  - 2,259 distillate tests
  - 2,515 other fuel tests
- Receives approximately 3,500 complaints on below cost gas pricing on an annual basis.
- The metrology laboratory is accredited under ISO 17025. It is one of the most highly-regarded measurement laboratories in the nation.
- During FY 2010, 14,086 artifacts were calibrated. This was a significant increase from FY 2007.

**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.

**The Division**

- 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. Since FY 2007, the investigators test on site for octane and biodiesel content;
- enforces statutory gasoline oxygenation requirements and ethanol and biodiesel mandates by sampling and testing at all levels of distribution and sale in Minnesota;
- enforces below cost gas pricing and bill of lading for correct fuel deliveries and biodiesel content;
- ensures the net weight and net volume accuracy of consumer commodities by inspecting and testing prepackaged goods in Minnesota; and
- monitors all liquefied petroleum gas (LPG) devices tested and approved by privately licensed LPG inspectors.

**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; and
- motor fuel, heating fuel and aviation fuel consumers.

**Services Provided**

The division

- 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; and
- 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 62,000 in 2010. Fuel consumption, which declined in the 1970s and 1980s, held steady in the 1990s, increased through 2007, and has since declined.

### Key Program Goals & Measures

Weights and Measures works with the Department of Agriculture (DOA) to achieve the biodiesel mandates for 2009, 2012 and 2015 established by the Governor Pawlenty's alternative fuel initiatives. The division has expanded the petroleum lab responsibilities with additional equipment and staff to meet the challenges of new fuel products/blends and the requirements associated with these products.

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.

The inspection operations unit has maintained high compliance rates for commercial weighing and measuring devices despite the increase in the number of weighing and measuring devices. For example, the unit tested 44,459 of the approximately 62,000 gas pumps in Minnesota during FY 2010. The unit continues to upgrade our testing equipment to improve inspection intervals. The unit has seen a large increase in jewelry scales with the price of precious metals continuing to rise.

Petroleum quality enforcement operations maintained a 98.0% compliance rate for gasoline octane and oxygenation.

### Program Funding

The Weights and Measures Division is funded by a petroleum inspection fee. For every 1,000 gallons of petroleum products received in Minnesota, \$0.81 cents is collected at the Department of Revenue and transferred to Weights and Measures to fund program operations.

### Contact

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TTY: (952) 435-4045

<http://www.state.mn.us/portal/mn/jsp/home.do?agency=Weightsandmeasures>

**COMMERCE DEPT**

Program: WEIGHTS & MEASURES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Expenditures by Fund</u></b>					
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	2,992	3,162	3,155	3,155	6,310
<b>Total</b>	<b>2,992</b>	<b>3,162</b>	<b>3,155</b>	<b>3,155</b>	<b>6,310</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	2,243	2,370	2,370	2,370	4,740
Other Operating Expenses	749	792	785	785	1,570
<b>Total</b>	<b>2,992</b>	<b>3,162</b>	<b>3,155</b>	<b>3,155</b>	<b>6,310</b>
<b><u>Expenditures by Activity</u></b>					
Weights & Measures	2,992	3,162	3,155	3,155	6,310
<b>Total</b>	<b>2,992</b>	<b>3,162</b>	<b>3,155</b>	<b>3,155</b>	<b>6,310</b>
<b>Full-Time Equivalent (FTE)</b>	<b>29.9</b>	<b>29.9</b>	<b>29.9</b>	<b>29.9</b>	

**Narrative**

The Office of Energy Security (OES) receives federal grants from the U.S. Department of Health and Human Services (HHS) and the U.S. Department of Energy (USDOE).

HHS funds the Low Income Heating Assistance Program (EAP), which is the largest program in OES. The program helps eligible households meet their energy needs by providing grants to reduce their energy burden and in crisis situations, providing limited funds for furnace repair or replacement and helping with outreach and referral. FFY2010 total allocation was \$160 million. In FFY2011, Minnesota has received \$150 million to date. Contingency and leveraging funds that Minnesota will receive are still unknown.

In 2009 USDOE provided funds not only for its formula grants for the Weatherization Assistance Program (WAP) and the State Energy Program (SEP) but it also provided over \$200 million in American Recovery and Reinvestment Act (ARRA) funds for WAP, SEP, the Energy Efficiency and Conservation Block Grant, an Appliance Rebate Program and funds for state energy assurance planning. ARRA funds should be spent down by early 2012.

The formula grants for WAP (\$7.2 million) and SEP (\$573,000) continue at historic low levels for both programs; federal funding is currently under a congressional Continuing Resolution.

The Market Assurance division will begin to receive funding from the U.S. Department of Health and Human Services (HHS) for planning and implementation of the health insurance exchange. The health insurance exchange will allow individuals and companies to view and purchase health insurance products.

**Table**

Federal Award Name + Brief Purpose	New grant	Required state match/MOE?		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Yes/No Match	No MOE				
<b>Low Income Home Energy Assistance Program</b>	No	No	No	\$170,463	\$165,925	\$165,000	\$165,000
The Energy Assistance Program (EAP) helps pay home heating costs. Households with the lowest incomes and highest energy costs receive the greatest benefit.							
<b>Weatherization Assistance for Low Income Persons</b>	No	No	No	\$11,057	\$8,919	\$8,243	\$7,850
The Weatherization Assistance Program (WAP) uses energy conservation techniques to reduce the cost of home energy for eligible low-income households.							
<b>State Energy Program (SEP) and SEP Special Programs</b>	No	Yes	No	\$434	\$671	\$3,751	\$3,716
The State Energy Program provides technical assistance, financial assistance, education and training ,as well as data for energy efficiency and renewable energy.							

		Required state match/MOE? Yes/No					
<b>EPA Clean Energy</b>	No	No	No	\$0	\$41	\$19	\$0
Funds supported clean energy training and education activities.							
<b>Insurance Exchange</b>	Yes	No	No	\$0	\$330	\$10,670	\$17,500
Grant funds support the planning and implementation of a health insurance exchange to assist insurers and individuals view and purchase health care plans.							
<b>American Recovery and Reinvestment Act (ARRA) funding</b>							
<b>Weatherization Assistance for Low Income Persons</b>	No	No	No	\$46,818	\$76,207	\$13,500	\$0
The Weatherization Assistance Program (WAP) uses energy conservation techniques to reduce the cost of home energy for eligible low-income households.							
<b>State Energy Program</b>	No	No	No	\$8,601	\$30,000	\$15,399	\$0
Funds support public buildings retrofits, residential energy financing, renewable energy programs, energy education, training and workforce development, data collection, emerging technologies							
<b>Energy Efficiency and Conservation Block Grant</b>	No	No	No	\$132	\$3,758	\$3,802	\$2,951
Funds support energy efficiency grants with local units of governments.							
<b>Appliance Rebate Program</b>	No	No	No	\$3,829	\$1,180	\$0	\$0
Funds established a MN Energy Star appliance rebate programs that provided rebates to citizens throughout the state.							
<b>Energy Assurance Planning</b>	No	No	No	\$2	\$50	\$300	\$327

		Required state match/MOE?					
		Yes	No				
Funds will support development of greater capacity within Office of Energy Security and other agencies to strengthen and expand State and local government energy assurance planning and resiliency efforts and build in-house State and local government energy assurance expertise.							
<b>Save Energy Now</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>\$48</b>	<b>\$302</b>	<b>\$0</b>	<b>\$0</b>
Grant funds support a full package of industrial energy efficiency resources to assist MN business and industry to implement energy efficient technologies and practices in order to realize energy savings. This was a grant that had been delayed but went ahead due to additional ARRA resources.							
<b>Total</b>				<b>\$241,384</b>	<b>\$287,383</b>	<b>\$220,684</b>	<b>\$197,344</b>

COMMERCE DEPT

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012   FY2013		Biennium 2012-13
<b><u>Non Dedicated Revenue:</u></b>					
<b>Departmental Earnings:</b>					
General	100,820	92,856	93,121	93,121	186,242
Petroleum Tank Release Cleanup	0	0	0	26,000	26,000
<b>Other Revenues:</b>					
General	389	26	26	26	52
Petroleum Tank Release Cleanup	244	332	332	332	664
<b>Other Sources:</b>					
General	2	1	1	1	2
Petroleum Tank Release Cleanup	75	1	1	1	2
<b>Total Non-Dedicated Receipts</b>	<b>101,530</b>	<b>93,216</b>	<b>93,481</b>	<b>119,481</b>	<b>212,962</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings:</b>					
Miscellaneous Special Revenue	28,406	29,392	27,742	27,680	55,422
<b>Grants:</b>					
Federal	181,954	175,886	187,683	194,066	381,749
Federal Stimulus	59,430	111,497	33,001	3,278	36,279
<b>Other Revenues:</b>					
Miscellaneous Special Revenue	1,940	1,577	1,532	1,482	3,014
Miscellaneous Agency	52	-53	0	0	0
Gift	1	2	2	2	4
<b>Other Sources:</b>					
Miscellaneous Special Revenue	1,596	900	250	200	450
Miscellaneous Agency	97	391	200	0	200
<b>Total Dedicated Receipts</b>	<b>273,476</b>	<b>319,592</b>	<b>250,410</b>	<b>226,708</b>	<b>477,118</b>
<b>Agency Total Revenue</b>	<b>375,006</b>	<b>412,808</b>	<b>343,891</b>	<b>346,189</b>	<b>690,080</b>

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⇒ Designates that this item is a change item	



## Agency Purpose

The primary purpose of the Department of Corrections (DOC) is public safety, a fundamental duty of government. Created in 1959 by M.S. 241.01, the agency operates secure prisons and provides community supervision of offenders. The agency's mission is to contribute to a safer Minnesota by providing core correctional care, changing offender behavior, holding offenders accountable and restoring justice for victims.

Minnesota is committed to serving offenders at the local level when possible and reserving state prison beds for the most serious, chronic offenders. This commitment is shown to be cost effective as Minnesota nationally ranks 38<sup>th</sup> lowest in per capita spending on state and local corrections.

## At a Glance

### Correctional Institutions – FY 2010

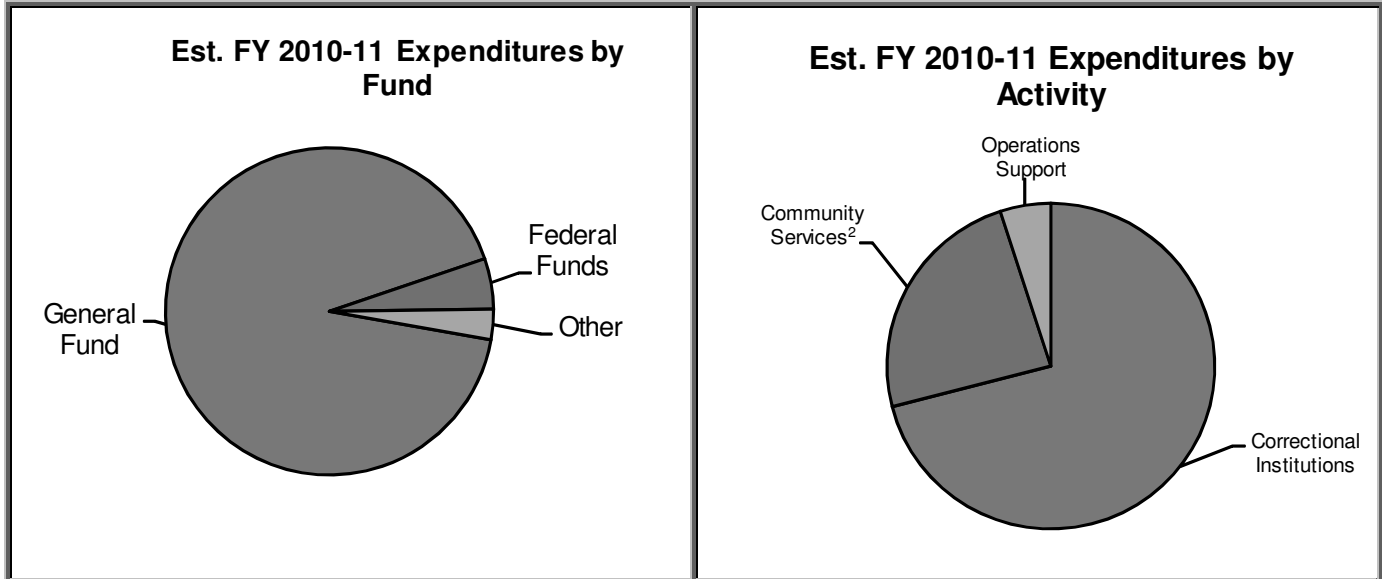
- eight adult correctional facilities statewide with operating capacity of 9,275 offenders;
- 16,539 adult offenders served through the cycle of intake and release;
- two juvenile facilities serving approximately 130 juveniles;
- offender health services including medical, dental, behavioral health, and treatment;
- offender programming including chemical dependency and sex offender treatment, education, work assignments, and reentry services;
- office of special investigations including investigation of criminal activity, intelligence gathering, and fugitive apprehension.

### Community Services – FY 2010

- DOC supervision of over 20,000 offenders in the community
  - adult felony supervision in 55 counties;
  - intensive supervised release supervision in 75 counties;
  - adult misdemeanor supervision and juvenile probation in 28 counties.
- community notification of 9,100 sex offenders including over 1,000 level 3 offenders;
- conduct about 800 sex offender risk level assignments and civil commitment reviews per year;
- administration of over 360 subsidies, grants, and contracts;
- inspect and license 237 correctional facilities
  - local facilities (i.e. jails, workhouses, halfway houses, residential treatment facilities, etc.);
  - out-of-state facilities that house Minnesota delinquents.
- Institution Community Work Crew (ICWC) – 16 crews;
- Sentencing to Service (STS) – 48 state crews and 33 county crews;
- interstate compacts;
- offender reentry services.

### Operations Support – FY 2010

- budget and finance including offender banking for more than 9,400 offenders;
- information technology to support the agency and provide criminal justice information for law enforcement and probation statewide;
- human resources, labor relations, employee development, and diversity supporting over 4,200 employees;
- victim assistance/restorative justice serving more than 500 known victims;
- policy and legal services including the hearings and release unit and offender records management;
- strategic planning, business continuity management, and risk management.



<sup>1</sup>Includes \$38 million of one-time federal stabilization funds legislatively appropriated to supplant the general fund budget. <sup>2</sup>62% pass-through, 38% DOC.

## Strategies

The DOC has developed and implemented four key goals to reflect its role in enhancing public safety for Minnesota citizens:

- **providing core correctional care** – the delivery of a safe, secure, and humane environment for staff and offenders;
- **changing offender behavior** – preparing offenders for successful community reentry, ensuring access to needed resources;
- **holding offenders accountable** – fulfillment of court-ordered or statutory offender obligations, fostering appropriate offender behavior; and
- **restoring justice for victims** – providing restoration to individual victims as well as to the overall community.

## Operations

The DOC strives to enhance best practices and effectively use its resources to maximize efficiency. Many valuable partnerships have been developed to help achieve these goals in each of the agency's three programs.

**The Correctional Institutions program** operates ten correctional facilities housing male and female offenders throughout the state. This division is also responsible for the management and delivery of services such as offender education, offender medical care and treatment, religious programming, offender transfer and classification, criminal investigations, fugitive apprehensions, building improvements, expansions, investigations, workplace safety, and correctional industries (MINNCOR). Partners include federal and state agencies, local units of government, and private and nonprofit agencies.

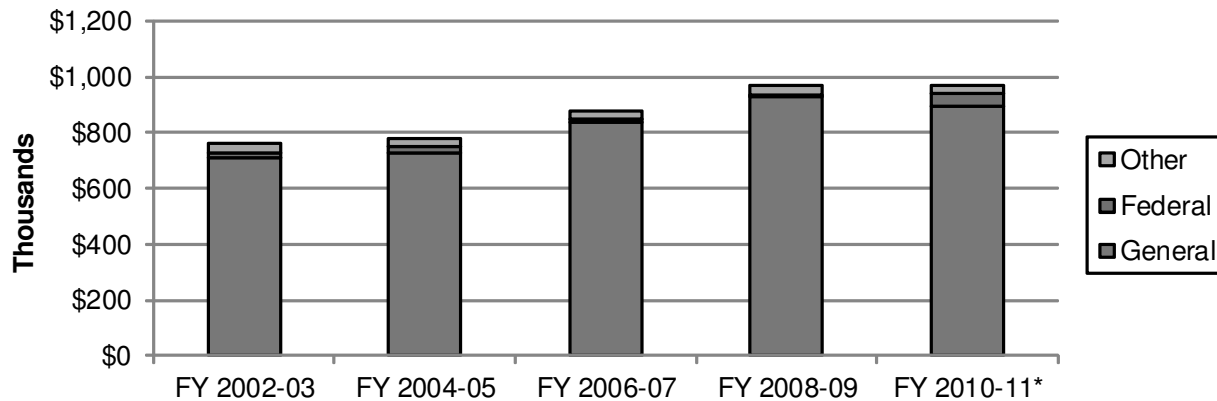
**The Community Services program** provides probation and supervised release, work release, and other services that help ensure safer communities. Other responsibilities include offender reentry services, sex offender risk assessment and community notification, interstate compacts for supervision, jail and other correctional facility inspections, and the administration of grants, subsidies, and contracts. The division partners with local units of government and other local providers to deliver correctional services.

**The Operations Support program** provides direction and services that contribute to consistency of agency functions and enables all programs to achieve the agency's mission. This division is responsible for strategic planning, risk management, and business continuity activities. Employees in this division are located across the state - in the agency's central office and in correctional facilities. Responsibilities include the office of the commissioner, continuous improvement, human resources, diversity, employee development, information

technology, financial services, offender banking, offender records management, victim assistance, restorative justice, legal services, hearings and release, policy development, agency communications and media relations, and other support services. Additionally, systems used by local agencies are supported by this division (i.e. Statewide Supervision System, CriMNet).

## Budget Trends Section

### Total Expenditures by Fund



*FY 2010-11 is estimated, not actual. Federal includes \$38 million of one-time federal stabilization funds legislatively appropriated to supplant the general fund budget.*

*Source: Minnesota Accounting and Procurement System (MAPS) as of 08/31/10.*

The dramatic prison population increases experienced by Minnesota in the 1990s continued into the first half of the last decade. The state prison population increased nearly 44% between 2000 and 2006. This growth has begun to level off in recent years, with an annual increase of less than 2% since 2006. Increases in the cost of offender health care and utilities have been significantly higher than typical inflation rates over the last decade.

General fund expenditures increased 32.6% from FY 2002-03 to FY 2008-09 (total expenditures increased 27%). It's important to note, however, the prison population increased at a higher rate - nearly 35% over the same period - while the supervised offender population increased by over 29%. The adult operational per diem increased 11.7% between FY 2002 and FY 2009, with a 5.5% decrease projected for FY 2010, due to recent budget cuts.

The adult operational per diem was \$89.24 in FY 2009, and the statutory per diem (required by M.S. 241.018, it includes capital and management services costs) was \$111.94. The trends of percentage increases for the operational and statutory per diems were fairly consistent from FY 2002 to FY 2006. The statutory per diem has trended higher since that time due to capital expenditures related to a major expansion at the Faribault correctional facility.

### Contact

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<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	428,008	465,344	465,344	465,344	930,688
<b>Recommended</b>	<b>428,008</b>	<b>465,344</b>	<b>457,081</b>	<b>458,090</b>	<b>915,171</b>
Change		0	(8,263)	(7,254)	(15,517)
% Biennial Change from 2010-11					2.4%
<b>Miscellaneous Special Revenue</b>					
Current Appropriation	890	890	890	890	1,780
<b>Recommended</b>	<b>890</b>	<b>890</b>	<b>890</b>	<b>890</b>	<b>1,780</b>
Change		0	0	0	0
% Biennial Change from 2010-11					0%
<b>Federal Stimulus</b>					
Current Appropriation	38,000	0	0	0	0
<b>Recommended</b>	<b>38,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	0	0	0
% Biennial Change from 2010-11					-100%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	416,832	476,453	457,081	458,090	915,171
Miscellaneous Special Revenue	553	890	890	824	1,714
Federal Stimulus	38,000	0	0	0	0
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	16,550	18,557	17,173	17,166	34,339
Federal	2,609	4,200	3,772	2,719	6,491
Federal Stimulus	204	931	460	0	460
Miscellaneous Agency	27,427	25,173	24,340	24,208	48,548
Gift	5	7	6	6	12
Correctional Industries	36,728	43,112	43,112	40,762	83,874
<b>Total</b>	<b>538,908</b>	<b>569,323</b>	<b>546,834</b>	<b>543,775</b>	<b>1,090,609</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	308,068	315,374	311,791	311,495	623,286
Other Operating Expenses	127,248	151,468	134,431	131,667	266,098
Capital Outlay & Real Property	253	182	182	182	364
Payments To Individuals	31,378	31,511	30,802	30,802	61,604
Local Assistance	71,895	70,788	69,210	69,210	138,420
Other Financial Transactions	66	0	0	0	0
Transfers	0	0	418	419	837
<b>Total</b>	<b>538,908</b>	<b>569,323</b>	<b>546,834</b>	<b>543,775</b>	<b>1,090,609</b>
<b><u>Expenditures by Program</u></b>					
Correctional Institutions	401,041	428,301	410,515	408,096	818,611
Community Services	115,641	116,988	113,706	113,526	227,232
Operations Support	22,226	24,034	22,613	22,153	44,766
<b>Total</b>	<b>538,908</b>	<b>569,323</b>	<b>546,834</b>	<b>543,775</b>	<b>1,090,609</b>
<b>Full-Time Equivalent (FTE)</b>	<b>4,175.6</b>	<b>4,360.0</b>	<b>4,244.9</b>	<b>4,113.5</b>	

**CORRECTIONS DEPT**

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b>Fund: GENERAL</b>				
FY 2011 Appropriations	465,344	465,344	465,344	930,688
<b>Technical Adjustments</b>				
Approved Transfer Between Appr		0	0	0
Current Law Base Change		(15,145)	(15,299)	(30,444)
End-of-session Estimate		1,925	4,289	6,214
November Forecast Adjustment	0	(5,615)	(7,266)	(12,881)
One-time Appropriations		(59)	(59)	(118)
Operating Budget Reduction		(120)	(120)	(240)
Transfers Between Agencies		(418)	(419)	(837)
<b>Subtotal - Forecast Base</b>	<b>465,344</b>	<b>445,912</b>	<b>446,470</b>	<b>892,382</b>
<b>Change Items</b>				
Maintain Funding for Core Prison Ops.	0	13,473	13,474	26,947
Chemical Dep Treatment - MCF Faribault	0	450	900	1,350
Operating Budget Reduction	0	(1,051)	(1,051)	(2,102)
Offender Supervision Reduction	0	(1,565)	(1,565)	(3,130)
Sex Offender Programming Grant	0	(138)	(138)	(276)
<b>Total Governor's Recommendations</b>	<b>465,344</b>	<b>457,081</b>	<b>458,090</b>	<b>915,171</b>
<b>Fund: MISCELLANEOUS SPECIAL REVENUE</b>				
FY 2011 Appropriations	890	890	890	1,780
<b>Subtotal - Forecast Base</b>	<b>890</b>	<b>890</b>	<b>890</b>	<b>1,780</b>
<b>Total Governor's Recommendations</b>	<b>890</b>	<b>890</b>	<b>890</b>	<b>1,780</b>
<b>Fund: FEDERAL STIMULUS</b>				
FY 2011 Appropriations	0	0	0	0
<b>Subtotal - Forecast Base</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Governor's Recommendations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund: MISCELLANEOUS SPECIAL REVENUE</b>				
Planned Statutory Spending	18,557	17,173	17,166	34,339
<b>Total Governor's Recommendations</b>	<b>18,557</b>	<b>17,173</b>	<b>17,166</b>	<b>34,339</b>
<b>Fund: FEDERAL</b>				
Planned Statutory Spending	4,200	3,772	2,719	6,491
<b>Total Governor's Recommendations</b>	<b>4,200</b>	<b>3,772</b>	<b>2,719</b>	<b>6,491</b>
<b>Fund: FEDERAL STIMULUS</b>				
Planned Statutory Spending	931	460	0	460
<b>Total Governor's Recommendations</b>	<b>931</b>	<b>460</b>	<b>0</b>	<b>460</b>
<b>Fund: MISCELLANEOUS AGENCY</b>				
Planned Statutory Spending	25,173	24,340	24,208	48,548
<b>Total Governor's Recommendations</b>	<b>25,173</b>	<b>24,340</b>	<b>24,208</b>	<b>48,548</b>
<b>Fund: GIFT</b>				
Planned Statutory Spending	7	6	6	12
<b>Total Governor's Recommendations</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>12</b>
<b>Fund: CORRECTIONAL INDUSTRIES</b>				
Planned Statutory Spending	43,112	43,112	40,762	83,874
<b>Total Governor's Recommendations</b>	<b>43,112</b>	<b>43,112</b>	<b>40,762</b>	<b>83,874</b>

# CORRECTIONS DEPT

## Change Item: Maintain Funding for Core Prison Operations

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$13,473	\$13,474	\$13,474	\$13,474
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$13,473	\$13,474	\$13,474	\$13,474

### Recommendation

The Governor recommends \$26.947 million in the FY 2012-13 biennium to maintain funding for core prison operations. This recommendation will restore the agency's base appropriation to slightly below FY 2011 levels and is necessary to maintain core prison services at current levels.

### Rationale

In FY 2010, the Department of Correction's (DOC's) General Fund base was reduced by \$38 million and then supplemented with \$38 million in one-time federal funding. The federal funds were used for basic operational expenditures including offender medical services, salaries for health care staff, offender bed rental (to effectively manage offender population growth), workers' compensation and other costs. The General Fund reduction was reinstated in FY 2011.

During the 2010 legislative session, funding for FY 2012 and subsequent years was reduced by \$13.474 million annually without any corresponding policy change or direction on which services to reduce at which locations. If this unspecified reduction is not restored, the agency would need to reduce positions and operating expenditures for core positions. This would jeopardize DOC's ability to operate an adequate number of prison beds in a safe and secure manner. Without this funding:

- Core activities that would be affected include, but are not limited to, sex offender, chemical dependency, and educational programming that is proven to reduce recidivism.
- Offender idleness rates in state prisons would rise, likely resulting in greater unrest and increasing the risks to staff and offender safety.
- Layoffs would be unavoidable.

### Key Goals and Measures

A key goal addressed by this change item is the provision of core correctional care, which is necessary to ensure public safety.

**Statutory Change:** Not Applicable.

## CORRECTIONS DEPT

Change Item: Chemical Dependency Treatment, MCF- Faribault

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$450	\$900	\$900	\$900
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$450	\$900	\$900	\$900

### Recommendation

The Governor recommends \$1.35 million to fund the continuation of chemical dependency (CD) treatment to offenders at the Minnesota Correctional Facility–Faribault (MCF-FRB). A grant awarded by U.S. Department of Justice in FY 2010 enabled the agency to expand the chemical dependency treatment program at MCF-FRB from 90 beds to 180 beds. The grant expires on December 31, 2011, and the agency does not have funding available to continue the program at its current capacity.

### Rationale

- The Department of Correction (DOC) applied for and received a competitive grant from the U.S. Department of Justice to expand CD treatment at the MCF-FRB, from 90 to 180 primary treatment beds. The grant-funded portion of the program is staffed with 12 full-time equivalent positions. MCF-FRB is the state's largest prison, with an operating capacity of 2,005 offenders. The grant funds \$900,000 in the second year of the award period, and will expire on December 31, 2011. This cost cannot be absorbed in the agency's existing budget.
- Without permanent funding, 90 primary treatment beds and the corresponding treatment staff positions would be eliminated and there would be a 10% decrease in CD treatment capacity agency-wide. An increase in offender idle time would increase the potential for offender unrest and other security concerns.
- Approximately 90% of the DOC's prison population is diagnosed as chemically dependent or abusive. Current resources enable the DOC to provide CD treatment to only one-third of those offenders who are directed to treatment prior to their release.
- DOC CD treatment programs are certified by the State of Minnesota and are staffed with licensed alcohol and drug counselors. They provide a continuum of care that includes treatment readiness, primary long-term treatment, aftercare, and release planning.
- A 2010 peer-reviewed study, *Prison-based chemical dependency treatment in Minnesota: An outcome evaluation*, as published in *The Journal of Experimental Criminology*, found DOC CD treatment programs to be highly effective – successful participation reduced recidivism by 27% in a three-year follow up study with a matched group of 1,850 offenders. Additionally, CD treatment programs have a stabilizing effect on the offender population in general, reducing incidents of assaults and other offender behavioral problems.
- Investment in treatment programs in the short-term results in significant savings in the long-term. A 2006 study, *Benefit – Cost in the California Treatment Outcome Project; Does substance abuse treatment “pay for itself”?*, found that every dollar spent on drug and alcohol treatment saves the public seven dollars through reductions in crime, and increases employment earnings.

### Key Goals and Measures

Several key goals are addressed by this change item including the provision of core correctional care, changing offender behavior, and holding offenders accountable. All are necessary to ensure public safety.

**Statutory Change:** Not Applicable.

# CORRECTIONS DEPT

## Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(1,051)	\$(1,051)	\$(1,051)	\$(1,051)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(1,051)	\$(1,051)	\$(1,051)	\$(1,051)

### Recommendation

The Governor recommends a reduction of \$1.051 million in FY 2012 and \$1.051 million in FY 2013 to the Department of Corrections (DOC) general fund operating budget. The Governor intends the DOC 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.

This proposal represents a 0.28% percent reduction to DOC's base general fund forecast budget.

### Rationale

The DOC's total base forecast general fund operating budget is \$370,206,000 for FY 2012 and \$370,763,000 for FY 2013 and includes amounts budgeted for Operations Support, Correctional Institutions, and Community Services. The DOC is proposing to reduce operating expenditures and positions within each division. Specifically, the department will eliminate 14 full-time equivalent positions (FTEs) that are currently vacant or projected to be vacant prior to the end of the current fiscal year. Several of the FTEs are high-level administrative positions. The proposed reduction in correctional institutions is possible due to lower offender population levels, and would right-size some administrative and programming functions without negatively impacting the delivery of services. There would be no reduction of security positions in correctional facilities or agents providing supervision in the community. Operating budgets for the FY 2012-13 biennium would be reduced as follows:

- Operations Support           \$670,000 (5 FTEs)
- Correctional Institutions   \$800,000 (5 FTEs)
- Community Services       \$632,000 (4 FTEs)

This proposed elimination of positions, accompanied by organizational restructuring and redistribution of workload, would have some impact on agency operations; however functions with the highest priority would be minimally impacted.

**Statutory Change:** Not Applicable.



# CORRECTIONS DEPT

## Change Item: Offender Supervision Reduction

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(1,565)	\$(1,565)	\$(1,565)	\$(1,565)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(1,565)	\$(1,565)	\$(1,565)	\$(1,565)

### Recommendation

The Governor recommends a reduction of \$1.565 million in FY 2012 and \$1.565 million in FY 2013 to the Department of Corrections (DOC) to reduce funding for offender supervision programs managed by the DOC by 2.5%, to reduce subsidy and caseload workload funds for Community Corrections Act (CCA) counties by 2.5%, and to reduce County Probation Officer (CPO) reimbursement and caseload workload programs by 2.5%. These reductions will not impact supervision of high risk offenders. Reductions will be managed by using alternative strategies with low risk offenders.

### Rationale

The CCA of 1973 authorizes the commissioner of corrections to award subsidy grants to a county or group of counties for the provision of local correctional services. The act is designed to encourage development of local correctional systems that include sanctions for offender and a variety of community programs. Thirty-two counties representing about 70% of the state's population participate in the CCA. Funds are distributed based on a formula prescribed by the act.

The DOC is appropriated funds for the CPO reimbursement and caseload workload reduction programs to reimburse counties for costs related to the provision of probation to offenders in the community, including agent salaries and fringe benefits. The current appropriation level is sufficient to reimburse counties for about 36% of their actual costs, as opposed to 50% prescribed in statute.

The DOC field services unit provides offender supervision to adult offenders in 55 counties representing about 30% of the state's population, and to all offenders in 28 CPO counties. The proposed reduction is not applied to intensive supervised release supervision of the state's most dangerous offenders.

Specifically, the DOC would reduce pass-through funding and its own operating budget by the following amounts for the FY 2012-13 biennium:

- CCA subsidy and caseload reduction \$2,554,000
- CPO reimbursement and caseload reduction \$326,000
- DOC field services operations \$250,000

It is estimated the proposed reduction is equivalent to funding for approximately 22 supervision agents statewide, with a combined caseload of 1,500 – 2,000 offenders.

**Statutory Change:** Not Applicable.

**CORRECTIONS DEPT**

Change Item: Sex Offender Programming Grant

<b>Fiscal Impact (\$000s)</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Fund				
Expenditures	\$ (138)	\$ (138)	\$ (138)	\$ (138)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$ (138)	\$ (138)	\$ (138)	\$ (138)

**Recommendation**

The Governor recommends the Department of Corrections (DOC) eliminate a grant for enhanced sex offender supervision and programming targeted to a specific area of the state.

**Rationale**

Grant funding is currently provided to Dodge/Fillmore/Olmsted Community Corrections for enhanced sex offender supervision and programming. The program began as a pilot project in 1989, and similar funding is not available to any other area of the state.

**Statutory Change:** Not Applicable.

**Program at a Glance**

**Ten state 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**

**Offender population – July 2010**

- 9,027 adult males;
- 623 adult females;
- 130 juvenile males; and
- three juvenile females.

**Program Description**

The correctional institutions program is responsible for protecting the public through incarceration of offenders and by providing industrial, academic, vocational, and therapeutic opportunities for offenders to maximize the probability they will return to the Minnesota communities as contributing, 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. The responsibilities of this division also serve and protect the general public.

**Services Provided**

This program is responsible for incarcerating male and female felons. Adult state correctional facilities are classified within a five-level classification structure ranging from level one (minimum custody) to level five (maximum security). To effectively manage population pressures, the agency also rents county jail beds for adult offenders. There are two state correctional facilities for juvenile male

offenders, and the agency rents beds for juvenile females.

Other key responsibilities include the management and delivery of offender education programs, health care, chemical dependency and sex offender treatment, and correctional industry activities. Critical support functions include offender transfer and classification, criminal investigations and intelligence gathering, fugitive apprehension, workplace safety, building improvements, and expansion.

**Historical Perspective**

The DOC has successfully streamlined operations and implemented other efficiency initiatives in the last ten years. The prison population increased nearly 44% from 2000 to 2005, and is currently increasing at a rate of less than 2% per year. Offender population growth has been managed by renting beds from local jails and a private prison, and by expanding bed capacities at existing prisons (including a major expansion at the Faribault correctional facility) at a marginal cost to taxpayers. The correctional industries program (MINNCOR) achieved self-sufficiency and now operates without state appropriations. The agency contracts for offender health care and food services to control costs. The DOC developed and implemented a policy that requires offenders to contribute to their cost of imprisonment. The agency actively pursued competitive grant opportunities, making it possible to enhance prison security and offender transition services.

**Key Program Goals & Measures**

**1. Goal – providing core correctional care**

Percentage of offenders assigned\*

<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
87%	87%	85%	81%	83%

*\*Offenders are classified as assigned if they are not on idle status. Idle status is defined as those who refuse to work or participate in programming or those recently terminated from an assignment. Offenders who are considered not able to work or participate in programming – such as recently admitted offenders who are still in reception, those with medical conditions which prevent them from working, and those in segregation – are not classified as idle and, by default, are included in the assigned group.*

Percentage of escapes from secure facilities

<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
0%	0%	0%	0%	0%

**2. Goal – changing offender behavior**

Number of offenders completing pre-release classes

<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
3,058	3,095	3,443	2,982	3,921

**3. Goal – holding offenders accountable**

Percentage of fugitive level 3 sex offenders apprehended within 72 hours

<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
95%	94%	89%	89%	97%

**Program Funding**

This program is funded primarily through general fund appropriations. MINNCOR is self-sufficient.

**Contact**

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 1450 Energy Park Drive, Suite 200  
 Saint Paul, Minnesota 55108-5219  
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The agency's current strategic plan is located at  
<http://www.doc.state.mn.us/publications/documents/StrategicPlan20102-18.pdf>.

The agency's most recent performance targets report is located at  
<http://www.doc.state.mn.us/publications/legislative-reports/documents/Pre-PerformanceReportFY10.pdf>.

# CORRECTIONS DEPT

Program: CORRECTIONAL INSTITUTIONS

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	294,634	334,789	334,789	334,789	669,578
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			(1,483)	(1,483)	(2,966)
Current Law Base Change			(15,145)	(15,299)	(30,444)
End-of-session Estimate			1,925	4,289	6,214
November Forecast Adjustment		0	(5,615)	(7,266)	(12,881)
One-time Appropriations			(26)	(26)	(52)
Transfers Between Agencies			(418)	(419)	(837)
Subtotal - Forecast Base	294,634	334,789	314,027	314,585	628,612
<b>Governor's Recommendations</b>					
Maintain Funding for Core Prison Ops.		0	13,473	13,474	26,947
Chemical Dep Treatment - MCF Faribault		0	450	900	1,350
Operating Budget Reduction		0	(400)	(400)	(800)
<b>Total</b>	<b>294,634</b>	<b>334,789</b>	<b>327,550</b>	<b>328,559</b>	<b>656,109</b>
<b>Miscellaneous Special Revenue</b>					
Current Appropriation	580	580	580	580	1,160
Subtotal - Forecast Base	580	580	580	580	1,160
<b>Total</b>	<b>580</b>	<b>580</b>	<b>580</b>	<b>580</b>	<b>1,160</b>
<b>Federal Stimulus</b>					
Current Appropriation	38,000	0	0	0	0
Subtotal - Forecast Base	38,000	0	0	0	0
<b>Total</b>	<b>38,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	285,111	343,907	327,550	328,559	656,109
Miscellaneous Special Revenue	495	580	580	514	1,094
Federal Stimulus	38,000	0	0	0	0
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	11,620	12,204	12,067	12,074	24,141
Federal	2,324	3,999	3,551	2,664	6,215
Federal Stimulus	39	10	0	0	0
Miscellaneous Agency	26,719	24,482	23,649	23,517	47,166
Gift	5	7	6	6	12
Correctional Industries	36,728	43,112	43,112	40,762	83,874
<b>Total</b>	<b>401,041</b>	<b>428,301</b>	<b>410,515</b>	<b>408,096</b>	<b>818,611</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	258,874	265,457	263,451	263,169	526,620
Other Operating Expenses	111,251	131,631	116,143	114,005	230,148
Capital Outlay & Real Property	253	182	182	182	364
Payments To Individuals	30,387	30,821	30,111	30,111	60,222
Local Assistance	210	210	210	210	420
Other Financial Transactions	66	0	0	0	0
Transfers	0	0	418	419	837
<b>Total</b>	<b>401,041</b>	<b>428,301</b>	<b>410,515</b>	<b>408,096</b>	<b>818,611</b>

**CORRECTIONS DEPT**

Program: CORRECTIONAL INSTITUTIONS

Program Summary

	<i>Dollars in Thousands</i>				
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><i>Expenditures by Activity</i></b>					
Mcf-Faribault	44,078	46,699	44,711	44,711	89,422
Mcf-Red Wing	13,761	13,871	13,504	13,485	26,989
Mcf-Lino Lakes	33,735	34,809	34,536	34,437	68,973
Mcf-Shakopee	17,205	17,941	17,397	17,397	34,794
Mcf-Willow River-Cip	4,464	4,856	4,791	4,791	9,582
Mcf-Moose Lake	27,792	27,493	27,179	27,179	54,358
Mcf-Togo	3,673	3,404	3,403	3,403	6,806
Mcf-Stillwater	40,799	40,507	40,304	40,396	80,700
Mcf-St Cloud	30,551	30,937	30,505	30,632	61,137
Mcf-Oak Park Heights	22,310	22,091	21,972	21,972	43,944
Mcf-Rush City	27,007	26,648	26,435	26,435	52,870
Mcf-Togo-Cip	1,498	1,683	1,682	1,682	3,364
Health Care	61,637	69,990	68,829	68,441	137,270
Education	5,635	6,168	6,131	6,131	12,262
Institution Support Services	66,896	81,204	69,136	67,004	136,140
<b>Total</b>	<b>401,041</b>	<b>428,301</b>	<b>410,515</b>	<b>408,096</b>	<b>818,611</b>
<b><i>Full-Time Equivalents (FTE)</i></b>	<b>3,516.6</b>	<b>3,691.1</b>	<b>3,588.6</b>	<b>3,476.0</b>	

**Program at a Glance****Community services functions include**

- adult felony supervision in 55 counties;
- adult misdemeanor and juvenile probation in 28 counties;
- ISR supervision in 75 counties;
- risk assessment and community notification of 9,100 sex offenders;
- administration of over 360 grants, subsidies, and contracts including CCA and CPO;
- inspection and enforcement of 237 local and out-of-state correctional facilities;
- 16 ICWC crews;
- 81 STS crews – 48 state and 33 county;
- work release;
- interstate compacts; and
- offender reentry services.

**Offender supervision – December 2009**

- about 138,000 statewide
  - over 20,000 by DOC agents;
  - others supervised locally.

**Program Description**

The community services program exists to provide a broad range of community correctional services designed to protect the public, control offender behavior, help offenders develop basic life skills, and ensure compliance with standards that govern the operation of local correctional facilities. Services are provided directly by agency employees, and indirectly through management of state grants and subsidies. Approximately 62% of this program's budget helps fund community-based corrections services as pass-through monies.

**Population Served**

Offenders on community supervision are served by the community services division, as are the courts and local law enforcement agencies. The responsibilities of this division also serve and protect the general public.

**Services Provided**

**The field services unit** is responsible for the supervision of offenders in the community – supervision of adult felons in 55 counties, adult misdemeanants and juveniles in 28 counties, and intensive supervised release (ISR) supervision to the state's most dangerous offenders upon release from prison – including investigative services, face-

to-face and other contacts, electronic monitoring, curfew enforcement, compliance with mandatory work or school conditions, random drug testing, and enforcement of restitution payments by offenders. Additionally, this unit manages the Sentencing to Service (STS), Institution Community Work Crew (ICWC), and residential work release programs for lower risk offenders.

**The reentry services unit** collaborates with state agencies and community stakeholders to develop and implement comprehensive reentry initiatives for offenders returning to the community after their release from prison. Minnesota incorporates practices that have been proven to reduce recidivism by assisting offenders to remain law abiding and productive, making communities safer and curtailing the costs associated with offenders returning to prison.

**The administrative services unit** has four distinct functions:

1. risk assessment and community notification – responsible for sex offender risk assessment including coordination of risk level assignment, community notification and education, and civil commitment referrals;
2. grants and subsidies – responsible for the administration and monitoring of funds appropriated for the Community Corrections Act (CCA), County Probation Officer (CPO) program, and other correctional services provided via direct subsidies, grants, contracts, and reimbursements in partnerships with state, county, and nonprofit agencies;
3. interstate compacts for supervision – responsible for administering adult and juvenile interstate compacts that allow for the controlled movement of offenders on probation and parole supervision to and from the state, and for the return of juvenile runaways, escapees, absconders, and minors taken across state lines by non-custodial persons; and
4. facilities inspection and enforcement – responsible for licensing all local correctional facilities in Minnesota, certifying out-of-state juvenile facilities that accept delinquent youth from Minnesota, and enforcing standards, investigating complaints and unusual occurrences, and providing technical assistance to those facilities.

**Historical Perspective**

The number of offenders placed under community supervision has grown steadily over the past decade. Likewise, the responsibilities of supervision agents and probation officers have expanded. Greater emphasis has been

placed on the supervision and programming of sex offenders including sex offender registration, notification, and enhanced supervision programs. The number and amount of grants, contracts, and subsidies has also increased – from about \$32 million in FY 1992 to \$76 million in FY 2009. A new interstate compact was enacted in 2002 that significantly increased the number of offenders Minnesota supervises for other states. The agency began partnering with community-based facilities to provide housing for work release offenders, saving on the cost of prison beds, and developed and implemented a policy that requires offenders to contribute to their cost of supervision.

### **Key Program Goals & Measures**

#### **1. Goal – changing offender behavior**

Percentage of offenders convicted of a new felony

<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
36%	36%	36%	37%	37%

#### **2. Goal – holding offenders accountable and restoring justice for victims**

Percentage of restitution paid by discharge (average per offender)

<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
87%	88%	86%	87%	82%

### **Program Funding**

This program is funded primarily through general fund appropriations.

### **Contact**

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The agency's current strategic plan is located at  
<http://www.doc.state.mn.us/publications/documents/StrategicPlan20102-18.pdf>.

The agency's most recent performance targets report is located at  
<http://www.doc.state.mn.us/publications/legislative-reports/documents/Pre-PerformanceReportFY10.pdf>



# CORRECTIONS DEPT

Program: COMMUNITY SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	112,225	109,406	109,406	109,406	218,812
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			1,483	1,483	2,966
One-time Appropriations			(33)	(33)	(66)
Subtotal - Forecast Base	112,225	109,406	110,856	110,856	221,712
<b>Governor's Recommendations</b>					
Operating Budget Reduction		0	(316)	(316)	(632)
Offender Supervision Reduction		0	(1,565)	(1,565)	(3,130)
Sex Offender Programming Grant		0	(138)	(138)	(276)
<b>Total</b>	<b>112,225</b>	<b>109,406</b>	<b>108,837</b>	<b>108,837</b>	<b>217,674</b>
<b>Miscellaneous Special Revenue</b>					
Current Appropriation	100	100	100	100	200
Subtotal - Forecast Base	100	100	100	100	200
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>200</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	111,137	110,893	108,837	108,837	217,674
Miscellaneous Special Revenue	36	100	100	100	200
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	3,476	5,108	3,862	3,848	7,710
Federal	285	201	221	55	276
Miscellaneous Agency	707	686	686	686	1,372
<b>Total</b>	<b>115,641</b>	<b>116,988</b>	<b>113,706</b>	<b>113,526</b>	<b>227,232</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	30,618	30,990	29,748	29,734	59,482
Other Operating Expenses	12,347	14,730	14,267	14,101	28,368
Payments To Individuals	991	690	691	691	1,382
Local Assistance	71,685	70,578	69,000	69,000	138,000
<b>Total</b>	<b>115,641</b>	<b>116,988</b>	<b>113,706</b>	<b>113,526</b>	<b>227,232</b>
<b><u>Expenditures by Activity</u></b>					
Probation & Supervised Release	20,691	22,010	21,159	21,065	42,224
Special Supervision	10,298	10,523	10,458	10,458	20,916
Risk Assess/Comm Notification	4,646	4,192	4,192	4,192	8,384
Sentencing To Service	6,396	7,243	5,774	5,774	11,548
Facilities Planning&Inspection	751	759	744	730	1,474
Pass Thru Grants & Subsidies	70,964	69,638	68,060	68,060	136,120
Program Support & Evaluation	1,895	2,623	3,319	3,247	6,566
<b>Total</b>	<b>115,641</b>	<b>116,988</b>	<b>113,706</b>	<b>113,526</b>	<b>227,232</b>
<b>Full-Time Equivalents (FTE)</b>	<b>428.6</b>	<b>426.3</b>	<b>419.2</b>	<b>406.0</b>	

**Program at a Glance****Operations Support functions include**

- executive leadership;
- office of diversity;
- policy and legal services;
- hearings and release;
- budget and finance;
- offender banking;
- human resources and labor relations;
- employee development;
- information technology and services;
- victim assistance and restorative justice;
- office services; and
- strategic planning, business continuity, and risk management.

**Agency workforce**

- more than 4,200 employees statewide.

**Program Description**

The operations support program provides direction and services that contribute to consistency of agency functions and enables all programs to achieve the agency's mission. Employees in this division are physically located in correctional facilities and the agency's central office.

**Population Served**

All agency employees are served by this division, including those located at correctional facilities and field service offices. Limited services are provided for employees of the Minnesota Sentencing Guidelines Commission. Services are provided to offenders, victims, the legislature, and state and local agencies. Finally, the responsibilities of this division also serve and protect the general public.

**Services Provided**

This program establishes the mission and major policies for the agency and provides executive leadership. It is responsible for strategic planning, business continuity

management, risk management, the office of diversity, and agency communications.

**The policy and legal services unit** is responsible for conducting offender hearings, developing policy, offender records management, and providing technical assistance and representing the agency on legal issues.

**The financial services unit** manages all fiscal activity within the agency including the establishment and maintenance of effective internal controls. It is responsible for completing the biennial budget and annual spending plans. It collects, classifies, records, and summarizes financial transactions and data. Financial reporting and analysis are provided to internal and external customers including routine budget reporting and the development of agency fiscal notes. The unit also provides offender banking services.

**The human resource management unit** provides staffing, labor relations, management consultation, and employee programs throughout the agency. It partners with managers with a goal of hiring and retaining a high quality and diverse workforce. Services provided include recruitment, hiring assistance, job classification, salary and benefit administration, labor contract negotiations and administration, supervisor training and assistance, and affirmative action support. Responsibilities related to employee development include the provision of pre-service and in-service training designed to develop and maintain employee skill levels.

**The information technology unit** supports the agency's mission by providing information technology solutions to agency operational and management staff. Responsibilities include maintaining and enhancing the Statewide Supervision System for probation and detention. The unit develops integrated criminal justice information in collaboration with other state criminal justice agencies (CriMNet). Projecting prison populations is a key role of this unit. Information services include analyzing correctional issues, conducting research and evaluation projects, and responding to data requests from the public, media, and the legislature.

**The victim assistance/restorative justice unit** responsibilities include victim notification, safety planning, information and referral services, staff and community training, offender victim-impact education, victim-offender dialogue coordination, and apology letter assistance. Additionally, staff serve on the agency's End-of-Confinement Review Committee responsible for assigning risk levels to predatory offenders upon release from prison.

**The office services unit** provides support services to the agency's central office and field service offices. Services include telecommunications, motor pool, physical plant and staff security, mail processing and courier services, receptionist services, space planning, office supply inventory, and lease management.

### Historical Perspective

Over the past decade this program has worked to focus on system reengineering through shared services and/or centralization for cost containment. Primary activities have been centralized or regionalized. The financial services, human resources, information technology, and employee development units are sharing services agency-wide. This reengineering process has created many efficiencies and reduced more than 40 full-time equivalent positions. The agency has implemented technologies that improve the quality and availability of offender information, streamline agency purchasing processes, and enhance agency communications. Staff have successfully implemented continuous improvement tools to create efficiencies, reduce operational costs, and/or avoid future costs.

### Key Program Goals & Measures

#### 1. Goal – providing core correctional care

A key activity of this goal is to ensure a well-trained workforce. One measure is the percentage change in staff injury rates. The agency's staff injury rate decreased 15% from FY 2008 to FY 2009 (data is not yet available for FY 2010).

#### 2. Goal – holding offenders accountable and restoring justice for victims

Percentage of restitution paid by discharge (average per offender)

FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
87%	88%	86%	87%	82%

### Program Funding

This program is funded primarily through general fund appropriations.

### Contact

Minnesota Department of Corrections  
 1450 Energy Park Drive, Suite 200  
 Saint Paul, Minnesota 55108-5219  
 Web site: <http://www.doc.state.mn.us>  
 Phone (651) 361-7200  
 Fax (651) 642-0223  
 TTY (800) 627-3529

The agency's current strategic plan is located at  
<http://www.doc.state.mn.us/publications/documents/StrategicPlan20102-18.pdf>.

The agency's most recent performance targets report is located at  
<http://www.doc.state.mn.us/publications/legislative-reports/documents/Pre-PerformanceReportFY10.pdf>

# CORRECTIONS DEPT

Program: OPERATIONS SUPPORT

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	21,149	21,149	21,149	21,149	42,298
<b>Technical Adjustments</b>					
Operating Budget Reduction			(120)	(120)	(240)
Subtotal - Forecast Base	21,149	21,149	21,029	21,029	42,058
<b>Governor's Recommendations</b>					
Operating Budget Reduction		0	(335)	(335)	(670)
<b>Total</b>	<b>21,149</b>	<b>21,149</b>	<b>20,694</b>	<b>20,694</b>	<b>41,388</b>
<b>Miscellaneous Special Revenue</b>					
Current Appropriation	210	210	210	210	420
Subtotal - Forecast Base	210	210	210	210	420
<b>Total</b>	<b>210</b>	<b>210</b>	<b>210</b>	<b>210</b>	<b>420</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	20,584	21,653	20,694	20,694	41,388
Miscellaneous Special Revenue	22	210	210	210	420
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	1,454	1,245	1,244	1,244	2,488
Federal Stimulus	165	921	460	0	460
Miscellaneous Agency	1	5	5	5	10
<b>Total</b>	<b>22,226</b>	<b>24,034</b>	<b>22,613</b>	<b>22,153</b>	<b>44,766</b>
 <b><u>Expenditures by Category</u></b>					
Total Compensation	18,576	18,927	18,592	18,592	37,184
Other Operating Expenses	3,650	5,107	4,021	3,561	7,582
<b>Total</b>	<b>22,226</b>	<b>24,034</b>	<b>22,613</b>	<b>22,153</b>	<b>44,766</b>
 <b><u>Expenditures by Activity</u></b>					
Operations Support Services	1,390	1,517	1,336	1,336	2,672
Policy And Legal Services	3,410	3,497	3,453	3,453	6,906
Research	1,447	1,232	750	290	1,040
Financial Services	4,968	5,231	4,973	4,973	9,946
Office Services	1,743	1,600	1,475	1,475	2,950
Human Resources	2,666	2,920	2,817	2,817	5,634
Employee Development	683	677	676	676	1,352
Information Technology	5,919	7,360	7,133	7,133	14,266
<b>Total</b>	<b>22,226</b>	<b>24,034</b>	<b>22,613</b>	<b>22,153</b>	<b>44,766</b>
 <b><u>Full-Time Equivalent (FTE)</u></b>					
	<b>230.4</b>	<b>242.6</b>	<b>237.1</b>	<b>231.5</b>	

### Narrative

Federal funds at the Department of Corrections make up a relatively small portion of the agency budget, but they allow the DOC to focus on areas of interest that do not fit within the constraints of the current state budget. Some current programs funded with federal dollars include screening for offenders with traumatic brain injuries, working to reduce recidivism for release violators, collaborating with other agencies and counties to address the issue of juveniles with mental health and chemical dependency issues, and various educational programs.

There has been an increase in federal funds received in recent years. The department was awarded two grants totaling \$1.35 million through the Second Chance Act and typically receives slightly over \$1 million for educational programs for incarcerated offenders.

Approximately 25% of the grants received by Corrections in FY 2011 require a cash or in-kind match. None of the current grant programs require maintenance of effort.

Approximately 60% of the DOC federal grants are received through another state agency such as, the Department of Education or the Department of Public Safety. The balance of the awards are received directly from the federal agencies.

Estimates for revenues included in the federal funds summary are based on approved budgets submitted with grant applications, adjusted for any changes since the grants were awarded.

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
<b>National School Breakfast / Lunch</b> Salaries, supplies, and equipment in kitchen areas at DOC institutions housing juveniles.	N	N	N	237	257	257	257
<b>Residential Substance Abuse Treatment</b> Treatment programs and activities.	N	Y	N	69	100	122	0
<b>State Criminal Alien Assistance Program</b> Reimburse facilities for costs associated with housing criminal aliens.	N	N	N	957	868	868	868
<b>Bulletproof Vest Partnership</b> Help protect the lives of corrections and law enforcement officers by reimbursing part of the cost of armored vests.	N	Y	N	9	51	51	51
<b>Project Safe Neighborhood</b> Monitor offender and gang activities in the Native American community.	N	N	N	91	95	95	95
<b>Adult Basic Education</b> Supplemental funds to serve the most difficult to reach literacy students.	N	N	N	583	453	453	453
<b>Chapter 1 Neglected &amp; Delinquent</b> Provide remedial instruction to students who have reading levels at least two grades below their peers.	N	N	N	300	300	300	300

		Required state match/MOE? Yes/No					
<b>Special Education</b> Provide services and instruction to students who have an individual education plan.	N	N	N	61	109	100	100
<b>21st Century Community Learning Centers</b> Provide juvenile offenders with an out-of-school time project which will include accelerated reading/math, fine arts programming, community service, and drivers' education.	N	N	N	87	87	87	87
<b>Vocational Education (Specter)</b> Fund lower division college courses for offenders between the ages of 18 and 25 who will be released within five years.	N	N	N	149	175	175	175
<b>Traumatic Brain Injury</b> Screen offenders for brain injury and develop release planning processes for offenders with brain injuries.	N	Y	N	0	241	240	240
<b>Protecting Inmates</b> Improve prison rape elimination	N	Y	N	10	0	0	0
<b>Public Safety Interoperable Communications</b> Create interoperability between facilities, as well as with emergency responders and other external agencies.	N	Y	N	497	0	0	0
<b>Vocation Education (Perkins)</b> Increase public safety through offender accountability and reduction in re-offense and recidivism.	N	N	N	35	30	0	0
<b>Prisoner Reentry Initiative (Justice)</b> Pre-release assessments and developing transition plans in collaboration with other community service providers.	N	Y	N	192	0	0	0
<b>Prisoner Reentry Initiative (Labor)</b> Reduce recidivism by helping inmates find meaningful employment when they return to communities.	N	Y	N	66	0	0	0
<b>Special Education – Recovery Act</b> Provide services and instruction to students who have an individual education plan	N	N	N	39	10	0	0
<b>Edward Byrne Justice Assistance</b> Provide chemical dependency services for incarcerated offenders	N	N	N	52	980	490	0

		Required state match/MOE? Yes/No					
<b>Homeland Security</b> Identify and provide corrections data relevant to Homeland Security issues.	Y	N	N	0	47	62	31
<b>Child Support Enforcement</b> Improve child support identification / enforcement, and automated family demographic information sharing between agencies.	N	N	N	27	107	96	24
<b>Edward Byrne Justice Assistance – Recovery Act</b> Improve offender management and data integrity through an update of the Correctional Operations Management System software.	N	N	N	165	921	460	0
<b>Justice and Mental Health Collaboration</b> Decrease the recidivism and adjudication rates for youth with mental health issues by improving the screening rate and provide post-screening response; and to improve community-based crisis response services to the target population	Y	Y	N	0	94	125	31
<b>Second Chance Act Prisoner Reentry</b> Develop a treatment program for offenders with co-occurring mental health and substance use disorders	Y	N	N	0	225	300	75
<b>Second Chance Act Prisoner Reentry</b> Reducing recidivism for release violators	Y	Y	N	0	750	0	0
<b>Total</b>				<b>3,626</b>	<b>5,900</b>	<b>4,281</b>	<b>2,787</b>

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Actual FY 2010	Most Recent State Award 2011
Adult Felony Caseload 09 083 01 014 003	Non-competitive funding to CCA counties to reduce agent caseloads and workloads for supervision of adult felons.	CCA Counties	956	956
Adult Felony Sex Offender Supervision-CCA 09 083 01 014 003	Sex offender supervision/CCA. Non-competitive funding to CCA counties to increase supervision of sex offenders who are on supervised release.	CCA Counties	3,942	3,942
Caseload Reduction-CPO 09 083 01 014 003	CPO Caseload/Workload. Funding to reduce agent caseloads and workloads for supervision of offenders sentenced to probation at the county level.	Non-CCA Counties	1,549	1,549
CCA Caseload Reduction 09 083 01 014 003	Caseload Workload/CCA. Non-competitive funding to reduce CCA agent caseloads and workloads for supervision of supervised releases.	CCA Counties	13,098	13,098
County Probation Reimbursement 09 083 01 014 003	CPO reimbursement. Non-competitive; funds dispersed based upon number of qualifying positions – up to 50%. Funding to reimburse non-CCA counties for a portion of the salary and fringe benefits costs incurred while providing juvenile and adult misdemeanor probation services.	Non-CCA Counties	5,106	4,973
Electronic Alcohol Monitoring 09 083 01 014 003	Competitive grant funding to counties to reduce the rate of recidivism of repeat DWI offenders	Counties	603	603
Intensive Community Supervision 09 083 01 014 003	Non-competitive funding to 6 CCA counties to provide intensive supervision to offenders identified as high risk.	CCA Counties	3,219	3,219
Sex Offender in Community 09 083 01 014 003	Competitive grant funds to provide sex offender treatment in the community for adult and juvenile sex offenders on supervised release, conditional release and probation.	Counties	2,401	2,401
Transitional Housing 09 083 01 014 003	Transitional housing funding. One grant with ATTIC.	Non-Profit	317	367
Offender Reentry Services 09 083 01 014 003	Prison Reentry Initiative grants to Hennepin, Ramsey and Olmsted	CCA Counties	539	550



Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Actual FY 2010	Most Recent State Award 2011
Anoka Sept'76 09 083 01 014 003	Community Corrections Act	CCA Counties	3,293	3,195
Blue Earth Jan'78 09 083 01 014 003	Community Corrections Act	CCA Counties	762	735
Central Minn Sept'74 09 083 01 014 003	Community Corrections Act	CCA Counties	1,138	1,100
Dakota July'89 09 083 01 014 003	Community Corrections Act	CCA Counties	3,230	3,105
Dodge-Fillmore-Olmsted Jun'74 09 083 01 014 003	Community Corrections Act	CCA Counties	1,679	1,625
Hennepin Jan'78 09 083 01 014 003	Community Corrections Act	CCA Counties	11,359	10,989
Kandiyohi Jan'87 09 083 01 014 003	Community Corrections Act	CCA Counties	518	499
Ramsey July'74 09 083 01 014 003	Community Corrections Act	CCA Counties	6,258	6,087
Red Lake-Polk-Norman Jan'76 09 083 01 014 003	Community Corrections Act	CCA Counties	651	628
Region 3 Arrowhead July'76 09 083 01 014 003	Community Corrections Act	CCA Counties	3,969	3,855
Region 6W Oct'77 09 083 01 014 003	Community Corrections Act	CCA Counties	512	499
Rice Jan'90 09 083 01 014 003	Community Corrections Act	CCA Counties	702	681
Rock-Nobles Jan'79 09 083 01 014 003	Community Corrections Act	CCA Counties	363	351
Scott July'06 09 083 01 014 003	Community Corrections Act	CCA Counties	837	799
Stearns July'94 09 083 01 014 003	Community Corrections Act	CCA Counties	1,743	1,682
Todd-Wadena July'76 09 083 01 014 003	Community Corrections Act	CCA Counties	580	565
Washington July'78 09 083 01 014 003	Community Corrections Act	CCA Counties	1,640	1,585

## CORRECTIONS DEPT

## Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012   FY2013		Biennium 2012-13
<b><u>Non Dedicated Revenue:</u></b>					
<b>Departmental Earnings:</b>					
General	9,180	9,770	9,770	9,770	19,540
<b>Other Revenues:</b>					
General	30	78	73	73	146
<b>Other Sources:</b>					
General	8	0	0	0	0
<b>Taxes:</b>					
General	386	0	0	0	0
<b>Total Non-Dedicated Receipts</b>	<b>9,604</b>	<b>9,848</b>	<b>9,843</b>	<b>9,843</b>	<b>19,686</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings (Inter-Agency):</b>					
Correctional Industries	33,807	40,000	38,000	38,000	76,000
<b>Departmental Earnings:</b>					
Miscellaneous Special Revenue	7,278	8,192	7,952	7,943	15,895
Correctional Industries	1,869	1,300	1,300	1,300	2,600
<b>Grants:</b>					
Miscellaneous Special Revenue	4,559	5,123	5,122	5,122	10,244
Federal	3,422	4,218	3,821	2,787	6,608
Federal Stimulus	38,204	931	460	0	460
<b>Other Revenues:</b>					
Miscellaneous Special Revenue	3,902	4,700	4,608	4,608	9,216
Miscellaneous Agency	12,006	11,883	11,001	11,001	22,002
Gift	3	14	14	14	28
Correctional Industries	155	425	425	425	850
<b>Other Sources:</b>					
Miscellaneous Special Revenue	155	158	158	158	316
Miscellaneous Agency	15,302	13,226	13,336	13,336	26,672
Correctional Industries	62	125	125	125	250
<b>Total Dedicated Receipts</b>	<b>120,724</b>	<b>90,295</b>	<b>86,322</b>	<b>84,819</b>	<b>171,141</b>
<b>Agency Total Revenue</b>	<b>130,328</b>	<b>100,143</b>	<b>96,165</b>	<b>94,662</b>	<b>190,827</b>

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**Agency Purpose**

The statutory mission of the Minnesota Board of Cosmetologist Examiners (BCE) is protecting the health and safety of the citizens and visitors of the state by licensing the practice of cosmetology individuals, salons, and schools. The BCE accomplishes the statutory mission by applying the fundamental agency values of service, equality, accuracy, dependability, and advancement.

The Board's core mission is to constantly strive to serve and care for our licensees, applicants, and the public by being committed to public protection, superior service, excellence, and continuous improvement. The Board is dedicated to public protection while encouraging industry development. The Board believes that leading with a vision and making sound decisions results in quality outcomes and successful operations. The statutory authority of the Board resides in M.S. Chapter 155A.

**At a Glance**

**Licensing Division (Total Licensees)**

- 18,100 Licensed Operators
- 15,840 Licensed Managers
- 460 Licensed Instructors
- 500 Miscellaneous License and Permit Holders
- 5,200 Licensed Salons
- 51 Licensed Schools
  - 6,000 New Individuals Licensed
  - 1,000 New Establishments Licensed

\*Numbers are rounded

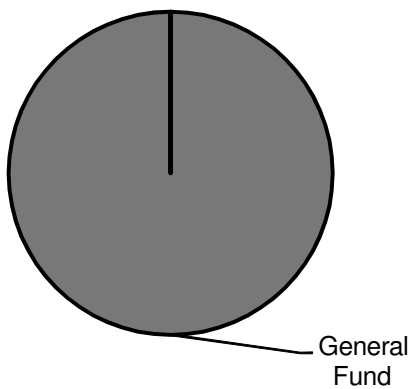
**Compliance Division**

- Investigated 162 complaints
- 142 are jurisdictional complaints
- 118 complaints are public safety related
- Resolved 63 disciplinary actions
- Complaint process was redesigned in October of 2009 resulting in a slowdown of complaints that will be resolved in the next biennium.

**Inspection Division**

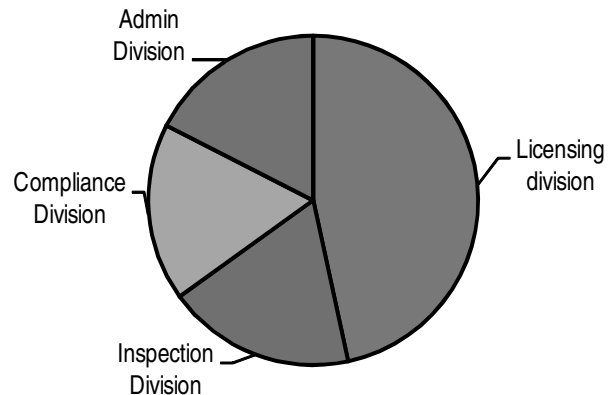
- Inspected 3,523 establishments
- Inspect 8 establishments per day, per inspector

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Program**



Source: Board expenses allocated to the services provided by the board.

**Strategies**

The Board's activities are guided by four primary values:

- Customer service will be delivered in a respectful, responsive, timely, communicative, and nondiscriminatory manner.

- Licensing and inspecting will be done in a manner that is responsible, fair, consistent and with respect for due process and adherence to laws and rules.
- The public and licensee can rely on Board staff to provide consistent and accurate information.
- Business functions will be delivered with efficiency, accountability, innovativeness, utilization of technology to advance, and a willingness to collaborate.

## Operations

The Board is responsible to establish, maintain, and enforce appropriate standards for competency, practice, safety, and sanitation. The agency carries out its responsibility by ensuring all statutes and rules are met or exceeded by: examining, licensing, renewing, inspecting, compliance, and overseeing the educational process of cosmetology schools.

The **Licensing Division** is responsible for credentialing over 14 different license types to ensure each applicant has met the requisite education and competence required to practice cosmetology or to operate a cosmetology salon or school. This includes licensing over 3,500 new licensees each year and renewing over 12,000 licenses each year.

The **Compliance Division** is responsible to investigate complaints and take action against cosmetologists, salons, or schools that violate laws and rules the Board is empowered to enforce. Public safety is enhanced by providing public access online to inspection reports, filing a complaint, information on the complaint process, final disciplinary orders, and discipline status of licensees. Most importantly, the complaint process is an educational opportunity to encourage adherence to statutes and rules.

The **Inspection Division** is responsible to inspect all licensed salons and schools in the state to ensure public safety is met and salons are demonstrating sanitation and disinfection practices that adhere to statutes and rules regulation as well as practice standards. Further, the inspection process is an opportunity to ensure all practitioners and salons are currently licensed. Inspectors also educate licensees about laws, rules, and sanitation practices in the field.

The **Administrative Division** is responsible to organize and manage the other three divisions to work in harmony together to accomplish the goals and statutory mission of protecting the health and safety of the public. Further, this Division is responsible to develop strategies for future advancement and innovation. Lastly, this Division oversees all public board meetings, rulemaking, and general Board operations.

## Key Activity Goals & Measures

**Goal-** Provide detailed documentation and information for licensees upon inspection to ensure they understand the inspection report clearly and all of the licensee's questions and concerns are answered before leaving the inspection.

- The Board is a state and national leader for envisioning and implementing computer-based inspections in the Cosmetology field. Inspections on this system are in real time and allow the field inspectors to be equipped with the same information that is available to the in-house office staff. The typed inspection report delivered at the time of inspection results in better service and more accurate inspections.

**Goal-** Provide initial and renewal licensure within 10 business days to ensure applicants can begin working immediately after a completed application is submitted.

- The Board's business process has been modified to process all applications for licensure or renewal within 15 business days. The process allows new licensees to get licensed in a timely manner and begin working.

**Goal-** Improve online services available to all licensees.

- The Board has significantly improved the online services available to all licensees, including online renewals. 33% of renewals were completed online last year, up 23% from last year. This year the Board is striving to reach 50% of personal renewals to be completed online. Further, the Board has all forms, applications, disciplinary action, and a comprehensive amount of information online for the public, licensees, and applicants.

**Goal-** Improve overall services to our applicants, licensees, and the public.

- The Board has created a wide variety of information available on the phone answering system as well as creating pre-designed responses to emailed questions and publishing press releases on the Board’s website. Both of these processes result in more consistent and accurate information dissemination.

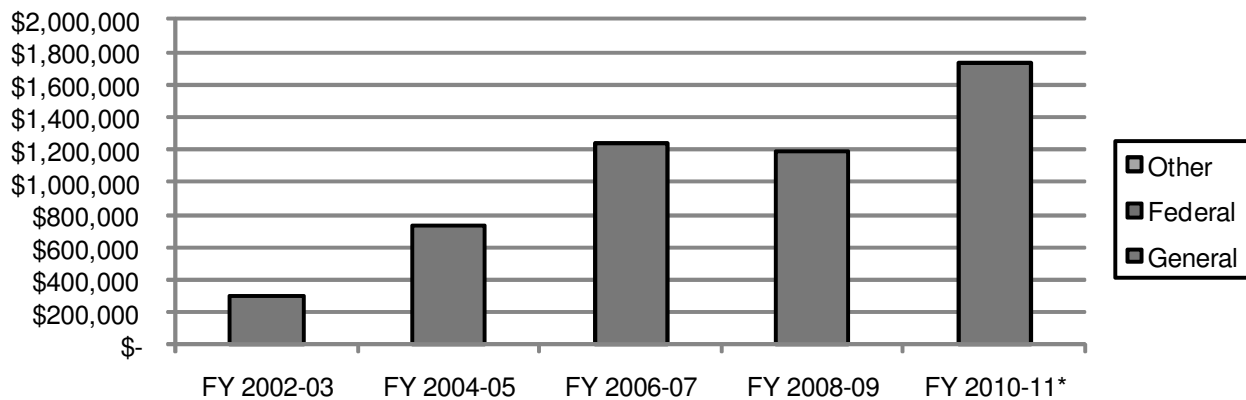
**Goal-** Identify and provide examinations in alternative languages to serve our licensing population.

- The Board is aware that the licensing population is very diverse. The Board is now providing a variety of foreign language services for applicants. This includes all examinations and study guides are available in English, Spanish, Vietnamese, and Korean. Further, the Board has released a sanitation and disinfecting guide in Vietnamese and are currently translating several other documents to meet the needs of the licensing population.

**Budget Trends Section**

The Board receives a direct appropriation from the general fund for all operating expenses. All revenues are deposited as non-dedicated receipts in the general fund. The legislature sets all fee amounts in statute.

**Total Expenditures by Fund**



\* FY 2010-11 is estimated, not actual

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 07/31/10.

The Board of Cosmetologist Examiners was under the Dept. of Commerce during FY 2002 – 2005

**External Factors** - The Board has had two key external factors that have impacted the Board’s operations:

1. In 2009, the legislature separated the Board of Barbers and Cosmetologist Examiners into two independent Boards. This resulted in over eight months of administrative planning and implementation to get the Board separated and functioning independently again. As a combined board, administrative offices, staff, and licensing system were shared.
2. The number of applicants for licensure (both initial and renewal) continues to grow, resulting in more licensees to service.

**Contact**

Minnesota Board of Cosmetologist Examiners  
 2829 University Avenue Southeast, Suite 710  
 Minneapolis, Minnesota 55414  
<http://www.bceboard.state.mn.us>  
 Email: [bce.board@state.mn.us](mailto:bce.board@state.mn.us)  
 Phone: (651) 201-2742 Fax: (612) 617-2601  
 Gina Stauss, Executive Secretary

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	691	1,046	1,046	1,046	2,092
<b>Recommended</b>	<b>691</b>	<b>1,046</b>	<b>1,046</b>	<b>1,046</b>	<b>2,092</b>
Change		0	0	0	0
% Biennial Change from 2010-11					20.4%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	550	1,187	1,046	1,046	2,092
<b>Total</b>	<b>550</b>	<b>1,187</b>	<b>1,046</b>	<b>1,046</b>	<b>2,092</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	403	721	779	797	1,576
Other Operating Expenses	147	466	267	249	516
<b>Total</b>	<b>550</b>	<b>1,187</b>	<b>1,046</b>	<b>1,046</b>	<b>2,092</b>
<b><u>Expenditures by Program</u></b>					
Cosmetology	550	1,187	1,046	1,046	2,092
<b>Total</b>	<b>550</b>	<b>1,187</b>	<b>1,046</b>	<b>1,046</b>	<b>2,092</b>
<b>Full-Time Equivalents (FTE)</b>	<b>7.7</b>	<b>13.1</b>	<b>13.9</b>	<b>13.4</b>	

**COSMETOLOGIST EXAMINERS BOARD**

Agency Revenue Summary

*Dollars in Thousands*

	<b>Actual FY2010</b>	<b>Budgeted FY2011</b>	<b>Governor's Recomm. FY2012   FY2013</b>		<b>Biennium 2012-13</b>
<b><i>Non Dedicated Revenue:</i></b>					
<b>Departmental Earnings:</b>					
General	1,372	1,442	1,843	1,803	3,646
<b>Total Non-Dedicated Receipts</b>	<b>1,372</b>	<b>1,442</b>	<b>1,843</b>	<b>1,803</b>	<b>3,646</b>
<b><i>Dedicated Receipts:</i></b>					
<b>Total Dedicated Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Agency Total Revenue</b>	<b>1,372</b>	<b>1,442</b>	<b>1,843</b>	<b>1,803</b>	<b>3,646</b>



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<b>Change Items</b>	
⇒ Unavoidable Cost Increases.....	9
⇒ Designates that this item is a change item	

**Agency Purpose**

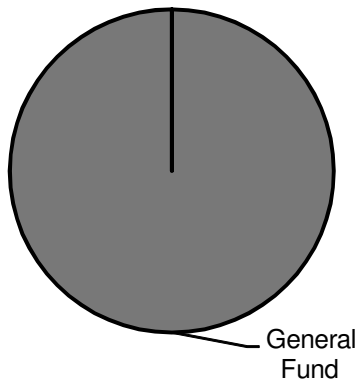
Minnesota’s Court of Appeals is the state’s intermediate appellate court, providing citizens with prompt and deliberate review of final decisions of the trial courts, state agencies, and local governments. This error-correcting court hears and decides cases in three-judge panels.

- **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.

**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.
- The number of cases handled in 2009 increased about 14% from 2007.
- 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.

**Est. FY 2010-11 Expenditures by Fund**



Source: Minnesota Accounting and Procurement System (MAPS) as of 8/26/10

**Strategies**

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.

The Court of Appeals conducts its work 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** – Working across branches of government and with other stakeholders to improve outcomes for and the delivery of services for children, families, and alcohol and other drug (AOD) addicted offenders who come into our courts.

- **Public Trust Accountability and Impartiality** – Through education, outreach to diverse communities, and a commitment to system-wide customer service and accountability, improving citizens’ understanding of and confidence in the Third Branch of government.

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. Below is a link to the FY 2010-11 Judicial Branch Strategic Plan:

[http://www.mncourts.gov/Documents/0/Public/Judicial\\_Council/FY10-11\\_Strategic\\_Plan.pdf](http://www.mncourts.gov/Documents/0/Public/Judicial_Council/FY10-11_Strategic_Plan.pdf)

Service strategies the Court of Appeals currently is implementing are as follows:

- Manage its cases to ensure prompt resolution within the statutory 90-day time limitation from oral argument to decision.
- Enhance the knowledge and skills of its staff by regular training.
- Explore the use of technology to improve its ability to provide timely and effective access to the court.

### Key Activity Goals and Measures

It is the policy of the Minnesota Judicial Branch to establish core performance goals and to monitor key results that measure progress toward meeting these goals in order to ensure accountability of the branch, improve overall operations of the court, and enhance the public's trust and confidence in the judiciary. The six core performance goals of the Judicial Branch are as follows: Access to Justice; Timeliness; Integrity and Accountability; Excellence; Fairness and Equity; Quality Court Workplace Environment. Each of the goals is accompanied by corresponding performance measures. Regular review of these measures enables the Branch to identify what it is doing well and what it needs to improve.

The full report, entitled, "Judicial Branch 2010 Performance Measures – Key Results and Measures Report" can be found at the following link:

[http://www.mncourts.gov/Documents/0/Public/Court Information Office/Annual Report 2010 Performance Measures.pdf](http://www.mncourts.gov/Documents/0/Public/Court%20Information%20Office/Annual%20Report%202010%20Performance%20Measures.pdf)

The goal of timeliness indicates whether the Court of Appeals is handling cases in a timely manner. Recent budget cuts along with chronic underfunding have contributed to the Court of Appeals lacking the resources it needs to perform its work in a timely way. As a result the Court of Appeals has some areas of performance that are in need of improvement. The measure below outlines some areas of concern:

**Goal: Timeliness** – The Minnesota Judicial Branch will resolve cases and controversies in a timely and expeditious way without unnecessary delays.

#### Measure: Timing Objective for Last Brief to Submission

This measure reports the number and percent of cases with timing objectives that meet the objectives for Last Brief to Submission. The court adopted the American Bar Association (ABA) standard. Cases are tracked within the following case categories: Civil, Criminal, Adoption/Juvenile Protection and Juvenile Delinquency. The objective is as follows:

- The measure is 55 days from Last Brief to Submission

#### Findings:

- For the period of 2005 to 2009, most case types were far from meeting the 55 day goal of Last Brief to Submission. The number of cases within the timing objectives goal for 2009 are as follows:
  - None (0%) of the Juvenile Delinquency or Other Civil case types met the goal.
  - Approximately five percent (5%) of Criminal and five percent (5%) of Civil-Economic Security case types met the goal.
  - Nine percent (9%) of Civil cases met the goal.
  - Approximately 21% of Family cases met the goal.
- Nearly 90% of Adoption/Juvenile Protection cases in 2009 met the 55 day goal of Last Brief to Submission due to efforts on the part of the Court of Appeals to expedite these case types. Prioritizing these case types has come at a cost to all other case types.

### 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.

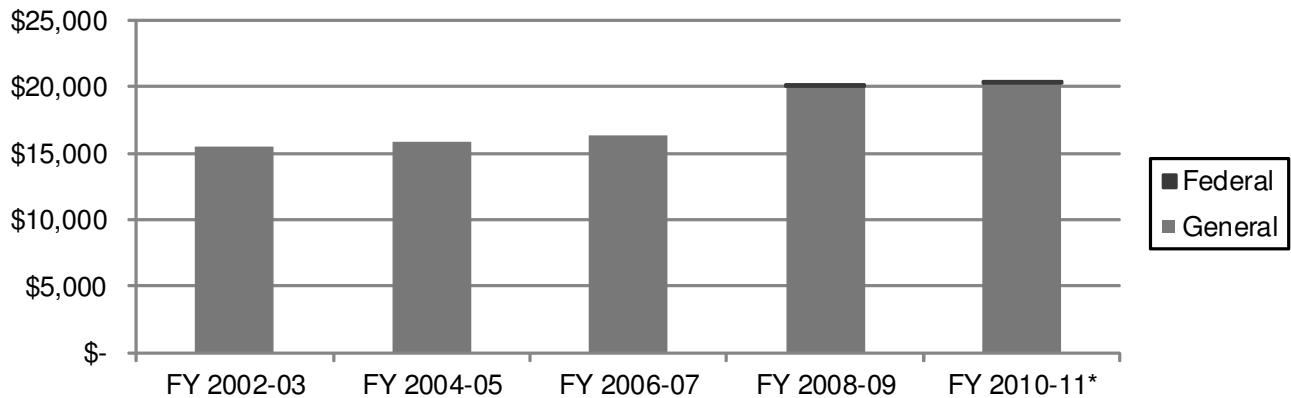
With the assistance of a computerized case management system, the court monitors the progress of every appeal to ensure that there are no unnecessary delays in processing. The court demonstrates the value of aggressive, hands-on management of its cases.

**Budget Trends Section**

Of the funding for the Court of Appeals, General Fund direct appropriations are the main funding source. In FY 2009, the Court of Appeals did receive federal grant funding of \$30,000 for an Early Neutral Evaluation pilot for appeals in family court cases.

Increased general fund spending starting in the FY 2008-09 biennium reflects the addition of three new judgeships with related staff in January 2008. Funding for these judgeships was provided to address increasing caseloads and delays in the Court of Appeals.

**Total Expenditures by Fund**



\* FY 2010-11 is estimated, not actual

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 8/26/10.

Significant external factors impacting agency operations include: Economic downturn/recession; inadequate and increasingly unstable funding base; budget cuts to public defender appellate office; increased number of unemployment case appeals; increased number of self-represented litigants; increased cost of travel.

**Contact**

Minnesota Court of Appeals  
 Minnesota Judicial Center  
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 Saint Paul, Minnesota 55155

Sue Dosal  
 State Court Administrator  
 135 Minnesota Judicial Center  
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 Saint Paul, Minnesota 55155  
 Phone: (651) 296-2474  
 Fax: (651) 297-5636

Home page: <http://www.mncourts.gov>

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	10,178	10,068	10,068	10,068	20,136
<b>Recommended</b>	<b>10,178</b>	<b>10,068</b>	<b>10,106</b>	<b>10,228</b>	<b>20,334</b>
Change		0	38	160	198
% Biennial Change from 2010-11					0.4%
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	10,054	10,192	10,106	10,228	20,334
<b>Statutory Appropriations</b>					
Federal	17	0	0	0	0
<b>Total</b>	<b>10,071</b>	<b>10,192</b>	<b>10,106</b>	<b>10,228</b>	<b>20,334</b>
 <b><u>Expenditures by Category</u></b>					
Total Compensation	8,777	8,755	8,793	8,915	17,708
Other Operating Expenses	1,294	1,437	1,313	1,313	2,626
<b>Total</b>	<b>10,071</b>	<b>10,192</b>	<b>10,106</b>	<b>10,228</b>	<b>20,334</b>
 <b><u>Expenditures by Program</u></b>					
Court Of Appeals	10,071	10,192	10,106	10,228	20,334
<b>Total</b>	<b>10,071</b>	<b>10,192</b>	<b>10,106</b>	<b>10,228</b>	<b>20,334</b>
 <b>Full-Time Equivalent (FTE)</b>	 <b>89.7</b>	 <b>85.4</b>	 <b>84.6</b>	 <b>83.7</b>	

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b>Fund: GENERAL</b>				
<b>FY 2011 Appropriations</b>	10,068	10,068	10,068	20,136
<b>Subtotal - Forecast Base</b>	10,068	10,068	10,068	20,136
<b>Change Items</b>				
Cost Increases	0	38	160	198
<b>Total Governor's Recommendations</b>	10,068	10,106	10,228	20,334

# COURT OF APPEALS

Change Item: Cost Increases

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$38	\$160	\$160	\$160
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$38	\$160	\$160	\$160

## Recommendation

The Governor recommends an increase of \$38,000 in FY 2012 and \$160,000 in FY 2013 to pay for anticipated cost increases related to state-paid health insurance for state employees and pension contributions. No additional funding is provided for any other compensation-related cost increases.

## Rationale

Court employees are compensated under the judicial branch compensation plan administered by the State Court Administrator's Office under the direction of the Judicial Council. This recommendation would only fund anticipated cost increases related to state-paid health insurance and pension contributions. It would help the courts to avoid further reductions in their workforce and to maintain vital judicial services to Minnesotans.

## Key Goals and Measures

Funding these anticipated cost increases will reduce the likelihood of staffing reductions in the courts, thus allowing the court agencies to accomplish their constitutional role of adjudication disputes. MN Const., Art 1, Sec.8.

**Statutory Change:** Not applicable.

**COURT OF APPEALS**

Agency Revenue Summary

*Dollars in Thousands*

	<b>Actual FY2010</b>	<b>Budgeted FY2011</b>	<b>Governor's Recomm.</b>		<b>Biennium 2012-13</b>
			<b>FY2012</b>	<b>FY2013</b>	
<b><i>Non Dedicated Revenue:</i></b>					
<b>Total Non-Dedicated Receipts</b>	0	0	0	0	0
<b><i>Dedicated Receipts:</i></b>					
<b>Grants:</b>					
Federal	17	0	0	0	0
<b>Total Dedicated Receipts</b>	17	0	0	0	0
<b>Agency Total Revenue</b>	17	0	0	0	0



# COURT OF APPEALS

## Change Item: Unavoidable Cost Increases

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$38	\$160	\$160	\$160
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$38	\$160	\$160	\$160

### Agency Request

The Court of Appeals requests \$198,000 in the FY 2012-13 biennium for unavoidable health insurance increases to maintain core justice operations. This request represents a 0.98% increase to the Court of Appeals biennial base budget.

### Rationale

Currently, the Court of Appeals has 67 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 plan administered by the State Court Administrator's Office (SCAO) under the direction of the Judicial Council.

The judicial branch employee compensation 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 and Budget for all state employees.

For the FY 2010-11 biennium, the judicial branch negotiated a zero across-the-board adjustment to the salary range and zero merit and step increases for its employees. Judges did not receive salary increases. For the FY 2012-13 biennium, the judicial branch requests no additional salary funding, but requests funding for health insurance costs which are estimated to increase by 0.07% in FY11, by 7.7% in FY12 and by 16.2% in FY13. This request is made to avoid further lay-offs and reductions to our workforce, which is already unable to keep up with the incoming workload and timely disposition of the cases brought to our courts.

Due to a shortage of funding in the current and previous three 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 may result 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 3 judgeships in 2008 has helped. Presently, the number of cases waiting to be scheduled has been reduced. 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.

### Key Goals and Measures

Failure to fund unavoidable health insurance increases will result in staffing reductions and delays in case processing, which will negatively impact the ability of the Court of Appeals to accomplish its constitutional role of adjudicating disputes. MN Const., art I, Sec. 8.

**Statutory Change:** Not Applicable.

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⇒ Designates that this is a change item	

**Agency Purpose**

The Minnesota Board of Dentistry is established under Minnesota Statutes (M.S.) 214 with the responsibility of protecting the public as the official regulatory agency for dental professionals. The Board was created in 1885, and enforces M.S. 150A and Minnesota Rules chapter 3100 relating to the professional practice of dentists, dental therapists, dental hygienists, and dental assistants.

The mission of the Board is to:

- ensure that Minnesotans receive quality dental health care from competent dental professionals;
- protect the public by issuing licenses only to those who meet the minimum standards of education and practice;
- promote continued competency of regulated dental professionals through establishing and monitoring professional development standards; and
- provide timely and impartial resolution of complaints filed against regulated dental professionals.

**At a Glance**

(annual data as of 6/30/10)

**Licensing**

- 3988 Dentists
- 0 Dental Therapists (first licenses expected 2011)
- 5179 Dental Hygienists
- 7098 Licensed Dental Assistants
- 25 Guest Licenses (dentists, hygienists, assistants)
- 28 Limited or Full Faculty licenses
- 63 Resident Dentists
- 888 Professional Firms Registered

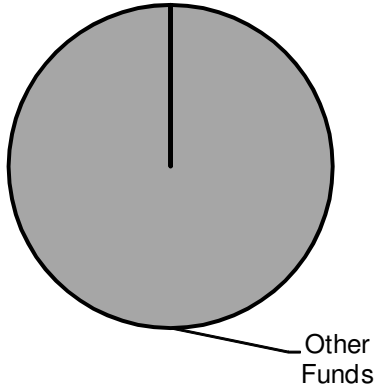
**Complaints & Discipline**

- Investigate ~250 complaints against regulated dental professionals
- Resolve 33 complaints through corrective action
- Resolve 16 complaints through disciplinary action
- Support monitoring of dental professionals in Health Professional Services Program (avg 12/mo)

**Professional Development/Continuing Education**

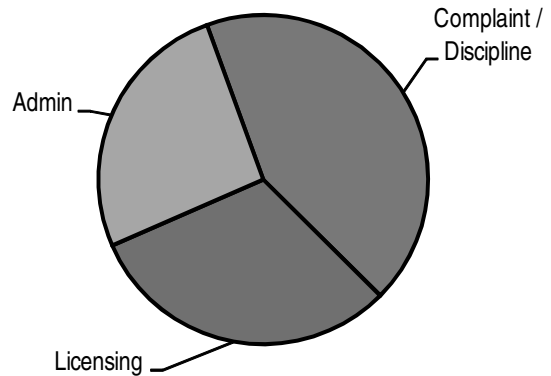
- 85% of Portfolios Passed Audit

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Service**



Source: Board expenses allocated to the services provided by the board.

**Strategies**

Core functions of the Board are established to protect the public by ensuring that 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 initial licensure (education, testing, etc);
- Ensuring that those who are awarded a professional dental credential by the Board continue to meet established standards throughout their careers;
- Identifying those who fail to maintain the minimum standards necessary to render quality care safely to patients;
- Responding to complaints and taking timely and appropriate disciplinary or corrective actions when warranted;
- 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 to staggered four year terms, and a staff of 10.5 FTE who manage day to day operations of the Board. The appointed Board members include: five dentists, one dental hygienist, one licensed 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 and credentials, professional development, policy, etc) that meet throughout the year.

At the end of FY2009, the Minnesota Board of Dentistry assumed responsibility as the administering Board for the Health Professionals Services Program (HPSP), a joint program of the Health Regulatory 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, and
- Consulting with licensees, licensing boards, health employers, practitioners, and medical/health communities.

**Key Activity Goals & Measures**

The Minnesota Board of Dentistry operates under goals that are consistent with *Minnesota Milestones* that promote the health of Minnesotans and the cost effectiveness of government by designing services to meet the needs of Minnesotans through appropriate regulation of the dental professions.

The Board has also developed a strategic plan with additional, specific goals to ensure the relevance of board regulations, enhance communications with the public and licensees, continually assess and modify systems and processes to maximize efficiencies and effectiveness.

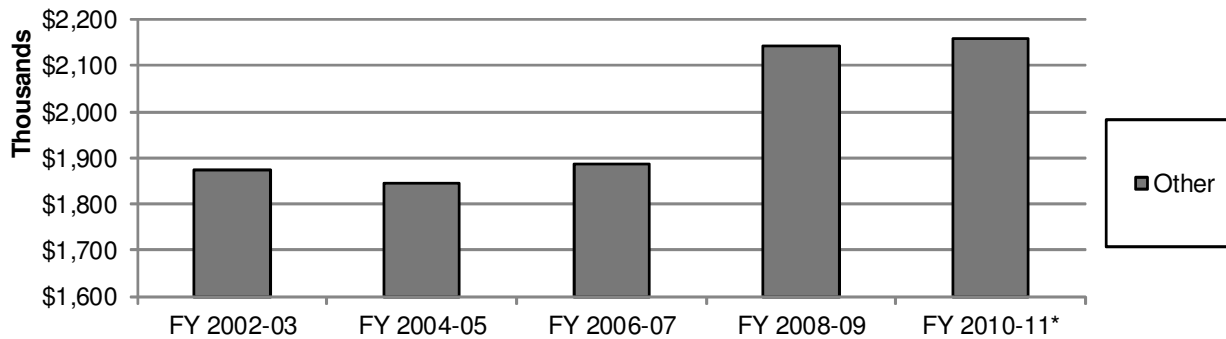
**Budget Trends Section**

The board is responsible for collecting sufficient revenue to cover both direct and indirect expenditures. The board is estimated to collect \$2,852,000 in FY 2010-11, which is deposited as non-dedicated revenue into the state government special revenue fund.

From this fund, the board receives a direct appropriation to pay for agency activities such as salaries, rent, costs for disciplinary/contested cases and operating expenditures. It also pays statewide indirect costs through an open appropriation. In FY 2010-11, total expenditures for these purposes are estimated at \$2.16 million. The chart below shows funding trends over the last five biennia for the direct and open appropriation.

The number of licensees regulated by the Board continues to rise, as do the number of complaints and the complexity of the cases. The Board last changed fees in 1999 by *lowering* fees to all regulated dental professionals; however, the Board anticipates that it will need to increase fees in the upcoming biennium.

**Total Expenditures by Fund**



\*FY 2010-11 is estimated, not actual

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 07/31/10.

Board fees are also responsible for covering a prorated share of support functions provided outside of the Board itself. These include legal support (Attorney General), statewide e-licensing system development and operations (Office of Enterprise Technology), centralized administrative support (Health Boards Administrative Services

Unit), funding for services to health professionals (Health Professionals Services Program), monitoring program (Dept of Health – HIV/HBV/HCV), malpractice insurance (volunteer Health Care Provider Program), and controlled substance program (Prescription Electronic Reporting). In FY 2010-11, some of the health boards' reserves in the state government special revenue fund were also transferred to the general fund. The table below displays direct and open appropriation expenditures, external support costs (prorated share), and the general fund transfers (prorated share) estimated in FY 2010-11.

	FY 2010-11 (in thousands)
Board's Direct and Open Appropriations	\$ 2,160
Board's External Support Costs and Transfers (prorated Share)	
• Attorney General support	512
• E-licensing support	179
• Central administrative service unit	111
• Health professional service program	35
• General fund transfer	0
• Dept of Health-HIV/HBV/HCV	5
• Volunteer Health Care Provider Program	32
• Prescription Electronic Reporting	51
	Total 3,085
Fees Collected by Board	\$2,852
	Prorated Surplus/(Deficit) (233)

In most years, Board fee revenues exceed direct expenditures and external support costs, and as directed by law, the surplus is used to maintain a reserve in the state government special revenue fund. It should be noted here that the FY 2010-11 transfers to the General Fund, along with unanticipated increases in the support costs discussed above, have resulted in the Board's fee revenue not covering its prorated costs and transfers.

The number of licensees regulated by the Board continues to rise, as do the number of complaints and the complexity of the cases.

**Contact**

Minnesota Board of Dentistry  
 2829 University Avenue South East, Suite 450  
 Minneapolis, Minnesota 55414

The Board's website, <http://www.dentalboard.state.mn.us>, provides visitors easy access to useful and current information about regulated dentistry in Minnesota. The website includes regulatory news and updates, rules and statutes (including proposed changes), public notices and forms, newsletters, on-line license verification, texts of disciplinary actions, on-line renewal and change of address, etc.

Executive Director: Marshall Shragg, MPH  
 Phone: (612) 617-2250  
 Non-Metro Toll Free: 1-888-240-4762  
 Fax: (612) 617-2260  
 TDD: 1-800-627-3529

The Health Professionals Services Program (HPSP) maintains its own web site at: <http://www.hpsp.state.mn.us>

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>State Government Spec Revenue</b>					
Current Appropriation	1,102	1,026	1,026	1,026	2,052
<b>Recommended</b>	<b>1,102</b>	<b>1,026</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	(1,026)	(1,026)	(2,052)
% Biennial Change from 2010-11					-100%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
State Government Spec Revenue	1,014	1,114	0	0	0
<b>Open Appropriations</b>					
State Government Spec Revenue	23	9	0	0	0
<b>Statutory Appropriations</b>					
State Government Spec Revenue	0	0	1,670	1,679	3,349
<b>Total</b>	<b>1,037</b>	<b>1,123</b>	<b>1,670</b>	<b>1,679</b>	<b>3,349</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	760	783	768	802	1,570
Other Operating Expenses	277	340	902	877	1,779
<b>Total</b>	<b>1,037</b>	<b>1,123</b>	<b>1,670</b>	<b>1,679</b>	<b>3,349</b>
<b><u>Expenditures by Program</u></b>					
Dentistry, Board Of	1,037	1,123	1,670	1,679	3,349
<b>Total</b>	<b>1,037</b>	<b>1,123</b>	<b>1,670</b>	<b>1,679</b>	<b>3,349</b>
<b>Full-Time Equivalents (FTE)</b>	<b>10.2</b>	<b>10.2</b>	<b>10.1</b>	<b>10.1</b>	

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b>Fund: STATE GOVERNMENT SPEC REVENUE</b>				
FY 2011 Appropriations	1,026	1,026	1,026	2,052
<b>Technical Adjustments</b>				
Current Law Base Change		(11)	(11)	(22)
<b>Subtotal - Forecast Base</b>	<b>1,026</b>	<b>1,015</b>	<b>1,015</b>	<b>2,030</b>
<b>Change Items</b>				
Convert to Dedicated Funding	0	(1,015)	(1,015)	(2,030)
<b>Total Governor's Recommendations</b>	<b>1,026</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund: STATE GOVERNMENT SPEC REVENUE</b>				
Planned Open Spending	9	15	15	30
<b>Change Items</b>				
Convert To Dedicated Funding	0	(15)	(15)	(30)
<b>Total Governor's Recommendations</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund: STATE GOVERNMENT SPEC REVENUE</b>				
Planned Statutory Spending	0	0	0	0
<b>Change Items</b>				
Convert to Dedicated Funding	0	1,670	1,679	3,349
<b>Total Governor's Recommendations</b>	<b>0</b>	<b>1,670</b>	<b>1,679</b>	<b>3,349</b>

# DENTISTRY BOARD

## Change Item: Convert to Dedicated Funding

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Health Related Boards (171)				
<b>Direct Appropriated Account</b>				
Expenditures	\$(1,015)	\$(1,015)	\$(1,015)	\$(1,015)
Non-Dedicated Revenue	(1,670)	(1,679)	(1,670)	(1,670)
<b>Open Appropriated Account</b>				
Expenditures	(15)	(15)	(15)	(15)
<b>Dedicated Account</b>				
Expenditures	1,670	1,679	1,670	1,670
Dedicated Revenue	1,670	1,670	1,670	1,670
Transfer In	0	0	0	0
Net Fiscal Impact	\$640	\$649	\$640	\$640

### Recommendation

The Governor recommends changing the way appropriations are made to the health related licensing boards that operate in the state government special revenue fund. Under this proposal, the boards' funding would be converted from direct appropriations to dedicated appropriations, giving each board spending authority equal to its fee revenue and any accumulated balance. The net effect of this change is the difference between the board's current base appropriations and projected revenues.

### Rationale

This proposal places ownership in the boards' 183 appointed members to be efficient and cost effective in setting their spending levels, while providing continued legislative oversight in the setting of the boards' fees. It encourages the boards to find efficiencies and ensures the fees paid by each occupation are dedicated to the boards' mission to protect the public and ensure that Minnesota citizens receive quality care by qualified licensed health professionals. The establishment of the dedicated appropriation will improve the boards' management of resources and transparency for licensees.

The health related licensing boards are fee-supported organizations that receive no general fund dollars. The boards currently collect and deposit fees as non-dedicated special revenue into the health related boards account in the state government special revenue fund (171). The legislature then provides a direct appropriation from these revenues to each board for its operating expenses. Unlike agencies that receive direct appropriations from the general fund, the boards must ensure that licensing fees are collected to recover each board's direct and indirect expenditures to maintain the solvency of the state government special revenue fund. For this reason, the health boards already operate much like agencies with dedicated appropriations—except that they must seek appropriation authority to gain access to their existing fee revenue.

This proposal changes the boards' non-dedicated revenue to dedicated revenue within the same fund and provides each board with a dedicated appropriation from the board's revenue. Additionally, the current accumulated fund balance within the health related boards account will be transferred to individual boards based on each board's contribution to the balance. M.S. 16A.1283 requires that all fee increases be approved by the legislature, so even with a dedicated funding arrangement, the boards must still seek legislative action to increase spending beyond current law fee revenues.

### Key Goals and Measures

Minnesota Milestone: Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them. Minnesotans expect their state and local governments to spend money carefully and effectively.

Measures:

- Transparency of fees and expenditures
- The level of service provided to licensees and Minnesota citizens.

**Statutory Change:** Minnesota Statutes Chapter 148



# DENTISTRY BOARD

## Change Item: Transfer Health Prof Services Prog

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Health Related Boards Fund (171)				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Net Fiscal Impact	\$0	\$0	\$0	\$0

### Recommendation

The Governor recommends that the Health Professionals Services Program (HPSP), a joint program of the Health Related Boards, be formally transferred to the budget of the Board of Dentistry as its new administering board. There is no change in the operating budget for either HPSP or the Board of Dentistry resulting from this change.

The direct appropriation to the Emergency Medical Services Regulatory Board for HPSP is from the Health Related Boards fund in the state government special revenue fund (171). Under the Governor's proposal for the Health Related Boards to convert to dedicated funding, HPSP will continue to be funded at the same level through partnership agreements with each board.

### Rationale

HPSP is the program that is responsible for evaluating and monitoring health professionals for concerns related to possible impairment. HPSP was created as a program of the health licensing boards in MS§ 214.31 "to protect the public from persons regulated by the boards who are unable to practice with reasonable skill and safety by reason of illness..." HPSP provides intake, assessment and case management/monitoring services to health professionals with illnesses that may adversely impact their ability to practice.

HPSP currently serves the public by monitoring nearly 600 health professionals regulated by the 16 health licensing boards, the Emergency Services Regulatory Board (EMSRB) and the Department of Health, who have substance, psychiatric or other medical disorders that may impair their ability to practice safely if their illness is not appropriately managed.

HPSP serves many state agencies, but is not an independent entity, and so is required to have an existing state agency oversee its operations as an administering board. Various Health Related Boards have held this responsibility in previous years, and the Board of Dentistry took on the functional aspects of this change over two years ago. Formalizing the change will clarify and simplify things for the program and the public.

HPSP is funded through the revenues collected by each board with licensees participating in the program. The program will continue to be funded by the Health Related Boards' fees when they move to dedicated funding. Each board will enter into partnership agreements with the Board of Dentistry to cover the cost attributed to that board for the HPSP program.

### Key Goals and Measures

This change is an organizational change not a fiscal change. There is no fiscal impact. This change enhances efficiency of state government.

# DENTISTRY BOARD

# Agency Revenue Summary

*Dollars in Thousands*

	<b>Actual FY2010</b>	<b>Budgeted FY2011</b>	<b>Governor's Recomm. FY2012   FY2013</b>		<b>Biennium 2012-13</b>
<b><i>Non Dedicated Revenue:</i></b>					
<b>Departmental Earnings:</b>					
State Government Spec Revenue	1,414	1,610	0	0	0
<b>Other Revenues:</b>					
State Government Spec Revenue	(119)	0	0	0	0
<b>Total Non-Dedicated Receipts</b>	<b>1,295</b>	<b>1,610</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Dedicated Receipts:</i></b>					
<b>Departmental Earnings:</b>					
State Government Spec Revenue	0	0	1,670	1,679	3,349
<b>Total Dedicated Receipts</b>	<b>0</b>	<b>0</b>	<b>1,670</b>	<b>1,679</b>	<b>3,349</b>
<b>Agency Total Revenue</b>	<b>1,295</b>	<b>1,610</b>	<b>1,670</b>	<b>1,679</b>	<b>3,349</b>

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⇒ Designates that this is a change item	

**Agency Purpose**

The Board of Dietetics and Nutrition Practice is responsible for protection of the public through the regulation of dietitians and nutritionists in the State of Minnesota. The Board was established in 1995 under the authority of Minnesota Statutes, chapter 148. Regulation is accomplished through licensure examination, renewal, required continuing education, as well as investigation and resolution of complaints against licensees.

The mission of the board is:

- Protect the public through licensure of qualified dietitians and nutritionists
- Protect the public by ensuring that all licensees provide competent dietetic and nutrition care
- Protect the public by setting standards for quality dietetic and nutrition services
- Promote public interest in receiving quality nutrition care from competent dietitians and nutritionists

**At a Glance**

**Credentialing Services**

- 1,300 Renewed Licenses
- 100 New Licenses

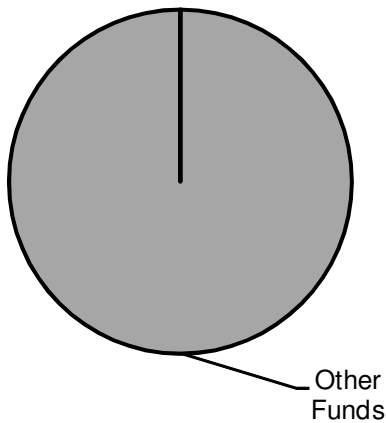
**Complaint Review**

- Reviewed ten complaint files
- Prepared five complaint files for committee
- Resolved four complaint files

**Education Services**

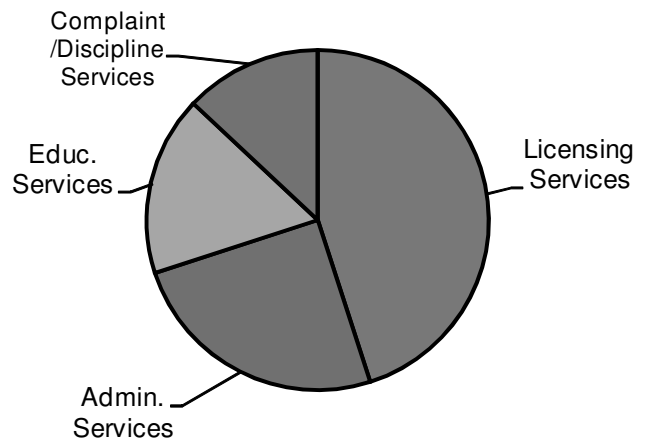
- 1,300 reviews of reported continuing education
- 130 audits of reported continuing education
- 50 continuing education program approvals

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Service**



Source: Board expenses allocated to the services provided by the board.

**Strategies**

The board accomplishes its mission of Public Protection by:

- Providing information and education to the public, other interested parties, and licensees
- Setting standards of practice and conduct for licensees
- Verifying that applicants meet set standards for initial licensure
- Verifying that licensees meet continuing competence requirements

**Operations**

The Board serves the consumers of dietetic/nutrition services by licensing as dietitians and nutritionists only those persons the board has determined meet the established education, experiential and examination requirements. The board serves the dietetic/nutrition community by providing verification of credentials to other state and federal agencies.

The Board is committed to public protection and to responsible, efficient, and cost-effective services. The seven-member Board of Dietetics and Nutrition Practice (three public members, two licensed dietitians, and two licensed nutritionists) set the direction for the Board, oversee the agency's activities.

**Key Activity Goals & Measures**

**Key Goals**

- Promote quality dietetic/nutrition from licensed dietitians and nutritionists
- Maintain excellence in dietetic/nutrition regulation
- Initiate and complete rulemaking for continuing education audit requirements
- Implement online application process

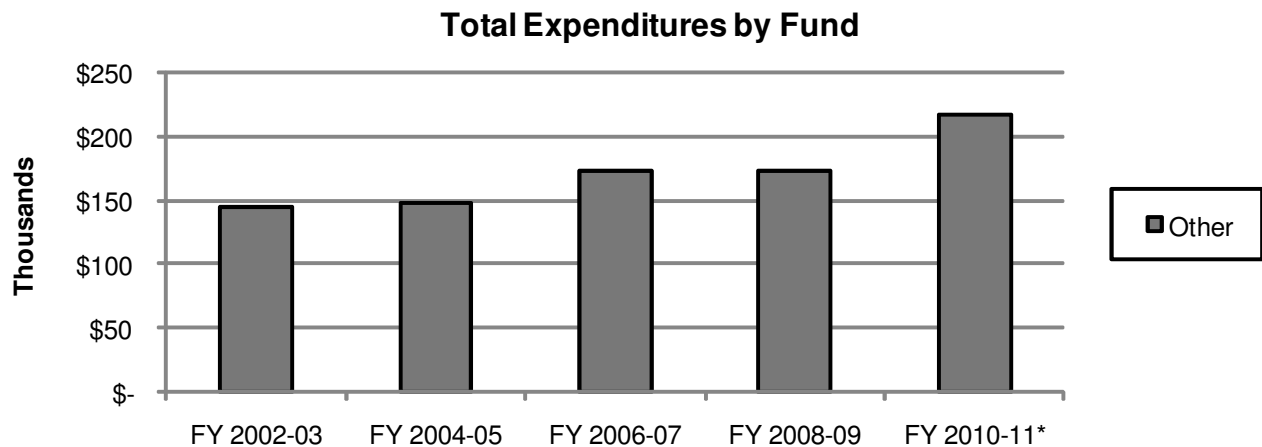
**Key Measures**

- Public protection – the Board's website offers several services to the public; verification of licensure, downloadable complaint forms along with information of the complaint process
- Online services – licensees are able to update contact information, record continuing education and complete annual license renewal
- Licenses are issued monthly to applicants meeting all licensure requirements
- Manual license verifications to other licensing jurisdictions are completed within 24 hours of receipt of request

**Budget Trends Section**

The board is responsible for collecting sufficient revenue to cover both direct and indirect expenditures. The board is estimated to collect \$161,000 in FY 2010-11, which is deposited as non-dedicated revenue into the state government special revenue fund.

From this fund, the board receives a direct appropriation to pay for agency activities such as salaries, rent, costs for disciplinary/contested cases and operating expenditures. It also pays statewide indirect costs through an open appropriation. In FY 2010-11, total expenditures for these purposes are estimated at \$217,000. The chart below shows funding trends over the last five biennia for the direct and open appropriation.



\* FY 2010-11 is estimated, not actual.

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 07/31/10.

Board fees are also responsible for covering a prorated share of support functions provided outside of the Board itself. These include legal support (Attorney General), statewide e-licensing system development and operations (Office of Enterprise Technology), centralized administrative support (Health Boards Administrative Services Unit) and funding for services to health professionals (Health Professionals Services Program). In FY 2010-11, some of the health boards' reserves in the state government special revenue fund were also transferred to the general fund. The table below displays direct and open appropriation expenditures, external support costs (prorated share), and the general fund transfers (prorated share) estimated in FY 2010-11.

	FY 2010-11 (in thousands)
Board's Direct and Open Appropriations	\$ 217
Board's External Support Costs and Transfers (prorated Share)	
• Attorney General support	14
• E-licensing support	8
• Central administrative service unit	11
• Health professional service program	2
• General fund transfer	151
	Total 403
Fees Collected by Board	\$161
	Prorated Surplus/(Deficit) (242)

In most years, Board fee revenues exceed direct expenditures and external support costs, and as directed by law, the surplus is used to maintain a reserve in the state government special revenue fund. It should be noted here that the FY 2010-11 transfers to the General Fund, along with unanticipated increases in the support costs discussed above, have resulted in the Board's fee revenue not covering its prorated costs and transfers.

**External Factors Impacting Agency Operations**

The number of licensees regulated by the Board continues to rise, as do the number of complaints and the complexity of the cases.

**Contact**

**Minnesota Board of Dietetics and Nutrition Practice**  
 Executive Director: 651-201-2764  
 2829 University Avenue South East, Suite 555  
 Minneapolis, Minnesota 55414  
 Fax: (651) 201-2763  
 E-mail: [board.dietetics-nutrition@state.mn.us](mailto:board.dietetics-nutrition@state.mn.us)  
 Website: <http://www.dieteticsnutritionboard.state.mn.us/>

# DIETETICS & NUTRITION PRACTICE

# Agency Overview

*Dollars in Thousands*

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>State Government Spec Revenue</b>					
Current Appropriation	105	105	105	105	210
<b>Recommended</b>	<b>105</b>	<b>105</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	(105)	(105)	(210)
% Biennial Change from 2010-11					-100%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
State Government Spec Revenue	80	145	0	0	0
<b>Statutory Appropriations</b>					
State Government Spec Revenue	0	0	79	78	157
<b>Total</b>	<b>80</b>	<b>145</b>	<b>79</b>	<b>78</b>	<b>157</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	68	87	75	76	151
Other Operating Expenses	12	58	4	2	6
<b>Total</b>	<b>80</b>	<b>145</b>	<b>79</b>	<b>78</b>	<b>157</b>
<b><u>Expenditures by Program</u></b>					
Dietetics & Nutrition Bd.	80	145	79	78	157
<b>Total</b>	<b>80</b>	<b>145</b>	<b>79</b>	<b>78</b>	<b>157</b>
<b>Full-Time Equivalent (FTE)</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	

**DIETETICS & NUTRITION PRACTICE**

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b><i>Fund: STATE GOVERNMENT SPEC REVENUE</i></b>				
<b>FY 2011 Appropriations</b>	<b>105</b>	<b>105</b>	<b>105</b>	<b>210</b>
<b>Subtotal - Forecast Base</b>	<b>105</b>	<b>105</b>	<b>105</b>	<b>210</b>
<b>Change Items</b>				
Convert to Dedicated Funding	0	(105)	(105)	(210)
<b>Total Governor's Recommendations</b>	<b>105</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Fund: STATE GOVERNMENT SPEC REVENUE</i></b>				
<b>Planned Open Spending</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>12</b>
<b>Change Items</b>				
Convert To Dedicated Funding	0	(6)	(6)	(12)
<b>Total Governor's Recommendations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Fund: STATE GOVERNMENT SPEC REVENUE</i></b>				
<b>Planned Statutory Spending</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Change Items</b>				
Convert to Dedicated Funding	0	79	78	157
<b>Total Governor's Recommendations</b>	<b>0</b>	<b>79</b>	<b>78</b>	<b>157</b>



## DIETETICS & NUTRITION PRACTICE

Change Item: Convert to Dedicated Funding

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Health Related Boards Fund (171)				
<b>Direct Appropriated Account</b>				
Expenditures	\$(105)	\$(105)	\$(105)	\$(105)
Non-Dedicated Revenue	(79)	(78)	(78)	(78)
<b>Open Appropriated Account</b>				
Expenditures	(6)	(6)	(6)	(6)
<b>Dedicated Account</b>				
Expenditures	79	78	78	78
Dedicated Revenue	79	78	78	78
Transfer In	53	0	0	0
Net Fiscal Impact	\$21	\$(33)	\$(33)	\$(33)

### Recommendation

The Governor recommends changing the way appropriations are made to the health related licensing boards that operate in the state government special revenue fund. Under this proposal, the boards' funding would be converted from direct appropriations to dedicated appropriations, giving each board spending authority equal to its fee revenue and any accumulated balance. The net effect of this change is the difference between the board's current base appropriations and projected revenues.

### Rationale

This proposal places ownership in the boards' 183 appointed members to be efficient and cost effective in setting their spending levels, while providing continued legislative oversight in the setting of the boards' fees. It encourages the boards to find efficiencies and ensures the fees paid by each occupation are dedicated to the boards' mission to protect the public and ensure that Minnesota citizens receive quality care by qualified licensed health professionals. The establishment of the dedicated appropriation will improve the boards' management of resources and transparency for licensees.

The health related licensing boards are fee-supported organizations that receive no general fund dollars. The boards currently collect and deposit fees as non-dedicated special revenue into the health related boards account in the state government special revenue fund (171). The legislature then provides a direct appropriation from these revenues to each board for its operating expenses. Unlike agencies that receive direct appropriations from the general fund, the boards must ensure that licensing fees are collected to recover each board's direct and indirect expenditures to maintain the solvency of the state government special revenue fund. For this reason, the health boards already operate much like agencies with dedicated appropriations—except that they must seek appropriation authority to gain access to their existing fee revenue.

This proposal changes the boards' non-dedicated revenue to dedicated revenue within the same fund and provides each board with a dedicated appropriation from the board's revenue. Additionally, the current accumulated fund balance within the health related boards account will be transferred to individual boards based on each board's contribution to the balance. M.S. 16A.1283 requires that all fee increases be approved by the legislature, so even with a dedicated funding arrangement, the boards must still seek legislative action to increase spending beyond current law fee revenues.

### Key Goals and Measures

Minnesota Milestone: Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them. Minnesotans expect their state and local governments to spend money carefully and effectively.

Measures:

- Transparency of fees and expenditures
- The level of service provided to licensees and Minnesota citizens.

**Statutory Change:** Minnesota Statutes Chapter 148

# DIETETICS & NUTRITION PRACTICE

# Agency Revenue Summary

*Dollars in Thousands*

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012   FY2013		Biennium 2012-13
<b><u>Non Dedicated Revenue:</u></b>					
<b>Departmental Earnings:</b>					
State Government Spec Revenue	81	79	0	0	0
<b>Other Revenues:</b>					
State Government Spec Revenue	(8)	0	0	0	0
<b>Total Non-Dedicated Receipts</b>	<b>73</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings:</b>					
State Government Spec Revenue	0	0	79	78	157
<b>Total Dedicated Receipts</b>	<b>0</b>	<b>0</b>	<b>79</b>	<b>78</b>	<b>157</b>
<b>Agency Total Revenue</b>	<b>73</b>	<b>79</b>	<b>79</b>	<b>78</b>	<b>157</b>

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**Agency Purpose**

The Minnesota State Council on Disability (MSCOD) collaborates, advocates, advises and informs to expand opportunities, increase the quality of life and empower all persons with disabilities. MSCOD works closely with legislators, legislative staff, state agencies and the disability community to identify issues, develop solutions, educate policy makers, craft legislative language and pass laws that have a meaningful and positive impact in the disability community.

MSCOD is the only state agency that represents the issues of all people with disabilities as it evaluates, critiques and makes recommendations on policy issues and programs to state agencies, the legislature and the governor. Recent legislative efforts have been related to safe patient handling, disability parking, building codes and transportation. MSCOD also provides training and technical assistance to thousands of individuals each year and partners with other state agencies to develop sound public policies and comply with state and federal laws such as the Americans with Disabilities Act.

**At a Glance**

**Statistics on Disabilities in Minnesota**

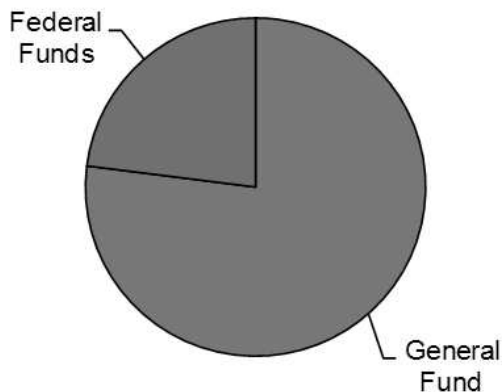
- Approximately one million Minnesotans (19.3% of the population) have a disability.
- 52% of Minnesotans with disabilities are employed compared to 79% of Minnesotans without a disability.
- 23% of Minnesotans with disabilities are at or below the poverty level, compared to 7% of those without disabilities.
- As of 2010, six Minnesota counties do not have an accessible transportation system for people with disabilities.

*Figures taken from the 2008 American Community Survey and the Great Lakes ADA Center.*

**MSCOD FY 2010 Accomplishments**

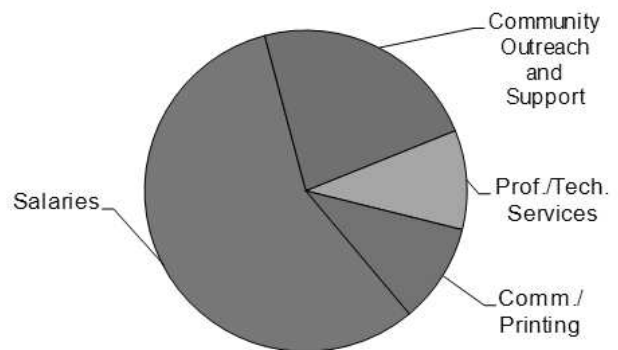
- Reached 240 new state agency supervisors with training on the Americans with Disabilities Act.
- Made 61,774 email contacts to constituents on disability issues.
- Delivered training to over 100 employers on disability-related emergency preparedness.
- Distributed over 1,000 brochures on assistive technology in the workplace to employers and disability groups. This information is now available on the MSCOD website.

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Type**



Source: Minnesota Accounting and Procurement System

**Strategies**

MSCOD realizes its mission by providing public policy advocacy, training and technical assistance. MSCOD is the only state agency that represents the issues of all people with disabilities and evaluates and makes recommendations to state agencies, the legislature and the governor on policy issues and programs. Because MSCOD is a small entity with a broad mission, it strategically works in partnership with other organizations and coalitions to achieve its goals.

**Operations**

MSCOD coordinates activities of state agencies and stakeholder groups to improve disability-related public policy. MSCOD also monitors compliance with existing federal and state statutes and regulations concerning disability issues and provides a broad array of training and technical assistance.

Examples of this work include:

- Providing consultation and technical assistance on compliance with the Americans with Disabilities Act to the Minnesota Department of Transportation and the Minnesota Department of Natural Resources.
- Advocating to make the new Minnesota Twins stadium the most accessible stadium in the country for people with disabilities.
- Educating the public about disability issues by publishing and disseminating information and training curricula to employers and teachers. This includes working with organizations to correct violations of federal and state disability laws.
- Collaborating with Minnesota Homeland Security and Emergency Management and the Minnesota Department of Health to provide information on emergency preparedness and creating and distributing instructional books and toolkits on emergency preparedness to over 3,000 people with disabilities.
- Researching the effect of proposed legislation on people with disabilities and meeting with lawmakers to share that information.
- Providing over 14,000 information and referral contacts per year to people with disabilities on a variety of issues.

MSCOD governance is provided by a council of public representatives that is appointed by the governor. There are currently 15 MSCOD Council members.

**Key Goals & Measures**

MSCOD’s activities support three statewide Minnesota Milestones goals:

- People will receive support that helps them live as independently as they can. (Minnesota Milestones Indicator #25)
- All people will be welcomed, respected, and able to participate fully in Minnesota’s communities and economy. (Minnesota Milestone Indicator #32)
- Transportation is a basic service that allows people with disabilities to participate more fully in community life. (Minnesota Milestone Indicator #33)

<b>Fiscal Year</b>	<b>2010</b>
Customer Satisfaction Rating	78%
Training Evaluation Rating	4.3 out of 5.0

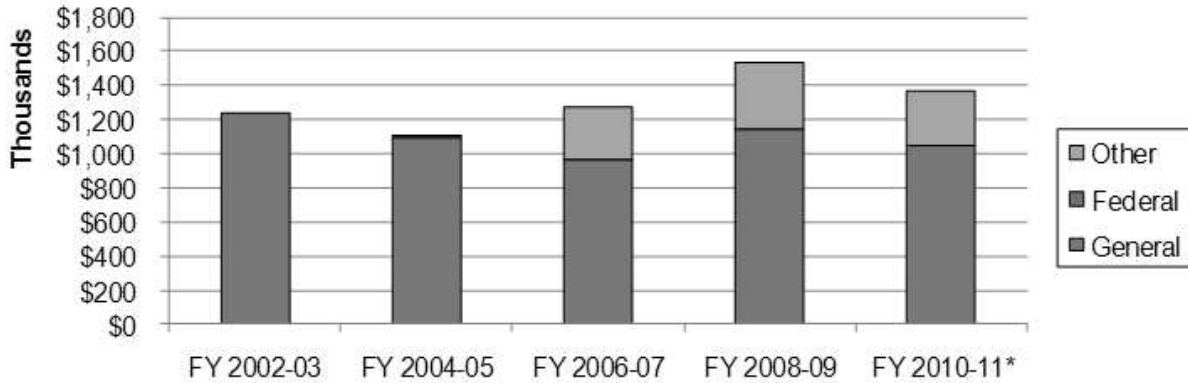
- Customer satisfaction is a key measure of MSCOD’s effectiveness. On a FY 2010 web survey, 78% of respondents indicated that the information they received from MSCOD was helpful to them.
- The training that MSCOD provides to new state supervisors received participant satisfaction ratings of 4.3 out of five possible points.

**Budget Trends**

MSCOD operations are supported primarily through general fund appropriations. MSCOD also occasionally participates in financial partnerships with other state agencies and community organizations. An example of this is the federal Pathways to Employment grant. For this grant, three state agencies (Department of Human Services, Department of Employment and Economic Development and MSCOD) partnered to plan and implement the

Comprehensive Employment Systems-Medicaid Infrastructure Grant that Minnesota received from the Centers for Medicaid and Medicare Services. This grant has been in place for the past three biennia, but is ending in December 2010.

**Total Expenditures by Fund**



\* FY 2010-11 is estimated, not actual.

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 06/30/10.

**Contact**

121 7th Place, Suite 107  
 Saint Paul, Minnesota 55105  
 Phone: (651) 361-7800  
 Toll Free: (800) 945-8913  
 Executive Director, (651) 361-7801  
<http://www.state.mn.us/portal/mn/jsp/home.do?agency=MSCOD>

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	524	524	524	524	1,048
<b>Recommended</b>	<b>524</b>	<b>524</b>	<b>524</b>	<b>524</b>	<b>1,048</b>
Change		0	0	0	0
% Biennial Change from 2010-11					0%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	465	583	524	524	1,048
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	267	0	0	0	0
Federal	0	195	71	0	71
<b>Total</b>	<b>732</b>	<b>778</b>	<b>595</b>	<b>524</b>	<b>1,119</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	404	443	432	407	839
Other Operating Expenses	328	335	163	117	280
<b>Total</b>	<b>732</b>	<b>778</b>	<b>595</b>	<b>524</b>	<b>1,119</b>
<b><u>Expenditures by Program</u></b>					
Council On Disability	732	778	595	524	1,119
<b>Total</b>	<b>732</b>	<b>778</b>	<b>595</b>	<b>524</b>	<b>1,119</b>
<b>Full-Time Equivalent (FTE)</b>	<b>6.5</b>	<b>7.3</b>	<b>6.7</b>	<b>5.8</b>	

**DISABILITY COUNCIL**

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b><i>Fund: GENERAL</i></b>				
FY 2011 Appropriations	524	524	524	1,048
Subtotal - Forecast Base	524	524	524	1,048
<b>Total Governor's Recommendations</b>	<b>524</b>	<b>524</b>	<b>524</b>	<b>1,048</b>
<b><i>Fund: FEDERAL</i></b>				
Planned Statutory Spending	195	71	0	71
<b>Total Governor's Recommendations</b>	<b>195</b>	<b>71</b>	<b>0</b>	<b>71</b>



**Narrative**

Pathways to Employment is Minnesota’s Competitive Employment Systems – Medicaid Infrastructure initiative, funded through a grant to the Minnesota Department of Human Services from the Centers for Medicare and Medicaid Services.

The mission of the Pathways to Employment initiative is to increase competitive employment of people with disabilities and meet Minnesota’s workforce needs by bringing together people with disabilities, employers, businesses, government and providers.

The initiative is a collaborative effort of three state agencies: Minnesota Department of Human Services (DHS), Minnesota Department of Employment and Economic Development (DEED) and Minnesota State Council on Disability (MSCOD).

The funding MSCOD receives from DHS for the Pathways to Employment work expires December 31, 2011.

Pathways to Employment activities will continue. Statewide interagency and private partnerships have been solidified and are able to sustain the infrastructure that has been built. A strategic plan is being developed during this last year of grant funding to document sustainability.

Financial activity for this grant from DHS was captured in a special revenue fund account in FY 2010 and earlier years.

**Table**

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
<b>Pathways to Employment, Centers for Medicare and Medicaid Services</b> DHS, DEED and MSCOD are partners in the Centers for Medicare and Medicaid Systems (CMS) Pathways to Employment federal grant program to identify barriers for people with disabilities in competitive employment and to build employment infrastructure for people with disabilities.	No	No	No	265	195	71	0
<b>Total</b>				265	195	71	0

**DISABILITY COUNCIL**

Agency Revenue Summary

*Dollars in Thousands*

	<b>Actual FY2010</b>	<b>Budgeted FY2011</b>	<b>Governor's Recomm. FY2012   FY2013</b>		<b>Biennium 2012-13</b>
<b><i>Non Dedicated Revenue:</i></b>					
<b>Total Non-Dedicated Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Dedicated Receipts:</i></b>					
<b>Grants:</b>					
Federal	0	195	71	0	71
<b>Other Revenues:</b>					
Miscellaneous Special Revenue	265	0	0	0	0
<b>Total Dedicated Receipts</b>	<b>265</b>	<b>195</b>	<b>71</b>	<b>0</b>	<b>71</b>
<b>Agency Total Revenue</b>	<b>265</b>	<b>195</b>	<b>71</b>	<b>0</b>	<b>71</b>

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⇒ Designates that this item is a change item

**Agency Purpose**

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

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

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

MDE focuses on four primary goals:

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

**At a Glance**

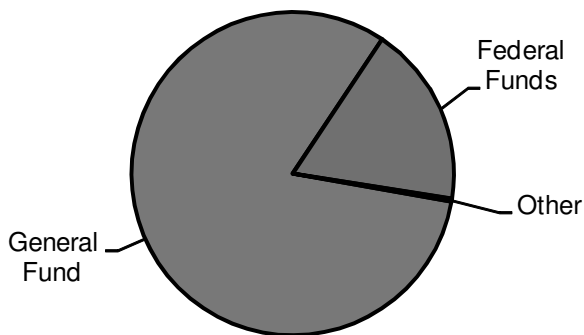
**MDE Customers (FY 2009)**

- 821,021 pre-kindergarten through grade 12 students and their parents/guardians
- 55,727 FTE licensed teachers
- Approximately 2,006 public schools
- 340 school districts and 153 charter schools
- Over 73,387 adult learners
- Over 160,490 children participated in early learning programs.

**Annual K-12 School Funding (FY 2009)**

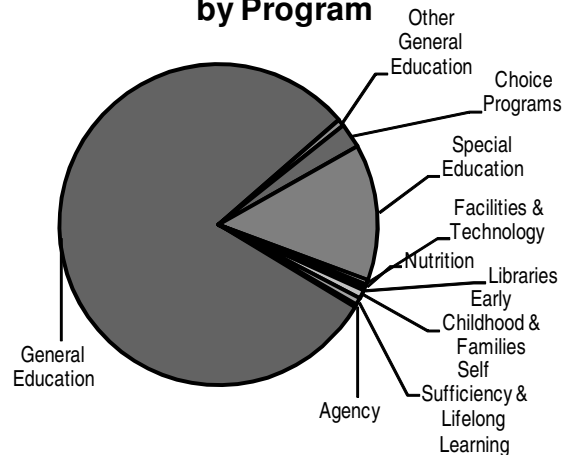
- State - \$6.9 billion or 66.8% of total funding
- Local - \$2.8 billion or 27.1% of total funding
- Federal - \$0.6 billion or 6.1% of total funding

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Program**



Source: EOS Fund Balance



## Strategies

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

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

*Expand Options for Students:* Ensure that programs offering education options to students and 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 Education Excellence and Accountability** is responsible for setting academic standards, issuing educator licenses, implementation of chartered school policies, developing and operating state-level IT system for education data and resource deployment, and the implementation and coordination of federal educational programs and funds.

The **Office of Early Learning and Educational Support Services** is responsible for preparing young children and their families for school success; providing nutritious meals for students in schools, and young children and adults in organized care settings; developing and extending statewide library services and administering the Minnesota Braille and Talking Book Library located in Faribault; and managing competitive and application grant programs.

The **Office of Education Innovation, Special Education Policy and Center for Postsecondary Success** is responsible for school choice programs, expanded online learning, and Indian education programs; special education services; and expanded high school learning initiatives, alternative rigorous coursework for college and career readiness, adult basic and career education, and alternative programs to meet student needs.

The **Office of Turnaround Schools (OTAS)** supports schools in the state identified as persistently lowest achieving. Through the unprecedented resources and accountability provided under the Title I School Improvement Grant (SIG), the OTAS seeks to create a system of support for eligible schools to implement dramatic turnaround efforts to boost student achievement.

**School Finance** is responsible for collecting student and financial data from school districts and charter schools, administering state and federal education aid programs, calculating school district property tax levy limitations, providing financial management assistance to local education agencies, and auditing data reported by local education agencies that drives state aid payments and levy limitations.

**Research and Assessment** is responsible for the development and implementation of a coherent assessment system that measures student knowledge and skills on Minnesota Academic Standards and the Minnesota English Language Proficiency Standards. The system meets state and federal requirements and provides timely information that educators can use to inform curricular and instructional decisions that improve student achievement.

**Compliance and Assistance** is responsible for monitoring school district and MDE compliance with certain state and federal education laws. The division provides training and resources to assist school districts, parents, and the department in maintaining compliance. The division also implements the Student Maltreatment Program and oversees rulemaking and data practices for MDE.

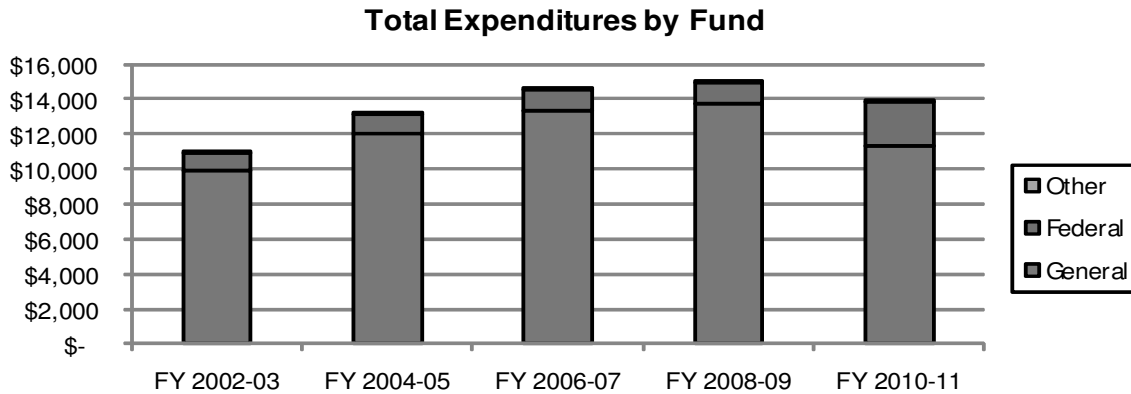
**Administrative Services** provides services in the area of agency fiscal (MAPS budget/spending plan activities, federal expenditure reporting and cash management, accounts payable and receivable, payroll, procurement, and central services) and human resource management to all agency programs.

These offices and activities provide the following services to the pre K-12 education community:

- Academic Standards
- Administrative Services
- 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
- Education Innovation
- 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 Trends Section**

In FY 2009 MDE administered over \$7.5 billion in state and federal funding for preK-12 and adult and career education funding. MDE calculated in excess of \$1.9 billion of annual property tax levy limitations.



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 09/01/10.

**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 <http://www.departmentresults.state.mn.us>.

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>Environment &amp; Natural Resource</b>					
Current Appropriation	0	300	300	300	600
<b>Recommended</b>	<b>0</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	(300)	(300)	(600)
% Biennial Change from 2010-11					-100%
<b>General</b>					
Current Appropriation	5,337,054	6,023,496	6,023,496	6,023,496	12,046,992
<b>Recommended</b>	<b>5,337,054</b>	<b>6,078,183</b>	<b>7,000,086</b>	<b>7,206,859</b>	<b>14,206,945</b>
Change		54,687	976,590	1,183,363	2,159,953
% Biennial Change from 2010-11					24.5%
<b>Federal Stimulus</b>					
Current Appropriation	500,000	0	0	0	0
<b>Recommended</b>	<b>500,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	0	0	0
% Biennial Change from 2010-11					-100%
<b>Arts And Cultural Heritage</b>					
Current Appropriation	4,250	4,250	4,250	4,250	8,500
<b>Recommended</b>	<b>4,250</b>	<b>4,250</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	(4,250)	(4,250)	(8,500)
% Biennial Change from 2010-11					-100%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	0	135	165	0	165
General	5,328,087	6,070,205	7,000,093	7,206,866	14,206,959
Federal Stimulus	397,332	102,668	0	0	0
Arts And Cultural Heritage	4,250	4,250	0	0	0
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	12,095	13,680	10,749	10,638	21,387
Endowment School	22,865	22,973	23,007	23,032	46,039
Federal	651,841	744,928	803,842	856,002	1,659,844
Federal Stimulus	104,010	319,881	88,902	4,372	93,274
Miscellaneous Agency	50	3,219	3,099	3,099	6,198
Gift	54	140	47	47	94
<b>Total</b>	<b>6,520,584</b>	<b>7,282,079</b>	<b>7,929,904</b>	<b>8,104,056</b>	<b>16,033,960</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	34,445	40,501	39,138	38,475	77,613
Other Operating Expenses	42,650	54,188	70,152	88,294	158,446
Payments To Individuals	750	799	860	934	1,794
Local Assistance	6,442,577	7,186,426	7,819,592	7,976,191	15,795,783
Other Financial Transactions	162	165	162	162	324
<b>Total</b>	<b>6,520,584</b>	<b>7,282,079</b>	<b>7,929,904</b>	<b>8,104,056</b>	<b>16,033,960</b>

*Dollars in Thousands*

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Expenditures by Program</u></b>					
Agency Operating	60,423	73,649	65,490	62,859	128,349
General Education	4,710,650	4,955,169	5,687,628	5,830,760	11,518,388
Other General Education	34,352	41,197	41,079	41,475	82,554
Choice Programs	107,203	126,575	139,823	147,897	287,720
Indian Programs	3,570	4,230	4,477	4,575	9,052
Innovation & Accountability	22,382	27,973	35,197	38,277	73,474
Special Student & Teacher Prog	246,430	434,175	285,583	247,274	532,857
Special Education	919,624	1,129,038	1,146,016	1,181,639	2,327,655
Facilities & Technology	31,623	34,144	39,199	42,174	81,373
Nutrition Programs	259,819	308,802	339,167	364,174	703,341
Libraries	17,279	20,012	20,528	20,528	41,056
Early Childhood & Family Supp	63,848	76,439	73,406	69,021	142,427
Community Education	1,134	1,238	1,275	1,329	2,604
Self Sufficient & Lifelong Lrn	41,989	48,588	51,036	52,074	103,110
Discontinued Programs	258	850	0	0	0
<b>Total</b>	<b>6,520,584</b>	<b>7,282,079</b>	<b>7,929,904</b>	<b>8,104,056</b>	<b>16,033,960</b>
<b>Full-Time Equivalent (FTE)</b>	<b>402.6</b>	<b>402.8</b>	<b>399.3</b>	<b>399.1</b>	

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b>Fund: ENVIRONMENT &amp; NATURAL RESOURCE</b>				
FY 2011 Appropriations	300	300	300	600
<b>Technical Adjustments</b>				
One-time Appropriations		(300)	(300)	(600)
<b>Subtotal - Forecast Base</b>	300	0	0	0
<b>Total Governor's Recommendations</b>	300	0	0	0
<b>Fund: GENERAL</b>				
FY 2011 Appropriations	6,023,496	6,023,496	6,023,496	12,046,992
<b>Technical Adjustments</b>				
End-of-session Estimate		2,380,841	1,158,319	3,539,160
November Forecast Adjustment	54,687	2,943	23,063	26,006
One-time Appropriations		(1,186)	(1,186)	(2,372)
Program/agency Sunset		(100)	(100)	(200)
<b>Subtotal - Forecast Base</b>	6,078,183	8,405,994	7,203,592	15,609,586
<b>Change Items</b>				
All Day Kindergarten Expansion	0	0	33,084	33,084
Excellence in Education Award	0	4,900	7,000	11,900
Achievement Gap Innovation Fund	0	2,100	3,000	5,100
Statewide Early Childhood Rating System	0	2,000	0	2,000
Agency Operating Reduction	0	(991)	(991)	(1,982)
Aid Shift Changes	0	(1,396,593)	(30,921)	(1,427,514)
Change Tax Shift Methodology	0	(13,524)	(97)	(13,621)
Eliminate Q Comp Expansion Funding	0	(1,333)	(3,438)	(4,771)
Tax Shift Cost due to Q Comp Levy	0	579	166	745
Eliminate Grandfather-Charter Sch Lease	0	(734)	(1,057)	(1,791)
Eliminate Charter School Startup Aid	0	(420)	(1,126)	(1,546)
Eliminate Magnet School Grants	0	(750)	(750)	(1,500)
Eliminate Explore and PLAN Tests	0	(829)	(829)	(1,658)
Reduce Adult Basic Educ Growth Factor	0	(313)	(774)	(1,087)
<b>Total Governor's Recommendations</b>	6,078,183	7,000,086	7,206,859	14,206,945
<b>Fund: FEDERAL STIMULUS</b>				
FY 2011 Appropriations	0	0	0	0
<b>Subtotal - Forecast Base</b>	0	0	0	0
<b>Total Governor's Recommendations</b>	0	0	0	0
<b>Fund: ARTS AND CULTURAL HERITAGE</b>				
FY 2011 Appropriations	4,250	4,250	4,250	8,500
<b>Technical Adjustments</b>				
One-time Appropriations		(4,250)	(4,250)	(8,500)
<b>Subtotal - Forecast Base</b>	4,250	0	0	0
<b>Total Governor's Recommendations</b>	4,250	0	0	0

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b><i>Fund: MISCELLANEOUS SPECIAL REVENUE</i></b>				
Planned Statutory Spending	13,680	10,749	10,638	21,387
Total Governor's Recommendations	13,680	10,749	10,638	21,387
<b><i>Fund: ENDOWMENT SCHOOL</i></b>				
Planned Statutory Spending	22,973	23,007	23,032	46,039
Total Governor's Recommendations	22,973	23,007	23,032	46,039
<b><i>Fund: FEDERAL</i></b>				
Planned Statutory Spending	744,928	803,842	856,002	1,659,844
Total Governor's Recommendations	744,928	803,842	856,002	1,659,844
<b><i>Fund: FEDERAL STIMULUS</i></b>				
Planned Statutory Spending	319,881	88,902	4,372	93,274
Total Governor's Recommendations	319,881	88,902	4,372	93,274
<b><i>Fund: MISCELLANEOUS AGENCY</i></b>				
Planned Statutory Spending	3,219	3,099	3,099	6,198
Total Governor's Recommendations	3,219	3,099	3,099	6,198
<b><i>Fund: GIFT</i></b>				
Planned Statutory Spending	140	47	47	94
Total Governor's Recommendations	140	47	47	94

**DEPT OF EDUCATION****Change Item: Agency Operating Reduction**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Fund				
Expenditures	\$ (991)	\$ (991)	\$ (991)	\$ (991)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$ (991)	\$ (991)	\$ (991)	\$ (991)

**Recommendation**

The Governor recommends a reduction of \$ 991,000 in FY 2012 and \$ 991,000 in FY 2013 to the Department of Education general fund operating budget. The Governor intends for the Department to focus its operating funds on maintaining services in areas of priority such as improving student achievement, measuring outcomes, supporting local education efforts and community and family outreach and encouraging efficient use of funding.

This proposal represents a 5% reduction to the Department of Education base general fund budget.

**Rationale**

The Department of Education's total base general fund operating budget is \$19.811 million for FY 2012 and \$19.811 million for 2013. Education funding is one of the largest items of the state budget but the agency staff responsible for providing services and over sight of the budget is by comparison to other state agencies small. Forty percent of the staff is funded through general funds and the remaining sixty percent are federal dedicated to the requirements and programs of the federal programs. The Governor intends to provide as much flexibility as possible in the implementation of these reductions to carry out the mission and goals of the Department in serving students.

**Statutory Change:** Not applicable.

**DEPT OF EDUCATION****Change Item: Aid Shift Changes**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Fund				
Expenditures	\$(1,396,595)	\$(30,921)	\$116,396	\$120,131
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(1,396,595)	\$(30,921)	\$116,396	\$120,131

**Recommendation**

The Governor recommends that the payment schedule for state aids and property tax credits paid to school districts and charter schools be maintained on a 70% current, 30% final adjustment basis for FY 2012 and FY 2013, the same as in FY 2011. Under current law, the payment schedule for state aids and property tax credits will change to 90% current, 10% final for FY 2012 and later years. The recommendation to maintain the present payment schedule will reduce state expenditures by \$1.397 billion in FY 2012, \$30.921 million in FY 2013, \$29.207 million in FY 2014 and \$31.741 million in FY 2015.

The Governor also recommends that the payment schedule be restored to a 90% current, 10% final adjustment basis over a ten year period beginning in FY 2012, with an increase of two percentage points in the current portion of payments each fiscal year. This will change the payment schedule to 72% current, with a 28% final adjustment basis in FY 2014, and to a 74% current, with a 26% final adjustment basis in FY 2015. The state cost of beginning of this payback is \$145.603 million in FY 2014 and \$151.872 million in 2015.

The amounts detailed in the chart above include only the changes in state aid payments. The property tax credit changes are reflected in the property tax credit portion of the budget document.

**Rationale**

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, 70% of the entitlement is paid to school districts and charter schools in the “current year” and 30% 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.

Because school districts and charter schools operate on an accrual basis rather than a cash basis, the reduction in cash paid during the school year does not affect the district’s ability 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. Both the incidence and amount of borrowing in this manner increases when the current year payment percentage decreases.

Aid payment shifts have been used since 1983 to assist in balancing the state budget during difficult financial periods. For fiscal years 1983 through 1996, the state aid payment basis was established at an 85/15 basis. From 1997 through 2002, the legislature increased the basis to 90/10. To address state budget shortfalls in 2003 and in 2004, the percentages were changed to 83/17, and 80/20, respectively, with a “payback” occurring in fiscal years 2005 and 2006 to return to 90/10. In FY 2010, the percentage was changed to 73/27, and in FY 2011 to 70/30, with a scheduled return to 90/10 in FY 2012.

While the current law return to the 90/10 basis of payment would be beneficial to school districts and charter schools, and is a state goal, it is not possible to implement in FY 2012 given the current projected state deficit. The Governor’s proposal creates a ten-year schedule for restoration of the 90/10 payment basis beginning in FY 2014. If improvement in the state’s budget outlook enables restoration of the 90/10 payment basis to occur sooner, the provisions of Minn. Stat. § 16A.152, Subd. 2, would take precedence over the ten-year schedule.

The table below identifies savings and costs associated with state-paid property tax aids and credits for information, only. These funds are paid to school districts by the Minnesota Department of Education, but are reported for state budget purposes by the Department of Revenue.



**DEPT OF EDUCATION**

**Change Item: Aid Shift Changes**

Savings from 90% to 70% (in 000s)	70%	70%	70%	70%	72%	74%	Net Change	
					Buyback			
<b>Fiscal Impact by Budget Activity</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Education	(1,154,770)	(18,499)	(16,738)	(18,587)	118,926	122,572	102,188	103,985
Abatement Revenue	(220)	(5)	(68)	(37)	30	36	(38)	(1)
Consolidation Transition	(32)	16	(44)	30	6	0	(38)	30
Nonpublic Pupil	(3,451)	(72)	(61)	(81)	358	375	297	294
Nonpublic Transportation	(4,071)	(34)	(24)	(39)	413	421	389	382
Charter School Lease Aid	(9,973)	(1,055)	(1,144)	(1,237)	1,217	1,465	73	228
Charter School Start-Up	(144)	(126)	0	0	27	27	27	27
Integration Revenue	(13,278)	(266)	(179)	(167)	1,373	1,405	1,194	1,238
Success for the Future	(428)	0	0	0	43	43	43	43
Tribal Contract Schools	(424)	(18)	(18)	(26)	46	51	28	25
Special Education Regular	(165,584)	(9,278)	(9,864)	(10,668)	18,473	20,606	8,609	9,938
Special Ed-Excess Cost	(16,845)	(502)	(523)	(562)	1,787	1,900	1,264	1,338
Home Based Travel	(61)	0	(1)	0	6	6	5	6
Health and Safety	(24)	2	0	1	3	1	3	2
Debt Service Equalization	(2,806)	(699)	(121)	0	362	363	241	363
Alternative Facilities	(3,858)	0	0	0	386	386	386	386
Deferred Maintenance	(508)	(2)	(46)	12	56	53	10	65
Library Basic Support	(2,714)	0	0	0	272	271	272	271
MultiCounty Multitype Library	(260)	0	0	0	26	26	26	26
Telecommunication	(460)	0	0	0	46	46	46	46
Early Childhood Family Education	(4,546)	(97)	(89)	(88)	474	490	385	402
School Readiness	(2,019)	0	0	0	202	202	202	202
Health & Developmental Screening	(727)	2	(1)	(4)	73	73	72	69
Community Education	(101)	(13)	(4)	4	12	11	8	15
Adults with Disabilities	(142)	0	0	0	15	14	15	14
Adult Basic Education	(9,149)	(275)	(282)	(292)	971	1,029	689	737
<b>Subtotal K-12</b>	<b>(1,396,595)</b>	<b>(30,921)</b>	<b>(29,207)</b>	<b>(31,741)</b>	<b>145,603</b>	<b>151,872</b>	<b>116,396</b>	<b>120,131</b>
School Portion Property Tax Credits	(14,235)	(68)	(112)	(286)	1,440	1,500	1,328	1,214
<b>State Total</b>	<b>(\$1,410,830)</b>	<b>(\$30,989)</b>	<b>(\$29,319)</b>	<b>(\$32,027)</b>	<b>\$147,043</b>	<b>\$153,372</b>	<b>\$117,724</b>	<b>\$121,345</b>

**Key Goals and Measures**

The goal of this proposal is to help resolve the projected state deficit without decreasing school district and charter school revenues.

**Statutory Change:** M.S. 127A.45

**DEPT OF EDUCATION****Change Item: Change Tax Shift Methodology**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Fund				
Expenditures	\$(13,834)	\$(97)	\$(345)	\$(354)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(13,834)	\$(97)	\$(345)	\$(354)

**Recommendation**

The Governor recommends changing the methodology for early recognition of school district property tax levies under M.S. 123B.75 and the associated state aid adjustment under M.S. 127A.441 to exclude state paid tax credits from the calculation. This change will result in state savings of \$13.834 million in FY 2012, \$97,000 in FY 2013, \$345,000 in FY 2014, and \$354,000 in FY 2015.

**Rationale**

Currently, early recognition of school district property tax levies ("tax shift") is calculated using net levies after reduction for state paid property tax aids and credits. The final calculation of the tax shift cannot occur until state paid property tax aid and credit data are made available by the Department of Revenue in December, five months after the end of the fiscal year. As a result, school districts close accounting records based on estimated data. Under this recommendation, the tax shift will be calculated using gross school district levies before reduction for state paid property tax aids and credits. This will allow the Department of Education to complete final tax shift calculations in early June, before districts begin audits.

Elimination of the state paid property tax aids and credits from the calculation results in an increased reduction to state aid, but does not reduce school district revenue.

**Key Goals and Measures**

Simplify the calculation of the tax shift and provide information to districts in a more timely manner.

**Statutory Change:** M.S. 123B.75

## DEPT OF EDUCATION

**Program:** General Education  
**Change Item:** All Day Kindergarten Expansion

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$33,084	\$48,476	\$49,044
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$0	\$33,084	\$48,476	\$49,044

### Recommendation

The Governor recommends that a new component of General Education be established to fund a portion of all-day kindergarten costs, beginning in FY 2013. Participation in the program will be optional. School districts and charter schools choosing to operate a free all-day, every day kindergarten program at one or more school sites will be eligible for an aid equal to the product of the average daily membership of students eligible for free or reduced price lunches participating in the program times the general education formula allowance times 0.388 (the difference between a 1.0 pupil unit weight and the current 0.612 pupil unit for kindergarten students). The balance of program costs not funded through all day kindergarten aid will be funded using other non-fee resources from the school district or charter school's general fund. This recommendation will increase state expenditures by \$33.084 million in FY 2013, \$48.476 million in FY 2014 and \$49.044 million in FY 2015. These costs are based on the Governor's recommendation for the aid payments shift.

### Rationale

According to the national Early Childhood Longitudinal Study –Kindergarten cohort (ECLS-K), students who attended full-day kindergarten manifested significantly greater achievement than half-day attendees. All-day kindergarten results in greater academic gains during the kindergarten year than half-day programs, including significant changes in language and literacy skills, mathematical thinking, and increased test scores.

All-day kindergarten:

- Provides the greatest opportunities for success for low income students, minority students, and students who are English language learners
- Allows for more individualized attention and instructional time from teachers
- Results in fewer transitions for children
- Promotes in-depth child-teacher and family-teacher relations
- Increases retention and reduces absenteeism

### Key Goals and Measures

**Goal:** Narrow the achievement gap

**Measure:** Increase the number of low income students that arrive at first grade performing at grade level, especially in literacy, mathematics and who have the necessary social skills to function well in a first grade classroom

**Goal:** More low income students receive full day kindergarten

**Measure:** Percentage within districts of eligible students who are served in all day kindergarten

**Goal:** Shift cost burden away from low income parents

**Statutory Change:** Not applicable

## DEPT OF EDUCATION

Program: Innovation & Accountability

Change Item: Governor's Excellence in Education Award

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$4,900	\$7,000	\$7,000	\$7,000
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$4,900	\$7,000	\$7,000	\$7,000

### Recommendation

The Governor recommends that a noncompetitive grant program be established to recognize schools with outstanding growth in student achievement and enable these schools to provide best practices training or disseminate best practices information to other schools. The top 20% of schools in the percent of tested students making exceptional growth in reading and math will be eligible for a grant. The amount of the grant will vary, depending on the percent of tested students making high growth. Up to 50% of the grant may be used at the school to maintain the school's excellent performance. The remainder of the grant must be used to provide best practices training or to disseminate best practices information to other schools. Participation for eligible schools is optional; to qualify for a grant, school districts and charter schools with eligible schools must accept the award and submit a budget to the Department of Education. This recommendation will increase state expenditures by \$4.9 million in FY 2012, \$7.0 million in FY 2013, \$7.0 million in FY 2014 and \$7.0 million in FY 2015. These costs are based on the Governor's recommendation for the aid payments shift.

### Rationale

This program meets two of the goals provided in the Governor's five point vision for the future of the state of Minnesota: to invest in better education and to invest in the transformation of government services. Currently, Minnesota has one of the worst achievement gaps in the nation. The Governor seeks to shine a light on the success stories currently occurring around the state, where educators are helping students achieve their highest potential, even when the odds seem insurmountable.

To that end, the Governor seeks to reward and recognize schools that have used proven, creative and innovative practices to close the achievement gap and yield outstanding levels of growth.

High performance schools should not only be rewarded for helping all students to achieve, but also be asked to share their successful practices, so communities across the state can benefit from what they've learned. As a result, the Governor will ask that recipients of the award share their results by providing training and materials that other education leaders may use to implement innovative strategies in their own classrooms.

### Key Goals and Measures

#### Goals:

- Reward schools for innovation that narrows the achievement gap.
- Disseminate innovative and successful practices to other schools.

#### Measures:

- An increase in the number of schools attending school training sessions.
- The number of schools that adopt successful practices from the grantee school.

**Statutory Change:** Not Applicable

**DEPT OF EDUCATION****Program: Innovation & Accountability****Change Item: Achievement Gap Innovation Fund**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Fund				
Expenditures	\$2,100	\$3,000	\$3,060	\$3,060
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$2,100	\$3,000	\$3,060	\$3,060

**Recommendation**

The Governor recommends that a competitive grant program be established to promote innovative approaches for closing the achievement gap and improving achievement for all students. Funding will be provided for approximately 30 projects per year with a maximum award of \$100,000 per project. Projects may relate to K-12 or early childhood education. Priority will be given to projects involving innovative use of technology to close the achievement gap. This recommendation will increase state expenditures by \$2.1 million in FY 2012, \$3 million in FY 2013, \$3.06 million in FY 2014 and \$3.06 million in FY 2015. These costs are based on the Governor's recommendation for the aid payments shift.

**Rationale**

The Department of Education will award up to \$3 million annually to projects that are boldly addressing the achievement gap using technology to transform education.

This program meets two of the goals provided in the Governor's five point vision for the future of the state of Minnesota: to invest in better education and to invest in the transformation of government services.

Currently, Minnesota has one of the worst achievement gaps in the nation. This achievement gap occurs even as advancements in technology should be allowing all children to succeed. Using the Achievement Gap Innovation Fund, the Governor wants educators to use their creativity to develop projects that use technology in new ways to close the achievement gap and explore new and better ways to deliver education services in the state— ways that will allow all students to reach their potential in our schools.

**Key Goals and Measures**

**Goal:** To close the achievement gap using innovation and best practices.

**Measure:** The percentage of students showing academic growth when participating in these programs.

**Goal:** To reward innovative approaches using technology in K-12 and early childhood education programs.

**Measure:** An increase in the number of schools using technology in curriculum and instruction to address the achievement gap.

**Statutory Change:** Not applicable.

**DEPT OF EDUCATION****Program: Early Childhood & Family Supp****Change Item: Statewide Early Childhood Rating System**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Fund				
Expenditures	\$2,000	0	0	0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$2,000	0	0	0

**Recommendation**

The Governor recommends an appropriation of \$2 million in FY 2012 for the early childhood quality rating and improvement system. This change item is one strategy in achieving the governor's agenda to raise the profile of early childhood education and support for high quality teaching. This recommendation funds classroom observation of teachers and feedback as part of a proposed statewide early childhood quality rating and improvement system. Teachers would be assessed in three areas: emotional climate, instructional support and classroom organization.

**Rationale**

The effectiveness of the teacher-child interaction in the classroom is the most important element in a child's experience in an early childhood program, especially for children at risk for being unprepared for kindergarten. Including the scores of an evidence-based observation tool within a quality rating and improvement system is a necessary component in assessing the quality of a program, supporting the teachers to improve to improve instruction and informing parents on the quality of a program.

**Key Goals and Measures**

**Goal:** Families will have access to high quality early childhood programs using the observation tools funded by this appropriation to assess and evaluate effective instruction.

**Statutory Change:** Not Applicable

**DEPT OF EDUCATION**

<b>Program:</b>	<b>Choice Programs</b>
<b>Change Item:</b>	<b>Eliminate Magnet School Grants</b>

<b>Fiscal Impact (\$000s)</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Fund				
Expenditures	\$ (750)	\$ (750)	\$ (750)	\$ (750)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$ (750)	\$ (750)	\$ (750)	\$ (750)

**Recommendation**

The Governor recommends elimination of this annual competitive grant program, resulting in state savings of \$750,000 in each year, FY 2012 through FY 2015. The magnet school grant program was first implemented in FY 1995 to assist school districts in establishment and operation of magnet schools as a way to encourage integration. Expansion of integration programs and integration revenue has decreased the need for this small grant program.

**Rationale**

Integration programs have expanded to include 124 school districts in FY 2011 operating in a collaborative effort to support increased and sustained interracial contacts and to provide educational programming to close the academic achievement gap. Magnet schools are just one of the strategies that may be employed to work toward these goals, and integration revenue made available under M.S. 124D.86 will continue to be used to support this effort. Supporting integration and educational achievement through this alternative program and revenue stream will allow for more thorough measurement of success in attaining integration and achievement goals, than that available in the Magnet School Grant program.

**Statutory Change:** Repeal M.S. 124D.871

**DEPT OF EDUCATION****Program: Special Student & Teacher Programs****Change Item: Eliminate Explore and PLAN Tests**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Fund				
Expenditures	\$(829)	\$(829)	\$(829)	\$(829)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(829)	\$(829)	\$(829)	\$(829)

**Recommendation**

The Governor recommends elimination of state funding for the Explore and Plan (EPAS) assessments resulting in state savings of \$829,000 in each year, FY 2012 through FY 2015.

**Rationale**

Minnesota students undergo excessive testing sequences. Funding for the EPAS assessments has been offered on a voluntary basis to school districts and charter schools through a Minnesota Department of Education contract with Assessment and Comprehensive Testing (ACT) College and Career Readiness System. The testing assesses college-readiness prior to normal age of college entrance, but does not have proven outcomes.

**Statutory Change:** Repeal M.S. 120B.128



**DEPT OF EDUCATION****Program:** Self Sufficient & Lifelong Lrn**Change Item:** Reduce Adult Basic Education Growth Factor

<b>Fiscal Impact (\$000s)</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Fund				
Expenditures	\$ (313)	\$ (774)	\$ (1,285)	\$ (1,812)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$ (313)	\$ (774)	\$ (1,285)	\$ (1,812)

**Recommendation**

The Governor recommends reducing the statutory growth factor for the calculation of state total adult basic education aid from 3% to 2%. This recommendation results in state savings of \$313,000 in FY 2012, \$774,000 in FY 2013, \$1.285 million in FY 2014, and \$1.812 million in FY 2015. These costs are based on the Governor's recommendation for the aid payments shift.

**Rationale**

State total adult basic education aid has grown significantly in recent years, from \$36.5 million in FY 2005 to \$44.4 million in FY 2011. Contact hours for students in the program grew from 4.8 million hours in FY 2004 to 5.8 million in FY 2010. Program expansion will continue with a 2% annual growth factor, but at a slower rate.

ABE programs are currently able to meet demand which grew significantly in FY 2009 and FY 2010 due to economic conditions and the high rate of unemployment. With a 2% growth factor, some small but manageable waiting lists are expected to develop, particularly in the metropolitan area.

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

**DEPT OF EDUCATION****Program: General Education****Change Item: Eliminated Q Comp Expansion Funding**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Fund				
Q Comp Expenditures	\$(1,333)	\$(3,438)	\$(5,510)	\$(7,451)
Tax Shift Cost	579	166	256	253
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(754)	\$(3,272)	\$(5,254)	\$(7,198)

**Recommendation**

The Governor recommends that no new school districts or charter schools be approved for the quality compensation revenue (Q Comp) beginning February 1, 2011. State savings as a result of this recommendation are \$1.333 million in FY 2012, \$3.438 million in FY 2013, \$5.510 million in FY 2014, and \$7.451 million in FY 2015. Levy decreases resulting from this change result in costs related to the early levy recognition (tax shift) of \$579,000 in FY 2012, \$166,000 in FY 2013, \$256,000 in FY 2014, and \$253,000 in FY 2015. These costs and savings are based on the Governor's recommendation for the aid payments shift.

**Rationale**

This program has existed for eight years. Currently the program is in 50 districts and 54 charter schools. This program is being capped in order to further evaluate its affect on teacher performance and the other stated goals of the program. There is also concern that it creates further disparities among school districts.

**Statutory Change:** Not applicable

**DEPT OF EDUCATION****Program: Choice Programs****Change Item: Charter School Lease Aid - Eliminate Grandfather Clause**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Fund				
Expenditures	\$(734)	\$(1,057)	\$(1,089)	\$(1,100)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(734)	\$(1,057)	\$(1,089)	\$(1,100)

**Recommendation**

The Governor recommends elimination of the “grandfather” formula allowances in excess of \$1,200 per pupil unit for charter school lease aid resulting in savings of \$734,000 in FY 2012, \$1.057 million in FY 2013, \$1.089 million in FY 2014, and \$1.1 million in FY 2015, and creating a more equitable funding mechanism for all charter schools. These costs are based on the Governor’s recommendation for the aid payments shift.

**Rationale**

The charter school lease aid program began in FY 1998 to pay building lease costs for charter schools in recognition of the fact that charter schools’ access to capital funds was limited to the operating capital formula within general education.

The maximum aid per pupil unit increased from \$416 in FY 1998 to \$440 in FY 1999 with FY 1998 and FY 1999 lease aid limited to 80% of the actual net lease costs. The maximum lease aid was increased to \$1,500 per pupil unit in FY 2000 through FY 2003, with aid limited to 90% of net approved lease costs. The formula allowance was reduced to \$1,200 in FY 2004 except for schools with lease agreements in effect at that date, which were “grandfathered in” at a higher dollar amount per pupil. Currently, twenty-nine charter schools of the 148 charter schools have a grandfather formula allowance dating back to FY 2004 that is used in the calculation of state charter school lease aid. One school has a grandfather allowance in excess of \$1,600. Ten of the schools have a grandfather allowance within \$5 of the FY 2003 allowance of \$1,500. Eight of the schools have a formula allowance between \$1,200 and \$1,300. Eight have a formula allowance between \$1,300 and \$1,400, and two have a formula allowance between \$1,400 and \$1,495.

Retaining the grandfather formula allowances for specific schools does not encourage the schools to practice cost containment. Charter schools beginning operations after FY 2003 have successfully negotiated leases of appropriate education spaces at lower costs, creating an inequity in funding.

**Statutory Change:** M.S. 124D.11, subd. 4

## Dept of Education

**Program:** Choice Programs

**Change Item:** Eliminate Charter School Start Up Aid

<b>Fiscal Impact (\$000s)</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Fund				
Expenditures	\$(420)	\$(1,126)	\$(1,379)	\$(1,379)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(420)	\$(1,126)	\$(1,379)	\$(1,379)

### Recommendation

The Governor recommends elimination of state charter school start-up aid resulting in state savings of \$420,000 in FY 2012, \$1.126 million in FY 2013, \$1.379 million in FY 2014, and \$1.379 million in FY 2015. These costs are based on the Governor's recommendation for the aid payments shift.

### Rationale

Charter school start-up funding has previously been eliminated on a temporary basis for charter schools starting in FY 2004 and FY 2005, also in response to state budget issues.

The charter school start-up aid program was enacted in 1997. This aid is available to charter schools for the first two years of their operations at the amount of \$50,000 per year or \$500 per pupil, whichever is greater. Charter schools are eligible for this aid only when they actually open and are delivering the school program to students. These funds assist with one-time costs of operations, but use is not limited and the funds can be used for salaries and recurring costs of operation, although after the two year period of qualification, no funding is available for established recurring costs.

There are also federal grant monies under Title X, Part C of the Elementary and Secondary Education Act for which charter schools are eligible. These federal grants are available for three years with a total maximum award over the three years of \$540,000. The first year grant is available to a charter school as a planning grant before a school begins operations. The second and third years of the federal grant may be spent only for one-time costs related to initial operating expenses after the school opens.

As a result, a charter school receives both the state start-up aid and the federal grant monies during the first two years of operation. Elimination of the state charter school start-up aid will require charter schools to carefully evaluate potential for enrollments, to evaluate staffing needs based on projected enrollment and student/staff ratios, and to limit these and other costs of operation to levels that can be supported by ongoing funding sources.

**Statutory Change:** M.S. 124D.11, subd. 8

**Program at a Glance**

FY 2010 general fund budget was approximately \$35.9 million.

Operating divisions:

- Office of Education Excellence and Accountability
- Office of Early Learning and Educational Support Services
- Office of Education Innovation, Special Education Policy and Center for Postsecondary Success
- School Finance
- Research and Assessment
- Compliance and Assistance
- Administrative Services

FY 2010 state education aids of \$5.3 billion allocated in support of the pre-kindergarten through grade 12 education in Minnesota.

**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 lifelong learning.

**Population Served**

In FY 2009, this program directly served 340 school districts, 153 charter schools, 55,727 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 Education Excellence and Accountability** is responsible for setting academic standards, issuing educator licenses, implementation of chartered school policies, developing and operating state-level IT system for education data and resource deployment, and the implementation and coordination of federal educational programs and funds.

**The Office of Early Learning and Educational Support Services** is responsible for preparing young children and their families for school success; providing nutritious meals for students in schools, and young children and adults in organized care settings; developing and extending statewide library services and administering the Minnesota Braille and Talking Book Library located in Faribault; and managing competitive and application grant programs.

**The Office of Education Innovation, Special Education Policy and Center for Postsecondary Success** is responsible for school choice programs, expanded online learning, and Indian education programs; special education services; and expanded high school learning initiatives, alternative rigorous coursework for college and career readiness, adult basic and career education, and alternative programs to meet student needs.

**The Office of Turnaround Schools (OTAS)** supports schools in the state identified as persistently lowest achieving. Through the unprecedented resources and accountability provided under the Title I School Improvement Grant (SIG), the OTAS seeks to create a system of support for eligible schools to implement dramatic turnaround efforts to boost student achievement.

**School Finance** is responsible for collecting student and financial data from school districts and charter schools, administering state and federal education aid programs, calculating school district property tax levy limitations, providing financial management assistance to local education agencies, and auditing data reported by local education agencies that drives state aid payments and levy limitations.

**Research and Assessment** is responsible for the development and implementation of a coherent assessment system that measures student knowledge and skills on Minnesota Academic Standards and the Minnesota English Language Proficiency Standards. The system meets state and federal requirements and provides timely

information that educators can use to inform curricular and instructional decisions that improve student achievement.

**Compliance and Assistance** is responsible for monitoring school district and MDE compliance with certain state and federal education laws. The division provides training and resources to assist school districts, parents, and the department in maintaining compliance. The division also implements the Student Maltreatment Program and oversees rulemaking and data practices for MDE.

**Administrative Services** provides services in the area of agency fiscal (MAPS budget/spending plan activities, federal expenditure reporting and cash management, accounts payable and receivable, payroll, procurement, and central services) and human resource management to all agency programs.

These offices and activities provide the following services to the preK-12 education community:

- Academic Standards
- Administrative Services
- 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
- Education Innovation
- 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
- Turnaround Schools

**Activity Funding**

This program is funded primarily by state and federal funds. The table below summarizes the annual spending for operating accounts in FY 2009.

<u>Fund</u>	<u>Amount</u>	<u>%</u>
General	38,673,067.71	46.47%
Special Revenue	4,483,075.76	05.39%
Federal	39,982,484.09	48.04%
All Other	<u>86,889.53</u>	<u>00.10%</u>
<b>Total</b>	<b>\$83,225,517.09</b>	<b>100.00%</b>

**Contact**

Additional information is available at <http://education.state.mn.us> or at 651-582-8200.

**DEPT OF EDUCATION**

Program: AGENCY OPERATING

Program Summary

*Dollars in Thousands*

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>Environment &amp; Natural Resource</b>					
Current Appropriation	0	300	300	300	600
<b>Technical Adjustments</b>					
One-time Appropriations			(300)	(300)	(600)
Subtotal - Forecast Base	0	300	0	0	0
<b>Total</b>	<b>0</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>General</b>					
Current Appropriation	20,148	19,811	19,811	19,811	39,622
Subtotal - Forecast Base	20,148	19,811	19,811	19,811	39,622
<b>Governor's Recommendations</b>					
Agency Operating Reduction		0	(991)	(991)	(1,982)
<b>Total</b>	<b>20,148</b>	<b>19,811</b>	<b>18,820</b>	<b>18,820</b>	<b>37,640</b>
<b>Arts And Cultural Heritage</b>					
Current Appropriation	4,250	4,250	4,250	4,250	8,500
<b>Technical Adjustments</b>					
One-time Appropriations			(4,250)	(4,250)	(8,500)
Subtotal - Forecast Base	4,250	4,250	0	0	0
<b>Total</b>	<b>4,250</b>	<b>4,250</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Environment & Natural Resource	0	135	165	0	165
General	18,704	21,207	18,827	18,827	37,654
Arts And Cultural Heritage	4,250	4,250	0	0	0
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	7,469	8,982	6,051	5,940	11,991
Federal	29,662	31,618	30,763	30,574	61,337
Federal Stimulus	237	4,160	6,538	4,372	10,910
Miscellaneous Agency	47	3,157	3,099	3,099	6,198
Gift	54	140	47	47	94
<b>Total</b>	<b>60,423</b>	<b>73,649</b>	<b>65,490</b>	<b>62,859</b>	<b>128,349</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	34,379	40,405	39,042	38,379	77,421
Other Operating Expenses	17,392	23,146	23,011	21,630	44,641
Payments To Individuals	47	40	40	40	80
Local Assistance	8,443	9,893	3,235	2,648	5,883
Other Financial Transactions	162	165	162	162	324
<b>Total</b>	<b>60,423</b>	<b>73,649</b>	<b>65,490</b>	<b>62,859</b>	<b>128,349</b>

**DEPT OF EDUCATION**

Program: AGENCY OPERATING

Program Summary

	<i>Dollars in Thousands</i>				
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><i>Expenditures by Activity</i></b>					
Educ Excellence & Accountability	17,230	21,002	21,020	19,454	40,474
Off Of Early Lrng & Educ Supp	9,515	8,958	8,236	7,981	16,217
Ed Innov, Sped Policy & Cpss	14,194	16,406	11,292	10,714	22,006
Compliance & Assistance Div	4,104	6,165	6,206	6,030	12,236
Administration	7,373	12,692	11,260	11,153	22,413
Program Finance Division	2,949	3,229	3,184	3,208	6,392
Research & Assessment Div	4,117	4,159	3,348	3,375	6,723
Pass Through Programs	941	1,038	944	944	1,888
<b>Total</b>	<b>60,423</b>	<b>73,649</b>	<b>65,490</b>	<b>62,859</b>	<b>128,349</b>
<b><i>Full-Time Equivalents (FTE)</i></b>	<b>398.8</b>	<b>399.0</b>	<b>395.5</b>	<b>395.3</b>	



**Budget Activities**

This program includes the following budget activities:

- General Education
- K-12 Education Shifts (information only)

**DEPT OF EDUCATION**

Program: GENERAL EDUCATION

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	4,291,422	4,776,884	4,776,884	4,776,884	9,553,768
<b>Technical Adjustments</b>					
End-of-session Estimate			2,047,383	989,486	3,036,869
November Forecast Adjustment		54,449	9,402	30,142	39,544
Subtotal - Forecast Base	4,291,422	4,831,333	6,833,669	5,796,512	12,630,181
<b>Governor's Recommendations</b>					
All Day Kindergarten Expansion		0	0	33,084	33,084
Aid Shift Changes		0	(1,154,770)	(18,499)	(1,173,269)
Change Tax Shift Methodology		0	(13,524)	(97)	(13,621)
Eliminate Q Comp Expansion Funding		0	(1,333)	(3,438)	(4,771)
Tax Shift Cost due to Q Comp Levy		0	579	166	745
<b>Total</b>	<b>4,291,422</b>	<b>4,831,333</b>	<b>5,664,621</b>	<b>5,807,728</b>	<b>11,472,349</b>
<b>Federal Stimulus</b>					
Current Appropriation	500,000	0	0	0	0
Subtotal - Forecast Base	500,000	0	0	0	0
<b>Total</b>	<b>500,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	4,290,453	4,829,528	5,664,621	5,807,728	11,472,349
Federal Stimulus	397,332	102,668	0	0	0
<b>Statutory Appropriations</b>					
Endowment School	22,865	22,973	23,007	23,032	46,039
<b>Total</b>	<b>4,710,650</b>	<b>4,955,169</b>	<b>5,687,628</b>	<b>5,830,760</b>	<b>11,518,388</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	15	0	17,421	36,914	54,335
Local Assistance	4,710,635	4,955,169	5,670,207	5,793,846	11,464,053
<b>Total</b>	<b>4,710,650</b>	<b>4,955,169</b>	<b>5,687,628</b>	<b>5,830,760</b>	<b>11,518,388</b>
<b><u>Expenditures by Activity</u></b>					
General Education	4,710,650	4,955,169	5,687,628	5,830,760	11,518,388
<b>Total</b>	<b>4,710,650</b>	<b>4,955,169</b>	<b>5,687,628</b>	<b>5,830,760</b>	<b>11,518,388</b>

# DEPT OF EDUCATION

**Program: GENERAL EDUCATION**

**Activity: GENERAL EDUCATION**

Narrative

## Activity at a Glance

FY 2009 (Final)

- 821,021 pre-kindergarten through grade 12 students average daily membership (ADM).
- 340 school districts and 153 charter schools.
- \$5.7 billion in state aid and \$0.9 billion in levies.
- \$7,495 average general education revenue per student.
- \$5,124 basic education formula allowance per adjusted marginal cost pupil unit

## 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:

- **Equitable core funding for students** – General education revenue provides sufficient funding to ensure that each student receives a uniform education (excluding unique needs funded through categorical programs). This includes a large base of funding on a per pupil basis and additional revenues for variations in 1) the cost of delivering equivalent educational programs and services to students; and 2) the cost of programs to meet the unique needs of different student populations.
- **Equity for taxpayers** – Core educational programs are funded primarily by the state with proceeds from uniform statewide taxes. Discretionary programs and services are funded with local operating referendum levies, which are equalized by the state to enable participation by districts with low tax base.
- **Efficient use of resources** – This program encourages school districts to provide programs and services efficiently by allocating resources based on uniform formulas taking into account 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.

## 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 2011 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.

	Regular <u>District</u>	Charter <u>School</u>	PSEO <u>College</u>	Contract <u>Alternative</u>	Shared <u>Time</u>	Total <u>ADM</u>
Disabled Pre-K	7,569	1	0	0	6	7,576
Disabled Kndgrtn	5,236	79	0	1	29	5,345
Regular Kndgrtn	53,707	3,599	0	21	18	57,345
Grades 1-3	176,712	10,116	0	32	131	186,991
Grades 4-6	174,697	8,528	0	27	197	183,449
Grades 7-12	<u>362,915</u>	<u>16,157</u>	<u>3,038</u>	<u>1,185</u>	<u>257</u>	<u>383,552</u>
TOTAL ADM	780,836	38,480	3,038	1,266	638	824,258

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 2009, it accounts for 81% 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 2009 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. (Note: The requirement is waived for all districts for FY 2010 and FY 2011 only.)
- *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.

**DEPT OF EDUCATION**

**Program: GENERAL EDUCATION**

**Activity: GENERAL EDUCATION**

Narrative

- 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.
- Beginning in FY 2010, the general aid subtraction for school land trust endowment fund is repealed.
- For FY 2010 a one-time \$500 million reduction in the general education aid entitlement was replaced with federal state fiscal stabilization (SFSF) dollars awarded through the American Recovery & Rehabilitation Act.

Additional information on the history of Minnesota school finance is available on the Division of Program Finance website.

**Key Activity Goals & Measures**

**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: 1) Minnesotans will excel in basic and 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.

**Measures:** Indicators of an equitable and uniform system 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 2011 in current and constant (2008) dollars based on end of session 2010 estimates. Between FY 2002 and FY 2011, general education revenue per ADM increased by 32.3%. After adjusting for inflation using the consumer price index (CPI), the increase was 7.1%.

**General Education Revenue per ADM, FY 2002 – 2011**

Including Operating Referendum Revenue

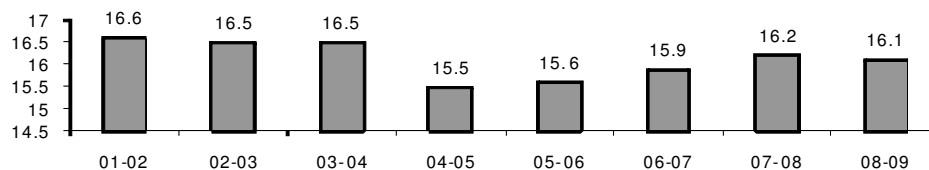
End of 2010 Legislative Session

Fiscal Year	Revenue per ADM Current Dollars		Revenue per ADM Constant (2008) Dollars	
	Amount	Cumulative	Amount	Cumulative
		% Change		% Change
2002	6,135	N/A	7,289	N/A
2003	6,484	5.7%	7,537	3.4%
2004	6,633	8.1%	7,545	3.5%
2005	6,776	10.4%	7,483	2.7%
2006	7,085	15.5%	7,538	3.4%
2007	7,507	22.4%	7,785	6.8%
2008	7,759	26.5%	7,759	6.5%
2009	7,985	30.2%	7,875	8.0%
2010	7,993	30.3%	7,799	7.0%
2011	8,115	32.3%	7,804	7.1%

Note: FY 2010 includes federal SFSF stabilization dollars.

- *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 2009, the ratio has decreased slightly.

**Pupils : Instructional Staff**



# DEPT OF EDUCATION

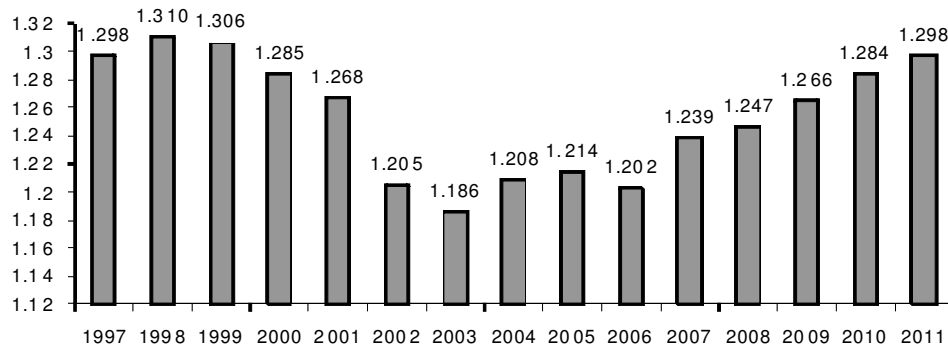
Program: **GENERAL EDUCATION**

Activity: **GENERAL EDUCATION**

Narrative

- *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**



- *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.

# DEPT OF EDUCATION

**Program: GENERAL EDUCATION**

**Activity: GENERAL EDUCATION**

Narrative

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 2011 for individual districts and the state are available on the Division of Program Finance website at District Revenue FY 2002 through FY 2011. 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.

## FY 2011 General Education Revenue by Component - FY 2011 (est.)

Component	Number of Districts	Number of Charter Schools	Amount (millions)	Percent of Total
<b><u>Formula Based Revenues:</u></b>				
1. Basic	336	152	\$ 4,854.0	72.6%
2. Gifted & Talented	336	152	11.4	0.2%
3. Extended Time	127	6	67.9	1.0%
4. Basic Skills:				
a) Compensatory	336	150	413.1	6.2%
b) LEP	208	61	31.9	0.5%
c) LEP Concentration	208	61	8.4	0.1%
5. Sparsity	97	152	23.7	0.4%
6. Transportation Sparsity	336	152	60.4	0.9%
7. Training & Experience	23	152	0.3	0.0%
8. Operating Capital	336	152	194.5	2.9%
9. Equity	336	152	92.8	1.4%
10. Transition	200	42	29.2	0.4%
11. Q Comp	45	32	91.0	1.4%
12. Alternative Attendance Adj.	265	139	0.8	0.0%
13. Misc. Adjustments				
a) Pension Adjustment	336	152	(31.0)	-0.5%
b) Online Learning	1	2	1.2	0.0%
c) PSEO-College	n/a	n/a	21.7	0.3%
d) Shared Time	n/a	n/a	3.8	0.1%
e) Contract Alternative	<u>n/a</u>	<u>n/a</u>	<u>9.5</u>	<u>0.1%</u>
<b>Subtotal</b>	<b>337</b>	<b>152</b>	<b>\$ 5,884.6</b>	<b>88.0%</b>
<b><u>Referendum-Based Revenues:</u></b>				
14. Oper. Referendum	<u>302</u>	<u>0*</u>	<u>\$ 804.0</u>	<u>12.0%</u>
<b>Grand Total Revenue</b>	<b>337</b>	<b>152</b>	<b>\$ 6,688.6</b>	<b>100.0%</b>

\* For charter schools, referendum aid is shown on line 12, alternative attendance adjustment.

**Detail of Revenue Components:** For FY 2011 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 2011 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 2011 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 2011), 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 level 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 \$169 per pupil and are authorized to make an equalized levy of up to \$91 per pupil. Prior to FY 2010, the basic state aid was \$190 per pupil, and the equalized levy was \$70 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 95<sup>th</sup> 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 95<sup>th</sup> 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 1) 26% of the formula allowance adjusted for inflation (\$1,558 in FY 2011), or 2) 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 2011, it provides a net reduction in taxes only for 58 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. Beginning FY 2010, the taconite aid subtraction was repealed (Laws 2009, chapter 88, Article 12, Sections 9 and 32) and excess taconite receipts are partially redistributed to cities and townships.

### School Land Trust Endowment Fund

- *School Land Trust 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 land trust endowment fund distributions was repealed (Laws 2008 Chapter 363, Article 2, Sec. 52 subdivision 1). The state general fund appropriation required to fund the general education program was increased by the amount of the earnings from the permanent school fund in FY 2010 and later.

### 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](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

**DEPARTMENT OF EDUCATION**

**Program: General Education**

Activity: General Education Revenue

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Rec		Biennium 2012-13
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Program Appropriation	4,291,422	4,776,884	4,776,884	4,776,884	9,553,768
2 Technical Adjustments			2,047,383	989,486	3,036,869
a. End of Session Estimate					
b. Open Appropriation					
c. November Forecast		54,450	9,402	30,142	39,544
d. Cancellation	(969)				
3 State Forecast Base	<b>4,290,453</b>	<b>4,831,334</b>	<b>6,833,669</b>	<b>5,796,512</b>	<b>12,630,181</b>
3 Governor's Initiatives					
a. Q Comp Closed to New Districts			(1,333)	(3,438)	(4,771)
b. Tax Shift Cost due to Q Comp Change			579	166	745
c. Change in Tax Shift Methodology			(13,524)	(97)	(13,621)
d. All Day Kindergarten for Eligible Students				33,084	33,084
e. Aid Shift to 70%			(1,154,770)	(18,499)	(1,173,269)
4 Recommended	<b>4,290,453</b>	<b>4,831,334</b>	<b>5,664,621</b>	<b>5,807,728</b>	<b>11,472,349</b>
4 Federal Stimulus	<b>500,000</b>				
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid Entitlement	5,655,327	5,726,845	5,799,863	5,891,576	11,691,438
6 Change from EOS	(5,195)	1,899	(3,680)	(8,968)	(12,647)
7 EOS Formula Aid Entitlement	5,650,132	5,728,744	5,796,183	5,882,608	11,678,791
8 Statutory Adjustments					
a. TRA Adjustment	(30,858)	(30,948)	(31,109)	(31,264)	(62,373)
b. County Apportionment	(24,000)	(24,000)	(24,000)	(24,000)	(48,000)
c. Federal Stimulus	(500,000)				
d. Other Adjustments incl Faribault Academies	(1,137)	(1,118)	(1,118)	(1,118)	(2,236)
e. Tax Shift Adjustment		(519,122)	(38,560)	(29,481)	(68,041)
f. Total November Forecast Changes Aid & Adjust	5,195	(1,899)	3,680	8,968	12,647
9 Funded State Aid Entitlement Current Law	5,099,332	5,151,657	5,705,075	5,805,713	11,510,788
10 Governor's Initiatives					
a. Q Comp Closed to New Districts			(1,904)	(4,095)	(5,999)
b. Tax Shift Cost due to Q Comp Change			579	166	745
c. Change in Tax Shift Methodology			(13,524)	(97)	(13,621)
d. All Day Kindergarten for Eligible Students				47,263	47,263
Subtotal Governor's Aid Recommendation			(14,849)	43,237	28,388
10 Governor's Recommendation State Aid	<b>5,099,332</b>	<b>5,151,657</b>	<b>5,690,226</b>	<b>5,848,950</b>	<b>11,539,176</b>
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
11 Local Levy Current Law Authority	955,120	983,204	989,155	1,039,309	2,028,464
12 Governor's Initiatives					
a. Q Comp Closed to New Districts				(1,192)	(1,192)
<i>equals</i> Governor's Recommendation Levy	955,120	983,204	989,155	1,038,117	2,027,272
<b>REVENUE</b>					
13 Governor's Rec Revenue (State Aid & Levy)	6,054,452	6,134,861	6,679,381	6,887,066	13,566,447
14 Other State and Local Revenue					
a. School Endowment (state)	22,866	22,973	23,008	23,032	46,040
b. County Apportionment (local)	24,000	24,000	24,000	24,000	48,000
15 Total All Revenue Sources	6,101,318	6,181,834	6,726,389	6,934,098	13,660,487
<b>Appropriations Basis for State Aid</b>					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
Prior Year	553,591	1,363,306	1,681,824	1,707,119	3,388,943
Cancellation - Prior Year	(969)	(1,805)			
Current Year	3,737,831	3,469,833	3,982,797	4,100,609	8,083,406
Total State Aid - General Fund	<b>4,290,453</b>	<b>4,831,334</b>	<b>5,664,621</b>	<b>5,807,728</b>	<b>11,472,349</b>
<b>Other State Funding Sources</b>					
School Endowment Fund	<b>22,866</b>	<b>22,973</b>	<b>23,008</b>	<b>23,032</b>	<b>46,040</b>
<b>Federal Funds</b>					
Federal Stimulus	<b>500,000</b>				

# DEPT OF EDUCATION

Program: **GENERAL EDUCATION**

Activity: **K-12 EDUCATION SHIFTS (info only)**

Narrative

## Activity at a Glance

- The most recent aid payment shift yielded \$1.385 billion in state budget savings for the FY 2010-11 biennium.
- The most recent property tax recognition shift yielded \$576.2 million in state budget savings for FY 2011.

## 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.

## Historical Perspective

### *Aid Payment Shift*

Since most school revenue is tied to current year data, including the number and characteristics of students served by the district and expenditures for special education, a portion of the funding must be held back until final student data is available to avoid over payments. The consensus is that 10% hold back is prudent. However, beginning in the early 1980s, larger holdbacks have been enacted to help balance the state budget.

### **90% Current Year Entitlement + 10% Adjusted Prior Year Entitlement = School District Appropriation**

### *Recent Use of Aid Payment Shift*

Time Period	Changes in Aid Payment Percentages	State Budget (Savings)/Costs <sup>1</sup> \$ 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
2010 Legislative Session	90/10 to 73/27	(\$1,068.5)
2010 Legislative Session	73/27 to 70/30 for FY 2011	(\$316.5)
2010 Legislative Session	70/30 to 90/10 for FY 2012	\$1,385

### *Property Tax Recognition Shift*

While property taxes are paid on a calendar year basis, school districts operate on a fiscal year (FY) 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.

### **May 15th Payment + October 15th Payment = 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 were 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

<sup>1</sup> 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

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.

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. In FY 2006, the state again repaid the revenue neutral portion of the tax shift with appropriations totaling \$424.2 million. The property tax recognition shift was reinstated during the 2010 legislative session at 48.6%.

### Recent Use of Property Tax Recognition Shift

Time Period	Changes in Early Recognition Percentages	State Budget (Savings)/Costs <sup>2</sup> \$ in millions
2003 Legislative Session	0 <sup>3</sup> to 48.6	(\$251.5)
November 2005 Forecast	48.6 to 10.8	\$330.7
February 2006 Forecast	10.8 <sup>4</sup> to 0	\$93.5
2010 Legislative Session	0 to 48.6	(\$576.2)

#### *Aid Payment and Property Tax Shifts*

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).

### Key Activity Goals & Measures

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](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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
- Nonpublic Transportation
- Compensatory Pilot Grants
- Special Provisions for Selected Districts
- Federal Education Jobs Program
- Miscellaneous Levies
- State Paid Property Tax Credits (information only)

**DEPT OF EDUCATION**

Program: OTHER GENERAL EDUCATION

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	34,303	41,102	41,102	41,102	82,204
<b>Technical Adjustments</b>					
End-of-session Estimate			9,481	2,605	12,086
November Forecast Adjustment		116	(544)	(951)	(1,495)
One-time Appropriations			(1,186)	(1,186)	(2,372)
Subtotal - Forecast Base	34,303	41,218	48,853	41,570	90,423
<b>Governor's Recommendations</b>					
Aid Shift Changes		0	(7,774)	(95)	(7,869)
<b>Total</b>	<b>34,303</b>	<b>41,218</b>	<b>41,079</b>	<b>41,475</b>	<b>82,554</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	34,352	41,197	41,079	41,475	82,554
<b>Total</b>	<b>34,352</b>	<b>41,197</b>	<b>41,079</b>	<b>41,475</b>	<b>82,554</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	34,352	41,197	41,079	41,475	82,554
<b>Total</b>	<b>34,352</b>	<b>41,197</b>	<b>41,079</b>	<b>41,475</b>	<b>82,554</b>
<b><u>Expenditures by Activity</u></b>					
Enrollment Options Transport	27	29	30	32	62
Abatement Revenue	1,000	1,127	1,114	1,116	2,230
Consolidation Transition	730	609	257	104	361
Nonpublic Pupil	13,023	16,256	17,151	17,508	34,659
Nonpublic Transportation	17,198	19,681	20,287	20,475	40,762
Compensatory Pilot Grants	2,175	2,175	2,175	2,175	4,350
Spec Prov For Select Districts	199	1,320	65	65	130
<b>Total</b>	<b>34,352</b>	<b>41,197</b>	<b>41,079</b>	<b>41,475</b>	<b>82,554</b>



**Activity at a Glance**

FY 2009

- 92 students served.
- Of the 92 students, 17 were postsecondary enrollment options and 75 were from the enrollment options and charter school program.
- \$366 average reimbursement per family per year.

**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, school district enrollment options, and charter school 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).

**Population Served**

Low-income students participating in postsecondary enrollment options, school district enrollment options, and charter school programs are served by this program.

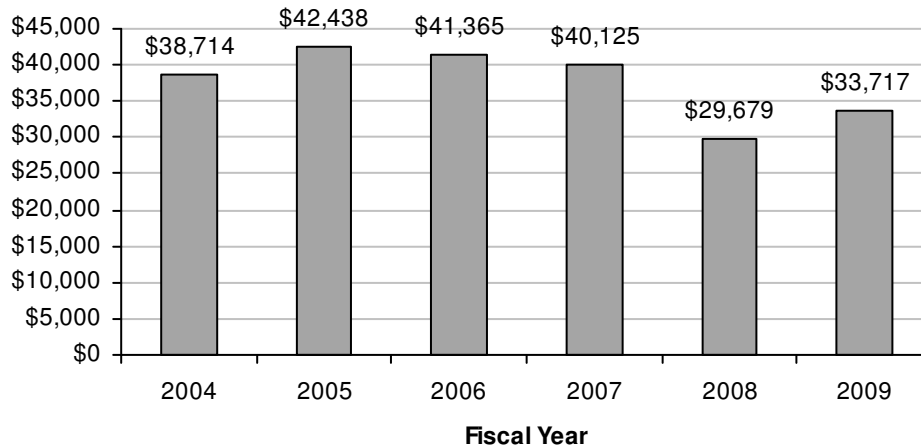
**Services Provided**

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 for mileage reimbursement in postsecondary enrollment options, school district enrollment options, and charter school programs over the last six years. The total amount of claims steadily increased until FY 2005 and then slightly decreased in FY 2006 and FY 2007. The total amount of claims has decreased significantly over the last couple of years.

**Key Activity Goals & Measures**

**Goal:** This program is part of the Minnesota Department of Education's goal to expand education options for students and families.

**Measure:** All students who meet the eligibility requirements and apply are served by this program.

**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](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

**DEPARTMENT OF EDUCATION**

**Program: General Education**

Activity: Other General Programs  
Enrollment Options Transportation

Budget Activity Summary

*Dollars in Thousands*

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>General Fund</b>					
1 Current Appropriation	48	52	52	52	104
a. End of Session Estimate			(12)	(10)	(22)
b. Cancellation	(21)				
c. November Forecast Adjustment		(23)	(10)	(10)	(20)
2 Forecast Base	27	29	30	32	62

***District Revenue Summary (Entitlement Basis)***

<b>AID</b>	<b>State Aid</b>				
3 Statutory Formula Aid	27	29	30	32	62
4 Statutory Excess/(Shortfall)	21	23			
5 Appropriated Entitlement	48	52	30	32	62
6 Adjustments					
a. Cancellation	(21)				
b. Appropriation Reduction		(23)			
7 State Aid Entitlement Current Law	27	29	30	32	62
<b>Appropriations Basis for State Aid</b>					
Transfer per M.S. 127A.41					
Current Year	48	29	30	32	62
Cancellation	(21)				
<b>Total State Aid - General Fund</b>	<b>27</b>	<b>29</b>	<b>30</b>	<b>32</b>	<b>62</b>

**Activity at a Glance**

In calendar year 2009, the following occurred in this program:

- Taxes Abated \$6.6 million
  - Abatement Aid \$1.2 million
  - Abatement Levy \$5.4 million
- Number of Districts Impacted 249 out of 340

**Activity Description**

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

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

**Population Served**

All eligible school districts in Minnesota participate in this program.

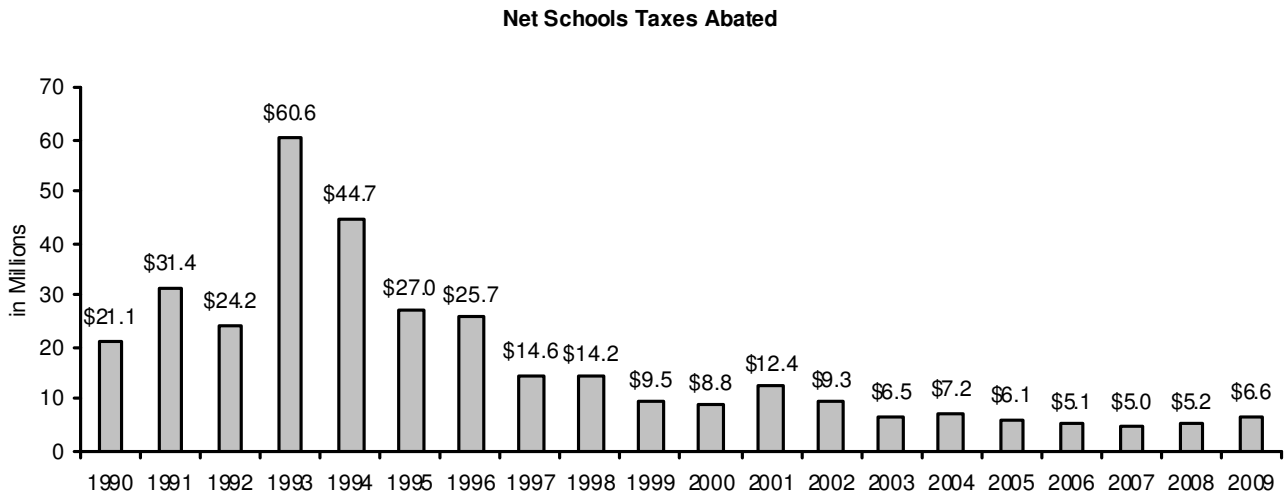
**Services Provided**

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.

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.



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.

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

**Key Activity Goals & Measures**

**Goal:** This activity supports the Minnesota Department of Education's (MDE) goal of expanding education options for students and families by replacing revenue that would otherwise have been lost to school districts.

**Measure:** A total of 249 school districts received abatement aid in FY 2011 and/or abatement levy for taxes payable in calendar year 2011 for taxes abated in calendar year 2009.

**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 2009 are reported in the spring of 2010, with the abatement aid paid in FY 2011 and the levy included on the 2010 payable 2011 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, deferred maintenance, 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](http://education.state.mn.us/MDE/Accountability_Programs/Program_Finance/index.html).

**DEPARTMENT OF EDUCATION**

**Program: General Education Programs**

Activity: Other General Education Programs  
Abatement

Budget Activity Summary

*Dollars in Thousands*

		Current		Governor's Rec		Biennium 2012-13
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
<b>Direct Appropriations by Fund</b>						
<b>General Fund</b>						
1	Total Current Appropriation	1,000	1,132	1,132	1,132	2,264
	a. End of Session Estimate			532	423	955
	b. November Forecast Adjustment		(5)	(330)	(434)	(764)
2	<b>Forecast Base</b>	<b>1,000</b>	<b>1,127</b>	<b>1,334</b>	<b>1,121</b>	<b>2,455</b>
3	Governor's Recommendation					0
	a. Aid Shift to 70%			(220)	(5)	(225)
4	<b>Recommended</b>	<b>1,000</b>	<b>1,127</b>	<b>1,114</b>	<b>1,116</b>	<b>2,230</b>
<b>District Revenue Summary (Entitlement Basis)</b>						
<b>AID</b>	<b>State Aid</b>					
	3 Statutory Formula Aid	1,177	1,156	1,097	1,124	2,221
	4 Statutory Excess/(Shortfall)		8			0
	5 Appropriated Entitlement	1,177	1,164	1,097	1,124	2,221
	6 Adjustments					
	a. Appropriation Reduction		(8)			
	7 <b>State Aid Entitlement Current Law</b>	1,177	1,156	1,097	1,124	2,221
<i>plus</i>						
<b>LEVY</b>	<b>Levy</b>					
	8 Local Levy Current Law	4,045	5,446	6,745	8,137	14,882
<i>equals</i>						
<b>REVENUE</b>	9 Current Law Revenue (State Aid & Levy)	5,222	6,602	7,842	9,261	17,103
<b>Appropriations Basis for State Aid</b>						
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.						
	Prior Year	140	317	346	329	675
	Current Year	860	810	768	787	1,555
	<b>Total State Aid - General Fund</b>	<b>1,000</b>	<b>1,127</b>	<b>1,114</b>	<b>1,116</b>	<b>2,230</b>

**Activity at a Glance**

FY 2010

- Five consolidations

**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.

**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. Revenue must 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.

**Historical Perspective**

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

The primary reason districts consolidate is usually financial; however, 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.

**Key Activity Goals & Measures**

This program addresses the following milestone: Government in Minnesota will be cost-efficient and services will be designed to meet the needs of the people who use them.

**Goal:** The elimination of financially inefficient school districts will result in larger and more cost-efficient school districts.

**Measure:** For FY 2010, McLeod West, District #2887, was split and the three portions of this district consolidated with the following three neighboring school district.

- Buffalo Lake-Hector #2159
- Gibbon-Fairfax-Winthrop (GFW) #2365
- Glencoe-Silver Lake #2859

Also, for FY 2010, District #2903 (Ortonville) was the result of the consolidation of Ortonville #62 and Bellingham #371 and District #2904 (Tracy Area) was the result of the consolidation of Tracy #417 and Balaton #411.

**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. Ortonville #2903 had a Payable 2010 consolidation transition levy.

**School District Consolidations**

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
First Year of Consolidation	0	0	2	0	0	5	0
Second Year of Consolidations	0	0	0	2	0	0	5

**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](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

**Activity at a Glance**

- Number of students participating (FY 2009)
 

Text Book/Materials	79,358
Health Services	74,336
Guidance and Counseling	27,844
- Percentage of nonpublic students participating in program (FY 2009)
 

Text Book/Materials	88%
Health Services	82%
Guidance and Counseling (grades 7-12)	91%
- Rates per nonpublic pupil (FY 2009)
 

Text Book/Materials	\$77.23
Health Services	\$58.23
Guidance and Counseling	\$185.38
- All nonpublic students requesting materials and/or services by the statutory deadline have been and are being accommodated.

**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 & Measures**

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.

**Goal:** Increase access to textbooks, individualized instructional materials, and standardized tests.

**Measure:** The percentage of nonpublic school pupils participating in this category decreased slightly from 89% in FY 1990 to 88% in FY 2009.

**Goal:** Increase access to health services.

**Measure:** The percentage of nonpublic school pupils participating in this category decreased from 88% in FY 1990 to 82% in FY 2009.

**Goal:** Increase access to guidance and counseling services.

**Measure:** The percentage of nonpublic secondary school pupils participating in this category increased from 76% in FY 1990 to 91% in FY 2009.



**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 2011, the maximum per pupil rate for textbooks is \$84.66.

*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 2011, the maximum per pupil rate for health services is \$59.95.

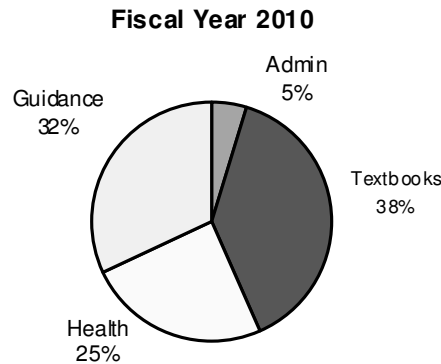
*Guidance and Counseling Services*

- 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 2011, the maximum per pupil rate for guidance and counseling is \$214.50.

*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 2010. 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](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/Miscellaneous_Revenue/index.html).

**DEPARTMENT OF EDUCATION**

**Program: General Education Programs**

Activity: Other General Education Programs  
Nonpublic Pupil Aid

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Total Current Appropriation	12,861	16,157	16,157	16,157	32,314
a. End of Session Estimate			4,378	1,367	5,745
b. November Forecast Adjustment	163	99	67	56	123
e. Cancellation	(1)				0
f. Aid Payment Buy Back-February					0
2 Forecast Base	<b>13,023</b>	<b>16,256</b>	<b>20,602</b>	<b>17,580</b>	<b>38,182</b>
3 Governor's Recommendation					
a. Aid Shift to 70%			(3,451)	(72)	(3,523)
4 Recommended	<b>13,023</b>	<b>16,256</b>	<b>17,151</b>	<b>17,508</b>	<b>34,659</b>

**District Revenue Summary (Entitlement Basis)**

<b>AID State Aid</b>					
3 Statutory Formula Aid	16,379	16,905	17,256	17,616	34,872
4 Statutory Excess/(Shortfall)	(223)	(55)			0
5 Appropriated Entitlement	16,156	16,850	17,256	17,616	34,872
6 Adjustments					
a. Transfer per M.S. 127A.41	223				
b. Appropriation Increase		55			
7 State Aid Entitlement Current Law	16,379	16,905	17,256	17,616	34,872

**Appropriations Basis for State Aid**

Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.

Prior Year	1,067	4,362	5,071	5,176	10,247
Cancellation	(1)				
Transfer per M.S. 127A.41		60			
Current Year	11,794	11,834	12,080	12,332	24,412
Transfer per M.S. 127A.41	163				0
<b>Total State Aid - General Fund</b>	<b>13,023</b>	<b>16,256</b>	<b>17,151</b>	<b>17,508</b>	<b>34,659</b>

# DEPT OF EDUCATION

Program: OTHER GENERAL EDUCATION

Activity: NONPUBLIC TRANSPORTATION

Narrative

## Activity at a Glance

FY 2009

- 56,309 nonpublic students were transported to and from schools.
- 213 of 340 districts transported students.

## 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.

## 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.

## Historical Perspective

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

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Nonpublic Enrollment	88,203	86,914	83,909	81,163	81,886	79,428
Percentage Transported	77.5%	75.0%	76.00%	75.6%	71.5%	70.9%
Nonpublic Students Transported	68,315	65,192	63,775	61,320	58,547	56,309

## Key Activity Goals & Measures

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.

**Goal:** Provide equal transportation services to nonpublic students within the district as public school students.

**Measure:** For FY 2009, 80.1% of all public students received transportation compared to 70.9% of nonpublic students. The following table shows the percentage of public school student who received transportation.

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Public Enrollment	977,805	990,060	985,872	978,555	976,680	971,511
Percentage Transported	83.0%	82.9%	82.5%	80.9%	80.6%	80.1%
Public Students Transported	811,780	820,728	813,708	791,843	787,521	778,110

**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.

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](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

**DEPARTMENT OF EDUCATION**

**Program: General Education Programs**

Activity: Other General Education Programs  
Nonpublic Pupil Transportation

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Total Current Appropriation	17,297	19,729	19,729	19,729	39,458
a. End of Session Estimate			4,637	764	5,401
b. November Forecast Adjustment		(48)	(8)	16	8
c. Cancellation	(99)				
2 Forecast Base	17,198	19,681	24,358	20,509	44,867
3 Governor's Recommendation					
a. Aid Shift to 70%			(4,071)	(34)	(4,105)
4 Recommended	17,198	19,681	20,287	20,475	40,762

**District Revenue Summary (Entitlement Basis)**

AID	State Aid				
3 Statutory Formula Aid	20,713	20,126	20,356	20,526	40,882
4 Statutory Excess/(Shortfall)	136	16			0
5 Appropriated Entitlement	20,849	20,142	20,356	20,526	40,882
6 Adjustments					
a. Cancellation	(136)				
b. Appropriation Reduction		(16)			
7 State Aid Entitlement Current Law	20,713	20,126	20,356	20,526	40,882

**Appropriations Basis for State Aid**

Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.

Prior Year	2,077	5,629	6,037	6,106	12,143
Cancellation		(37)			
Current Year	15,220	14,089	14,250	14,369	28,619
Cancellation	(99)				
<b>Total State Aid - General Fund</b>	<b>17,198</b>	<b>19,681</b>	<b>20,287</b>	<b>20,475</b>	<b>40,762</b>

**Activity at a Glance**

Districts that received grants in FY 2011

• Anoka Hennepin	\$1,500,000
• Brooklyn Center	\$75,000
• Osseo	\$210,000
• Robbinsdale	\$160,000
• Rochester	\$165,000
• South Washington	\$65,000

**Activity Description**

**Citation:** Laws 2005 1<sup>st</sup> Special Session, Chapter 5, Article 1, Section 50, as amended by Laws 2007, chapter 146, Article 1, Section 21

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.

**Population Served**

This pilot program is limited to six school districts listed in law. Brooklyn Center was added to the program 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; and
- 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 & Measures**

**Goal:** 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.

**Measure:** 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.

**Activity Funding**

Grant funds are awarded to the six districts based on the amounts set out in statute. The grants are specified above.

**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](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
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
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
<b>Total</b>	<b>2,175</b>	<b>2,175</b>	<b>2,175</b>	<b>2,175</b>	<b>4,350</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	2,175	2,175	2,175	2,175	4,350
<b>Total</b>	<b>2,175</b>	<b>2,175</b>	<b>2,175</b>	<b>2,175</b>	<b>4,350</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	2,175	2,175	2,175	2,175	4,350
<b>Total</b>	<b>2,175</b>	<b>2,175</b>	<b>2,175</b>	<b>2,175</b>	<b>4,350</b>

**Activity at a Glance**

Special Provisions Include:

- One-Room Schoolhouse

**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 2007 1<sup>st</sup> Special Session, Chapter 146, Article 1, Section 24, 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 \$65,000 in each year.

**Disaster Enrollment Impact Aid**

Citation: Laws 2010 2<sup>nd</sup> Special Session, Chapter 1, Article 1, Section 12, Subd. 2

For disaster enrollment impact aid under Minnesota Statutes, section 12A.06, subdivision 1, calculated at a rate of \$5,924 per pupil in average daily membership lost during fiscal year 2011.

**Disaster Relief Facilities Grant**

Citation: Laws 2010 2<sup>nd</sup> Special Session, Chapter 1, Article 1, Section 12, Subd. 3

For disaster relief facilities grants under Minnesota Statutes, section 12A.06, subdivision 2.

**Disaster Relief Operating Grant**

Citation: Laws 2010 2<sup>nd</sup> Special Session, Chapter 1, Article 1, Section 12, Subd. 4 & Article 2, Section 5, Subd. 2

For disaster relief operating grants under Minnesota Statutes, section 12A.06, subdivision 3.

**Pupil Transportation Aid**

Citation: Laws 2010 2<sup>nd</sup> Special Session, Chapter 1, Article 1, Section 12, Subd. 5 & Article 2, Section 5, Subd. 3

For pupil transportation grants under Minnesota Statutes, section 12A.06, subdivision 4.

**Contact**

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



**DEPT OF EDUCATION**

**Program: OTHER GENERAL EDUCATION**

Activity: SPEC PROV FOR SELECT DISTRICTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	238	1,281	1,281	1,281	2,562
<b>Technical Adjustments</b>					
End-of-session Estimate			(30)	(30)	(60)
One-time Appropriations			(1,186)	(1,186)	(2,372)
Subtotal - Forecast Base	238	1,281	65	65	130
<b>Total</b>	<b>238</b>	<b>1,281</b>	<b>65</b>	<b>65</b>	<b>130</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	199	1,320	65	65	130
<b>Total</b>	<b>199</b>	<b>1,320</b>	<b>65</b>	<b>65</b>	<b>130</b>
 <b><u>Expenditures by Category</u></b>					
Local Assistance	199	1,320	65	65	130
<b>Total</b>	<b>199</b>	<b>1,320</b>	<b>65</b>	<b>65</b>	<b>130</b>

## DEP OF EDUCATION

**Program:** OTHER GENERAL EDUCATION

**Activity:** FEDERAL EDUCATION JOBS PROGRAM (info only)

Narrative

### Activity at a Glance

\$167 million to support education jobs

### Activity Description

**Citation:** American Recovery and Reinvestment Act of 2009, P.L. 111-5, XIV Stat.; Education Jobs Act, Title I, P.L. 111-226

The Education Jobs (Ed Jobs) Fund includes \$10 billion dollars nationally in one-time funding to school districts during the 2010-2011 school year to support jobs that provide educational and related services for early childhood, elementary, and secondary education.

### Population Served

Students, staff, and communities of eligible Local Education Agencies (LEAs) will benefit through retention of jobs and staff, maintenance of class sizes, and prevention of reduced services.

### Services Provided

An LEA must use its funds only for compensation and benefits and other expenses, such as support services, necessary to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary, or secondary educational and related services. Funds may be used *only* for compensation and benefits for teachers and other employees who provide *school-level* educational and related services.

- LEAS may use Ed Jobs funds to pay compensation and benefits for *existing* employees. For example, an LEA that is deficit spending in FY 2011 in order to maintain class sizes at the same level as in FY 2010 may use Ed Jobs funds to pay salaries of currently employed teachers in order to reduce its spending deficit.
- LEAs may also use Ed Jobs funds to pay compensation and benefits for new employees that the LEA has hired and had planned to use other funds for. For example, an LEA that has added a 4th-grade teacher to reduce class size for the 2010–11 school year, and had planned to use other funds to cover the salary, can use Ed Jobs funds to cover the salary.
- LEAs have the discretion to decide how to use program funds, consistent with the provisions in section 101(5) of the Act and all other applicable requirements. The state may not direct how an LEA may use its Ed Jobs funds.
- An LEA may not use Ed Jobs funds to compensate employees for any period prior to August 10, 2010, the date of enactment of the Act.

For purposes of this program, the phrase “compensation and benefits and other expenses, such as support services” includes, among other things: salaries, performance bonuses, health insurance, retirement benefits, incentives for early retirement, pension fund contributions, tuition reimbursement, student loan repayment assistance, transportation subsidies, and reimbursement for childcare expenses.

In addition to teachers, employees supported with program funds may include, among others; principals, assistant principals, academic coaches, in-service teacher trainers, classroom aides, counselors, librarians, secretaries, social workers, psychologists, interpreters, physical therapists, speech therapists, occupational therapists, information technology personnel, nurses, athletic coaches, security officers,

custodians, maintenance workers, bus drivers, and cafeteria workers.

An LEA may not use the funds for administrative expenditures including operation of the superintendent’s office, business office, human resources, planners and researchers.

### Key Activity Goals & Measures

**Goal:** Support education jobs providing educational and related services in a difficult financial period.

**Measure:** MDE will submit quarterly and annual reports on its own behalf and on behalf of LEAS that include the number of educational personnel impacted by the program.

## DEP OF EDUCATION

**Program:** OTHER GENERAL EDUCATION

**Activity:** FEDERAL EDUCATION JOBS PROGRAM (info only)

Narrative

### Activity Funding

The State will allocate Ed Jobs funds in proportion to the LEAs' relative shares of state aid under the primary elementary and secondary education funding formulas, defined as general education aid, state special education aid as adjusted for tuition billing, and state special education excess cost aid. All LEAs that receive state aid are eligible for funding, including school districts, charter schools, integration districts, intermediate school districts, and special education cooperatives.

LEAs that did not submit a FY 2010 application for Federal State Fiscal Stabilization Funds will need to submit an application for funding. All LEAS will submit budget information and draw funds as they disburse cash for approved expenses.

### Contact

Additional information is available at Minnesota Department of Education website at the following link. [http://education.state.mn.us/MDE/About MDE/Fed Stimulus Update/index.html](http://education.state.mn.us/MDE/About_MDE/Fed_Stimulus_Update/index.html).

# DEP OF EDUCATION

**Program: OTHER GENERAL EDUCATION**

**Activity: MISCELLANEOUS LEVIES (info only)**

Narrative

## Activity at a Glance

FY 2011

Number of current levy programs 17

## 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.

- *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. A member district may also levy for its proportionate share of the costs of a judgment against an intermediate district.
- *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). 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 eligible retired teachers. who are not eligible to receive the hospital insurance benefits of the federal Medicare program without payment of a monthly premium. Basic members of the Minneapolis Teachers Retirement Fund Association, who retired before 5-1-74 or who had 20 years of more of basic member services in the former Minneapolis Teachers Retirement Fund and retired before 6-30-83 are eligible.
- *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 to pay 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 1) 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), or 2) its full-time equivalent number of licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors is not less than the number for the previous year. 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.

## DEP OF EDUCATION

**Program:** OTHER GENERAL EDUCATION

**Activity:** MISCELLANEOUS LEVIES (info only)

Narrative

- *Reorganization Operating Debt Levy* (M.S. 123A.73, Subd. 9 and M.S. 123B.82). A school district that reorganizes under consolidation or dissolution and attachment may levy to retire the net negative undesignated fund balance in the operating funds. The levy may be spread over a period up to five years. 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.39, Subd. 3; 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 nonlicensed employees who resign or retire early as a result of the reorganization. A school district with a secondary agreement with another district must pay severance to licensed employees placed on unrequested leave and may levy for the expenses. Districts with an agreement to allow pupils to attend school in an adjoining state may levy for severance costs resulting from the agreement. Districts that levied for cooperation and combination for taxes payable in 1995, may levy for severance for employees who retired as a result of the cooperation and combination. 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.
- *Consolidation Retirement Levies* (M.S. 123A.485). 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: 1) it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the political subdivision of the proposed agreement or intends the abatement to phase in a property tax increase; and 2) it finds that doing so is in the public interest. The political subdivision must add to its levy amount for the current year the total estimated amount of all current year abatements granted. No abatement aid is generated for these abatements.
- *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.

# DEP OF EDUCATION

**Program: OTHER GENERAL EDUCATION**

**Activity: MISCELLANEOUS LEVIES (info only)**

Narrative

- *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.
- *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 MDE. 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.
- *Annual Other Postemployment Benefits Levy* (M.S. 126C.41, Subd. 2). Starting in payable 2010, a district may levy for other postemployment benefit expenses if the district 1) has created an actuarial liability to pay postemployment benefits, and 2) has a sunset clause in affect for the current collective bargaining agreement.
- *Local Collaborative Time Study* (Laws 2008, Chapter 366, Article 6, Section 50). For taxes payable 2009-10 only. Districts may levy to replace federal funds disallowed resulting from the settlement of an audit of Local Collaborative Time Study school-based services claimed.

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.

## Key Activity Goals & Measures

This activity supports MDE's goal of expanding education options for students and families by providing revenue for districts with unique circumstances.

## Activity Funding

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

	FY 2006 04 PAY 05	FY 2007 05 PAY 06	FY 2008 06 PAY 07	FY 2009 07 PAY 08	FY 2010 08 PAY 09	FY 2011 09 PAY 10
1. Reemployment Ins. # of Districts	\$3,201.6 123	\$9,420.6 282	\$8,483.4 291	\$8,589.0 287	\$6,717.3 293	\$8,683.0 291
2. Judgment Levy # of Districts	85.5 3	1,740.8 17	1,691.6 13	837.2 22	1,429.1 11	683.1 6
3. Health Benefit # of Districts	2,674.8 19	3,338.8 21	3,166.9 21	3,053.9 20	3,352.5 18	2,771.5 16
4. Additional Retirement # of Districts	10,354.4 2	10,735.1 2	11,762.2 2	11,352.9 2	11,600.7 2	11,965.3 2
5. Mpls. Health Ins.	355.1	389.8	430.3	452.7	465.3	452.1
6. St. Paul Severance	834.3	911.9	951.1	1,009.6	1,030.9	1,003.6
7. Safe Schools Levy <sup>(1)</sup> # of Districts	24,196.1 315	24,055.1 314	24,135.2 313	28,362.2 318	28,262.4 317	28,370.9 317
8. Ice Arena Levy # of Districts	742.5 11	895.2 10	902.0 10	943.8 9	1369.6 11	1,447.9 12
9. Reorg. Oper. Debt # of Districts	196.1 2	-0- -0-	-0- -0-	-0- -0-	0 0	100 1
10. Severance Levies # of Districts	668.3 7	316.8 4	481.1 4	1,225.7 9	1,463.2 10	1,243.7 9
11. Consol/Retirement # of Districts	-0- -0-	-0- -0-	-0- -0-	-0- -0-	-0- -0-	-0- -0-

# DEP OF EDUCATION

**Program: OTHER GENERAL EDUCATION**

**Activity: MISCELLANEOUS LEVIES (info only)**

Narrative

	FY 2006 04 PAY 05	FY 2007 05 PAY 06	FY 2008 06 PAY 07	FY 2009 07 PAY 08	FY 2010 08 PAY 09	FY 2011 09 PAY 10
12. Consol/Transition # of Districts	-0- -0-	-0- -0-	-0- -0-	-0- -0-	-0- -0-	137 1
13. Swimming Pool # of Districts	457.0 4	508.5 4	561.2 4	558.2 4	559.4 4	569.3 4
14. Career and Technical # of Districts	12,678.2 308	12,689.2 310	12,773.7 309	14,420.6 310	14,726.4 306	14,903.3 308
15. Econ. Dev. Abatement # of Districts	413.7 7	491.6 7	740.9 10	942.6 10	990.8 9	1,158.4 8
16. Tree Growth # of Districts	618.0 46	620.8 46	622.1 47	631.5 49	631.5 48	631.5 48
17. Adm. Services <sup>(2)</sup> # of Districts	-0- -0-	-0- -0-	19.1 1	19.1 1	142.4 2	84.5 1
18. Carpenter Buses <sup>(3)</sup> # of Districts	-0- -0-	3,205.4 36	781.6 16	592.3 11	305.0 7	125.7 4
19. Lost Interest Earnings <sup>(4)</sup> # of Districts	2,987.7 336	2,975.1 333	-0- -0-	-0- -0-	-0- -0-	-0- -0-
20. Operating Debt <sup>(5)</sup> # of Districts	175.7 1	187.7 1	103.7 1	-0- -0-	-0- -0-	-0- -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 2006 – Pay 2010, only

(4) Levy authority authorized for Pay 2003-Pay 2006, only

(5) Repealed – No district qualified after Pay 2007

## Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, Phone: (651) 582-8566.

## DEP OF EDUCATION

**Program:** OTHER GENERAL EDUCATION

**Activity:** STATE PAID PROPERTY TAX CREDITS (info only)

Narrative

### Activity at a Glance

- Six credit programs in FY 2009
- \$68 million total credits in FY 2009

### Activity Description

**Citation:** M.S. 273.119; M.S. 273.1234; M.S. 273.1235; 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.

### 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.

### Key Activity Goals & Measures

This activity supports the Minnesota Milestone that all Minnesotans will have decent, safe, and affordable housing by providing targeted property tax relief.

### 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.

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.



**DEP 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	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
	<u>02 Pay 03</u>	<u>03 Pay 04</u>	<u>04 Pay 05</u>	<u>05 Pay 06</u>	<u>06 Pay 07</u>	<u>07 Pay 08</u>
Disparity Reduction Aid	\$8,432	\$8,927	\$8,127	\$7,983	\$8,066	\$7,967
Disaster Credit	19	-0-	-0-	-0-	27	94
Agricultural Preserves Credit	110	-0-	-0-	-0-	-0-	-0-
Disparity Reduction Credit	439	710	644	798	819	839
Homestead Market Value Credit	69,007	64,741	59,208	59,647	56,605	53,682
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>5,777</u>
TOTAL	\$83,886	\$79,587	\$73,275	\$74,025	\$71,286	\$68,359
Prior Year Adjustment	<u>239</u>	<u>95</u>	<u>125</u>	<u>750</u>	<u>273</u>	<u>316</u>
Adjusted TOTAL	\$84,125	\$79,682	\$73,400	\$74,775	\$71,559	\$68,675

Source: Tax Research Division, Department of Revenue, 01-22-09

**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](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: CHOICE PROGRAMS

Program Summary

*Dollars in Thousands*

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	102,081	125,795	125,795	125,795	251,590
<b>Technical Adjustments</b>					
End-of-session Estimate			31,991	18,841	50,832
November Forecast Adjustment		(265)	(3,682)	(3,362)	(7,044)
Subtotal - Forecast Base	102,081	125,530	154,104	141,274	295,378
<b>Governor's Recommendations</b>					
Aid Shift Changes		0	(23,395)	(1,447)	(24,842)
Eliminate Grandfather-Charter Sch Lease		0	(734)	(1,057)	(1,791)
Eliminate Charter School Startup Aid		0	(420)	(1,126)	(1,546)
Eliminate Magnet School Grants		0	(750)	(750)	(1,500)
<b>Total</b>	<b>102,081</b>	<b>125,530</b>	<b>128,805</b>	<b>136,894</b>	<b>265,699</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	98,255	118,858	128,805	136,894	265,699
<b>Statutory Appropriations</b>					
Federal	8,948	7,717	11,018	11,003	22,021
<b>Total</b>	<b>107,203</b>	<b>126,575</b>	<b>139,823</b>	<b>147,897</b>	<b>287,720</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	109	0	0	0	0
Local Assistance	107,094	126,575	139,823	147,897	287,720
<b>Total</b>	<b>107,203</b>	<b>126,575</b>	<b>139,823</b>	<b>147,897</b>	<b>287,720</b>
<b><u>Expenditures by Activity</u></b>					
Charter School Lease Aid	36,016	43,088	47,561	52,503	100,064
Charter School Start Up	7,842	7,607	11,224	11,039	22,263
Integration Revenue	50,263	61,387	65,736	67,319	133,055
Magnet Schools	740	750	0	0	0
Interdist Deseg Transportation	12,342	13,743	15,302	17,036	32,338
<b>Total</b>	<b>107,203</b>	<b>126,575</b>	<b>139,823</b>	<b>147,897</b>	<b>287,720</b>

**Activity at a Glance**

- In FY 2009 there were 153 charter schools in Minnesota.  
Estimated FY 2009 Activity:  
 Pupil units (PU) served 36,145  
 Lease aid per PU (max) \$1,200  
 Average gross aid per PU \$1,034
- This program began in FY 1998 with 25 of 27 charter schools receiving aid.
- 149 of 153 schools received lease aid in FY 2009.

**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 lease 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.

The Minnesota Department of Education (MDE) received a five-year competitive federal grant through Title V, Part B of the Elementary Secondary Education Act-State Charter School Facilities Incentives Grant Program, and currently has a one-year, no cost extension to award and expend the remaining funds. MDE may award sub-grants to eligible charter schools to assist charter school with facility-related costs.

**Key Activity Goals & Measures**

**Goal:** Minnesota charter schools will have access to resources that allow the schools to lease appropriate educational facilities for instruction.

**Measure:** All charter schools that applied for lease aid have received funding to lease instructional facilities.

**Goal:** Expand education options for students and families.

**Measure:** There were 36,145 pupil units served, or approximately 4% of the K-12 students enrolled in public schools, in charter schools for FY 2009. This shows the magnitude of students and parents choosing this education option.

**Activity Funding**

**Charter School Lease Aid Statistics**

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Lease Amount	\$23,589,096	\$28,172,665	\$32,775,800	\$38,801,178	\$44,290,026
PU Served	19,524	23,028	26,766	31,702	36,145
Average Lease Cost Per PU	\$1,208	\$1,223	\$1,225	\$1,224	\$1,225
Total Gross Aid	\$20,634,020	\$24,203,68	\$27,803,213	\$32,600,495	\$37,375,729
Average Aid/PU	1,057	1,051	1,039	1,028	1,034

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.

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 greater than \$1,200).

**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](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](http://education.state.mn.us/mde/Academic_Excellence/School_Choice/Public_School_Choice/Charter_Schools/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Education Excellence**

Activity: Choice Programs  
Charter School Lease

Budget Activity Summary

*Dollars in Thousands*

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium 2012-13
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
<b>General Fund</b>					
1 Total Current Appropriation	34,833	44,938	44,938	44,938	89,876
a. End of Session Estimate			17,151	13,168	30,319
b. November Forecast Adjustment		(2,630)	(3,821)	(3,491)	(7,312)
d. Cancellation	(1,162)				
2 Forecast Base	<b>33,671</b>	<b>42,308</b>	<b>58,268</b>	<b>54,615</b>	<b>112,883</b>
3 Governor's Initiatives					
a. Aid Shift to 70%			(9,973)	(1,056)	(11,029)
b. Eliminate Grandfather Amount			(734)	(1,056)	(1,790)
4 Recommended	<b>33,671</b>	<b>42,308</b>	<b>47,561</b>	<b>52,503</b>	<b>100,064</b>

**District Revenue Summary (Entitlement Basis)**

<b>AID</b>	<b>State Aid</b>					
3 Statutory Formula Aid		40,982	44,632	48,816	54,084	102,900
4 Statutory Excess/(Shortfall)		1,660	3,118			
5 Appropriated Entitlement		42,642	47,750	48,816	54,084	102,900
6 Adjustments						
a. Cancellation		(1,660)				
c. Appropriation Reduction			(3,118)			
7 State Aid Entitlement Current Law		40,982	44,632	48,816	54,084	102,900
8 Other Revenue						
a. Federal		2,345	780	0	0	0
9 Total All Sources Current Law		43,327	45,412	48,816	54,084	102,900

**Appropriations Basis for State Aid**

Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.

Prior Year	3,754	11,513	13,389	14,644	28,033
Current Year	31,129	31,243	34,172	37,859	72,031
Cancellation Prior Year Account	(50)	(448)			
Cancellation Current Year Account	(1,162)				
<b>Total State Aid - General Fund</b>	<b>33,671</b>	<b>42,308</b>	<b>47,561</b>	<b>52,503</b>	<b>100,064</b>

**Activity at a Glance**

- There were 153 charter schools in Minnesota (FY 2009)
- Number of charter schools receiving start-up funding:
 

State start-up	26
Federal start-up	41

**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. Federal funding is available

for three years (typically one year for planning and the following two years for operation). Federal funding is provided as grants to assist charter schools in specific start-up activities.

**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 grants* for planning, program design, and initial implementation of new charter schools; and,
- *Dissemination grants* 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 & Measures**

**Goal:** Expand education options for students and families by providing start-up funding for new charter schools.

**Measure:** 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</u> <u>2000</u>	<u>FY</u> <u>2001</u>	<u>FY</u> <u>2002</u>	<u>FY</u> <u>2003</u>	<u>FY</u> <u>2004</u>	<u>FY</u> <u>2005</u>	<u>FY</u> <u>2006</u>	<u>FY</u> <u>2007</u>	<u>FY</u> <u>2008</u>	<u>FY</u> <u>2009</u>
State	28	32	26	20	11	-0*	23	33	24	26
Federal	46	55	49	49	48	56	56	71	56	41

\*No appropriation for state start-up aid was provided for schools opening in FY 2004 or FY 2005. FY 2004 revenue is second year revenue for schools opened in FY 2003.

**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* for newly approved public charter schools.
- *Dissemination grants* for successful charter schools that have been in operation for three consecutive years and have substantial improvement of student achievement, high levels of parent satisfaction and the management and leadership necessary to overcome initial start-up problems and establish a thriving, financially viable charter school.

## DEPT OF EDUCATION

**Program:** CHOICE PROGRAMS

**Activity:** CHARTER SCHOOL START-UP AID

Narrative

Subgrants are awarded for a total period of up to 36 months of which up to 18 months of the period may be used for planning and program design, and up to 24 months 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 grants are a maximum of \$540,000 per school, 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](http://education.state.mn.us/mde/Academic_Excellence/School_Choice/Public_School_Choice/Charter_Schools/index.html).



**DEPARTMENT OF EDUCATION**

**Program: Education Excellence**

Activity: Choice Programs  
Charter School Startup Aid

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Recomm		Biennium 2012-13
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
<b><i>Direct Appropriations by Fund</i></b>					
<b>General Fund</b>					
3 Total Current Appropriation	1,218	743	743	743	1,486
a. End of Session Estimate			(75)	(107)	(182)
b. November Forecast Adjustment	21	(73)	102	652	754
<b>4 Forecast Base</b>	<b>1,239</b>	<b>670</b>	<b>770</b>	<b>1,288</b>	<b>2,058</b>
3 Governor's Initiatives					
a. Aid Shift to 70%			(144)	(126)	(270)
b. Eliminate Program			(420)	(1,126)	(1,546)
<b>4 Recommended</b>	<b>1,239</b>	<b>670</b>	<b>206</b>	<b>36</b>	<b>242</b>

***District Revenue Summary (Entitlement Basis)***

<b>AID</b>	<b>State Aid</b>				
5 Statutory Formula Aid	1,420	410	718	1,352	2,070
6 Statutory Excess/(Shortfall)	(29)	115			0
7 Appropriated Entitlement	1,391	525	718	1,352	2,070
8 Adjustments					
a. Transfer per M.S. 127A.41	29				
b. Appropriation Decrease		(115)			
<b>9 State Aid Entitlement Current Law</b>	<b>1,420</b>	<b>410</b>	<b>718</b>	<b>1,352</b>	<b>2,070</b>
10 Governor's Initiatives					
a. Aid Shift to 70%			0	0	0
b. Eliminate Program			(600)	(1,352)	(1,952)
<b>11 Governor's Aid Recommendation</b>	<b>1,420</b>	<b>410</b>	<b>118</b>	<b>0</b>	<b>118</b>
<b>18 Other Revenue</b>					
a. Federal	9,195	11,000	13,000	13,000	26,000
b. Dedicated Receipts					
<b>19 Total All Sources Current Law</b>	<b>10,615</b>	<b>11,410</b>	<b>13,718</b>	<b>14,352</b>	<b>28,070</b>
<b>20 Governor's Total Revenue Recommendation</b>	<b>10,615</b>	<b>11,410</b>	<b>13,118</b>	<b>13,000</b>	<b>26,118</b>

***Appropriations Basis for State Aid***

Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.

Prior Year	202	375	123	36	159
Current Year	1,016	287	83	0	83
Transfer per M.S. 127A.41	21	8			
<b>Total State Aid - General Fund</b>	<b>1,239</b>	<b>670</b>	<b>206</b>	<b>36</b>	<b>242</b>

**Activity at a Glance**

- ◆ District participation has increased from 52 districts in FY 2004 to 124 districts in FY 2011.
- ◆ Integration plans are designed to provide voluntary strategies to reduce the racial isolation of school districts from their neighboring districts or to reduce racial concentration across schools within a single district.

**Activity Description**

**Citation:** M.S. 124D.86; Minnesota Rules 3535.0100 – 3535.0180

The purpose of this state aid and local levy program is to support the implementation of integration plans mandated by the Desegregation/Integration Rule.

Eligible school districts include:

- Districts with racially identifiable school(s), which have at least one school that has a protected student enrollment more than 20 percentage points above the entire district's protected race enrollment for the same grade levels;
- Racially isolated districts, which have a protected student enrollment that exceeds that of any adjoining district by at least 20 percentage points;
- Adjoining districts, which have a protected student enrollment at least 20 percentage points less than an adjoining racially isolated district and participate in a multidistrict collaboration council with the racially isolated district; and,
- Voluntary districts, which are not contiguous to a racially isolated district, but voluntarily belong to a multidistrict integration collaborative to assist in reducing the isolation of a racially isolated district(s).

**Population Served**

The program serves all students, not just protected students, attending public schools in districts eligible under the Desegregation Rule. Protected students means students who self-identify or are identified in the general racial categories of African/Black Americans, Asian/Pacific Americans, Chicano/Latino Americans, and American Indian/Alaskan Native; and multi-racial students who self-identify or are identified as having origins in more than one of the preceding categories as having origins in one of these categories and in the category of Caucasian.

**Services Provided**

Integration revenue must be used for students to have increased and sustained interracial contacts and improved educational opportunities and outcomes designed to close the academic achievement gap between white students and protected students. All expenditures must be consistent with the approved budget plan required for receipt of integration revenue, and may include costs of:

- providing cooperative transportation that helps balance student populations;
- providing incentives for low-income students to transfer to districts (schools) that are not racially isolated (identifiable);
- developing cooperative magnet programs or schools designed to increase racial balance in the affected districts/schools;
- designing cooperative programs to enhance the experience of students of all races and from all backgrounds and origins;
- providing cooperative efforts to recruit teachers of color and encouraging teacher exchanges, parent exchanges, and cooperative staff development programs;
- encouraging shared extracurricular opportunities, including, for example, community education programs that promote understanding, respect, and interaction among diverse community populations; and,
- providing smaller class sizes, greater counseling and support services, and more extracurricular opportunities and other resources at racially identifiable schools as compared to schools that are not racially identifiable or at schools with a higher concentration of low-income students.

**Historical Perspective**

The integration revenue statute, M.S. 124D.86, was enacted by the 1997 legislature to expand the state's integration efforts beyond the school districts of Duluth, Minneapolis, and St. Paul. The legislature allowed these three districts, which had received state funding since the 1980s, to continue to receive integration revenue at higher rates based on historical spending and did not subject them to some of the requirements of the new law and rule. Changes enacted in 2009 now require the Duluth, Minneapolis, and St. Paul school districts to submit annual integration budgets to MDE for review and approval before receiving integration revenue.

The tables below summarize trends in program participation and the student enrollments of participating districts.

**School District Participation**

<u>Participating Districts</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
<u>Other Qualifying Districts<sup>1</sup></u>						
At maximum revenue \$92 per pupil	28	45	52	54	58	73
At maximum revenue \$129 per pupil	<u>21</u>	<u>28</u>	<u>30</u>	<u>33</u>	<u>37</u>	<u>38</u>
Total, Other Districts	49	73	82	87	95	111
State Total Participating Districts	52	76	85	90	98	114
Alternative Attendance Aid Districts <sup>2</sup>	13	19	17	17	15	17

<sup>1</sup> Includes districts with a racially-identifiable school, racially isolated and adjoining districts, as well as voluntary members of an integration collaborative that have submitted an integration plan budget.

<sup>2</sup> Districts receiving integration revenue that earn additional alternative attendance aid for serving eligible residents of Duluth, Minneapolis, or St. Paul.

**Integration Revenue Districts**

<u>Enrollment, Adjusted Pupil Units</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>
Duluth	12,587	12,119	11,728	11,527	11,296	10,879
Minneapolis	47,171	44,719	42,599	40,783	39,046	38,393
St. Paul	48,388	47,154	47,037	46,205	45,204	44,005
Other Participating Districts	<u>291,537</u>	<u>361,964</u>	<u>372,576</u>	<u>406,107</u>	<u>433,017</u>	<u>460,217</u>
Total APU in Integration Dist.	399,690	465,955	473,941	504,623	528,563	553,495
Total as % of State APU in K-12 School Districts	42%	50%	51%	54%	58%	61%

**Key Activity Goals & Measures**

This revenue program's statute lists the following goals:

**Goal:** Increased and sustained interracial contacts among students.

**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 increase cultural and racial understanding.

**Goal:** Improved educational opportunities and outcomes designed to close the academic achievement gap between white students and protected students.

**Measures:** 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 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**

To receive integration revenue, eligible districts must annually submit a board-approved integration budget to MDE for review and approval. Integration revenue is paid from local levy (30%) and state aid (70%). Annual revenue for schools districts of first-class cities is calculated on adjusted pupil unit counts:

- Minneapolis = \$480 per pupil: \$445 paid from aid/levy, plus additional levy-only revenue of \$35 per pupil
- St. Paul = \$445 per pupil
- Duluth = \$206 per pupil

Revenue for other eligible districts equals the lesser of:

- amount of the MDE approved integration budget plan;
- actual cost to implement the approved integration plan, excluding costs paid from alternative attendance aid (see below); or
- adjusted pupil units times a rate of \$129 if the district’s protected student enrollment exceeds 15% or \$92 if the district’s protected student enrollment is 15% or less, or if the district is a voluntary member of integration collaborative.

Districts eligible to receive integration revenue, except for Minneapolis, St. Paul, and Duluth, can receive additional aid for serving Minneapolis, St. Paul, or Duluth residents whose enrollment contributes to desegregation or integration purposes. Students must qualify for free or reduced price meals and be enrolled under a qualified attendance options program. The maximum alternative attendance aid allowance per adjusted pupil equals the integration revenue rate of the student’s district of residence (\$480-Minneapolis, \$445-St. Paul, \$206-Duluth), less the amount of integration revenue the student generates for the enrolling district. Alternative attendance aid is the lesser of the maximum formula allowance or actual expenditures.

Like most levies, the integration levy certified in December is recognized as revenue in the fiscal year that begins on July 1 of the following calendar year. An exception applies only to the districts of Minneapolis, St. Paul, and Duluth, which are required to early-recognize 100% of their integration levy and adjustments certified in December as revenue for the current fiscal year [M.S. 123B.75, subd. 5 (b)]. Integration aid is recognized as revenue in the same year as the integration levy is recognized [M.S. 127A.45, subd. 12 (a)].

The table below summarizes integration revenue trends between FY 2004 and FY 2009:

	Dollars in Thousands					
	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Duluth	\$ 2,593	\$ 2,496	\$ 2,416	\$ 2,375	\$ 2,327	\$ 2,221
Minneapolis	22,645	21,465	20,447	19,576	18,742	18,429
St. Paul	21,533	20,983	20,932	20,561	20,116	19,582
Other Districts	<u>30,946</u>	<u>32,010</u>	<u>35,530</u>	<u>40,235</u>	<u>42,350</u>	<u>45,786</u>
Total, Integration Aid/Levy	\$77,717	\$76,954	\$79,325	\$82,747	\$83,535	\$86,018
Additional Aid, Alternative Attendance	449	629	698	784	812	886
State Total Integration Revenue	\$78,166	\$77,583	\$80,023	\$83,531	\$84,347	\$86,904

**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](http://education.state.mn.us/mde/Academic_Excellence/School_Choice/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Education Excellence**

Activity: Choice Programs  
Integration Revenue

Budget Activity Summary

*Dollars in Thousands*

<i>Direct Appropriations by Fund</i>	<b>Current</b>		<b>Governor's Rec</b>		<b>Biennium</b>
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>2012-13</b>
<b>General Fund</b>					
1 Total Current Appropriation	50,812	61,782	61,782	61,782	123,564
a. End of Session Estimate			17,195	6,326	23,521
b. November Forecast Adjustment	(549)	(395)	37	(523)	(486)
c. Transfer per M.S. 127A.41					
<b>2 Forecast Base</b>	<b>50,263</b>	<b>61,387</b>	<b>79,014</b>	<b>67,585</b>	<b>146,599</b>
3 Governor's Recommendation					
a. Aid Shift to 70%			(13,278)	(266)	(13,544)
<b>4 Recommended</b>	<b>50,263</b>	<b>61,387</b>	<b>65,736</b>	<b>67,319</b>	<b>133,055</b>

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>	<b>State Aid</b>				
3 Statutory Formula Aid		60,864	64,220	66,387	67,718
4 Statutory Excess/(Shortfall)		752	274		
5 Appropriated Entitlement		61,616	64,494	66,387	67,718
6 Adjustments					
a. Cancellation		(385)			
b. Transfer M.S. 127A.41		(367)			
c. Appropriation Reduction			(274)		
7 State Aid Entitlement Current Law		60,864	64,220	66,387	67,718
<i>plus</i>					
<b>LEVY</b>	<b>Levy</b>				
8 Local Levy Current Law		26,911	28,323	29,248	29,856
<i>equals</i>					
<b>REVENUE</b>	9 Current Law Revenue (State Aid & Levy)	87,775	92,543	95,635	97,574
					193,209
<b>Appropriations Basis for State Aid</b>					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
	Prior Year	5,832	16,636	19,265	19,916
	Cancellation		(203)		
	Current Year	44,980	44,954	46,471	47,403
	Transfer M.S. 127A.41	(367)			
	Cancellation	(182)			
	<b>Total State Aid - General Fund</b>	<b>50,263</b>	<b>61,387</b>	<b>65,736</b>	<b>67,319</b>
					<b>133,055</b>

**Activity at a Glance**

- 8 projects were funded in FY 2009 and 9 were funded in FY 2010.
- School districts statewide may apply for this competitive grant to support integrated learning for students.

**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.

**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; and,
- indirect costs calculated according to the state statutory formula governing indirect costs.

**Key Activity Goals & Measures**

**Goal:** Magnet schools will contribute to voluntary integration efforts by offering a curricular emphasis or theme to attract a diverse student population.

**Measure:** Schools document implementation of an integrated learning environment, and improvement of educational opportunities. Examples of magnet school programming include:

- Garlough Environmental Magnet established a partnership with Dodge Nature Center as a pre-kindergarten through fourth grade school with a focus on environmental science. Through inquiry students explore nature and the environment to develop skills and knowledge in areas of science technology, math, music, and art through hands-on learning.
- The Richfield Public Schools designed, implemented and will sustain an exemplary dual language magnet school for K-5 Spanish-English language students. Program design included a review of programs in English as a Second Language, global studies, all-day kindergarten and retaining middle-class students while improving results for ESL learners and students in poverty.
- Edison High School embraced the "High School Reform Initiative" by retaining the principal and requiring staff to reapply. The goal is to provide a more racially integrated educational experience to improve the educational opportunities and academic achievement of learners. Internal improvements include on-going professional development and an external recruitment/public relations initiative. One goal is to expand business and post-secondary partnerships for students and staff to explore careers and post-secondary programs.

**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**

<u>Fiscal Year</u>	<u>Number of Grants Awarded</u>	<u>Total Amount</u>
2002	3	\$350,000
2003	9	\$734,400
2004	9	\$578,400
2005	8	\$750,000
2006	9	\$749,400
2007	9	\$745,000
2008	9	\$749,858
2009	8	\$973,201
2010	9	\$749,994

**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](http://education.state.mn.us/mde/Academic_Excellence/School_Choice/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Education Excellence**

Activity: Choice Programs  
Magnet School Grants

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	750	750	750	750	1,500
a. Cancellaton	(10)				
<b>2 Forecast Base</b>	<b>740</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>1,500</b>
3 Governor's Initiatives					
a. Eliminate Magnet School Grant Program			(750)	(750)	(1,500)
<b>4 Recommended</b>	<b>740</b>	<b>750</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>	<b>State Aid</b>				
3 Statutory Formula Aid	740	750	750	750	1,500
4 Statutory Excess/(Shortfall)	10				
5 Appropriated Entitlement	750	750	750	750	1,500
6 Adjustments					
a. Cancellation	(10)	0			
<b>7 State Aid Entitlement Current Law</b>	<b>740</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>1,500</b>
10 Governor's Initiatives					
a. Eliminate Magnet School Grant Program			(750)	(750)	(1,500)
<b>20 Governor's Total Revenue Recommendation</b>	<b>740</b>	<b>750</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Appropriations Basis for State Aid</b>					
Cancellation	(10)	0	0	0	0
Current Year	750	750	0	0	0
<b>Total State Aid - General Fund</b>	<b>740</b>	<b>750</b>	<b>0</b>	<b>0</b>	<b>0</b>



**Activity at a Glance**

- 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.

**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 48% white and 52%

## DEPT OF EDUCATION

**Program:** CHOICE PROGRAMS

**Activity:** MAGNET SCHOOLS START-UP AID (info only)

Narrative

minority/protected students. The FAIR Magnet School has a racial mix of 64% white and 36% minority/protected students. Comparatively, the percentage of minority/protected students in the two magnet schools is less than Minneapolis or St. Paul that exceed 69%. However, the Crosswinds Arts and Science Magnet School has a greater percentage of protected students than all of its member districts except St. Paul. The FAIR Magnet School has a greater percentage of protected students than half of its member districts. 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. Two start-up schools received a total of \$665,000 in the FY 2002-03 biennium. No new magnet school have started since that time.

In addition to the start-up funding, M.S. 124D.88, subd. 1 -3 provides authority and procedure 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.

### 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](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

**Activity at a Glance**

- In FY 2009, over 8,500 students were transported to and from interdistrict desegregation or integration schools and the Choice is Yours (CIY) program at a cost of \$13.5 million.
- Other students were transported to a program or event at a cost of \$426,808 in FY 2009.

**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.

**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 Choice is Yours (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 & Measures**

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.

**Goal:** Provide transportation services so that more children and families are able to participate in schools and/or programs that offer an integrated educational environment.

**Measure:** 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.

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Number of Districts	29	33	43	49	54	62
Number of Students Transported	3,322	4,029	5,871	5,664	6,897	8,715

**Goal:** Provide access to schools and programs that are designed to help close achievement gaps between learners from economically disadvantaged families and their peers.

**Measure:** The number of students transported to interdistrict desegregation or integration schools has a direct relationship to the number of students identified as learners from economically disadvantaged families and their peers.

**Goal:** Increase experience and exposure to racial, ethnic, and cultural diversity for students, staff, and communities.

**Measure:** The number of programs, classes and events available to provide exposure to racial, ethnic and cultural diversity increases proportionately to the number of students identified as learners from economically disadvantaged families and their peers.

**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.

## DEPT OF EDUCATION

**Program:** CHOICE PROGRAMS

**Activity:** INTERDISTRICT DESEGREGATION TRANSPORTATION

Narrative

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

Beginning with district expenditures occurring in FY 2002, the aid formula and funding for this program was changed to become a reimbursement program. Districts with qualifying expenses through June 30 are reimbursed in August of the next fiscal year, but are required to recognize the revenue in the year of expenditure, to provide a match of revenue and expenditure.

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](http://education.state.mn.us/MDE/Accountability_Programs/Program_Finance/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Education Excellence**

Activity: Choice Programs  
Interdistrict Desegregation Transportation

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	14,468	17,582	17,582	17,582	35,164
a. End of Session Estimate			(2,280)	(546)	(2,826)
b. November Forecast Adjustment		(3,839)			
c. Cancellation	(2,126)				0
2 Forecast Base	<b>12,342</b>	<b>13,743</b>	<b>15,302</b>	<b>17,036</b>	<b>32,338</b>

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>	<b>State Aid</b>				
3 Statutory Formula Aid	12,342	13,743	15,302	17,036	32,338
4 Statutory Excess/(Shortfall)	2,126	3,839			0
5 Appropriated Entitlement	14,468	17,582	15,302	17,036	32,338
6 Adjustments					
a. Cancellation	(2,126)				
c. Appropriation Reduction		(3,839)			
7 State Aid Entitlement Current Law	<b>12,342</b>	<b>13,743</b>	<b>15,302</b>	<b>17,036</b>	<b>32,338</b>
<b>Appropriations Basis for State Aid</b>					
Transfer per M.S. 127A.41					
Current Year	14,468	13,743	15,302	17,036	32,338
Cancellation	(2,126)				
<b>Total State Aid - General Fund</b>	<b>12,342</b>	<b>13,743</b>	<b>15,302</b>	<b>17,036</b>	<b>32,338</b>

**Budget Activities**

This program includes the following budget activities:

- Success for the Future
- Indian Teacher Preparation Grants
- Tribal Contract Schools
- Tribal Early Childhood Program

DEPT OF EDUCATION  
 Program: INDIAN PROGRAMS

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	3,734	4,449	4,449	4,449	8,898
<b>Technical Adjustments</b>					
End-of-session Estimate			1,191	464	1,655
November Forecast Adjustment		(161)	(311)	(320)	(631)
Subtotal - Forecast Base	3,734	4,288	5,329	4,593	9,922
<b>Governor's Recommendations</b>					
Aid Shift Changes		0	(852)	(18)	(870)
<b>Total</b>	<b>3,734</b>	<b>4,288</b>	<b>4,477</b>	<b>4,575</b>	<b>9,052</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	3,570	4,230	4,477	4,575	9,052
<b>Total</b>	<b>3,570</b>	<b>4,230</b>	<b>4,477</b>	<b>4,575</b>	<b>9,052</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	3,570	4,230	4,477	4,575	9,052
<b>Total</b>	<b>3,570</b>	<b>4,230</b>	<b>4,477</b>	<b>4,575</b>	<b>9,052</b>
<b><u>Expenditures by Activity</u></b>					
Success For The Future	1,766	2,072	2,137	2,137	4,274
Indian Teacher Preparation	190	190	190	190	380
Tribal Contract Schools	1,546	1,900	2,082	2,180	4,262
Tribal Early Childhood Program	68	68	68	68	136
<b>Total</b>	<b>3,570</b>	<b>4,230</b>	<b>4,477</b>	<b>4,575</b>	<b>9,052</b>

**Activity at a Glance**

- 32 grants funded for six years (2007-13) with annual renewal of funds.
- 8,850 American Indian students served.

**Activity Description**

**Citation:** M.S. 124D.81

Success for the Future is a state grant program that provides funding to grantees that develop comprehensive and collaborative plans to support academic achievement,

decrease the dropout rate and improve the school climate for American Indian students in a culturally appropriate manner.

**Population Served**

Twenty-six public school districts, four tribal schools, and one charter school were awarded Success for the Future grant funds in FY 2009-11. These grant programs served approximately 4,850 American Indian students in the urban area and 4,000 in the rural/suburban area.

**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 & Measures**

This program aligns with MDE’s goal of improving student achievement and closing the achievement gap.

**Goal:** 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.

**Goal:** Increase 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 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2009</u>	<u>FY 2010</u>
Number of Grants Funded	30	30	31	31	32	31	31
Number of Applicants	46	46	46	46	48	52	52
Percent of Applicants Funded	65%	65%	67%	67%	66%	60%	60%
Number of Participating Indian Students	7,778	10,527	8,950	8,950	8,850	8,600	8,600
Number of Indian Students in /Districts Statewide	17,479	17,667	17,574	17,397	17,000	18,686	18,686
Percent Served	44.5%	59.6%	50.9%	51.4%	47.0%	46.0%	46.0%

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](http://education.state.mn.us/MDE/Academic_Excellence/Indian_Education/index.html).



**DEPARTMENT OF EDUCATION**

**Program: Education Excellence**

Activity: Indian Programs  
Success for the Future

Budget Activity Summary

*Dollars in Thousands*

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>General Fund</b>					
1 Total Current Appropriation	1,774	2,072	2,072	2,072	4,144
a. End of Session Estimate	(8)		493	65	558
<b>2 Forecast Base</b>	<b>1,766</b>	<b>2,072</b>	<b>2,565</b>	<b>2,137</b>	<b>4,702</b>
3 Governor's Initiatives					
a. Aid Shift to 70%			(428)	0	(428)
<b>4 Recommended</b>	<b>1,766</b>	<b>2,072</b>	<b>2,137</b>	<b>2,137</b>	<b>4,274</b>

***District Revenue Summary (Entitlement Basis)***

<b>AID</b>					
<b>State Aid</b>					
3 Statutory Formula Aid	2,137	2,137	2,137	2,137	4,274
4 Statutory Excess/(Shortfall)					
5 Appropriated Entitlement	2,137	2,137	2,137	2,137	4,274
6 Adjustments					
a. Cancellation					
<b>7 State Aid Entitlement Current Law</b>	<b>2,137</b>	<b>2,137</b>	<b>2,137</b>	<b>2,137</b>	<b>4,274</b>

***Appropriations Basis for State Aid***

Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.

Prior Year	213	576	641	641	1,282
Cancellation	(8)				
Current Year	1,561	1,496	1,496	1,496	2,992
<b>Total State Aid - General Fund</b>	<b>1,766</b>	<b>2,072</b>	<b>2,137</b>	<b>2,137</b>	<b>4,274</b>

**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 25 students per year.

**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>	<u>FY 2009</u>
Number of Eligible Institutions	4	4	4	4	4	4	4
Number of New Participants	21	25	25	23	24	29	18
Number of Graduates	4	7	8	3	2	8	6

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 & Measures**

The measures are reflective of the Minnesota Department of Education’s goal of improving teacher quality.

**Goal:** Improve teacher quality by diversifying Minnesota teaching staff, increasing cultural awareness among teaching staff and administration, and increasing experiences with and exposure to a diversity of teachers for all Minnesota students.

**Measure:** There have been 60 graduates of the program since its inception in 1979, and a total of 90 American Indians have participated or are participating in the program to date.

# DEPT OF EDUCATION

**Program: INDIAN PROGRAMS**

**Activity: INDIAN TEACHER PREPARATION**

Narrative

## 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 2011.

### 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>
<b>TOTAL</b>	<b>\$190</b>

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

## Contact

Additional information is available from the Minnesota Department of Education, Office of Indian Education, [http://education.state.mn.us/MDE/Academic\\_Excellence/Indian\\_Education/index.html](http://education.state.mn.us/MDE/Academic_Excellence/Indian_Education/index.html).

**DEPT OF EDUCATION**

**Program: INDIAN PROGRAMS**

Activity: INDIAN TEACHER PREPARATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	190	190	190	190	380
Subtotal - Forecast Base	190	190	190	190	380
<b>Total</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>380</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	190	190	190	190	380
<b>Total</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>380</b>
 <b><u>Expenditures by Category</u></b>					
Local Assistance	190	190	190	190	380
<b>Total</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>380</b>

**Activity at a Glance**

FY 2009

- 815 American Indian students attend the four contract/grant schools in Minnesota.

**Activity Description****Citation:** M.S. 124D.83

This state aid program provides funding to promote equal education opportunity for students enrolled in tribal contract schools (as compared to public schools) by providing state funds to schools based on the difference between the

amount of aid provided by the federal government and the state per pupil aid.

**Population Served**

Annually, each American Indian-controlled tribal contract or grant school authorized by the United States Code Title 25, Section 450F, that is located on a reservation within the state is eligible to receive tribal contract aid provided that the school:

- plans, conducts, and administers an education program that complies with the requirements of either chapter 124 and chapters 120, 121, 122, 123, 124A, 124C, 125, 126, 129, and 268A or Code of Federal Regulations Title 25, Sections 31.0 to 45.80; and,
- complies with all other state statutes governing independent school districts or their equivalent in the Code of Federal Regulations, Title 25.

Eligibility is limited to the 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 & Measures**

While promoting equal education opportunities for students enrolled in tribal contract schools, this funding is designed to improve student achievement and is intended to close the achievement gap by preparing students to compete in a global economy.

**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;
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).

**DEPT OF EDUCATION****Program: INDIAN PROGRAMS****Activity: TRIBAL CONTRACT SCHOOLS**

Narrative

**Funding Per School**

Dollars in Thousands

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Bug-O-Nay-Ge-Shig	\$721.9	\$727.8	\$759.6	\$695.7	\$704.4	\$719.8
Circle of Life	280.9	282.3	274.8	278.0	255.6	245.8
Nay Ah Shing	425.9	495.1	214.6	116.4	259.3	168.9
Fond du Lac	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Total</b>	\$1,428.7	\$1,505.2	\$1,249.0	\$1,090.1	\$1,219.3	\$1,134.5

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](http://education.state.mn.us/mde/Academic_Excellence/Indian_Education/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Education Excellence**

Activity: Indian Programs  
Tribal Contract Schools

Budget Activity Summary

*Dollars in Thousands*

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>General Fund</b>					
3 Total Current Appropriation	1,702	2,119	2,119	2,119	4,238
a. End of Session Estimate			698	399	1,097
b. November Forecast Adjustment		(58)	(311)	(320)	(631)
c. Cancellation	(156)	(161)			
<b>4 Forecast Base</b>	<b>1,546</b>	<b>1,900</b>	<b>2,506</b>	<b>2,198</b>	<b>4,704</b>
3 Governor's Recommendation					
a. Aid Shift to 70%			(424)	(18)	(442)
<b>4 Recommended</b>	<b>1,546</b>	<b>1,900</b>	<b>2,082</b>	<b>2,180</b>	<b>4,262</b>

***District Revenue Summary (Entitlement Basis)***

<b>AID State Aid</b>					
5 Statutory Formula Aid	1,855	2,000	2,117	2,207	4,324
6 Statutory Excess/(Shortfall)	214	229			0
7 Appropriated Entitlement	2,069	2,229	2,117	2,207	4,324
8 Adjustments					
a. Cancellation	(214)				
b. Appropriation Reduction		(229)			
<b>9 State Aid Entitlement Current Law</b>	<b>1,855</b>	<b>2,000</b>	<b>2,117</b>	<b>2,207</b>	<b>4,324</b>

***Appropriations Basis for State Aid***

Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.

Prior Year	191	558	600	635	1,235
Cancellation		(58)			
Current Year	1,511	1,400	1,482	1,545	3,027
Cancellation	(156)				
<b>Total State Aid - General Fund</b>	<b>1,546</b>	<b>1,900</b>	<b>2,082</b>	<b>2,180</b>	<b>4,262</b>

# DEPT OF EDUCATION

## Program: INDIAN PROGRAMS

Activity: TRIBAL EARLY CHILDHOOD PROGRAM

Narrative

### 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

### 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/or,
- other programs or activities to improve the health, development, and school-readiness of children.

### Key Activity Goals & Measures

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 goal of closing the achievement gap.

**Goal:** Increase educational opportunities for American Indian children and their families.

**Measure:** 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 Funding

#### Tribal Early Childhood Family Education Grants

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Fond du Lac	\$ 9,584	\$ 9,584	\$ 9,584	\$ 9,584	\$ 9,587	\$ 9,587	\$ 9,587
Circle of Life	18,233	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	26,271
Nay Ah Shing	13,909	13,909	13,909	13,909	13,909	13,909	13,909
<b>TOTAL</b>	<b>\$67,997</b>	<b>\$ 67,997</b>	<b>\$ 67,997</b>	<b>\$ 67,997</b>	<b>\$68,000</b>	<b>\$68,000</b>	<b>\$68,000</b>

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

**Contact** Additional information is available from the Minnesota Department of Education, Indian Education Division, (651) 582-8831, [http://education.state.mn.us/mde/Academic Excellence/Indian Education/index.html](http://education.state.mn.us/mde/Academic%20Excellence/Indian%20Education/index.html).



**DEPT OF EDUCATION**

**Program: INDIAN PROGRAMS**

Activity: TRIBAL EARLY CHILDHOOD PROGRAM

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	68	68	68	68	136
Subtotal - Forecast Base	68	68	68	68	136
<b>Total</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>136</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	68	68	68	68	136
<b>Total</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>136</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	68	68	68	68	136
<b>Total</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>136</b>

**Budget Activities**

This program includes the following budget activities:

- Statewide Assessment

**DEPT OF EDUCATION**

Program: INNOVATION & ACCOUNTABILITY

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
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
<b>Governor's Recommendations</b>					
High Performance Awards		0	4,900	7,000	11,900
Achievement Gap Innovation Fund		0	2,100	3,000	5,100
<b>Total</b>	<b>15,150</b>	<b>15,150</b>	<b>22,150</b>	<b>25,150</b>	<b>47,300</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	15,150	15,150	22,150	25,150	47,300
<b>Statutory Appropriations</b>					
Federal	7,232	12,823	13,047	13,127	26,174
<b>Total</b>	<b>22,382</b>	<b>27,973</b>	<b>35,197</b>	<b>38,277</b>	<b>73,474</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	22,382	27,973	28,197	28,277	56,474
Local Assistance	0	0	7,000	10,000	17,000
<b>Total</b>	<b>22,382</b>	<b>27,973</b>	<b>35,197</b>	<b>38,277</b>	<b>73,474</b>
<b><u>Expenditures by Activity</u></b>					
Assessments	22,382	27,973	28,197	28,277	56,474
High Performance Awards	0	0	4,900	7,000	11,900
Achievement Gap Innovation Fd	0	0	2,100	3,000	5,100
<b>Total</b>	<b>22,382</b>	<b>27,973</b>	<b>35,197</b>	<b>38,277</b>	<b>73,474</b>

**Activity at a Glance**

- Serves approximately 62,000 students per grade, grades 3 – high school.
- Serves approximately 60,000 English language learners (ELLs), grades K-12.
- Serves approximately 6,200 students with disabilities who are persistently low performing, grades 5 – high school.
- Serves approximately 4,500 students with severe cognitive disabilities.
- Administers, scores, and reports on required assessments within three categories (Title I – math, reading, science; Title III – English language proficiency; and Diploma – graduation exams) for various grade levels and content areas specialized to student need.
- Develops math, reading, science, and special education assessments.
- Coordinates TIMSS and EPAS participation.
- Supervises NAEP participation.

**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 9 (writing), grade 10 (reading); and grade 11 (mathematics); 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 stakeholders 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 at a fee.

**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.

**Title I Assessments for Reading, Mathematics, and Science**

- **Minnesota Comprehensive Assessments (MCA)**, a required assessment designed to measure students' achievement in reading, mathematics, and science of the Minnesota Academic Standards.
- **Minnesota Comprehensive Assessments-Modified (MCA-Modified)**, an optional assessment under ESEA based on the Minnesota Academic Standards in reading and mathematics designed for students with disabilities who are persistently low performing.
- **Minnesota Test of Academic Skills (MTAS)**, a required assessment based on the Minnesota Academic Standards in reading, mathematics, and science for students who are most severely cognitively challenged.

Students take only one reading, math, or science exam. The three exams above allow a variety of student populations the best opportunity to demonstrate their knowledge and skills.

**Title III Assessments for English Language Proficiency**

- **Test of Emerging Academic English (TEAE)**, being replaced after the 2010-2011 school year. A required assessment 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 learner (EL) standards.
- **Minnesota Student Oral Language Observation Matrix (MN SOLOM)**, being replaced after the 2010-2011 school year. A required assessment designed to evaluate listening and speaking, completed by the ELs' classroom teachers in K-12.

Only students defined as English learners under state statute participate in the exams above.

**Diploma Assessments for Graduation**

- **Graduation Required Assessment for Diploma (GRAD)**, a required assessment 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)**, a required graduation assessment in reading, mathematics, and writing which is now being retired in place of the more rigorous GRAD in high school, but continues to be offered to students who began under that assessment until the end of the 2011-2012 school year.

All graduating public school students must fulfill these exam requirements.

All of the tests above, except for MCA-Modified, are required assessments under the Elementary and Secondary Education Act (ESEA) or Minnesota statute.

**National and International Assessments**

- **Educational Planning and Assessment System (EPAS)**, is a group of tests developed by ACT to assess student preparation for postsecondary education. As funds allow, Minnesota pays for the participation when public school districts give the EXPLORE to 8<sup>th</sup> grade students and/or PLAN to 10<sup>th</sup> grade students. For more information, see the "Explore and Plan - EPAS" budget narrative.
- **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 (school participation is required under the Elementary and Secondary Education Act if receiving ESEA funds).
- **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 "mini-nation" in 2007 with state funding and will participate in 2011 as a "mini-nation" in grade 8 with federal funding.

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 separate professional measurement organizations.

- **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. This vendor also conducts similar calculation audits for Adequate Yearly Progress (AYP) determinations before their release.
- **Alignment Studies**, an ESEA-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 10<sup>th</sup> grade MCA reading test and 11<sup>th</sup> grade MCA mathematics test were first given in all public schools in the spring of 2004.

Beginning with the 2005-06 school year, all students are tested in grades 3-8 and high school in reading and mathematics. Students who entered 8<sup>th</sup> grade in 2005 or after must pass the MCA or GRAD in reading and mathematics in high school to satisfy their state-level graduation assessment. They must also pass the writing GRAD. For the 2009-10 through 2013-14 school years, the legislature enacted an alternative option to meet the state level graduation test requirements for students who do not pass the mathematics GRAD. This alternative option requires students who do not pass to 1) complete with a passing grade all state and local coursework and credits required for graduation by the school board granting the students their diploma, 2) participate in the assessment until they pass the Mathematics GRAD or participate in at least two GRAD retests, whichever comes first, and 3) participate in district-prescribed academic remediation in mathematics. In the 2014-15 school year, the alternative option to the mathematics GRAD will expire under Minnesota statute.

**Key Activity Goals & Measures**

This program addresses MDE's goal 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.

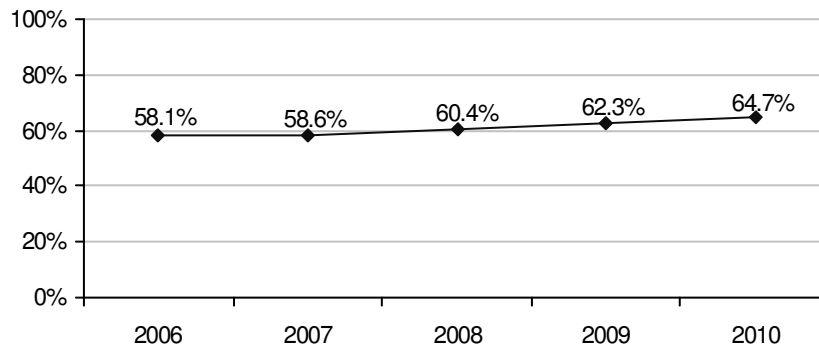
**Goal:** Improve Achievement for All Students.

**Measure:** Provide valid and reliable assessments in reading, math, and science for all general education students.

**Measure:** Provide valid and reliable assessments in reading, math, and science for students with disabilities.

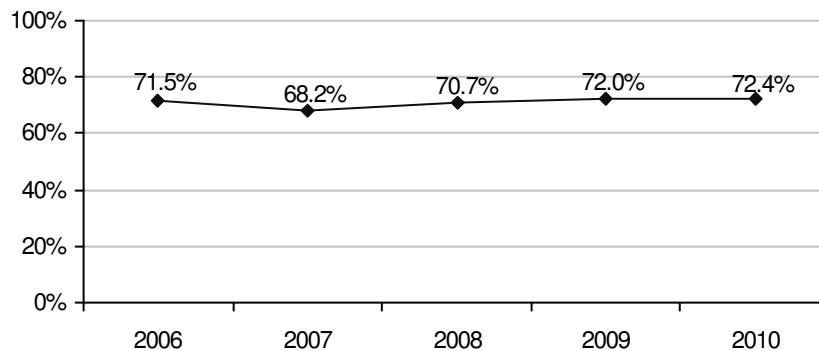
**Measure:** Provide valid and reliable assessments of English language proficiency for English learners.

**2010 Mathematics (MCA-II; MTELL; MTAS)  
Percentage of Students Proficient by Year**



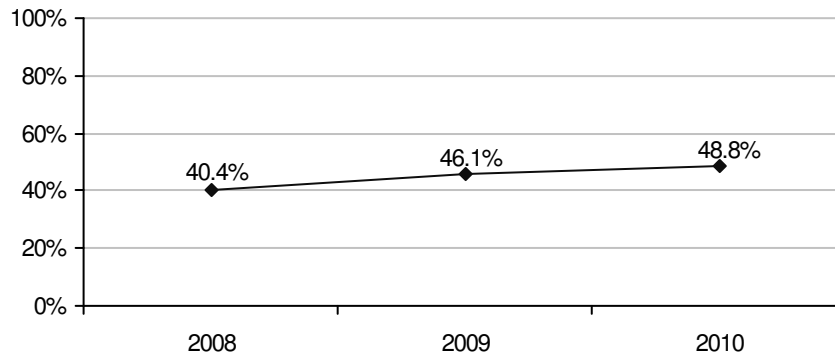
MTELL and MTAS were not administered until 2007.

**2010 Reading (MCA-II; MTAS)  
Percentage of Students Proficient by Year**



Most English language learners took the TEAE in 2006; all were assessed using the MCA-II in 2007 and following years.

**2010 Science (MCA-II; MTAS)  
Percentage of Students Proficient by Year**



**Activity Funding**

The funding supports professional/technical contracts for test development, administration, test scoring, performance level indicators, quality control review, and alignment studies. Both state and federal funds are used.

Expenditures from state and federal funds for the past five years are below. The dollar figures identified reflect funds spent on professional/technical contracts. Department costs associated with administering the programs are not reflected.

	Dollars in Thousands				
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
State Funds – All Assessments	\$ 7,670	\$15,772	\$15,499	\$15,593	\$15,383
Federal Funds – Title I Assessments	7,016	9,207	6,430	4,010	4,387
Federal Funds – Title III Assessments	209	309	500	500	-0-
Federal Funds – Special Education Assessments	209	1,864	3,110	3,744	3,150
<b>TOTAL</b>	<b>\$15,104</b>	<b>\$27,152</b>	<b>\$25,539</b>	<b>\$23,847</b>	<b>\$22,920</b>

- *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](http://education.state.mn.us/mde/Accountability_Programs/Assessment_and_Testing/index.html).

**DEPT OF EDUCATION**  
**Program: INNOVATION & ACCOUNTABILITY**  
**Activity: ASSESSMENTS**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
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
<b>Total</b>	<b>15,150</b>	<b>15,150</b>	<b>15,150</b>	<b>15,150</b>	<b>30,300</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	15,150	15,150	15,150	15,150	30,300
<b>Statutory Appropriations</b>					
Federal	7,232	12,823	13,047	13,127	26,174
<b>Total</b>	<b>22,382</b>	<b>27,973</b>	<b>28,197</b>	<b>28,277</b>	<b>56,474</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	22,382	27,973	28,197	28,277	56,474
<b>Total</b>	<b>22,382</b>	<b>27,973</b>	<b>28,197</b>	<b>28,277</b>	<b>56,474</b>



**DEPT OF EDUCATION**

**Program: INNOVATION & ACCOUNTABILITY**

Activity: ACHIEVEMENT GAP INNOVATION FD

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
<b>Governor's Recommendations</b>					
Achievement Gap Innovation Fund		0	2,100	3,000	5,100
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2,100</b>	<b>3,000</b>	<b>5,100</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	0	0	2,100	3,000	5,100
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2,100</b>	<b>3,000</b>	<b>5,100</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	0	0	2,100	3,000	5,100
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2,100</b>	<b>3,000</b>	<b>5,100</b>

**DEPT OF EDUCATION**  
**Program: INNOVATION & ACCOUNTABILITY**  
**Activity: HIGH PERFORMANCE AWARDS**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
<b>Governor's Recommendations</b>					
Excellence in Education Award		0	4,900	7,000	11,900
<b>Total</b>	<b>0</b>	<b>0</b>	<b>4,900</b>	<b>7,000</b>	<b>11,900</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	0	0	4,900	7,000	11,900
<b>Total</b>	<b>0</b>	<b>0</b>	<b>4,900</b>	<b>7,000</b>	<b>11,900</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	0	0	4,900	7,000	11,900
<b>Total</b>	<b>0</b>	<b>0</b>	<b>4,900</b>	<b>7,000</b>	<b>11,900</b>

**Budget Activities**

This program includes the following budget activities:

- Advanced Placement/International Baccalaureate (AP/IB)
- AP/IB Expansion and Concurrent Enrollment
- Collaborative Urban Educator
- Youthworks
- Student Organizations
- Explore and Plan (EPAS)
- Early Childhood Literacy
- No Child Left Behind Programs
- Student Choice/Tax Incentives (information only)
- Miscellaneous Federal Programs

# DEPT OF EDUCATION

Program: SPECIAL STUDENT & TEACHER PROG

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	10,857	10,857	10,857	10,857	21,714
Subtotal - Forecast Base	10,857	10,857	10,857	10,857	21,714
<b>Governor's Recommendations</b>					
Eliminate Explore and PLAN Tests		0	(829)	(829)	(1,658)
<b>Total</b>	<b>10,857</b>	<b>10,857</b>	<b>10,028</b>	<b>10,028</b>	<b>20,056</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	10,524	11,190	10,028	10,028	20,056
<b>Statutory Appropriations</b>					
Federal	204,867	211,545	223,480	237,246	460,726
Federal Stimulus	31,039	211,440	52,075	0	52,075
<b>Total</b>	<b>246,430</b>	<b>434,175</b>	<b>285,583</b>	<b>247,274</b>	<b>532,857</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	17	6	6	6	12
Other Operating Expenses	1,077	1,322	14	14	28
Payments To Individuals	703	759	820	894	1,714
Local Assistance	244,633	432,088	284,743	246,360	531,103
<b>Total</b>	<b>246,430</b>	<b>434,175</b>	<b>285,583</b>	<b>247,274</b>	<b>532,857</b>
<b><u>Expenditures by Activity</u></b>					
Ap/lb	4,167	4,833	4,500	4,500	9,000
Ap/lb Expansion	2,000	2,000	2,000	2,000	4,000
Collaborative Urban Educator	528	528	528	528	1,056
Youthworks	900	900	900	900	1,800
Student Organizations	743	725	725	725	1,450
Epas	829	829	0	0	0
Early Childhood Literacy	1,375	1,375	1,375	1,375	2,750
No Child Left Behind	229,712	414,619	267,366	229,002	496,368
Other Federal Programs	6,176	8,366	8,189	8,244	16,433
<b>Total</b>	<b>246,430</b>	<b>434,175</b>	<b>285,583</b>	<b>247,274</b>	<b>532,857</b>
<b>Full-Time Equivalentents (FTE)</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	

**Activity at a Glance**

In FY 2010:

- 55 IB schools participated at 62 school sites.
- 32,541 AP students took 53,239 exams.
- 2,328 IB students took 4,970 exams.
- 4,755 low-income students took at least one AP exam, with 2,940 earning a three or higher on at least one exam.
- 733 AP teachers attended in-depth training.
- 1,018 IB teachers attended in-depth training.

**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 2010, students of color represented 15% of all Minnesota

students tested in AP. Students of color represented 12% of all Minnesota students earning passing scores on AP exams. In the International Baccalaureate program, students of color represent 33% of all Minnesota students tested in IB and students of color earned 22% of all IB exams with passing scores.

**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 parents time and money during postsecondary education. These programs provide increased academic rigor as well 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 (MnSCU) 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 AP or IB programs in that the programs revitalize teachers and departments and indicate 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 & Measures**

Improve student achievement and prepare students to compete in a global economy by promoting rigorous education for all students and promoting dual credit opportunities for all students.

**DEPT OF EDUCATION**

**Program: SPECIAL STUDENT & TEACHER PROGRAMS**

Activity: AP/IB

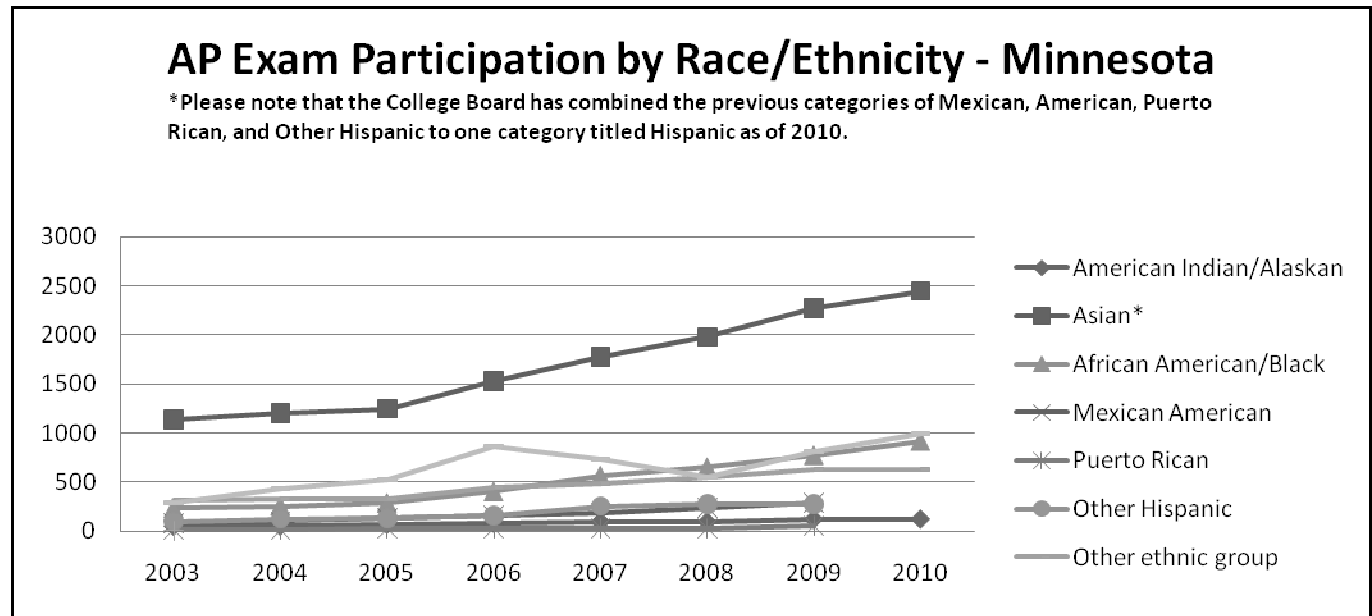
Narrative

**Goal:** Increase the number of low income and minority students participating in AP and IB courses by at least 5% per year.

**Measure:** Enrollment of low income and minority students in AP and IB courses. Although MDE does not currently track enrollment in courses, the Minnesota Common Course catalogue under development will have the capacity to do so.

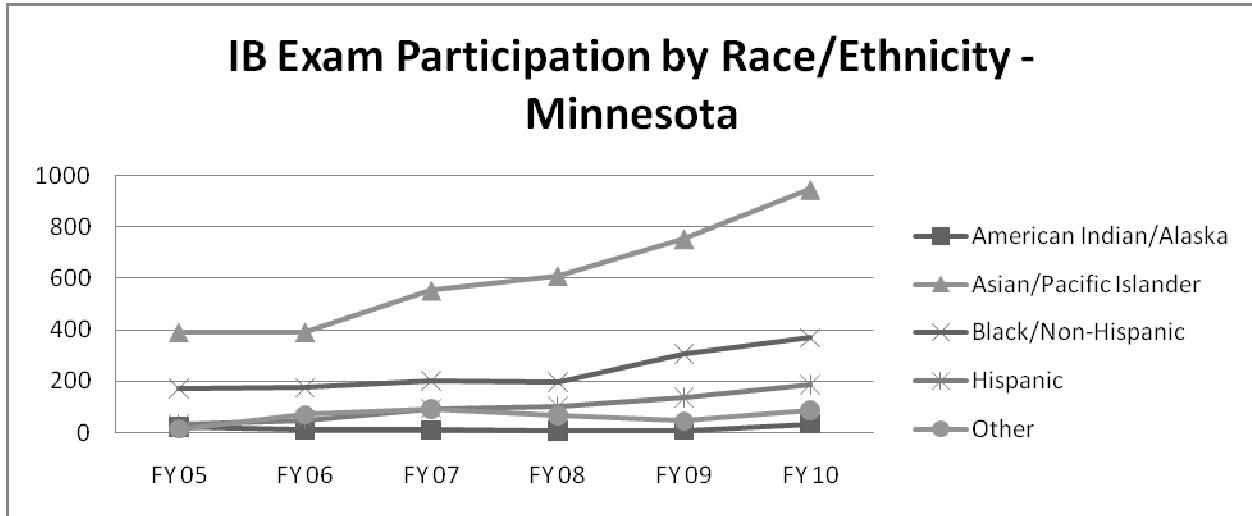
**Goal:** Increase the number of low income and minority students taking AP and IB exams by at least 5% per year.

**Measure:** Number of low income and minority AP and IB test-takers.



**AP Exam Participation by Race/Ethnicity – Minnesota**

Ethnic Group	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	% Change from 2009 to 2010	% Change from 2005 to 2010
American Indian/Alaskan	65	79	89	92	119	120	0.84%	84.62%
Asian	1,245	1,528	1,778	1,979	2,272	2,446	7.66%	96.47%
African American/Black	285	401	566	652	775	920	18.71%	222.81%
Mexican American	127	155	187	239	287			
Puerto Rican	20	29	30	30	54			
Other Hispanic	128	158	253	275	275			
Hispanic	275	342	470	544	616	658	6.82%	139.27%
White	16,193	18,812	21,874	23,236	25,181	26,785	6.37%	65.41%
Other ethnic group	322	450	483	552	625	622	-0.48%	93.17%
No response	517	857	728	550	804	990	23.13%	91.49%



**IB Exam Participation by Race/Ethnicity - Minnesota**

Ethnic Group	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	% Change in Exams from 2009 to 2010	% Change in Exams from 2005 to 2010
American Indian/Alaska	21	11	10	6	9	34	277.78%	61.90%
Asian/Pacific Islander	391	391	553	611	754	946	25.46%	141.94%
Black/Non-Hispanic	170	174	202	196	306	368	20.26%	116.47%
Hispanic	32	49	94	101	137	186	35.77%	481.25%
Other	14	70	93	67	45	86	91.11%	514.29%
Not Stated	1427	316	0	2	5	0	-100.00%	-100.00%
White/Non-Hispanic	1,196	2,060	2,458	3024	3,293	3350	1.73%	180.10%

**Goal:** Increase the number of low income and minority students passing AP and IB exams for college level credit by at least 5% per year.

**Measure:** Number of low income and minority AP and IB test-takers earning a 3+ (AP) or 4+ (IB).

**AP Exam Scores 3+ by Race/Ethnicity**

Ethnic Group	2009	2010	% Change from 2009 to 2010
American Indian/Alaskan	62	52	-16.13%
Asian	1,294	1,459	12.75%
African American/Black	285	353	23.86%
Mexican American	134		
Puerto Rican	29		
Other Hispanic	165		
Hispanic*		334	1.83%
White	16,710	17,581	5.21%
Other ethnic group	406	392	-3.45%
No response	456	581	27.41%

\*In 2010, College Board switched to the category Hispanic in place of Mexican American, Puerto Rican, and Other Hispanic.

**DEPT OF EDUCATION**

**Program: SPECIAL STUDENT & TEACHER PROGRAMS**

Activity: AP/IB

Narrative

**IB Exam Scores 4+ by Race/Ethnicity & Low-income Status**

Ethnic Group	2009	2010	% Change from 2009-2010
White/Non-Hispanic	2338	2135	-8.68%
Asian/Pacific Islander	297	325	9.43%
Hispanic	76	106	39.47%
Black/Non-Hispanic	126	113	-10.32%
Other	26	47	80.77%
American Indian/Alaska Native	5	11	120.00%
<b>Low-income Students</b>	340	453	33.24%

**Goal:** Teachers providing AP and IB programs are adequately trained.

**Measure:** Numbers of teachers trained each year in AP and IB programs.

Total Teacher Training	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
IB	115	172	531	403	820	1018
AP	731	795	490	642	1063	733

**Activity Funding**

General Fund Dollars in Thousands

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2009
Teacher Training	\$ 388.0	\$ 244.0	\$ 225.0	\$ 195.0	\$ 253.7	\$ 580.6	\$ 678.4	\$5,284.9
Student Exam Subsidies	1,914.0	905.0	1,626.0	362.1	407.1	2,461.6	3,548.7	3,939.9
Support Programs	-0-	-0-	-0-	-0-	-0-	58.2	71.3	-0-
Total	\$2,302.0	\$1,149.0	\$1,851.0	\$ 557.1	\$ 714.4	\$3,100.4	\$4,298.4	\$9,224.8*

\*Funding for FY09 includes legislative appropriation for Raised Academic Achievement Grants

**Contact**

Additional information is available from the Minnesota Department of Education, Center for Postsecondary Success, (651) 582-8848.



**DEPT OF EDUCATION**  
**Program: SPECIAL STUDENT & TEACHER PROG**  
 Activity: AP/IB

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
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
<b>Total</b>	<b>4,500</b>	<b>4,500</b>	<b>4,500</b>	<b>4,500</b>	<b>9,000</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	4,167	4,833	4,500	4,500	9,000
<b>Total</b>	<b>4,167</b>	<b>4,833</b>	<b>4,500</b>	<b>4,500</b>	<b>9,000</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	0	1	0	0	0
Local Assistance	4,167	4,832	4,500	4,500	9,000
<b>Total</b>	<b>4,167</b>	<b>4,833</b>	<b>4,500</b>	<b>4,500</b>	<b>9,000</b>

**Activity at a Glance****Concurrent Enrollment**

- 17,581 students participated in FY 2008; 2,314 were low income students.
- 17,688 students participated in FY 2009.

**AP/IB Expansion**

- Unfunded in FY 2010-11.

**Activity Description****Citation:** M.S. 120B.132; 124D.091

This state program provides funding to districts to defray the cost of delivering concurrent enrollment courses, also known as "College in the Schools" programs, at high schools. It also 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.

**Population Served**

The program 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. Schools, charter schools, and students participating in the AP and IB programs may also be served by these programs.

**Services Provided**

The concurrent enrollment activity provides funding to districts that offer a concurrent enrollment course according to an agreement under section 124D.09, subdivisions 10 and 16. Concurrent enrollment courses are taught during the regular school day and are offered through a partnership between a high school and a college or university. Qualified high school instructors or college faculty teach the courses. The same assessment methods and content are used, as the equivalent sections taught on the college campus. Students can earn high school and college credit upon successful completion of the course or courses.

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. This program was unfunded during the FY 2010-11 biennium.

**Key Activity Goals & Measures**

**Goal:** Improve student achievement and 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.

**Activity Funding**

State aid is distributed to eligible districts for concurrent enrollment based on formulas as specified in law. Eligible districts received \$34.50 per pupil enrolled in a concurrent enrollment course in FY 2009. Funds were 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.

Numbers do not reflect those students from schools that do not request state reimbursement due to separate articulation agreements.

**Contact**

Additional information is available from the Minnesota Department of Education, Center for Postsecondary Success, (651) 582-8848.

**DEPT OF EDUCATION**  
**Program: SPECIAL STUDENT & TEACHER PROG**  
 Activity: AP/IB EXPANSION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	2,000	2,000	2,000	2,000	4,000
Subtotal - Forecast Base	2,000	2,000	2,000	2,000	4,000
<b>Total</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>4,000</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	2,000	2,000	2,000	2,000	4,000
<b>Total</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>4,000</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	2,000	2,000	2,000	2,000	4,000
<b>Total</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>4,000</b>

**Activity at a Glance**

	FY 2009
• Concordia University	\$210,000
• St. Thomas University	\$159,000
• Hamline University	\$159,000

**Activity Description**

**Citation:** Session Laws 2009, Chapter 96, Article 2, Section 67, Subd. 14

The collaborative urban educator program supports grants to 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.

**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 and Strategies to Increase Teacher Effectiveness. It 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 (SEAT) Licensure Program at Concordia University, St. Paul, is a bachelor's degree completion program for individuals currently employed in Minnesota school districts as paraprofessionals, education assistants, and teaching assistants who are seeking teacher licensure.

**Key Activity Goals & Measures**

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.

**Goal:** Provide professional development to school district staff enhancing skills and abilities to meet the educational needs of urban learners and a diverse student population.

**Measure:** 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.

**Goal:** Recruit and prepare underrepresented populations, persons with cultural or experiential backgrounds in urban settings and individuals currently employed in school districts as paraprofessionals or education assistants for Minnesota teacher licensure.

**Measures:** 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:** SPECIAL STUDENT & TEACHER PROGRAMS

**Activity:** COLLABORATIVE URBAN EDUCATOR

Narrative

Since 1998, 160 students have entered the SEAT program, and 81 graduated. Forty-two of the graduates are teaching in Minnesota schools and 38 students have licensure pending. Of the SEAT graduates currently teaching, 94% are teaching in Minnesota schools.

### Activity Funding

Grants are provided to the three postsecondary institutions as outlined in statute.

	<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

### Contact

Additional information is available from the Minnesota Department of Education, Division of Choice and Services (651) 582-8616.

**DEPT OF EDUCATION**

**Program: SPECIAL STUDENT & TEACHER PROG**

Activity: COLLABORATIVE URBAN EDUCATOR

Budget Activity Summary

	<i>Dollars in Thousands</i>		<i>Dollars in Thousands</i>		<b>Biennium 2012-13</b>
	<b>Current FY2010</b>	<b>Current FY2011</b>	<b>Governor's Recomm. FY2012</b>	<b>Governor's Recomm. FY2013</b>	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	528	528	528	528	1,056
Subtotal - Forecast Base	528	528	528	528	1,056
<b>Total</b>	<b>528</b>	<b>528</b>	<b>528</b>	<b>528</b>	<b>1,056</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	528	528	528	528	1,056
<b>Total</b>	<b>528</b>	<b>528</b>	<b>528</b>	<b>528</b>	<b>1,056</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	528	528	528	528	1,056
<b>Total</b>	<b>528</b>	<b>528</b>	<b>528</b>	<b>528</b>	<b>1,056</b>

**Activity at a Glance**

- 13 AmeriCorps programs are serving rural and urban communities and will mobilize more than 1,077 Youthworks-AmeriCorps members to serve over 40,000 Minnesotans.

**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.

**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 five priority areas: education, the environment, healthy futures, veterans, and economic opportunity. 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 & Measures**

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.

**Goal:** Close the achievement gap by enhancing school readiness.

**Measure:** 12 Youthworks-AmeriCorps programs provided homework assistance, in-school and out-of-school tutoring, service learning, leadership development, environmental education and college preparation and admission assistance for 23,702 at-risk youth and 740 youth of incarcerated parents. In addition, 12,286 at-risk youth were provided a caring adult through 7 Youthworks-AmeriCorps programs.

**Goal:** Serve children and adults in need.

**Measure:** In 2009, 13 Youthworks-AmeriCorps programs served more than 40,000 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:

## DEPT OF EDUCATION

### Program: SPECIAL STUDENT & TEACHER PROGRAMS

Activity: YOUTHWORKS

Narrative

Volunteer Mobilization  
College Access  
Service-Learning  
Family Stability

Educational Achievement  
Mentoring  
Digital Divide  
Environment

Tutoring  
After School  
Affordable Housing  
Workforce Development

For each state dollar invested 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.

**Goal:** Ensure that our communities will be safe, friendly and caring.

**Measure:** 13 Youthworks-AmeriCorps programs engaged over 35,000 volunteers in service. Activities included tutoring, mentoring, environmental restoration/education home building and repair to ensure safe, friendly and caring communities.

### 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.

Full-time service (1,700 hours/year) includes:

- modest living allowance (\$11,400);
- health care;
- childcare if qualified;
- training and experience; and,
- post-service education award of \$4,725 which may be used toward higher education and vocational training costs or to repay college loans.

Part-time service (900 hours/year) includes:

- modest living allowance (\$5,700);
- training and experience; and,
- 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: SPECIAL STUDENT & TEACHER PROG**  
**Activity: YOUTHWORKS**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	900	900	900	900	1,800
Subtotal - Forecast Base	900	900	900	900	1,800
<b>Total</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>1,800</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	900	900	900	900	1,800
<b>Total</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>1,800</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	900	900	900	900	1,800
<b>Total</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>1,800</b>

**Activity at a Glance**

Career and technical education student organizations supported by the Minnesota Foundation for Student Organizations include:

- BPA – Business Professionals of America
- DECA – an Association of Marketing Students
- FFA – Agricultural Education
- FCCLA – Family, Career, and Community Leaders of America
- HERO – Home Economics Related Occupations
- HOSA – Health Occupations Students of America
- PAS – Postsecondary Agricultural Students
- SkillsUSA/VICA – Trade and Industrial Education

**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; and,
- promote a balance between work and family, personal, group and career skills.

**Key Activity Goals & Measures**

**Goal:** Promote 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.

**Measure:**

**Total Participating in Career Technical Student Organizations**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
BPA High School	1,421	1,350	1,387	1,371	1,780	1,798
BPA Postsecondary	240	251	244	227	248	309
DECA High School	2,106	2,202	2,654	2,561	2,615	2,724
ΔEX Postsecondary	1,229	1,367	1,197	1,219	1,518	2,985
FFA High School	6,104	6,606	6,553	6,406	7,766	8,274
PAS Postsecondary	156	186	184	281	228	342
FCCLA High School	1,322	1,383	1,383	1,124	1,126	1,126
HOSA High School	702	755	755	710	713	679
HERO	451	449	421	523	480	419
SKILLS-VICA High School	615	614	625	1,704	746	742
SKILLS-VICA Postsecondary	<u>1,521</u>	<u>1,659</u>	<u>1,425</u>	<u>1,273</u>	<u>1,247</u>	<u>1,544</u>
<b>Total Participation</b>	<b>15,867</b>	<b>16,822</b>	<b>16,828</b>	<b>17,399</b>	<b>18,467</b>	<b>20,942</b>

**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: SPECIAL STUDENT & TEACHER PROG**

**Activity: STUDENT ORGANIZATIONS**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	725	725	725	725	1,450
Subtotal - Forecast Base	725	725	725	725	1,450
<b>Total</b>	<b>725</b>	<b>725</b>	<b>725</b>	<b>725</b>	<b>1,450</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	725	725	725	725	1,450
<b>Statutory Appropriations</b>					
Federal	18	0	0	0	0
<b>Total</b>	<b>743</b>	<b>725</b>	<b>725</b>	<b>725</b>	<b>1,450</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	17	6	6	6	12
Other Operating Expenses	28	14	14	14	28
Local Assistance	698	705	705	705	1,410
<b>Total</b>	<b>743</b>	<b>725</b>	<b>725</b>	<b>725</b>	<b>1,450</b>
<b>Full-Time Equivalents (FTE)</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	

**Activity at a Glance**

In FY 2008:

- 32,317 eighth graders participated in EXPLORE assessment.
- 52,520 tenth graders participated in PLAN assessment.

In FY 2009:

- 36,806 eighth graders from 218 districts participated in EXPLORE assessment.
- 54,106 eighth graders from 272 districts participated in PLAN assessment.

In FY10:

- 38,840 eighth graders participated in EXPLORE assessment.
- 51,682 tenth graders participated in PLAN assessment.

**Activity Description**

Citation: M.S. 120B.128

This state aid program, *EXPLORE and PLAN (EPAS)* is aimed at preparing high school students for postsecondary education options through Assessment and Comprehensive Testing (ACT) College and Career Readiness System.

**Population Served**

School districts and charter schools voluntarily participate in EXPLORE and PLAN funded by the state. The ACT's College and Career Readiness 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 College and Career Readiness System achievement assessment includes English, reading, mathematics, science, and components on planning.

**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 2010, 90,522 students participated in these assessments. In 2008, approximately 85,000 students participated in these assessments. Participation has increased during the 2008-09 and 2009-10 school years because of funding provided through the federal College Access Challenge Grant program, which has supported training for middle school counselors in analyzing data from these assessments to support high school course planning and college readiness. Counselors from over 200 districts have participated in training. Additional support from grants will allow enhanced technical assistance in 2010-11.

**Key Activity Goals & Measures**

This program improves student achievement and prepares students to compete in a global economy.

**Goal:** Promote and support a rigorous education for all students.

**Measure:** Increased number of students will achieve college and career benchmark level proficiency scores on EXPLORE, PLAN, and the ACT.

EXPLORE	2010	2009	% Change
% of 8 <sup>th</sup> graders meeting benchmark score			
English	67%	67%	0
Math	53%	46%	+7%
Reading	50%	45%	+5%
Science	21%	18%	+3%
All four benchmarks met	18%	15%	+3%

PLAN	2010	2009	% Change
% of 10 <sup>th</sup> graders meeting benchmark score			
English	71%	73%	-2%
Math	61%	57%	+4%
Reading	65%	65%	+0%
Science	42%	39%	+3%
All four benchmarks met	35%	32%	+3%

**Goal:** Promote college and career readiness through interest assessment and college credit-bearing courses.

**Measure:** Participation rates of Minnesota high school graduates enrolling in postsecondary in 2008 was 70.2%, an increase from 68.4% in 2006.

**Goal:** Provide data that supports successful student transitions at 9<sup>th</sup> grade and to postsecondary.

**Measure:** Minnesota students who dropped out of high school in 2008 equals 6.3%, a decrease from 6.38% in 2007. Minnesota high school graduates enrolling in postsecondary in 2008 equals 70.2%, an increase from 68.4% in 2006.

**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, distribution, administration, processing and reporting of the EXPLORE and PLAN assessments. Data collection is not included in state funding but may be purchased by individual school districts and charter schools.

**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](http://education.state.mn.us/mde/Accountability_Programs/Assessment_and_Testing/Assessments/EPAS/index.html).

**DEPT OF EDUCATION**  
**Program: SPECIAL STUDENT & TEACHER PROG**  
 Activity: EPAS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	829	829	829	829	1,658
Subtotal - Forecast Base	829	829	829	829	1,658
<b>Governor's Recommendations</b>					
Eliminate Explore and PLAN Tests		0	(829)	(829)	(1,658)
<b>Total</b>	<b>829</b>	<b>829</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	829	829	0	0	0
<b>Total</b>	<b>829</b>	<b>829</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	829	829	0	0	0
<b>Total</b>	<b>829</b>	<b>829</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Activity at a Glance**

Minnesota Reading Corps

- Over 90 AmeriCorps members served in Head Start classrooms.
- Approximately 1,500 Head Start children served annually.

**Activity Description**

**Citation:** M.S. 119A.50

Early childhood literacy grants support 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.

**Historical Perspective**

Early childhood literacy grants were first established in FY 2007. Words Work! developed by the Saint Paul Foundation received a one-time appropriation of \$500,000 in each of FY 2008 and FY 2009.

**Key Activity Goals & Measures**

**Goal:** Close the achievement gap to enhance opportunities for more at-risk students to succeed in life.

**Measure:** Child assessment data aggregated to demonstrate children's progress in literacy skills tracked through grade three. 56% of the participating districts exceeded the district average for all children tested.

**Goal:** Increase literacy rate of children from families who are at or below the federal poverty level.

**Measure:** 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 2009 is appropriated to leverage federal and private funding to support AmeriCorps members serving in the Minnesota Reading Corps program. The budget base for FY 2010 – FY 2013 is \$375,000.

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

**Contact**

Additional information is available from the Minnesota Department of Education, Early Learning Services, (651) 582-8397, [http://education.state.mn.us/mde/Learning\\_Support/Early\\_Learning\\_Services/index.html](http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html).



**DEPT OF EDUCATION**

**Program: SPECIAL STUDENT & TEACHER PROG**

Activity: EARLY CHILDHOOD LITERACY

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	1,375	1,375	1,375	1,375	2,750
Subtotal - Forecast Base	1,375	1,375	1,375	1,375	2,750
<b>Total</b>	<b>1,375</b>	<b>1,375</b>	<b>1,375</b>	<b>1,375</b>	<b>2,750</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	1,375	1,375	1,375	1,375	2,750
<b>Total</b>	<b>1,375</b>	<b>1,375</b>	<b>1,375</b>	<b>1,375</b>	<b>2,750</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	1,375	1,375	1,375	1,375	2,750
<b>Total</b>	<b>1,375</b>	<b>1,375</b>	<b>1,375</b>	<b>1,375</b>	<b>2,750</b>

**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 2010, Minnesota students' achievement in math grew by 6%.
- Between 2006 and 2010, Minnesota students' achievement in reading grew by 1%.

**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; emphasize what works based on scientific research; expand parental options; and expand local control and flexibility.

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 Part A Grants to LEAs** (Local Education Agencies) (CFDA 84.010)

Elementary and Secondary Education Act (ESEA) of 1965, as amended, Title I, Part A.

Title I of the ESEA 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 the Title I: Basic Grants, Concentration Grants, Targeted Assistance, Education Finance Incentive Grants, Accountability Grants, Grants for Neglected or Delinquent Institutions.

Minnesota's share of the national appropriation is based on the number of low-income children counted through an annual update to 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.

**American Recovery and Reinvestment Act** (CDFA 84.394)

The American Recovery and Reinvestment Act of 2009 (ARRA) provided significant new funding for programs under Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA). Specifically, the ARRA provided additional Fiscal Year (FY) 2009 Title I, Part A funds to local education agencies (i.e. charter schools and districts) for schools that had high concentrations of students from families that live in poverty in order to help improve teaching and learning for students most at risk of failing to meet state academic achievement standards. These funds created an opportunity for educators to implement innovative strategies in Title I schools that improve education for at-risk students and close the achievement gap. The additional resources enabled districts and charter schools to serve more students and boost the quality of teaching and learning.

**Title I School Improvement Grant** (CFDA 84.377A and CFDA 84.388A)

The School Improvement Grants (SIG) are intended to facilitate the dramatic turnaround of the identified Persistently Lowest Achieving Schools in the state. The SIG program is intended to fund the implementation of

comprehensive turnaround models in the identified schools. Eligible applicants are Persistently Lowest Achieving Schools in Minnesota. Applicants selected for a SIG award will fully and effectively implement one of the following intervention models in each such school to be served:

- Turnaround Model
- Transformation Model
- Restart Model
- School Closure

The American Recovery and Reinvestment Act of 2009 provided additional funding with the goal of increasing student achievement in the identified Persistently Lowest Achieving Schools in Minnesota.

**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 four Even Start programs, down from 17 in FY 2006. In FY 2009, 251 children and 181 adults participated in five programs.

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.

**21<sup>st</sup> 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) - Discontinued**

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 and CFDA 84.386)**

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;
- to assist all students in becoming technologically literate by the end of eighth grade; and,
- to encourage the effective integration of technology with teacher training and curriculum development to establish research-based instructional methods.

The American Recovery and Reinvestment Act of 2009 provided additional funding for this program.

**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. This program expired on September 30, 2010.

**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 higher 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: SPECIAL STUDENT & TEACHER PROGRAMS

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.

CFDA	Title of Program	FFY 2006	FFY 2007	FFY 2008	Dollars in Thousands		Estimate FFY 2010
					Recovery Act FFY 2009	FFY 2009	
84.010	Title One	\$109,155.7	\$114,582.9	\$126,936.4	\$ 94,711.0	\$140,233.6	\$130,061.3
84.377	Title One School Improvement Grant	0	1,103.5	4,457.4	28,985.0	5,272.1	4,787.3
84.011	State Agency Program-Migrant	1,683.6	1,678.1	1,734.1	0	3,294.9	2,151.8
84.013	State Agency Program-Neglected and Delinquent	204.4	211.8	203.3	0	248.4	244.9
84.186	Safe & Drug Free Schools and Communities Grants	4,649.2	4,649.2	3,935.4	0	3,935.4	0
84.213	Even Start	758.4	669.8	566.5	0	587.4	535.9
84.287	21 <sup>st</sup> Century Community Learning Centers	7,813.2	7,952.4	9,333.8	0	10,020.0	10,891.8
84.318	Educational Technology State Grants	2,178.9	2,314.3	2,339.0	6,117.4	2,489.9	841.8
84.357	Reading First State Grants	8,999.5	9,604.5	3,721.9	0	0	0
84.358	Rural and Low-Income Schools Program	67.7	114.8	80.5	0	142.9	117.6
84.365	Language Acquisition State Grants	7,098.3	6,707.8	8,212.8	0	7,922.7	8,744.7
84.366	Mathematics & Science Partnerships	1,492.9	1,595.1	1,603.8	0	1,749.9	1,631.1
84.367	Improving Teacher Quality State Grants	37,544.8	37,842.2	38,482.8	0	38,884.2	38,554.1
84.369	State Assessments*	7,037.7	7,047.0	7,033.2	0	7,006.8	6,987.4

Discontinued Programs - These NCLB federal funds are shown under Discontinued Programs.

84.298	State Grants for Innovative Programs	1,607.4	1,611.1	0	0	0	0
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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	3,020.9	2,929.9	3,345.4	0	3,411.7	3,526.8
	Impact Aid (Basic, Disabilities, Construction)	15,312.1	14,901.3	15,254.2	651.7	18,086.8	18,476.9
84.060	Indian Education-Grants to Local Education Entities	3,249.9	3,353.7	3,398.8	0	3,413.1	3,513.2

**Total NCLB Act of 2001**                      **\$211,874.6**    **\$218,869.7**    **\$230,639.3**    **\$130,465.1**    **\$246,699.8**    **\$231,066.6**

\*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](http://education.state.mn.us/mde/Accountability_Programs/No_Child_Left_Behind_Programs/index.html).

**DEPT OF EDUCATION**

**Program: SPECIAL STUDENT & TEACHER PROG**

Activity: NO CHILD LEFT BEHIND

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Expenditures by Fund</u></b>					
<b>Statutory Appropriations</b>					
Federal	199,101	203,424	215,310	229,002	444,312
Federal Stimulus	30,611	211,195	52,056	0	52,056
<b>Total</b>	<b>229,712</b>	<b>414,619</b>	<b>267,366</b>	<b>229,002</b>	<b>496,368</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	220	478	0	0	0
Local Assistance	229,492	414,141	267,366	229,002	496,368
<b>Total</b>	<b>229,712</b>	<b>414,619</b>	<b>267,366</b>	<b>229,002</b>	<b>496,368</b>
<b>Full-Time Equivalents (FTE)</b>	<b>3.1</b>	<b>3.1</b>	<b>3.1</b>	<b>3.1</b>	

**Activity at a Glance**

In FY 2009:

- over 232,000 students participated in various choice programs.
- 8,111 students participated in online learning.
- 8,503 students participated in postsecondary enrollment options.
- Minnesota continues to be a leader in school choice.

**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.

**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 provider 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>	<u>FY 2009</u>	<u>FY 2010</u>
Number of Approved Programs	15	22	25	21	20	25	25
Students Accessing OLL Courses	67	160	315	4,562	8,165	8,111	11,876
Number of OLL Course Registrations	197	327	911	23,722	27,949	58,852	86,495

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 for online learning:** Additional information is available from the Minnesota Department of Education, School Choice Programs and Services, (651) 582-8768, [http://education.state.mn.us/MDE/Academic\\_Excellence/School\\_Choice/index.html](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 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>	<u>FY 2009</u>	<u>Est. FY 2010</u>
Students Participating	28,077	30,100	33,234	36,332	39,289	41,715	44,512	47,638	51,994	61,710

Students who open enroll to more than one school district are counted only once.

**Contact for open enrollment:** 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](http://education.state.mn.us/MDE/Academic_Excellence/School_Choice/index.html)



# DEP OF EDUCATION

## Program: SPECIAL STUDENT & TEACHER PROGRAMS

### Activity: STUDENT CHOICE/TAX INCENTIVES (info only)

Narrative

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

- improve pupil learning and student achievement;
- increase learning opportunities for pupils;
- encourage the use of different and innovative teaching methods;
- measure learning outcomes and create different and innovative forms of measuring outcomes;
- 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 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>	<u>FY 2010</u>	<u>FY 2011</u>	Est.
Students	10,190	12,122	13,948	17,121	20,524	23,657	27,983	32,776	35,370	37,020	
Participating											
Number of Charter Schools	68	77	88	106	123	131	143	154	156	148	

**Contact for Charter Schools:** 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](http://education.state.mn.us/MDE/Academic_Excellence/School_Choice/index.html)

**Post-Secondary Enrollment Options** (M.S. 124D.09) allow 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>	<u>FY 2009</u>
Students Participating	7,211	7,546	7,169	7,458	7,416	7,563	7,546	8,503

**Contact for Post Secondary Enrollment Options:** Additional information is available from the Minnesota Department of Education, School Choice Programs and Services, (651) 582-8768, [http://education.state.mn.us/MDE/Academic\\_Excellence/School\\_Choice/index.html](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. Students in any grade level, K-12, may participate in the program. A continual learning plan must be developed for each student.

**Contact for learning year programs:** 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](http://education.state.mn.us/MDE/Academic_Excellence/School_Choice/index.html)

**State-Approved Alternative Programs (SAAPs)** (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 programs: 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

# DEP OF EDUCATION

## Program: SPECIAL STUDENT & TEACHER PROGRAMS

### Activity: STUDENT CHOICE/TAX INCENTIVES (info only)

Narrative

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.
- The OLA Report ([www.auditor.leg.state.mn.us/ped/2010/alted.htm](http://www.auditor.leg.state.mn.us/ped/2010/alted.htm)) released in February 2010 provides information regarding SAAPS.

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Est. FY 2010
Programs	159	159	159	161	164	160	154
Sites	482	477	502	518	537	543	543
Students Participating	137,626	145,911	147,409	149,282	139,196	158,289	155,414
Average Daily Membership	23,347	24,022	24,091	24,410	22,090	23,849	23,682

#### Contact for State-Approved Alternative Programs

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](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.

# DEP OF EDUCATION

**Program:** SPECIAL STUDENT & TEACHER PROGRAMS

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

Narrative

- Private school tuition does not qualify.

## Tax Credits

Tax Year	Amount Claimed (000's)	Number of Claimants	Average Amount
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)) 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.
- 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 6<sup>th</sup> grade and \$2,500 per child in grades 7-12.

Tax Year	Tax Deductions Amount Claimed (000's)	Number of Claimants	Average Amount
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>.

## 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](http://education.state.mn.us/MDE/Academic_Excellence/School_Choice/index).

**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

**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; American Recovery and Reinvestment Act of 2009, P.L. 111-5.

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.

Additional funding for these purposes was provided by the American Recovery and Reinvestment Act of 2009.

**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).

This program provides support for 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

This program supports improving student achievement by improving the quality of the current and future teaching force. The program improves the preparation of prospective teachers and enhances professional development activities; holds 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, including training in the effective uses of technology in the classroom; and recruits highly qualified individuals, including individuals from other occupations, into the teaching force.

**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.

# DEPT OF EDUCATION

## Program: SPECIAL STUDENT & TEACHER PROGRAMS

Activity: MISCELLANEOUS FEDERAL PROGRAMS

Narrative

This grant program supports efforts to establish or expand programs of public school choice for parents and their children. Minnesota was awarded the grant in FY 2002 and FY 2007 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 (suburban and Minneapolis options), transportation, and support services for students.

### 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).

The program supports the development and implementation of effective health education about 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 integrate HIV education within a more coordinated school health program; disseminate information about accessibility, availability, and quality of educational strategies, materials, and curricula to local education agencies and schools; and provide 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) Edward M. Kennedy Serve America Act of 2009.

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>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>	<u>FFY</u> <u>2009</u>
84.048	Vocational Education Basic Grants- Carl Perkins	\$ 6,545.5	\$ 6,640.6	\$6,144.5	\$6495.6	\$6271.4	\$ 6,937.6
84.185	Byrd Honors Scholarships	694.5	690.0	688.5	667.5	673.5	679.5
84.196	Homeless Children	549.0	512.1	518.7	546.1	583.3	636.0
84.293	Foreign Language Assistance	-0-	280.0	-0-	-0-	-0-	-0-
84.336A	Teacher Quality Enhancement Grants	2,715.0	2,844.6	-0-	-0-	-0-	-0-
84.361	Voluntary School Choice	2,240.6	2,240.6	2,712.9	1,905.0	1,692.2	1,696.9
93.938	Comprehensive School Health Program	275.9	254.2	314.2	307.8	580.0	683.0
94.004	Learn and Serve America	<u>287.3</u>	<u>281.6</u>	<u>238.0</u>	<u>238.0</u>	<u>238.0</u>	<u>284.5</u>
<b>TOTAL</b>		\$13,307.8	\$13,743.7	\$10,616.8	\$10,159.2	\$10,038.4	\$10,917.5

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: SPECIAL STUDENT & TEACHER PROG**

Activity: OTHER FEDERAL PROGRAMS

Budget Activity Summary

	<i>Dollars in Thousands</i>		<i>Dollars in Thousands</i>		<i>Biennium 2012-13</i>
	<i>Current FY2010</i>	<i>Current FY2011</i>	<i>Governor's Recomm. FY2012</i>	<i>Governor's Recomm. FY2013</i>	
<b><u>Expenditures by Fund</u></b>					
<b>Statutory Appropriations</b>					
Federal	5,748	8,121	8,170	8,244	16,414
Federal Stimulus	428	245	19	0	19
<b>Total</b>	<b>6,176</b>	<b>8,366</b>	<b>8,189</b>	<b>8,244</b>	<b>16,433</b>
<b><u>Expenditures by Category</u></b>					
Payments To Individuals	703	759	820	894	1,714
Local Assistance	5,473	7,607	7,369	7,350	14,719
<b>Total</b>	<b>6,176</b>	<b>8,366</b>	<b>8,189</b>	<b>8,244</b>	<b>16,433</b>

**Budget Activities**

This program includes the following budget activities:

- Special Education - Regular
- Special Education - Excess Costs
- Special Education - Children with Disabilities
- Special Education - Home-based Services
- Special Education - Court-placed Revenue
- Special Education - Out of State Tuition
- Other Federal Special Education Programs

**DEPT OF EDUCATION**  
 Program: SPECIAL EDUCATION

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	708,196	860,163	860,163	860,163	1,720,326
<b>Technical Adjustments</b>					
End-of-session Estimate			251,909	127,068	378,977
November Forecast Adjustment		367	625	897	1,522
Subtotal - Forecast Base	708,196	860,530	1,112,697	988,128	2,100,825
<b>Governor's Recommendations</b>					
Aid Shift Changes		0	(182,490)	(9,780)	(192,270)
<b>Total</b>	<b>708,196</b>	<b>860,530</b>	<b>930,207</b>	<b>978,348</b>	<b>1,908,555</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	707,924	859,828	930,207	978,348	1,908,555
<b>Statutory Appropriations</b>					
Federal	142,898	174,290	189,062	203,291	392,353
Federal Stimulus	68,802	94,920	26,747	0	26,747
<b>Total</b>	<b>919,624</b>	<b>1,129,038</b>	<b>1,146,016</b>	<b>1,181,639</b>	<b>2,327,655</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	735	839	743	693	1,436
Local Assistance	918,889	1,128,199	1,145,273	1,180,946	2,326,219
<b>Total</b>	<b>919,624</b>	<b>1,129,038</b>	<b>1,146,016</b>	<b>1,181,639</b>	<b>2,327,655</b>
<b><u>Expenditures by Activity</u></b>					
Special Education - Regular	820,091	1,017,049	1,030,378	1,062,627	2,093,005
Special Ed - Excess Cost	96,926	108,410	112,407	115,574	227,981
Special Ed Child W Disability	1,440	1,554	1,648	1,745	3,393
Special Ed - Home Based Svs	229	288	303	306	609
Special Ed Court Placed	76	78	80	82	162
Special Ed Out State Tuition	250	250	250	250	500
Other Federal Sp Ed Programs	612	1,409	950	1,055	2,005
<b>Total</b>	<b>919,624</b>	<b>1,129,038</b>	<b>1,146,016</b>	<b>1,181,639</b>	<b>2,327,655</b>



# DEPT OF EDUCATION

**Program: SPECIAL EDUCATION**

**Activity: SPECIAL EDUCATION - REGULAR**

Narrative

## Activity at a Glance

Special Education services, revenue, and expenditures for FY 2009:

- 124,560 students ages birth – 21 receiving services.
- 27,703 full-time equivalent professional and paraprofessional staff employed.
- \$760 million paid to districts.
- \$177 million federal funds allocated to school districts.

## **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; P.L. 111-5 American Recovery and Reinvestment Act of 2009

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 2009, Minnesota provided special education services to 124,560 children and youth, ages birth through 21. The following table shows the number of special education students by age and disability, as of 12-01-08.

**FY 2009 Unduplicated Child Count by Disability and Age Group as of 12-01-08**

<u>Disability</u>	<u>Preschool Ages B-4</u>	<u>K-12 Ages 5-18</u>	<u>Ages 19-21</u>	<u>Total</u>
1. Autism Spectrum Disorders	938	11,349	420	12,707
2. Deaf-Blind	14	60	3	77
3. Developmentally Delayed	8,239	5,043	-0-	13,282
4. Mildly Moderate-DCD	25	6,034	686	6,745
5. Severe Profound-DCD	12	1,840	334	2,186
6. Deaf or Hard of Hearing	267	2,033	59	2,359
7. Emotional or Behavioral Disorders	71	16,077	363	16,511
8. Other Health Disabilities	49	14,762	279	15,090
9. Physically Impaired	94	1,543	71	1,708
10. Specific Learning Disability	6	30,032	498	30,536
11. Speech or Language Impairment	3,036	18,426	17	21,479
12. Severely Multiply Impaired	31	854	88	973
13. Traumatic Brain Injury	24	409	36	469
14. Visually Impaired	<u>60</u>	<u>365</u>	<u>13</u>	<u>438</u>
<b>Total</b>	12,866	108,827	2,867	124,560

Students become eligible for Part B services by meeting specific state eligibility requirements under one or more of 14 disability categories as defined in Minnesota Rules.

Students ages 3-21 must meet two general criteria to be eligible for special education services: 1) be found eligible through a multi-disciplinary assessment as having a disability; and 2) be in need of specifically designed instruction and related services. The eligibility criteria for each disability are defined in Minnesota Rules 3525.1325 through 3525.1352.

Birth-2 students are eligible for infant and toddler intervention services if:

1. They meet the criteria for any one of the 13 special education disability categories set forth in Minnesota Rules 3525.1325 to 3525.1348.
2. The child experiences a developmental delay that is demonstrated by a score of 1.5 standard deviations or more below the mean as measured by the appropriate diagnostic measures or procedures in one or more of the areas of development (cognitive, physical, communication, social/emotional or adaptive).
3. The child is diagnosed with a physical or mental condition that has a high probability of resulting in developmental delay, regardless of whether the child has demonstrated a need or delay.

The eligibility criteria for infant and toddler intervention services are defined in Minnesota Rules 3525.1350.

The following table shows the number of special education students by education setting as of 12-01-08:

**Unduplicated Child Count by Setting  
as of December 1, 2008 (Birth -21)**

<u>Setting Ages 6-21</u>	<u>Total</u>
Outside of regular classroom less than 21% of school day	64,171
Resource room between 21% and 60% of school day	26,087
Separate classroom more than 60% of school day	10,870
Public separate day school facility greater than 50% of school day	3,894
Private separate day school facility greater than 50% of school day	98
Public residential facility greater than 50% of school day	161
Private residential facility greater than 50% of school day	65
Homebound/hospital placement	<u>274</u>
<b>Subtotal Ages 6-21</b>	<b>105,620</b>
<u>Settings Ages 3-5</u>	
Regular EC program at least 80% of the time	7,312
Regular EC program 40-79% of the time	2,353
Regular EC program less than 40% of the time	995
Separate class	2,823
Separate school	145
Residential facility	3
Service provider location	393
Home	<u>337</u>
<b>Subtotal Ages 3-5</b>	<b>14,361</b>
<u>Settings Ages Birth-2</u>	
Designed for children with development delays	186
Designed for typically developing children	152
Home	4,175
Hospital (inpatient)	3
Resident facility	1
Service provider location	51
Other Setting	<u>11</u>
<b>Subtotal Ages Birth-2</b>	<b>4,579</b>
<b>TOTAL</b>	<b>124,560</b>

**Services Provided**

Special education instruction and services are governed by state statutes (M.S. 125A.02; M.S. 125A.03; M.S. 125A.75); state education rules (chapter 3525); federal law [P.L. 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.

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

# DEPT OF EDUCATION

**Program: SPECIAL EDUCATION**

**Activity: SPECIAL EDUCATION - REGULAR**

Narrative

parents, determines the most appropriate means of delivering the necessary instruction and services to the students.

- 268 smaller school districts have formed 35 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 work with school districts and cooperatives to implement self-assessment and improvement procedures related to program evaluation and to due process compliance. The self-assessment and improvement of both components are implemented through the Minnesota Continuous Improvement Process: Self Review (MNCIMP:SR). The MNCIMP:SR system initiative focuses on education for children with disabilities birth through age 21.

## Key Activity Goals & Measures

The program addresses the Minnesota Department of Education (MDE) goal of improving student achievement and the Minnesota Milestones goal of preparing students to compete in global economy.

**Goal:** To increase the graduation rate of students with disabilities.

**Measure:** Graduation rate of students with disabilities.

	School Year				
	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
All Students	88.8%	90.5%	91.0%	91.2%	91.2%
Special Education	82.0%	82.4%	84.6%	84.9%	85.3%

**Goal:** To decrease the dropout rate of students with disabilities.

**Measure:** Dropout rate of students with disabilities.

	School Year				
	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
All Students	3.2%	3.1%	3.1%	4.5%	34.2%
Special Education	4.6%	4.9%	4.2%	4.5%	4.2%

**Goal:** To support the inclusion of students with disabilities in the statewide assessment system.

**Measure:** Participation and performance on statewide assessments (MCA and MTAS)

	School Year				
	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Overall %	97.7%	97.5%	96.0%	98.0%	97.7%

Overall proficiency (MCA and MTAS) – reading and mathematics combined.

	School Year				
	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
<b>Reading</b>					
Grade 3	50.4%	69.4%	63.3%	65.0%	64.6%
Grade 10	40.2%	45.1%	43.0%	58.4%	63.0%
<b>Math</b>					
Grade 3	53.5%	81.3%	75.7%	79.5%	81.7%
Grade 11	31.5%	19.7%	17.6^	18.7%	25.1%

## 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 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Average Cost Per Student	\$10,204	\$10,629	\$10,962	\$11,256	\$11,713
Child Count Birth-21	118,530	119,720	121,511	123,241	124,560

# DEPT OF EDUCATION

**Program: SPECIAL EDUCATION**

**Activity: SPECIAL EDUCATION - REGULAR**

Narrative

## Total Expenditures (Dollars in Thousands)

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Salaries	\$ 790,784	\$ 826,456	\$ 873,554	\$ 916,739	\$ 966,007
Fringe Benefits*	217,466	227,275	240,227	252,103	265,651
Contracted Services	33,294	35,444	38,062	37,551	36,503
Individualized Instructional Supplies and Equipment	6,875	8,042	8,649	10,056	9,978
Federal Funds Used for Instruction (Birth-21)	161,036	175,306	171,548	170,731	180,839
<b>SUBTOTAL for Direct &amp; Related Services</b>	<b>\$1,209,455</b>	<b>\$1,272,533</b>	<b>\$1,332,040</b>	<b>\$1,387,180</b>	<b>\$1,458,978</b>
Transportation**	119,043	130,492	137,698	146,984	149,520
<b>TOTAL Expenditures</b>	<b>\$1,328,498</b>	<b>\$1,403,025</b>	<b>\$1,469,738</b>	<b>\$1,534,164</b>	<b>\$1,608,498</b>
Annual % Change	6.29%	5.61%	4.75%	4.38%	4.85%

\*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 for Infants and Toddlers-Part C.

## Federal Flow Through Awards to School Districts (Dollars in Thousands)

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010*</u>	<u>FY 2011</u>
Federal Flow Through Entitlement Section 611	\$150,292	156,235	155,880	\$158,637	\$160,486	\$357,555	\$167,744
Preschool Incentive Entitlement Section 619	5,696	5,643	5,576	5,576	5,460	13,100	5,393
Preschool Incentive CSPD Entitlement Section 619	194	192	402	210	214	215	221
Part C	5,719	5,407	5,472	5,462	5,585	12,589	5,500

\* Includes regular and ARRA funds.

## 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 fiscal year.

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 programs 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 received bus depreciation aid for buses that were both purchased after 07-01-05 and used primarily for 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

**DEPT OF EDUCATION**

**Program: SPECIAL EDUCATION**

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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,
- *Supplies and Equipment: 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 district of residence is responsible for the cost of providing special instruction and services to its resident students. When special education services are provided by a cooperative, intermediate district, charter school, or another school district, the special education aid paid the serving district/cooperative/intermediate district/charter school is increased to cover the unreimbursed special education costs and the special education aid paid to the resident district is reduced by an offsetting amount. This adjustment to the state aid is called a "tuition adjustment." Prior to 2007, when MDE began calculating the adjustments, the adjustments occurred through the tuition bills calculated by each district, cooperative, and charter school.

The state total special education revenue for FY 2009 through FY 2011 is set in state law. For FY 2009, FY 2010, and FY 2011 the state total is \$719.5 million, \$735.7 million, and \$786.6 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 91.9% in FY 2004 to 78.7% in FY 2007 due to continued increases in special education expenditures, without a corresponding increase in the state total special education aid. Due to a large increase in funds for FY 2008, aid as a percent of initial aid increased to 86.1% in FY 2008. However, aid as a percent of initial aid declined to 85.3% in FY 2009, and is projected to decline further to 84.3% by 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 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 charter school opens or significantly expands.

85% of federal aid exceeding the base is allocated based on current year enrollment of all students (Sections 611 and 619); 15% is allocated based on current year free and reduced price lunch counts (Sections 611 and 619). For FY 2010 (including ARRA funds), the following amounts were allocated through each formula:

**Part B –Section 611**

	<u>Regular</u>	<u>ARRA</u>	<u>Total</u>
Base	\$ 55,057,097	\$ -0-	\$ 55,057,097
Poverty	16,927,241	28,447,408	45,374,649
Enrollment	95,921,030	161,201,981	257,123,010
<b>TOTAL</b>	<b>\$167,905,368</b>	<b>\$189,649,389</b>	<b>\$357,554,756</b>

**DEPT OF EDUCATION****Program: SPECIAL EDUCATION****Activity: SPECIAL EDUCATION - REGULAR**

Narrative

## Part B – Section 619

	<u>Regular</u>	<u>ARRA</u>	<u>Total</u>
Base	\$ 5,299,759	\$ -0-	\$ 5,299,759
Poverty	13,920	1,156,097	1,170,017
Enrollment	78,882	6,551,214	6,630,096
<b>TOTAL</b>	<b>\$ 5,392,561</b>	<b>\$ 7,707,311</b>	<b>\$13,099,872</b>

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 under 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 reimbursement to school districts for special education expenditures.

MDE typically flows 89% of the federal funds to local education agencies, retains 2% of the funds for administration costs, and retains approximately 9% for statewide set aside programs to implement Minnesota's State Improvement Plan, and to provide 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](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](http://education.state.mn.us/mde/Learning_Support/Special_Education/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Special Programs**

Activity: Special Education

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13 FY 2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Total Current Appropriation	609,003	749,248	749,248	749,248	1,498,496
a. End of Session Estimate			231,642	119,990	351,632
b. November Forecast Adjustment			213	431	644
c. Transfer per M.S. 127A.41					
2 Forecast Base	<b>609,003</b>	<b>749,248</b>	<b>981,103</b>	<b>869,669</b>	<b>1,850,772</b>
3 Governor's Recommendation					
a. Aid Shift to 70%			(165,584)	(9,278)	(174,862)
4 Recommended	<b>609,003</b>	<b>749,248</b>	<b>815,519</b>	<b>860,391</b>	<b>1,675,910</b>

**District Revenue Summary (Entitlement Basis)**

<b>AID</b>	<b>State Aid</b>				
3 Statutory Formula Aid	735,693	786,586	827,920	874,307	1,702,227
4 Statutory Excess/(Shortfall)					0
5 Appropriated Entitlement	735,693	786,586	827,920	874,307	1,702,227
6 Adjustments					
a. Excess Funds Transferred In/(Out)					
b. Supplemental Appropriation					
7 State Aid Entitlement Current Law	735,693	786,586	827,920	874,307	1,702,227
8 Other Revenue					
a. Federal	142,286	172,881	188,112	202,236	390,348
a. Federal Stimulus	68,802	94,920	26,747		26,747
9 Total All Sources Current Law	946,781	1,054,387	1,042,779	1,076,543	2,119,322

**Appropriations Basis for State Aid**

Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.

Prior Year	71,947	198,637	235,975	248,376	484,351
Current Year	537,056	550,611	579,544	612,015	1,191,559
<b>Total State Aid - General Fund</b>	<b>609,003</b>	<b>749,248</b>	<b>815,519</b>	<b>860,391</b>	<b>1,675,910</b>

**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.

- \$110.9 million in entitlements to Minnesota districts in FY 2009.
- 315 districts received excess cost aid in FY 2009.

**Activity Description**

**Citation:** M.S. 125A.79

This state aid program provides school districts with funding to cover a portion of unreimbursed costs of special education and related services.

**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 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.
- 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.

**Key Activity Goals & Measures**

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.

**Goal:** Improve student achievement.

**Measure:** An increased number of students with IEPs will complete the MCA and see academic improvement, as measured by the MCA.

**Goal:** Prepare all students to compete in a global economy.

**Measure:** The students will complete the transition goals established in the students' IEPs that will prepare those students for the world of work with appropriate life-skills.

**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.



## DEPT OF EDUCATION

**Program: SPECIAL EDUCATION**

**Activity: SPECIAL EDUCATION - EXCESS COST**

Narrative

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 \$110.9 million in FY 2009, \$110.8 million in FY 2010, and \$110.9 million in FY 2011, \$113.8 million in FY 2012, and \$117.1 million in FY 2013. 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 equals 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 from 82.6% in FY 2004 to 47.5% in FY 2007 due to continual increases in special education expenditures without a corresponding increase in the state funded total regular special education aid or excess cost aid. 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 programming and the change in the regular formula to current year funding, aid as a percent of initial aid is increased to 73.3% in FY 2008. After FY 2008, with expenditure growth once again exceeding revenue growth, aid as a percent of initial aid is projected to decrease annually to 52.2% in FY 2011, 49.0% in FY 2012 and 46.3% in FY 2013.

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 2004 through FY 2009 and the numbers of districts participating in the program each year:

### Special Education Excess Cost Revenue

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Total Revenue	\$92.1	\$91.8	\$103.6	\$104.70	\$110.64	\$110.9
Number of Districts	319	307	319	325	305	315

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

### Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8810,

[http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/Special\\_Education/Excess\\_Cost\\_Projection\\_Models/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/Special_Education/Excess_Cost_Projection_Models/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Special Programs**

Activity: Special Education-Excess Costs

Budget Activity Summary

*Dollars in Thousands*

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>General Fund</b>					
1 Total Current Appropriation	96,926	108,410	108,410	108,410	216,820
a. End of Session Estimate			20,821	7,615	28,436
b. November Forecast Adjustment			21	51	72
2 <b>Forecast Base</b>	<b>96,926</b>	<b>108,410</b>	<b>129,252</b>	<b>116,076</b>	<b>245,328</b>
3 Governor's Recommendation					
a. Aid Shift to 70%			(16,845)	(502)	(17,347)
4 <b>Recommended</b>	<b>96,926</b>	<b>108,410</b>	<b>112,407</b>	<b>115,574</b>	<b>227,981</b>

***District Revenue Summary (Entitlement Basis)***

AID	State Aid					
3	Statutory Formula Aid	110,847	110,892	113,818	117,208	231,026
4	Statutory Excess/(Shortfall)					0
5	Appropriated Entitlement	110,847	110,892	113,818	117,208	231,026
6	Adjustments					
7	<b>State Aid Entitlement Current Law</b>	<b>110,847</b>	<b>110,892</b>	<b>113,818</b>	<b>117,208</b>	<b>231,026</b>

***Appropriations Basis for State Aid***

Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.

Prior Year	37,046	50,967	53,449	54,860	108,309
Current Year	59,880	57,443	58,958	60,714	119,672
<b>Total State Aid - General Fund</b>	<b>96,926</b>	<b>108,410</b>	<b>112,407</b>	<b>115,574</b>	<b>227,981</b>

**Activity at a Glance**

In FY 2009:

- Served 90.90 ADM with disabilities in school districts.
- Served 16.59 ADM without disabilities in school districts.
- \$1.4 million was reimbursed to school districts in FY 2010.

**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;
- the parent 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 & Measures**

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](http://education.state.mn.us/MDE/Accountability_Programs/Program_Finance/index.html).

**DEPARTMENT 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 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>General Fund</b>					
1 Current Appropriation	1,717	1,895	1,895	1,895	3,790
a. End of Session Estimate			(633)	(561)	(1,194)
b. Cancellation	(277)				
c. November Forecast Adjustment		(341)	386	411	797
2 Forecast Base	<b>1,440</b>	<b>1,554</b>	<b>1,648</b>	<b>1,745</b>	<b>3,393</b>

***District Revenue Summary (Entitlement Basis)***

AID	State Aid					
3	Statutory Formula Aid	1,440	1,554	1,648	1,745	3,393
4	Statutory Excess/(Shortfall)	277	341			
5	Appropriated Entitlement	1,717	1,895	1,648	1,745	3,393
6	Adjustments					
	b. Cancellation	(277)				
	c. Appropriation Reduction		(341)			
7	<b>State Aid Entitlement Current Law</b>	<b>1,440</b>	<b>1,554</b>	<b>1,648</b>	<b>1,745</b>	<b>3,393</b>

***Appropriations Basis for State Aid***

	Cancellation	(277)				
	Current Year	1,717	1,554	1,648	1,745	3,393
	<b>Total State Aid - General Fund</b>	<b>1,440</b>	<b>1,554</b>	<b>1,648</b>	<b>1,745</b>	<b>3,393</b>

**Activity at a Glance**

Provides reimbursement to districts for the cost of travel so that early childhood special education staff can provide services in the home or community-based programs for children under five.

- 12,866 ECSE (birth – 4) children served in FY 2009.
- \$260,363 paid to districts in FY 2009.

**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.

**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 & Measures**

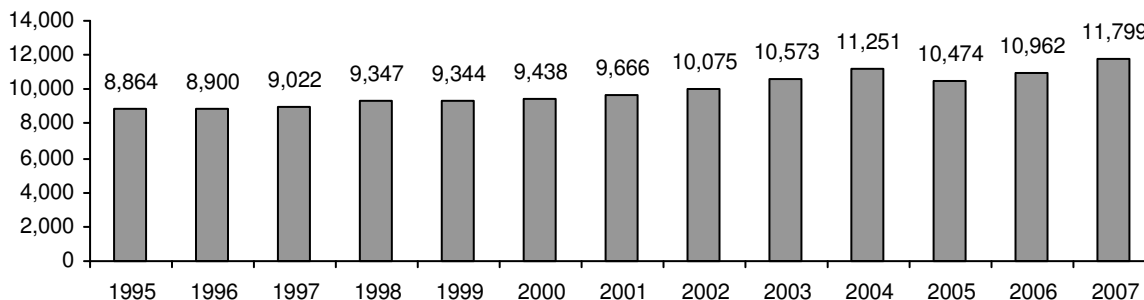
This program addresses the following Minnesota Milestones: 1) All children will be healthy and start school ready to learn, and 2) All people will be welcomed, respected and able to participate fully in Minnesota's communities and economy.

**Goal:** To provide for special education and related services by assisting the districts with the costs of providing those services in the student's home.

**Measure:** 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 12,866 in FY 2009. 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**



**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.

## DEPT OF EDUCATION

**Program:** SPECIAL EDUCATION

**Activity:** SPECIAL EDUCATION – HOME-BASED SERVICES

Narrative

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 Program Finance, (651) 582-8840, [http://education.state.mn.us/MDE/Accountability\\_Programs/Program\\_Finance/index.html](http://education.state.mn.us/MDE/Accountability_Programs/Program_Finance/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Special Programs**

Activity: Home Based Travel

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Total Current Appropriation	224	282	282	282	564
a. End of Session Estimate			77	20	97
b. November Forecast Adjustment	5	6	5	4	9
2 Forecast Base	<b>229</b>	<b>288</b>	<b>364</b>	<b>306</b>	<b>670</b>
3 Governor's Initiatives					
a. Aid Shift to 70%			(61)	0	(61)
4 Recommended	<b>229</b>	<b>288</b>	<b>303</b>	<b>306</b>	<b>609</b>

**District Revenue Summary (Entitlement Basis)**

AID	State Aid					
3	Statutory Formula Aid	280	303	304	306	610
4	Statutory Excess/(Shortfall)	(7)	(5)			
5	Appropriated Entitlement	273	298	304	306	610
6	Adjustments					
a.	Transfer per M.S. 123A.41	7				
b.	Supplemental Appropriation		5			
7	<b>State Aid Entitlement Current Law</b>	<b>280</b>	<b>303</b>	<b>304</b>	<b>306</b>	<b>610</b>

**Appropriations Basis for State Aid**

Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.

Prior Year	24	73	90	91	181
Transfer per M.S. 127A.41	5	2			
Current Year	200	213	213	215	428
<b>Total State Aid - General Fund</b>	<b>229</b>	<b>288</b>	<b>303</b>	<b>306</b>	<b>609</b>

**Activity at a Glance**

In FY 2009:

- Funded costs of 11 non-Minnesota students placed by the courts in Minnesota (3.85 ADM).
- \$88,114 was paid to districts in FY 2010.

**Activity Description**

**Citation:** M.S. 125A.79, Subd. 4

This state aid program provides funding for school districts to pay the costs of providing special education programs to non-Minnesota students with disabilities when the providing school district is unable to collect tuition from the responsible state or agency.

**Population Served**

Minnesota school districts receive aid that would otherwise be subsidized by the district general fund.

**Services Provided**

Minnesota school districts providing special education services to court placed nonresident students with disabilities are assured that they will receive revenue for services provided if out-of-state agencies fail to pay tuition bills. In addition to the tuition bills, the district submits to the agency the documentation of the efforts to collect the tuition from the student’s resident district and state.

**Key Activity Goals & Measures**

Goal: To mitigate school district costs related to providing services to non-Minnesota students with disabilities.

Measure: In FY 2009, 11 nonresident students (3.85 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 \$88,114 was paid in the following year, FY 2010, 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](http://education.state.mn.us/MDE/Accountability_Programs/Program_Finance/index.html).



**DEPARTMENT OF EDUCATION**

**Program: Special Education**

Activity: Court Placed Special Education Revenue

Budget Activity Summary

<i>Dollars in Thousands</i>						
		Current		Governor's Rec		Biennium 2012-13
<i>Direct Appropriations by Fund</i>		FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
<b>General Fund</b>						
1	Current Appropriation	76	78	78	78	156
	a. End of Session Estimate			2	4	6
2	<b>Forecast Base</b>	<b>76</b>	<b>78</b>	<b>80</b>	<b>82</b>	<b>162</b>
<b>District Revenue Summary (Entitlement Basis)</b>						
<b>AID</b>	<b>State Aid</b>					
3	Statutory Formula Aid	76	78	80	82	162
4	Statutory Excess/(Shortfall)					
5	Appropriated Entitlement	76	78	80	82	162
6	Adjustments					
	a. Transfer per M.S. 127A.41					
7	<b>State Aid Entitlement Current Law</b>	<b>76</b>	<b>78</b>	<b>80</b>	<b>82</b>	<b>162</b>
<b>Appropriations Basis for State Aid</b>						
	Current Year	76	78	80	82	162
<b>Total State Aid - General Fund</b>		<b>76</b>	<b>78</b>	<b>80</b>	<b>82</b>	<b>162</b>

**Activity at a Glance**

- 188 students (61.3 average daily membership) were placed out of state for care and treatment in FY 2009.

**Activity Description****Citation:** M.S. 125A.79, Subd.8

This state aid program provides education funding for Minnesota resident students placed in care and treatment facilities by court action in a state that does not have a reciprocity agreement.

**Population Served**

Districts receive education funding for students placed in care and treatment facilities by court action in a state that does not have a reciprocity agreement.

**Services Provided**

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 & Measures**

Goal: This helps to ensure that students with disabilities receive the most appropriate education to enable them to succeed to their highest potential.

Measure: In FY 2009, 188 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 eligible costs.

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 2010 program costs are funded in FY 2011.

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](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/Special_Education/index.html).

**DEPT OF EDUCATION**  
**Program: SPECIAL EDUCATION**  
 Activity: SPECIAL ED OUT STATE TUITION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	250	250	250	250	500
Subtotal - Forecast Base	250	250	250	250	500
<b>Total</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>500</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	250	250	250	250	500
<b>Total</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>500</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	250	250	250	250	500
<b>Total</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>500</b>

**Activity at a Glance**

The federal programs in the narrative are:

- Special Education – Deaf/Blind
- Special Education State Improvement

**Activity Description**

This budget activity summarizes federal programs for special populations that fund activities throughout Minnesota. These are competitive federal grants from OSEP.

**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.

The Minnesota Deaf-Blind Technical Assistance grant has two goals.

1. Technical Assistance and Dissemination Activities
  - a. Objective 1: Provide technical assistance to school teams, including parents and administrators.
  - b. Objective 2: Support families by providing training and information that enhance the role of parents as informed partners and active participants in the education of their children.
2. State and Local Leadership and Coordination Activities
  - c. Objective 3: Enhance state and local capacity and facilitate the achievement of systemic change to improve services and results for children who are Deaf-Blind.

**Special Education State Improvement Grant P.L. 108-446 IDEA.**

In this grant category, MDE received funds from two programs:

1. Special Education State Personnel Development Grant P.L.

Minnesota received a five year State Personnel Development Grant (SPDG) from the federal Office of Special Education Programs (OSEP) for the years 2005-2010. The SPDG is now entering a one year no-cost extension to complete work on this grant which will end in August 2011.

The Minnesota SPDG has two goals.

  - a. Goal 1: Improve educational outcomes of children and youth with disabilities.
  - b. Goal 2: Ensure the availability of a qualified special education workforce across geographic regions of the state. To achieve these two goals, grant funds are used to improve systems of personnel development, technical assistance and/or dissemination of knowledge about research-based practices. All SPDG projects and corresponding activities are replicable and can be scaled up, are connected with the State Performance Plan and are carried out for the benefit of Minnesota students with disabilities and special and general education staff in school districts.
2. General Supervision Enhancement Grants P.L.

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.

The GSEG grant has three goals.

  - a. Goal A: Support implementation of MTAS for students who use objects and graphically supported text passages in assessment.
  - b. Goal B: Improve implementation of the MTAS through pre- and post-testing guidance and training.
  - c. Goal C: Research student characteristics and effective strategies for the sub-population of students who exhibit a low level of response on the MTAS.

**Contact**

Additional information is available from the Minnesota Department of Education (651) 582-8590, [http://education.state.mn.us/html/intro\\_support\\_special\\_ed.htm](http://education.state.mn.us/html/intro_support_special_ed.htm).

**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
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Expenditures by Fund</u></b>					
<b>Statutory Appropriations</b>					
Federal	612	1,409	950	1,055	2,005
<b>Total</b>	<b>612</b>	<b>1,409</b>	<b>950</b>	<b>1,055</b>	<b>2,005</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	51	47	0	0	0
Local Assistance	561	1,362	950	1,055	2,005
<b>Total</b>	<b>612</b>	<b>1,409</b>	<b>950</b>	<b>1,055</b>	<b>2,005</b>

**Budget Activities**

This program includes the following 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>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	28,416	32,943	32,943	32,943	65,886
<b>Technical Adjustments</b>					
End-of-session Estimate			14,272	12,453	26,725
November Forecast Adjustment		33	(1,990)	(2,523)	(4,513)
Subtotal - Forecast Base	28,416	32,976	45,225	42,873	88,098
<b>Governor's Recommendations</b>					
Aid Shift Changes		0	(7,194)	(699)	(7,893)
<b>Total</b>	<b>28,416</b>	<b>32,976</b>	<b>38,031</b>	<b>42,174</b>	<b>80,205</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	28,435	32,972	38,031	42,174	80,205
<b>Statutory Appropriations</b>					
Federal	3,188	1,172	1,168	0	1,168
<b>Total</b>	<b>31,623</b>	<b>34,144</b>	<b>39,199</b>	<b>42,174</b>	<b>81,373</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	31,623	34,144	39,199	42,174	81,373
<b>Total</b>	<b>31,623</b>	<b>34,144</b>	<b>39,199</b>	<b>42,174</b>	<b>81,373</b>
<b><u>Expenditures by Activity</u></b>					
Health & Safety Revenue	120	131	123	113	236
Debt Service Equalization	6,607	8,204	12,425	16,475	28,900
Alternative Facilities	16,008	18,708	19,287	19,286	38,573
Deferred Maintenance	1,950	2,179	2,446	2,550	4,996
Telecommunications Access	6,938	4,922	4,918	3,750	8,668
<b>Total</b>	<b>31,623</b>	<b>34,144</b>	<b>39,199</b>	<b>42,174</b>	<b>81,373</b>

**Activity at a Glance**

FY 2009 (Actual)

• Health and Safety Revenue	\$57,999,702
• State Aid	\$111,000
• Local Levy	\$57,888,702
• Number of Districts	318
• Expenditure by Project Type (\$ in millions)	
Indoor Air Quality	\$8.7
Physical Hazards	\$10.2
Fire Safety	\$11.4
Asbestos	\$10.6
Environment Management	\$13.3
Hazardous Substance	\$3.7

**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 and intermediate school districts (through the member districts) 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 remediation is 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**

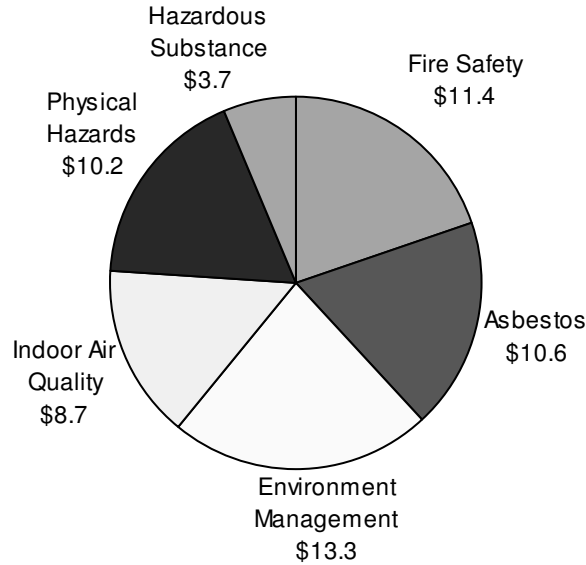
The predecessor to the program began in 1985 as a hazardous substance removal program. The health and safety program, as it is now known, began in FY 1990 when the hazardous substance revenue program was expanded to include fire and life safety. Major changes to the program since that time have included 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).

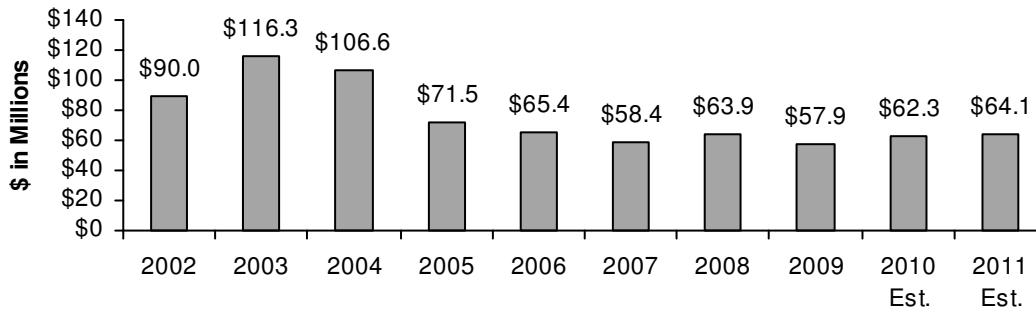
The program has facilitated the removal or remediation of a variety of hazards from school facilities. A breakdown of health and safety expenditures by category is provided on the following page.



**Health & Safety Expenditures Categories  
FY 2009 Total: \$58 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 slightly in FY 2010 and FY 2011.

**Key Activity Goals & Measures**

**Goal:** This program meets the Minnesota Milestones goal of providing a safe learning environment for students and staff.

**Measure:** For FY 2009, 323 districts received revenue for approved projects addressing hazards.

# DEPT OF EDUCATION

**Program: FACILITIES & TECHNOLOGY**

**Activity: HEALTH & SAFETY REVENUE**

Narrative

## 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 FY2009 and most school districts support the program entirely through property tax levies. In FY 2002, the state share equaled approximately 12% of revenue. By FY 2009 the states share has fallen to around 1/10 of 1%. Property values used to determine levy for FY 2010 dropped significantly and have declined in the following two years. In spite of this, state aid is not currently forecast to increase significantly.

### State-Local Share of Health and Safety Revenue

Dollars in Thousands

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Est. FY 2010	Est. FY 2011
<b>Total Revenue</b>										
Amount	\$ 80,398	\$116,265	\$106,581	\$ 71,501	\$ 65,384	\$ 58,375	\$ 63,828	\$ 58,000	\$62,292	\$64,130
# of Districts	327	323	339	333	330	318	319	318	320	320
<b>Levy</b>										
Amount	\$ 70,440	\$109,045	\$101,815	\$ 70,185	\$ 64,756	\$ 58,137	\$ 63,601	\$ 57,889	\$ 62,126	\$ 64,000
# of Districts	327	323	339	333	330	318	319	318	320	320
<b>State Aid</b>										
Amount	\$ 9,958	\$ 7,221	\$ 4,766	\$ 1,316	\$ 628	\$ 238	\$ 226	\$ 111	\$ 166	\$ 130
Percentage	12.39%	6.21%	4.47%	1.84%	0.96%	0.41%	0.38%	0.18%	0.16%	0.15%
# of Districts	230	162	116	75	60	32	10	8	6	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](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Facilities & Technology**

Activity: Health & Safety

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Total Current Appropriation	132	135	135	135	270
a. End of Session Estimate			48	43	91
b. November Forecast Adjustment			(36)	(67)	(103)
c. Cancellation	(12)	(4)			
2 Forecast Base	120	131	147	111	258
3 Governor's Recommendation					
a. Aid Shift to 70%			(24)	2	(22)
4 Recommended	120	131	123	113	236

**District Revenue Summary (Entitlement Basis)**

<b>AID</b>	<b>State Aid</b>					
	3 Statutory Formula Aid	150	130	120	110	230
	4 Statutory Excess/(Shortfall)	16				0
	5 Appropriated Entitlement	166	130	120	110	230
	6 Adjustments					
	b. Cancellation	16				
	7 State Aid Entitlement Current Law	182	130	120	110	230
<i>plus</i>						
<b>LEVY</b>	<b>Levy</b>					
	8 Local Levy Current Law	60,800	61,500	62,500	63,500	126,000
<i>equals</i>						
<b>REVENUE</b>	9 Current Law Revenue (State Aid & Levy)	60,982	61,630	62,620	63,610	126,230
<b>Appropriations Basis for State Aid</b>						
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.						
	Prior Year (10%)	10	44	39	36	75
	Cancellation		(4)			
	Current Year	122	91	84	77	161
	Cancellation	(12)				
	<b>Total State Aid - General Fund</b>	<b>120</b>	<b>131</b>	<b>123</b>	<b>113</b>	<b>236</b>

**Activity at a Glance**

FY 2011	
• Districts having debt levies	278
• Districts receiving aid	44
• Percentage of eligible debt service revenue paid by state aid	1.1%

**Activity Description**

**Citation:** M.S. 123B.53; 123B; 54; 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.

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 2011 (taxes payable in 2010).

**Debt Service Revenue Components, FY 2011 - (\$ 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 <sup>1</sup>	\$ 726,324	278
Maximum Effort Levy Above Required	583	17
Req. Debt Service for Alt. Facilities <sup>2</sup>	79,686	16
Alt. Facilities Annual Levy <sup>2</sup>	57,723	18
Req. Debt Service for Alt. Fac./H&S	26,945	69
Alt. Fac./H&S Annual Levy	5,909	8
Energy Conservation	42	3
Lease Purchase-Eligible	50,040	6
Net Debt Excess-Eligible	(57,865)	164
Total Gross Equalization Revenue <sup>3</sup>	889,387	
<i>Aid Ineligible Revenue Components</i>		
Required Debt Service Levy-Ineligible	8,320	25
Additional Maximum Effort Levy	225	6
Req. Debt Service Levy for Equipment Bonds	820	5
Req. Debt Service for Facilities Bonds	5,200	46
Lease Purchase-Ineligible	40,721	9
Net Debt Excess-Ineligible	344	13
Total Ineligible Revenue <sup>3</sup>	55,630	

**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 adjusted net tax capacity (ANTC).

<sup>1</sup> Includes net taconite debt service levy.

<sup>2</sup> Net amount after alternative facilities aid – see Alternative Facilities Bonding narrative

<sup>3</sup> Number of districts is duplicated as some districts have multiple debt components.

# DEPT OF EDUCATION

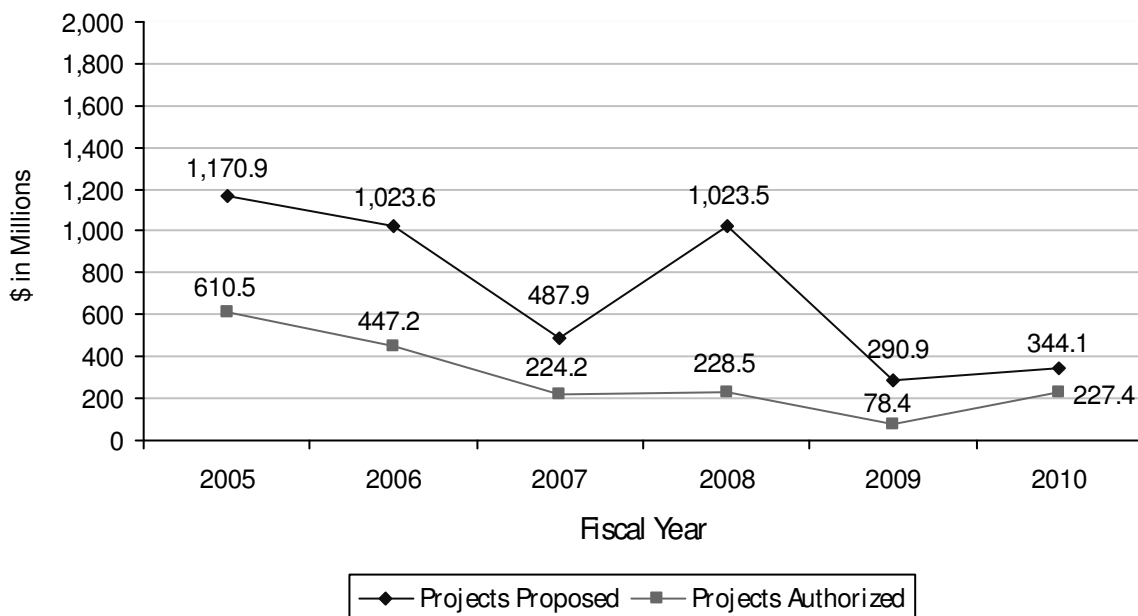
## Program: FACILITIES & TECHNOLOGY

### Activity: DEBT SERVICE EQUALIZATION

Narrative

- 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 the construction trends requiring voter approval for the last six fiscal years. The top line shows the total dollar amount of school construction projects requiring voter approval. The bottom line is the dollar amount approved by local voters. The total excludes alternative facility and other construction projects that do not require local voter approval. FY 2010 is estimated awaiting the results of the November 2010 elections.

**Minnesota School Construction Trends**



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 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 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Unequalized Local Portion	\$514.5	\$560.4	\$606.5	\$648.9	\$678.3	674.2	654.5
Equalized Local Portion	100.0	127.8	100.9	110.2	99.6	106.5	129.5
Debt Service Aid	<u>29.3</u>	<u>25.1</u>	<u>17.7</u>	<u>14.5</u>	<u>8.5</u>	<u>7.9</u>	<u>8.7</u>
TOTAL Debt Service Revenue	\$643.8	\$713.3	\$725.1	\$773.6	\$786.4	\$788.6	\$792.7

- Legislative overhaul of the debt service equalization formula was accomplished in 2001. A new two-tiered equalization formula was created to target districts with low to moderate tax bases and/or districts with a relatively high debt burden.
- As a result of the new two-tiered equalization formula total debt service aid reversed its downward trend in FY 2003 and FY 2004. In FY 2005, debt service aid again began to fall due to ANTC increases.
- The decline in debt service abated in FY 2011 as falling ANTCs prompted an increase in debt service aid.
- Though debt service aid increased from FY 2010 to FY 2011, in percentage terms, the state's share of eligible debt service revenue has decreased from 6.1% in FY 2003 to a fraction of 1% in FY 2011.

**Key Activity Goals & Measures**

**Goal:** This program allows school districts to maintain adequate facilities.

**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 1.85 million square feet of space and an average building age of 15 years or older, or over 1.5 million square feet of space and an average building age of 35 years or older, and a ten-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 02/01/2003 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 03/01/1998 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 03/01/1998. 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.

**Debt Excess** (M.S. 475.61, Subd. 3).

- The net debt excess in the debt redemption fund, other than for capital loan districts, is certified by the commissioner to the county auditor. The county auditor reduces the debt service levy by the amount of the debt excess certified.
- With the approval of the commissioner, some districts may be authorized to retain all or a portion of the debt excess in the debt redemption fund.
- Districts with outstanding capital or debt service loans are required to remit the debt excess amount to the commissioner as payment on their capital and/or debt service loans.

**Debt Service Loan** (M.S. 126C.68).

- School districts with a very large debt service levy relative to their tax base may qualify for a debt service loan. The amount of the loan reduces the debt service levy of the district.
- Districts receiving a debt service loan are required to levy each year an amount at least equal to the maximum effort debt service levy until the loan is retired.

**Gross Equalization Revenue** (M.S. 123B.53, Subd. 1).

- For districts without capital loans, the gross equalization revenue equals the sum of the following:
  - the eligible required debt service levy,
  - the gross annual (pay as you go) alternative facilities levy,
  - the energy conservation levy, and
  - the eligible lease purchase levy.
- For capital loan districts the maximum effort debt service levy applies in addition to the components mentioned above.

**Funding Source****Debt Service Equalization Revenue** (M.S. 123B.53, Subd. 1).

- A district's net debt service equalization revenue equals the gross equalization revenue from above, minus the district's 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](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Facilities & Technology**

Activity: Debt Service Equalization

Budget Activity Summary

*Dollars in Thousands*

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>General Fund</b>					
3 Total Current Appropriation	6,608	8,204	8,204	8,204	16,408
a. End of Session Estimate			8,957	10,971	19,928
b. November Forecast Adjustment			(1,930)	(2,001)	(3,931)
d. Cancellation	(1)				
<b>4 Forecast Base</b>	<b>6,607</b>	<b>8,204</b>	<b>15,231</b>	<b>17,174</b>	<b>32,405</b>
3 Governor's Recommendation					
a. Aid Shift to 70%			(2,806)	(699)	(3,505)
<b>4 Recommended</b>	<b>6,607</b>	<b>8,204</b>	<b>12,425</b>	<b>16,475</b>	<b>28,900</b>

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>	<b>State Aid</b>				
	5 Statutory Formula Aid	7,884	8,680	14,029	17,524
	6 Statutory Excess/(Shortfall)				
	7 Appropriated Entitlement	7,884	8,680	14,029	17,524
	8 Adjustments				
	a. Appropriation Reduction				
	b. Cancellation				
<i>plus</i>	<b>9 State Aid Entitlement Current Law</b>	<b>7,884</b>	<b>8,680</b>	<b>14,029</b>	<b>17,524</b>
<b>LEVY</b>	<b>Levy</b>				
<i>equals</i>	10 Local Levy Current Law	736,748	760,678	771,113	780,197
<b>REVENUE</b>	11 Current Law Revenue (State Aid & Levy)	744,632	769,358	785,142	797,721
<b>Appropriations Basis for State Aid</b>					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
	Prior Year	851	2,127	2,604	4,208
	Current Year	5,757	6,076	9,821	12,267
	Cancellation	(1)			
	<b>Total State Aid - General Fund</b>	<b>6,607</b>	<b>8,203</b>	<b>12,425</b>	<b>16,475</b>



**Activity at a Glance**

Alt. Facility Districts – 1A	
• Number of eligible large districts	24
• Minimum square feet required	1.5 million
• Average annual alternative facility bond payment (FY 2011)	\$4,005,937
Alt. Facility Districts - 1B	
• Number of districts participating for FY 2011 (health and safety projects)	77
• Average annual alternative facility bond payment (FY 2011)	\$390,506

**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.

**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 24 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 <sup>2*</sup>	Duluth <sup>1 2*</sup>	Mounds View <sup>1</sup>	Roseville <sup>2</sup>
Bloomington <sup>1 2*</sup>	Elk River <sup>1</sup>	North St. Paul <sup>1</sup>	South Washington <sup>1 2</sup>
Burnsville <sup>2</sup>	Hopkins <sup>1</sup>	Osseo <sup>2</sup>	St. Cloud <sup>2</sup>
Chaska <sup>2 3</sup>	Lakeville <sup>1</sup>	Robbinsdale <sup>1 2*</sup>	St. Paul <sup>1*</sup>
Eden Prairie <sup>2</sup>	Minneapolis <sup>1*</sup>	Rochester <sup>1 2*</sup>	Stillwater <sup>1</sup>
Edina <sup>1 2</sup>	Minnetonka <sup>1</sup>	Rosemount <sup>1 2</sup>	White Bear Lake <sup>1</sup>

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. Eden Prairie and Edina became eligible in FY 2008. Chaska, the newest member, became eligible in FY 2010.

**Services Provided**

To receive alternative bonding revenue, 1A districts must submit a ten-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 2011, none of the 1A 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.

# DEPT OF EDUCATION

## Program: FACILITIES & TECHNOLOGY

### Activity: ALTERNATIVE FACILITIES

Narrative

- For FY 1995, eligible districts were allowed to issue bonds and levy for debt service or make an annual pay-as-you-go levy up to the amount of their health and safety revenue for FY 1993.
- The 1997 legislature authorized state funding equal to 100% of the districts' annual alternative bonding debt service costs, not to exceed the amount of the debt service levy for taxes payable in 1997.
- The 1998 legislature authorized state funding for districts making an annual pay-as-you-go levy equal to one-sixth of the levy for taxes payable in 1998.
- 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 & Measures

**Goal:** This program allows school districts to maintain adequate facilities.

### 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 (grandfather) 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 the total alternative facilities (grandfather) aid and levy by fiscal year for the 24 large (1A) alternative facility districts.

#### Alternative Facilities Revenue – Large (1A) Districts

Dollars in Thousands

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Debt Revenue	\$47,832	\$53,393	\$61,776	\$78,382	\$81,099	89,429	96,142
Debt Aid (grandfather)	-16,456	-16,456	-16,456	-16,456	-16,456	-16,456	-16,456
Net Debt Levy	\$31,376	\$36,937	\$45,320	\$61,926	\$64,643	\$72,973	\$79,686
General Fund Levy	35,963	41,628	45,751	47,822	47,903	57,921	60,553
Gen. Fund Aid (grandfather)	-2,830	-2,830	-2,830	-2,830	-2,830	-2,830	-2,830
Net Gen. Fund Levy	<u>33,133</u>	<u>38,798</u>	<u>42,921</u>	<u>44,992</u>	<u>45,073</u>	<u>55,091</u>	<u>57,723</u>
<b>TOTAL LEVY</b>	<b>\$64,509</b>	<b>\$75,735</b>	<b>\$88,241</b>	<b>\$106,918</b>	<b>\$109,716</b>	<b>\$128,064</b>	<b>\$137,409</b>

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

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Bonded Debt Levy	\$14,976	\$15,558	\$16,436	\$18,386	\$26,945
Bonded Debt Aid	-0-	-0-	-0-	-0-	-0-
Pay-As-You-Go Levy	4,735	5,411	4,840	4,580	5,909
Pay-As-You-Go Aid	70	27	-0-	-0-	-0-

For the period FY 2007 through FY 2011, 69 1B districts have issued bonds to fund eligible projects. An additional 8 1B districts made a pay-as-you-go levy to fund FY 2011 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](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Facilities & Technology**

Activity: Alternative Facilities

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Total Current Appropriation	16,008	18,708	23,145	19,286	42,431
2 Forecast Base	<b>16,008</b>	<b>18,708</b>	<b>23,145</b>	<b>19,286</b>	<b>42,431</b>
3 Governor's Initiatives					
a. Aid Shift to 70%			(3,860)	0	(3,860)
4 Recommended	<b>16,008</b>	<b>18,708</b>	<b>19,285</b>	<b>19,286</b>	<b>38,571</b>

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>	<b>State Aid</b>				
	3 Statutory Formula Aid	19,287	19,287	19,285	19,286
	4 Statutory Excess/(Shortfall)				
	5 Appropriated Entitlement	19,287	19,287	19,285	19,286
	6 Adjustments				
	7 State Aid Entitlement Current Law	19,287	19,287	19,285	19,286
<i>plus</i>					
<b>LEVY</b>	<b>Levy</b>				
	8 Local Levy Current Law	54,671	60,956	65,960	69,258
<i>equals</i>					
<b>REVENUE</b>	9 Current Law Revenue (State Aid & Levy)	73,958	80,243	85,245	88,544
<b>Appropriations Basis for State Aid</b>					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
	Prior Year	1,928	5,207	5,786	5,786
	Current Year	14,080	13,501	13,499	13,500
	<b>Total State Aid - General Fund</b>	<b>16,008</b>	<b>18,708</b>	<b>19,285</b>	<b>19,286</b>
					<b>38,571</b>

**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.
- In FY 2011, 105 districts are expected to qualify for aid.

**Activity Description**

**Citation:** M.S. 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).

**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 24 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.

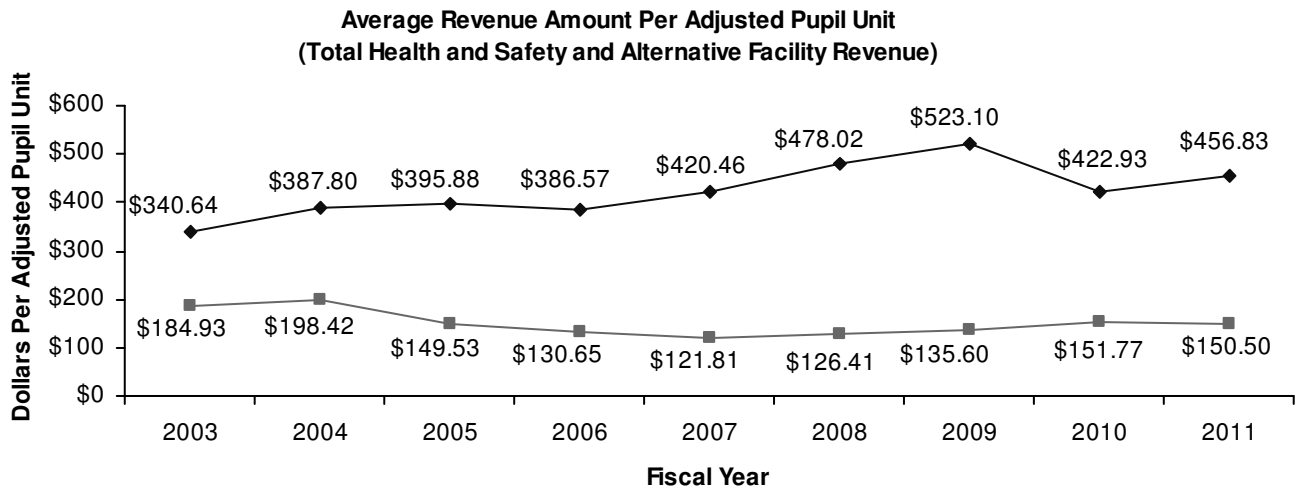
**Historical Perspective**

This program was initiated by the 2005 legislature to address the gap in deferred maintenance funding options between large districts and other districts.

**Key Activity Goals & Measures**

**Goal:** 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.

**Measure:**



◆ Districts Eligible for Alternative Facilities    ■ Districts Ineligible for Alternative Facilities

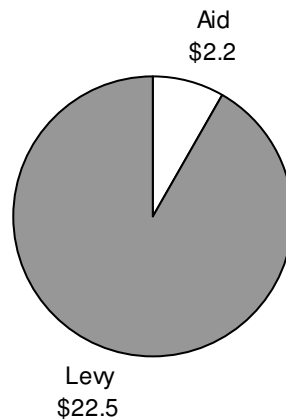
**Activity Funding**

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 2011 estimates, 105 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 2011 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](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

DEPARTMENT OF EDUCATION

Program: Facilities & Technology

Activity: Deferred Maintenance

Budget Activity Summary

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium 2012-13
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
<b>General Fund</b>					
1 Current Appropriation	1,918	2,146	2,146	2,146	4,292
a. End of Session Estimate			830	860	1,690
b. November Forecast Adjustment	32	33	(22)	(454)	(476)
2 Forecast Base	<b>1,950</b>	<b>2,179</b>	<b>2,954</b>	<b>2,552</b>	<b>5,506</b>
3 Governor's Initiatives					
a. Aid Shift to 70%			(508)	(2)	(510)
4 Recommended	<b>1,950</b>	<b>2,179</b>	<b>2,446</b>	<b>2,550</b>	<b>4,996</b>

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>	<b>State Aid</b>				
	3 Statutory Formula Aid	2,315	2,219	2,543	2,553
	4 Statutory Excess/(Shortfall)	(44)			
	5 Appropriated Entitlement	2,271	2,219	2,543	2,553
	6 Adjustments				
	a. Transfer M.S. 127A.41	44			
	b. Prior Year Payments				
	7 State Aid Entitlement Current Law	2,315	2,219	2,543	2,553
<i>plus</i>					
<b>LEVY</b>	<b>Levy</b>				
	8 Local Levy Current Law	23,285	23,813	23,781	24,006
<i>equals</i>					
<b>REVENUE</b>	9 Current Law Revenue (State Aid & Levy)	25,600	26,032	26,324	26,559
<b>Appropriations Basis for State Aid</b>					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
	Prior Year	260	613	665	762
	Transfer per M.S. 127A.41		12		
	Current Year	1,658	1,554	1,781	1,788
	Transfer per M.S. 127A.41	32			
	<b>Total State Aid - General Fund</b>	<b>1,950</b>	<b>2,179</b>	<b>2,446</b>	<b>2,550</b>

**Activity at a Glance**

In FY 2010

- Applicants included 304 public school districts, ten charter schools, and seven nonpublic schools.
- Aid recipients included 294 public school districts, nine charter schools, and five nonpublic schools.
- \$8.5 million in eligible costs after participating in the federal e-rate discount program.

**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, charter schools, and intermediate school districts in Minnesota are eligible for participation in this program. Nonpublic schools, excluding home schools, are also eligible to participate in this program.

**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.

**Historical Perspective**

- The forerunner to this program, the Telecommunication Access Revenue Program (TARP) was enacted by the 2000 legislature. Under TARP districts received 65% of eligible telecommunication costs per pupil unit.
- The program was modified to its current form by the 2005 legislature.
- The 2009 legislature authorized intermediate school districts to be eligible to receive reimbursement under this program.

**Key Activity Goals & Measures**

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.

**Activity Funding**

To be eligible for aid under this provision, a school district, charter school, or intermediate school district is required to file a federal e-rate application have a current technology plan on file with the department. E-rate is a federal discounted telecommunication services plan.

A district, charter school, intermediate school district, 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, charter schools, or intermediate school districts that are members of a telecommunications cluster may rely on their cluster to report cost information to the department.

A district, charter school, or intermediate school district's internet access equity aid equals the district, charter school, or intermediate school district'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. Schools with eligible costs not exceeding the \$15 per AMCPU threshold, do not qualify for aid. Districts, charter schools, or intermediate school districts that are members of a telecommunication cluster are not subject to the \$15 times AMCPU reduction in eligible costs.

**FY 2011 Telecommunication Access Grants Participation and Funding**

Organizations Applying for Aid	Number of Applicants	Number of Applicants Receiving Aid
Independent School Districts – no cluster affiliation	11	1
Independent School Districts – with cluster affiliation	293	293
Charter Schools	10	9
Nonpublic Schools	7	5

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
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	3,750	3,750	3,750	3,750	7,500
Subtotal - Forecast Base	3,750	3,750	3,750	3,750	7,500
<b>Total</b>	<b>3,750</b>	<b>3,750</b>	<b>3,750</b>	<b>3,750</b>	<b>7,500</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	3,750	3,750	3,750	3,750	7,500
<b>Statutory Appropriations</b>					
Federal	3,188	1,172	1,168	0	1,168
<b>Total</b>	<b>6,938</b>	<b>4,922</b>	<b>4,918</b>	<b>3,750</b>	<b>8,668</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	6,938	4,922	4,918	3,750	8,668
<b>Total</b>	<b>6,938</b>	<b>4,922</b>	<b>4,918</b>	<b>3,750</b>	<b>8,668</b>

# DEP OF EDUCATION

**Program: FACILITIES & TECHNOLOGY**

**Activity: MISCELLANEOUS FACILITY LEVIES (info only)**

Narrative

## Activity at a Glance

FY 2010	(\$ in Millions)	
	<u># of Districts</u>	<u>Amount Levied</u>
• Building/Land Lease	209	\$48.76
• Capital Projects	22	\$39.21
• Coop Bldg Repair	-0-	\$0.00
• Disabled Access	4	\$0.16
• Specific Legislation	2	\$0.04

## Activity Description

**Citation:** See individual levies.

This budget activity summarizes six miscellaneous facilities/levy programs. The building and land lease levies provide districts with the opportunity to accommodate needs for additional space. The other miscellaneous programs provide districts with levy authority to maintain and enhance the condition of their school buildings. These programs foster the delivery of quality educational services by providing districts with flexible local revenue sources to accommodate changing facility needs.

## Population Served

All students in participating districts are served by these programs. Eligible districts with levy authority may participate in these programs.

## 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. Some additions to existing schools are funded with proceeds from this levy. Member districts of the three intermediate school districts may levy an amount up to the net lease amount or \$43 times the adjusted marginal cost pupil units (AMCPU). The intermediate lease amount exceeding the \$43 per pupil unit (roll-over) would be a component of the regular lease amount (\$150 per pupil unit).
- **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
  - Independent School district 706, Virginia: Laws 2008, Chapter 363, Article 2, Section 49

**DEP OF EDUCATION****Program: FACILITIES & TECHNOLOGY****Activity: MISCELLANEOUS FACILITY LEVIES (info only)**

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 05 <u>FY 2006</u>	Pay 06 <u>FY 2007</u>	Pay 07 <u>FY 2008</u>	Pay 08 <u>FY 2009</u>	Pay 09 <u>FY 2010</u>	Pay 10 <u>FY 2011</u>
Building Lease	\$35,854.6	\$41,277.7	\$44,954.7	\$46,123.9	\$47,815.3	\$48,756.2
Districts	204	203	204	204	211	209
Capital Project Referendum	21,076.8	25,349.5	29,107.7	33,808.2	35,667.7	39,213.0
Districts	17	19	20	20	20	22
Coop. Building Repair	-0-	-0-	-0-	-0-	-0-	-0-
Districts*	-0-	-0-	-0-	-0-	-0-	-0-
Disabled Access	326.0	465.6	226.7	341.9	464.2	157.6
Districts	7	11	7	6	6	4
Special Legislation	39.0	56.0	39.0	39.0	105.0	39.0
Districts	2	3	2	2	3	2

\* For this period, no districts elected or qualified for funding.

**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](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

**Budget Activities**

This program includes the following 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

*Dollars in Thousands*

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	18,920	19,492	19,492	19,492	38,984
<b>Technical Adjustments</b>					
End-of-session Estimate			(266)	204	(62)
November Forecast Adjustment		0	(631)	(710)	(1,341)
Subtotal - Forecast Base	18,920	19,492	18,595	18,986	37,581
<b>Total</b>	<b>18,920</b>	<b>19,492</b>	<b>18,595</b>	<b>18,986</b>	<b>37,581</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	17,732	18,215	18,595	18,986	37,581
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	4,626	4,698	4,698	4,698	9,396
Federal	236,187	285,827	315,874	340,490	656,364
Federal Stimulus	1,271	0	0	0	0
Miscellaneous Agency	3	62	0	0	0
<b>Total</b>	<b>259,819</b>	<b>308,802</b>	<b>339,167</b>	<b>364,174</b>	<b>703,341</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	18	62	0	0	0
Local Assistance	259,801	308,740	339,167	364,174	703,341
<b>Total</b>	<b>259,819</b>	<b>308,802</b>	<b>339,167</b>	<b>364,174</b>	<b>703,341</b>
<b><u>Expenditures by Activity</u></b>					
School Lunch	143,969	169,323	185,251	194,135	379,386
School Breakfast	38,773	47,269	51,548	56,242	107,790
Summer Food Replacement	4,831	5,628	6,176	6,778	12,954
Child & Adult Food Care Prog	65,676	78,804	88,191	98,774	186,965
Kindergarten Milk	1,036	2,055	2,175	2,307	4,482
Commodities	5,534	5,723	5,826	5,938	11,764
<b>Total</b>	<b>259,819</b>	<b>308,802</b>	<b>339,167</b>	<b>364,174</b>	<b>703,341</b>

**Activity at a Glance**

In FY 2009:

- Over 101 million lunches served.
- School lunch participation increased by over three million meals.
- 30.0% of lunches were provided free to students.
- 9.2% of lunches were provided at a reduced cost to students.
- Commodities equaling \$22,525,137 received by schools.

**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 learning of Minnesota children giving them access to a nutritious lunch and improving eating habits through nutrition education. The after-school snack component of the NSLP provides nutritious snacks to students in after-school programs.

State school lunch funding of \$0.12 per lunch helps to keep lunch prices affordable. Children from low-income families have access to free or reduced-price school meals.

**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 learning 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 complete commodity preference surveys for over 1,000 raw processed products as well as for commercial products that have commodities in them (Minnesota Rebate Program).

Students from families with incomes 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 the Department of Human Services (DHS), 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 DHS cash 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" (Cyber-Linked Interactive Child Nutrition System), the MDE interactive Website which allows schools to meet their application, commodity, and claim requirements.

**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 2009, 101 million school lunches per year were being served at approximately 700 public school districts, charter schools, private schools, and residential institutions in Minnesota.

**Key Activity Goals & Measures**

The NSLP provides reimbursement to schools to reduce the cost of providing meals that meet federal nutrition standards to students. Research has shown that students that are fed nutrient appropriate meals perform better in the classroom and on tests, and have better attendance. Student meals must meet USDA regulations, including the Dietary Guidelines for Americans.

**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 the Dietary Guidelines and federal nutrition standards.
- Workshops are offered throughout the state on USDA regulations and dietary guidelines for all food service staff 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 2009 provided school districts over \$103 million in federal reimbursement and more than \$11 million of state funding, plus \$0.2075 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 \$0.12 for each full paid, reduced, and free student lunch served to students in the district.

In FY 2009, \$1,270,165 in grant funding was also made available by the 2009 federal American Recovery and Reinvestment Act and awarded to eligible school food service programs to allow certain equipment purchases.

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](http://education.state.mn.us/mde/Learning_Support/FNS/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Nutrition Programs**

Activity: School Lunch

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	12,688	13,069	13,069	13,069	26,138
a. End of Session Estimate			(145)	114	(31)
a. Cancellation	(686)				
b. November Forecast Adjustment		(707)	(315)	(321)	(636)
2 Forecast Base	<b>12,002</b>	<b>12,362</b>	<b>12,609</b>	<b>12,862</b>	<b>25,471</b>

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>	<b>State Aid</b>				
3 Statutory Formula Aid	12,002	12,362	12,609	12,862	25,471
4 Statutory Excess/(Shortfall)	686	707			
5 Appropriated Entitlement	12,688	13,069	12,609	12,862	25,471
6 Adjustments					
a. Cancellation	(686)				
c. Appropriation Reduction		(707)			
7 State Aid Entitlement Current Law	12,002	12,362	12,609	12,862	25,471
8 Other Revenue					
a. Federal	130,696	156,961	172,642	181,273	353,915
b. Federal Stimulus	1,271				
9 Total All Sources Current Law	143,969	169,323	185,251	194,135	379,386
<b>Appropriations Basis for State Aid</b>					
Current Year	12,688	12,362	12,609	12,862	25,471
Cancellation	(686)				
<b>Total State Aid - General Fund</b>	<b>12,002</b>	<b>12,362</b>	<b>12,609</b>	<b>12,862</b>	<b>25,471</b>



**Activity at a Glance**

In FY 2009:

- Over 23 million breakfasts served.
- 58.5% of breakfasts were provided free to students.
- 12.9% of breakfasts were provided at a reduced rate to students.
- Over 506 public school districts, charter schools, private, and residential child care institutions participated.

**Activity Description**

**Citation:** 124D.1158; 124D.117

**Federal Authorization:** National School Lunch Act, Child Nutrition Act

School Breakfast, like school lunch, helps improve student health and learning 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 to keep the price of breakfast affordable and serve free breakfasts to qualified students.
- 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.

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 Department of Human Services (DHS) or upon the household completing a paper application.

School breakfast programs are supported financially and administratively through:

- federal and state reimbursements for school breakfasts that meet guidelines;
- United States Department of Agriculture (USDA) commodity food items (earned through participation in the National School Lunch Program) available for use in school breakfasts;
- assistance in meeting program requirements and enhancing the quality of the food service provided through administrative reviews, development of resource materials, presentation of workshops, and technical assistance; and,
- "CLiCS" (Cyber-Linked Interactive Child Nutrition System) Website which allows schools to meet their application and claims requirements online.

**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 was first appropriated in 1993 with a per-breakfast rate of \$0.051.

**Key Activity Goals & Measures**

The program provides breakfasts to students so that all children will be healthy and start school ready to learn. Research has shown that students that are fed nutrient appropriate meals perform better in the classroom and on tests, and have better attendance. Students' meals must meet USDA regulations, including the Dietary Guidelines for Americans.

**Measures:**

- Schools are monitored once every five years, as part of their National School Lunch Program review to ensure compliance with USDA regulations.
- Workshops on regulations and dietary requirements of students are offered to food service staff throughout the state. This ensures that food service staff is up to date on federal regulations and guidelines.

**Activity Funding**

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 in addition to federal reimbursement.

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](http://education.state.mn.us/mde/Learning_Support/FNS/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Nutrition Programs**

Activity: School Breakfast/Milk

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b><i>Direct Appropriations by Fund</i></b>					
<b>General Fund</b>					
1 Current Appropriation	4,978	5,147	5,147	5,147	10,294
a. End of Session Estimate			(144)	44	(100)
b. Cancellation	(432)				
c. November Forecast Adjustment		(506)	(250)	(322)	(572)
2 Forecast Base	<b>4,546</b>	<b>4,641</b>	<b>4,753</b>	<b>4,869</b>	<b>9,622</b>

<b><i>District Revenue Summary (Entitlement Basis)</i></b>					
<b>AID</b>	<b>State Aid</b>				
3 Statutory Formula Aid	4,546	4,641	4,753	4,869	9,622
4 Statutory Excess/(Shortfall)	432	506			
5 Appropriated Entitlement	4,978	5,147	4,753	4,869	9,622
6 Adjustments					
a. Cancellation	(432)				
b. Appropriation Decrease		(506)			
7 State Aid Entitlement Current Law	4,546	4,641	4,753	4,869	9,622
8 Other Revenue					
a. Federal	34,277	42,628	46,795	51,373	98,168
9 Total All Sources Current Law	38,823	47,269	51,548	56,242	107,790
<b><i>Appropriations Basis for State Aid</i></b>					
Current Year	4,978	4,641	4,753	4,869	9,622
Cancellation	(432)				
<b>Total State Aid - General Fund</b>	<b>4,546</b>	<b>4,641</b>	<b>4,753</b>	<b>4,869</b>	<b>9,622</b>

**Activity at a Glance**

- 85 sponsors served approximately 1.5 million meals during the summer of 2009 at 477 sites.

**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 for children in low-income areas during

the summer. Most SFSP sites provide one or two meals per day, but may provide up to three meals a day.

**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 federal program was created 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 & Measures**

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.

**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 and workshops are provided to summer sponsors to update returning sponsors and for first-time sponsors on USDA regulations.
- Outreach activities are conducted with anti-hunger organizations to increase the participation. In FY 2009, 97 million school lunches were served during the school year, or 10.8 million each month. In SFSP, 1.5 million meals were served, or approximately 500,000 meals a month, in the summer of 2009.

**Activity Funding**

Federal funds provided \$3.9 million. The annual state share of funding is \$150,000.

**Contact**

Additional information is available from the Minnesota Department of Education, (651) 582-8508, [http://education.state.mn.us/mde/Learning\\_Support/FNS/index.html](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
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	150	150	150	150	300
Subtotal - Forecast Base	150	150	150	150	300
<b>Total</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>300</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	148	150	150	150	300
<b>Statutory Appropriations</b>					
Federal	4,683	5,478	6,026	6,628	12,654
<b>Total</b>	<b>4,831</b>	<b>5,628</b>	<b>6,176</b>	<b>6,778</b>	<b>12,954</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	4,831	5,628	6,176	6,778	12,954
<b>Total</b>	<b>4,831</b>	<b>5,628</b>	<b>6,176</b>	<b>6,778</b>	<b>12,954</b>

**Activity at a Glance**

In FY 2009:

- Over 9,000 family child care homes, 589 child care centers, and 24 adult care centers participate in the CACFP.
- In a typical month, over 4 million meals and snacks are served.

**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. 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 incomes 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 has received a reduced federal reimbursement rate for meals served to children since 1997.

**Key Activity Goals & Measures**

Research has shown that nutrient appropriate meals have a positive effect on children's learning. Nutrition education is a life-long learning skill. By providing appropriate nutrition meals to young children, children learn nutrition education.

**Goal:** Childcare Centers and licensed family child care home sponsors provide nutritional meals to young children and adults.

**Measure:** One-third of all child care 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 child 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 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, Food and Nutrition Service, (651) 582-8508, and at [http://education.state.mn.us/mde/Learning\\_Support/FNS/index.html](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>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Expenditures by Fund</u></b>					
<b>Statutory Appropriations</b>					
Federal	65,673	78,742	88,191	98,774	186,965
Miscellaneous Agency	3	62	0	0	0
<b>Total</b>	<b>65,676</b>	<b>78,804</b>	<b>88,191</b>	<b>98,774</b>	<b>186,965</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	3	62	0	0	0
Local Assistance	65,673	78,742	88,191	98,774	186,965
<b>Total</b>	<b>65,676</b>	<b>78,804</b>	<b>88,191</b>	<b>98,774</b>	<b>186,965</b>

**Activity at a Glance**

In FY 2009:

- Special Milk program total half pints served = 4,928,433
- Minnesota Kindergarten Milk program total half pints served = 5,409,254

**Activity Description**

**Citation:** 124D.118

**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 17.75 cents

per half-pint (8 ounces) of milk served at low or no cost to children. The program can be operated at schools and nonprofit child care sites that do not have meal programs. Schools with meal programs may participate in the SMP for preschool and kindergarten students. The Minnesota Kindergarten Milk Program is a state funded program that provides cash reimbursement for milk at 20 cents per half-pint per day per child served to kindergarten students.

**Population Served**

- Preschoolers and kindergarteners in public and private non-profit schools, residential institutions, child care centers, summer camps, and other sites sponsored by nonprofit organizations are served in the SMP.
- The SMP is not available to children who have access to school meal programs.
- 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 provided through administrative reviews, development of resource materials, and technical assistance; and,
  - "CLiCS" (Cyber-Linked Interactive Child Nutrition System) Website which allows participants to meet their application and claims requirements online.

**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 Activity Goals & Measures**

The following addresses Minnesota Milestones:

**Goal:** To provide nutritious milk served at low or no cost to kindergarten students.

**Measure:** SMP and the Kindergarten Milk Program provide over 10 million half-pints of milk to children annually.

**Activity Funding**

- Federal Special Milk reimbursement is 17.75 cents per half-pint (8 ounces) of milk served at low or no cost to children.
- Minnesota Kindergarten Milk reimbursement is 20 cents per half pint per day per child served at low or no 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](http://education.state.mn.us/mde/Learning_Support/FNS/index.html).



**DEPARTMENT OF EDUCATION**

**Program: Nutrition Programs**

Activity: Kindergarten Milk

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	1,104	1,126	1,126	1,126	2,252
a. End of Session Estimate			23	46	69
b. Cancellation	(68)				
d. November Forecast Adjustment		(64)	(66)	(67)	(133)
2 Forecast Base	<b>1,036</b>	<b>1,062</b>	<b>1,083</b>	<b>1,105</b>	<b>2,188</b>

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>	<b>State Aid</b>				
3 Statutory Formula Aid	1,036	1,062	1,083	1,105	2,188
4 Statutory Excess/(Shortfall)	68	64			
5 Appropriated Entitlement	1,104	1,126	1,083	1,105	2,188
6 Adjustments					
a. Cancellation	(68)				
b. Appropriation Reduction		(64)			
7 State Aid Entitlement Current Law	1,036	1,062	1,083	1,105	2,188
8 Other Revenue					
a. Federal	incl breakfast	993	1,092	1,202	2,294
9 Total All Sources Current Law	1,036	2,055	2,175	2,307	4,482
<b>Appropriations Basis for State Aid</b>					
Current Year	1,104	1,062	1,083	1,105	2,188
Cancellation	(68)				
<b>Total State Aid - General Fund</b>	<b>1,036</b>	<b>1,062</b>	<b>1,083</b>	<b>1,105</b>	<b>2,188</b>

**Budget Activities**

This program includes the following budget activities:

- Basic Support/LSTA
- Multicounty Multitype Library
- Electronic Library Minnesota
- Regional Library Telecommunications

**DEPT OF EDUCATION**

Program: LIBRARIES

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	15,152	17,554	17,554	17,554	35,108
<b>Technical Adjustments</b>					
End-of-session Estimate			3,950	516	4,466
Subtotal - Forecast Base	15,152	17,554	21,504	18,070	39,574
<b>Governor's Recommendations</b>					
Aid Shift Changes		0	(3,434)	0	(3,434)
<b>Total</b>	<b>15,152</b>	<b>17,554</b>	<b>18,070</b>	<b>18,070</b>	<b>36,140</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	15,152	17,554	18,070	18,070	36,140
<b>Statutory Appropriations</b>					
Federal	2,127	2,458	2,458	2,458	4,916
<b>Total</b>	<b>17,279</b>	<b>20,012</b>	<b>20,528</b>	<b>20,528</b>	<b>41,056</b>
 <b><u>Expenditures by Category</u></b>					
Other Operating Expenses	305	35	35	35	70
Local Assistance	16,974	19,977	20,493	20,493	40,986
<b>Total</b>	<b>17,279</b>	<b>20,012</b>	<b>20,528</b>	<b>20,528</b>	<b>41,056</b>
 <b><u>Expenditures by Activity</u></b>					
Basic Support	13,391	15,620	16,028	16,028	32,056
Multicounty Multitype	1,079	1,261	1,300	1,300	2,600
Electronic Library Minnesota	900	900	900	900	1,800
Reg Library Telecommunication	1,909	2,231	2,300	2,300	4,600
<b>Total</b>	<b>17,279</b>	<b>20,012</b>	<b>20,528</b>	<b>20,528</b>	<b>41,056</b>

**Activity at a Glance**

- 12 regional library systems provide services to support 359 public libraries and 13 bookmobiles.
- In FY 2009, approximately 59 million items were loaned through public libraries, exhibiting an 11% increase from 2007.
- Federal funding for FFY 2010 is \$3,043,109.
- Statewide federal projects promote efficiencies in resource sharing and cultural preservation and enhance free choice learning opportunities.

**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 through interlibrary resource sharing programs, shared automation, and coordinated services to member libraries. 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 strengthen electronic networks that support library services, and to encourage creative and innovative programs.

**Population Served**

Regional Library Basic System Support serves Minnesota residents 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 Arrowhead Library System, East Central Regional Library, Great River Regional Library, Kitchigami Regional Library, Lake Agassiz Regional Library, Metropolitan Library Service Agency, Northwest Regional Library, Pioneerland Library System, Plum Creek Library System, Southeastern Libraries Cooperating, Traverse des Sioux Library System, and 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 uses public libraries for information and self-sufficiency including access to resources for 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 by:

- 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 innovative library services that provide all users access to information through local, state, regional, national, and international electronic networks;
- providing electronic and other linkages among and between all types of libraries;
- developing public and private partnerships with other agencies and community-based organizations;
- targeting library services to individuals of diverse geographic, cultural, and socioeconomic backgrounds, to individuals with disabilities, and to individuals with limited functional literacy or information skills; and,
- targeting library and information services to persons having difficulty using a library and to underserved urban and rural communities, including children (from birth through age 17) from families with incomes below the poverty line.

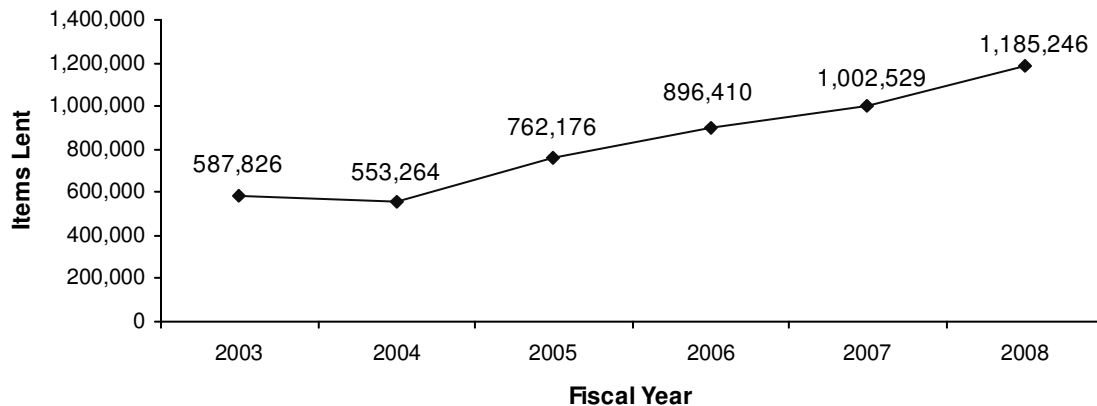
LSTA funds are used to develop new programs or enhance existing program in accordance with the required LSTA state plan for 2008-12. All libraries which meet the criteria for the program are eligible applicants. The state library agency can fund statewide library initiatives with federal LSTA dollars provided they meet federal regulations. Up to a maximum of 4% of the appropriation can be used annually for administration purposes.

**Key Activity Goals & Measures**

**Goal:** Promote cost-efficient services by emphasizing the economies provided through cooperation, collaboration, and resource-sharing across communities.

**Measure:** Library-to-library requests filled among regional public library systems through interlibrary loan increased 35.69% since 2005 when MnLINK self-service interlibrary loan functions (known as the “Get It Button”) were introduced.

**Inter-Library Loan Materials Provided by Public Libraries to Other Libraries**



**Goal:** Provide programs that promote early childhood literacy.

**Measure:** Regional public library systems and their member libraries provide programs and collections to promote early childhood literacy in collaboration with local ECFE and other community groups.

**Goal:** Support and promote academic excellence through homework help programs.

**Measure:** Regional public library systems and their member libraries provide programs such as “homework helper” after school for students. Library staff and volunteers are available to assist students with their school assignments.

**Goal:** Support and promote academic excellence by making resources and assistance available to students.

**Measure:** Access to public library internet computers continues to improve. The number of available terminals has increased 3.4% since 2007 to 4,478 in 2007 and 111 of 359 libraries offer wireless access.

**Goal:** Provide a place and the technology to support distance education.

**Measure:** Regional public library systems and their member libraries provide high-speed internet access to library resources including interlibrary loans from other libraries such as academic libraries, online databases of articles and newspapers, and trained staff. Some public libraries offer proctoring opportunities for distance students to take required exams.

**Goal:** Provide career and job training resources.

**Measure:** Regional public library systems and their member libraries provide high-speed internet access to e-government resources, including access to government Websites for unemployment claims, resume preparation and job searching, and collections and programming to support these efforts. There are 353 public library buildings with evening and weekend hours. Public libraries are working in collaboration with Workforce Centers and DEED to promote collaboration and sharing of resources.

**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.

## DEPT OF EDUCATION

**Program:** LIBRARIES

**Activity:** BASIC SUPPORT/LSTA

Narrative

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](http://education.state.mn.us/MDE/Learning_Support/Library_Services/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Library Programs**

Activity: Basic Support for Libraries

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Total Current Appropriation	11,264	13,162	13,162	13,162	26,324
a. End of Session Estimate			3,122	408	3,530
2 Forecast Base	11,264	13,162	16,284	13,570	29,854
3 Governor's Initiatives					
a. Aid Shift to 70%			(2,714)	0	(2,714)
4 Recommended	11,264	13,162	13,570	13,570	27,140

**District Revenue Summary (Entitlement Basis)**

AID	State Aid				
3 Statutory Formula Aid	13,570	13,570	13,570	13,570	27,140
4 Statutory Excess/(Shortfall)					
5 Appropriated Entitlement	13,570	13,570	13,570	13,570	27,140
6 Adjustments					
7 State Aid Entitlement Current Law	13,570	13,570	13,570	13,570	27,140
<b>Appropriations Basis for State Aid</b>					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
Prior Year	1,357	3,663	4,071	4,071	8,142
Current Year	9,907	9,499	9,499	9,499	18,998
<b>Total State Aid - General Fund</b>	<b>11,264</b>	<b>13,162</b>	<b>13,570</b>	<b>13,570</b>	<b>27,140</b>

**Activity at a Glance**

- Encourage and facilitate resource sharing among different types of library programs.
- Provide training opportunities for teacher-librarians and teachers.

**Activity Description**

**Citation:** M.S. 134.351; 134.353; 134.354

State aid improves library services through seven multicounty, multitype library cooperation systems serving school, public, academic, and agency libraries within defined multiple county regions.

**Population Served**

This activity benefits Minnesotans by focusing its services on school and special libraries in the state of Minnesota through seven regional multicounty, multitype library cooperation systems. 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	393	55	607
North Country Library Cooperative	12	31	107	19	169
Northern Lights Library Network	19	54	183	16	272
Southcentral Minnesota Inter-Library Exchange	8	60	126	11	205
Southeast Library System	15	39	150	19	223
Southwest Area Multicounty Multitype Inter-Library Exchange	<u>6</u>	<u>38</u>	<u>87</u>	<u>15</u>	<u>146</u>
Grand Totals:	118	377	1,251	158	1,904

**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 & Measures**

**Goal:** Multicounty, multitype library systems will promote cost efficient services by encouraging cooperation, collaboration, and resource sharing across all types of libraries.

**Goal:** The multitype systems will support and promote academic excellence by strengthening school library media centers.

**Goal:** The multitype systems will provide training opportunities for teacher-librarians especially in the areas of information literacy and the use of online resources.

**Goal:** The multitype systems will support and promote academic excellence by making resources available to students to develop 21<sup>st</sup> century skills.

**Measures:** Collaborative activities involving more than one multitype system include:

- transitioning a self-paced tutorial on Web 2.0 applications to a monthly e-newsletter and blog;
- sharing best practices such as Minnesota History Days with the Minnesota Historical Society and Camp Read-A-Lot to encourage early literacy in cooperation with teacher librarians; and,
- joint projects with the regional public library systems such as bi-weekly e-newsletter “Metrobriefs” for all metro area staff.



## DEPT OF EDUCATION

**Program:** LIBRARIES

**Activity:** MULTICOUNTY MULTITYPE LIBRARIES

Narrative

### **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 entirely with state funds.

### **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](http://education.state.mn.us/mde/Learning_Support/Library_Services_and_School_Technology/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Library Programs**

Activity: Multicounty, Multitype Library Systems

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Total Current Appropriation	1,079	1,261	1,261	1,261	2,522
a. End of Session Estimate			299	39	338
2 Forecast Base	<b>1,079</b>	<b>1,261</b>	<b>1,560</b>	<b>1,300</b>	<b>2,860</b>
3 Governor's Initiatives					
a. Aid Shift to 70%			(260)	0	(260)
4 Recommended	<b>1,079</b>	<b>1,261</b>	<b>1,300</b>	<b>1,300</b>	<b>2,600</b>

**District Revenue Summary (Entitlement Basis)**

AID	State Aid				
3 Statutory Formula Aid	1,300	1,300	1,300	1,300	2,600
4 Statutory Excess/(Shortfall)					
5 Appropriated Entitlement	1,300	1,300	1,300	1,300	2,600
6 Adjustments					
7 State Aid Entitlement Current Law	1,300	1,300	1,300	1,300	2,600
<b>Appropriations Basis for State Aid</b>					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
Prior Year	130	351	390	390	780
Current Year	949	910	910	910	1,820
<b>Total State Aid - General Fund</b>	<b>1,079</b>	<b>1,261</b>	<b>1,300</b>	<b>1,300</b>	<b>2,600</b>

**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 continued to increase from 8,896,730 requests in FY 2005 to 13,691,718 requests in FY 2009. This represents over 14.5 million uses.
- 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.

**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**

The program 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**

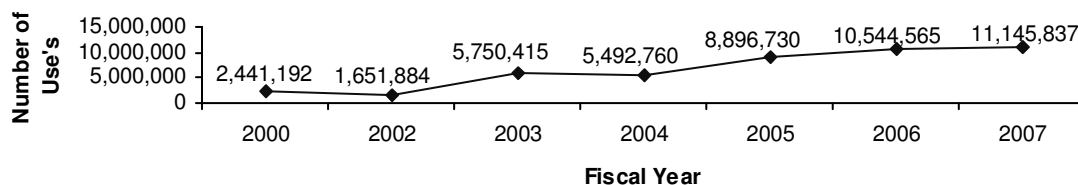
Electronic Library of Minnesota (ELM) provides students, parents, teachers, and citizens access to a basic database set of resources, full-text articles in magazines, and other materials needed for education, health, research, business, and lifelong learning. ELM resources are available through the MnLINK Gateway ([www.mnlinkgateway.org](http://www.mnlinkgateway.org)) and the ELM Portal ([www.elm4you.org](http://www.elm4you.org)). 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.

**Key Activity Goals & Measures**

**Goal:** ELM promotes governmental efficiency by licensing databases for statewide access at a reduced cost.

**Measure:** By consolidating funds, database selection, licensing contract negotiations, and staff time to support database licenses through an interagency agreement between the Division of State Library Services of the Minnesota Department of Education (MDE) and Minitex Library Information of the Office of Higher Education, the State is able to acquire statewide licenses at significantly-reduced cost. As a result of these efforts, academic, public, school, and non-profit libraries and their customers have access to these resources at their library, school, business, or home.

**Uses of Libraries' Electronic Resources**



**Goal:** ELM supports student growth and achievement by providing resources to enhance their education and developing 21<sup>st</sup> century information literacy skills.

**Measure:** ELM resources are integrated into school curricula to meet state and national standards.

**Goal:** ELM provides resources which support economic viability and development of communities regardless of size.

**Measure:** ELM databases include business, research, and other resources to meet community needs. People with a public library card from a library that is a member of its regional public library system may access their resources at their business, library or home.

**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.

**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](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
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	900	900	900	900	1,800
Subtotal - Forecast Base	900	900	900	900	1,800
<b>Total</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>1,800</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	900	900	900	900	1,800
<b>Total</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>1,800</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	900	900	900	900	1,800
<b>Total</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>1,800</b>

**Activity 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 274 since 2004.
- Connectivity and improved bandwidth facilitates resource sharing and access to electronic resources such as the Electronic Library for Minnesota (ELM) and MnLINK.

**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 Arrowhead Library System, East Central Regional Library, Great River Regional Library, Kitchigami Regional Library, Lake Agassiz Regional Library, Metropolitan Library Service Agency (MELSA), Northwest Regional Library, Pioneerland Library System, Plum Creek Library System, Southeastern Libraries Cooperating (SELCO), Traverse des Sioux Library System, and Viking Library System.

**Services Provided**

The public uses public libraries for information and to increase self-sufficiency by processing resources for 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, legal and medical electronic resources, 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 & Measures**

**Goal:** Support the infrastructure necessary to ensure adequate connectivity in libraries in order to provide efficient access to the internet by all Minnesotans in order to conduct business with government.

**Measure:** 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.

## DEPT OF EDUCATION

Program: LIBRARIES

Activity: REGIONAL LIBRARY TELECOMMUNICATION

Narrative

**Measure:** 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 library systems through interlibrary loan continued to increase rising 35.69% from 762,178 in 2005 to 1,185,246 in 2008.
- Uses of electronic resources in libraries reflects continued increases with usage gains between 2006 (10,544,565) and 2009 (13,691,718) 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 variable source of funding because federal funding is prorated based on national demand. Telecommunications vendor costs by sites vary considerably across the state.

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

### Contact

Additional information is available from the Minnesota Department of Education, State Library Services (651) 582-8251, [http://education.state.mn.us/MDE/Learning\\_Support/Library\\_Services/index.html](http://education.state.mn.us/MDE/Learning_Support/Library_Services/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Library Programs**

Activity: Regional Library Telecommunication Aid

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Total Current Appropriation	1,909	2,231	2,231	2,231	4,462
a. End of Session Estimate			529	69	598
2 Forecast Base	1,909	2,231	2,760	2,300	5,060
3 Governor's Initiatives					
a. Aid Shift to 70%			(460)	0	(460)
4 Recommended	1,909	2,231	2,300	2,300	4,600

**District Revenue Summary (Entitlement Basis)**

<b>AID</b>	<b>State Aid</b>				
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
<b>Appropriations Basis for State Aid</b>					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
Prior Year	230	621	690	690	1,380
Current Year	1,679	1,610	1,610	1,610	3,220
<b>Total State Aid - General Fund</b>	<b>1,909</b>	<b>2,231</b>	<b>2,300</b>	<b>2,300</b>	<b>4,600</b>

**Budget Activities**

This program includes the following budget activities:

- Early Childhood/Family Education
- School Readiness
- Kindergarten Readiness Assessment
- Health and Developmental Screening
- Head Start
- Infants and Toddlers – Part C
- Education Parents Partnership



**DEPT OF EDUCATION**

Program: EARLY CHILDHOOD & FAMILY SUPP

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	50,736	55,107	55,107	55,107	110,214
<b>Technical Adjustments</b>					
End-of-session Estimate			8,879	2,197	11,076
November Forecast Adjustment		45	34	16	50
Subtotal - Forecast Base	50,736	55,152	64,020	57,320	121,340
<b>Governor's Recommendations</b>					
Statewide Early Childhood Rating System		0	2,000	0	2,000
Aid Shift Changes		0	(7,292)	(95)	(7,387)
<b>Total</b>	<b>50,736</b>	<b>55,152</b>	<b>58,728</b>	<b>57,225</b>	<b>115,953</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	50,648	55,234	58,728	57,225	115,953
<b>Statutory Appropriations</b>					
Federal	10,539	11,844	11,136	11,796	22,932
Federal Stimulus	2,661	9,361	3,542	0	3,542
<b>Total</b>	<b>63,848</b>	<b>76,439</b>	<b>73,406</b>	<b>69,021</b>	<b>142,427</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	49	90	90	90	180
Other Operating Expenses	617	636	556	556	1,112
Local Assistance	63,182	75,713	72,760	68,375	141,135
<b>Total</b>	<b>63,848</b>	<b>76,439</b>	<b>73,406</b>	<b>69,021</b>	<b>142,427</b>
<b><u>Expenditures by Activity</u></b>					
Early Child Family Ed	19,635	22,103	23,247	23,771	47,018
School Readiness	8,373	9,792	10,095	10,095	20,190
Kindergarten Readiness Assemnt	225	337	281	281	562
Health & Developmental Screen	2,922	3,477	3,631	3,629	7,260
Head Start	20,100	20,100	20,100	20,100	40,200
Infants And Toddlers - Part C	12,570	20,555	14,003	11,096	25,099
Educate Parents Partnership	23	75	49	49	98
Melf-Early Childhood Rating	0	0	2,000	0	2,000
<b>Total</b>	<b>63,848</b>	<b>76,439</b>	<b>73,406</b>	<b>69,021</b>	<b>142,427</b>
<b>Full-Time Equivalents (FTE)</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	

**Activity at a Glance**

FY 2009

- Over 127,832 children and 162,580 parents participated.
- 19,138 referrals were made to ECFE from other community programs.
- 19,488 children were referred to other programs by ECFE.

**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 programs served 127,832 children

and 162,580 parents in FY 2009 (duplicated counts). Expectant parents and family relatives may also participate. The program is administered through local school districts.

**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 programs are 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 335 independent and special school districts in FY 2010.

**Key Activity Goals & Measures**

- 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.

**Goal:** Increase the percentage of parents involved in activities at home, school, and in the community related to their children's learning, development, and education.

**Measure:** 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%).

## DEPT OF EDUCATION

**Program:** EARLY CHILDHOOD & FAMILY SUPP

**Activity:** EARLY CHILD FAMILY ED

Narrative

**Goal:** Increase the number of parents receiving the education and the support they need to assist their children's development and learning.

**Measure:** 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%).

### 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. For FY 2009, the legislature lowered the levy cap on a one-time basis by \$8.57 million to \$13.565 million; all but six districts received state aid in FY 2009. 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 2009, 27 districts will generate 100% of their formula revenue from levy.

In FY 2009, state aid and local levy comprised 76% 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 2009, districts reported generating more than \$6.3 million in fees, about 11% 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](http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Early Childhood Family Support**

Activity: Early Childhood & Family Education

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Total Current Appropriation	19,005	21,460	21,460	21,460	42,920
a. End of Session Estimate			5,705	1,722	7,427
d. November Forecast Adjustment		(7)	(47)	(14)	(61)
<b>2 Forecast Base</b>	<b>19,005</b>	<b>21,453</b>	<b>27,118</b>	<b>23,168</b>	<b>50,286</b>
3 Governor's Initiatives					
a. Aid Shift to 70%			(4,546)	(97)	(4,643)
<b>4 Recommended</b>	<b>19,005</b>	<b>21,453</b>	<b>22,572</b>	<b>23,071</b>	<b>45,643</b>

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>	<b>State Aid</b>				
3 Statutory Formula Aid	21,896	22,202	22,731	23,216	45,947
4 Statutory Excess/(Shortfall)		10			0
5 Appropriated Entitlement	21,896	22,212	22,731	23,216	45,947
6 Adjustments					
a. Appropriation Reduction		(10)			
<b>9 State Aid Entitlement Current Law</b>	<b>21,896</b>	<b>22,202</b>	<b>22,731</b>	<b>23,216</b>	<b>45,947</b>
<i>plus</i>					
<b>LEVY</b>	<b>Levy</b>				
7 Local Levy Current Law	21,738	21,875	22,155	22,135	44,290
<i>equals</i>					
<b>REVENUE</b>	<b>8 Current Law Revenue (State Aid &amp; Levy)</b>				
	43,634	44,077	44,886	45,351	90,237
<b>Appropriations Basis for State Aid</b>					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
Prior Year	3,020	5,911	6,660	6,819	13,479
Current Year	15,985	15,542	15,912	16,252	32,164
Transfer per M.S. 127A.41					
Cancellation					
<b>Total State Aid - General Fund</b>	<b>19,005</b>	<b>21,453</b>	<b>22,572</b>	<b>23,071</b>	<b>45,643</b>
<b>Additional ECFE Revenue-Fund 200</b>					
ECFE Partnership-Ucare	630	650	675	700	1,375

**Activity at a Glance**

FY 2009 (Final)

- The estimated population of three and four year olds in Minnesota was 145,000.
- 32,693 children and 26,357 parents participated in the program.
- 20,947 referrals were made to and from other community services and programs.
- 24,077 children received 30 or more hours per year of services.

**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. Beginning in FY 2011, school districts are required to use school readiness aid under 124D.16 for at-risk students as defined by having one or more of the following risk factors:

- qualifies for free or reduced-price lunch;
- is an English language learning child;
- is homeless;
- has an individualized education program (IEP) or an individual interagency intervention plan (IIIP);
- is identified, through health and developmental screenings under sections 121A.16 to 121A.19, with a potential risk factor that may influence learning; or
- is defined as at risk by the school district.

**Services Provided**

Most school-based classroom programs are two and a half hours in length and meet one day to five days per week. Other program 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 & Measures**

**Goal:** Improve student achievement by better preparing children for kindergarten.

**Measure:**

- 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 2009 Readiness Levels by Domain**

<u>Developmental Domain</u>	<u>Not Yet</u>	<u>In Process</u>	<u>Proficient</u>
Physical Development	3%	32%	65%
Personal & Social Development	8%	39%	53%
The Arts	6%	42%	53%
Language & Literacy	10%	40%	51%
Mathematical Thinking	9%	42%	49%

N = 6,493

- 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.

**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 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 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 2009 formula calculation of state aid provided aid ranging from \$1,063 (Milroy), \$7,715 (Hayfield), \$68,505 (Willmar), \$135,602 (North St. Paul-Maplewood), \$202,489 (Rochester), \$422,703 Anoka-Hennepin), to \$875,697 (St. Paul) and \$815,697 (Minneapolis). Based on total state aid of \$10,095 million and participation of 55,940 children and parents, state aid funded an average of approximately \$180 per participant in FY 2009.

School districts reported financial data for FY 2009 that shows school readiness aid provided 47% of the program’s total revenue in FY 2009, while 37% came from tuition and fees, 6% from federal grants, and 9% from other miscellaneous local sources. Districts must adopt a sliding fee schedule based on family income, but must waive the fee for any participant not able to pay. Additionally, school districts may serve students who do not meet the eligibility criteria above, but must charge a fee for services provided.

**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](http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Early Childhood Family Support**

Activity: School Readiness

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Total Current Appropriation	8,379	9,792	9,792	9,792	19,584
a. End of Session Estimate			2,322	303	2,625
b. Cancellation	(6)				0
<b>2 Forecast Base</b>	<b>8,373</b>	<b>9,792</b>	<b>12,114</b>	<b>10,095</b>	<b>22,209</b>
3 Governor's Initiatives					
a. Aid Shift to 70%			(2,019)		(2,019)
<b>4 Recommended</b>	<b>8,373</b>	<b>9,792</b>	<b>10,095</b>	<b>10,095</b>	<b>20,190</b>

**District Revenue Summary (Entitlement Basis)**

<b>AID State Aid</b>					
3 Statutory Formula Aid	10,095	10,095	10,095	10,095	20,190
4 Statutory Excess/(Shortfall)					
5 Appropriated Entitlement	10,095	10,095	10,095	10,095	20,190
6 Adjustments					
a. Supplemental Appropriation					
b. Cancellation					
<b>7 State Aid Entitlement Current Law</b>	<b>10,095</b>	<b>10,095</b>	<b>10,095</b>	<b>10,095</b>	<b>20,190</b>

**Appropriations Basis for State Aid**

Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.

Prior Year	1,003	2,725	3,028	3,028	6,056
Cancellation					
Current Year	7,370	7,067	7,067	7,067	14,134
Cancellation					
<b>Total State Aid - General Fund</b>	<b>8,373</b>	<b>9,792</b>	<b>10,095</b>	<b>10,095</b>	<b>20,190</b>

**Activity at a Glance**

Fall 2009

- 11% of the 62,225 entering kindergarteners were assessed.

**Activity Description****Citation:** M.S. 124D.162

This program provides funding to implement a kindergarten readiness assessment representative of incoming kindergarteners. The study is designed to show kindergarten readiness and track readiness trends over time.

**Population Served**

To ensure the results are reliable and can be generalized to the entire population of Minnesota kindergarteners, the study uses incoming kindergarteners as assessed on their kindergarten readiness skills within the first six weeks of school.

**Services Provided**

The study is designed to capture a picture of the readiness of Minnesota children as they enter kindergarten and track readiness trends over time.

Kindergarten teachers observe children in the classrooms during the initial six weeks of kindergarten. Teachers record their observations and children's performance on 32 indicators across five domains of child development: language/literacy, mathematical thinking, personal/social; physical, and arts. Results are compiled analyzed 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 & Measures**

**Goal:** 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.

**Measure:** Data on the school readiness of entering kindergarteners who have participated in a School Readiness program is not available. See the Kindergarten Readiness Assessment budget activity narrative for data on the school readiness of Minnesota kindergarteners.

**Activity Funding**

\$281,000 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](http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html).



**DEPT OF EDUCATION**

**Program: EARLY CHILDHOOD & FAMILY SUPP**

Activity: KINDERGARTEN READINESS ASSEMNT

Budget Activity Summary

	<i>Dollars in Thousands</i>		<i>Dollars in Thousands</i>		<i>Biennium 2012-13</i>
	<i>Current FY2010</i>	<i>Current FY2011</i>	<i>Governor's Recomm. FY2012</i>	<i>Governor's Recomm. FY2013</i>	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	281	281	281	281	562
Subtotal - Forecast Base	281	281	281	281	562
<b>Total</b>	<b>281</b>	<b>281</b>	<b>281</b>	<b>281</b>	<b>562</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	225	337	281	281	562
<b>Total</b>	<b>225</b>	<b>337</b>	<b>281</b>	<b>281</b>	<b>562</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	49	90	90	90	180
Other Operating Expenses	176	247	191	191	382
<b>Total</b>	<b>225</b>	<b>337</b>	<b>281</b>	<b>281</b>	<b>562</b>
<b>Full-Time Equivalent (FTE)</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	

**Activity at a Glance**

- In FY 2009, a total of 60,217 children were screened. This included:
- 4,960 children referred to the school readiness program.
- 5,736 families referred to early childhood family education.
- 1,463 children referred to head start.
- 280 parents referred to adult education/literacy.

**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 health and developmental screening for children once before school entrance. Charter schools may choose to provide early childhood screening. A child need not submit to this screening if the child's health records

indicate to the district that the child has received comparable 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, and charter schools that choose to provide early childhood health and developmental screening must inform families that apply for admission to the charter school.

**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 state reporting 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 & Measures**

- Families will provide a stable, supportive environment for their children (Minnesota 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 (Minnesota 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 & DEVELOPMENTAL SCREENING

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.

**Goal:** Increase the percentage of children who receive referrals and services to address health and developmental concerns.

**Measure:**

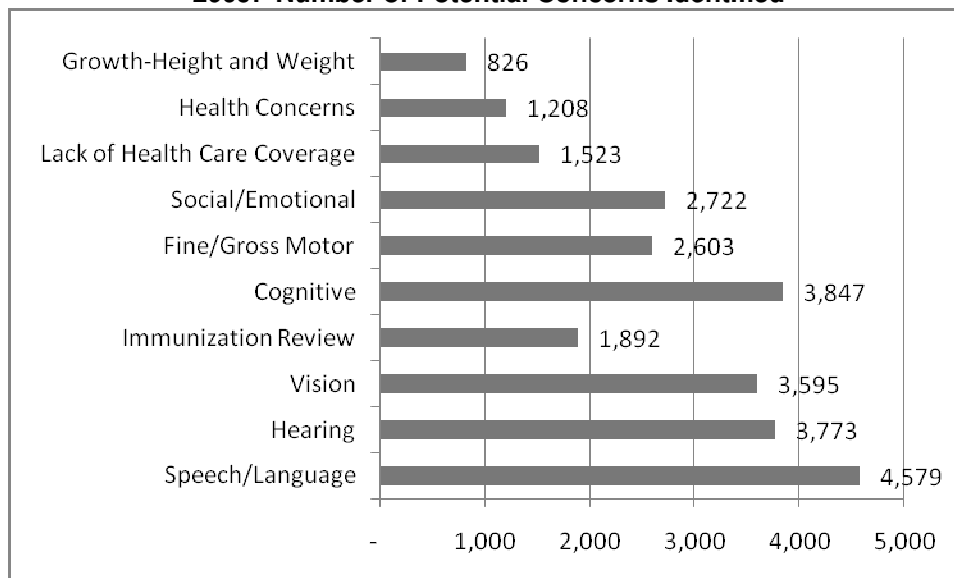
- In FY 2009, 21,405 referrals were made for potential health or developmental concerns identified at the time of early childhood health and developmental screening. Note: the department has implemented a Web-based application for reporting annual aggregated early childhood health and development screening 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.

**Goal:** Increase coordination and integrated screening efforts and follow-up process with county health and social services, school districts, and other providers.

**Measure:**

- 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.
- Development of Minnesota child health and developmental screening quality indicators.

**2009: 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 & DEVELOPMENTAL SCREENING

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](http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Early Childhood Family Support**

Activity: Health & Developmental Screening

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Total Current Appropriation	2,922	3,425	3,245	3,245	6,490
a. End of Session Estimate			1,032	352	1,384
b. November Forecast		52	81	30	111
c. Cancellation					
2 Forecast Base	<b>2,922</b>	<b>3,477</b>	<b>4,358</b>	<b>3,627</b>	<b>7,985</b>
3 Governor's Recommendation					
a. Aid Shift to 70%			(727)	2	(725)
4 Recommended	<b>2,922</b>	<b>3,477</b>	<b>3,631</b>	<b>3,629</b>	<b>7,260</b>

**District Revenue Summary (Entitlement Basis)**

AID	State Aid				
3 Statutory Formula Aid	3,500	3,617	3,636	3,626	7,262
4 Statutory Excess/(Shortfall)	0	(75)	(64)	(26)	(90)
5 Appropriated Entitlement	3,500	3,542	3,572	3,600	7,172
6 Adjustments					
b. Appropriation Increase		75	64	26	
7 State Aid Entitlement Current Law	3,500	3,617	3,636	3,626	7,262

**Appropriations Basis for State Aid**

Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.

Prior Year	367	945	1,085	1,090	2,175
Current Year	2,555	2,532	2,546	2,539	5,085
<b>Total State Aid - General Fund</b>	<b>2,922</b>	<b>3,477</b>	<b>3,631</b>	<b>3,629</b>	<b>7,260</b>

**Activity at a Glance**

In FY 2009

- 36 head start programs statewide served 17,347 children and families, approximately 13% of the total revenue comes from the state.
- 12% of head start enrolled children had a diagnosed disability.

**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, and nutritional services. Research has shown that families with the highest risk factors gain the most from high quality early childhood programming. The program is supported by state and federal funding.

**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. 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 as are children from families receiving Minnesota Family Investment Program (MFIP). At least 10% of enrollment is reserved for children with diagnosed disabilities.

In 2009, approximately 50% of the enrolled children are at least four years old; about 30% are from families who are English language learners. Approximately 45% have two parents or guardians, 69% have at least one parent working, and 25% 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.

**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 & Measures**

**Goal:** Promotes the school readiness of children from families who are at or below the federal poverty level.

**Measure:** Data on the school readiness of entering kindergarteners who have participated in a Head Start program is not available. See the Kindergarten Readiness Assessment budget activity narrative for data on the school readiness of Minnesota kindergarteners.

**Activity Funding**

Federal head start funds flow directly from the federal office to 36 local head start programs (\$84.8 million in FFY 2008 and \$87.6 million in FFY 2009). 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

## DEPT OF EDUCATION

Program: EARLY CHILDHOOD & FAMILY SUPP

Activity: HEAD START

Narrative

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 program 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](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
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
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
<b>Total</b>	<b>20,100</b>	<b>20,100</b>	<b>20,100</b>	<b>20,100</b>	<b>40,200</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	20,100	20,100	20,100	20,100	40,200
<b>Total</b>	<b>20,100</b>	<b>20,100</b>	<b>20,100</b>	<b>20,100</b>	<b>40,200</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	20,100	20,100	20,100	20,100	40,200
<b>Total</b>	<b>20,100</b>	<b>20,100</b>	<b>20,100</b>	<b>20,100</b>	<b>40,200</b>



**Activity at a Glance**

FY 2009

- 4,579 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.

**Activity Description**

**Citation:** M.S.125A.26-125A.48; Part C, IDEA (Individuals with Disabilities Act); American Recovery and Reinvestment Act of 2009, P.L. 111-5

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, center for inclusive child care, and the Autism Network, Center of Excellence for Young Children with Disabilities;
- 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.

The American Recovery and Reinvestment Act of 2009 provided additional funding for services to infants and toddlers with disabilities and their families. The Part C ARRA funds have been allocated to school districts to fund strategies to improve performance and compliance in providing services for infants and toddlers with disabilities. In addition, Part C ARRA funds were used to create regional training and technical assistance centers to increase inclusion of infants and toddlers with disabilities in early childhood settings.

**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

## DEPT OF EDUCATION

**Program:** EARLY CHILDHOOD & FAMILY SUPP

**Activity:** INFANTS AND TODDLERS – PART C

Narrative

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.

### Key Activity Goals & Measures

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.

**Goal:** 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. Infants and toddlers with IFSPs will demonstrate improved outcomes.

**Measure:** 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 4,579 in 2009.

	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>	<u>FY 2008</u>
Number of children and their families participating with IFSPs	3,039	3,209	3,587	3,924	4,579
Percentage of children participating (est.)	1.50%	1.56%	1.70%	1.83%	2.10%

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.

### 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](http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html).

**DEPT OF EDUCATION**

**Program: EARLY CHILDHOOD & FAMILY SUPP**

Activity: INFANTS AND TODDLERS - PART C

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Expenditures by Fund</u></b>					
<b>Statutory Appropriations</b>					
Federal	9,909	11,194	10,461	11,096	21,557
Federal Stimulus	2,661	9,361	3,542	0	3,542
<b>Total</b>	<b>12,570</b>	<b>20,555</b>	<b>14,003</b>	<b>11,096</b>	<b>25,099</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	418	314	316	316	632
Local Assistance	12,152	20,241	13,687	10,780	24,467
<b>Total</b>	<b>12,570</b>	<b>20,555</b>	<b>14,003</b>	<b>11,096</b>	<b>25,099</b>

**Activity at a Glance**

- Provide child development information to parents.
- Voted "Best Source of Information" by Minnesota Parent magazine readers.

**Activity Description****Citation:** M.S. 124D.129

The purpose of this program is to work with health care providers and community organizations and to coordinate with other partners 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 Minnesota Department of Education (MDE) 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 & Measures**

**Goal:** Provide parents with reliable child development information and links to programs in one convenient and easily accessible location.

**Measure:** Website receives approximately 10,000 views per month.

**Activity Funding**

\$80,000 was provided in FY 2007 to develop the program. The base for this program in FY 2010 and later years is \$49,000.

**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](http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html).

**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
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	49	49	49	49	98
Subtotal - Forecast Base	49	49	49	49	98
<b>Total</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>98</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	23	75	49	49	98
<b>Total</b>	<b>23</b>	<b>75</b>	<b>49</b>	<b>49</b>	<b>98</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	23	75	49	49	98
<b>Total</b>	<b>23</b>	<b>75</b>	<b>49</b>	<b>49</b>	<b>98</b>

**DEPT OF EDUCATION**

**Program: EARLY CHILDHOOD & FAMILY SUPP**

Activity: MELF-EARLY CHILDHOOD RATING

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
<b>Governor's Recommendations</b>					
Statewide Early Childhood Rating System		0	2,000	0	2,000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2,000</b>	<b>0</b>	<b>2,000</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	0	0	2,000	0	2,000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2,000</b>	<b>0</b>	<b>2,000</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	0	0	2,000	0	2,000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2,000</b>	<b>0</b>	<b>2,000</b>

**Budget Activities**

This program includes the following budget activities:

- Community Education
- Adults with Disabilities
- Hearing Impaired Adults
- School Age Care Revenue

**DEPT OF EDUCATION**

Program: COMMUNITY EDUCATION

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	1,135	1,232	1,232	1,232	2,464
<b>Technical Adjustments</b>					
End-of-session Estimate			291	239	530
November Forecast Adjustment		6	(5)	(129)	(134)
Subtotal - Forecast Base	1,135	1,238	1,518	1,342	2,860
<b>Governor's Recommendations</b>					
Aid Shift Changes		0	(243)	(13)	(256)
<b>Total</b>	<b>1,135</b>	<b>1,238</b>	<b>1,275</b>	<b>1,329</b>	<b>2,604</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	1,134	1,238	1,275	1,329	2,604
<b>Total</b>	<b>1,134</b>	<b>1,238</b>	<b>1,275</b>	<b>1,329</b>	<b>2,604</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	1,134	1,238	1,275	1,329	2,604
<b>Total</b>	<b>1,134</b>	<b>1,238</b>	<b>1,275</b>	<b>1,329</b>	<b>2,604</b>
<b><u>Expenditures by Activity</u></b>					
Community Education	476	479	494	548	1,042
Adults W Disabilities	588	688	710	710	1,420
Hearing Impaired Adults	70	70	70	70	140
School Age Care	0	1	1	1	2
<b>Total</b>	<b>1,134</b>	<b>1,238</b>	<b>1,275</b>	<b>1,329</b>	<b>2,604</b>



**Activity at a Glance**

- Every Minnesota school district operates a community education program.
- Programs serve participants of all ages from preschool through senior citizens.

**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.

**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;
- school readiness 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 & Measures**

**Goal:** This program ensures Minnesota’s workforce will have the education and training to make the state a leader in the global economy (Minnesota Milestones). Community education programs, including adult basic education, provide lifelong learning opportunities for persons of all ages.

**Goal:** 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.

The table below shows reported participants, not including those reported separately under ECFE, ABE, and early childhood screening.

	Numbers in Millions					
	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>Est. FY 2009</u>
Participants	2.54	2.60	3.30	2.97	2.17	1.22*

\* 93 of 298 districts reporting.

**Activity Funding**

The community education revenue formula has three components. All districts receive general revenue equal to \$5.42 times the greater of the district's resident population or 1,335. 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 six times the revenue for community education programs as the statutory formula generates in local levy and state aid. Districts reported more than \$225 million in revenue from these sources, 85% of the total FY 2009 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.

**DEPARTMENT OF EDUCATION**

**Program: Community Education & Prevention**

Activity: Community Education

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Total Current Appropriation	476	473	473	473	946
a. End of Session Estimate			127	217	344
c. November Forecast Adjustment		6	(5)	(129)	(134)
2 Forecast Base	476	479	595	561	1,156
3 Governor's Initiatives			(101)	(13)	(114)
a. Aid Shift to 70%					
4 Recommended	476	479	494	548	1,042

<b>District Revenue Summary (Entitlement Basis)</b>						
<b>AID</b>	<b>State Aid</b>					
3 Statutory Formula Aid	551	472	504	567	1,071	
4 Statutory Excess/(Shortfall)		(9)				
5 Appropriated Entitlement	551	463	504	567	1,071	
6 Adjustments						
a. Appropriation Increase		9				
b. Cancellation						
7 State Aid Entitlement Current Law	551	472	504	567	1,071	
<i>plus</i>						
<b>LEVY</b>	<b>Levy</b>					
8 Local Levy Current Law	38,259	38,666	38,924	39,041	77,965	
<i>equals</i>						
<b>REVENUE</b>	9 Current Law Revenue (State Aid & Levy)	38,810	39,138	39,428	39,608	79,036
<b>Appropriations Basis for State Aid</b>						
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.						
	Prior Year	73	148	141	151	292
	Current Year	403	331	353	397	750
<b>Total State Aid - General Fund</b>		<b>476</b>	<b>479</b>	<b>494</b>	<b>548</b>	<b>1,042</b>

**Activity at a Glance**

63 districts levied for the program in 2009.

**Activity Description**

**Citation:** M.S. 124D.56

This state aid and levy program provides revenue to a select number of school districts to support community education programs and services for adults with disabilities.

**Population Served**

No data is collected by the Minnesota Department of Education on the number of adults with disabilities participating in programs funded with this revenue.

**Services Provided**

Community education programs locally administer programs funded through adults with disabilities revenue. Thirty of the 67 supported school districts are in the seven-county metropolitan area. Programs use the following service strategies.

- services enabling adults to participate in community activities, including 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 & Measures**

**Goal:** This program provides funding to assist a limited number of school districts in paying for community education activities to help adults with disabilities participate in Minnesota's communities and economy.

**Activity Funding**

The school district community education programs that have been approved for this program may receive revenue equal to the lesser of \$60,000 or actual expenditures.

Districts receive state aid equal to the lesser of \$30,000 or one-half of the actual expenditures, and may levy the lesser of \$30,000 or one-half of the actual expenditures. Districts may receive revenue from public or private sources to supplement state aid and local levy.

**Contact**

Additional information is available from the Minnesota Department of Education, Center for Postsecondary Success, Adult and Career Education section, (651) 582-8330.

**DEPARTMENT OF EDUCATION**

**Program: Community Education & Prevention**

Activity: Adults with Disabilities

Budget Activity Summary

*Dollars in Thousands*

<i>Direct Appropriations by Fund</i>	<b>Current</b>		<b>Governor's Rec</b>		<b>Biennium</b>
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>2012-13</b>
<b>General Fund</b>					
3 Total Current Appropriation	588	688	688	688	1,376
a. End of Session Estimate			164	22	186
<b>4 Forecast Base</b>	<b>588</b>	<b>688</b>	<b>852</b>	<b>710</b>	<b>1,562</b>
3 Governor's Initiatives					
a. Aid Shift to 70%			(142)		(142)
<b>4 Recommended</b>	<b>588</b>	<b>688</b>	<b>710</b>	<b>710</b>	<b>1,420</b>

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>	<b>State Aid</b>				
5	Statutory Formula Aid	710	710	710	1,420
6	Statutory Excess/(Shortfall)				0
7	Appropriated Entitlement	710	710	710	1,420
8	Adjustments				
9	<b>State Aid Entitlement Current Law</b>	710	710	710	1,420
11	<b>Governor's Aid Recommendation</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>1,278</b>
<i>plus</i>					
<b>LEVY</b>	<b>Levy</b>				
10	Local Levy Current Law	670	670	670	1,340
<i>equals</i>					
<b>REVENUE</b>	11 Current Law Revenue (State Aid & Levy)	1,380	1,380	1,380	2,760
<b>Appropriations Basis for State Aid</b>					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
	Prior Year	69	191	213	426
	Current Year	519	497	497	994
	<b>Total State Aid - General Fund</b>	<b>588</b>	<b>688</b>	<b>710</b>	<b>1,420</b>

**Activity at a Glance**

- 14 sites in 2008 and 19 sites in 2009 submitted qualified requests for funds under this program.
- In 2008, requests for over \$82,000 were submitted. Reimbursements were prorated at 84.53%.
- In 2009, requests for over \$138,000 were submitted. Reimbursements were prorated at 50.55%
- In 2010, 15 sites requested \$34,116.51. No proration was required.

**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.

**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 & Measures**

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.

**Goal:** To support unanticipated needs for sign language interpreters or notetakers so that deaf or hard of hearing adults may fully participate in educational programs.

**Measure:**

<b>Supported Events</b>					
<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
290	291	598	569	625	244

**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 \$100.

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.

Approximately 29% of approved requests in 2009 came from school districts providing adult education. The remaining 71% came from other public and private organizations. During FY 2009, 18 different entities received funds, ranging from over \$41,000 for St. Paul College to \$36 for a local school district to interpret a one-time community education class for one adult. The department has encouraged sites to budget for this activity from other sources where recurring requests have been submitted.

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
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	70	70	70	70	140
Subtotal - Forecast Base	70	70	70	70	140
<b>Total</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>140</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	70	70	70	70	140
<b>Total</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>140</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	70	70	70	70	140
<b>Total</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>140</b>

**Activity at a Glance**

- 148 school districts certified levies for FY 2011.

**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.

**Population Served**

Services funded by this revenue are only additional services to enable children with disabilities or children who experience problems of a temporary nature to 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; and
- 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 has grown from 79 in FY 1994 to 148 districts in FY 2011.

**Key Activity Goals & Measures**

**Goal:** This program advances the goal that all people will be welcomed, respected, and able to participate fully in Minnesota's communities and economy (Minnesota 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. Currently, all 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 9% of the total revenue school districts reported for before- and after-school care programs in FY 2009, 87% 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](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).



**DEPARTMENT OF EDUCATION**

**Program: Community Education & Prevention**

Activity: School Age Care

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Total Current Appropriation	1	1	1	1	2
a. November Forecast Adjustment	(1)				
2 Forecast Base	0	1	1	1	2

<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>	<b>State Aid</b>				
3 Statutory Formula Aid	0	1	1	1	2
4 Statutory Excess/(Shortfall)	1				
5 Appropriated Entitlement	1	1	1	1	2
6 Adjustments					
7 a. Cancellation	(1)				
b. Transfer per M.S. 127A.41					
8 State Aid Entitlement Current Law	0	1	1	1	2
<i>plus</i>					
<b>LEVY</b>	<b>Levy</b>				
9 Local Levy Current Law	13,442	14,033	14,859	15,602	30,461
<i>equals</i>					
<b>REVENUE</b>	<b>10 Current Law Revenue (State Aid &amp; Levy)</b>				
	13,442	14,034	14,860	15,603	30,463
<b>Appropriations Basis for State Aid</b>					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
			0	0	0
Prior Year					
Current Year	0	1	1	1	2
Transfer per M.S. 127A.41					0
<b>Total State Aid - General Fund</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>

**Budget Activities**

This program includes the following budget activities:

- Adult Basic Education
- GED Tests

# DEPT OF EDUCATION

Program: SELF SUFFICIENT & LIFELONG LRN

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	35,796	42,857	42,857	42,857	85,714
<b>Technical Adjustments</b>					
End-of-session Estimate			11,760	4,246	16,006
November Forecast Adjustment		97	45	3	48
Subtotal - Forecast Base	35,796	42,954	54,662	47,106	101,768
<b>Governor's Recommendations</b>					
Aid Shift Changes		0	(9,149)	(275)	(9,424)
Eliminate Adult Basic Educ Growth Factor		0	(313)	(774)	(1,087)
<b>Total</b>	<b>35,796</b>	<b>42,954</b>	<b>45,200</b>	<b>46,057</b>	<b>91,257</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	35,796	42,954	45,200	46,057	91,257
<b>Statutory Appropriations</b>					
Federal	6,193	5,634	5,836	6,017	11,853
<b>Total</b>	<b>41,989</b>	<b>48,588</b>	<b>51,036</b>	<b>52,074</b>	<b>103,110</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	0	175	175	175	350
Local Assistance	41,989	48,413	50,861	51,899	102,760
<b>Total</b>	<b>41,989</b>	<b>48,588</b>	<b>51,036</b>	<b>52,074</b>	<b>103,110</b>
<b><u>Expenditures by Activity</u></b>					
Adult Basic Education	41,864	48,463	50,911	51,949	102,860
Ged Tests	125	125	125	125	250
<b>Total</b>	<b>41,989</b>	<b>48,588</b>	<b>51,036</b>	<b>52,074</b>	<b>103,110</b>

**Activity at a Glance**

- 51 ABE consortia, 500 delivery sites statewide.
- 1,200 licensed teachers and 3,000 volunteers served over 78,000 students in FY 2010.
- One out of every 11 diplomas issued in Minnesota during 2010 was a GED or adult high school diploma.
- 42% of all enrollees were ESL students, 61% were parents, and 12% were unemployed.
- Research shows that the average GED or adult diploma graduate earns about \$7,000 more per year than a dropout.

**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 2010, over 32,000 adults enrolled in ESL classes and 42% of all enrollees in adult basic education (ABE) were ESL students. A majority of ESL students are at the lowest literacy levels.

**Services Provided**

ABE program options include the following program types:

- *GED* (General Education Development diploma) - high school equivalency program (a GED online preparation program is available, as well as, in-class preparation)
- *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
- *Transition to Postsecondary Education* – programs for college preparation

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 (51 administrative units) to maximize efficiency and to share resources.

**Key Activity Goals & Measures**

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.

**Goal:** Decrease the percentage of Minnesota adults who currently lack basic skills to achieve their educational and economic goals through participation in ABE programs.

**DEPT OF EDUCATION****Program: SELF SUFFICIENT & LIFELONG LRN****Activity: ADULT BASIC EDUCATION**

Narrative

**Measure:**

<u>Selected Outcome Results</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Enrollment	74,656	73,387	78,480
GED's Earned	6,170	6,274	5,951
H.S. Diplomas Earned	1,344	1,265	1,243
Left Public Assistance	578	593	579
Entered Post-Secondary Education	5,398	7,823	9,659
Gained U.S. Citizenship or Civics Skills	1,095	1,072	987
Able to Assist Children in School	14,491	13,402	16,087
Gained or Better Employment	7,872	9,993	12,678
Annual Cost Per Learner	\$655	\$668	\$635

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. As a result of meeting federal established performance standards, the Minnesota ABE program earned Workforce Investment Act Incentive Awards for FY 2008, FY 2009, and FY 2010.

**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.

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Contact Hours	4,845,106	4,994,916	5,216,421	5,214,101	5,054,208	5,372,127	5,827,860
% Increase in Contact Hours Over Prior Year	9.60	3.10	11.20	-0.04	-3.10	6.3	8.5
Contact Hour Revenue Rate Generated for Next Year Funding	\$4.79	\$4.61	\$4.54	\$5.01	\$5.41	\$5.26	\$4.96

Under the federal Adult Education and Family Literacy Act (P.L.105-220), which is Title 2 of the 1998 Workforce Investment Act, 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.

**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](http://education.state.mn.us/MDE/Learning_Support/Adult_Basic_Education_GED/Adult_Basic_Education/index.html).

**DEPARTMENT OF EDUCATION**

**Program: Self Sufficiency & Lifelong Learning**

Activity: Adult Basic Education

Budget Activity Summary

*Dollars in Thousands*

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Total Current Appropriation	35,671	42,732	42,732	42,732	85,464
a. End of Session Estimate			11,760	4,246	16,006
b. November Forecast		97	45	3	48
c. Cancellation					
2 Forecast Base	<b>35,671</b>	<b>42,829</b>	<b>54,537</b>	<b>46,981</b>	<b>101,518</b>
3 Governor's Recommendation					
a. Aid Shift to 70%			(9,149)	(275)	(9,424)
b. Change Growth Factor to 2%			(313)	(774)	(1,087)
4 Recommended	<b>35,671</b>	<b>42,829</b>	<b>45,075</b>	<b>45,932</b>	<b>91,007</b>

**District Revenue Summary (Entitlement Basis)**

<b>AID</b>	<b>State Aid</b>				
3 Statutory Formula Aid	43,128	44,550	45,299	46,204	91,503
4 Statutory Excess/(Shortfall)	0	(139)			0
5 Appropriated Entitlement	43,128	44,411	45,299	46,204	91,503
6 Adjustments					
a. Cancellation					
b. Appropriation Increase		139			0
7 State Aid Entitlement Current Law	43,128	44,550	45,299	46,204	91,503
8 Other Revenue					
a. Federal	6,193	7,270	7,542	8,727	16,269
9 Total All Sources Current Law	49,321	51,820	52,841	54,931	107,772

**Appropriations Basis for State Aid**

Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.

Prior Year	4,187	11,644	13,365	13,589	26,954
Current Year	31,484	31,185	31,710	32,343	64,053
<b>Total State Aid - General Fund</b>	<b>35,671</b>	<b>42,829</b>	<b>45,075</b>	<b>45,932</b>	<b>91,007</b>

**Activity at a Glance**

- 59 GED testing centers.
- In Calendar Year 2009, 10,198 examinees took at least one GED test and 7,256 took all five tests.
- In 2009, 5,951 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.

**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 2009:

- the average age of GED examinees was 23.1 years;
- the average years of education of GED examinees was 10.4 years; and
- 16-18 year olds accounted for 1,091 of the graduates, 18% 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 59 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 & Measures**

By earning a State of Minnesota GED diploma, individuals are welcomed, respected, and able to participate fully in Minnesota's communities and economy.

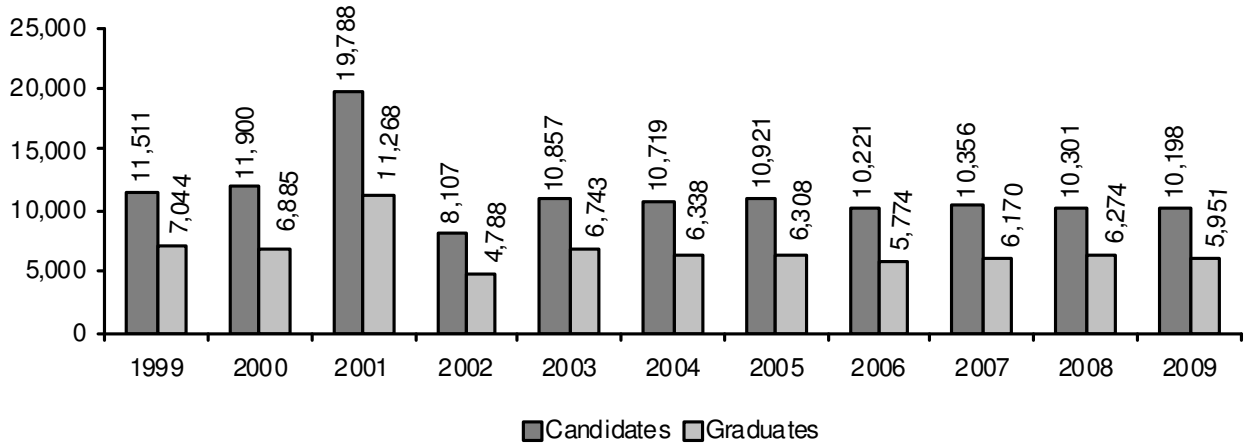
**Goal:** Provide increased access for eligible individuals to complete the GED test by paying a portion of the student's testing fees.

**Measure:** GED testing data is reported on a calendar year basis (January through December annually).

Calendar Year 2009 Statistics:

- Passing rate in Minnesota is 82% (Top five in US).
- In 2009, more than one of 11 high school credentials issued in Minnesota was a GED or adult diploma. A total of 5,951 GEDs and 1,243 adult diplomas were earned.
- 50% of examinees wanted a GED to be able to further education; 47% for employment; and 3% 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 2009, the state covered \$40 of the \$95 test fee (42%). However, this GED testing subsidy of \$40 per GED test battery given (five tests) is depleted prior to the end of the fiscal year. The current appropriation covered 3,125 test administrations out of 7,256 complete battery administrations for FY 2009.

**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](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
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	125	125	125	125	250
Subtotal - Forecast Base	125	125	125	125	250
<b>Total</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>250</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	125	125	125	125	250
<b>Total</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>250</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	125	125	125	125	250
<b>Total</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>250</b>

The following programs are discontinued or nonrecurring, but incurred expenditures in FY 2009, FY 2010, and/or FY 2011.

<u>Discontinued State Programs</u>	Dollars in Thousands		
	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Rushford Flood Enrollment Impact	70	158	
Rushford Transportation for Flood	40		
Lancaster Sparsity	100	100	100
Declining Pupil Aid Red Lake & Browns Valley	150		
Principals' Leadership Institute	275		
MN Humanities Commission	275		
First Grade Preparedness	7,250		
Get Ready, Get Credit (CLEP)	109		
St. Croix River Ed District	500		
World Language	242		
Math & Teacher Science Academies	2,616	750	
Science, Technology (STEM)	1,500		
Special Education Task Force	18		
School Technology and Operating Capital	52,172		
Disaster Relief Grants	19		
After School Community Learning Grants	2,600		
<b>Total</b>	<b>\$67,936</b>	<b>\$1,008</b>	<b>\$100</b>

**DEPT OF EDUCATION**  
**Program: DISCONTINUED PROGRAMS**  
 Activity: STATE DISCONTINUED

Budget Activity Summary

	<i>Dollars in Thousands</i>		<i>Governor's Recomm.</i>		<i>Biennium 2012-13</i>
	<i>Current FY2010</i>	<i>Current FY2011</i>	<i>FY2012</i>	<i>FY2013</i>	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	1,008	100	100	100	200
<b>Technical Adjustments</b>					
Program/agency Sunset			(100)	(100)	(200)
Subtotal - Forecast Base	1,008	100	0	0	0
<b>Total</b>	<b>1,008</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	258	850	0	0	0
<b>Total</b>	<b>258</b>	<b>850</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	258	850	0	0	0
<b>Total</b>	<b>258</b>	<b>850</b>	<b>0</b>	<b>0</b>	<b>0</b>

Federal Award Name and Brief Purpose	New grant	Required state match/MOE?		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
<b>AA-MAS-Enhancement Assessment J19</b> To enhance the quality of assessment instruments and systems for measuring the achievement of all students.	One time	No	No	364	0	0	0
<b>Accessible Portable Item Protocol 432</b> <b>Enhanced assessment instruments</b> Enhance the quality of assessment instruments and systems used by States for measuring the achievement of all students.	One time	No	No	437	835	0	0
<b>Adult Basic Education 421</b> Programs for adult education and literacy services, including workplace literacy services, family literacy services, and English literacy and integrated English literacy-civics education programs. Participation is limited to adults and out-of-school youths aged 16 and older who do not have a high school diploma or equivalent.	On-going	No	Yes	7,666	6,576	6,800	7,000
<b>Advanced Placement Incentive 459</b> Support efforts to increase access to advanced placement classes and tests for low-income students and to cover part or all of the cost of test fees for low-income students enrolled in advanced placement courses.	One time	Yes	Yes	315	1,299	904	317
<b>Building State Capacity for Preventing Youth Substance Abuse 484</b> Enhance the prevention of illegal use of drugs and violence among, and promote safety and discipline for, students at all educational levels; and to support programs to reduce alcohol abuse among secondary school students.	One time	No	No	0	125	0	0
<b>Byrd Honors Scholarships 436</b> Provide scholarships to support postsecondary education to outstanding high school seniors who show promise of continued academic achievement in an effort to recognize and promote student excellence and achievement.	On-going	No	No	703	759	820	894
<b>Carl Perkins Act – Vocational Education 482</b> Develop more fully the academic, career, and technical skills of secondary and postsecondary students who elect to enroll in career and technical education programs.	On-going	Yes	Yes	5,546	8,100	8,100	8,100
<b>Charter School Facilities 447</b> To provide matching funds to states to establish or enhance and administer per-pupil facilities aid programs in order to help charter schools obtain adequate facilities.	Ending	Yes	No	2,407	780	0	0
<b>Charter Schools 448</b> Support the planning, development, and initial implementation of charter schools and the dissemination of information on charter schools.	On-going	No	No	6,416	5,465	10,000	10,000

		Required state match/MOE?					
		No	Yes				
<b>Comprehensive School Health Programs 481</b> To improve the health and well-being of youth and prepare them to be healthy adults and help schools prevent sexual risk behaviors that result in HIV infection, especially among youth who are at highest risk.	On-going	No	No	679	492	501	509
<b>Deaf &amp; Blind 424</b> Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	On-going	No	No	212	175	175	175
<b>Early Childhood – Special Education Infants &amp; Toddlers Grant Part C 435</b> 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.	On-going	No	Yes	5,878	7,027	5,847	6,068
<b>Early Childhood – Special Education Preschool Grant Part B 434</b> Provide special education and related services to 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.	On-going	No	Yes	5,367	5,883	6,361	6,809
<b>Enhanced Assessment Grant – Improving Validity of Assessment Results for ELLs with Disabilities</b> Address the validity of assessment results of ELLs with disabilities in statewide accountability assessments.	New	No	No	0	237	929	399
<b>ESEA – 21<sup>st</sup> Century Community Learning 461</b> Create community learning centers that provide academic enrichment opportunities for children, particularly students who attend high-poverty and low-performing schools to help students meet state and local student standards in core academic subjects and offers literacy and other educational services to the families of participating children.	On-going	No	No	10,181	10,684	11,199	11,741
<b>ESEA – Dropout Prevention 431</b> 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.	One time	No	No	201	0	0	0
<b>ESEA – Drug &amp; Violence 437</b> Provide a disciplined environment conducive to learning, by preventing violence in and around schools and strengthening 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.	On-going	No	No	3,785	2,100	0	0

		Required state match/MOE?					
		No	Yes				
<b>ESEA – Drug &amp; Violence 438</b> Provide programs and activities that prevent illegal drug use and violence targeted to populations that need special services or additional resources, such as youth in juvenile detention facilities, runaway or homeless children and youth, pregnant and parenting teens and school dropouts and are coordinated with related Federal, State, and community efforts and resources.	On-going	No	No	902	546	0	0
<b>ESEA – English Language Acquisition 464</b> 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.	On-going	No	Yes	8,251	8,493	8,746	9,009
<b>ESEA – Enhancing Technology State Grants 452</b> Formula grant 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.	On-going	No	No	3,337	1,323	1,323	0
<b>ESEA – Math &amp; Science Partnerships 498</b> To improve the academic achievement of students in mathematics and science.	On-going	No	No	2,502	2,874	2,960	3,048
<b>ESEA – Migrant Education 422</b> 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.	On-going	No	No	1,715	2,222	2,404	2,547
<b>ESEA – Migrant MSIX Data Quality</b> To participate in consortia that provide high-quality project designs and services to improve the interstate or intrastate coordination of migrant education programs by addressing key needs of migratory children who have their education interrupted.	On-going	No	No	0	10	17	0
<b>ESEA – Reading First 468</b> National reading initiative designed to help every child become a successful reader by the end of third grade.	Ended	No	No	2,719	557	0	0
<b>ESEA – School Improvement Grants 499</b> Competitive subgrants to local educational agencies (LEAs) that demonstrate the greatest need for the funds and the strongest commitment to use the funds to provide adequate resources in order to raise substantially the achievement of students in their lowest-performing schools.	On-going	No	No	3,329	3,750	5,258	5,265

		Required state match/MOE?					
		No	No				
<b>ESEA – State Assessments 462</b> Support the development of the additional State assessments and standards required by Section 1111(b) of the Elementary and Secondary Education Act (ESEA), as amended; and (2) if a State has developed the assessments and standards required by Section 1111(b), then to support the administration of those assessments or to carry out other activities related to ensuring that the State's schools and local education agencies are held accountable for results.	On-going	No	No	5,657	9,554	9,853	10,152
<b>ESEA Title 1 450</b> Assist local educational agencies (LEAs) and schools to improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic achievement standards.	On-going	No	No	132,729	139,746	151,341	163,275
<b>ESEA – Title II Improving Teacher Quality 465</b> To improve 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.	On-going	No	No	37,145	37,356	38,116	38,890
<b>ESEA Title V Innovative Programs 449</b> To assist local education reform efforts that are consistent with and support statewide reform efforts. Also to support state and local efforts to implement promising education reform programs, provide a continuing source of innovation and educational improvement, help meet the special education needs of at-risk and high-need students, and support programs to improve school, student, and teacher performance.	Ended	No	No	1,199	0	0	0
<b>ESEA – Voluntary Public School Choice 486</b> Eligible entities use the grant funds for: (1) planning or designing a program (for not more than 1 year); (2) the cost of making tuition transfer payments to public elementary schools or secondary schools to which students transfer under the program; (3) the cost of capacity-enhancing activities that enable high-demand public elementary schools or secondary schools to accommodate transfer requests under the program; (4) the cost of carrying out public education campaigns to inform students and parents about the program; and (5) other costs reasonably necessary to implement the program.	On-going	Yes	No	841	1,478	1,478	1478

		Required state match/MOE?					
		No	No				
<b>ESEA Migrant Consortium 470</b> Participate in consortia that provide high-quality project designs and services to improve the interstate or intrastate coordination of migrant education programs by addressing key needs of migratory children who have their education interrupted.	On-going	No	No	53	69	5	0
<b>Even Start Family Literacy 441</b> 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.	On-going	Yes	No	644	667	692	718
<b>FNS – CACFP Food Service 500</b> Resolution of prior year final settlements with USDA.	Ended	No	No	135	0	0	0
<b>FNS - Summer Food Program 416</b> Initiate and maintain 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.	On-going	No	No	4,215	5,058	5,564	6,120
<b>FNS-Breakfast 400</b> School Breakfast Program funds to reimburse participating public and nonprofit private schools, of high school grade and under and residential child care institutions, for breakfasts to eligible children.	On-going	Yes	No	32,741	40,697	44,767	49,244
<b>FNS-CACFP Food Service 406</b> To initiate and maintain nonprofit food service programs for children and elderly or impaired adults enrolled in nonresidential day care facilities, children attending afterschool care programs in low-income areas, and children residing in emergency shelters.	On-going	No	No	840	845	876	904
<b>FNS-CACFP Food Service 407</b> To initiate and maintain nonprofit food service programs for children and elderly or impaired adults enrolled in nonresidential day care facilities, children attending afterschool care programs in low-income areas, and children residing in emergency shelters.	On-going	No	No	58,438	70,067	78,475	87,892
<b>FNS-CACFP Sponsor 408</b> To initiate and maintain nonprofit food service programs for children and elderly or impaired adults enrolled in nonresidential day care facilities, children attending afterschool care programs in low-income areas, and children residing in emergency shelters.	On-going	No	No	7,235	8,675	9,716	10,882
<b>FNS-Commodities 405</b> To initiate and maintain nonprofit food service programs for children and elderly or impaired adults enrolled in nonresidential day care facilities, children attending afterschool care programs in low-income areas, and children residing in emergency shelters.	On-going	No	No	908	1,025	1,128	1,240



		Required state match/MOE?					
		No	No				
<b>FNS-Fresh Fruits &amp; Vegetables 414</b> Selected low-income public and nonprofit private elementary schools are reimbursed for produce served to school children outside of the lunch or breakfast food service periods.	On-going	No	No	752	1,979	2,078	2,180
<b>FNS-Lunch 403</b> School lunch program to reimburse participating public and nonprofit private schools, of high school grades or under, including residential child care institutions, for lunches meeting the nutritional requirements to eligible children.	On-going	Yes	No	130,561	156,644	172,309	180,924
<b>FNS-School Lunch Equip 413</b> Funds for certain equipment purchases at eligible schools.	On-going	No	No	0	317	333	349
<b>FNS-Special Milk 404</b> To encourage the consumption of milk by children in public and private nonprofit schools of high school grade and under, public and private nonprofit nursery schools, and child-care centers. Milk served free to eligible needy children is reimbursed at the average cost of a half pint of milk.	On-going	Yes	No	753	993	1,092	1,202
<b>FNS-State Admin Expense 411</b> Administrative funds to supervise and give technical assistance to local schools, school districts and institutions with their Child Nutrition Programs.	On-going	Yes	No	2,967	3,211	3,396	3,503
<b>FNS-Summer Food Program Sponsor Admin 415</b> Initiate and maintain 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.	On-going	Yes	No	467	420	462	508
<b>FNS-Summer Food Service Program State Admin Expenses 410</b> 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.	On-going	No	No	125	81	83	87
<b>GSEG Enhancement Grant G19</b> Promote academic achievement and to improve results for children with disabilities by providing technical assistance, supporting model demonstration projects, disseminating useful information, and implementing activities that are supported by scientifically based research.	One time	No	No	181	0	0	0

		Required state match/MOE?					
		Yes	No				
<b>Head Start 442</b> 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; and to involve parents in their children's learning and to help parents make progress toward their educational, literacy and employment goals.	On-going	Yes	No	111	125	125	125
<b>Homeless Children 440</b> Ensure that all homeless children and youth have equal access to the same free, appropriate public education available to other children.	On-going	No	No	572	585	602	629
<b>Institute of Museum &amp; Library Services – Grants to States 426</b> Promote improvement in library services in all types of libraries to better serve the public by facilitating access to resources for the purpose of cultivating an educated and informed citizenry and encouraging resource sharing among libraries for the purpose of achieving economical and efficient delivery of library services to the public.	On-going	Yes	Yes	2,651	3,136	3,136	3,136
<b>Learn &amp; Serve America School Based Prog 497</b> 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.	On-going	Yes	No	190	262	265	267
<b>Rural &amp; Low Income Schools 428</b> Provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools.	On-going	No	No	129	132	140	145
<b>Special Education – General Supervision Enhancement Grant 467</b> Provide technical assistance, where needed, to improve the capacity of States to meet the data collection requirements of the IDEA.	One time	No	No	310	231	209	0
<b>Special Education – State Personnel Dev 425</b> Reform and improve systems for school personnel preparation and professional development in early intervention, educational and transition services, to improve results for children with disabilities.	On-going	No	No	769	1,894	1,184	1,287

		Required state match/MOE?					
		No	Yes				
<b>Special Education—Children with Disabilities 451</b> Formula grant to provide special education & related services needed to eligible children as authorized under IDEA.	On-going	No	Yes	155,079	188,953	204,385	218,719
<b>Striving Readers Comprehensive Literacy Program State Form Grant 417</b> To advance literacy skills, including pre-literacy skills, reading and writing for students from birth through grade 12, including limited-English-proficient students and students with disabilities.	One time	No	No	0	116	34	0
<b>Title I Neglected &amp; Delinquent 423</b> To help provide educational continuity for neglected and delinquent 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.	On-going	No	No	221	260	305	359
<b>USDE Contract – NAEP 463</b> Coordinate state’s participation in the federally required assessments of the National Assessments Governing Board.	On-going	No	No	145	152	156	161
<b>USDE Contract – PBDMI 483</b> To improve and institutionalize ED <i>Facts</i> reporting processes within the state.	On-going	No	No	166	135	139	144
<b>ARRA Data Systems for 21st Century KR0</b> Create comprehensive P-20 systems that permit the generation and use of accurate and timely data, support analysis and informed decision-making at all levels of the education system, increase the efficiency with which data may be analyzed to support the continuous improvement of education services and outcomes, facilitate research to improve student academic achievement and close achievement gaps, support education accountability systems, and simplify the processes to make education data transparent through Federal and public reporting.	One time	Yes	No	0	1,593	5,353	4,372
<b>ARRA Title I KR1</b> Improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic achievement standards.	One time	No	No	28,533	46,392	19,896	0
<b>ARRA IDEA Part B KR2</b> Provide a free appropriate public education to all children with disabilities.	One time	No	Yes	68,802	94,920	26,747	0
<b>ARRA Preschool Part B KR3</b> Provide special education and related services to 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.	One time	No	No	1,691	3,854	2,162	0

		Required state match/MOE?					
		No	Yes				
<b>ARRA IDEA Infants &amp; Family Part C KR4</b> 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.	One time	No	No	970	5,507	1,380	0
<b>ARRA Head Start Advisory KR5</b> Improve coordination and collaboration among early childhood education and care programs and services in the state through activities of the State Early Childhood Advisory Council.	One time	No	No	0	830	381	0
<b>ARRA NSLP Equipment KR6</b> Funding provided for certain equipment purchases.	One time	No	No	1,271	0	0	0
<b>ARRA McKinney Vento KR7</b> 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).	One time	No	No	428	245	19	0
<b>ARRA Title II Tech KR8</b> Formula grants 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.	One time	No	No	2,217	3,459	441	0
<b>ARRA School Improvement KR9</b> Competitive subgrants to local educational agencies (LEAs) that demonstrate the greatest need for the funds and the strongest commitment to use the funds to provide adequate resources in order to raise substantially the achievement of students in their lowest-performing schools.	One time	No	No	98	13,304	15,583	0
<b>ARRA Stabilization Fund KS1</b> Support and restore funding for elementary, secondary, and postsecondary education and, as applicable, early child hood education programs and services.	One time	No	Yes	397,332	102,668	0	0
<b>Education Jobs Funding LJ1</b> Assist local educational agencies (LEAs) in saving or creating education jobs for school year 2010-2011.	One time	No	Yes	0	149,777	16,940	0
<b>Total</b>				<b>1,153,183</b>	<b>1,167,724</b>	<b>893,690</b>	<b>860,773</b>

DEPT OF EDUCATION

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012   FY2013		Biennium 2012-13
<b><u>Non Dedicated Revenue:</u></b>					
<b>Departmental Earnings:</b>					
General	1,831	1,830	1,830	1,830	3,660
<b>Other Revenues:</b>					
General	40	0	0	0	0
<b>Other Sources:</b>					
General	2	1	1	1	2
<b>Total Non-Dedicated Receipts</b>	<b>1,873</b>	<b>1,831</b>	<b>1,831</b>	<b>1,831</b>	<b>3,662</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings:</b>					
Miscellaneous Special Revenue	5,687	5,707	5,707	5,707	11,414
<b>Grants:</b>					
Miscellaneous Special Revenue	2,250	2,026	0	0	0
Federal	651,075	744,918	803,842	856,002	1,659,844
Federal Stimulus	501,342	422,549	88,902	4,372	93,274
Miscellaneous Agency	53	25	0	0	0
<b>Other Revenues:</b>					
Miscellaneous Special Revenue	4,560	4,934	4,923	4,924	9,847
Federal	5	0	0	0	0
Maximum Effort School Loan	1,950	2,500	2,500	2,500	5,000
Miscellaneous Agency	15	3,099	3,099	3,099	6,198
Gift	10	17	48	48	96
<b>Other Sources:</b>					
Miscellaneous Special Revenue	327	323	323	323	646
Maximum Effort School Loan	311	0	0	0	0
Miscellaneous Agency	5	3	0	0	0
<b>Total Dedicated Receipts</b>	<b>1,167,590</b>	<b>1,186,101</b>	<b>909,344</b>	<b>876,975</b>	<b>1,786,319</b>
<b>Agency Total Revenue</b>	<b>1,169,463</b>	<b>1,187,932</b>	<b>911,175</b>	<b>878,806</b>	<b>1,789,981</b>

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⇒ Designates that this is a change item	

**Agency Purpose**

The Emergency Medical Services Regulatory Board (EMSRB) is 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 also serves as the administering agency for the Health Professionals Services Program (HSPS). The Health Professionals Services Program (HPSP) was created as a program of the health licensing boards to protect the public from persons regulated by the boards who are unable to practice with reasonable skill and safety by reason of illness. Within its authority, HPSP’s mission is to enhance public safety in health care. Its goals 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.

**At a Glance**

**Credentialing Services**

- Minnesota’s ambulance services (302) are licensed and inspected biannually.
- 26,500 EMS Personnel (EMT’s, Paramedics & First Responders) are licensed biannually.

**Education Services**

- 170 emergency medical services education programs are approved biannually

**Health Professional Services Program**

- Referrals: 492
- Discharges: 488
- Active cases on 6/30/2010: 586

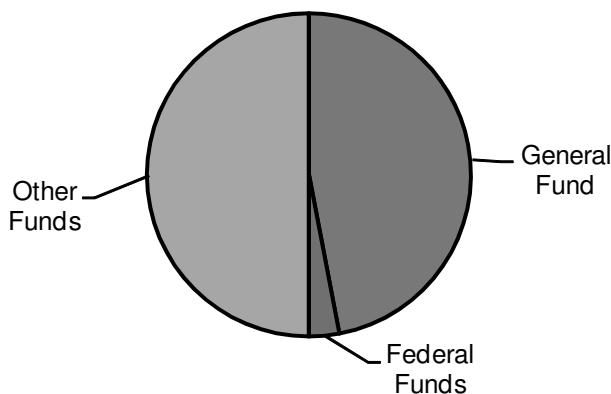
**Investigated Services**

- Approximately 100 complaints are investigated annually with action taken as needed to ensure the safety and health of the public.

**Regional Program Services**

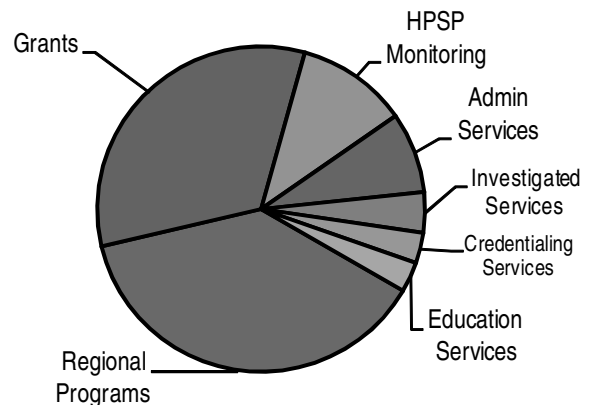
- Eight regional organizations are designated and funded to support emergency medical services statewide.

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Program**



Source: Board expenses allocated to the services provided by the board.

## Strategies

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, certifying individual EMS personnel, and 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.

The Health Professional Services Program (HPSP) meets its mission and goals through the careful implementation of the following strategies:

- Provides health professionals with services to determine if they have an illness that warrants monitoring;
- Creates and implement monitoring contracts;
- Monitors the continuing care and compliance of program participants; and
- Acts as a resource for licensees, licensing boards, health employers, practitioners, and medical communities

## Operations

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 representatives of the commissioners of Health and Public Safety. The EMSRB:

- 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 in FY 2010 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.
- 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.
- Served as a pilot agency for the Office of Enterprise Technologies e-Licensing system.

The HPSP currently serves 600 health professionals regulated by the 17 health licensing boards, the Emergency Services Regulatory Board (EMSRB) and the Dept. of Health. HPSP implements Monitoring Plans to ensure that the health professionals obtain adequate treatment and do not cause patient harm. A plan may include the participant's agreement to comply with continuing care recommendations, practice restrictions, random drug screening, and support group participation. The HPSP:

- Performs assessment services to determine if health professionals have illnesses that may impact their practice, and therefore warrant monitoring.
- Creates monitoring contracts that protect the public by monitoring treatment compliance, illness management and work quality.
- Monitors health professionals' compliance with the monitoring contracts (e.g., review drug screens, treatment provider and work site reports).
- Reports health professionals who are not appropriately managing their illnesses to their licensing boards.



**Key Activity Goals & Measures**

**Key Goals:**

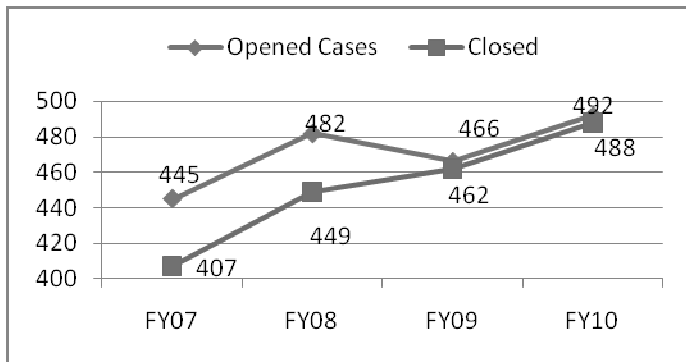
- Enhancement of MNSTAR will continue to improve state-wide EMS through decisions made by data driven information. Data should be collected at the local, regional, and national level for EMS system improvement in many "cross-walks".
- As one of the two e-licensing pilot agencies, EMSRB will continue to work with the Office of Enterprise Technologies to identify improvements to the e-Licensing system to benefit both public and agency users.
- Protect the public (through HPSP) from health professionals with potentially impairing illnesses.

**Key Measures**

- Use of MNSTAR by EMSRB to track and report on ambulance activity in Minnesota for policy development, research and planning. MNSTAR is also used by ambulance services to create their own reports for quality assurance, planning and to identify training and funding needs.
- Licenses and regulates approximately 300 ambulance services.
- Certifies more than 25,000 EMS personnel after they have completed the required training and testing.
- Approves approximately 140 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 200 first responder units, on a voluntary basis, statewide.
- Monitors (through HPSP) nearly 600 health professionals to enhance public safety in health care.
- Participation in HPSP is a key performance measure. Since fiscal year 2005, the number of health professionals actively monitored by HPSP increased by 25%. More health professionals are self-referring and being referred by others at an all time high rate.

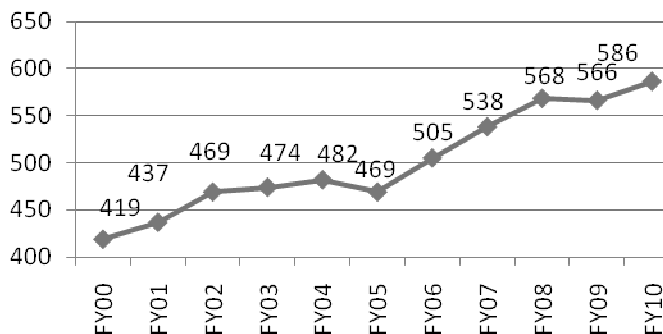
**Opened and Closed Cases by Fiscal Year:**

The following chart shows the number of health professionals referred to and discharged from HPSP by fiscal year.



**Open Cases at End of Fiscal Year:**

The following chart shows the number of licensees HPSP was monitoring at the end of each fiscal year:

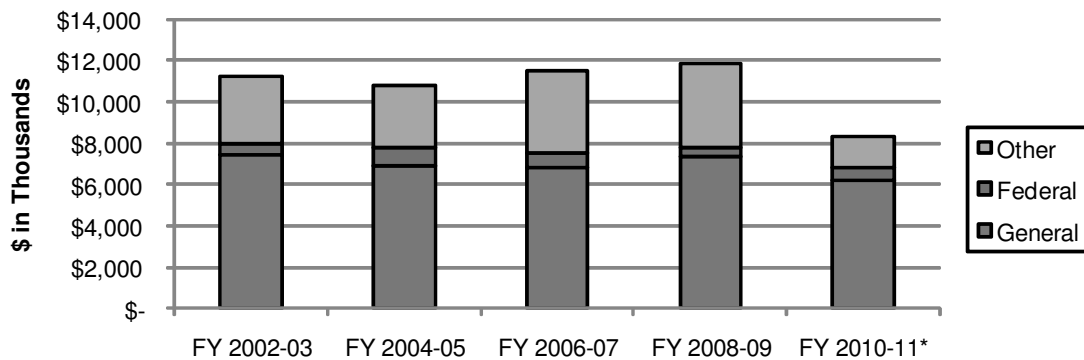


**Budget Trends Section**

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 8% of its budget expenditures (13 full-time equivalent 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 licenses they have in the program. HSPP has 7.0 full time equivalent employees. Roughly 90% of HPSP’s budget is directed to salaries and benefits. The remaining 10% covers rent and all other operational costs. HPSP implemented a variety of cost savings measures in fiscal year 2009 as a means to stay within budget.

**Total Expenditures by Fund**



\* FY 2010-11 is estimated, not actual

External factors for the EMSRB include increasing costs paid to other state agencies when there are no increases in its own budget. For example, there will be costs to the board associated with integrating its licensing system with the Office of Enterprise Technology’s Minnesota Electronic Licensing System in the next few years. The primary external factors affecting HPSP’s operations include the increasing numbers of health professionals seeking the program’s services and the increasing numbers of health professionals abusing prescription medications. Dwindling resources impact’s the program’s ability to provide services.

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**EMERGENCY MEDICAL SVCS REG BD**

Agency Overview

*Dollars in Thousands*

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	3,471	2,742	2,742	2,742	5,484
<b>Recommended</b>	<b>3,471</b>	<b>2,742</b>	<b>2,742</b>	<b>2,742</b>	<b>5,484</b>
Change		0	0	0	0
% Biennial Change from 2010-11					-11.7%
<b>State Government Spec Revenue</b>					
Current Appropriation	704	704	704	704	1,408
<b>Recommended</b>	<b>704</b>	<b>704</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	(704)	(704)	(1,408)
% Biennial Change from 2010-11					-100%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	3,074	2,786	2,742	2,742	5,484
State Government Spec Revenue	691	717	0	0	0
<b>Open Appropriations</b>					
State Government Spec Revenue	5	13	14	14	28
<b>Statutory Appropriations</b>					
General	5	10	10	10	20
Miscellaneous Special Revenue	2,373	2,663	1,849	1,823	3,672
Federal	170	295	242	242	484
Gift	1	16	2	2	4
<b>Total</b>	<b>6,319</b>	<b>6,500</b>	<b>4,859</b>	<b>4,833</b>	<b>9,692</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	1,561	1,670	1,075	1,101	2,176
Other Operating Expenses	1,035	1,243	930	879	1,809
Payments To Individuals	286	361	361	361	722
Local Assistance	3,437	3,226	3,176	3,175	6,351
Transfers	0	0	(683)	(683)	(1,366)
<b>Total</b>	<b>6,319</b>	<b>6,500</b>	<b>4,859</b>	<b>4,833</b>	<b>9,692</b>
<b><u>Expenditures by Program</u></b>					
Emergency Medical Services Bd	6,319	6,500	4,859	4,833	9,692
<b>Total</b>	<b>6,319</b>	<b>6,500</b>	<b>4,859</b>	<b>4,833</b>	<b>9,692</b>
<b>Full-Time Equivalents (FTE)</b>	<b>21.3</b>	<b>21.4</b>	<b>21.5</b>	<b>21.2</b>	

**EMERGENCY MEDICAL SVCS REG BD**

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b>Fund: GENERAL</b>				
FY 2011 Appropriations	2,742	2,742	2,742	5,484
Subtotal - Forecast Base	2,742	2,742	2,742	5,484
Total Governor's Recommendations	2,742	2,742	2,742	5,484
<b>Fund: STATE GOVERNMENT SPEC REVENUE</b>				
FY 2011 Appropriations	704	704	704	1,408
Subtotal - Forecast Base	704	704	704	1,408
<b>Change Items</b>				
Transfer Health Provider Service Prog	0	(704)	(704)	(1,408)
Total Governor's Recommendations	704	0	0	0
<b>Fund: STATE GOVERNMENT SPEC REVENUE</b>				
Planned Open Spending	13	14	14	28
Total Governor's Recommendations	13	14	14	28
<b>Fund: GENERAL</b>				
Planned Statutory Spending	10	10	10	20
Total Governor's Recommendations	10	10	10	20
<b>Fund: MISCELLANEOUS SPECIAL REVENUE</b>				
Planned Statutory Spending	2,663	1,849	1,823	3,672
Total Governor's Recommendations	2,663	1,849	1,823	3,672
<b>Fund: FEDERAL</b>				
Planned Statutory Spending	295	242	242	484
Total Governor's Recommendations	295	242	242	484
<b>Fund: GIFT</b>				
Planned Statutory Spending	16	2	2	4
Total Governor's Recommendations	16	2	2	4

## EMERGENCY MEDICAL SVCS REG BD

Change Item: Transfer Health Prof Services Prog

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Health Related Boards Fund (171)				
<b>Direct Appropriated Account</b>				
Expenditures	(704)	(704)	(704)	(704)
Revenues	0	0	0	0
Net Fiscal Impact	\$(704)	\$(704)	\$(704)	\$(704)

### Recommendation

The Governor recommends that the Health Professionals Services Program (HPSP), a joint program of the Health Related Boards, be formally transferred to the budget of the Board of Dentistry as its new administering board. There is no change in the operating budget for either HPSP or the Board of Dentistry resulting from this change.

The direct appropriation to the Emergency Medical Services Regulatory Board for HPSP is from the Health Related Boards fund in the state government special revenue fund (171). Under the Governor's proposal for the Health Related Boards to convert to dedicated funding, HPSP will continue to be funded at the same level through partnership agreements with each board.

### Rationale

HPSP is the program that is responsible for evaluating and monitoring health professionals for concerns related to possible impairment. HPSP was created as a program of the health licensing boards in MS§ 214.31 "to protect the public from persons regulated by the boards who are unable to practice with reasonable skill and safety by reason of illness..." HPSP provides intake, assessment and case management/monitoring services to health professionals with illnesses that may adversely impact their ability to practice.

HPSP currently serves the public by monitoring nearly 600 health professionals regulated by the 16 health licensing boards, the Emergency Services Regulatory Board (EMSRB) and the Department of Health, who have substance, psychiatric or other medical disorders that may impair their ability to practice safely if their illness is not appropriately managed.

HPSP serves many state agencies, but is not an independent entity, and so is required to have an existing state agency oversee its operations as an administering board. Various Health Related Boards have held this responsibility in previous years, and the Board of Dentistry took on the functional aspects of this change over two years ago. Formalizing the change will clarify and simplify things for the program and the public.

HPSP is funded through the revenues collected by each board with licensees participating in the program. The program will continue to be funded by the Health Related Boards' fees when they move to dedicated funding. Each board will enter into partnership agreements with the Board of Dentistry to cover the cost attributed to that board for the HPSP program.

### Key Goals and Measures

This change is an organizational change not a fiscal change. There is no fiscal impact. This change enhances efficiency of state government.

Statutory Change: Not Applicable.

**EMERGENCY MEDICAL SVCS REG BD**

Agency Revenue Summary

*Dollars in Thousands*

	<b>Actual FY2010</b>	<b>Budgeted FY2011</b>	<b>Governor's Recomm.</b>		<b>Biennium 2012-13</b>
			<b>FY2012</b>	<b>FY2013</b>	
<b><u>Non Dedicated Revenue:</u></b>					
<b>Departmental Earnings:</b>					
General	87	60	90	60	150
<b>Other Revenues:</b>					
State Government Spec Revenue	0	15	15	15	30
<b>Total Non-Dedicated Receipts</b>	<b>87</b>	<b>75</b>	<b>105</b>	<b>75</b>	<b>180</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings:</b>					
Miscellaneous Special Revenue	22	23	23	23	46
<b>Grants:</b>					
Federal	170	295	242	242	484
<b>Other Revenues:</b>					
General	6,284	10	10	10	20
Gift	0	2	2	2	4
<b>Total Dedicated Receipts</b>	<b>6,476</b>	<b>330</b>	<b>277</b>	<b>277</b>	<b>554</b>
<b>Agency Total Revenue</b>	<b>6,563</b>	<b>405</b>	<b>382</b>	<b>352</b>	<b>734</b>

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⇒ Designates that this item is a change item



**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 prosperity of Minnesota individuals, businesses, and communities by supporting 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.

**At a Glance**

**Business & Community Development – FY 2010**

- Assisted with the creation and retention of an estimated 14,500 jobs.
- Leveraged private investments of \$1.44 billion.
- Provided direct assistance and information to more than 51,000 businesses.

**Unemployment Insurance – CY 2009**

- \$1.7 billion in regular unemployment benefits paid to 363,000 applicants.
- An additional \$1.1 billion in benefits paid through other special federal and state benefit programs.
- Collected nearly \$900 million in taxes from 130,000 employers.

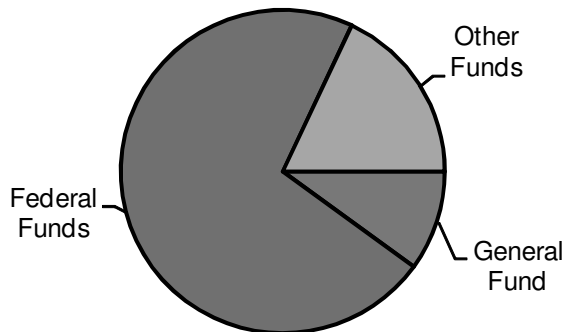
**Workforce Development – FY 2010**

- 135,424 job seekers used Minnesota WorkForce Centers to look for work.
- 51,762 job seekers created resumes on MinnesotaWorks and 7,709 employers posted 316,662 job openings.
- 97,258 individuals were served in eligibility based programs.

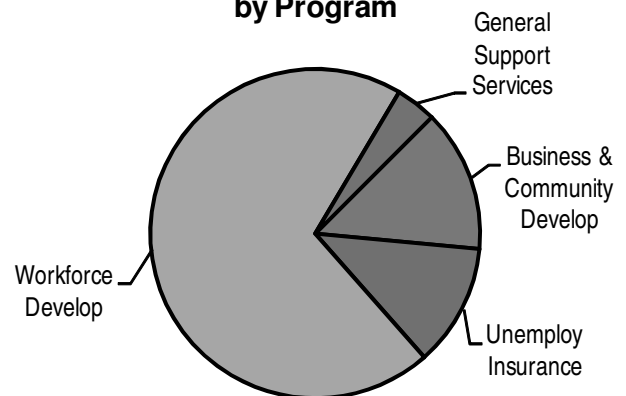
**General Support Services – FY 2010**

- Supported over 1,800 employees
- Administered over \$3.5 billion expenditures
- Launched a new website with 3.4 million page views

**Est. FY 2010-11 Expenditures by Fund**



**Est. FY 2010-11 Expenditures by Program**



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/20/10. Excludes unemployment insurance benefit payments.

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/20/10. Excludes unemployment insurance benefit payments.

**Strategies**

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;

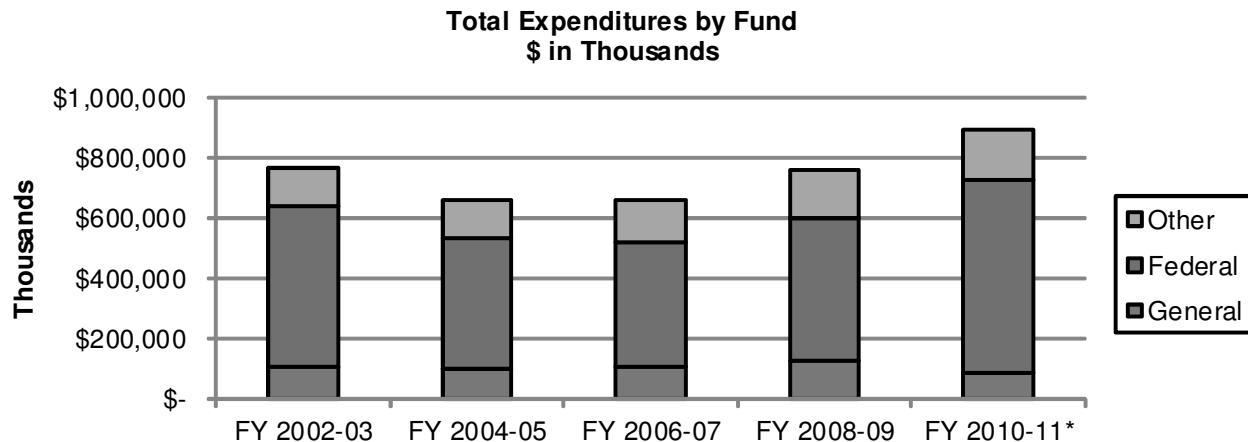
- to stabilize and stimulate the economy in times of downturn through the benefit payments administered by the Unemployment Insurance division; and
- to provide reemployment assistance to workers and support the skill acquisition of workers who need re-tooling and to provide employers with job recruitment and retention strategies.

**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 and Community Development** programs help companies expand in or relocate to Minnesota, promote international trade, finance business expansions, and help companies find and train employees. Minnesota businesses can tap into the division's financial and technical assistance programs to help spur business growth through newer tools including Angel Tax Credits and established programs including Job Opportunity Building Zones. For community revitalization, 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.

**Budget Trends Section**



\* FY 2010-11 is estimated, not actual and includes \$74 million of American Recovery & Reinvestment Act funds  
Dollars in thousands

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/20/10.  
Exclude unemployment insurance benefit payments.

**External Factors Impacting DEED**

DEED has begun to see employment growth as Minnesota recovers from the recent recession. At the same time, Minnesota's workforce is aging and its growth will slow over the next 20 years. Employment growth is projected to slow to 9% between 2009 and 2019.

In the meantime, the state is continuing to shift towards a skills-based economy. National projections indicate that 70% of jobs in Minnesota will require a post-secondary degree by 2018, up from the current 40%. DEED and its partners are focused on helping match the demands of the state's employers and the skills of the workforce. Bridging this skills gap is essential to helping Minnesota-based businesses grow and individuals find jobs.

All states are positioning for business growth, and DEED and its partners ensure that Minnesota is competitive in this effort. DEED's business development strategy emphasizes help for Minnesota-based businesses so they will continue to grow in the state, assistance for entrepreneurs and new businesses, and also help for site selectors and businesses considering Minnesota as a potential location. DEED continues to work with Minnesota communities to ensure they have the proper infrastructure to support business growth.

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# EMPLOYMENT AND ECONOMIC DEVEL

# Agency Overview

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	38,733	48,356	48,356	48,356	96,712
<b>Recommended</b>	<b>38,733</b>	<b>48,356</b>	<b>39,155</b>	<b>39,155</b>	<b>78,310</b>
Change		0	(9,201)	(9,201)	(18,402)
% Biennial Change from 2010-11					-10.1%
<b>Workforce Development</b>					
Current Appropriation	16,747	16,747	16,747	16,747	33,494
<b>Recommended</b>	<b>16,747</b>	<b>16,747</b>	<b>16,422</b>	<b>16,422</b>	<b>32,844</b>
Change		0	(325)	(325)	(650)
% Biennial Change from 2010-11					-1.9%
<b>Remediation Fund</b>					
Current Appropriation	700	700	700	700	1,400
<b>Recommended</b>	<b>700</b>	<b>700</b>	<b>700</b>	<b>700</b>	<b>1,400</b>
Change		0	0	0	0
% Biennial Change from 2010-11					0%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	42,857	53,403	39,155	39,155	78,310
Health Care Access	2	0	0	0	0
Workforce Development	16,727	17,256	16,422	16,422	32,844
Remediation Fund	700	700	700	700	1,400
<b>Statutory Appropriations</b>					
Clean Water Revolving Fund	0	50	50	50	100
Petroleum Tank Release Cleanup	2,768	11,316	6,200	6,200	12,400
Miscellaneous Special Revenue	30,039	37,311	21,667	21,087	42,754
Workforce Development	29,541	27,460	27,424	27,217	54,641
Federal	19,783	39,752	40,468	39,668	80,136
Federal Stimulus	58,688	19,272	5,565	1,790	7,355
Mdes Federal	244,748	257,578	254,356	256,836	511,192
Gift	545	500	179	165	344
<b>Total</b>	<b>446,398</b>	<b>464,598</b>	<b>412,186</b>	<b>409,290</b>	<b>821,476</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	122,120	129,173	125,041	128,097	253,138
Other Operating Expenses	69,133	76,469	76,211	73,506	149,717
Payments To Individuals	45,220	43,456	46,810	48,810	95,620
Local Assistance	203,610	207,376	161,964	157,197	319,161
Other Financial Transactions	6,315	8,124	8,610	8,130	16,740
Transfers	0	0	(6,450)	(6,450)	(12,900)
<b>Total</b>	<b>446,398</b>	<b>464,598</b>	<b>412,186</b>	<b>409,290</b>	<b>821,476</b>
<b><u>Expenditures by Program</u></b>					
Business & Community Developmt	45,799	89,015	58,813	57,419	116,232
Unemployment Insurance	55,251	68,531	60,900	59,598	120,498
Workforce Development	328,396	288,870	274,565	274,687	549,252
General Support Services	16,952	18,182	17,908	17,586	35,494
<b>Total</b>	<b>446,398</b>	<b>464,598</b>	<b>412,186</b>	<b>409,290</b>	<b>821,476</b>
<b>Full-Time Equivalent (FTE)</b>	<b>1,811.6</b>	<b>1,840.1</b>	<b>1,772.3</b>	<b>1,764.6</b>	

**EMPLOYMENT AND ECONOMIC DEVEL**

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b>Fund: GENERAL</b>				
FY 2011 Appropriations	48,356	48,356	48,356	96,712
<b>Technical Adjustments</b>				
Approved Transfer Between Appr		0	0	0
Current Law Base Change		228	228	456
One-time Appropriations		(10,640)	(10,640)	(21,280)
Operating Budget Reduction		(3)	(3)	(6)
<b>Subtotal - Forecast Base</b>	<b>48,356</b>	<b>37,941</b>	<b>37,941</b>	<b>75,882</b>
<b>Change Items</b>				
Budget Reductions	0	(936)	(936)	(1,872)
Vocational Rehabilitation Federal Match	0	2,000	2,000	4,000
Services for the Blind Federal Match	0	150	150	300
<b>Total Governor's Recommendations</b>	<b>48,356</b>	<b>39,155</b>	<b>39,155</b>	<b>78,310</b>
<b>Fund: WORKFORCE DEVELOPMENT</b>				
FY 2011 Appropriations	16,747	16,747	16,747	33,494
<b>Technical Adjustments</b>				
One-time Appropriations		(325)	(325)	(650)
<b>Subtotal - Forecast Base</b>	<b>16,747</b>	<b>16,422</b>	<b>16,422</b>	<b>32,844</b>
<b>Total Governor's Recommendations</b>	<b>16,747</b>	<b>16,422</b>	<b>16,422</b>	<b>32,844</b>
<b>Fund: REMEDIATION FUND</b>				
FY 2011 Appropriations	700	700	700	1,400
<b>Subtotal - Forecast Base</b>	<b>700</b>	<b>700</b>	<b>700</b>	<b>1,400</b>
<b>Total Governor's Recommendations</b>	<b>700</b>	<b>700</b>	<b>700</b>	<b>1,400</b>
<b>Fund: CLEAN WATER REVOLVING FUND</b>				
Planned Statutory Spending	50	50	50	100
<b>Total Governor's Recommendations</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>100</b>
<b>Fund: PETROLEUM TANK RELEASE CLEANUP</b>				
Planned Statutory Spending	11,316	6,200	0	6,200
<b>Change Items</b>				
Petrofund Extension	0	0	6,200	6,200
<b>Total Governor's Recommendations</b>	<b>11,316</b>	<b>6,200</b>	<b>6,200</b>	<b>12,400</b>
<b>Fund: MISCELLANEOUS SPECIAL REVENUE</b>				
Planned Statutory Spending	37,311	27,842	27,262	55,104
<b>Change Items</b>				
UI Contingent Account	0	(6,450)	(6,450)	(12,900)
Monitoring Pass-Through Grant Recipients	0	275	275	550
<b>Total Governor's Recommendations</b>	<b>37,311</b>	<b>21,667</b>	<b>21,087</b>	<b>42,754</b>
<b>Fund: WORKFORCE DEVELOPMENT</b>				
Planned Statutory Spending	27,460	24,124	23,917	48,041
<b>Change Items</b>				
UI Contingent Account	0	3,300	3,300	6,600
<b>Total Governor's Recommendations</b>	<b>27,460</b>	<b>27,424</b>	<b>27,217</b>	<b>54,641</b>
<b>Fund: FEDERAL</b>				
Planned Statutory Spending	39,752	40,468	39,668	80,136
<b>Total Governor's Recommendations</b>	<b>39,752</b>	<b>40,468</b>	<b>39,668</b>	<b>80,136</b>

**EMPLOYMENT AND ECONOMIC DEVEL**

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b><i>Fund: FEDERAL STIMULUS</i></b>				
Planned Statutory Spending	19,272	5,565	1,790	7,355
Total Governor's Recommendations	19,272	5,565	1,790	7,355
<b><i>Fund: MDES FEDERAL</i></b>				
Planned Statutory Spending	257,578	254,356	256,836	511,192
Total Governor's Recommendations	257,578	254,356	256,836	511,192
<b><i>Fund: GIFT</i></b>				
Planned Statutory Spending	500	179	165	344
Total Governor's Recommendations	500	179	165	344
<b><u>Revenue Change Items</u></b>				
<b><i>Fund: MISCELLANEOUS SPECIAL REVENUE</i></b>				
<b>Change Items</b>				
Monitoring Pass-Through Grant Recipients	0	275	275	550

## EMPLOYMENT AND ECONOMIC DEVEL

Change Item: Budget Reductions

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(936)	\$(936)	\$(936)	\$(936)
Net Fiscal Impact	\$(936)	\$(936)	\$(936)	\$(936)

### Recommendation

The Governor recommends a reduction of \$936,000 per year in FY 2012 and FY 2013 to the Department of Employment and Economic Development's (DEED) general fund budget. The Governor intends that DEED should focus its 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.

This proposal represents approximately a 2.5% reduction to DEED's base general fund forecast budget.

### Rationale

DEED's total base forecast general fund budget is \$37.941 million per year for FY 2012 and FY 2013 and includes amounts budgeted for the Business & Community Development, Workforce Development, and General Support Services programs. DEED is proposing to reduce \$463,000 of expenditures each year during the FY 2012 - FY 2013 biennium for the following programs:

- \$221,000 Job Skills Partnership Program
- \$188,000 Business & Community Development
- \$ 54,000 General Support Services

These reductions will be achieved by staff reductions and awarding fewer grants through the Job Skills Partnership program.

In addition, DEED proposes \$473,000 of reductions per year for FY 2012 and FY 2013 to the following pass-through grants.

- \$175,000 Minnesota Diversified Industries
- \$119,000 BioBusiness Alliance
- \$ 50,000 Women Venture
- \$ 35,000 Twin Cities Rise
- \$ 26,000 Metropolitan Economic Development Authority
- \$ 15,000 Advocating Change Together
- \$ 15,000 Rise Inc
- \$ 15,000 Northern Connections
- \$ 13,000 Minnesota Inventors Congress
- \$ 10,000 Lifetrack

**Statutory Change:** Not Applicable.

## EMPLOYMENT AND ECONOMIC DEVEL

Change Item: Petrofund Extension

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Petroleum Tank Fund				
Expenditures	\$0	\$6,200	\$6,200	\$6,200
Revenues	0	0	0	0
Net Fiscal Impact	\$0	\$6,200	\$6,200	\$6,200

### Recommendation

The Governor recommends extending the sunset date of the Petroleum Tank Fund under M.S. 115C.08 and the appropriation of \$6.2 million annually for the Contamination Cleanup Grant Program.

### Rationale

Minnesota Statutes Chapter 115C which includes the Petroleum Tank Fund is scheduled to sunset on June 30, 2012. This fund is the primary funding source for the Contamination Cleanup Grant Program that is administered through DEED pursuant to M.S. 116J.554. This grant program assists development authorities with contamination investigations and cleanup of sites where there is a planned redevelopment project. The program is highly popular and successful, being over-subscribed since its inception in 1995.

### Key Goals and Measures

This initiative supports the Minnesota Milestones goal that Minnesota will have sustainable, strong economic growth.

**Statutory Change:** Change the sunset date contained in M.S. 115C.13 to June 30, 2017



## EMPLOYMENT AND ECONOMIC LEVEL

Change Item: UI Contingent Account

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Transfer In	\$3,150	\$3,150	\$0	\$0
Workforce Development Fund				
Expenditures	3,300	3,300	0	0
Transfers In	3,300	3,300	0	0
Special Revenue Fund				
Transfers Out	6,450	6,450	0	0
Net Fiscal Impact	\$(3,150)	\$(3,150)	\$0	\$0

### Recommendation

The Governor recommends the transfer of \$3.3 million per year from the Unemployment Insurance (UI) Contingent account to the Workforce Development Fund for the purpose of providing additional assistance to dislocated workers. In addition, the Governor recommends that remaining funds in the UI Contingent account (approximately \$3.15 million per year) be transferred to the General Fund.

### Rationale

A portion of the Unemployment Insurance Contingent Account has been transferred to the Workforce Development fund to assist Minnesota's laid off workers since fiscal year 2002. This request is to continue that transfer of funds at an increased level.

Over the past few years, demand for services has outstripped the dollars available through the statutory appropriation the Dislocated Worker program has received. The Workforce Development Fund made services possible to 20,507 laid off, job-seeking Minnesotans during SFY 2010 – an unprecedented total representing a 25% increase from the preceding year, and a 57% increase from the year before. Meanwhile, fund collections were \$6 million lower than initially projected for the same year. As a result, providers have had to establish waiting lists, which reached an estimated peak of 2,000 statewide last year. At least 200 customers are still waiting for sufficient program funds as of January 2011.

**Statutory Change:** Not applicable

## EMPLOYMENT AND ECONOMIC LEVEL

Change Item: Vocational Rehabilitation Federal Match

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$2,000	\$2,000	\$0	\$0
Net Fiscal Impact	\$2,000	\$2,000	\$0	\$0

### Recommendation

The Governor recommends an increase of \$2 million per year in FY 2012-13 to the appropriation for Vocational Rehabilitation in order to fully match and draw down available federal funding to provide employment services for persons with significant disabilities.

### Rationale

Minnesota has historically been a national leader in employment services for persons with disabilities. Much of our success has come from our ability to make maximum use of the federal dollars available to the state. The federal Department of Education provides federal partnership monies with \$3.7 federal dollars matched to every state dollar. These funds support a statewide vocational rehabilitation (VR) program that is housed in Minnesota's WorkForce Centers. While federal funding has continued to increase, state funding has not been able to keep up in recent years. Current funding is not sufficient to draw down all of the federal monies available to Minnesota. Without additional state funding, Minnesota is projected to forego over \$14 million in federal dollars over the biennium. With a \$2 million per year increase in state match, an additional 1,500 Minnesotans with significant disabilities will enter into a service plan that will help them secure employment and achieve greater economic self-sufficiency.

Vocational Rehabilitation is currently operating under an order of selection that prioritizes services to persons with the most significant disabilities and places other eligible individuals on a waiting list. The waiting list can only be re-opened when there are sufficient resources available to fully fund the service plans of all eligible individuals. This waiting list restricts the opportunities for these individuals to achieve gainful employment and reduce their dependence on governmental supports.

### Key Goals and Measures

This request supports the Minnesota Milestone goals that *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.*

### Outcomes

(Federal Fiscal Year)	2011	2012	2013
New customers accepted for services	7,800	9,000	10,000
Number of new employment plans written	5,000	5,850	6,500
Successful employment outcomes	2,210	2,400	3,000

**Statutory Change:** Not Applicable.

## EMPLOYMENT AND ECONOMIC DEVEL

Change Item: Services for the Blind Federal Match

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$150	\$150	\$0	\$0
Net Fiscal Impact	\$150	\$150	\$0	\$0

### Recommendation

The Governor recommends an increase of \$150,000 per year in FY 2012-13 to the appropriation for State Services for the Blind (SSB) in order to fully match and draw down available federal funding for the Vocational Rehabilitation (VR) program that facilitates and supports specialized employment services for blind Minnesotans.

### Rationale

For many years SSB has had sufficient state funds to fully match and draw down all available federal funds for the VR program. The federal Department of Education provides federal partnership monies with \$3.7 federal dollars matched to every state dollar. SSB must also meet a "maintenance of effort" requirement: in any succeeding year SSB must expend no less state funds for that program than the average of the expenditures for the two preceding years or be assessed a financial penalty. While federal funding has continued to increase, state funding has not been able to keep up in recent years. Current funding is not sufficient to draw down all of the federal monies available to Minnesota. Without additional state funding, Minnesota is projected to forego over \$1 million in federal dollars over the biennium.

Expenses for services, including assistive technology hardware and software packages along with higher education, have continued to increase. These increases have put significant pressure on the VR budget, making future access to SSB's full federal allocation all the more critical. Failure to grant this increase permitting the match and draw down of SSB's full federal allocation may require contraction in the VR program by limiting persons served and creating waiting lists (Order of Selection).

### Key Goals and Measures

This change request relates to Minnesota Milestone 32 (Employment of people with disabilities). With this change request SSB will continue to provide its unique services and maintain its historic rate of quality employment outcomes for blind and visually impaired Minnesotans.

- Between FFY 2007 and FFY 2010, 332 blind and visually impaired Minnesotans achieved an employment outcome.
- Between FFY 2007 and FFY 2010, the average wage per hour was over \$11.00.

**Statutory Change:** Not Applicable.

## EMPLOYMENT AND ECONOMIC LEVEL

Change Item: Monitoring Pass-Through Grant Recipients

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Special Revenue Fund				
Expenditures	\$275	\$275	\$275	\$275
Revenues	(275)	(275)	(275)	(275)
Net Fiscal Impact	\$0	\$0	\$0	\$0

### Recommendation

The Governor recommends that DEED retain up to 5% of funds appropriated to it for pass-through grants to perform appropriate oversight/monitoring of those grants. DEED needs to properly manage each of the awarded grants by providing the appropriate oversight, monitoring, technical assistance, performance, and reporting activities. This is needed to ensure that the grantee is performing services according to state laws and regulations and that taxpayers and stakeholders are effectively served.

### Rationale

There are costs associated with administering every grant issued by any state agency. Most of DEED's resources are federal and it is not allowable to charge federal programs the cost of administering state grants. Therefore, state resources must be used to monitor pass-through grants awarded by the legislature.

Recent audits of DEED by the Office of Legislative Auditor have recommended that DEED provide oversight for each of its pass-through grants. DEED has struggled with this requirement as it has not had the state resources to monitor these grants nor provide the standard administrative work described above.

The 2010 Minnesota Legislature recognized DEED's challenge and provided the following direction in the Laws of 2010, Chapter 347, Article 1, Section 10:

*The commissioner shall also monitor the activities and outcomes of programs and services funded by legislative appropriations and administered by the department on a pass-through basis and develop a consistent and equitable method of assessing recipients for the costs of its monitoring activities.*

It is imperative to taxpayers and stakeholders that pass-through grants receive the same thorough treatment and scrutiny that other non-pass through grants receive. Most other grant programs that are administered by the agency (whether it is a federal, state, or a foundation award, etc.) are allowed a minimum of 5 to 10% administrative fee to provide this oversight.

DEED has experienced staff in grant administration and monitoring. With additional resources, DEED staff will be able to perform effective grant administration procedures for pass-through grants. DEED will review grantee work plans, monitor the plan for performance, and report to the legislature on outcomes of these pass-through grants.

### Key Goals and Measures

DEED's mission is to support the economic success of individuals, businesses and communities by improving opportunities for growth. Its goals revolve around creating and retaining jobs, cultivating entrepreneurs, enhancing community vitality, strengthening the workforce, fostering self-sufficiency and addressing economic change. The Minnesota Legislature provides pass-through grants with the expectation that the customers served will become a vital asset and strengthen the economy of Minnesota. This initiative strengthens these efforts.

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

**Program Description**

The purpose of the Business and Community Development program is to support business creation, expansion, relocation, and retention in Minnesota to increase jobs and economic opportunities.

**Budget Activities**

This program includes the following budget activities:

- Business Development
- Entrepreneurship and Small Business Development
- JOBZ and Business Finance
- Community Finance
- Minnesota Trade Office

# EMPLOYMENT AND ECONOMIC DEVEL

Program: BUSINESS & COMMUNITY DEVELPMT

Program Summary

			<i>Dollars in Thousands</i>		
	Current FY2010	FY2011	Governor Recomm. FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	7,661	17,165	17,165	17,165	34,330
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			1,057	1,057	2,114
Current Law Base Change			0	0	0
One-time Appropriations			(10,640)	(10,640)	(21,280)
Subtotal - Forecast Base	7,661	17,165	7,582	7,582	15,164
<b>Governor's Recommendations</b>					
Budget Reductions		0	(396)	(396)	(792)
<b>Total</b>	<b>7,661</b>	<b>17,165</b>	<b>7,186</b>	<b>7,186</b>	<b>14,372</b>
<b>Workforce Development</b>					
Current Appropriation	339	339	339	339	678
Subtotal - Forecast Base	339	339	339	339	678
<b>Total</b>	<b>339</b>	<b>339</b>	<b>339</b>	<b>339</b>	<b>678</b>
<b>Remediation Fund</b>					
Current Appropriation	700	700	700	700	1,400
Subtotal - Forecast Base	700	700	700	700	1,400
<b>Total</b>	<b>700</b>	<b>700</b>	<b>700</b>	<b>700</b>	<b>1,400</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	8,717	19,989	7,186	7,186	14,372
Health Care Access	2	0	0	0	0
Workforce Development	265	413	339	339	678
Remediation Fund	700	700	700	700	1,400
<b>Statutory Appropriations</b>					
Clean Water Revolving Fund	0	50	50	50	100
Petroleum Tank Release Cleanup	2,768	11,316	6,200	6,200	12,400
Miscellaneous Special Revenue	11,416	13,314	3,836	3,256	7,092
Federal	19,783	39,752	40,468	39,668	80,136
Federal Stimulus	2,136	3,425	0	0	0
Gift	12	56	34	20	54
<b>Total</b>	<b>45,799</b>	<b>89,015</b>	<b>58,813</b>	<b>57,419</b>	<b>116,232</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	4,706	5,199	4,978	4,974	9,952
Other Operating Expenses	2,199	3,397	2,240	2,235	4,475
Local Assistance	32,579	72,295	42,985	42,080	85,065
Other Financial Transactions	6,315	8,124	8,610	8,130	16,740
<b>Total</b>	<b>45,799</b>	<b>89,015</b>	<b>58,813</b>	<b>57,419</b>	<b>116,232</b>
<b><u>Expenditures by Activity</u></b>					
Business Development	3,432	3,166	2,317	2,303	4,620
Entrepreneurship & Sm Bus Dev	4,540	4,471	3,828	3,428	7,256
Jobz And Business Finance	10,082	22,943	9,242	8,262	17,504
Community Finance	25,985	56,457	41,660	41,660	83,320
Minnesota Trade Office	1,760	1,978	1,766	1,766	3,532
<b>Total</b>	<b>45,799</b>	<b>89,015</b>	<b>58,813</b>	<b>57,419</b>	<b>116,232</b>
<b>Full-Time Equivalent (FTE)</b>	<b>59.2</b>	<b>58.4</b>	<b>55.9</b>	<b>55.9</b>	

## EMPLOYMENT AND ECONOMIC LEVEL

Program: BUSINESS & COMMUNITY DEVELOPMENT

Activity: BUSINESS DEVELOPMENT

Narrative

### Activity at a Glance

In CY 2009, the office

- made over 1000 direct contacts with companies to respond to concerns or encourage growth and expansion;
- worked on more than 140 projects considering Minnesota as a place to expand or relocate their business; and
- lead more than 50 economic development groups, private sector and service providers' participation in Positively Minnesota marketing events.

### 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. Chapter 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 Marketing Partnership Initiative (described below). A wide range of businesses may be served in any given year.

### 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

- project management for clients investing in Minnesota;
- regularly meeting with businesses to identify needs or issues related to operating in Minnesota;
- promoting Minnesota's business assets and advantages to generate prospect activity;
- providing information and analysis on business financing, site selection, and real estate;
- connecting businesses with training and educational resources;
- providing targeted industry expertise;
- working with Minnesota communities on developing and executing economic development projects;
- serving as a liaison with other state, local, and federal agencies; and
- assisting companies with other business development needs as requested.

Business development specialists market all DEED programs and services, special emphasis is placed on 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 other programs dedicated to making Minnesota more competitive such as the Shovel Ready Program. 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, other partners and local governments. 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 as well as engages local companies to participate and pursue business opportunities. Over the past year, the partnership coordinated events and raised more than \$300,000 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 to promote business development.

## EMPLOYMENT AND ECONOMIC DEVEL

**Program: BUSINESS & COMMUNITY DEVELOPMENT**

**Activity: BUSINESS DEVELOPMENT**

Narrative

**Other specific business initiatives** include:

- coordinating state support for biosciences development and emerging industries, including support for the Bio Business Alliance of Minnesota and bioscience marketing;
- actively seeking out and working with site selection consultants and corporate real estate executives;
- conducting an annual Development Conference and supporting Manufacturers' Week and the economic Development Association of Minnesota;
- 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 Minnesota and DEED programs at national and statewide events such as trade shows and conferences;
- working in concert with the Trade Office to promote foreign investment into Minnesota;
- developing programs, services and materials to make Minnesota more competitive from a site location perspective such as a site and building database (MNPRO), enhanced marketing materials and tracking information on expansion and relocation activity; and
- coordinating disaster recovery activities in various regions of the state.

The office has a *renewable energy specialist*, which coordinates economic development support with other state agencies to further the renewable energy goals of the state through the Green Enterprise Assistance Office and supports "green" marketing activities, as well as a *wind energy specialist*, which coordinates economic development support and business development opportunities in the industry and promotes the development and capabilities of the supply chain.

The office also administers grants and contracts that have been awarded to organizations such as the BioBusiness Alliance of Minnesota, the City of Minneapolis, the City of Worthington and others.

### Key Activity Goals & Measures

The Business Development office supports the Minnesota Milestones goal that Minnesota will have sustainable, strong economic growth.

Measures are based on a calendar year. Calendar year 2009 is the second year of Customer Relationship Management software that effectively tracks project performance. Business Development worked on 143 projects in 2009 which required a significant amount of staff time. There were 89 expansion projects in the state in 2009. Business Development was involved in most projects however many were not eligible for DEED programs.

Calendar Year	2008	2009
Number of business expansions assisted	39	43
Proposed number of jobs to be created	2,100	4,900
Proposed capital investment (in millions)	\$430	\$460

### 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

Phone: (651) 259-7114 or (800) 657-3858

TTY: (651) 296-3900 or (800) 657-3973

Email: [DEED.customerservice@state.mn.us](mailto:DEED.customerservice@state.mn.us)

Web: <http://www.positivelyminnesota.com/business>



**EMPLOYMENT AND ECONOMIC DEVEL**  
**Program: BUSINESS & COMMUNITY DEVELPMT**  
**Activity: BUSINESS DEVELOPMENT**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	1,779	1,671	1,671	1,671	3,342
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			701	701	1,402
Current Law Base Change			0	0	0
Subtotal - Forecast Base	1,779	1,671	2,372	2,372	4,744
<b>Governor's Recommendations</b>					
Budget Reductions		0	(289)	(289)	(578)
<b>Total</b>	<b>1,779</b>	<b>1,671</b>	<b>2,083</b>	<b>2,083</b>	<b>4,166</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	2,349	2,755	2,083	2,083	4,166
Health Care Access	2	0	0	0	0
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	1,069	355	200	200	400
Gift	12	56	34	20	54
<b>Total</b>	<b>3,432</b>	<b>3,166</b>	<b>2,317</b>	<b>2,303</b>	<b>4,620</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	1,300	1,317	1,229	1,171	2,400
Other Operating Expenses	895	1,374	732	776	1,508
Local Assistance	1,237	475	356	356	712
<b>Total</b>	<b>3,432</b>	<b>3,166</b>	<b>2,317</b>	<b>2,303</b>	<b>4,620</b>
<b>Full-Time Equivalents (FTE)</b>	<b>18.1</b>	<b>14.8</b>	<b>13.5</b>	<b>13.5</b>	

## EMPLOYMENT AND ECONOMIC LEVEL

**Program:** BUSINESS & COMMUNITY DEVELOPMENT

**Activity:** ENTREPRENEURSHIP & SMALL BUSINESS DEVELOPMENT

Narrative

### Activity at a Glance

Since 1981, the SBDC and SBAO have:

- delivered over 600,000 hours of professional business consulting to over 61,000 aspiring and existing Minnesota small businesses
- created and retained over 75,000 jobs through direct services;
- helped businesses raise over \$2.0 billion for business investment; and
- helped businesses generate nearly \$5.8 billion in new business wealth.

### 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:

1. Assist entrepreneurial and small businesses and coordinate resources.
2. Facilitate the start-up, growth and wealth creation of small businesses.
3. Offer innovative partnering and services tailored to meet the current and future needs of Minnesota's technology based economy.

Statutory authority comes from M.S. 116J.656 through 116J.85 and the U. S. Code, Title 15, Section 648.

### 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; and
- 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:

1. 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.

## EMPLOYMENT AND ECONOMIC DEVEL

**Program: BUSINESS & COMMUNITY DEVELPMT**

**Activity: ENTREPRENEURSHIP & SM BUS DVLP**

Narrative

2. 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
- 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.

3. 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.

### Key Activity Goals & Measures

The OESB supports the Minnesota Milestones goal that Minnesota will have sustainable, strong economic growth.

Since 1981, the partnerships which comprise the MnSBDC has delivered over 600,000 hours of professional business consulting to over 61,000 aspiring and existing Minnesota small businesses.

MnSBDC Service Activity	CY 2009	10-Year (2000 – 2009)	29-Year (1981 – 2009)
Aspiring and Existing Small Business Consulted	3,155	34,845	61,191
Professional Consulting Hours Delivered	33,645	373,524	600,574

Economic Outcomes Attributed to Consultation Services Delivered	CY 2009	10-Year (2000 – 2009)	29-Year (1981 – 2009)
New Businesses Established or Acquired	101	1,299	3,203
Jobs Created or Saved	6,575	53,162	75,483
Capital Accessed for Business Investment	\$105,800,000	\$1,032,600,000	\$2,075,000,000
Increased Sales Revenues	\$323,089,000	\$3,450,056,500	\$5,790,129,000
Return-on-Investment (total tax revenues generated to program costs)	\$8.82 returned per \$1 invested	\$7.88 returned per \$1 invested	\$5.23 returned per \$1 invested

### Activity Funding

This activity is funded by an appropriation from the General Fund, federal grant from the U.S. Small Business Administration, and regional and local public and private partners.

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**EMPLOYMENT AND ECONOMIC DEVEL**  
**Program: BUSINESS & COMMUNITY DEVELPMT**  
 Activity: ENTREPRENEURSHIP & SM BUS DEV

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	2,131	1,972	1,972	1,972	3,944
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			95	95	190
One-time Appropriations			(640)	(640)	(1,280)
Subtotal - Forecast Base	2,131	1,972	1,427	1,427	2,854
<b>Governor's Recommendations</b>					
Budget Reductions		0	(89)	(89)	(178)
<b>Total</b>	<b>2,131</b>	<b>1,972</b>	<b>1,338</b>	<b>1,338</b>	<b>2,676</b>
<b>Workforce Development</b>					
Current Appropriation	339	339	339	339	678
Subtotal - Forecast Base	339	339	339	339	678
<b>Total</b>	<b>339</b>	<b>339</b>	<b>339</b>	<b>339</b>	<b>678</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	2,263	1,900	1,338	1,338	2,676
Workforce Development	265	413	339	339	678
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	100	0	0	0	0
Federal	1,912	2,158	2,151	1,751	3,902
<b>Total</b>	<b>4,540</b>	<b>4,471</b>	<b>3,828</b>	<b>3,428</b>	<b>7,256</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	731	660	666	678	1,344
Other Operating Expenses	337	260	256	244	500
Local Assistance	3,472	3,551	2,906	2,506	5,412
<b>Total</b>	<b>4,540</b>	<b>4,471</b>	<b>3,828</b>	<b>3,428</b>	<b>7,256</b>
<b>Full-Time Equivalents (FTE)</b>	<b>9.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	

## EMPLOYMENT AND ECONOMIC LEVEL

Program: BUSINESS & COMMUNITY DEVELOPMENT

Activity: JOBZ AND BUSINESS FINANCE

Narrative

### Activity at a Glance

- The Job Opportunity Building Zones (JOBZ) is currently helping 306 businesses grow. Overall, the program has facilitated the creation of nearly 7,000 new jobs paying an average of \$16.68 per hour.
- In FY 2010, the office's loan programs provided \$8 million to help create or retain more than 840 permanent jobs and leverage nearly \$100 million in private investment.

### Activity Description

The JOBZ and Business Finance office offers financial assistance to local governments and businesses needed to support business development and expansion. Statewide and targeted financing helps to create high-quality jobs, leverage private investment, increase the tax base and enhance overall community vitality through improved economic opportunities.

Statutory authority comes from M.S. 116J.8737 (Small Business Investment Tax Credit – “Angel Investment” Program), 469.310-3201 (Job Opportunity Building Zones), 116J.8731 (Minnesota Investment Fund), 116M (Urban

Initiative), 41A.022-08 (Agricultural and Economic Development Program), 116J.64 (Indian Business Loans), 116J.423 (21<sup>st</sup> Century Minerals Fund), 469.1731-1735 (Border City Development Zones), 116J.8732 (SEED Capital Investment Program), and 116J.996 (Minnesota Reservist and Veteran Business Loan Program).

### Population Served

The office serves businesses and communities directly and indirectly through partnerships with economic development agencies, local governments, utilities, banks, and others. The services assist communities and businesses by

- spurring business start-ups and expansions through financial and tax incentive assistance;
- assisting growing businesses through funding when financing gaps exist;
- encouraging economic and business development in areas with challenging conditions; and
- creating additional tax base through business development.

### Services Provided

Services are designed to assist in the creation of high-quality jobs.

The **Angel Tax Credit** provides incentives to investors or investment funds to invest in start-up and emerging companies focused on high technology or new proprietary technology.

The **Job Opportunity Building Zone (JOBZ) Program** spurs investment in Greater Minnesota by providing tax exemptions for such taxes as corporate franchise tax, income tax, sales tax and property tax on improvements. Ten zones with 325 subzones (as well as one Agricultural Processing Facility Zone) were created in 2004. These zones remain in effect through 2015.

The **Minnesota Investment Fund (MIF)** assists local units of government to strengthen their business and economic base by providing financing for business expansion. MIF funds can be used for land or building acquisition or construction, equipment financing, or infrastructure improvements. Funds are provided through a revolving loan fund and the Community Development Block Grant (CDBG) program. Some of the CDBG funds are also being used for technical business assistance on a pilot basis to spur small business growth.

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 industrial projects, through low-interest rate loans and issuance of tax-exempt industrial revenue bonds for business expansion. The board also provides a vehicle for conduit bond financing.

## EMPLOYMENT AND ECONOMIC LEVEL

**Program:** BUSINESS & COMMUNITY DEVELOPMENT

**Activity:** JOBZ AND BUSINESS FINANCE

Narrative

**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 **21<sup>st</sup> 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.

**Border City Development Zones** and the **SEED Capital Investment Program** provide tax credits for qualifying investments and development activity in one of five border cities.

The **Minnesota Reservist and Veteran Business Loan Program** provides business loans to companies that are affected when certain employees are called to active military duty and to individual veterans who have returned from active duty and want to start their own business.

### Historical Perspective

Since 2004, this budget activity has had fewer general state loan funds available as budget limitations have limited the infusion of additional funding. In addition, recent state initiatives have shifted toward programs offering tax exemptions rather than loans.

### Key Activity Goals & Measures

Programs and services offered by the JOBZ and Business Finance Office directly support three of DEED's seven goals:

- Create and retain jobs,
- Cultivate entrepreneurs, and
- Enhance community vitality.

Key measures that illustrate how the activity is performing relative to the goals are shown below. All results are based on a state fiscal year (July-June).

Measure	2006	2007	2008	2009	2010
Number of new active JOBZ projects	58	49	29	15	8
Amount of Loan Awards (in millions)	\$8.6	\$5.9	\$6.3	\$2.8	\$8.0
Projected job creation/retention	2,682	2,768	1,375	1,373	1,116
Investment leveraged (in millions)	\$304.3	\$469.2	\$106.1	\$20.1	\$127.9

### Activity Funding

This activity is funded by an appropriation from the General Fund, federal funds and the sale of General Obligation and Industrial Revenue bonds. Several programs are revolving loan funds that provide new loans funded from the repayments of principal and interest from previous loans.

Tax exemptions offered by the Angel Investment Program, Border Cities, SEED Capital Investment and JOBZ are provided by the Department of Revenue and not included in this activity budget.

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**EMPLOYMENT AND ECONOMIC DEVEL**  
**Program: BUSINESS & COMMUNITY DEVELPMT**  
**Activity: JOBZ AND BUSINESS FINANCE**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	482	10,524	10,524	10,524	21,048
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			62	62	124
One-time Appropriations			(10,000)	(10,000)	(20,000)
Subtotal - Forecast Base	482	10,524	586	586	1,172
<b>Total</b>	<b>482</b>	<b>10,524</b>	<b>586</b>	<b>586</b>	<b>1,172</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	525	10,582	586	586	1,172
<b>Statutory Appropriations</b>					
Clean Water Revolving Fund	0	50	50	50	100
Miscellaneous Special Revenue	9,557	12,311	3,206	2,626	5,832
Federal	0	0	5,400	5,000	10,400
<b>Total</b>	<b>10,082</b>	<b>22,943</b>	<b>9,242</b>	<b>8,262</b>	<b>17,504</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	515	632	636	641	1,277
Other Operating Expenses	165	261	256	251	507
Local Assistance	3,190	15,500	1,500	1,000	2,500
Other Financial Transactions	6,212	6,550	6,850	6,370	13,220
<b>Total</b>	<b>10,082</b>	<b>22,943</b>	<b>9,242</b>	<b>8,262</b>	<b>17,504</b>
<b>Full-Time Equivalents (FTE)</b>	<b>6.2</b>	<b>6.6</b>	<b>6.6</b>	<b>6.6</b>	

## EMPLOYMENT AND ECONOMIC LEVEL

Program: BUSINESS & COMMUNITY DEVELOPMENT

Activity: COMMUNITY FINANCE

Narrative

### Activity at a Glance

- Between FY 2006 and FY 2010 the office has funded 607 projects for \$216.2 million
- In FY 2010, the office provided 124 grants to communities worth \$45 million and leveraged \$91.8 million local government funds for critical infrastructure to foster business development in Greater Minnesota, cleanup of contaminated sites, redevelopment of underutilized sites, and housing and business rehabilitation projects in small cities generating \$784 million in private investments.

### Activity Description

The Community Finance office offers financial assistance to local areas and businesses in order to support community and business development and redevelopment. Financing activities seek to help create the infrastructure and provide developable land for the 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, and 116J.435 Bioscience

Public Infrastructure Program.

### 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 help to

- construct and renovate affordable infrastructure;
- create additional tax base through business and housing revitalization and new development;
- remove public health threats through contaminated site cleanup;
- develop infrastructure necessary for the creation and expansion of bio-science and innovative technology related businesses;
- encourage sustainable development by providing financing to clean up or redevelop sites; and
- support development of areas surrounding transit stations.

### Services Provided

Services are designed to assist in the creation of viable communities.

**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.

**Innovative Technology/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.



## EMPLOYMENT AND ECONOMIC LEVEL

**Program: BUSINESS & COMMUNITY DEVELOPMENT**

**Activity: COMMUNITY FINANCE**

Narrative

The **Transit Improvement Area Loan Program** is designed to help communities energize and revitalize areas around transit improvement areas.

**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.

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 nine 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 & Measures

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.

Measures are based on a state fiscal year (July-June).

	2006	2007	2008	2009	2010
Number of projects	97	104	90	145	124
Amount awarded (in millions)	\$41.8	\$55.6	\$39.6	\$52.9	\$45
Projected job creation/retention	4,709	3,218	3,488	2,614	3,011
Investment leveraged (in millions)	\$475.4	\$442.7	\$660.0	\$746.6	\$875.8

### 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.

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**EMPLOYMENT AND ECONOMIC DEVEL**  
**Program: BUSINESS & COMMUNITY DEVELPMT**  
**Activity: COMMUNITY FINANCE**

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor's Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	1,862	1,577	1,577	1,577	3,154
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			49	49	98
Subtotal - Forecast Base	1,862	1,577	1,626	1,626	3,252
<b>Governor's Recommendations</b>					
Budget Reductions		0	(18)	(18)	(36)
<b>Total</b>	<b>1,862</b>	<b>1,577</b>	<b>1,608</b>	<b>1,608</b>	<b>3,216</b>
<b>Remediation Fund</b>					
Current Appropriation	700	700	700	700	1,400
Subtotal - Forecast Base	700	700	700	700	1,400
<b>Total</b>	<b>700</b>	<b>700</b>	<b>700</b>	<b>700</b>	<b>1,400</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	2,093	3,117	1,608	1,608	3,216
Remediation Fund	700	700	700	700	1,400
<b>Statutory Appropriations</b>					
Petroleum Tank Release Cleanup	2,768	11,316	6,200	6,200	12,400
Miscellaneous Special Revenue	417	305	235	235	470
Federal	17,871	37,594	32,917	32,917	65,834
Federal Stimulus	2,136	3,425	0	0	0
<b>Total</b>	<b>25,985</b>	<b>56,457</b>	<b>41,660</b>	<b>41,660</b>	<b>83,320</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	991	1,394	1,245	1,259	2,504
Other Operating Expenses	211	720	432	423	855
Local Assistance	24,680	52,769	38,223	38,218	76,441
Other Financial Transactions	103	1,574	1,760	1,760	3,520
<b>Total</b>	<b>25,985</b>	<b>56,457</b>	<b>41,660</b>	<b>41,660</b>	<b>83,320</b>
<b>Full-Time Equivalents (FTE)</b>	<b>12.5</b>	<b>15.0</b>	<b>13.8</b>	<b>13.8</b>	

## EMPLOYMENT AND ECONOMIC LEVEL

Program: BUSINESS & COMMUNITY DEVELOPMENT

Activity: MINNESOTA TRADE OFFICE

Narrative

### Activity at a Glance

- Minnesota-manufactured exports have increased by 54% since 2000, despite the worldwide economic downturn in 2009. Minnesota ranked 20<sup>th</sup> largest in value among all states, unchanged from 2007 and 2008.
- China remained the second largest export market for Minnesota, behind only Canada, and has increased by 88% since launching the Minnesota China Partnership in 2005.
- In CY 2009, the MTO assisted approximately 74 visiting foreign delegations/dignitaries, provided education services to nearly 1,000 business leaders, and responded to 1,263 requests for technical assistance from 551 companies.

### 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.

## EMPLOYMENT AND ECONOMIC LEVEL

Program: BUSINESS & COMMUNITY DEVELOPMENT

Activity: MINNESOTA TRADE OFFICE

Narrative

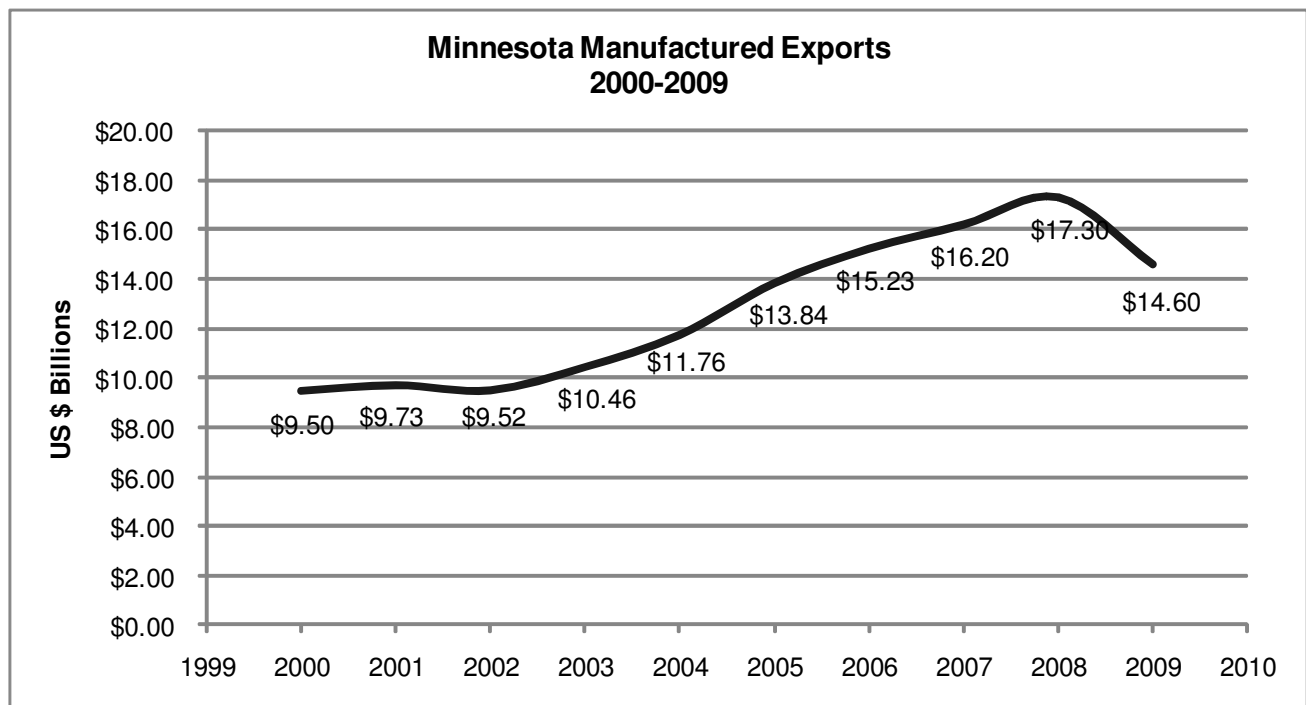
**Investment Attraction:** The MTO partners with the Business Development office and other DEED offices in attracting investment in Minnesota whenever the potential investor is from another country. The MTO assists with the cultural awareness, global connections, and international marketing aspects of DEED's investment attraction program.

### Key Activity Goals & Measures

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.

Measures are based on a calendar year. After growing significantly for the last several years, Minnesota manufactured exports declined by 15.5% in 2009 due to the worldwide economic downturn. Nevertheless, Minnesota exports outperformed the U.S. as a whole which saw total exports decline by more than 18%. From 2000 to 2009 Minnesota-manufactured exports increased 54%.



### 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

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**EMPLOYMENT AND ECONOMIC DEVEL**  
**Program: BUSINESS & COMMUNITY DEVELPMT**  
 Activity: MINNESOTA TRADE OFFICE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	1,407	1,421	1,421	1,421	2,842
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			150	150	300
Subtotal - Forecast Base	1,407	1,421	1,571	1,571	3,142
<b>Total</b>	<b>1,407</b>	<b>1,421</b>	<b>1,571</b>	<b>1,571</b>	<b>3,142</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	1,487	1,635	1,571	1,571	3,142
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	273	343	195	195	390
<b>Total</b>	<b>1,760</b>	<b>1,978</b>	<b>1,766</b>	<b>1,766</b>	<b>3,532</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	1,169	1,196	1,202	1,225	2,427
Other Operating Expenses	591	782	564	541	1,105
<b>Total</b>	<b>1,760</b>	<b>1,978</b>	<b>1,766</b>	<b>1,766</b>	<b>3,532</b>
<b>Full-Time Equivalent (FTE)</b>	<b>13.4</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	

# EMPLOYMENT AND ECONOMIC LEVEL

Program: UNEMPLOYMENT INSURANCE

Narrative

## Program at a Glance

- Eligible workers are paid 50% of their average weekly wage, up to the state maximum (currently \$585) for up to 26 weeks in regular state unemployment benefits.
- In CY 2009, almost \$900 million in taxes were collected from nearly 130,000 employers covered by the program.

## 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 in times 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.

## Population Served

In CY 2009, the Minnesota Unemployment Insurance Program paid \$2.8 billion in benefits.

- Over 363,000 new applications for regular state unemployment benefits were processed with more than \$1.7 billion paid to out-of-work Minnesotans.
- 93,000 applicants were paid \$780 million in Federal Emergency Unemployment Compensation.
- 21,000 applicants were paid \$87 million in Federal-State Extended Benefits.
- 334,000 applicants were paid \$169 million in Federal Additional Compensation.
- 8,800 applicants were paid \$25 million in Special State Emergency Compensation.

The average payment for regular state benefits was \$360 per week (maximum is \$585) for 21.2 weeks (maximum is 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 a self-service system and customer service centers located in St. Paul and St. Cloud. In CY 2009, over 1.25 million phone calls were handled by customer service staff.

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 taxes 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 2009, the UI trust fund balance was \$496 million and the year ended with a balance of -\$286 million. This is not unusual during a prolonged economic downturn. There is an automatic federal loan process to ensure the continuation of benefit payments.

Employers and applicants ordinarily access UI services via the Internet or the telephone. The online system streamlines the UI program for businesses and applicants. This system allows the UI program to process all employer tax and applicant benefit activities quickly, accurately and with fiscal integrity, resulting in lower administrative costs and faster response during economic downturns.

## Key Program Goals & Measures

The UI program supports the Minnesota Milestones goal that All Minnesotans will have the economic means to maintain a reasonable standard of living.

Measures are reported on the state fiscal year basis (July 1 – June 30).

	2006	2007	2008	2009	2010
Timely first payment of benefits	88.0%	88.5%	86.3%	89.2%	91.1%
Appeal decisions made within 30 days	88.8%	79.3%	67.7%	87.2%	83.7%

## 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 by email at: [DEED.CustomerService@state.mn.us](mailto:DEED.CustomerService@state.mn.us)

# EMPLOYMENT AND ECONOMIC DEVEL

Program: UNEMPLOYMENT INSURANCE

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Expenditures by Fund</u></b>					
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	713	1,562	900	900	1,800
Federal Stimulus	5,842	5,070	2,500	1,790	4,290
Mdes Federal	48,696	61,899	57,500	56,908	114,408
<b>Total</b>	<b>55,251</b>	<b>68,531</b>	<b>60,900</b>	<b>59,598</b>	<b>120,498</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	30,751	35,941	32,930	34,770	67,700
Other Operating Expenses	24,500	32,590	34,420	31,278	65,698
Transfers	0	0	(6,450)	(6,450)	(12,900)
<b>Total</b>	<b>55,251</b>	<b>68,531</b>	<b>60,900</b>	<b>59,598</b>	<b>120,498</b>
<b><u>Expenditures by Activity</u></b>					
Unemployment Insurance	55,251	68,531	60,900	59,598	120,498
<b>Total</b>	<b>55,251</b>	<b>68,531</b>	<b>60,900</b>	<b>59,598</b>	<b>120,498</b>
<b>Full-Time Equivalent (FTE)</b>	<b>533.4</b>	<b>547.2</b>	<b>507.2</b>	<b>507.2</b>	

**Program Description**

The purpose of the Workforce Development program is to support 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 AND ECONOMIC DEVEL

Program: WORKFORCE DEVELOPMENT

Program Summary

*Dollars in Thousands*

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	28,764	28,938	28,938	28,938	57,876
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			120	120	240
Current Law Base Change			228	228	456
Subtotal - Forecast Base	28,764	28,938	29,286	29,286	58,572
<b>Governor's Recommendations</b>					
Budget Reductions		0	(486)	(486)	(972)
Vocational Rehabilitation Federal Match		0	2,000	2,000	4,000
Services for the Blind Federal Match		0	150	150	300
<b>Total</b>	<b>28,764</b>	<b>28,938</b>	<b>30,950</b>	<b>30,950</b>	<b>61,900</b>
<b>Workforce Development</b>					
Current Appropriation	16,408	16,408	16,408	16,408	32,816
<b>Technical Adjustments</b>					
One-time Appropriations			(325)	(325)	(650)
Subtotal - Forecast Base	16,408	16,408	16,083	16,083	32,166
<b>Total</b>	<b>16,408</b>	<b>16,408</b>	<b>16,083</b>	<b>16,083</b>	<b>32,166</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	33,222	32,217	30,950	30,950	61,900
Workforce Development	16,462	16,843	16,083	16,083	32,166
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	4,759	8,428	2,924	2,924	5,848
Workforce Development	29,541	27,460	27,424	27,217	54,641
Federal Stimulus	50,197	10,456	2,743	0	2,743
Mdes Federal	193,682	193,028	194,296	197,368	391,664
Gift	533	438	145	145	290
<b>Total</b>	<b>328,396</b>	<b>288,870</b>	<b>274,565</b>	<b>274,687</b>	<b>549,252</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	73,952	74,264	73,384	74,663	148,047
Other Operating Expenses	38,193	36,069	35,392	36,097	71,489
Payments To Individuals	45,220	43,456	46,810	48,810	95,620
Local Assistance	171,031	135,081	118,979	115,117	234,096
<b>Total</b>	<b>328,396</b>	<b>288,870</b>	<b>274,565</b>	<b>274,687</b>	<b>549,252</b>

# EMPLOYMENT AND ECONOMIC DEVEL

Program: WORKFORCE DEVELOPMENT

Program Summary

	<i>Dollars in Thousands</i>				
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Expenditures by Activity</u></b>					
Business Services	12,111	11,740	8,670	8,686	17,356
Adult Services	155,543	120,207	115,763	114,654	230,417
Youth Programs	36,256	30,398	22,978	21,468	44,446
Vocational Rehabilitation	58,562	56,812	56,849	56,849	113,698
Services For The Blind	18,647	19,156	17,971	17,795	35,766
Extended Employment	15,051	15,422	14,435	14,435	28,870
Independent Living	6,150	5,735	5,399	5,100	10,499
Disability Determination	26,076	29,400	32,500	35,700	68,200
<b>Total</b>	<b>328,396</b>	<b>288,870</b>	<b>274,565</b>	<b>274,687</b>	<b>549,252</b>
<b><i>Full-Time Equivalents (FTE)</i></b>	<b>1,069.1</b>	<b>1,077.7</b>	<b>1,052.9</b>	<b>1,049.2</b>	

## EMPLOYMENT AND ECONOMIC LEVEL

Program: **WORKFORCE DEVELOPMENT**

Activity: **BUSINESS SERVICES**

Narrative

### Activity at a Glance

- Business Services Specialists will complete over 9,000 employer consultations in CY 2010 to help employers put more job seekers back to work.
- MinnesotaWorks.net, the electronic web-based labor exchange system had a monthly average of 63,514 viewable resumes and 26,382 job openings during FY 2010.
- The Minnesota Job Skills Partnership program trained nearly 10,000 workers and leveraged \$15 million in private investment during CY 2009.

### **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 provide businesses with hiring, recruitment and retention services to encourage job growth. Employers are connected to a seamless resource pipeline that includes: qualified applicants, hiring incentives, tax credits, connection to local programs, labor market information, retention strategies, and skill training for workers. Referrals to local, regional, and national resources are provided. The business services specialists are available statewide through 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 and healthcare services sectors. Two 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 employers with job seekers. Minnesota's employers 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 employers 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 employers 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.

## EMPLOYMENT AND ECONOMIC LEVEL

Program: **WORKFORCE DEVELOPMENT**

Activity: **BUSINESS SERVICES**

Narrative

### Key Activity Goals & Measures

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.

Measures are reported on a calendar year basis. MinnesotaWorks.net (MnW) data is shown as point-in-time for each June.

	2005	2006	2007	2008	2009
Number of employer consultations per year	2,433	3,396	4,259	4,950	4,499
Total number of employers (MnW)	63,530	67,090	69,665	71,371	72,798
Percent of total UI-covered employers with MnW accounts	38.0%	39.2%	41.4%	42.4%	43.8%
Number of job orders created* (MnW) per year	NA	NA	123,564	193,609	118,280
Number of job openings created* (MnW) per year	NA	NA	351,501	399,011	241,787
Number of workers trained through MJSP per year	26,317	9,666	13,219	11,772	9,926
Amount leveraged from employers (MJSP) per year	\$35.6M	\$20.9M	\$23.9M	\$20.8M	\$15.0M

(\* Database conversion in 2007.)

### 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

Phone: (651) 259-7114 or (800) 657-3858

TTY: (651) 296-3900 or (800) 657-3973

Email: [DEED.customerservice@state.mn.us](mailto:DEED.customerservice@state.mn.us)

Web: <http://www.positivelyminnesota.com/business>

# EMPLOYMENT AND ECONOMIC DEVEL

## Program: WORKFORCE DEVELOPMENT

Activity: BUSINESS SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	3,297	4,297	4,297	4,297	8,594
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			120	120	240
Subtotal - Forecast Base	3,297	4,297	4,417	4,417	8,834
<b>Governor's Recommendations</b>					
Budget Reductions		0	(221)	(221)	(442)
<b>Total</b>	<b>3,297</b>	<b>4,297</b>	<b>4,196</b>	<b>4,196</b>	<b>8,392</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	7,767	7,006	4,196	4,196	8,392
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	0	291	0	0	0
Mdes Federal	4,344	4,443	4,474	4,490	8,964
<b>Total</b>	<b>12,111</b>	<b>11,740</b>	<b>8,670</b>	<b>8,686</b>	<b>17,356</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	3,879	3,774	3,805	3,821	7,626
Other Operating Expenses	1,172	1,347	1,347	1,347	2,694
Local Assistance	7,060	6,619	3,518	3,518	7,036
<b>Total</b>	<b>12,111</b>	<b>11,740</b>	<b>8,670</b>	<b>8,686</b>	<b>17,356</b>
<b>Full-Time Equivalents (FTE)</b>	<b>53.8</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>	

## EMPLOYMENT AND ECONOMIC LEVEL

Program: **WORKFORCE DEVELOPMENT**

Activity: **ADULT SERVICES**

Narrative

### 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 FY 2010.
- During FY 2010, over 427,000 individuals were served through Adult Services activities.
- Nearly 50% of individuals completing programs during FY 2010 were employed.

### 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.

### 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

## EMPLOYMENT AND ECONOMIC LEVEL

**Program:** WORKFORCE DEVELOPMENT

**Activity:** ADULT SERVICES

Narrative

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.

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 **Diversionsary 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 & Measures

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.

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Total number of individuals served by Adult Services*	182,972	171,266	284,019	347,937	427,417
Total number of individuals exiting programs	84,351	98,691	182,498	93,474	182,532
Entered employment rate of clients exited	49.7%	46.0%	56.0%	48.0%	49.2%

\*Includes individuals who access electronic labor exchange services remotely through the internet.

### Activity Funding

The Adult Services activities are funded by appropriations from the General Fund and workforce development fund. The unit also administers federal grants from the U.S. Department of Labor and earns fee revenue through the Displaced Homemaker program.

### Contact

Phone: (651) 259-7114 or (800) 657-3858

TTY: (651) 296-3900 or (800) 657-3973

Email: [DEED.customerservice@state.mn.us](mailto:DEED.customerservice@state.mn.us)

Web: <http://www.positivelyminnesota.com/jobseekers>

# EMPLOYMENT AND ECONOMIC DEVEL

## Program: WORKFORCE DEVELOPMENT

Activity: ADULT SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	750	600	600	600	1,200
Subtotal - Forecast Base	750	600	600	600	1,200
<b>Governor's Recommendations</b>					
Budget Reductions		0	(60)	(60)	(120)
<b>Total</b>	<b>750</b>	<b>600</b>	<b>540</b>	<b>540</b>	<b>1,080</b>
<b>Workforce Development</b>					
Current Appropriation	1,880	1,880	1,880	1,880	3,760
<b>Technical Adjustments</b>					
One-time Appropriations			(150)	(150)	(300)
Subtotal - Forecast Base	1,880	1,880	1,730	1,730	3,460
<b>Total</b>	<b>1,880</b>	<b>1,880</b>	<b>1,730</b>	<b>1,730</b>	<b>3,460</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	750	600	540	540	1,080
Workforce Development	1,880	1,880	1,730	1,730	3,460
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	2,507	2,023	1,896	1,896	3,792
Workforce Development	29,541	27,460	27,424	27,217	54,641
Federal Stimulus	38,562	6,621	2,268	0	2,268
Mdes Federal	82,303	81,623	81,905	83,271	165,176
<b>Total</b>	<b>155,543</b>	<b>120,207</b>	<b>115,763</b>	<b>114,654</b>	<b>230,417</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	21,686	19,353	18,738	19,192	37,930
Other Operating Expenses	15,754	15,278	14,911	15,401	30,312
Payments To Individuals	12,053	9,415	9,333	9,333	18,666
Local Assistance	106,050	76,161	72,781	70,728	143,509
<b>Total</b>	<b>155,543</b>	<b>120,207</b>	<b>115,763</b>	<b>114,654</b>	<b>230,417</b>
<b>Full-Time Equivalent (FTE)</b>	<b>303.3</b>	<b>285.1</b>	<b>267.6</b>	<b>265.6</b>	



## EMPLOYMENT AND ECONOMIC LEVEL

Program: **WORKFORCE DEVELOPMENT**

Activity: **YOUTH PROGRAMS**

Narrative

### 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 2010, 44 percent of participants had a disability, 41 percent were from families receiving public assistance; 42 percent were from communities of color, and 45 percent were foster youth and juvenile offenders.
- In SFY 2010, each state dollar invested in the Minnesota Youth Program generated a return on investment of \$3.49.

### 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.

### Population Served

Customers are low-income and at-risk youth who lack academic and "applied" skills considered critical for current and future workplace needs. 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 these core programs providing work experience and work-related educational opportunities for at-risk youth:

The **Workforce Investment Act Title 1B 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 (the WIA youth program does not). 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 budget activity supports a collaborative approach to prepare youth for success in a global, demand-driven economy. Referred to by the federal partners as "The Shared Vision for Youth" 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.

## EMPLOYMENT AND ECONOMIC DEVEL

Program: **WORKFORCE DEVELOPMENT**

Activity: **YOUTH PROGRAMS**

Narrative

### Key Activity Goals & Measures

The Youth Services budget activity supports partnerships that help young people - the future workforce - attain the skills, knowledge, and aptitudes to become productive workers; and supports the following Minnesota Milestone 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.
- Minnesota will have sustainable, strong economic growth.

Youth Programs	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Youth Diploma/Equivalent Attainment	81%	84%	85%	88%	88%
Youth Placement	80%	82%	82%	76%	75%
Work Readiness Indicator*	N/A	79%	75%	90%	89%

\*Measure was implemented in FY 2007.

### Activity Funding

The Youth Services activities are funded by workforce development and federal funds.

### Contact

Phone: (651) 259-7114 or (800) 657-3858

TTY: (651) 296-3900 or (800) 657-3973

Email: [DEED.customerservice@state.mn.us](mailto:DEED.customerservice@state.mn.us)

Web: <http://www.positivelyminnesota.com/youth>

# EMPLOYMENT AND ECONOMIC DEVEL

## Program: WORKFORCE DEVELOPMENT

Activity: YOUTH PROGRAMS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>Workforce Development</b>					
Current Appropriation	7,108	7,108	7,108	7,108	14,216
<b>Technical Adjustments</b>					
One-time Appropriations			(100)	(100)	(200)
Subtotal - Forecast Base	7,108	7,108	7,008	7,008	14,016
<b>Total</b>	<b>7,108</b>	<b>7,108</b>	<b>7,008</b>	<b>7,008</b>	<b>14,016</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Workforce Development	7,080	7,163	7,008	7,008	14,016
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	1,000	5,000	0	0	0
Federal Stimulus	5,846	237	0	0	0
Mdes Federal	22,330	17,998	15,970	14,460	30,430
<b>Total</b>	<b>36,256</b>	<b>30,398</b>	<b>22,978</b>	<b>21,468</b>	<b>44,446</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	1,711	609	613	621	1,234
Other Operating Expenses	858	515	481	463	944
Local Assistance	33,687	29,274	21,884	20,384	42,268
<b>Total</b>	<b>36,256</b>	<b>30,398</b>	<b>22,978</b>	<b>21,468</b>	<b>44,446</b>
<b>Full-Time Equivalents (FTE)</b>	<b>8.9</b>	<b>8.7</b>	<b>8.7</b>	<b>8.7</b>	

## EMPLOYMENT AND ECONOMIC LEVEL

Program: **WORKFORCE DEVELOPMENT**

Activity: **VOCATIONAL REHABILITATION**

Narrative

### Activity at a Glance

- VR operates as a federal-state partnership, with every \$1 in state funding drawing \$3.70 in federal matching funds.
- About 225,000 Minnesotans, ages 16-64, have two or more long-lasting disabilities; about 150,000 are eligible for vocational rehabilitation services.
- VR anticipates serving about 21,900 persons with significant disabilities in the current federal fiscal year.
- Exiting customers with full-time employment earn an average hourly wage of \$10.94; and 98% of all working VR customers earn more than minimum wage.

### Activity Description

The Vocational Rehabilitation (VR) program assists people with significant disabilities to prepare for, secure, retain, or regain employment. Statutory authority: U.S. Rehabilitation Act of 1973, as amended, and M.S. 268A.

### Population Served

People who have a physical or mental impairment that constitutes or results in a substantial impediment to employment, and requiring VR services to achieve their employment goals. Nearly half of VR customers receive public support at the time they apply for VR services.

### Services Provided

VR provides assessment, vocational evaluation, training, rehabilitation counseling, assistive technology, and job placement. Services are provided through rehabilitation counselors located throughout the state WorkForce Center

system. Services are delivered to program participants through a partnership of public and private providers.

### Key Activity Goals & Measures

In the current State Plan submitted to the U.S. Dept. of Education Rehabilitation Services Administration, Minnesota VR identified five strategic goals: 1) More jobs, better jobs: expanded job opportunities and improved employment outcomes for Minnesotans with disabilities; 2) Organizational vitality: a vibrant organization providing the best possible services to Minnesotans with disabilities; 3) Effective partnerships: collaborative partnerships that fully use resources to serve Minnesotans with disabilities; 4) Employer engagement: robust employer relationships and new employment opportunities for Minnesotans with disabilities; 5) Engaged councils: robust, participatory councils – the State Rehabilitation Council and as appropriate the State Independent Living Council – fulfilling their missions and statutory roles.

### Measures are based on a federal fiscal year (October 1 – September 30)

	2005	2006	2007	2008	2009
Number of new customers accepted for service	7,843	6,822	7,450	8,997	8,493
Number of successful employment outcomes	2,219	2,523	2,502	2,620	2,389
Percentage who achieved competitive employment	96.1%	92.5%	96.3%	97.6%	96.0%
Percentage reduction in number of customers reporting public assistance as their primary source of income	37%	40%	50%	48%	43%

### Activity Funding

These activities are funded by an appropriation from the General Fund and a federal grant from the U.S. Department of Education. To obtain federal grant funds the state must appropriate match dollars from the general fund; every \$1.00 of state money brings in about \$3.70 in matching federal funds.

### Contact

Phone: (651) 259-7114 or (800) 657-3858  
TTY: (651) 296-3900 or (800) 657-3973  
Email: [DEED.customerservice@state.mn.us](mailto:DEED.customerservice@state.mn.us)  
Web: [www.PositivelyMinnesota.com/vrs](http://www.PositivelyMinnesota.com/vrs)

# EMPLOYMENT AND ECONOMIC DEVEL

## Program: WORKFORCE DEVELOPMENT

Activity: VOCATIONAL REHABILITATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	8,950	8,950	8,950	8,950	17,900
Subtotal - Forecast Base	8,950	8,950	8,950	8,950	17,900
<b>Governor's Recommendations</b>					
Budget Reductions		0	(15)	(15)	(30)
Vocational Rehabilitation Federal Match		0	2,000	2,000	4,000
<b>Total</b>	<b>8,950</b>	<b>8,950</b>	<b>10,935</b>	<b>10,935</b>	<b>21,870</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	8,950	8,950	10,935	10,935	21,870
<b>Statutory Appropriations</b>					
Federal Stimulus	4,154	2,102	0	0	0
Mdes Federal	45,458	45,760	45,914	45,914	91,828
<b>Total</b>	<b>58,562</b>	<b>56,812</b>	<b>56,849</b>	<b>56,849</b>	<b>113,698</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	26,712	27,919	27,630	27,750	55,380
Other Operating Expenses	9,679	8,834	8,736	8,616	17,352
Payments To Individuals	18,238	17,324	18,644	18,644	37,288
Local Assistance	3,933	2,735	1,839	1,839	3,678
<b>Total</b>	<b>58,562</b>	<b>56,812</b>	<b>56,849</b>	<b>56,849</b>	<b>113,698</b>
<b>Full-Time Equivalents (FTE)</b>	<b>396.3</b>	<b>393.2</b>	<b>389.2</b>	<b>389.2</b>	

## EMPLOYMENT AND ECONOMIC LEVEL

Program: **WORKFORCE DEVELOPMENT**

Activity: **SERVICES FOR THE BLIND**

Narrative

### 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 averaging about \$15/hr 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 1,000,000 pages of Braille will be provided in FFY 2010.

### **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. SSB also serves those businesses looking for highly skilled and qualified workers.

### **Services Provided**

**Workforce Development Services** ensures customers receive the rehabilitation services necessary to prepare for, seek, gain, or retain employment. Examples of services are vocational assessment and counseling; adjustment to blindness training, 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 (10 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 training and support so that blind Minnesotans can become self-employed in their own vending business. Specific services are training to operate small businesses and placement in self-employment franchise opportunities on federal, state, county, city, and some private property. Businesses consist of operating convenience shops, vending machine sites, vending machine routes, and vending machines located 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 but rather tackle barriers to independence resulting from vision loss. Based on individual needs, services 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. Senior Services staff is located in 9 field office locations (8 WorkForce Centers).

**Assistive and Adaptive Technology Services** are provided as support to *Workforce Development Services* and *Senior Services* in delivering technological 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 unit 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. This unit also consults with employers who are seeking solutions for blind, visually impaired and DeafBlind employees requiring technological accommodations in the workplace.

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 and digital 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 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)-Newsline for the Blind

## EMPLOYMENT AND ECONOMIC LEVEL

**Program:** WORKFORCE DEVELOPMENT

**Activity:** SERVICES FOR THE BLIND

Narrative

(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 680 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.

Access and assistive technology has become extremely important for successful outcomes in the Workforce Development and Senior Services units. This technology is increasingly complex, resulting in more extensive training in these technologies for blind, visually impaired, and DeafBlind Minnesotans who are working to achieve vocational and personal independence.

### Key Activity Goals & Measures

SSB services support the following *Minnesota Milestones* goals. Measures are reported on the federal fiscal year basis (October – September).

Goal: *Minnesotans will excel in basic and challenging academic skills and knowledge.* Measure: Braille material provided to K – 12 students throughout Minnesota

	2005	2006	2007	2008	2009
Braille Pages Provided	756,904	765,313	899,795	1,000,188	976,962

Goal: *People in need will receive support that helps them live as independently as they can.* Measure: Number of blind, visually impaired or DeafBlind Minnesotans who regained or maintained personal independence following services

	2005	2006	2007	2008	2009
Number Served	2,896	3,199	3,432	3,199	3,305

Goal: *All people will be welcomed, respected and able to participate fully in Minnesota's communities and economy.* Measure: Wages of blind, visually impaired, and DeafBlind Minnesotans competitively employed following services

	2005	2006	2007	2008	2009
Average Hourly Wage	\$13.38	\$14.86	\$14.07	\$13.82	\$15.24

### 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 revolving funds that support the Business Enterprise Program and Communication Center services.

### Contact

Phone: (651) 642-0500 or (800) 652-9000

TTY: (651) 296-3900 or (800) 657-3973

Email: [DEED.customerservice@state.mn.us](mailto:DEED.customerservice@state.mn.us)

Web: <http://www.positivelyminnesota.com/jobseekers>

# EMPLOYMENT AND ECONOMIC DEVEL

## Program: WORKFORCE DEVELOPMENT

Activity: SERVICES FOR THE BLIND

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	5,897	5,778	5,778	5,778	11,556
Subtotal - Forecast Base	5,897	5,778	5,778	5,778	11,556
<b>Governor's Recommendations</b>					
Services for the Blind Federal Match		0	150	150	300
<b>Total</b>	<b>5,897</b>	<b>5,778</b>	<b>5,928</b>	<b>5,928</b>	<b>11,856</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	5,897	5,778	5,928	5,928	11,856
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	1,252	1,114	1,028	1,028	2,056
Federal Stimulus	880	890	176	0	176
Mdes Federal	10,085	10,936	10,694	10,694	21,388
Gift	533	438	145	145	290
<b>Total</b>	<b>18,647</b>	<b>19,156</b>	<b>17,971</b>	<b>17,795</b>	<b>35,766</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	7,926	9,141	8,969	9,229	18,198
Other Operating Expenses	4,889	4,418	3,389	3,153	6,542
Payments To Individuals	5,826	5,597	5,613	5,413	11,026
Local Assistance	6	0	0	0	0
<b>Total</b>	<b>18,647</b>	<b>19,156</b>	<b>17,971</b>	<b>17,795</b>	<b>35,766</b>
<b>Full-Time Equivalent (FTE)</b>	<b>122.6</b>	<b>127.7</b>	<b>124.4</b>	<b>122.7</b>	



## EMPLOYMENT AND ECONOMIC LEVEL

Program: **WORKFORCE DEVELOPMENT**

Activity: **EXTENDED EMPLOYMENT**

Narrative

### Activity at a Glance

- Over 6,100 Minnesotans work about 4.3 million paid hours every year and earn more than 27 million dollars in wages through Extended Employment.
- The average hourly wages in the EE-Basic program have grown at an annual rate of 4% over the last four years.

### Activity Description

The Extended Employment (EE) program makes it possible for persons with significant disabilities to maintain employment 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.

### 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 & Measures

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.

Measures are reported on a state fiscal year basis.

	2006	2007	2008	2009	2010
<b>Number of customers employed:</b>					
Serious Mental Illness	569	629	627	732	671
Basic EE	5,901	5,819	5,930	5,506	5,379
<b>Total number of hours worked:</b>					
Serious Mental Illness	204,398	220,976	257,899	253,472	254,555
Basic EE	4,995,415	4,835,267	4,520,834	4,250,354	4,112,947
<b>Total wages earned (in millions):</b>					
Serious Mental Illness	\$1.7	\$1.8	\$2.3	\$2.4	\$2.4
Basic EE	\$27.6	\$28.0	\$26.2	\$25.8	\$25.5

### Activity Funding

This activity is funded by appropriations from the General Fund and workforce development fund.

### Contact

Phone: (651) 259-7114 or (800) 657-3858  
TTY: (651) 296-3900 or (800) 657-3973  
Email: [DEED.customerservice@state.mn.us](mailto:DEED.customerservice@state.mn.us)  
Web: <http://www.positivelyminnesota.com>

# EMPLOYMENT AND ECONOMIC DEVEL

## Program: WORKFORCE DEVELOPMENT

Activity: EXTENDED EMPLOYMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	7,561	7,052	7,052	7,052	14,104
<b>Technical Adjustments</b>					
Current Law Base Change			228	228	456
Subtotal - Forecast Base	7,561	7,052	7,280	7,280	14,560
<b>Governor's Recommendations</b>					
Budget Reductions		0	(190)	(190)	(380)
<b>Total</b>	<b>7,561</b>	<b>7,052</b>	<b>7,090</b>	<b>7,090</b>	<b>14,180</b>
<b>Workforce Development</b>					
Current Appropriation	7,420	7,420	7,420	7,420	14,840
<b>Technical Adjustments</b>					
One-time Appropriations			(75)	(75)	(150)
Subtotal - Forecast Base	7,420	7,420	7,345	7,345	14,690
<b>Total</b>	<b>7,420</b>	<b>7,420</b>	<b>7,345</b>	<b>7,345</b>	<b>14,690</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	7,549	7,622	7,090	7,090	14,180
Workforce Development	7,502	7,800	7,345	7,345	14,690
<b>Total</b>	<b>15,051</b>	<b>15,422</b>	<b>14,435</b>	<b>14,435</b>	<b>28,870</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	381	416	429	439	868
Other Operating Expenses	70	37	36	36	72
Local Assistance	14,600	14,969	13,970	13,960	27,930
<b>Total</b>	<b>15,051</b>	<b>15,422</b>	<b>14,435</b>	<b>14,435</b>	<b>28,870</b>
<b>Full-Time Equivalents (FTE)</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	

## EMPLOYMENT AND ECONOMIC LEVEL

**Program:** WORKFORCE DEVELOPMENT

**Activity:** INDEPENDENT LIVING

Narrative

### Activity at a Glance

- Each year, Independent Living services make it possible for over 7,500 Minnesotans with significant disabilities to live independently in communities of their choice.
- Clients include more than 500 people who get assistance moving out of nursing homes or who gain independence skills that prevent costly and unnecessary institutional care

### Activity Description

The Independent Living (IL) 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:

1. Individual and systems advocacy
2. Information and referral
3. IL skills training and
4. 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 & Measures

The Independent Living program supports the goal that Minnesotans with disabilities will receive a comprehensive range of independent living services which empowers persons with disabilities to live as independently as possible.

The measures are reported on a federal fiscal year basis (October – September).

	2005	2006	2007	2008	2009
Total number of persons served by IL services	4,487	5,684	5,555	6,847	7,655
Total instances of service (including duplicate customers)	24,027	21,980	22,897	31,095	45,420
Percentage of IL goals met across all customers (IL goals-set divided by IL goals-attained)	70%	65%	71%	65%	65%

### 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

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# EMPLOYMENT AND ECONOMIC DEVEL

## Program: WORKFORCE DEVELOPMENT

Activity: INDEPENDENT LIVING

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	2,309	2,261	2,261	2,261	4,522
Subtotal - Forecast Base	2,309	2,261	2,261	2,261	4,522
<b>Total</b>	<b>2,309</b>	<b>2,261</b>	<b>2,261</b>	<b>2,261</b>	<b>4,522</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	2,309	2,261	2,261	2,261	4,522
<b>Statutory Appropriations</b>					
Federal Stimulus	755	606	299	0	299
Mdes Federal	3,086	2,868	2,839	2,839	5,678
<b>Total</b>	<b>6,150</b>	<b>5,735</b>	<b>5,399</b>	<b>5,100</b>	<b>10,499</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	214	197	200	206	406
Other Operating Expenses	121	95	92	86	178
Payments To Individuals	120	120	120	120	240
Local Assistance	5,695	5,323	4,987	4,688	9,675
<b>Total</b>	<b>6,150</b>	<b>5,735</b>	<b>5,399</b>	<b>5,100</b>	<b>10,499</b>
<b>Full-Time Equivalents (FTE)</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	

## EMPLOYMENT AND ECONOMIC LEVEL

**Program:** WORKFORCE DEVELOPMENT

**Activity:** DISABILITY DETERMINATION

Narrative

### Activity at a Glance

- DDS serves about 60,000 Minnesota residents every year.

### 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.

### 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 & Measures

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.

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%.

	2006	2007	2008	2009	2010*
Days in decision-making	94.6	86.0	76.3	73.2	79.6
Decisional accuracy	95.4%	96.5%	96.0%	99.1%	98.4%
Continuing disability workload completion	102.7%	114.4%	99.1%	107%	105.1%

\*FFY 2010 is estimated.

### Activity Funding

This activity is funded by a federal grant from the U.S. Social Security Administration.

### Contact

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# EMPLOYMENT AND ECONOMIC DEVEL

## Program: WORKFORCE DEVELOPMENT

Activity: DISABILITY DETERMINATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Expenditures by Fund</u></b>					
<b>Statutory Appropriations</b>					
Mdes Federal	26,076	29,400	32,500	35,700	68,200
<b>Total</b>	<b>26,076</b>	<b>29,400</b>	<b>32,500</b>	<b>35,700</b>	<b>68,200</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	11,443	12,855	13,000	13,405	26,405
Other Operating Expenses	5,650	5,545	6,400	6,995	13,395
Payments To Individuals	8,983	11,000	13,100	15,300	28,400
<b>Total</b>	<b>26,076</b>	<b>29,400</b>	<b>32,500</b>	<b>35,700</b>	<b>68,200</b>
<b>Full-Time Equivalents (FTE)</b>	<b>176.2</b>	<b>205.0</b>	<b>205.0</b>	<b>205.0</b>	

**Program at a Glance**

During FY 2010, GSS:

- Provided fiscal and budgetary support for approximately \$3.5 billion expenditures (including UI benefits).
- Provided payroll and human resources support for about 1,800 employees.
- Completed more than 400 publications, graphic projects and other marketing materials.
- Launched new “Positively Minnesota” website which had 3.4 million page views in FY 2010.
- Responded to 3,065 labor market and economic analysis requests

**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** administers 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 & Measures**

The division provides critical infrastructure support to assist agency programs in obtaining the goals referenced elsewhere in this document.

Measures are based on a state fiscal year (July – June).

## EMPLOYMENT AND ECONOMIC LEVEL

Program: GENERAL SUPPORT SERVICES

Narrative

	2006	2007	2008	2009	2010
Percentage of payments made to vendors within 30 days	98.8%	98.8%	99.2%	98.7%	98.7%
Percentage of job audits completed within 30 days (and total audits completed)	96% (132)	91% (143)	92% (146)	99% (213)	99% (173)
Number of pieces of mail processed (millions)	5.7	4.0	4.1	7.1	6.9
DEED website page views (millions)	2.3	2.1	2.2	1.4*	3.4*

*\*In CY 2009, DEED phased out its old website and in December launched a fundamentally redesigned version. As such, there was a large decline in website page views followed by a large increase.*

### 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

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# EMPLOYMENT AND ECONOMIC DEVEL

Program: GENERAL SUPPORT SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	2,308	2,253	2,253	2,253	4,506
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			(1,177)	(1,177)	(2,354)
Operating Budget Reduction			(3)	(3)	(6)
Subtotal - Forecast Base	2,308	2,253	1,073	1,073	2,146
<b>Governor's Recommendations</b>					
Budget Reductions		0	(54)	(54)	(108)
<b>Total</b>	<b>2,308</b>	<b>2,253</b>	<b>1,019</b>	<b>1,019</b>	<b>2,038</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	918	1,197	1,019	1,019	2,038
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	13,151	14,007	14,007	14,007	28,014
Federal Stimulus	513	321	322	0	322
Mdes Federal	2,370	2,651	2,560	2,560	5,120
Gift	0	6	0	0	0
<b>Total</b>	<b>16,952</b>	<b>18,182</b>	<b>17,908</b>	<b>17,586</b>	<b>35,494</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	12,711	13,769	13,749	13,690	27,439
Other Operating Expenses	4,241	4,413	4,159	3,896	8,055
<b>Total</b>	<b>16,952</b>	<b>18,182</b>	<b>17,908</b>	<b>17,586</b>	<b>35,494</b>
<b><u>Expenditures by Activity</u></b>					
General Support Services	16,952	18,182	17,908	17,586	35,494
<b>Total</b>	<b>16,952</b>	<b>18,182</b>	<b>17,908</b>	<b>17,586</b>	<b>35,494</b>
<b>Full-Time Equivalents (FTE)</b>	<b>149.9</b>	<b>156.8</b>	<b>156.3</b>	<b>152.3</b>	

DEED receives funding through a variety of federal agencies including the Departments of Labor, Education, and Housing and Urban Development, Social Security Administration, Environmental Protection Agency, and Small Business Administration. These federal funds represent over 70% of DEED's budget.

(Dollars in thousands)

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
<b>Employment Services Wagner-Peyser</b> Provides labor exchange services to individuals seeking employment and to businesses seeking workers.				\$18,259	\$14,847	\$13,745	\$13,908
<b>Basic Support/Supported Employment</b> Provides assessment, vocational evaluations, counseling, training, Braille, and job placement services.		Yes	Yes	\$60,546	\$59,680	\$56,784	\$56,608
<b>Disability Determination</b> Provides determinations on social security disability insurance eligibility, verification information to rehabilitation agencies and resources for customers eligible for Ticket to Work program.				\$26,076	\$29,400	\$32,500	\$35,700
<b>EPA Brownfield/Petroleum Cleanup</b> Provide loans to public or private entities for clean-up of contaminated property.				\$34	\$1,749	\$2,000	\$2,000
<b>Career One-Stop</b> Provides a wide array of information and interactive tools for job seekers, students and other career planners.				\$4,924	\$6,600	\$7,000	\$8,000
<b>WOTC, Foreign Labor, LMI One-Stop</b> Provides federal tax credit to employers hiring members of targeted groups who have difficulty finding jobs. Enables businesses to hire foreign workers. Provide analysis of job market conditions and outlook, economic indicators and workforce trends.				\$1,513	\$1,671	\$1,641	\$1,319
<b>Independent living Services</b> Provides assistance to persons with disabilities to live independently.		Yes		\$3,872	\$3,482	\$3,138	\$2,839
<b>Labor Force Statistics</b> Collects, edits analyze and disseminate employment and economic data.				\$1,764	\$1,691	\$1,631	\$1,631
<b>Senior Community Service Employment Program</b> Provides people age 55 and older to receive on the job training and current work experience they need to return to work.				\$4,123	\$3,405	\$3,060	\$3,060
<b>Trade Adjustment Assistance</b> Provides workers in reentering the workforce with work search, relocation, job training and weekly cash benefits				\$9,972	\$7,622	\$7,537	\$7,544
<b>Unemployment Insurance</b> Provides a temporary, partial wage replacement to those who become unemployed through no fault of their own.				\$54,538	\$66,969	\$60,000	\$58,698

		Required state match/MOE? Yes/No					
<b>HUD Small Cities Community Development Block Grants</b> For the benefit of eligible non-entitlement local units of government for community development needs.		Yes		\$19,973	\$39,270	\$30,917	\$30,917
<b>SBA Small Business Development Centers</b> Financing small business development center services.		Yes		\$1,912	\$2,158	\$2,151	\$1,751
<b>Veterans Programs</b> Provide specialized employment and training services to veterans using the workforce center system.				\$2,584	\$3,126	\$3,136	\$3,141
<b>Workforce Investment Act Programs</b> Provides long term, year round employment training services to disadvantaged youth, adult and dislocated workers programs				\$113,129	\$74,260	\$69,497	\$66,178
<b>Blandin Grant</b> To increase use of broadband based technology by business, schools, health care organizations and government organizations.	Yes			0	\$672	\$252	0
<b>State Small Business Credit Initiative</b> To provide portfolio insurance for business loans also collateral support programs, loan participations programs, venture capital programs, and loan guarantee programs	Yes			0	0	\$5,400	\$5,000
<b>Total</b>				\$323,219	\$316,602	\$300,389	\$298,294

<b>Program Name Federal or State or Both (citation)</b>	<b>Purpose</b>	<b>Recipient Type (s) Eligibility Criteria</b>	<b>Budgeted FY 2010</b>	<b>Budgeted FY 2011</b>
Advocating Change Together (State) <i>Laws of 2009, Chapter 78</i>	Provides training, technical assistance and resource materials to persons with developmental disabilities	Advocating Change Together	\$150,000	\$150,000
BioBusiness Alliance (State) <i>Laws of 2009, Chapter 78</i>	Bioscience business development programs to promote and position the state as a global leader in bioscience business activities	BioBusiness Alliance of Minnesota	\$1,235,000	\$475,000
Blandin Foundation (State) <i>Laws 2005, Chapter 1</i>	To increase use of broadband-based technology by business, schools, health care organizations and government organizations and general public	Blandin Foundations	\$31,000	\$0
Construction Mitigation Pilot Program (State) <i>Laws of 2009, Chapter 78</i>	Grants to local government units to mitigate the impacts of transportation construction on local small business	Local governments units	\$100,000	\$0
Contaminated Site Grants (State) <i>M.S. 115J.554</i>	Investigation and cleanup of contaminated sites for private or public redevelopment	Cities/Counties, Port Authorities, EDA, HRA	\$4,533,000	\$14,372,000
Dislocated Worker Program (State) <i>M.S. 116L.17</i>	Provide employment transition services and supports	Workforce Service Areas	\$28,446,000	\$26,087,000
Displace Homemaker Program (State) <i>M.S. 116L.96</i>	Pre-employment services that empower participants to enter or re-enter the labor market after having been homemakers	Private and nonprofit organizations	\$979,000	\$1,444,000
Employment Services (Federal) <i>M.S. 116L.86</i>	Labor exchange, offering employment opportunities on a no-fee basis to all Minnesotans and providing services to businesses	Other state agencies	\$350,000	\$350,000
Employment Support Services for Persons with Mental Illness (State) <i>M.S. 268A.13</i>	Provides ongoing employment support services to persons with significant mental health disabilities who require ongoing support to maintain employment	Rehabilitation facilities	\$1,256,000	\$1,769,000
Enterprise Minnesota (State) <i>Laws of 2009, Chapter 78</i>	Small business growth acceleration programs under M.S. 116O.115	Enterprise MN Inc	\$485,000	\$475,000
Entrepreneur & Small Business Grants (State) <i>Laws of 2009, Chapter 78</i>	Assist in the development of entrepreneurs and small businesses	Riverbend Center for Entrepreneurial Facilitation and two other organizations serving Faribault and Martin counties	\$115,000	\$263,000
Extended Employment Program (State) <i>M.S. 268A.15</i>	Provides employment services and support to people with severe disabilities	Rehabilitation facilities	\$12,359,000	\$12,365,000
Green Isle Fire Relief (State) <i>Laws of 2009, Chapter 78</i>	Reimbursement of fire relief efforts and other expenses incurred as a result of the fire in the city of Green Isle	City of Green Isle	\$64,000	\$0
High Risk Adult (State) <i>Laws of 2009, Chapter 78</i>	Nonprofit organizations selected to administer the demonstration project for high-risk adults	Nonprofit organizations	\$150,000	\$150,000

<b>Program Name Federal or State or Both (citation)</b>	<b>Purpose</b>	<b>Recipient Type (s) Eligibility Criteria</b>	<b>Budgeted FY 2010</b>	<b>Budgeted FY 2011</b>
Hugo Tornado Relief (State) <i>Laws 2009, Chapter 93</i>	For debris clearance and other disaster costs resulting from damage by the 5/25/08 tornado	City of Hugo	\$350,000	\$0
Independent Living Services (Both) <i>M.S. 268A.11</i>	Provides assistance to persons with disabilities to live independently, function in their homes and within their families, and participate in their communities	Independent Living Centers	\$5,695,000	\$5,323,000
Interpreters Program (State) <i>Laws of 2009, Chapter 78</i>	Provide interpreters for regional transition program that specializes in providing culturally appropriate services leading to employment for deaf, hard-of-hearing and deaf-blind students	School districts	\$340,000	\$340,000
Job Skills Partnership Program (State) <i>M.S. 116L.02</i>	Provide grants to educational institutions partnering with one or more businesses to develop and deliver training specific to business needs for new or existing employees	Educational or other nonprofit institutions	\$7,046,000	\$6,619,000
Job Training Program Grant (Both) <i>M.S. 116J.8747</i>	Provide training to hard-to-train individuals	Twin Cities Rise	\$633,000	\$755,000
Lake County Ice Storm (State) <i>Laws of 2009, Chapter 78</i>	Ice storm damage	Lake County	\$250,000	\$0
Lifetrack Resources (State) <i>Laws of 2009, Chapter 78</i>	Immigrant and refugee collaborative programs, including those related to job-seeking skills and workplace orientation, intensive job development, functional work English, and on-site Job coaching	Lifetrack Resources	\$300,000	\$300,000
Lutheran Social Services (State) <i>Laws of 2009, Chapter 78</i>	Increase capacity statewide for budget and debt counseling, debt management planning, and other debt management services	Lutheran Social Services	\$150,000	\$0
Metropolitan Economic Development Association (State) <i>Laws of 2009, Chapter 78</i>	Continuing minority business development programs in the metropolitan area	Metropolitan Economic Development Association	\$155,000	\$155,000
Minnesota Alliance of Boys and Girls Club (State) <i>Laws of 2009, Chapter 78</i>	Administer a statewide project to encourage, train, and assist youth in job-seeking skills, workplace orientation, and job site knowledge through coaching	Minnesota Alliance of Boys and Girls Club	\$730,000	\$745,000
Minnesota Diversified Industries (State) <i>Laws of 2009, Chapter 78</i>	To provide progressive development and employments opportunities for people with disabilities	Minnesota Diversified Industries, Inc	\$250,000	\$100,000

<b>Program Name Federal or State or Both (citation)</b>	<b>Purpose</b>	<b>Recipient Type (s) Eligibility Criteria</b>	<b>Budgeted FY 2010</b>	<b>Budgeted FY 2011</b>
Minnesota Employment Center for People Who are Deaf or Hard-of-Hearing (State) <i>Laws of 2009, Chapter 78</i>	Provides ongoing employment services and support to people who are deaf or hard-of-hearing	Rise, Inc.	\$320,000	\$320,000
Minnesota Family Investment Program (Both)	Work experience to adults and teen parents who have been receiving MFIP benefits	Workforce Service Areas	\$920,000	\$72,000
Minnesota Inventors Congress (State) <i>Laws of 2009, Chapter 78</i>	Host the annual inventors' expositions	Minnesota Inventors Congress/Student Inventors Congress	\$65,000	\$50,000
Minnesota Investment Fund (State) <i>M.S. 116J.8731</i>	Provides financial assistance for the creation of new employment or to maintain existing employment, and for business start-up, expansions, and retention	Cities/Counties	\$3,190,000	\$2,000,000
Minnesota Investment Fund – Flood (State) <i>M.S. 12A.07 Laws of 2010 2<sup>nd</sup> Special Session, Chapter 1</i>	Provides financial assistance for the creation of new employment or to maintain existing employment, and for business start-up, expansions, and retention	Cities/Counties	\$0	\$10,000,000
Minnesota Minerals 21 <sup>st</sup> Century Fund (State) <i>M.S. 116J 423</i>	Grants for public infrastructure to support mineral processing facilities	Cities/Counties	\$0	\$3,500,000
Minnesota Youth (State) <i>M.S. 116L.561</i>	Provides short-term, contextualized and active individualized training services for at-risk youth	Public agencies or nonprofit organizations	\$3,291,000	\$3,381,000
MN Works (State) <i>Laws of 2009, Chapter 78</i>	Work on behalf of all licensed vendors to coordinate their efforts to respond to solicitations or other request from private and governmental units as defined in M.S. 471.59, subd 1, in order to increase employment opportunities for persons with disabilities	MN Works	\$75,000	\$75,000
Northern Connections (State) <i>Laws of 2009, Chapter 78</i>	Implement and operate a pilot workforce program that provides one-stop supportive services to individuals as they transition into the workforce	Northern Connections	\$200,000	\$200,000
Office of Science and Technology (State) <i>Laws of 2008, Chapter 363 Laws of 2009, Chapter 78</i>	Provide grants to increase developments in science and technology	Business	\$260,000	\$0
Opportunities Industrial Centers (State) <i>Laws of 2009, Chapter 78</i>	Provide employment and training services	MN State Council of OIC	\$1,375,000	\$1,375,000
Ramsey County WIFB (State) <i>Laws of 2009, Chapter 78</i>	For the development of the Building Lives program	Ramsey County Workforce Investment Board	\$100,000	\$100,000

<b>Program Name Federal or State or Both (citation)</b>	<b>Purpose</b>	<b>Recipient Type (s) Eligibility Criteria</b>	<b>Budgeted FY 2010</b>	<b>Budgeted FY 2011</b>
Rural Policy and Development Center (State) <i>Laws of 2009, Chapter 78 M.S. 116J.421</i>	Research and policy analysis on emerging economic and social issues in rural Minnesota	Rural Policy and Development Center	\$100,000	\$100,000
Section 125 Employer Incentives (State) <i>M.S. 62U.07</i>	Incentives to encourage small employers to establish Section 125 health plans	Small Businesses	\$2,000	\$0
Senior Community Service Employment Program (Federal)	Fosters economic self-sufficiency through community service activities for unemployed, low-income persons who are 55 years of age and older	Local organizations	\$4,006,000	\$3,329,000
Small Business Development Centers (Both) <i>M.S. 116J.68</i>	Financing small business development center services	Small Business Development Centers	\$1,961,000	\$2,308,000
Small Cities Community Development Block Grants (Federal) <i>M.S. 116J.980</i>	For the benefit of eligible non-entitlement local units of government for community development needs	Cities/Counties	\$19,483,000	\$38,397,000
Summer Youth Employment – Minneapolis (State) <i>Laws of 2009, Chapter 78</i>	Provides up to 500 jobs for youth each summer	City of Minneapolis	\$1,150,000	\$1,221,000
Summer Youth Employment – St. Paul (State) <i>Laws of 2009, Chapter 78</i>	Provides up to 500 jobs for youth each summer	City of St. Paul	\$530,000	\$530,000
Temporary Assistance for Needy Families-Summer Youth (Federal)	Provides employment services for youth under the TANF Summer Youth Program	Workforce Service Areas	\$1,000,000	\$5,000,000
Vocational Rehabilitation (Both) <i>M.S. 268A.03</i>	Assists people with significant disabilities to secure and maintain employment	Public agencies or nonprofit organizations	\$3,789,000	\$2,585,000
Women Venture (State) <i>Laws of 2009, Chapter 78</i>	Create women's business development programs	Women Venture	\$200,000	\$200,000
Workforce Investment Act (Federal) <i>M.S. 116L.86</i>	Youth, adult and dislocated workers programs	Workforce Service Areas	\$94,458,000	\$59,393,000
Youthbuild (State) <i>M.S. 116L.361</i>	Trains and employs young adults in construction	Public agencies or nonprofit organizations	\$951,000	\$950,000

**EMPLOYMENT AND ECONOMIC DEVEL**

Agency Revenue Summary

*Dollars in Thousands*

	<b>Actual FY2010</b>	<b>Budgeted FY2011</b>	<b>Governor's Recomm.</b>		<b>Biennium 2012-13</b>
			<b>FY2012</b>	<b>FY2013</b>	
<b><u>Non Dedicated Revenue:</u></b>					
<b>Other Revenues:</b>					
General	35	23	21	18	39
<b>Other Sources:</b>					
General	250	177	270	95	365
Petroleum Tank Release Cleanup	4	0	0	0	0
<b>Taxes:</b>					
Workforce Development	17,664	17,776	17,451	17,451	34,902
<b>Total Non-Dedicated Receipts</b>	<b>17,953</b>	<b>17,976</b>	<b>17,742</b>	<b>17,564</b>	<b>35,306</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings:</b>					
Miscellaneous Special Revenue	708	936	835	855	1,690
<b>Grants:</b>					
Miscellaneous Special Revenue	2,434	5,521	796	796	1,592
Federal	19,721	39,752	40,468	39,668	80,136
Federal Stimulus	58,772	18,960	5,565	1,790	7,355
Mdes Federal	243,625	254,693	254,356	256,836	511,192
<b>Other Revenues:</b>					
Clean Water Revolving Fund	1	1	1	1	2
General	18	0	0	0	0
Miscellaneous Special Revenue	22,994	23,366	23,256	23,246	46,502
Workforce Development	226	175	175	175	350
Federal	62	0	0	0	0
Gift	185	187	165	165	330
<b>Other Sources:</b>					
Clean Water Revolving Fund	73	15	10	10	20
Miscellaneous Special Revenue	1,273	1,023	1,023	991	2,014
<b>Taxes:</b>					
General	146	0	0	0	0
Miscellaneous Special Revenue	128	225	225	225	450
Workforce Development	27,825	27,325	23,949	23,742	47,691
<b>Total Dedicated Receipts</b>	<b>378,191</b>	<b>372,179</b>	<b>350,824</b>	<b>348,500</b>	<b>699,324</b>
<b>Agency Total Revenue</b>	<b>396,144</b>	<b>390,155</b>	<b>368,566</b>	<b>366,064</b>	<b>734,630</b>



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## Agency Purpose

The mission of Explore Minnesota Tourism is to promote the state's public and private assets and to facilitate travel to and within the state of Minnesota. The goal is to generate both revenue and jobs across the state. A key sector of Minnesota's economy, tourism in the state is an \$11 billion industry, supporting more than 245,000 leisure and hospitality jobs, which represents 11 percent of private-sector employment. In addition, it generates almost \$700 million in state sales tax revenues, which is 16 percent of Minnesota's sales tax revenues. The economic impacts of travel and tourism are felt in communities in every part of the state, both urban and rural.

Explore Minnesota Tourism, the state's tourism promotion office, works closely with tourism businesses and promotional organizations across the state to attract travelers to Minnesota communities. Explore Minnesota Tourism leverages its resources by generating almost \$7 million in cash and in-kind partnerships. Explore Minnesota Tourism promotes an integrated approach to tourism marketing with other state agencies with a tourism interest, including the DNR, the Minnesota Historical Society, the Minnesota Department of Transportation, and the Minnesota Zoo.

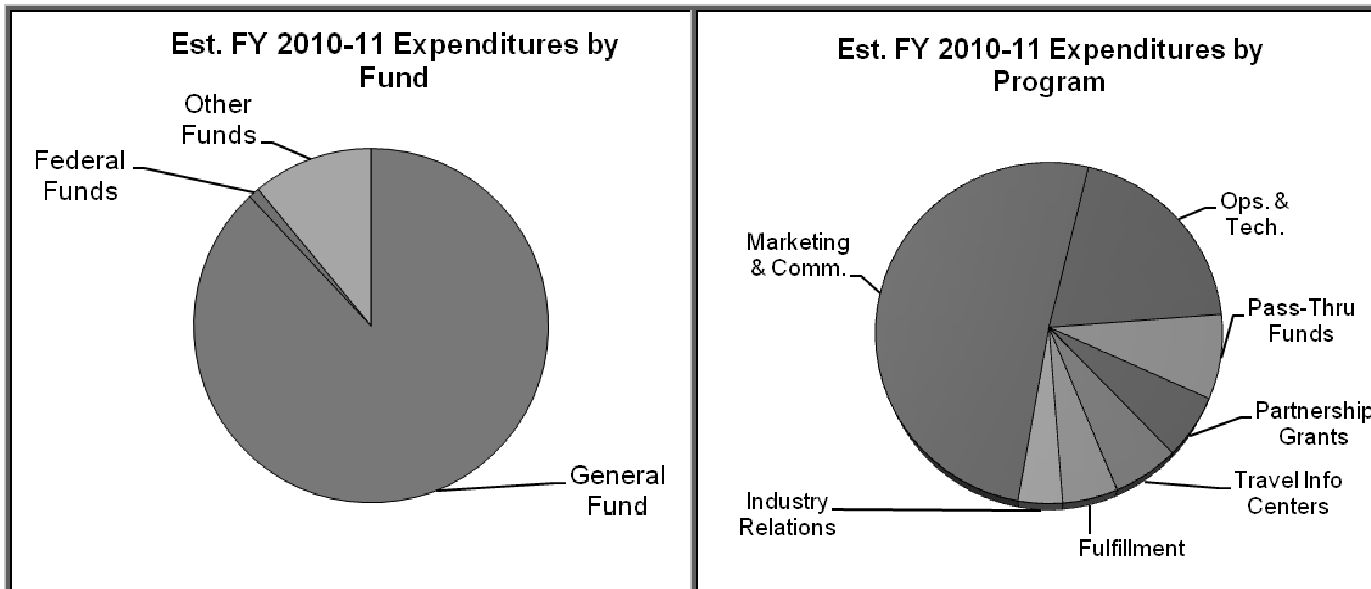
Explore Minnesota Tourism works to maximize the impact of its marketing dollars, in part by extending its reach through public and private partnerships. For every \$1 invested in state tourism marketing generates \$53 in gross sales. Tourism marketing activities result in dollars spent at Minnesota businesses, tax revenues generated for the state and jobs. Tourism marketing dollars add value to the state's capital investment in parks, trails, historic sites, sports venues and other facilities by drawing visitors to these destinations.

While the state's tourism office budget ranks 28<sup>th</sup> nationally, Minnesota is ranked 22<sup>nd</sup> in traveler spending, 18<sup>th</sup> in travel-generated employment, 14<sup>th</sup> in travel-generated payroll and 9<sup>th</sup> in travel-generated tax receipts.

The Explore Minnesota Tourism Council, which provides strategic direction to the agency, represents all major sectors of the tourism industry and its members are appointed by the Governor. Statutory authority for Explore Minnesota Tourism resides at M.S. 116U.05.

### At a Glance

- Leveraged \$7 million in private industry match (cash & in-kind)
- Advertising reaches targeted Midwest markets with TV, radio, direct mail, & online/interactive media
- Achieved high advertising awareness in core markets (from 74 to 88%).
- Ad budgets are extended through marketing partnerships with media, corporations, & others
- PR outreach to media results in free exposure through radio spots, interviews, and travel stories
- Hosts dozens of U.S. and international press writing travel articles about Minnesota
- More than 340 national tour operators offer Minnesota trips
- Minnesota promoted in six overseas markets
- 2.9 million travelers served at Travel Info Centers
- 2.5 million website users
- 190,000 mail, e-mail and phone inquiries
- Awarded 98 grants to communities & organizations for tourism marketing
- Developed marketing campaign directed at Minnesota corporations to promote travel
- Promoting "Meet in Minnesota"
- Developing sports marketing website
- Working with state agencies and tourism industry to develop bicycle tourism
- Supports publication program through advertising revenues and publishing partnerships
- Increasing use of various social media to engage consumers
- Redesigning technology & look of website to benefit consumers and tourism industry
- Provides free exposure through website for approximately 2,300 lodging businesses, 1,800 attractions and 2,200 events



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/01/2012.

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/01/2012.

**Strategies**

Key strategies of Explore Minnesota Tourism include:

- Develop results-driven advertising and coordinate promotions that market Minnesota as a travel destination.
- Develop local, regional and statewide marketing partnerships to leverage resources and expand marketing reach.
- Provide quality travel information and services that meet consumers’ needs and interests.
- Promote Minnesota as a travel destination for international, group and package travel markets.
- Provide timely tourism research on economic impact, customers, travel trends and marketing effectiveness.
- Provide leadership and unify the industry and state agencies on marketing and tourism initiatives in the state.

**Operations**

To fulfill its mission and achieve its strategic objectives, Explore Minnesota Tourism is organized into three areas: Marketing and Research, Industry Relations and Travel Information Centers, and Operations and Technology.

**Marketing and Research:** Advertising and promotions are strategically targeted to potential travelers, using television and radio, direct mail, select print media, electronic marketing and special promotions such as sweepstakes. Co-op advertising offers the industry a cost-effective way to reach out-of-state markets. A major emphasis is placed on developing partnerships; 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, China, United Kingdom, Germany, and Scandinavia.

This unit also markets Minnesota to group tour operators, which can bring significant revenue to communities. Research conducted in-house or provided by other sources guides the development of marketing programs.

Media relations, publications and electronic media are all 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, promotes Minnesota destinations and activities. This unit also develops content and provides photography for the travel Web site <http://www.exploreminnesota.com>.

**Industry Relations and Travel Information Centers:** This program area is responsible for facilitating two-way communication between Explore Minnesota Tourism and the state's tourism industry. Regional staff located in Brainerd, Duluth, Mankato, Thief River Falls and St. Paul provides marketing assistance to communities and regional tourism associations. Industry relations staff provides leadership in emerging tourism areas, such as developing bicycle tourism and addressing issues related to vacation home rentals.

This unit provides personalized travel planning assistance to travelers on the road at ten travel information centers around the state. Some of the information centers are operated as partnerships with private-sector community organizations. Explore Minnesota also partners with approximately 60 affiliate travel information centers in communities across the state to provide Minnesota tourism information to travelers.

Industry relations staff facilitates interagency partnerships, develops educational programs, coordinates the Governor's Fishing Opener event and monitors public policy issues that may affect tourism in Minnesota.

Grants are awarded to nonprofit tourism organizations to maximize state and local marketing resources. This unit also manages advertising sales for the Web site and the Travel Guide.

**Operations and Technology Services:** This unit maintains the extensive database of accommodations, attractions, and events information that is the foundation of the travel Web site and a customized travel planning service. Tourism businesses and organizations can include information in this database free of charge or can enhance their listings by paid participation, providing the tourism industry an effective channel for reaching consumers.

This unit provides personalized travel planning assistance to prospective travelers through the in-house Contact Center in St. Paul. Travel counselors in the center respond to consumer inquiries by phone, mail and e-mail. The Distribution Center handles shipping and receiving functions at EMT, fulfilling thousands of requests for travel information.

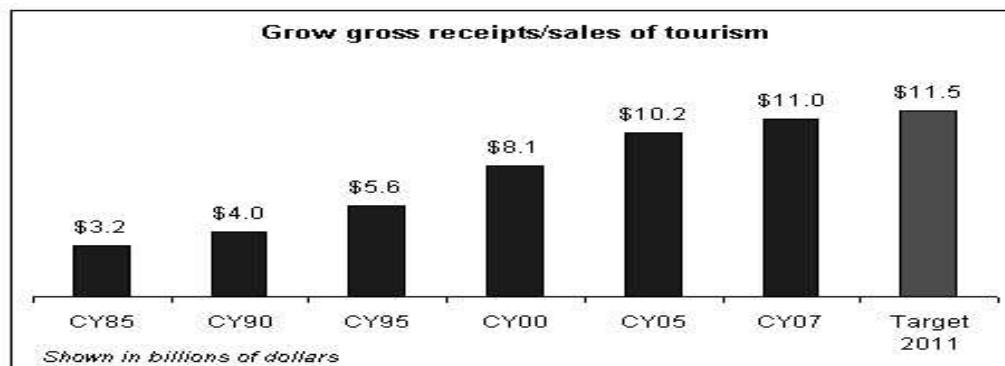
This unit is also responsible for administrative, financial and personnel functions of the office.

**Key Activity Goals & Measures**

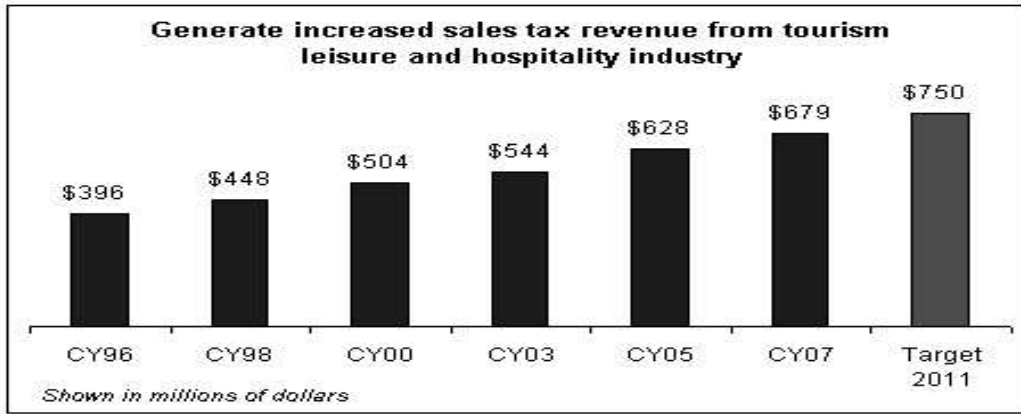
\*Unless noted, all data is from calendar year 2008, which is the most recent year complete data was available.

The agency's primary goals and measures are:

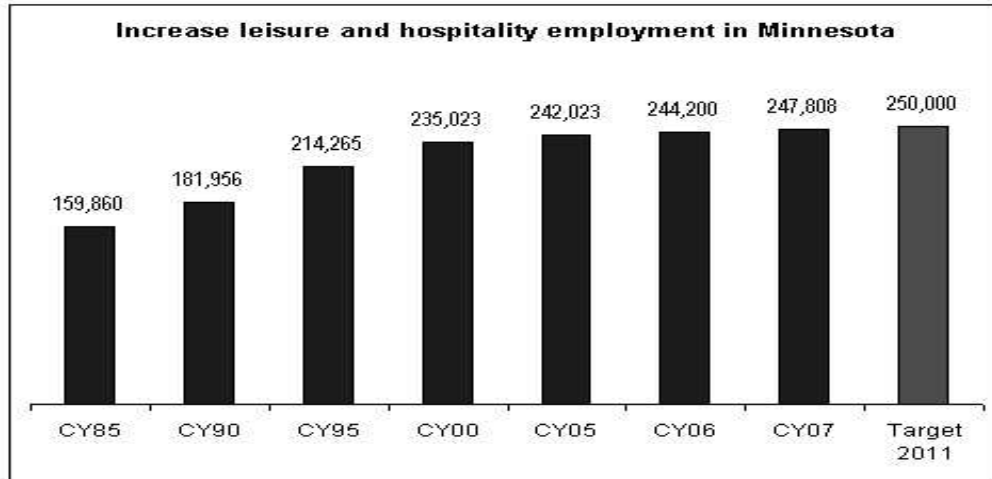
1. Increase the number of resident and nonresident travelers in the state.  
Estimated # of travelers: 39 million (FY 2008)
2. Grow gross receipts/sales of tourism in Minnesota.  
Leisure & hospitality gross sales: \$11.2 billion



- 3. Generate increased state and local sales tax revenue from tourism.  
Sales tax revenues from leisure & hospitality: \$695 million

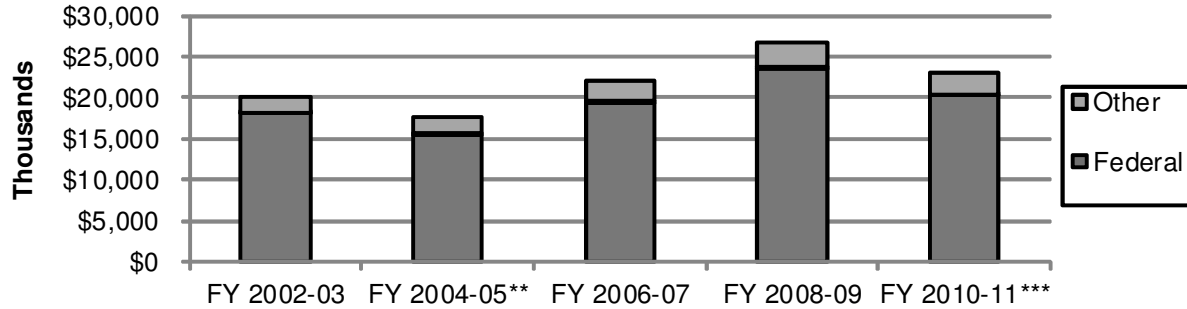


- 4. Increase leisure and hospitality employment in Minnesota.  
Number of leisure & hospitality jobs: 245,788  
Wages: \$4 billion



**Budget Trends Section**

**Total Expenditures by Fund**



*Pass-thru funds were appropriated via Explore Minnesota Tourism to MN Film Bd., Mississippi River Pkwy Commission, St. Louis Co., and others.*

\*\* Prior to FY 2005, Tourism was a division of Trade & Economic Development

\*\*\* FY 2010-11 is estimated, not actual

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/10/2010.

**External factors and trends:**

In the past couple of years, the travel industry in Minnesota, as well as across the country, has taken a hit as the economy kept many consumers from traveling. Those who do travel are very budget-conscious, and spend less while they travel. The industry has now begun to slowly recover. Explore Minnesota Tourism developed its marketing programs to address recent tourism trends, including closer-to-home vacations, last-minute trip planning, shorter getaways, and consumer demand for deals and good values. It has also adjusted its marketing to take advantage of the great increase of online travel planning and the interest in social marketing and e-newsletters to receive travel information. Another factor impacting Minnesota tourism is strong competition among states, with Explore Minnesota Tourism ranking 28<sup>th</sup> in size of state tourism office. And today, competition for travel dollars is not just the neighboring state; it is global, as consumers consider destinations around the globe.

**Contact**

**Explore Minnesota Tourism**  
 Office of the Tourism Director: (651) 757-1844  
<http://www.industry.exploreminnesota.com>  
<http://www.exploreminnesota.com>

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	10,464	9,190	9,190	9,190	18,380
<b>Recommended</b>	<b>10,464</b>	<b>9,190</b>	<b>9,928</b>	<b>8,928</b>	<b>18,856</b>
Change		0	738	(262)	476
% Biennial Change from 2010-11					-4.1%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	11,237	9,713	9,928	8,928	18,856
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	994	2,007	3,914	4,314	8,228
Federal	36	20	0	0	0
<b>Total</b>	<b>12,267</b>	<b>11,740</b>	<b>13,842</b>	<b>13,242</b>	<b>27,084</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	3,435	3,414	3,152	3,228	6,380
Other Operating Expenses	6,227	7,304	8,668	8,992	17,660
Local Assistance	2,605	1,022	2,022	1,022	3,044
<b>Total</b>	<b>12,267</b>	<b>11,740</b>	<b>13,842</b>	<b>13,242</b>	<b>27,084</b>
<b><u>Expenditures by Program</u></b>					
Explore Minnesota Tourism	12,267	11,740	13,842	13,242	27,084
<b>Total</b>	<b>12,267</b>	<b>11,740</b>	<b>13,842</b>	<b>13,242</b>	<b>27,084</b>
<b>Full-Time Equivalents (FTE)</b>	<b>50.0</b>	<b>48.2</b>	<b>43.7</b>	<b>43.7</b>	

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b>Fund: GENERAL</b>				
FY 2011 Appropriations	9,190	9,190	9,190	18,380
<b>Technical Adjustments</b>				
Operating Budget Reduction		(2)	(2)	(4)
<b>Subtotal - Forecast Base</b>	<b>9,190</b>	<b>9,188</b>	<b>9,188</b>	<b>18,376</b>
<b>Change Items</b>				
Film Jobs Production Program	0	1,000	0	1,000
Operating Budget Reduction	0	(260)	(260)	(520)
<b>Total Governor's Recommendations</b>	<b>9,190</b>	<b>9,928</b>	<b>8,928</b>	<b>18,856</b>
<b>Fund: MISCELLANEOUS SPECIAL REVENUE</b>				
Planned Statutory Spending	2,007	1,314	1,314	2,628
<b>Change Items</b>				
1%Car Rental Tax Dedicated for Marketing	0	2,600	3,000	5,600
<b>Total Governor's Recommendations</b>	<b>2,007</b>	<b>3,914</b>	<b>4,314</b>	<b>8,228</b>
<b>Fund: FEDERAL</b>				
Planned Statutory Spending	20	0	0	0
<b>Total Governor's Recommendations</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>



## EXPLORE MINNESOTA TOURISM

Change Item: 1%Car Rental Tax Increase Dedicated for Marketing

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Revenues	\$2,600	\$3,000	\$3,100	\$3,300
Transfer Out	2,600	3,000	3,100	3,300
Special Revenue Fund				
Transfer In	2,600	3,000	3,100	3,300
Expenditures	2,600	3,000	3,100	3,300
Net Fiscal Impact	\$0	\$0	\$0	\$0

### Recommendation

The Governor recommends a 1% increase in the tax on car rentals to be dedicated to Minnesota tourism marketing and promotion. A 1% tax increase is estimated to generate \$2.6 million or more per year to support statewide tourism marketing. The majority of Minnesota car rental revenues are captured at Minneapolis-St. Paul (MSP) airport, and beyond the MSP airport, most additional collections are within the metro area. The impact would be that most of the new tourism marketing revenue would come primarily from out of state visitors.

### Rationale

Currently, Minnesota's tourism office budget ranks 28<sup>th</sup> nationally. Minnesota is ranked 22<sup>nd</sup> in traveler spending, 18<sup>th</sup> in travel generated employment, 14<sup>th</sup> in travel generated payroll and 9<sup>th</sup> in travel-generated tax receipts. Regional competitors including Wisconsin, South Dakota, Illinois, Michigan and Montana outspend Minnesota. To be competitive in generating out-of-state visitors, there is a need for increased funding for marketing and promotion. This strategy provides a direct link between travel-generated spending and funding for travel marketing. Funding generated will go directly into marketing and promotion programs and activities. The current advertising budget for Explore Minnesota is about \$3 million. An additional \$3 million annually would allow a significant increase in these efforts to reach both in-state and out-of-state markets.

Tourism contributes greatly to the Minnesota economy. The leisure and hospitality industry has \$11 billion in annual sales and employs more than 243,000 people (nearly 11% of total private sector employment). Almost \$700 million in sales taxes is collected on those sales, accounting for 17% of Minnesota's sales tax revenues.

The proposed effective date would be July 1, 2011. Adjustments would need to be made with the Department of Revenue due to programming, notification to rental companies, a change to printed materials and changes in accounting to track and report the tax. Operationally, many states and cities across the country impose relatively high taxes and fees on car rentals. Beyond this, additional taxes and fees are imposed at major airports across the country. In Minnesota, the majority of car rental revenues are captured at the MSP airport.

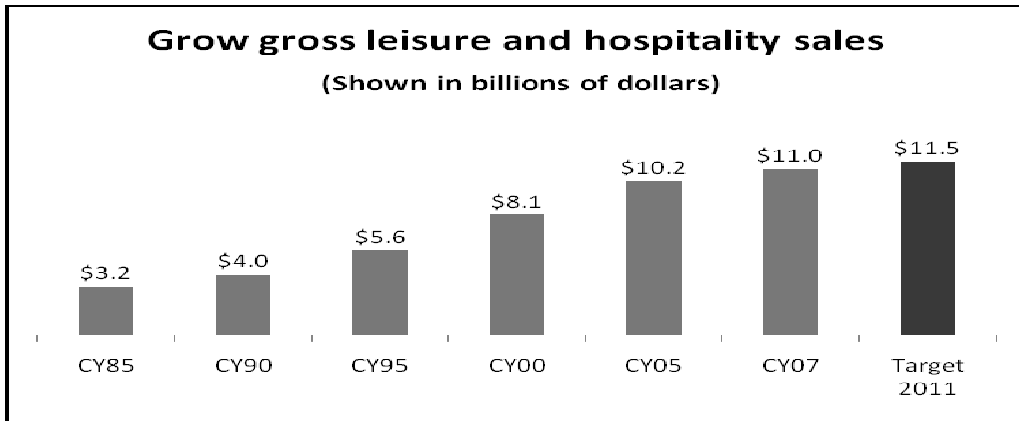
### Key Goals and Measures

The agency's primary goals and measures are:

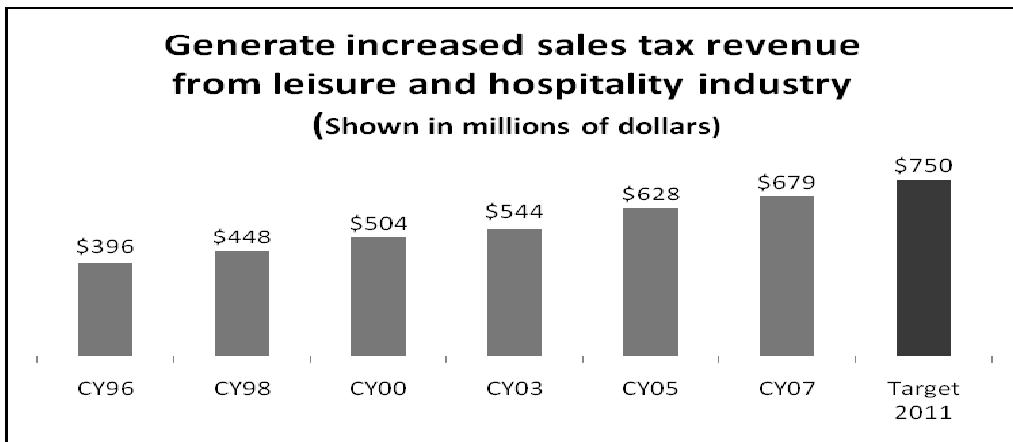
1. Increase the number of resident and nonresident travelers in the state.  
Estimated # of travelers: 39 million
2. Grow gross receipts/sales in Minnesota.  
Leisure & hospitality gross sales: 2008 - \$11.2 billion

# EXPLORE MINNESOTA TOURISM

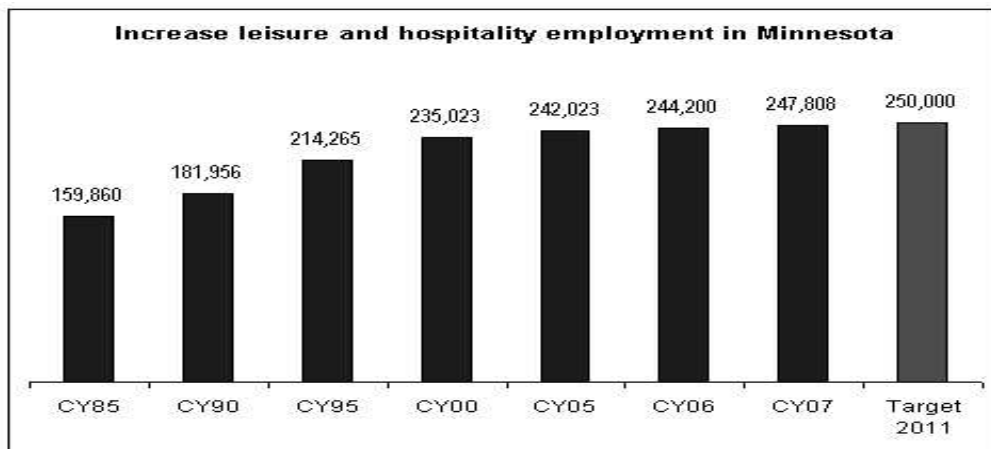
Change Item: 1%Car Rental Tax Increase Dedicated for Marketing



3. Generate increased state and local sales tax revenue.  
Sales tax revenues from leisure & hospitality: 2008 - \$695 million



4. Increase leisure and hospitality employment in Minnesota.  
Number of leisure & hospitality jobs: 2008 - 245,788  
Wages: 2008 - \$4 billion



**Statutory Change:** M.S. 297A.64 Rental motor vehicle tax

# EXPLORE MINNESOTA TOURISM

## Change Item: Film Jobs Production Program

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$1,000	0	0	0
Net Fiscal Impact	\$1,000	0	0	0

### Recommendation

The Governor recommends a one-time appropriation in FY2012 to the Minnesota Film & TV Board, in the amount of \$1 million to fund the "Snowbate" jobs production program.

### Rationale

The Minnesota Film and TV Board is a full-service film commission dedicated to creating jobs and economic growth by promoting and supporting the state's production industry through the following efforts:

1. Attract production to Minnesota through the Snowbate incentive program, a 15 to 20% rebate on eligible Minnesota expenditures.
2. Market Minnesota's extensive talent and crew base and production infrastructure in the online Minnesota Production Guide.
3. Facilitate the production process with location services and crew and equipment referrals.
4. Develop and sustain relationships with independent producers and location decision-makers at major studios and networks nationwide.

### Key Goals and Measures

(From <http://mnfilmtv.org/>)

Snowbate, Minnesota's Film Jobs Production Program, is a reimbursement of 15% to 20% of Minnesota production expenditures. The incentive is available to feature films, national television or internet programs, commercials, music videos and documentaries.

#### Summary of projects that have been reimbursed or are in process (24)

Estimated # of MN Jobs created by projects reimbursed or in process since July 1, 2010:	35 FTE
Estimated Total MN Expenditures:	\$6,099,126.67
Estimated MN Film Production Jobs Reimbursements	\$831,197.55

#### Summary of projects that are pending (4)

Estimated MN Expenditures - Pending Projects	\$985,888.78
Estimated Total MN expenditures, all certified projects	\$7,085,015.45

**Statutory Change:** Not Applicable

# EXPLORE MINNESOTA TOURISM

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	(\$260)	(\$260)	(\$260)	(\$260)
Net Fiscal Impact	(\$260)	(\$260)	(\$260)	(\$260)

## Recommendation

The Governor recommends a reduction of \$260,000 in FY 2012 and \$260,000 in FY 2013 to the Explore Minnesota Tourism General Fund operating budget. The Governor intends that Explore Minnesota Tourism should focus its operating funds on maintaining its highest priority services. The agency's priority is the marketing of the state's tourism opportunities. Tourism marketing affects the state's economy in many ways, including generating increased state and local sales tax revenues as well as jobs in the leisure & hospitality industry.

This proposal represents a 3% reduction to Explore Minnesota Tourism's base General Fund forecast budget.

## Rationale

Explore Minnesota Tourism's total base forecast general fund operating budget is \$9.188 million for FY 2012 and \$9.188 million for 2013 and includes amounts budgeted for tourism marketing efforts. Explore Minnesota Tourism is proposing to reduce operating expenditures and positions during the FY 2012-13 biennium. Specifically, Explore Minnesota Tourism will reduce operating budgets as follows:

- Salary and benefits savings will be achieved through the agency's Early Retirement Incentive program. Three positions under this program will remain unfilled, resulting in \$148,000 in reduced costs, and a 2.4 FTE reduction.
- Salary and benefits savings will be achieved through other staff retirements and existing vacancies, resulting in an additional \$99,000 in reduced costs and a 2.0 FTE reduction.
- A \$13,000 reduction to professional/technical information technology contracting costs will be applied during the 2012-13 biennium.

Our agency's early retirement incentive, along with other retirements and vacant positions, will result in savings of \$247,000 per year by not filling vacancies at current levels or at all, reassigning duties, eliminating some programs, decreasing or eliminating public relations programs, group tour promotion, and grants program support.

Additionally, Explore Minnesota Tourism will reduce its spending on professional/technical information technology contracting by \$13,000, by absorbing some related duties in house. Explore Minnesota Tourism also continues to strive for increased advertising revenues to offset technology development and other costs related to tourism marketing programs.

**Statutory Change:** Not Applicable

**Narrative**

Explore Minnesota Tourism has been awarded a grant to receive funds from the Federal Highway Administration for the marketing of officially designated Scenic Byways.

The current grant was awarded in June, 2008, in the amount of \$90,000. The grant requires a 20% State match. Funds are available until expended on eligible Scenic Byways marketing initiatives. Through the end of SFY10, Explore Minnesota Tourism has used approximately \$70,000 of the existing grant. The remaining \$20,000 is available for marketing projects during SFY2011.

Typical projects that make use of these funds include website development work to enhance the exposure and availability of Scenic Byways information for the traveling public; direct mail campaigns to promote travel along the Byways; and related promotional print materials, such as a Scenic Byways guidebook/brochure.

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
Scenic Byways Marketing Program	N	Y	N	36	20	0	0

# EXPLORE MINNESOTA TOURISM

# Agency Revenue Summary

*Dollars in Thousands*

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012   FY2013		Biennium 2012-13
<b><i>Non Dedicated Revenue:</i></b>					
<b>Total Non-Dedicated Receipts</b>	0	0	0	0	0
<b><i>Dedicated Receipts:</i></b>					
<b>Departmental Earnings:</b>					
Miscellaneous Special Revenue	976	1,267	1,267	1,267	2,534
<b>Grants:</b>					
Federal	36	20	0	0	0
<b>Other Revenues:</b>					
Miscellaneous Special Revenue	49	47	47	47	94
<b>Total Dedicated Receipts</b>	<b>1,061</b>	<b>1,334</b>	<b>1,314</b>	<b>1,314</b>	<b>2,628</b>
<b>Agency Total Revenue</b>	<b>1,061</b>	<b>1,334</b>	<b>1,314</b>	<b>1,314</b>	<b>2,628</b>

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⇒ Designates that this item is a change item	

**Agency Purpose**

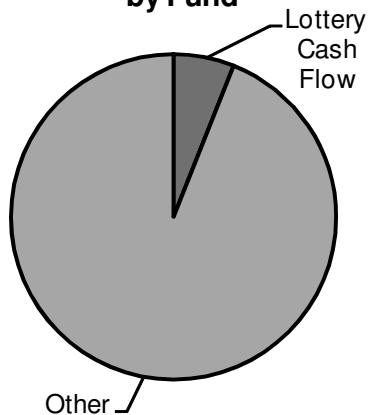
The Gambling Control Board regulates lawful (charitable) gambling in Minnesota, so that citizens are assured of the integrity of the industry and nonprofit organizations may continue to raise funds for charitable contributions. The board provides education, training and auditing of the licensed charitable organizations conducting lawful gambling activities, and licenses manufacturers and distributors of gambling equipment.

The Gambling Control Board regulates five forms of lawful gambling: pull-tabs, raffles, bingo, paddlewheels, and tipboards. Licensed charitable organizations involved in the conduct of lawful gambling include veteran posts (VFW/American Legions), youth athletics, fraternal, fire relief associations, civic and festival groups, wildlife/outdoor conservationists and religious congregations. The Gambling Control Board also acts as the grant administrator for the funding provided by the legislature for FY 2010-11 for the problem gambling awareness programs and educational training.

**At a Glance**

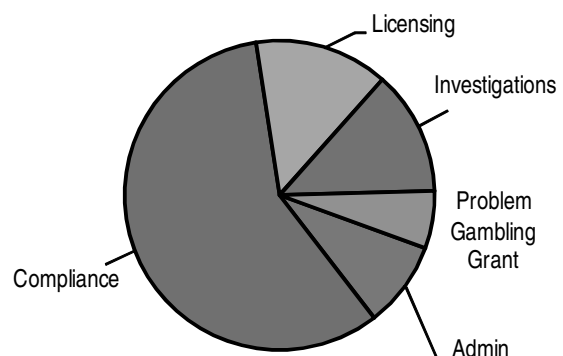
- Lawful gambling had gross receipts of \$1 billion per year in 2009 including \$37 million state taxes, and charitable contributions of \$43 million
- Licenses/permits holders paid fees of \$2.6 million in FY 2010 for:
  - 2,800 gambling sites
  - 1,250 nonprofit organizations
  - 2,300 tax exempt charitable organizations conducted 3,200 gambling activities (gross receipts from tax exempt gambling exceeded \$33 million in 2009)
  - 93 Distributor salespersons
  - 13 Distributors
  - 11 Manufacturers
  - One linked bingo game provider
- For every dollar spent on lawful gambling only three tenths of one penny goes for regulation
- FY 2010 Budget
  - \$2.8 million dedicated fund expenditures
  - License/permit and game approval/testing fees = \$1.6 million
  - Regulatory fee of .001 of gross receipts = \$1 million
- For FY 2010-11, administered \$225,000 annual grant funding (from the Lottery Cash Flow) for problem gambling awareness and education (Northstar Problem Gambling Alliance)

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Program**



Source: Gambling Control Board



## Strategies

The Gambling Control Board issues, suspends, and revokes lawful gambling licenses. Audits and inspections of 2,800 gambling sites are conducted to determine law compliance and help ensure the integrity of operations and accountability of \$1 billion in annual gross receipts. Training and education is available throughout the state for 17,000 registered employees of licensed organizations.

## Operations

The Board is comprised of seven citizens and supported by 28 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 comprehensive website and newsletter, and mentoring program.
- **Investigations** monitors for theft and fraud in the industry by inspecting gambling products and sites, 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.
- **Grant Funding** for FY 2010-11 for the Minnesota affiliate, Northstar Problem Gambling Alliance, which provides training and education for problem gambling awareness programs.

## Key Goals & Measures

The Gambling Control Board strives to assure integrity of the lawful gambling industry and ensure the licensed charitable organizations continue to support all of Minnesota's Milestones.

The board annually conducts:

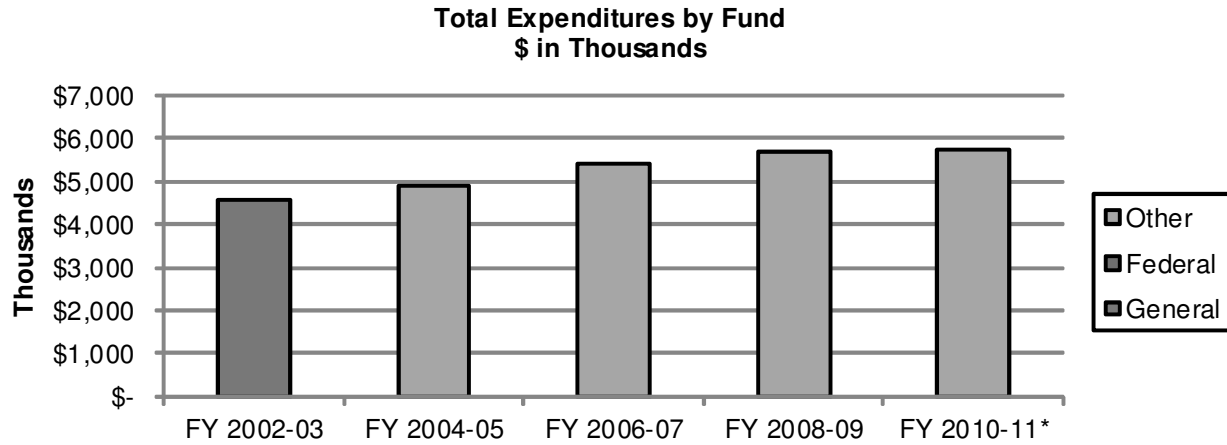
- compliance reviews of over 600 organizations;
- compliance inspections of 1,400 gambling sites; and
- 200 criminal investigations

## 2010 Accomplishments

To help organizations maximize dollars for their charitable programs the board requested and received legislative changes for:

- a lawful purpose rating system to help organizations focus on charitable contributions;
- allowing organizations more flexibility in operating lawful gambling activities;
- greater flexibility for repairing and maintaining owned buildings; and
- perpetual licensing for nonprofit organizations, gambling managers, and premises permits; eliminating the paperwork for the renewal process.

**Budget Trends**



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/30/10. \*FY 2010-11 is estimated, not actual

Minnesota is one of the largest in the nation in terms of charitable gaming receipts and is one of the smallest states in terms of regulation. For every dollar spent on lawful gambling just three tenths of a penny goes toward regulation. Lawful gambling gross receipts have declined 30% since FY 2005, but the number of licensed sites has dropped only 16%. The down turn in the economy has increased the demand on charitable organizations but charitable gaming receipts have declined.

The gaming industry has evolved into more electronic formats in other states. Minnesota statute and rules regulating charitable gaming restrict the industry from offering these games in Minnesota.

**Contact**

Gambling Control Board  
 1711 West County Road B Suite 300 South  
 Roseville, Minnesota 55113  
 Web Page: <http://www.gcb.state.mn.us>

Tom Barrett, Executive Director  
 Phone: (651) 639-4090  
 Fax: (651) 639-4032

# GAMBLING CONTROL BOARD

# Agency Overview

*Dollars in Thousands*

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>Miscellaneous Special Revenue</b>					
Current Appropriation	2,940	2,940	2,940	2,940	5,880
<b>Recommended</b>	<b>2,940</b>	<b>2,940</b>	<b>2,740</b>	<b>2,740</b>	<b>5,480</b>
Change		0	(200)	(200)	(400)
% Biennial Change from 2010-11					-6.8%
<b>Lottery Cash Flow</b>					
Current Appropriation	225	225	225	225	450
<b>Recommended</b>	<b>225</b>	<b>225</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	(225)	(225)	(450)
% Biennial Change from 2010-11					-100%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Miscellaneous Special Revenue	2,794	2,705	2,715	2,765	5,480
Lottery Cash Flow	153	225	0	0	0
<b>Total</b>	<b>2,947</b>	<b>2,930</b>	<b>2,715</b>	<b>2,765</b>	<b>5,480</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	2,398	2,280	2,290	2,340	4,630
Other Operating Expenses	396	425	425	425	850
Local Assistance	153	225	0	0	0
<b>Total</b>	<b>2,947</b>	<b>2,930</b>	<b>2,715</b>	<b>2,765</b>	<b>5,480</b>
<b><u>Expenditures by Program</u></b>					
Lawful Gambling Control	2,794	2,705	2,715	2,765	5,480
Problem Gambling Grants	153	225	0	0	0
<b>Total</b>	<b>2,947</b>	<b>2,930</b>	<b>2,715</b>	<b>2,765</b>	<b>5,480</b>
<b>Full-Time Equivalents (FTE)</b>	<b>30.4</b>	<b>28.1</b>	<b>28.1</b>	<b>28.1</b>	

**GAMBLING CONTROL BOARD**

Change Summary

*Dollars in Thousands*

	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b>Fund: MISCELLANEOUS SPECIAL REVENUE</b>				
FY 2011 Appropriations	2,940	2,940	2,940	5,880
Subtotal - Forecast Base	2,940	2,940	2,940	5,880
<b>Change Items</b>				
Appropriation Realignment to Revenue	0	(200)	(200)	(400)
<b>Total Governor's Recommendations</b>	<b>2,940</b>	<b>2,740</b>	<b>2,740</b>	<b>5,480</b>
<b>Fund: LOTTERY CASH FLOW</b>				
FY 2011 Appropriations	225	225	225	450
<b>Technical Adjustments</b>				
One-time Appropriations		(225)	(225)	(450)
Subtotal - Forecast Base	225	0	0	0
<b>Total Governor's Recommendations</b>	<b>225</b>	<b>0</b>	<b>0</b>	<b>0</b>

# GAMBLING CONTROL BOARD

Change Item: Appropriation Realignment to Revenue

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Other Fund				
Expenditures	\$(200)	\$(200)	\$(200)	\$(200)
Revenues	0	0	0	0
Net Fiscal Impact	\$(200)	\$(200)	\$(200)	\$(200)

## Recommendation

The Governor recommends reducing the appropriation to the Gambling Control Board by \$200,000 each year due to the decrease in lawful gambling activity. Charitable gaming receipts have declined and the Gambling Control Board has adjusted spending accordingly. Although this account is funded with licensing and regulatory fees, spending has historically been capped by the legislature.

## Rationale

Current spending authority exceeds anticipated revenues. Reducing the spending authority will reflect the current level of lawful gambling and regulation expenditures. The proposed appropriation level continues to exceed revenue, but prior years' revenues have created an accumulated balance that will be used to cover necessary operating costs.

In response to the decreased revenue the Gambling Control Board has managed its resources effectively and made necessary changes to its budget to operate at a reduced cost. In FY 2010 \$2.794 million was spent for lawful gambling regulation. FY 2011 expenditures are estimated at \$2.705 million. The spending cap each year was \$2.94 million.

The reduction in the spending cap for lawful gambling reflects the decrease in lawful gambling activity but still maintains an appropriate level of regulatory oversight for stakeholders involved in lawful gambling. Efficient use of resources and technology allows the Gambling Control Board to continue to effectively regulate lawful gambling in Minnesota.

**Statutory Change:** Not Applicable

# GAMBLING CONTROL BOARD

# Agency Revenue Summary

*Dollars in Thousands*

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012   FY2013		Biennium 2012-13
<b><u>Non Dedicated Revenue:</u></b>					
<b>Other Revenues:</b>					
General	48	50	50	50	100
<b>Total Non-Dedicated Receipts</b>	<b>48</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>100</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings:</b>					
Miscellaneous Special Revenue	1,655	1,595	1,595	1,595	3,190
<b>Total Dedicated Receipts</b>	<b>1,655</b>	<b>1,595</b>	<b>1,595</b>	<b>1,595</b>	<b>3,190</b>
<b>Agency Total Revenue</b>	<b>1,703</b>	<b>1,645</b>	<b>1,645</b>	<b>1,645</b>	<b>3,290</b>

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<b>Agency Change Items</b>	
⇒ Operating Budget Reduction .....	6
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⇒ Designates that this is a change item	

**Agency Purpose**

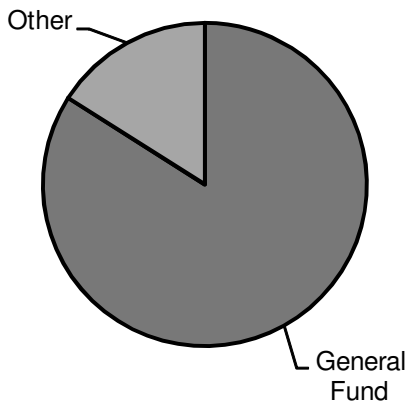
As chief executive, the governor oversees all operations of state government and takes the lead in shaping public policy and representing the interests of Minnesotans to the legislature.

**At a Glance**

The governor and lieutenant governor, along with their staff:

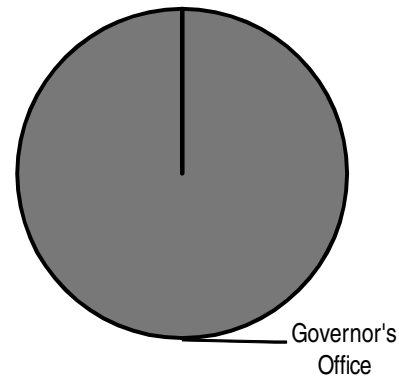
- Report to and represent over 5.2 million citizens of Minnesota
- Manage 24 cabinet-level executive departments and 59 non-cabinet level, executive branch agencies that are comprised of over 38,000 state employees (see <http://www.departmentresults.state.mn.us/>)
- Are responsible for the implementation of state laws
- Develop a state budget of over \$59 billion every two years
- Consult with 201 state legislators during annual legislative sessions
- Appoint 1,300 citizens to approximately 140 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.

**Est. FY 2010-11 Expenditures by Fund**



Source: Consolidated Fund Statement.

**Est. FY 2010-11 Expenditures by Program**



Source: MAPS.

**Strategies**

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, members of 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:

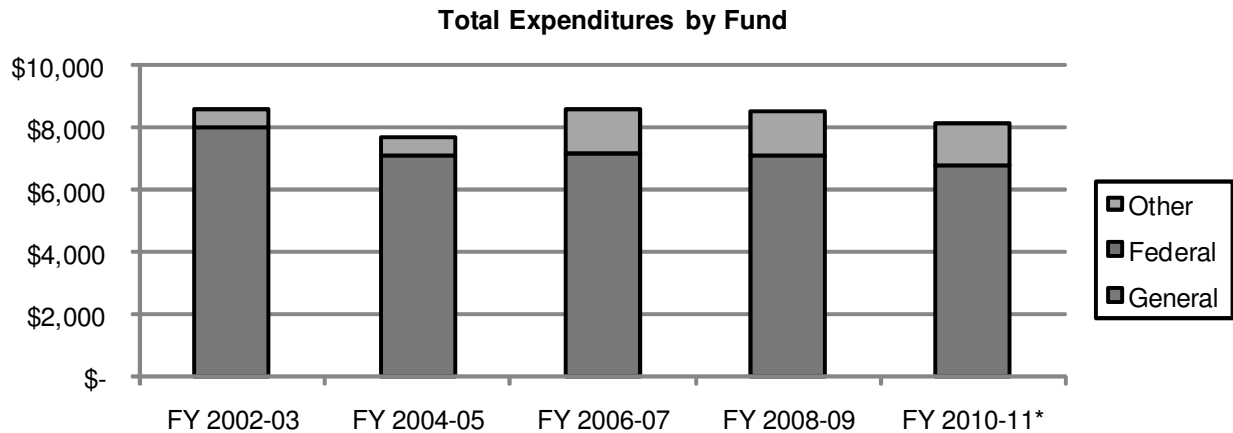
- chairing the Capitol Area Architectural Planning Board (CAAPB); and
- serving as a member of the State Executive Council.

**Operations**

The Governor’s Office is organized by program areas overseen by the chief of staff. These include: Legislative and Cabinet Affairs, Communications and Citizen Outreach, Operations and the Governor’s Residence, and Appointments.

**Budget Trends**

The office is funded through a direct appropriation from the general fund and payments to a special revenue fund authorized by the legislature, beginning in FY 2010.



Source: Senate Fiscal Office Analysis dated 4/6/10 and MAPS as of 9/21/10.

**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: <http://www.governor.state.mn.us>.

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	3,445	3,363	3,363	3,363	6,726
<b>Recommended</b>	<b>3,445</b>	<b>3,363</b>	<b>3,195</b>	<b>3,195</b>	<b>6,390</b>
Change		0	(168)	(168)	(336)
% Biennial Change from 2010-11					-6.1%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	2,958	3,850	3,363	3,363	6,726
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	680	678	670	670	1,340
<b>Total</b>	<b>3,638</b>	<b>4,528</b>	<b>4,033</b>	<b>4,033</b>	<b>8,066</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	2,996	3,566	3,398	3,398	6,796
Other Operating Expenses	642	962	635	635	1,270
<b>Total</b>	<b>3,638</b>	<b>4,528</b>	<b>4,033</b>	<b>4,033</b>	<b>8,066</b>
<b><u>Expenditures by Program</u></b>					
Governors Office	3,638	4,528	4,033	4,033	8,066
<b>Total</b>	<b>3,638</b>	<b>4,528</b>	<b>4,033</b>	<b>4,033</b>	<b>8,066</b>
<b>Full-Time Equivalent (FTE)</b>	<b>35.4</b>	<b>42.0</b>	<b>40.0</b>	<b>40.0</b>	

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b><i>Fund: GENERAL</i></b>				
FY 2011 Appropriations	3,363	3,363	3,363	6,726
Subtotal - Forecast Base	3,363	3,363	3,363	6,726
<b>Change Items</b>				
Governor's Recommendation	0	(168)	(168)	(336)
<b>Total Governor's Recommendations</b>	<b>3,363</b>	<b>3,195</b>	<b>3,195</b>	<b>6,390</b>
<b><i>Fund: MISCELLANEOUS SPECIAL REVENUE</i></b>				
Planned Statutory Spending	678	670	670	1,340
<b>Total Governor's Recommendations</b>	<b>678</b>	<b>670</b>	<b>670</b>	<b>1,340</b>

# GOVERNORS OFFICE

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(168)	\$(168)	\$(168)	\$(168)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(168)	\$(168)	\$(168)	\$(168)

## Recommendation

The Governor recommends general fund operating budget reductions of \$168 thousand in FY 2012 and \$168 thousand in FY 2013 for the Governor's Office. These reductions are necessary to balance the budget in the general fund.

## Rationale

The proposed budget reduction will be achieved through savings in salaries and operating expenses. Funding for the FY 2012-13 biennium will be used to focus on providing support to the Governor, providing information to the public and the legislature, developing biennial budgets, public policy development, and other official duties.

Similar to the recommendation for the legislature, this proposal represents a 5% base level reduction to the Governor's Office general fund budget.

**Statutory Change:** Not Applicable

*Dollars in Thousands*

	Actual FY2010	Budgeted FY2011	Governor's Recomm.		Biennium 2012-13
			FY2012	FY2013	
<b><i>Non Dedicated Revenue:</i></b>					
<b>Total Non-Dedicated Receipts</b>	0	0	0	0	0
<b><i>Dedicated Receipts:</i></b>					
<b>Other Sources:</b>					
Miscellaneous Special Revenue	28	30	0	0	0
<b>Total Dedicated Receipts</b>	<b>28</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Agency Total Revenue</b>	<b>28</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>

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⇒ Designates that this item is a change item	

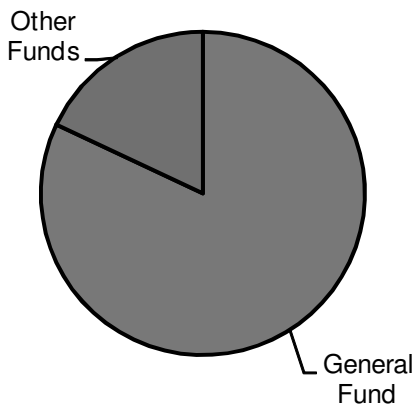
**Agency Purpose**

The State Guardian Ad Litem (GAL) Board shall create and administer a statewide, independent guardian ad litem program to advocate for the best interests of children, minor parents, and incompetent adults in juvenile and family court cases as defined in Rule 901.01 of the Rules of Guardian Ad Litem Procedure in Juvenile and Family Court. The Legislature created this new Board to move the State Guardian Ad Litem Program out of the state court system and establish an independent guardian ad litem program.

**At a Glance**

- 10 GAL programs, one in each judicial district
- State supervised, district administered
- \$24 million two-year budget
- 659 guardians ad litem, 210 employees and 449 volunteers
- Compliant with federal mandate to provide a GAL for every abused or neglected child whose case enters the court system
- Best interests, lay advocacy model
- Over 14,000 children served on over 8,000 cases annually

**Est. FY 2010-11 Expenditures by Fund**



*Source: Consolidated Fund Statement.*

**Strategies**

For the past eight years, the State GAL Program has functioned as a mandated service housed within the State Court Administrators Office. The Minnesota Judicial Council has created policies and procedures that have strategically led the Program to achieve its primary mission of providing a qualified, well trained GAL for every abused or neglected child whose case enters the court system. These policies and procedures address the prioritization of case types to ensure that Program resources are utilized on the highest priority cases while providing judges with guardians ad litem on permissive appointments to the extent possible without compromising service for mandated appointments. The creation and implementation of a database tailored specifically for the needs of the GAL Program allows GAL Program Managers, Judicial District Administrators, and the Judicial Council to make well-informed, calibrated decisions regarding all aspects of program management.

**Core Functions for the New GAL Board**

The legislation for the new GAL Board enumerates the following mandatory and permissive duties and responsibilities for the Board:

The Board shall:

- Approve and recommend to the Legislature a budget for the board and the guardian ad litem program;
- Establish procedures for distribution of funding to the guardian ad litem program; and
- Establish guardian ad litem program standards, administrative policies, procedures, and rules consistent with statute, rules of court, and laws that affect a guardian ad litem’s work, including the Minnesota Indian Family Preservation Act under Minn. Stat. 260.751 to 260.835; the federal Multiethnic Placement Act of 1994 under United States Code, title 42, section 662 and amendments; and the federal Indian Child Welfare Act under United States Code, title 25, section 1901 et seq.

The Board may:

- Adopt standards, policies, or procedures necessary to ensure quality advocacy for the best interests of children;
- Propose statutory changes to the legislature and rule changes to the Supreme Court that are in the best interests of children and the operation of the guardian ad litem program; and
- Appoint an advisory committee to make recommendations to assist the board in its duties and to report to the board on issues related to the guardian ad litem program; the advisory committee shall expire on June 30, 2014.

Under the legislation, the Board is to be established by October 1, 2010, and the program administrator is to be hired during fiscal year 2011. During fiscal 2011, the State Court Administrator's Office and the Judicial Districts will continue to provide administrative support and management oversight until directed otherwise by the Board.

### **Key Activity Goals and Measures**

The primary mission of the GAL Program is to provide a qualified, well trained GAL for every abused or neglected child whose case enters the court system. In 2009, the Program provided coverage on 7,980 juvenile cases and 4,229 family cases for a combined total of 12,209 cases.

- Since full state funding occurred for the GAL Program (July 2001), coverage on mandated abuse/neglect cases has gone from approximately 55% of all cases (2001) to 99% of all cases (2007 – 2009). Federal and State mandates dictate 100% coverage on these case types.

The Program cannot guarantee its ability to meet mandated coverage levels and provide coverage on permissive appointments, especially high conflict family cases, without adequate funding resources. Guardian ad litem services are critical to dealing effectively with the most vulnerable persons who come into our courts—abused and neglected children.

### **Operations**

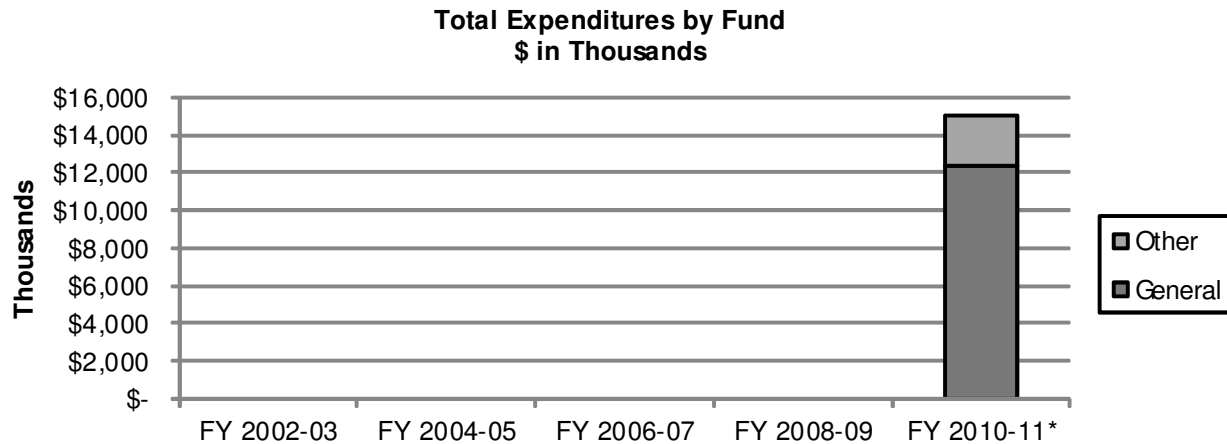
Guardians ad litem, whether employees or volunteers, perform their role consistent with Minn. Stat. 260C.163. Subd. 5 in juvenile court, Minn. Stat. 518.165 in family court, and the Minnesota Rules of Guardian Ad Litem Procedure in Juvenile and Family Court. One of the more common avenues to the appointment of a GAL in juvenile court is when a Child In Need of Protection or Services (CHIPS) petition is filed by a county social services agency that alleges a statutory basis of abuse or neglect. A GAL is automatically appointed to conduct an independent investigation of the child's and family's circumstances and make recommendations to the court for the best interests of the child. In family court, often guardians ad litem are appointed in cases involving high conflict, complicated child custody or parenting time disputes.

Under the legislation, the Board is to be established by October 1, 2010, and the program administrator is to be hired during fiscal year 2011. During fiscal 2011, the State Court Administrator's Office and the Judicial Districts are to continue to provide administrative support and management oversight.

### **Budget Trends Section**

For the GAL Board, General Fund direct appropriations are the primary funding source. The FY 2011 General Fund appropriation totals \$12.7 million. Funds in the Other category total \$2.7 million and are attributable to Guardian ad Litem fees. These fees are collected in proceedings in which the court appoints a GAL and determines the parents are able to pay for these services. Prior to FY 2011, funding for the GAL program was included in the Judicial Branch Trial Court budget.





*\* FY 2010-11 is estimated, not actual.*

*Other revenues are attributable to Guardian ad Litem Fees.*

*Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/26/2010.*

Significant external factors impacting the GAL Board’s operations include: Economic downturn/recession; fluctuations in social services agencies resources and decisions regarding child protection cases; growing complexity of Children in Need of Protective Services (CHiPS) cases; fluctuations in filings in family court; increasing complexity of family court cases; diminished availability and accessibility to other professionals in family court; growing immigrant communities; relations with Minnesota’s Native American and other diverse communities; employment market as it impacts the ability to recruit and retain well-qualified guardians ad litem.

**Contact**

State GAL Program Web site: <http://www.mncourts.gov/?page=149>  
 State Court Administration  
 Court Services Division  
 General Number: (651) 297-7485  
 GAL Program Analyst: (651) 297-1145

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	0	0	0	0	0
<b>Recommended</b>	<b>0</b>	<b>0</b>	<b>12,431</b>	<b>12,632</b>	<b>25,063</b>
Change		0	12,431	12,632	25,063
% Biennial Change from 2010-11					n.m.
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	0	12,367	12,431	12,632	25,063
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	0	1,614	1,215	1,100	2,315
<b>Total</b>	<b>0</b>	<b>13,981</b>	<b>13,646</b>	<b>13,732</b>	<b>27,378</b>
 <b><u>Expenditures by Category</u></b>					
Total Compensation	0	9,750	9,814	10,015	19,829
Other Operating Expenses	0	4,231	3,832	3,717	7,549
<b>Total</b>	<b>0</b>	<b>13,981</b>	<b>13,646</b>	<b>13,732</b>	<b>27,378</b>
 <b><u>Expenditures by Program</u></b>					
Gal	0	13,981	13,646	13,732	27,378
<b>Total</b>	<b>0</b>	<b>13,981</b>	<b>13,646</b>	<b>13,732</b>	<b>27,378</b>
 <b>Full-Time Equivalent (FTE)</b>	 <b>0.0</b>	 <b>171.0</b>	 <b>169.7</b>	 <b>168.4</b>	

**GUARDIAN AD LITEM BOARD**

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<b><i>Fund: GENERAL</i></b>				
<b>FY 2011 Appropriations</b>	0	0	0	0
<b>Technical Adjustments</b>				
Transfers Between Agencies		12,367	12,367	24,734
<b>Subtotal - Forecast Base</b>	0	<b>12,367</b>	<b>12,367</b>	<b>24,734</b>
<b>Change Items</b>				
Cost Increases	0	64	265	329
<b>Total Governor's Recommendations</b>	0	<b>12,431</b>	<b>12,632</b>	<b>25,063</b>
<b><i>Fund: MISCELLANEOUS SPECIAL REVENUE</i></b>				
<b>Planned Statutory Spending</b>	1,614	1,215	1,100	2,315
<b>Total Governor's Recommendations</b>	1,614	<b>1,215</b>	<b>1,100</b>	<b>2,315</b>

# GUARDIAN AD LITEM BOARD

Change Item: Cost Increases

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$64	\$265	\$265	\$265
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$64	\$265	\$265	\$265

## Recommendation

The Governor recommends an increase of \$64,000 in FY 2012 and \$265,000 in FY 2013 to pay for anticipated cost increases related to state-paid health insurance for state employees and pension contributions. No additional funding is provided for any other compensation-related cost increases.

## Rationale

Court employees are compensated under the judicial branch compensation plan administered by the State Court Administrator's Office under the direction of the Judicial Council. The legislature created the new Guardian ad Litem Board and moved it out of the state court system; however, the same administrative support is provided through FY 2011. This recommendation would only fund anticipated cost increases related to state-paid health insurance and pension contributions. It would help the courts and related agencies to avoid further reductions in their workforce and to maintain vital judicial services to Minnesotans.

## Key Goals and Measures

Funding these anticipated cost increases will reduce the likelihood of staffing reductions in the courts, thus allowing the court agencies to accomplish their constitutional role of adjudication disputes. MN Const., Art 1, Sec.8.

**Statutory Change:** Not applicable.

**GUARDIAN AD LITEM BOARD**

Agency Revenue Summary

*Dollars in Thousands*

	<b>Actual FY2010</b>	<b>Budgeted FY2011</b>	<b>Governor's Recomm. FY2012   FY2013</b>		<b>Biennium 2012-13</b>
<b><i>Non Dedicated Revenue:</i></b>					
<b>Total Non-Dedicated Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Dedicated Receipts:</i></b>					
<b>Other Revenues:</b>					
Miscellaneous Special Revenue	0	625	625	625	1,250
<b>Total Dedicated Receipts</b>	<b>0</b>	<b>625</b>	<b>625</b>	<b>625</b>	<b>1,250</b>
<b>Agency Total Revenue</b>	<b>0</b>	<b>625</b>	<b>625</b>	<b>625</b>	<b>1,250</b>

## GUARDIAN AD LITEM BOARD

Change Item: Unavoidable Cost Increases

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$64	\$265	\$265	\$265
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$64	\$265	\$265	\$265

### Recommendation

The Guardian ad Litem (GAL) Board requests \$329,000 in the FY 2012-13 biennium for unavoidable health insurance and statutorily mandated employer pension contribution increases to avoid further erosion to GAL services for vulnerable children and incompetent adults in juvenile and family court. This request represents a 1.33% increase to the GAL Board biennial base budget.

### Rationale

For the past eight years, the State GAL program has functioned as a mandated service housed within the State Court Administrator's Office and funded in the Trial Court's budget. The Legislature created a new board to move the State GAL Program out of the state court system and establish an independent guardian ad litem program, effective July 1, 2010. Under the legislation, the Board is to be established by October 1, 2010 and the program administrator to be hired in FY 2011. During FY 2011, the State Court Administrator's Office and the Judicial Districts are to continue to provide administrative support and management oversight.

Currently, the program has 171 employee FTEs, which includes the program administrator position. The GAL program is heavily reliant on state general fund appropriations. These employees are compensated under the judicial branch compensation plan.

The judicial branch employee compensation 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 and Budget for all state employees.

For the FY 2010-11 biennium, the judicial branch negotiated a zero across-the-board adjustment to the salary range and zero merit and step increases for its employees. For the FY 2012-13 biennium, the GAL Board requests no additional salary funding, but requests funding for statutorily mandated increases in employer paid retirement plan contributions and for health insurance costs which are estimated to increase by 0.07% in FY 2011, by 7.7% in FY 2012 and by 16.2% in FY 2013. This request is made to avoid lay-offs and reductions to our workforce.

### Key Goals and Measures

Failure to fund unavoidable health insurance and statutorily mandated employer pension contribution increases will result in staffing reductions, which will negatively impact the ability of the GAL Board to advocate for the best interests of children, minor parents and incompetent adults in juvenile and family court cases.

**Statutory Change:** Not Applicable.