

CHILDREN, FAMILIES & LEARNING



2002-03
Minnesota
Biennial Budget

*Presented by
Governor Jesse Ventura
to the 82nd Legislature*

STATE OF MINNESOTA 2002-03 BIENNIAL BUDGET

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CHILDREN, FAMILIES & LEARNING

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PERPICH CTR FOR ARTS - EXECUTIVE SUMMARY

AGENCY MISSION AND VISION:

The mission of the Perpich Center for Arts Education is to design and deliver innovative public education services centered in the arts to Minnesota K-12 students and their teachers. The Center's vision is to improve student achievement and strengthen education practices statewide by using the arts as instructional vehicles and agents of reform.

The arts, when integrated appropriately into school curricula, present the following opportunities:

- Create vibrant and rigorous academic environments that encourage, engage and motivate students while facilitating the development of a range of analytical and critical thinking skills that can be synthesized with imagination, sound judgment and discipline.
- Encourage collaboration among students and teachers to develop educational products, and standards of accountability and indicators of success by which those products are measured.
- Renew and invigorate teachers by providing them with innovative and improved instructional tools and strategies that are based on sound research and which demonstrate effective ways to teach the arts and integrate them into traditional curricula.
- Build effective teaching and learning partnerships between and among schools, local communities, arts and cultural organizations.

The Perpich Center was created in statute in the mid 1980's to 1) address the lack of arts education opportunities in traditional public education for talented students who were being underserved in their local school systems; and 2) improve the status and availability of arts education statewide in the K-12 public system through professional development programming and information dissemination.

The Center's high school offers a unique, intense and comprehensive course of study for students who are motivated to learn through the arts. Graduates have moved into an array of professions and careers, but remain passionate about their experience in the program and the quality education it provided as a foundation for independent living and lifelong learning.

The Center's professional development and research operations are designed to disseminate and embed arts education instructional and assessment practices statewide by informing and training teachers across all school districts. Educating the state's teacher corps as a way to reach thousands of students in the K-12 system is a cost-efficient and pragmatic strategy to initiate change,

enrich local district curricula, improve accountability, and create educational environments that motivate students to achieve at high levels.

KEY SERVICE STRATEGIES:

The Center seeks to graduate high school students and facilitate the graduation of other high school students statewide who are creative thinkers, inventive problem-solvers, proficient in basic skills, knowledgeable of the arts, and aware of the credentials and training necessary to be successful in the world community and contribute to its health and vitality.

To that end, the Center provides the following major services:

- **Professional Development:** Opportunities for teachers and teaching artists to learn new curriculum and explore how to incorporate arts-infused and interdisciplinary instruction into their teaching practices to engage students, improve achievement and meet performance and graduation standards.
- **Research, Assessment and Curriculum Support:** Facilitation and initiation of research and the creation of educational products and services related to student achievement, assessment of student work, curriculum development, and best instructional practices using the arts.
- **The State's Arts High School:** A comprehensive, interdisciplinary education program for 11th and 12th graders in a residential setting – and a model for the replication and demonstration of effective teaching and learning strategies using the arts.

OPERATING ENVIRONMENT:

The Center operates in an environment characterized by:

- increased demand for accountability and excellence in K-12 public education by state taxpayers, public officeholders, parents of students, the postsecondary system and employers;
- higher and more complex expectations of students, teachers and education institutions, and the implementation of testing/assessment tools that accompany those expectations;
- competitive interconnected global economies and national markets that shift dramatically and often, resulting in the proliferation of new careers, sophisticated bases of knowledge, and the need for continual learning;
- new and evolving research that documents effective teaching practices, reveals improved instructional strategies and supports the effectiveness and potential of the arts to encourage learning and facilitate student achievement.

PERPICH CTR FOR ARTS - EXECUTIVE SUMMARY (Continued)

- increased interest by experienced teachers and administrators in improving, renewing and sharing teaching practices to meet student needs and higher standards of performance, in conjunction with pressures to make education services and resources more readily available statewide through electronic and other dissemination means,
- the need to more effectively connect postsecondary schools of education and prospective teachers with the demands, possibilities, and standards of K-12 education;
- maturation of the state's teaching corps in a context of national labor shortages, competitive employment markets and the utilization of non-traditional educators in school environments;
- increased interest in the arts high school and its residential life program, still called by many "the best kept secret in the state" -- coupled with frustration that the opportunity in many communities remains unknown; and
- ongoing needs to maintain, refurbish, upgrade and protect facilities, grounds, equipment and other state assets so that instructional and administrative services can be delivered in appropriate and cost efficient ways, while the costs of personnel services continue to escalate.

ORGANIZATION/PROGRAM STRUCTURE:

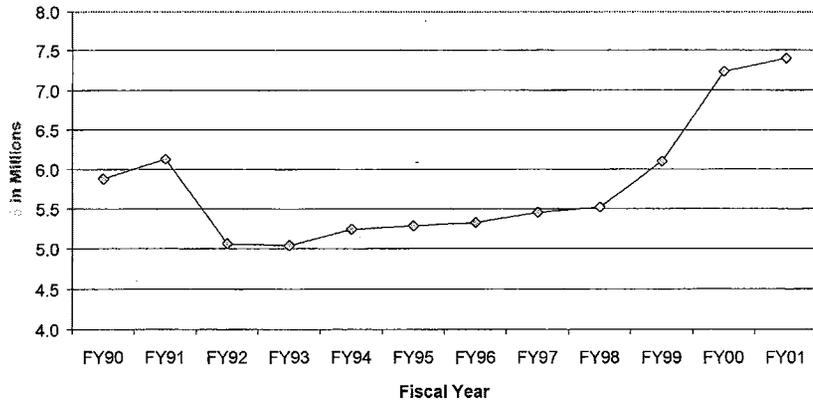
Board of Directors Appointed by the Governor (15)

Executive Director (2.00 fte)	1.00 fte
Administrative Support	1.00 fte
Arts High School (50.85 fte)	
Faculty	26.10 fte
Student Services & Admissions	7.00 fte
Residence Hall	12.50 fte
Administration & Administrative Support	5.25 fte
Professional Development Institute (10.50 fte)	
Education Specialists	5.50 fte
Administration & Administrative Support	5.00 fte
Research, Assessment and Curriculum (4.00 fte)	
Education Specialists	2.00 fte
Administration & Administrative Support	2.00 fte
Agencywide Administration and Support (23.95 fte)	
Deputy Director	1.00 fte
Technology	4.75 fte
Security	4.60 fte
Business Office	4.60 fte
Facilities Maintenance & Repair	6.00 fte
Information Services	3.00 fte
02/01/2001	Total
	91.30 fte's

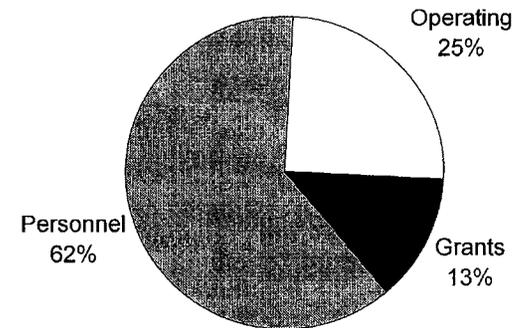
PERPICH CTR FOR ARTS - EXECUTIVE SUMMARY (Continued)

TRENDS AND PERSPECTIVE:

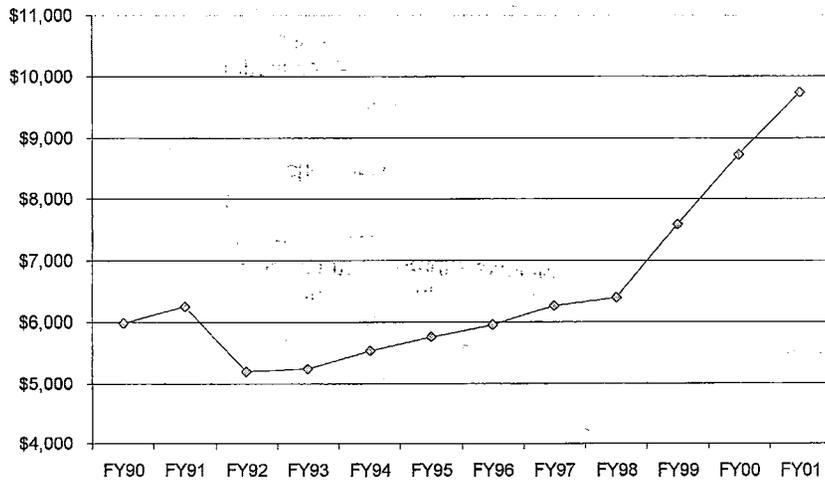
Total Budget - General Funds Only
Total: \$7.4 million



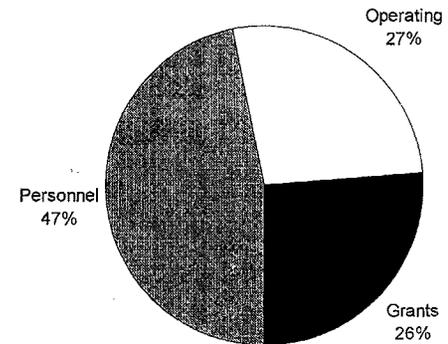
FY 2001 Anticipated Expenditures by Category
General Fund \$7.4 million*



Total Budget - All Funds Only
Total: \$9.752 million



FY 2001 Anticipated Expenditures by Category
All Funds \$9.752 million*

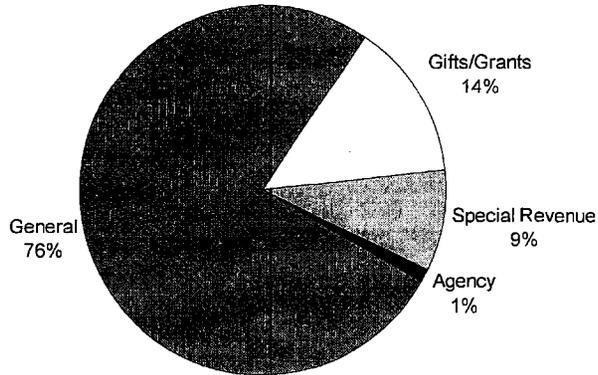


* Dollars do not reflect transfers or carry forward.

PERPICH CTR FOR ARTS - EXECUTIVE SUMMARY (Continued)

FY 2001 Anticipated Expenditures by Fund

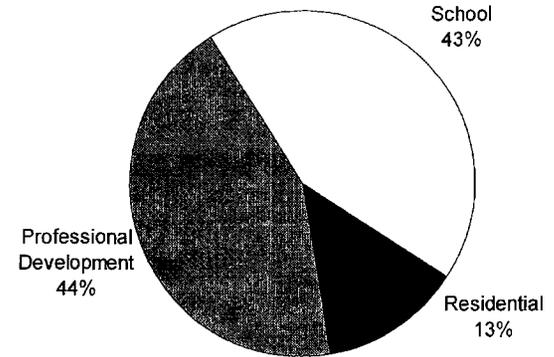
Total: \$9.752 million*



FY 2001 Anticipated Expenditures

by Program

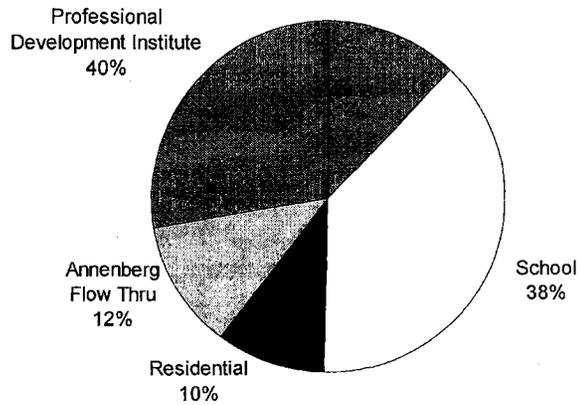
General Fund \$7.4 million*



* Dollars do not reflect transfers or carry forward.

FY 2001 Anticipated Expenditures by Program

All Funds \$9.752 million*



Agency: PERPICH CTR FOR ARTS EDUCATION

Agency Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Program:									
CENTER FOR ARTS EDUC	7,800	7,875	9,934	9,068	9,068	9,203	9,203	462	2.6%
Total Expenditures	7,800	7,875	9,934	9,068	9,068	9,203	9,203	462	2.6%

Financing by Fund:									
Direct Appropriations:									
GENERAL	6,333	6,908	7,581	7,531	7,531	7,666	7,666		
Statutory Appropriations:									
SPECIAL REVENUE	515	490	941	402	402	402	402		
FEDERAL	11	12	10	7	7	7	7		
MISCELLANEOUS AGENCY	97	90	100	76	76	76	76		
GIFT	844	375	1,302	1,052	1,052	1,052	1,052		
Total Financing	7,800	7,875	9,934	9,068	9,068	9,203	9,203		

FTE by Employment Type:									
FULL TIME	82.7	83.5	84.0	84.0	84.0	84.0	84.0		
PART-TIME, SEASONAL, LABOR SER	19.3	9.0	7.3	7.3	7.3	7.3	7.3		
OVERTIME PAY	0.4	0.0	0.0	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	102.4	92.5	91.3	91.3	91.3	91.3	91.3		

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CENTER FOR ARTS EDUCATION - BUDGET BRIEF

Fund: GENERAL

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Biennium</u>
BASE YEAR (FY 2001) (\$000s)			
Appropriations	\$7,400	\$7,400	\$14,800
<u>BASE ADJUSTMENT</u>			
2002-03 Salaries and Benefits	131	266	397
BASE LEVEL (for 2002 and 2003)	\$7,531	\$7,666	\$15,197
GOVERNOR'S RECOMMENDATION	\$7,531	\$7,666	\$15,197

Research/Assessment

<u>Need</u>	<u>Solution</u>	<u>Cost</u>	<u>Funding Source</u>	<u>Savings</u>
More and improved assessment resources and curricular, interdisciplinary examples to meet arts standards	Reallocation New Education Specialist position	\$60,000	Vacant tech Programmer position	\$60,000
Total Reallocation		+\$265,000		-\$265,000

BRIEF EXPLANATION OF BUDGET DECISIONS:

The Center regularly evaluates its services and programs to ensure that resources are allocated to areas of greatest need and impact within existing sources of revenue. The following realignments occurred during the previous fiscal year.

Arts High School

<u>Need</u>	<u>Solution</u>	<u>Cost</u>	<u>Funding Source</u>	<u>Savings</u>
Additional student college / career counseling services	Reallocation New position	\$50,000	Eliminate Records & Counseling Coordinator position	\$50,000
Fulltime receptionist position / student services	Reallocation New position	\$30,000	Vacant Security Guard position	\$30,000

Professional Development

<u>Need</u>	<u>Solution</u>	<u>Cost</u>	<u>Funding Source</u>	<u>Savings</u>
Expansion of arts curricular offerings	Reallocation New part-time specialists	\$85,000	Vacant Dance Education position Shift contractors to employees	\$65,000 \$20,000
Additional administrative support for new staff/ expanded programs	Reallocation New position	\$40,000	Eliminate high school recruiter position	\$40,000

PERPICH CTR FOR ARTS - REVENUE SUMMARY

REVENUE SOURCES:

The Center generates dedicated revenue in special revenue, agency and gift accounts. The special revenue account includes grants from the Department of Children, Families & Learning to support graduation rule implementation, assessment development and teacher networking. It also consists of arts high school student residential fees, arts high school student performance revenues, cafeteria receipts, charges for statewide professional development workshops and resource materials, and interest. Revenues are estimated to be \$432,000 for 2001. The Center also receives approximately \$7,000 annually in federal reimbursements for participation in the national school breakfast and lunch program. Residential fees and cafeteria receipts are used to support the agency's food service contract; student performance revenue is used to defray expenses associated with student performances and exhibits; charges for workshops and materials are used to defray some of the costs of workshop implementation and materials production.

The agency fund consists of arts high school residential emergency and damage deposit fees, student activity fees, revenues from special student activities such as prom for which admission is charged, and a tax sheltered annuity account. Collections are estimated to be \$76,000 for 2001.

The gift fund consists of donations and grants from private and non-profit foundations, such as the Minneapolis Foundation, businesses and individuals. This fund includes a grant from the Annenberg Foundation to work with Minneapolis public schools, gifts from corporate foundations, such as 3M and General Mills, to support arts education initiatives in Minneapolis and St. Paul public schools, and a small student assistance fund supported by individual contributions which supports needy student's summer education opportunities or exploratory visits to postsecondary schools. Collections for 2001 are estimated to be \$1.1 million.

FEE STRUCTURE:

By statute, the Center's governing board is required to charge a "reasonable" fee for students to live in the residence hall. Only students who live beyond a reasonable commuting distance are allowed to apply for residency. The current fee is \$1,800, which is dedicated to supporting student food service and two positions. The full cost of housing, supervising and feeding a residential student is estimated at \$6,916 per student. Residential students are also charged a \$50 emergency fee and \$125 damage deposit, both of which are refundable, and a \$50 cleaning fee, which is not refundable. All students, commuter and residential, pay a \$50 non-refundable activity fee.

Major grants to the Center support arts education initiatives in Minnesota public schools. The Center retains 10% of grant and gift monies received to offset

administrative costs incurred for assisting with grant administration and as seed money for prospective new initiatives not funded by state appropriations. The majority of the grant monies are either passed through to the participating districts or used to support the salaries of staff whose job is to work with local district personnel on these projects.

RECENT CHANGES:

In 1998, the Center received notification that it, in conjunction with the Minneapolis Public schools, had been awarded up to \$3.2 million in Annenberg Foundation funds over a four-year period, for the purpose of initiating and implementing strategies to reform education using the arts. The release of Annenberg funds required a match of \$6.4 million, not more than 50% of which could be public dollars. All required matches have been obtained.

FORECAST BASIS:

Major gifts and grants from foundations and corporations are limited in duration and scope. While it is possible that the Center will secure new grants, they are an unpredictable source of revenue on which to plan long-term, sustainable education programs. As current projects are retired, the Center will lose revenue it uses to support staff salaries, other administrative services and program development.

CHANGE ITEMS:

Since 1998, the Center's board has increased the residential fee by \$350; from \$1,450 to \$1,600 in 1999, and from \$1,600 to \$1,800 in 2000. The purpose of the increases was to include the cost of school lunch which, heretofore, had been financed out-of-pocket by parents. The inclusion of lunch in the residential fee will allow for more efficient administration of the food service program, increase convenience for students and parents and reduce the amount of cash resident students must keep on hand. The fee increases will not result in new revenues, only a shift in revenue sources, from cash receipts to fee receipts.

It is expected that the Center's Board of Directors will consider raising the arts high school student residential fee again in the spring of 2001 to keep pace with inflation, and explore the possibility of reducing the state's cost. The current fee of \$1,800 supports approximately 25% of total residential costs. While the Board believes it is important that parents share in their children's expenses, it is concerned that the arts high school remain true to its mission and accessible to students from all areas of the state. For most outstate students, living in the campus dormitory is the only way they can attend the high school program.

Agency: PERPICH CTR FOR ARTS EDUCATION

Summary of Agency Revenues (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent
Dedicated Receipts:									
Grants:									
SPECIAL REVENUE	0	57	35	5	5	5	5	(82)	(89.1%)
FEDERAL	10	10	7	7	7	7	7	(3)	(17.6%)
MISCELLANEOUS AGENCY	285	0	0	0	0	0	0	0	
Other Revenues:									
SPECIAL REVENUE	300	349	311	311	311	311	311	(38)	(5.8%)
MISCELLANEOUS AGENCY	64	75	71	71	71	71	71	(4)	(2.7%)
GIFT	868	444	1,052	1,052	1,052	1,052	1,052	608	40.6%
Other Sources:									
SPECIAL REVENUE	41	89	86	86	86	86	86	(3)	(1.7%)
MISCELLANEOUS AGENCY	5	5	5	5	5	5	5	0	0.0%
Total Dedicated Receipts	1,573	1,029	1,567	1,537	1,537	1,537	1,537	478	18.4%
Agency Total Revenues	1,573	1,029	1,567	1,537	1,537	1,537	1,537	478	18.4%

PROGRAM SUMMARY

Program: CENTER FOR ARTS EDUC
Agency: CENTER FOR ARTS EDUCATION

I. Professional Development Institute

PROGRAM PROFILE:

State statute requires that the Professional Development division of the Center offer resources and services throughout Minnesota to public K-12 administrators, teachers, and teaching artists for the purpose of improving the quality of arts education in local schools, and demonstrating the contribution the arts can make to a comprehensive education by improving student achievement and teacher practices.

STRATEGIES AND PERFORMANCE:

Professional development services and resources are directed in the following ways to achieve goals and maximize statewide impact:

- *Developing and maintaining long-term partnerships with schools and arts organizations to integrate arts into standard core curricula and teaching practice.* Current partnerships include the following:
 - *pARTners School program:* A statutorily required program to develop arts education "magnet" schools in each of the state's eight congressional districts.
 - *Comprehensive Arts Planning Program (CAPP):* A statutorily required program to assist selected local school sites with planning and implementation of arts education activities.
 - *Minnesota Arts & Education Partnership (MAEP):* A collaboration with Twin Cities metropolitan area schools to strengthen and expand arts education curriculum opportunities.
 - *Annenberg Initiative: Arts for Academic Achievement (AAA):* A four-year privately funded program in the Minneapolis public schools to infuse arts and interdisciplinary programs throughout the school district.
 - *Partners: Arts and Schools for Students (PASS):* A joint project of the Center and the State Arts Board, using local artists and arts organizations to provide arts experiences and arts instruction in Minneapolis public schools.
- *Initiating new partnerships to facilitate the integration of arts curriculum.* Emerging partnerships include the following:
 - *Minnesota Arts and Schools as Partners (ASAP):* An initiative designed to join the MAEP, PASS, AAA and Partner Schools programs under one umbrella to increase consistency and administrative efficiencies in applying what has been learned through work in Twin Cities schools to

out-state and suburban schools and communities. Initially, the Center will join with five school districts who have responded to a formal request for proposals. In future years, it is hoped the number of participating districts can expand to 10 or more.

- *Collaborations with Bemidji State University:* In conjunction with Bemidji State, the Center is developing arts-related courses for an elementary education program offered by the University to strengthen the preparation of new teachers and increase the teaching workforce. The program is initially being designed to attract non-traditional students who cannot attend a campus-based teacher education program. It will make heavy use of distance learning strategies.
- *Developing and implementing courses for educators in specific arts disciplines.* Professional development programs are offered for teams of teachers from selected schools to strengthen knowledge and hone skills. Dance education was a previous focus of this initiative. The current program rotation involves instruction in theater and media arts. Music and visual art areas are supported through collaborations with professional arts education associations and local arts organizations.
- *Grantmaking.* Through its Minnesota Arts Experience Program, the Center supports an array of practitioner-driven and designed summer arts education opportunities in local communities statewide. These programs are used to introduce the arts as teaching tools and resources to new and motivated users, as well as to experienced instructors.
- *Exploring and initiating opportunities to impact schools of education.* Whenever possible, staff work with students in colleges of education statewide to improve their understanding and appreciation of the arts as teaching tools in their instructional practices.

The performance of the Professional Development programs is measured by

- Number and demographic profile of program users
- Geographic spread of provided and requested services
- Demand for services and products
- Formal evaluations of programs
- Informal feedback from program participants and materials users
- Level of funding support and interest from private organizations.

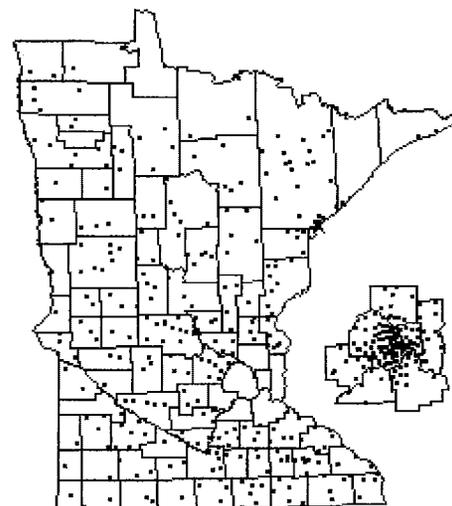
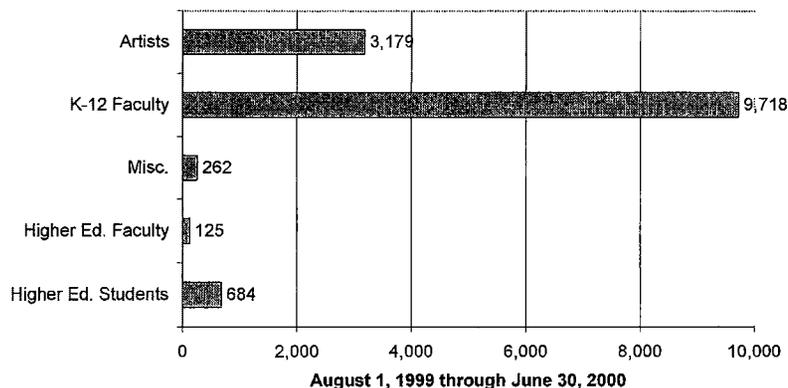
In the past school year, professional development programs have reached over 5,100 K-12 teachers, 1,800 artists and staff of arts organizations, 500 faculty and students at colleges and universities in every region of the state.

PROGRAM SUMMARY (Continued)

Program: CENTER FOR ARTS EDUC
 Agency: CENTER FOR ARTS EDUCATION

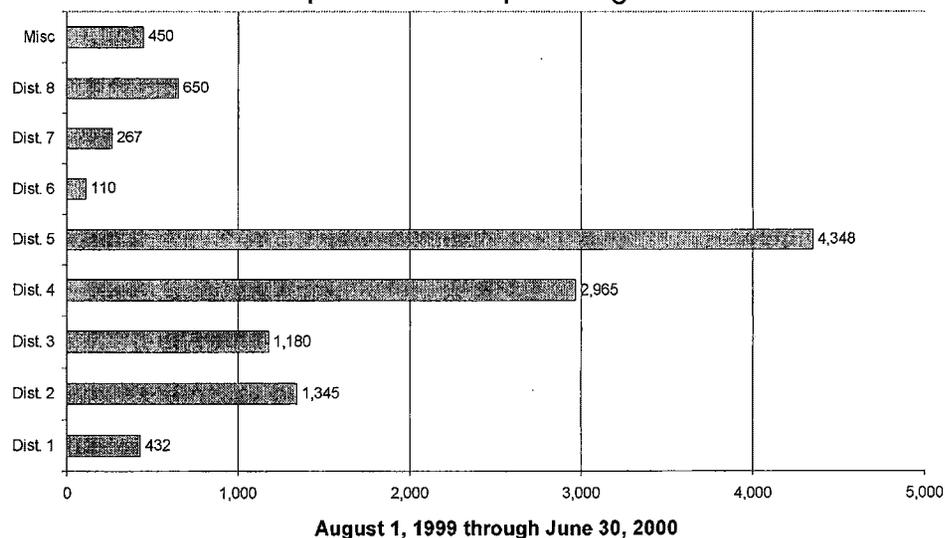
FINANCING INFORMATION:

Perpich Center for Arts Education
 Professional Development Institute
 Contacts by Occupation Total: 14,078



Communities of Contact

Perpich Center for Arts Education
 Professional Development Institute
 Number of People Contacted per Congressional District



PROGRAM SUMMARY (Continued)

Program: CENTER FOR ARTS EDUC
Agency: CENTER FOR ARTS EDUCATION

Professional development programs are supported through General Fund appropriations, private non-profit dollars and fees that are used to defray some workshop and seminar costs. In 1999, this division received an increase in base funding to compensate for the erosion of its budget over the previous ten years caused by budget cuts, inflationary and cost of living increases, and the need to support the arts high school and residential life programs at higher levels than originally anticipated. The salary of one critical professional staff remains funded by private dollars.

BUDGET ISSUES:

The level of current funding is sufficient for existing initiatives, but will not allow for the expansion or replication of effective work in additional locations. The progression of the ASAP program from the Twin Cities into rural communities for school year 2000-01 is the result of grant funds available to the Center from the Annenberg Foundation for work with Minneapolis Public Schools (of which the Center receives 10%). If this program is to continue in future years, more general fund support will be required to facilitate out-state participation through grants, delivery of professional development services, and materials acquisition to enable schools to successfully integrate the arts as part of core curriculum.

II. Research, Assessment and Curriculum (RAC)

PROGRAM PROFILE:

The Research, Assessment and Curriculum program performs the "R&D" (research and development) functions that support and enhance the professional development work of the Center. Program dollars are invested to ensure that recommended instructional strategies and resources are research-based, align with performance standards, are of the highest possible quality and are accessible statewide.

STRATEGIES AND PERFORMANCE:

Public demand for greater accountability in the public K-12 system and the exponential worldwide increase in knowledge and information has led to a renewed focus on how educational services are delivered and their effectiveness assessed.

Key strategies that support the work of this division include the following:

- Assisting the Department of Children, Families & Learning with the development and implementation of state and national arts education standards for student learning and teacher competency.
- Designing, establishing, and administering a 50-member arts education "Best Practice Network" to increase teacher knowledge and effectiveness through regular, year-round coaching, mentoring and sharing of information that promotes the translation of research and theory into practice and sustains momentum for change and improvement.
- Creating and disseminating resources that inform the practice of teaching, including the FACS (Frameworks for Arts Curriculum Strategies) document, annotated bibliographies and information data bases.
- Supporting and disseminating the results of action research by teachers in the classroom through grants and consultation that encourages teachers' personal inquiry and continued development of instructional expertise and confidence.
- Initiating, supporting and participating in conferences, seminars and workshops that explore salient issues and compelling research in arts education and other related educational fields.

RAC program performance is measured by these:

- Changes in professional teaching practice based on participant reports, observations, and extensions of their work through the leadership of other colleagues.
- Increased skill levels of participants, based on surveys, submitted research results, curriculum and instructional materials, observation and documentation in selected classrooms, self-assessment and reflection.
- Feedback from participants about program effectiveness.

PROGRAM SUMMARY (Continued)

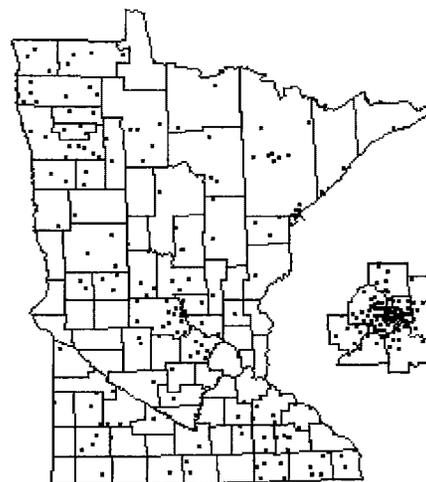
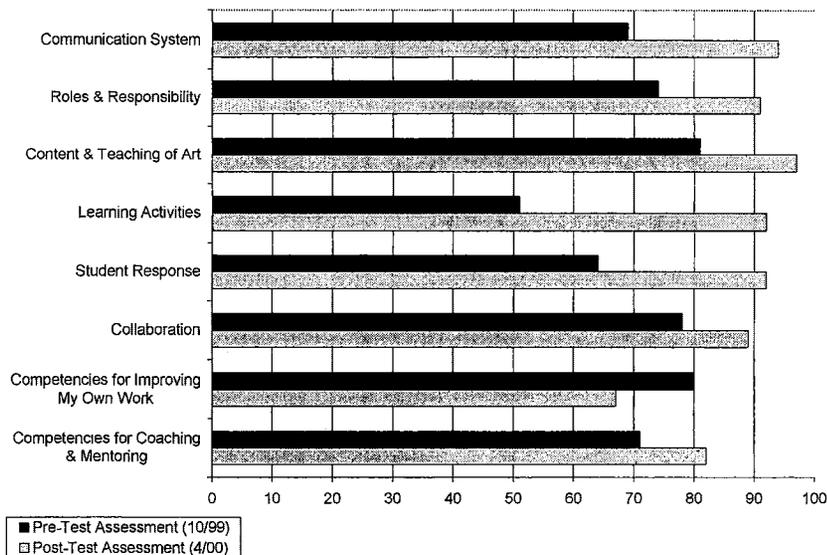
Program: CENTER FOR ARTS EDUC
Agency: CENTER FOR ARTS EDUCATION

III. Arts High School

INSTRUCTIONAL PROGRAM PROFILE:

An assessment tool was given to help best practice network members reflect upon their strengths and needs. The following graph demonstrates their progress in eight indicators from October of 1999 to April of 2000.

The arts school is a statewide public high school serving 11th and 12th graders who are motivated and talented in the arts. Students come from each of the eight congressional districts and are accepted through a competitive review process that is governed by administrative rule. By statute, enrollment is capped at 300 students. The program has been fully enrolled for the last four years. The ratio of applicants to acceptances is approximately 2:1. Students choose to attend the arts school for several reasons, including immersion opportunities in art forms that are unavailable in their local schools, solid academic instruction that is compatible with their learning styles, strong post-secondary counseling, and a safe environment for those who have felt ostracized or estranged in their local communities.



Communities from which applications received

FINANCING INFORMATION:

The research and assessment programs are financed by the Center's general fund appropriation, supportive grants from the Department of Children, Families and Learning and some materials charges that help to defray publication costs.

BUDGET ISSUES:

An increase in the Center's base budget during the 1999 legislative session allowed for the creation of the Best Practice Network and the start-up of a research collection and annotation process. Because of limited resources, the Best Practice Network involves just 50 teachers, primarily from the metropolitan area. If the Network's "reach" into out-state Minnesota is to be improved and developed regionally, and the agency research data base expanded and made more accessible electronically, additional funds will be required.

PROGRAM SUMMARY (Continued)

Program: CENTER FOR ARTS EDUC
Agency: CENTER FOR ARTS EDUCATION

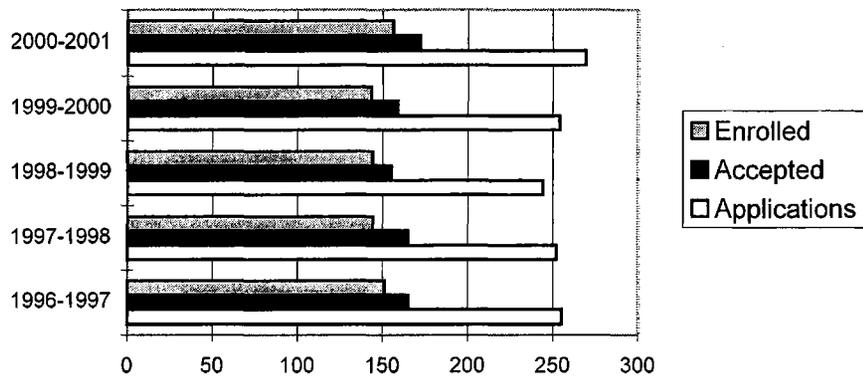
STRATEGIES AND PERFORMANCE:

The arts high school offers an interdisciplinary, full-time comprehensive instructional program that leads to a high school diploma. In addition to traditional area of study, students enroll in one area of art specialization: dance, literary arts, media arts, music, theater, or visual arts. The program is designed to offer in-depth learning experiences in both the arts and academics through individualized instruction, performances and exhibitions, block scheduling and an extended school day. The school expects its graduates to be creative thinkers and problem-solvers, proficient in the application of fundamental skills, technologically sophisticated, and aware of what it takes to be a successful and productive citizen in the world after school.

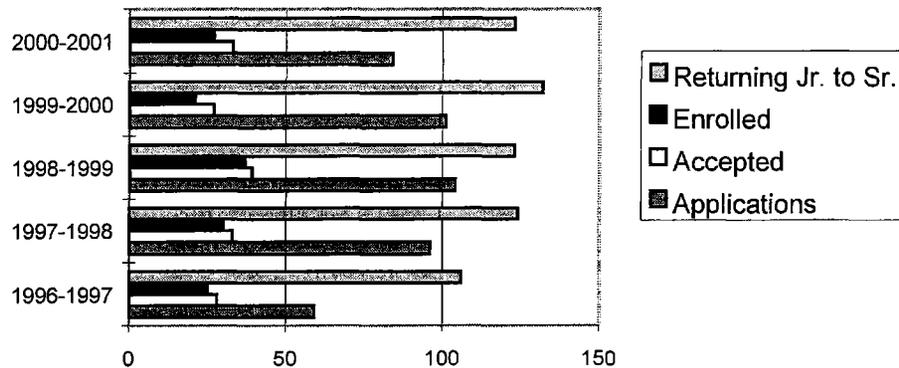
Teachers serve expanded professional roles by advising students, coordinating administrative functions such as purchasing and contracting, participating in extensive agencywide committee work to develop the Center's priorities and direction, and developing curriculum and assessment packages that support the graduation standards, both internally and for use by professionals statewide.

The school uses the following performance indicators to evaluate its effectiveness:

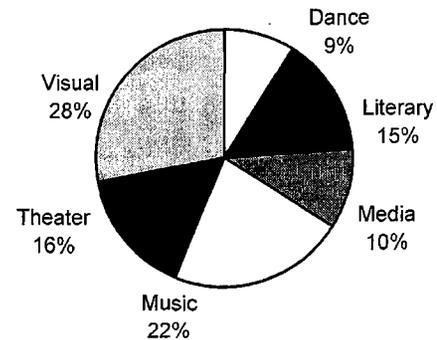
Junior Class Admissions Information 2000-2001



Senior Class Admissions Information 2000-2001



Enrollment by Art Area

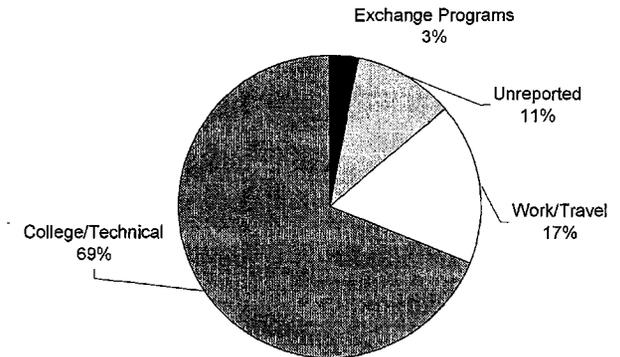
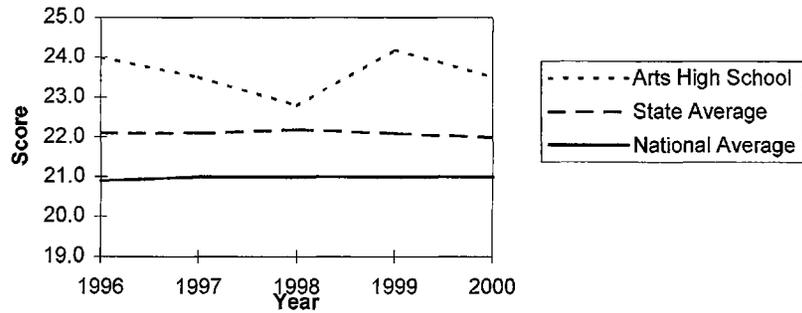


PROGRAM SUMMARY (Continued)

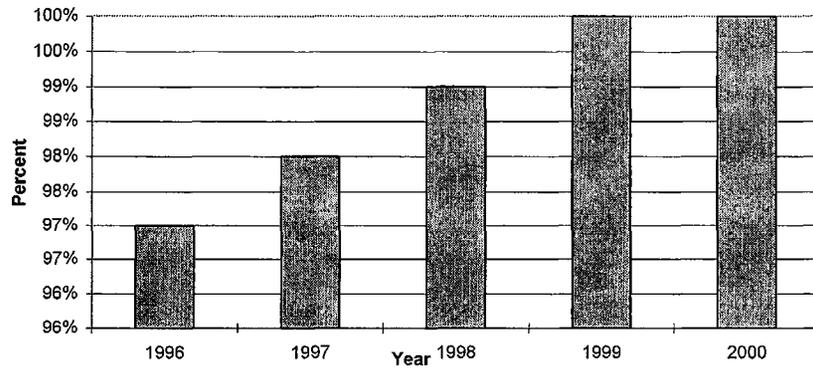
Program: CENTER FOR ARTS EDUC
 Agency: CENTER FOR ARTS EDUCATION

3. Post-Secondary Plans 2000

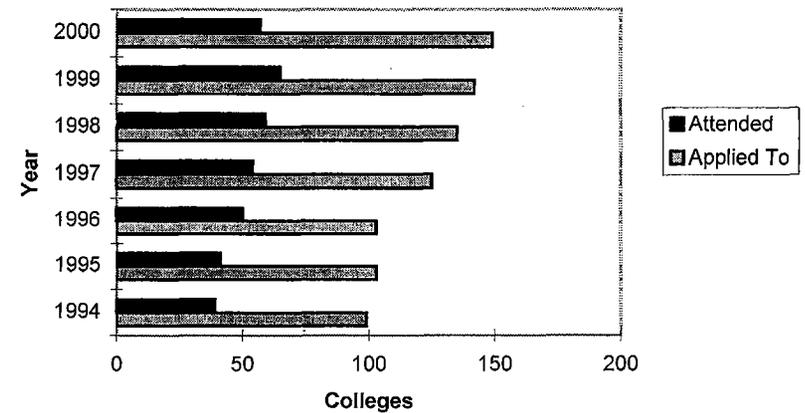
1. Comparative ACT Scores 1996-2000



2. Rates of Graduation



4. Colleges Applied To/Attended 1994-2000



PROGRAM SUMMARY

Program: CENTER FOR ARTS EDUC
Agency: CENTER FOR ARTS EDUCATION

5. Surveys of current students and recent graduates

Surveys of students during their enrollment in the program and upon graduation to assess reactions to curriculum, schedule, equipment, and quality of instruction.

6. Five-year alumni surveys

Longitudinal surveys of alumni five years after graduation to assess the impact of the arts school on their postsecondary education experience, career choices, community involvement and continuing interest in the arts.

FINANCING INFORMATION:

The arts high school is funded through a General Fund appropriation. As an executive branch agency and a state school, it has no property taxing authority and must rely on General Fund support. All students pay a small activity fee that funds group social activities outside the school program. Some students pay a nominal transportation fee to ride the school van in the mornings.

BUDGET ISSUES:

The cost of the school program continues to grow, primarily due to the following factors:

- Instructional staff have progressed upward through the salary grid, both in terms of cost of living adjustments and step/lane changes, resulting in approximate annual salary increases of 6%.
- Recurring investments in sophisticated equipment and ancillary applications needed to teach art areas that are equipment and materials intensive, i.e. media, visual arts and music.
- Adoption of a new admissions rule which requires additional staff resources and time from teachers for purposes of interviewing and evaluating applicants.

Other factors contributing to school costs include the relatively small student population of 300 and the need to teach a comprehensive and specialized curriculum, given the career goals and postsecondary aspirations of the students. Under these circumstances, economies of scale available to larger schools are not achievable. It may be possible, however, to enroll a few more students in certain arts areas within existing budgets.

RESIDENTIAL LIFE PROGRAM PROFILE:

The arts high school enrolls students from throughout Minnesota, and operates a residence hall on campus to facilitate out-state attendance. The purpose of the program is to provide a safe and secure place for students who do not reside within reasonable commuting distance to live while they are in school.

Students apply to live in the dormitory, which can house 150 students. Initial eligibility is determined by the distance between a student's home residence and the school campus. Food service is provided in the main classroom building cafeteria-style through a contract with a commercial vendor.

The residence hall consists of one dormitory with three floors of approximately 12,500 square feet each. Girls live on two floors; boys on one. Supervision, counseling, health assistance and social activities are provided by a staff of 12.5: a residence hall director, assistant director (a social worker), nurse, health and wellness counselor (a social worker) and residence hall coordinators. The residence hall coordinators are the first line of support for students. Supervision is 24 hours a day, seven days a week while students are on campus.

STRATEGIES AND PERFORMANCE:

Managing a creative adolescent population in a residential setting is an on-going challenge. The staff to student ratio is comparable to other high school residential programs across the country. The application interview process has yielded good information about student needs. It is an excellent way to inform students of rules and expectations and avoid inappropriate placements. Living in the dormitory is considered a privilege. Students who consistently violate house rules are subject to having their contracts canceled.

Arts school students face the same social and health pressures as other adolescents. Sometimes the issues are exacerbated by being away from home; sometimes they are mitigated by the distance. Students with "special needs" contracts (requiring special consideration for issues related to mental or physical health) are monitored especially carefully and require considerable staff time and investment. Special needs students comprise about 28% of the dorm population.

Residence hall staff make extraordinary efforts to communicate regularly with parents through written dorm progress reports, personal parent conferences, phone conferences, monthly reports of student off-campus activities, and periodic dorm informational meetings.

A successful year in the dormitory is generally measured by the number of complaints, canceled contracts, incident reports and their severity, returning seniors, and feedback from parents and students, both informal and through structured evaluations.

PROGRAM SUMMARY (Continued)

Program: CENTER FOR ARTS EDUC
Agency: CENTER FOR ARTS EDUCATION

in the dorm is the only way they can attend the arts school, and would higher fees discourage attendance?

- Should there be a more elaborate need-based fee schedule that requires some parents to pay more based on their income, regardless of how far they live from campus?

To date, the governing board has felt the arts high school program is such a unique opportunity, unavailable in local school districts that, to the extent possible, financial barriers should not be placed in the way of out-state students attendance.

IV. Administrative Support Services

PROGRAM PROFILE:

The arts high school, professional development and residential programs of the Center share equally in general administrative services costs.

STRATEGIES AND PERFORMANCE:

The Center's administrative services delivery is similar to other state agencies. Most major administrative functions such as general accounting and reporting, personnel, purchasing, technology, accounts payable, and maintenance/facilities are centralized to ensure compliance with state laws and administrative policy. The Center's facilities maintenance responsibility is significant, given the poor condition of original buildings and the need to transform spaces designed for general junior college use into arts education environments for talented high school students

Administrative performance is gauged by feedback/complaints from staff, students and parents, contractors and vendors, and other agencies responsible for oversight, compliance and monitoring (such as the Office of the Legislative Auditor, Departments of Finance, Employee Relations and Administration).

FINANCING INFORMATION:

General administrative services are funded through the Center's General Fund appropriation.

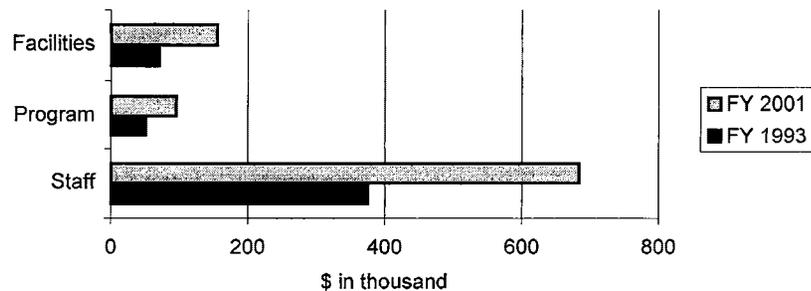
BUDGET ISSUES:

Major issues for the Center's administrative services division include:

- The need to attract, add and retain technology staff and secure operational dollars

FINANCING INFORMATION:

**Increased Dormitory Operational Costs
FY 1993 vs. FY 2001**



The total cost of the residential life component for the 2000-01 school year is estimated at \$933,000, \$6,916 per student. Parents are charged an annual fee of \$1,800, which covers the cost of food services and two staff. A sliding fee scale is available for students who qualify for the federal school breakfast and lunch program or who demonstrate other indicators of need. Fee revenue supports 24% of the program; the balance of the \$708,000 is paid for out of the Center's General Fund appropriation.

BUDGET ISSUES:

Residential facilities for minor adolescent students are expensive to operate. They are labor intensive and require considerable outlay for maintenance, repair and periodic updating. The increase in dormitory staff in recent years has been driven by the need to provide a safer and more secure environment for students living away from home for the first time.

By law, the Center's board is required to charge a "reasonable" fee for room and board. The definition of "reasonable" is an on-going discussion and centers around the following questions:

- Is it appropriate to charge out-state students the full cost of residence if living

PROGRAM SUMMARY (Continued)

Program: CENTER FOR ARTS EDUC
Agency: CENTER FOR ARTS EDUCATION

- The need to respond to human services issues and state policy directives
- Increased demand for information by the general public, students, teachers, and artists for information in many formats -- print, electronic, personal visits, exchanges, tours, product development, etc.
- The desire to be able to proactively address facilities and grounds maintenance issues
- Escalating health insurance costs of up to 20% - 25% annually
- Impact of tight labor markets on service providers who are experiencing difficulty in hiring adequate numbers of, qualified staff to perform contracted services.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency's base budget of \$7.531 million in FY 2002 and \$7.666 million in FY 2003.

Activity: CENTER FOR ARTS EDUC
Program: CENTER FOR ARTS EDUC
Agency: PERPICH CTR FOR ARTS EDUCATION

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	3,856	4,404	4,769	4,969	4,969	5,104	5,104	900	9.8%
OTHER OPERATING EXPENSES	2,468	2,446	3,174	2,284	2,284	2,284	2,284	(1,052)	(18.7%)
OTHER FINANCIAL TRANSACTIONS	30	36	35	35	35	35	35	(1)	(1.4%)
Subtotal State Operations	6,354	6,886	7,978	7,288	7,288	7,423	7,423	(153)	(1.0%)
CAPITAL OUTLAY & REAL PROPERTY	105	47	10	1	1	1	1	(55)	(96.5%)
PAYMENTS TO INDIVIDUALS	38	41	47	28	28	28	28	(32)	(36.4%)
LOCAL ASSISTANCE	1,303	901	1,899	1,751	1,751	1,751	1,751	702	25.1%
Total Expenditures	7,800	7,875	9,934	9,068	9,068	9,203	9,203	462	2.6%

Financing by Fund:									
Direct Appropriations:									
GENERAL	6,333	6,908	7,581	7,531	7,531	7,666	7,666		
Statutory Appropriations:									
SPECIAL REVENUE	515	490	941	402	402	402	402		
FEDERAL	11	12	10	7	7	7	7		
MISCELLANEOUS AGENCY	97	90	100	76	76	76	76		
GIFT	844	375	1,302	1,052	1,052	1,052	1,052		
Total Financing	7,800	7,875	9,934	9,068	9,068	9,203	9,203		

Revenue Collected:									
Dedicated									
SPECIAL REVENUE	341	495	432	402	402	402	402		
FEDERAL	10	10	7	7	7	7	7		
MISCELLANEOUS AGENCY	354	80	76	76	76	76	76		
GIFT	868	444	1,052	1,052	1,052	1,052	1,052		
Total Revenues Collected	1,573	1,029	1,567	1,537	1,537	1,537	1,537		

FTE by Employment Type:									
FULL TIME	82.7	83.5	84.0	84.0	84.0	84.0	84.0		
PART-TIME, SEASONAL, LABOR SER	19.3	9.0	7.3	7.3	7.3	7.3	7.3		
OVERTIME PAY	0.4	0.0	0.0	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	102.4	92.5	91.3	91.3	91.3	91.3	91.3		

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MINN STATE ACADEMIES - CONTENTS

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MINN STATE ACADEMIES - EXECUTIVE SUMMARY

AGENCY MISSION AND VISION:

The Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind are statewide public schools that provide educational services on a 24-hour basis, based on legally mandated individual education plans (IEPs). Services include both the core curriculum provided by any public school and the disability-specific curriculum required by deaf/hard of hearing or blind/visually impaired students. Students receiving educational services through the Academies range between the ages of 0-22, come from all regions of the state, and often have additional disabilities, some quite severe.

Results-oriented learning for the Academies means each student progresses to the highest level of self-sufficiency possible. Accountability is measured through the child's progress within his/her IEP. The activities outlined in student's plans have the ultimate goal of developing productive people who compete in the marketplace and live independently.

KEY SERVICE STRATEGIES:

The Academies both educate enrolled students directly and support other public schools so that deaf/hard of hearing or blind/visually impaired students:

- develop self-esteem, social skills, leadership skills, and specialized skills such as Braille or sign language;
- complete a course of study comparable to public schools (including Graduation Standards);
- earn a living, become integrated into the community, live on their own or in supported living arrangements;
- prepare for higher education or vocational training education; and
- acquire orientation and mobility skills for travel in the community.

Services provided by the Academies have begun shifting over past years in an effort to maintain students within their own communities whenever possible. The Academies strive to work collaboratively with local districts and other governmental agencies to identify service delivery gaps, develop model programs, and encourage or provide services in under-served areas. In addition to educating enrolled students, the schools provide services to non-enrolled students, school districts, and educators.

OPERATING ENVIRONMENT:

The Academies have provided educational services to deaf and blind students for more than 130 years. Historically, the Academies were the only educational

option available to deaf or blind students. It was assumed that students who were deaf or blind would attend the Academies. Students who attend the Academies today are referred by their local districts through the special education process of Federal Law 94-142, Individuals with Disabilities Education Act, (IDEA) and Minnesota statute 125A.

IDEA mandates that services provided by the Academies meet the student's need for a free and appropriate public education within the least restrictive environment. The Academies provide services that would be prohibitively expensive or unavailable in public schools.

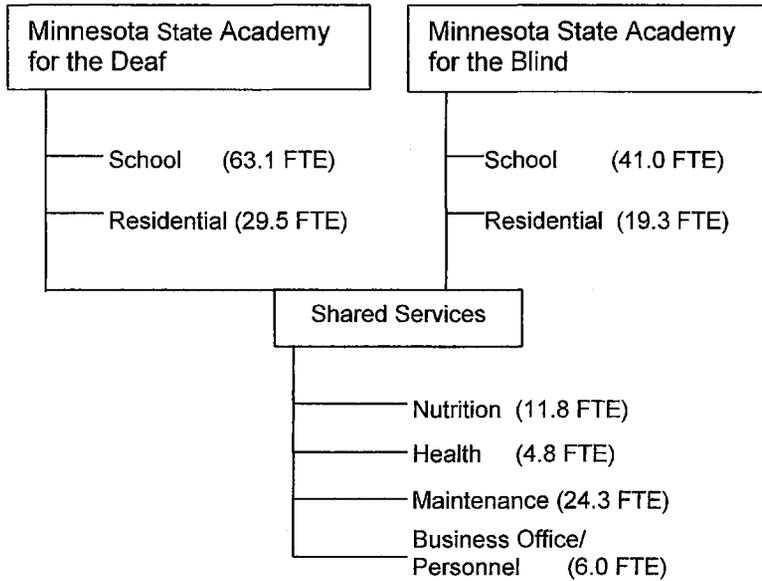
Enrollment:

	<u>FY 1995-96</u>	<u>FY 1996-97</u>	<u>FY 1997-98</u>	<u>FY 1998-99</u>	<u>FY 1999-00</u>
MSAB	57	63	66	56	55
MSAD	150	145	148	150	150
TOTAL	207	208	214	206	205

The Governor appointed a new seven-member board in the spring of 2000. The Board of the Minnesota State Academies currently provides governance for the Academies and delegates responsibility for the day-to-day administration of the Academies to the chief administrator of each school. Because deaf and blind students have very different educational needs, each school has its own administrator. The administrators work jointly to meet the overall goals of the agency. In addition, they work together to administer those services shared between the two academies such as personnel, maintenance, finance, health services, and nutrition.

MINN STATE ACADEMIES - EXECUTIVE SUMMARY (Continued)

ORGANIZATION/PROGRAM STRUCTURE:



6/30/00 Total FTEs: 199.7

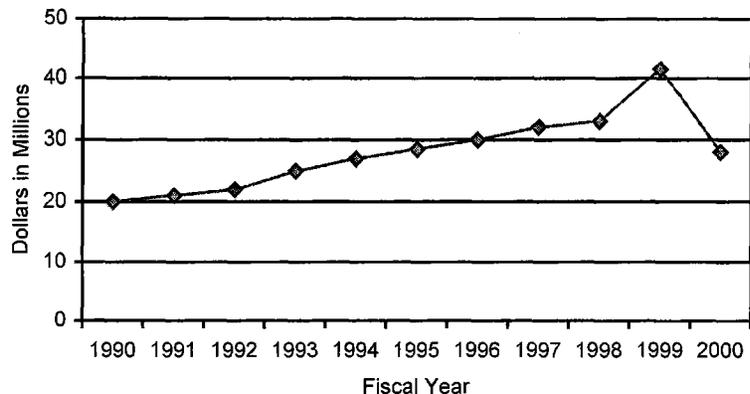
GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial appropriation of \$21.727 million, which includes funding for \$256,000 in FY 2002 and \$206,000 in FY 2003 for Program Improvements and Safety Reforms.

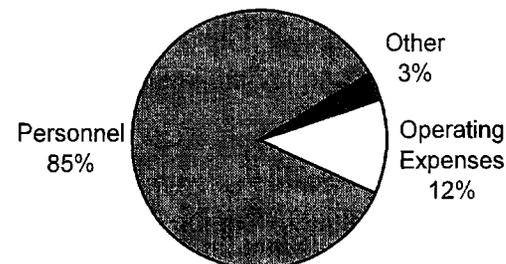
MINN STATE ACADEMIES - EXECUTIVE SUMMARY (Continued)

TRENDS AND PERSPECTIVE:

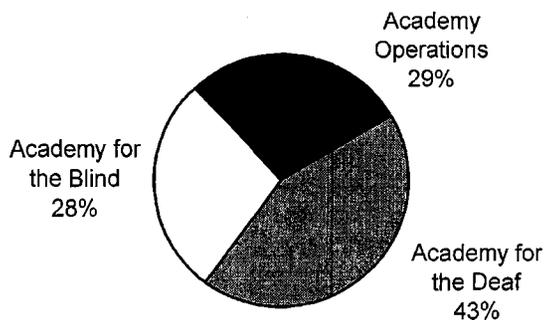
Total Budget -All Funds



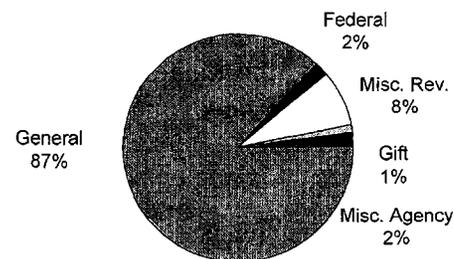
2000-01 Expenditures by Category
Total: \$24.508 Million



2000-01 Expenditures by Program
Total: \$24.508 Million



2000-01 Expenditures by Fund
Total: \$24.508 Million



Agency: MINN STATE ACADEMIES

Agency Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Program:									
ACADEMIES EDUCATIONAL PROGRAMS	8,201	7,716	9,730	8,646	8,902	8,833	9,039	495	2.8%
ACADEMY OPERATIONS	3,012	3,323	3,737	3,534	3,534	3,602	3,602	76	1.1%
Total Expenditures	11,213	11,039	13,467	12,180	12,436	12,435	12,641	571	2.3%
Financing by Fund:									
Direct Appropriations:									
GENERAL	9,944	9,425	10,897	10,505	10,761	10,760	10,966		
Statutory Appropriations:									
GENERAL	711	160	679	273	273	273	273		
SPECIAL REVENUE	80	995	1,083	919	919	919	919		
FEDERAL	215	207	248	207	207	207	207		
MISCELLANEOUS AGENCY	247	243	261	251	251	251	251		
GIFT	16	9	291	24	24	24	24		
ENDOWMENT	0	0	8	1	1	1	1		
Total Financing	11,213	11,039	13,467	12,180	12,436	12,435	12,641		
FTE by Employment Type:									
FULL TIME	160.0	164.5	164.5	164.5	164.5	164.5	164.5		
PART-TIME, SEASONAL, LABOR SER	35.7	35.2	35.2	35.2	35.2	35.2	35.2		
Total Full-Time Equivalent	195.7	199.7	199.7	199.7	199.7	199.7	199.7		

MINN STATE ACADEMIES - BUDGET BRIEF

Fund: GENERAL

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Biennium</u>
BASE YEAR (FY 2001) (\$000s)			
Appropriations	\$10,258	\$10,258	\$20,516
<u>BASE ADJUSTMENT</u>			
2002-03 Salaries & Benefits	247	502	749
<u>BASE LEVEL (for 2002 and 2003)</u>	\$10,505	\$10,760	\$21,265
<u>CHANGE ITEMS</u>			
Program Improvements & Safety Reforms	256	206	462
GOVERNOR'S RECOMMENDATION	\$10,761	\$10,966	\$21,727

BRIEF EXPLANATION OF BUDGET DECISIONS:

The budget includes an increase of \$749,000 for anticipated salary and benefit increases.

GOVERNOR'S RECOMMENDATION(S):

The Governor recommends the agency's base budget and \$462,000 over the biennium for enhancements in program delivery and safety reforms at the Academies.

PROGRAM SUMMARY

Program: ACADEMIES EDUCATIONAL PROGRAMS
Agency: MINN STATE ACADEMIES

PROGRAM PROFILE:

The Minnesota State Academies provide educational opportunities to deaf/hard of hearing and blind/visually impaired students ages 0-21 when the student's local school district of residence cannot meet the educational needs of the student. A student may also attend the Academies to obtain social skills or for targeted short-term skill development. Federal law mandates that placement at the Academies be determined by the individual education planning team, including the parent, school district of residence, and Academies staff.

STRATEGIES AND PERFORMANCE:

The Minnesota State Academies operate two separate campuses located about one mile apart from each other in Faribault, Minnesota: the Minnesota State Academy for the Deaf (MSAD) and the Minnesota State Academy for the Blind (MSAB). Support services, such as buildings and grounds, personnel, finance, food service, and health services, are operated to support both MSAB and MSAD. The two academies share a common mission to educate students who are blind/visually impaired or deaf/hard of hearing. Blind students rely on auditory information and deaf students rely on visual information. Teaching methods are so unique that higher education course work is divergent. Teachers qualified to work at one campus are not qualified to work at the other.

MSAD

The educational process at the MSAD is provided in an environment where direct communication access is available to all students. Communication access involves many components. At MSAD, communication is designed to meet the needs of each individual child. For some children this means speech/language services; for others it may mean sign language instruction. The learning environment at MSAD is a 24-hour, language-rich environment, where American Sign Language and English are utilized to foster effective communication in a community with a critical mass of similar age, language peers. The MSAD provides social opportunities for students to develop positive self-esteem, leadership potential, self-advocacy skills, and the knowledge and confidence to become independent, self-sufficient Minnesotans. Students are able to participate fully in a wide array of activities like their public school peers. These activities include such things as drama, oratorical and academic competition, Jr. NAD (National Association of the Deaf) athletics, and student government.

MSAB

Ninety percent of learning for a sighted child occurs through the visual sense. The power of observation is lost to a blind student; thus, direct teaching of skills necessary to overcome the loss of vision is necessary. The curriculum taught at

MSAB focuses on helping a blind/visually impaired child become a self-sufficient adult. The areas of curriculum instruction offered at MSAB include the following:

- development of skills to access the curriculum, including Braille, large print, and/or print with the use of optical devices,
- orientation and mobility skills for independent travel,
- independent living skills,
- career education, and
- technology.

The decision to enroll at the Academies is not an easy one for parents and/or school districts to make. Research indicates that if there is early identification of deafness or blindness, with timely and adequate specialized services by appropriately trained teachers, students can develop the tools to be successful, responsible, independent citizens. However, if students do not receive appropriate educational opportunities, the further they lag in developing their potential, thus diminishing the potential for future success and independence. In addition, the social-emotional needs of deaf/hard of hearing or blind/visually impaired students are unique and real. Children with disabilities have the same social-emotional needs as their non-disabled peers and have the right to

- form an identity;
- have a peer group;
- participate in activities;
- develop their maximum potential;
- share life experiences; and
- feel good about who they are.

Determining the least restrictive environment for an individual student must be made on a case-by-case basis. The guiding principle in placement decisions should be matching the educational needs of the student with an appropriate school program that provides meaningful challenges, realistic expectations, maximum opportunities for achievement, and the development of healthy self-esteem.

Some students who attend the Academies are able to participate in regular public school classes within the local public schools in Faribault, while also taking courses at the Academies. This opportunity provides students with the experience of being a participant in a class with non-disabled peers. Deaf students acquire skills in working with an interpreter and note-taker, while blind students learn to negotiate a sighted environment that is not specifically designed to meet their learning style.

PROGRAM SUMMARY (Continued)

Program: ACADEMIES EDUCATIONAL PROGRAMS
Agency: MINN STATE ACADEMIES

Students at MSAD and MSAB are subject to the Minnesota Graduation Standards and the goal for many students is to pass the Basic Skills Tests just like their non-disabled peers. A pilot program was held in the summer of 2000 to assist students in preparing for the Basic Skills Tests. This program was very successful and showed remarkable improvements in scores, with many of the students passing the tests.

The Minnesota State Academies work collaboratively with local school districts, state agencies, schools similar to the Academies across the country, and national organizations serving either deaf or blind people. The following are examples of these efforts:

- MSAD and MSAB have elected to participate in the continuous improvement monitoring process (CIMP) through CFL. Data will be analyzed, a plan of action developed, implemented and evaluated on a two-year cycle. All areas of improvement will be directed at self-sufficiency.
- While the core program offered by Minnesota State Academies is the 24-hour educational program, the agency supports school districts in their efforts to provide educational services in their home schools. Direct service on a contract basis is provided in the home communities of students for over 30 students. These services include:
 - * comprehensive evaluations,
 - * direct services from a teacher of the visually impaired
 - * direct orientation and mobility services,
 - * specialized technology training for students, and
 - * technical assistance for professionals.
- Accreditation is being sought by MSAD and under consideration by MSAB. MSAD is in "candidacy" status and expects to become fully accredited by the North Central Association in June of 2001.
- A summer transition program that focuses on functional skill development is offered in conjunction with local schools and vocational rehabilitation assistance (MSAB).
- The Minnesota State Academies provide support for teacher preparation programs. Student teachers from the University of Minnesota work under the guidance of MSAD licensed professionals. MSAB along with other professionals in the state are encouraging the University of Minnesota to re-institute a teacher preparation program. Currently, there are no teacher preparation programs in the state of Minnesota, and there is a critical shortage of qualified teachers at MSAB.

- Collaborative efforts between CFL, State Services for the Blind, and public school teachers resulted in the development of materials for, a family weekend training model.

FINANCING INFORMATION:

- The agency's General Fund appropriation accounts for approximately 87% of the Academies' operating budget.
- The agency receives approximately \$157,000 per year for tuition aid from school districts for students attending the Academies.
- The agency receives approximately \$632,000 per year from school districts and ECF for instructional aides required as part of a student's IEP.
- As a result of changes to the compensatory education statute, local school districts are now required to send the compensatory revenue generated by students attending MSAD or MSAB to the academies. This payment is estimated at \$263,000 per year.
- The agency receives federal Title I funds and federal funding for child nutrition programs. These federal funds total \$198,000 per year.

BUDGET ISSUES:

- In recent years, there have been changes in the population that attend the Minnesota State Academies. These more complex students require professional support for services relating to additional disabilities, emotional and mental health needs, and in some cases, medical assistance.
- The change in the profile of our students has directly impacted our worker compensation claims. Aggressive students and students who require lifting because of physical limitations have created new demands. Claims evolving from this issue may exceed \$150,000 this fiscal year.
- The Academies expect to have a dramatic increase in the number of retirees over the next 5-10 years. Anticipated severance costs for the current year could exceed \$130,000.
- Staff members working with deaf or blind students must have extensive training. Currently, there is a severe shortage of qualified applicants.
- The 24-hour educational programming provided by the Academies creates unique funding dilemmas. Although school districts fund 1:1 management aides within the context of the formal school day, There is no access to funding for students whose personal profiles require personal care assistance (PCA) support outside of the formal school day there is no access to funding for students whose personal profiles require personal care assistance (PCA) support outside of the formal school day

BUDGET CHANGE ITEM

Program: ACADEMIES EDUCATIONAL PROGRAMS

Agency: MINN STATE ACADEMIES

Item Title: PROGRAM IMPROVEMENTS AND SAFETY REFORMS

	<u>2002-03 Biennium</u>		<u>2004-05 Biennium</u>	
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Expenditures: (\$000s)				
General Fund				
-State Operations	\$256	\$206	\$206	\$206
-Grants	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statute(s) affected:

X New Activity _____ Supplemental Funding X Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends of \$256,000 in FY 2002 and \$206,000 in FY 2003 to the agency's budget for improvements in program delivery and safety reforms.

This includes:

- \$44,000 plus the reallocation of current summer school resources to fund staffing and operations for specialized and short-term services at both the Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind.
- \$75,000 to fund a position for a safety director.
- \$75,000 to address residential and environmental safety needs and services required by these unique populations.
- \$12,000 to pay for the emergency communication system (pagers) for the Minnesota State Academy for the Deaf.
- \$50,000 in one-time funds to address safety and logistical problems associated with the transportation challenges of serving students from across the State.

RATIONALE:

This initiative focuses on supporting self-sufficiency. This is central to the Academies' mission. Underemployment and/or unemployment are the biggest issues that deaf and blind people face. The unemployment rate for blind people is estimated at 70%, and at least one-third of the deaf population relies partially or exclusively on some form of governmental assistance.

Program Improvements

A collection of short-term and specialized courses will be developed in collaboration with parents, students, and local school districts. These services will allow students to attend either summer programs or short courses taught during the academic year. The goal will be to achieve necessary skills to allow them to participate in their home school programs for the majority of their education. Other services will meet the extended year program requirement of IDEA. These short term and specialized program offerings will be designed to help disabled students make progress towards independence and self-sufficiency.

This initiative is a major reform effort to move away from the traditional summer school programs. While previous summer school programs offered elements of the proposed reform, the current offerings will be redesigned, and the resources reallocated, to focus specific attention on accommodating the real needs of students.

Examples of specialized and short-term courses to be provided:

- Specific instruction on assistive technology as a tool to complete educational assignments.
- Provision of legally mandated extended school year services.
- Graduation Standard Instruction to meet a specific standard that is difficult for students to learn in a regular classroom setting because of disability specific requirements.
- Disability-specific curriculum for either deaf or blind students to prepare for success in whatever educational placement they participate.
- Preparation for mastering Basic Skills Testing (BST) including reducing test anxiety, utilizing accommodations and skill development.
- Driver's education to provide accessible communication instruction necessary to pass driver's license requirements.

Safety Reforms

Safety concerns are another area for reform that must be addressed by the Academies. Deaf and blind children and staff do not have access to environmental cues. Our students face unique challenges that impose the need for higher standards of safety and increased staff responsibilities.

BUDGET CHANGE ITEM (Continued)

Agency: MINN STATE ACADEMIES

Item Title: PROGRAM IMPROVEMENTS AND SAFETY REFORMS

Safety concerns at the Academies that require risk management analysis include residential arrangements, transportation systems, facilities and general environmental risk factors. The goal is to create a safe environment for our special populations and staff and to reduce potential financial and legal liabilities.

In the process of developing our school Crisis Plan, a state requirement, emergency communication at the Minnesota State Academy for the Deaf was identified as a concern. Emergency information had not been accessible for deaf/hard of hearing students and employees. As a result, pagers have been identified as the most appropriate tool to provide this access.

This initiative fits into our overall vision of using state resources to enhance the education and well being of deaf/hard of hearing and blind/visually impaired students. The Academies provide services that school districts find difficult, if not impossible, to provide on their own due to prohibitive costs, personnel shortages and lack of expertise.

FINANCING:

The appropriation will be from the general fund and include \$206,000 in base funding for both years and \$50,000 in one-time funding in the first year.

OUTCOMES:

- Students will be better prepared to lead self-sufficient lives including joining the workplace by:
 - Improving scores on the State's basic skills test.
 - Developing disability-specific skills to overcome the sensory loss created by deafness or blindness.
 - Meeting specific graduation standards.
 - Learning and maintaining skills while not in their public school program.

- Success of specialized courses will be determined by the following measures as appropriate:
 - Progress measured on IEP goals and objectives
 - Observations and checklists
 - Pre and Post testing
 - Feedback from local school districts and parents
 - Portfolios
 - Grades and test scores
- Demonstration of successful skill development or "show what you know."
- Maintenance of skills as outlined in Extended Year Services (no regression).
- Safety issues will be identified and addressed to meet regulations and protect the state from legal and financial liability using indicators such as: OSHA, Fire Marshall inspections, Workers Compensation claims, safety committee reports, incident and accident reports, and ADA guidelines.
- A statewide transportation plan/system will be identified that provides a safe, efficient model for transporting students from their local communities to/from the Academies.
- Access to emergency communication will be provided for all staff.

Activity: ACADEMY FOR THE DEAF
 Program: ACADEMIES EDUCATIONAL PROGRAMS
 Agency: MINN STATE ACADEMIES

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	4,183	4,313	4,871	4,722	4,829	4,829	4,911	556	6.1%
OTHER OPERATING EXPENSES	781	475	861	556	577	556	577	(182)	(13.6%)
Subtotal State Operations	4,964	4,788	5,732	5,278	5,406	5,385	5,488	374	3.6%
CAPITAL OUTLAY & REAL PROPERTY	18	26	0	0	0	0	0	(26)	(100.0%)
PAYMENTS TO INDIVIDUALS	24	25	36	27	27	27	27	(7)	(11.5%)
Total Expenditures	5,006	4,839	5,768	5,305	5,433	5,412	5,515	341	3.2%

Change Items:	Fund						
(P) PROGRAM IMPROVEMENTS AND SAFETY REFORMS	GEN				128		103
Total Change Items					128		103

Financing by Fund:							
Direct Appropriations:							
GENERAL	4,447	4,230	4,704	4,572	4,700	4,679	4,782
Statutory Appropriations:							
GENERAL	460	108	422	180	180	180	180
SPECIAL REVENUE	12	396	467	440	440	440	440
FEDERAL	71	88	85	85	85	85	85
MISCELLANEOUS AGENCY	15	15	26	17	17	17	17
GIFT	1	2	56	10	10	10	10
ENDOWMENT	0	0	8	1	1	1	1
Total Financing	5,006	4,839	5,768	5,305	5,433	5,412	5,515

Revenue Collected:							
Dedicated							
GENERAL	715	196	180	180	180	180	180
SPECIAL REVENUE	38	522	560	560	560	560	560
FEDERAL	104	119	117	117	117	117	117
MISCELLANEOUS AGENCY	16	18	17	17	17	17	17
GIFT	5	10	10	10	10	10	10
ENDOWMENT	0	0	1	1	1	1	1
Total Revenues Collected	878	865	885	885	885	885	885

Activity: ACADEMY FOR THE DEAF
 Program: ACADEMIES EDUCATIONAL PROGRAMS
 Agency: MINN STATE ACADEMIES

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE by Employment Type:							
FULL TIME	81.5	81.0	81.0	81.0	81.0	81.0	81.0
PART-TIME, SEASONAL, LABOR SER	13.4	11.6	11.6	11.6	11.6	11.6	11.6
Total Full-Time Equivalent	94.9	92.6	92.6	92.6	92.6	92.6	92.6

Activity: ACADEMY FOR THE BLIND
 Program: ACADEMIES EDUCATIONAL PROGRAMS
 Agency: MINN STATE ACADEMIES

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	2,538	2,635	3,167	2,990	3,097	3,070	3,152	447	7.7%
OTHER OPERATING EXPENSES	629	220	777	334	355	334	355	(287)	(28.8%)
Subtotal State Operations	3,167	2,855	3,944	3,324	3,452	3,404	3,507	160	2.4%
CAPITAL OUTLAY & REAL PROPERTY	6	0	0	0	0	0	0	0	
PAYMENTS TO INDIVIDUALS	22	22	18	17	17	17	17	(6)	(15.0%)
Total Expenditures	3,195	2,877	3,962	3,341	3,469	3,421	3,524	154	2.3%

Change Items:	Fund						
(P) PROGRAM IMPROVEMENTS AND SAFETY REFORMS	GEN				128		103
Total Change Items					128		103

Financing by Fund:							
Direct Appropriations:							
GENERAL	2,837	2,464	3,082	2,883	3,011	2,963	3,066
Statutory Appropriations:							
GENERAL	247	52	257	93	93	93	93
SPECIAL REVENUE	55	315	346	310	310	310	310
FEDERAL	33	31	32	32	32	32	32
MISCELLANEOUS AGENCY	8	8	10	9	9	9	9
GIFT	15	7	235	14	14	14	14
Total Financing	3,195	2,877	3,962	3,341	3,469	3,421	3,524

Revenue Collected:							
Dedicated							
GENERAL	414	90	93	93	93	93	93
SPECIAL REVENUE	63	213	170	170	170	170	170
MISCELLANEOUS AGENCY	7	9	9	9	9	9	9
GIFT	15	13	14	14	14	14	14
Total Revenues Collected	499	325	286	286	286	286	286

FTE by Employment Type:							
FULL TIME	43.5	48.5	48.5	48.5	48.5	48.5	48.5
PART-TIME, SEASONAL, LABOR SER	11.8	11.8	11.8	11.8	11.8	11.8	11.8
Total Full-Time Equivalent	55.3	60.3	60.3	60.3	60.3	60.3	60.3

PROGRAM SUMMARY

Program: ACADEMY OPERATIONS
Agency: MINN STATE ACADEMIES

have a substantial backlog of deferred maintenance which cannot be financed in the operational budget.

PROGRAM PROFILE:

Academy Operations includes the following departments: building and grounds, personnel, business office, nutrition, and health services. These programs help both schools to run effectively and efficiently by:

- Maintaining and preserving the physical plant, including historical buildings, in a manner which assures access and a safe learning and living environment for students and a safe working environment for staff;
- Providing food, health, and transportation services for students; and
- Providing personnel and financial management services to both schools.

STRATEGIES AND PERFORMANCE:

Demands on the maintenance department increased due to the recent capital bonding projects. Renovation means more cleaning, moving furniture and equipment so that services to students are not interrupted and the environment is safe and clean. The department effectively handled these duties without additional cost by postponing other work and having staff handle the increased demands.

Prior to 1975, each school had a full complement of services. In an effort to economize resources and reduce duplication, the two schools combined the departments referenced above.

FINANCING INFORMATION:

A total of 29 percent of the Academies' funding was spent for operations in FY 2000-01.

BUDGET ISSUES:

State facilities of the Academies are valued at approximately \$65 million. Budget instructions require agencies to set aside 2% of the cost of the building within the operational budget. The Academies would need to set aside \$1.2 million annually to meet this requirement.

The ability of the buildings and grounds department to maintain and preserve the buildings has been greatly enhanced by appropriations made during recent legislative sessions. Additional funding was used to make capital improvements, including replacing roofs and windows. However, the Academies continue to

Activity: ACADEMY OPERATIONS
Program: ACADEMY OPERATIONS
Agency: MINN STATE ACADEMIES

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	1,937	2,109	2,388	2,299	2,299	2,367	2,367	169	3.8%
OTHER OPERATING EXPENSES	841	959	1,094	980	980	980	980	(93)	(4.5%)
OTHER FINANCIAL TRANSACTIONS	224	220	225	225	225	225	225	5	1.1%
Subtotal State Operations	3,002	3,288	3,707	3,504	3,504	3,572	3,572	81	1.2%
CAPITAL OUTLAY & REAL PROPERTY	3	27	20	20	20	20	20	(7)	(14.9%)
PAYMENTS TO INDIVIDUALS	7	8	10	10	10	10	10	2	11.1%
Total Expenditures	3,012	3,323	3,737	3,534	3,534	3,602	3,602	76	1.1%

Financing by Fund:									
Direct Appropriations:									
GENERAL	2,660	2,731	3,111	3,050	3,050	3,118	3,118		
Statutory Appropriations:									
GENERAL	4	0	0	0	0	0	0		
SPECIAL REVENUE	13	284	270	169	169	169	169		
FEDERAL	111	88	131	90	90	90	90		
MISCELLANEOUS AGENCY	224	220	225	225	225	225	225		
Total Financing	3,012	3,323	3,737	3,534	3,534	3,602	3,602		

Revenue Collected:									
Dedicated									
GENERAL	158	2	0	0	0	0	0		
SPECIAL REVENUE	46	187	189	189	189	189	189		
FEDERAL	107	90	90	90	90	90	90		
MISCELLANEOUS AGENCY	224	220	225	225	225	225	225		
Nondedicated									
GENERAL	650	1	0	0	0	0	0		
SPECIAL REVENUE	0	615	615	615	615	615	615		
Total Revenues Collected	1,185	1,115	1,119	1,119	1,119	1,119	1,119		

FTE by Employment Type:									
FULL TIME	35.0	35.0	35.0	35.0	35.0	35.0	35.0		
PART-TIME, SEASONAL, LABOR SER	10.5	11.8	11.8	11.8	11.8	11.8	11.8		
Total Full-Time Equivalent	45.5	46.8	46.8	46.8	46.8	46.8	46.8		

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MINNESOTA STATE HIGH SCHOOL LEAGUE

AGENCY MISSION AND VISION: The Minnesota State High School League is a non-profit, voluntary association of public and private schools with a history of service to Minnesota youth since 1916. Its mission is to provide educational opportunities through interscholastic athletic and fine arts programs for students and leadership and support for member schools.

The League is not a state agency. In 1960, the League incorporated under Minnesota Law as a nonprofit, voluntary association of high schools. The League's founding purposes are to:

- Administer interscholastic athletic and fine arts activities for Minnesota high school youth on subsection, section, and state levels.
- Elevate standards of sportsmanship and encourage the growth of responsible citizenship among students, member schools and their personnel.
- Establish uniform and equitable rules for interscholastic athletics and fine arts activities.
- Provide insurance to help meet medical, dental, and hospital expenses member students incur because of injuries in interscholastic activities.
- Protect youth, member schools and their personnel from exploitation by special interest groups.
- Act as a medium for cooperative coordination in educational endeavors and other related activities on a statewide basis among schools.

League activities include: Debate, drama, speech, music, girls and boys golf, girls and boys swimming and diving, girls and boys basketball, boys baseball, boys football, girls and boys hockey, girls and boys soccer, boys wrestling, girls synchronized swimming, girls volleyball, boys and girls Alpine skiing, girls and boys Nordic ski racing, girls and boys cross-country running, girls and boys tennis, girls and boys track and field, girls softball, girls dance team, girls badminton, adapted soccer, adapted hockey, and adapted softball.

Although the League is not a state agency, the Department of Education, Children & Families (ECF) and the State Auditor's Office have direct oversight responsibilities. The commissioner of ECF must review certain information about the League including its annual audit and complaints filed against the league. The State Auditor must conduct an annual financial and compliance audit of the League's practices.

PERFORMANCE SUMMARY: Approximately 80,000 students take part in at least one inter-scholastic athletic program.

- Approximately 80,000 students are involved in League fine arts activities.

- More than 10,000 coaches and fine arts directors and 4,500 game officials, judges of speech, drama, and debate take part in League activities.
- More than 500 high schools are League members.
- Training programs register and train 4,500 contest officials and judges; provide an education program for coaches; sponsor TARGET Minnesota, a chemical health program; and provide statewide rules interpretation meetings for coaches and officials.
- The League sponsors statewide meetings with school board members, superintendents, principals, coaches, students and other interested persons twice a year.
- The League also sponsors the Women in Sports Leadership Conference for high school athletic directors, coaches and officials.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The Minnesota State High School League receives no direct or statutory state appropriation, but is required to submit a budget in the same manner and format as executive branch agencies (M.S. 128C.02, Subd. 8).

The League's revenues are received from the following sources:

- Tournament revenues including ticket sales, program and souvenir sales, and broadcast rights fees.
- Membership services charged to member schools.
- Publication sales, official registration fees, investment income and corporate partners, and coaching certification classes.

The League expends funds for tournaments, membership services, officials programs, fine arts programs, and general and administrative expenses.

The Minnesota State High School League receives no state funding. The League's fiscal year runs from August 1 to July 31 and coincides with the member schools academic year. The Board of Directors begins to prepare an annual budget in April of each year and that budget is finalized at the August organization meeting. The FY 2002 and FY 2003 budget projections are extensions of FY 2001 and are presented as an informational item only.

GOVERNOR'S RECOMMENDATION:

The Governor makes no recommendation regarding the Minnesota State High School League's budget.

MINNESOTA STATE HIGH SCHOOL LEAGUE (Continued)

Dollars in Thousands

	Actual F.Y. 1999	Actual F.Y. 2000	Projected F.Y. 2001	Projected F.Y. 2002	Projected F.Y. 2003
Revenues					
Tournaments	3,838	3,896	3,928	3,928	3,928
Membership services	360	367	367	367	367
Contest officials registration	148	153	158	158	158
Sales of handbooks, rule books, and supplies	187	187	195	195	195
Corporate partnership	353	350	382	382	382
Interest	85	79	55	55	55
Other	94	245	68	68	68
Total Revenues	5,065	5,277	5,153	5,153	5,153
Expenses					
Tournaments	1,597	1,792	1,833	1,833	1,833
School expense reimbursement	910	641	0	0	0
Membership services					
Insurance	224	241	229	229	229
Handbooks, rule books, and supplies	177	160	212	212	212
Other	84	42	57	57	57
Fine arts programs	15	15	19	19	19
Officials association	109	107	117	117	117
Committees	21	24	21	21	21
Board of directors	62	80	97	97	97
Salaries	920	977	1,030	1,030	1,030
Employee benefits	294	435	508	508	508
Insurance	7	7	9	9	9
Legal	30	30	34	34	34
Other professional services	69	66	73	73	73
Maintenance	48	100	53	53	53
Utilities	38	39	44	44	44
Postage	71	61	80	80	80
Supplies	30	26	31	31	31
Data processing and office equipment	220	179	289	289	289
Public relations	42	47	64	64	64
Corporate Sponsor Commission	52	55	60	60	60
Depreciation	88	73	82	82	82
Other	138	133	150	150	150
Total Expenses	5,246	5,330	5,092	5,092	5,092
Excess of Revenues Over (Under) Expenditures	(181)	(53)	61	61	61
Total Full-time Equivalents	20	20	20	20	20

The Minnesota State High School League receives no state funding. The League's fiscal year runs from August 1 to July 31 and coincides with the member schools' academic year. The Board of Directors begins to prepare an annual budget in April of each year, and that budget is finalized at the August organization meeting. The F.Y. 2002 and the F.Y. 2003 budget projections are extensions of the F.Y. 2001 budget and are presented as an informational item only.

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CHILDREN, FAMILIES & LEARNING - EXECUTIVE SUMMARY

AGENCY MISSION AND VISION:

Who We Are

The Minnesota Department of Children, Families & Learning (CFL) exists to increase the capacity of Minnesota communities to measurably improve the well-being of children and families. The department recognizes that citizens of all ages need support and tools to become self-sufficient, productive members of society. With a holistic approach to providing leadership, services and programs that support the education system, encourage life-long learning, promote stable environments for families, and foster healthy, vital communities, the department works to empower citizens and create partnerships with communities so that the quality of life for Minnesota citizens continues to improve.

Areas of Concentration

We define the programmatic work of the department in the following areas of concentration:

- *School Readiness.* Children will start school ready for learning.
- *Safe, Caring Communities.* Children will live in safe, accessible, violence-free, caring environments.
- *Healthy Children.* Children will be physically and emotionally healthy.
- *Stable Families.* Individuals in poverty will be supported and all families will provide a stable environment for their children.
- *Leamer Success.* Students of all ages and abilities will attain the level of learning provided for in the graduation standards.
- *Information Technologies.* Schools and communities will use current and emerging information technologies to increase learning and support teaching. The department will use current and emerging information technologies to improve access to services, manage and disseminate information, and support department business processes.
- *Lifework Development.* Youth and adults will have the knowledge and skills to be productive workers and citizens in a global economy.
- *Lifelong Learning.* Citizens of all ages will have lifelong learning and quality library services and opportunities.
- *Finance and Management.* The state will provide sufficient funding of services for children, families and learners while encouraging fairness, accountability, and incentives toward quality improvement. Schools, community groups and other units of local government will manage fiscal resources for the most effective and efficient delivery of services.

The work of the department that takes place within these definitions is supported by a variety of business processes and information resources.

CFL operates in a manner designed to achieve the Governor's *Big Vision for Minnesota.* The Big Plan outlines four major objectives for Minnesota government that encapsulate the Governor's vision for the state:

- Healthy, Vital Communities
- Self-Sufficient People
- Service, Not Systems
- Minnesota: World Competitor

CFL's activities are integral to each of these objectives. CFL is the lead agency for the Governor's goal of establishing the "Best K-12 Public Education in the Nation." Achieving that goal creates Healthy, Vital Communities and Self-sufficient People, and develops the work force of tomorrow to make Minnesota a World Competitor. By improving customer services and collaborating with other agencies, we can provide the "Best Bang for the Buck."

KEY SERVICE STRATEGIES:

The service strategies of the agency include:

- coordinating and integrating state-funded and locally-administered family and children programs;
- improving flexibility in the design, funding, and delivery of programs affecting children and families;
- providing greater focus on strategies designed to prevent problems affecting the well-being of children and families;
- enhancing local decision making, collaboration, and the development of new governance models;
- improving public accountability through the provision of research, information, and the development of measurable program outcomes;
- increasing the capacity of communities to respond to the whole child by improving the ability of families to gain access to services;
- encouraging all members of a community to nurture all the children in the community;
- supporting parents in their dual roles as breadwinners and parents; and
- reducing the condition of poverty for families and children through comprehensive, community-based strategies.

CHILDREN, FAMILIES & LEARNING - EXECUTIVE SUMMARY (Continued)

With the Governor's Office, CFL has agreed to be judged on the following indicators of progress.

Indicator	1998	1999	2000
Percentage of 3 rd grade children who can read	35%	40%	44%
College entrance scores			
- ACT	22	22.1	22.2
- SAT verbal	585	586	581
- SAT math	598	598	594
Public school transfers during the school year	14.2%	13.5%	Not available
Student/teacher ratio (average K-6 class size)		21.7	21.3
Percentage of students passing the BST's on their first attempt			
- Math		70%	72%
- Reading		75%	80%
Performance on TIMSS and NAEP	Above average		
Percentage of schools with student access to high-speed internet link			98%
Number of teachers receiving National Board certification (110 currently teaching in Mn schools)	31	21	
Percentage of children and parents in early childhood education programs			
- Children	196,061	207,521	Not Available
- Parents	219,898	233,250	
Percentage of students with a positive early childhood screening for health or developmental problems who receive successful follow-up	16,800	19,797	Not available
Percentage of students who report feeling safe in their schools	96%	89%	Not available
Percentage of students dropping out	11%	10.7%	Not available
Percentage of special needs students receiving support services through the collaborative inter-agency process		2%	Not available

OPERATING ENVIRONMENT:

Minnesota's system for children, families and learners is undergoing substantive change. Factors that are driving this change process include:

- Achievement gap between young people of color and whites.
- Increased demand for academic and financial accountability.
- Increased demand for school preparedness.
- Desire to spend money where it makes a difference.
- Increased costs of special education.
- Increased need for public access to information.
- A lack of qualified teachers.
- Lack of time for teacher training.

The following factors increase the demand for resources and services:

- Increasing concentration of minority students.
- Aging instructional staff.
- Increased demand for student academic accountability and comparison data.
- Increasing number of students enrolling in alternative learning environments.
- Increased demand for early childhood services.
- Increased awareness and emphasis on health/safety and violence prevention.
- Increased demand for assistance due to welfare reform efforts.
- Increased demand for learners to be proficient in the use of technology in the workplace.
- Increased emphasis on school-to-work transitions.
- Increased need to strengthen connections and transitions between K-12 and post-secondary institutions.

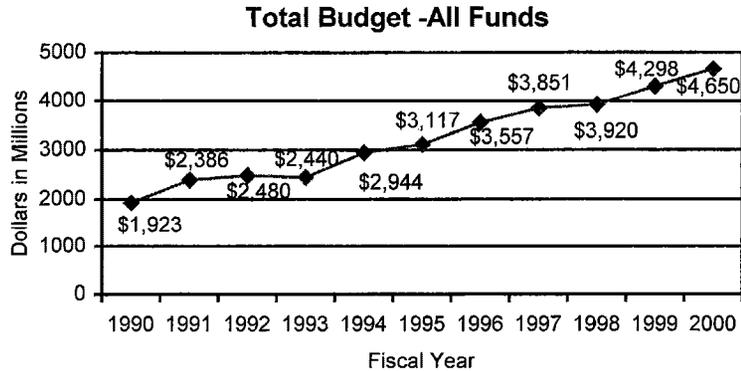
CHILDREN, FAMILIES & LEARNING - EXECUTIVE SUMMARY (Continued)

ORGANIZATION/PROGRAM STRUCTURE:

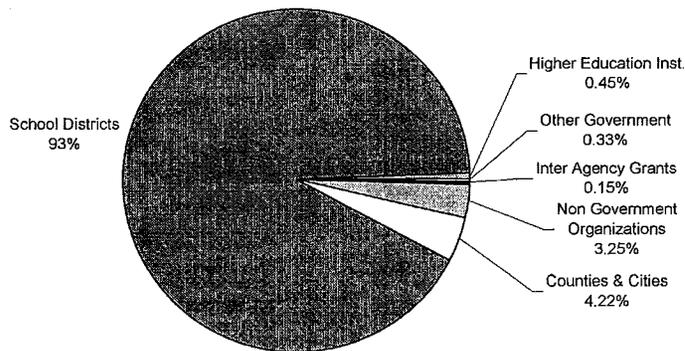
The agency's program structure and complement are as follows:

Commissioner/Deputy Commissioner	4.0 FTE
01 Teaching and Learning	164.0 FTE
02 Management Services	155.7 FTE
03 Policy Development	78.9 FTE
04 Councils and Foundations	15.3 FTE
05 Community Services	157.2 FTE
Agency Total	575.1 FTE

TRENDS AND PERSPECTIVE:

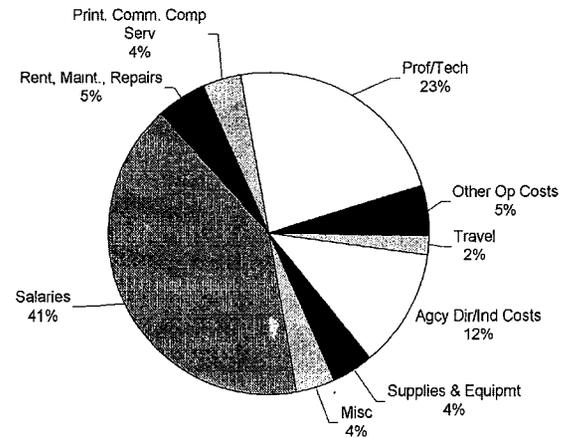


**FY 2000-01 Expenditures by Category - Aids
Total: \$9.577 Billion**

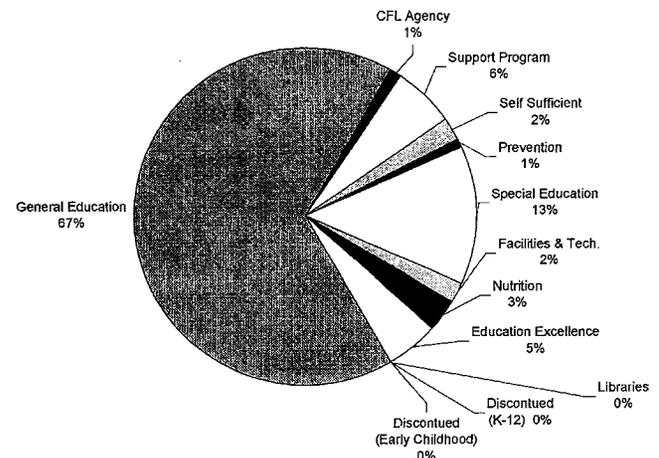


State of Minnesota 2002-03 Biennial Budget

**2000-01 Expenditures by Category
Total: \$163.544 Million**



**2000-01 Expenditures by Program
Total: \$9.741 Billion**



Agency: CHILDREN, FAMILIES & LEARNING

Agency Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Program:									
GENERAL EDUCATION	2,942,368	3,119,619	3,343,980	3,339,986	3,339,986	3,325,250	3,390,286	266,673	4.1%
EARLY CHILDHOOD PROGRAMS	210,316	225,962	266,720	275,668	290,754	274,105	281,649	79,721	16.2%
EDUCATION EXCELLENCE	182,486	223,555	280,249	283,068	303,543	287,244	307,719	107,458	21.3%
PREVENTION	31,316	39,424	41,720	38,604	38,604	36,944	36,944	(5,596)	(6.9%)
SPECIAL EDUCATION	454,461	598,067	659,315	725,570	725,570	752,091	752,091	220,279	17.5%
SELF-SUFFICIENCY & LIFELONG LE	91,945	97,393	70,664	65,215	65,215	67,507	67,507	(35,335)	(21.0%)
FACILITIES & TECHNOLOGY	84,023	77,622	88,972	85,553	85,553	63,590	70,540	(10,501)	(6.3%)
DISCONTINUED PRGS (EARLY CHILD	3,233	2,571	1,118	0	0	0	0	(3,689)	(100.0%)
NUTRITION PROGRAMS	143,497	153,703	151,738	156,131	156,077	156,431	156,770	7,406	2.4%
LIBRARIES	10,999	13,036	16,132	13,699	13,699	13,699	13,699	(1,770)	(6.1%)
DISCONTINUED PROGRAMS (K-12)	76,134	32,977	77,540	0	0	0	0	(110,517)	(100.0%)
CHILDREN, FAMILIES & LRNG AGEN	59,558	58,924	72,642	65,529	67,033	64,771	66,275	1,742	1.3%
Total Expenditures	4,290,336	4,642,853	5,070,790	5,049,023	5,086,034	5,041,632	5,143,480	515,871	5.3%

Financing by Fund:									
Direct Appropriations:									
GENERAL	3,812,372	4,079,530	4,447,126	4,446,884	4,468,573	4,444,096	4,550,163		
STATE GOVERNMENT SPECIAL REVENUE	96	0	0	0	0	0	0		
SPECIAL REVENUE	0	0	0	96	5,096	96	5,096		
TRUNK HIGHWAY	21	21	21	21	0	21	0		
FEDERAL TANF	791	40,997	52,731	23,973	34,316	23,786	14,588		
MISCELLANEOUS AGENCY	1,188	0	0	0	0	0	0		
Open Appropriations:									
ENDOWMENT SCHOOL	19,513	20,860	22,240	21,000	21,000	22,000	22,000		
Statutory Appropriations:									
GENERAL	548	211	167	151	151	151	151		
STATE GOVERNMENT SPECIAL REVENUE	0	515	78	0	0	0	0		
SPECIAL REVENUE	4,659	5,813	7,844	8,335	8,335	7,950	7,950		
FEDERAL	448,383	493,582	538,669	547,349	547,349	542,318	542,318		
MISCELLANEOUS AGENCY	803	680	761	706	706	706	706		
GIFT	1,962	644	1,153	508	508	508	508		
Total Financing	4,290,336	4,642,853	5,070,790	5,049,023	5,086,034	5,041,632	5,143,480		

FTE by Employment Type:									
FULL TIME	493.9	510.0	575.0	558.0	558.0	558.0	558.0		
PART-TIME, SEASONAL, LABOR SER	24.7	20.2	0.0	0.0	0.0	0.0	0.0		
OVERTIME PAY	1.0	1.1	0.1	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	519.6	531.3	575.1	558.0	558.0	558.0	558.0		

CHILDREN, FAMILIES & LEARNING - BUDGET BRIEF

Fund: GENERAL

	<u>FY 2002</u>	<u>FY 2003</u>	<u>Biennium</u>
BASE YEAR (FY 2001) (\$000s)			
Appropriations	\$4,514,103	4,517,376	9,031,479
<u>BASE ADJUSTMENT</u>			
Forecast Changes	12,581	8,890	21,471
One-Time Appropriations	(80,560)	(83,448)	(164,008)
2002-03 Salaries and Benefits	500	1,018	1,518
Transfers Between Agencies	260	260	520
<u>BASE LEVEL (for 2002 and 2003)</u>	\$4,446,884	\$4,444,096	\$8,890,980
<u>CHANGE ITEMS</u>			
<u>Family & Early Childhood Education</u>			
Child Care Consolidation	135,704	144,723	280,427
Reallocate Basic Sliding Fee	(51,999)	(51,999)	(103,998)
Reallocate MFIP Child Care	(78,962)	(78,962)	(157,924)
Expand Children's Trust Fund Grants	650	650	1,300
Eliminate Male Responsibility Program	(250)	(250)	(500)
Eliminate Adolescent Parenting Program	(400)	(400)	(800)
<u>K-12 Education</u>			
Education Funding Increase & Reform	0	65,036	65,036
Advance Achievement & Accountability	5,000	5,000	10,000
Performance Incentive Pool	5,000	10,000	20,000
Debt Equalization/Capital Restructuring	0	6,930	6,930
Fast Break to Learning	(54)	339	285
Teacher Licensure Revolving Account	500	500	1,000
Success for the Future	3,297	3,387	6,684
American Indian Language and Culture	(657)	(730)	(1,387)
Indian Post-secondary Preparation	(982)	(982)	(1,964)
Indian Education Program	(158)	(175)	(333)
Jobs for America's Graduates	500	500	1,000
ISEEK Solutions	250	250	500
Critical Staffing	400	400	800
Reallocate Educ. & Emp. Transitions	(1,150)	(1,150)	(2,300)
GOVERNOR'S RECOMMENDATION	\$4,463,573	\$4,550,144	\$9,013,717

BRIEF EXPLANATION OF BUDGET DECISIONS:

- The Forecast Change base adjustment adjusts the appropriations to the amount reflected in the November 2000 forecast.
- One-Time Appropriation adjustments remove \$164.01 million in one-time or discontinued programs from the base. The largest of these include removal

of \$36.79 million appropriated to address special education cross subsidies, \$61.59 million for training and experience replacement revenue, and \$46.72 million for deferred maintenance.

- The 2002-03 Salaries and Benefits base adjustment adds \$1.52 million to CFL's budget for compensation-related costs, as directed by the budget guidelines.
- The Transfer Between Agencies reflects the transfer of the Children's Museum appropriation from the Department of Administration to CFL.

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends \$122.74 million in new spending for the agency, including funds reallocated from other agencies for the child care consolidation proposal.

- *Child Care Consolidation:* There is no net general fund cost to this initiative that consolidates the existing Basic Sliding Fee (BSF) and MFIP child care programs into a single system. There is an increase to the CFL budget, however, reflecting \$9.49 million in funds transferred from the child care grant program formerly in the Higher Education Services Office (HESO) and \$12 million transferred from the dependent care tax credit in the Department of Revenue.
- *General Education Formula Increase and Reform:* \$65.04 million to increase the general education formula allowance. Other related proposals simplify the general education program.
- *Advance Achievement and Accountability:* \$10 million for additional assessment tests, school assistance teams, and staff at CFL to provide assistance to struggling districts.
- *Performance Incentive Pool:* \$15 million for incentives for school districts and school sites to try alternative approaches to compensation, rather than the traditional "steps and lanes."
- *Debt Service Restructuring:* \$6.93 million to enhance the current debt service equalization program to assist districts with their capital needs.
- *Indian Education Restructuring:* \$6.68 million to enhance a new program called *Success for the Future*, made up of the reallocated funds from three existing Indian Education programs.
- *Fast Break to Learning:* \$285,000 to expand the Fast Break breakfast program.
- *Revolving Account for Teacher Licensure:* \$2.6 million to dedicate funds to make teacher licensure a self-sustaining activity. \$1.6 million of this cost is offset by a decrease to the agency budget.
- *Jobs for America's Graduates and ISEEK:* \$1.5 million reallocated from existing employment training grant programs to support these youth-oriented workforce development initiatives.
- *Critical Staffing:* \$800,000 to help the agency address staffing concerns in key service areas.

CHILDREN, FAMILIES AND LEARNING - BUDGET BRIEF

Fund: FEDERAL TANF

<u>BASE FUNDING BY AGENCY</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>Biennium</u>
Department of Human Services	\$249,655	\$211,348	\$461,003
Dept. of Children, Families & Learning	23,973	23,687	47,660
Dept. of Trade & Economic Development	750	750	1,500
Department of Health	7,000	7,000	14,000
Base level TANF, All Agencies	\$281,378	\$242,785	\$524,163
 CHANGE ITEMS			
DHS			
Child Permanency And Reunification	4,650	4,650	9,300
Response To 60 Month Time Limit	638	35,739	36,377
Maintain Exit Level At 120% of FPG	1,179	2,645	3,824
Post Secondary Education Up To 24 Mo	2,047	4,114	6,161
Continue Assistance To Legal Non Citizens	4,476	6,308	10,784
Repeal SAVE/Reporting Requirement	1,650	3,300	4,980
Employment Services Tracking System	1,750	750	2,500
MDH			
Teen Pregnancy Prevention	10,000	10,000	20,000
DCFL			
Consolidated Child Care	10,343	(9,198)	1,145
MHFA			
Affordable Housing Initiative	12,000	12,000	24,000
Total Change Items	\$48,743	\$70,308	\$119,041
GOVERNOR'S RECOMMENDATION	\$330,111	\$313,093	\$643,204

The federal block grant that resulted from welfare reform--known as Temporary Assistance for Needy Families (TANF)--has been utilized by Minnesota in a number of innovative ways across multiple agencies to promote self-sufficiency among low-income families. While the greatest share of TANF still goes to pay for monthly cash grants for individuals in the Minnesota Family Investment Program (MFIP), recent years have seen substantial funding directed toward child care subsidies, employment training, affordable housing, local intervention resources, and refundable tax credits.

EXPLANATION OF BUDGET DECISIONS:

The Governor's 2002-03 biennial budget continues the pattern of recent years in focusing additional TANF resources in ways that further self-sufficiency. The package of initiatives builds upon previous investments in seeking to respond to the 60-month time limit for receiving welfare and for promoting true self-sufficiency.

While there is uncertainty about future funding levels of TANF from the federal government, the Governor's budget combines reasonable program expansions and one-time spending to manage this uncertainty. In addition to solidifying the foundation of welfare reform in Minnesota--MFIP--this package continues to invest in affordable housing, consolidates the disjointed system of child care assistance, and responds to the 60-month time limit in a way that ensures that government support is there for those who work hard and play by the rules.

GOVERNOR'S RECOMMENDATION(S):

The Governor's Federal TANF recommendations span a number of agencies in order to support the Governor's priority of Self-Sufficiency and Independent Living.

Department of Human Services

- Continue funding of concurrent permanency planning for children who are in out-of-home placement. This supports early efforts to identify other family or community members who might be potential adoptive parents if family reunification is not possible. These efforts reduce the child's stay in temporary foster care settings by shortening the timeframe for establishing a permanent home.
- Provide extensions to the Minnesota Family Investment Plan (MFIP) 60 month time limit for participants who are in compliance with employment plans and strengthen sanctions for participants who are not in compliance with program requirements.
- Maintain MFIP exit level at 120% of federal poverty guidelines (FPG). The earned income disregard will be indexed so that a working family would exit MFIP at 120% FPG. This provides an incentive for people to find and keep jobs.
- Allow post secondary education or training programs up to 24 months for MFIP participants. Currently education and training is limited to 12 months, or up to 24 months on an exception basis. This change will provide more options to MFIP participants to obtain higher paying jobs.
- Continue state-funded assistance for legal non-citizens. This will continue MFIP cash and food assistance that is scheduled to expire in July, 2001.

CHILDREN, FAMILIES AND LEARNING - BUDGET BRIEF

Fund: FEDERAL TANF (Continued)

- Repeal required use of the federal immigration notification system. This will remove barriers that prevent undocumented parents from seeking health care for their children. It will also avoid potential conflicts that the federal notification system has with medical assistance regulations and civil rights law.
- Develop a new employment tracking system for MFIP participants. The tracking system will assist in meeting federal reporting requirements, support job counselors, reduce paperwork, and improve client services.

Department of Health

- Enhance efforts to prevent teenage pregnancy which will assist youths to become self-sufficient adults and reduce their need to rely on governmental assistance.

Department of Children, Families & Learning

- Consolidate the Child Care Assistance programs to better align funding with policy priorities by
 - allocating resources to highest priority families;
 - providing correct incentives to transition to self-sufficiency; and
 - treating families in similar circumstances similarly.

This initiative reallocates existing resources and adds TANF funding to support these priorities and a consolidated system.

Minnesota Housing Finance Agency

- Increase the supply of affordable housing for Minnesota's lowest income working families through a one-time investment of TANF.

Agency: CHILDREN, FAMILIES & LEARNING

Summary of Agency Revenues (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent
Non-Dedicated Revenue:									
Departmental Earnings:									
GENERAL	0	0	0	1,500	1,500	1,500	1,500	3,000	
CAMBRIDGE DEPOSIT FUND	1,401	1,519	1,500	0	0	0	0	(3,019)	(100.0%)
Taxes:									
GENERAL	1	0	1	0	0	0	0	(1)	(100.0%)
Total Non-Dedicated Receipts	1,402	1,519	1,501	1,500	1,500	1,500	1,500	(20)	(0.7%)
Dedicated Receipts:									
Departmental Earnings:									
SPECIAL REVENUE	1,415	1,149	1,151	1,130	1,130	1,130	1,130	(40)	(1.7%)
FEDERAL	0	35	0	0	0	0	0	(35)	(100.0%)
Grants:									
GENERAL	213	206	151	151	151	151	151	(55)	(15.4%)
SPECIAL REVENUE	399	415	598	600	600	303	303	(110)	(10.9%)
FEDERAL	447,695	494,204	536,557	547,349	547,349	542,318	542,318	58,906	5.7%
FEDERAL TANF	791	39,712	49,031	20,973	31,316	20,637	11,439	(45,988)	(51.8%)
Other Revenues:									
GENERAL	173	0	0	0	0	0	0	0	
SPECIAL REVENUE	2,930	4,399	4,831	5,231	5,327	5,231	5,240	1,337	14.5%
FEDERAL	279	692	0	0	0	0	0	(692)	(100.0%)
MAXIMUM EFFORT SCHOOL LOAN	1,663	1,631	1,336	1,461	1,461	1,598	1,598	92	3.1%
MISCELLANEOUS AGENCY	652	627	700	700	700	700	700	73	5.5%
GIFT	1,442	839	623	503	503	503	503	(456)	(31.2%)
Other Sources:									
SPECIAL REVENUE	4	19	0	0	0	0	0	(19)	(100.0%)
MAXIMUM EFFORT SCHOOL LOAN	61	0	0	0	0	0	0	0	
MISCELLANEOUS AGENCY	1,292	57	6	6	6	6	6	(51)	(81.0%)
Total Dedicated Receipts	459,009	543,985	594,984	578,104	588,543	572,577	563,388	12,962	1.1%
Agency Total Revenues	460,411	545,504	596,485	579,604	590,043	574,077	564,888	12,942	1.1%

FY 2002-03 BIENNIAL BUDGET
CHILDREN, FAMILIES & LEARNING
STATE APPROPRIATION SUMMARY

	Estimated Expenditures			Governor's Recommendations		
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2000-01</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2002-03</u>
EARLY CHILDHOOD PROGRAMS						
Child Care Consolidation (change item)	0	0	0	135,704	144,723	280,427
School Readiness	10,395	10,396	20,791	10,395	10,395	20,790
Early Childhood & Family Education	20,109	20,403	40,512	20,758	20,663	41,421
Health & Developmental Screening	2,450	2,650	5,100	2,661	2,661	5,322
Way to Grow	475	475	950	475	475	950
Head Start Program	17,394	19,356	36,750	18,375	18,375	36,750
School Age Care Revenue	265	298	563	221	133	354
Basic Sliding Fee Child Care	21,621	23,377	44,998	0	0	0
MFIP Child Care	66,524	50,363	116,887	0	0	0
Child Care Program Integrity	0	0	0	175	175	350
Child Care Development	1,853	1,877	3,730	1,865	1,865	3,730
Subtotal Early Childhood Programs	141,086	129,195	270,281	190,629	199,465	390,094
PREVENTION						
Family Collaboratives	3,814	3,398	7,212	1,477	863	2,340
Community Education	14,109	15,309	29,418	14,209	13,111	27,320
Adults with Disabilities	670	710	1,380	710	710	1,420
Hearing Impaired Adults	70	70	140	70	70	140
Violence Prevention Grants	1,450	1,450	2,900	1,450	1,450	2,900
Abused Children	930	960	1,890	945	945	1,890
Children's Trust Fund (change item)	89	361	450	875	875	1,750
Family Visitation Center	200	200	400	200	200	400
After School Enrichment Grants	5,260	5,260	10,520	5,510	5,510	11,020
Adolescent Parenting Grants (change item)	1,000	0	1,000	0	0	0
Male Responsibility (change item)	250	250	500	0	0	0
Subtotal Prevention	27,842	27,968	55,810	25,446	23,734	49,180
SELF-SUFFICIENCY & LIFELONG LEARNING						
MN Economic Opportunity Grants	7,026	10,002	17,028	8,514	8,514	17,028
Transitional Housing Programs	1,830	2,145	3,975	1,988	1,988	3,976
Emergency Services	309	1,013	1,322	350	350	700
Adult Basic Education Aid	20,159	29,476	49,635	32,325	34,906	67,231
Adult Graduation Aid	2,759	3,031	5,790	3,195	3,356	6,551

FY 2002-03 BIENNIAL BUDGET
CHILDREN, FAMILIES & LEARNING
STATE APPROPRIATION SUMMARY – (Continued)

	Estimated Expenditures			Governor's Recommendations		
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2000-01</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2002-03</u>
GED Testing	125	125	250	125	125	250
Foodshelf Programs	1,278	1,278	1,322	2,556	1,278	2,556
Family Assets for Independence	305	195	500	500	0	500
Lead Abatement	500	0	500	100	100	200
Subtotal Self-Sufficiency & Lifelong Learning	34,291	47,265	81,556	48,375	50,617	98,992
Family & Early Childhood Subtotal	203,219	204,428	407,647	264,450	273,816	538,266
GENERAL EDUCATION						
General Education (change item)	3,058,507	3,281,203	6,339,710	3,277,505	3,323,881	6,601,387
Enrollment Options Transportation	30	70	100	70	80	150
Richfield Airport Impact Aid	0	0	0	0	1,057	1,057
Abatement Aid	9,132	6,681	15,813	6,522	6,653	13,175
Nonpublid Pupil Aid	10,413	12,690	23,103	13,277	13,872	27,149
Nonpublic Transportation	20,065	20,655	40,720	20,821	21,939	42,760
Consolidation Transition	612	441	1,053	791	803	1,594
Subtotal General Education	3,098,759	3,321,740	6,420,499	3,318,986	3,368,286	6,687,272
EDUCATION EXCELLENCE						
Advance Achievement & Accountability (change item)	0	0	0	5,000	5,000	10,000
Success for the Future (Am. Indian Grants) (change item)	0	0	0	3,297	3,387	6,684
Performance Incentive Pool (change item)	0	0	0	5,000	10,000	20,000
Teachers for the 21st Century (change item)	0	0	0	5,000	5,000	10,000
Statewide Testing	6,711	11,289	18,000	6,500	6,500	13,000
Advanced Placement/International Baccalaureate	1,282	2,468	3,750	1,875	1,875	3,750
Charter School Lease Aid	6,475	10,668	17,143	17,045	26,240	43,285
Charter School Startup Aid	1,890	2,769	4,659	3,003	3,597	6,600
Charter School Integration Aid	0	100	100	50	50	100
Best Practices Seminars	0	5,000	5,000	5,000	5,000	10,000
Integration Revenue	37,298	55,211	92,509	59,835	59,997	119,832
Integration Programs	800	1,200	2,000	1,000	1,000	2,000
Magnet School Programs	1,726	1,750	3,476	1,750	1,050	2,800
Magnet School Startup Aid	0	225	225	482	325	807
Interdistrict Desegregation Transportation	1,001	970	1,971	0	2,105	2,105
Indian Language & Culture Program (change item)	727	730	1,457	73	0	73

FY 2002-03 BIENNIAL BUDGET
CHILDREN, FAMILIES & LEARNING
STATE APPROPRIATION SUMMARY – (Continued)

	Estimated Expenditures			Governor's Recommendations		
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2000-01</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2002-03</u>
Indian Education Grants (change item)	175	175	350	17	0	17
Indian Post Secondary Preparation (change item)	982	982	1,964	0	0	0
Indian Scholarships	1,869	1,881	3,750	1,875	1,875	3,750
Indian Teacher Preparation Grants	190	190	380	190	190	380
Tribal Contract Schools	1,671	1,881	3,552	2,520	2,767	5,287
ECFE at Tribal Schools	68	68	136	68	68	136
First Grade Preparedness	6,905	7,000	13,905	7,000	7,000	14,000
Secondary Vocational Aid	12,446	12,416	24,862	1,241	0	1,241
Education & Employment Transition (change item)	1,852	2,598	4,450	1,825	1,825	3,650
Youthworks Programs	1,777	1,799	3,576	1,788	1,788	3,576
MN Foundation for Student Organizations	582	668	1,250	0	0	0
Learn & Earn	2	1,448	1,450	725	725	1,450
Subtotal Education Excellence	86,429	123,486	209,915	132,159	147,364	269,523
SPECIAL EDUCATION						
Special Education	456,000	472,900	928,900	507,726	532,052	1,039,778
Special Pupil	459	1,600	2,059	1,867	2,022	3,889
Travel for Home-Based Services	125	130	255	135	138	273
Special Education-Excess Costs	65,604	91,037	156,641	97,210	99,258	196,468
Litigation Costs for Special Education	375	375	750	375	375	750
Sec. Voc.-Students with Disabilities	8,892	8,968	17,860	8,959	8,948	17,907
Court Placed Special Education Revenue	350	350	700	350	350	700
Out of State Tuition Special Education	0	250	250	250	250	500
Subtotal Special Education	531,805	575,610	1,107,415	616,872	643,393	1,260,265
FACILITIES AND TECHNOLOGY						
Health and Safety	14,515	14,900	29,415	15,000	14,550	29,550
Debt Service Equalization (change item)	32,629	29,029	61,658	26,178	30,502	56,680
Interactive Television	4,194	2,761	6,955	1,366	123	1,489
Alternative Facilities	18,855	19,202	38,057	19,280	19,287	38,567
Telecommunication Access Revenue	0	16,668	16,668	18,520	1,852	20,372
St. Peter Tornado Pupil Loss	75	115	190	173	91	264
Flood Related Pupil Loss	2,087	1,627	3,714	921	0	921
Subtotal Facilities & Technology	72,355	84,302	156,657	81,438	66,405	147,843

FY 2002-03 BIENNIAL BUDGET
CHILDREN, FAMILIES & LEARNING
STATE APPROPRIATION SUMMARY – (Continued)

	Estimated Expenditures			Governor's Recommendations		
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2000-01</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2002-03</u>
NUTRITION PROGRAMS						
School Lunch	8,501	8,480	16,981	8,710	8,950	17,660
School Breakfast	552	600	1,152	640	700	1,340
Fast Break to Learning (change item)	2,461	2,539	5,000	2,446	2,839	5,285
Summer Food Service Replacement	150	150	300	150	150	300
Subtotal Nutrition Programs	11,664	11,769	23,433	11,946	12,639	24,585
LIBRARIES						
Basic Support	8,495	8,570	17,065	8,570	8,570	17,140
Multicounty Multitype Library	903	903	1,806	903	903	1,806
Regional Telecommunications Aid	1,200	3,606	4,806	1,200	1,200	2,400
Subtotal Libraries	10,598	13,079	23,677	10,673	10,673	21,346
K-12 Subtotal	3,811,610	4,129,986	7,941,596	4,172,074	4,243,760	8,415,854
Total, Without Discontinued Programs	4,015,029	4,334,514	8,349,543	4,436,524	4,522,596	8,954,120
K-12 DISCONTINUED/NONRECURRING PROGRAMS	32,977	77,540	110,517			
FAMILY & EARLY CHILDHOOD DISCONTINUED PROGRAMS	2,571	1,118	3,689			
Total, With Discontinued Programs	4,050,577	4,413,172	8,463,749	4,436,524	4,522,596	8,954,120

FY 2002-03 BIENNIAL BUDGET
CHILDREN, FAMILIES & LEARNING
GROSS CERTIFIED LEVY SUMMARY FY 2000-03

	<u>FY 2000</u> <u>(PAY 1999)</u>	<u>FY 2001</u> <u>(PAY 2000)</u>	<u>FY 2000-01</u>	<u>FY 2002</u> <u>(PAY 2001)</u> Est.	<u>FY 2003</u> <u>(PAY 2002)</u> Est.	<u>FY 2002-03</u>
EARLY CHILDHOOD PROGRAMS						
ECFE	18,323.4	19,128.2	37,451.6	20,993.7	22,134.2	43,127.9
ECFE Home Visiting	502.5	507.3	1,009.8	509.6	521.8	1,031.4
Extended Day--Disabled	4,221.7	4,846.1	9,067.8	5,713.3	5,859.1	11,572.4
Limit Adjustment	(108.8)	565.4	456.6	451.7	-	451.7
TOTAL	22,938.8	25,047.0	47,985.8	27,668.3	28,515.1	56,183.4
PREVENTION						
Basic Community Education	16,700.0	17,488.2	34,188.2	19,218.2	20,862.1	40,080.3
Grandfather Community Education	583.8	597.3	1,181.1	595.0	595.0	1,190.0
Other Community Ed	-	30.5	30.5	-	-	-
Adults with Disabilities	669.1	670.0	1,339.1	669.0	669.0	1,338.0
TOTAL	17,952.9	18,786.0	36,738.9	20,482.2	22,126.1	42,608.3
GENERAL EDUCATION						
General Ed	1,269,945.6	1,328,778.0	2,598,723.6	1,330,684.4	1,331,208.0	2,661,892.4
Transition	8,155.6	5,170.7	13,326.3	4,655.3	5,116.8	9,772.1
Supplemental	2,595.4	4,311.9	6,907.3	4,617.7	4,816.1	9,433.8
Referendum	287,531.9	313,624.2	601,156.1	361,361.9	428,478.7	789,840.6
Abatement Adjustments	3,823.1	5,232.9	9,056.0	3,483.7	3,443.9	6,927.6
Targeted Needs Transport	665.2	854.2	1,519.4	-	-	-
Bus Purchase	1,062.6	-	1,062.6	-	-	-
District Coop/Program Improve	58,640.9	-	58,640.9	-	-	-
Mpls Retirement	358.8	158.7	517.5	-	-	-
Additional Retirement	7,464.6	7,645.7	15,110.3	8,391.3	8,391.3	16,782.6
St. Paul Severance	419.6	419.6	839.2	525.9	594.0	1,119.9
Mpls Health Insurance	269.5	-	269.5	327.3	370.5	697.8
Health Insurance	4,404.0	3,498.8	7,902.8	2,797.8	2,518.0	5,315.8
Health Benefits	5,157.2	4,629.2	9,786.4	3,746.4	3,259.4	7,005.8
Statutory Operating Debt	45.2	47.0	92.2	50.4	50.4	100.8
Reorganization Severance	1,275.9	820.7	2,096.6	1,299.9	1,299.9	2,599.8
Unemployment Insurance	1,351.6	1,441.5	2,793.1	2,096.4	2,096.4	4,192.8
Operating Debt	1,309.1	1,130.8	2,439.9	593.3	593.3	1,186.6
Reorganization Oper Debt	674.7	606.6	1,281.3	592.5	592.5	1,185.0
Crime	6,256.3	6,590.6	12,846.9	9,954.8	10,253.0	20,207.8
Judgments	339.5	647.6	987.1	505.0	500.0	1,005.0
Consolidation	159.7	52.2	211.9	-	-	-
Ice Arena	490.0	447.1	937.1	608.4	608.4	1,216.8
Staff Development	27.8	29.3	57.1	34.9	34.9	69.8
Attached Machinery Adj	(808.7)	(808.7)	(1,617.4)	(808.7)	(808.7)	(1,617.4)

FY 2002-03 BIENNIAL BUDGET
CHILDREN, FAMILIES & LEARNING
GROSS CERTIFIED LEVY SUMMARY FY 2000-03

	<u>FY 2000</u> <u>(PAY 1999)</u>	<u>FY 2001</u> <u>(PAY 2000)</u>	<u>FY 2000-01</u>	<u>FY 2002</u> <u>(PAY 2001)</u> Est.	<u>FY 2003</u> <u>(PAY 2002)</u> Est.	<u>FY 2002-03</u>
Fac & EQP Bond Adj	(7,156.1)	(8,294.4)	(15,450.5)	(8,992.9)	(10,466.1)	(19,459.0)
Other General	61.9	121.3	183.2	173.7	-	173.7
Limitation Adjustment	(2,918.8)	1,054.6	(1,864.2)	4,290.0	5,399.1	9,689.1
TOTAL	1,651,602.1	1,678,210.1	3,329,812.2	1,730,989.4	1,798,349.8	3,529,339.2
EDUCATION EXCELLENCE						
Integration	18,208.9	12,386.8	30,595.7	15,322.4	16,739.0	32,061.4
Limitation Adjustment	2,492.2	(2,329.0)	163.2	225.8	-	225.8
TOTAL	20,701.1	10,057.8	30,758.9	15,548.2	16,739.0	32,287.2
FACILITIES AND TECHNOLOGY						
Hazardous/ Health & Safety	67,508.9	75,568.6	143,077.5	81,950.8	80,000.0	161,950.8
Basic Debt Levy (No Equal.)	390,507.5	445,000.5	835,508.0	474,336.5	517,381.1	991,717.6
Debt Equalization	(32,062.5)	(32,226.6)	(64,289.1)	(25,878.9)	(23,291.0)	(49,169.9)
Energy Loan	3,529.5	3,536.5	7,066.0	2,579.2	1,900.0	4,479.2
Lease Purchase	24,668.7	24,668.7	49,337.4	36,693.1	42,000.0	78,693.1
Alt Facilities Debt	19,454.0	16,303.4	35,757.4	35,327.1	44,000.0	79,327.1
Alt Facilities Debt Aid	(16,303.4)	(16,303.4)	(32,606.8)	(16,456.2)	(16,456.2)	(32,912.4)
Facilities	4,179.5	3,747.0	7,926.5	5,933.1	7,000.0	12,933.1
Equipment	3,249.1	3,249.1	6,498.2	3,466.1	3,466.1	6,932.2
Debt Excess	(17,159.8)	(26,687.9)	(43,847.7)	(23,715.7)	(25,000.0)	(48,715.7)
Debt Surplus Transfer	(24.9)	-	(24.9)	-	-	-
Interactive TV / Technology	2,585.9	1,767.3	4,353.2	1,029.8	-	1,029.8
Alternate Facilities	21,456.4	21,800.0	43,256.4	27,268.6	29,500.0	56,768.6
Alternate Facilities Aid	(2,829.8)	(2,829.8)	(5,659.6)	(2,829.8)	(2,829.8)	(5,659.6)
Alternate Facilities Debt Aid	(491.4)	(120.5)	(611.9)	(120.5)	(400.0)	(520.5)
Historic Building	79.2	-	79.2	-	-	-
Disabled Access	3,898.6	2,959.5	6,858.1	1,199.6	960.0	2,159.6
Building Lease	26,978.4	31,707.0	58,685.4	33,726.7	36,000.0	69,726.7
Down Payment	1,140.6	1,970.6	3,111.2	2,659.1	2,659.1	5,318.2
Technology	699.0	699.0	1,398.0	699.0	-	699.0
Other Capital	27.2	115.4	142.6	27.2	-	27.2
Limitation Adjustment	(10,849.4)	(7,853.0)	(18,702.4)	(7,745.6)	(6,536.5)	(14,282.1)
TOTAL	490,241.3	547,071.4	1,037,312.7	630,149.2	690,352.8	1,320,502.0
OTHER						
Taconite	(11,617.1)	(11,553.2)	(23,170.3)	(11,390.6)	(11,390.6)	(22,781.2)
TOTAL	(11,617.1)	(11,553.2)	(23,170.3)	(11,390.6)	(11,390.6)	(22,781.2)

FY 2002-03 BIENNIAL BUDGET
CHILDREN, FAMILIES & LEARNING
GROSS CERTIFIED LEVY SUMMARY FY 2000-03

	<u>FY 2000</u> (PAY 1999)	<u>FY 2001</u> (PAY 2000)	<u>FY 2000-01</u>	<u>FY 2002</u> (PAY 2001) Est.	<u>FY 2003</u> (PAY 2002) Est.	<u>FY 2002-03</u>
TOTAL CERTIFIED LEVY BEFORE HACA	2,191,819.1	2,267,619.1	4,459,438.2	2,413,446.7	2,544,692.2	4,958,138.9
FORMULA-BASED CERTIFIED LEVIES	1,522,859.0	1,533,853.3	3,056,712.3	1,558,489.0	1,562,919.3	3,121,408.3
REFERENDUM-BASED CERTIFIED LEVIES	668,960.1	736,716.1	1,405,676.2	854,957.7	981,772.9	1,836,730.6
TOTAL	2,191,819.1	2,270,569.4	4,462,388.5	2,413,446.7	2,544,692.2	4,958,138.9
HACA	(35,936.2)	(24,676.6)	(60,612.8)	(13,468.8)	(8,857.8)	(22,326.6)
EDUCATION HOMESTEAD CREDIT	(304,620.3)	(395,013.0)	(699,633.3)	(394,426.0)	(398,363.0)	(792,789.0)
EDUCATION AGRICULTURAL CREDIT	-	(45,979.2)	(45,979.2)	(55,705.0)	(55,705.0)	(111,410.0)
OTHER CREDITS	(12,335.2)	(11,847.6)	(24,182.8)	(12,003.0)	(12,014.8)	(24,017.8)
TOTAL CERTIFIED LEVY AFTER HACA & CREDITS	1,838,927.4	1,793,053.0	3,631,980.4	1,937,843.9	2,069,751.6	4,007,595.5
TOTAL SCHOOL DISTRICT REVENUE LEVIES:						
TOTAL CERTIFIED LEVY BEFORE HACA	2,191,819.1	2,270,569.4	4,462,388.5	2,413,446.7	2,544,692.2	4,958,138.9
HOMESTEAD CREDIT ADJUSTMENT-PERA	-	-	-	-	-	-
INT-HOMESTEAD CREDIT ADJUSTMENT-PERA	-	-	-	-	-	-
TACONITE	11,617.1	11,553.2	23,170.3	11,390.6	11,390.6	22,781.2
STATUTORY OPERATING DEBT	(45.2)	(47.0)	(92.2)	(50.4)	(50.4)	(100.8)
TOTAL:	2,203,391.0	2,282,075.6	4,485,466.6	2,424,786.9	2,556,032.4	4,980,819.3
SUBTOTAL-OPERATING LEVIES	1,821,962.8	1,858,983.7	3,680,946.5	1,931,191.1	2,002,738.2	3,933,929.3
SUBTOTAL-NONOPERATING LEVIES	381,428.2	423,091.9	804,520.1	493,595.8	553,294.2	1,046,890.0

CHILDREN, FAMILIES & LEARNING - FEDERAL FUNDS SUMMARY

Agency Code: **CHILDREN, FAMILIES & LEARNING**

Fund Code: **FEDERAL (300)**

01-04-2001

Dollars in Thousands

Appropriation Unit	Appropriation Unit Name	2000 Actual	2001 Budgeted	2002 Base Budget	2003 Base Budget
Program:					
EARLY CHILDHOOD PROGRAMS					
320	CHILDCARE ASSISTANCE	28,221	63,442	51,852	53,761
321	MATERNAL & CHILD HEALTH	41	73	73	73
322	CC ADMIN & DEVELOPMENT	11,303	21,771	11,738	11,753
324	MIGRANT DAY CARE	498	-0-	-0-	-0-
359	HEAD START STATE COLLAB	74	69	-0-	-0-
362	HEAD START FED	50	-0-	-0-	-0-
365	HEAD START FED	-0-	25	25	25
435	INFANTS & TODDLERS	6,686	6,353	6,488	6,488
327	CHILDCARE RESEARCH	-0-	200	200	200
Total for Program		\$ 46,873	\$ 91,933	\$ 70,376	\$ 72,300
Program:					
PREVENTION					
323	CHILD TRUST FUND	1,557	2,000	2,000	2,000
325	SIG-FORWARD TO FUTURE	1,825	1,917	1,917	1,917
340	VOCA 96 VA	1,548	2,467	2,467	2,467
437	DRUG & VIOLENCE	3,272	5,000	4,800	4,406
438	DRUG & VIOLENCE	2,566	1,800	1,150	1,150
481	COMP SCHOOL HEALTH	874	1,010	1,010	1,010
Total for Program		\$ 11,642	\$ 14,194	\$ 13,544	\$ 13,344
Program:					
SELF-SUFFICIENCY & LIFELONG LEARNING					
350	SURPLUS COMMODITIES	584	562	562	562
351	HUD	1,142	1,160	1,160	1,160
353	CSBG	6,355	6,355	6,355	6,355
354	ENERGY ASSISTANCE	48,199	5,867	-0-	-0-
357	WEATHERIZATION	5,506	1,811	-0-	-0-
358	COMMUNITY FOOD & NUTR	42	53	53	53
361	CSBG TRAINING & TECH	145	88	23	23
366	CSBG TRAINING & TECH	-0-	27	27	27
364	HUD SUPPORTIVE HOUSING	638	849	849	849
421	ADULT BASIC ED	1,870	5,178	6,022	6,022
Total for Program		\$ 64,481	\$ 21,950	\$ 15,051	\$ 15,051

CHILDREN, FAMILIES & LEARNING - FEDERAL FUNDS SUMMARY

Agency Code: **CHILDREN, FAMILIES & LEARNING**
 Fund Code: **FEDERAL (300)**
 01-04-2001

Dollars in Thousands

Appropriation Unit	Appropriation Unit Name	2000 Actual	2001 Budgeted	2002 Base Budget	2003 Base Budget
Program:					
CHILDREN, FAMILIES & LEARNING AGENCY					
363	FEMA EMERG FOOD & SHELTER	-0-	1	-0-	-0-
406	CHILDCARE AUDIT	839	1,143	1,143	1,143
410	SUMMER FOOD SAE	168	170	170	170
411	STATE ADMIN EXPENSE	3,561	3,000	3,000	3,000
412	TEAM NUTRITION	138	116	116	116
413	NET	2	-0-	-0-	-0-
420	CONSOLIDATED ADMIN	1,112	1,250	1,250	1,250
433	INTERNET SCI/MATH	-0-	1	-0-	-0-
446	MODIFYING GRAD STANDARDS	356	47	-0-	-0-
453	PARTNERSHIP IN CHARACT ED	221	250	250	250
456	STATEWIDE FAMILY LIT	1	206	206	206
457	SIG-SPEC ED	-0-	1,015	1,015	1,015
458	OUTREACH PROJECT	-0-	150	150	150
459	ADV PLACEMENT FEE PYMT	-0-	296	296	296
476	AMERICORP PDAT	153	170	170	170
483	COMMON CORE DATA	21	22	22	22
485	CHRISTA MCAULIFEE	37	39	39	39
490	NEXT STEP IOWA	11	15	15	15
492	DATA DEVELOPMENT	54	21	10	10
401	GRANTS PROVISION 2 & 3	-0-	350	50	-0-
Total for Program		\$ 6,674	\$ 8,262	\$ 7,902	\$ 7,852

Program:
EDUCATION EXCELLENCE

422	MIGRANT EDUCATION	\$ 2,994	\$ 2,513	\$ 2,723	\$ 2,723
423	NEG & DELINQUENT	279	224	245	245
424	MN DEAF BLIND	326	184	184	184
425	MN DEAF BLIND	18	-0-	-0-	-0-
431	TRANSITION SERVICES	96	-0-	-0-	-0-
432	IMMIGRANT EDUCATION	1,076	1,384	1,384	1,384
436	BYRD HONORS SCHOLARSHIPS	688	725	738	738
440	HOMELESS CHILDREN	394	290	356	356
441	EVEN START	1,509	1,374	2,280	2,280
442	CAPITAL EXPENSE	405	244	122	122
443	TITLE 1 SCHOOL IMPROVEMENT	-0-	1,526	2,431	2,431
444	TITLE 111 GOALS 2000	4,341	6,710	6,710	-0-
445	SCHOOL TO WORK INITIATIVE	8,489	3,375	3,375	3,375
447	TITLE 11 EISENHOWER	2,934	4,772	5,999	5,999
448	PUBLIC CHARTER SCHOOLS	3,792	9,116	9,116	9,116
449	TITLE V1	4,819	6,310	6,794	6,794

CHILDREN, FAMILIES & LEARNING - FEDERAL FUNDS SUMMARY

Agency Code: CHILDREN, FAMILIES & LEARNING
Fund Code: FEDERAL (300)
 01-04-2001

		Dollars in Thousands			
Appropriation Unit	Appropriation Unit Name	2000 Actual	2001 Budgeted	2002 Base Budget	2003 Base Budget
450	TITLE 1	78,940	87,985	89,539	89,539
454	SCHOOL REFORM	1,449	2,860	2,860	2,860
470	AMERICORP FORMULA GRANTS	-0-	710	710	710
473	SCH TO WORK IMPLEMENT	-0-	1,254	1,254	1,254
474	AMERICORP PROMISE FELLOWS	132	118	118	118
475	AMERICORP GRANT	3,686	51	-0-	-0-
477	AMERICORP ADMIN	192	221	221	221
478	AMERICORP EDUCATION	1	55	55	55
479	AMERICORPS FY01 FLOW THRU	-0-	2,700	2,700	2,700
482	VOC EDUC SECTION 120	6,148	6,185	6,185	6,185
486	LEARN & SERVE AMER	39	-0-	-0-	-0-
488	SERV AMER - COMMUNITY	134	64	-0-	-0-
489	VERMONT NSG	10	-0-	-0-	-0-
491	FALS EVALUATION	128	172	172	172
493	AMERICORP DISABILITY	3	65	65	65
494	SERV AMER -SCH BASED	290	42	-0-	-0-
495	REFUGEE RESETTLEMENT	886	1,000	1,000	1,000
496	CLASS SIZE REDUCTION	16,662	18,058	22,537	22,537
497	SERV AMER	-0-	309	309	309
487	COMMUNITIES ENHANCING LRNG ALTERNATIVE STRATEGIES	-0-	115	115	115
472	COMMON LINKS THRU LEARNING	-0-	222	230	235
Total for Program		\$ 140,860	\$ 160,933	\$ 170,527	\$ 163,822
Program: SPECIAL EDUCATION					
434	SPEC ED - PRESCHOOL	7,440	7,588	7,588	7,588
451	SPECIAL ED	65,020	85,024	110,017	110,017
Total for Program		\$ 72,460	\$ 92,612	\$ 117,605	\$ 117,605
Program: FACILITIES & TECHNOLOGY					
452	TECH LITERACY CHALLENGE	5,493	4,916	4,361	4,361
Total for Program		\$ 5,493	\$ 4,916	\$ 4,361	\$ 4,361
Program: NUTRITION PROGRAMS					
400	BREAKFAST	14,715	13,500	14,805	14,805
403	LUNCH	70,551	67,800	69,596	69,596
404	SPECIAL MILK	828	800	800	800
405	CACFP COMMODITIES	572	570	570	570
407	CACFP FOOD SERV	45,866	47,500	48,760	48,760

CHILDREN, FAMILIES & LEARNING - FEDERAL FUNDS SUMMARY

Agency Code: **CHILDREN, FAMILIES & LEARNING**

Fund Code: **FEDERAL (300)**

01-04-2001

Dollars in Thousands

Appropriation Unit	Appropriation Unit Name	Dollars in Thousands			
		2000 <u>Actual</u>	2001 <u>Budgeted</u>	2002 Base <u>Budget</u>	2003 Base <u>Budget</u>
408	CACFP FOOD ADMIN	6,207	6,300	6,300	6,300
415	SUMMER FOOD ADMIN	300	312	300	300
416	SUMMER FOOD - FOOD SERV	2,986	3,000	3,000	3,000
Total for Program		\$ 142,025	\$ 139,782	\$ 144,131	\$ 144,131
Program:					
LIBRARIES					
426	LSTA TITLE 1	2,250	3,322	3,322	3,322
430	LSCA CONSTRUCTION GRANT	285	27	-0-	-0-
Total for Program		\$ 2,535	\$ 3,349	\$ 3,322	\$ 3,322
 TOTALS FOR AGENCY E37 FUND CODE 300		 \$ 493,043	 \$ 537,931	 \$ 546,819	 \$ 541,788

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PROGRAM SUMMARY

Program: EARLY CHILDHOOD PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING

PROGRAM PROFILE:

Early Childhood programs improve developmental outcomes for Minnesota's young children and their families and prepare young children for school success. In addition, early childhood programs promote self-sufficiency and economic growth by supporting access to child care that meets the needs of low income families who are working and need help with child care costs.

Budget activities within this program include: Early Childhood Family Education (ECFE); School Readiness; Way to Grow; ECFE Tribal School; Early Childhood Health and Development Screening; Interagency Early Intervention/Part C; Early Childhood Special Education; Child Care Assistance; Child Care Development and Head Start. These programs work together to provide early childhood education, parenting education, screening, intensive childhood intervention services to at-risk families through referral or direct services provision and assistance with child care costs for low income families.

Areas of Agency Concentration

- *School Readiness and Healthy Children:* Early Childhood programs support parents and child care providers in their efforts to ensure that children will be successful in school; and by increasing parents' knowledge and understanding about their children's development.
- *Stable Families:* Early Childhood programs also address the child care needs of working families. They help parents access information about the child care options that are available in their communities, educate parents about the development needs of children, and help low-income families pay for care, while also requiring parents to share in the costs of care to a greater extent as their income increases.

These programs support the Governor's Big Plan for Minnesota by addressing two of his objectives *Health, Vital Communities*, specifically "Best K-12 Public Education in the Nation" and *Self-Sufficient People*, specifically "Transitioning from Welfare to Self-Sufficiency" by supporting school readiness and stable families.

CFL Strategic Plan

Research has clearly shown that quality early childhood education and care services improve a child's school success, and thereby contribute to the achievement of the following agency indicators related to early childhood activities.

- Percentage of third graders who can read

- Percentage of students passing the Basic Skills Test on their first attempt
- Percentage of students dropping out
- Percentage of children and parents participating in family and early childhood education programs
- Percentage of students with a positive early childhood screening for health or developmental problems who receive successful follow-up on referral
- Percentage of special needs students receiving support services through an integrated and collaborative interagency process

Program: EARLY CHILDHOOD PROGRAMS
 Agency: CHILDREN, FAMILIES & LEARNING

Program Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Activity:									
SCHOOL READINESS	10,395	10,395	10,396	10,395	10,395	10,395	10,395	(1)	0.0%
EARLY CHILDHOOD & FAMILY EDUCA	14,171	20,141	20,437	20,783	20,783	20,688	20,688	893	2.2%
HEALTH & DEVELOPMENTAL SCREEN	1,386	2,450	2,650	2,661	2,661	2,661	2,661	222	4.4%
WAY TO GROW	475	475	475	475	475	475	475	0	0.0%
HEAD START PROGRAM	19,538	17,394	19,381	18,400	18,400	18,400	18,400	25	0.1%
SCHOOL AGE CARE REVENUE	602	1,297	1,211	896	896	808	808	(804)	(32.1%)
MFIP CHILD CARE	46,877	88,436	111,546	121,418	0	118,502	0	(199,982)	(100.0%)
BASIC SLIDING FEE CHILD CARE	102,419	68,101	80,830	84,464	0	85,886	0	(148,931)	(100.0%)
CHILD CARE PROGRAM INTEGRITY	0	175	175	910	910	925	925	1,485	424.3%
CONSOLIDATED CHILD CARE	0	0	0	0	220,968	0	211,932	432,900	
CHILD CARE DEVELOPMENT	9,013	10,813	13,688	9,200	9,200	9,299	9,299	(6,002)	(24.5%)
INFANTS & TODDLERS-PART C	5,440	6,285	5,931	6,066	6,066	6,066	6,066	(84)	(0.7%)
Total Expenditures	210,316	225,962	266,720	275,668	290,754	274,105	281,649	79,721	16.2%

Change Items:	Fund						
(A) REALLOCATE BASIC SLIDING FEE	FED				(18,031)		(19,940)
(A) REALLOCATE BASIC SLIDING FEE	GEN				(51,999)		(51,999)
(A) REALLOCATE BASIC SLIDING FEE	SR				(2,096)		(2,009)
(A) REALLOCATE BASIC SLIDING FEE	TANF				(12,338)		(11,938)
(A) REALLOCATE MFIP CHILD CARE	FED				(33,821)		(33,821)
(A) REALLOCATE MFIP CHILD CARE	GEN				(78,962)		(75,982)
(A) REALLOCATE MFIP CHILD CARE	TANF				(8,635)		(8,699)
(B) CHILD CARE CONSOLIDATION	FED				51,852		53,761
(B) CHILD CARE CONSOLIDATION	GEN				135,704		144,723
(B) CHILD CARE CONSOLIDATION	SR				2,096		2,009
(B) CHILD CARE CONSOLIDATION	TANF				31,316		11,439
Total Change Items					15,086		7,544

Financing by Fund:							
Direct Appropriations:							
GENERAL	148,660	141,086	128,195	185,886	190,629	182,723	199,465
FEDERAL TANF	791	40,997	49,731	20,973	31,316	20,736	11,538
Statutory Appropriations:							
SPECIAL REVENUE	46	32	1,034	2,121	2,121	2,034	2,034
FEDERAL	60,111	43,765	87,523	66,631	66,631	68,555	68,555
GIFT	708	82	237	57	57	57	57
Total Financing	210,316	225,962	266,720	275,668	290,754	274,105	281,649

Program: EARLY CHILDHOOD PROGRAMS
 Agency: CHILDREN, FAMILIES & LEARNING

Program Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE by Employment Type:							
FULL TIME	0.0	1.3	4.4	4.4	4.4	4.4	4.4
Total Full-Time Equivalent	0.0	1.3	4.4	4.4	4.4	4.4	4.4

BUDGET ACTIVITY SUMMARY

Budget Activity: SCHOOL READINESS
Program: EARLY CHILDHOOD PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.15, M.S. 124D.16

ACTIVITY PROFILE:

School Readiness programs provide opportunities to children who have been identified through early childhood screening opportunities to participate in child development programs that promote future success in school.

- In 1991, the Minnesota legislature appropriated \$8 million to Minnesota school districts for Learning Readiness for children needing early childhood services who did not meet the income eligibility requirements of Head Start or the developmental delay criteria for Early Childhood Special Education.
- In 1997, the legislature added a literacy component to ensure that the literacy needs of parents are addressed through referral and cooperation with Adult Basic Education and other adult literacy programs.
- In 1999, the legislature changed the name of the program to School Readiness.
- School Readiness is not a single, separate program, but a coordinated community-based effort that provides a continuum of services for three and a half to four year old children based on needs.
- The funding is flexible. All programs are planned and implemented based upon local needs and resources. School Readiness plans include the following:
 - a comprehensive plan to coordinate social services,
 - a development and learning component,
 - a nutrition component,
 - health referral services,
 - parent involvement,
 - community outreach,
 - community-based staff and program resources, and
 - a parental literacy component.

STRATEGIES AND PERFORMANCE:

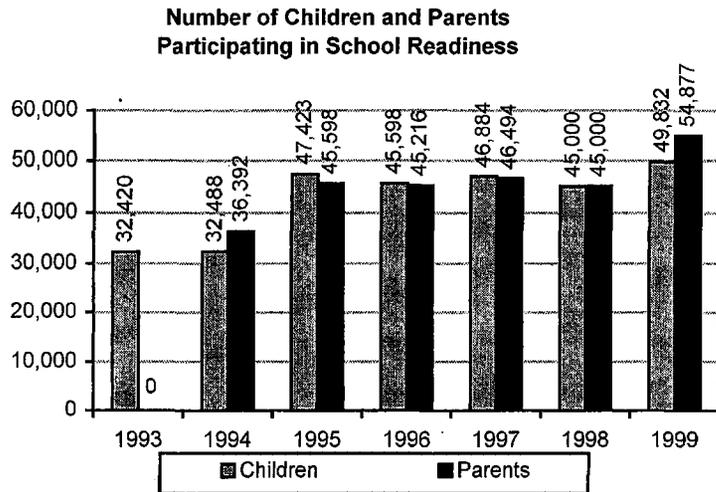
- Agency level strategies to enhance quality and accountability include:
 - Development of Early Childhood Family Initiatives website as a resource for parents, educators, administrators, policy makers, and others interested in the health and development of young children.

- Web-based application for reporting annual program data and participant demographics to CFL.
- Development of Early Childhood Indicators of Progress to enable parents and early childhood teachers/caregivers to determine if a child, at age four, is performing at levels typical for that age and stage of development. The purpose is to assure progress toward school readiness or identify appropriate and timely interventions.
- Extensive training on implementing the Work Sampling System of Child Assessment to assure that children will start school ready to learn, improve curriculum and teaching, and parent/teacher communication.
- Continued expansion of local partnerships with child care service providers.
- Local program strategies include both referrals and a wide array of coordinated or integrated services for children and families, such as:
 - comprehensive Head Start and Family Literacy/ESL programs;
 - the addition of parent education and special needs services to preschool and center-based child care programs;
 - staff development and consultation for family child care providers;
 - "kindergarten connection" classes for children and parents;
 - special nutrition education sessions offered through Minnesota Extension Services;
 - coordination of referrals and follow-up to Early Childhood Screening;
 - one or two days of child only activities added to Early Childhood Family Education; and
 - integrated classes with Early Childhood Special Education.
- 1998-99 Participant Characteristics
 - 5,763 children were identified with developmental delays and disabilities through an early childhood screening process.
 - 29% of parents had a high school diploma/GED or less.
 - Over 34% of participating families had household incomes of less than \$30,000, including 8% of families who had household incomes of less than \$10,000. (In Minneapolis and St. Paul, the percentage was almost 38%); and
 - Over 20% of participating families were headed by a single parent.
- A 1999 department study of a random group of School Readiness children showed the following results:
 - Approximately two-thirds or more of the study children received proficient ratings on language/literacy and personal and social development indicators at the end of one program year.
 - More than 85% of the study children demonstrated improved performance on 14 of the above indicators that enhanced their transition to school as reported by teachers.
 - Kindergarten teachers assessed 93% of the study children as doing well or making adequate adjustment to kindergarten.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: SCHOOL READINESS
Program: EARLY CHILDHOOD PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING

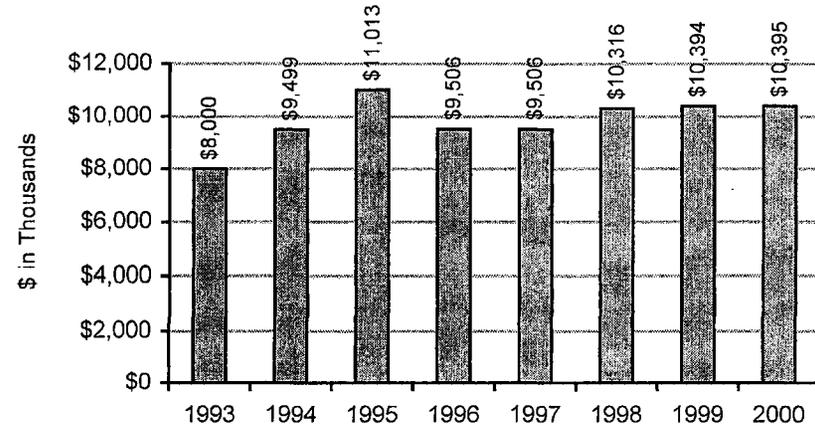
- Coordination of services is critical to School Readiness. In 1998-99, a total of 22,291 referrals were made between School Readiness and other community services and programs.



FINANCING INFORMATION:

- This program is funded entirely with state aid, which has remained fairly constant since 1994.
- \$1.5 million was added to the base of \$9.5 million as part of violence prevention initiatives, Minnesota Laws 1994, Chapter 576.
- Districts receive aid equal to: 1) the number of eligible four-year old children in the district times the ratio of 50% of the total school readiness aid for that year to the total number of eligible four-year old children reported to the commissioner that year; plus 2) the number of pupils enrolled in the school district from families eligible for the free or reduced lunch program times the ratio of 50% of the total school readiness aid for that school year to the number of pupils in the state from families eligible for the free or reduced school lunch program.

School Readiness Aid



BUDGET ISSUES:

There is an increase in the number of children identified with health and development problems who need more intensive services. This requires close coordination and cooperation among health, education, and human services providers.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$10.395 million for FY 2002 and \$10.395 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$10.395 million in FY 2002 (\$1.039 million for FY 2001 and \$9.356 million for FY 2002) and \$10.395 million in FY 2003 (\$1.039 million for FY 2002 and \$9.356 million for FY 2003).

Activity: School Readiness
Program: Early Childhood Programs

	Budget Activity Summary Dollars in Thousands	Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
AID	1. Statutory Formula Aid	10,395	10,395	10,395	10,395		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	10,395	10,395				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	10,395	10,395	10,395	10,395	0	0.00%
	6. Governor's Recommended Aid Change(s)			0	0		
	7. Governor's Aid Recommendation	10,395	10,395	10,395	10,395	0	0.00%
<i>plus</i>							
LEVY	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)			0	0		
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
REVENUE	11. Current Law Revenue (Total of Aid & Levy)	10,395	10,395	10,395	10,395	0	0.00%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	10,395	10,395	10,395	10,395	0	0.00%
Appropriations Basis for State Aid							
	Prior Year (10%)	1,040	1,040	1,039	1,039		
	Current Year (90%)	9,355	9,356	9,356	9,356		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	10,395	10,396	10,395	10,395		

BUDGET ACTIVITY SUMMARY

Budget Activity: EARLY CHILDHOOD & FAMILY EDUCATION
Program: EARLY CHILDHOOD PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.13; M.S. 124D.135; M.S. 124D.15

ACTIVITY PROFILE:

Early Childhood and Family Education (ECFE) programs improve outcomes for young children, birth to kindergarten enrollment, through the provision of early childhood education, parent-child learning opportunities, and parent education that enhances the ability of parents to provide for their children's optimal learning and development.

- ECFE began as a series of pilot programs from 1974-1983. In 1984, the legislature made it possible for any school district with a community education program to establish the program.
- All ECFE programs are planned and implemented locally and typically include the following:
 - parent discussion groups
 - parent-child interaction
 - play and learning activities that promote children's development
 - special events for the entire family
 - information on community resources for young children and families
 - libraries of books, toys, and other learning materials

STRATEGIES AND PERFORMANCE:

- The number of participants has increased by more than 82% in the last 10 years from 173,000 in 1990 to 315,000 in 2000. The number of parents and children served are approximately equal.
- Outcome studies have shown that participating in ECFE positively impacts a child's school success.
- A study of low-income participants funded by the McKnight Foundation showed the following outcomes:
 - Most parents reported that ECFE participation helped their young children. Their children demonstrated increased independence (72%), better communication skills (68%), and improved relationships with other children (62%).
 - Ninety-two percent of parents reported their ECFE participation made a positive difference in their awareness and understanding of child development and in their confidence as parents.
 - Over half (57%) of the parents demonstrated moderate or proficient knowledge and understanding of children and child development by the spring assessment.

- A 1998-99 pilot study of parents with infants included 3,221 families from 147 school district ECFE programs. These parents reported that their ECFE participation resulted in the following:
 - improved understanding of how infants learn and develop (83%)
 - learned how to support their infant's learning and development (81%)
 - improved understanding and response to the child's behavior (76%)
 - improved confidence as a parent (79%)
 - made connections with other parents (73%)
- A study comparing former ECFE participants to non-participants with children now in second and fifth grades found that ECFE participating parents were more likely to
 - make telephone calls to teachers (68% compared to 41%);
 - participate in classroom activities (53% compared to 32%);
 - work with their children on school work (48% compared to 29%); and
 - take on leadership roles in PTA or parent advisory councils (27% compared to 11%).
- Former participants indicated that ECFE helped them in the following ways:
 - develop realistic expectations of their child (79%)
 - know what they can do at home to support their child's learning (76%)
 - know how to help their child when problems come up in school (50%)
- These and other outcome studies have shown that
 - ECFE is effective with many different families;
 - ECFE child outcomes reflect indicators linked to school readiness; and
 - ECFE parent outcomes are linked to what is known to be important for children's healthy growth and development that leads to school success.

The department has implemented the following efforts in order to improve accountability and quality:

- developed the Early Childhood and Family Initiatives website as a resource for parents, educators, administrators, child care providers, policymakers, and others interested in the health and development of young children and their families;
- improved efficiency and accuracy of program reporting to Department of Children, Families and Learning (CFL) using a web-based application;
- expanded regional inservice training network to provide easy access to staff development opportunities for anyone interested in the announced topic. Each training series attracts more than 1,100 participants statewide across a variety of programs and disciplines; and
- initiated development and evaluation of "Best Practices" in parent education through two projects done in conjunction with the University of Minnesota.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: EARLY CHILDHOOD & FAMILY EDUCATION
Program: EARLY CHILDHOOD PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING

BUDGET ISSUES:

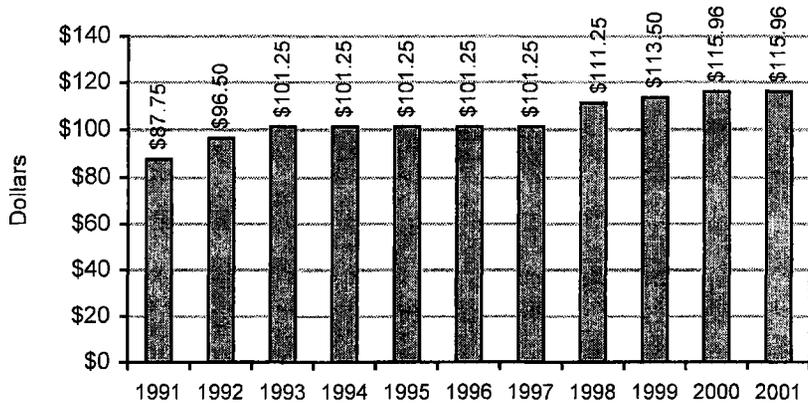
Demand for program services is increasing as indicated by the growing number of families on waiting lists and the number of families needing more intensive services.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$20.803 million for FY 2002 and \$20.647 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$20.758 million in FY 2002 (\$2.036 million for FY 2001 and \$18.722 million for FY 2002) and \$20.663 million in FY 2003 (\$2.081 million for FY 2002 and \$18.582 million for FY 2003).

ECFE Allowance Per Child



FINANCING INFORMATION:

- This is a state aid and levy program.
- A district's maximum revenue equals the ECFE allowance times the greater of 150 or the number of children under age five residing in the district on October 1 of the previous school year.
- The ECFE allowance per child remained constant at \$101.25 for several years. It was increased to \$111.25 for FY 1998, to \$113.50 for FY 1999, and to \$115.96 for FY 2000 and FY 2001. Under current law, it will increase to \$120 for FY 2002 and later.
- Districts are required to have a sliding fee scale and formula funding may be supplemented with registration fees and funds from other sources.
- The ECFE levy is the lesser of a fixed rate times the district's adjusted tax capacity, or the ECFE maximum revenue. A district's aid is the difference between the revenue and levy.

Activity: Early Childhood Family Education
 Program: Early Childhood Programs

Budget Activity Summary Dollars in Thousands		Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
<i>AID</i>	1. Statutory Formula Aid	20,799	20,360	20,803	20,647		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	20,799	20,360				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	20,799	20,360	20,803	20,647	291	0.71%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	20,799	20,360	20,803	20,647	291	0.71%
<i>plus</i>							
<i>LEVY</i>	8. Local Levy under Current Law	18,346	19,145	21,018	22,134	5,661	15.10%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	18,346	19,145	21,018	22,134	5,661	15.10%
<i>equals</i>							
<i>REVENUE</i>	11. Current Law Revenue (Total of Aid & Levy)	39,145	39,505	41,821	42,781	5,952	7.57%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	39,145	39,505	41,821	42,781	5,952	7.57%
<i>plus</i>							
<i>FEDERAL FUNDS</i>	12. a.	32	34	25	25	(16)	0%
	<i>equals</i>						
<i>All Funds Total</i>	13. Total- All Funds, Current Law	39,177	39,539	41,846	42,806	5,936	7.54%
	14. Total- All Funds, Governor's Recommendation			0	0		
Appropriations Basis for State Aid							
	Prior Year (10%)	1,390	2,079	2,036	2,081		
	Current Year (90%)	18,719	18,324	18,722	18,582		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	20,109	20,403	20,758	20,663		

BUDGET ACTIVITY SUMMARY

Budget Activity: HEALTH & DEVELOPMENTAL SCREENING
Program: EARLY CHILDHOOD PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 121A.16; M.S. 121A.19

ACTIVITY PROFILE:

Health and development screenings assist parents and communities to improve the educational readiness and health of young children through the early detection of factors that may impede children's learning, growth, and development.

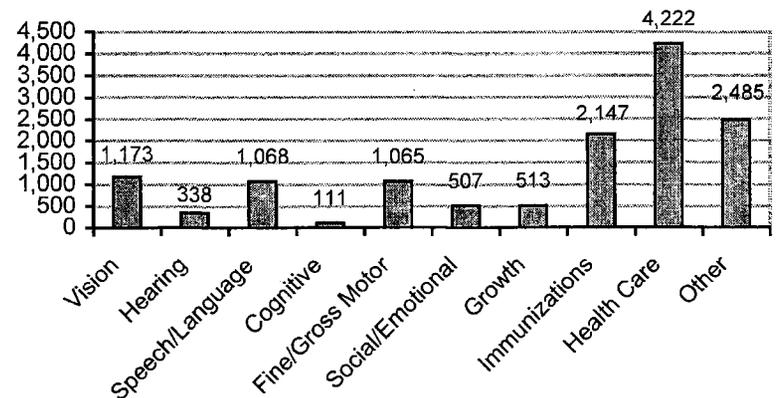
- The screening program began in 1977 in order to identify children who may have possible health or development concerns that could delay their future learning and to refer children to health, school, and other community services for further assessment.
- In 1990, the legislature established a more comprehensive health screening program. In 1992, it was abolished and replaced with a mandated less comprehensive screening prior to public school enrollment. Screening now targets children ages three and a half to four years, which allows for one year of intervention services prior to school enrollment.
- Early Childhood Health and Development Screening includes the following activities: outreach, screening, referral, and follow-up.
- Required screening components include 1) vision; 2) hearing; 3) height; 4) weight; 5) development (cognitive, social/emotional, fine/gross motor, and speech/language); 6) immunization review; 7) identification of risk factors that may interfere with learning; and 8) a summary interview with parents.
- Optional components include 1) health history; 2) review of family factors that might affect development; 3) nutritional assessment; 4) physical and dental assessment; 5) blood pressure; and 6) laboratory tests.

STRATEGIES AND PERFORMANCE:

- The objectives of early childhood screening are to
 - detect and seek solutions to conditions interfering with children's growth, development, and learning;
 - increase parental awareness of physical health, development, and learning readiness connections;
 - improve access to and encourage the regular use of preventive health services; and
 - link families to a wide array of community services and programs.

- In 1999, a total of 63,943 children were screened. This included
 - 16,607 children referred to health and education services for assessment;
 - 2,092 children placed in Early Childhood Special Education;
 - 4,826 children referred to the School Readiness Program;
 - 5,629 families referred to Early Childhood Family Education;
 - 1,331 children referred to Head Start; and
 - 268 parents referred to adult education/literacy.
- CFL has implemented a web-based application for reporting annual Early Childhood Health and Development Screening data from school districts.
- Increased coordination and integrated screening efforts and follow-up process with county health and social services, school districts, and other providers are implemented through:
 - the provision of integrated regional staff development opportunities offered jointly by Department of Children Families and Learning (CFL), Minnesota Department of Health (MDH), and Department of Human Services (DHS);
 - the development of common screening forms for Early Childhood Screening, Child and Teen Checkups, and Head Start; and
 - the development of links between the CFL Early Childhood and Family Initiatives website and the appropriate sites at MDH and DHS.

1999: Number of New Potential Problems Identified



BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: HEALTH & DEVELOPMENTAL SCREENING
Program: EARLY CHILDHOOD PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING

FINANCING INFORMATION:

- This program is funded with state aid and supplemented with in-kind funding from other education aid and community resources.
- In 1998, the Minnesota legislature increased the reimbursement to school districts from \$25 to \$40 per child screened to more closely cover the actual average cost of \$50 per child screened.
- State funding does not reimburse for optional components.

BUDGET ISSUES:

- The number of children identified with complex health, social service, and education problems is increasing as is the diversity and mobility of the target populations. As a result, more intensive and comprehensive services are required to meet identified needs.
- The screening age of three and a half years inhibits the ability of this program to integrate with Head Start screening requirements that specify age three.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$2.661 million for FY 2002 and \$2.661 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$2.661 million in FY 2002 (\$266,000 for FY 2001 and \$2.395 million for FY 2002) and \$2.661 million in FY 2003 (\$266,000 for FY 2002 and \$2.395 million for FY 2003).

Activity: Health and Developmental Screening Aid
Program: Early Childhood Programs

	Budget Activity Summary Dollars in Thousands	Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
AID	1. Statutory Formula Aid	2,550	2,661	2,661	2,661		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	2,550	2,661				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	2,550	2,661	2,661	2,661	111	2.13%
	6. Governor's Recommended Aid Change(s)			0	0		
	7. Governor's Aid Recommendation	2,550	2,661	2,661	2,661	111	2.13%
<i>plus</i>							
LEVY	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)			0	0		
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
REVENUE	11. Current Law Revenue (Total of Aid & Levy)	2,550	2,661	2,661	2,661	111	2.13%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	2,550	2,661	2,661	2,661	111	2.13%
Appropriations Basis for State Aid							
	Prior Year (10%)	155	255	266	266		
	Current Year (90%)	2,295	2,395	2,395	2,395		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	2,450	2,650	2,661	2,661		

BUDGET ACTIVITY SUMMARY

Budget Activity: WAY TO GROW
Program: EARLY CHILDHOOD PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.17

ACTIVITY PROFILE:

Way to Grow promotes the intellectual, social, emotional, and physical development, and school readiness of children pre-birth to age six.

- Way to Grow began in 1989 in Minneapolis, St. Paul-Frogtown and Columbia Heights. In 1991, the legislature funded two additional sites in St. Cloud and Winona.
- Recipients of Way to Grow funds are well-established service providers who identified several of the most pressing problems facing their communities. These problems require intensive service strategies.
- Way to Grow is a method of delivering services in a coordinated, extensive, and intensive approach to meet identified community needs. The funding is flexible and the decision making is community based. It allows public funds to be used strategically to leverage other public and private funding to support healthy and vital communities.
- Depending on community needs, programs provide the following:
 - services to pregnant women early in their pregnancies;
 - establishment of networks and collaboration to promote culturally specific systems of services to families; and
 - support to prevention and intervention programs for families with young children at risk of child abuse and neglect.

STRATEGIES AND PERFORMANCE:

- The program is designed around the following strategies:
 - employing home visitors that link families at-risk with services and advocate for their needs;
 - coordinating interdisciplinary resource teams of professionals that identify family needs and refer families to appropriate services;
 - identifying and promoting local resources for families; and
 - organizing neighborhood-based education and training.
- A 1997 Department study showed that:
 - 96% of parents reported that their participation in Way To Grow made a positive difference in their knowledge and understanding of child development, and 93% reported increases in their confidence as parents.
 - 88% of parents reported better understanding of programs and services for families and children and greater ease in obtaining services on their own.

Participants by Year

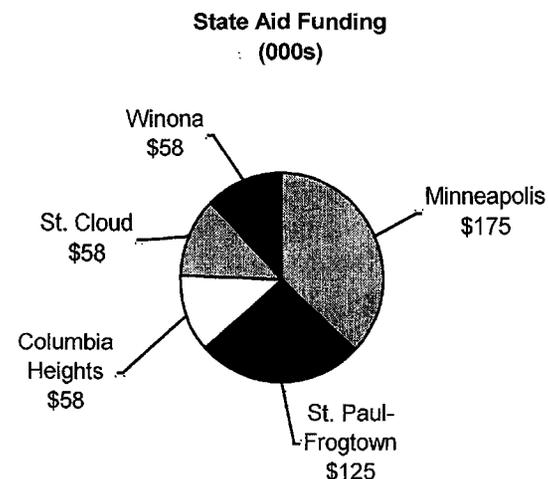
# of Participants	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
	4,325	4,490	4,570	4,650	4,630

FINANCING ISSUES:

- This program is funded with state aid, which requires a 50% local match.
- Funding has remained at the same level for all five programs since 1995.

BUDGET ISSUES:

Four of the five grantees are Early Childhood Family Education (ECFE) programs.



Without the Way To Grow funding, these ECFE programs would not be able to provide such intensive service strategies.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$475,000 for FY 2002 and \$475,000 for FY 2003, with carryforward authority.

Activity: WAY TO GROW
 Program: EARLY CHILDHOOD PROGRAMS
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	475	475	475	475	475	475	475	0	0.0%
Total Expenditures	475	475	475	475	475	475	475	0	0.0%
Financing by Fund:									
Direct Appropriations:									
GENERAL	475	475	475	475	475	475	475		
Total Financing	475	475	475	475	475	475	475		

BUDGET ACTIVITY SUMMARY

Budget Activity: HEAD START PROGRAM
Program: EARLY CHILDHOOD PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING

State Citation: M.S. 119A.50-119A.54
Federal Citation: 42 U.S.C. 9801 et seq.

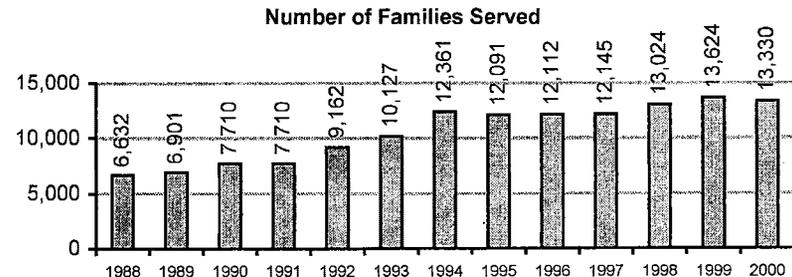
ACTIVITY PROFILE:

The Head Start Program helps economically disadvantaged families achieve self-sufficiency by improving the health, social competence, and school readiness of young children. Research has shown that families with the highest risk factors gain the most from high quality early childhood programming.

- Head Start began as a federal program in 1965. In 1998, the Minnesota legislature appropriated state funding.
- To be eligible for Head Start, children 0-5 years and their families must be living at or below the federal poverty level or participating in Minnesota Family Investment Program (MFIP).
- Head Start provides a comprehensive program of health, education, parent involvement, and social services. As required by the Head Start Act, this programming is guided by Federal Head Start Program Performance Standards, which include the following core component areas:
 - Early Childhood Development and Health Services
 - Family and Community Partnerships
 - Program Design and Management
- Parents participate in Head Start by
 - determining local program design and policies;
 - monitoring classrooms as paid employees, volunteers, and observers;
 - working with their own children on developmentally appropriate activities with Head Start staff.
- Ten percent of enrollment in Head Start is specifically reserved for children with diagnosed disabilities. In program year 1998-99, approximately 13% of enrolled children had diagnosed disabilities.
- Head Start Performance Standards require that Head Start programs collaborate with partners at the local level. Collaborative practices include ECFE, Early Childhood Special Education (ECSE), Early Childhood Screening, ABE, family literacy, public school kindergarten, Department of Health, child care, child support, and other self-sufficiency programs.

STRATEGIES AND PERFORMANCE:

- There are a variety of Head Start program models. As local needs vary, communities choose to provide home-based services, center-based services, or a combination of both. Most Head Start programs operate for four to five hours a day and for nine months of the year. Twenty-five head start agencies are providing full-day, full-year services through head start-child care partnerships in response to the changing needs of children and their families and welfare reform.
- The state provides technical assistance and training to local Head Start grantees.
- Of the 13,330 children served in FY 2000, 2,939 were served with state funds.
- In program year 1998-99, 44% of participating families had annual incomes at or below \$9,000, and 61% had annual incomes at or below \$12,000. Approximately 39% of Head Start families are receiving benefits under the MFIP program. 45% of eligible children and families are currently being served.
- Outcomes from 1998-99 Head Start Program year:
 - 96% of children received all required immunizations.
 - 90% of families requiring emergency or crisis assistance (such as the need for food, housing, clothing, and transportation) received services.
 - 88% of parents with education or employment training needs received services.
 - 69% of children were enrolled in child and teen checkups/EPSDT.
 - 85% of families needing counseling or information on mental health issues that place the family at risk (including substance abuse, child abuse and neglect, and domestic violence) received services.
 - Over 35% of Head Start staff were current or former Head Start parents.
 - The 29,000 Head Start volunteers included 14,871 parents.



BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: HEAD START PROGRAM
Program: EARLY CHILDHOOD PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING

BUDGET ISSUES:

As more and more head start parents are working full-time due to welfare reform, there has been an increased demand for full-day, full-year services.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$18.375 million for FY 2002 and \$18.375 million for FY 2003, with carryforward authority. Of this amount, \$1.0 million a year is for Head Start Birth to Three.

FINANCING INFORMATION:

- All federal Head Start funds go directly from the federal office to local Head Start grantees and do not pass through the department (\$58.8 million in FY 2000 and \$64.2 million in FY 2001).
- Only federally funded Head Start agencies in existence as of 1989 are eligible to receive state Head Start funds. The Minnesota legislature chose to use the existing programs, administrative structure, and program performance standards already in place for Head Start.
- State funds are allocated based equally on the grantee share of federal Head Start funds and on the proportion of eligible children in the grantee service area who are not currently being served.
- State Innovative Funds – “Up to 11% of the funds appropriated annually may be used to provide grants to local head start agencies for innovative programs.” These programs are designed either to target Head Start resources to particular at-risk groups of children or to provide services in addition to those currently available under federal head start regulations. This is a competitive grant – M.S. 268.941, subd. 1(b).
- Head Start Birth to Three – Since 1998, the Minnesota legislature has provided \$1 million each year to be competitively awarded to head start programs to develop and implement full-year programming for children ages birth to three.
- Minnesota Head Start Collaboration Project – Since 1992, Minnesota has annually received a \$100,000 grant from the Head Start Bureau in the U.S. Department of Health and Human Services for the Minnesota Head Start Collaboration Project. The priority areas for the project are 1) improving access to health care services; 2) improving the availability, accessibility, and quality of child care services; 3) improving collaboration with the welfare system; 4) expanding and improving education opportunities in early childhood programs; 5) initiating interaction with AmeriCorps; 6) improving access to family literacy services; and 7) improving opportunities for children with disabilities. Minnesota also received a \$50,000 Supplemental Collaboration grant to help create and support Head Start/Child Care options for families in need of full-day, full-year services.

Activity: HEAD START PROGRAM
 Program: EARLY CHILDHOOD PROGRAMS
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	0	0	5	5	5	5	5	5	100.0%
OTHER OPERATING EXPENSES	0	3	0	0	0	0	0	(3)	(100.0%)
Subtotal State Operations	0	3	5	5	5	5	5	2	25.0%
LOCAL ASSISTANCE	19,538	17,391	19,376	18,395	18,395	18,395	18,395	23	0.1%
Total Expenditures	19,538	17,394	19,381	18,400	18,400	18,400	18,400	25	0.1%

Financing by Fund:									
Direct Appropriations:									
GENERAL	19,538	17,394	19,366	18,375	18,375	18,375	18,375		
Statutory Appropriations:									
FEDERAL	0	0	25	25	25	25	25		
Total Financing	19,538	17,394	19,381	18,400	18,400	18,400	18,400		

Revenue Collected:									
Dedicated									
FEDERAL	0	0	25	25	25	25	25		
Total Revenues Collected	0	0	25	25	25	25	25		

BUDGET ACTIVITY SUMMARY

Budget Activity: SCHOOL AGE CHILD CARE
Program: EARLY CHILDHOOD PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.19; M.S. 124D.22

ACTIVITY PROFILE:

School-Age Care (SAC) enables school districts to provide adult supervision outside of school hours for children with disabilities or children experiencing family or related problems of a temporary nature.

- SAC programs operate throughout the year for children and youth age kindergarten through grade six. Children attend SAC programs during their out-of-school time while their parents are at work.
- Local school districts set the standards of the program which must include the following components:
 - adult supervised activities while school is not in session
 - parental involvement in program design and direction
 - partnerships with K-12 system, and other public, private, or nonprofit entities
 - opportunities for trained secondary school pupils to work with younger children as part of a community service program
 - access to available school facilities when otherwise not in use as part of the operation of the school
- The Minnesota legislature created the SAC program (previously called Extended Day) in 1989. No authorized levy or state aid was appropriated at that time.
- In 1992, the legislature authorized school districts to levy for programs to serve children with disabilities or children experiencing family or related problems of a temporary nature who participate in the SAC program. Problems of a temporary nature include events such as medical emergency, divorce, and behavioral changes due to a move. All state aid and levy funding goes to fund the additional costs of providing services for these children.

STRATEGIES AND PERFORMANCE:

- Schools offer SAC programs to expand student learning opportunities. Some of the strategies used to achieve this goal are
 - coordination of SAC programming with the classroom teacher, special education staff, and the family;
 - development of SAC programming to support and reinforce the Profile of Learning;

- systematic integrated professional development training for SAC staff that includes training on children and disabilities; and
- implementation of the SAC mentoring project as a quality assurance tool.
- In 1998, a Wisconsin Center for Education Research Study found that quality SAC programs have a documented long-term impact on children's success in school. Also in 1998, a study entitled "Making After-School Hours Work for Kids" by the U.S. Department of Education, found that SAC programs are one vehicle for preventing a number of risk behaviors for low-income children including academic difficulties, gang affiliation, substance abuse, and early child-bearing.
- In the past ten years, SAC in the public schools has grown from being offered at 40 to over 180 school districts; and from 6,000 to over 24,000 participating children and youth. The number of districts authorized to levy has grown from 109 in 1995 to 143 for the 2001 school year.

FINANCING INFORMATION:

- SAC aid and levy is used for purposes of including children with disabilities or children experiencing family or related problems in SAC programming. General SAC programming is funded primarily through parent fees.
- The SAC revenue for a district equals the approved additional cost of providing services to eligible children. The SAC levy authority equals the SAC revenue times the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity by the actual pupil units, to \$3,280. State aid equals the difference between the revenue and the levy.

BUDGET ISSUES:

- As the demand for SAC services continues to increase, so does the need for quality programming that is appropriate for children and youth with disabilities.
- The number of districts authorized to levy and receive aid is expected to increase, as is the dollar amount each district will receive.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$212,000 for FY 2002 and \$124,000 for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$221,000 in FY 2002 (\$30,000 for FY 2001 and \$191,000 for FY 2002) and \$133,000 in FY 2003 (\$21,000 for FY 2002 and \$112,000 for FY 2003).

Activity: School Age Child Care Revenue
Program: Early Childhood Programs

	Budget Activity Summary Dollars in Thousands	Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
AID	1. Statutory Formula Aid	262	301	212	124		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	262	301				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	262	301	212	124	(227)	-40.32%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	262	301	212	124	(227)	-40.32%
<i>plus</i>							
LEVY	8. Local Levy under Current Law	4,225	4,865	5,771	5,859	2,540	27.94%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	4,225	4,865	5,771	5,859	2,540	27.94%
<i>equals</i>							
REVENUE	11. Current Law Revenue (Total of Aid & Levy)	4,487	5,166	5,983	5,983	2,313	23.96%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	4,487	5,166	5,983	5,983	2,313	23.96%
<i>plus</i>							
FEDERAL FUNDS	12. a. Child Care Development Block Grant (CCDBG)	1,032	913	675	675	(595)	-31%
<i>equals</i>							
REVENUE	13. Total-All Funds, Current Law	5,519	6,079	6,658	6,658	1,718	14.81%
	14. Total- All Funds, Governor's Recommendation			0	0		
Appropriations Basis for State Aid							
	Prior Year (10%)	30	27	30	21		
	Current Year (90%)	235	271	191	112		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	265	298	221	133		

BUDGET ACTIVITY SUMMARY

Budget Activity: MFIP CHILD CARE, BASIC SLIDING FEE CHILD CARE, CHILD CARE INTEGRITY
Program: EARLY CHILDHOOD PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING
State Citation: M.S. 119B
Federal Citation: P.L. 104-193, Title VI P.L. 101-508

eligible families with infant children to receive a portion of their regular BSF subsidy, for a period of up to 12 months, while staying at home with their infant (and any other children).

Child Care Integrity (Fraud Prevention)

- In 1999, the Minnesota legislature expanded the Fraud Prevention Investigation (FPI) program to include the child care assistance program to assure accountability in use of limited resources.

ACTIVITY PROFILE:

Studies indicate that success in school is directly related to a child's early childhood experience. Children with multiple risk factors (low income, poor access to health care and nutrition, unstable housing, etc.) are less likely to experience success in school unless they have access to comprehensive high quality child care that meets the child's developmental needs while their parents are working.

- Child care subsidies are available to low-income families who participate in welfare reform activities, Minnesota Family Investment Program (MFIP) child care, and families who are not connected to cash assistance programs (Basic Sliding Fee (BSF) child care).
- Child care assistance is designed to allow low-income parents to choose from the same child care providers that are available to private pay parents.
- County human service agencies administer the programs.

Minnesota Family Investment Plan (MFIP)

- The following families are eligible to receive MFIP or Transition Year (TY) child care assistance: 1) MFIP families who are employed or pursuing employment, or participating in employment, training, or social services activities authorized in an approved employment services plan; and 2) employed families who are in their first year off MFIP (transition year).

Basic Sliding Fee (BSF)

- BSF child care helps pay the child care costs of low-income families not participating in MFIP, and helps keep families off welfare. Families with incomes below 75% of the state median income who participate in authorized activities, such as employment, job search, and job training are eligible for BSF child care.

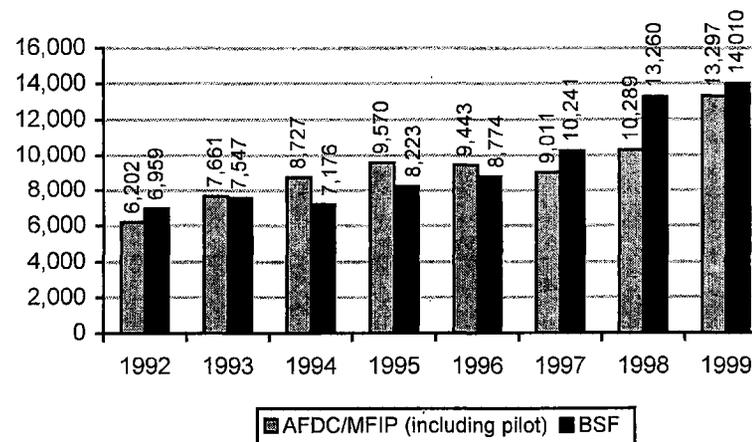
At Home Infant Child Care (AHICC)

- In 1997, the Minnesota legislature created the At-Home Infant Child Care program (AHICC). The program took effect 07-01-98. AHICC allows BSF

STRATEGIES AND PERFORMANCE:

- The Child Care Assistance Program (CCAP) helps families pay child care costs on a sliding fee basis. As family income increases so does the amount paid by the family, allowing families to see an increase in take-home pay and an incentive to increase their wages. This incentive translates into decreasing public costs as family income increases.
- Of those families receiving BSF in FY 1999, 67% had done so for 24 months or less, 81% for 36 months or less.
- For MFIP and BSF, the average number of children per family was 1.68 and 1.76, respectively in FY 1999.

Number of Families Served



BUDGET ACTIVITY SUMMARY (Continued)

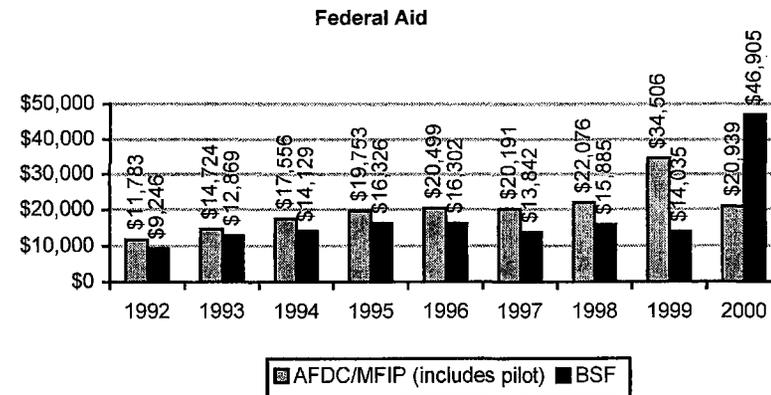
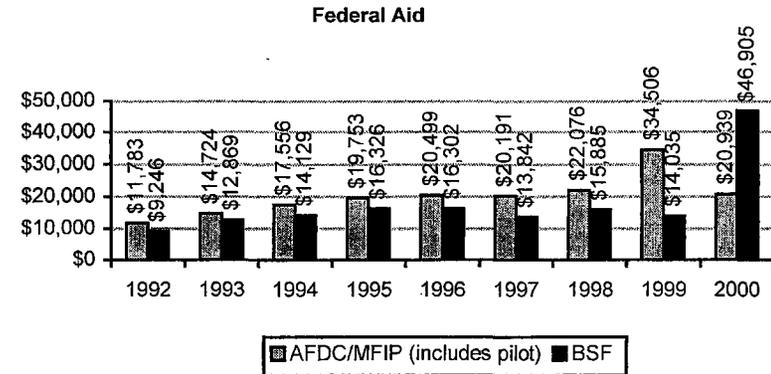
Budget Activity: MFIP CHILD CARE, BASIC SLIDING FEE CHILD CARE, CHILD CARE INTEGRITY
Program: EARLY CHILDHOOD PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING

strategically target funding to statewide priorities. It also leads to unequal access for families in similar circumstances.

- One result of the multiple funding streams are waiting lists for BSF in 22 counties. As of 09-30-00 there were 3,406 families on the waiting lists statewide.

FINANCING INFORMATION:

- Child care assistance is funded by state general fund appropriations and federal Child Care and Development Fund (CCDF) monies.
- The federal program consists of three funding streams: mandatory, matching, and discretionary. The mandatory and discretionary funds do not require a state match. However, in order to receive the matching funds, the state must meet a maintenance of effort (MOE) requirement of \$19.6 million. Expenditures above that will be matched at the federal medical assistance participation rate up to the amount of money available in the matching allocation.
- MFIP child care is a fully funded program. Counties are reimbursed for 100% of their expenditures. Counties also receive an administrative allowance equal to 5% of their earnings. Child care assistance for social services activities (e.g. chemical dependency counseling, mental health treatment) of MFIP participants is a capped appropriation.
- Funding for the BSF program is capped and allocated to counties on a calendar year cycle. Counties are required to contribute a minimum direct service match and in many cases choose to contribute additional county funds. Counties receive an administrative allowance equal to 5% of their earnings. This allowance is capped at 1/21 of their allocation.
- State child care assistance expenditures are used to meet MOE requirements for both the federal CCDF and TANF funding.
- The federal spending on this program is to develop the MN Electronic Child Care Information System (MEC²). MEC² will improve services to families and providers, reduce state and county administrative burdens and increase program integrity.
- Staff FTE in this activity are those funded through federal child care administration and development appropriation. Other staff supporting this activity are funded within the agency state and federal budget.



BUDGET ISSUES:

- Investment of state funds in child care assistance continues to be a critical component in helping families move to self-sufficiency and in supporting children's success in school.
- Child care assistance is composed of multiple funding streams serving different populations. This separation of funding limits the state's ability to

GOVERNOR'S RECOMMENDATION:

- The Governor recommends transferring the Basic Sliding Fee Child Care and MFIP Child Care appropriations to the consolidated child care assistance program. Please see the following change item page for the description of the recommendation
- The Governor recommends an appropriation of \$175,000 for FY 2002 and \$175,000 for FY 2003 for Child Care Integrity.

Activity: MFIP CHILD CARE
 Program: EARLY CHILDHOOD PROGRAMS
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	0	100	1,200	0	0	0	0	(1,300)	(100.0%)
OTHER OPERATING EXPENSES	533	243	4,850	0	0	0	0	(5,093)	(100.0%)
Subtotal State Operations	533	343	6,050	0	0	0	0	(6,393)	(100.0%)
LOCAL ASSISTANCE	46,344	88,093	105,496	121,418	0	118,502	0	(193,589)	(100.0%)
Total Expenditures	46,877	88,436	111,546	121,418	0	118,502	0	(199,982)	(100.0%)

Change Items:	Fund								
(A) REALLOCATE MFIP CHILD CARE	FED				(33,821)		(33,821)		
(A) REALLOCATE MFIP CHILD CARE	GEN				(78,962)		(75,982)		
(A) REALLOCATE MFIP CHILD CARE	TANF				(8,635)		(8,699)		
Total Change Items					(121,418)		(118,502)		

Financing by Fund:									
Direct Appropriations:									
GENERAL	46,344	66,524	50,363	78,962	0	75,982	0		
FEDERAL TANF	0	1,727	8,506	8,635	0	8,699	0		
Statutory Appropriations:									
FEDERAL	533	20,185	52,677	33,821	0	33,821	0		
Total Financing	46,877	88,436	111,546	121,418	0	118,502	0		

Revenue Collected:									
Dedicated									
FEDERAL	35,039	20,185	52,677	33,821	0	33,821	0		
FEDERAL TANF	0	1,094	5,560	8,635	0	8,699	0		
Total Revenues Collected	35,039	21,279	58,237	42,456	0	42,520	0		

FTE by Employment Type:									
FULL TIME	0.0	1.3	4.4	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	0.0	1.3	4.4	0.0	0.0	0.0	0.0		

Activity: BASIC SLIDING FEE CHILD CARE
 Program: EARLY CHILDHOOD PROGRAMS
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
OTHER OPERATING EXPENSES	14	0	25	25	0	25	0	(25)	(100.0%)
Subtotal State Operations	14	0	25	25	0	25	0	(25)	(100.0%)
LOCAL ASSISTANCE	102,405	68,101	80,805	84,439	0	85,861	0	(148,906)	(100.0%)
Total Expenditures	102,419	68,101	80,830	84,464	0	85,886	0	(148,931)	(100.0%)

Change Items:	Fund								
(A) REALLOCATE BASIC SLIDING FEE	FED				(18,031)		(19,940)		
(A) REALLOCATE BASIC SLIDING FEE	GEN				(51,999)		(51,999)		
(A) REALLOCATE BASIC SLIDING FEE	SR				(2,096)		(2,009)		
(A) REALLOCATE BASIC SLIDING FEE	TANF				(12,338)		(11,938)		
Total Change Items					(84,464)		(85,886)		

Financing by Fund:									
Direct Appropriations:									
GENERAL	53,087	21,621	22,377	51,999	0	51,999	0		
FEDERAL TANF	791	37,985	40,525	12,338	0	11,938	0		
Statutory Appropriations:									
SPECIAL REVENUE	0	0	1,000	2,096	0	2,009	0		
FEDERAL	48,541	8,495	16,928	18,031	0	19,940	0		
Total Financing	102,419	68,101	80,830	84,464	0	85,886	0		

Revenue Collected:									
Dedicated									
SPECIAL REVENUE	10	1,573	1,600	2,000	0	2,000	0		
FEDERAL	14,035	8,495	16,928	18,031	0	19,940	0		
FEDERAL TANF	791	38,618	43,471	12,338	0	11,938	0		
Total Revenues Collected	14,836	48,686	61,999	32,369	0	33,878	0		

Activity: CHILD CARE PROGRAM INTEGRITY
 Program: EARLY CHILDHOOD PROGRAMS
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	0	0	0	100	100	100	100	200	
OTHER OPERATING EXPENSES	0	0	0	635	635	650	650	1,285	
Subtotal State Operations	0	0	0	735	735	750	750	1,485	
LOCAL ASSISTANCE	0	175	175	175	175	175	175	0	0.0%
Total Expenditures	0	175	175	910	910	925	925	1,485	424.3%

Financing by Fund:									
Direct Appropriations:									
GENERAL	0	0	0	175	175	175	175		
FEDERAL TANF	0	175	175	0	0	0	0		
Statutory Appropriations:									
FEDERAL	0	0	0	735	735	750	750		
Total Financing	0	175	175	910	910	925	925		

Revenue Collected:									
Dedicated									
FEDERAL	0	0	0	735	735	750	750		
Total Revenues Collected	0	0	0	735	735	750	750		

FTE by Employment Type:									
FULL TIME	0.0	0.0	0.0	4.4	4.4	4.4	4.4		
Total Full-Time Equivalent	0.0	0.0	0.0	4.4	4.4	4.4	4.4		

BUDGET CHANGE ITEM (64849)

Activity **CHILD CARE CONSOLIDATION**
 Program: **EARLY CHILDHOOD**
 Agency: **CHILDREN, FAMILIES & LEARNING**

Item Title: **CHILD CARE CONSOLIDATION**

	2002-03 Biennium		2004-05 Biennium	
	FY 2002	FY 2003	FY 2004	FY 2005
Expenditures: (\$000s)				
Federal TANF	\$10,343	(\$9,198)	\$1,994	\$7,276
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No

If yes, statute(s) affected: 119B,

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends reallocating existing child care resources to create a consolidated child care assistance system in which eligibility aligns more closely with policy priorities. This proposal will result in a decrease in TANF spending of \$6.1 million in FY 2002-03 and an increase in TANF spending of \$16.8 million in FY 2004-05 when consolidation is done in conjunction with proposed changes in MFIP eligibility.

To be eligible for benefits under the consolidated system, families must have incomes at or below 50% of State Median Income (SMI) and be working 20 hours a week or have an authorized Minnesota Family Investment Program (MFIP) employment plan. (Under current Basic Sliding Fee (BSF) child care, entry and exit is at 75% of SMI.) Families will transition off the system when their income reaches 75% of SMI. At that point their co-pay responsibilities will be comparable to the cost of care minimizing the cliff effect.

The consolidated system will include post-secondary students (working 20 hours a week or with an MFIP employment plan) and will significantly increase potential benefits for that low-income population.

RATIONALE:

Currently, low-income families access state supported child care subsidies in three ways: the Child Care Assistance Program administered by the Department of Children, Families, and Learning (CFL); the Dependent Care Tax Credit

program administered by the Department of Revenue (DOR), and the Post-Secondary Child Care Grant program administered by the Higher Education Services Office (HESO). CFL's Child Care Assistance Program is by far and away the most significant source of support available to Minnesota families both in terms of available resources and number of families served.

Unfortunately, these programs do not consistently:

- allocate resources to the highest priority families,
- provide incentives for families to transition to self sufficiency, or
- treat families in similar circumstances similarly.

Consolidation of current child care programs will address these concerns and consequently improve service delivery and simplify program administration.

The Child Care Assistance Program at CFL currently consists of two subprograms: Minnesota Family Investment Program (MFIP)/ Transition Year (TY) and Basic Sliding Fee (BSF). MFIP/TY child care serves families either receiving MFIP cash assistance or in their first year transitioning off of MFIP. The appropriation for MFIP/TY is forecast to meet demand. BSF serves families not attached to MFIP cash assistance. The BSF appropriation is not forecast.

Demand for BSF often exceeds available funds. Working families who are eligible for MFIP based on their income, but who choose not to apply for cash assistance, are sometimes not able to get child care assistance (depending on their county of residence). This creates a perverse incentive for families to apply for MFIP cash assistance in order to receive help paying for their child care.

The Dependent Care Tax Credit program requires that families pay their child care expenses during the year and then allows them to claim a tax credit when they file their taxes. Low-income families may not have the cash flow necessary to finance the full cost of child care in anticipation of a tax credit at a later time. As a result the program is underutilized.

The HESO Post-Secondary Child Care Grant program is available to eligible students who are not receiving MFIP benefits. Awards are based on income and family size, but are capped at a maximum of \$2,000. Anecdotal evidence suggests that many students turn down the grants because they do not adequately cover child care costs.

FINANCING:

This proposal consolidates child care resources from all three programs described above into a single system. Current resources, additional resources, and total costs are detailed in the chart in the next section.

BUDGET CHANGE ITEM (64849) (Continued)

Activity: **CHILD CARE CONSOLIDATION**
 Program: **EARLY CHILDHOOD**
 Agency: **CHILDREN, FAMILIES & LEARNING**

Item Title: **CHILD CARE CONSOLIDATION**

Although the demand for the consolidated program will be forecast, it will include a cost containment measure to limit program expenditures, if necessary. Due to the lack of directly comparable historical data on which to base forecasts, and the need to ensure that risk to the state budget can be mitigated, the program will include a cost containment feature. If projected expenditures at the end of any quarter exceed 110% of the forecast appropriation, program entry will be limited until projected expenditures returned to forecasted levels.

OUTCOMES:

Consolidation of child care will emphasize self-sufficiency for families by targeting resources in an equitable manner to the highest priority families. By de-coupling access to the system from MFIP cash assistance, resources will follow families as they transition to self-sufficiency without the disruptions that risk contributing to families falling (back) into welfare. Consolidation will also simplify administration at the county level.

DETAILED FINANCING:

Child Care Consolidation (Nov 2000 Forecast)

	Dollars in Thousands			
	FY 2002	FY 2003	FY 2004	FY 2005
MFIP (GF)	\$78,962	\$75,982	\$80,938	\$84,000
MFIP (CCDF)	33,821	33,821	33,821	33,821
MFIP (TANF)	8,635	8,699	0	0
BSF (GF)	51,999	51,999	51,999	51,999
BSF (SRF)	2,096	2,009	1,930	1,901
BSF (CCDF)	18,031	19,940	19,940	19,940
BSF (TANF)	12,338	11,938	10,200	10,200
BSF (County Share)	2,914	2,914	2,914	2,194
Current CFL Resources	208,796	207,301	202,235	205,268
HESO Grants (GF)	4,743	4,743	4,743	4,743
Dependent Care Tax Credits (GF)	-0-	12,000	12,000	12,000
Total Current Resources	213,539	224,044	218,978	222,011
MFIP Changes in DHS (TANF)	2,663	18,857	24,148	27,657
Total Anticipated Resources	216,202	242,902	243,126	249,668
Consolidation Cost	226,545	233,704	245,120	256,944
Marginal Cost (TANF)	\$ 10,343	\$(9,198)	\$ 1,994	\$ 7,276

Financing Summary

	Dollars in Thousands			
	FY 2002	FY 2003	FY 2004	FY 2005
General Fund	\$135,704	\$144,723	\$149,680	\$152,742
Special Revenue	2,096	2,009	1,930	1,901
Federal CCDF	51,852	53,761	54,254	54,254
Federal TANF	31,316	11,439	12,194	17,476
DHS Federal TANF	2,663	18,857	24,148	27,657
County	2,914	2,914	2,914	2,914
Total	226,545	233,704	245,120	256,944

The proposal as presented in this document assumes the enactment of the MFIP eligibility changes recommended in the Department of Human Services (DHS) budget, which have resulting child care assistance costs. If these proposals are not enacted, the resources required to fund this proposal will change.

BUDGET ACTIVITY SUMMARY

Budget Activity: CHILD CARE DEVELOPMENT
Program: EARLY CHILDHOOD PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING

State Citation: M.S. 119B
Federal Citation: P.L/ 104-193, 45 CFR 98 and 99

ACTIVITY PROFILE:

Child Care Development programs promote school readiness, healthy child development, and family self-sufficiency by improving the quality and availability of child care for Minnesota.

- The 1988 Minnesota legislature established the Child Care Development programs to respond to the lack of available, quality child care and the lack of a state-wide infrastructure for parents and communities to respond to these needs.
- Two primary program areas respond to these identified needs:
 1. Grants to both public and private agencies seek to
 - improve the quality of early childhood care and education programs;
 - recruit and train child care center staff and family child care providers; and
 - develop special child care services, such as care for infants, school-age children, sick children, children with special needs, care during non-traditional hours, and culturally responsive care.
 2. Twenty-three Child Care Resource & Referral (CCR&R) sites throughout the state seek to
 - build the supply and improve the quality of child care;
 - help parents access appropriate care and information about available child care subsidy programs;
 - work with employers, counties, and workforce centers;
 - coordinate community resources and information on child care supply, demand, and cost; and
 - administer grants.
- Other key program elements include
 - ongoing mechanisms for community-level input on programs and policies through advisory committees for major program components.
 - use of research and evaluation to guide policy and program development and effectively target resources; and
 - local control of grant priorities for grants administered by CCR&R sites.

STRATEGIES AND PERFORMANCE:

- Quality early care and education programs have documented long-term impact on children's success in school. Research also shows that families with the highest risk factors gain the most from high quality child care

experiences. The North Carolina Abecedarian Project followed two groups of high-risk children for 20 years. The group of children that were in quality care settings showed significantly better outcomes than the control group. The study found that children in quality care were:

- more likely to be employed than the control group – 65% to 50%,
 - more likely to attend college than the control group - 35% to 14%, and
 - less likely to use special education services than the control group – 24% to 48%.
- Child care development utilizes a combined strategy of grants to communities; development, coordination, and support of the child care infrastructure; and research and evaluation to achieve outcomes for children and families.
 - The department has established the following outcomes for the CCR&R system
 - all families using CCR&R services improve their ability to seek and select quality child care
 - increased public/private collaboration with culturally diverse communities, groups serving children with special needs, employers, and agencies serving low-income families
 - increased availability of quality, stable, and affordable child care options
 - increased use of quality, stable, and affordable child care by families
 - increased professional development of child care providers
 - The following performance indicators provide further information on program impacts by strategy. Additional indicators specific to grants and CCR&R outcomes will be available for the 2004-2005 biennial budget.

State and Federal Performance Indicators

Strategies

1. Build and improve the supply of quality child care

1998-1999 Program Indicators*

- \$2.8 million in grants distributed to 3,900 providers by CCR&Rs
- 225 facility development loans awarded totaling \$246,868
- 205,229 CCR&R technical assistance consultations with child care providers/ programs
- 4,545 child care spaces created with CCR&R capacity-building funds
- Seven grants to support community partnerships totaling \$380,000 (FY 2000-01) and 18 grants to support family-centered child care totaling \$795,769 (FY 2000-01)

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: CHILD CARE DEVELOPMENT
Program: EARLY CHILDHOOD PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING

FINANCING INFORMATION:

State and Federal Performance Indicators (cont.)

2. Recruit and retain qualified staff
 - 39,498 providers trained through CCR&Rs
 - 19 mentor/apprentice teams supported with 32% wage increase for apprentices
 - 12 grants to support training and professional development infrastructure totaling \$2,091,407 (FY 2000-01)
3. Develop special child care services
 - \$570,000 in grants to improve school age care distributed to 150 providers by CCR&Rs
 - \$600,000 in grants to improve infant/toddler care distributed to 190 providers by CCR&Rs
 - Migrant Head Start/Child Care services provided to 800 children per year
 - 1,000 providers trained in Cultural Dynamics per year
 - 29 cultural responsive grantees recruited and trained 149 new providers of color offering care to 505 children
 - 15 grants supporting culturally responsive child care totaling \$1.3 million (FY 2000-01)
 - Six grants supporting providers caring for children with special needs totaling \$661,385 (FY 2000-01)
4. Help parents access information
 - 61,483 child care referrals to families
 - 8,774 referrals to MFIP families
 - 134,558 CCR&R parent consultations
5. Work with employers, counties, Work Force Centers
 - 8,774 child care referrals to MFIP families over 2 years
6. Coordinate community resources and information
 - 79,805 CCR&R contacts with others (not parents or providers)

- Child care development is funded with state and federal child care and development funds.
- CCR&R grants are allocated in each of the Governor's Economic Development Regions through a funding formula as designated in M.S. § 119B.
- Local CCR&R agencies administer grants for start-up/expansion, staff training, and facility and program improvement to family child care providers, center and school-based programs, and other child care organizations.
- The Department of Children, Families and Learning (CFL) administers the federal Child Care and Development Fund (CCDF) grant programs. Eligible recipients of these grant dollars include child care programs, tribal governments, school-based programs, and organizations developing child care services.

BUDGET ISSUES:

- Welfare reform and a booming economy have put stress on the child care system. Recruitment efforts are unable to keep even with the number of providers who are leaving the field.
- Children and families benefit from family-centered, quality child care services connected to comprehensive services such as parenting education, health, self-sufficiency, and family support. All child care grants funded through state and federal funds will be required to demonstrate how they are integrating with other early childhood partners.
- Historically, Child Care Development has received grant fund requests totaling approximately five times the amount of available funding.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$1.865 million for FY 2002 and \$1.865 million for FY 2003, with carryforward authority within the biennium.

* Data is for the 1998-99 biennium except where noted.

Activity: CHILD CARE DEVELOPMENT
 Program: EARLY CHILDHOOD PROGRAMS
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
OTHER OPERATING EXPENSES	115	18	103	77	77	77	77	33	27.3%
Subtotal State Operations	115	18	103	77	77	77	77	33	27.3%
PAYMENTS TO INDIVIDUALS LOCAL ASSISTANCE	10 8,888	13 10,782	0 13,585	0 9,123	0 9,123	0 9,222	0 9,222	(13) (6,022)	(100.0%) (24.7%)
Total Expenditures	9,013	10,813	13,688	9,200	9,200	9,299	9,299	(6,002)	(24.5%)
Financing by Fund:									
Direct Appropriations:									
GENERAL	3,063	1,853	1,877	1,865	1,865	1,865	1,865		
FEDERAL TANF	0	1,110	525	0	0	99	99		
Statutory Appropriations:									
FEDERAL	5,242	7,768	11,049	7,278	7,278	7,278	7,278		
GIFT	708	82	237	57	57	57	57		
Total Financing	9,013	10,813	13,688	9,200	9,200	9,299	9,299		
Revenue Collected:									
Dedicated									
FEDERAL	5,279	7,731	11,049	7,278	7,278	7,278	7,278		
GIFT	720	58	61	57	57	57	57		
Total Revenues Collected	5,999	7,789	11,110	7,335	7,335	7,335	7,335		

BUDGET ACTIVITY SUMMARY

Budget Activity: INFANTS & TODDLERS-PART C
Program: EARLY CHILDHOOD PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING

State Citation: M.S. 125A.26-125A.48

Federal Citation: P.L. 94-142, Part C, IDEA (Individuals with Disabilities Act)

ACTIVITY PROFILE:

Infants and Toddlers – Part C provides comprehensive family-centered services to eligible children with disabilities, ages birth through age two, and their families, based upon identified need.

- Minnesota has participated in Part C, IDEA (formerly Part H), a federal, interagency family centered change initiative for infants and toddlers with disabilities and their families since FY 1987.
- With the passage of M.S. 125A.26 in FY 1995, Minnesota moved into full implementation, assuring the availability of interagency Part C services throughout the state.
- The Minnesota departments of Children, Families and Learning (CFL); Health (MDH); and Human Services (DHS) work together with local Interagency Early Childhood Intervention Committees (IEICs) to provide coordinated interagency services and funding for each eligible child and his or her family. The Governor's Interagency Coordinating Council on Early Childhood Intervention (ICC) provides a key advisory role.
- The program assists and provides funds to the 96 local IEICs. The 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.
- 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 program, or other early childhood education settings.
- Allowable services include: family education and counseling, special instruction, home visits, occupational and physical therapy, speech pathology, audiology, psychological services, nursing, respite care, nutrition, assistive technology, transportation, social work, vision services, service coordination, medical services for diagnostic and evaluation purposes, early identification, screening, and assessment.

STRATEGIES AND PERFORMANCE:

- Agency level strategies to enhance quality and accountability include
 - local staff development including occupational therapists, ECSE staff, speech pathologists, physical therapists, physicians, nurses, nutritionists, and child care providers;
 - the annual statewide collaborative conference regarding effective strategies for service integration, family involvement, and interagency collaboration;
 - technical assistance to local areas through the Early Hearing Detection and Intervention Network, Project Exceptional for inclusive child care, and the Autism Network;
 - the development of web-based applications, such as the IFSP to enhance service coordination and family involvement and the Early Childhood Family Initiatives website to serve as a resource for those interested in the health and development of young children with disabilities;
 - the central directory and the 1-800 number which provides parents with referral and resource information;
 - local and state interagency agreements that include procedures for intra- and interagency dispute resolution, complaints, agency roles and responsibilities for child find, services, service coordination, financial commitments, and data collection; and
 - due process procedures for families and providers.
- The number of children and families with an IFSP has increased from 2,313 in 1993 to 2,820 in 1999.

FINANCING INFORMATION:

- Infants and Toddlers – Part C has been adequately supported entirely with federal funds. The program will be funded at \$6.1 million in each year of the coming biennium.
- Minnesota's allocation is based on the number of all children in the cohorts from birth through age two. The number of children identified and the amount of federal funding are likely to remain stable.

BUDGET ISSUES:

Based on the findings of a fiscal study requested by the legislature in FY 1994, it was anticipated that state funds would eventually be required to supplement federal funds based on projected increases in the numbers of eligible children and families identified and served. To date, CFL has not needed to access state funds as growth has occurred more slowly than anticipated.

PROGRAM SUMMARY

Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING

- Percentage of students who report feeling safe in their schools
- Percentage of special needs students receiving support services through an integrated and collaborative interagency process

PROGRAM PROFILE:

Prevention programs support and strengthen children and families by reducing risky behavior and promoting safe and healthy lifestyles.

Budget activities within this program include: After-School Enrichment Grants, Violence Prevention Education, Abused Children Program, Children's Trust Fund, Parenting Time Centers, Chemical Abuse Prevention Grants, Coordinated School Health, Adolescent Parenting, Male Responsibility, and Safe and Drug Free Schools and Communities, Family Services Collaboratives, Community Education, Adults With Disabilities, and Hearing Impaired.

Areas of Agency Concentration

- *School Readiness and Stable Families.* Prevention programs support children's school readiness and success by helping communities develop and implement collaborative strategies to provide coordinated services and resources to reduce family and school violence, increase school attendance, and prevent adolescent pregnancy and promote responsible parenting.
- *Safe, Caring Communities.* Prevention programs work with families, schools, community organizations and governmental agencies to prevent child abuse, violence, crime, drug, tobacco and alcohol abuse, and HIV/AIDS by administering risk reduction activities in order to provide safe, accessible, caring environments.
- *Lifelong Learning.* These programs assist communities in developing and implementing programs and services that allow adults to access educational opportunities.

These program support the Governor's Big Plan for Minnesota by addressing two of his objectives *Healthy, Vital Communities*, specifically "Best K-12 Public Education in the Nation" and *Self-Sufficient People*, specifically, "Transitioning from Welfare to Work," "Insisting that Parents Parent", and "Assuring Lifelong Learning for Work and Life."

CFL Strategic Plan Research shows that growing up in a stable family, and in a safe, healthy, violence free environment, whether at home or in school, improves a student's capacity to learn and school success and thereby contribute to the achievement of the following agency indicators.

- Percentage of third graders who can read
- Percentage of students passing the basic skills tests on their first attempt
- Percentage of students dropping out
- Percentage of children and parents participating in family and early childhood education programs

Program: PREVENTION
 Agency: CHILDREN, FAMILIES & LEARNING

Program Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Activity:									
FAMILY COLLABORATIVES	6,867	3,814	3,398	1,477	1,477	863	863	(4,872)	(67.6%)
COMMUNITY EDUCATION	1,408	14,109	15,309	14,209	14,209	13,111	13,111	(2,098)	(7.1%)
ADULTS WITH DISABILITIES	676	670	710	710	710	710	710	40	2.9%
HEARING IMPAIRED ADULTS	70	70	70	70	70	70	70	0	0.0%
VIOLENCE PREVENTION GRANTS	1,450	1,450	1,450	1,450	1,450	1,450	1,450	0	0.0%
ABUSED CHILDREN	1,779	2,425	3,341	3,326	3,326	3,326	3,326	886	15.4%
CHILDREN'S TRUST FUND	1,790	2,552	3,065	2,891	3,541	2,891	3,541	1,465	26.1%
FAMILY VISITATION CENTER	296	200	200	296	296	296	296	192	48.0%
AFTER SCHOOL ENRICHMENT GRANTS	5,009	5,260	5,260	5,510	5,510	5,510	5,510	500	4.8%
ADOLESCENT PARENTING GRANTS	0	1,000	0	400	0	400	0	(1,000)	(100.0%)
MALE RESPONSIBILITY	247	250	250	250	0	250	0	(500)	(100.0%)
CHEMICAL ABUSE PREVENTION GRAN	475	200	202	200	200	200	200	(2)	(0.5%)
STATE INCENTIVE GRANT	0	1,586	1,665	1,665	1,665	1,917	1,917	331	10.2%
SAFE & DRUG-FREE SCHOOLS	3,769	5,838	6,800	6,150	6,150	5,950	5,950	(538)	(4.3%)
DRUG POLICY	7,480	0	0	0	0	0	0	0	
Total Expenditures	31,316	39,424	41,720	38,604	38,604	36,944	36,944	(5,596)	(6.9%)

Change Items:	Fund						
(B) EXPAND CHILDREN'S TRUST FUND GRANTS	GEN				650		650
(B) ELIMINATE ADOLESCENT PARENTING APPROPRIA	GEN				(400)		(400)
(B) ELIMINATE MALE RESPONSIBILITY APPROPRIAT	GEN				(250)		(250)
Total Change Items					0		0

Financing by Fund:							
Direct Appropriations:							
GENERAL	17,051	27,842	27,968	25,446	25,446	23,734	23,734
STATE GOVERNMENT SPECIAL REVENUE	96	0	0	0	0	0	0
SPECIAL REVENUE	0	0	0	96	96	96	96
Statutory Appropriations:							
SPECIAL REVENUE	1,447	1,314	1,041	1,001	1,001	1,001	1,001
FEDERAL	12,683	10,268	12,711	12,061	12,061	12,113	12,113
GIFT	39	0	0	0	0	0	0
Total Financing	31,316	39,424	41,720	38,604	38,604	36,944	36,944

Program: PREVENTION
 Agency: CHILDREN, FAMILIES & LEARNING

Program Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE by Employment Type:							
FULL TIME	7.3	1.8	2.6	2.6	2.6	2.6	2.6
PART-TIME, SEASONAL, LABOR SER	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	8.3	1.8	2.6	2.6	2.6	2.6	2.6

BUDGET ACTIVITY SUMMARY

Budget Activity: FAMILY COLLABORATIVES
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.23

ACTIVITY PROFILE:

Family Collaboratives provide incentives to communities that foster collaboration in order to integrate services, encourage preventive services, promote service accountability, and improve outcomes for children and families.

- In 1993, the Minnesota legislature passed permissive language that allowed local communities to design flexible, comprehensive service systems and invest funds in locally determined services that focus on prevention and early intervention rather than crisis management.
- The number of collaboratives has grown from 13 in 1994 to 80 as of July 1, 2000. An estimated 90% of the state's children ages 0-18 years old currently reside in communities receiving grant funds.
- The state's role with Family Services Collaboratives (FSCs) is to promote policies that 1) enhance local decision-making; 2) improve public accountability; and 3) improve the ability of families to gain access to services.
- Collaborative governing boards must include at least one school district, one county, one public health organization, and one community action agency (CAA) and a Head Start grantee (if the CAA is not the Head Start grantee).

STRATEGIES AND PERFORMANCE:

- The state supports collaboratives through technical assistance and training.
- Collaborative grants are designed for communities that have developed measurable goals and a comprehensive plan to improve services for children and families. Communities must invest funds in locally determined preventive services.
- Communities that establish collaboratives must have a comprehensive plan for serving children ages 0-18 and their families. The plan must coordinate funding streams and commit resources to an integrated fund, and contain clear goals and outcome-based indicators to measure progress toward these goals.
- Collaboratives have developed and prioritized a core set of common outcomes that they report to the department on an annual basis. They also report progress toward these outcomes.

- The following outcomes have been documented:
 - Nicollet and Blue Earth Counties reported that 4,178 out-of-home placement bed days were averted at a cost saving of \$296,000. These two counties also reported that school attendance improved by 28% and that 30% of children improved their level of academic achievement.
 - Anoka County school districts have reported a decrease in the number of kindergartners entering school without screenings.
 - In Becker County, outreach to families of newborns has increased from less than 40% to 98% between January 1995 and July 1996. The county also realized cost savings of \$37,000 due to reduced duplication of early childhood screenings.
 - Parents completed a survey before and after participating in "PACT 4" family schools or camp. On the pre-test, 60% of parents reported getting along well with their children; on the post-test, 84% reported, "I get along well with my child."
 - 88% of collaboratives used an interagency, family centered approach to services delivery.
 - 63% of collaboratives reported having family/parent representation on their governing board.

FINANCING INFORMATION:

- In 1999, the Minnesota legislature mandated that no new FSCs will be funded after 06-30-99 (2000 Session Law, Ch. 489, Art. 1, Sec. 30). As a result, there will be no state funding for FSCs after FY 2004.
- Collaborative grants are funded for five years. Funding remains constant for the first three years then declines by 1/3 in each of the final two years.
- Collaborative grants funding has leveraged over \$38 million dollars in federal revenue enhancement in 1999 through participation in the Local Collaborative Time Study (LCTS) administered by the Department of Human Services.

BUDGET ISSUES:

Effective collaboration and service integration require careful planning and joint decision making about service delivery on a daily basis. Continuing coordination is required in order to maintain effective collaboration.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$1.477 million for FY 2002 and \$863,000 for FY 2003, with carryforward authority.

Activity: FAMILY COLLABORATIVES
 Program: PREVENTION
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
OTHER OPERATING EXPENSES	2	4	0	0	0	0	0	(4)	(100.0%)
Subtotal State Operations	2	4	0	0	0	0	0	(4)	(100.0%)
LOCAL ASSISTANCE	6,865	3,810	3,398	1,477	1,477	863	863	(4,868)	(67.5%)
Total Expenditures	6,867	3,814	3,398	1,477	1,477	863	863	(4,872)	(67.6%)
Financing by Fund:									
Direct Appropriations:									
GENERAL	6,867	3,814	3,398	1,477	1,477	863	863		
Total Financing	6,867	3,814	3,398	1,477	1,477	863	863		

BUDGET ACTIVITY SUMMARY

Budget Activity: COMMUNITY EDUCATION
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.18; M.S. 124D.20-124D.21

ACTIVITY PROFILE:

Community Education provides lifelong learning opportunities for all community members and allows access to school facilities for public use.

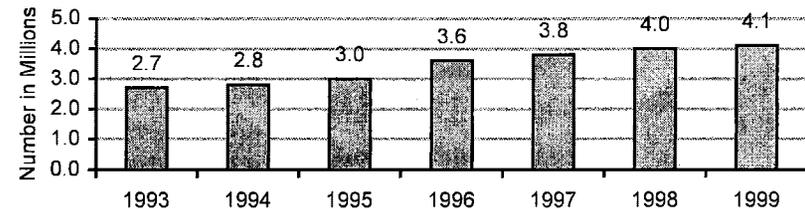
- State funding for Community Education began in 1971 with the idea that the community should be able to use the public schools beyond the regular school day.
- Community Education is a partnership between the community and the formal education systems, whereby the resources of each are used for the continuing growth and betterment of the other. Community Education includes services rendered by a school district beyond the regular K-12 program as recommended by the Community Education advisory council and approved by the local school board (State Board Rule 3530.5600).
- Community Education provides administrative support for many popular programs, such as family literacy, Adult Basic Education, School Age Care, and Early Childhood Family Education.
- Local school boards establish Community Education advisory councils and hire local staff to promote and implement the program.

STRATEGIES AND PERFORMANCE:

- Every Minnesota school district operates a Community Education program. Programs may include (as specified in M.S. 124D.20, subd. 8)
 - Adults with Disabilities,
 - Adult Basic Education (ABE),
 - youth development,
 - youth service,
 - Early Childhood Family Education (ECFE),
 - School-Age Care,
 - summer programs for elementary and secondary pupils, and
 - non-vocational, recreational, and leisure activities.
- In 1999, school districts conducted more than 67,000 activities through Community Education.
- Participation in youth development/service activities increased to over 200,000 young people in 1999, a 5% increase from the previous year.

- An annual Phi Delta Kappa poll found that offering activities that bring people into school buildings increases citizens' overall support for education.
- Department staff is working with the Center for Democracy and Citizenship at the Humphrey Institute on the Value of Citizen Work project to develop qualitative data about changes in individuals and communities that result from citizen involvement. The Charles Stewart Mott Foundation currently funds this project.

Number of Participants



FINANCING INFORMATION:

- This is a state aid and levy program.
- A district's maximum revenue equals the Community Education allowance times the greater of \$1,335 or the population of the district. The Community Education allowance has remained at \$5.95 for the past 14 years.
- Districts that have implemented a youth development plan and a youth service program receive an additional \$1 times the greater of \$1,335 or the population of the district.
- The Community Education levy is the lesser of a fixed tax rate times the district Adjusted Net Tax Capacity (ANTC) or the Community Education revenue. The district's Community Education aid is the difference between the revenue and the levy. The 1998 legislature reduced the tax rate from 1.09% to 0.41% of ANTC, increasing the state share from 4% in FY 1999 to 49% in FY 2000.
- Formula funding is supplemented with registration fees and funds from other sources.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: COMMUNITY EDUCATION
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING

BUDGET ISSUES:

As Community Education costs rise and funding levels remain constant, districts must create new ways to fund programs and activities.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$14.09 million for FY 2002 and \$13.002 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$14.209 million in FY 2002 (\$1.528 million for FY 2001 and \$12.681 million for FY 2002) and \$13.111 million in FY 2003 (\$1.409 million for FY 2002 and \$11.702 million for FY 2003).

Activity: Community Education Revenue

Program: Prevention

Budget Activity Summary Dollars in Thousands		Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
AID	1. Statutory Formula Aid	15,528	15,285	14,090	13,002		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	15,528	15,285				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	15,528	15,285	14,090	13,002	(3,721)	-12.08%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	15,528	15,285	14,090	13,002	(3,721)	-12.08%
<i>plus</i>							
LEVY	8. Local Levy under Current Law	16,700	17,483	19,218	20,862	5,897	17.25%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	16,700	17,483	19,218	20,862	5,897	17.25%
<i>equals</i>							
REVENUE	11. Current Law Revenue (Total of Aid & Levy)	32,228	32,768	33,308	33,864	2,176	3.35%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	32,228	32,768	33,308	33,864	2,176	3.35%
Appropriations Basis for State Aid							
	Prior Year (10%)	133	1,552	1,528	1,409		
	Current Year (90%)	13,976	13,757	12,681	11,702		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	14,109	15,309	14,209	13,111		

BUDGET ACTIVITY SUMMARY

Budget Activity: ADULTS WITH DISABILITIES
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.56

FINANCING INFORMATION:

This program is funded by state aid and local levy.

	Dollars in Thousands						
	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
Appropriation	\$654	\$643	\$646	\$710	\$710	\$670	\$710
Levy	654	643	646	670	670	670	670

ACTIVITY PROFILE:

Adults with Disabilities activities integrate adults with disabilities with other people in their community.

- The Adults with Disabilities program was piloted in 1986 to identify strategies to integrate adults with physical and mental challenges into the community. At that time, major deinstitutionalization was underway and the forces that led to the American Disabilities Act (ADA) were strong.
- Community Education administers the Adults with Disabilities program.
- Local Community Education teachers work with others to
 - identify and encourage adults with disabilities to enjoy community life,
 - develop specific learning and leisure time opportunities for those with disabilities,
 - teach community members how to include people with differing abilities, and
 - raise awareness of contributions of people with disabilities.

- State aid formula provides the lesser of \$30,000 or one-half the actual expenditures. A district is required to match this aid amount from local sources. A district is permitted to levy the lesser of \$30,000 or the actual expenditures minus the amount of state aid for the program.
- The 1997 legislature appropriated one-time funding that resulted in the addition of four new pilot programs, each receiving \$20,000 in state aid for two years only. The 2000 legislature reestablished the funding for the pilot programs for FY 2001. Pilot programs are not authorized to levy.
- To be eligible for specific categorical revenue to serve adults with disabilities, a community education program must receive approval from the Minnesota Department of Children, Families and Learning.

STRATEGIES AND PERFORMANCE:

- The local programs use the following strategies to achieve their objectives:
 - services enabling adults to participate in community activities, such as training for community members, one-on-one assistance, Braille and interpreter services
 - classes specifically for adults with disabilities
 - outreach to identify adults needing services
 - activities to increase public awareness of the roles of people with disabilities
- The number of school districts involved in the program has remained relatively constant at 77 over the last seven years.
- The number of participants in these programs has increased over the past 10 years from approximately 9,000 in FY 1988 to 39,000 in 1999. Most of this increase occurred between 1993 and 1994 when participation numbers grew from 18,000 to 35,000.

BUDGET ISSUES:

- With passage of the federal ADA, which guarantees accessibility in employment, transportation, and public accommodation for disabled individuals, interest in this program increased dramatically while funding has remained constant. In 1996, there were over 900,000 Minnesotans with disabilities.
- The number of senior citizens, many with acquired disabilities, is increasing.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$710,000 for FY 2002 and \$710,000 for FY 2003.

Activity: ADULTS WITH DISABILITIES
 Program: PREVENTION
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	676	670	710	710	710	710	710	40	2.9%
Total Expenditures	676	670	710	710	710	710	710	40	2.9%
Financing by Fund:									
Direct Appropriations:									
GENERAL	676	670	710	710	710	710	710		
Total Financing	676	670	710	710	710	710	710		

BUDGET ACTIVITY SUMMARY

Budget Activity: HEARING IMPAIRED ADULTS
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.57

ACTIVITY PROFILE:

The Hearing Impaired Adults program assures access to educational opportunities for deaf and hard of hearing people by paying for interpreter or note-taker services.

- This program began in 1981 when access for people with disabilities to mainstream educational programs was emerging as an issue. The cost of supplying interpreters was an unplanned expense, beyond the budgets of many educational service providers.
- Both public and private agencies providing adult education classes to hearing impaired adults may apply to Children, Families and Learning (CFL) for reimbursement of the costs of providing interpreting services.
- This program
 - targets part-time adult students with hearing impairments;
 - provides access to vocational education programs promoting educational growth and development; and
 - enhances and encourages life-long learning.
- Services provided include interpretation, note-taking, and closed captioning.

STRATEGIES AND PERFORMANCE:

- CFL provides direct services through reimbursement of program costs.
- Approximately 70% of reimbursement requests come from school districts providing adult education. The remaining 30% come from other public and private organizations.
- During 1999-2000, 45 different agencies received funds, ranging from over \$8,000 for Hearing Dogs of Minnesota to \$70 for a local school district to interpret a one-time community education class for one adult.

FINANCING INFORMATION:

- This program is funded entirely with state aid.
- Over the last 10 years, funding has remained at \$70,000 for each fiscal year.

BUDGET ISSUES:

- Recently, the number of requests has decreased because applicants are aware that there is not enough funding to meet the demand and because providers are learning to build these expenses into their long-range budgets.
- This program is very labor intensive. For example, 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, estimated by the Minnesota Council on Disability, is \$35 to \$50 per hour, with a two hour minimum charge.)
- Today, access for persons with disabilities is assured by the American with Disabilities Act (ADA), and providers are learning ways to cover the costs of interpreter services within their budget plans. Nevertheless, some providers still turn to this program for assistance with the one-time costs of interpreter and note-taker services. The aid allocation is clearly not meant to support all the interpreter services for deaf and hard of hearing adult learners, but to help in unforeseeable situations.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$70,000 for FY 2002 and \$70,000 for FY 2003.

Activity: HEARING IMPAIRED ADULTS
 Program: PREVENTION
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	70	70	70	70	70	70	70	0	0.0%
Total Expenditures	70	70	70	70	70	70	70	0	0.0%
Financing by Fund:									
Direct Appropriations:									
GENERAL	70	70	70	70	70	70	70		
Total Financing	70	70	70	70	70	70	70		

BUDGET ACTIVITY SUMMARY

Budget Activity: VIOLENCE PREVENTION GRANTS
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 120b.22-120b.23

ACTIVITY PROFILE:

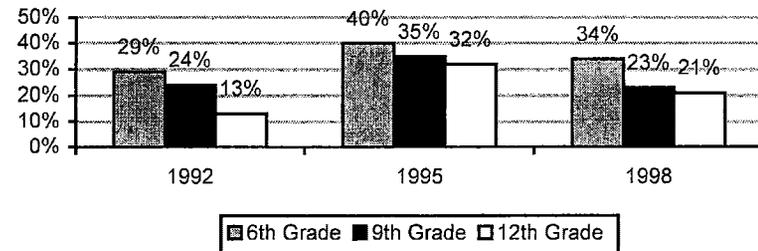
Violence Prevention grants integrate violence prevention education programming into existing K-12 curricula and help students learn to resolve conflicts.

- Minnesota began funding this program in the 1992-93 school year as a response to a summer (1991) of well-publicized incidents of domestic and stranger violence that resulted in several deaths.
- School districts apply for funds in a single application that combines the federal Safe and Drug-Free School and Communities funds with state Violence Prevention Education funds.
- All Minnesota school districts receive funding after submitting an appropriate plan.
- Districts use **Unlearning Violence**, the state violence prevention plan for schools and communities as the basis for program development and implementation. The department wrote and distributed this publication in 1995 as a guide for school district planning.
- Community involvement is strong. All schools work with at least two outside agencies or organizations to augment and strengthen activities.

STRATEGIES AND PERFORMANCE:

- Research is clear that improving classroom climate and decreasing disruptive behaviors increase student learning and success in school.
- Violence prevention plans generally incorporate the use of the following methods:
 - Conflict resolution curricula and programming - 70% of districts
 - Peer education programs - 61%
 - Parent education/involvement - 64%
 - Make the Peace media campaign - 41%
 - One time special events - 88%
 - Restorative measures and positive discipline programs - 30%
- The state provides technical assistance and training to help schools implement their plans.
- In 1998, 70% of districts reported the use of conflict resolution strategies. Another 30% of districts reported using restorative measures.

Minnesota Students Engaged in Vandalism



- Byron Public Schools experienced a 35% decrease in referrals to the principal after the conflict mediation program was implemented.
- Referrals to the office for violent offences dropped from 7 to 1.6 per day in one South St. Paul elementary school after two years of restorative measures practices.

FINANCING INFORMATION:

- This budget activity is funded from state sources including an annual transfer of \$75,000 from the Office of Drug Policy and Violence Prevention in the Department of Public Safety.
- Beginning in 1997, the monies were distributed to school districts at a rate of \$1.56 per pupil unit based on available funding.
- Grant amounts are based on resident student counts from the previous school year and are restricted to \$3 per resident pupil unit.

BUDGET ISSUES:

Calls from schools and parents requesting assistance have tripled in the past year due in part to national school shootings, yet funding has remained constant. In addition, hate/bias crimes challenge schools as school populations throughout the state become more diverse in both rural and urban area.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$1.45 million for FY 2002 and \$1.45 million for FY 2003.

Activity: VIOLENCE PREVENTION GRANTS
 Program: PREVENTION
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
TRANSFERS	0	(82)	(75)	(75)	(75)	(75)	(75)	7	(4.5%)
Subtotal State Operations	0	(82)	(75)	(75)	(75)	(75)	(75)	7	(4.5%)
LOCAL ASSISTANCE	1,450	1,532	1,525	1,525	1,525	1,525	1,525	(7)	(0.2%)
Total Expenditures	1,450	1,450	1,450	1,450	1,450	1,450	1,450	0	0.0%
Financing by Fund:									
Direct Appropriations:									
GENERAL	1,450	1,450	1,450	1,450	1,450	1,450	1,450		
Total Financing	1,450	1,450	1,450	1,450	1,450	1,450	1,450		

BUDGET ACTIVITY SUMMARY

Budget Activity: ABUSED CHILDREN
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING
State Citation: M.S. 119A.20-23
Federal Citation: Victims of Crime Act of 1984 (VOCA)

ACTIVITY PROFILE:

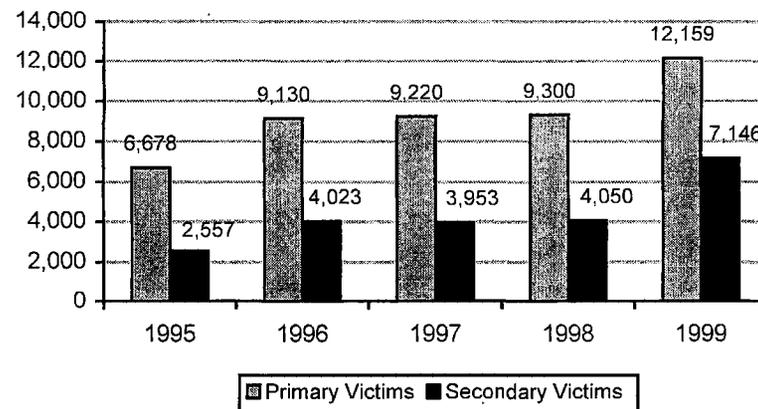
The Abused Children Prevention Program provides intervention services to children and adolescents who are victims of abuse and neglect, including victims of physical and sexual assault.

- The Abused Children Program began in 1987 with federal funds through the Victims of Crime Act (VOCA). In 1994, the Minnesota legislature appropriated state funds to supplement the federal funds in order to meet unmet needs and allow for additional program services.
- In 1993, the program's statutory advisory council, identified a need for a statewide system of community-based services for children who have been abused or neglected.
- Seventy percent of program participants are from greater Minnesota; 30% from the seven-county metropolitan area.

STRATEGIES AND PERFORMANCE:

- The program provides a variety of intervention strategies including legal, advocacy, support groups for children and non-offending family members, community awareness presentations, and outreach activities.
- In 1998, the program contracted with an evaluation consultant to develop a data collection system and provide assistance to local grantees in the development of evaluation plans and methods. As a result, the program now collects participant information through a web-based grants management system, reducing paperwork and staff time for local and state staff.

Number of Victims Served



FINANCING INFORMATION:

- The federal VOCA funding results from fines, forfeitures, and other monies collected from federal offenders.
- In FY 1998, federal funding increased significantly as the result of the successful prosecution of the Daiwa Band fraud case. Federal funds increased slightly in FY 2000 because of a settlement with a pharmaceutical company.
- Federal Victims of Crime Act funds may not be used to supplant state and local funds that would otherwise be available for crime victim services.

BUDGET ISSUES:

In 1999, the department received 20 applications requesting over \$2.5 million. The department funded eight programs with available funding.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$945,000 for FY 2002 and \$945,000 for FY 2003, with carryforward authority.

Activity: ABUSED CHILDREN
 Program: PREVENTION
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	1,779	2,425	3,341	3,326	3,326	3,326	3,326	886	15.4%
Total Expenditures	1,779	2,425	3,341	3,326	3,326	3,326	3,326	886	15.4%
Financing by Fund:									
Direct Appropriations:									
GENERAL	938	930	960	945	945	945	945		
Statutory Appropriations:									
FEDERAL	841	1,495	2,381	2,381	2,381	2,381	2,381		
Total Financing	1,779	2,425	3,341	3,326	3,326	3,326	3,326		
Revenue Collected:									
Dedicated									
FEDERAL	972	1,364	2,381	2,381	2,381	2,381	2,381		
Total Revenues Collected	972	1,364	2,381	2,381	2,381	2,381	2,381		

BUDGET ACTIVITY SUMMARY

Budget Activity: CHILDREN'S TRUST FUND
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING
State Citation: M.S. 119A.10-119A.17
Federal Citation: Community Based Family Resources and Support Program Grants for Children's Trust Fund Title II Child Abuse Prevention and Treatment Act 42 U.S.C. 5116

ACTIVITY PROFILE:

The Children's Trust Fund (CTF) helps to prevent child abuse and neglect by giving parents the tools and resources they need to parent their children effectively.

- The CTF began in Minnesota in 1986 after being piloted in 15 other states across the country. The concept was developed by a pediatrician who was appalled that there were trust funds to care for highways and not for children.
- Federal support began in 1992.
- Grants are awarded with state and federal funds to non-profit and public agencies providing child abuse and neglect prevention services. State funds are awarded for a three-year period, while federal funds are awarded for a 30-month period for a maximum of \$100,000 each for both funds.
- The CTF creates and maintains a community-based prevention infrastructure through a network of authorized local Child Abuse Prevention Councils (CAPCs) in 85 of the 87 counties in the state. CAPCs are grass roots, community-based, volunteer organizations. Their purpose is to develop and promote educational campaigns designed to raise awareness of and prevent child abuse and neglect. Each CAPC must have at least nine members, the majority of whom are from the community at large.
- From 1998-2000, the CTF awarded 45 grants based on principles of promising practice in preventing child abuse and neglect. The Department of Children, Families and Learning (CFL) awarded 27 grants to programs in greater Minnesota and 18 grants in the 11-county metro area.

STRATEGIES AND PERFORMANCE:

- The CTF utilizes a combined strategy of grants to communities and support to CAPCs to achieve positive outcomes for children and families.
- State staff also conduct capacity assessment evaluations and provide technical assistance regarding program evaluation.

- CTF encourages parent and consumer involvement in its programs.
 - 78% of parents are involved in governance.
 - 96% of parents are involved in program planning and decision-making.
 - 81% of parents serve as volunteers.
 - 96% of parents provide program feedback.
- CTF served a total of 11,987 adults and 16,435 youth from 1998 to 1999.

FINANCING INFORMATION:

The program receives funding from three sources.

- **State General Fund:** \$225,000 is appropriated annually.
- **Federal:** The annual federal grant award is based on a child population formula and totals \$1.865 million in FY 2001. The federal award can be expended over three years. The Minnesota CTF is the designated program to receive the Community Based Family Resource and Support Program (CBFRTS) monies.
- **Special Revenue:** CTF receives approximately \$667,000 annually from a \$3 surcharge on birth certificates and the interest earned on a trust account.
- Staff funded within this activity are supported by a special revenue fund appropriation. Other staff supporting this activity are funded within the agency budget.

BUDGET ISSUES:

- In 2000, 28 of the federal grantees applied for continued federal funding. The department was able to fund 18 of these programs from the \$1.806 million available.
- Requests for resources, training, and technical assistance have increased with community awareness about the prevention of child abuse and neglect.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$875,000 for FY 2002 and \$875,000 for FY 2003, with carryforward authority. Of this amount \$250,000 is redirected from the male responsibility program and \$400,000 is redirected from the adolescent parenting program.

- The Governor recommends that up to \$120,000 of the special revenue fund be made available for operational costs for the program.

Activity: CHILDREN'S TRUST FUND
 Program: PREVENTION
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	87	93	40	90	90	90	90	47	35.3%
OTHER OPERATING EXPENSES	207	148	58	53	703	53	703	1,200	582.5%
Subtotal State Operations	294	241	98	143	793	143	793	1,247	367.8%
LOCAL ASSISTANCE	1,496	2,311	2,967	2,748	2,748	2,748	2,748	218	4.1%
Total Expenditures	1,790	2,552	3,065	2,891	3,541	2,891	3,541	1,465	26.1%

<u>Change Items:</u>	<u>Fund</u>						
(B) EXPAND CHILDREN'S TRUST FUND GRANTS	GEN				650		650
Total Change Items					650		650

<u>Financing by Fund:</u>							
Direct Appropriations:							
GENERAL	225	89	361	225	875	225	875
Statutory Appropriations:							
SPECIAL REVENUE	972	1,114	839	801	801	801	801
FEDERAL	593	1,349	1,865	1,865	1,865	1,865	1,865
Total Financing	1,790	2,552	3,065	2,891	3,541	2,891	3,541

<u>Revenue Collected:</u>							
Dedicated							
SPECIAL REVENUE	5	0	0	0	0	0	0
FEDERAL	593	1,349	1,865	1,865	1,865	1,865	1,865
Total Revenues Collected	598	1,349	1,865	1,865	1,865	1,865	1,865

<u>FTE by Employment Type:</u>							
FULL TIME	2.0	1.8	2.6	2.6	2.6	2.6	2.6
Total Full-Time Equivalent	2.0	1.8	2.6	2.6	2.6	2.6	2.6

BUDGET CHANGE ITEM (47359)

Budget Activity: CHILDREN'S TRUST FUND
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING
Item Title: EXPAND CHILDREN'S TRUST FUND GRANTS

FINANCING:

This proposal consolidates the male responsibility program base budget of \$500,000 a biennium and the adolescent parenting program base budget of \$800,000 a biennium with the Children's Trust Fund program. The proposal assumes that the reallocated funds would still be used for male responsibility and adolescent parenting grants.

OUTCOMES:

By combining these grant programs, they will be administered more efficiently through the Prevention and Intervention (P&I) grant process of the Children's Trust Fund program. Additionally, the department will be better able to assist grantees by providing information on best practices, promoting networking among grantees, and coordinating the collection and dissemination of data on program impact.

	2002-03 Biennium		2004-05 Biennium	
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Expenditures: (\$000s)				
General Fund				
-Grants	\$650	\$650	\$650	\$650
-Adolescent Parenting	(\$400)	(\$400)	(\$400)	(\$400)
-Male Responsibility	(\$250)	(\$250)	(\$250)	(\$250)
Change Item Total	\$0	\$0	\$0	\$0

Statutory Change? Yes No

If yes, statute(s) affected: M.S. 119A.10-.17, 124D.33, 124D.331

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends consolidation of the Male Responsibility and Adolescent Parenting programs and their funding (\$1.3 million/biennium) to the Children's Trust

RATIONALE:

This reallocation will allow for more efficient administration of these grants and allow for streamlining of the grant process.

Rather than maintaining three separate programs and having potential grantees apply for three different grants, we propose that one application be available through the Prevention and Intervention (P&I) grant process. CTF will be divided into funding categories within the P&I consolidated grant process. Applicants will be able to apply for funds to prevent and improve adolescent parenting and responsible fathering. This will not diminish funding for adolescent parenting prevention and fathering programs.

BUDGET ACTIVITY SUMMARY

Budget Activity: FAMILY VISITATION CENTER
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 119A.37

Number of Supervised Visitations and Exchanges

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Visitations	2,392	3,057	2,756
Exchanges	3,121	4,275	4,284

ACTIVITY PROFILE:

Parent Time Centers reduce children's vulnerability to violence and trauma related to family visitation (parenting time) and assist children in developing a relationship with the estranged parent, grandparent, or other family member.

- The Minnesota legislature first funded Family Visitation Centers in 1992.
- During the 2000 legislative session, the name of the program changed from Family Visitation Centers to Parenting Time Centers.
- These centers provide a safe place for non-custodial parents or parents of children in foster care to visit and/or exchange children. Many programs offer additional services, including parent education, child/parent groups, and toy and book lending libraries.
- Centers serve children from newborn to 18 years old. The majority of children are six years old or younger. In addition to parents, visitors include grandparents, aunts, uncles, and siblings.
- Parenting time and exchanges are often court ordered, but child protection workers, attorneys, or therapists may also refer families. Upon request, center staff provides courts and/or child protection with documentation of parent/child interaction observed during supervised visits.
- Children, Families and Learning (CFL) awarded grants to eight parenting time centers. Centers are located in Austin, Detroit Lakes, Duluth, Fergus Falls, Grand Rapids, St. Louis Park, Thief River Falls, and Willmar.

STRATEGIES AND PERFORMANCE:

Number of Children and Families Served

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Children	NA	NA	NA	771	1,097	1,639
Families	675	675	NA	465	994	391

NOTE: The number of families served was down in 1999 because the centers developed a new reporting form to eliminate duplicate numbers. The 1999 figures are more accurate.

FINANCING INFORMATION:

- The program has two sources of state funding: 1) general fund, and 2) special revenue (a portion of funds from the sale of marriage licenses).
 - State funding has remained constant at \$200,000 annually since 1992.
 - Special revenue funds have remained constant at \$96,000 since 1993.
- Programs are expected to match 35% of their state award. In FY 2000, \$141,032 in match was documented.
- Some programs have purchase of service contracts with county child protective services.
- Courts sometimes order the offending parent to pay a fee to the center.
- Most centers have a sliding fee scale, but centers waive the fee for victims of domestic violence.

BUDGET ISSUES:

- Some centers are experiencing increasing demand for visits due to new state and federal Permanency Planning time restrictions for the return of children to the parent(s) or the termination of parental rights.
- Over the past two years, CFL received approximately 30 requests for additional Parenting Time Centers throughout the state.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$200,000 for FY 2002 and \$200,000 for FY 2003, with carryforward authority.

Activity: FAMILY VISITATION CENTER
 Program: PREVENTION
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	296	296	296	296	296	296	296	0	0.0%
Total Expenditures	296	296	296	296	296	296	296	0	0.0%
Financing by Fund:									
Direct Appropriations:									
GENERAL	200	200	200	200	200	200	200		
STATE GOVERNMENT SPECIAL REVENUE	96	96	96	0	0	0	0		
SPECIAL REVENUE	0	0	0	96	96	96	96		
Total Financing	296	296	296	296	296	296	296		

BUDGET ACTIVITY SUMMARY
**** PERFORMANCE PILOT ****

Budget Activity: AFTER SCHOOL ENRICHMENT GRANTS
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 1999, 124D.221

ACTIVITY PROFILE:

After School Enrichment provides collaborative grants to communities for after-school programs that build skills and provide other cultural enrichment programs for youth. The grants are designed to encourage local control and collaborative decision making as a means of allocating resources efficiently to the services communities identify as most important.

- Children without adult supervision are at significantly greater risk of truancy from school, stress, receiving poor grades, risk taking behavior, and substance abuse. Children who spend more hours on their own and begin self-care at younger ages are at increased risk of poor outcomes (Dwyer, et al, 1990; Pettit, et al, 1997). The juvenile crime rate triples between the hours of 3:00 p.m. and 6:00 p.m. (Fox and Newman, 1997).
- Research demonstrates a direct benefit for youth participating in programs. Studies have shown that children who attend programs have better peer relations, emotional adjustment, conflict resolution skills, grades, and conduct in school compared to their peers who are not in after-school programs. In addition, compared to peers with lower attendance rates, children who attend after-school programs regularly have higher grades, better management skills, and better work habits. Children who attend programs more frequently achieve more positive outcomes (Baker and Witt, 1996; Kahne, Nagaoka, and Brown, 1999; Posner and Vandell, 1999).
- A 1997 study by the U.S. Department of Health and Human Services showed that students who spend one to four hours per week in extracurricular activities are 49% less likely to use drugs and 37% less likely to become teen parents than students who do not participate in extracurricular activities.

ACTIVITY GOALS:

The After School Enrichment program seeks to achieve two goals: 1) to prevent at-risk behavior by children; and 2) to enrich the development of children through quality programming.

ACTIVITY PERFORMANCE INDICATORS:

- In 2000-02, program performance indicators include:

- Increase by 15% the number of at-risk youth participating in before, after-school, and summer programming.
- Maintain at-risk youth participation level at two hours or more per week.
- Improve academic achievement.*

*Baseline data will be gathered from programs that include increased academic performance as one of their program goals. The data will be collected through a web-based reporting system. The first on-line report covered January-June 30, 2000.

- A review of 1997-98 program information provided by the first 24 programs indicates
 - an overall increase in academic performance,
 - an increase in school attendance,
 - a decrease in juvenile crime,
 - an expansion of community-based program sites, and
 - an expansion of transportation services for program participation.

STRATEGIES:

- Increase the involvement of at-risk school aged youth in before-school, after-schools, and summer programming through partnerships that effectively utilize and build on existing community resources so that youth can be safe.
- Increase the participation level (as reflected in the number of contact hours) of school-aged youth in programs.
- Encourage programming that includes skills building in the use of computers, the arts, athletics, and other cultural enrichment programs that engage youth in constructive activities.

FINANCING INFORMATION:

- The 1996 Minnesota legislature appropriated \$5 million for pilot after-school enrichment programs serving youth ages 9-13. This appropriation was in response to concerns about rising juvenile crime rates. The funds were designated to specific neighborhoods in Minneapolis and St. Paul. Some funding also went to greater Minnesota. Communities were chosen on the basis of unemployed/underemployment rates, education levels of area adults, free/reduced lunch rates, and juvenile crime rates, among other factors. Thirteen neighborhoods were funded in Minneapolis and St. Paul, along with ten neighborhoods in first ring suburbs and greater Minnesota.
- As directed by the legislature, the department awarded funds for After School Enrichment competitively in 1998 through 2000. In 1999, the legislature expanded the age of the target population to all school aged youth and

BUDGET ACTIVITY SUMMARY (Continued)
**** PERFORMANCE PILOT ****

Budget Activity: AFTER SCHOOL ENRICHMENT GRANTS
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING

removed language that delineated community collaboratives as applicant agencies. Twenty-four programs received funding for 1997-99. Thirty-one programs received funding for 2000-01.

- In 1999, the legislature appropriated \$11.5 million for the 2000-01 biennium.
- The federal 21st Century Program funds 14 after-school programs in Minnesota that are similar to After School Enrichment programs. These federal funds go directly to the local programs and do not pass through the department.

BUDGET ISSUES:

Grant requests consistently exceed available funding. In 1998, 111 programs requested \$17 million for After School Enrichment Grants. Of these requests, 24 programs received grants from the \$9.5 million available. In 2000, 148 programs requested \$47.4 million for After School Enrichment Grants. Of these requests, 33 programs received grants from the \$10.5 million available. Most applicants are not funded at the level they request.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$5.51 million for FY 2002 and \$5.51 million for FY 2003, with carryforward authority.

Activity: AFTER SCHOOL ENRICHMENT GRANTS
 Program: PREVENTION
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	5,009	5,260	5,260	5,510	5,510	5,510	5,510	500	4.8%
Total Expenditures	5,009	5,260	5,260	5,510	5,510	5,510	5,510	500	4.8%
Financing by Fund:									
Direct Appropriations:									
GENERAL	5,009	5,260	5,260	5,510	5,510	5,510	5,510		
Total Financing	5,009	5,260	5,260	5,510	5,510	5,510	5,510		

BUDGET ACTIVITY SUMMARY

Budget Activity: ADOLESCENT PARENTING GRANTS
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.331 (1999 Ch. 205, Art. 1, Sec. 28)

ACTIVITY PROFILE:

The Adolescent Parenting Program ensures the long-term self-sufficiency of adolescent families and the development and school readiness of their children through school-based, community-linked programs.

- Because of the high dropout rate for parenting adolescents, the 1997 Minnesota legislature appropriated \$1.3 million to establish an Adolescent Parenting Grant Program. Nine programs were funded.
- Grants are awarded on a competitive basis to programs designed to prevent teen pregnancy, keep teen parents in school, and connect them to community support.

STRATEGIES AND PERFORMANCE:

- Goals of the program include
 - helping pregnant and parenting adolescents to attend school, attain state graduation standards, and acquire school-to-career skills;
 - preventing child abuse and neglect by improving the parenting and communication skills of pregnant and parenting adolescents;
 - reducing long-term welfare dependency among adolescent parents; and
 - improving outcomes for adolescent parents and their children by increasing the number of healthy births and number of pregnancies prevented; improving cognitive, social, linguistic and emotional development of infants; improving immunization rates; increasing access to primary health care; and increasing school readiness of young children.
- Local programs implement a variety of age and culturally appropriate strategies including
 - mentoring,
 - parent education,
 - parent/child activities,
 - referrals to health, education, and human services agencies, and
 - public awareness campaigns.
- The first pilot programs were directed to assess the effectiveness and impact of the services provided. In just the second year of funding, programs began to experience many positive outcomes.

- The number of teens and their children participating in the programs doubled.
- Approximately 92% of parenting teens in the programs graduated from high school.
- The majority of parenting teens reported a significant benefit from building relationships with caring adults and mentors in the program.

■ Summary of 1998-99 program data:	
Number of teens participating	2,204
Number of children participating	1,475
Number of parent education sessions	3,223
Number of school-to-work sessions	1,726
Number of children receiving developmental screening	1,466

FINANCING INFORMATION:

- This program is funded through state appropriations only.
- Funding is awarded on a competitive basis through the Prevention and Intervention (P&I) grant application process.

BUDGET ISSUES:

- Providing adolescent parents the support and resources needed for them to stay in school reduces future costs.
- Funding for this program has decreased while requests have increased. For the 2000-01 grant cycle, Children, Families and Learning received 31 applications requesting \$5 million in funding. Review teams selected eight grantees for total funding of \$1 million.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the \$400,000 in annual base appropriations for the Adolescent Parenting program be consolidated into the Children's Trust Fund program for more efficient administration of these grants.

Activity: ADOLESCENT PARENTING GRANTS
 Program: PREVENTION
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	0	1,000	0	400	0	400	0	(1,000)	(100.0%)
Total Expenditures	0	1,000	0	400	0	400	0	(1,000)	(100.0%)
Change Items:									
(B) ELIMINATE ADOLESCENT PARENTING APPROPRIA	Fund GEN				(400)		(400)		
Total Change Items					(400)		(400)		
Financing by Fund:									
Direct Appropriations:									
GENERAL	0	1,000	0	400	0	400	0		
Total Financing	0	1,000	0	400	0	400	0		

BUDGET ACTIVITY SUMMARY

Budget Activity: MALE RESPONSIBILITY
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.33

- acquire parenting skills and knowledge of child development; and
- find community support for their roles as fathers and nurturers of children.

	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Grants awarded	15	14	9	9	9	9
Education Sessions with Youth	1,775	774	1,363	*1,363	2,326	N/A

*Other participants include young women, parent, etc.

ACTIVITY PROFILE:

The purpose of this program is to educate young people, particularly males ages 10-21, about the responsibility of parenthood.

- In 1994, a coalition of community agencies approached the state requesting resources to help improve young fathers' parenting skills and to reduce teen pregnancy. The 1994 legislature appropriated \$500,000 for pilot programs. Fifteen programs were funded.
- In 1995, the legislature appropriated \$750,000 for the project. In 1997 and 1999, the legislature appropriated biennial base funding of \$500,000. Nine organizations were selected for funding in 1998, and eight were funded in 2000.
- Grantee organizations must establish advisory committees to assist the applicant in planning and implementing the grant. The advisory committee must include student representatives, adult males from the community, representatives of community organizations, teachers, parent educators, and representatives of family social service agencies.

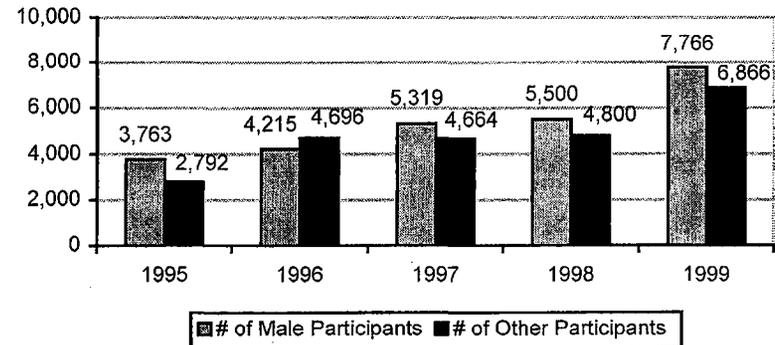
FINANCING INFORMATION:

- This program is funded through a state appropriation.
- Each dollar of state money must be matched with at least 50 cents of non-state money, including in-kind contributions. Programs with a higher match have a greater chance of receiving a grant.

STRATEGIES AND PERFORMANCE:

- The department assists grantees by providing information on best practices, networking, and collecting and disseminating information on program impact.
- Local programs implement a variety of age and culturally appropriate strategies including the following:
 - mentoring,
 - fathering education,
 - father/child activities,
 - referrals to health, education, and human services agencies,
 - public awareness campaigns, and
 - paternity establishment.
- Grantees must assist youth to do the following:
 - understand the connection between sexual behavior, adolescent pregnancy, and the roles and responsibilities of marriage and parenting;
 - prevent teen pregnancy and encourage postponement of sexual activity;
 - understand the long-term responsibility of fatherhood;

Number of Participants by Year



BUDGET ISSUES:

Funding for this program has been decreasing while requests for funding have consistently increased. In 1997, the department received \$2.1 million in requests, while only \$500,000 was available.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the \$250,000 in annual base appropriations for the Male Responsibility program be consolidated with the Children's Trust Fund program for more efficient administration of these grants.

Activity: MALE RESPONSIBILITY
 Program: PREVENTION
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	247	250	250	250	0	250	0	(500)	(100.0%)
Total Expenditures	247	250	250	250	0	250	0	(500)	(100.0%)
Change Items:									
(B) ELIMINATE MALE RESPONSIBILITY APPROPRIAT	Fund GEN				(250)		(250)		
Total Change Items					(250)		(250)		
Financing by Fund:									
Direct Appropriations:									
GENERAL	247	250	250	250	0	250	0		
Total Financing	247	250	250	250	0	250	0		

BUDGET ACTIVITY SUMMARY

Budget Activity: CHEMICAL ABUSE PREVENTION GRANTS
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 171.29, Subd. 2
1999 Session Laws, Ch. 205, Art. 3, Sec. 5

ACTIVITY PROFILE:

The purpose of this program is to prevent chemical abuse by Minnesota youth.

- State funding for the Chemical Abuse Prevention (CAP) Program began in 1994 because of the impact that alcohol-impaired driving has on public safety in Minnesota.
- Grantees provide two-to-one matching funds.
- Programs awarded funding in 2000 and 2001 are the following:
 - The Northland Foundation through the KIDS PLUS Program provides funding to over 25 communities sponsoring more than 90 prevention programs for youth and families in northeast Minnesota. Money is distributed locally through a competitive grant process.
 - The Minneapolis Indian Youth Consortium provides funding to eight agencies for coordinated culturally appropriate prevention and academic enrichment programming reaching over 1,000 Native American youth during after-school, weekend, and summer hours.

STRATEGIES AND PERFORMANCE:

- Self reports from impacted communities indicate that children have benefited from these programs. Communities have identified and developed their local and regional resources while strengthening collaboration between community-based organizations, local government, and schools.
- CAP programs provide direct funding to programs and use a process of involvement, education, debate, and decision-making strategies to help community-based coalitions address the unique needs of children and youth in their communities.

FINANCING INFORMATION:

This program is funded from driver's license reinstatement fees and receives \$200,000 annually.

BUDGET ISSUES:

Through the use of these funds, grantee organizations have been able to attract the required two-to-one match of non-state dollars generating resources for prevention programming in their communities that may not have existed without this opportunity.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$200,000 for FY 2002 and \$200,000 for FY 2003 from the Special Revenue Fund.

Activity: CHEMICAL ABUSE PREVENTION GRAN
 Program: PREVENTION
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	475	200	202	200	200	200	200	(2)	(0.5%)
Total Expenditures	475	200	202	200	200	200	200	(2)	(0.5%)
Financing by Fund:									
Statutory Appropriations:									
SPECIAL REVENUE	475	200	202	200	200	200	200		
Total Financing	475	200	202	200	200	200	200		

BUDGET ACTIVITY SUMMARY

Budget Activity: STATE INCENTIVE GRANT
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING
Federal Citation: PHS Act Section 501 (D)(5)

ACTIVITY PROFILE:

The purpose of the State Incentive Grant (SIG) is to reduce substance abuse among youth by developing and implementing a statewide prevention strategy grounded in research findings designed to improve community-based prevention efforts.

- In 1998, Minnesota received a three-year partnership award from the federal Substance Abuse and Mental Health Services Administration/Center for Substance Abuse Prevention (CSAP). Four state agencies combined in leading this application and its implementation—Children, Families and Learning (CFL); Health; Public Safety; and Human Services.
- The partnership is expected to coordinate, leverage, and/or redirect all substance abuse prevention resources toward promising preventive approaches that reduce use of marijuana and other drugs by youth.
- In 1999, Safe and Drug-Free Schools governor grant funds were folded into the SIG grant process to simplify application and reporting processes for local communities.
- In 1999, 22 grants were made through the Prevention and Intervention grant process to community-based organizations across the state to implement research-based substance services for youth—especially pre-adolescents and adolescents. These grants are for a three-year period.

STRATEGIES AND PERFORMANCE:

- The multi-agency partnership established an advisory body comprised of state and local representatives to conduct a needs assessment regarding youth substance abuse prevention programs. This needs assessment will result in a plan for increased efficiency and impact that will be forwarded to the Governor in 2001 for review and implementation.
- Approximately 35 representatives of state and local government and community-based initiatives are participating in the SIG advisory committee's development of a statewide substance abuse prevention plan.
- Each SIG grant is required to document impact information with the results reported statewide and nationally. Results will be available in 2002.

- Evaluation of Minnesota SIG grant is being conducted by the University of Minnesota's Center for Applied Research and Educational Improvement (CAREI) office. This evaluation will produce both quantitative and qualitative information and will include information on a national set of core measures.

FINANCING INFORMATION:

- This program is financed entirely with federal funds. Funding will be \$1.7 million in FY 2002 and \$1.9 million in FY 2003.
- The CSAP three-year grant totaled \$8.9 million, with a minimum of 85% of the funds restricted to community-based program implementation.
- In addition to the CSAP funds, \$1.2 million in federal Safe and Drug-Free Schools funds were included in the 1999 grant awards to Minnesota programs.
- Minnesota will be allowed to request to carryover any unspent funds at the end of the third year into a fourth year. It is expected that carryover will be requested.

BUDGET ACTIVITY SUMMARY

Budget Activity: COORDINATED SCHOOL HEALTH
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING

Federal Citation: P.L. 101-381

ACTIVITY PROFILE:

To promote coordinated efforts among schools, communities and families to measurably improve the health and educational status of Minnesota's young children.

- In 1987, the Centers for Disease Control (CDC) and Prevention established cooperative agreements with many of the nation's state education agencies to help them implement health education programs designed to prevent HIV infection among youth. The CDC gave each state, including Minnesota, \$240,000.
- In 1995, Minnesota became one of 13 states to be funded for a new program in coordinated school health. This program expanded the HIV/STD/Unintended Pregnancy Cooperative partnerships to include other youth risk behavior areas identified as the leading causes of death in young people. Such as drug and alcohol abuse; tobacco use; poor dietary habits; sedentary lifestyles; and intentional and unintentional injuries.
- Coordinated School Health (CSH) is a partnership initiative between the Department of Children, Families and Learning and the Department of Health. Staff are located in each Department.
- CSH works through school systems and local public health agencies to provide health services; counseling, psychological, social work, and mental health services; school meals and nutrition; health education; physical education; school environment; staff wellness; and parent/community partnerships.
- In 1996, the state of Minnesota began a pilot program to develop regional training sites for HIV/STD prevention. The purpose of these sites is to assist school districts in implementing M.S. 121A.23. Two sites in greater Minnesota and one site in the metro area were established. In 1998, the Legislature extended funding to those sites, and created two additional sites in greater Minnesota and an evaluation component.

STRATEGIES AND PERFORMANCE:

- CSH employs three distinct strategies:
 - to build infrastructure in state and local agencies so policies, procedures and resources are in place to support school health preventive programs;

- to strengthen the coordinated health education curriculum in the area of unintended injuries, alcohol and other drug use, sexuality/HIV/AIDS, tobacco, diet and physical activity; and
- to assist school districts in providing effective HIV/AIDS/STD education (M.S.121A.23).
- Currently, program staff provide training for both school and public health audiences, produce and identify written materials for distribution, conduct statewide conferences and workshops, and provide technical assistance to customers. The staff also supports the graduation standards in health and physical education.
- CSH has
 - assisted in the development of Minnesota Standards and assessments in health and physical education;
 - assisted schools in developing health related policies;
 - trained approximately 1,000 teachers and other school personnel as well as local public health employees in standards, assessments and curricula in the identified risk behavior areas; and
 - developed methods for conducting ongoing process, program and impact evaluations.
- A coordinated school health resource center is maintained to review, purchase and distribute videos, curricula and other instructional material for use in prevention programs. Over 50% of Minnesota teachers use resources from the center. A 23-member panel representing a cross section of Minnesotans and a student panel review materials for the resource center.
- Data collected from the 1998 school health profile indicates that:
 - 98% of school districts reported teaching about positive dietary practices;
 - 100% of school districts reported teaching about tobacco use prevention;
 - 99% of school districts reported teaching about alcohol and drug prevention;
 - 96% of school districts reported teaching about prevention of sedentary lifestyles;
 - 100% reported teaching about HIV/STD/Unintended pregnancy
- Even though imparting knowledge about risk behaviors through teaching does not, in and of itself, change behaviors, data collected from the 1998 Minnesota Student Survey report that:
 - 35% of 12th graders report any cigarette use in the last 30 days
 - 70% of 12th graders report any alcohol use in the past 12 months
 - 5% of males and 6% of females in 12th grade report eating five servings of fruits and vegetables the previous day
 - 21% of males and 8% of females in 12th grade report being physically active over the past seven days for a total of 30 minutes

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: COORDINATED SCHOOL HEALTH
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING

FINANCING INFORMATION:

- Federal Aid HIV funding has remained steady since 1998 at approximately \$225,000 annually.
- Federal coordinated school health funding has also remained steady since 1995 at \$450,000 annually.
- The department must apply every year to renew the five-year CDC cooperative agreement. This is a competitive grant process. Currently, CDC funds 16 states for this initiative.
- In 1996, the Minnesota legislature appropriated \$300,000 for three HIV/STD Regional Training Sites.
- 1998, the legislature allocated \$450,000 for continuation of the three original sites; the establishment of two new additional sites; and implementation of a statewide evaluation of HIV/STD education in the schools. This report will be presented to the legislature during the 2001 session.
- Expenditures and funding occur within the agency budget.

BUDGET ISSUES:

- Federal funding is from a five-year block grant that provides \$700,000 annually. The block grant is up for reauthorization after federal fiscal year 2002.
- State funding for the HIV Regional Training Sites is sponsored by the Minnesota AIDS Project. It is their intention to seek to renew this funding for a similar amount; replacing the evaluation dollars with an additional urban site.

BUDGET ACTIVITY SUMMARY

Budget Activity: SAFE & DRUG-FREE SCHOOLS
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING

Federal Citation: Elementary and Secondary Education Act, Title IV, Part A, Subpart 1, Secs. 4011-4118, as amended, Public Law 103-382, 20 U.S.C. 7111-7119

ACTIVITY PROFILE:

The purpose of the Safe and Drug-Free Schools and Communities (SDFSC) programs is to assist in establishing, operating, and improving programs for violence, tobacco, and drug abuse prevention and education.

- The SDFSC Act was passed in 1994. It replaced the Drug-Free Schools Act of 1986. Funding under the 1994 act was authorized through Title IV of the Improving America's Schools Act. Eighty percent of the grant is allocated to the state education agency program and 20% to the governor's program. The first grant under the 1994 act was awarded for state FY 1996.
- The purpose of Title IV funding is to:
 - encourage establishment of drug abuse education and prevention programs that are coordinated with related community efforts and resources programs;
 - provide grants to local and intermediate educational agencies and consortia of agencies to establish, operate, and improve local programs of violence and drug abuse prevention, early intervention, rehabilitation referral, and education in elementary and secondary school;
 - provide grants to and contracts with community-based organizations or programs of violence and drug abuse prevention, early intervention, rehabilitation referral, and education for school dropouts and other high-risk youth; and
 - provide development, training, technical assistance, and coordination activities.

STRATEGIES AND PERFORMANCE:

- Minnesota receives the SDFSC under Title IV from the U.S. Department of Education. This grant is divided into two different categories: 1) state education agency (SEA); and 2) Governor's Safe and Drug-Free Schools.

State Education Agency Category

- Specific goals of this program are to assist local agencies in decreasing alcohol, tobacco, and other drug use by students; assist local education agencies in assuring a safe and secure learning environment for all students; and increase the capacity of local education agencies to identify

program needs and implement and assess programs relating to ensuring safe and drug-free schools and communities.

- Applications are accepted from school districts, regional education agencies, charter schools, and other school district consortia. Funds are allocated according to an entitlement formula based on public and nonpublic school enrollment within a district. Additional funds, termed "greatest need funds," are allocated to a maximum of 10% of school districts that demonstrate the greatest need for resources to provide services to high-risk youth. Children, Families and Learning (CFL) reviews and approves program applications, collects impact information, and distributes the funds.

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Districts Filing Individual Applications	257	249	249	249
Districts Pooling Funds in Consortium	124	115	115	115
Number of Greatest Need Grants	37	37	37	37

Governor's Safe and Drug-Free Schools Category

- These funds are targeted through grants or contracts to parent groups, community action and job training agencies, community-based organizations, and other public and private organizations to address violence and drug abuse problems in schools.
- Emphasis is on programs working with under-served youth, youth who need to become or remain drug or violence free. The grants are competitive and coordinated with the Prevention and Intervention guidelines.

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
High-Risk Grants	18	10	10	4
Training Grants	4	4	4	2
Law Enforcement Grants	14	5	10	0

FINANCING INFORMATION:

- This program is entirely federally funded. Funding increased in FY 1997 and has remained relatively stable. It is currently funded at \$6.15 million in each year of the biennium.
- 91% these funds are used for subgrants to local education agencies and community-based organizations. In accordance to federal law, 5% is used by the state agency for technical assistance and monitoring; and 4% is used for administrative costs.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: SAFE & DRUG-FREE SCHOOLS
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING

	Dollars in Thousands				
	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
SEA Funds	\$5,322	\$6,184	\$6,184	\$6,143	\$5,039
GOV Funds	1,260	1,546	1,546	1,536	1,260
TOTAL	\$6,608	\$7,730	\$7,730	\$7,679	\$6,299

NOTE: Funding levels shown in this table may differ from the expenditures shown on the federal program fiscal summary page due to carryover provisions and statewide accounting period closing requirements.

- CFL requires that school districts submit a single application detailing the use of Safe and Drug-Free Schools funds and Minnesota Violence Prevention Education funds (M.S. 120B.22)

BUDGET ACTIVITY SUMMARY

Budget Activity: DRUG POLICY
Program: PREVENTION
Agency: CHILDREN, FAMILIES & LEARNING
Federal Citation: M.S. 119A.25-34

The 1999 legislature transferred the powers and duties of the Office of Drug Policy and Violence Prevention (M.S. 119A.25 to 119A.34) and the Community Crime Prevention Grants (M.S. 119A.31) to the Department of Public Safety from the Department of Children, Families and Learning as of July 1, 1999. In FY 1999 this program received \$7.48 million in federal funding.

Activity: DRUG POLICY
 Program: PREVENTION
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	325	0	0	0	0	0	0	0	
OTHER OPERATING EXPENSES	154	0	0	0	0	0	0	0	
Subtotal State Operations	479	0	0	0	0	0	0	0	
LOCAL ASSISTANCE	7,001	0	0	0	0	0	0	0	
Total Expenditures	7,480	0	0	0	0	0	0	0	0.0%

Financing by Fund:									
Statutory Appropriations:									
FEDERAL	7,480	0	0	0	0	0	0	0	
Total Financing	7,480	0							

Revenue Collected:									
Dedicated									
FEDERAL	7,429	0	0	0	0	0	0	0	
Total Revenues Collected	7,429	0							

FTE by Employment Type:									
FULL TIME	5.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
PART-TIME, SEASONAL, LABOR SER	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Full-Time Equivalent	6.3	0.0							

PROGRAM SUMMARY

Program: SELF-SUFFICIENCY & LIFELONG LEARNING
Agency: CHILDREN, FAMILIES & LEARNING

PROGRAM PROFILE:

Self-Sufficiency/Lifelong Learning programs help build the capacity of the state and its local communities to support individuals and families as they move to self-sufficiency and pursue life-long learning opportunities.

Budget activities within this program include: the Minnesota Economic Opportunity Grant, the Family Assets for Independence in Minnesota, Housing and Emergency Food Assistance programs, Lead Abatement, Adult Basic Education, General Education Development (GED), and Adult Graduation.

Areas of Agency Concentration

- *School Readiness and Healthy Children* These programs support school readiness by improving the nutrition of children, offering literacy programs that work with both parents and children, and helping families become self-sufficient as they provide for their children's care and education.
- *Stable Families.* The programs work with communities to provide low-income Minnesotans the opportunity to obtain the skills, knowledge and motivation to become self-sufficient. They also provide access to nutritious foods and stable housing that enables families and individuals to maximize their potential.
- These programs support the Governor's Big Plan for Minnesota by addressing two of his objectives *Healthy, Vital Communities*, specifically "Best K-12 Public Education in the Nation" and *Self-Sufficient People*, specifically, "Transitioning from Welfare to Work," and "Assuring Lifelong Learning for Work and Life."

CFL Strategic Plan. Research indicates that increasing family self-sufficiency, stabilizing housing, and providing access to nutritious food are critical to children's success in school, and thereby contribute to the achievement of the following agency indicators.

- Percentage of third graders who can read
- Percentage of students dropping out
- Percentage of public school students who transfer during the school year
- Percentage of students with a positive early childhood screening for health and developmental problems who receive successful follow-up and referral
- Percentage of students passing the Basic Standards Test on their first attempt

Program: SELF-SUFFICIENCY & LIFELONG LE
 Agency: CHILDREN, FAMILIES & LEARNING

Program Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Activity:									
MN ECONOMIC OPPORTUNITY GRANTS	18,400	13,143	16,085	14,532	14,532	14,532	14,532	(164)	(0.6%)
TRANSITIONAL HOUSING PROGRAMS	3,840	3,529	5,969	5,812	5,812	5,862	5,862	2,176	22.9%
EMERGENCY SERVICES	298	309	1,013	350	350	350	350	(622)	(47.0%)
ADULT BASIC EDUCATION AID	16,823	21,486	35,035	38,828	38,828	41,409	41,409	23,716	42.0%
ADULT GRADUATION AID	2,525	2,759	3,031	3,195	3,195	3,356	3,356	761	13.1%
GED TESTS	125	125	125	125	125	125	125	0	0.0%
FOODSHELF PROGRAMS	1,568	1,782	1,773	1,773	1,773	1,773	1,773	(9)	(0.3%)
FAMILY ASSETS FOR INDEPENDENCE	0	305	195	500	500	0	0	0	0.0%
LEAD ABATEMENT	75	500	0	100	100	100	100	(300)	(60.0%)
ENERGY PROGRAMS	48,291	53,455	7,438	0	0	0	0	(60,893)	(100.0%)
Total Expenditures	91,945	97,393	70,664	65,215	65,215	67,507	67,507	(35,335)	(21.0%)

Financing by Fund:									
Direct Appropriations:									
GENERAL	28,570	34,291	47,165	48,375	48,375	50,617	50,617		
FEDERAL TANF	0	0	3,000	3,000	3,000	3,050	3,050		
Statutory Appropriations:									
STATE GOVERNMENT SPECIAL REVENUE	0	515	78	0	0	0	0		
SPECIAL REVENUE	157	316	127	0	0	0	0		
FEDERAL	62,905	62,140	20,294	13,840	13,840	13,840	13,840		
GIFT	313	131	0	0	0	0	0		
Total Financing	91,945	97,393	70,664	65,215	65,215	67,507	67,507		

FTE by Employment Type:									
FULL TIME	0.0	0.1	0.0	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	0.0	0.1	0.0	0.0	0.0	0.0	0.0		

BUDGET ACTIVITY SUMMARY

Budget Activity: MN ECONOMIC OPPORTUNITY GRANTS
Program: SELF-SUFFICIENCY & LIFELONG LEARNING
Agency: CHILDREN, FAMILIES & LEARNING

State Citation: M.S. 119A.374-119A.376
Federal Citation: Community Services Block Grant (CFBG) P.L. 97-35

ACTIVITY PROFILE:

The purpose of Minnesota Economic Opportunity Grant (MEOG) is to provide low-income citizens with the information and skills necessary to become self-sufficient and to alleviate the effects of poverty in Minnesota.

- This budget activity includes the federal Community Services Block Grant (CSBG) program and the state MEOG program.
- Funding for the state MEOG program began in 1976. Federal funding for CSBG began in 1981 when funds for anti-poverty programs were provided as block grants.
- A statewide network of community action agencies (CAAs), other public entities, and Indian tribal governments deliver the programs.
- Most CAAs are locally governed nonprofit corporations. A unique feature of CAAs is that members of the low-income community must make up one-third of each local governing board. Local elected officials and representatives from the local private sector constitute the other two-thirds.
- Issues addressed locally include asset development, nutrition, literacy, transportation, child care, housing, job training, energy conservation, Head Start, youth programs, services to seniors, crisis assistance, advocacy, information, and referral, as well as collaboration with public and private health, education, and human service organizations.

STRATEGIES AND PERFORMANCE:

- Activities are locally determined to provide a range of services based on local needs and are delivered through models including the following:
 - intervention programs designed to provide immediate assistance for basic needs to households in economic crisis;
 - family support programs providing assistance in developing personal and economic self-sufficiency; and
 - community investment, including economic development initiatives and entrepreneurial projects.
- Annually, the CSBG and MEOG leverage \$165 million in other federal, state, local, and private funds for services to alleviate the effects of poverty.
- Approximately 200,000 economically disadvantaged households are served annually.

- Last year, over 44,000 volunteers provided 1.8 million hours of service through the community action network, an estimated value of \$9 million.
- Community action grantees utilize results oriented management and accountability (ROMA), a national interagency initiative promoting outcome-based management strategies for community, state, and federal programs participating in the CSBG programs. Children, Families and Learning (CFL) is the national webmaster for this site (www.romal.org).

FINANCING INFORMATION:

- Funding is allocated statewide using a formula based on the number of people living in poverty in each grantee's community and a base amount.
- CAA programs are funded through various sources: state, federal, and privately leveraged funds.
- MEOG is 4% of the total CAA funding.

BUDGET ISSUES:

- Changes in welfare reform have increased pressure on these programs to help grantees become self-sufficient.
- Though spending mandates are part of both the federal and state laws that govern MEOG and CSBG expenditures, the flexibility of the funding has also been essential. The need for access to flexible funds has been exemplified by emergency services that CAAs have provided to local residents affected by flooding, tornadoes, and other severe-weather events.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$8.514 million for FY 2002 and \$8.514 million for FY 2003, with carryforward authority.

Activity: MN ECONOMIC OPPORTUNITY GRANTS
 Program: SELF-SUFFICIENCY & LIFELONG LE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
OTHER OPERATING EXPENSES	96	0	0	0	0	0	0	0	
Subtotal State Operations	96	0	0	0	0	0	0	0	
LOCAL ASSISTANCE	18,304	13,143	16,085	14,532	14,532	14,532	14,532	(164)	(0.6%)
Total Expenditures	18,400	13,143	16,085	14,532	14,532	14,532	14,532	(164)	(0.6%)
Financing by Fund:									
Direct Appropriations:									
GENERAL	9,555	7,026	10,002	8,514	8,514	8,514	8,514		
Statutory Appropriations:									
FEDERAL	8,845	6,117	6,083	6,018	6,018	6,018	6,018		
Total Financing	18,400	13,143	16,085	14,532	14,532	14,532	14,532		
Revenue Collected:									
Dedicated									
FEDERAL	8,539	6,128	6,072	6,018	6,018	6,018	6,018		
Total Revenues Collected	8,539	6,128	6,072	6,018	6,018	6,018	6,018		

BUDGET ACTIVITY SUMMARY

Budget Activity: TRANSITIONAL HOUSING PROGRAMS,
EMERGENCY SERVICES
Program: SELF-SUFFICIENCY & LIFELONG LEARNING
Agency: CHILDREN, FAMILIES & LEARNING

State Citation: M.S. 119A.43

Federal Citation: McKinney Homeless Assistance Act of 1987, Title IV

ACTIVITY PROFILE:

The purpose of these programs is to provide shelter, transitional housing, and supportive services to homeless families and individuals in an effort to assist them in obtaining permanent housing. Stable housing helps individuals and families live independently and is critical as they move from welfare to self-sufficiency.

- Homeless programs were developed in response to the increasing number of homeless people in the early 1980s.
- The Minnesota legislature has increased funding over the past few years because the number of people in need has steadily increased since the 1980s.
- Currently 140 programs receive homeless program funding across the Minnesota.
- The populations served include battered women and children, single-parent and two-parent families with children, single adults, unaccompanied youth, people with HIV/AIDS, migrant and seasonal farm workers, veterans, and others.
- The homeless programs include:
 - Transitional Housing Program (state)
 - Temporary Assistance for Needy Families (TANF) Transitional Housing (state)
 - Emergency Services Program (state)
 - Emergency Shelter Grants Program (federal)
 - Supportive Housing Program (federal)
- The composition of the homeless population has changed. In 1985, most of the persons using shelters/transitional housing were men. In 2000, children now make up just under half of all persons using shelters.
- The increase in the numbers of homeless families may be attributed at least in part to the extremely tight housing markets that have resulted in increasing rents, lower vacancy rates, fewer landlords accepting housing subsidies such as Section 8, and stricter screening of potential tenants for bad rental or credit histories. Some landlords now require that tenants have incomes three times the amount of rent. Until more affordable

housing is available, an increasing number of families and individuals are expected to need shelter/transitional housing.

STRATEGIES AND PERFORMANCE:

The homeless programs provide financial and technical assistance to provider agencies throughout the state. Through the provision of housing assistance and case management, programs assist participants in attaining and retaining permanent housing. The key objectives of the homeless programs are to accomplish the following:

- prevent homelessness;
- provide necessary protective shelter for people on the streets;
- assist homeless households to attain permanent housing; and
- stabilize homeless households in permanent housing.

Transitional Housing Program

- At least 67% of program participants moved into independent, permanent housing.
- A total of 16% of participants who were receiving public assistance when they entered the program left public assistance while in the program.
- The number of people employed full-time increased 61% during the period of participation.
- Average income per participant increased 26% during the period of participation.

Emergency Services Program

- The 1999 Minnesota legislature funded the Emergency Services Program to provide financial assistance for the operating costs of shelters serving the general homeless population. In FY 1999, the department awarded funds to 14 providers who served 11,846 individuals with emergency shelter, services, and rental assistance.

Emergency Shelter Grants Program (HUD)

- Forty-nine programs throughout the state received grants to provide emergency shelter or services, transitional housing, or homeless prevention services to 14,529 individuals.

Supportive Housing Program (HUD)

- The Supportive Housing Program provided funding to 21 rural community action agencies, Indian tribal governments, and migrant seasonal farm worker organizations in 1999. A total of 1,134 individuals were provided with first month's rent, damage deposit, transportation, relocation assistance, and application fees to stabilize households in permanent housing.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: TRANSITIONAL HOUSING PROGRAMS, EMERGENCY SERVICES

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Agency: CHILDREN, FAMILIES & LEARNING

GOVERNOR'S RECOMMENDATION:

For transitional housing, the Governor recommends an appropriation of \$1.988 million for FY 2002 and \$1.988 million for FY 2003, with carryforward authority within the biennium.

For emergency services, the Governor recommends an appropriation of \$350,000 for FY 2002 and \$350,000 for FY 2003.

- Six months after exiting transitional housing, 95% of the participants were still in permanent housing.

FINANCING INFORMATION:

These programs are funded by state, federal, non-profit, private, and local government funding. State funding is used to leverage federal homelessness funding.

	Appropriations: Dollars in Thousands				
	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
THP	\$935	\$1,642	\$1,942	\$1,988	\$1,988
THP-TANF	-0-	-0-	-0-	-0-	\$1,900
ESP	-0-	-0-	\$300	\$350	\$972
ESGP	\$873	\$87	1,271	\$1,160	\$1,163
Supportive Housing	\$1,177	\$1,161	\$657	\$884	\$798

NOTE: Funding levels shown in this table may differ from the expenditures shown on the federal program fiscal summary page due to carryover provisions and statewide accounting period closing requirements.

BUDGET ISSUES:

- Prepayment of HUD subsidized housing units and conversion of those units to market-rate housing could displace thousands of low-income renters statewide.
- The number of working people using shelters has doubled since 1991. A third of all shelter/transitional housing residents are now employed, most of them in very low-paying jobs.

Activity: TRANSITIONAL HOUSING PROGRAMS
 Program: SELF-SUFFICIENCY & LIFELONG LE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	3,840	3,529	5,969	5,812	5,812	5,862	5,862	2,176	22.9%
Total Expenditures	3,840	3,529	5,969	5,812	5,812	5,862	5,862	2,176	22.9%
Financing by Fund:									
Direct Appropriations:									
GENERAL	1,928	1,830	2,145	1,988	1,988	1,988	1,988		
FEDERAL TANF	0	0	1,900	1,900	1,900	1,950	1,950		
Statutory Appropriations:									
FEDERAL	1,912	1,699	1,924	1,924	1,924	1,924	1,924		
Total Financing	3,840	3,529	5,969	5,812	5,812	5,862	5,862		
Revenue Collected:									
Dedicated									
FEDERAL	1,898	1,685	1,924	1,924	1,924	1,924	1,924		
Total Revenues Collected	1,898	1,685	1,924	1,924	1,924	1,924	1,924		

Activity: EMERGENCY SERVICES
 Program: SELF-SUFFICIENCY & LIFELONG LE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	298	309	1,013	350	350	350	350	(622)	(47.0%)
Total Expenditures	298	309	1,013	350	350	350	350	(622)	(47.0%)
Financing by Fund:									
Direct Appropriations:									
GENERAL	298	309	1,013	350	350	350	350		
Total Financing	298	309	1,013	350	350	350	350		

BUDGET ACTIVITY SUMMARY

Budget Activity: ADULT BASIC EDUCATION AID
Program: SELF-SUFFICIENCY & LIFELONG LEARNING
Agency: CHILDREN, FAMILIES & LEARNING

State Citation: M.S. 124D.52-124D.53

Federal Citation: P.L. 105-220, Title II – The Adult Education and Family Literacy Act

	<u>FY 1998</u>	<u>FY 2000</u>
Total ABE Adult Enrollment	48,220	73,213
Basic Skills (general)	19,200	30,868
ESL participants	15,380	27,273
GED participants	9,130	15,072
Family Literacy	1,170	1,924
Workplace Education	2,800	11,578
Citizenship	4,500	2,700

Participant Characteristics:	<u>FY 1998</u>	<u>FY 2000</u>
Unemployed	45%	41%
On Public Assistance	44%	17%
Incarcerated	17%	19%
Rural Participants	17%	18%
Urban Participants	48%	27%
Parents	80%	77%

ACTIVITY PROFILE:

The purpose of this program is to provide education opportunities for adults who lack basic academic skills, whose low educational levels are barriers to employment and to productive participation in their families and in our society.

- State funded adult basic education (ABE) began in July 1969. The federal program began in 1974.
- Adult education program options include the following:
 - GED (general education development diploma) - high school equivalency program;
 - Adult Graduation - program for adults over 21 leading to a high school diploma;
 - English as a Second Language (ESL) - for learners whose language is other than English;
 - Family Literacy - features instruction for adults in literacy and parenting, and children receive education services as well through other funding sources;
 - Basic Skills Education - for learners who need to brush-up on some specific basic skills, such as math or reading (typically related to employment.);
 - Workplace Education - basic skills instruction using work-related content, often delivered at the learner's work site; and
 - U.S. Citizenship - programs for legal non-citizens to attain English and civic knowledge necessary for U.S. citizenship and democratic participation.
- 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. Compulsory attendance law allows students to drop out at age 16. ABE is not an "alternative system." It is a last chance.

- Under a federal ABE law, the Adult Education and Family Literacy Act, federal funds must coordinate with and supplement, not supplant or duplicate, other funds and must be used to improve adult education programming. Federal allocation requirements include the following:
 - a minimum of 82.5% must be used for local program grants and contracts;
 - a maximum of 10% may be used for institutionalized adults;
 - a maximum of 5% may be used for statewide administration; and
 - a maximum of 12.5% may be used for state leadership activities including staff development.
- State ABE aid is available to individual public school districts or groups of districts (consortia) and other eligible nonprofit providers including community-based organizations and correctional institutions. All eligible agencies submit an application to the department for program design approval and funding.

STRATEGIES AND PERFORMANCE:

- In 1999, over 7,000 adults earned their high school equivalency. The average high school graduate earns about \$6,500 more per year than a drop out.
- A short-term investment in ABE yields returns of reduced welfare, social services, and corrections spending.
- The following are selected outcomes for adults served in ABE programs for 12 hours or more during FY 1998 and FY 2000.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: ADULT BASIC EDUCATION AID
Program: SELF-SUFFICIENCY & LIFELONG LEARNING
Agency: CHILDREN, FAMILIES & LEARNING

Selected Outcome Results:	<u>FY 1998</u>	<u>FY 2000</u>
GEDs earned	6,270	7,117
Left public assistance	620	487
H.S. diplomas earned	1,200	1,280
Entered post-secondary education	2,070	2,962
Earned U.S. citizenship	1,100	884
Able to assist children in school	3,390	2,221
Gained or bettered employment	8,250	14,815

- An adult basic education policy task force has been established to make recommendations to the legislature on program and funding policies for adult basic education programs.

FINANCING INFORMATION:

- Through FY 1999, funding was derived from three sources: state general aid, local levy, and federal aid. Beginning in FY 2000, the local ABE levy was replaced by state aid.
- Through FY 2000, approved ABE programs had received state aid as a reimbursement for services rendered. Learner contact hours were reported to the state and a formula of full-time equivalencies (FTE) specified in law was applied.
- State ABE Aid - FY 1994 through FY 2001 (in thousands)

Fiscal Year	State Aid	Proration		Total State Aid	Proration	
		Before Reserve	Commissioner's Reserve		After Reserve	Reserve
1994	5,873	44%	2,893	8,766	65%	
1995	8,374	35%	3,982	12,356	52%	
1996	8,374	54%	5,879	14,253	92%	
1997	8,374	62%	2,801	11,175	82%	
1998	12,780	77%	-0-	12,780	77%	
1999	12,257	54%	537	12,794	59%	
2000 est.	21,006	77%	-0-	21,006	77%	
2001 est.	30,157	NA	NA	30,157	NA	

- In order to ensure statewide access to ABE programs, a new funding formula was implemented in FY 2001. Adult basic education aid will be based on the following factors:

- Basic population aid at the greater of \$4,000 or \$1.80 times the population of the district.
- Of the remaining funds available, 84% will be distributed based on contact hours; 8% will be distributed based on the population of LEP learners in the district; and 8% will be distributed based on the population of adults aged 20 and over who do not hold a high school diploma (1990 U.S. Census).
- Programs will be held to a 17% or \$20,000 growth cap.
- Programs will be held to a revenue per contact hour cap.
- Programs will not receive less aid in FY 2001 than they did for FY 2000.
- CFL has not routinely performed fiscal audits of ABE programs. The new ABE law passed by the 2000 state legislature requires CFL to audit all ABE programs during the 2002-03 biennium and at least once every five years thereafter. \$100,000 was appropriated in FY 2001 for program administration including audits, technical assistance, and reporting requirements.

BUDGET ISSUES:

- Growing immigrant resettlement into Minnesota and continuing demand from high-school dropouts add to the higher demand for ABE services.
- Funding for U.S. citizenship programs expired in FY 1999, placing greater service demands on the ABE delivery system. In addition, Minnesota has experienced a significant increase in secondary immigration of non-English speaking adults. Projections for continuing rapid immigration will impact the program.
- The new federal ABE law shifts funds from ABE staff development and training to learner instruction resulting in a reduction of funding for these purposes.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$32.368 million for FY 2002 and \$34.994 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$32.15 million in FY 2002 (\$3.019 million for FY 2001 and \$29.131 million for FY 2002) and \$34.731 million in FY 2003 (\$3.237 million for FY 2002 and \$31.494 million for FY 2003).

The Governor also recommends an appropriation of \$175,000 for FY 2002 and \$175,000 for FY 2003, with carryforward authority, to fund fiscal audits of ABE programs.

Activity: Adult Basic Education
Program: Self Sufficiency and Lifelong Learning

	Budget Activity Summary Dollars in Thousands	Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
AID	1. Statutory Formula Aid-Regular Program ABE Administration	27,117	30,194	32,368	34,994		
			100	175	175		
	2. Statutory Excess/(Shortfall)	(6,111)					
	3. Appropriated Entitlement	21,006	30,294				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)	27					
	5. State Aid Entitlement under Current Law	21,033	30,294	32,543	35,169	16,385	31.92%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	21,033	30,294	32,543	35,169	16,385	31.92%
	<i>plus</i>						
LEVY	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)						
	10 Governor's Levy Recommendation	0	0	0	0	0	0.00%
	<i>equals</i>						
REVENUE	11 Current Law Revenue (Total of Aid & Levy)	22,360	35,953	39,046	41,672	22,405	38.42%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	22,360	35,953	39,046	41,672	22,405	38.42%
	<i>plus</i>						
FEDERAL FUNDS	12 a. Adult Basic Education Aid	1,327	5,659	6,503	6,503	6,020	86%
Appropriations Basis for State Aid							
	Prior Year (10%)	1,227	2,101	3,019	3,237		
	Current Year (90%)	18,905	27,275	29,306	31,669		
	Transfers per M.S. 127A.41, subdivision 8 & 9	27					
	Total State Aid - General Fund	20,159	29,376	32,325	34,906		

BUDGET ACTIVITY SUMMARY

Budget Activity: ADULT GRADUATION AID
Program: SELF-SUFFICIENCY & LIFELONG LEARNING
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.54

ACTIVITY PROFILE:

The purpose of Adult Graduation Aid is to provide adults age 21 and above with options and opportunities to earn their high school diploma.

- The state first funded the Adult Graduation program in the 1989-90 biennium with an appropriation of \$982,000. Prior to 1989, adult participation was low and resources were provided through the Adult Basic Education (ABE) program.
- Adults age 21 and over who have not completed high school may complete their secondary education under this program. The individual must also qualify under one of the following criteria:
 - eligible for unemployment benefits or have exhausted unemployment benefits;
 - eligible for and receiving income maintenance or support services; or
 - eligible under the displaced homemaker program, state wage subsidy program, or any program under the Workforce Investment Act.
- Eligible individuals may enroll in area learning centers, post-secondary courses, if eligible, through post-secondary enrollment options, public alternative programs, or any public high school.
- Enrollment is currently limited to two school years or until the adult learner completes the course work required for graduation whichever is less. At the completion of the program, the individual receives a high school diploma.

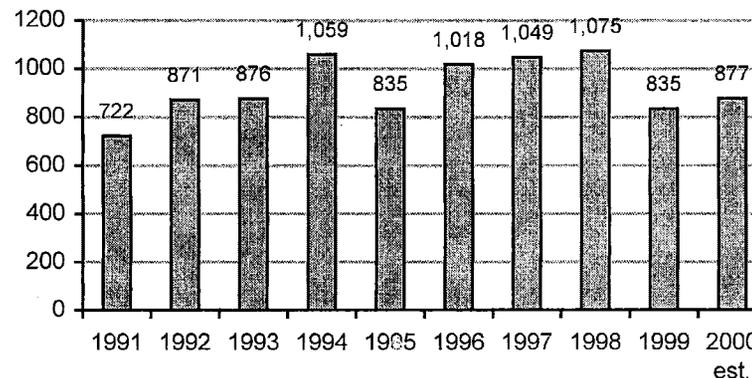
STRATEGIES AND PERFORMANCE:

Individuals who receive their high school diplomas earn on the average about \$6,500 more per year than a dropout.

FINANCING INFORMATION:

The aid amount for each eligible pupil for FY 2001 equals \$2,338 times 1.3 times the Average Daily Membership (ADM) for the pupil. For this aid, ADM equals yearly hours in membership divided by the instructional hours for the district. The district may not count pupils for any other purpose other than adult graduation aid.

**Number of Participants
(Average Daily Membership)**



BUDGET ISSUES:

Participation is expected to increase due to increased K-12 dropout rates and adults entering Minnesota who do not possess high school diplomas.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$3.211 million for FY 2002 and \$3.372 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$3.195 million in FY 2002 (\$305,000 for FY 2001 and \$2.89 million for FY 2002) and \$3.356 million in FY 2003 (\$321,000 for FY 2002 and \$3.035 for FY 2003).

Activity: Adult Graduation Aid
Program: Self Sufficiency and Lifelong Learning

Budget Activity Summary Dollars in Thousands		Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
AID	1. Statutory Formula Aid	2,780	3,058	3,211	3,372		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	2,780	3,058				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	2,780	3,058	3,211	3,372	745	12.76%
	6. Governor's Recommended Aid Change(s)			0	0		
	7. Governor's Aid Recommendation	2,780	3,058	3,211	3,372	745	12.76%
<i>plus</i>							
LEVY	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)			0	0		
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
REVENUE	11. Current Law Revenue (Total of Aid & Levy)	2,780	3,058	3,211	3,372	745	12.76%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	2,780	3,058	3,211	3,372	745	12.76%
Appropriations Basis for State Aid							
	Prior Year (10%)	258	278	305	321		
	Current Year (90%)	2,501	2,753	2,890	3,035		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	2,759	3,031	3,195	3,356		

BUDGET ACTIVITY SUMMARY

Budget Activity: GED TESTS
Program: SELF-SUFFICIENCY & LIFELONG LEARNING
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.549, M.S. 124D.55

ACTIVITY PROFILE:

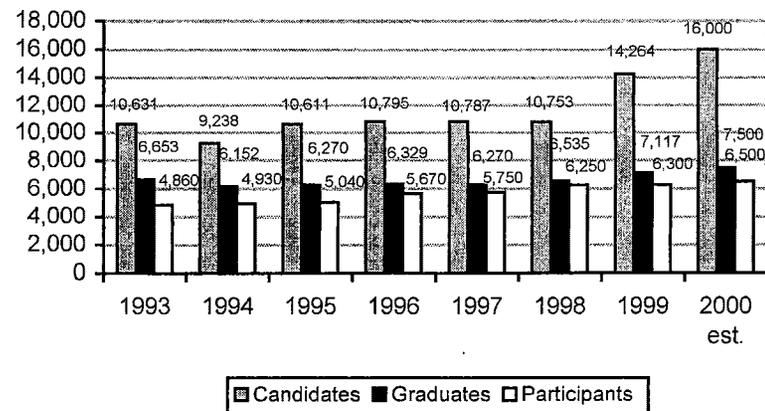
The purpose of this program is to provide increased access for eligible individuals to complete the test of general educational development (GED) by paying a portion of the student's GED testing fees.

- 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.
- To be eligible for the program, an individual must meet three criteria:
 - be a Minnesota resident and have been so for at least 90 days;
 - not be currently enrolled in a program leading to a high school diploma; and
 - not have the testing fee paid by another agency.
- The GED examination consists of a battery of five tests that measure the major and lasting outcomes associated with a high school education. Each of the five tests (writing skills, social studies, science, interpreting literature and the arts, and mathematics) uses a multiple choice question format. The writing skills test also requires an essay. Typically, GED candidates are from low-income backgrounds and cannot afford the full cost of taking the five-test GED battery.
- Successful completion of the GED test battery results in the awarding of a state of Minnesota GED diploma by the Department of Children, Families and Learning. A high school diploma or GED is required by many employers, and virtually all of Minnesota's post-secondary educational institutions accept the GED for admission purposes.

STRATEGIES AND PERFORMANCE:

- The number of participants is growing each year because more individuals are meeting the eligibility criteria.
- Individuals who receive their high school diploma or GED earn about \$6,500 more per year than a dropout.

All Candidates for the Test
All Graduates Passing the Test
Eligible Participants in the Reimbursement Program



FINANCING INFORMATION:

- This budget activity is funded entirely with state aid.
- The average GED test fee is \$50.00.
- At the end of each fiscal quarter, each of the 65 Minnesota testing centers submits to the department the number of eligible persons registering for the complete test batteries as well as the number taking partial tests. Based on that information, reimbursement is made to each center in relation to a fee established locally prior to the start of the fiscal year.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: GED TESTS
Program: SELF-SUFFICIENCY & LIFELONG LEARNING
Agency: CHILDREN, FAMILIES & LEARNING

BUDGET ISSUES:

- The costs to lease GED testing materials have increased by approximately 167% since 1997.
- Program participation is increasing. This increase has caused a proration of reimbursement, the testing center's only source of revenue other than testing fees. The revenue loss is resulting in 1) higher test fees for examinees, and 2) institutional reluctance to continue as testing centers.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$125,000 for FY 2002 and \$125,000 for FY 2003, with carryforward authority.

Activity: GED TESTS
 Program: SELF-SUFFICIENCY & LIFELONG LE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	125	125	125	125	125	125	125	0	0.0%
Total Expenditures	125	125	125	125	125	125	125	0	0.0%
Financing by Fund:									
Direct Appropriations:									
GENERAL	125	125	125	125	125	125	125		
Total Financing	125	125	125	125	125	125	125		

BUDGET ACTIVITY SUMMARY

Budget Activity: FOODSHELVE PROGRAMS
Program: SELF-SUFFICIENCY & LIFELONG LEARNING
Agency: CHILDREN, FAMILIES & LEARNING

State Citation: M.S. 119A.44
Federal Citation: 7 U.S.C. 612c, 42 U.S.C. 9910a, Sec. 681A

ACTIVITY PROFILE:

The purpose of these programs is to provide food to low-income individuals and families who have exhausted other resources to meet their basic nutrition needs.

Despite a strong economy, the effects of welfare reform, low wages, and the high costs of child care, housing, and health care continue to leave many individuals and families hungry. In 1998, one in 18 Minnesotans used food shelves, and half of those served were children under the age of 18. In addition, from 1998 to 1999, senior citizens and individuals increasingly visited food shelves. High housing costs, prescription costs, and low wages are cited by these populations as reasons for increased reliance on emergency food sources.

Food banks, food shelves, on-site meal programs, and shelters provide food through the programs described below.

Minnesota Food Shelf Program (MFSP)

- The state began funding food shelves in 1992 because the demand for food assistance could not be met without state help, and the legislature realized the importance of a stable diet for all Minnesotans.
- The department grants MFSP funds to the Minnesota Food Shelf Association (MFSA) for distribution to over 200 individual food shelves throughout the state. Food shelves use these funds to purchase nutritious foods and to offset operating costs.
- Each food shelf is a nonprofit organization that distributes food to individuals and families based on need. MFSA allocates funds to food shelves semi-annually based on the number of individuals served by each food shelf during the previous six-month period.

The Emergency Food Assistance Program (TEFAP)

- Established in 1981, The Emergency Food Assistance Program distributes U.S. Department of Agriculture (USDA) food commodities through food shelves, on-site meal programs, and shelters to low-income individuals and families. TEFAP funds are used to cover costs associated with the distribution of USDA commodities, including warehousing, transportation,

commodity tracking and allocation, and technical assistance. State matching funds are required.

- The department contracts with the Minnesota Food Bank Network (MFBN) to distribute TEFAP commodities. MFBN is comprised of seven regional Second Harvest food banks that provide a balanced distribution of commodities to all 87 counties. TEFAP commodities are allocated to the regional food banks based on the population and poverty level of their service areas.

Community Food and Nutrition Program (CFNP)

- The Community Food and Nutrition Program is federally funded under the Community Services Block Grant. Its purpose is to improve nutrition for low-income people.
- CFNP funds are awarded to public or private organizations to coordinate existing public and private food assistance resources.

STRATEGIES AND PERFORMANCE:

- In 1999, MFSA funded over 219 food shelves with the state appropriation.
- In 1998, one in 18 Minnesotans used food shelves. Half of those served were children under the age of 18. Food shelves assisted over 440,000 households.
- The number of food shelf visits increased 8% from 1998 to 1999.
- Between 1998 and 1999, MFSP increased distribution by 5%, from 24.4 million pounds of food to 25.6 million.
- In 1999, the seven regional food banks distributed 4.53 millions pounds of USDA commodity food to over 250 food shelves and 500 on-site meal programs and shelters throughout the state.
- In 1999, children, families, and individuals received over 21 million pounds of food. In 1999, an individual received over 20 pounds of food per visit compared to about 13 pounds in 1991.

FINANCING INFORMATION:

- This budget activity is funded with both state and federal funds.
- Required state matching funds for TEFAP enabled Minnesota to leverage over \$500,000 in federal funds and approximately four million pounds of food in 1999.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: FOODSHELF PROGRAMS
Program: SELF-SUFFICIENCY & LIFELONG LEARNING
Agency: CHILDREN, FAMILIES & LEARNING

Emergency Food Programs Funding

Dollars in Thousands

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
State Funding:								
MFSP	\$ 600	\$ 600	\$ 700	\$ 700	\$1,250	\$1,250	\$1,278	\$1,278
TEFAP State Matching Funds	<u>100</u>	<u>100</u>	<u>97</u>	<u>97</u>	<u>97</u>	<u>97</u>	<u>97</u>	<u>97</u>
TOTAL	\$ 700	\$ 700	\$ 797	\$ 797	\$1,347	\$1,347	\$1,375	\$1,375
Federal Funding:								
TEFAP	540	480	508	571	592	563	559	550
CFNP	<u>62</u>	<u>65</u>	<u>48</u>	<u>33</u>	<u>34</u>	<u>34</u>	<u>42</u>	<u>53</u>
TOTAL	\$ 602	\$ 545	\$ 556	\$ 604	\$ 608	\$ 604	\$ 601	\$ 603
GRAND TOTAL	<u>\$1,302</u>	<u>\$1,245</u>	<u>\$1,353</u>	<u>\$1,401</u>	<u>\$1,955</u>	<u>\$1,951</u>	<u>\$1,976</u>	<u>\$1,978</u>

*Funding for the State TEFAP administrative match is in the agency budget.

BUDGET ISSUES:

Many individuals being served by food shelves are employed but unable to purchase a sufficient amount of nutritionally balanced food to feed their families. We expect that as persons move from public assistance to work, food shelf use will increase as income and food stamp benefits decrease.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$1.278 million for FY 2002 and \$1.278 million for FY 2003, with carryforward authority.

Activity: FOODSHELF PROGRAMS
 Program: SELF-SUFFICIENCY & LIFELONG LE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	1,568	1,782	1,773	1,773	1,773	1,773	1,773	(9)	(0.3%)
Total Expenditures	1,568	1,782	1,773	1,773	1,773	1,773	1,773	(9)	(0.3%)
Financing by Fund:									
Direct Appropriations:									
GENERAL	1,231	1,278	1,278	1,278	1,278	1,278	1,278		
Statutory Appropriations:									
FEDERAL	337	504	495	495	495	495	495		
Total Financing	1,568	1,782	1,773	1,773	1,773	1,773	1,773		
Revenue Collected:									
Dedicated									
FEDERAL	300	504	495	495	495	495	495		
Total Revenues Collected	300	504	495	495	495	495	495		

BUDGET ACTIVITY SUMMARY

Budget Activity: FAMILY ASSETS FOR INDEPENDENCE
Program: SELF-SUFFICIENCY & LIFELONG LEARNING
Agency: CHILDREN, FAMILIES & LEARNING

State Citation: 1999 Laws of Minnesota, Chapter 205, Article 4,
Sections 8-10 and Section 12, Subdivision 9
Federal Citation: Assets for Independence Act (AFIA) P.L. 105-285,
Title IV. 42 U.S.C. 604 Note

ACTIVITY PROFILE:

Despite recent good economic times, the distribution of economic gains has not been equal across Minnesota's income groups. Data on income inequality show that incomes from the late 1970s to the late 1990s, once adjusted for inflation, actually decreased for the poorest 20% of Minnesotans. Differences in the distribution of economic gains are even more pronounced for asset accrual than for income.

For families working to transition off Minnesota Family Investment Program (MFIP), long-term sustainability economic self-sufficiency is critical. These families need access both to employment opportunities that pay enough to cover their basic needs as well as to productive assets that will sustain their economic viability over time.

The purpose of Family Assets for Independence in Minnesota (FAIM) is to help low-income working Minnesotans build assets and increase wealth.

- FAIM participants earn a match at a rate of a 3:1 for every dollar of earned income saved (up to \$30 per month and \$1,080 per year). Participants can then use their accrued savings to purchase a home, pursue higher education, or for small business capitalization expenses.
- Households must have incomes at or below 185% of the federal poverty level and assets of \$15,000 or less.
- FAIM is part of a national initiative to promote Individual Development Accounts (IDAs) that began in the early 1990s. IDAs emerged from a recognition that poor and working-poor families are often excluded from financial opportunities for asset development traditionally available to middle- and upper-income families (e.g. mortgage interest deduction, capital gains treatment, IRAs).
- In Minnesota, FAIM was established by the 1998 legislature through authorizing language. The 1999 legislature provided base budget funding of \$500,000 for the FY 2000-01 biennium.
- A statewide network of Community Action Agencies (CAAs), other nonprofit agencies, and tribal governments deliver the programs. Ramsey Action Program, Inc. (RAP) is the fiscal agent for the entire state. A total of 27 local agencies participate in the program.

STRATEGIES AND PERFORMANCE:

- FAIM employs a combined strategy of financial assistance, mandatory participant training, and research and evaluation to achieve its goals.
- The Center for Social Development at Washington University in St. Louis has selected Minnesota as one of only two participants for an evaluation of the federal project. In addition, the University of Minnesota's Department of Family Social Sciences will conduct a qualitative analysis.
- National research conducted on an early IDA initiative called the American Dream Demonstration (ADD) project at 13 sites shows the following:
 - Low-income participants saved on average \$33 per month.
 - Very low-income families (50% of poverty or below) saved at higher rates than those households with incomes at 150% of poverty, even though the monthly savings amount for this latter group was greater. This finding supports the theory that an expectation of matched savings shapes savings behavior.
- Key program elements include the following.
 - FAIM agencies negotiate with local financial institutions to secure favorable banking arrangements (e.g., no minimum balances, no service charges).
 - Banks receive Community Reinvestment Act credit if they provide financial contributions, mentoring, economic literacy, or other services to the community.
 - Dollar Works, an economic literacy curriculum developed by the University of Minnesota Extension Services, is used to provide basic financial training. Participants must also participate in in-depth goal-specific training.
 - Vendor payments are made for the match portion after the savings goals have been met.

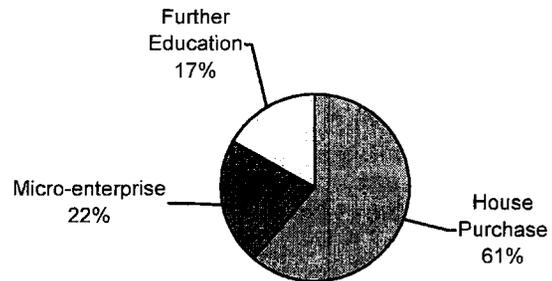
FINANCING INFORMATION:

- Funding for FAIM includes the state appropriation, the federal Assets for Independence (AFI) grant, and private support such as the McKnight and Bush Foundations. State funds must be matched by nonstate funds on at least a 1:1 basis.
- Funding is allocated according to a state statutory requirement of a 60/40 greater Minnesota/metro split. Currently, each of the seven greater Minnesota regions receives 40 accounts. The metro area receives 186 accounts. A minimum of 466 FAIM accounts are open across the state.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: FAMILY ASSETS FOR INDEPENDENCE
Program: SELF-SUFFICIENCY & LIFELONG LEARNING
Agency: CHILDREN, FAMILIES & LEARNING

FAIM Participants Savings Goals



GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial appropriation of \$500,000 for FY 2002-03.

Activity: FAMILY ASSETS FOR INDEPENDENCE
 Program: SELF-SUFFICIENCY & LIFELONG LE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	0	305	195	500	500	0	0	0	0.0%
Total Expenditures	0	305	195	500	500	0	0	0	0.0%
Financing by Fund:									
Direct Appropriations:									
GENERAL	0	305	195	500	500	0	0		
Total Financing	0	305	195	500	500	0	0		

BUDGET ACTIVITY SUMMARY

Budget Activity: LEAD ABATEMENT
Program: SELF-SUFFICIENCY & LIFELONG LEARNING
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 119A.46

ACTIVITY PROFILE:

Exposure to residential sources of lead is the most common environmental health hazard to children under six years of age. All homes built prior to 1978 probably contain some levels of lead paint. The Third National Health and Nutrition Examination Survey estimates 8.9% of the population aged 1 to 5 years have blood levels of 10 micrograms of lead per deciliter of blood (mg/dl) or greater (high risk of lead poisoning and 1.1% have blood levels of 20 mg/dl or greater lead-poisoned). In Minnesota of 32,375 children screened 4,183 had blood levels greater than 10 mg/dl. This screening included roughly 10% of children in Minnesota ages 0-4.

The social cost of health effects of childhood lead blood (Pb) exposure go beyond the personal suffering of the child and the family. They include direct societal costs (medical and educational expenses) and indirect costs (reduced future earnings of the afflicted children) that place a monetary burden on society. In Minnesota, the monetized social costs of childhood Pb exposure have been calculated based upon a survey of blood Pb levels in several cities in Minnesota.

The purpose of this program is to ensure that all children grow and learn in a safe and healthy environment.

- The lead abatement program was originally funded in 1993 for a two year period. The program was not funded from 1995 to 1997, but was established in the 1997 legislative session.
- The program trains swab teams to remove lead-based paint for secondary prevention of lead-based poisoning. These funds are used to supplement federal funding activities.
- Swab team services include removing lead dust, moving loose lead paint and paint chips, and providing health education, or assistance necessary to meet the residents immediate needs while lead abatement is being completed on their residence.
- This program serves the city of Minneapolis.

STRATEGIES AND PERFORMANCE:

Sustainable Resources Center (SRC), the organization that receives the state funds, provides lead hazard reduction activities at an average of \$2,000 each for 75 households. SRCs total average lead hazard reduction cost per house is \$4,000. This does not include landscaping or outside lead hazard reduction activities. SRC uses state funds to leverage other funds for the project including: Bush Foundation, Minneapolis Foundation, CLEARcorps National Project of Service to America Volunteers, and supplies and paint donated by paint manufacturers. Residential houses for the lead hazard reduction services are identified by the Minneapolis Health Department.

FINANCING INFORMATION:

This program is funded entirely with state aid.

	Dollars in Thousands							
	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
State Aid	\$400	-0-	-0-	-0-	\$200	\$75	\$500	-0-

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$100,000 for FY 2002 and \$100,000 for FY 2003, with carryforward authority.

Activity: LEAD ABATEMENT
 Program: SELF-SUFFICIENCY & LIFELONG LE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	75	500	0	100	100	100	100	(300)	(60.0%)
Total Expenditures	75	500	0	100	100	100	100	(300)	(60.0%)
Financing by Fund:									
Direct Appropriations:									
GENERAL	75	500	0	100	100	100	100		
Total Financing	75	500	0	100	100	100	100		

BUDGET ACTIVITY SUMMARY

Budget Activity: ENERGY PROGRAMS
Program: SELF-SUFFICIENCY & LIFELONG LEARNING
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 119A.41

The Energy and Weatherization Programs were transferred from the Department of Children, Families & Learning to the Department of Economic Security as of 10-12-2000.

Activity: ENERGY PROGRAMS
 Program: SELF-SUFFICIENCY & LIFELONG LE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	0	3	0	0	0	0	0	(3)	(100.0%)
OTHER OPERATING EXPENSES	5	31	0	0	0	0	0	(31)	(100.0%)
Subtotal State Operations	5	34	0	0	0	0	0	(34)	(100.0%)
PAYMENTS TO INDIVIDUALS	89	0	0	0	0	0	0	0	
LOCAL ASSISTANCE	48,197	53,421	7,438	0	0	0	0	(60,859)	(100.0%)
Total Expenditures	48,291	53,455	7,438	0	0	0	0	(60,893)	(100.0%)

Financing by Fund:									
Statutory Appropriations:									
STATE GOVERNMENT SPECIAL REVENUE	0	515	78	0	0	0	0		
SPECIAL REVENUE	157	316	127	0	0	0	0		
FEDERAL	47,821	52,493	7,233	0	0	0	0		
GIFT	313	131	0	0	0	0	0		
Total Financing	48,291	53,455	7,438	0	0	0	0		

Revenue Collected:									
Dedicated									
SPECIAL REVENUE	399	348	0	0	0	0	0		
FEDERAL	47,821	52,493	7,233	0	0	0	0		
GIFT	317	227	0	0	0	0	0		
Total Revenues Collected	48,537	53,068	7,233	0	0	0	0		

FTE by Employment Type:									
FULL TIME	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	0.0	0.1	0.0						

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BUDGET ACTIVITY SUMMARY

Budget Activity: DISCONTINUED PROGRAMS (EARLY CHILDHOOD)
Program: DISCONTINUED PROGRAMS (EARLY CHILDHOOD)
Agency: CHILDREN, FAMILIES & LEARNING

The budget process requires a report of discontinued education aids or grants if there is any expenditure in FY 1999, FY 2000 or FY 2001.

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Energy, Weatherization, Residential Oil (TR OUT)	\$ 582	\$ 547	\$ 143
First Call for Help System	-0-	50	-0-
Community Crime Prevention Program (TR OUT)	2,435	-0-	-0-
Discontinued/Nonrecurring Prog	20	-0-	-0-
School Based Pilot FAS/FAE	196	-0-	-0-
ABE Per Capita Assistance Aid	-0-	1,974	-0-
Children's Trust Fund (TR OUT)	-0-	-0-	-0-
00, CH489 - ABE Supplemental Service Grants	-0-	-0-	700
00, CH489 - Cooperative Language Instruction	-0-	-0-	250
00, CH489 - Meadowbrook Collaborative	-0-	-0-	25
<hr/>			
Discontinued Programs	\$3,233	\$2,571	\$1,118

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PROGRAM SUMMARY

Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING

Program Profile:

General education programs promote a general and uniform, thorough and efficient system of public schools throughout the state by providing adequate and equitable core funding for students, equity for taxpayers, and limited local control over school funding. These programs provide largely unrestricted revenue to school districts for general school purposes, including regular instruction, instructional support services, pupil support services, pupil transportation, building operations & maintenance, and school administration. Efficient use of resources is promoted by allocating resources based on uniform formulas applied to demographic and economic factors beyond local control. Together, these programs provide a stable funding base for school districts to ensure continuity of programs for students, and stability in tax rates for taxpayers. Equal treatment is provided for public and nonpublic school students in the areas of transportation, educational materials, guidance & counseling and health services.

Budget activities within this program include: general education, enrollment options transportation, Richfield airport impact aid, abatement revenue, nonpublic pupil aid, nonpublic transportation, consolidation transition revenue, and miscellaneous levies.

The general education program is the cornerstone of the education funding system, accounting for 65 percent of all school district revenues in FY 2001. It provides school districts with the bulk of the funds they need to keep class sizes small and deliver the programs students need to be successful learners, contributing to improvements in the following agency indicators:

- Percentage of third graders who can read.
- College entrance scores.
- Public school transfers during the school year.
- Student/teacher ratio.
- Percentage of students passing the Basic Skills tests on their first attempt.
- Performance on TIMSS and NAEP, for national comparisons.
- Percentage of schools with student access to high-speed Internet link.
- Number of teachers with National Board certification.
- Percentage of students who report feeling safe in their schools.
- Percentage of students dropping out.

- Percentage of school districts successfully implementing the Profile of Learning.
- More information available to parents regarding how the money is spent in K-12 education.

Program: GENERAL EDUCATION
 Agency: CHILDREN, FAMILIES & LEARNING

Program Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Activity:									
GENERAL EDUCATION PROGRAM	2,907,670	3,079,367	3,303,443	3,298,505	3,298,505	3,280,846	3,345,882	261,577	4.1%
ENROLLMENT OPTIONS TRANSPORTAT	36	30	70	70	70	80	80	50	50.0%
RICHFIELD AIRPORT IMPACT AID	0	0	0	0	0	1,057	1,057	1,057	
ABATEMENT REVENUE	9,564	9,132	6,681	6,522	6,522	6,653	6,653	(2,638)	(16.7%)
NONPUBLIC PUPIL AID	8,872	10,413	12,690	13,277	13,277	13,872	13,872	4,046	17.5%
NONPUBLIC TRANSPORTATION	15,512	20,065	20,655	20,821	20,821	21,939	21,939	2,040	5.0%
CONSOLIDATION TRANSITION	714	612	441	791	791	803	803	541	51.4%
Total Expenditures	2,942,368	3,119,619	3,343,980	3,339,986	3,339,986	3,325,250	3,390,286	266,673	4.1%
Change Items:									
	Fund								
(B) EDUCATION FUNDING INCREASE AND REFORM	GEN						65,036		
Total Change Items							65,036		
Financing by Fund:									
Direct Appropriations:									
GENERAL	2,922,855	3,098,759	3,321,740	3,318,986	3,318,986	3,303,250	3,368,286		
Open Appropriations:									
ENDOWMENT SCHOOL	19,513	20,860	22,240	21,000	21,000	22,000	22,000		
Total Financing	2,942,368	3,119,619	3,343,980	3,339,986	3,339,986	3,325,250	3,390,286		

BUDGET ACTIVITY SUMMARY

Budget Activity: GENERAL EDUCATION PROGRAM
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 129B.05; M.S. 122A.61; M.S. 123A.27; M.S. 123B.05; M.S. 126C; M.S. 127A.51; M.S. 127A.47

ACTIVITY PROFILE:

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

- **Adequate and equitable core funding for students.** General education revenue provides sufficient funding to ensure that each student receives an adequate education (excluding unique needs funded through categorical programs). This includes a large base of funding on a uniform per pupil basis, and additional revenues for variations in 1) the cost of delivering equivalent educational programs and services to students; and 2) the cost of programs to meet the unique needs of different student populations.
- **Equity for taxpayers.** This program requires the same property tax effort throughout the state to finance core educational programs, and requires school districts that provide discretionary programs and services to levy higher tax rates than school districts that do not provide these services.
- **Efficient use of resources.** This program encourages school districts to provide programs and services efficiently by allocating resources based on uniform formulas applied to demographic and economic factors that are beyond local control, and by giving districts flexibility in the use of funds.
- **Limited local control.** The general education program permits local school districts to raise limited additional revenues to supplement state allocations.
- **Facilitate state priorities.** This program encourages the development of programs and services identified as priorities by the state, such as class size reduction, staff development, and basic skills.
- **Stability.** This program provides stable funding to ensure continuity of programs for students and stability in tax rates for taxpayers.

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

- The general education program was initiated in FY 1989, replacing 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.

- Beginning in FY 1994, the pupil weighting factors for regular kindergarten and elementary students were increased to provide additional funding for elementary class-size reduction. Beginning in FY 2000, the pupil weighting factors for regular kindergarten and grades one to three were increased further to provide more funding for elementary class-size reduction.
- Beginning in FY 1997, funding for regular transportation and operating capital was included in the general education program.
- Beginning in FY 1999, limited English proficiency (LEP) revenue and assurance of mastery (AOM) revenue were included in the basic skills component of general education revenue, and a phase-out of training and experience revenue was initiated.
- Beginning in FY 2000, additional funding was provided for districts with declining enrollments through the use of "marginal cost" pupil units, which reflect a mix of current and prior-year data.
- Beginning in FY 2001, district cooperation revenue is rolled into the general education formula, increasing the formula allowance by \$67.

General education revenue is provided for public school students in kindergarten through grade 12 and for pre-kindergarten students with disabilities.

- Funding is based on the average number of students enrolled throughout the school year. This is known as average daily membership (ADM), and is computed by dividing the number of student membership days by the number of days school is in session.

The table below summarizes recent trends in total state ADM by grade level grouping:

	Actual FY 1999	Estimate FY 2000	Estimate FY 2001	Estimate FY 2002	Estimate FY 2003
Disabled Pre-K	5,052	5,265	5,274	5,279	5,286
Disabled Kndgrtn	3,159	3,092	3,079	3,085	3,093
Regular Kndgrtn	56,120	55,720	55,433	55,752	56,917
Grades 1-3	191,047	190,489	188,514	186,794	186,688
Grades 4-6	193,595	198,389	198,908	199,067	197,152
Grades 7-12	397,001	408,118	412,448	416,862	422,189
TOTAL	845,974	861,073	863,656	866,839	871,325

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: GENERAL EDUCATION PROGRAM
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING

To reflect cost differences; the ADM is weighted by grade level to determine the number of pupil units:

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

- *Basic skills.* This revenue must be used to meet the educational needs of students who enroll underprepared 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. The compensatory portion of basic skills revenue must be allocated to the sites generating the revenue.
- *Operating capital.* This revenue is reserved for facilities and equipment. For FY 2001 and FY 2002 only, \$5 per pupil unit of this revenue is reserved for telecommunications access.
- *Class-size, all-day kindergarten, or special education.* For FY 2001 and later, an additional \$11 per pupil unit must be reserved for class-size reduction, all-day kindergarten, or reducing special education student-to-instructor ratios.

- Beginning in FY 2000, most revenues are computed using “adjusted marginal cost pupil units (AMCPU).” “Adjusted” pupil units means the sum of the resident pupil units, plus the pupil units generated by nonresident students served in the district under alternative attendance programs such as open enrollment, minus 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. For FY 2000 only, adjusted marginal cost pupil units are equal to 90% of the adjusted pupil units for the current year plus 10% of the adjusted pupil units for the prior year. Beginning in FY 2001, adjusted marginal cost pupil units equal the greater of the adjusted pupil units for the current year or 77% of the adjusted pupil units for the current year plus 23% of the adjusted pupil units for the prior year.

- In FY 2001, the general education revenue program accounts for 84% of school district general fund state aid and levy revenues.
- General education revenue consists of several components, as described later under the financing information section. Most of these components provide school districts with unrestricted funds for general operating purposes. Exceptions are as follows:
 - *Class-size reduction.* The additional basic revenue generated by the increase in pupil weights from 0.50 to 0.557 for regular kindergarten, from 1.00 to 1.115 for grades one to three, and from 1.00 to 1.06 for grades four to six is reserved for class-size reduction, beginning with kindergarten and grade one. In FY 2001, this amounts to approximately \$144 million.
 - *Staff development.* Beginning in FY 2001, an amount equal to 2% of basic revenue (\$79.28 per pupil unit in FY 2001) must be reserved for staff development. This requirement may be waived by a majority vote of the school board and the teachers in a district.

STRATEGIES AND PERFORMANCE:

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

- *Growth in Revenue per ADM.* The table below shows the change in general education revenue per ADM from FY 1991 through FY 2001 in current and constant (2001) dollars. Between FY 1991 and FY 2001, general education revenue per ADM increased by 42.3%. After adjusting for inflation, the increase was 9.5%.

General Education Revenue per ADM, FY 1991 - FY 2001
 (Excluding revenue components rolled in since FY 1991)

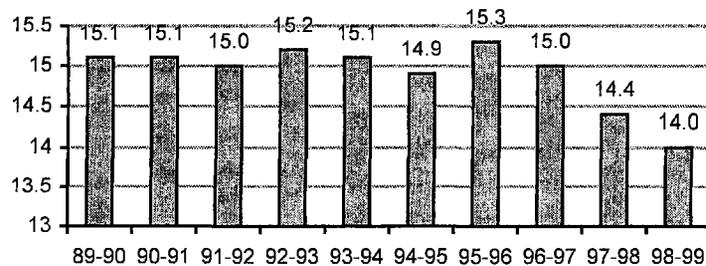
	Revenue per ADM Current Dollars		Revenue per ADM Constant (2001) Dollars	
	Amount	Cumulative % Change	Amount	Cumulative % Change
1991	\$3,660		\$4,754	
1992	3,784	3.4	4,767	0.3
1993	3,846	5.1	4,700	-1.1
1994	3,967	8.4	4,734	-0.4
1995	4,185	14.3	4,849	2.0
1996	4,292	17.3	4,842	1.8
1997	4,507	23.1	4,946	4.0
1998	4,646	26.9	5,008	5.3
1999	4,582	25.2	4,854	2.1
2000	4,921	34.5	5,069	6.6
2001	5,207	42.3	5,207	9.5

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: GENERAL EDUCATION PROGRAM
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING

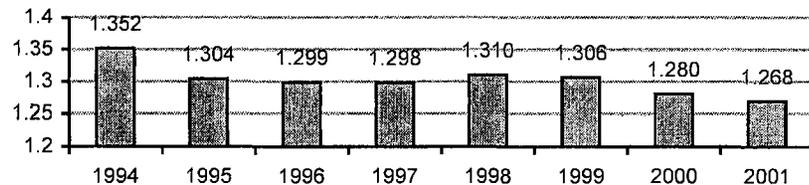
- Pupil – staff ratios.** Compensation for teachers and other district staff constitutes the districts' largest operating cost. The graph shows the ratio of ADM pupils to licensed professional staff. FY 1990 to FY 1997 there was little variation in the ratio. Since then the ratio has decreased. For FY 1999 the ratio was 14.0.

Pupils : Staff



- Disparity in revenue per pupil unit.** MS 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 of general education revenue per pupil unit to the 5th percentile of general education revenue per pupil unit. According to this measure, the disparity in general education revenue per pupil unit declined significantly between FY 1994 and FY 1995, remained virtually constant through FY 1995, then declined again in FY 2000 and FY 2001.

Ratio of 95th to 5th Percentiles of General Education Revenue Per Pupil, Excluding Cost Differentials



FINANCING INFORMATION:

General education revenue can be categorized along two dimensions: 1) by revenue component and 2) by funding source. First, the district's total revenue is determined for each revenue component. The following table shows the total general education revenue by component. Next, the local property tax share of this revenue is determined. Finally, state aid is calculated by subtracting the local property tax levy from total revenue.

General Education Revenue by Component – FY 2001

	Number of Districts	# of Charter Schools	Amount (Millions)	Percent of Total
1. Basic	345	65	\$3,892.5	77.7%
2. Basic Skills:				
a) Compensatory	343	60	214.5	4.3%
b) LEP (incl. Concentration)	195	20	37.8	0.8%
c) AOM Replacement	345	46	14.2	.03%
3. Sparsity	75	65	12.4	.02%
4. Transportation Sparsity	345	31	49.6	1.0%
5. Operating Capital	345	65	199.0	4.0%
6. Training & Experience	288	65	39.3	0.8%
7. Referendum Offset	136	65	9.6	0.2%
8. Equity	308	65	22.1	0.4%
9. Alternative Attendance Adjust.	278	54	1.3	0.0%
10. Transition	130	65	9.3	0.2%
11. Supplemental	36	65	8.6	0.2%
12. One-time Revenue				
a) Sparsity Correction	38	-0-	0.5	0.0%
b) T & E Replacement	341	-0-	27.6	0.6%
13. Misc. Adjustments				
a) Pension Adjustment	344	65	(46.5)	
b) PSEO-College	N/A	N/A	16.5	0.3%
c) Shared Time	N/A	N/A	3.4	0.1%
d) Contract Alternative	N/A	N/A	10.2	0.2%
SUBTOTAL	345	65	4,521.9	90.2%
Referendum-Based Revenues:				
14. Oper. Referendum	299	-0-	490.3	9.8%
GRAND TOTAL REVENUE	345	65	\$5,012.2	100.0%

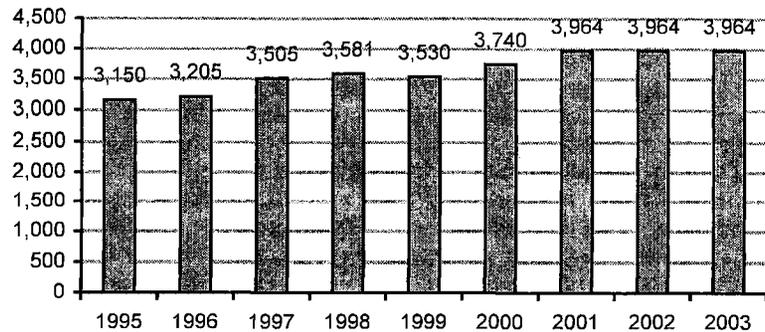
REVENUE COMPONENTS. For FY 2001 and later, the components of general education revenue are as follows:

- 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 adjusted marginal cost pupil units times the formula allowance established in law. The following figure shows the growth in the formula allowance since FY 1995.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: GENERAL EDUCATION PROGRAM
 Program: GENERAL EDUCATION
 Agency: CHILDREN, FAMILIES & LEARNING

Formula Allowances for Fiscal Years 1995-2003



The change in the formula allowance is not a reliable indicator of the growth in school district revenue per student over time because of the following factors:

- *Changes in Pupil Weights.* The formula allowances do not reflect changes from year to year in pupil unit weights. For example, the pupil unit weight for students in grades one to three was increased from 1.00 in FY 1993 to 1.03 in FY 1994, to 1.06 in FY 1995, and to 1.115 in FY 2000.
- *Formula Offsets.* Since FY 1995, supplemental and referendum revenues have been reduced by a portion of the increase from FY 1994 levels in basic, compensatory, and training and experience revenue per pupil unit. (These other funding components are explained below.) For many districts, the gain in basic revenue between FY 1994 and FY 1995 was offset by a corresponding reduction in supplemental or referendum revenue.
- *Roll-ins and Roll-outs.* Starting in FY 1997, a portion of transportation funding was rolled into the general education formula. For FY 2001, the portion of the formula allowance attributable to the transportation roll-in is \$192.25 (4.85% of \$3,964). For FY 1997 and FY 1998 only, the formula allowance included \$130 that previously was provided through the

training and experience formula. Beginning in FY 2000, the formula allowance includes \$43 that was previously a separate allowance for Graduation Standards implementation. Beginning in FY 2001, the formula allowance includes \$67 that previously was provided through the district cooperation formula.

- *Additional Formula Components.* The formula allowances don't reflect revenue increases provided through other formulas, such as the compensatory formula or the equity formula.

■ **Basic Skills Revenue**

Basic skills revenue must be used to meet the educational needs of students who enroll underprepared 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.

Beginning in FY 1999, basic skills revenue includes the former compensatory revenue, LEP revenue, LEP concentration revenue, and AOM revenue. While these revenues are combined into a single component, the amount of funding is computed using the existing formulas for the individual categories.

- *Compensatory Revenue* provides funding for basic skills purposes based on the concentration of poverty in a district or school building. Prior to FY 1998, compensatory education revenue was computed using district-level AFDC counts. Beginning in FY 1998, compensatory education revenue is computed using building-level free and reduced-price lunch counts from October 1 of the previous fiscal year. With this change, total state compensatory revenue increased by 37%, from \$135 million to \$185 million.

This revenue is allocated directly to school sites; however, in FY 1999, FY 2000 and FY 2001 only, an amount equal to 5% of the district's compensatory funding under the old Aid to Families with Dependent Children (AFDC) formula may be allocated according to a local plan approved by the commissioner.

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 in sites where the free lunch count plus 1/2 of the reduced-price lunch count is 80% or more of the total enrollment.

- *Limited English Proficiency (LEP) Revenue* provides funding for basic skills purposes 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.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: GENERAL EDUCATION PROGRAM
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING

Beginning in FY 2001, regular LEP revenue equals \$584 times the greater of 20 or the marginal cost number of LEP pupils enrolled in the district (greater of current year count or 77% of current year plus 23% of prior year).

Prior to FY 2001, regular LEP revenue was equal to the LEP base revenue times the ratio of current LEP enrollment to second prior year LEP enrollment; however, state total LEP revenue was capped in law. For FY 2000, state total LEP revenue was capped at \$27.5 million. (LEP base revenue, computed using second-prior year data, was equal to 68% of one FTE teacher salary for every 40 LEP students, plus 47% of the cost of supplies and equipment up to \$47 per LEP pupil.)

LEP concentration aid provides additional funding of \$190 times the LEP enrollment, times the lesser of one or the ratio of the district's LEP concentration percent to 11.5.

- *Assurance of Mastery (AOM) Replacement.* Each district receives additional revenue equal to \$22.50 times the adjusted marginal cost pupil units in kindergarten through grade eight. This component of basic skills revenue replaces AOM revenue.

■ 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. The transportation sparsity allowance for a district increases as the number of pupil units per square mile decreases.

■ Training & Experience (T & E) Revenue

This revenue adjusts for cost variations associated with differences in the training and experience of the faculty.

- For FY 1997 and FY 1998, \$130 was added to the formula allowance, and a T & E adjustment was included in the computation of transition revenue.
- Beginning in FY 1999, T & E is reinstated as a separate funding component, but is phased out as teaching staff employed in FY 1997 leave the district.
- The phaseout of T & E revenue has been more rapid than anticipated at the time of its enactment. To offset a portion of this revenue loss on a one-time basis, T & E replacement revenue is provided for FY 2001 only.

■ Operating Capital Revenue

This revenue is placed in a reserved account within the general fund and may be used for facilities, equipment, or personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and software.

- For FY 2000 and earlier, the revenue was equal to \$168 per pupil unit, plus an adjustment of up to \$50 per pupil unit, based on the average age of the district's buildings.
- Beginning in FY 2001, the operating capital allowance is increased by \$5. For FY 2001 and FY 2002 only, the \$5 must be reserved for telecommunications access costs.

■ Referendum Offset Revenue

Districts with referendum allowances at or below the referendum allowance limit and continuing to be affected by the referendum allowance reduction receive an additional \$25 per pupil unit. FY 2001 is the last year for this revenue component.

■ Transition Revenue

This revenue is used to smooth the transition to the general education formulas which began in FY 1997, 1998, and 2001.

- For FY 1997 and later years, districts receiving less transportation revenue per pupil unit under the roll-in (4.85% of the formula allowance plus transportation sparsity) than they received under the categorical

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: GENERAL EDUCATION PROGRAM
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING

transportation formula in FY 1996 receive a transportation transition adjustment.

- For FY 1998 and later years, districts receiving less under the new compensatory formula than they would have received in FY 1998 under the old AFDC formula receive a compensatory transition adjustment.
- For FY 2001 and later years, districts that would have received more than \$67 per pupil unit in FY 2001 under the district cooperation formula receive a cooperation transition adjustment.

■ Supplemental Revenue

This revenue was initiated in FY 1989 to ensure that all districts would receive an increase in revenue per pupil unit when the general education program was formed by combining the old foundation program, teacher retirement aid, and several other categorical programs.

- A district's supplemental allowance equals the district's FY 1993 supplemental revenue per pupil unit, less a reduction of \$100 to offset the increase in the formula allowance for FY 1995, less a reduction equal to 25% of the district's increase in compensatory and T & E revenue per pupil unit between FY 1994 and FY 1996. The size of the reduction is smaller in districts with low tax capacity per pupil unit.
- Beginning in FY 1998, a district's supplemental revenue is increased by an amount equal to the revenue lost when the post-secondary enrollment options replacement aid was repealed.
- Beginning in FY 2000, the Anoka and Osseo districts receive a fixed additional amount of supplemental revenue.

■ Equity Revenue

Beginning in FY 2000, districts in which the sum of basic, referendum, transition, and supplemental revenue per pupil unit is below the regional 90th percentile for these revenue components qualify for equity revenue. However, Minneapolis, St Paul, and Duluth are not eligible for this revenue. For the equity revenue calculations, the state is divided into two regions: the seven-county metro area, and the remainder of the state.

- For qualifying districts with no referendum levy, the revenue allowance is \$22 for FY 2000 and FY 2001, and \$10 for later years.
- For qualifying districts with a referendum levy, the revenue allowance \$10 plus an amount up to \$30, depending on how far the district's revenue per pupil unit is below the regional 90th percentile (sliding scale).

■ 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 times 1.3, and divided by 45. For institutions granting semester credit, the reimbursement per credit hour is 88% of the formula allowance times 1.3, and divided by 30.
- *Contracted 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.* General education aid is adjusted 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). Beginning in FY 1998, state aid is reduced by an amount equal to 2.34% of the FY 1997 salaries for TRA members. State aid for FY 1998 is increased by 0.35% of the FY 1997 salaries of PERA members. Beginning in FY 1999, the PERA adjustment is increased to 0.7% of FY 1997 PERA salaries. In addition to these adjustments, an adjustment is made for a 1984 PERA rate change.

■ 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 is computed according to the wording on the ballot. For elections held in 1990 or earlier, the revenue for FY 2001 and earlier equals the tax capacity rate approved by voters, multiplied by the school district's net tax capacity. For elections held after 1990, or converted to an allowance per pupil unit in 1992 or 1993, the revenue equals an allowance per resident marginal cost pupil unit, multiplied by the school district's resident marginal cost pupil units.
- Beginning in FY 2002, all remaining rate-based referendums will be converted to allowances per pupil unit.
- A district's referendum allowance may not exceed the greater of a) 25% of the formula allowance (\$991 in FY 2001); or b) the district's referendum allowance in FY 1994. The referendum allowance cap does not apply to districts receiving sparsity revenue.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: GENERAL EDUCATION PROGRAM
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING

- Referendum allowances approved before 1996 are subject to an allowance reduction of up to \$100 plus 25% of the increase in compensatory and T & E revenue between FY 1994 and FY 1996.
- Beginning in FY 2001, a district's referendum aid is adjusted by an amount equal to the district's referendum aid per pupil unit times the district's net change in pupil units under alternative attendance programs, such as open enrollment.

FUNDING SOURCE

General education revenue is funded through a combination of state aid and local property tax levies. For FY 2001, general education aid and levies are computed as follows:

■ Initial General Education Aid and Levy

- Initial general education revenue equals the sum of the basic, basic skills, sparsity, transportation sparsity, operating capital, referendum offset, training and experience, and equity revenues.
- The general education levy is the local share of initial general education revenue.
- The total state general education levy for each year is set in law. By July 1 of each year, the department determines the uniform statewide tax rate that will raise the statutory dollar amount. For property taxes levied in 1999 for taxes payable in 2000, to generate revenues for FY 2001, the state total general education levy is \$1.3 billion and the uniform rate is 35.78% of adjusted net tax capacity (ANTC).
- ANTC is a measure of property valuation that reflects the relative ability of school districts to generate local revenue. It was first used as a basis for property taxes levied in 1989 for payment in 1990 to fund education in FY 1991. The ANTC is determined as follows:
 - The net tax capacity (NTC) equals the product of the market value as determined by the tax assessor and the class rate (percentage) for the class of property as set in law.
 - The adjusted net tax capacity equals the NTC divided by the sales ratio determined by the Department of Revenue. The sales ratio compares the actual selling price of property to the value ascribed by the assessor.
- For most districts, the aid and levy are computed as follows:
 - (1) General Education Levy = General Education Tax Rate x ANTC
 - (2) Initial General Education Aid = Initial General Revenue - Levy
- If a district's ANTC per pupil unit is extremely high, then the calculation in (1) may exceed the revenue. In such cases the district is said to be off

- the formula. Districts off the formula do not receive general education aid. They are required to levy for the full amount of general revenue, and are also required to make an additional levy for levy equity, equal to the amount by which the rate times ANTC exceeds the revenue. Revenue raised through levy equity is subtracted from other state aids due to the district.
- The net result is that all districts receive equivalent funding per student, and all districts make equivalent tax effort (unless the amount of other state aids due the district is insufficient to fully implement the levy equity adjustment.)
 - Beginning in FY 1999, the general education levy is reduced by the education homestead credit.
 - Beginning in FY 2001, the general education levy is reduced by the education agricultural credit.

■ Transition and Supplemental Aids and Levies

- School districts receiving transition revenue or supplemental revenue make additional levies for these purposes. Beginning with taxes payable in 1999 for FY 2000 revenues, the levy and aid are computed as follows:

$$\text{Levy} = \text{Revenue} \times \text{lesser of } 1 \text{ or the ratio of district ANTC per pupil unit to } \$8,404$$
$$\text{Aid} = \text{Revenue} - \text{Levy}$$

■ Referendum Aid and Levy

- School districts receiving referendum revenue make an additional levy for this purpose.
- For FY 1995 through FY 1999, the first \$315 per pupil unit of referendum revenue is fully equalized. For FY 2000, the first \$350 per pupil unit is fully equalized. Beginning in FY 2001, the first \$415 per pupil unit is fully equalized.
- For referendum levies spread on tax capacity, the aid and levy shares of the equalized portion of the revenue are computed using the same formula as for transition and supplemental revenue.
- For referendum levies spread on referendum market value, the aid and levy shares of the equalized portion of the revenue are computed as follows:
$$\text{Equalized Levy} = \text{Equalized Revenue} \times \text{lesser of } 1, \text{ or the ratio of district Referendum Market Value per WADM to } \$476,000.$$
$$\text{Aid} = \text{Equalized Revenue} - \text{Equalized Levy}.$$
- Beginning in FY 2002, all referendum levies are spread on referendum market value.

■ Replacements Of General Education Revenue

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

- *School Endowment Fund.* This fund is apportioned twice a year to all districts on the basis of the previous year's ADM (M.S. 127A.33). The

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: GENERAL EDUCATION PROGRAM
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING

School Endowment Fund distributes money that is transferred to it from the Permanent School Fund, which generates revenue from its holdings of real property. If a district receives no general education aid because it is off the formula, the amount it receives from the School Endowment Fund is subtracted from other state revenues provided to the district.

- *County Apportionment Deduction.* School districts receive revenue from the apportionment of certain county receipts (M.S. 127A.34). This revenue is derived from penalties on real estate taxes, taxes on transmission and distribution lines, liquor license fees, fines, and other sources. For districts on the formula, this revenue is deducted from general education aid. For districts off the formula, it is deducted from the general education levy.
- *Taconite Aid.* Certain districts receive a portion of their general education revenue from various taconite taxes (M.S. 294.21 - 294.28; M.S. 298). The general education aid and levy of these districts is reduced by an equal amount. The general education levy is reduced by a minimum of 50% of the second previous year's taconite receipts. The remaining reduction is taken from general education aid.

BUDGET ISSUES:

- The complexity of the current education funding system limits public understanding and involvement.
- Minnesota districts face differing challenges. Priorities in districts vary based on their needs.
- School district reliance on referendum revenue is growing, creating a potential for serious budget instability when the referendum authority expires.
- Long-term use of grandfather provisions (e.g., supplemental revenue, transition revenue) leads to inequities in funding among districts.
- Districts face challenges in terms of how to provide efficient, high quality services for students and their families given limited growth of resources.
- To increase public understanding and accountability, the education funding system should be simplified and focused more on results.
- To maximize efficiency and effectiveness, decisions on the use of

resources should be made as close to the learner as possible.

- Districts need enhanced flexibility to meet learner needs if they are to be held accountable for results.

GOVERNOR'S RECOMMENDATION:

Based on current law, the Governor recommends an aid entitlement of \$3,314.662 million for FY 2002. With the education funding increase and reform, the Governor recommends an aid entitlement of \$3,363.610 million for FY 2003.

- Based on these entitlements, the Governor recommends total general education appropriations of \$3,277.505 million in FY 2002 (\$319.977 million for FY 2001 and \$2,957.528 million for FY 2002) and \$3,323.881 million in FY 2003 (\$318.633 million for FY 2002 and \$3,005.248 for FY 2003).

The Governor recommends an additional increase of \$1,459.569 million for the general education aid entitlement for FY 2003 as part of the tax plan.

Activity: General Education
 Program: General Education

	Budget Activity Summary Dollars in Thousands	Estimated		Gov.'s Recommendation		Biennial Change	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	2002-03/2000-01	
						Dollars	Percent
AID	1. Statutory Formula Aid	3,135,542	3,328,312	3,314,662	3,296,567		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	3,135,542	3,328,312				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	3,135,542	3,328,312	3,314,662	3,296,567	147,375	2.28%
	6. Governor's Recommended Aid Change(s)						
	Education Aid						
	a. Formula Increase				59,018		
	b. Eliminate AOM Replacement				(14,122)		
	c. Eliminate Equity Revenue				(21,267)		
	d. Eliminate Pension Adjustment				53,495		
	e. Create Temporary Hold Harmless				542		
	f. Eliminate Supplemental Revenue				(3,658)		
	g. Eliminate Transition Revenue				(4,479)		
	h. Phase-out of T&E in 3 years				(2,486)		
	i. Subtotal - Governor's Education Aid Changes			0	67,043		
	Tax Reform Changes						
	j. Eliminate Basic General Education Levy				1,331,208		
	k. Referendum Equalization Reform				128,361		
	l. Subtotal - Tax Reform Changes				1,459,569		
	7. Total Governor's Recommended Aid Changes				1,526,612		
	8. Governor's Total Aid Recommendation	3,135,542	3,328,312	3,314,662	4,823,179	1,673,987	25.90%
	<i>plus</i>						
LEVY	9. Local Levy under Current Law	1,571,157	1,655,967	1,708,755	1,773,948	255,579	7.92%
	10. Governor's Recommended Levy Change(s)						
	a. Eliminate Basic General Education Levy				(1,331,208)		
	b. Referendum Equalization Reform				(128,100)		
	c. Eliminate Supplemental Levy				(4,816)		
	d. Eliminate Transition Levy				(5,117)		
	e. Add Temporary Hold Harmless Levy				2,252		
	c. Subtotal - Governor's Levy Changes			0	(1,466,989)		
	11. Governor's Levy Recommendation	1,571,157	1,655,967	1,708,755	306,959	(1,211,410)	-37.54%
	<i>equals</i>						
REVENUE	12. Current Law Revenue (Total of Aid & Levy)	4,706,699	4,984,279	5,023,417	5,070,515	402,954	4.16%
	a. Subtotal - Governor's Revenue Change			0	59,623		
	b. Governor's Revenue Recommendation	4,706,699	4,984,279	5,023,417	5,130,138	462,577	4.77%
Appropriations Basis for State Education Aid*							
	Prior Year (10%)	272,186	310,442	319,977	318,633		
	Current Year (90%)	2,786,321	2,970,761	2,957,528	3,005,248		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	3,058,507	3,281,203	3,277,505	3,323,881		

* Appropriations reflect Education Aid proposals only (line 6a-6i). Funding for Tax Reform is carried in the tax bill.

BUDGET CHANGE ITEM (53313)

Agency: CHILDREN,FAMILIES & LEARNING

Item Title: EDUCATION FUNDING INCREASE AND REFORM

	<u>2002-03 Biennium</u>		<u>2004-05 Biennium</u>	
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Expenditures: (\$000s)				
General Fund				
-State Operations	\$-0-	\$-0-	\$-0-	\$-0-
-Grants		\$65,036	\$65,540	\$60,496
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				
If yes, statute(s) affected:				
<input type="checkbox"/> New Activity <input checked="" type="checkbox"/> Supplemental Funding <input checked="" type="checkbox"/> Reallocation				

GOVERNOR'S RECOMMENDATION:

1. The Governor recommends an increase to the formula allowance for FY 2003 and later of a \$60 per pupil unit to fund a 2% cost of living increase in FY 2003 for school district instructional staff. Combined with the formula restructuring outline below, this will result in a formula allowance of \$4,461 for FY 2003 and later.
2. The Governor recommends simplification of the school finance system, improve fairness, and increase accountability by eliminating several smaller funding categories beginning in FY 2003, simplifying the pupil unit weighting system, and rolling the savings into the basic formula:
 - Eliminate the following components of general education revenue: supplemental revenue, transition revenue, equity revenue and the \$22.50 per K-8 pupil unit component of basic skills revenue. Supplemental and transition revenues perpetuate funding inequities by allocating revenues based on historical spending levels, instead of current needs. Equity revenue is a complex formula designed to offset differences among districts in referendum, supplemental, and transition revenue; it creates artificial distinctions between metro and non-metro districts, and is no longer needed with the elimination of supplemental and transition revenue and changes in referendum equalization proposed in the tax bill. The \$22.50 component of basic skills revenue provides a uniform allowance for all districts, and would be allocated more simply through the basic formula.

- Eliminate the current aid reduction for pre-1997 changes in employer contribution rates to pension funds, and provide a \$60 per pupil unit pension adjustment for school districts with separate pension funds that require a supplemental employer contribution. The current aid reduction is based on old data and is an unnecessary complication in school funding calculations. An adjustment to the basic formula will provide a more direct allocation based on current data. Since school districts with separate pension funds would not benefit from elimination of this aid reduction, a \$60 per pupil unit allocation is needed to maintain funding neutrality among districts and provide resources to cover a portion of the supplemental employer contributions in these districts.
 - Change the pupil unit weights to 0.5 for kindergarten, 1.0 for grades 1-6, and 1.15 for grades 7-12. A simpler pupil weighting system, with elementary students weighted at 1.0, will promote greater public understanding of the school funding system. Under this approach, the formula allowance will reflect the actual basic funding level for each elementary school student.
 - Maintain learning & development / class size reduction funding at the current level of approximately \$140 million per year, but compute the amount to be reserved for this purpose as a percentage of the basic revenue earned by students in kindergarten through grade 6, instead of through the pupil weighting system. For FY 2003 and later, the amount reserved for class size reduction will equal 8 percent of the basic revenue earned by students in kindergarten through grade 6. To strengthen accountability for the use of these funds, the focus of the program will shift from instructor-learner ratios to class sizes, and reporting requirements will be strengthened.
 - Convert the current training & experience revenue phase-out from a variable schedule to a fixed schedule, setting FY 2003 revenue for each district at 44.4% of the district's FY 2001 allowance, FY 2004 revenue at 22.2% of the district's FY 2001 allowance, and eliminating T&E revenue beginning in FY 2005. This will simplify T&E revenue calculations, improving budget predictability for local school districts.
 - Roll the net savings from these changes into the basic formula, thereby increasing the formula allowance from \$3,964 to \$4,401.
3. The Governor recommends that compensatory revenue and sparsity revenue be calculated using the formula allowance minus \$443. This will neutralize the effect of the formula restructuring on compensatory and sparsity revenues, providing the same increase in these funding components as in the basic revenue beginning in FY 2003.

BUDGET CHANGE ITEM (53313) (Continued)

Agency: CHILDREN, FAMILIES & LEARNING

Item Title: GENERAL EDUCATION FUNDING REFORM

4. The Governor recommends modification of the calculation of transportation sparsity revenue to reflect newer data and to largely neutralize the effect of the formula restructuring. Districts with low population density will receive an increase in transportation sparsity revenue, due primarily to the FY 2003 basic formula increase beginning in FY 2003.
5. The Governor recommends increasing the operating capital allowances from \$73 and \$100 to \$81 and \$111 to neutralize the effect of the pupil weighting changes on school district revenues beginning in FY 2003.
6. The Governor recommends an adjustment to each district's operating referendum allowance to neutralize the effect of the pupil weighting change on school district revenues beginning in FY 2003.
7. The Governor recommends a temporary hold-harmless levy and aid to ensure that no district receives less general education revenue in FY 2003 under the simplified funding system than under current law. The hold harmless allowance will be continued through the next biennium, and sunset after FY 2005. The hold harmless levy will be equalized using an equalizing factor of \$4,000 per pupil unit.
8. The Governor recommends adjusting the revenue allowances and equalizing factors for all non-general education programs using pupil units in the calculation of revenues, aids, and levies to neutralize the effect of the pupil weighting changes beginning in FY 2003.

IMPACTS OF TAX REFORM:

The Governor has proposed a number of changes to the property tax code that affect education funding. The principle underlying the changes is to make the local property tax just that—a local tax. The tax impact of local levies would sit with the local residents who vote for them. With this shift, other aids that currently go to schools to help offset the burden of the general education levy would be repealed. Following is a brief overview of some of the tax proposals that affect education:

- *General Education Levy Takeover:* The recommended repeal of the general education levy is one of the clearest examples of this principle. Although the state determines the amount of the levy, it collects the revenue from local property tax levies. The tax proposal removes the general education levy (approximately \$1.3 billion) from the local property tax and replaces it with state aid.

- *Referendum Equalization:* The tax reform proposal shifts the current tax base from a market value base to an adjusted net tax capacity base. In addition, agricultural land, businesses, and cabins will be removed from the tax base that is subject local referenda. As this would cause the taxes of homeowners to increase in districts that have passed an operating referendum, the current referendum equalization program would be enhanced to keep the local levy on the homeowners at roughly the level it would have been when the levy was approved by the voters. Into the future, referenda would be equalized on a two-tier basis to help even the cost of raising funds locally for all districts. Beginning in FY 2003, the first \$600 per pupil unit will be equalized at \$6,400 per pupil unit, and the remaining referendum revenue, up to the referendum cap, will be equalized at \$4,265 per pupil unit.
- *Education Homestead and Agricultural Credits Repealed:* Enacted to alleviate some of the pressure that the general education levy put on agricultural lands, these credits cost about \$453 million. With the repeal of the general education levy, these credits are no longer needed. However, two similar, market-based credits will replace these to hold harmless districts that will be affected adversely by the other tax changes (\$65 million).
- *Elimination of School HACA:* A relatively small amount (\$9 million), the repeal of the school portion of the HACA allows the schools to levy consistent with local community needs.
- *K-12 Education Credit:* A credit on the individual income tax for education expenses such as home computers and enrichment programs, the K-12 education credit will be modified to reimburse for 75% of allowable expenses.

BUDGET ACTIVITY SUMMARY

Budget Activity: PROPERTY TAX SHIFT (Information Only)
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 123B.75, Subd. 5; M.S. 127A.41, Subd. 6; M.S. 127A.44

STRATEGIES AND PERFORMANCE:

- M.S. 123B.75 requires school districts to recognize the lesser of 1) May, June, and July tax settlements, or 2) the sum of 31% of the referendum levy and 100% of levies for integration, reemployment insurance, health insurance, health benefits, retirement, and retroactive formula changes.
- The continued early recognition of these categories 1) prevent school districts from experiencing a revenue loss in a year; or 2) match the timing of revenue recognition to district expenditure.

BUDGET ISSUES:

- Implementation of the education homestead and agricultural homestead credits have reduced tax receipts for some districts to an amount less than amount of the specific levies statute directs for early recognition. This results in revenue losses for some school districts, particularly those also receiving taconite property tax relief.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a technical correction to M.S. 123B.75 to allow districts with spring tax receipts less than the early recognition amounts for referendum, integration, reemployment insurance, health insurance, health benefits, retirement, and retroactive formula change levies, to recognize a portion of state aid received in July and August, in the previous year.

ACTIVITY PROFILE:

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

- While property taxes are paid on a calendar year basis, school districts operate on a fiscal year that runs from July 1 to June 30. The first half of the property taxes payable for the calendar year are due in May and the second half are due in October or November.
- Prior to FY 1983, all of the school districts' May property tax collections were held and recognized as revenue in the following fiscal year, beginning July 1. Beginning in FY 1983, the revenue recognition policy was changed so that a portion of the spring proceeds were recognized as revenue in the fiscal year of collection. This accounting change provided the state with one-time savings in aid payments, without reducing the overall revenue recognized by a school district.
- This provision was structured to be revenue neutral to school districts¹ by adjusting state aid payments by the difference between the current year's levy recognition change amount and the previous year's levy recognition change amount.
- The referendum levy portion of the recognition change amount (along with several other smaller levies) was excluded from this calculation. Districts with first-time referendum levies recognize a portion of the levy a year early, while districts levying for the last time recognize only the balance not recognized the previous year.
- The state began repaying the shift in 1994. On a fund balance basis, the following amounts were appropriated to eliminate the revenue neutral portion of the shift:

Dollars in Thousands					
FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$171,290	\$710	\$314,832	\$180,000	\$18,700	\$90,200

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

BUDGET ACTIVITY SUMMARY

Budget Activity: STATE PAID PROPERTY TAX CREDITS (Information Only)
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 469.170; M.S. 273.1398; M.S. 273.1382

ACTIVITY PROFILE:

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

STRATEGIES AND PERFORMANCE:

Current property tax credit and aid programs paid to school districts by Children, Families and Learning (CFL) affect property tax in one of two ways.

- Programs reduce the property tax rate applied to the property value to calculate property tax.
 - Homestead and Agricultural Credit Aid became effective for taxes payable in 1990, replacing the homestead credit and the agricultural credit programs. It reduces the overall net levy and tax rate of a school district. It is currently being phased out as part of a package enacted in 1995 that also replaced the local levy for special education with state aid over a period of years.
 - 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 provide a reduction to the calculated property tax. (Listed in the order applied to the tax.)
 - Disaster Credit provides relief to homesteads located in declared disaster or emergency areas.
 - Agricultural Preserves Credit provides relief to owners of agricultural property in the seven county metropolitan area.
 - Enterprise Zone Credit provides relief to commercial and industrial properties in economically depressed areas designated as enterprise zones with the purpose of retaining business base and generating employment.
 - Disparity Reduction Credit provides relief to apartments, commercial, industrial, and public utilities in economically depressed areas located at Minnesota borders designated as enterprise zones.

- Education Homestead Credit, the largest of the property tax credits, was implemented as a property tax reform measure for taxes payable in 1998. The credit targets homesteaded property and currently replaces 83% of the general education tax, up to a maximum of \$390.
- Education Agricultural Credit, the second largest of the property tax credits, targets homesteaded agricultural property and was implemented for taxes payable in 2000. It currently replaces 70% of the general education tax for agricultural homestead property with a market value of up to \$600,000 and 63% for other agricultural and timberland properties.

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.

FINANCING INFORMATION:

Open appropriations are provided for the following aids and credits paid to school districts by CFL. The amounts include credits and aids for mobile home properties.

State Paid Property Tax Credits (Dollars in Thousands)					
	<u>95 PAY 96</u>	<u>96 PAY 97</u>	<u>97 PAY 98</u>	<u>98 PAY 99</u>	<u>99 PAY 00</u>
HACA	\$120,720.1	\$94,033.6	\$67,603.1	\$35,935.9	\$28,598.6
Disparity Reduction Aid	12,588.7	12,563.1	11,550.5	10,573.7	10,344.4
Disaster Credit	-0-	18.5	348.0	215.1	NA
Agricultural Preserves Credit	161.3	153.8	154.8	147.7	147.7
Enterprise Zone Credit	6.7	8.2	7.5	3.6	1.8
Disparity Reduction Credit	1,845.6	1,894.1	1,247.2	1,371.1	1,328.8
Education Agricultural Credit	N/A	N/A	N/A	N/A	45,979.2
Education Homestead Credit	N/A	N/A	160,902.3	306,048.4	395,016.0

BUDGET ACTIVITY SUMMARY

Budget Activity: ENROLLMENT OPTIONS TRANSPORTATION
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.03; M.S. 124D.09; M.S. 124D.10

ACTIVITY PROFILE:

This program helps low-income students participate in the post-secondary enrollment options (PSEO), school district enrollment options (SDEO), and results-oriented charter schools (ROCS) programs by providing state aid to school districts that reimburse families for transportation expenses associated with these programs. (See Choice Programs narrative for more information.)

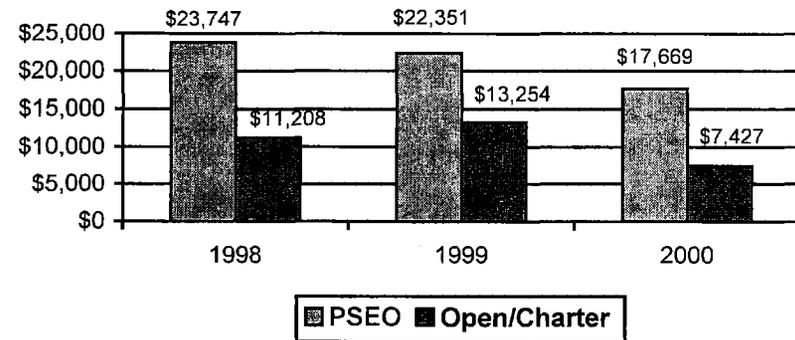
- State aid is paid to school districts to reimburse families whose income is below the federal poverty income guideline levels. The mileage reimbursement rate is set at 15 cents per mile and is limited to 250 miles per week.
- The PSEO mileage reimbursement program was made available to students attending nonpublic schools (including home schools), beginning in FY 1999.
- Students provide their own transportation in this program. PSEO students apply through their resident districts (or the post-secondary institutions, if nonpublic). Open enrollment students submit their applications to the enrolling districts. Charter school students apply to their charter schools.

STRATEGIES AND PERFORMANCE:

- School districts and post-secondary institutions receive notification of this program on an annual basis. The forms for this program are now available on the department's web page.
- This is a state-funded program.
- In the past few years, the number of claims in this program has decreased. This may be due to the continued strong economy.

FINANCING INFORMATION:

Transportation Claim Amounts from Low-Income Families



BUDGET ISSUES:

- Some students, because of disabilities, cannot participate in this program unless they receive district-provided transportation services. For open enrollment students, districts may be forced to travel beyond district boundaries to transport the students. Some charter schools, even though they elected to use district provided transportation, may be forced to transport nonresident students with disabilities within those students' resident districts. In all these cases, these potentially high cost transportation services are not authorized for state special education transportation aid.
- Continued support of this activity will ensure the participation of low-income families in choice programs.
- The low eligibility threshold for this program (100% of federal poverty guidelines) excludes many students qualifying for other poverty-based measures (e.g., free and reduced-priced lunch).

GOVERNOR'S RECOMMENDATION:

The Governor recommends appropriations of \$70,000 for FY 2002 and \$80,000 for FY 2003, with carryforward authority.

Activity: ENROLLMENT OPTIONS TRANSPORTAT
 Program: GENERAL EDUCATION
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	36	30	70	70	70	80	80	50	50.0%
Total Expenditures	36	30	70	70	70	80	80	50	50.0%
Financing by Fund:									
Direct Appropriations:									
GENERAL	36	30	70	70	70	80	80		
Total Financing	36	30	70	70	70	80	80		

BUDGET ACTIVITY SUMMARY

Budget Activity: CHOICE PROGRAMS (Information Only)
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: See individual program

ACTIVITY PROFILE:

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

The first choice program, post-secondary enrollment options (PSEO), was enacted in 1985. The open enrollment program was enacted in 1988. Legislation authorizing charter schools was enacted in 1991.

Minnesota's choice programs include the following:

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

	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Open Enrolled Students	18,596	18,916	19,936	21,842	24,165	26,202
						Est.

- **Charter Schools:** (M.S. 124D.10) are public schools and receive state funds from general education revenue based on pupil enrollment.
 - Charter schools are designed to meet one or more of the following purposes: improve individual learning; increase learning opportunities; use different and innovative teaching methods; measure learning results using innovative forms of measurement; establish new forms of accountability for schools; or create new professional opportunities for teachers, including the opportunity to be responsible for a learning program at the school site.
 - Charter schools are exempt from some state statutes and rules governing schools and school districts.

	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Number of Charter Schools	14	17	19	26	37	53	67	78
Number of Students Enrolled	1,046	1,494	2,138	3,251	4,945	7,710	10,274	14,197

- **Learning Year Programs:** (M.S. 124D.128) extends the educational program from the traditional 9-month calendar to a 12-month calendar. Students can accelerate their educational program allowing them to either graduate early or to make up courses. A learning year program may begin after the close of the regular school year in June. The program may be for students in one or more grade levels from K-12. A continual learning plan must be developed for each student.

	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Pupil Units	1,186	1,247	1,529	3,630	3,762	7,000
Sites	3	6	4	10	19	27

- **Post-Secondary Enrollment Options:** (M.S. 124D.09) allows high school juniors and seniors (both public and nonpublic, including home schooled) to take courses at eligible Minnesota post-secondary institutions. Students must meet the post-secondary institution's admissions requirements.
 - The program provides students with a greater variety of class offerings and an opportunity to pursue more challenging course work.
 - The tuition, fees, and required textbooks are provided at no cost to students.
 - The student earns secondary credit when courses are completed and earns post-secondary credit if they continue at a post-secondary institution that accepts those credit transfers after high school graduation.

	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Students Participating	6,668	6,385	6,552	7,074	7,115	7,136
						Est.

- **Graduation Incentives:** (M.S. 124D.68) identifies students who are having difficulty in a traditional educational program and allows them to enroll in the following education programs:
 - any public school;
 - state-approved alternative program, which includes area learning centers and alternative learning programs;
 - contracted alternative program;
 - charter school;
 - post-secondary enrollment options; or
 - adult basic education.

Aid and revenue are based on the total number of hours of educational programming for pupils in average daily membership for each fiscal year.

For FY 2000, 130,733 students are under the age of 21 and 1,392 students are over the age of 21.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: CHOICE PROGRAMS (Information Only)
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING

- **Area Learning Centers (ALC):** (M.S. 123A.05, 123A.06, 126C.05, subd. 15) are designed for kindergarten through adults who meet graduation incentives criteria.
 - Area learning centers are open all year, with extended day and extended year programming.
 - Instruction is designed to meet the student's individual learning style and needs and includes applied academics, school-to-work, computerized instruction, and service learning.
 - 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.

	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Centers (state approved)	46	53	56	61	69	75
Sites*	390	418	453	468	492	520

*Locations where center services may be accessed.

- **Alternative Programs:** (M.S. 123A.05, 123A.06, 126C.05 subd. 15) are similar to area learning centers, except they may designate the age/grade levels to be served and they may restrict service to students already enrolled in or residents of the district offering the program.

	<u>Public Alternative Programs</u>					
	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Programs (state approved)	49	54	60	57	63	53
Sites*	65	70	76	70	82	70

	<u>Contracted Alternative programs</u>					
	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Programs (state approved)	20	21	21	22	22	25
Sites*	20	20	20	20	24	32

*Locations where center services may be accessed.

- **Tax Credits:** (M.S. 290.0674) were enacted by the 1997 legislature and first took effect for 1998.
 - Families with school-age children and incomes at or below \$33,500 per year may qualify for a tax credit of up to \$1,000 per child (\$2,000 per family) to reimburse them for certain educational expenses, including tutoring, academic summer camps, enrichment programs, textbooks and instructional materials, home computer hardware, educational software, and some expenses associated with individual schools.
 - Parents of any child educated publicly, privately, or at home may qualify for education tax credits.

	<u>*FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Families claiming credit	N/A	38,766	57,391
Increase over previous year	N/A	N/A	48%
Total amount claimed (in thousands)	N/A	\$14,348	\$21,157
Increase over previous year	N/A	N/A	48%

*Credit not available in 1997

- **Tax Deductions:** (M.S. 290.01, subd. 19b) were first enacted in 1955 and were most recently modified by the 1997 legislature. They are available to all families, regardless of income and regardless of whether they itemize on their tax returns.
 - In 1997, deductions for each dependent child in kindergarten through sixth grade were increased from a maximum deduction of \$650 to \$2,625; deductions for each dependent child in grades 7 to 12 increased from a maximum of \$1,000 to \$2,500.

	<u>FY 1997</u>	<u>**FY 1998</u>	<u>FY 1999</u>
Families claiming deduction	92,579	150,000	N/A
Increase over previous year	N/A	62%	N/A
Total amount claimed (000s)	\$62,600	\$162,000	N/A
Increase over previous year	N/A	165%	N/A
Average amount claimed	\$676	\$1,107	N/A

**Expanded deduction becomes available in 1998.

FINANCING INFORMATION:

- Most school operating revenue follows students participating in open enrollment and charter schools.

BUDGET ACTIVITY SUMMARY

Budget Activity: RICHFIELD AIRPORT IMPACT AID
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: Laws 2000, Ch. 489, Art. 2, Sec. 36

ACTIVITY PROFILE:

This program was enacted by the 2000 legislature in response to the anticipated loss of students and revenues in the Richfield School District due to the expansion of the Minneapolis-St. Paul International Airport.

STRATEGIES AND PERFORMANCE:

- The airport expansion project requires the demolition of residential housing within the airport expansion zone which is defined in Laws 1999, Chapter 243, Art. 16, Sec. 35. Provision is also made for acquisition of other land in Richfield for relocation and reconstruction of a portion of the residential housing lost.
- Richfield School District is projected to experience a loss of students. This aid program, authorized for FY 2003-07, will replace a portion of the revenues attributable to students residing in the airport expansion zone in the 1998-99 school year.

FINANCING INFORMATION:

For FY 2003-04, the statutory formula provides aid of 70% of the general education formula allowance multiplied by the 1998-99 pupil units attributed to the airport impact zone defined in Laws 1999, Ch. 243, Art. 16, Sec. 35. That percentage declines to 52.5% in FY 2005, 35% in FY 2006, and 17.5% in FY 2007, as the district adapts to the student losses. The program is eliminated in FY 2008.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$1.174 million for FY 2003.
- Based on this entitlement, the Governor recommends an appropriation of \$1.057 million in FY 2003.

Activity: Richfield Airport Impact Aid
Program: General Education

	Budget Activity Summary Dollars in Thousands	Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
<i>AID</i>	1. Statutory Formula Aid	0	0	0	1,174		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	0	0				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	0	0	0	1,174	1,174	0.00%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	0	0	0	1,174	1,174	0.00%
<i>plus</i>							
<i>LEVY</i>	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
<i>REVENUE</i>	11. Current Law Revenue (Total of Aid & Levy)	0	0	0	1,174	1,174	0.00%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	0	0	0	1,174	1,174	0.00%
Appropriations Basis for State Aid							
	Prior Year (10%)				0		
	Current Year (90%)				1,057		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	0	0	0	1,057		

BUDGET ACTIVITY SUMMARY

Budget Activity: ABATEMENT REVENUE
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 126C.46; M.S. 127A.49, subd. 2

ACTIVITY PROFILE:

The purpose of the program is to maintain equity for students and taxpayers by replacing revenue to which the district was entitled but did not receive due to abatements.¹ The objective is to replace the revenue in the same proportion of aid and levy as the original entitlement.

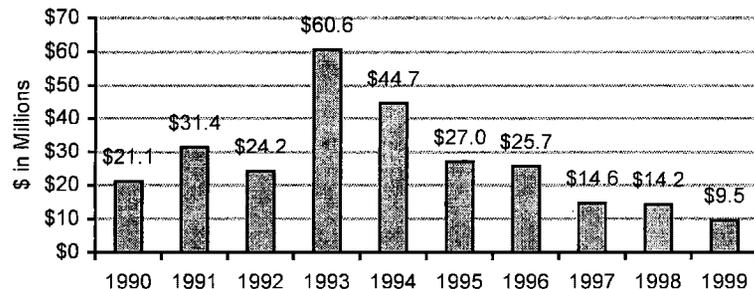
- Funding for abatement revenue began in the late 1970s and was expanded in 1993 to include interest paid by the district on abatement refunds.
- The amount of abatement revenue for a school district is determined from data on net revenue losses as certified by the county auditors.
- Part of the net revenue loss is replaced with state aid and part is replaced with levy authority. The intent is to pay approximately the same amount in abatement aid as would have been paid to the district in general education and other equalized aids if the adjusted net tax capacity could have been adjusted to the lower level.
- In general, school taxes abated in one calendar year are reported to the state in the following calendar year and included in the levy certified in the fall of that year for taxes payable in the next calendar year. For example, school taxes abated in 1999 are reported in the spring of 2000 and included on the 2000 payable 2001 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).

STRATEGIES AND PERFORMANCE:

- A total of 262 school districts received abatement revenue in FY 2001.
- The following graph shows the amount of school taxes abated each year since 1990.

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

Net School Taxes Abated - 1990-1999



FINANCING INFORMATION:

- This program is funded with state aid and local property tax levy. A district's aid entitlement is equal to its revenue loss multiplied by the ratio of the amount certified by the district in equalized general education, health and safety, and community education levies for which it received corresponding state aid in the second preceding year to its total certified levy in the preceding fall, plus or minus auditor's adjustments.
- Abatement levy authority is the total of the three following components:
 1. the net revenue loss minus abatement aid after any proration is deducted;
 2. 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
 3. an amount for any interest paid by the district on abatement refunds.

BUDGET ISSUES:

Each year court-ordered abatements or net reductions in the tax capacity after taxes have been spread by the county auditor result in a loss of property tax revenue to the affected districts. If this revenue is not replaced, districts with large abatements will receive significantly less revenue than provided for in law.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$6.535 million for FY 2002 and \$6.666 million for FY 2003. Based on these entitlements, the appropriations are \$6.522 million in FY 2002 (\$640,000 for FY 2001 and \$5.882 million in FY 2003) and \$6.653 million in FY 2003 (\$653,000 for FY 2002 and \$6.0 million for FY 2003).

Activity: Abatement Revenue

Program: General Education

Budget Activity Summary Dollars in Thousands		Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
<i>AID</i>	1. Statutory Formula Aid	9,143	6,407	6,535	6,666		
	2. Statutory Excess/(Shortfall)	(4)					
	3. Appropriated Entitlement	9,139	6,407				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)	4					
	5. State Aid Entitlement under Current Law	9,143	6,407	6,535	6,666	(2,349)	-15.11%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	9,143	6,407	6,535	6,666	(2,349)	-15.11%
<i>plus</i>							
<i>LEVY</i>	8. Local Levy under Current Law	5,065	3,140	3,203	3,267	(1,735)	-21.15%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	5,065	3,140	3,203	3,267	(1,735)	-21.15%
<i>equals</i>							
<i>REVENUE</i>	11. Current Law Revenue (Total of Aid & Levy)	14,208	9,547	9,738	9,933	(4,084)	-17.19%
	a. Subtotal - Governor's Revenue Change			0	0		
	 b. Governor's Revenue Recommendation	14,208	9,547	9,738	9,933	(4,084)	-17.19%
Appropriations Basis for State Aid							
	Prior Year (10%)	903	914	640	653		
	Current Year (90%)	8,225	5,767	5,882	6,000		
	Transfers per M.S. 127A.41, subdivision 8 & 9	4					
	Total State Aid - General Fund	9,132	6,681	6,522	6,653		

BUDGET ACTIVITY SUMMARY

Budget Activity: NONPUBLIC PUPIL AID
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 123B.40-123B.48

ACTIVITY PROFILE:

- This program was enacted in 1975 to provide every pupil in the state with equitable access to secular study materials and pupil support services.
- Funding is allocated to public school districts for the benefit of nonpublic school students, and not directly to nonpublic schools, in order to maintain the separation of church and state as required by the First Amendment to the U.S. Constitution.
- 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.

- 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.
 - The percentage of nonpublic school pupils participating in this category has increased from 89% in FY 1990 to 97% in FY 2000.
- 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.
 - The percentage of nonpublic school pupils participating in this category has increased from 88% in FY 1990 to 90% in FY 2000.

- 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.
 - The percentage of nonpublic secondary school pupils participating in this category has increased from 76% in FY 1990 to 88% in FY 2000.

STRATEGIES AND PERFORMANCE:

All nonpublic students requesting materials and/or services by the statutory deadline have been and are being accommodated.

FINANCING INFORMATION:

Nonpublic Pupil Aid is funded exclusively with state funds.

- Textbooks
 - The districts are reimbursed for the cost of purchasing and distributing eligible materials. This is calculated as an amount equal to the statewide average expenditure per public school pupil for similar materials in the second preceding school year, adjusted by the percent of increase in the general education formula allowance from the second preceding school year to the current school year, multiplied by the number of nonpublic pupils served. For purposes of this formula, kindergarten pupils are weighted at 0.5.
 - The formula for computing the per pupil rate is as follows for FY 2001:

FY 2001	FY 1999 Avg. Expend.		
Per Pupil	= per Public Pupil	x	<u>FY 2001 Gen. Ed. Form. Allow.</u>
Rate	for like materials		<u>FY 1999 Gen. Ed. Form. Allow.</u>
 - For FY 2001, the maximum per pupil rate for textbooks and materials is \$63.37.
- 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 2001, the maximum per pupil rate for health services is \$42.10.

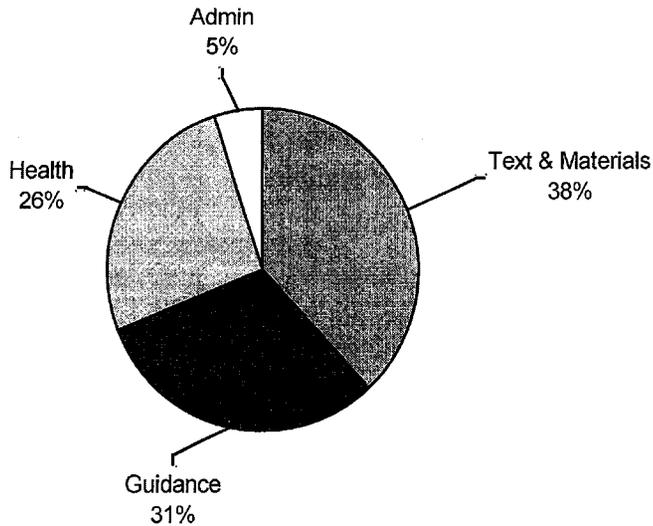
BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: NONPUBLIC PUPIL AID
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING

- 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 2001, the maximum per pupil rate for guidance and counseling is \$150.30.

The chart below provides a breakdown of estimated Nonpublic Pupil Aid for FY 2000. Money is allocated based on the number of participating nonpublic students and actual program expenditures.

Nonpublic Pupil Aid by Funding Category



BUDGET ISSUES:

The number of students attending nonpublic schools and home schools is increasing, along with the percentage of these students participating in the Nonpublic Pupil Aid program.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$13.329 million for FY 2002 and \$13.933 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$13.277 million in FY 2002 (\$1.280 million for FY 2001 and \$11.997 million for FY 2002) and \$13.872 million in FY 2003 (\$1.332 million for FY 2002 and \$12.540 million for FY 2003).

Activity: Nonpublic Pupil Aid
 Program: General Education

	Budget Activity Summary Dollars in Thousands	Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
<i>AID</i>	1. Statutory Formula Aid	10,916	12,795	13,329	13,933		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	10,916	12,795				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	10,916	12,795	13,329	13,933	3,551	14.98%
	6. Governor's Recommended Aid Change(s)			0	0		
	7. Governor's Aid Recommendation	10,916	12,795	13,329	13,933	3,551	14.98%
<i>plus</i>							
<i>LEVY</i>	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)			0	0		
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
<i>REVENUE</i>	11. Current Law Revenue (Total of Aid & Levy)	10,916	12,795	13,329	13,933	3,551	14.98%
	a. Subtotal - Governor's Revenue Change			0	0		
	 b. Governor's Revenue Recommendation	10,916	12,795	13,329	13,933	3,551	14.98%
Appropriations Basis for State Aid							
	Prior Year (10%)	672	1,175	1,280	1,332		
	Current Year (90%)	9,741	11,515	11,997	12,540		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	10,413	12,690	13,277	13,872		

BUDGET ACTIVITY SUMMARY

Budget Activity: NONPUBLIC TRANSPORTATION
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 123B.92, Subd. 9

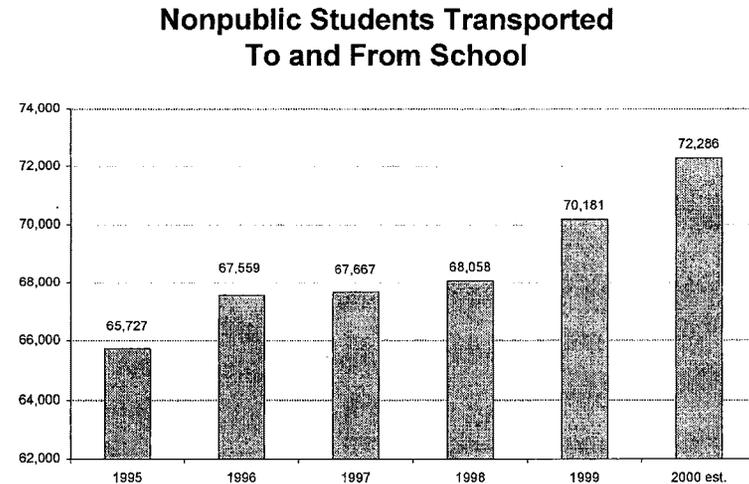
ACTIVITY PROFILE:

This program exists to ensure that nonpublic school students are transported safely and economically, and that school districts are able to provide this transportation without cross subsidies from the district's general fund.

- Since FY 1997, funding for the transportation of nonpublic students has been calculated using a separate formula based on average second year prior costs and the number of current year nonpublic students transported.
- School districts must provide equal transportation within the district for public and nonpublic school students. This means that the district within which a non-disabled pupil resides must provide transportation for the nonpublic pupil within the district in like manner as that provided to the public school student residing in the district.
- 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.
- If the district transports nonpublic students to a school in another district, the nonpublic school pays the cost of transportation outside the district boundaries.

STRATEGIES AND PERFORMANCE:

The following graph shows the number of nonpublic students transported to and from school for FY 1995-2000.



FINANCING INFORMATION:

Nonpublic Transportation Aid equals the sum of the following:

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

BUDGET ISSUES:

Increases in the number of nonpublic pupils requiring transportation adds to the complexity and cost of providing services. A nonpublic school attendance area usually covers a larger area than a public school attendance area. By including

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: NONPUBLIC TRANSPORTATION
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING

the cost of transporting public schools students in developing the average cost per pupil on which this funding formula is based, and because transporting public school students is less expensive, the average cost per student is lowered. The funding formula amounts may not be adequate to cover the costs of transporting the more expensive nonpublic student population.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$20.839 million for FY 2002 and \$22.061 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$20.821 million in FY 2002 (\$2.066 million for FY 2001 and \$18.755 million for FY 2002) and \$21.939 million in FY 2003 (\$2.084 million for FY 2002 and \$19.855 million for FY 2003).

Activity: Nonpublic Pupil Transportation
Program: General Education

Budget Activity Summary Dollars in Thousands		Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
<i>AID</i>	1. Statutory Formula Aid	20,274	20,664	20,839	22,061		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	20,274	20,664				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	20,274	20,664	20,839	22,061	1,962	4.79%
	6. Governor's Recommended Aid Change(s)						
a. Subtotal - Governor's Aid Changes			0	0			
7. Governor's Aid Recommendation	20,274	20,664	20,839	22,061	1,962	4.79%	
<i>plus</i>							
<i>LEVY</i>	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)						
	a. Subtotal - Governor's Levy Changes			0	0		
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
<i>REVENUE</i>	11. Current Law Revenue (Total of Aid & Levy)	20,274	20,664	20,839	22,061	1,962	4.79%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	20,274	20,664	20,839	22,061	1,962	4.79%
Appropriations Basis for State Aid							
	Prior Year (10%)	1,848	2,057	2,066	2,084		
	Current Year (90%)	18,217	18,598	18,755	19,855		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	20,065	20,655	20,821	21,939		

BUDGET ACTIVITY SUMMARY

Budget Activity: CONSOLIDATION TRANSITION
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 123A.485

ACTIVITY PROFILE:

The purpose of this program is to support districts that have been consolidated by providing funds to cover reorganization costs and to foster conditions that better promote student success.

- This program provides an alternative means of dealing with fiscal issues, such as staff reduction and operational debt reduction, that often prevent permanent school district reorganization.
- This program was enacted by the 1994 legislature. This revenue replaced the pre-existing cooperation and combination (C & C) revenue and transition and severance levies for consolidating districts.
- A school district is eligible for revenue if it has reorganized under M.S. 123A.48 after 06-04-94, and has not received cooperation and combination revenue for at least six years. M.S. 123A.48 provides for the process of school consolidation, including approval procedures and timelines.
- Revenue may be used to cover district costs for early retirement incentives granted by the district under M.S. 123A.48, subd. 23 to reduce operating debt as defined in M.S. 123B.82; to enhance learning opportunities; and cover reorganization expenses.

STRATEGIES AND PERFORMANCE:

This program has provided an incentive for districts to reorganize:

	Number of New Districts			
	1 st Year	2 nd Year	Gross Aid	Net Aid
FY 2001 (est.)	3	2	434	434
FY 2000 (est.)	2	3	588	500
FY 1999	3	3	679	679
FY 1998	3	2	661	661
FY 1997	2	5	665	665
FY 1996	5	3	1,083	1,083
FY 1995	3	0	529	523

FINANCING INFORMATION:

- This program is funded with state aid and local property tax levy.
- State aid is equal to \$200 times the actual pupil units in the first year after consolidation and \$100 times the actual pupil units in the second year after consolidation. A maximum of 1,500 pupils may be counted for the purpose of aid calculation.
- If consolidation transition aid is not sufficient to cover the eligible district costs, school districts may levy the difference, spreading the levy over up to three years.
- In FY 2001, three districts will be in their first year of funding and two will be in their second year of funding.
- Between FY 1995 and FY 2001, total revenue has averaged over \$500,000 per year.

BUDGET ISSUES:

Voluntary school district reorganizations help to expand programs and services in greater Minnesota at a lower cost. This program provides an incentive for consolidation.

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends an aid entitlement of \$830,000 for FY 2002 and \$800,000 for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$791,000 in FY 2002 (\$44,000 for FY 2001 and \$747,000 for FY 2002) and \$803,000 in FY 2003 (\$83,000 for FY 2002 and \$720,000 for FY 2003).

Activity: Consolidation Transition Revenue

Program: General Education

Budget Activity Summary Dollars in Thousands		Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
<i>AID</i>	1. Statutory Formula Aid	588	435	830	800		
	2. Statutory Excess/(Shortfall)	(88)					
	3. Appropriated Entitlement	500	435				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)	88					
	5. State Aid Entitlement under Current Law	588	435	830	800	607	59.34%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	588	435	830	800	607	59.34%
<i>plus</i>							
<i>LEVY</i>	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
<i>REVENUE</i>	11. Current Law Revenue (Total of Aid & Levy)	588	435	830	800	607	59.34%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	588	435	830	800	607	59.34%
Appropriations Basis for State Aid							
	Prior Year (10%)	74	50	44	83		
	Current Year (90%)	450	391	747	720		
	Transfers per M.S. 127A.41, subdivision 8 & 9	88					
	Total State Aid - General Fund	612	441	791	803		

BUDGET ACTIVITY SUMMARY

Budget Activity: MISCELLANEOUS LEVIES (Information Only)
Program: GENERAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: See individual levies

ACTIVITY PROFILE:

The following programs exist to provide additional property tax levy revenue to school districts to fund obligations of the district's general fund.

- *Reemployment Insurance Levy* (M.S. 126C.43, subd. 2). A school district may levy the amounts necessary to pay the district's obligations for unemployment insurance under M.S. 268.06, subd. 25, and for job placement services offered to employees who may become eligible for benefits under M.S. 268.08. The levy is limited to the amount needed to eliminate the projected deficit in the reemployment insurance reserve account at the end of the current fiscal year. The levied amount is recognized as revenue in the fiscal year in which the levy is certified.
 - *Statutory Operating Debt Levy* (M.S. 126C.42, subd. 1). Only districts 695, Chisholm; and 2154, Eveleth-Gilbert, are still required to levy to retire the operating debt as of 06-30-77.
 - *Operating Debt Levy* (M.S. 126C.42, subd. 2, 3 and 4). Under the 1992 operating debt levy, a school district that has filed a statutory operating debt plan and has received approval by the commissioner may levy the lesser of
 - 1.0% of the adjusted net tax capacity of the district;
 - \$100,000; or
 - the amount needed to retire the deficit in the district's operating funds as of 06-30-92, reduced by any referendum revenue in the statutory operating debt plan.
- Payable 2003 is the last year of levy for districts under this authority.
- Districts 417, Tracy; and 712, Mt. Iron-Buhl, also have levy authority to retire operating debt under special legislation. Payable 2001 is the last year that former district 604, Mentor, may levy to retire a pre-1992 operating debt.
- *Judgment Levy* (M.S. 126C.43, subd. 3 and 126C.47). A school district may levy the amounts necessary to pay the district's obligations for judgments against the district, including interest costs. The levy is limited to only the costs incurred since the last proposed levy was adopted.
 - *Health Insurance Levy* (M.S. 126C.41, subd. 1 and Laws 1993, Chap. 224, Art. 8, Sec. 18). As an early retirement incentive, a school district may levy for health, medical, and dental expenses for certain eligible employees who

retired between 05-15-92 and 07-21-92 and between 05-17-93 and 08-01-93. The levy is authorized for the retiree's expenses up to age 65. The levy is limited to the costs for the current fiscal year. The levied amount is recognized as revenue in the fiscal year in which the levy is certified.

- *Health Benefit Levy* (M.S. 126C.41, subd. 2). A school district may levy for the district's obligations under the collective bargaining agreement in effect on 03-30-92 for health insurance and unreimbursed medical expenses of employees who retired before 07-01-92. The district levy authority may not exceed \$300,000. The levy is limited to the costs for the current fiscal year. The levied amount is recognized as revenue in the fiscal year in which the levy is certified.
- *Minneapolis Civil Service Retirement Levy* (M.S. 126C.41, subd. 3). The Minneapolis school district may levy the amount levied for retirement in 1978, reduced each year by 10% of the difference between the amount levied for retirement in 1971 and the amount levied for retirement in 1975. Beginning in 1991, the Minneapolis school district may also levy an additional amount required for contributions to the Minneapolis Employees Retirement fund as a result of the maximum dollar amount limitation on state contributions to the fund.
- *Minneapolis and St. Paul Additional Retirement Levy* (M.S. 126C.41, subd. 3). The Minneapolis and St. Paul school districts may levy for the increased costs of Teachers Retirement Association contributions due to changes in the contribution rates. The levied amount is recognized as revenue in the fiscal year in which the levy is certified.
- *Minneapolis Health Insurance Subsidy Levy* (M.S. 126C.41, subd. 4). The Minneapolis school district may levy 0.10% of the district's adjusted net tax capacity to subsidize health insurance costs for retired teachers who were basic members of the Minneapolis Teachers Retirement Fund Association, who retired before 05-01-74, and who are not eligible to receive the hospital insurance benefits of the federal Medicare program without payment of a monthly premium.
- *St. Paul Severance Levy* (Laws of 1989, Chap. 329, Art 13, Sec. 18). The St. Paul school district may levy 0.21% of the district's adjusted net tax capacity to pay for severance costs.
- *Crime Levy* (M.S. 126C.44). A school district may levy up to \$11 times the estimated adjusted marginal cost pupil units to provide a drug abuse prevention program in the elementary schools, to provide liaison services in the schools, to provide a gang resistance education program in the schools, to pay the costs for security on school property, and/or pay for other crime prevention, drug abuse, student and staff safety, and violence prevention measures taken by the school district.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: MISCELLANEOUS LEVIES (Information Only)
Program: GENERAL EDUCATION
Agency: CHILDREN,FAMILIES & LEARNING

- *Ice Arena Levy* (M.S. 126C.45). A school district that operates and maintains an ice arena may levy for the net operational costs of the ice arena for the previous fiscal year. The school district must demonstrate that it will offer equal access for male and female students.
- *Staff Development Levy* (M.S. 122A.62). A school district with a site that has implemented an ongoing outplacement program for teachers and a teacher mentorship program may levy up to \$8.15 times the number of teachers at the site.
- *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.
- *Severance Levies* (M.S. 123A.30, subd. 6; M.S. 123A.73, subd. 12; M.S. 123A.444; M.S. 124D.05). A school district that reorganizes under dissolution and attachment may levy the costs of severance pay or early retirement incentives for licensed and nonlicensed employees who resign or retire early as a result of the reorganization. A school district with a secondary agreement with another district must pay severance to licensed employees placed on unrequested leave and may levy for the expenses.
- *Consolidation/Transition Levies* (M.S. 123A.76). A school district that reorganizes under dissolution and attachment may levy for transition expenses associated with the reorganization.
- *Attached Machinery Aid Adjustment* (M.S. 273.138, subd. 3). School districts that receive attached machinery aid have a corresponding negative reduction made to their general education levy. Attached machinery aid was enacted in 1973 to replace the revenue loss when attached machinery was exempted from real property taxation.

STRATEGIES AND PERFORMANCE:

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.

FINANCING INFORMATION:

- These programs are funded by local property tax levies.
- The following table shows certified levy amounts and number of school districts participating in each program:

<u>TITLE</u>	<u>FY 1997 95 PAY 96</u>	<u>FY 1998 96 PAY 97</u>	<u>FY 1999 97 PAY 98</u>	<u>FY 2000 98 PAY 99</u>	<u>FY 2001 99 PAY 00</u>
1. Reemployment Ins.	\$5,150.3	\$5,943.2	-0-	\$1,351.6	\$1,441.5
# of Districts	221	232	0	85	102
2. Statutory Oper Debt	\$37.0	\$38.0	\$42.4	\$45.2	\$47.0
# of Districts	2	2	2	2	2
3. Operating Debt	\$1,177.1	\$1,152.1	\$1,033.3	\$1,309.1	\$1,130.8
# of Districts	27	25	23	27	19
4. Judgment Levy	\$856.8	\$578.3	\$435.7	\$339.5	\$647.6
# of Districts	7	10	8	11	10
5. Health Insurance	\$5,602.1	\$5,157.6	\$4,528.7	\$4,404.0	\$3,498.8
# of Districts	222	212	199	190	177
6. Health Benefit	\$6,985.9	\$5,726.4	\$5,029.6	\$5,157.2	\$4,629.2
# of Districts	120	110	107	96	85
7. Mpls. Retirement	\$959.1	\$759.0	\$558.9	\$358.8	\$158.7
8. Additional Retirement	\$3,600.0	\$3,962.0	\$6,427.0	\$7,464.6	\$7,645.7
# of Districts	2	2	2	2	2
9. Mpls Health Ins	-0-	-0-	\$291.4	\$269.5	-0-
10. St. Paul Severance	\$374.5	\$391.0	\$399.3	\$419.6	\$456.8
11. Crime Levy	\$3,712.8	\$3,841.8	\$5,969.3	\$6,256.3	\$6,590.6
# of Districts	199	199	215	227	248
12. Ice Arena Levy	\$182.1	\$292.1	\$306.4	\$490.0	\$447.1
# of Districts	3	5	5	7	7
13. Staff Dev. Levy	\$5.4	\$8.4	\$30.4	\$27.8	\$29.3
# of Districts	1	3	6	3	3
14. Reorg. Oper. Debt	\$776.6	\$951.8	\$700.3	\$674.7	\$606.6
# of Districts	15	14	10	8	5
15. Severance Levies	\$847.9	\$811.6	\$731.5	\$1,275.9	\$783.5
# of Districts	12	6	5	7	6
16. Consol/ Transition	\$597.9	\$487.3	\$27.7	\$159.7	\$52.2
# of Districts	6	4	1	1	1
17. Attached Machinery	(808.7)	(808.7)	(808.7)	(808.7)	(808.7)
# of Districts	11	11	11	11	11

BUDGET ISSUES:

These miscellaneous levies continue to serve varied needs for Minnesota school districts and help districts address individual circumstances.

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PROGRAM SUMMARY

Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING

PROGRAM PROFILE:

Education Excellence programs support and strengthen Minnesota's educational system by meeting the educational needs of all Minnesota students while recognizing Minnesota's diverse population.

Budget activities within this program include: Statewide Testing, Advanced Placement/International Baccalaureate, Charter School Programs, Best Practices Seminars, Integration Revenue and Programs, Magnet School Programs, Interdistrict Desegregation Transportation, American Indian Programs, First Grade Preparedness, Secondary Vocational Aid, Education and Employment Transition, Youthworks, MN Foundation for Student Organizations, and Learn and Earn. Together, these programs provide all Minnesota's youth the opportunity for a quality K-12 education.

Areas of Agency Concentration

- *School Readiness.* Education Excellence programs, such as First Grade Preparedness and Early Childhood Tribal Schools, support parents, schools and communities in their efforts to ensure that all Minnesota children will be successful in school; and by increasing parents' knowledge and understanding about their child's development
- *Leamer Success.* Education Excellence programs also support parents, schools and communities in ensuring that students of all ages, abilities and backgrounds will attain the level of learning provided for in the graduation standards.
- *Lifework Development.* Education Excellence programs, such as Education and Employment Transition, and Youthworks, ensure that Minnesota youth and adults will have the knowledge and skills to be productive workers and citizens in a global economy.

These programs support the Governor's Big Plan for Minnesota by addressing the following objectives:

- *Healthy, Vital Communities*, specifically "Best K-12 Public Education in the Nation" and "Living Human Rights and Respect," and
- *Self-Sufficient People*, specifically "Assuring Lifelong Learning for Work and Life" by supporting the agency areas of concentration listed above.

CFL Strategic Plan. These programs address Minnesota diverse populations and recognize that students have a variety of education needs, and thereby contribute to the achievement of the following agency indicators.

- Percentage of third graders who can read.
- Percentage of students passing the Basic Skills Test on their first attempt.
- Percentage of school districts successfully implementing the Profile of Learning.
- Percentage of students dropping out.
- Performance on Third International math and Science Study (TIMSS) and National Assessment of Educational Progress (NAEP) for national comparisons.
- Public school transfers for the year.
- Percentage of schools with student access to a high-speed internet link.
- Percentage of special needs students receiving support services through an integrated and collaborative interagency process.
- College entrance scores.

Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING

Program Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Activity:									
STATEWIDE TESTING	2,508	6,711	11,289	6,500	6,500	6,500	6,500	(5,000)	(27.8%)
ADVANCED PLACEMENT/INTL BACCHA	2,225	1,282	2,468	1,875	1,875	1,875	1,875	0	0.0%
CHARTER SCHOOL LEASE AID	2,015	6,475	10,668	17,045	17,045	26,240	26,240	26,142	152.5%
CHARTER SCHOOL START-UP AID	3,524	5,594	11,696	11,930	11,930	12,524	12,524	7,164	41.4%
CHARTER SCHOOL INTEGRATION	0	0	100	50	50	50	50	0	0.0%
BEST PRACTICES SEMINARS	0	0	5,000	5,000	5,000	5,000	5,000	5,000	100.0%
INTEGRATION REVENUE	27,259	37,298	55,211	59,835	59,835	59,997	59,997	27,323	29.5%
INTEGRATION PROGRAMS	940	800	1,200	1,000	1,000	1,000	1,000	0	0.0%
MAGNET SCHOOL PROGRAMS	1,714	1,726	1,750	1,750	1,750	1,050	1,050	(676)	(19.4%)
MAGNET SCHOOL START-UP AID	0	0	225	482	482	325	325	582	258.7%
INTERDISTRICT DESEG TRANSPORTA	652	1,001	970	0	0	2,105	2,105	134	6.8%
INDIAN LANGUAGE AND CULTURE PR	685	727	730	730	73	730	0	(1,384)	(95.0%)
INDIAN EDUCATION GRANTS	175	175	175	175	17	175	0	(333)	(95.1%)
INDIAN POST SECONDARY PREPARAT	953	982	982	982	0	982	0	(1,964)	(100.0%)
INDIAN SCHOLARSHIPS	2,481	1,922	1,931	1,907	1,907	1,907	1,907	(39)	(1.0%)
INDIAN TEACHER PREPARATION GRA	185	190	190	190	190	190	190	0	0.0%
TRIBAL CONTRACT SCHOOLS	1,014	1,671	1,881	2,520	2,520	2,767	2,767	1,735	48.8%
EARLY CHILDHOOD AT TRIBAL SCHO	68	68	68	68	68	68	68	0	0.0%
FIRST GRADE PREPAREDNESS	6,498	6,905	7,000	7,000	7,000	7,000	7,000	95	0.7%
SECONDARY VOCATIONAL AID	19,156	18,039	18,031	6,856	6,856	5,615	5,615	(23,599)	(65.4%)
EDUC AND EMPLOYMENT TRANSITION	1,471	1,852	2,598	2,225	1,825	2,225	1,825	(800)	(18.0%)
YOUTHWORKS PROGRAMS	5,012	5,607	5,655	5,601	5,601	5,606	5,606	(55)	(0.5%)
MN FOUNDATION FOR STUDENT ORGA	538	592	668	625	0	625	0	(1,260)	(100.0%)
LEARN & EARN	907	2	1,448	725	725	725	725	0	0.0%
MISC FEDERAL PROGRAMS	102,506	123,936	138,315	147,997	147,997	141,963	141,963	27,709	10.6%
SUCCESS FOR THE FUTURE	0	0	0	0	3,297	0	3,387	6,684	
ADVANCE ACHIEVEMENT & ACCOUNTA	0	0	0	0	5,000	0	5,000	10,000	
PERFORMANCE INCENTIVE POOL	0	0	0	0	5,000	0	10,000	15,000	
TEACHERS FOR THE 21ST CENTURY	0	0	0	0	5,000	0	5,000	10,000	
Total Expenditures	182,486	223,555	280,249	283,068	298,543	287,244	307,719	102,458	20.3%

Program: EDUCATION EXCELLENCE
 Agency: CHILDREN, FAMILIES & LEARNING

Program Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003	
				Base	Governor Recomm.	Base	Governor Recomm.
Change Items:	Fund						
(P) ADVANCE ACHIEVEMENT AND ACCOUNTABILITY	GEN				5,000		5,000
(P) SUCCESS FOR THE FUTURE	GEN				3,297		3,387
(P) PERFORMANCE INCENTIVE POOL	GEN				5,000		10,000
(P) TEACHERS FOR THE 21ST CENTURY	SR				5,000		5,000
(P) MOVE MN FOUNDATION FOR STUDENT ORGS	GEN				(625)		(625)
(B) AMERICAN INDIAN LANG. & CULTURE RESTRUCT	GEN				(657)		(730)
(B) INDIAN EDUCATION PROGRAM RESTRUCTURING	GEN				(158)		(175)
(B) INDIAN POSTSECONDARY PREP RESTRUCTURING	GEN				(982)		(982)
(B) ED. & EMPLOY TRANS.-ELIMINATE 3 PROGRAMS	GEN				(1,150)		(1,150)
(B) ISEEK SOLUTIONS	GEN				250		250
(B) JOBS FOR AMERICA'S GRADUATES	GEN				500		500
Total Change Items					15,475		20,475
Financing by Fund:							
Direct Appropriations:							
GENERAL	67,827	86,429	123,486	116,684	127,159	126,889	142,364
SPECIAL REVENUE	0	0	0	0	5,000	0	5,000
Statutory Appropriations:							
FEDERAL	114,052	137,073	156,713	166,352	166,352	160,323	160,323
GIFT	607	53	50	32	32	32	32
Total Financing	182,486	223,555	280,249	283,068	298,543	287,244	307,719
FTE by Employment Type:							
FULL TIME	2.6	2.8	4.0	4.0	4.0	4.0	4.0
PART-TIME, SEASONAL, LABOR SER	0.4	0.3	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	3.0	3.1	4.0	4.0	4.0	4.0	4.0

BUDGET CHANGE ITEM (53331)

Program: EDUCATION EXCELLENCE
Agency: CHILDREN,FAMILIES & LEARNING

Item Title: ADVANCE ACHIEVEMENT AND ACCOUNTABILITY

	2002-03 Biennium		2004-05 Biennium	
	FY 2002	FY 2003	FY 2004	FY 2005
Expenditures: (\$000s)				
General Fund				
-State Operations	\$5,000	\$5,000	\$5,000	\$5,000
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No

If yes, statute(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

With the Advance Achievement and Accountability Initiative, the Governor recommends \$5 million a year for a comprehensive accountability strategy that will hold schools accountable for a high-quality education and measurable results for all students

RATIONALE:

To determine how Minnesota's education system ranks in the country and world, we need an accountability system that provides policy makers, administrators, teachers, parents and the community with information on how the achievement of Minnesota students compares to students throughout the nation.

A standards-based reform consists of three components: Standards, Assessments, and Accountability. Minnesota's effort consists of the Basic Standards Tests, which were high stakes for students beginning in school year 1999-2000, and the Profile of Learning.

In 1997, the legislature mandated a system of statewide testing and accountability. Such a system must not only hold students accountable, but must also hold the system that supports student learning accountable. Currently the Minnesota Comprehensive Assessments (MCA) are designed to show how well students and educational systems are doing with respect to the

Profile of Learning in the following grade spans: elementary level (grades 3-5) and senior level (grades 10-11). There are no tests at the Junior High level. The next step is to ensure that our system

- includes tests at all the grade span levels;
- holds schools and districts accountable;
- provides information and data to the public;
- provides support to schools and districts identified as needing improvement; and
- identifies schools and districts that are successful.

1. Statewide Assessment

The first part of this initiative continues the test development and administration at the elementary and senior high levels, develops an MCA at the junior high level and fully staffs Statewide Assessment in CFL to

- develop test items and forms;
- coordinate the administration of tests;
- oversee test scoring and report results;
- develop and implement quality control measures;
- oversee and coordinate the administration of the National Assessment of Educational Progress;
- work with and incorporate the results from the Third International Mathematics and Science Study (TIMSS) into the accountability model for world comparisons;
- work with teacher and administrators on how to interpret test scores; and
- monitor the duties of the contractors.

2. Continuous Improvement

The second part of this initiative creates a continuous improvement system. Both quantitative and qualitative data will identify schools that fall into three categories:

- schools exceeding state expectations,
- schools making adequate progress toward meeting the states expectations, and
- schools in need of improvement.

BUDGET CHANGE ITEM (53331) (Continued)

Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING

Item Title: ADVANCE ACHIEVEMENT AND ACCOUNTABILITY

FINANCING:

The Governor recommends \$5.0 million in FY 2002 and \$5.0 million in FY 2003 for the development and administration of MCA assessments, and to assess and provide help to schools needing technical assistance.

OUTCOMES:

With the use of both quantitative and qualitative data, CFL will be able to provide parents, businesses, communities, and policy makers with information on the educational services provided by individual schools and districts. In addition, teachers and administrators will have information they can use in developing a continuous improvement plan through the CFL Continuous Improvement website and the feedback provided by the external site review team.

Test scores from the MCAs will initially be used to classify schools into one of these categories. All schools will be expected to develop continuous improvement plans. Schools identified as being in need of improvement will have a site visit by an external team made up of CFL staff, staff from districts across the state, business and community members. This team will provide feedback to the site/district on: curriculum, instruction, staff development, governance, leadership, resource allocation, parent and community involvement, and multiple assessment. Schools will be assessed by more than how they perform on standardized tests. Data such as student attendance, drop out rates, number of students on free and reduced lunch, and number of LEP and special education students will also be evaluated. Schools and districts will use this information to develop local continuous improvement plans. Schools identified as exceeding the state's expectation can apply to be a Distinguished School, denoting excellent performance. In such cases, external teams will conduct a site visit and also review the above indicators. Research has shown that successful schools have evidence that best practice activities are found in all of these areas.

Funding for continuous improvement is requested to

- develop assessment tools that provide feedback on quality indicators;
- develop supporting materials for each of the quality indicators;
- develop training for the external teams;
- identify and train the external teams;
- compensate team members for their time and travel expenses as they provide continuous support throughout the year;
- expand and maintain the CFL's Continuous Improvement web site to include the materials being developed for continuous improvement, to display the data and information on each school and district in such a way that parents, teachers, policy makers, administrators will have a clear understanding of what the data indicate and how it can be used;
- provide training to sites identified as needing improvement on the continuous improvement process; and
- conduct external reviews of schools applying to be a Distinguished School.

BUDGET CHANGE ITEM (50190) (50190)
**** PERFORMANCE PILOT ****

Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING

Item Title: SUCCESS FOR THE FUTURE

ACTIVITY GOALS:

Targeted at American Indian students, the goals of "Success for the Future" include

- lowering the drop-out rate, and
- increasing academic achievement.

	<u>2002-03 Biennium</u>		<u>2004-05 Biennium</u>	
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Expenditures: (\$000s)				
General Fund				
-Grants	\$3,049	\$3,387	\$3,387	\$3,387
-Reallocation from other programs	\$(1,797)	\$(1,887)	\$(1,887)	\$(1,887)
NET COST:	\$1,252	\$1,500	\$1,500	\$1,500
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No

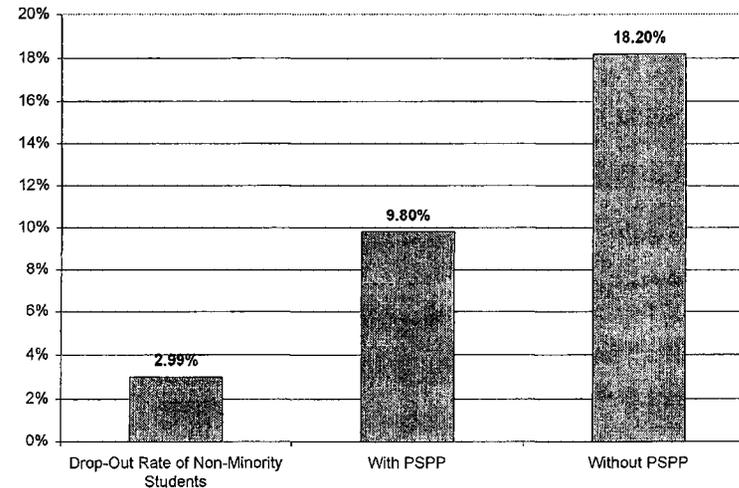
If yes, statute(s) affected:

New Activity Supplemental Funding Reallocation

ACTIVITY PROFILE:

"Success for the Future" is a reform initiative that combines and expands three grant programs (Post Secondary Preparation, American Indian language and Culture and Indian Education). This grant program will provide funding to grantees that develop comprehensive and collaborative grants to support academic achievement, lower the drop out rate and improve the school climate in a culturally appropriate manner for American Indian students. A portion of the funds will continue to finance programs that will focus on student achievement in school districts with traditional village schools

The new program capitalizes on the demonstrated success of the Post Secondary Preparation Program in keeping American Indian students in school while incorporating the successful aspects of the American Indian and Language Program. In FY 1998 the dropout rate for American Indian students in schools with the Post Secondary Preparation grant was 9.8%. In schools without the Post Secondary Preparation the American Indian student dropout rate was 18.2% as compared to the 2.9% dropout rate for non-minority students.



PERFORMANCE INDICATORS:

- Drop-out rates for American Indian Students in school districts with and without Post Secondary Preparation Program (PSP) 1997-98.

In FY 2000, the department revamped the application to require a comprehensive education and evaluation plan that makes programs and schools more accountable. Although the current Post Secondary Preparation and American Indian Language and Culture grants serve a large number of American Indian students in 25 school districts, they do not reach a majority of American Indian students in 64 school districts with significant Indian student population in the state.

The new grant program will be available to more school districts and will provide districts with the opportunity to develop programs to increase academic and retention opportunities for American Indian students in Minnesota. With the increase in funding, this grant program will provide services to approximately 1,500 more students in 16 additional school districts.

BUDGET CHANGE ITEM (50190) (Continued)

Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Item Title: SUCCESS FOR THE FUTURE

- School/districts funded by "Success for the Future", with retention activities, will continue to experience a dropout rate at least 2% less than districts not served. This will be documented by a four-year completion study with a review done at year two.

A baseline for the 2000-01 school year will be established for each of the grantees at the time of application. Previous year data, 1999-2000 will also be collected and used for comparison. An annual report will be prepared from all of the information gathered and analyzed. The report will contain all individual and overall statistics. At the end of the program period, a report will be prepared to serve as indicators of performance.

- Increase by 10% the number of Indian Education programs that will coordinate culturally related services with schools/districts core academic subjects, including those districts receiving funding for traditional village schools by the end of FY 2003.

Baseline data from the 2000-2001 school year will be established for each of the grantees at the time of application. All data will be collected from the grantees. An annual report will be prepared from the information. The report will measure the amount and type of coordination that is accomplished. Quantitative data will be drawn from the amount of programs that have shown an increase in coordination of services, but the true measure will lie in the amount and type of coordination that is built within the program cycle.

STRATEGIES:

"Success for the Future" will fund collaborative programs that incorporate the following strategies to increase student achievement and lower the dropout rate:

- Targeted retention programs
- Academic and counseling services, as well as advocacy and liaison services
- Innovative curriculum based on technology
- Best practices in teaching for American Indian students.

FINANCING INFORMATION:

The following tables show the distribution of earlier grant programs.

Post Secondary Preparation Grants:

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Number of Grants	25	24	24	24	24
Number of Applicants	36	37	33	35	35
Percent Funded	69	65%	73%	69%	69%
Number of Participating Indian Students	3,424	3,286	2,637	2,997	2,997
Number of Eligible Indian Students in Schools/Districts Applying	4,276	4,288	3,952	3,867	3,867
Percent Served	80%	87%	67%	78%	78%

American Indian Language and Culture Grants:

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Number of grants funded	16	15	16	16	16
Number of applicants	33	32	32	34	34
Percent of applicants funded	48%	47%	50%	47%	47%
Number of participating Indian students	14,536	15,134	12,217	15,001	15,001
Number of eligible Indian students in schools/districts applying	37,737	31,961	31,486	76,771	76,771
Percent served	37%	47%	40%	20%	20%
Number of Eligible Indian Students in Schools/Districts Applying	4,276	4,288	3,952	3,867	3,867

This program is funded with state dollars.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$3.049 million for FY 2002 and \$3.387 million for FY 2003. This includes \$1.797 million in FY 2002 and \$1.887 million in FY 2003 of redirected funding from the Indian Language & Culture, Indian Education, and Indian Post Secondary Preparation programs.

BUDGET CHANGE ITEM

Program: EDUCATION EXCELLENCE
Agency: CHILDREN,FAMILIES & LEARNING
Item Title: PERFORMANCE INCENTIVE POOL

	<u>2002-03 Biennium</u>		<u>2004-05 Biennium</u>	
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Expenditures: (\$000s)				
General Fund				
-Aid to Districts	\$5,000	\$10,000	\$10,000	\$10,000

Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No

If yes, statute(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$5 million in FY 2002 and \$10 million in FY 2003 to establish a Performance Incentive Pool for districts to create new compensation packages and career paths for teachers built around measurable student outcomes and improvement of teaching with a program sunset on 6/30/2005. When fully implemented, this will be a \$10 million program. The first year funding allows time for program start up and implementation.

The Performance Incentive Pool would provide an incentive of \$150 per pupil unit to a school district or a school site that formally adopts and implements contract provisions, memorandums of understanding or other legally binding provisions agreed to by both the teachers and the district. The provisions established in the new compensation plan must be used for all teachers in the district or for all teachers at a school site that is approved for funding. The department would establish specific criteria to select districts or sites to qualify for the revenue and to receive continued funding. Specific criteria include:

- Full implementation of the graduations standards within a specified time period with priority given to those at full implementation,
- Specific assessment and evaluation tools used to measure student performance and progress,
- Measures used to show improved student attendance and completion rates,

- Evidence of professional development that aligns curriculum and instruction,
- Measures of student, family and community involvement and satisfaction,
- A data system with information about students and their academic progress that provides parents and the public with understandable information,
- A compensation structure that provides professional options for teachers whose primary role is providing student instruction and that eliminates pay increases tied to years of service.

RATIONALE:

Research indicates that one of the strongest predictors of student success is the quality of teaching provided to the student. Teaching quality is directly related to the amount of teacher preparation and the quality and amount of professional development time provided to teachers and teams of teachers. This initiative is built on components that target resources to a strategically designed approach that 1) aligns professional development with best practices and Minnesota's Graduation Standards, and 2) makes the teaching profession more attractive as a career choice by changing the way teachers are compensated.

In most industries, compensation is tied to performance. In the education profession, compensation is more directly tied to the length of time on the job. In this component of the initiative, the agency creates a competitive incentive pool to have districts develop new methods for compensating teachers and improving the teaching and learning environment in schools. Eventually, the result would be the elimination of the current steps and lanes found in teacher salary schedules and replacement of them with pay structures tied to performance in the classroom and results with students. By rewarding teachers for quality instruction and for assuming leadership and support roles in schools, and having quality teachers support the development of other professionals, the teaching profession should become more attractive and inviting as a career choice.

OUTCOMES:

- At least 5% of the state's public school teachers will have compensation packages tied to performance and student achievement as developed locally between teachers and school boards. Elimination of steps and lanes in these contracts will be a requirement prior to funding being provided.
- Fewer teachers leaving the profession: Verification of this will be through self-reporting and other surveys as conducted by the agency. Currently districts report on teacher availability and shortages and identify areas of need. A second measure will be a reduction in the number of unfilled positions reported by districts, fewer teachers teaching outside of their area of licensure and fewer districts reporting shortages of substitute teachers.

BUDGET CHANGE ITEM (63065)

Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Item Title: TEACHERS FOR THE 21ST CENTURY

Minnesota must create incentives and programs to attract and retain quality teachers in the classroom specifically in areas where shortages have been identified. Policies and options for preparing individuals to become teachers need to be innovative and flexible without sacrificing assurances of quality.

FINANCING:

The Department of Children Families and Learning will establish a set of programs to attract and retain qualified teachers in areas of identified shortages, as described below. The commissioner will establish eligibility criteria, identify shortage areas and allocate funds within the available appropriation.

1. Targeted Loan Forgiveness or Tuition Waivers

Up to \$2.5 million per year may be provided for loan forgiveness or tuition waivers of up to \$8,000 for a teacher candidate enrolling in a Minnesota college of education and completion of study in targeted areas of need as identified by the commissioner. For each year of teaching in a Minnesota school district, \$2,000 of the loan shall be forgiven. (This is expected to fund 625 applicants over 2 years.)

2. Provisional/Transitional License Changes

Individuals with a degree in an "identified need" subject matter and who are participating in a teacher preparation or residency program will be allowed to teach for a period of two years in an identified area of need while completing a state-approved teacher certification program. Up to \$750,000 per year will be provided for grants or tuition waivers to applicants in this program. Grants or tuition waivers for the two-year period shall not exceed \$5,000 per individual. This program shall also be available for teachers getting an additional license in an identified area of need. If the applicant fails to teach in a Minnesota public school for two additional years after being licensed, half of the grant or tuition waiver shall be repaid. (This is expected to fund 300 applicants over 2 years.)

3. Alternative License/ Teaching Academy Options

Up to \$750,000 per year may be provided for grants to districts or groups of districts to establish teaching academies that allow individuals with a BA degree to teach in an area of identified need while in a program of professional development and instruction at the district level. A one-year teacher induction period shall be required. The district shall assign a mentor/master teacher to work closely with the candidate for at least one year and shall make the recommendation for licensing to the Board of Teaching. Grants shall not exceed \$5,000 per candidate and may be used for stipends for the mentor/master teacher, professional development costs and administering the program. (This is expected to fund 300 candidates over 2 years.)

	<u>2002-03 Biennium</u>		<u>2004-05 Biennium</u>	
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Expenditures: (\$000s)				
Special Revenue Fund				
-State Operations	\$100	\$100	\$100	\$100
-Grants	\$4,900	\$4,900	\$4,900	\$4,900
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				
If yes, statute(s) affected:				
<input type="checkbox"/> New Activity <input checked="" type="checkbox"/> Supplemental Funding <input type="checkbox"/> Reallocation				

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$5 million in FY 2002 and \$5 million in FY 2003 from the Workforce Development special revenue fund for recruitment strategies for teachers in shortage areas. Of this amount, \$100,000 each year is for administration and evaluation of the program. A program sunset of June 30, 2005, is also recommended.

RATIONALE:

By the year 2000 a significant number of Minnesota's teachers will reach the age of 55. More than 4,000 Minnesota teachers a year are leaving the profession before retirement. In a recent study at least 90 per cent of the principals reported a serious shortage of strong teacher applicants in at least one curriculum area. Shortages are growing more rapidly than first anticipated. The most significant shortages are occurring in the fields of math, science, special education, technical-vocational areas and for students with language barriers. In addition, Minnesota continues to struggle with a shortage of teachers of color.

Other states are aggressively recruiting outside their borders and many teachers leave the field in the first three years partly because of the lack of support and mentoring during those critical early years of teaching.

BUDGET CHANGE ITEM (63065) (Continued)

Program: EDUCATION EXCELLENCE

Agency: CHILDREN, FAMILIES & LEARNING

Item Title: TEACHERS FOR THE 21ST CENTURY

4. Individual Certificate Accounts

Up to \$650,000 per year may be provided to establish individual "certificate" accounts to be used in Minnesota's colleges of education to defer tuition or loan costs. Eligible individuals shall include high school students, school volunteers or paraprofessionals who work with teachers in an educational setting for at least 10 hours per week. An amount of \$2,000 per year shall be deposited into each individual's account to a maximum amount of \$10,000 per applicant. Certificates would expire four years after issuance. (This is expected to fund 325 applicants over 2 years.)

5. Mentoring and Induction Support

Up to \$250,000 may be provided for grants to districts for stipends of up to \$500 per year for mentor teachers of new teachers (the first three years of teaching) in schools with high levels of poverty. Stipends for a mentor teacher with National Board Certification teacher may be up to \$1,000 per year. (This is expected to fund up to 500 mentors per year.)

OUTCOMES:

School districts will report an adequate supply of qualified candidates in current fields where shortages exist. Students will receive instruction from teachers licensed in the appropriate area. There will be an increase in the number of teachers of color in the classroom actively teaching as reported by school districts. A higher percentage of new teachers will choose to remain in teaching after 3 years in the classroom.

The department will contract for an evaluation report of this initiative. The report shall include the number of candidates receiving grants in each program, the identified area of need for each applicant, a qualitative assessment of the candidates' effectiveness in the classroom and additional information on the impact of the program in recruiting and retaining quality teachers.

BUDGET ACTIVITY SUMMARY

Budget Activity: STATEWIDE TESTING
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 120B.30

ACTIVITY PROFILE:

- We must have data and information across all schools in order to tell parents, teachers, and the public how well Minnesota students are meeting the state's Graduation Standards as measured by the following:
 - the Basic Standards Tests (BST), which ensure that all students have basic literacy and math skills prior to graduating from high school; and
 - the Minnesota Comprehensive Assessments (MCA), designed to measure the Profile of Learning, the state's high standards.
- Beginning with school year 1999-2000, all students must pass the BSTs in reading and mathematics prior to graduating from high school. Beginning with school year 2000-2001, all students must also pass the BST in writing prior to graduation. Students take the writing test for the first time in the 10th grade.
- In FY 2000, the legislature amended the law to allow, with permission from their parents and teacher, the BST to be offered to students as early as the 5th grade.
- 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. A reading test is currently being developed for 10th grade and a mathematics test is currently being developed for 11th grade. These tests will be administered beginning with school year 2001-02.
- The entire statewide testing program includes the following tests at the following grade levels:

Grade 3

Minnesota Comprehensive Assessments
 Test of Emerging Academic English
 (Reading and writing test for Limited
 English Proficiency (LEP) students.)

Reading, Mathematics
 Reading, Writing

Grade 5

Minnesota Comprehensive Assessments
 Test of Emerging Academic English
 Basic Standards Test (Optional)

Reading, Mathematics
 Reading, Writing
 Reading, Mathematics

Grade 8

Minnesota Basic Standards Tests
 Test of Emerging Academic English

Reading, Mathematics
 Reading, Writing

Grade 10

Minnesota Basic Standards Test
 Minnesota Comprehensive Assessment

Written Composition
 Reading

Grade 11

Minnesota Comprehensive Assessment

Mathematics

- For students who have not yet met basic standards, retake opportunities must be offered at least annually to students in grades 9 to 12 for the basic standards in reading and mathematics. For students in grades 11 to 12, retake opportunities must be offered for the written composition test.
- Since the statewide testing program was designed for native speakers of English, many LEP students with minimal skills in English will score poorly even though they may be making progress in acquiring English skills. The statewide assessment system must account for their annual progress in acquiring skills in English. The reading and writing tests for LEP students are designed to measure emerging academic literacy skills for non-native speakers of English.

STRATEGIES AND PERFORMANCE:

The results of MCA tests will be used in the statewide accountability program to provide information about the progress of all students, including LEP students. Test results, in conjunction with other quantitative and qualitative indicators, will be used to identify schools in need of improvement, and schools that are distinguished due to the use of best curricular and instructional practices. Such information will be shared with the public through the Children, Families and Learning Continuous Improvement Process website.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: STATEWIDE TESTING
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING

FINANCING INFORMATION:

Each test for statewide testing costs approximately \$500,000 to \$700,000 to develop and administer. Currently, there are eight different tests, three of which (basic standards) are administered twice each year. This brings the total for statewide tests and Graduation Rule testing to 11 tests annually

A portion of the state appropriation supports 1 FTE staff person. Other staff supporting this activity are funded within agency appropriations.

BUDGET ISSUES:

To fulfill all the requirements of the Statewide Testing Law and the Graduation Standards Rule Assessments, test forms need yearly maintenance. These statewide testing procedures require financial support to sustain their validity, reliability, and security. These funds support the development, administration, and maintenance of the BSTs and the 3rd and 5th grade MCAs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$6.5 million in FY 2002 and \$6.5 million in FY 2003, with carryforward authority within the biennium.

Activity: STATEWIDE TESTING
 Program: EDUCATION EXCELLENCE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	0	45	79	79	79	79	79	34	27.4%
OTHER OPERATING EXPENSES	2,508	6,378	9,510	5,866	5,866	5,866	5,866	(4,156)	(26.2%)
Subtotal State Operations	2,508	6,423	9,589	5,945	5,945	5,945	5,945	(4,122)	(25.7%)
LOCAL ASSISTANCE	0	288	1,700	555	555	555	555	(878)	(44.2%)
Total Expenditures	2,508	6,711	11,289	6,500	6,500	6,500	6,500	(5,000)	(27.8%)
Financing by Fund:									
Direct Appropriations:									
GENERAL	2,508	6,711	11,289	6,500	6,500	6,500	6,500		
Total Financing	2,508	6,711	11,289	6,500	6,500	6,500	6,500		
FTE by Employment Type:									
FULL TIME	0.0	0.8	1.0	1.0	1.0	1.0	1.0		
PART-TIME, SEASONAL, LABOR SER	0.0	0.2	0.0	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	0.0	1.0	1.0	1.0	1.0	1.0	1.0		

BUDGET ACTIVITY SUMMARY

Budget Activity: ADVANCED PLACEMENT (AP) AND INTERNATIONAL BACCALAUREATE (IB)
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 120B.13

ACTIVITY PROFILE:

This program provides financial incentives for schools to begin or expand their advanced placement (AP) and international baccalaureate (IB) offerings and to promote rigorous, challenging courses of study as part of the regular offerings for students in secondary schools. These incentives increase the ability of some schools to offer an advanced placement or international baccalaureate program by providing funding for teacher training and exam fees.

- State funding for the AP and IB was initiated in 1993 supporting subsidies for exam fees for public and nonpublic students, teacher support, and teacher training.
- Funding was expanded in FY 1998 to include student scholarships and teacher stipends for public and nonpublic schools, however, these components were repealed in FY 2000-01.
- Students have benefited from AP and IB programs in that they were given an opportunity to earn college credit and placement, saving time and money.
- Schools have benefited from an AP or IB program in that it revitalized teachers and departments, as well as indicated to the public that their school values academic excellence.

The AP and IB program provides financial incentives to support the following two program components:

- **Teacher Training** (\$375,000 - 20% of total)
 - Scholarships to train teachers to initiate or improve an AP and/or IB courses are available for public and nonpublic school teachers.
 - Priority is given to teachers new to the programs.
- **Student Examination Fees** (\$1.5 million - 80% of total)
 - Exam fee subsidies are available to public and nonpublic students taking AP and/or IB exams.
 - Approximately 75% of the exam costs for all exams are paid directly to the college board for AP exams, or to the school district for IB exams. All exam fees are paid for students from low income families.

STRATEGIES AND PERFORMANCE:

Advanced Placement:

- In May 2000, 13,018 students took 19,626 exams. This was a 9% increase in the number of students testing and a 10% increase in the number of exams taken, and represents an average of 1.5 exams per student.
- A total of 266 teachers participated in week-long summer training institutes: 205 at Carleton College, 21 at the College of St. Benedict, and 40 out-of-state, an increase of 2% for 2000.
- 643 teachers participated in follow-up training, an increase of 15%.
- Students of color represent 8% of all Minnesota students tested in AP. These 1,079 students represent a 17% increase in participation from the previous year.
- In the 2000 school year, 196 public and 37 nonpublic schools (for a total of 233 schools) implemented AP programs, a 7% increase in the number of schools.

International Baccalaureate:

- In May of 2000, 977 students took 2,283 exams, an average of 2.33 exams per student. This results in a 4% decrease in student participation, but a 20% increase in number of exams.
- A total of 80 teachers participated in three-day training during the school year and/or in one-two weeks during the summer.
- 96 teachers participated in follow-up training, an increase of 20%.
- As of July 2000, there are 11 IB member schools and several more are considering the IB program for their school/district.
- 85 students were awarded the IB diploma, an increase of 21%.

	Schools Funded			
	FY 1997	FY 1998	FY 1999	FY 2000
Public AP	180	177	180	196
Nonpublic IB	25	31	37	37
IB	9	9	10	10

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: ADVANCED PLACEMENT (AP) AND INTERNATIONAL BACCALAUREATE (IB)
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING

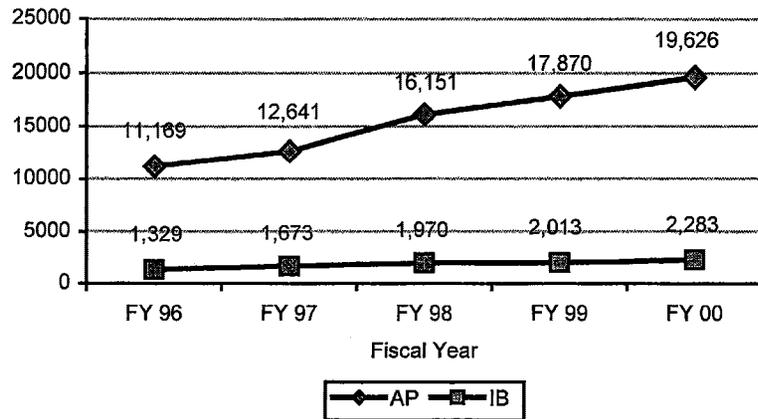
BUDGET ISSUES:

The program projects an increase of 12% in the number of students taking the exams. Current funding will not meet the demand for student exam fees, and students will receive a smaller percentage of the exam fee paid by the state.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$1.875 million for FY 2002 and \$1.875 million for FY 2003, with carryforward authority within the biennium. Of this appropriation, \$375,000 per year is for summer training.

Exams Taken



FINANCING INFORMATION:

This program is entirely funded with state aid.

	Dollars in Thousands			
	FY 1997	FY 1998	FY 1999	FY 2000
Teacher Training	\$178	\$ 183	\$ 210	\$ 236
Curriculum Support	34	-0-	-0-	-0-
* Teacher Stipends	-0-	342	407	-0-
Student Exam Subsidies	721	1,012	912	1,225
* Student Scholarships	-0-	267	326	-0-
Program Administration	4	-0-	-0-	-0-
TOTAL	\$937	\$1,804	\$1,855	\$1,461

*One-time biennial appropriations.

Activity: ADVANCED PLACEMENT/INTL BACCHA
 Program: EDUCATION EXCELLENCE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
OTHER OPERATING EXPENSES	1,624	1,150	1,347	1,000	1,000	1,000	1,000	(497)	(19.9%)
Subtotal State Operations	1,624	1,150	1,347	1,000	1,000	1,000	1,000	(497)	(19.9%)
PAYMENTS TO INDIVIDUALS	0	1	0	0	0	0	0	(1)	(100.0%)
LOCAL ASSISTANCE	601	131	1,121	875	875	875	875	498	39.8%
Total Expenditures	2,225	1,282	2,468	1,875	1,875	1,875	1,875	0	0.0%
Financing by Fund:									
Direct Appropriations:									
GENERAL	2,225	1,282	2,468	1,875	1,875	1,875	1,875		
Total Financing	2,225	1,282	2,468	1,875	1,875	1,875	1,875		

BUDGET ACTIVITY SUMMARY

Budget Activity: CHARTER SCHOOL LEASE AID
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.11, subd. 4

Charter School Lease Aid

				Est.	Est.	Est.
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Net Lease (000s)	\$1,758	\$3,645	\$7,882	\$13,379	\$20,950	\$32,615
Avg Lease per PU	509	672	936	1,187	1,351	1,513
Max Aid per PU	416	440	1,500	1,500	1,500	1,500
Avg Aid per PU	331	386	822	999	1,141	1,261
Total Aid (000s)	1,141	2,094	6,924	11,260	17,701	27,188
Percent Change	N/A	83%	231%	63%	57%	54%

ACTIVITY PROFILE:

- This program provides funding to charter schools to access appropriate facilities for instructional purposes.
- This program began in FY 1998 with 24 charter school receiving aid.

STRATEGIES AND PERFORMANCE:

- Charter schools may apply to the commissioner to receive additional funding for lease costs, after having determined that the total operating capital revenue under M.S. 126C.10, subd. 13 is insufficient for their capital financial needs.
- Eligibility criteria is specified in M.S. 126C.40, subd. 1, paragraphs (a) and (b). Approval criteria includes
 - the reasonableness of the price,
 - the appropriateness of the space to the proposed activity,
 - the feasibility of transporting pupils to the leased building or land,
 - conformity of the lease to the laws and rules of the state of Minnesota,
 - the appropriateness of the proposed lease to the space needs, and
 - the financial condition of the charter school.

FINANCING INFORMATION:

- Aid is limited to the lesser of
 - 90% of actual net lease costs, or
 - \$1,500 times the charter school's pupil units served for the current year.
- The maximum aid per pupil unit increased from \$416 in FY 1998 to \$440 in FY 1999 and to \$1,500 in FY 2000. FY 1998 and FY 1999 lease aid was also limited to 80% of the actual net lease costs.

BUDGET ISSUES:

- The challenge of projecting the number of charter schools and charter school enrollments makes forecasting the aid needed for this program difficult.
- Some schools, such as Metro Deaf and Central Minnesota Deaf Charter schools, are disadvantaged by the funding formula, due to lower enrollments and higher than average per pupil square footage needs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$17.702 million for FY 2002 and \$27.189 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$17.045 million in FY 2002 (\$1.113 million for FY 2001 and \$15.932 million for FY 2002) and \$26.24 million in FY 2003 (\$1.77 million for FY 2002 and \$24.470 million for FY 2003).

Activity: Charter School Lease Aid
Program: Education Excellence

	Budget Activity Summary Dollars in Thousands	Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
AID	1. Statutory Formula Aid	6,924	11,138	17,702	27,189		
	2. Statutory Excess/(Shortfall)	(494)					
	3. Appropriated Entitlement	6,430	11,138				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)	494					
	5. State Aid Entitlement under Current Law	6,924	11,138	17,702	27,189	26,829	148.54%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	6,924	11,138	17,702	27,189	26,829	148.54%
<i>plus</i>							
LEVY	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
REVENUE	11. Current Law Revenue (Total of Aid & Levy)	6,924	11,138	17,702	27,189	26,829	148.54%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	6,924	11,138	17,702	27,189	26,829	148.54%
Appropriations Basis for State Aid							
	Prior Year (10%)	194	643	1,113	1,770		
	Current Year (90%)	5,787	10,025	15,932	24,470		
	Transfers per M.S. 127A.41, subdivision 8 & 9	494					
	Total State Aid - General Fund	6,475	10,668	17,045	26,240		

BUDGET ACTIVITY SUMMARY

Budget Activity: CHARTER SCHOOL START-UP AID
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING

State Citation: M.S. 124D.11, Subd. 8
 Title X, Part C Elementary and Secondary Education
 Act, CFDA 84.282A

ACTIVITY PROFILE:

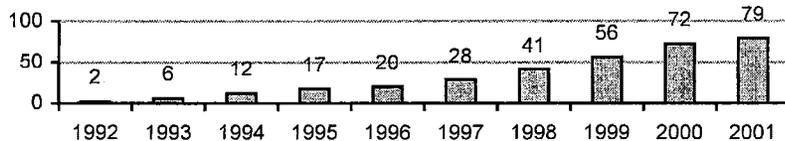
State and federal aids for start up charter schools provide funding for the schools' planning year and the first two years of operation for costs associated with start-up. Additionally, the federal program provides funding to charter schools in at least the fourth year of operation to support dissemination of charter school best practice.

- State and federal start-up funds may be used for such expenses as
 - accountability/evaluation development,
 - curriculum/instruction planning,
 - student recruitment,
 - staff development/governance training,
 - minor facility renovation, and
 - classroom materials.

STRATEGIES AND PERFORMANCE:

- State funding for charter school start-up began in FY 1998. Federal funding for charter school start-up began in FY 1996. Federal funding for dissemination activities began in FY 2000.
- Eleven charter schools received state start-up funding in FY 1998, 20 in FY 1999, 28 in FY 2000, and 32 in FY 2001.
- Thirteen charter schools received federal start-up funding in FY 1996, 15 in FY 1997, 39 in FY 1998, 46 in FY 1999, 49 in FY 2000, and five charter schools received federal dissemination grants in FY 2000.

Existing Charter Schools



FINANCING INFORMATION:

State Funding

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

Federal Funding (Public Charter School Program)

- Planning and start-up aid are available for three years of funding. Schools receive a first year planning award up to \$60,000. The first two years operating awards based on student enrollment as follows:
 - up to 49 students eligible for up to \$25,000;
 - 50-99 students eligible for up to \$50,000;
 - 100-149 students eligible for up to \$75,000;
 - 150 and more students eligible for up to \$100,000.
- Dissemination awards may total 20% of the total federal award, based on the total planning and start-up awards made.

Appropriations to Charter Schools

	Dollars in Thousands				
	FY 1999	FY 2000	FY 2001	FY 2002 (est)	FY 2003 (est)
State	\$1,533	\$1,996	\$2,897	\$3,003	\$3,597
Federal	3,000	4,600	8,600	8,600	8,600

BUDGET ISSUES:

As the number of charter schools grows the need for funding will increase, as will the need for greater oversight and technical assistance.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$3.020 million for FY 2002 and \$3.661 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$3.003 million in FY 2002 (\$285,000 for FY 2001 and \$2.718 million for FY 2002) and \$3.597 million in FY 2003 (\$302,000 for FY 2002 and \$3.295 million for FY 2003).

Activity: Charter School Start-up Aid
 Program: Education Excellence

Budget Activity Summary Dollars in Thousands		Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
<i>AID</i>	1. Statutory Formula Aid	1,996	2,848	3,020	3,661		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	1,996	2,848				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	1,996	2,848	3,020	3,661	1,837	37.92%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	1,996	2,848	3,020	3,661	1,837	37.92%
<i>plus</i>							
<i>LEVY</i>	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
<i>REVENUE</i>	11. Current Law Revenue (Total of Aid & Levy)	1,996	2,848	3,020	3,661	1,837	37.92%
	a. Subtotal - Governor's Revenue Change			0	0		
	 b. Governor's Revenue Recommendation	1,996	2,848	3,020	3,661	1,837	37.92%
<i>plus</i>							
<i>FEDERAL FUNDS</i>	12. a. Public Charter School Program	3,704	8,927	8,927	8,927	5,223	41%
<i>equals</i>							
<i>ALL FUNDS TOTAL</i>	13. Total- All Funds, Current Law	5,700	11,775	11,947	12,588	7,060	40.40%
	14. Total- All Funds, Governor's Recommendation	5,700	11,775	11,947	12,588	7,060	40.40%
Appropriations Basis for State Aid							
	Prior Year (10%)	100	206	285	302		
	Current Year (90%)	1,790	2,563	2,718	3,295		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	1,890	2,769	3,003	3,597		

BUDGET ACTIVITY SUMMARY

Budget Activity: CHARTER SCHOOL INTEGRATION
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.11, subd. 6(e)

funding provides limited resources for charter schools to contribute to integration/desegregation efforts.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$50,000 for FY 2002 and \$50,000 for FY 2003, with carryforward authority within the biennium.

ACTIVITY PROFILE:

The objective of the charter school integration revenue grant is to contribute to integration and desegregation. This grant program allows charter schools to apply for grants consisting of the aid portion of integration revenue under M.S. 124D.86, subd. 3, for enrolled students who are residents of districts eligible for integration revenue. The grants are competitively determined and applicants must demonstrate that enrolling pupils contribute to desegregation or integration.

This revenue first became available in FY 2000, was capped at \$50,000, and was not a grant program. No charter schools applied or qualified for the revenue in FY 2000. The \$50,000 available in FY 2000 carried over to FY 2001 and there is now \$100,000 available for grant awards in FY 2001.

STRATEGIES AND PERFORMANCE:

Charter schools applying for the integration revenue grant are required to demonstrate contributing to integration and desegregation by employing the following strategies:

- Create a collaboration council to determine integration issues, develop integration/desegregation goals, and design activities to meet those goals.
- Determine the educational justification for the integration/desegregation activities.
- Evaluate results.

Since the program was only enacted in FY 2000, there is no performance data to report.

FINANCING INFORMATION:

Charter schools awarded these grants will receive revenues according to M.S. 124D.86, subd. 3, or the grant budget, whichever is less.

BUDGET ISSUES:

The majority of Minnesota's charter schools enroll students from districts eligible for integration revenue under M.S. 124D.86. The current level of

Activity: CHARTER SCHOOL INTEGRATION
 Program: EDUCATION EXCELLENCE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	0	0	100	50	50	50	50	0	0.0%
Total Expenditures	0	0	100	50	50	50	50	0	0.0%
Financing by Fund:									
Direct Appropriations:									
GENERAL	0	0	100	50	50	50	50		
Total Financing	0	0	100	50	50	50	50		

BUDGET ACTIVITY SUMMARY

Budget Activity: BEST PRACTICES SEMINARS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: Laws 2000, Art. 7, Sec. 15, Subd. 4
Laws 2000, Chapter 500, Sec. 17

FINANCIAL INFORMATION:

State funding is distributed in the form of contracts and grants. Contractors and grantees are accountable for duties being carried out.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$5.0 million for FY 2002 and \$5.0 million for FY 2003, with carryforward authority within the biennium.

ACTIVITY PROFILE:

Well-prepared teachers are the best indicators of student success. Best practices in curriculum, instruction, assessment, and professional development have been identified through research and practice. During FY 2001, a grant was awarded to Education Minnesota which initiated the "Teacher as Learner and Leader" project.

This project is designed to ensure that teachers in every district have an understanding of and become advocates for research based effective professional development. In addition, competitive grants were awarded for seminars and other activities designed to enhance the instructional skills of teachers. Access to and proficiency in the strategies listed below will continue these efforts and increase the probability of student success in achieving the learning described in Minnesota's standards.

STRATEGIES AND PERFORMANCE:

Seminars and activities to support proficiency in teaching aligned with the Minnesota Graduation Standards:

- Grants awarded to Education Minnesota and other organizations to provide seminars and other activities designed to increase the capacity of schools and individuals to implement the graduation standards.
- Training for Best Practice Networks for each of the learning areas in the graduation standards to enable members to learn and share instructional, curricular, and assessment best practices including findings from the grants described above.

Seminars and activities as per legislation:

- The Minnesota New Teacher Project as per Article 6, Sec. 42 of 2000 Minnesota Statutes. (\$1 million)
- Arts via the Internet collaborative project between the Walker Art Center and the Minneapolis Institute of Arts. (\$1million in FY 2002).

The Department of Children, Families and Learning will administer grants and contracted activities. Projects and activities will be evaluated and findings disseminated through appropriate networks.

Activity: BEST PRACTICES SEMINARS
 Program: EDUCATION EXCELLENCE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
OTHER OPERATING EXPENSES	0	0	5,000	5,000	5,000	5,000	5,000	5,000	100.0%
Total Expenditures	0	0	5,000	5,000	5,000	5,000	5,000	5,000	100.0%
Financing by Fund:									
Direct Appropriations:									
GENERAL	0	0	5,000	5,000	5,000	5,000	5,000	5,000	
Total Financing	0	0	5,000	5,000	5,000	5,000	5,000	5,000	

BUDGET ACTIVITY SUMMARY

Budget Activity: INTEGRATION REVENUE
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.86

- development and implementation of strategies to meet the unique needs of specific cultural groups of students; and
 - supplemental support services for unique students' needs in integrated schools.
- Legislation enacted in 1998 required the commissioner to make new rules relating to desegregation/integration by 01-10-99. This new rule was adopted July 1999.

ACTIVITY PROFILE:

- The purpose of this program is to promote racial integration, increase learning opportunities, and reduce the learning gap between learners living in high concentrations of poverty and their peers through programs established under a desegregation plan mandated by state rules or under court order.
- The integration revenue program was initiated in FY 1999, replacing targeted needs-integration revenue and targeted needs transportation-integration revenue.
 - Targeted needs-integration revenue was in effect in FY 1996-98. Before FY 1996, integration programs were funded with integration grants and the desegregation/rule compliance levy.
 - Targeted needs transportation-integration revenue was in effect for FY 1997-98 only. Before FY 1997, desegregation transportation was funded through the transportation formula.
- Under State Board of Education Rule 3535, a desegregation plan is required in two instances:
 - When the percentage of protected students in a school exceeds the percent of protected students in the district and grade levels served by the school by 20 percentage points or more the desegregation plan must specify how the district will increase opportunities for interracial contact between students in the building.
 - When the percentage of protected students in a district exceeds the percent of protected students in any contiguous district by 20 percentage points or more the desegregation plan must specify how the district will increase opportunities for interracial contact between students in the district.
- The Duluth, Minneapolis, and St. Paul school districts currently operate under authority of Rule 3535 and have had approved desegregation plans in place since the 1970s. In FY 2000, 19 more districts operated under desegregation plans.
- Uses of integration revenue include the following:
 - additional operating costs for magnet/specialty schools or other methods used to achieve school district desegregation;
 - desegregation transportation costs;
 - staff development costs for preparing teachers to work with diverse populations in an integrated setting;

STRATEGIES AND PERFORMANCE:

As shown in the table below, total enrollment in the Minneapolis and St. Paul school districts has increased significantly since FY 1995, and the concentration of students of color has increased significantly in all districts operating under a desegregation plan.

	<u>FY 1995</u>	<u>FY 1997</u>	<u>FY 1999</u>	<u>FY 2000</u>
Students Enrolled (ADM):				
Duluth	13,837	13,837	13,521	13,187
Minneapolis	44,525	48,362	51,861	51,488
St. Paul	40,751	44,840	48,310	47,074
Percent Students of Color:				
Duluth	8.5%	10.0%	10.7%	11.2%
Minneapolis	61.1%	65.5%	69.9%	71.2%
St. Paul	51.9%	57.4%	62.6%	64.8%

FINANCING INFORMATION:

- This program is funded with state aid and a local property tax levy.
 - For FY 1999, 54% of the revenue for each district was funded with state aid and 46% of the revenue was funded with the local levy.
 - The state share increased to 67% of the revenue for FY 2000 and to 78% for FY 2001 and later.
 - Unlike most levies, for cities of the first class and for FY 2001 the entire amount levied is recognized as revenue in the fiscal year in which the levy is certified. Effective FY 2002 for other than cities of the first class, the revenue is recognized in the fiscal year following the levy.
- For FY 2000 and later years, the integration revenue for Duluth, Minneapolis, and St. Paul is set at a fixed amount per adjusted pupil unit as follows: Duluth, \$207; Minneapolis, \$536; and St. Paul, \$446.
- Additional districts required to implement a desegregation plan qualify for revenue equal to the lesser of \$93 per adjusted pupil unit or the actual cost of implementing the plan.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: INTEGRATION REVENUE
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING

- Eligible residents of Duluth, Minneapolis, and St. Paul also generate the formula amount given above minus the amount generated under the enrolling district's budgeted amount per pupil unit. This revenue is 100% state aid.
- For FY 1996-98, targeted needs integration revenue was the sum of the targeted needs-integration aid and the desegregation/rule compliance levy.
 - Targeted needs integration aid was set at a fixed dollar amount for each eligible district as follows: Duluth, \$1.4 million; Minneapolis, \$9.4 million; and St. Paul \$8.1 million.
 - The desegregation/rule compliance levy was set at \$197 per pupil unit for Minneapolis and St. Paul, and at \$660,000 plus an amount equal to 2% of adjusted net tax capacity for Duluth.
- For FY 1997-98, the targeted needs transportation-integration revenue was set at \$4 per pupil unit for Duluth, \$73 per pupil unit for St. Paul, and at \$158 per pupil unit for Minneapolis.
- The following table summarizes the trends in integration revenue since FY 1995.

Integration Revenue, FY 1995-01

	Dollars in Thousands						Est.	Est.
	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	
Duluth:								
Integration Aid*	\$ 1,385	\$ 1,385	\$ 1,385	\$ 1,385	\$ 1,619	\$ 1,989	\$ 2,268	
Integration Levy	1,343	1,184	1,461	1,461	1,379	979	640	
Deseg. Transp. Revenue**	151	126	63	6	-0-	-0-	-0-	
Total Revenue	\$ 2,879	\$ 2,695	\$ 2,909	\$ 2,906	\$ 2,998	\$ 2,968	\$ 2,908	
Minneapolis:								
Integration Aid*	\$ 9,368	\$ 9,368	\$ 9,368	\$ 9,368	\$ 15,802	\$ 19,995	\$ 23,044	
Integration Levy	9,425	9,793	9,997	10,420	13,461	9,848	6,499	
Deseg. Transp. Revenue**	5,777	7,406	8,191	8,455	-0-	-0-	-0-	
Total Revenue	\$24,570	\$26,567	\$27,556	\$28,243	\$29,263	\$29,843	\$29,543	

Integration Revenue, FY 1995-01 (cont.)

	Dollars in Thousands						Est.	Est.
	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	
St. Paul:								
Integration Aid*	8,091	8,091	8,091	8,091	12,121	14,350	18,399	
Integration Levy	8,423	9,392	9,770	9,918	10,325	7,068	5,189	
Deseg. Transp. Revenue**	3,550	3,591	3,563	4,480	-0-	-0-	-0-	
Total Revenue	\$20,064	\$21,074	\$21,424	\$22,489	\$22,446	\$21,418	\$23,588	
State Totals:***								
Integration Aid*	18,844	18,844	18,844	18,844	29,542	38,251	57,061	
Integration Levy	19,191	20,369	21,228	21,799	25,165	18,728	16,126	
Deseg. Transp. Revenue**	9,478	11,123	11,817	12,995	-0-	-0-	-0-	
Total Revenue	\$47,516	\$50,336	\$51,889	\$53,638	\$54,707	\$56,979	\$73,187	

- * FY 1995 amounts are integration grants; FY 1996-98 amounts are targeted needs-integration aid.
- ** FY 1995-96 amounts are desegregation transportation revenue included in nonregular transportation formula; regular transportation funding for desegregation excluded. FY 1997-98 amounts are targeted needs transportation-integration revenues; general education funding attributable to desegregation transportation excluded. Effective FY 1999, the targeted needs transportation-integration revenue was folded into the integration revenue formula amount.
- *** State Totals for FY 2000 and FY 2001 exceed the sum of Duluth, Minneapolis, and St. Paul because other districts became eligible for revenue.

BUDGET ISSUES:

The need for integration revenue will continue to increase due to growing concentrations of poverty and growing concentrations of students of color in urban core districts; and requirements under the new desegregation rule for participation by more districts and greater collaboration among districts in addressing integration issues.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$60.142 million for FY 2002 and \$59.981 million for FY 2003.

- Based on these entitlements, the Governor recommends appropriations of \$59.835 million in FY 2002 (\$5.707 million for FY 2001 and \$54.128 million for FY 2002) and \$59.997 million in FY 2003 (\$6.014 million for FY 2002 and \$53.983 million for FY 2003).

Activity: Integration Revenue

Program: General Education

	Budget Activity Summary Dollars in Thousands	Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
AID	1. Statutory Formula Aid	38,252	57,062	60,142	59,981		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	38,252	57,062				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	38,252	57,062	60,142	59,981	24,809	26.03%
	6. Governor's Recommended Aid Change(s)			0	0		
	7. Governor's Aid Recommendation	38,252	57,062	60,142	59,981	24,809	26.03%
<i>plus</i>							
LEVY	8. Local Levy under Current Law	18,209	15,170	16,784	16,739	144	0.43%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	18,209	15,170	16,784	16,739	144	0.43%
<i>equals</i>							
REVENUE	11. Current Law Revenue (Total of Aid & Levy)	56,461	72,232	76,926	76,720	24,953	19.39%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	56,461	72,232	76,926	76,720	24,953	19.39%
Appropriations Basis for State Aid							
	Prior Year (10%)	2,902	3,856	5,707	6,014		
	Current Year (90%)	34,396	51,355	54,128	53,983		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	37,298	55,211	59,835	59,997		

BUDGET ACTIVITY SUMMARY

Budget Activity: INTEGRATION PROGRAMS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 122A.24 Alternative Preparation Licensing, Laws 1994, Ch. 647, Art. 8, Sec 29, Minority Fellowship of Grants, M.S. 122A.64 Teachers of Color Program, M.S. 122A.65 Minority Teacher Incentives, M.S. 124D.89 Cultural Exchange

- to increase experience and exposure to a diversity of teachers for all of Minnesota's students, which contributes to preparation of students for culturally diverse workplaces and communities.

STRATEGIES AND PERFORMANCE:

- These programs exist so that more teachers of color will provide opportunities among staff to increase cultural awareness and provide diversity within staff and student populations.
- Representation of communities of color in staffing and curriculum will increase self-esteem among students of color and promote respect among all students for all persons, regardless of race. Inclusion will help reduce the dropout rate for students of color.
- The Desegregation/Integration Advisory Board uses the flexibility of the block allocation to fund programs where the greatest needs exist and where the opportunities for success are the greatest. For example, due to increased need for the Teachers of Color Program, and decreased demand for Minority Teacher Incentives and the Cultural Exchange Program, the board divided the entire integration programs budget between Minority Fellowship and Teachers of Color.
- Performance is measured based upon three indicators:
 1. The number of minority teachers receiving licensure and entering the teaching workforce in Minnesota.
 2. The number of years integration programs teachers remain in the teaching workforce in Minnesota.
 3. Whether the integration programs are training, recruiting, and retaining teachers in licensure areas where there is a high demand/low supply of teachers.

FINANCING INFORMATION:

- This activity is funded with state aid.
- The number of eligible metro and non-metro districts has continued to increase every year.

Alternative Preparation Licensing, Minority Fellowship Grants

- 50% of the fellowship grant is paid each year for two years. Participants who receive fellowship grants must agree to remain teachers in the school district for two years if they satisfactorily complete the alternative preparation program and if their contracts as probationary teachers are renewed.

ACTIVITY PROFILE:

This program provides funding for four integration programs.

1. **Alternative Preparation Licensing, Minority Fellowship Grants**
Recruits minorities into teaching by providing fellowship grants to qualified minorities seeking alternative preparation for teacher licensure and site grants for program development management.
 2. **Teachers of Color Program**
Increases the numbers of teachers of color in school districts with growing student of color populations.
 3. **Minority Teacher Incentives**
Shares fiscal responsibility with eligible school districts to employ additional teachers and aides or educational assistants of color.
 4. **Cultural Exchange Program**
Develops and creates opportunities for children and staff of different ethnic, racial, and cultural backgrounds to experience educational and societal change.
- These programs are designed to be a positive and proactive service response to the growing population of students of color in the Minnesota public schools. According to U.S. Census projections, Minnesota's minority population is projected to increase by 52% from the year 2000 to the year 2015. A very large portion of that population growth will be children who will be attending Minnesota's public schools.
 - All four of the integration programs have these goals in common
 - to diversify Minnesota's teaching staff to better reflect the children and families in our public schools;
 - to increase cultural awareness among teaching staff and administration;
 - to provide welcoming and understanding school environments for minority children and families; and

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: INTEGRATION PROGRAMS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING

BUDGET ISSUES:

Minnesota's minority population has increased and is projected to continue to increase by 52% between the years 2000 and 2015. Minnesota's public schools are adjusting and will continue to adjust to meet the needs of its students. Districts, parents, and students report a need for more teachers of color to serve as educators and mentors for Minnesota's public school students. Integration programs are increasing the number of teachers of color, there by addressing the stated need for districts, children, and families while also increasing the overall number of teachers in a market with high demand and low supply. Integration programs have experienced the greatest demand for the Minority Fellowship Grant and the Teachers of Color program.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$1.0 million for FY 2002 and \$1.0 million for FY 2003, with carryforward authority within the biennium.

- The Minnesota Board of Teaching approves alternative preparation to teacher licensure programs. Each approved program must be a collaborative effort between a school district, groups of schools, and a post-secondary institution that has a teacher preparation program. The program provides each candidate with a resident mentorship team responsible for the instructional phase before the candidate assumes responsibility for a classroom, formal instruction and peer coaching during the school year, assessment, supervision, and reevaluation of a candidate.
- Beginning in FY 1998, allocated funds have been used to support planning grants to post-secondary institutions interest in exploring existing and new models for the development and retention of teachers of color.

Teachers of Color Program

- This program provides funding to school districts that in turn recruit persons of color who are interested in pursuing a teaching degree. Funding is used to support these candidates as they attend college to attain their teaching certification. In return, the candidate must teach in a Minnesota district for at least two years. All schools with growing populations of color are eligible to apply for the grant.

Minority Teacher Incentives

- This program provides funding to districts that have a student of color enrollment of more that 10% or to districts that have approved comprehensive desegregation plan.
- Districts receive one-half of an educator's salary and benefits, not to exceed \$20,000 per year, if they employ a person of color who has not taught in a Minnesota school district during the preceding year.
- Districts retaining the educator a second year are guaranteed a second year of funding. Reimbursements are made for each year of the biennium and according to current law, reimbursements cannot be prorated.

Cultural Exchange Program

- These programs may only occur between a district with an approved desegregation plan and a district with no desegregation plan. The grants may be used for staff time including salary and benefit expenses, costs for substitute staff, travel expenses, and curriculum materials. In addition, the grant may also be used for transportation, board, and lodging expenses for students.

Activity: INTEGRATION PROGRAMS
 Program: EDUCATION EXCELLENCE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
PAYMENTS TO INDIVIDUALS	185	90	100	100	100	100	100	10	5.3%
LOCAL ASSISTANCE	755	710	1,100	900	900	900	900	(10)	(0.6%)
Total Expenditures	940	800	1,200	1,000	1,000	1,000	1,000	0	0.0%
Financing by Fund:									
Direct Appropriations:									
GENERAL	940	800	1,200	1,000	1,000	1,000	1,000		
Total Financing	940	800	1,200	1,000	1,000	1,000	1,000		

BUDGET ACTIVITY SUMMARY

Budget Activity: MAGNET PROGRAMS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: Laws 1994, Ch. 647, Art. 8, Sec. 38, M.S. 124D.88,
Laws 1997 1 Sp., Ch. 4, Art. 2, Subd. 13

ACTIVITY PROFILE:

The purpose of this program is to provide for integrated K-12 education that will encourage mutual understanding and provide programs, services, and facilities essential to meeting students' needs and abilities. The establishing statutes require the commissioner, in consultation with the desegregation/integration advisory board, to award grants for planning, developing, and operating magnet schools that provide integrated learning environments. Public schools, charter schools, and joint powers boards are eligible recipients. Eligible expenditures are

- 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.

STRATEGIES AND PERFORMANCE:

Since 1994, magnet school and magnet program grants performance indicators have been 1) to develop and operate schools and programs that create greater understanding of diverse populations; and 2) to improve student achievement by using multiple strategies.

- The West Metro Education Program (WMEP) joint powers board operates the Interdistrict Downtown School in Minneapolis. The school creates a sense of belonging for students and their families in a highly diverse school setting. WMEP is opening the Interdisciplinary Resource School (FAIR) in

September of 2000. The FAIR School is located in Robbinsdale. The school will create multicultural exchanges for teachers and students, create prototype schools that model interdistrict cooperation and collaboration, help create and share curricula expertise, and explore and refine delivery system improvements. WMEP also operates the Metro Professional Development Center through the Hopkins Public Schools. The center provides professional development related to the understanding of diversity, fosters interdistrict cooperation, and models best multicultural education practices throughout the Twin Cities metro area.

- The East Metro joint powers board District 6067 is expanding established magnet school programs to four additional districts and many more children and families. The Tri-District School, located in Roseville, operates a community/environmental science school collaboratively among three districts. The school creates a community of learners whose achievement and well-being are enhanced by diversity, which is valued and celebrated. This school has improved relationships with communities of color and developed a system for collaboration and integration.
- Project Common Ground is a magnet program that builds a sense of community among a diverse population of students, teachers, staff, families, and volunteers across regular district boundaries. Common Ground partners with the Wilder Foundation to meet its goals.
- The East Metro 5-District Project is a partnership among St. Paul and surrounding districts. This project promotes an integrated education for students and increases mutual understanding and academic performance of students and the skills of staff.
- Crosswinds East Metro Middle School is an arts and science school that will be in its new building in Woodbury by September 2001. This school serves the need and promotes integrated learning settings for an increasingly diverse population in the east metro Twin Cities.
- The Anoka-Hennepin Magnet School Study determined the feasibility of providing education to an increasingly diverse population through an innovative magnet school. This study will assist the Anoka-Hennepin School District to develop its intradistrict and interdistrict desegregation plan.
- Twin Cities Academy is a charter school which provides adult trainers, mentors, advisors, and tutors to Hmong students in its magnet program. Diversity training, character development, leadership training, public speaking, and ethics help recent immigrants to be successful in school. The school provides integrated and multiracial learning opportunities for students and families through community service activities.
- The Minneapolis Established Learning Center is a magnet program that provides an integrated learning center in biology and career- or interest-centered learning pathways. This program focuses on the needs of at-risk

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: MAGNET PROGRAMS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING

youth, students planning for school-to-career transition, students planning postsecondary education, and those pursuing advanced academic study in integrated learning settings.

- As a member of WMEP and a participant in the NAACP settlement with the state, Wayzata School District will foster an environment in its schools that enhances the broad understanding and rich heritage of all communities in the metropolitan area. The district's goal is to build successful integrated schools with the strengths of the district's academic program.
- Albert Lea Area Schools will train teachers to enable them to change their practices within integrated classrooms in order to increase the equity of student achievement. The district seeks to increase student understanding of various cultures and build their skills for improved interaction with people of other racial/ethnic backgrounds in respectful ways.
- St. Louis Park School District plans to reduce the pattern of trending and increase and/or promote a more integrated education for all students. Marketing materials will be developed for the Park Spanish Immersion School to help families make informed school choices, and to promote an integrated education for students, to increase mutual understanding of constituencies, to evaluate programs to determine learner impact, and to disseminate evaluation results to the community.
- Rochester Public Schools will improve and enhance a respectful learning environment for all students at Friedell Middle Magnet (choice) School. This will be accomplished with extensive staff training and with increased opportunities for parent and community involvement. The ultimate goal of the program is to increase student success and to close the learning gap among a diverse population.
- Beginning in FY 2000 many of the previously funded schools and programs will be activities of interdistrict and intradistrict desegregation plans and will be funded with integration revenue.

Funding History

	Dollars in Thousands		
	FY 1999	FY 2000	FY 2001
WMEP Interdistrict Downtown School	\$ 525	\$ 150	\$185
WMEP FAIR School	88	425	-0-
WMEP Professional Development Center	99	60	-0-
Tri-District School	525	100	-0-
Project Common Ground	220	225	-0-
5-District Project	-0-	150	-0-
Crosswinds East Metro	-0-	412	-0-
Anoka-Hennepin Magnet School Study	-0-	130	-0-
Twin Cities Academy	-0-	48	-0-
Minneapolis Established Learning Center	-0-	50	-0-
Wayzata Public Schools	-0-	-0-	322
Albert Lea Area Schools	-0-	-0-	15
St. Louis Park Public Schools	-0-	-0-	90
Rochester Public Schools	-0-	-0-	315
WMEP Coordination	44	-0-	-0-
WMEP SW School	-0-	-0-	-0-
Willmar Area Project	60	-0-	-0-
East Metro District 6067	-0-	-0-	823
New Schools and Programs	-0-	-0-	-0-
TOTAL	*\$1,500	\$1,750	\$1,750

BUDGET ISSUES:

- The amount of funding for magnet school and magnet program grants increased from \$1.5 million in FY 1999 to \$1.75 million in FY 2000. In FY 2003 that amount will decrease to \$1.05 million. Legislation adopted in the 2000 session reduces the magnet school and magnet program grants base budget to \$1.05 million to provide \$700,000 for transportation costs projected for FY 2003.
- Minnesota's minority population has increased and is projected to increase by 52% between the years 2000 and 2015. Minnesota's public schools will need to continue to provide integration programming to meet the needs of students and their families. It is anticipated that the requests for magnet school, and magnet program grants will continue to increase statewide.

GOVERNORS RECOMMENDATION:

The Governor recommends an appropriation of \$1.750 million for FY 2002 and \$1.050 million for FY 2003.

FINANCING INFORMATION:

The magnet school and magnet program grants are state funded.

Activity: MAGNET SCHOOL PROGRAMS
 Program: EDUCATION EXCELLENCE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
OTHER OPERATING EXPENSES	15	0	0	0	0	0	0	0	
Subtotal State Operations	15	0	0	0	0	0	0	0	
LOCAL ASSISTANCE	1,699	1,726	1,750	1,750	1,750	1,050	1,050	(676)	(19.4%)
Total Expenditures	1,714	1,726	1,750	1,750	1,750	1,050	1,050	(676)	(19.4%)
Financing by Fund:									
Direct Appropriations:									
GENERAL	1,714	1,726	1,750	1,750	1,750	1,050	1,050		
Total Financing	1,714	1,726	1,750	1,750	1,750	1,050	1,050		

BUDGET ACTIVITY SUMMARY

Budget Activity: MAGNET SCHOOL START-UP AID
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.88, Subd. 4

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$507,000 for FY 2002 and \$305,000 for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$482,000 in FY 2002 (\$25,000 for FY 2001 and \$457,000 for FY 2002) and \$325,000 in FY 2003 (\$50,000 for FY 2002 and \$275,000 for FY 2003).

ACTIVITY PROFILE:

Metropolitan magnet schools are designed to provide for integrated K-12 education that will encourage mutual understanding and provide programs, services, and facilities essential to meeting students needs and abilities. 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.

STRATEGIES AND PERFORMANCE:

- The metropolitan magnet school start-up aid has two performance indicators: 1) to operate schools that create greater understanding of diverse populations; and 2) to operate schools that improve student achievement.
- Metropolitan magnet schools use a multitude of strategies to
 - 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
 - use unique programming focuses such as community/environmental science and arts and science to attract students.

FINANCING INFORMATION:

Metropolitan magnet school start-up cost aid formula is based on \$500 times the magnet school's pupil units served for that year. The FY 2001 appropriation for start-up cost aid is \$225,000.

	Dollars in Thousands			
	FY 2000	FY 2001	FY 2002	FY 2003
WMEP FAIR School	N/A	\$250	\$324	-0-
East Metro Crosswinds Middle	N/A	-0-	183	\$305

Activity: Magnet School Startup
 Program: Education Excellence

Budget Activity Summary Dollars in Thousands		Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
AID	1. Statutory Formula Aid	0	250	507	305		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	0	250				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	0	250	507	305	562	224.80%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	0	250	507	305	562	224.80%
<i>plus</i>							
LEVY	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
REVENUE	11. Current Law Revenue (Total of Aid & Levy)	0	250	507	305	562	224.80%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	0	250	507	305	562	224.80%
Appropriations Basis for State Aid							
	Prior Year (10%)		0	25	50		
	Current Year (90%)		225	457	275		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	0	225	482	325		

BUDGET ACTIVITY SUMMARY

Budget Activity: INTERDISTRICT DESEGREGATION
TRANSPORTATION
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.87

ACTIVITY PROFILE:

The purpose of this program is to promote interdistrict desegregation and integration programs among school districts by offering grants/state aid to cover student transportation costs not covered by the transportation funding formulas.

- Initiated in FY 1996, this program was changed from a grant program to a state aid program beginning in FY 2000. Effective with FY 2002 expenditures, the formula for this program is changed from a current funding basis formula to a reimbursement basis formula. Districts qualifying for aid for FY 2002 will receive reimbursement in August of FY 2003 and will be required to recognize the revenue in FY 2002, the year earned.
- Appropriations more than tripled from FY 1996 to FY 1999 in anticipation of districts increased use of interdistrict programs. The appropriations did not change from FY 1999 through FY 2001.
- 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 will be available on an equal basis for both interdistrict magnet programs and open enrolled students contributing to integration.

STRATEGIES AND PERFORMANCE:

- School districts in the metropolitan area have entered into joint powers agreements to develop desegregation/integration programs and/or schools. Transportation is provided between the student's home or school and the interdistrict program or school. Reimbursing districts for the additional transportation costs encourage development and maintenance of these programs.
- Existing programs:
 - The Metropolitan Learning Alliance School opened in 1995 at the Mall of America under a joint powers agreement among the Minneapolis, St. Paul, Bloomington, Richfield, and St. Louis Park school districts.

- The East Metro Integration District 6067 (formerly known as Tri-District) opened in 1996 with St. Paul, Roseville, and North St. Paul as members.
- The West Metropolitan Education Program (WMEP) group opened the Interdistrict Downtown School in FY 1998 with Minneapolis, Richfield, Hopkins, Edina, St. Anthony-New Brighton, Brooklyn Center, Columbia Heights, and Robbinsdale as members.
- The WMEP Robbinsdale FAIR School is scheduled to open in FY 2001 (Wayzata also started participating in the WMEP project).
- The Crosswinds School will open in Woodbury in FY 2001 with St. Paul, Inver Grove, South Washington County, North St. Paul, and Stillwater as members of the joint powers agreement.
- The WMEP St. Louis Park school is scheduled to open in FY 2004.

- Other programs also exist that promote desegregation/integration. They include Project Common Ground, Expo Middle, and Five-District Integration.
- Three districts applied for the grant in FY 1996. For FY 1997-98, five districts applied for the grant. In FY 1999, 14 districts applied for the grant.
- School districts in the metropolitan area have been reluctant to travel outside their districts to transport open enrollment students back to their districts. This may be in part due to the current bus driver shortage. Many districts have trouble finding enough drivers to cover currently mandated transportation services within the district without trying to expand the services to students who live outside the district.

FINANCING INFORMATION:

- Aid entitlements are calculated and aid is paid after the close of a fiscal year when unfunded transportation costs can be determined. Therefore, amounts for FY 2000 are not available.

BUDGET ISSUES:

Transportation needs will continue to grow as additional interdistrict desegregation/integration programs are developed and new interdistrict schools are constructed.

GOVERNOR'S RECOMMENDATION:

- The Governor recommends an aid entitlement of \$2.105 million for FY 2003.
- Based on this entitlement, the Governor recommends an aid appropriation of \$2.105 million for FY 2003. This aid is paid 100% in the final year.

Activity: INTERDISTRICT DESEG TRANSPORTA
 Program: EDUCATION EXCELLENCE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	652	1,001	970	0	0	2,105	2,105	134	6.8%
Total Expenditures	652	1,001	970	0	0	2,105	2,105	134	6.8%
Financing by Fund:									
Direct Appropriations:									
GENERAL	652	1,001	970	0	0	2,105	2,105		
Total Financing	652	1,001	970	0	0	2,105	2,105		

BUDGET ACTIVITY SUMMARY

Budget Activity: INDIAN LANGUAGE AND CULTURE PROGRAMS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.71-124D.82

STRATEGIES AND PERFORMANCE:

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
Number of grants funded	16	15	16	16	16
Number of applicants	33	32	32	34	34
Percent of applicants funded	48%	47%	50%	47%	47%
Number of participating Indian students	14,536	15,134	12,217	15,001	15,001
Number of eligible Indian students in schools/districts applying	37,737	31,961	31,486	76,771	76,771
Percent served	37%	47%	40%	20%	20%

FINANCING INFORMATION:

- This program is funded with state dollars.
- The maximum award is \$50,000. Actual awards range from \$20,000 to \$50,000.
- Funding increased in FY 1999 from \$591,000 to \$730,000.

BUDGET ISSUES:

- The number of schools applying for funding has increased significantly since the program's inception. Less than 50% of the schools that apply are funded.
- The AILCE program, through serving a percentage of American Indian students, still does not reach a majority of the American Indian students in the state. Out of 64 districts with significant American Indian populations, only 34 applied and 16 were granted awards due to current funding levels.
- The agency will continue the pursuit of long-range planning of Indian Education within the schools and districts to reduce the dependency on state funding and increase collaboration of resources within the school or district.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$73,000 in FY 2002 for the final 10% of the FY 2001 program. The Governor recommends that this program, together with the Indian Post Secondary Preparation Program and the Indian Education Allocation, be combined to create one comprehensive grant program. Please see the change item, "Success for the Future," for further discussion.

ACTIVITY PROFILE:

- The American Indian Language and Culture Education (AILCE) program exists to develop and provide school curriculum that is relevant to the needs, interests, and cultural heritage of American Indian students, to provide positive reinforcement of the self-image of American Indian students, and to develop intercultural awareness among students, parents, and staff.
- The program provides services to students from pre-kindergarten through grade 12 in the schools receiving the grants.
- Projects must include one of the following:
 - instruction in American Indian language and culture;
 - activities to improve the nature and quality of teaching for all students in all curriculum areas;
 - provision of personal and vocational counseling for American Indian students; and
 - development of existing American Indian oriented curriculum and modification of instructional methods and administrative procedures to better serve all students.
- The program began in 1979 as a result of a collaborative effort between the state and tribal governments.
- In the past, a large number of the grants have addressed curriculum development. The resulting curriculum is geographically and tribe-specific and has been minimally implemented. The curriculum that has been implemented in schools/districts produced courses which are part of the general curriculum, are open to all students and provide credit towards graduation.
- Recently, technology use has increased. Projects include use of computers, CD-ROM, ITV technology, and the Internet. A collaborative of districts has designed and implemented a program with high use of technology, community involvement, and summer programming. This program relies on shared use of resources from all districts participating.
- The AILCE program improves the education for all students by improving the educational potential of American Indian students and enhancing the academic potential of at-risk students.

Activity: Indian Language and Culture Grants

Program: Education Excellence

Budget Activity Summary Dollars in Thousands		Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
<i>AID</i>	1. Statutory Formula Aid	730	730	730	730		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	730	730				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	730	730	730	730	0	0.00%
	6. Governor's Recommended Aid Change(s)						
a. Combination of Indian Programs			(730)	(730)			
b. Subtotal - Governor's Aid Changes			(730)	(730)			
7. Governor's Aid Recommendation	730	730	0	0	(1,460)	-100.00%	
<i>plus</i>							
<i>LEVY</i>	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
<i>REVENUE</i>	11. Current Law Revenue (Total of Aid & Levy)	730	730	730	730	0	0.00%
	a. Subtotal - Governor's Revenue Change			(730)	(730)		
	b. Governor's Revenue Recommendation	730	730	0	0	(1,460)	-100.00%
Appropriations Basis for State Aid							
	Prior Year (10%)	70	73	73	0		
	Current Year (90%)	657	657	0	0		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	727	730	73	0		

BUDGET ACTIVITY SUMMARY

Budget Activity: INDIAN EDUCATION
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: Laws 97, Art. 2, Sec. 51, Subd. 3

Grant Summary

	Dollars in Thousands			
	FY 1998	FY 1999	FY 2000	FY 2001
Number of Grants	6	6	6	6
Cook County/Grand Portage	\$ 10	\$ 10	\$ 10	\$ 10
Nett Lake	42	42	42	42
Mahnomen	15	15	15	15
Pine Point	55	55	55	55
Red Lake	39	39	39	39
Waubun	14	14	14	14
Total	\$175	\$175	\$175	\$175

ACTIVITY PROFILE:

- Indian Education funds provide general operating funds to school districts that maintain schools that were originally Bureau of Indian Affairs day schools and were transferred to the state.
- The program began in 1973 to replace federal funds pursuant to the Johnson O'Malley Act P.L. 73-167 or Code of Federal Regulations, Title 25, Sec. 273.31.
- These funds allow the eligible small schools to remain open in Indian communities and allow for greater community, parent, and student interaction in the educational process. The village schools take an active role in the education of the students and serve to increase the self-esteem of the students attending local schools by providing direct opportunities for students to participate in both community and education processes.
- Minnesota law specifies grant amounts for six school districts and requires evidence of
 - compliance with uniform financial accounting and reporting standards,
 - assessment of students' special education needs;
 - compilation of accurate daily pupil attendance records; and
 - expenditure of funds only in the interest of American Indian students.
- Eligible districts are Cook County/Grand Portage, Nett Lake, Mahnomen, Pine Point, Red Lake, and Waubun.

FINANCING INFORMATION:

This program is funded with state dollars.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$17,000 in FY 2002 for the final 10% of the FY 2001 program. The Governor recommends that this program, together with the Indian Post Secondary Preparation Program and the American Indian Language and Culture Program, be combined to create one comprehensive grant program. Please see the change item, "Success for the Future," for further discussion.

STRATEGIES AND PERFORMANCE:

This allocation provides funds for programs that will specifically enhance student achievement and reduce truancy and the dropout rate.

Activity: Indian Education
 Program: Education Excellence

	Budget Activity Summary Dollars in Thousands	Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
<i>AID</i>	1. Statutory Formula Aid	175	175	175	175		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	175	175				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	175	175	175	175	0	0.00%
	6. Governor's Recommended Aid Change(s)						
	a. Combination of Indian Programs			(175)	(175)		
	b. Subtotal - Governor's Aid Changes			(175)	(175)		
	7. Governor's Aid Recommendation	175	175	0	0	(350)	-100.00%
<i>plus</i>							
<i>LEVY</i>	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
<i>REVENUE</i>	11. Current Law Revenue (Total of Aid & Levy)	175	175	175	175	0	0.00%
	a. Subtotal - Governor's Revenue Change			(175)	(175)		
	b. Governor's Revenue Recommendation	175	175	0	0	(350)	-100.00%
Appropriations Basis for State Aid							
	Prior Year (10%)	17	17	17	0		
	Current Year (90%)	158	158	0	0		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	175	175	17	0		

BUDGET ACTIVITY SUMMARY

Budget Activity: INDIAN POST SECONDARY PREPARATION
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.85

application to require a comprehensive education plan that makes programs and schools more accountable.

ACTIVITY PROFILE:

- The Indian Post Secondary Preparation Program (PSPP) exists to facilitate the enrollment of American Indian students in post-secondary institutions and to improve their academic performance and attendance once enrolled.
- The program began in 1984 as a result of a collaborative effort between the state and tribal government.
- The program serves students in grades 7-12 who are one-fourth or more American Indian ancestry.
- Available funds currently fully fund 24 programs throughout the state.
- Grant projects must address two or more of the following:
 - improved retention;
 - remedial or tutorial services in areas of need, emphasizing college preparation subjects;
 - attendance, academic or graduation incentives;
 - high potential/low achievement programs;
 - advocacy and liaison services;
 - plans or innovative procedures to reduce alienation or conflicts that may inhibit American Indian students from reaching their potential; and
 - academic counseling services.

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Number of Grants	25	24	24	24	24
Number of Applicants	36	37	33	35	35
Percent Funded	69%	65%	73%	69%	69%
Number of Participating Indian Students	3,424	3,286	2,637	2,997	2,997
Number of Eligible Indian Students in Schools/ Districts Applying	4,276	4,288	3,952	3,867	3,867
Percent Served	80%	87%	67%	78%	78%

FINANCING INFORMATION:

- This program is funded with state dollars.
- The maximum award is \$50,000. Actual awards range from \$11,700 to \$50,000 per applicant.

BUDGET ISSUES:

- The PSPP, though serving a large number of American Indian students, does not reach a majority of American Indian students in the state.
- Out of 64 districts with significant American Indian student populations, only 35 applied and 24 received funding due to the level of current funding.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that this program, together with the Indian Education and the American Indian Language and Culture Programs, be combined to create one comprehensive grant program. Please see the change item, "Success for the Future," for further discussion.

STRATEGIES AND PERFORMANCE:

- American Indian students rank in the bottom quartile with respect to achievement. In FY 1998, the dropout rate for American Indian students in schools with the Post Secondary Preparation Program was 9.8%, compared to a rate of 18.2% for American Indian students attending schools without a PSPP. At the same time, the dropout rate for white students was 2.6% statewide. This data indicates that the PSPP is an effective tool for keeping students in school and thereby increasing student achievement.
- Attendance rates have improved significantly. The average daily attendance rate is 86%.
- Each of the projects funded under this grant program is, by law and design, grantee-unique. Specific objectives within the projects are unpredictable prior to proposal submission. The department has revamped the grant

Activity: INDIAN POST SECONDARY PREPARAT
 Program: EDUCATION EXCELLENCE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	953	982	982	982	0	982	0	(1,964)	(100.0%)
Total Expenditures	953	982	982	982	0	982	0	(1,964)	(100.0%)
Change Items:									
	Fund								
(B) INDIAN POSTSECONDARY PREP RESTRUCTURING	GEN				(982)		(982)		
Total Change Items					(982)		(982)		
Financing by Fund:									
Direct Appropriations:									
GENERAL	953	982	982	982	0	982	0		
Total Financing	953	982	982	982	0	982	0		

BUDGET ACTIVITY SUMMARY

Budget Activity: INDIAN SCHOLARSHIPS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.84

ACTIVITY PROFILE:

- The Minnesota Indian Scholarship Program (MISP) promotes partnerships between state government, tribal government, and private industry to provide need-based financial assistance to American Indian students who would otherwise not have the opportunity to attend a post-secondary institution.
- This program was enacted in 1955 to encourage American Indians to attend post-secondary institutions. At that time, fewer than 10 American Indian students attended post-secondary institutions in Minnesota. In 1997-98, 920 American Indians in Minnesota were enrolled in post-secondary institutions funded by the MISP.
- The MISP has taken the lead role for Indian scholarships in Minnesota and the Minnesota Association of Financial Aid Administrators (MAFAA). The MISP is the hub for financial aid packaging of Indian scholarships in Minnesota. Every tribe and community in Minnesota has adopted the use of the Indian Scholarship Application (ISAP).
- MISP awards are
 - granted on the basis of criteria established by the former State Board of Education and recommended by the Minnesota Indian Scholarship Committee; and
 - restricted to American Indian students of one-fourth or more American Indian ancestry, residing in Minnesota, and enrolled in an accredited Minnesota post-secondary institution. Each student's needs are reviewed individually and grants are awarded based on financial need remaining after all other sources of financial assistance have been exhausted.
- Over 60% of the applicants funded by the MISP are single, American Indian female heads of household.
- The average award in the FY 1999 and FY 2000 school year was \$1,858.

STRATEGIES AND PERFORMANCE:

- Since 1990, the MISP has graduated at least 100 four-year students every year.
- The MISP will continue to provide assistance to students to facilitate early application for all sources of financial aid.

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>Est. FY 2001</u>
Students Funded	880	920	950	1,018	975
Students Denied	650	300	300	210	325
Graduates from Four- and Two-year Institutions Funded by MISP	225	220	250	250	250
Students in Teacher Preparation Programs	0	140	150	240	250
Graduate Students funded by MISP	40	27	40	27	35

FINANCING INFORMATION:

- This program is funded with state general fund dollars supplemented by gifts.
- In FY 1999, the program received an increase in funding from \$1.6 million to \$1.875 million. This additional funding has increased the number of participants funded by the program.

BUDGET ISSUES:

- A record number of American Indian students take out student loans for education.
- The Department of Children, Families & Learning, working collaboratively with the Minnesota Indian Scholarship Committee, is reviewing policies and procedures of the MISP for effectiveness and fiscal accountability. The use of new technology will result in concise, uniform funding procedures and program accountability. This new program will be in place by spring of FY 2001.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$1.875 million for FY 2002 and \$1.875 million for FY 2003, with carryforward authority within the biennium.

Activity: INDIAN SCHOLARSHIPS
 Program: EDUCATION EXCELLENCE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
OTHER FINANCIAL TRANSACTIONS	550	0	0	0	0	0	0	0	
Subtotal State Operations	550	0	0	0	0	0	0	0	
PAYMENTS TO INDIVIDUALS	1,931	1,922	1,931	1,907	1,907	1,907	1,907	(39)	(1.0%)
Total Expenditures	2,481	1,922	1,931	1,907	1,907	1,907	1,907	(39)	(1.0%)
Financing by Fund:									
Direct Appropriations:									
GENERAL	1,874	1,869	1,881	1,875	1,875	1,875	1,875		
Statutory Appropriations:									
GIFT	607	53	50	32	32	32	32		
Total Financing	2,481	1,922	1,931	1,907	1,907	1,907	1,907		
Revenue Collected:									
Dedicated									
GIFT	47	29	32	32	32	32	32		
Total Revenues Collected	47	29	32	32	32	32	32		

BUDGET ACTIVITY SUMMARY

Budget Activity: INDIAN TEACHER PREPARATION GRANTS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 122A.63

ACTIVITY PROFILE:

- The Indian Teacher Preparation Grant Program assists American Indian people to become teachers and provides additional education for American Indian teachers. This program also provides a source of certified American Indian teachers to specific school districts with significant concentrations of American Indian students.
- With other programs focused on preparing a multicultural teacher workforce, this program helps achieve these goals:
 - to diversify Minnesota's teaching staff to better reflect the children and families in our public schools;
 - to increase cultural awareness among teaching staff and administration;
 - to create a welcoming and understanding school environments for minority children and families; and
 - to increase experience and exposure to a diversity of teachers for all of Minnesota's students.
- This program began in 1979 as a result of a collaborative effort between the state, tribal governments, public school districts, and post-secondary institutions.
- 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.
- An American Indian person who meets one of the following criteria is eligible to participate in the program:
 - a student who intends to become a teacher and is enrolled in one of the post-secondary institutions receiving grants;
 - a teacher aide who intends to become a teacher and who is employed by a district receiving a joint grant; or
 - a licensed employee of a district receiving a joint grant who is enrolled in a master of education degree program.

STRATEGIES AND PERFORMANCE:

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
Number of Grants	4	4	4	0	4
Number of Participants*	18	21	21	2	25
Number of Graduates	6	5	6	0	6

*Adds up to more than 69 due to student participation in multiple years.

- There have been 42 graduates of the program since its inception.
- 75% of the program's first graduates have repaid the loans through service in a sponsoring school. Other graduates have repaid by service in other Minnesota districts.
- A total of 69 American Indians have participated or are participating in the program to date.

FINANCING INFORMATION:

Grant awards are made by the agency based on applications from project sites specified in the legislation. Payments are made either to the school district or the post-secondary institution, as determined by agreement.

Grant Summary:

	Dollars in Thousands				
	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
Bemidji State and Red Lake SD sites	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40
Moorhead State and White Earth Nation sites	40	40	40	40	40
U of M and Duluth SD sites	70	70	70	70	70
Augsburg College and Minneapolis and St. Paul SD sites	40	40	40	40	40
TOTAL	\$190	\$190	\$190	\$190	\$190

BUDGET ISSUES:

The goals of this program would be better met if statute was amended to allow grantees to include students who will work in districts with larger American Indian student populations regardless of whether or not they are partners in the grant.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$190,000 for FY 2002 and \$190,000 for FY 2003, with carryforward authority.

Activity: INDIAN TEACHER PREPARATION GRA
 Program: EDUCATION EXCELLENCE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	185	190	190	190	190	190	190	0	0.0%
Total Expenditures	185	190	190	190	190	190	190	0	0.0%
Financing by Fund:									
Direct Appropriations:									
GENERAL	185	190	190	190	190	190	190		
Total Financing	185	190	190	190	190	190	190		

BUDGET ACTIVITY SUMMARY

Budget Activity: TRIBAL CONTRACT SCHOOLS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.83

ACTIVITY PROFILE:

- This funding exists 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.
- The program began in 1989, and the funding formula changed beginning in FY 1998.
- 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 or grant school 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

STRATEGIES AND PERFORMANCE:

- The funds are placed in the schools operating budget to provide general education services and are not specifically set aside to meet any legislated goals.
- The tribal schools report student data on Minnesota Automated Reporting Student System (MARSS) and have adopted graduation standards and state testing according to their comprehensive education plans. They also test students to be in compliance with Title I and Bureau of Indian Affairs regulations.

FINANCING INFORMATION:

This program is funded with state dollars.

	Dollars in Thousands				
	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
Bug-O'Nay-Ge-Shig	-0-	-0-	\$375.8	\$507.0	\$489.0
Circle of Life	-0-	-0-	66.7	93.0	85.0
Nay Ah Shing	-0-	-0-	59.3	155.0	186.0
Fond Du Lac	-0-	-0-	179.9	210.0	108.0

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).

BUDGET ISSUES:

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.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$2.586 million for FY 2002 and \$2.788 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$2.520 million in FY 2002 (\$192,000 for FY 2001 and \$2.328 million for FY 2002) and \$2.767 million in FY 2003 (\$258,000 for FY 2002 and \$2.509 million for FY 2003).

Activity: Tribal Contract Schools

Program: Education Excellence

	Budget Activity Summary Dollars in Thousands	Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
AID	1. Statutory Formula Aid	1,542	1,919	2,586	2,788		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	1,542	1,919				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	1,542	1,919	2,586	2,788	1,913	55.27%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	1,542	1,919	2,586	2,788	1,913	55.27%
<i>plus</i>							
LEVY	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
REVENUE	11. Current Law Revenue (Total of Aid & Levy)	1,542	1,919	2,586	2,788	1,913	55.27%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	1,542	1,919	2,586	2,788	1,913	55.27%
Appropriations Basis for State Aid							
	Prior Year (10%)	283	154	192	258		
	Current Year (90%)	1,388	1,727	2,328	2,509		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	1,671	1,881	2,520	2,767		

BUDGET ACTIVITY SUMMARY

Budget Activity: EARLY CHILDHOOD AT TRIBAL SCHOOLS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.83, Subd. 4

ACTIVITY PROFILE:

- This funding exists to enhance the ability of American Indian parents to provide for their children's optimal learning and development through education and support from birth to kindergarten age. The programs use culturally appropriate materials and strategies to deliver the basic Early Childhood Family Education (ECFE) program, with an added emphasis on preserving American Indian culture.
- This tribal program was established in 1991.
- Eligible schools are 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. The programs require the direct presence and substantial involvement of the children's parents and may include any or all of the following:
 - programs to educate parents about the physical and mental development of the children;
 - programs to enhance parents' skills in providing for their children's learning and development;
 - learning experiences for children and parents;
 - activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;
 - activities and materials designed to encourage self-esteem, skills, and behaviors that prevent sexual and other interpersonal violence;
 - educational materials which may be borrowed for home use;
 - home visits or center-based activities; and
 - other programs or activities to improve the health, development, and school-readiness of children.

STRATEGIES AND PERFORMANCE:

- The program provides an opportunity for tribal contract schools to establish and maintain early childhood family development programming that emphasizes cultural values and learning.

- A data collection system has been developed by the Indian Education office and will be implemented in FY 2001.

FINANCING INFORMATION:

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Fond du Lac	\$ 9,656	\$ 9,656	\$ 9,656	\$21,760	\$21,760
Circle of Life	19,924	19,924	19,924	15,640	15,640
Bug-O-Nay-Ge-Shig	32,164	32,164	32,164	25,840	25,840
Nay Ah Shing	6,256	6,256	6,256	4,760	4,760
TOTAL	\$68,000	\$68,000	\$68,000	\$68,000	\$68,000

BUDGET ISSUES:

- Efforts will be needed to maintain the momentum of program development and to share effective strategies and resources with tribal schools and other ECFE programs serving American Indian families.
- Connections of tribal school programs with other ECFE programs need to be enhanced in order to benefit American Indian families who move to and from the reservations served by the tribal schools.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid appropriation of \$68,000 for FY 2002 and \$68,000 for FY 2003.

Activity: EARLY CHILDHOOD AT TRIBAL SCHO
 Program: EDUCATION EXCELLENCE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	68	68	68	68	68	68	68	0	0.0%
Total Expenditures	68	68	68	68	68	68	68	0	0.0%
Financing by Fund:									
Direct Appropriations:									
GENERAL	68	68	68	68	68	68	68		
Total Financing	68	68	68	68	68	68	68		

BUDGET ACTIVITY SUMMARY

Budget Activity: FIRST GRADE PREPAREDNESS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.081

ACTIVITY PROFILE:

- The purposes of the First Grade Preparedness (FGP) program are to ensure that all children in the state's highest poverty schools have the opportunity before first grade to develop the skills and abilities necessary to learn to read and succeed in school, and to reduce the underlying causes that create a need for compensatory services and revenue in subsequent academic years.
- This program was created by the 1996 legislature: school year 1996-97 was the first year of operation. The state was divided into four geographical areas, with each area receiving 25% of the funding. The geographical areas are: Minneapolis, St. Paul, metro suburban and greater Minnesota. School sites were ranked from highest to lowest poverty level based on the free and reduced-price lunch count expressed as a percentage of the October 1 enrollment data. Funds were distributed on a per pupil basis and sites were funded in rank order in each geographic area until the funds were exhausted in each area. In the first year of operation, \$3 million was distributed to 36 sites statewide.

History of First Grade Preparedness Program

	Number of Schools				
	1996-97 \$3 Million	1997-98 \$5 Million	1998-99 \$5 Million	1999-00 \$7 Million	2000-01 \$7 Million
St. Paul	8	14	14	14	12
Minneapolis	7	14	15	14	17
Suburbs	5	11	11	11	13
Greater Minnesota	16	12	26	29	29

- FGP programs, especially those for four-year-olds, must encourage and plan for parent involvement and must demonstrate collaboration with other providers of school readiness and child development services. The school board of a qualifying school site is required to approve a plan to provide extended day services to serve as many children as possible.

STRATEGIES AND PERFORMANCE:

School sites have used these funds primarily to fund all-day everyday kindergarten programs for five-year-olds. Strategies to improve teaching and learning at the sites include quarterly meetings of site teams of administrators, teachers, and parents; and professional development in areas such as developmentally appropriate assessment, reading readiness strategies, and parent training. A formal evaluation of the program is a requirement of the legislation. Findings from the second report to the legislature include:

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

Perhaps the most convincing data concerning the efficacy of all-day everyday kindergarten programming are the increases in the third grade reading scores of schools that have participated in FGP since FY 1996-97. Spring 2000 was the first time that students who participated in FGP all-day everyday kindergarten took the third grade Minnesota Comprehensive Assessments (MCAs). As demonstrated in the following chart, of the eighteen metro and greater Minnesota schools that participated in FGP in 1996-97, 12 schools showed significant growth from spring 1999 to spring 2000 in third grade reading scores. (Three of the schools had enrollments of fewer than 10 students and those scores were not reported.) Student mobility in the St. Paul and Minneapolis areas is so high that it is not possible to attribute any gains in these schools solely to FGP programs.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: FIRST GRADE PREPAREDNESS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING

FINANCING INFORMATION:

This program is funded entirely with state aid. The current appropriation is \$7 million and funds 71 individual school sites. For the purposes of distribution, the state is divided into four areas: Minneapolis, St. Paul, suburban metro, and greater Minnesota. The allocation is divided equally among the four areas. Schools in each area are ranked from highest to lowest based on the percent of students eligible for free or reduced-price lunch. Funds are distributed in rank order in each area based on the number of five year-olds attending kindergarten from the previous Minnesota Automated Reporting Student System (MARSS) October count times 0.53 times the general education formula allowance. Funds may be used for start-up costs for new sites as well as for teacher salaries, fringe benefits, staff development, and parent involvement. Districts may also use the \$11 per pupil set aside in Laws 1999, Chapter 241, Article 1, Section 67 for all-day kindergarten.

BUDGET ISSUES:

Although the allocation for this program has more than doubled since its beginning in 1997, funds are not sufficient to fund all eligible schools in each area. Both the St. Paul and greater Minnesota areas are prorated in FY 2001 because current funding is insufficient to maintain previously eligible schools at full funding. Parents consistently request information on those schools that offer all-day everyday kindergarten. Districts that offer both all-day and half-day kindergarten report waiting lists for all-day slots. Other budget issues include the following:

- Some schools are challenged by lack of space to accommodate all-day everyday programs.
- Schools which do not offer all-day kindergarten often experience loss of enrollment to nearby schools which do offer all-day everyday kindergarten.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid appropriation of \$7.0 million for FY 2002 and \$7.0 million for FY 2003.

**Reading MCA Grade 3
Metro Suburban Sites:**

District Name/Number School Name/Number	Spring 1999	Spring 2000
Bloomington #271		
Valley View Elementary #459	1,355	1,376
Osseo #279		
Zanewood Elementary #681	1,318	1,485
Robbinsdale #281		
Meadowlake Elementary #10	1,329	1,397
Northport Elementary #10	1,328	1,351
Brooklyn Center #286		
Earle Brown Elementary #480	1,329	1,377

**Reading MCA Grade 3
Greater Minnesota Sites:**

District Name/Number School Name/Number	Spring 1999	Spring 2000
Pine Point #25		
Pine Point Elementary #70	N/A*	N/A*
Red Lake #38		
Ponemah Elementary #20	1,191	1,246
Red Lake Elementary #10	1,300	1,282
Cass Lake #115		
Cass Lake Elementary #10	1,386	1,433
Grand Rapids #318		
Squaw Lake Elementary #137	N/A*	N/A*
Mahnomen #432		
Naytahwaush Elementary #30	1,187	1,433
Waubun #435		
Ogema Elementary #20	1,430	1,509
Waubun Elementary #10	1,529	1,454
Nett Lake #486		
Nett Lake Elementary #10	N/A*	N/A*
Swanville #707		
Swanville Elementary #1	1,470	1,384
Duluth #709		
Lincoln Elementary #515	1,329	1,399
Staples #2170		
Motley Elementary #10	1,336	1,455
Emily Charter School #4012		
Emily Charter School #10	1,343	1,462

*Less than 10 students

Activity: FIRST GRADE PREPAREDNESS
 Program: EDUCATION EXCELLENCE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	6,498	6,905	7,000	7,000	7,000	7,000	7,000	95	0.7%
Total Expenditures	6,498	6,905	7,000	7,000	7,000	7,000	7,000	95	0.7%
Financing by Fund:									
Direct Appropriations:									
GENERAL	6,498	6,905	7,000	7,000	7,000	7,000	7,000		
Total Financing	6,498	6,905	7,000	7,000	7,000	7,000	7,000		

BUDGET ACTIVITY SUMMARY

Budget Activity: SECONDARY VOCATIONAL AID
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.453

ACTIVITY PROFILE:

- The goals of this program include:
 - improving economic competitiveness of the United States;
 - improving the development of academic skills;
 - improving the development of occupational skills;
 - promoting equitable participation by all segments of the population;
 - developing academic and occupational skills that match workplace needs; and
 - developing skills necessary to work in a technologically advanced society.

STRATEGIES AND PERFORMANCE:

- Schools provide direct instructional services to students via school- and community-based programs that provide the following:
 - motivation for students to engage in the learning process by involving them in instructional experiences they recognize as being relevant to their needs, the needs of the community, and their lives after school;
 - opportunities for students to explore a variety of potential careers in order to make wise career plans and educational choices;
 - instruction in commonly acknowledged "work readiness" skills and higher-order thinking skills;
 - rigorous, outcome-driven instruction in a variety of occupational fields that is relevant to student, community, and business and industry needs; and
 - curriculum which integrates industry skill standards and graduation standards into hands-on learning activities.
- Districts must identify their needs and submit applications showing how their career and technical education programs will meet quality standards. Schools use the money to address higher costs of career and technical education programs, including smaller class sizes, specialized instructional supplies, equipment, travel associated with community-based learning experiences, professional development, curriculum development, and contracted services. Plans are in place to have all programs reapply within the next 18 months to show how they are addressing revised state program standards.

- The state provides technical assistance pertaining to career and technical education program improvement, and will develop and implement a financial data collection system as part of federal accountability and maintenance of effort requirements.

Enrollment of 10-12 by Curriculum Areas

Family and Consumer Science	28,486
Trade and Technical	22,391
Business	20,560
Agriculture	13,928
Special Needs – WEH	7,391
Marketing	4,458
Health	1,442

FINANCING INFORMATION:

- This program is funded by state aid.
- Funding is distributed by a formula which includes a cap, an aid guarantee, and a limitation on equipment.
- Federal funds are available to support career and technical education programs but are tied to a maintenance of effort provision requiring state expenditures to continue at the same per pupil level.

BUDGET ISSUES:

- As resources have diminished, schools have shifted toward lower-cost programs and away from higher-cost technical programs. There is some evidence that this has contributed to the decline in participation in technical preparation at the state's two-year institutions.
- A number of school districts, especially in greater Minnesota, have expressed difficulty in finding qualified teachers in career and technical education. Work continues with the Board of Teaching to develop new licensure categories that meet program quality needs while making it easier for qualified individuals to obtain teacher licensure.
- This program sunsets June 30, 2001.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$1.241 million in FY 2002 to pay the final 10% portion of the FY 2001 entitlement.

Activity: Secondary Vocational Aid
Program: Education Excellence

	Budget Activity Summary Dollars in Thousands	Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
AID	1. Statutory Formula Aid	12,537	12,407	0	0		
	2. Statutory Excess/(Shortfall)	(33)					
	3. Appropriated Entitlement	12,504	12,407				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)	33					
	5. State Aid Entitlement under Current Law	12,537	12,407	0	0	(24,944)	-100.00%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	12,537	12,407	0	0	(24,944)	-100.00%
<i>plus</i>							
LEVY	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
REVENUE	11. Current Law Revenue (Total of Aid & Levy)	12,537	12,407	0	0	(24,944)	-100.00%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	12,537	12,407	0	0	(24,944)	-100.00%
<i>plus</i>							
FEDERAL FUNDS	12. a. Vocational Education Act 2B	5,593	5,615	5,615	5,615	22	0%
<i>equals</i>							
All Funds	13. Total- All Funds, Current Law	18,130	18,022	5,615	5,615	(24,922)	-68.94%
<i>Total</i>	14. Total- All Funds, Governor's Recommendation			0	0		
Appropriations Basis for State Aid							
	Prior Year (10%)	1,159	1,250	1,241			
	Current Year (90%)	11,254	11,166				
	Transfers per M.S. 127A.41, subdivision 8 & 9	33					
	Total State Aid - General Fund	12,446	12,416	1,241	0		

BUDGET ACTIVITY SUMMARY

Budget Activity: EDUCATION AND EMPLOYMENT TRANSITION
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.35; 124D.46-50

ACTIVITY PROFILE:

This program began in FY 1995. In that year, the legislature emphasized the development of youth entrepreneurship, youth apprenticeship, and partnership development programs.

STRATEGIES AND PERFORMANCE:

In FY 2000-01, activities focused on the following strategies:

- Internet System for Education and Employment Knowledge (ISEEK)
 - supported an interagency virtual career office that provides students, counselors, employers, parents, and career planners with current data on wages, occupational projections, academic programs, institutional services, and job information;
 - created a Career Resource System (CRS) which links learners with job shadowing and employment opportunities;
 - supported interagency efforts to link ISEEK and CRS with the Minnesota Virtual University (MnVU) under the ISEEK Solutions umbrella; and
 - provided access via the Internet to all citizens in Minnesota.
- CRS developed an Internet-based system for matching learners with community learning experiences including statewide work-based learning to include areas such as shadowing, internships, mentoring, youth apprenticeship, and implementation of revamped high school follow-up and career counseling studies. CRS also registered about 1,000 employer sites as community learning opportunities, with many more anticipated in the coming year.
- Work-based Learning Grants:
 - Provided grants to local/regional partnerships, counties, schools, employers, and community-based organizations to create work-based learning experiences such as youth apprenticeships, youth entrepreneurship, internships for teachers and students, and rebates to employers for work with educators and secondary learners.
 - Focused on at-risk learners in cities of the first class through a targeted grant.
 - Awarded 27 local youth apprenticeship planning/implementation grants in FY 2000.

- Supported more than 30 youth entrepreneurship programs with planning/implementation grants.
- Provided a total of 1,071 rebates to employers to reimburse a small portion of the costs associated with student interns, youth apprentices, and teacher interns during FY 2000.

- Minnesota High School Follow-up Study collected data in three main areas from students and parents regarding student perceptions and reflections of student high school educational experience as they relate to their future goals:
 1. student and family demographics;
 2. goals, plans, and motivation for education and careers;
 3. high school environment and reflections of the school experience used the data to provide decision-makers with information on the effectiveness of high school and the perceived values of education reform.
- Occupational Information developed occupational information on emerging careers, job benefits, and skill sets, and distributed related publications to high school students, counselors, parents, and the general public. Occupational Information also collaborated with the Department of Economic Security to distribute *Minnesota Careers* to all tenth grade students in the state.
- Agriculture Improvement Grants developed curriculum and technology supporting natural resources, biotechnology, water quality, horticulture, and food sciences; expanded career awareness and exploration in agriculture and agribusiness; and provided grants to 38 sites for program improvement.

This program promotes implementation of the Minnesota Graduation Standards by doing the following:

- Improved academic and career information and services for elementary through post-secondary learners.
- Expanded the integration of work-based learning, service learning and other applied learning methods in curriculum design and delivery.
- Increased the participation of employers, organized labor workers, parents, and community-based organizations in partnering with education to create expanded educational options.
- Increased opportunities for women, minorities, individuals with disabilities, and at-risk learners to participate in work-based and service learning.
- Advanced and increased articulation of learning among elementary, secondary, and post-secondary education.
- Increased the alignment and integration of industry and occupational skill standards.
- Promoted alignment of public and private resources.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: EDUCATION AND EMPLOYMENT TRANSITION
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$1.825 million in FY 2002, and \$1.825 million in FY 2003. This recommendation includes elimination of youth entrepreneurship grants, grants to cities of the first class, and agriculture improvement grants. These funds are reallocated within the activity to the Jobs for America's Graduates and to increase the contribution to ISEEK.

Youth apprenticeship grants and the high school follow-up system are not affected by the proposed changes.

In addition to the reallocations above, the remaining \$400,000 per year is allocated within the agency to fund emerging critical staffing needs, including investigation of maltreatment of minors complaints, approval of education programs in care and treatment facilities, and additional support for charter schools. Please see change item page in agency budget for more details.

- Provided expanded support systems at state and local levels including the following:
 - a unified labor market information system (i.e., ISEEK Solutions);
 - a quality assurance system of information on learner achievement, employer satisfaction, and system outcomes;
 - a marketing system to promote the importance of lifework development and lifelong learning;
 - a comprehensive system of technical support for local partnerships;
 - a comprehensive system for professional development of public and private sector partners;
 - support for CFL involvement in the Governor's Workforce Development Council;
 - support for local efforts to redesign and deliver secondary career and technical education programs; and
 - development and implementation of a statewide Jobs for America's Graduates (JAG) program, a workplace readiness program for at-risk youth. Participants are youth identified as having multiple barriers to success including being behind one or more grade levels, drug usage problems, truancy, school suspensions or economic disadvantage. Students learn workplace skills through classroom training, mentoring, guidance and leadership training. Support services continue for at least one year after graduation. The program operates in 28 states and has a 90% graduation rate with an 80% postgraduate placement into employment or the military.

FINANCING INFORMATION:

This program has been entirely state funded with specific appropriations designated to ISEEK, youth entrepreneurship grants, youth apprenticeship grants, grants to cities of the first class, agriculture improvement grants, and the high school follow-up system.

BUDGET ISSUES:

- A joint powers agreement for ISEEK has been adopted by six state agencies, the University of Minnesota, and the Minnesota State Colleges and Universities. Increased resources for this project will benefit both job seekers and employers.

Activity: EDUC AND EMPLOYMENT TRANSITION
 Program: EDUCATION EXCELLENCE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	104	41	45	45	45	45	45	4	4.7%
OTHER OPERATING EXPENSES	528	112	313	205	455	205	455	485	114.1%
Subtotal State Operations	632	153	358	250	500	250	500	489	95.7%
LOCAL ASSISTANCE	839	1,699	2,240	1,975	1,325	1,975	1,325	(1,289)	(32.7%)
Total Expenditures	1,471	1,852	2,598	2,225	1,825	2,225	1,825	(800)	(18.0%)

Change Items:	Fund						
(B) ED. & EMPLOY TRANS.-ELIMINATE 3 PROGRAMS	GEN				(1,150)		(1,150)
(B) ISEEK SOLUTIONS	GEN				250		250
(B) JOBS FOR AMERICA'S GRADUATES	GEN				500		500
Total Change Items					(400)		(400)

Financing by Fund:							
Direct Appropriations:							
GENERAL	1,471	1,852	2,598	2,225	1,825	2,225	1,825
Total Financing	1,471	1,852	2,598	2,225	1,825	2,225	1,825

FTE by Employment Type:							
FULL TIME	1.6	1.0	1.0	1.0	1.0	1.0	1.0
Total Full-Time Equivalent	1.6	1.0	1.0	1.0	1.0	1.0	1.0

BUDGET ACTIVITY SUMMARY

Budget Activity: YOUTHWORKS PROGRAMS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
State Citation: M.S. 124D.36-124D.45; Laws 96x, Ch. 3, Art. 4, Sec. 29, Subd. 20
Federal Citation: National and Community Service Trust Act, 1993

- completing housing related projects (construction, rehab/weatherization or maintenance for low income and senior citizens homes) directly benefiting 15,888 persons;
- contributing to environmental conservation efforts including 143,439 wildland trees planted, maintained parks and trails, restored rivers, beaches, and fish habitat; and
- assisting 5,629 adults in job skill development.

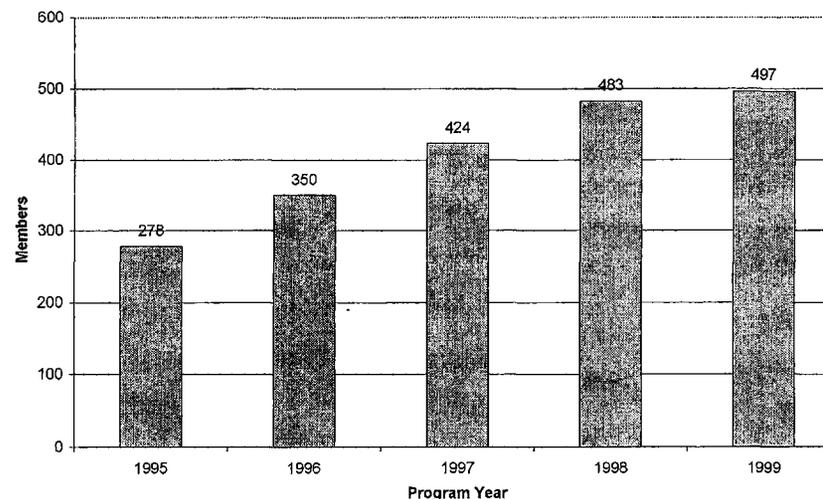
ACTIVITY PROFILE:

- The Minnesota Commission on National and Community Service is in the sixth year of its partnership with the Corporation for National Service and AmeriCorps. AmeriCorps is the “domestic Peace Corps” that provides Americans of all ages and backgrounds with education awards in exchange for a year or two of community service.
- AmeriCorps host agencies are educational institutions and local, state, and national nonprofit organizations. AmeriCorps members are strengthening Minnesota communities by providing direct service in four priority areas: education, the environment, meeting unmet human needs, and public safety.

STRATEGIES AND PERFORMANCE:

- The program began in 1994 with a governor-appointed Minnesota Commission on National and Community Service setting strategic direction and oversight. The commission uses a competitive request for proposal process to select program sponsors.
- This activity includes the coordination of federal and state activities related to the implementation of a unified state plan to support national and community service.
- In 1999, 12 programs hosted 497 full-time equivalent (FTE) Youth Works/AmeriCorps members.
- Youth Works/AmeriCorps members served local communities in 1998 by
 - tutoring 22,368 K-12th grade students;
 - tutoring 870 adults through GED instruction, parenting, and citizenship classes;
 - organizing out-of-school enrichment and leadership activities for 20,000 youth;
 - presenting health education and support services to 10,500 persons;
 - recruiting 19,650 volunteers contributing 128,756 hours of service;
 - providing child care to 1,602 children through expansion of early childhood development programs;

Youth Works* AmeriCorps Members (FTEs)

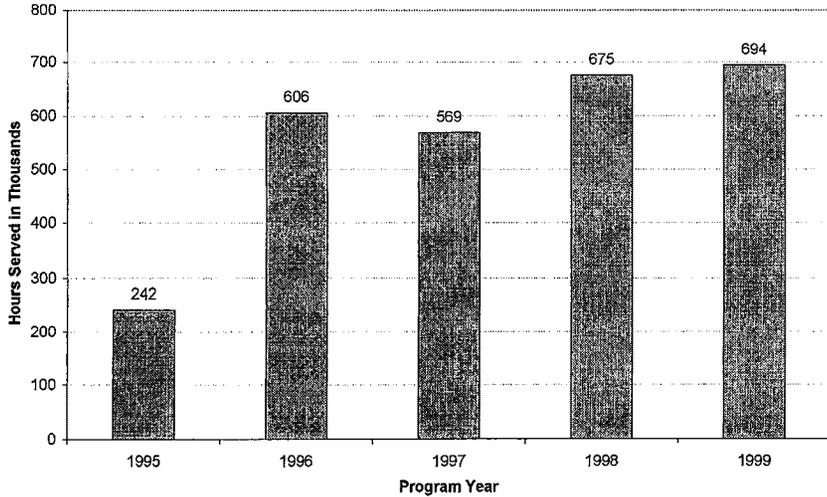


- In 1998, 76 AmeriCorps members completed their GED or high school diploma. (1999 statistics are not aggregated at this time.)
- A University of Minnesota cost-benefit analysis conducted in 1995 found the following outcomes:
 - the average cost benefit ratio of Youth Works/AmeriCorps programs studied over a three-year period was \$2.30 in benefits for every \$1 invested;
 - employability of young people who achieved their high school diplomas improved; and
 - Community property values were enhanced at an average of \$10,000 per house for the neighborhood served.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: YOUTHWORKS PROGRAMS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING

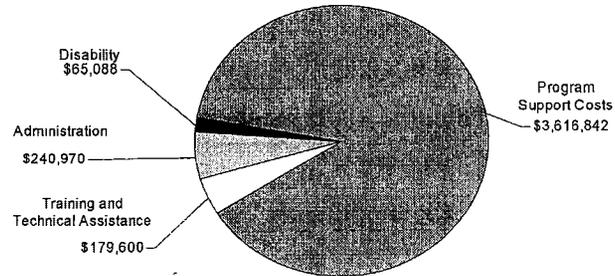
Youth Works* AmeriCorps Hours Served



FINANCING INFORMATION:

- Youth Works and AmeriCorps operate jointly and are funded by state and federal grants made to public and nonprofit agencies.
- The Corporation for National Service currently funds 70% of the operations of the Minnesota Commission on National and Community Service.

Federal Forecast Year 2000 Funds



- For full-time service (1,700 hours per year), program participants (Youth Works/AmeriCorps members) receive
 - a modest living allowance (\$8,730),
 - health care,
 - childcare if qualified,
 - training and experience, and
 - a post-service education award of \$4,725 which may be used toward higher education costs or for college loan payments.
- For part-time service (900 hours per year), program participants (Youth Works/AmeriCorps members) receive
 - a modest living allowance (\$4,622), and
 - a post-service education award of \$2,363 which may be used toward higher education costs or for college loan payments.

BUDGET ISSUES:

- Any small investment of state dollars can leverage a large return of federal dollars.
- AmeriCorps members receiving education awards provided by the National Service Trust have the potential of returning over \$1,000,000 each year to Minnesota higher education institutions.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$1.788 million for FY 2002 and \$1.788 million for FY 2003, with carryforward authority within the biennium.

Activity: YOUTHWORKS PROGRAMS
 Program: EDUCATION EXCELLENCE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	0	0	157	157	157	157	157	157	100.0%
OTHER OPERATING EXPENSES	233	(188)	254	253	253	253	253	440	666.7%
Subtotal State Operations	233	(188)	411	410	410	410	410	597	267.7%
LOCAL ASSISTANCE	4,779	5,795	5,244	5,191	5,191	5,196	5,196	(652)	(5.9%)
Total Expenditures	5,012	5,607	5,655	5,601	5,601	5,606	5,606	(55)	(0.5%)

Financing by Fund:									
Direct Appropriations:									
GENERAL	1,758	1,777	1,799	1,788	1,788	1,788	1,788		
Statutory Appropriations:									
FEDERAL	3,254	3,830	3,856	3,813	3,813	3,818	3,818		
Total Financing	5,012	5,607	5,655	5,601	5,601	5,606	5,606		

Revenue Collected:									
Dedicated									
FEDERAL	0	0	932	940	940	945	945		
Total Revenues Collected	0	0	932	940	940	945	945		

BUDGET ACTIVITY SUMMARY

Budget Activity: MN FOUNDATION FOR STUDENT ORGANIZATIONS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 268.665

ACTIVITY PROFILE:

The purpose of this activity is to provide support to the following councils and foundations.

- The Minnesota Foundation for Student Organizations promotes and supports career and technical education student organizations and applied leadership opportunities in Minnesota public schools and post-secondary institutions through public/private partnerships.
- Student organizations integrate classroom, workplace, and community experiences into curriculum areas and educational experiences.
- The 23-member foundation board was formed in January 1998. The board hired an executive director in June 1998.

STRATEGIES AND PERFORMANCE:

- The Minnesota Foundation for Student Organizations serves as the body for coordinating joint activities and outreach among student organizations. The foundation holds 12 different student organizations (from middle school to postsecondary) to the following performance indicators:
 - a strong base to develop leadership, teamwork, citizenship, and interpersonal skills;
 - rigorous standards for skills and applied learning experiences;
 - collaborative projects with community, labor, business and industry, parents, government, and educational institutions;
 - structure, motivation, and support for students to take primary responsibility for their own success;
 - opportunities for students to prepare for leadership roles in business, community, and family;
 - opportunities for diverse learners to accomplish common goals; and
 - promote a balance between work and family, personal, group, and career skills.
- Membership in the organizations has led to state leadership roles in the respective organizations, four students have gone on to become national officers for the current school year.
- Total organizational membership has increased this past year by 10,400 (39%). This is as a result of efforts made by the directors of the

organizations, the executive director of the foundation, and foundation board members.

- Numbers of inner-city members and participants in the organizations has increased as a result of information available.
- The foundation made use of "Incentive Grants" whereby each of the organizations could submit a request for proposal for funding activities which could be used to increase membership further, would enhance the implementation of effective activities for members, and would be implemented by other organizations as "best in class" activities.
- The foundation has also established the Friends of Minnesota Foundation for Student Organizations as a methodology by which private funds may be secured for additional support of student organizations. The annual campaign will commence within the next month.

FINANCING INFORMATION:

- Legislative funding for the Minnesota Foundation for Student Organizations was established at \$625,000 for FY 2001. Of this funding, 89% is designated for awards to the 12 student organizations. Without the investment of public funds in these organizations, students would be denied the opportunity for personal and career development. Although the total dollars continue to increase, the per student average will fall this year as dollars are stretched across increased membership.

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Student Awards Provided	\$411,792	\$500,909	\$555,100
Per Student Member	\$15.68	\$15.76	\$14.44

- The state statute (M.S. 124D.34) creating the foundation states that it is responsible to identify and secure appropriate public and private funding for the basic staffing of the foundation and the individual student organizations at the state level and seek private resources to supplement the available public money.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$625,000 for FY 2002 and \$625,000 for FY 2003 to be transferred to, and earmarked within, the CFL agency budget.

Activity: MN FOUNDATION FOR STUDENT ORGA
 Program: EDUCATION EXCELLENCE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	67	62	76	76	76	76	76	14	10.1%
OTHER OPERATING EXPENSES	59	66	113	71	(554)	71	(554)	(1,287)	(719.0%)
Subtotal State Operations	126	128	189	147	(478)	147	(478)	(1,273)	(401.6%)
LOCAL ASSISTANCE	412	464	479	478	478	478	478	13	1.4%
Total Expenditures	538	592	668	625	0	625	0	(1,260)	(100.0%)
Change Items:									
	Fund								
(P) MOVE MN FOUNDATION FOR STUDENT ORGS	GEN				(625)		(625)		
Total Change Items					(625)		(625)		
Financing by Fund:									
Direct Appropriations:									
GENERAL	528	582	668	625	0	625	0		
Statutory Appropriations:									
FEDERAL	10	10	0	0	0	0	0		
Total Financing	538	592	668	625	0	625	0		
FTE by Employment Type:									
FULL TIME	1.0	1.0	2.0	2.0	2.0	2.0	2.0		
PART-TIME, SEASONAL, LABOR SER	0.4	0.1	0.0	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	1.4	1.1	2.0	2.0	2.0	2.0	2.0		

BUDGET ACTIVITY SUMMARY

Budget Activity: LEARN & EARN
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.32

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$725,000 for FY 2002 and \$725,000 for FY 2003, with carryforward authority within the biennium.

ACTIVITY PROFILE:

- The Learn and Earn program is in its third year of replicating the Quantum Opportunities model of serving youth that was successfully used in Philadelphia to increase the graduation rate of students most at risk. The program is designed to provide grants to educational institutions or community-based organizations to identify ninth grade students with household incomes below the poverty level, to provide these most at risk students with opportunities to learn with incentives, and to track them for four years to document results and determine the societal cost/benefit.

STRATEGIES AND PERFORMANCE:

- The following grants were awarded in FY 1998:
 - African American Mentor Program, Central High School, St. Paul
 - Blackduck Schools, Blackduck
 - Carver-Scott Educational Cooperative, Chaska
 - Cloquet Indian Education Program, Cloquet
 - Guadalupe Alternative Programs, St. Paul Schools
 - Minneapolis Urban League, Minneapolis Schools
 - Red Lake Schools, Red Lake
 - YMCA of Metropolitan Minneapolis, Minneapolis Schools
- A total of 270 youth participants took part in this program from 1998 to 2000.
- The eight pilot sites are carefully monitored with site visit evaluations conducted at six-month and 12-month intervals.
- Grantees measure the changes that occur in the youth that engaged in community service activities as well as basic skills and personal and cultural development.

FINANCING INFORMATION:

This program is funded entirely with state dollars.

Activity: LEARN & EARN
 Program: EDUCATION EXCELLENCE
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
OTHER OPERATING EXPENSES	1	2	0	0	0	0	0	(2)	(100.0%)
Subtotal State Operations	1	2	0	0	0	0	0	(2)	(100.0%)
LOCAL ASSISTANCE	906	0	1,448	725	725	725	725	2	0.1%
Total Expenditures	907	2	1,448	725	725	725	725	0	0.0%
Financing by Fund:									
Direct Appropriations:									
GENERAL	907	2	1,448	725	725	725	725		
Total Financing	907	2	1,448	725	725	725	725		

BUDGET ACTIVITY SUMMARY

Budget Activity: MISCELLANEOUS FEDERAL PROGRAMS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING

ACTIVITY PROFILE:

This budget activity summarizes eighteen federal programs that fund activities in Education Excellence.

1. Learn and Serve America

- Learn and Serve America is the federal program which helps support students from kindergarten through college who are meeting community needs while improving their academic skills and learning the habits of good citizenship. Grantees provide opportunities for all youth to contribute needed services in the community, such as assistance to the elderly, tutoring for children, projects to improve the environment, and assistance for food shelves and shelters. The Learn and Serve America formula allocation is based on state population awarded by the Corporation for National Service (CNS).

	<u>Dollars in Thousands*</u>		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Total Grant Amount	\$308	\$308	\$308

2. Community, Higher Education School Partnership

- This is a three-year special initiative grant provided by CNS to build strong partnerships at the local level between community-based agencies, schools and institutions of higher education in the area of service learning.

	<u>Dollars in Thousands*</u>		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
CNS (Federal Funds)	\$222	\$230	\$235

3. Community-Based Service Learning*

- This is a three-year grant awarded through a competitive process by to build the capacity of community nonprofit organizations to participate as partners in transforming communities through service learning.

	<u>Dollars in Thousands*</u>		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
CNS (Federal Funds)	\$115	\$125	\$57

* The state of Minnesota is required to match dollar for dollar all CNS funds.

4. Title 1 Grants to LEAS (Title I, Part A)

- Title I of the Improving America's Schools Act is the largest of the federal compensatory education programs. Almost every district in the state qualifies for Title I funds, and Title I services are in approximately 90% of the state's elementary schools. More than 110,185 public and non-public students participate in Title I programs annually. There are several parts to Title I: Basic Grants, Concentration Grants, Accountability Grants, Grants for Neglected or Delinquent Institutions, and Capital Expenses.
- Minnesota's share of the national appropriation is based on the number of low-income children counted during the last (1990) census. (The information from the 2000 census is not yet available.) The U.S. Department of Education calculates an entitlement for each school district listed on the census mapping project. CFL adjusts these entitlements to provide the required set-asides for administration, for school support teams for low-performing schools, and for Charter Schools.
- Specific objectives of the Title I Basic Grants to LEAS are
 - to align Title I evaluation measures with the state student achievement and system performance measures;
 - to identify and serve students who are most at risk of not meeting our state content and performance standards;
 - to increase success in the regular classroom through coordination of supplemental services with classroom instruction and curriculum;
 - to provide for the involvement of parents in the education of their children;
 - to provide intensive and sustained staff development; and
 - to coordinate with state and federal programs to maximize the services available for at-risk students and to increase the number of students receiving services.

■ Federal Allocations to Minnesota:

	<u>Dollars in Thousands</u>				
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Title 1 Grants to LEAS	\$86,890	\$86,890	\$86,890	\$81,000*	\$81,000*
				(est)	(est)

- Funding for Title I will likely remain flat in the coming biennium. The estimates projected are purposefully conservative.

5. Even Start Family Literacy Programs (Title I, Part B)

- Even Start is the early childhood and family literacy initiative of the Title I program. The state's allocation for Even Start is determined by the amount of the basic and concentration funds the state receives. Funds are distributed to districts on a competitive basis; grants are awarded for four years. Currently there are nine Even Start programs in Minnesota.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: MISCELLANEOUS FEDERAL PROGRAMS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING

- Specific objectives of the Even Start Family Literacy programs are
 - to improve the educational opportunities by integrating early childhood education and adult education for parents into a unified program;
 - to create a new range of services through cooperative projects that build on existing community resources; and
 - to assist children and adults from low-income families in achieving challenging state content and student performance standards.

■ Federal Allocations to Minnesota:

	Dollars in Thousands				
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Even Start	\$1,125	\$1,117	\$1,299	\$1,236* (est)	\$1,236* (est)

* Projections based on U.S. Department of Education estimate for FY 2000.

6. Migrant Education (Title I, Part C)

- The specific purposes of the Migrant Education program under Title I, Part C 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; and
 - to prepare migratory children to make a successfully 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.
 - to ensure that migratory children benefit from state and local systemic reform.

■ Federal Allocations to Minnesota:

	Dollars in Thousands				
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Migrant Education	\$2,326	\$2,612	\$3,012	\$3,012* (est)	\$3,012* (est)

* Funding for the Migrant Education program is projected to remain flat for the next biennium.

7. Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At-Risk of Dropping Out (Title I, Part D)

- The specific purposes of the Neglected and Delinquent programs under Title I, Part D, include:
 - to provide supplementary instruction to students, ages 5-21, who are neglected and have been placed in a locally operated residential institution for such students;
 - to improve educational services to neglected or delinquent children and youth so that such children and youth have the opportunity to meet the same challenging state content and performance standards that all children will be expected to meet;
 - to provide the targeted population the services needed to make a successful transition from institutionalization to further schooling and employment; and
 - to prevent at risk youth from dropping out and to provide dropouts and youth returning from institutions with a support system to ensure continued education.

■ Federal Allocations to Minnesota:

	Dollars in Thousands				
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Neglected and Delinquent	\$235	\$197	\$197	\$202* (est)	\$202* (est)

* Estimates are based upon the President's budget request for federal FY 1999.

8. Dwight D. Eisenhower Professional Development Program (Title II)

- The specific purposes of the Eisenhower Professional Development Program under Title II are
 - to improve the skills of teachers and quality of instruction in mathematics and science in public and private elementary and secondary schools;
 - to support federal, state, and local efforts to stimulate and provide the sustained, intensive, high quality professional development that is needed to help students meet state content and student performance standards in the core academic subjects which are aligned with Goals 2000;
 - to ensure that teachers, administrators, other staff, pupil services personnel, and parents, have access to professional development that
 - ◆ is tied to challenging state content and student performance standards,
 - ◆ reflects recent research on teaching and learning,
 - ◆ incorporates effective strategies, techniques, methods, and practices for meeting the needs of diverse student populations,
 - ◆ is of sufficient intensity and duration to have a positive and lasting impact on the teacher's performance in the classroom, and
 - ◆ is part of the everyday life of the school and creates orientation toward continuous improvement throughout the school.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: MISCELLANEOUS FEDERAL PROGRAMS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING

■ Federal Allocations to Minnesota:

	Dollars in Thousands				
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Eisenhower Professional Development Program	\$3,414	\$4,008	\$4,000	\$4,000* (est)	\$4,000* (est)

* It is difficult to predict the level of funding for the Eisenhower Professional Development Program. Fifty percent of the formula is based on the state's Title I allocation; if the Title I allocation declines, then Eisenhower funds will also decline.

9. Innovative Education Program Strategies (Title VI)

- The specific purposes of Title VI are
 - to support local education reform efforts which are consistent with and support statewide reform efforts;
 - to support state and local efforts to accomplish the Profile of Learning and high student performance standards;
 - to provide funding to enable state and local education agencies to implement promising educational reform programs;
 - to provide a continuing source of innovation and educational improvement, including support for library services and instructional and media materials; and
 - to meet the special educational needs of at risk and high cost students.

■ Federal Allocations to Minnesota:

	Dollars in Thousands				
	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Innovative Education Program Strategies	\$4,957	\$6,450	\$6,450	\$6,450* (est)	\$6,450* (est)

* It is difficult to predict future funding for Title VI.

10. Emergency Immigrant Education Program (Title VII, Part C)

- The specific purpose of the Emergency Immigrant Education program is to provide support for school districts for supplementary educational services to immigrant children so that the state and district may
 - provide high quality instruction to immigrant children and youth; and
 - help such children meet the same state student performance expected of all children and with their transition to American society.

■ Federal Allocations:

	Dollars in Thousands				
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Emergency Immigrant Programs	\$240	\$1,400	\$1,400	\$1,500* (est)	\$1,500* (est)

* Estimates are based upon the President's federal FY 2002 budget request.

11. Goals 2000: Educate America Act

- The specific purposes of the funds made available under Goals 2000 are
 - to implement Minnesota's content and performance standards and assessment system;
 - to align curriculum and instruction with the standards; and
 - to coordinate state and federal programs at the state and local levels so all students attain the state's high standards and performance.

■ Federal Allocations to Minnesota

	Dollars in Thousands				
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Goals 2000	\$5,062	\$7,095	\$6,896	\$3,450* (est)	-0* (est)

* The authorization for this program ended September 30, 2000. Grants to school districts are available through school year 2001-2002.

12. Comprehensive School Reform Demonstration (CSRD) Program

- This program provides grants of \$50,000 to schools to encourage them to implement research-based reform models. The grants are renewable for up to two additional years based on evidence of successful implementation and increased student achievement. At present there are 35 school sites that have been awarded CSRD grants over the past two school years.
- The objectives of the CSRD Program are
 - to help schools undertake comprehensive reforms based upon reliable research and effective practices, including an emphasis on basic academics and parental involvement; and
 - to leverage systematic improvements in student achievement throughout the Title I program.

	Dollars in Thousands				
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Funding Levels	\$1,923	\$1,901	\$2,863	\$2,863* (est)	\$2,863* (est)

* Estimates are conservative due to the uncertainty associated with the continuation of this program and the federal budget process.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: MISCELLANEOUS FEDERAL PROGRAMS
Program: EDUCATION EXCELLENCE
Agency: CHILDREN, FAMILIES & LEARNING

13. Class Size Reduction Program

- First funded in school year 1999-2000, this program was created to reduce class size to 18 in the early grades. Since 80% of a district's entitlement is generated by its Title I allocation, the program funds are directed toward the state's highest poverty schools. The federal program supplements the state program for class size reduction and the funds may be used in conjunction with state funds to co-fund primary teachers. Districts may use a portion of the funds for staff development, but the primary focus of the program is to hire and maintain staff to reduce the student/teacher ratio.
- The objectives of the Class Size Reduction program are
 - to provide districts with resources to hire additional highly qualified teachers in order to reduce class sizes in kindergarten through grade 3 to no more than 18 students to a class; and
 - to provide districts with resources to offer additional professional development opportunities.

	Dollars in Thousands				
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Funding Levels	-0-	\$16,662	\$18,057	\$18,057*	\$18,057*
				(est)	(est)

* Estimates are purposefully conservative due to the uncertainty associated with the continuation of this program and the federal budget process.

14. Special Education - Deaf/Blind

- To initiate and improve statewide educational services for children with deaf-blindness from birth to age twenty-two.
- To provide transition services for Minnesota youth and young adults with deaf-blindness as they progress from secondary special education programs to post-secondary education, employment, and community living.
- The specific program objectives are the same as stated under 0201 Special Education Regular. Special Education programs are designed to prepare individuals with disabilities whose education needs are basic, ranging from self care skills, to independent living skills, to preparation for sheltered employment, or employment in the community. Some will be prepared for and benefit from the full array of post-secondary education programs available.

15. Special Education State Improvement Grant

- The State Improvement Grant (SIG) is a five-year grant that was received through a competitive process among states. The purpose of the grant is to bring about systemic change in identified statewide need areas in special education. The grant currently focuses upon; 1) facilitating access to general education curriculum and achieving results for children and youth with disabilities; 2) fully implementing a coordinated, multidisciplinary interagency service system for children and youth with disabilities birth through 21 statewide; and 3) ensuring the availability of a qualified special education workforce in all regions and communities of Minnesota.

16. Modifying Graduation Standards

- The Minnesota Assessment Project (MAP) is a four year federally funded project which promotes and evaluates the participation of students with limited English proficiency and students with disabilities in Minnesota's graduation standards.

17. Capital Expenses for Private Schools (Title I)

- This program encourages the participation of nonpublic students in Title I by reimbursing school districts for non-instructional expenses incurred in delivering Title I services to non-public students.
- This program will likely be phased out in the next biennium because the U.S. Supreme Court overturned the Aguilar v. Felton case making this program necessary. The 1997 decision, Agostini v. Felton, allows districts to provide Title I services within the confines of private school buildings.
- Federal Allocations to Minnesota:

	Dollars in Thousands				
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Capital Expenses	\$742	\$888	\$888	\$216	-0-
				(est)	(est)

18. Byrd Honors Scholarship Program

- The purpose of the Byrd Honors Scholarship Program is to provide scholarships for study at institutions of high education to outstanding high school graduates who show promise of continued excellence, in an effort to recognize and promote student excellence and achievement
- Federal Allocations to Minnesota:

	Dollars in Thousands				
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Byrd Honors Scholarships	\$529	\$527	\$714	\$714	\$714
				(est)	(est)

PROGRAM SUMMARY

Program: SPECIAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING

PROGRAM PROFILE:

Special Education and related services are provided to all individuals, birth through 21, who have been identified as having a disability and who meet Minnesota's eligibility criteria. Special Education is defined in federal law as specially designed instruction, at no cost to the parents, to meet the unique needs of a child with a disability.

Students with disabilities are provided services that are documented in the student's individualized education program (IEP) or individual family service plan (IFSP). These services are designed to meet the identified unique needs of the learner and are provided by appropriately licensed teachers and related service providers in schools and other educational settings.

Special education for students includes a continuum of service delivery models including, but not limited to direct instruction, consultation, classroom assistance and transition services from school to work as well as support services for families. Due process procedures are in place to assure students' rights are protected and that services are provided within prescribed timelines and parents are involved whenever possible.

The Budget Activities and associated funding within Special Education include: Special Education Base Revenue, Court Placed Revenue, Home Based Travel, Excess Cost Revenue, Litigation Costs for Special Education, Full State Payment and Out-of-State Tuition. The budget activities assist districts to meet their responsibilities for students with disabilities.

Special Education Base Revenue provides the largest portion of revenue to districts for special education and related services. Districts with extraordinarily high costs are also assisted with Excess Cost Aid as well as Court-Placed Revenue, Full State Payment and Litigation Costs for Special Education Revenue. Other programs include Home-based Travel that provides funds for preschool children to receive services in their home or center-based program. All the funds provided to school districts under this program are designated to support special education and related services for students with disabilities.

These Budget Activities support the Governor's Big Plan for Minnesota by addressing two of his objectives; namely,

1. Health and Vital Communities, especially "Best K-12 Public Education in the Nation" and
2. Self-sufficient People, as it relates to those who traditionally need some level of support throughout life, as well as developing independent living skills.

The special education and related services supported by these budget activities support the following performance indicators of the CLF Strategic Plan:

- number of student reading by the end of third grade,
- percent of students passing the Basic Skills Test on their first attempt,
- student/teacher ratio,
- percent of students dropping out,
- percent of students and their parents participating in family and early childhood education programs, and
- percentage of special needs students receiving support services through integrated and collaborative interagency process.

Program: SPECIAL EDUCATION
 Agency: CHILDREN, FAMILIES & LEARNING

Program Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Activity:									
SPECIAL EDUCATION	419,314	522,262	556,605	616,424	616,424	640,750	640,750	178,307	16.5%
AID FOR CHILDREN W/DISABILITY	450	459	1,600	1,867	1,867	2,022	2,022	1,830	88.9%
TRAVEL FOR HOME-BASED SERVICES	122	125	130	135	135	138	138	18	7.1%
SPECIAL EDUCATION-EXCESS COSTS	26,018	65,604	91,037	97,210	97,210	99,258	99,258	39,827	25.4%
LITIGATION COSTS FOR SPEC EDUC	543	375	375	375	375	375	375	0	0.0%
SEC VOC-STUDENTS WITH DISABILI	7,983	8,892	8,968	8,959	8,959	8,948	8,948	47	0.3%
COURT PLACED SPEC ED REVENUE	31	350	350	350	350	350	350	0	0.0%
OUT OF STATE TUITION SPEC EDUC	0	0	250	250	250	250	250	250	100.0%
Total Expenditures	454,461	598,067	659,315	725,570	725,570	752,091	752,091	220,279	17.5%
Financing by Fund:									
Direct Appropriations:									
GENERAL	416,325	531,805	575,610	616,872	616,872	643,393	643,393		
Statutory Appropriations:									
FEDERAL	38,136	66,262	83,705	108,698	108,698	108,698	108,698		
Total Financing	454,461	598,067	659,315	725,570	725,570	752,091	752,091		

BUDGET ACTIVITY SUMMARY

Budget Activity: SPECIAL EDUCATION
Program: SPECIAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING

State Citation: M.S. 125A.02; M.S. 125A.03; 125A.53; M.S. 125A.75;
M.S. 125A.76; M.S. 125A.77; M.S. 125A.78; M.S.
125A.79; M.S. 125.022

Federal Citation: P.L. 95-17 Individuals with Disabilities Education Act
(IDEA)

**Special Education Expenditures
State and Federal**

		Dollars in Thousands						
		FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY1998	FY 1999
Child Count		90,551	96,543	100,931	103,980	106,898	108,951	110,794
Birth-21								
Average Cost	\$	6,476	6,484	6,806	6,943	7,118	7,379	7,685
per Student								
Salaries	\$	408,329	433,119	475,015	503,611	531,835	561,823	595,636
Fringe		95,957	99,617	109,254	110,794	118,067	123,601	131,040
Benefits *								
Contracted		19,073	21,915	25,637	25,027	26,302	27,503	28,716
Services								
Instructional		7,870	8,467	10,344	9,428	10,567	11,316	11,487
Supplies								
and								
Equipment								
Misc. Federal		7,055	13,030	19,793	13,399	10,819	12,893	12,960
Subtotal	\$	538,294	576,148	631,043	662,259	697,590	737,136	779,839
Trans **		48,155	49,874	55,935	59,712	63,312	66,789	71,639
TOTAL	\$	586,449	626,022	686,978	721,971	760,902	803,925	851,478
Annual %		N/A	6.7%	9.7%	5.1%	5.4%	5.6%	5.9%
Change								

* Estimated based on ratio of salaries for staff paid with federal funds

**Includes transportation to and from school, between schools and board and lodging.

ACTIVITY PROFILE:

Special Education provides specially designed instruction and related services for students with disabilities.

- Special Education services have been available in Minnesota since the 1950s in various forms and degrees, particularly in the larger cities. However, children with disabilities were not being identified and assured a free and appropriate public education until Congress passed Public Law 94-142, Education for All Handicapped Children Act in 1975.
- P.L. 94-142 mandated that school districts seek out, identify, and provide a free and appropriate public education to all students with a disability.
- From 1975 forward, the numbers of special education students, special education staff and special education services have been growing and evolving in the public schools. Children with severe disabilities, previously living in state hospitals and not receiving an education program, were moved to home settings and to group homes throughout Minnesota during the 1980s. The education programs for these students are now the responsibility of the public school system.
- From the late 1980s forward infants and toddlers must receive special education and related services beginning at birth.
- In 1998, the Interagency Services Act was enacted to require interagency coordination for children with disabilities up to age 5 by 2000, to age 9 by 2001, to age 14 by 2002, and to age 21 by 2003.
- As shown in the following table, in FY 1999 Minnesota provided special education services to 99,717 school-aged students, ages 5 through 18, compared with 72,556 in FY 1991. Although the number of school aged students grew by 27,151 special education enrollment as a percent of total enrollment only increased from 8.68% in FY 1991 to 11.76% in FY 1999.

- Special Education instruction and services are governed by state statute [M.S. 125A.02; M.S. 125A.03; M.S. 125A.75]; state education rules (chapter 3525); federal law (P.L. 95-17, Individuals with Disabilities Education Act (IDEA)); and federal rules (CFR 300).
- The combination of these laws and rules require the provision of a free appropriate public education (FAPE) for all eligible children and youth with disabilities. FAPE is defined as instruction and services that are
 - based on need as identified in a multi-disciplinary assessment;
 - written into an individual education plan (IEP); and
 - provided in the least restrictive environment appropriate to the student's needs and at no cost to parents.
- Special Education is broad-based and focuses on areas of instruction that students without disabilities can generally accomplish without specific instruction directed to them. Goals of Special Education include the following:
 - Individuals will demonstrate measurable and continuous progress in a variety of academic and non-academic tasks and environments. This includes meeting the graduation standards and Profiles of Learning to the degree and extent appropriate.
 - Individuals will develop a healthy physical and emotional self-awareness.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: SPECIAL EDUCATION
Program: SPECIAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING

**Unduplicated Child Count by Disability and Age Group
as of 12/1/99**

Disability	Preschool Ages 0-4	K-12 Ages 5-18	Ages 19-21	Total
1. Special Language Impaired	2,386	17,890	21	20,297
2. Mild-Moderate Mentally Impaired	15	6,921	502	7,438
3. Moderate-Severe Mentally Impaired	7	2,311	366	2,684
4. Physically Impaired	22	1,502	49	1,584
5. Hearing Impaired	167	1,849	58	2,074
6. Visually Impaired	30	377	15	422
7. Specific Learning Disabilities	1	38,871	298	39,170
8. Emotional Behavior Disorder	1	17,593	198	17,792
9. Autistic	161	2,034	47	2,242
10. Deaf Blind	4	45	2	51
11. Other Health Impaired	24	6,809	67	6,900
12. Brain Injured	7	312	16	335
13. Developmentally Delayed/Early Special Childhood	<u>6,602</u>	<u>3,203</u>	<u>0</u>	<u>9,805</u>
TOTAL	9,438	99,717	1,639	110,794

- Individuals will develop social skills to interact effectively with peers who do and do not have disabilities.
- Individuals will be introduced to, and learn to use, assistive technology that can enhance and expand learning and has the potential to normalize tasks that would otherwise not be possible.
- Individuals will demonstrate the ability to make school to adult transitions.
- Students become eligible for special education services by meeting specific state eligibility requirements under one or more of 13 disability categories. Although some of the categories of disability clearly identify children with severe disabilities, even the disability categories that typically suggest mild impairment have students with disabilities that range from relatively mild to very severe.
- Students must meet two general criteria to be eligible for special education services: 1) the state disability eligibility requirements through a multi-disciplinary assessment; and 2) be in need of specially designed instruction and related services. The disability eligibility criteria are defined in the state education rules. Those disability areas that are eligible for services are autistic, blind/visually impaired, deaf/hard of hearing, deaf-blind, mildly to moderately mentally impaired, severe or profoundly mentally impaired, emotional/behavioral disorders, physical impairments, other health impairments, specific learning disabilities, speech/language impairments, traumatic brain injury, and developmentally delayed/early childhood special education.
- The following table shows the number of special education students by age and disability, as of 12-01-99.

- The following table shows the number of special education students by education setting as of 12-01-99:

**Unduplicated Child Count by Setting
as of December 1, 1999
(Birth -21)**

Setting	Total
Regular Class	67,208
Resource Room 2 times or more	24,611
Separate Class	12,569
Public Separate Day School	4,420
Private Separate Day School	275
Public Residential School	703
Private Residential School	710
Hospital or Homebound	<u>226</u>
TOTAL	110,794

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: SPECIAL EDUCATION
Program: SPECIAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING

- The delivery of Special Education services is the responsibility of the district in which the parents reside. Districts determine the most appropriate means of delivering the necessary instruction and services to the students.
 - More than 282 smaller school districts have formed 44 special education cooperatives to deliver special education programs more cost effectively and efficiently.
 - In addition, all districts purchase/cooperate on the delivery of some of the services from service cooperatives, intermediate school districts, and formal collaborative organizations such as children's mental health collaboratives, family service collaboratives, interagency early intervention committees, and community interagency transition committees.

STRATEGIES AND PERFORMANCE:

- Parents are assured informed consent rights of approval (due process) in all decisions relating to individual assessments and the design and implementation of the IEPs.
- Greater numbers of individuals with disabilities are learning employment skills and are working in mainstream businesses, are attending post-secondary education programs, and are living independently as adults.
- There is an increase in cooperation and collaboration among local, county and state agencies in addressing the mental health needs of individuals with disabilities and their families and in the provision of early childhood special education programs and in transition planning and services from school to work.
- Emerging data suggests that graduation rates for students with emotional disturbance is very low.

FINANCING INFORMATION:

Special education programs are funded with state special education aids and federal Individuals with Disabilities Education Act (IDEA) funds. All state and federal funds are used to accomplish the objectives for individuals with disabilities listed above.

State Special Education Aids:

- Special education revenue generated by school districts is based on expenditures in the second prior year (base year). State special education revenue for FY 1999 is based on expenditures by the districts in FY 1997. Beginning in FY 1999 (FY 1997 base year), special transportation revenue is rolled into the base revenue formula for special education.
- The special education base revenue equals the sum of the following amounts computed using base year data:
 - *Salary* - 68% of the salary of each essential staff providing direct instructional services to students;
 - *Supplies and Equipment* - 47% of the cost of supplies and equipment not to exceed an average of \$47 per student with a disability;
 - *Contracted Services* - 52% of the amount of a contract for instruction and services that are supplemental to a district's education program for students with disabilities. 52% of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the student receives services that are in place of services of the district's program.
 - *Transportation* - 100% of the cost of special transportation services (beginning with FY 1997 base year for FY 1999 revenue).
- The special education adjusted base revenue equals the base revenue times the ratio of the current year average daily membership (ADM) to the base year ADM. If the special education base revenue for a district equals zero, the special education revenue equals the amount computed above using current year data.
- A school district's special education revenue equals the state total special education revenue, minus new district revenue, times the ratio of the district's adjusted special education base revenue to the state total adjusted special education base revenue.
- The state total special education revenue is set in statute at \$463 million for FY 2000 and at \$474 million for FY 2001.
- The state total special education revenue for FY 2000 and beyond equals: 1) the state total special education revenue for the preceding fiscal year times; 2) the program growth factor times; and 3) the ratio of the state total ADM for the current fiscal year to the state total ADM for the preceding fiscal year.
- The program growth factor is 1.08 for FY 2002 and 1.046 for FY 2003 and later years.
- For FY 1999 and earlier, special education revenue was funded with a combination of state aid and property tax levies. Beginning in FY 2000, this program is funded entirely with state aid.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: SPECIAL EDUCATION
Program: SPECIAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING

GOVERNOR'S RECOMMENDATION:

The Governor recommends an entitlement of \$511.473 million for FY 2002 and \$534.338 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$507.726 million in FY 2002 (\$47.40 million for FY 2001 and \$460.326 million for FY 2002) and \$532.052 million in FY 2003 (\$51.147 million for FY 2002 and \$480.905 million for FY 2003).

Federal IDEA Funds:

- IDEA, Part B funds are generated on a December 1 child count basis. School districts submit the number of individuals with disabilities, ages 3 to 22, who have an IEP and are receiving special education services on December 1 to the department. Pre-school incentive funds, Section 619 of IDEA, are generated on children ages 3-5 who have an IEP and are receiving services on December 1.
- The federal law requires that the state and local school districts maintain effort from one year to the next. Expenditures on a statewide basis or on a local district basis may not be decreased from the current year to the subsequent year, except under specific circumstances. Districts cannot supplant state and local expenditures for special education with federal funds. Federal funds are intended to expand and improve education services to individuals with disabilities.
- Because of the maintenance of effort requirements from the inception of IDEA, districts have generally paid for related services staff, supplies, equipment, and tuition agreements with federal funds. Districts have somewhat more latitude to pay for non-reimbursed eligible costs with federal funds, rather than with state special education aids. The two aid packages are compatible and provide a complete package for local school districts.
- CFL flows approximately 85% of the federal funds to local education agencies. The department retains 5% of the funds for administration costs and approximately 10% for statewide discretionary programs.

BUDGET ISSUES:

Special education revenue, together with the general education revenue earned by students with disabilities for the time they are enrolled in special education programs, is not sufficient to fully fund the cost of special education programs. The net cross-subsidy from general education revenue to cover unfunded special education costs was \$254 million in FY 1999. Under current law, the cross-subsidy is projected to increase in the next biennium.

Activity: Special Education

Program: Special Programs

	Budget Activity Summary Dollars in Thousands	Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
AID	1. Statutory Formula Aid	463,000	474,000	511,473	534,338		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	463,000	474,000				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	463,000	474,000	511,473	534,338	108,811	11.61%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	463,000	474,000	511,473	534,338	108,811	0
<i>plus</i>							
LEVY	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
REVENUE	11. Current Law Revenue (Total of Aid & Levy)	463,000	474,000	511,473	534,338	108,811	11.61%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	463,000	474,000	511,473	534,338	108,811	11.61%
<i>plus</i>							
FEDERAL FUNDS	12. a. IDEA Funds	66,262	83,705	108,698	108,698	67,429	45%
<i>equals</i>							
REVENUE	13. Total-All Funds, Current Law	529,262	557,705	620,171	643,036	176,240	16.21%
	14. Total- All Funds, Governor's Recommendation			0	0		
Appropriations Basis for State Aid							
	Prior Year (10%)	39,300	46,300	47,400	51,147		
	Current Year (90%)	416,700	426,600	460,326	480,905		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	456,000	472,900	507,726	532,052		

BUDGET ACTIVITY SUMMARY

Budget Activity: AID FOR CHILDREN WITH A DISABILITY
Program: SPECIAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 125A.75, subd. 3

ACTIVITY PROFILE:

- This program 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
 - their parental rights have been terminated by court order,
 - their parents cannot be located,
 - no other district of residence can be determined, or
 - the parent or guardian having legal custody of the child is an inmate of a Minnesota correctional facility or is a resident of a halfway house under the supervision of the commissioner of corrections.
- The program began in the 1970s. The law was amended in 1999 to include all students, those with disabilities and those without disabilities, to be eligible for aid under this part if they meet the criteria stated above. Students without disabilities must have been placed by the courts to be eligible.
- To the extent possible, the commissioner shall obtain reimbursement from another state for the cost of serving any child whose parent or guardian resides in that state.
- This activity's objectives are the same as stated for regular special education. Special education programs and services are designed to prepare individuals with disabilities whose educational needs range from self care skills, to independent living skills, to preparation for sheltered employment or employment in the community.
- For students without a disability the regular education program at the facility must be an approved program according to section M.S. 125A.515.
- This program began in the 1970s and was amended by the 1999 legislature to include all students who are placed for care and treatment.
- Funds used to pay for the education services of students placed by the courts for care and treatment have prevented the districts from smaller class size as it required funds from the general fund to pay for those student's specialized services.

STRATEGIES AND PERFORMANCE:

- The number of students served has fluctuated between 100 and 120 over the past several years.
- Approximately 25 districts receive this aid each year.
- With the addition of the students without a disability to the program, no information as to the number of the students involved or the actual costs are available.

FINANCING INFORMATION:

This program is funded with state aid.

- The aid equals 100% of the net costs of educating these individuals, including transportation costs, proportionate amount of capital expenditures, and debt service, minus the amount of basic revenue of the district for the child and the special education aid, transportation aid, and any other aid earned on behalf of the child.
- The aid is paid as a reimbursement in the year following the year the services are provided.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$1.867 million for FY 2002 and \$2.022 million for FY 2003, with carryforward authority within the biennium.

Activity: AID FOR CHILDREN W/DISABILITY
 Program: SPECIAL EDUCATION
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	450	459	1,600	1,867	1,867	2,022	2,022	1,830	88.9%
Total Expenditures	450	459	1,600	1,867	1,867	2,022	2,022	1,830	88.9%
Financing by Fund:									
Direct Appropriations:									
GENERAL	450	459	1,600	1,867	1,867	2,022	2,022		
Total Financing	450	459	1,600	1,867	1,867	2,022	2,022		

BUDGET ACTIVITY SUMMARY

Budget Activity: TRAVEL FOR HOME-BASED SERVICES
Program: SPECIAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING
State Citation: M.S. 125A.75, Subd. 1
Federal Citation: P.L. 95-17, 42 U.S.C. Part C

ACTIVITY PROFILE:

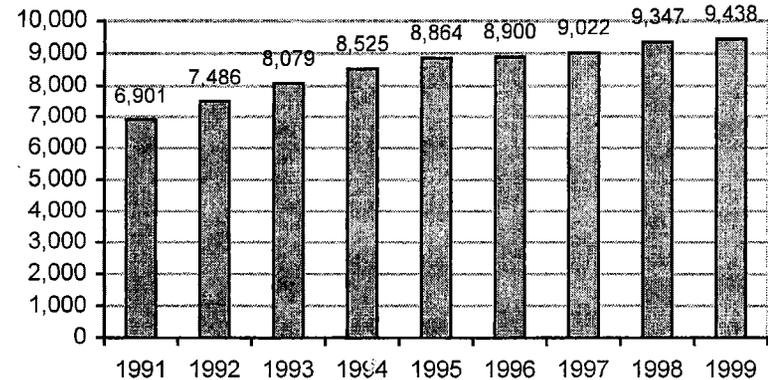
Travel for home-based services assures that all individuals from birth through age four with disabilities, and their families, have access to early childhood special education intervention services. Specifically, this program assists school districts with travel costs for early childhood special education staff delivering services to children and their families in the home and at early childhood education center based sites within the community.

- M.S. 125A.03 mandates special education services begin at birth for children with disabilities.
 - For very young children, special education services consist of consultation with parents and parent training, as well as direct services to the child.
 - Home-based travel aid assures that services are available in a variety of settings and that training and services can be delivered in the home or in settings most appropriate for the child and family.
- Home based travel assists the parents to be more involved in children's learning, development, and readiness for K-12 education. Also, it provides the readiness in the child's more natural setting of the home or center-based services.

STRATEGIES AND PERFORMANCE:

- As the following graph indicates, the number of children, from ages birth through age four, identified as having disabilities and receiving special education services increased from 6,901 in FY 1991 to 9,438 in FY 1999. The majority of these services are provided in the child's home or in a center-based site in the community.
- Expenditures reported by districts for home-based travel services have increased gradually over the last six years, from \$174,000 in FY 1993 to \$193,824 in FY 1999.

**Number of Preschool Children (Age 0-4)
Receiving Special Education Services**



FINANCING INFORMATION:

- This program is funded with state and federal dollars.
- The state pays 50% of the cost for necessary travel of essential personnel providing home-based services to children under age five and their families.
- Federal funding under the Individuals with Disabilities Education Act (IDEA), (P.L. 95-17) (Budget Activity 0301), the Preschool Incentive program (P.L. 95-17, Sec. 619) (Budget Activity 3201), and the Infants and Toddlers program (Budget Activity 0915) (42 U.S.C. Part C) may also be used for this purpose.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$135,000 for FY 2002 and \$138,000 for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$135,000 in FY 2002 (\$13,000 for FY 2001 and \$122,000 for FY 2002) and \$138,000 in FY 2003 (\$13,000 for FY 2002 and \$125,000 for FY 2003).

Activity: Special Education Home-Based Travel
Program: Special Program

Budget Activity Summary Dollars in Thousands		Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
<i>AID</i>	1. Statutory Formula Aid	127	130	135	138		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	127	130				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	127	130	135	138	16	6.23%
	6. Governor's Recommended Aid Change(s)			0	0		
	7. Governor's Aid Recommendation	127	130	135	138	16	6.23%
<i>plus</i>							
<i>LEVY</i>	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)			0	0		
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
<i>REVENUE</i>	11. Current Law Revenue (Total of Aid & Levy)	127	130	135	138	16	6.23%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	127	130	135	138	16	6.23%
Appropriations Basis for State Aid							
	Prior Year (10%)	11	13	13	13		
	Current Year (90%)	114	117	122	125		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	125	130	135	138		

BUDGET ACTIVITY SUMMARY

Budget Activity: SPECIAL EDUCATION-EXCESS COSTS
Program: SPECIAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 125A.79

ACTIVITY PROFILE:

- Special Education – Excess Cost 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 budget. High concentrations of special education students can create similar problems in larger school districts. The special education excess cost aid provides a safety net to mitigate the impact of unreimbursed special education costs on school district general fund budgets.
- Excess Cost Aid provides school districts with assistance for extraordinary special education and related services. These high costs have traditionally been taken from the general fund, preventing districts from having smaller classes and improved curriculum.
- For FY 2001, a district's special education excess cost aid equals the greatest 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.
- Beginning in FY 2002, the state total excess cost aid equals the product of the state total excess cost aid in the previous year, times the program growth factor, times the ratio of the state total average daily membership (ADM) in the current year to the state total ADM in the previous year.
- The program growth factor equals 1.044 for FY 2002 and 1.02 for FY 2003 and later. A district's initial excess cost aid is computed using the formula in effect for FY 2001. A district's actual excess cost aid equals its initial and times the ratio of the state target for excess cost aid to the state total initial excess cost aid.
- This program was enacted in 1993, replacing the special education residential aid program. This change recognized an ongoing decrease in the number of students with disabilities attending residential facilities, and

an offsetting increase in district costs for special education services because of the participation of these students in district-operated programs.

- In FY 1995, the first year of the program, the revenue was equal to 70% of the difference between a district's unreimbursed special education cost and 6.0% of the district's general revenue.
- Beginning in FY 1997, the deduction used in computing the revenue was decreased from 6.0% of general revenue to 5.7% of general revenue, excluding transportation sparsity revenue and operating capital revenue. This was intended to compensate for the roll-in of transportation and operating capital funding into the general education program.
- Beginning in FY 1997, special education court placement revenue and tuition revenue was repealed, and an alternate formula was added for computing excess cost revenue. Under the revised formula, a district's excess cost revenue equals the greater of
 - the old formula amount, or
 - 70% of the increase in the district's unreimbursed special education cost between the second prior year (used as base year for special education revenue calculations) and the current year, and 1.6% of the district's general revenue, excluding transportation sparsity revenue and operating capital revenue.
- Beginning in FY 1999, transportation funding for students with a disability is rolled into the special education formula, and the excess cost of transporting these students is 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.
- The table below shows the state total amount of excess cost revenue for FY 1995 through FY 1999, and the numbers of districts participating in the program each year:

Special Education Excess Cost Revenue
FY 1995 - FY 1999

	Dollars in Millions					Est.
	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Total Revenue	\$5.9	\$10.7	\$9.8	\$15.4	\$31.0	\$67.7
Number of Districts	71	44	113	173	202	274

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: SPECIAL EDUCATION-EXCESS COSTS
Program: SPECIAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING

- Since FY 1996, the total state special education revenue has been set in law. The growth in special education excess cost revenue since FY 1995 is largely attributable to faster growth in special education expenditures than in state total special education revenue during this period.

STRATEGIES AND PERFORMANCE:

- 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 residential aid, court placement, and tuition revenue programs.

FINANCING INFORMATION:

- Beginning in FY 2000, this program is funded entirely with state aid.
- From FY 1996 through FY 1999, this program was funded with state aid and local levies. The aid portion was set at 60% of the revenue for FY 1996, 70% for FY 1997, 80% for FY 1998, and 90% of the revenue for FY 1999.

BUDGET ISSUES:

The need for excess cost revenue will continue to increase if the growth in special education expenditures continues to exceed the growth in state total special education revenue.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$97.612 million for FY 2002 and \$99.441 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$97.21 million in FY 2002 (\$9.358 million for FY 2001 and \$87.852 million for FY 2002) and \$99.258 million in FY 2003 (\$9.760 million for FY 2002 and \$89.498 million for FY 2003).

Activity: Excess Cost Aid
Program: Special Programs

Budget Activity Summary Dollars in Thousands		Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
<i>AID</i>	1. Statutory Formula Aid	67,726	93,580	97,612	99,441		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	67,726	93,580				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	67,726	93,580	97,612	99,441	35,747	22.16%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	67,726	93,580	97,612	99,441	35,747	22.16%
<i>plus</i>							
<i>LEVY</i>	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
<i>REVENUE</i>	11. Current Law Revenue (Total of Aid & Levy)	67,726	93,580	97,612	99,441	35,747	22.16%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	67,726	93,580	97,612	99,441	35,747	22.16%
Appropriations Basis for State Aid							
	Prior Year (10%)	4,693	6,815	9,358	9,760		
	Current Year (90%)	60,911	84,222	87,852	89,498		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	65,604	91,037	97,210	99,258		

BUDGET ACTIVITY SUMMARY

Budget Activity: LITIGATION COSTS
Program: SPECIAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 125A.75, Subd. 8

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$375,000 for FY 2002 and \$375,000 for FY 2003, with carryforward authority.

ACTIVITY PROFILE:

- This program increases the efficiency of special education programs by encouraging districts to make program decisions based on student educational needs and not based on fear of high litigation costs.
- This program was enacted by 1998 legislature, effective 07-01-98, and was amended by the 1999 legislature to discontinue payment of attorney fees.
- Some school districts felt pressure to provide more special education services than necessary to avoid significant litigation costs. By assisting districts with litigation costs, this program is intended to reduce the impact of potential litigation as a factor driving program decisions and to allow decisions to focus more directly on student educational needs.
- Districts are eligible for reimbursement of administrative hearing costs.
- The administrative costs of special education hearings, including the following items, are eligible for 100% reimbursement:
 - hearing officer fees
 - court reporter fees
 - mileage costs
 - independent evaluations ordered by the hearing officer
 - rental of hearing rooms
 - transcription fees
 - interpreter and transliterator fees

STRATEGIES AND PERFORMANCE:

- In FY 1999, 14 school districts accessed the litigation funds for a total of \$542,911.

FINANCING INFORMATION:

- This program is funded with state aid.
- If the amount appropriated is insufficient to fully fund the aid for hearing and litigation costs, the aid will be prorated.

Activity: LITIGATION COSTS FOR SPEC EDUC
 Program: SPECIAL EDUCATION
 Agency: CHILDREN, FAMILIES & LEARNING

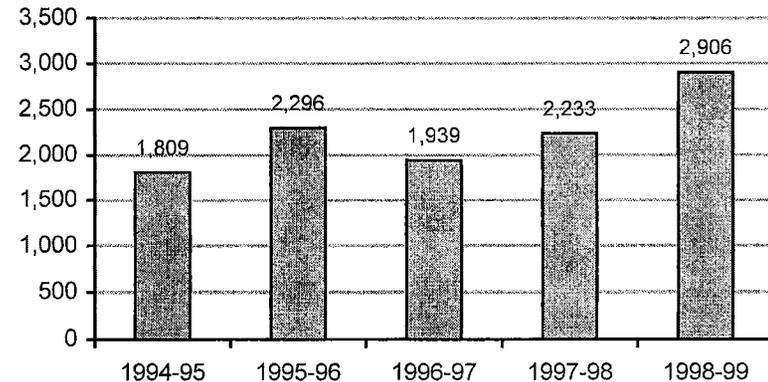
Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	543	375	375	375	375	375	375	0	0.0%
Total Expenditures	543	375	375	375	375	375	375	0	0.0%
Financing by Fund:									
Direct Appropriations:									
GENERAL	543	375	375	375	375	375	375		
Total Financing	543	375	375	375	375	375	375		

BUDGET ACTIVITY SUMMARY

Budget Activity: SECONDARY VOCATIONAL STUDENTS WITH DISABILITIES
Program: SPECIAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.454

FINANCING INFORMATION:

Total Program Enrollment



ACTIVITY PROFILE:

- The program provides additional funding for career and technical experiences/programs that provide career exploration, healthy work attitudes, specific knowledge, and job skills for students with disabilities.
- The objective of the program is to provide students with opportunities to
 - explore career choices;
 - acquire entry-level skills;
 - learn problem-solving and communication skills appropriate to the individual education plan and employment standards;
 - gain experience in the use of equipment that will be used in his/her chosen field of study; and
 - gain work experience in a real-world setting.

STRATEGIES AND PERFORMANCE:

- This program serves students who meet state disability eligibility criteria according to M.S. 125A.02. Examples of special services offered to aid in career and technical student success are assessment of aptitude, abilities, and support needs; interpreters; career assessment; community-based work experience; and technical tutors.
- A student with a disability may be served in his/her district of residence, by cooperative efforts with other districts, or through formally organized intermediate districts or cooperatives.
- The resident district is responsible for costs of a student's education and receives state revenues according to the state formula.
- School districts, intermediate districts, cooperatives, and other educational organizations must have approval to qualify for funding and must use appropriately licensed staff to qualify for program funding.

- State transition-disabled revenue is based on expenditures in the second prior year (base year). The base revenue resulting from the base year expenditures equals the sum of the following:
 - 68% of salaries of essential personnel providing direct instructional services;
 - 52% of the difference between an approved contract and basic revenue for that student for the fraction of the school day the student receives services;
 - 47% of necessary equipment;
 - 47% of teacher travel between instruction sites;
 - 47% of supplies not to exceed an average of \$47 per student with a disability;
 - 52% of the contract amount for services by an organization, other than a Minnesota school district or cooperative, that are supplemental to the district education program; and
 - 52% of the contract for vocational evaluation of students not yet enrolled in 12th grade.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: SECONDARY VOCATIONAL STUDENTS WITH
DISABILITIES
Program: SPECIAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING

- The adjusted base year revenue equals the base revenue times the ratio of the district's average daily membership (ADM) for the current year to the district's ADM in the base year.
- If the district base year revenue is zero, the current year revenue calculation is based on formula percentages applied to current year expenditures.
- The state total transition-disabled revenue is set in statute at \$8.982 million for FY 2000 and \$8.966 million for FY 2001. For later years, the state total revenue equals the state total transition-disabled revenue for the previous year, times a growth factor, times the ratio of state total ADM for the current year to the state total ADM for the previous year.
- A school district's transition-disabled revenue equals the state total transition-disabled revenue, less new district revenue, times the ratio of the school district's adjusted base transition-disabled revenue to the state total adjusted base transition-disabled revenue.
- For FY 1999 and earlier, this program was funded with a combination of state aid and local property tax levies. Beginning in FY 2000, this program is funded entirely with state aid.

BUDGET ISSUES:

There is a continuing need to provide career and technical education opportunities and school-to-work experiences to students to provide opportunities for future employment.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$8.958 million for FY 2002 and \$8.947 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$8.959 million in FY 2002 (\$896,000 for FY 2001 and \$8.063 million for FY 2002) and \$8.948 million in FY 2003 (\$895,000 for FY 2002 and \$8.053 million for FY 2003).

Activity: Secondary Vocational Disabled
Program: Special Programs

Budget Activity Summary Dollars in Thousands		Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
<i>AID</i>	1. Statutory Formula Aid	8,982	8,966	8,958	8,947		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	8,982	8,966				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	8,982	8,966	8,958	8,947	(43)	-0.24%
	6. Governor's Recommended Aid Change(s)			0	0		
	7. Governor's Aid Recommendation	8,982	8,966	8,958	8,947	(43)	-0.24%
<i>plus</i>							
<i>LEVY</i>	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
<i>REVENUE</i>	11. Current Law Revenue (Total of Aid & Levy)	8,982	8,966	8,958	8,947	(43)	-0.24%
	a. Subtotal - Governor's Revenue Change			0	0		
	 b. Governor's Revenue Recommendation	8,982	8,966	8,958	8,947	(43)	-0.24%
Appropriations Basis for State Aid							
	Prior Year (10%)	808	898	896	895		
	Current Year (90%)	8,084	8,070	8,063	8,053		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	8,892	8,968	8,959	8,948		

BUDGET ACTIVITY SUMMARY

Budget Activity: COURT PLACED SPECIAL EDUCATION REVENUE
Program: SPECIAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 125A.79, Subd. 4

ACTIVITY PROFILE:

- This program was enacted in 1998 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.
- Minnesota school districts providing special education services to court-placed students with disabilities are assured that they will receive revenue for services provided if out-of-state agencies fail to pay tuition bills.

STRATEGIES AND PERFORMANCE:

- The first year of operation for this program was FY 1999, with 16 students eligible for the state aid under this program.
- The second year data (FY 2000) has not been finalized.
- To be eligible for this revenue, districts must demonstrate that they have admittance procedures designed to identify the agency responsible for the education costs, and get commitment for payment of tuition from the agency prior to admitting the student into the program.

FINANCING INFORMATION:

This program is funded with state aid.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$350,000 for FY 2002 and \$350,000 for FY 2003, with carryforward authority.

Activity: COURT PLACED SPEC ED REVENUE
 Program: SPECIAL EDUCATION
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	31	350	350	350	350	350	350	0	0.0%
Total Expenditures	31	350	350	350	350	350	350	0	0.0%
Financing by Fund:									
Direct Appropriations:									
GENERAL	31	350	350	350	350	350	350		
Total Financing	31	350	350	350	350	350	350		

BUDGET ACTIVITY SUMMARY

Budget Activity: OUT OF STATE TUITION SPECIAL EDUCATION
Program: SPECIAL EDUCATION
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 125A.79, Subd. 8

ACTIVITY PROFILE:

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.

STRATEGIES AND PERFORMANCE:

- The resident school district submits the balance of the tuition bills, minus the amount of the basic revenue of the district for the child and the special education aid, and any other aid earned on behalf of the child to the agency for payment.
- The first year of operation of this program was FY 2001, and no data is available as to the number of students and costs of this program.

FINANCING INFORMATION:

This program is funded with state aid.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$250,000 for FY 2002 and \$250,000 for FY 2003.

Activity: OUT OF STATE TUITION SPEC EDUC
 Program: SPECIAL EDUCATION
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	0	0	250	250	250	250	250	250	100.0%
Total Expenditures	0	0	250	250	250	250	250	250	100.0%
Financing by Fund:									
Direct Appropriations:									
GENERAL	0	0	250	250	250	250	250	250	
Total Financing	0	0	250	250	250	250	250	250	

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PROGRAM SUMMARY

Program: **FACILITIES AND TECHNOLOGY**
Agency: **CHILDREN, FAMILIES & LEARNING**

PROGRAM PROFILE:

Facilities and Technology revenues help school districts to provide safe and healthy learning environments for students and to provide current technology for education. Aging facilities, excess or insufficient classroom space, issues of accessibility and air quality, and creating and maintaining technology systems are some of the challenges currently facing school districts. The activities in this program, including health and safety revenue, debt service and alternative facilities revenues, interactive television revenue, and telecommunications access revenue, seek to address these and other capital facilities issues.

The majority of the district revenues in this program are a combination of state aid and local levy. School districts having lower property wealth per pupil unit receive a greater amount of state aid per dollar of local levy contributed than do districts having higher property wealth per pupil unit. Most of the debt instruments used to finance building and renovation projects require voter approval.

These activities address the Governor's Big Plan for Healthy and Vital Communities, contributing to the goal of the "Best K-12 Public Education in the Nation" by providing appropriate and safe environments conducive to learning, and by providing technology appropriate to education. The technology activities also address the goal of connected communities; providing the means to connect students and the community to the world.

The activities in this program contribute directly to the CFL agency indicator of the percentage of schools with student access to high speed Internet connections.

Program: FACILITIES & TECHNOLOGY
 Agency: CHILDREN, FAMILIES & LEARNING

Program Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Activity:									
HEALTH & SAFETY AID	13,076	14,515	14,900	15,000	15,000	14,550	14,550	135	0.5%
DEBT SERVICE EQUALIZATION	33,994	32,629	29,029	26,178	26,178	23,572	30,522	(4,958)	(8.0%)
INTERACTIVE TELEVISION REVENUE	6,027	4,194	2,761	1,366	1,366	123	123	(5,466)	(78.6%)
ALTERNATIVE FACILITIES AID	14,717	18,855	19,202	19,280	19,280	19,287	19,287	510	1.3%
TELECOMMUNICATION ACCESS REVENUE	0	0	16,668	18,520	18,520	1,852	1,852	3,704	22.2%
TORNADO PUPIL LOSS	200	75	115	173	173	91	91	74	38.9%
FLOOD RELATED PUPIL LOSS	12,771	2,087	1,627	921	921	0	0	(2,793)	(75.2%)
FEDERAL TECHNOLOGY PROGRAMS	3,238	5,267	4,670	4,115	4,115	4,115	4,115	(1,707)	(17.2%)
Total Expenditures	84,023	77,622	88,972	85,553	85,553	63,590	70,540	(10,501)	(6.3%)
Change Items:									
	Fund								
(B) DEBT EQUALIZATION/CAPITAL RESTRUCTURING	GEN							6,950	
Total Change Items								6,950	
Financing by Fund:									
Direct Appropriations:									
GENERAL	80,785	72,355	84,302	81,438	81,438	59,475	66,425		
Statutory Appropriations:									
FEDERAL	3,238	5,267	4,670	4,115	4,115	4,115	4,115		
Total Financing	84,023	77,622	88,972	85,553	85,553	63,590	70,540		

BUDGET ACTIVITY SUMMARY

Budget Activity: HEALTH AND SAFETY AID
Program: FACILITIES AND TECHNOLOGY
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 123B.57

ACTIVITY PROFILE:

- The Health and Safety program is based upon the premise that our children need an environmentally safe and a healthy learning environment that is in reasonable repair. This program is an integral part of ensuring that our students and staff are provided with an acceptable learning environment. If facility maintenance and upkeep are inadequate, the learning process may be impeded as student attentiveness and morale may be negatively impacted. The goal of providing the best public education in the nation is difficult to achieve if our educational facilities do not at least meet the basic standards established in law and building code.
- The program addresses a wide array of areas impacting environments, including the following:
 - asbestos, removal or encapsulation of asbestos;
 - 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.
- Program expenditures on hazardous substances and fire safety have leveled off in recent years. However, the costs associated with improving indoor air quality are expected to continue increasing. Inadequate ventilation systems and the formation of mold due to water intrusion are the two main culprits that significantly reduce indoor air quality.
- Program revenue may be used for repairs in any existing public school building (charter schools are not included, since they are statutorily prohibited from owning property or buildings). However, the district must own or have contractually agreed to purchase (lease-purchase) any building or facility where program-funded improvements are being made. New construction and portable classrooms are not eligible for funding.
- Health and Safety is a pay-as-you-go program, and revenues cannot be used to make principal and/or interest payments on any other debt instrument, with the exception of calamity bonds.

- The predecessor to the program originally debuted in 1985 as a hazardous substance removal program. Through the program, school districts received up to \$25 per pupil unit for the removal, encapsulation, or cleanup of hazardous substances, including asbestos, PCBs, and transportation fuels.
- 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. Program additions were made as follows:
 - In FY 1994, costs for environmental management and physical hazards.
 - In FY 1998, costs related to the Indoor Air Quality in Schools Act.
 - In FY 2001, member district's share of the three intermediate (cooperative) district's health and safety costs.

STRATEGIES AND PERFORMANCE:

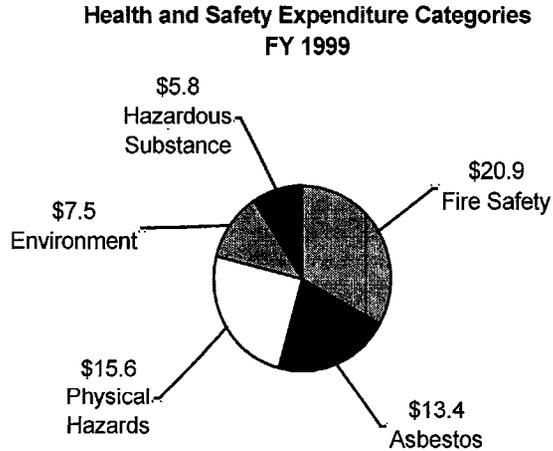
- Health and Safety revenue is funded through a combination of state aid and local property tax levies. For FY 2000 and later years, the state and local shares of Health and Safety revenue are determined using an equalizing factor of \$3,956. The local share equals the product of the revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per weighted average daily membership to \$3,956.
- A district's Health and Safety revenue authority in a given year equals the difference between
 - the cumulative total approved cost for the district's Health and Safety program from FY 1985 through the current fiscal year;
 - the cumulative amount received by the district from FY 1985 through the prior fiscal year for Health and Safety from the Health and Safety aid and levy and other federal, state, or local funds; and
 - if Health and Safety aid is prorated due to insufficient appropriations, a district may levy an additional amount equal to the amount not paid due to proration.

FINANCING INFORMATION:

- A breakdown of Health and Safety Expenditures by category is provided in the pie chart on the following page. Indoor air quality expenditures are included under physical hazards for FY 1999.

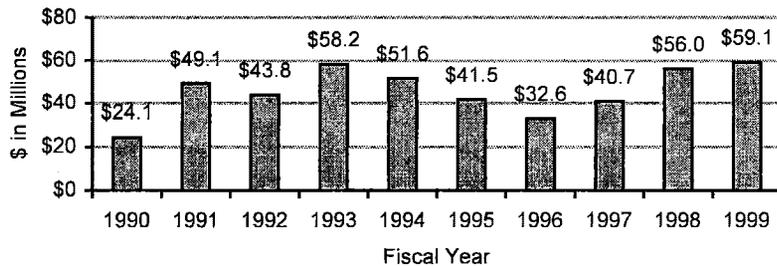
BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: HEALTH AND SAFETY AID
Program: FACILITIES AND TECHNOLOGY
Agency: CHILDREN, FAMILIES & LEARNING



Health and Safety revenues have been climbing steadily since FY 1996, as illustrated in the chart below. Future expectations are illustrated by the state-local share table. Total revenues are expected to approach the \$90 million dollar mark by FY 2003. Local taxpayers will bear the brunt of increasing program expenditures, while state aid is expected to slowly decrease into FY 2003.

Health & Safety Revenue



State-Local Share

	Dollars in Thousands				
	FY 1999	Est. FY 2000	Est. FY 2001	Est. FY 2002	Est. FY 2003
Total Revenue					
Amount	\$59,100	\$72,000	\$79,500	\$86,500	\$87,000
# of Districts	312	322	325	327	328
Levy					
Amount	\$46,000	\$57,000	\$65,000	\$73,000	\$73,500
# of Districts	311	322	324	326	328
State Aid					
Proration	1.0	1.0	1.0	1.0	1.0
Amount	\$13,100	\$15,000	\$14,000	\$14,000	\$13,500
# of Districts	254	246	236	230	227

BUDGET ISSUES:

Public awareness of health and safety issues continues to increase and indoor air quality is paramount. As an increasing number of school districts address indoor air quality issues, expenditures are expected to continue climbing. Estimated expenditures for indoor air quality are \$10 million for FY 2001, \$12 million for FY 2002 and \$15 million for FY 2003.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$15 million for FY 2002 and \$14.5 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$15 million in FY 2002 (\$1.5 million for FY 2001 and \$13.5 million for FY 2002) and \$14.55 million in FY 2003 (\$1.5 million for FY 2002 and \$13.05 million for FY 2003).

Activity: Health and Safety Revenue

Program: Facilities and Technology

Budget Activity Summary Dollars in Thousands		Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
<i>AID</i>	1. Statutory Formula Aid	14,500	15,000	15,000	14,500		
	2. Statutory Excess/(Shortfall)	(500)					
	3. Appropriated Entitlement	14,000	15,000				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)	500					
	5. State Aid Entitlement under Current Law	14,500	15,000	15,000	14,500	0	0.00%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	14,500	15,000	15,000	14,500	0	0.00%
<i>plus</i>							
<i>LEVY</i>	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
<i>REVENUE</i>	11. Current Law Revenue (Total of Aid & Levy)	14,500	15,000	15,000	14,500	0	0.00%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	14,500	15,000	15,000	14,500	0	0.00%
Appropriations Basis for State Aid							
	Prior Year (10%)	1,415	1,400	1,500	1,500		
	Current Year (90%)	12,600	13,500	13,500	13,050		
	Transfers per M.S. 127A.41, subdivision 8 & 9	500					
	Total State Aid - General Fund	14,515	14,900	15,000	14,550		

BUDGET ACTIVITY SUMMARY

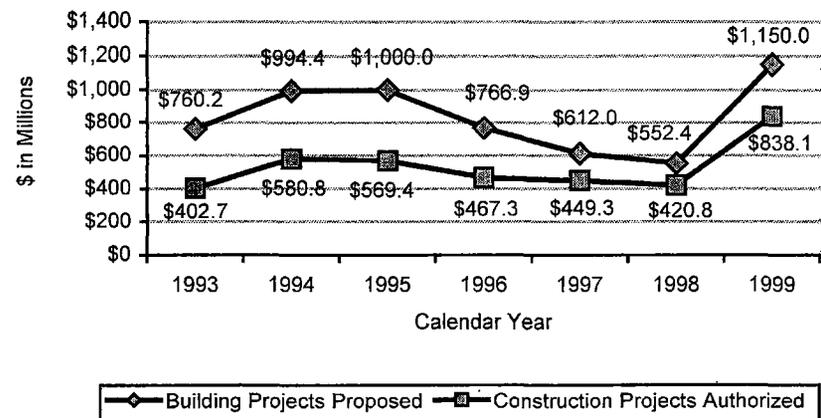
Budget Activity: DEBT SERVICE EQUALIZATION
Program: FACILITIES AND TECHNOLOGY
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 123B.53; M.S. 123B.55

ACTIVITY PROFILE:

- Debt service revenue ensures that a) all students have access to adequate educational facilities; and b) the local tax effort required for debt service is spread equitably across the state by
 - authorizing school districts to issue bonds for the acquisition or betterment of school facilities, and
 - providing property tax relief to districts with a high debt burden relative to the district tax base and a low tax base per pupil unit.
- In general, school districts must receive approval from a majority of those voting in a school bond referendum before issuing bonds to acquire or improve school facilities. Exceptions include the alternative facilities bonding and levy, and special legislation for Minneapolis and St. Paul.
- Historically, facilities acquisition and betterment was considered solely a local responsibility, and no state aid was provided to equalize debt service levies.
- In 1992, a debt service equalization program was enacted and signed into law:
 - The portion of a district's debt service levy exceeding 10% of the district's ANTC was equalized at 50% of the equalizing factor.
 - A fixed standing appropriation was established to fund the program.
 - For bonds issued after 07-01-92, no equalization was provided for districts not eligible for sparsity revenue that served fewer than 66 students per grade in the grades served by the facility.
 - Funding was phased-in over three years, beginning in FY 1993.
- The 1997 legislature eliminated the minimum enrollment requirement for districts to qualify for equalization for grades K-8, and excluded bonds issued by school districts after 07-01-97 from equalization if the primary purpose of the facility was not to serve K-12 students. The 1997 legislature also authorized the district's local portion (10% of ANTC) and the equalizing factor to be adjusted to offset changes in the property assessment rate classifications.
- The 1999 legislature eliminated the minimum enrollment requirement for districts to qualify for equalization. The 1999 legislature also codified the district's local portion to be 12% of ANTC and the equalizing factor to be \$4,000.

- The graph below shows construction trends over the last seven calendar years. The top line on the graph is the total dollars proposed in that calendar year that received a positive review and comment. The bottom line is the dollar amount approved. The 1999 growth indicated in the table in the approved amount can be attributed to a) a few districts receiving voter approval for large bond issues; b) greater participation in the alternative facilities program; and c) projects funded with a lease levy (lease with an option to purchase).
- For 2000, the building projects proposed will exceed \$1 billion.
- For taxes payable in 1999, 260 of the state's 353 school districts certified a debt service levy. The following portions of a district's required debt service levy qualify for debt service equalization:
 - a. debt service for repayment of principal and interest on bonds issued before 07-02-92;
 - b. debt service for bonds or state loans refinanced after 07-01-92, if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule; and
 - c. debt service for bonds issued after 07-02-92 for construction projects that have received a positive review and comment according to M.S. 123B.71, subd. 8 and the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule.

Minnesota School Construction Trends



BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: DEBT SERVICE EQUALIZATION
Program: FACILITIES AND TECHNOLOGY
Agency: CHILDREN, FAMILIES & LEARNING

STRATEGIES AND PERFORMANCE:

- In 1997, the Department of Children, Families and Learning submitted to the legislature a study titled "Status of School Facilities in Minnesota." The study projected revenue needs 10 years into the future for new construction, rehabilitation, on-going maintenance, accessibility, and technology. The report showed that older buildings are more costly to maintain. The average age of school buildings in the state was 32 years old. Investment in maintenance is required to prevent a need for major expenditures for replacement.
- The 1997 study also showed that 36% of our school buildings are inaccessible to disabled students. Capital expenditures necessary to reach compliance are estimated at \$200 million.
- Many school districts in rural Minnesota have excess space that they must heat and maintain. Cooperative use of those facilities with other entities and additional school district reorganization is needed.
- This program provides greater financial equity among districts than the various capital grant and loan programs and is therefore a preferable model.

FINANCING INFORMATION:

The debt service program includes several components, and is financed through a combination of state aid and local property tax levies:

A. Revenue Components

1. **Required Debt Service Levy** (M.S. 123B.55; 475.61).
 - A school district must levy an amount at least 5% more than that needed for the principal and interest payments for the following fiscal year on its general obligation bonds. The required debt service levy for all years is established and approved by the local school board at the time that bonds are sold.
2. **Maximum Effort Debt Service Levy** (M.S. 126C.63, subd. 8).
 - All districts with an outstanding debt service loan also have an outstanding capital loan.

- Districts with an outstanding state capital loan must levy for debt service a minimum of 24% of the latest ANTC. For the old Askov School District the minimum amount is 21.92% of the latest ANTC.
- However, the maximum effort debt service levy shall not exceed the amount over 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 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.

3. **Required Debt Service Levy for Cooperative Secondary Facilities** (M.S. 123A.443, subd. 1; 475.61).

- Joint powers districts that have issued bonds for cooperative secondary facilities must make a debt service levy for retirement of these bonds.
- This levy is not included for computing debt service equalization aid.

However, all joint powers districts that have issued bonds for cooperative secondary facilities have since consolidated and the levy is included in computing debt service equalization aid.

4. **Required Debt Service Levy for Equipment** (M.S. 123B.61).

- A school district, with the approval of the commissioner and without voter approval, may issue certificates of indebtedness or capital notes to purchase vehicles, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes. The certificates or notes must be payable in not more than five years.
- A school district must levy the amount needed to retire the certificates of indebtedness or capital notes.
- The district's general education levy must be reduced by the amount of the debt service levy for this purpose.
- The sum of the required debt service levy for equipment and the required debt service levy for facilities for each year must not exceed

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: DEBT SERVICE EQUALIZATION
Program: FACILITIES AND TECHNOLOGY
Agency: CHILDREN, FAMILIES & LEARNING

the amount of the district's total operating capital revenue for the year the initial debt service levies are certified.

- This levy is not included for computing debt service equalization aid.

5. Required Debt Service Levy for Facilities (M.S. 123B.62).

- A school district, with the approval of the commissioner and without voter approval, may issue bonds to provide funds for capital improvements to facilities. This bond issue is subject to a reverse referendum. The bonds shall be redeemed within 10 years of issuance.
- The district's general education levy must be reduced by the amount of the debt service levy of this purpose.
- This levy is not included when computing debt service equalization aid.

6. Alternative Facilities Bonding and Levy (M.S. 123B.59, subd. 1).

- Large school districts with over 1,850,000 square feet of space, an average building age of 15 years or older, and a 10-year facility plan approved by the commissioner, may issue bonds or annually levy for health and safety, disabled access, and deferred maintenance projects specified in the approved plan.
- Levies under this program are included in computing debt service equalization aid.
- See the alternative facilities narrative for more information.

7. Energy Conservation (M.S. 126C.40, subd. 5).

- School districts must levy for the amount needed to repay the annual principal and interest on energy conservation loans and other loans approved on or before 03-01-98 under M.S. 216C.37.
- This levy is included in computing debt service equalization aid.
- There is no levy authority for energy conservation loans approved after 03-01-98. Districts receiving these loans must annually transfer from the general fund to the debt redemption fund the amount needed to pay the principal and interest on the loans.

8. Lease Purchase Eligible (M.S. 126C.40, subd. 1).

- 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.

9. Lease Purchase Ineligible (Laws 1995, First Special Session, Ch.. 3, Art. 5, Sec. 9).

- Districts 622, 833, and 834 levy for the acquisition of the Valley Crossing Elementary School in Woodbury. District 622 has special legislation for a lease purchase levy.
- This levy is not included in computing debt service equalization aid.

10. 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.
- The debt excess reduces the revenue eligible for debt service equalization aid.
- 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.

11. Transfer to Debt Redemption Fund (M.S. 126C.10, subd. 14; M.S. 475.65).

- Districts may transfer money by school board resolution from the total operating capital account in the general fund or the building construction fund when the building project is complete. The transfer will increase the debt excess in the debt redemption fund.

12. 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.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: DEBT SERVICE EQUALIZATION
Program: FACILITIES AND TECHNOLOGY
Agency: CHILDREN, FAMILIES & LEARNING

The following table shows the state total amounts and number of districts participating in each of these categories in FY 2001 (taxes payable in 2000).

Debt Service Revenue by Funding Category, FY 2001
(\$ in Thousands)

<u>Funding Category</u>	<u>Total Amount</u>	<u>No. of Districts</u>
A. Revenue Components		
1a. Required Debt Service Levy-Eligible ^{1 2}	\$393,891	255
1b. Required Debt Service Levy-Ineligible	26,177	20
2.a Maximum Effort Levy Above Required ²	226	5
2b. Additional Maximum Effort Levy	986	17
3. Req. Levy for Coop Secondary Facilities	-0-	-0-
4. Req. Debt Service Levy for Equipment	4,610	29
5. Req. Debt Service for Facilities	4,221	41
6a. Elg. Req. Debt Service for Alt. Facilities ^{2 3}	7,234	5
6b. Inelg. Req. Debt Serv. Levy for Alt. Fac.	2,820	4
6c. Alt. Facilities Annual Levy ^{2 4}	22,341	8
7. Energy Conservation ²	2,700	115
8. Lease Purchase-Eligible ²	29,942	4
9. Lease Purchase-Ineligible	2,007	3
10a. Net Debt Excess-Eligible	(25,602)	111
10b. Net Debt Excess-Ineligible	(741)	22
11. Transfer to Debt. Redemp. Fund	Incl in Excess	N/A
12. Debt Service Loan ²	-0-	-0-
13. Gross Equalization Revenue ⁴	430,732	269
B. Funding Sources		
1. Debt Service Equalization Revenue	92,639	158
2. Debt Service Equalization Aid	28,854	145

- Districts receiving a debt service loan are required to levy an amount at least equal to the maximum effort debt service levy until the loan is retired.

13. Gross Equalization Revenue (M.S. 123B.53, subd. 1).

- This revenue equals the sum of the following:
 - the greater of the eligible required debt service levy or the maximum effort debt service levy, plus
 - the gross annual (pay as you go) alternative facilities levy, plus
 - the energy conservation levy, plus
 - the eligible lease purchase levy, minus
 - the net debt excess for eligible components, minus
 - the debt service loan.

B. Funding Source

1. Debt Service Equalization Revenue (M.S. 123B.53, subd. 1).

- A district's debt service equalization revenue equals the gross equalization revenue from #13 above, minus an amount equal to 12% of the district's ANTC.

2. Debt Service Equalization Aid (M.S. 123B.53, subd. 1).

- The unadjusted equalized debt service levy is equal to the district's debt service equalization revenue times the lesser of one or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the second year prior to the year the levy is certified; to \$4,000.
- A district's debt service equalization aid is the difference between the debt service equalization revenue and the equalized debt service levy. A district's debt service aid may be prorated. If prorated, the equalized debt service levy is increased for the aid proration.

¹ Includes net taconite debt service levy. Excludes Alternative Facilities debt service levy (see line 6a).

² Included in computation of Gross Equalization Revenue

³ Net amount after alternative facilities aid – see Budget Activity 0404

⁴ Sum of lines 1a, 2, 6a, 6c, 7, 8, 10a, and 12.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: DEBT SERVICE EQUALIZATION
Program: FACILITIES AND TECHNOLOGY
Agency: CHILDREN, FAMILIES & LEARNING

BUDGET ISSUES:

- Net debt service levy limitations are on the increase. State totals for the last three years are as follows: (\$ in thousands):

	<u>PAY 98</u>	<u>PAY 99</u>	<u>PAY 00</u>
Voter approved	287,172	317,113	337,985
Other	<u>55,939</u>	<u>63,607</u>	<u>85,118</u>
TOTAL	343,111	380,720	423,103

- The state share of gross debt service revenue eligible for equalization declined from 11.6% in FY 1995 to 6.7% in FY 2001 as tax capacities have increased, while the equalizing factor has remained essentially constant.

GOVERNOR'S RECOMMENDATION:

Based on current law, the Governor recommends an aid entitlement of \$25.904 million for FY 2002. With the debt restructuring initiative, the Governor recommends an aid entitlement of \$31.013 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$26.178 million in FY 2002 (\$2.864 million for FY 2001 and \$23.314 million for FY 2002), and \$30.502 million in FY 2003 (\$2.590 million for FY 2002 and \$27.912 million for FY 2003).
- The Governor recommends an additional increase of \$21.635 million for the debt service aid entitlement for FY 2003 as part of the tax plan.

Activity: Debt Equalization Revenue
Program: Facilities and Technology

Budget Activity Summary Dollars in Thousands		Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
<i>AID</i>	1. Statutory Formula Aid	32,499	28,638	25,904	23,313		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	32,499	28,638				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	32,499	28,638	25,904	23,313	(11,920)	-19.50%
	6. Governor's Recommended Aid Change(s)						
Education Aid							
a. Increase in Debt Service Aid				7,700			
Tax Reform Changes							
b. Increase Debt Service Aid				21,635			
c. Subtotal - Governor's Aid Changes			0	29,335			
7. Governor's Aid Recommendation		32,499	28,638	25,904	52,648	17,415	28.49%
<i>plus</i>							
<i>LEVY</i>	8. Local Levy under Current Law	369,072	401,004	469,000	529,000	227,924	29.60%
	9. Governor's Recommended Levy Change(s)						
	a. Decrease Debt Equalization Levy				(21,635)		
	b. Subtotal - Governor's Levy Changes			0	(21,635)		
10. Governor's Levy Recommendation	369,072	401,004	469,000	507,365	206,289	26.79%	
<i>equals</i>							
<i>REVENUE</i>	11. Current Law Revenue (Total of Aid & Levy)	401,571	429,642	494,904	552,313	216,004	25.99%
	a. Subtotal - Governor's Revenue Change			0	7,700		
	b. Governor's Revenue Recommendation	401,571	429,642	494,904	560,013	223,704	26.91%
Appropriations Basis for State Aid*							
Prior Year (10%)		3,385	3,255	2,864	2,590		
Current Year (90%)		29,244	25,774	23,314	27,912		
Transfers per M.S. 127A.41, subdivision 8 & 9							
Total State Aid - General Fund		32,629	29,029	26,178	30,502		

*Appropriations reflect Education Aid only in line 6a. Tax Reform costs are carried in the Tax bill. In the absence of tax reform, the cost of the Education Aid proposal would increase by the amount in line 6b.

BUDGET CHANGE ITEM

Agency: CHILDREN, FAMILIES & LEARNING

Item Title: DEBT EQUALIZATION/CAPITAL RESTRUCTURING

	2002-03 Biennium		2004-05 Biennium	
	FY 2002	FY 2003	FY 2004	FY 2005
Expenditures: (\$000s)				
General Fund				
-State Operations	\$-0-	\$-0-	\$-0-	\$-0-
-Grants	\$-0-	\$6,930	\$11,075	\$14,825
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				
If yes, statute(s) affected:				
<input type="checkbox"/> New Activity <input checked="" type="checkbox"/> Supplemental Funding <input type="checkbox"/> Reallocation				

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$6.93 million to create a simpler, more equitable system of state support for school construction in districts with low property valuations, which is better aligned with the state's basic support system for school construction – debt service equalization.

Specifically:

- The need for the maximum effort loan program and the number of potential new loans would be substantially reduced by
 - enhancing the debt service equalization program, and
 - increasing the gross bonding limit and the capital loan threshold.
- The capital loan program for new loans would also be restructured to align the payback process with the debt service equalization program.

Enhanced Debt Service Equalization:

- Beginning with taxes payable in 2002, the equalizing factor for the current debt equalization program would be increased from \$4,000 to \$5,000 and add a second tier to the debt service equalization program using an equalizing factor of \$9,000.
- Second tier debt service equalization would be limited to the portion of a district's debt service levy for qualified bonds issued after 07-01-2001, that, when combined with the levy for district bonds issued before 07-02-2001,

eligible for equalization, exceeds 20% of the district's Adjusted Net Tax Capacity (ANTC).

- To qualify for enhanced debt service equalization, a school construction project must meet all of the criteria in current law for regular debt service equalization, plus the following additional criteria:
 - Facilities will have a useful public purpose for at least the term of the bonds.
 - The district is projected to have adequate funds in its operating budget to support a quality education for its students for at least the next five years.
 - A comprehensive technology plan is in place.
 - The performance of the students indicates that the district is providing a quality educational program for the students it serves.
- Children, Families & Learning would review and approve a district's application for enhanced debt service equalization for new bond issues.
- For districts currently participating in the maximum effort school loan program, current contracts and obligations are continued, and any new levies qualifying for enhanced debt service equalization are on top of existing obligations.

Increasing the Gross Bonding Limit and the Capital Loan Threshold:

- The gross bonding limit would increase from 10% of market value to 10% X Adjusted Net Tax Capacity (ANTC).
- The capital loan threshold would increase from 363% of ANTC to 10% X ANTC.

Modified Capital Loan Program:

With enhanced debt service equalization, the need for new capital loans would be limited to a very few school districts with extremely low ANTC.

For this limited number of new capital loans, establish to determine the amount to be repaid by the district. The formula will include the following:

- State continues to issue bonds as in current system and make payments for construction costs.
- Establish a bond schedule, reflecting the principal and interest paid by the state on the portion of the state bonds attributable to the district's loan.
- The amount to be levied each year and repaid to the state (by reducing other state aid payments due the district) would equal the annual principal and interest on the district's portion of the state bonds, times the ratio of the district's ANTC per pupil unit to the equalizing factor for the program (e.g., \$9,000). For example, if a district's ANTC/PU is \$2,250, it pays ¼ of the annual principal and interest.
- For districts currently participating in the maximum effort school loan program, there is no change in current contracts and procedures. Debt service for any

BUDGET CHANGE ITEM (53333) (Continued)

Agency: CHILDREN, FAMILIES & LEARNING

Item Title: DEBT EQUALIZATION/CAPITAL RESTRUCTURING

new loans issued to these districts is over and above the district's obligations for existing loans.

RATIONALE:

- The current facilities funding system is too complex and relies too heavily on the inefficient and inequitable maximum effort school loan process.
- While the debt service equalization program was intended to minimize the need for capital loans, demand for this program has increased in recent years as the state share of debt service funding has declined.
- State debt service equalization aid has declined despite a continued increase in debt service costs because the guaranteed tax base ("equalizing factor") for debt service equalization has been frozen, while the Adjusted Net Tax Capacity per pupil unit for school districts has increased as a result of inflation and declining enrollment.
- The current school district bonding limit was set before debt equalization was introduced, and should be adjusted to more accurately reflect bonding capacity after the state share is deducted from debt service levies. ANTC is a better measure of bonding capacity than market value, since it reflects the actual tax base of the district used to spread levies.
- Enhanced debt service equalization will permit school districts to bond for a higher amount locally (with voter approval) without making an excessive debt service levy. This will eliminate the need for new capital loans, except for a few districts with extremely low tax capacity.
- The proposed changes will align state support for school construction in low valuation districts with the state's basic support program for school construction – debt service equalization.
- The proposed changes will simplify computations and reduce pressure on state's bonding capacity.
- The proposed changes will increase equity by applying a uniform formula to all districts meeting qualifications.
- All districts receiving new capital loans will be required to make some repayment annually, based on their tax capacity. Repayments will be more predictable for the state, incentives under the current program to issue more bonds to avoid repayments to state will be eliminated. The local tax rate will vary directly with size of project, creating incentive for cost containment.

FINANCING:

Debt service on school facilities is financed with a combination of state aid and property tax levies. This proposal would increase the state share of debt service costs beginning in FY 2003, lowering debt service levies. The cost in the general fund will be offset by a substantial reduction in the number of new capital loans, which will reduce state bonding costs.

OUTCOMES:

The system for funding school facilities will be simpler, fairer, and more accountable. Access to quality educational facilities will be more uniform throughout the state. The number of new capital loans will be sharply reduced.

With a more understandable school finance system, citizens will be able to participate more fully in school funding discussions.

IMPACT OF TAX REFORM:

The Governor's tax reform plan increases debt service equalization aid by \$21.635 million in FY 2003 to offset the levy reduction under this proposal.

BUDGET ACTIVITY SUMMARY

Budget Activity: INTERACTIVE TELEVISION REVENUE
Program: FACILITIES AND TECHNOLOGY
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 126C.40, Subd. 4

	Dollars in Thousands				
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Total Revenue					
Amount (Gross)	\$7,109.3	\$8,972.0	\$7,073.7	\$4,392.0	\$2,180.0
Amount (Net)	6,972.3	8,821.8	6,916.9	4,390.0	2,180.0
Districts	218	253	252	250	253
Levy					
Amount	2,848.3	2,945.3	2,858.9	1,789.0	950.0
Districts	218	253	196	218	253
State Aids					
Amount (Gross)	4,625.0	6,026.7	4,214.8	2,603.0	1,230.0
Amount (Net)	4,051.0	4,052.0	4,058.0	2,600.0	1,230.0
Districts	218	218	218	218	218

ACTIVITY PROFILE:

This program facilitates the expansion of program offerings for greater Minnesota students (outside the seven county metropolitan area) by providing funds for the construction, maintenance, and lease costs of interactive television systems for instructional purposes.

STRATEGIES AND PERFORMANCE:

- Approximately 4,000 courses at 250 school districts are offered via interactive television; usually curriculum is for advanced courses.
- Broadening the use of Interactive Television (ITV) revenue has benefited greater Minnesota by allowing districts greater flexibility in purchasing and maintaining instructional technology.

FINANCING INFORMATION:

- A school district located outside the seven county metropolitan area may apply for revenue up to the greater of 0.5% of the adjusted net tax capacity or \$25,000.
- The revenue is being phased out over four years. For FY 2000, the revenue is 75% of the formula maximum. This percentage declines to 50% in FY 2001, 25% in FY 2002, and zero in FY 2003.
- A district's maximum levy equals the product of the maximum revenue times the lesser of one or the ratio of the district's net tax capacity per actual pupil unit to \$8,404.
- A district's maximum aid equals the maximum revenue minus the maximum levy. If a district levies less than the maximum amount, the state aid is reduced proportionately. If capital expenditure ITV aid is prorated, there is no adjustment to the levy for the proration.

BUDGET ISSUES:

The elimination of this program in FY 2003, may limit advanced courses to only those subjects where there is a teacher onsite.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$1.230 million for FY 2002 and \$-0- for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$1.366 million in FY 2002 (\$259,000 for FY 2001 and \$1.107 million for FY 2002) and \$123,000 in FY 2003 (\$123,000 for FY 2002 and \$0 for FY 2003).

Activity: Interactive Television Revenue (ITV)

Program: Facilities and Technology

	Budget Activity Summary Dollars in Thousands	Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
AID	1. Statutory Formula Aid	4,210	2,599	1,230	0		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	4,210	2,599				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	4,210	2,599	1,230	0	(5,579)	-81.94%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	4,210	2,599	1,230	0	(5,579)	-81.94%
<i>plus</i>							
LEVY	8. Local Levy under Current Law	2,556	1,797	1,040	0	(3,313)	-76.11%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	2,556	1,797	1,040	0	(3,313)	-76.11%
<i>equals</i>							
REVENUE	11. Current Law Revenue (Total of Aid & Levy)	6,766	4,396	2,270	0	(8,892)	-79.66%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	6,766	4,396	2,270	0	(8,892)	-79.66%
Appropriations Basis for State Aid							
	Prior Year (10%)	405	421	259	123		
	Current Year (90%)	3,789	2,340	1,107			
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	4,194	2,761	1,366	123		

BUDGET ACTIVITY SUMMARY

Budget Activity: ALTERNATIVE FACILITIES AID
Program: FACILITIES AND TECHNOLOGY
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 123B.59, subd. 1

ACTIVITY PROFILE:

- The alternative facilities program enables large school districts with older buildings to complete deferred maintenance, health and safety and disabled accessibility projects that cannot be completed with other available funds. Alternative facilities revenue may not be used for the construction of new facilities or the purchase of portable classrooms, and must be used for facilities devoted to K-12 education.
- With the exception of Stillwater, only districts with more than 1.85 million square feet of space and an average building age of 15 years or older are eligible to participate. The following districts are currently eligible and participating:

Anoka-Hennepin ²	Bloomington ^{1,2}	Burnsville ²	Duluth ^{1,2}
Minneapolis ¹	North St. Paul ¹	Osseo ²	Robbinsdale ^{1,2}
Rochester ^{1,2}	Rosemount ^{1,2}	St. Cloud ²	St. Paul ¹
South Washington ^{1,2}	Stillwater ¹		

1=debt service levy 2=general fund levy

- To receive alternative bonding revenue for debt service or annual levy revenue, eligible districts must submit a 10-year facility plan to Children, Families and Learning for approval. This plan must describe projects that would be eligible for health and safety revenue, disabled access levy, and deferred capital expenditures and maintenance projects. School board authorization is the only other requirement for a district to bond under this program; voter approval is not required. The district must indicate whether it will issue bonds with a debt service levy, or make an annual general fund levy (pay-as-you go), or some combination of the two options.
- 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. However, if they participated in this program, they were not allowed to receive funding for capital projects under the health & safety program or the disabled access program.
- 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 1996 legislature allowed participating districts to receive funding for capital projects under the health and safety and disabled access programs.
- 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.

STRATEGIES AND PERFORMANCE:

The table below shows the breakdown of total alternative facility aid and levy by fiscal year. Note that the total alternative facility aid includes two components, general alternative facility aid and debt aid on bonded alternative facility debt levy. The general fund alternative facilities levy is reduced for debt service equalization aid.

	Alternative Facilities Revenue (Dollars in Thousands)				
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Debt Levy	\$16,456	-0-	\$ 2,335	\$10,054	\$18,048
Debt Aid	-0-	\$16,387	16,303	16,392	16,456
General Fund Levy	8,361	16,979	18,485	21,800	24,318
Gen. Alt. Fac. Aid	-0-	-0-	2,830	2,817	2,830
Gen. Debt Eq. Aid	1,256	1,039	491	541	120
TOTAL*	\$26,073	\$34,405	\$40,445	\$51,605	\$61,773

* Numbers may not add up due to rounding.

FINANCING INFORMATION:

Levies under this program qualify for debt service equalization.

This program is funded by a combination of state aid and local property tax levies.

- A district's alternative facilities debt service revenue is set by the actual or proposed bond schedule(s). The general fund levy is specified in the latest approved plan.
- A district's alternative facilities aid is the sum of 1) 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 2) 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.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: ALTERNATIVE FACILITIES AID
Program: FACILITIES AND TECHNOLOGY
Agency: CHILDREN, FAMILIES & LEARNING

- The district must establish a separate account under the uniform financial accounting and reporting standards (UFARS) for this program. If the district's levy exceeds the necessary principal and interest payments and non-capital health and safety costs, the district must reserve the revenue to replace future funding authority, prepay bonds authorized under this program, or make payments on principal and interest.

BUDGET ISSUES:

An additional four to five districts are challenging the current qualification standards of 1,850,000 square feet of space with an average age of 15 years or older. Many of these districts experienced significant growth in the 1950s and 1960s and have a large number of buildings of the same vintage and on the same maintenance schedule. Budgeting for major work such as roof replacement, window replacement, and tuck-pointing is difficult unless the district passes a bond referendum to do this work. Until recently, school districts could not save facility revenue for large projects without risking having excess revenues recaptured. Other districts have experienced decline in enrollment and therefore have fewer pupil units generating general education capital facilities revenue for the square footage they own. Not completing necessary maintenance in a timely manner usually results in building damage and increased repair costs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$19.287 million for FY 2002 and \$19.287 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$19.28 million in FY 2002 (\$1.921 million for FY 2001 and \$17.359 million for FY 2002) and \$19.287 million in FY 2003 (\$1.928 million for FY 2002 and \$17.359 million for FY 2003).

Activity: Alternative Facilities Revenue

Program: Facilities and Technology

	Budget Activity Summary Dollars in Thousands	Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
<i>AID</i>	1. Statutory Formula Aid	19,133	19,210	19,287	19,287		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	19,133	19,210				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	19,133	19,210	19,287	19,287	231	0.60%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	19,133	19,210	19,287	19,287	231	0.60%
<i>plus</i>							
<i>LEVY</i>	8. Local Levy under Current Law*	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
<i>REVENUE</i>	11. Current Law Revenue (Total of Aid & Levy)	19,133	19,210	19,287	19,287	231	0.60%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	19,133	19,210	19,287	19,287	231	0.60%
Appropriations Basis for State Aid							
	Prior Year (10%)	1,635	1,913	1,921	1,928		
	Current Year (90%)	17,220	17,289	17,359	17,359		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	18,855	19,202	19,280	19,287		

*Levies under this program qualify for debt service equalization.

BUDGET ACTIVITY SUMMARY

Budget Activity: TELECOMMUNICATION ACCESS REVENUE

Program: FACILITIES AND TECHNOLOGY

Agency: CHILDREN, FAMILIES & LEARNING

State Citation: M.S. 125B.25

Federal Citation: U.S. Telecommunications Act of 1996, Universal Service, Section 254

ACTIVITY PROFILE:

- The purpose of this program is to ensure that every school building in the state has a data line or video link with a minimum speed of 1.544 megabytes per second. Students in all districts benefit from the ability to access remote information sources. Support for telecommunications access is particularly helpful for outstate Minnesota, where telecommunications costs tend to be higher and access to a wide variety of educational resources may not be readily available.
- The 2000 legislature established this aid program to help fund telecommunication access for FY 2001 and FY 2002. The program provides aid for ongoing or recurring costs associated with data lines and video links and applies to public, nonpublic, and charter schools.
- Eligible costs are limited to one data line or video link per school district building. Districts may include installation charges for new or upgraded lines but may not include costs of hardware or equipment.
- Eligible telecommunication costs for public school districts are submitted to the Department of Children, Families and Learning (CFL) and net eligible telecommunication access costs are calculated by subtracting any E-rate revenue (federal telecommunication aid) received; and the additional \$5 per adjusted marginal cost pupil unit (AMCPU) reserved under the operating capital component of general education revenue from eligible telecommunication costs.
- Telecommunication access revenue is then calculated by multiplying the net eligible cost determined above, by the reimbursement percentage. The 2000 legislature has initially set this rate at 65%; but if eligible costs are lower than anticipated, the rate may climb until the \$16.668 million appropriation for FY 2001 is exhausted.
- Nonpublic schools may request telecommunication access services from the public school district in which the nonpublic school is located. If the district arranges for the nonpublic's telecommunication services, the district may only expend an amount which may not exceed the aid allocation and may claim up to 5% of the nonpublic's aid amount for program administration.

- Charter Schools - Program aid is equal to the greater of
 - net eligible cost per pupil unit of the district in which charter school is located, or
 - \$5 times the FY 2001 AMCPU.

STRATEGIES AND PERFORMANCE:

Specific objectives for this program include the following:

- All schools will have access to a data line or video link with a minimum transport speed of 1.544 megabytes per second.
- All schools will have access to the resources of the Internet.
- All schools will have access to a wide variety of educational resources, distance learning opportunities that support classroom activities, teaching, and learning.
- All schools will have the connectivity needed to enable delivery of electronic government services (EGS).
- Disparities in telecommunications cost due to factors of distance and local telecommunications infrastructure are better balanced.

FINANCING INFORMATION:

While this is a state-funded program, all school districts must apply for federal E-rate telecommunications access service discounts.

BUDGET ISSUES:

This program is currently funded through FY 2002. CFL, in conjunction with the Department of Administration and the Minnesota Education Telecommunications Council, is charged with developing recommendations for a permanent funding solution for supporting school connectivity and telecommunications access.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$18.52 million for FY 2002 and \$0- for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$18.52 million in FY 2002 (\$1.852 million for FY 2001 and \$16.668 million for FY 2002) and \$1.852 million in FY 2003 (\$1.852 million for FY 2002 and \$0 for FY 2003).

Activity: Telecommunications Access Revenue
Program: Facilities and Technology

	Budget Activity Summary Dollars in Thousands	Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
<i>AID</i>	1. Statutory Formula Aid	0	18,520	18,520	0		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	0	18,520				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	0	18,520	18,520	0	0	0.00%
	6. Governor's Recommended Aid Change(s)			0	0		
	7. Governor's Aid Recommendation	0	18,520	18,520	0	0	0.00%
<i>plus</i>							
<i>LEVY</i>	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)			0	0		
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
<i>REVENUE</i>	11. Current Law Revenue (Total of Aid & Levy)	0	18,520	18,520	0	0	0.00%
	a. Subtotal - Governor's Revenue Change			0	0		
	 b. Governor's Revenue Recommendation	0	18,520	18,520	0	0	0.00%
Appropriations Basis for State Aid							
	Prior Year (10%)			1,852	1,852		
	Current Year (90%)		16,668	16,668			
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	0	16,668	18,520	1,852		

BUDGET ACTIVITY SUMMARY

Budget Activity: TORNADO PUPIL LOSS
Program: FACILITIES AND TECHNOLOGY
Agency: CHILDREN, FAMILIES & LEARNING
Citation: Laws 98, Ch. 383, Sec. 24-25; Laws 99, Ch. 241, Sec. 22

ACTIVITY PROFILE:

Implemented by the 1998 legislature, this program responds to the anticipated loss of students and revenues in the St. Peter, Comfrey, and LeCenter school districts due to the tornadoes in the spring of 1998. In 1999, additional language was added to the K - 12 Education Bill affecting the St. Peter school district only.

STRATEGIES AND PERFORMANCE:

- Due to tornadoes in the spring of 1998, the school districts of St. Peter, Comfrey, and LeCenter experienced damage to school buildings as well as disruption of daily school district operations. The legislature provided partial funding to cover loss of revenue due to school closings and pupil displacement.
- During the period between displacement and relocation of students, the tornado districts experienced a temporary loss of students. This aid program, authorized for FY 1999 - 2000 for three districts, and for FY 2000 -2003 for St. Peter school district, replaces a portion of the revenues attributable to students residing in the tornado districts in the 1997-98 school year.

FINANCING INFORMATION:

Pursuant to 1998, law Comfrey, LeCenter, and St. Peter school district are eligible for aid for FY 1999-2000.

- For FY 1999 a school district with one or more school buildings closed during the 1997-1998 school year due to tornado damage was eligible for declining pupil unit aid if enrollment was lower in FY 1999 than FY 1998. The aid equals the product of the general education formula allowance times the difference between the district's FY 1998 actual pupil units and the district's actual pupil units for FY 1999.
- For FY 2000 a school district with one or more school buildings closed during the 1998-1999 school year due to tornado damage is eligible for declining pupil aid equal to the difference between the FY 1998 pupil units and the FY 2000 pupil units times the general education formula allowance.

Pursuant to 1999 law, St. Peter school district is eligible for aid for FY 2000 - 2003.

- For FY 2000, aid is equal to the formula allowance multiplied by the difference between FY 2000 adjusted marginal cost pupil units (AMCPU) and FY 1997 AMCPU.
- For FY 2001 - 2003, the calculation of formula allowance multiplied by the difference between current year AMCPU and FY 1997 AMCPU is completed. For FY 2001, aid is 75% of the calculated amount; for FY 2002, aid is 50% of the calculated amount, and for FY 2003, aid is 25% of the calculated amount.

BUDGET ISSUES:

No appropriation was provided for FY 2000 for LeCenter, Comfrey, and St. Peter school districts under the 1998 law.

Appropriation was provided for St. Peter school district for FY 2000 - 2001 based on estimated AMCPU. Actual FY 2000 pupil data and revised estimates of FY 2001 pupils indicate that the actual appropriations will not fund the entire aid calculated according to 1999 law.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$173,000 for FY 2002 and \$91,000 for FY 2003.

Activity: TORNADO PUPIL LOSS
 Program: FACILITIES & TECHNOLOGY
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	200	75	115	173	173	91	91	74	38.9%
Total Expenditures	200	75	115	173	173	91	91	74	38.9%
Financing by Fund:									
Direct Appropriations:									
GENERAL	200	75	115	173	173	91	91		
Total Financing	200	75	115	173	173	91	91		

BUDGET ACTIVITY SUMMARY

Budget Activity: FLOOD RELATED PUPIL LOSS
Program: FACILITIES AND TECHNOLOGY
Agency: CHILDREN, FAMILIES & LEARNING
Citation: Laws 97, Ch. 231, Art. 4, Sec. 33-34

ACTIVITY PROFILE:

This program was implemented by the 1997 legislature in response to the anticipated loss of pupils and revenues in the Ada-Borup, Warren-Alvarado-Oslo, Breckenridge, East Grand Forks, Climax, Kittson Central, and Stephen-Argyle Central school districts, which were affected by the floods of spring 1997.

STRATEGIES AND PERFORMANCE:

- Due to floods in the spring of 1997 the school districts of Ada-Borup, Warren-Alvarado-Oslo, Breckenridge, Climax, Kittson Central, Stephen-Argyle Central, and East Grand Forks experienced damage to school buildings as well as disruption of daily operations in the school district. The legislature provided funding to cover loss of revenue due to school closings and pupil displacement.
- During the period between displacement and relocation of students, the flood districts experienced a temporary loss of students. This aid program, authorized for FY 1998-2002, replaces a portion of the revenues attributable to students residing in the flood district in the 1996-97 school year.

FINANCING INFORMATION:

- For FY 1998 a school district with one or more school buildings closed during the 1996-97 school year due to flooding was eligible for declining pupil aid if enrollment was lower in FY 1998 than FY 1997. The 1997 legislature also provided full funding for FY 1997 if a school was closed due to flooding. The 1998 legislative session extended the declining pupil aid for flood districts for FY 1999. For both FY 1998 and FY 1999, the declining pupil aid equals the product of \$3,581 times the difference between the district's FY 1997 resident weighted average daily membership (ADM) and the district's FY 1998 resident weighted ADM.

- For FY 2000, the 1999 legislature provided declining pupil aid equal to the product of the general education formula allowance times 75% of the difference between each district's pupil units for FY 1997 and the district's pupil units for FY 2000. For FY 2001, the percentage drops to 50%, and for FY 2002, the percentage drops to 25%. The aid is eliminated beginning in FY 2003.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$921,000 for FY 2002 and \$0 for FY 2003.

Activity: FLOOD RELATED PUPIL LOSS
 Program: FACILITIES & TECHNOLOGY
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	12,771	2,087	1,627	921	921	0	0	(2,793)	(75.2%)
Total Expenditures	12,771	2,087	1,627	921	921	0	0	(2,793)	(75.2%)
Financing by Fund:									
Direct Appropriations:									
GENERAL	12,771	2,087	1,627	921	921	0	0		
Total Financing	12,771	2,087	1,627	921	921	0	0		

BUDGET ACTIVITY SUMMARY

Budget Activity: MISCELLANEOUS FACILITIES LEVIES (Information Only)
Program: FACILITIES AND TECHNOLOGY
Agency: CHILDREN, FAMILIES & LEARNING
Citation: See individual levies

ACTIVITY PROFILE:

The building and land lease levies provide districts with the opportunity to accommodate short-term 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.

- **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, and cannot exceed \$100 per weighted average daily membership (WADM) unless approved by the commissioner. Some building additions to existing schools are funded with proceeds from this levy.
- **Building Construction Down Payment** (M.S. 123B.63). A school district may levy the tax rate approved by a majority of the voters on the question of providing funds for a down payment for an approved building construction project. All proceeds from the levy must be transferred to the down payment account in the building construction fund.
- **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 Department of Children, Families and Learning, 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 to provide disabled accessibility for all facilities. Some newly consolidated districts have maximum levy authority of \$450,000 or \$600,000. The levy amount must be approved by

the commissioner. This levy authority no longer applies to districts in which eight years has elapsed or have levied the maximum amount (in most cases \$300,000). Of the 133 districts that may have authority to levy for taxes payable in 2001, 58 districts have levied no amount prior to payable 2001 for this program.

- **Technology Levy** (Laws 1996, Ch. 412, Art. 12, Sec. 12). Minneapolis School District was selected to pilot a Technology Incentives Program. Under this program, the district may purchase computers through a lease purchase agreement for exclusive use by ninth grade students in selected school sites. The district may levy up to 1/4 the cost of the lease purchase agreement each year for four years. Without reauthorization, this levy expires after the levy for taxes payable in 2001.

STRATEGIES AND PERFORMANCE:

Minnesota school districts will generate additional revenue to the extent needed for various capital expenditure obligations.

FINANCING INFORMATION:

- These programs are funded by local property tax levies.
- The following table shows certified levy amounts and number of school districts participating in each program:

	Dollars in Thousands				
	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
Building Lease Districts	\$16,724.3	\$19,513.2	\$22,810.1	\$27,304.1	\$31,963.6
	130	135	145	160	170
Building Construction Down Payment Districts	\$830.7	\$980.7	\$1,057.5	\$-0-	\$-0-
	4	3	3	0	0
Cooperative Building Repair Districts	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
	0	0	0	0	0
Disabled Access Districts	\$5,918.5	\$4,274.3	\$3,371.7	\$3,896.6	\$2,959.5
	89	79	80	59	54
Technology Levy Districts	\$-0-	\$-0-	\$681.8	\$499.0	\$699.0
	0	0	1	1	1

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: MISCELLANEOUS FACILITIES LEVIES (Information Only)
Program: FACILITIES AND TECHNOLOGY
Agency: CHILDREN, FAMILIES & LEARNING

BUDGET ISSUES:

- The ADA guidelines have become a major concern for school districts in their financial management plans.
- The amount permitted for disabled access will not meet the need for improvements in many districts.
- Building and land leases are becoming increasingly popular. This trend is expected to continue in the future as districts often find that these arrangements provide the flexibility they need at an affordable price.

BUDGET ACTIVITY SUMMARY

Budget Activity: FEDERAL TECHNOLOGY PROGRAMS
Program: FACILITIES AND TECHNOLOGY
Agency: CHILDREN, FAMILIES & LEARNING

Federal Citation: P.L. 104-208

ACTIVITY PROFILE:

The purpose of this program is to develop and implement demonstrative projects in support of statewide strategies to implement technology in schools.

- Approximately \$4 million of federal Technology Literacy Challenge Fund has been available each of the past three years and for the current fiscal year.
- This is a competitive grant program. Awards are usually made for \$250,000.
- The Department of Children, Families and Learning uses a panel of educators, local administrator's, higher education, and business leaders to recommend awards.
- Up to 20% of competitive scoring is based on districts free and reduced lunch counts. This is in response to federal requirements to target disadvantaged schools.
- Approximately 16 awards are made each year.

STRATEGIES AND PERFORMANCE:

The following four technology priorities will be targeted as priorities:

- Teacher Technology Staff Development
- Integration of technology into classroom activities
- Data for decision making and EGS Public Access
- Infrastructure for schools in need

FINANCING INFORMATION:

- Funded through federal dollars, the program is in the fourth year of authorization.
- Priorities are schools in need and disadvantaged schools.
- The state received \$5.267 million in FY 2000 and \$4.670 million in FY 2001.
- In FY 2002 and 2003, Minnesota expects to receive \$4.115 million each year.

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PROGRAM SUMMARY

Program: NUTRITION PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING

PROGRAM PROFILE:

Food and Nutrition Services programs safeguard the health and well-being of Minnesota children and help ensure that students are ready to learn by giving them access to a more nutritious diet and improving their eating habits through nutrition education.

Budget activities within this program include: Child and Adult Care Food Program, School Breakfast and National School Lunch Program, Fast Break to Learning, Special Milk Program, Summer Food Service Program, and the Food Distribution Program

Areas of Agency Concentration

School Readiness. Food and Nutrition Services programs promote school success through a nutritious diet. Research shows that better nutrition results in more attentive students, increased school attendance, and improved performance on standardized tests. This program also provides meals for many school age children who are at an increased risk for hunger and developmental decline during summer vacation.

Healthy Children. These programs also support good nutrition behaviors and promote personal responsibility by providing nutrition education in school, child care, school age, and adult care settings, thereby improving the health status of Minnesotans.

CFL Strategic Plan. Research shows that good nutrition impacts student behavior, school performance, and overall cognitive development and thereby contribute to the achievement of the following agency indicators.

- percentage of third graders who can read.
- percentage of students passing the Basic Skills tests on their first attempt.
- performance on Third International Math and Science Study (TIMSS) and National Assessment of Educational Progress (NAEP), for national comparison.
- college entrance scores.

School Nutrition programs support the following Governor's "Big Plan" strategic directions:

- *Healthy, Vital Communities*, specifically the initiative "The Best K-12 Public Education in the Nation" by providing children with healthy meals at school, which research shows results in more attentive students in class, better school attendance, and better performance on standardized tests. Studies

also show that children who eat school meals have a better intake of key nutrients, especially calcium, and eat meals that are consistent with the *Dietary Guidelines for Americans*.

- *Self-Sufficient People*, specifically the initiative "A Health System for the Next 50 Years" by teaching children about good nutrition and reinforcing good health behaviors in the school cafeteria, and providing basic nutrition education by promoting personal lifestyle choices related to diet and physical activity.

Program: NUTRITION PROGRAMS
 Agency: CHILDREN, FAMILIES & LEARNING

Program Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Activity:									
SCHOOL LUNCH	76,611	79,894	77,267	79,106	79,106	79,346	79,346	1,291	0.8%
SCHOOL BREAKFAST	13,668	15,267	14,100	15,445	15,445	15,505	15,505	1,583	5.4%
FAST BREAK TO LEARNING	0	2,461	2,539	2,500	2,446	2,500	2,839	285	5.7%
SUMMER SCHOOL SERVICE REPLACEM	2,595	3,436	3,462	3,450	3,450	3,450	3,450	2	0.0%
MISC FEDERAL NUTRITION PROGRAM	50,623	52,645	54,370	55,630	55,630	55,630	55,630	4,245	4.0%
Total Expenditures	143,497	153,703	151,738	156,131	156,077	156,431	156,770	7,406	2.4%

Change Items:	Fund				
(B) FAST BREAK TO LEARNING	GEN			(54)	339
Total Change Items				(54)	339

Financing by Fund:							
Direct Appropriations:							
GENERAL	8,297	11,664	11,769	12,000	11,946	12,300	12,639
Statutory Appropriations:							
SPECIAL REVENUE	0	2	0	0	0	0	0
FEDERAL	135,200	142,037	139,969	144,131	144,131	144,131	144,131
Total Financing	143,497	153,703	151,738	156,131	156,077	156,431	156,770

FTE by Employment Type:							
FULL TIME	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Total Full-Time Equivalent	0.0	0.1	0.1	0.1	0.1	0.1	0.1

BUDGET ACTIVITY SUMMARY
**** PERFORMANCE PILOT ****

Budget Activity: SCHOOL LUNCH, FOOD DISTRIBUTION,
 KINDERGARTEN MILK, SPECIAL MILK
Program: NUTRITION PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING
State Citation: M.S. 124D.11, M.S. 124D.114-119, M.S. 126C.22
Federal Citation: National School Lunch Act, Child Nutrition Act

ACTIVITY PROFILE:

The School Nutrition Programs exist to safeguard the health and well-being of Minnesota children and help ensure that students are ready to learn by giving them access to a more nutritious diet and improving their eating habits through nutrition education.

- **School Lunch Program:** 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. The program is funded from both federal and state funds, however, the majority of funding comes from the federal government.
 - State funds help to keep lunch prices affordable. The state provides an appropriation that is paid to schools on a per lunch rate of eight cents per meal.
 - The federal government reimburses schools for providing nutritious lunches to children. Free or reduced price meals are available to students from low-income households.
- **After School Snack Program (School Lunch Program):** This program began in 1998 as a support to after-school programs intended to keep children safe and off the streets after the end of the school day.
 - The federal government reimburses schools for providing nutritious snacks to children participating in after school enrichment programs.
 - In school year 1998-99, the first year of the School Lunch Program after-school snack program, 411,433 snacks were served to children participating in after-school enrichment programs.
- **Minnesota Kindergarten Milk Program:** This program began in 1988 and contributes funding for milk served to kindergarten students to improve the intake of nutrients, especially calcium, and to support Minnesota dairy farmers.
 - The state reimburses schools approximately 10 cents per serving of milk served to kindergarten students.
- **Special Milk Program:** This federal program began in 1955 and contributes funding for milk served to children who do not have access to other child nutrition programs.

- The federal government reimburses schools approximately 13 cents per serving of milk served to students.
- **Food Distribution Program:** This program started in the 1930s and delivers a variety of U.S. Department of Agriculture (USDA) donated foods to schools to provide healthy school meals and support the American farmer.
 - The Food Distribution Program delivers a variety of USDA donated foods to schools as part of the funding for school meals. Meat, cheese, poultry, fruits, and vegetables are available.

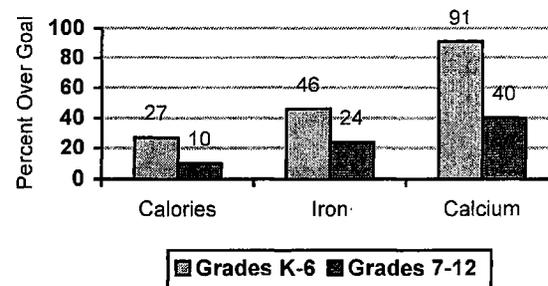
ACTIVITY GOALS:

- Improve the nutrition of school-age children by ensuring that school meals meet the Dietary Guidelines for Americans 2000.
- Improve the health of school-age children through participation in the Fitness Fever Program.
- Ensure that all children living in poverty have access to a free or reduced price school meal.
- Ensure that after-school enrichment programs have access to the after-school snack program.

PERFORMANCE INDICATORS:

- Increase overall participation in the school lunch program by students of all income ranges by 3% per year, an increase of 8 million lunches by 2003.
- Ensure that Minnesota school lunch menus meet or exceed the requirements for key essential nutrients.

Nutrients Provided Above Dietary Guidelines - 1998-99



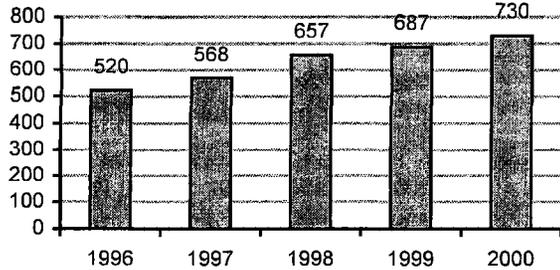
BUDGET ACTIVITY SUMMARY (Continued)
**** PERFORMANCE PILOT ****

Budget Activity: SCHOOL LUNCH, FOOD DISTRIBUTION,
 KINDERGARTEN MILK, SPECIAL MILK
Program: NUTRITION PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING

- Increase the number of snacks from 946,470 snacks in the first full year of the program by 3% per year by FY 2003.

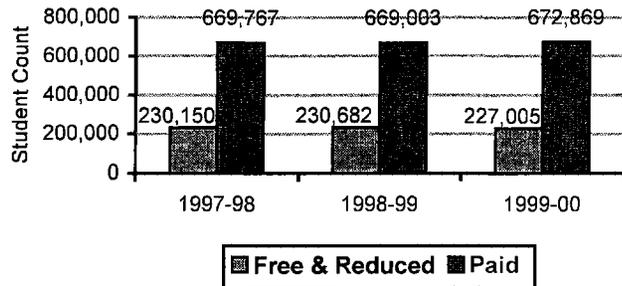
- Increase from 730 Minnesota elementary schools participating in Fitness Fever, a program that promotes physical activity and health food choices, by 797 by 2003.

**Number of Minnesota Schools
 Participating in Fitness Fever - 1996-2000**

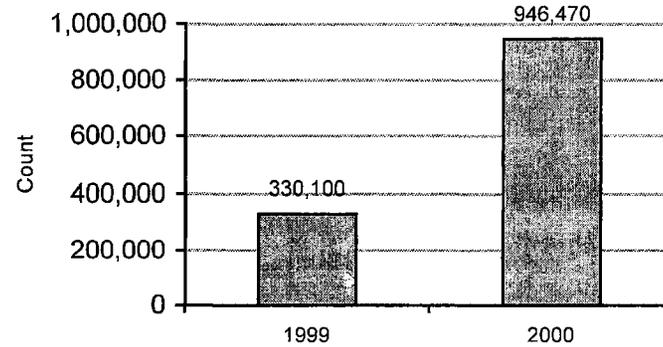


- Maintain the number of students approved for free, reduced price, and full paid meals, which has essentially remained stable from 1997-00.

**Number of Students Qualified for Free and
 Reduced Priced Lunches**



After School Snack Count - NSLP



STRATEGIES:

- Increase student participating in school lunch, after school snack, and milk programs through outreach and streamlined program administration.
- Conduct nutrient analysis of school lunch menus to measure compliance with the Dietary Guidelines for Americans 2000.
- Increase the number of schools participating in Fitness Fever through increased outreach and promotion.
- Identify children eligible for free and reduced price meals by enhancing the ability to certify children through data sharing with other state agencies.

FINANCIAL INFORMATION:

The federal government provides the largest share of the funding for these programs (90% in 2001), growing from \$81 million in 1998 to \$86 million in 2001. The state share of funding has grown from \$7 million in 1998 to \$9 million in 2001.

BUDGET ACTIVITY SUMMARY (Continued)
**** PERFORMANCE PILOT ****

Budget Activity: SCHOOL LUNCH, FOOD DISTRIBUTION,
KINDERGARTEN MILK, SPECIAL MILK
Program: NUTRITION PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING

BUDGET ISSUES:

- Total revenues for all food and nutrition programs at public schools for school year 1998-99 were \$222.1 million, with total costs of \$231.4 million. The remaining \$9.3 million was subsidized by school districts' general funds, including permanent transfers of over \$600,000. This deficit spending can be attributed to rising food and labor costs.
- The reimbursement rate for after-school snacks set by the federal government at 54 cents per snack is not adequate to cover the costs of providing nutritious snacks, making the program unattractive to local program sponsors. Sponsors of the After School Snack Program report actual costs of approximately 75 cents per snack.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$8.71 million for FY 2002 and \$8.95 million for FY 2003.

Activity: SCHOOL LUNCH
 Program: NUTRITION PROGRAMS
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
OTHER OPERATING EXPENSES	3,389	2	0	0	0	0	0	(2)	(100.0%)
Subtotal State Operations	3,389	2	0	0	0	0	0	(2)	(100.0%)
LOCAL ASSISTANCE	73,222	79,892	77,267	79,106	79,106	79,346	79,346	1,293	0.8%
Total Expenditures	76,611	79,894	77,267	79,106	79,106	79,346	79,346	1,291	0.8%
Financing by Fund:									
Direct Appropriations:									
GENERAL	7,690	8,501	8,480	8,710	8,710	8,950	8,950		
Statutory Appropriations:									
SPECIAL REVENUE	0	2	0	0	0	0	0		
FEDERAL	68,921	71,391	68,787	70,396	70,396	70,396	70,396		
Total Financing	76,611	79,894	77,267	79,106	79,106	79,346	79,346		

BUDGET ACTIVITY SUMMARY
**** PERFORMANCE PILOT ****

Budget Activity: SCHOOL BREAKFAST, FAST BREAK TO LEARNING
Program: NUTRITION PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124D.115; M.S. 124D.1155
Federal Citation: P.L. 104-193

ACTIVITY PROFILE:

The School Breakfast Programs exist to safeguard the health and well-being of Minnesota children and help ensure that students are ready to learn by giving them access to a more nutritious diet and improving their eating habits through nutrition education.

School Breakfast Program: Federal funding began in 1966 under a federal pilot program to improve the health and school performance of low-income children; it was made permanent in 1975. State funding began in 1993.

Fast Break to Learning Grant Program: This program began in 1999 under Governor Ventura's initiative to provide school breakfast to all students at a sliding fee at select elementary schools.

- The state requires schools to offer a breakfast program if 33% or more of their lunches served were served free or at a reduced price.
- The state provides an appropriation that is paid to schools on a per breakfast rate of 5.1 cents.
- The state provides Fast Break to Learning Grants to elementary schools that agree to integrate school breakfast into the school day and provide access to breakfast to all students each school day.
- The purpose of the Fast Break to Learning Grants is to ensure that all children have an opportunity to eat a nutritious breakfast each school day and that barriers such as social stigma, facilities or transportation do not impede student access to nutritious food.
- The federal government reimburses schools that provide nutritious breakfasts to students in school sponsored programs up to the completion of high school. Free and reduced price breakfasts are provided to children from low-income households.

ACTIVITY GOALS:

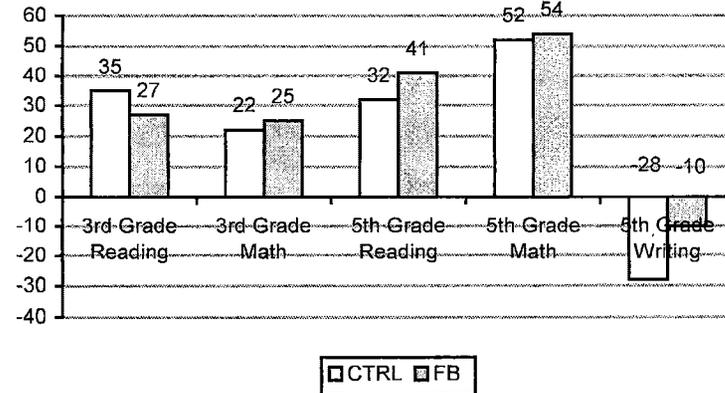
- Improve student achievement by ensuring that all children have access to a nutritious school breakfast.
- Contribute to a safe, caring school environment by ensuring that all children are well fed and content.

PERFORMANCE INDICATORS:

A University of Minnesota study showed that student achievement on the Minnesota Comprehensive Assessments (MCA) improved in schools that offered the Fast Break to Learning Breakfast Program compared to control schools.

- Increase overall performance on the reading, writing, and math portion of the MCA by 27 points at Fast Break schools.
- Increase the number of students scoring at or above level 2 for reading, writing, and math on the MCA by 5% at Fast Break schools.

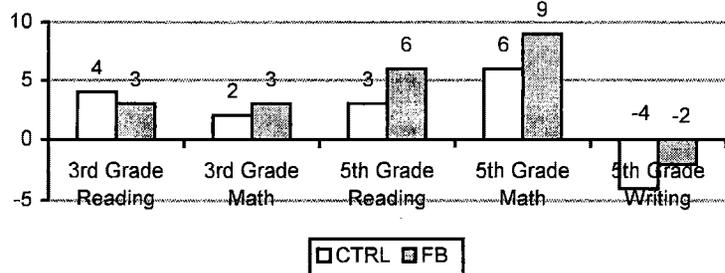
Achievement Gains 1999-2000



BUDGET ACTIVITY SUMMARY (Continued)
**** PERFORMANCE PILOT ****

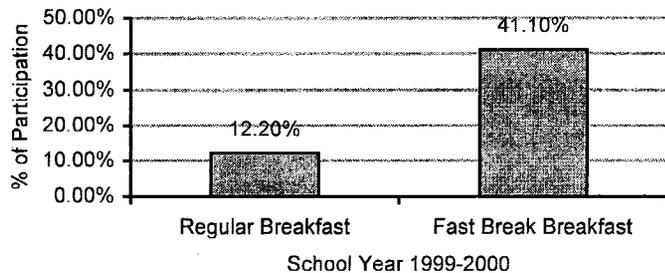
Budget Activity: SCHOOL BREAKFAST, FAST BREAK TO LEARNING
Program: NUTRITION PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING

Percent Gain at or Above Level 2 - 1999-2000



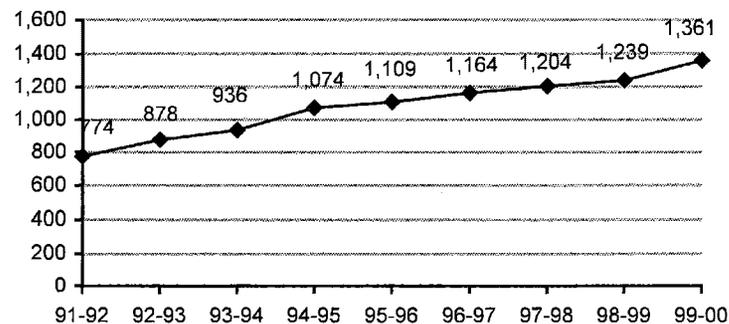
- Increase the number of schools participating in Fast Break to Learning from 326 to 632. Increase the number of breakfasts served at Fast Break schools from 7.7 million to 13.9 million.

Average Breakfast Participation in Regular Breakfast Schools vs. Fast Break Schools



- Increase the number of Minnesota schools offering a school breakfast program by 5% per year.

Number of MN Schools Offering a Breakfast Program



A University of Minnesota study conducted in six Minnesota elementary schools reported a significant decrease in discipline referrals to the principal's office among students that ate school breakfast. Teachers at those schools also reported fewer outbreaks of bad behaviors by students.

- Decrease the incidence of documented discipline by 20% in schools starting a Fast Break to Learning Breakfast Program.

We will continue to gather reported data on discipline referrals from participating schools.

STRATEGIES:

- Improve student performance on the Minnesota Comprehensive Assessments by offering the Fast Break to Learning School Breakfast Program in all schools that are eligible.
- Increase the number of schools offering the Fast Break to Learning School Breakfast Program by streamlining the program administration by changing the funding formula from a grant based program to a per meal reimbursement program.
- Increase the number of students participating in School Breakfast Programs by increasing the number of schools offering the Fast Break to Learning Program.

BUDGET ACTIVITY SUMMARY (Continued)
**** PERFORMANCE PILOT ****

Budget Activity: SCHOOL BREAKFAST, FAST BREAK TO LEARNING
Program: NUTRITION PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING

- Collect annual sample data on student discipline to compare student behavior in Fast Break to Learning schools after program implementation.

FINANCING INFORMATION:

In 1998, the state contributed 4% of the funding for the school breakfast program with the federal government providing 96% of the funding. By the year 2000, the state substantially increased its contribution by \$2.7 million or 18% of total funding. The federal funding has increased by 2% annually.

BUDGET ISSUES:

There are 632 elementary schools eligible for Fast Break to Learning Grants. Currently there is only enough funding for 326 schools to participate.

GOVERNOR'S RECOMMENDATION:

For school breakfast, the Governor recommends an appropriation of \$640,000 for FY 2002 and \$700,000 for FY 2003.

For Fast Break to Learning, the Governor recommends an entitlement of \$2.718 million for FY 2002 and \$2.852 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$2.446 million (\$0 million for FY 2001 and \$2.446 million for FY 2002) and \$2.839 million (\$272,000 for FY 2002 and \$2.567 million for FY 2003).

Activity: SCHOOL BREAKFAST
 Program: NUTRITION PROGRAMS
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	0	7	7	7	7	7	7	0	0.0%
Subtotal State Operations	0	7	7	7	7	7	7	0	0.0%
LOCAL ASSISTANCE	13,668	15,260	14,093	15,438	15,438	15,498	15,498	1,583	5.4%
Total Expenditures	13,668	15,267	14,100	15,445	15,445	15,505	15,505	1,583	5.4%
Financing by Fund:									
Direct Appropriations:									
GENERAL	457	552	600	640	640	700	700		
Statutory Appropriations:									
FEDERAL	13,211	14,715	13,500	14,805	14,805	14,805	14,805		
Total Financing	13,668	15,267	14,100	15,445	15,445	15,505	15,505		
FTE by Employment Type:									
FULL TIME	0.0	0.1	0.1	0.1	0.1	0.1	0.1		
Total Full-Time Equivalent	0.0	0.1	0.1	0.1	0.1	0.1	0.1		

BUDGET CHANGE ITEM (53353)

Agency: CHILDREN, FAMILIES & LEARNING

Item Title: FAST BREAK TO LEARNING

33% or more of their breakfasts served at a free or reduced price are eligible for this program.

OUTCOMES:

- Lower achieving students showed the largest gains in state basic standards test scores by participating in the Fast Break to Learning Program.
- Increased attendance, attentiveness and concentration in class.
- Improved readiness for performance on tests, with higher test scores.
- Participation by all eligible schools with only moderate projected increases in annual funding.
- Reduction of administrative burden by integrating payments into regular school meal payments, replacing the current annual grant process that requires separate procedures for grant application, review, approval and agreement, and monitoring.
- Distribution of funds more equitably by tying reimbursements to actual school meal counts, replacing grants that must be estimated at the beginning of a year.

	<u>2002-03 Biennium</u>		<u>2004-05 Biennium</u>	
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Expenditures: (\$000s)				
General Fund				
-State Operations	<\$54>	\$339	\$478	\$623
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No

If yes, statute(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends the Fast Break to Learning grant program be changed to a formula-driven aid program beginning in FY 2002.

RATIONALE:

Because of the research proving that food programs, specifically school breakfast programs, are key components to improving student performance in Minnesota's schools, Governor Ventura created the *Fast Break to Learning* breakfast program in FY 2000. Designed as a grant program, the funds enable schools to offer breakfast to all students at little or no charge. Based on \$2.5 million per year in the current budget and the current funding formula, 326 schools out of 632 eligible schools receive grants.

It is possible to change the program from grants to a per-meal reimbursement formula at relatively little cost and with significant benefits: more eligible sites will be served; increased participation and rising costs at the site level will not cause districts to drop the program; and district time now spent on annual applications can be saved and used for other program services.

FINANCING:

The Fast Break to Learning program provides additional funding to eligible districts that integrate school breakfast into the school curriculum. Funding is provided at the state average cost rate of \$1.04 per meal. Schools that have

Activity: Fast Break to Learning
 Program: Nutrition Programs

	Budget Activity Summary	Estimated		Gov.'s Recommendation		Biennial Change	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
AID	1. Statutory Formula Aid	2,461	2,539	2,500	2,500		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	2,461	2,539				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	2,461	2,539	2,500	2,500	0	0%
	6. Governor's Recommended Aid Change(s)						
a. Change to Formula Driven aid			218	352			
7. Governor's Aid Recommendation		2,461	2,539	2,718	2,852	570	11%
<i>plus</i>							
LEVY	8. Local Levy under Current Law	0	0	0	0		
	9. Governor's Recommended Levy Change(s)			0	0		
	10. Governor's Levy Recommendation	0	0	0	0		
<i>equals</i>							
REVENUE	11. Current Law Revenue (Total of Aid & Levy)	2,461	2,539	2,500	2,500	0	0%
	a. Subtotal - Governor's Revenue Change	0	0	218	352		
	b. Governor's Revenue Recommendation	2,461	2,539	2,718	2,852	570	11%
<i>equals</i>							
ALL FUNDS	13. Total -- All Funds, Current Law	2,461	2,539	2,500	2,500	0	0%
TOTAL	14. Total -- All Funds, Governor's Recommendation	2,461	2,539	2,718	2,852	570	11%
Appropriations Basis for State Aid							
	Prior Year (10%)			0	272		
	Current Year (90%)	2,500	2,500	2,446	2,567		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	2,500	2,500	2,446	2,839		

BUDGET ACTIVITY SUMMARY
**** PERFORMANCE PILOT ****

Budget Activity: SUMMER FOOD SERVICE REPLACEMENT AID, SUMMER FOOD SERVICE, CHILD ADULT CARE FOOD PROGRAM SPONSOR ADMINISTRATION (FEDERAL), CHILD ADULT CARE FOOD PROGRAM FOOD SERVICE (FEDERAL)
Program: NUTRITION PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING
State Citation: M.S. 124D.111, M.S. 124D.114-119, M.S. 126C.22
Federal Citation: National School Lunch Act, Child Nutrition Act

providers, child care centers, school-age child care sites, and adult care centers.

- **After School Snack Program (Child and Adult Care Food Program):** Beginning in 1998 as a support to after school programs, the CACFP was expanded to include an after-school snack program for providing nutritious snacks to children participating in after-school enrichment programs in child care settings.

ACTIVITY PROFILE:

The Community Nutrition Programs exist to safeguard the health and well-being of Minnesotans year-round by helping ensure that young children and older adults receiving organized care services are given access to a nutritious diet and an improvement of their eating habits through nutrition education.

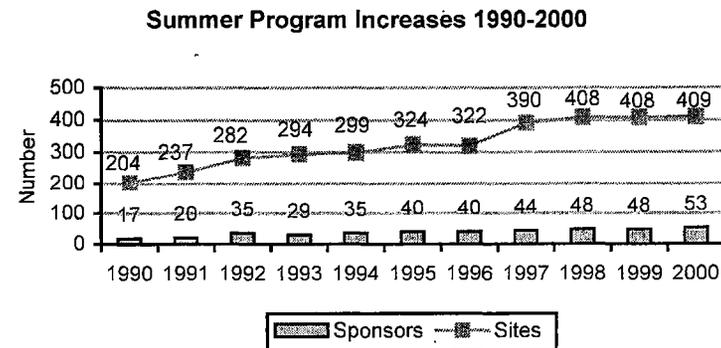
- **Summer Food Service Program:** Created by Congress as a separate program in 1975, the summer food service was established to ensure that children in needy areas could continue to receive nutritious meals during school vacations that are comparable to those served during the school year. In response to federal welfare reform, the 1997 Minnesota Legislature appropriated this aid to provide replacement funds due to cuts in federal funding.
 - State Summer Food Replacement Aid provides healthy meals at Summer Food Service Programs sites to low-income children.
 - Most Summer Food Service Program sponsors provide one or two meals per day to low-income children, but may serve up to three meals per day.
 - Program sites are located in low-income areas or where enrolled children meet the income guidelines.
 - Summer Food Service Program sponsors include public and private schools, residential summer camps, government units, colleges and universities, as well as nonprofit organizations.
- **Child and Adult Care Food Program (CACFP):** A pilot project in 1968 in response to the need to provide adequate nutrition to a growing number of children in child care, this program enrolled adults in day services beginning in 1978. A two-tier reimbursement system addressing the increased needs associated with lower incomes was instituted for family child care providers under federal welfare reform legislation in 1996. As a result, Minnesota has lost about \$1.5 million per month in federal reimbursements for meals served to children.
 - CACFP supports children and adults in receiving nutritious meals through day care operators, which include family child care home

ACTIVITY GOALS:

- Contribute to providing a stable environment for children and families in poverty by ensuring that children in needy areas will continue to receive nutritious meals during school vacations through the Summer Food Service Program.
- Enhance pre-kindergarten and school-age child care programs by ensuring access to nutritionally balanced, healthy meals through the Child and Adult Care Food Program.
- Contribute to enhancing after-school programs that provide educational or enrichment activities in a safe environment by ensuring access and participation in the After School Snack Program.

PERFORMANCE INDICATORS:

- Maintain the number of Summer Food Service Program sponsors and sites by streamlining program administration.

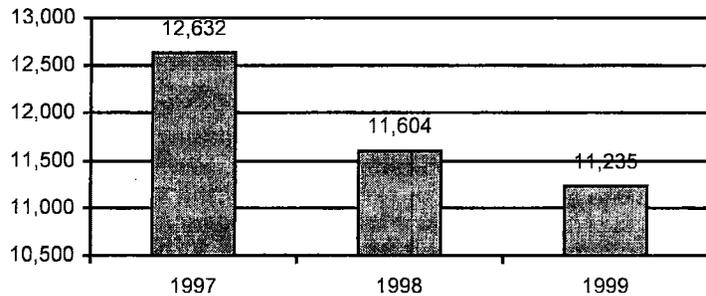


- Maintain the number of family child care providers by improving program administration.

BUDGET ACTIVITY SUMMARY (Continued)
**** PERFORMANCE PILOT ****

Budget Activity: SUMMER FOOD SERVICE REPLACEMENT AID, SUMMER FOOD SERVICE, CHILD ADULT CARE FOOD PROGRAM SPONSOR ADMINISTRATION (FEDERAL), CHILD ADULT CARE FOOD PROGRAM FOOD SERVICE (FEDERAL)
Program: NUTRITION PROGRAMS
Agency: CHILDREN, FAMILIES & LEARNING

**Family Care Providers Participating in CACFP
 (April-June)**



- Maintain the number of snacks served in the Child and Adult Care Food Program by improving program administration.

After School Snack Count – CACFP	
1999	141,459
2000	105,506

STRATEGIES:

- Continue to monitor the number of Summer Food Service Program sponsors and sites.
- Continue to measure participation in the CACFP by assessing the trend in the total number of participating family child care home providers.
- Continue to measure student participation in the after school snack program.

FINANCING INFORMATION:

- The federal government provides the largest share of the funding for the Summer Food Service Program at 96% of total funding. Federal funding for meal reimbursements has increased at a rate of 2% per year since 1998. The state share of funding is set at \$150,000 per year.
- The federal government provides 100% of the funding for the Child and Adult Care Food Program. Federal funding for meal reimbursements has increased at a rate of 2% per year since 1998.

BUDGET ISSUES:

- Minnesota family child care providers have lost \$19 million annually in reimbursements for meals served to children since 1997.
- The reimbursement rate for after-school snacks set by the federal government at 54 cents per snack is not adequate to cover the costs of providing nutritious snacks, making the program unattractive to local program sponsors. Sponsors of the After School Snack Program report actual costs of approximately 75 cents per snack.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$150,000 for FY 2002 and \$150,000 for FY 2003 for Summer Food Service Replacement Aid.

Activity: SUMMER SCHOOL SERVICE REPLACEM
 Program: NUTRITION PROGRAMS
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
OTHER OPERATING EXPENSES	0	1	0	0	0	0	0	(1)	(100.0%)
Subtotal State Operations	0	1	0	0	0	0	0	(1)	(100.0%)
LOCAL ASSISTANCE	2,595	3,435	3,462	3,450	3,450	3,450	3,450	3	0.0%
Total Expenditures	2,595	3,436	3,462	3,450	3,450	3,450	3,450	2	0.0%
Financing by Fund:									
Direct Appropriations:									
GENERAL	150	150	150	150	150	150	150		
Statutory Appropriations:									
FEDERAL	2,445	3,286	3,312	3,300	3,300	3,300	3,300		
Total Financing	2,595	3,436	3,462	3,450	3,450	3,450	3,450		

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PROGRAM SUMMARY

Program: LIBRARIES
Agency: CHILDREN, FAMILIES & LEARNING

PROGRAM PROFILE:

Minnesota statute charges the "state as an integral part of its responsibility for public education" to support the provision of library services for every citizen and the development of cooperative programs to share resources. The existing library programs assist local government in extending public library services to every Minnesotan and help libraries of all types in sharing resources and developing cooperative services. Through telecommunications aid libraries link their communities to the Internet, the "Information Highway." It also is possible to identify quickly and effectively materials in library collections across the state.

Libraries have longstanding recognition as the people's university. For generations public and school libraries have been assisting new readers, families, immigrants and members of their communities in becoming educated, informed and productive members of society. Research underscores national recognition by states of the library's role as an educational institution. (*Florida Libraries are Education: Report of a Statewide Study of the Education Role of Public Libraries, 1999*). Studies in Colorado, Alaska and Pennsylvania demonstrate that students reading scores increased in relationship to the strength of their school libraries' staffing and resources.

Whom do libraries serve?

- Preschool children, their families and caregivers
- Students and teachers
- Immigrant and other new populations
- Job seekers, those seeking to change careers and other adult learners
- Local businesses and government
- Seniors
- Persons with disabilities

Through libraries the state has the opportunity to build an "Information Highway that leaves no community excluded." Libraries are key resources for "lifelong learning for work and life." Libraries increase the public's knowledge of the importance of reading to young children and make reading materials and activities readily available regardless of economic status. Libraries promote family literacy and parental involvement. Libraries link enjoyment and meaning to learning.

How have libraries responded to their communities needs?

- ESL classes, tutoring and materials in native languages
- Career and job resources and services
- Homework help centers
- Electronic databases of magazines, newspapers and other resources
- Online reference assistance and requesting of materials
- Print resources for education, information and recreation
- Toddler, pre-school story times and summer/winter reading programs
- Parent outreach and training activities
- Lectures and citizen forums
- Internet training and technology centers
- Website access to government publications and services
- Day care programs, readmobiles and outreach services
- Delivery of materials
- Collaboration with Head Start and Early Childhood Family

Program: LIBRARIES
 Agency: CHILDREN, FAMILIES & LEARNING

Program Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Activity:									
BASIC SUPPORT	7,819	8,495	8,570	8,570	8,570	8,570	8,570	75	0.4%
MULTICOUNTY MULTITYPE LIBRARY	903	903	903	903	903	903	903	0	0.0%
REGIONAL TELECOMMUNICATIONS AID	0	1,200	3,606	1,200	1,200	1,200	1,200	(2,406)	(50.1%)
MISC FEDERAL LIBRARY PROGRAMS	2,277	2,438	3,053	3,026	3,026	3,026	3,026	561	10.2%
Total Expenditures	10,999	13,036	16,132	13,699	13,699	13,699	13,699	(1,770)	(6.1%)
Financing by Fund:									
Direct Appropriations:									
GENERAL	8,722	10,598	13,079	10,673	10,673	10,673	10,673		
Statutory Appropriations:									
FEDERAL	2,277	2,438	3,053	3,026	3,026	3,026	3,026		
Total Financing	10,999	13,036	16,132	13,699	13,699	13,699	13,699		

BUDGET ACTIVITY SUMMARY

Budget Activity: BASIC SUPPORT
Program: LIBRARIES
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 124.31-134.35

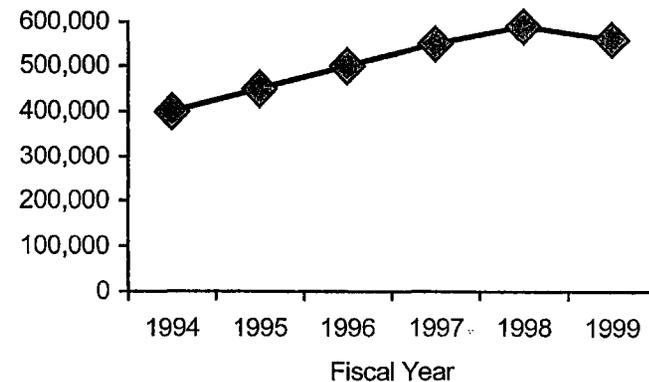
ACTIVITY PROFILE:

- This program began in the 1950s to encourage the establishment and sharing of public library services across jurisdictions of three or more counties, extend library services to rural areas, and reduce the burden on the property tax that assures basic public library services through the state.
- The state enabled the formation of regional public library systems, aided their development, and in 1990 required all counties to join regional public library systems. Regional public library systems provide the means for counties and cities to partner in providing public library services. State funding of regional public library systems is needed to ensure and raise the level of equitable library services across Minnesota.
- The entrance to the Internet for Minnesotans is the public library, especially in rural communities and for the economically disadvantaged.
- Public library services and materials make possible lifelong learning for work and life that assure self-sufficient people.
- Specific objectives of this activity include the following:
 - To provide incentives for counties and cities to work together in regional public library systems, thereby extending service to all at the most reasonable cost.
 - To equalize funding between cooperating jurisdictions and sharing library materials within each region and statewide through library to library lending and reciprocal borrowing by Minnesotans across jurisdictions.
 - To maintain and improve the infrastructure for reading and lifelong learning through library programs, materials, and outreach to culturally diverse communities.
 - To strengthen library materials and media collections.
 - To support automation, integration of new technologies and training, and provide community access to high-speed Internet links.
- This activity distributes aid on a formula basis to the 12 regional public library systems that cover all counties and serve the state. These systems are 1) Arrowhead Library System, 2) East Central Regional Library, 3) Great River Regional Library, 4) Kitchigami Regional Library, 5) Lake Agassiz Regional Library, 6) Metropolitan Library Service Agency, 7) Northwest Regional Library, 8) Pioneerland Library System, 9) Plum Creek Library System, 10) Southeastern Libraries Cooperating, 11) Traverse des Sioux Library System, and 12) Viking Library System.

STRATEGIES AND PERFORMANCE:

- Participation in regional public library systems includes all Minnesota counties and serves 99.49% of the state's population. 23.5 million visits are made to the library each year. Attendance at library-sponsored programs is 950,000. Over six million reference requests take place yearly.
- Minnesota library usage continues to increase:
 - The number of items loaned within public libraries increased 22.3% from 35 million in 1988 to 45 million in 1998.
 - Library to library requests filled within regional public library systems increased 34.2% from 152,000 in 1988 to 231,000 in 1998.
 - While Minnesota's public libraries rank 13th among the states in per capita expenditures, its public libraries rank 5th in the United States in public library lending per capita and 4th in reference questions asked per capita.
- Reciprocal borrowing across jurisdictional boundaries remains at high levels.

Reciprocal Borrowing Across Jurisdictions



BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: BASIC SUPPORT
Program: LIBRARIES
Agency: CHILDREN, FAMILIES & LEARNING

FINANCING INFORMATION:

- This budget activity is funded with state aid distributed by a formula using population, area, equalized valuation of property, and a basic amount per system.
- To qualify for aid, each participating city and county must meet a minimum level of support based on adjusted net tax capacity.
- State funding has remained fairly constant from \$7.8 million in FY 1993 to \$8.6 million in FY 2000. Reform actions last biennium collapsed several small grant programs into this aid appropriation thus consolidating funding streams.
- This state appropriation is used to demonstrate state maintenance of effort in order to qualify for the one federal library program.

<u>Source</u>	<u>Dollar Amount</u>	<u>Per Capita</u>
Local	\$113,663,127	\$23.77
State	10,668,313	2.23
Federal	1,223,025	0.26
Other	9,092,400	1.90

BUDGET ISSUES:

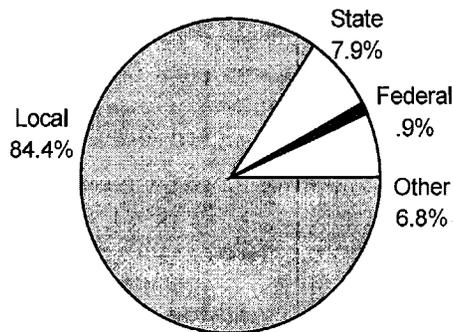
- The public makes heavy use of its libraries for self-sufficiency including personal interests, financial and business decisions, education, and self-development.
- Minnesotans require community-delivered access to the Internet and technology if they are to connect to electronic resources and have the assistance of educated and technologically skilled staff to become self-sufficient. State funding for regional public library systems assists in meeting these needs and closing the digital divide.
- Reform rolled separate categorical grant funds for public libraries into this program beginning in FY 2000 which improved flexibility in the use of funds. However, the base appropriation has not otherwise changed since FY 1994.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$8.57 million for FY 2002 and \$8.57 million for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$8.57 million in FY 2002 (\$857,000 for FY 2001 and \$7.713 million for FY 2002) and \$8.57 million in FY 2003 (\$857,000 in FY 2002 and \$7.713 million for FY 2003).

1998 Revenue Sources for Minnesota Pubic Libraries



Activity: Basic Library Support
 Program: Libraries

Budget Activity Summary Dollars in Thousands		Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
<i>AID</i>	1. Statutory Formula Aid	8,570	8,570	8,570	8,570		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	8,570	8,570				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	8,570	8,570	8,570	8,570	0	0.00%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	8,570	8,570	8,570	8,570	0	0.00%
<i>plus</i>							
<i>LEVY</i>	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
<i>REVENUE</i>	11. Current Law Revenue (Total of Aid & Levy)	8,570	8,570	8,570	8,570	0	0.00%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	8,570	8,570	8,570	8,570	0	0.00%
Appropriations Basis for State Aid							
	Prior Year (10%)	782	857	857	857		
	Current Year (90%)	7,713	7,713	7,713	7,713		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	8,495	8,570	8,570	8,570		

BUDGET ACTIVITY SUMMARY

Budget Activity: MULTICOUNTY MULTITYPE LIBRARY
Program: LIBRARIES
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 134.351-134.36

ACTIVITY PROFILE:

The purpose of this program is to improve library services to Minnesotans by fostering and supporting cooperation among libraries of all types.

- This program began in May, 1979 and by early 1980, the state had organized into multi-type systems.
- The State Board of Education originally approved the establishment of the current seven multi-type library systems and their geographic boundaries: 1) Central Minnesota Libraries Exchange, 2) North Country Library Cooperative, 3) Southcentral Minnesota Interlibrary Exchange, 4) Southwest Area Multicounty, Multitype Interlibrary Exchange, 5) Metronet, 6) Northern Lights Library Network, and 7) Southeast Library System.
- Collaboration between types of libraries assures that government resources are being well spent.
- Seamless sharing, communication, and automation across types of libraries provides infrastructure support for community-building and lifelong learning.
- Integration of library services between types of libraries emphasizes the Governor's Big Plan initiative *Service Not Systems*.
- Strategic planning and communication assists all types of libraries in adapting services to new technology and changing demographics benefiting the educational community and workforce of tomorrow.
- Specific objectives of this program include:
 - developing and implementing strategic plans that address the needs of the region with the available library and information resources,
 - providing communication systems among participating libraries,
 - Operating and improving delivery services to facilitate sharing material and information among participating libraries,
 - encouraging the development and use of linked databases that support information sharing and exchange, and
 - organizing and promoting opportunities for continued staff development and expertise in new technologies and other services for the public.
- Eligible applicants are the seven regional multitype library cooperation systems established in 1980 by the State Board of Education.

- The program distributes aid on a formula basis and systems apply for state funds and report outcomes annually. Strategic plans for systems are required.

STRATEGIES AND PERFORMANCE:

- Capacity-building and extending services through collaborative sharing of resources are the main strategies used by Minnesota's multi-type library cooperation program.
- For its investment of \$903,000 currently, the state provides seed money for the qualifying services required in statute and for regional leadership in bringing together most of the libraries of Minnesota in mutual activities for the common good. Existing funding does not allow all systems to do all the same things to an equal extent and as a result each system pursues priorities important to its members.
- Currently, 2,000 library outlets of all types in Minnesota work together. Only the very smallest and libraries not staffed do not participate.
- Total participating library jurisdictions by system:

Central Minnesota Library Exchange	109
Metronet	179
North Country Library Cooperative	98
Northern Lights Library Network	144
Southcentral Minnesota Inter-Library Exchange	81
Southeast Library System	97
Southwest Multicounty Multitype Inter-Library Exchange	106
- This program has furthered resource sharing among all types of libraries. Members share their expertise, materials and information services through interlibrary loan and electronic transmissions.
Example: Central Minnesota Libraries Exchange spends \$40,000 a year (33% of its budget) to fill 8,000 requests for materials and information. In FY 1999, 63 lending sources responded to 114 requesting libraries, most of them schools.
- Members are kept informed through newsletters, electronic communications and websites.
Example: Metronet spends \$35,000 a year (20% of its budget) on a 1,200 circulation newsletter, its 900 hits per day website, monthly issues forums, and support of author and book-related programs.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: MULTICOUNTY MULTITYPE LIBRARY
Program: LIBRARIES
Agency: CHILDREN, FAMILIES & LEARNING

- Multitype systems and their partners have linked together academic, public, school and special libraries and follow emerging options in technologies for increased participation.
Example: Southeast Library System spends \$6,000 a year (5.5% of its budget) to provide incentives and technical assistance for member libraries to join the region wide automation system to which 30 schools belong.
- Multitype systems have begun strategic plans with goals to achieve their missions, including
 - advocacy for the essentialness of library services to the public;
 - increased linkages through person to person communication and technologies;
 - improving delivery mechanisms for increased user need and satisfaction; and
 - enlarging library cooperation to support communities, build knowledge capacity, and meet the demands of lifelong learners.

FINANCING INFORMATION:

- This activity is funded entirely with state aid.
- 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.

BUDGET ISSUES:

- As the state moves toward increasing levels of collaboration in library services, especially between school, public, and academic libraries, the support work of the multitype systems increases.
- Systems have minimum operational funding from the state and existing legislation for development grants has never received an appropriation.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$903,000 for FY 2002 and \$903,000 for FY 2003.

- Based on these entitlements, the Governor recommends an appropriation of \$903,000 in FY 2002 (\$90,000 for FY 2001 and \$813,000 for FY 2002) and \$903,000 in FY 2003 (\$90,000 for FY 2002 and \$813,000 for FY 2003).

Activity: Multicounty Library Systems
Program: Libraries

	Budget Activity Summary Dollars in Thousands	Estimated		Gov.'s Recommendation		Biennial Change 2002-03/2000-01	
		F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003	Dollars	Percent
<i>AID</i>	1. Statutory Formula Aid	903	903	903	903		
	2. Statutory Excess/(Shortfall)						
	3. Appropriated Entitlement	903	903				
	4. Adjustment(s)						
	a. Excess Funds Transferred In / (Out)						
	5. State Aid Entitlement under Current Law	903	903	903	903	0	0.00%
	6. Governor's Recommended Aid Change(s)						
	7. Governor's Aid Recommendation	903	903	903	903	0	0.00%
<i>plus</i>							
<i>LEVY</i>	8. Local Levy under Current Law	0	0	0	0	0	0.00%
	9. Governor's Recommended Levy Change(s)						
	10. Governor's Levy Recommendation	0	0	0	0	0	0.00%
<i>equals</i>							
<i>REVENUE</i>	11. Current Law Revenue (Total of Aid & Levy)	903	903	903	903	0	0.00%
	a. Subtotal - Governor's Revenue Change			0	0		
	b. Governor's Revenue Recommendation	903	903	903	903	0	0.00%
Appropriations Basis for State Aid							
	Prior Year (10%)	90	90	90	90		
	Current Year (90%)	813	813	813	813		
	Transfers per M.S. 127A.41, subdivision 8 & 9						
	Total State Aid - General Fund	903	903	903	903		

BUDGET ACTIVITY SUMMARY

Budget Activity: REGIONAL TELECOMMUNICATIONS AID
Program: LIBRARIES
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 125B.20

ACTIVITY PROFILE:

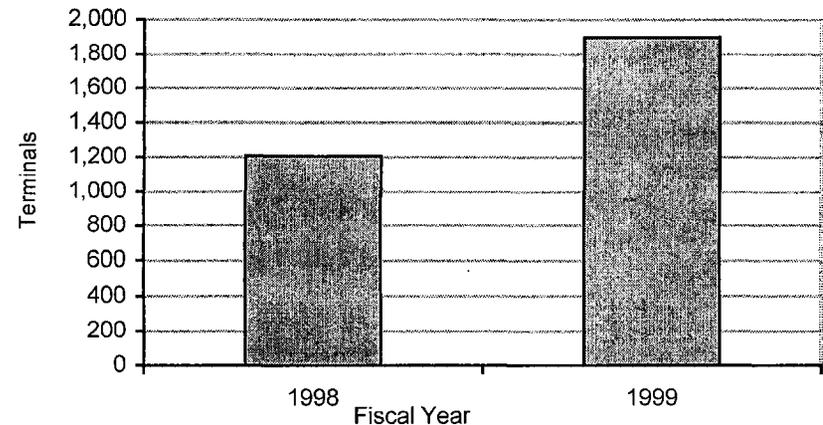
This program supports public library telecommunications bandwidth and connections, enabling high-speed Internet access and linking of the automated library catalogs of the major public libraries and public library systems in Minnesota as part of the Minnesota Library Information Network (MnLINK).

- It connects Minnesota communities through public libraries to the information highway by leaving no public library affiliated through a regional library system disconnected.
- It gives local businesses access to a wide variety of electronic information resources, electronic government services, and trained library staff to assist them in competing in an expanding global market.
- It assures students, parents, and other community members, especially the economically disadvantaged, high-speed access to the Internet, electronic learning and work opportunities, and the resources in Minnesota libraries statewide.
- It provides an opportunity for public libraries to apply for federal E-rate discounts and uses discounts to further offset infrastructure costs.
- Specific objectives of the program:
 - Make the resources of all public libraries readily searchable to school, academic, state government, and special libraries.
 - Provide connectivity and telecommunications bandwidth to support Internet, connect library catalogs and other databases through MnLINK, and distance learning.
 - Support efficiently technological improvements that assist libraries in easily sharing resources.
- The 12 regional public library systems apply for this aid based on the actual costs of telecommunication connections for each library in their regions. These costs include leasing of telecommunications carrier lines, maintenance and services on maintaining connections, and replacement of equipment. Costs vary widely for telecommunication services with higher costs typically associated with more remote rural areas.
 - Systems must have approved technology plans.
 - Systems are required to apply for actual costs.
 - Systems must apply for the federal E-rate discount program.

STRATEGIES AND PERFORMANCE:

- Through this program, minimum connectivity of 56 Kb lines to public libraries and T1 lines to regional library system headquarters has been maintained.
- In FY 2001, 30% of public libraries will move to T1 capacity with the additional funds provided by the legislature in the second year of the biennium.
- Eleven of twelve regional public library systems are now connected through the MnLINK gateway making over 14 million items in public library automated catalogs searchable.
- 95.7% of Minnesota public library buildings affiliated with regional systems (333 of 348) provide public access to the Internet. The libraries have been responding to the public demand for high-speed access to the Internet by increasing the number of Internet terminals available to their customers.

Public Library Internet Terminals



(No data available before 1998.)

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: REGIONAL TELECOMMUNICATIONS AID
Program: LIBRARIES
Agency: CHILDREN, FAMILIES & LEARNING

FINANCING INFORMATION:

In FY 2000, this activity was financed at about 74% with state funds.

BUDGET ISSUES:

- The 2000 legislature added a one-time increase of \$2.4 million to the program to increase at least 30% of public libraries to T1 lines.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$1.2 million for FY 2002 and \$1.2 million for FY 2003, with carryforward authority within the biennium.

Activity: REGIONAL TELECOMMUNICATIONS AID
 Program: LIBRARIES
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
LOCAL ASSISTANCE	0	1,200	3,606	1,200	1,200	1,200	1,200	(2,406)	(50.1%)
Total Expenditures	0	1,200	3,606	1,200	1,200	1,200	1,200	(2,406)	(50.1%)
Financing by Fund:									
Direct Appropriations:									
GENERAL	0	1,200	3,606	1,200	1,200	1,200	1,200		
Total Financing	0	1,200	3,606	1,200	1,200	1,200	1,200		

BUDGET ACTIVITY SUMMARY

Budget Activity: MISCELLANEOUS FEDERAL LIBRARY PROGRAMS
Program: LIBRARIES
Agency: CHILDREN, FAMILIES & LEARNING

State Citation:

Federal Citation: P.L. 104-208, Library Services and Technology Act

ACTIVITY PROFILE:

The purpose of this program is to improve services to targeted underserved populations and to build electronic linkages and networks that support library services.

- The program requires state plans and goal-setting to carry out federal purposes. Subsequently, the state uses these federal funds to carry out capacity-building and service components in the Minnesota five-year state plan. The Minnesota Library Advisory Council, representative of providers and users of library services, advises in the development, implementation, and evaluation of this plan.
- The Minnesota state library agency must submit an evaluation on its fulfillment of the goals in its plan before the end of the fifth year of this act.
- Required submission of the state plan in April 1998 predates the Big Plan but shares the same objectives.
- Eligible applicants for competitive grants are regional library systems, existing or new consortia, libraries that serve a statewide audience, and other libraries working with any of the eligible categories. The state library agency may also conduct projects. Up to a maximum of 4% of the appropriation can be used for administration at the state level annually.
- The state plan for use of federal funds provides for carrying out state goals and priorities within the following federal purposes:
 - Establish or enhance electronic linkages among or between libraries;
 - Electronically link libraries with educational, social, or information services;
 - Assist libraries in accessing information through electronic networks;
 - Encourage libraries in different areas, and encourage different types of libraries to establish consortia and share resources, or pay costs for libraries to acquire or share computer systems and telecommunication technologies; and
 - Target library and information services to persons having difficulty using a library and to underserved urban and rural communities, including children (from birth to age 17) from families with incomes below the poverty line.

- In awarding grants, the department considers the following criteria:
 - Fulfillment of federal Library Services and Technology Act (LSTA) purposes and the Minnesota five-year plan goals and activities.
 - Adherence to Minnesota priority activity requirements.
 - Integration with and leveraging of other regional and state initiatives.
 - Congruence with strategic and technology plans pertinent to the applicant.
 - Outcomes of the proposed project.
 - Building upon or supporting collaboration with other libraries and non-library partners.
 - Extension of access to targeted unserved or underserved populations.
 - Benefit to others or applicability of project to others outside of those immediately served.
 - Ability to continue the project after the initial grant.

STRATEGIES AND PERFORMANCE:

Federal Grants Awarded under LSTA in State Fiscal Years:

	FY 1998		FY 1999	
	Projects	Funds	Projects	Funds
Electronic linkages	14	\$ 925,000	15	\$ 680,704
Specialist resources	3	30,000	3	75,000
Electronic resources	6	195,000	6	460,529
Interlibrary sharing	5	291,000	11	1,108,373
Target services	6	214,000	1	6,140
TOTAL	34	\$1,655,000	36	\$2,330,746

The following are some examples of projects:

- As the aim of the federal program is to do what is not possible locally or provided by the state, awards go to projects which leverage resources and fill gaps not otherwise provided.
- Electronic linkages: Conducted a comprehensive survey of library capacity to participate in MnLINK, the state online catalog and information system, which found widely differing resources among school media centers. For example, automation in use ranges from home-grown Apple IIE systems (1980) to advanced minicomputers (1999). \$249,000
- Specialized resources: Established a web-based *Minneapolis Public Library Index of Minnesota Magazines* providing access to substantive articles on local and statewide politics, general news, current events, history, and theater. \$24,880
- Electronic resources: Provided 13 public libraries with pilot staff development workshops in tailoring use of online electronic access to public interests and needs. \$3,062

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: MISCELLANEOUS FEDERAL LIBRARY PROGRAMS
Program: LIBRARIES
Agency: CHILDREN, FAMILIES & LEARNING

- Interlibrary sharing: Aided Comfrey in thorough planning for and promotion of its new school and community library. \$10,000 and \$7,580
- Target services: Sponsored a three-day planning institute for regional system staff, board members, and advisory committee members, resulting in a shift in all 19 systems from long-range to strategic planning. \$6,140

FINANCING INFORMATION:

	<u>Dollars in Thousands</u>				
	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>Est.</u> <u>FY 2001</u>	<u>Est.</u> <u>FY 2002</u>
Federal Aid	\$2,373	\$2,262	\$2,406	\$2,400	\$2,400

Note: Funding levels shown in this table may differ from the expenditures shown on the federal program fiscal summary page due to carryover provisions and statewide accounting period closing requirements.

BUDGET ISSUES:

The federal act requires both a state match (51% of the federal award), and a state maintenance of effort (the difference between the match and state funding). Library Development and Services reports the state appropriation for regional public library system basic aids to meet these requirements.

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Program: DISCONTINUED PROGRAMS (K-12)
Agency: CHILDREN, FAMILIES & LEARNING

Statute requires a report of discontinued education aids or grants if there is an expenditure in FY 1999, FY 2000 or FY 2001.

<u>Discontinued/Nonrecurring</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Adolescent Parenting	\$ 12	\$ -0-	\$ -0-
American Sign Language	12	-0-	-0-
Angle Inlet/One-Room Schoolhouse	25	25	25
AP/IB Student Scholarships & Teacher Stipends	1,341	-0-	-0-
Aquila Community Together Project	30	-0-	-0-
Assistance for Immigrant Families	-0-	-0-	500
Bell Museum Grant	500	-0-	-0-
Caledonia Planning Grant	40	-0-	-0-
Carlton Planning Grant	10	-0-	-0-
Centennial Class Size Project	180	-0-	-0-
Children's Library Services	150	-0-	-0-
Clearinghouse of Best Practices	1,933	-0-	-0-
Compensatory District Revenue	14,700	-0-	-0-
Coop & Combination Aid	42	-0-	-0-
Cooperative Facilities	-0-	-0-	100
Coordinated Facilities Plan	550	-0-	-0-
Database Access Program	-0-	250	250
Deferred Maintenance, Facilities	-0-	-0-	23,360
Design & Implementation Grant	438	-0-	-0-
Disaster Relief - Comfrey	-0-	450	-0-
Disaster Relief - St. Peter	355	250	-0-
District Cooperation Aid	7,304	5,984	556
Educ Programs at Care & Treatment Facilities	-0-	-0-	50
Education Performance Improvement Grants	229	-0-	-0-
EET - Career Assessment	1,279	-0-	-0-
EET - Employer Rebate	461	441	559

<u>Discontinued/Nonrecurring</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
EET - Entrepreneurial	25	-0-	-0-
EET - MN Historical Society	10	-0-	-0-
EET - MN Valley Action Council	50	-0-	-0-
EET - Occupational Inf.	257	-0-	-0-
EET - Part/Comm. Awareness	249	-0-	-0-
EET - Youth Employment	196	-0-	-0-
Electronic Curriculum	832	-0-	-0-
Enhanced Pairing	116	-0-	-0-
Extended Year Pilots	455	-0-	-0-
Family Connections	244	-0-	-0-
Flood Loan Interest	-0-	970	-0-
Gifted and Talented Grants	1,626	-0-	-0-
Grad. Rule Resource Grants (incl. Geo Ed & Alt Exp)	3,200	550	50
Historic Building Aid	307	-0-	-0-
HIV Education Training Sites	-0-	307	151
Homeless Students Aid	20	15	-0-
Homeless Students Capital Grants	900	-0-	1,000
Homework Hotline	30	40	40
In School Behavior Intervention Grants	291	7	2
Intervention Demonstration Program	241	-0-	-0-
Isle Capital Planning Grant	100	-0-	-0-
Lay Advocates	4	-0-	-0-
Learning Academy	1,264	-0-	-0-
Learning Readiness, Head Start, ECFE	2,500	-0-	-0-
Librarians of Color	95	-0-	-0-
Library for the Blind	47	122	90
Library Site Grants	28	-0-	-0-
Lifelong Learning Sites	492	-0-	-0-
Little Falls	-0-	300	-0-

Program: DISCONTINUED PROGRAMS (K-12)
Agency: CHILDREN, FAMILIES & LEARNING

<u>Discontinued/Nonrecurring</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Magnet School Facilities (Willmar & Ely)	-0-	-0-	1,300
Mankato Model School for Chronic Truants	40	-0-	-0-
Mexican Origin Education	69	-0-	-0-
MN International Center	80	-0-	-0-
MN Learning Resource Center (New Visions)	-0-	450	-0-
Model Distance Learning Grant	250	-0-	-0-
Monticello Storm Grant (ISD 882)	100	-0-	-0-
Nett Lake Insurance/Unemployment	23	-0-	30
Nett Lake Media Specialist	34	-0-	-0-
Northland Learning Center	-0-	-0-	200
Partners for Quality School Improvement	-0-	470	-0-
Partners for Quality Training	32	-0-	-0-
Pilager Law Suit	-0-	325	-0-
Professional Teaching Certification	77	-0-	-0-
Professional Teaching Standards	-0-	308	242
Regional Public Library Outreach	250	-0-	-0-
Regional Public Library System	250	-0-	-0-
Residential Academies (TR OUT)	12,000	-0-	-0-
Rochester Spec Educ Adjustment	135	150	15
School Breakfast Outreach Pilot	15	-0-	-0-
Sobriety High	-0-	-0-	500
Sparsity Correction	-0-	998	515
Special Education Cross Subsidy	-0-	7,885	18,396
Special Programs Equalization Aid	5,161	446	-0-
St Paul Community Based School	-0-	3,000	-0-
Summer Food Service Incentives	15	-0-	-0-

<u>Discontinued/Nonrecurring</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
T & E Replacement Revenue	-0-	-0-	27,196
Targeted Breakfast Grants	545	-0-	-0-
Technical Asst to Schools & Coops	50	-0-	-0-
Technology Clearinghouse/Refurbishing	3,531	1,192	-0-
Technology Integration-Ortonville	200	-0-	-0-
Technology Site-Based Grants	2,262	-0-	-0-
Telecommunications Access Grants	12,475	5,000	-0-
Third Party Billing	-0-	100	100
Training Teachers -- Special Needs	-0-	651	849
Transportation Safety	1,445	144	-0-
Transportation Targeted Needs	7,671	-0-	-0-
Uniform Billing System Technical Assistance	-0-	22	-0-
Unlimited Possibilities	100	-0-	-0-
Urban Educator Program	367	1,300	1,300
Urban League Street Academy Grant (Mpls)	-0-	750	-0-
Victims of Torture Center	60	75	75
Violence Prevention thru Plays/Workshops	75	-0-	-0-
Wide Area Transportation	50	-0-	-0-
Workstudy Student Compensation	2	-0-	89
Youth Athletic Demonstration Project	100	-0-	-0-
Discontinued/Nonrecurring (K-12)	\$88,134	\$32,977	\$77,540

PROGRAM SUMMARY

Program: CHILDREN, FAMILIES & LRNG AGEN
Agency: CHILDREN, FAMILIES & LEARNING

PROGRAM PROFILE:

Administrative activities for the Department of Children, Families & Learning are reported separately from the aids portion of the budget. The agency program contains the administrative activities for the agency's state and federal funds. Activities are reported by organizational structure and include:

- Teaching and Learning,
- Management Services,
- Public Affairs and Policy Development,
- Councils and Foundations, and
- Community Services.

Changes to the agency appropriations:

CFL GENERAL FUND APPROPRIATIONS

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2002-03</u>
		(\$000s)	
Base Year (FY 2001)	29,764	29,764	59,528
Salaries & Benefits Base Adjustment	500	1,018	1,518
Revolving Account for Teacher Licensure	1,300	1,300	2,600
Reduction to Agency for Teacher Licensure	-800	-800	-1,600
Critical Staffing	400	400	800
Earmark for MN Foundation for Student Organization	625	625	1,250
Transfer of MN Children's Museum from Dept. of Administration appropriation	260	260	520
TOTAL	32,049	32,657	64,616

GOVERNOR'S RECOMMENDATION:

The Governor recommends an agency general fund appropriation of \$32.049 million in FY 2002 and \$32.567 million in FY 2003. In addition, the Governor recommends a reduction of \$21,000 per year from the Trunk Highway Fund in accordance with Minnesota Statutes, section 161.20, subdivision 3.

Program: CHILDREN, FAMILIES & LRNG AGEN
 Agency: CHILDREN, FAMILIES & LEARNING

Program Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Activity:									
TEACHING & LEARNING	19,525	17,182	25,109	23,202	24,306	23,016	24,120	6,135	14.5%
MANAGEMENT SERVICES	20,479	19,533	21,351	18,716	19,116	18,942	19,342	(2,426)	(5.9%)
POLICY DEVELOPMENT	4,847	5,609	6,591	6,306	6,306	6,039	6,039	145	1.2%
COUNCILS & FOUNDATIONS	1,629	1,283	2,215	1,688	1,688	1,705	1,705	(105)	(3.0%)
COMMUNITY SERVICES	13,078	15,317	17,376	15,617	15,617	15,069	15,069	(2,007)	(6.1%)
Total Expenditures	59,558	58,924	72,642	65,529	67,033	64,771	66,275	1,742	1.3%

Change Items:	Fund								
(P) REVOLVING ACCT FOR TEACHER LICENSURE	GEN				500		500		
(P) CRITICAL STAFFING	GEN				400		400		
(P) MOVE MN FOUNDATION FOR STUDENT ORGS	GEN				625		625		
(B) ELIMINATE TRUNK HIGHWAY FUNDS	THI				(21)		(21)		
Total Change Items					1,504		1,504		

Financing by Fund:									
Direct Appropriations:									
GENERAL	33,913	29,153	35,154	30,524	32,049	31,042	32,567		
TRUNK HIGHWAY	21	21	21	21	0	21	0		
MISCELLANEOUS AGENCY	1,188	0	0	0	0	0	0		
Statutory Appropriations:									
GENERAL	548	211	167	151	151	151	151		
SPECIAL REVENUE	3,009	4,149	5,642	5,213	5,213	4,915	4,915		
FEDERAL	19,781	24,332	30,031	28,495	28,495	27,517	27,517		
MISCELLANEOUS AGENCY	803	680	761	706	706	706	706		
GIFT	295	378	866	419	419	419	419		
Total Financing	59,558	58,924	72,642	65,529	67,033	64,771	66,275		

FTE by Employment Type:									
FULL TIME	469.6	491.9	562.9	546.9	546.9	546.9	546.9		
PART-TIME, SEASONAL, LABOR SER	22.9	17.2	0.0	0.0	0.0	0.0	0.0		
OVERTIME PAY	1.0	1.1	0.1	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	493.5	510.2	563.0	546.9	546.9	546.9	546.9		

BUDGET CHANGE ITEM

Agency: CHILDREN,FAMILIES & LEARNING

Item Title: REVOLVING ACCT FOR TEACHER LICENSURE

	<u>2002-03 Biennium</u>		<u>2004-05 Biennium</u>	
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Expenditures: (\$000s)				
General Fund				
Reduce agency budget	\$(800)	\$(800)	\$(800)	\$(800)
Revenues: (\$000's)				
Dedicate receipts	<u>\$1,300</u>	<u>\$1,300</u>	<u>\$1,300</u>	<u>\$1,300</u>
Net GF cost	\$500	\$500	\$500	\$500

Statutory Change? Yes No

If yes, statute(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends dedicating the proceeds of teacher license fees in the 2002-03 biennium to improve the efficiency and service of the teacher licensure system. The Governor also recommends an increase of \$500,000 to support these activities.

RATIONALE:

The Personnel Licensing unit processes licenses for teachers and administrators and maintains data about Minnesota public school personnel. The unit is currently operating with outdated, microfiche-reliant technology. As a direct result, it currently takes between 12 and 15 weeks to process each license application. This lengthy processing period causes significant delays for school districts in the hiring of necessary personnel.

CFL is seeking dedicated funding for a one-time overhaul of the outdated technology used to run the educational licensure and related data system, transforming it into a web-based system consistent with current best practices. This will result in more satisfied educators, assist in removing barriers to recruiting teachers and administrators, and allow parents and caregivers easy on-line access to public information about teachers, administrators, and schools.

Funding this request should

- Significantly reduce operational costs

- Allow parents and caregivers easy on-line access to public information about teachers, administrators and schools
- Remove barriers to recruiting teachers and administrators
- Result in more satisfied customers.

FINANCING:

The agency seeks a revolving account funded with the license fees paid by state educators at the current rate of \$47 per license. These user fees have generated approximately \$1.5 million per year. The movement to multi-year licensure will reduce revenue generated by an estimated \$200,000 per year.

The \$500,000 increase in funding for licensing will be used to fund the automation project and process improvements needed to reduce licensure turnaround time and make information more reliable and accessible.

Funds currently used to fund cost overruns in teacher licensure will be redirected to fund critical staffing needs, including investigation of maltreatment of minors complaints, certification of education programs in care and treatment facilities and support for charter schools.

OUTCOMES:

Funding this request should result in the following outcomes:

- Reduction in the turnaround time for processing the approximately 32,000 (1999) annual license applications for new and renewed licenses from 12 weeks at peak times to two to three weeks or less.
- Significantly increase the satisfaction of teachers and administrators with the procedures for obtaining and maintaining their professional licenses, resulting in an improved ability to recruit and retain public school educators.
- Ensure parents and caregivers that all public school educators possess required and legitimate credentials. The current system using the outdated technology is not only slow but does not work well with other systems (e.g., criminal background checks, monitoring of compliance with teacher and administrative school assignments) to ensure seamless monitoring of compliance with statutes, rules, standards and expectations governing the licensing and conduct of educators.
- It is projected that this investment will save the department minimally \$1 million over the next decade by eliminating services required to maintain the microfiche system. While other costs involved with the new technology will somewhat offset these savings, the cost of maintaining and operating the new technology will be far less than the cost of the current system.

BUDGET CHANGE ITEM

Program: CHILDREN, FAMILIES & LRNG AGEN

Agency: CHILDREN, FAMILIES & LEARNING

Item Title: CRITICAL STAFFING

FINANCING:

The recommended reallocation will fund a total of 7 positions and their related costs:

- Charter school support – 3 FTE
- Maltreatment of minors – 2 FTE
- Library for the Blind and Physically Handicapped – 1 FTE
- Education in care and treatment – 1 FTE

	<u>2002-03 Biennium</u>		<u>2004-05 Biennium</u>	
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Expenditures: (\$000s)				
General Fund				
-State Operations	\$400	\$400	\$400	\$400
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes _____ No <u> X </u>				
If yes, statute(s) affected:				
_____ New Activity _____ Supplemental Funding <u> X </u> Reallocation				

GOVERNOR'S RECOMMENDATION:

The Governor recommends eliminating youth entrepreneurship grants, grants to cities of the first class and agriculture improvement grants and reallocating \$400,000 per year from the Employment & Education Transitions program to the agency budget to fund emerging critical staffing needs.

RATIONALE:

The Governor directed agencies to reprioritize and reallocate funds internally to meet critical needs. The Department of Children, Families & Learning identified a reallocation from Employment & Education Transitions to fund critical staffing needs in several key areas:

- Financial management support for charter schools.
- Investigation of maltreatment of minors complaints
- Staffing for the Minnesota Library for the Blind and Physically Handicapped
- Approving educational programs in care and treatment facilities

BUDGET ACTIVITY SUMMARY

Budget Activity: TEACHING & LEARNING
Program: CHILDREN, FAMILIES & LRNG AGEN
Agency: CHILDREN, FAMILIES & LEARNING
Citation:

ACTIVITY PROFILE:

The Office of Teaching and Learning implements policies and programs for public education in Minnesota in standards, statewide assessment, and accountability. The office assists learners of all ages to gain the basic skills and credentials necessary for gainful employment.

- Standards include the standards for basic literacy, the high standards in the profile of learning, and graduation requirements for all students;
- **Statewide assessment** provides for the testing and assessment for all students including alternative assessments; and
- **Accountability** is a continuous improvement system for schools statewide that requires data driven decision making and adequate yearly progress toward increased student achievement.

The activities in this office focus on the following areas:

- Learner Success
- Successful implementation of the Minnesota Graduation Standards
- Lifework Development.

The office has five budget activities:

Curriculum and Instruction activities increase the ability of schools to successfully deliver standards-based education to all students, increase knowledge and practice of best practice in teaching and learning, and establish service delivery to support the teaching and learning of students.

Learner Options activities increase the capacity of the system to provide alternative services, alternative systems, and alternative sites to meet special needs of students. They also support the establishment and implementation of a statewide accountability system to support the continuous improvement process in schools to increase student achievement for all.

Special Education activities help schools and other agencies to identify and include the full participation of students with disabilities in standards-based education. It also builds the capacity of the system to meet the unique needs of students through alternative instructional methodologies, alternative assessments, alternative services, alternative systems, and alternative sites.

Lifework Development activities enable schools to implement standards in career exploration and occupational preparation, meet the needs of students

through alternative services and sites that support full access to career and technical education programs, partner with business and the community to promote work-based and service learning, and support programs for adult learners earning high school diplomas or GED certificates.

Statewide Assessment activities implement the basic standards testing program to assure basic literacy of all students and the Minnesota Comprehensive Assessment programs to provide a system of statewide accountability for schools that assesses the successful delivery of the Profile of Learning high standards.

STRATEGIES AND PERFORMANCE:

The activities of this office include the following:

- Improve the effectiveness of schools and school-based, work-based and service-based learning activities by implementing best practices in teaching and learning; delivering standards-based education to participate in continuous improvement; and being accountable for increased student achievement. The enhancements to schools and related programs are carried out primarily through funding, training, technical assistance, required plans, assessments and reports.
- Provide information on and interpretation of education policy related to standards, assessment and accountability. Support schools with implementation of policy by developing formats, procedures, processes, rules and legislative recommendations, and by administering federal and state laws, rules and regulations.

The following administrative efforts are currently underway in the Office Teaching and Learning.

Curriculum and Instruction

To support curriculum and instruction, department staff perform the following functions:

- Assist teachers in developing performance-based classroom assessments
- Provide professional development opportunities to support best practices in curriculum development, instructional strategies and assessments.
- Create, maintain and expand a High Standards Tool Library to support implementation of the standards-based system.
- Assist districts and schools with processes for staff development and site-based participatory decision-making.
- Provide technical assistance to enable schools and districts to meet legal standards for graduation standards implementation, staff development and accountability.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: TEACHING & LEARNING
Program: CHILDREN, FAMILIES & LRNG AGEN
Agency: CHILDREN, FAMILIES & LEARNING

- Establish and maintain a communication network that links all standards based implementation efforts.

Learner Options

Personnel in Learner Options facilitate the availability of a greater number of options for learners in Minnesota by the following methods:

- Assisting in building the capacity of alternative alternative systems, sites and supplemental services for students who are at risk of not meeting the state's basic and high standards.
- Reviewing, approving and processing applications for state and federal funds that support alternative and/or supplemental instructional services.
- Designing and implementing components of the accountability system to monitor the academic progress of students who are beneficiaries of the state and federal supplemental resources.
- Identifying and assisting those schools and districts that are in need of continuous improvement efforts.

Special Education

The Department's Special Education staff assist and oversee special education services in Minnesota schools by performing the following functions:

- Continue the implementation of the Interagency Services Act (MS 125A.023) to extend service to children with disabilities up to age 21 years.
- Develop guidelines and training on implementing accommodations and modifications through each child's individual educational plan (IEP) and on building collaboration between regular and special education staff and across agencies.
- Implement a statewide special education continuous improvement monitoring system to ensure federal and state compliance and data based improvement.
- Administer funds and grants and provide information and technical assistance.

Lifework Development

Lifework Development staff support career exploration and occupational preparation by these methods:

- Setting standards for school-based, work-based, and service-based learning, distributing resources in support of those learning activities, and

monitoring performance toward standards under appropriate state and federal programs.

- Collaborating with Minnesota's higher education institutions to align curriculum and promote unimpeded transfer from one educational level to another.
- Promoting the use of technology to access career information.
- Ensuring appropriate access to and participation in, school-based, work-based, and service-based learning activities by learners with disabilities or disadvantages.
- Supporting the work of the Minnesota Commission on National and Community Service and the Minnesota Foundation for Student Organizations to ensure that the work of these organizations are linked to the goals and priorities of Lifework Development and the department.

Statewide Assessment

Statewide Assessment staff implement statewide accountability for K-12 education in the following ways:

- Oversee and coordinate teams of teachers to work with test vendors on test item and form development for the Basic Standards Test (BST) and the Minnesota Comprehensive Assessments (MCA).
- Coordinate the administration of the BSTs and MCAs to ensure the correct distribution of tests and test security.
- Provide information and technical assistance to teachers, administrators, the public, and parents on aspects of testing, such as test security, interpretation of scores, and administration of tests.
- Coordinate with the Office of Educational Accountability to conduct the statistical analysis required to ensure test development and scoring accuracy.
- Provide data and information to support the development and on-going maintenance of an accountability model.

BUDGET ISSUES:

As statewide assessment expands the need to fully staff statewide assessment efforts is critical to ensure the credibility of tests, data and information.

Activity: TEACHING & LEARNING
 Program: CHILDREN, FAMILIES & LRNG AGEN
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	8,194	8,543	10,864	10,838	10,838	10,843	10,843	2,274	11.7%
OTHER OPERATING EXPENSES	8,387	6,824	11,919	10,361	10,861	10,170	10,670	2,788	14.9%
Subtotal State Operations	16,581	15,367	22,783	21,199	21,699	21,013	21,513	5,062	13.3%
LOCAL ASSISTANCE	2,944	1,815	2,326	2,003	2,607	2,003	2,607	1,073	25.9%
Total Expenditures	19,525	17,182	25,109	23,202	24,306	23,016	24,120	6,135	14.5%

Change Items:	Fund						
(P) REVOLVING ACCT FOR TEACHER LICENSURE	GEN				500		500
(P) MOVE MN FOUNDATION FOR STUDENT ORGS	GEN				625		625
(B) ELIMINATE TRUNK HIGHWAY FUNDS	THI				(21)		(21)
Total Change Items					1,104		1,104

Financing by Fund:							
Direct Appropriations:							
GENERAL	9,826	6,007	9,421	8,022	9,147	8,136	9,261
TRUNK HIGHWAY	21	21	21	21	0	21	0
Statutory Appropriations:							
GENERAL	28	0	0	0	0	0	0
SPECIAL REVENUE	844	1,264	1,642	1,451	1,451	1,451	1,451
FEDERAL	8,763	9,725	13,801	13,708	13,708	13,408	13,408
GIFT	43	165	224	0	0	0	0
Total Financing	19,525	17,182	25,109	23,202	24,306	23,016	24,120

Revenue Collected:							
Dedicated							
GENERAL	7	0	0	0	0	0	0
SPECIAL REVENUE	1,263	1,014	1,030	1,030	1,030	1,030	1,030
FEDERAL	157,846	207,908	248,747	283,293	283,293	276,583	276,583
GIFT	38	253	116	0	0	0	0
Nondedicated							
GENERAL	0	0	0	1,500	1,500	1,500	1,500
CAMBRIDGE DEPOSIT FUND	1,401	1,519	1,500	0	0	0	0
Total Revenues Collected	160,555	210,694	251,393	285,823	285,823	279,113	279,113

Activity: TEACHING & LEARNING
Program: CHILDREN, FAMILIES & LRNG AGEN
Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE by Employment Type:							
FULL TIME	134.9	138.4	162.0	162.0	162.0	162.0	162.0
PART-TIME, SEASONAL, LABOR SER	7.8	6.7	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	142.7	145.1	162.0	162.0	162.0	162.0	162.0

BUDGET ACTIVITY SUMMARY

Budget Activity: MANAGEMENT SERVICES
Program: CHILDREN, FAMILIES & LRNG AGEN
Agency: CHILDREN, FAMILIES & LEARNING

ACTIVITY PROFILE:

The Office of Management Services administers and oversees the funding and accountability for K-12 education in the state by supporting the provision of information and materials to stakeholders.

The Office also manages the administrative functions of the agency, as well as the infrastructure of CFL's outreach to students, parents, teachers, schools and school districts, and the citizens of Minnesota.

The Office of Management Services has seven divisions:

Division of Information Technologies activities ensure accurate, timely and comparable management of information as required by local school boards, CFL, the executive and legislative branches of Minnesota government, the federal government and the public. In addition, the Information Technologies Division supports schools, libraries and other local area agency applications and use of technology.

Library Development Services activities carry out, on behalf of the department, its statutory charge "as an integral part of the responsibility for public education, support the provision of library services for every citizen, the development of cooperative programs for the sharing of resources and services..." Library Services also works with libraries to support reading and information materials in all formats, outreach to culturally diverse communities and economically disadvantaged, and assistance in navigating the information highway.

Management Assistance activities provide state administration of required school district and charter school accounting and financial management systems; provide individualized management assistance to schools and districts, and approve plans for removing excess debt. The division conducts audits of school revenues and reports on the financial health of school districts and charter schools. Management Assistance also provides financial data for state aid and other purposes.

Agency Finance ensures effective and efficient services by managing accounts payable, payroll, the procurement of goods and services and other financial management functions to ensure prompt payment of vendors and careful, efficient administration and use of state and federal resources allotted to the department.

Program Finance administers the state's E-12 education funding system by determining annual state aid entitlements, property tax levy limitations, and metered aid payments for local education agencies, providing information and analysis on education funding issues for state policy makers, school districts and the public, and managing the state's E-12 budget.

Human Resources provides personnel services, including recruitment, training, compensation and employee benefit administration. Coordinates labor relations for the agency including contract negotiations, contract and plan interpretation and grievance processing.

The **Executive Offices** of the agency administer the activities of the Commissioner and Deputy Commissioner. These offices provide leadership and communications for the development and delivery of services to Minnesota's schools, care providers and local units of government. The offices also set priorities and directions for agency programs and work in conjunction with assistant commissioners, agency managers and staff to carry out objectives.

STRATEGIES AND PERFORMANCE:

Information Technologies

- Leverage web and telecommunications technologies to provide better access to state and local data via electronic government services (EGS) for Minnesota students, parents, teachers, administrators and policy makers.
- Adopt and implement a data privacy security policy to ensure the safe and secure electronic transfer of data both externally and internally.
- Develop and implement guiding principles for information resource management to improve state and local data collection processes for school districts and work with the Office of Community Services to improve data collection, analysis and reporting processes.
- Leverage federal technology programs to support classroom activities and data for decision making.

Library Development Services

- Undertake a phased study of Minnesota library structures to evaluate and improve services (Completion of phase 1 state level examination is January, 2001)
- Develop, with the school library media centers, standards for school library media centers. (Draft standards completed for ratification by the Minnesota Education Media Organization Fall 2000)

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: MANAGEMENT SERVICES
Program: CHILDREN, FAMILIES & LRNG AGEN
Agency: CHILDREN, FAMILIES & LEARNING

- Continue automating grant application and reporting, public library data collection and publication and other manual processes to improve customer service.
- Circulate over 308,000 items in special formats directly to customers of the Minnesota Library for the Blind and Physically Handicapped. (MLBPH)

Management Assistance

- Provide access to a greater array of reports and information, including UFARS submissions and reports, on the web for easier customer access. Nearly all financial reports and the *School Business Bulletin* are now available on the web.
- Provide financial management training to school districts, charter schools and other educational entities to assist them in creating financial practices that are consistent with rule, law and principles of sound management. 20 of these events were conducted during FY 2000 and 97% of participants ranked the sessions as "excellent."
- Conduct on-site technical assistance sessions for new charter schools to ensure that the accounting set-up, procedures and audit data are consistent and compliant with state and federal rules and laws. All 10 new schools were visited during the fall of 2000.
- Further automate the annual submission of UFARS data for schools and school districts to ease the process of the submission and review of data. FY2000 was the first time data was uploaded over the worldwide web, instead of being uploaded from disks or tapes. Further enhancements (online error reports and other information) are forthcoming during FY 2001.

Agency Finance

- Made MAPS reports available to program managers and staff on the agency's intra-web. Provided training and technical assistance to staff on the use of these tools to eliminate circulating the reports on paper.
- Refined the agency's grant process to continue to ensure accountability using a faster, more efficient process. The agency currently processes over 12,000 grants per year totaling nearly \$500 million.
- Improved the agency's accounts payable process and communication with managers and staff about accounts payable transactions. The agency processes about 16,500 payments per year, not including separate

approval processes for payments to items such as travel, contracts and grants.

- Further automate processing of paper-intensive financial documents like grant contracts and payroll time reports.

Human Resources

- Developing new recruiting tools and techniques to enable the agency to better compete for qualified employees in a highly competitive job market.
- Overseeing an ergonomics program for the agency to enhance worker safety and comfort and decrease worker's compensation claims.

Program Finance

- All state aid payments, levy limitations and budget forecasts were completed accurately and according to statutory deadlines. State aid payments were \$2.1 billion in FY1991 and are estimated to be nearly \$4.5 billion in FY 2001.
- Approximately 100 fiscal notes are completed annually.

Executive Office

- Provided leadership on the further development of the graduation standards and student accountability measures statewide.
- Completed an agency-wide effort to redefine the agency's operating policies and procedures to increase staff efficiency and reduce the agency's administrative burden.
- Improved access to information and assistance for all of the agency's customers through better use of written materials and technology tools designed to enhance communication.

Activity: MANAGEMENT SERVICES
 Program: CHILDREN, FAMILIES & LRNG AGEN
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	8,144	8,781	9,912	9,916	9,916	10,143	10,143	1,366	7.3%
OTHER OPERATING EXPENSES	11,396	9,765	10,363	7,726	8,126	7,725	8,125	(3,877)	(19.3%)
OTHER FINANCIAL TRANSACTIONS	652	625	702	700	700	700	700	73	5.5%
Subtotal State Operations	20,192	19,171	20,977	18,342	18,742	18,568	18,968	(2,438)	(6.1%)
LOCAL ASSISTANCE	287	362	374	374	374	374	374	12	1.6%
Total Expenditures	20,479	19,533	21,351	18,716	19,116	18,942	19,342	(2,426)	(5.9%)

Change Items:	Fund				
(P) CRITICAL STAFFING	GEN			400	400
Total Change Items				400	400

Financing by Fund:							
Direct Appropriations:							
GENERAL	16,249	16,094	16,886	14,392	14,792	14,628	15,028
MISCELLANEOUS AGENCY	1,188	0	0	0	0	0	0
Statutory Appropriations:							
GENERAL	231	14	11	11	11	11	11
SPECIAL REVENUE	1,700	2,301	3,025	2,971	2,971	2,971	2,971
FEDERAL	303	435	658	626	626	616	616
MISCELLANEOUS AGENCY	803	680	761	706	706	706	706
GIFT	5	9	10	10	10	10	10
Total Financing	20,479	19,533	21,351	18,716	19,116	18,942	19,342

Revenue Collected:							
Dedicated							
GENERAL	320	152	91	91	91	91	91
SPECIAL REVENUE	2,572	2,499	3,211	3,211	3,211	3,211	3,211
FEDERAL	5,402	8,110	8,297	7,715	7,715	7,715	7,715
MISCELLANEOUS AGENCY	1,944	684	706	706	706	706	706
GIFT	21	15	5	5	5	5	5
Total Revenues Collected	10,259	11,460	12,310	11,728	11,728	11,728	11,728

Activity: MANAGEMENT SERVICES
 Program: CHILDREN, FAMILIES & LRNG AGEN
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE by Employment Type:							
FULL TIME	140.7	143.3	159.7	159.7	159.7	159.7	159.7
PART-TIME, SEASONAL, LABOR SER	6.1	4.4	0.0	0.0	0.0	0.0	0.0
OVERTIME PAY	0.6	0.1	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	147.4	147.8	159.7	159.7	159.7	159.7	159.7

BUDGET ACTIVITY SUMMARY

Budget Activity: POLICY DEVELOPMENT
Program: CHILDREN, FAMILIES & LRNG AGEN
Agency: CHILDREN, FAMILIES & LEARNING

ACTIVITY PROFILE:

The Office of Public Affairs and Policy Development exists to develop and support the agency's reform efforts, disseminate accurate and useful information to the public, coordinate efforts with other organizations to ensure public resources are wisely spent, administer programs that ensure students and parents have access to equal opportunity and due process of law, and license educators to appropriately serve students. The office is divided into the following divisions/teams:

Government Relations

- This team helps design, draft and manage the agency's legislative initiatives. The team's work includes the assembly of the agency's budget proposals, support of agency initiatives at the Minnesota Legislature, and communication of legislative action to the agency's stakeholders.

Communications

- This team works to disseminate information to the public and lead cross-silo efforts designed to achieve the Governor's *Big Plan* priorities and the goals of the agency's *Strategic Plan*.

Accountability and Compliance

The Accountability and Compliance division generally utilizes monitoring and standard setting strategies to ensure that 1) students have equal educational opportunities; 2) students and parents have access to due process of law; and 3) federal and state funds are used appropriately.

Through this team, the agency coordinates rule-making processes, provides special education monitoring and complaint systems, operates the student expulsion appeal system, investigates maltreatment of minors in schools, approves veterans education programs and provides other school-related compliance functions. Accountability findings are examined annually from a statewide perspective to track progress, and are tracked individually to determine whether local school agencies are achieving the improvements required by formal corrective action plans.

Specific activities include the following:

- One-fourth of the state's school districts are monitored annually for special education services.
- In FY 2000, the agency received an all-time high of 236 formal complaints concerning the provision of special education services by schools.
- The agency completed 201 on-site reviews of veterans education programs in FY 2000.
- In FY 2000, the agency assessed and/or investigated 169 reports of maltreatment of minors in schools, and found that maltreatment had occurred in approximately 15-20% of the reports.

Personnel Licensing

- Through this team, the agency issues original and renewal licenses to teachers, administrators and other school staff, manages the waiver and complaint processes related to school administrators, conducts initial and on-going institution and program reviews for all institutions of higher education which offer a licensure program, and supports the work of the Minnesota Board of Teaching.

- Licenses Issued 1995-1999

	<u>1995-'96</u>	<u>1996-'97</u>	<u>1997-'98</u>	<u>1998-'99</u>	<u>1999 as of 10/6/99</u>
Original Licenses	4,444	4,598	4,914	4,860	5,267
Endorsements	931	942	1,009	998	1,082
Renewals	<u>22,351</u>	<u>22,870</u>	<u>24,224</u>	<u>23,958</u>	<u>25,967</u>
TOTAL	27,726	28,400	30,147	29,816	32,316

- Currently, 26 Minnesota institutions offer approximately 540 programs approved to prepare school personnel for licensure in 32 teaching, five in student services, and five in administrative licensure fields.
- Personnel Licensing responds to an average of 2,000 phone calls per week with the number of calls rising to 3,500 per week during the peak season.

Office of Equity

- Office of Equity staff provides technical assistance to districts implementing desegregation plans, implements the settlement of the NAACP v. State litigation, monitors numerous Equal Educational Opportunity mandates such as civil rights monitoring of vocational programs and operation of gender

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: POLICY DEVELOPMENT
Program: CHILDREN, FAMILIES & LRNG AGEN
Agency: CHILDREN, FAMILIES & LEARNING

equity complaint system, and provides technical assistance to the agency and schools with regard to nondiscriminatory practices and equal opportunity best practices.

- The Office of Equity administers the following programs:
 - Charter School Integration Revenue Grants
 - Magnet School and Magnet Program Grants, including Metropolitan Magnet Startup Grants
 - Integration programs including Alternative Preparation Licensing, Minority Fellowship Grants; the Teachers of Color Program; Minority Teacher Incentives; and the Cultural Exchange Program.
- Since July 1, 2000, seven districts have submitted desegregation plans to the agency in accordance with the requirements of Minnesota Rule.

Indian Education

- The Indian Education team provides technical assistance to school districts providing education services to American Indian students and serves as a communication conduit with tribal governments.
- Indian Education staff manage the following programs and funding sources:
 - Minnesota Indian Education Scholarship Program
 - American Indian Culture and Language Grant Program
 - Indian Education funds
 - Indian Post Secondary Preparation Program
 - Indian Teacher Preparation Grant Program
 - Funding for tribal contract schools
 - Early Childhood and Family Education programming at tribal schools.

The specifics pertaining the agency's Indian Education programming and performance is found in the "education excellence" section of the education aids budget.

STRATEGIES AND PERFORMANCE:

In general, this Program Activity

- coordinates the agency's policy development and public communications work;
- enforces state regulations that ensure equal educational opportunities for students;

- licenses teachers, administrators and other school staff in accordance with state law and rule, and
- administers grant and aid programs targeted to specified populations of learners.

Each division within the Office employs specific strategies to achieve the goals of the agency.

BUDGET ISSUES:

The agency's Personnel Licensing unit processes licenses for teachers and administrators using a microfiche-dependent system of technology. The annual cost of scanning documents onto microfiche approximates \$100,000. The technology limitations of the system require that each original license application is addressed by as many as eight individuals, each one of which does one piece of the manual processing required by the current system. As a result, at peak times during the year it can take up to 12 weeks to process one original application for licensure. In addition, the agency often funds cost overruns for teacher licensure.

The agency is requesting that the licensure activity be funded with teacher licensure fees, which will generate sufficient funding to automate the process, improve turnaround time and generate cost savings in the long run. In addition, the agency will be able to redirect funding used to cover licensure cost overruns to fund other priority needs.

Although not a part of CFL, the Children's Museum budget is included in the agency's budget for 2002-'03 for simplicity of reporting and ease of use.

Activity: POLICY DEVELOPMENT
 Program: CHILDREN, FAMILIES & LRNG AGEN
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	3,466	4,328	4,854	4,853	4,853	4,679	4,679	350	3.8%
OTHER OPERATING EXPENSES	1,351	1,281	1,737	1,193	1,193	1,100	1,100	(725)	(24.0%)
Subtotal State Operations	4,817	5,609	6,591	6,046	6,046	5,779	5,779	(375)	(3.1%)
LOCAL ASSISTANCE	30	0	0	260	260	260	260	520	
Total Expenditures	4,847	5,609	6,591	6,306	6,306	6,039	6,039	145	1.2%

Financing by Fund:									
Direct Appropriations:									
GENERAL	2,720	2,989	3,645	3,363	3,363	3,443	3,443		
Statutory Appropriations:									
GENERAL	30	30	30	30	30	30	30		
SPECIAL REVENUE	283	320	260	262	262	262	262		
FEDERAL	1,814	2,270	2,651	2,651	2,651	2,304	2,304		
GIFT	0	0	5	0	0	0	0		
Total Financing	4,847	5,609	6,591	6,306	6,306	6,039	6,039		

Revenue Collected:									
Dedicated									
SPECIAL REVENUE	302	270	275	278	278	278	278		
GIFT	8	0	0	0	0	0	0		
Total Revenues Collected	310	270	275	278	278	278	278		

FTE by Employment Type:									
FULL TIME	57.7	69.4	78.8	78.8	78.8	78.8	78.8		
PART-TIME, SEASONAL, LABOR SER	3.4	3.1	0.0	0.0	0.0	0.0	0.0		
OVERTIME PAY	0.3	0.5	0.1	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	61.4	73.0	78.9	78.8	78.8	78.8	78.8		

BUDGET ACTIVITY SUMMARY

Budget Activity: COUNCILS & FOUNDATIONS
Program: CHILDREN, FAMILIES & LRNG AGEN
Agency: CHILDREN, FAMILIES & LEARNING
Citation: M.S. 268.665

- *Small fee.* Through partnerships with the private sector, MAEF provides a variety of its services to support students, schools and communities to achieve learning goals set locally and by the state.
- *Full fee.* MAEF receives full fee payment for some of its more intensive services to business and industry and to schools and districts.

ACTIVITY PROFILE:

The purpose of this activity is to coordinate with and support the work of the following affiliated foundations.

- Minnesota Foundation for Student Organizations
- Minnesota Academic Excellence Foundation

Given the unique statutory charge of both organizations, each is addressed separately below.

Minnesota Foundation for Student Organizations

The Minnesota Foundation for Student Organizations promotes and supports career and technical education student organizations and applied leadership opportunities in Minnesota public schools and post-secondary institutions through public-private partnerships. Student organizations integrate classroom, workplace, and community experiences into curriculum areas and educational experiences. The 23 member Foundation board was formed in January 1998 and first hired an executive director in June of 1998. (See budget activity narrative under *Education Excellence* for more details.)

Minnesota Academic Excellence Foundation

The Minnesota Academic Excellence Foundation (MAEF) was created in statute in 1983 to serve as an innovative method for leveraging resources from business, government and education to address the issues of strong communities, high performing schools and student achievement. MAEF's role is to initiate and strengthen collaborations and partnerships to focus on education, to call public attention to the need for and attainment of academic excellence for all young people, and to advance best practices and innovative solutions through fast-time development and piloting.

- MAEF's board of directors is appointed by the Governor to represent business, education and government interests. MAEF provides direct services to its customers in three ways:
 - *No cost.* Support from state government allows MAEF to provide many of its services and products to these customers at no cost.

STRATEGIES AND PERFORMANCE:

MAEF

MAEF acts to achieve its goals and the goals of the Department through the following four strategies:

- *Product innovation and technical assistance to customers.* MAEF delivers workshops, seminars, forums, conferences, on-site consultations and printed and electronic materials on issues and topics such as forming academic booster clubs, school district fund raising plans, organizing local volunteers, assessing school performance, local strategic planning, human resource planning, and others.
- *Special Projects.* Over the past decade, MAEF has completed a number of projects for and with the Department of Children, Families & Learning and numerous other services to support school and community customers.
- *Collaboration.* Each year MAEF works with more than 200 volunteers and national, state and local agencies and groups.
- *Incentives and public encouragement.* MAEF has implemented a number of incentive programs to leverage school-community-business partnerships; to increase school performance as measured by levels of student achievement; and to increase local investments in public education.

Some of the most recognized activities of MAEF include the Partners for Quality Program, the Academic League and award programs for students and teachers.

Partners for Quality

- The Partners for Quality School Improvement and Accountability Training Program, established as a pilot in 1997, systematically advances school quality, accountability and improvement leading to increased student achievement in both high performing and under-performing schools.
- Partners for Quality provides requesting schools with a framework to assess the performance of a classroom, school and/or district: the Malcolm Baldrige Criteria for Education Performance Excellence. The core values of this framework are grouped into seven categories: 1) leadership; 2) strategic

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: COUNCILS & FOUNDATIONS
Program: CHILDREN, FAMILIES & LRNG AGEN
Agency: CHILDREN, FAMILIES & LEARNING

planning; 3) student and stakeholder focus; 4) information and analysis usage; 5) human resources development; 6) education and support processes; and 7) school performance results.

Academic League

- The Academic League was enacted in 1989 to provide for student academic challenges and recognitions. Since 1989, MAEF has assisted schools in increasing student participation in the Academic League's 90 challenges from 27% of all students in 1994, to 35% in 1996, to 40% in 1998 and to 45% in 2000.
- Local budget support, measured by MAEF in two surveys completed in 1995 and 2000, has not followed student participation trends. Students and school academic coaches citing lower levels of support for academic challenge and recognition programs, compared to sports activities, school building and capital projects, teacher contracts and other issues.

Award Programs

MAEF administers several awards programs that recognize the exemplary achievement of teachers and students in Minnesota.

FINANCING INFORMATION:

MAEF

As mandated by MS 124D.94, MAEF is charged to raise monies from the private sector and is authorized to collect fees. MAEF generates revenue from four sources:

1. State appropriation from general fund
2. Interest from seven small regional endowment funds
3. Gifts and grants from individuals and foundations in the private sector
4. Fees for services delivered to students, schools, communities, government agencies and business organizations

Type of Revenue	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
State Appropriation (Agency)	\$627,000	\$623,000	\$627,000	\$646,000	\$642,000
Endowment interest	\$13,665	\$13,100	\$19,000	\$20,000	\$15,000
Gifts/grants	\$140,671	\$99,494	\$209,000	\$261,000	\$418,000
Fees for services	\$86,971	\$129,705	\$114,338	\$216,000	\$266,000
P for Q Aids Appropriation	NA	\$500,000	-0-	\$500,000	-0-

MAEF raises a significant investment of private funds for the benefit of Minnesota's schools. The Friends for MAEF, a separate 501(c)(3) nonprofit organization, was established in 1990 to support MAEF programs through fundraising and community outreach. The following data summarizes the Foundation's fund-raising activities.

	1997	1998	1999	2000	2001
Fund development campaigns	3	5	5	5	5
Amounts raised by campaign:					
- annual fund (families)	\$11,000	\$8,000	\$6,000	\$7,000	\$6,000
- program partners (foundations)	44,000	95,000	55,000	60,000	90,000
- natl collaboratives	NA	280,000	212,000	141,000	115,000
- Silver Boosters (major donors)	10,000	7,000	13,000	31,000	39,000
- Other	265,000	180,000	125,000	158,000	200,000
Cumulative endowments:					
- MAEF funds	476,000	563,000	575,000	635,350	650,000
- Ethel Curry Fund	NA	NA	NA	1,130,000	1,170,000

BUDGET ISSUES:

The Minnesota Foundation for Student Organizations should be an earmark on the agency's appropriation.

Activity: COUNCILS & FOUNDATIONS
 Program: CHILDREN, FAMILIES & LRNG AGEN
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	438	593	806	825	825	843	843	269	19.2%
OTHER OPERATING EXPENSES	598	528	1,026	606	606	605	605	(343)	(22.1%)
Subtotal State Operations	1,036	1,121	1,832	1,431	1,431	1,448	1,448	(74)	(2.5%)
PAYMENTS TO INDIVIDUALS	40	0	0	0	0	0	0	0	
LOCAL ASSISTANCE	553	162	383	257	257	257	257	(31)	(5.7%)
Total Expenditures	1,629	1,283	2,215	1,688	1,688	1,705	1,705	(105)	(3.0%)

Financing by Fund:									
Direct Appropriations:									
GENERAL	1,309	1,059	1,535	1,339	1,339	1,357	1,357		
Statutory Appropriations:									
SPECIAL REVENUE	99	102	247	132	132	131	131		
FEDERAL	56	7	0	0	0	0	0		
GIFT	165	115	433	217	217	217	217		
Total Financing	1,629	1,283	2,215	1,688	1,688	1,705	1,705		

Revenue Collected:									
Dedicated									
SPECIAL REVENUE	152	108	141	120	120	120	120		
GIFT	240	209	217	217	217	217	217		
Total Revenues Collected	392	317	358	337	337	337	337		

FTE by Employment Type:									
FULL TIME	8.0	9.6	13.3	13.3	13.3	13.3	13.3		
PART-TIME, SEASONAL, LABOR SER	0.5	0.5	0.0	0.0	0.0	0.0	0.0		
OVERTIME PAY	0.0	0.1	0.0	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	8.5	10.2	13.3	13.3	13.3	13.3	13.3		

BUDGET ACTIVITY SUMMARY

Budget Activity: COMMUNITY SERVICES
Program: CHILDREN, FAMILIES & LRNG AGEN
Agency: CHILDREN, FAMILIES & LEARNING
Citation:

ACTIVITY PROFILE:

The Office of Community Services maximizes collaborative efforts of communities, counties, school districts and family service providers in support of school readiness, self-sufficiency, and safe and healthy lifestyles for all Minnesotans.

Early Childhood programs improve developmental outcomes for young children and their families and prepare young children for success in school. Programs include Early Childhood Family Education, School Readiness, Early Childhood Screening and Development, Head Start, Early Childhood Special Education/Part C, Child Care Assistance, Child Care Development and School-Age Care.

Prevention programs work with schools, community organizations and governmental agencies to prevent child abuse, violence, crime, drug abuse, and HIV/AIDS. Prevention programs administer risk reduction activities in order to provide safe, accessible, caring environments. Programs include After-School Enrichment Grants, Violence Prevention Education, Abused Children Program, Children's Trust Fund, Parenting Time Centers, Chemical Abuse Prevention Grants, Coordinated School Health, Adolescent Parenting, Male Responsibility, Safe and Drug Free Schools and Communities.

Economic Opportunity programs build the capacity of the state and its local communities to support individuals and families move to self-sufficiency. Programs include the Minnesota Economic Opportunity Grant, the Family Assets for Independence in Minnesota, and Homeless and Emergency Food Assistance programs.

Food and Nutrition programs safeguard the health and well-being of Minnesota children and help ensure that students are ready to learn by giving them access to a more nutritious diet and improving their eating habits through nutrition education. Programs include school lunch and breakfast, the Adult and Child Care Food Program, Summer Food Service and the USDA Food Distribution Program.

STRATEGIES AND PERFORMANCE:

In general, this program

- funds grant and aid programs to school districts, nonprofit agencies, counties, tribal governments, and community organizations to achieve desired outcomes;
- develops and implements administrative rules and administers federal and state regulations;
- provides training and technical assistance to service providers and local governmental staff;
- promotes cooperation and collaboration among local service providers.

The following administrative reform efforts have been undertaken or are currently underway across the Office of Community Services.

- The Early Childhood Division:
 - Developed management process to support community planning to meet identified needs.
 - Developed an integrated information resource management plan to support the technology needs across the Office of Community Services in the areas of early childhood, child nutrition, child health and family self-sufficiency.
 - Initiated a partnership among staff from the Departments of Human Services and Health, Minnesota Planning and the University of Minnesota that is designed to link aggregated data collected through the various agencies to assessment results at third grade.
 - Coordinated training of service providers, communication efforts and staff development activities across the multiple early childhood and child care programs. Department staff work to support implementation of effective family and early childhood development practices across the various local programs.
 - Currently developing an early childhood integration plan for presentation to the 2001 legislature.
 - Currently conducting an analysis of and multiple plans for consolidation of child care assistance in partnership with staff from the departments of Finance and Human Services. The goal of this effort is to effectively target public resources to support agreed-upon public policy priorities.
- The Self-Sufficiency Division:
 - Consolidated grants in a single application to reflect both state and federal funds and longer time periods for shelter, transitional housing and emergency services grantees, and for community action agency grantees.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: COMMUNITY SERVICES
Program: CHILDREN, FAMILIES & LRNG AGEN
Agency: CHILDREN, FAMILIES & LEARNING

establish a cross-agency alcohol and drug abuse prevention plan tied to identified community-based results. Primary state agency partners in each of the initiatives include the departments of Health, Human Services, and Public Safety.

- Developed a "Hunger Partners" web site, which centralizes data gathering and reporting functions for 320 food shelves, eight food banks, and 800 on-site feeding programs and tracking of TEFAP commodities.
- Currently creating a community services information collaboration project with staff from the Department of Economic Security. The web-based system will collect outcome data and is designed to meet both the management and reporting needs of the community action agency grantees and the shelter and homelessness local networks.
- The Prevention Division:
 - Collaborated on an 18-month project with the Department of Public Safety and the University of Minnesota's Konopka Center to produce "Growing Absolutely Fantastic Youth." The report summarizes effective strategies based on research and best practice for working with adolescents across a variety of risk areas including drugs, violence, sexuality and nutrition.
 - Currently working in partnership with the Children's Trust Fund and the Abused Children Advisory councils to merge the two councils and streamline planning and services.
 - Currently working in partnership with the Department of Public Safety to pilot an electronic grant system. The system will provide web-based grant announcement, application, financial and results reporting, thereby reducing paperwork and freeing up staff for other responsibilities. When completed, applicants will be able to apply for grants online; grantees will be able to access financial data on-line; and reviewers will be able to review, rank and make grantee online recommendations.
 - Continues to improve the Prevention and Intervention integrated grant application process, easing access to information and application for funds available throughout the state related to crime, drug, violence and other related programs.
 - Currently consolidating and streamlining administrative processes across all division programs. Results will include reducing the amount of paperwork required from local grantees, instituting standard forms and procedures, and collecting result based information relating to an set of identified desired outcomes for children and adolescents, families and communities.
 - Currently working with other state agencies in two related partnerships. The STATES Initiative funded by the Robert Wood Johnson Foundation will increase parent leadership at the local level. The States Incentive Grant (SIG) from the federal center for Substance Abuse Prevention will
- The Food and Nutrition Division:
 - Reduced paperwork across all Child Nutrition Programs by 80%, creating a corresponding reduction in printing, processing and handling costs.
 - Improved cash flow to school districts, by up to 18 months, through a streamlined state-aid payment process.
 - Established customer-service standards including reduced paper process, reduced manual effort and improved customer response time. Staff designed all business processes around the service standard.
 - Decreased the average program application time by 40 days through reduction of bottlenecks and online processing.
 - Created a portal to the internet that enables customers throughout the state to interact with the division through the Internet and electronic file transfers.
 - Sponsored a symposium in which participants shared current research and identified barriers and solutions to implementing research at local and state levels. As a result, the division is collaborating with the University of Minnesota to determine the effectiveness of the Fast Break to Learning Breakfast grants.

Activity: COMMUNITY SERVICES
 Program: CHILDREN, FAMILIES & LRNG AGEN
 Agency: CHILDREN, FAMILIES & LEARNING

Budget Activity Summary (Dollars in Thousands)	Actual FY 1999	Actual FY 2000	Budgeted FY 2001	FY 2002		FY 2003		Biennial Change 2002-03 Gov / 2000-01	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
Expenditures by Category:									
State Operations									
COMPENSATION	7,207	7,773	8,779	8,536	8,536	8,314	8,314	298	1.8%
OTHER OPERATING EXPENSES	5,211	6,891	7,991	6,530	6,530	6,204	6,204	(2,148)	(14.4%)
Subtotal State Operations	12,418	14,664	16,770	15,066	15,066	14,518	14,518	(1,850)	(5.9%)
LOCAL ASSISTANCE	660	653	606	551	551	551	551	(157)	(12.5%)
Total Expenditures	13,078	15,317	17,376	15,617	15,617	15,069	15,069	(2,007)	(6.1%)

Financing by Fund:									
Direct Appropriations:									
GENERAL	3,809	3,004	3,667	3,408	3,408	3,478	3,478		
Statutory Appropriations:									
GENERAL	259	167	126	110	110	110	110		
SPECIAL REVENUE	83	162	468	397	397	100	100		
FEDERAL	8,845	11,895	12,921	11,510	11,510	11,189	11,189		
GIFT	82	89	194	192	192	192	192		
Total Financing	13,078	15,317	17,376	15,617	15,617	15,069	15,069		

Revenue Collected:									
Dedicated									
GENERAL	59	54	60	60	60	60	60		
SPECIAL REVENUE	16	145	298	297	297	0	0		
FEDERAL	144,052	155,864	150,489	155,594	155,594	155,342	155,342		
GIFT	47	48	192	192	192	192	192		
Total Revenues Collected	144,174	156,111	151,039	156,143	156,143	155,594	155,594		

FTE by Employment Type:									
FULL TIME	128.3	131.2	149.1	133.1	133.1	133.1	133.1		
PART-TIME, SEASONAL, LABOR SER	5.1	2.5	0.0	0.0	0.0	0.0	0.0		
OVERTIME PAY	0.1	0.4	0.0	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	133.5	134.1	149.1	133.1	133.1	133.1	133.1		

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APPENDIX TABLE

Agency: CHILDREN,FAMILIES & LEARNING

**Item Title: HISTORICAL FAMILY & EARLY CHILDHOOD
EDUCATION STATE APPROPRIATIONS**

	End of Session 2000					
	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
School Readiness	9,506	9,505	10,316	10,405	10,395	10,395
Early Childhood Family Education Aid	14,224	13,832	15,618	14,104	20,109	21,107
Health & Developmental Screening Aid	1,550	1,550	1,550	1,550	2,450	2,650
Way To Grow	475	475	475	475	475	475
Head Start Program	11,500	11,500	18,750	18,750	18,375	18,375
School Age Care Aid	381	374	347	304	274	245
Basic Sliding Fee Child Care	15,526	24,751	41,751	54,001	21,621	22,377
MFIP/TY Child Care	18,970	19,976	34,331	64,838	66,524	78,606
Child Care Development	1,715	1,865	5,865	1,865	1,865	1,865
Child Care Program Integrity	0	0	0	0	0	0
Children & Family Support Programs	73,847	83,828	129,003	166,292	142,088	156,095
Family Collaboratives	6,000	6,000	7,500	7,000	4,777	2,435
Community Education	2,826	2,574	1,828	1,619	14,136	15,274
Adults With Disabilities Program Aid	695	695	710	710	670	710
Hearing Impaired Adults	70	70	70	70	70	70
Violence Prevention Grants	1,500	1,500	1,500	1,500	1,450	1,450
Abused Children	892	916	1,048	1,079	945	945
Children's Trust Fund	247	247	247	247	225	225
Parenting Time/Family Visitation Centers	200	200	200	200	200	200
After School Enrichment Grants	5,000	0	4,907	4,907	5,260	5,260
Adolescent Parenting	0	0	800	0	1,000	0
Male Responsibility	375	375	250	250	250	250
Miscellaneous Federal Programs						
Prevention	17,805	12,577	19,060	17,582	28,983	26,819
Minnesota Economic Opportunity Grants	7,000	7,000	9,000	9,000	8,514	8,514
Transitional Housing Programs	935	1,385	1,728	1,728	1,987	1,988
Transitional Housing (one time only)				300		
Foodshelf Programs	700	700	1,250	1,250	1,278	1,278
Adult Basic Education Aid	8,374	8,374	12,474	12,473	20,132	29,168
ABE Administration	0	0	0	0	0	100

APPENDIX TABLE

Agency: CHILDREN,FAMILIES & LEARNING

**Item Title: HISTORICAL FAMILY & EARLY CHILDHOOD
EDUCATION STATE APPROPRIATIONS**

	End of Session 2000					
	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
Adult Graduation Aid	2,245	2,245	2,550	2,550	2,760	3,031
GED Tests	125	125	125	125	125	125
Emergency Services	0	0	0	300	350	972
Family Assets for Independence	0	0	0	0	250	250
Lead Abatement	0	0	200	100	500	0
Self-Sufficiency & Lifelong Learning	19,379	19,829	27,327	27,826	35,896	45,426
FAMILY & EARLY CHILDHOOD EDUC	111,031	116,234	175,390	211,700	206,967	228,340

APPENDIX TABLE

Agency: CHILDREN,FAMILIES & LEARNING

Item Title: GENERAL EDUCATION PROGRAM (ANNUAL ENTITLEMENT BASIS)

(Total Revenues shown in Thousands)

	Current Law				
	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
I. Pupil Unit and Property Valuation Data					
A. Resident Average Daily Membership					
1. By Grade					
1. Pre-kindergarten	5,051	5,260	5,260	5,260	5,260
2. Kindergarten disabled	3,160	3,064	3,064	3,064	3,064
3. Kindergarten non-disabled	56,120	54,940	54,457	54,402	55,041
4. Elementary	384,642	384,715	382,394	378,915	374,185
5. Secondary	397,008	405,386	408,206	411,000	414,040
6. Total ADM by Grade	845,981	853,365	853,381	852,641	851,590
2. By Type					
1. Regular ADM	845,981	847,893	847,910	847,170	846,119
2. College PSEO ADM	3,729	3,571	3,571	3,571	3,571
3. Contracted Alternatives ADM	1,820	1,900	1,900	1,900	1,900
4. Total ADM by Type	851,530	853,364	853,381	852,641	851,590
B. Resident Weighted Average Daily Membership					
1. Regular WADM	961,788	978,358	979,163	978,924	978,130
2. College PSEO WADM	4,848	4,643	4,643	4,643	4,643
3. Contracted Alternatives WADM	2,255	2,387	2,387	2,387	2,387
4. Total WADM	968,891	985,388	986,193	985,954	985,160
C. Adjusted Average Daily Membership					
1. By Grade					
1. Pre-kindergarten	5,051	5,260	5,260	5,260	5,260
2. Kindergarten disabled	3,160	3,064	3,064	3,064	3,064
3. Kindergarten non-disabled	56,120	54,940	54,457	54,402	55,041
4. Elementary	384,642	384,715	382,394	378,915	374,185
5. Secondary	397,008	405,385	408,206	411,000	414,040
6. Total AADM by Grade	845,981	853,364	853,381	852,641	851,590
2. By Type					
1. Regular AADM	841,002	840,183	837,636	832,973	826,382
2. Charter School AADM	4,979	7,710	10,274	14,197	19,737
2. College PSEO AADM	3,729	3,571	3,571	3,571	3,571
3. Contracted Alternatives AADM	1,820	1,900	1,900	1,900	1,900
4. Total AADM by Type	851,530	853,364	853,381	852,641	851,590

APPENDIX TABLE

Agency: CHILDREN,FAMILIES & LEARNING

Item Title: GENERAL EDUCATION PROGRAM (ANNUAL ENTITLEMENT BASIS)

(Total Revenues shown in Thousands)

	Current Law				
	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
D. Adjusted Weighted Average Daily Membership					
1. Regular AWADM	956,419	969,794	967,592	962,934	955,901
2. Charter School AWADM	5,369	8,564	11,571	15,990	22,229
3. College PSEO AWADM	4,848	4,643	4,643	4,643	4,643
4. Contracted Alternatives AWADM	2,255	2,387	2,387	2,387	2,387
5. Total AWADM	968,891	985,388	986,193	985,954	985,160
E. Marginal Cost Pupil Units (School District)					
1. Resident Marginal Cost Pupil Units	n/a	976,701	982,377	981,170	980,725
2. Adjusted Marginal Cost Pupil Units	n/a	983,738	971,116	965,302	958,673
F. Compensatory Pupil Units					
1. Count Date	Oct-97	Oct-98	Oct-99	Oct-00	Oct-01
2. Free Lunch Count	164,024	161,627	158,072	157,192	155,948
3. Reduced-Price Count	59,331	63,060	63,900	63,544	63,041
4. Compensatory Pupil Units	193,690	193,057	190,022	188,964	187,469
G. Limited English Proficiency (LEP)					
1. Enrollment	39,445	44,668	49,645	53,139	56,854
2. Marginal Cost Pupil Units	n/a	47,288	51,363	54,388	58,083
H. Property Valuation					
1. Valuation Year	1996	1997	1998	1999	2000
2. ANTC (Adjusted Net Tax Capacity)	3,509,434,045	3,472,172,601	3,720,565,116	4,105,783,376	4,512,569,361
II. General Education Revenues					
A. Basic Revenue					
1. Formula Allowance	3,530	3,740	3,964	3,964	3,964
2. Basic Revenue - School Districts					
a. Pre-1999 Definition	3,395,069.2	3,585,309.0	3,740,942.3	3,720,123.5	3,693,941.3
b. District Cooperation	64,864.2 ^a	65,960.1 ^a	65,064.8	64,675.2	64,231.1
c. Grad Standards Implementation	50,292.4 ^b	41,641.0	41,758.0	41,508.0	41,222.9
d. Total Basic Revenue - School Districts	3,510,225.8	3,692,910.1	3,847,765.1	3,826,306.7	3,799,395.3
3. Basic Revenue - Charter Schools	18,389.6	31,620.2	44,784.7	61,898.1	86,082.1

APPENDIX TABLE

Agency: CHILDREN,FAMILIES & LEARNING

Item Title: GENERAL EDUCATION PROGRAM (ANNUAL ENTITLEMENT BASIS)

(Total Revenues shown in Thousands)

	Current Law				
	F.Y. 1999	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
4. Total Basic Revenue	3,528,615.4	3,724,530.3	3,892,549.8	3,888,204.8	3,885,477.4
5. Districts	350	347	345	345	345
B. Basic Skills Revenue					
1. Compensatory					
a. School District Amount	190,480.6	207,056.2	206,310.2	209,742.5	207,558.3
b. Charter School Amount					
	2,698.3	5,852.4	8,187.4	10,910.4	15,076.4
c. Total Amount	193,178.9	212,908.6	214,497.6	220,652.9	222,634.7
b. Districts	348	345	343	343	343
2. Limited English Proficiency (LEP) - Regular					
a. School District Amount	15,919.6	27,207.0	29,319.5	30,828.2	32,621.2
b. Charter School Amount	172.4		676.3	934.4	1299.4
		247.3			
c. Total Amount	16,092.0	27,454.3	29,995.8	31,762.6	33,920.6
b. Districts	133	143	195	191	191
3. Limited English Proficiency (LEP) - Concentration					
a. Concentration Allowance	190.00	190.00	190.00	190.00	190.00
b. School District Amount	5,892.9	7,009.9	7,622.9	8,195.2	8,790.2
c. Charter School Amount	81.9	107.2	182.1	254.4	358.0
d. Total Amount	5,974.8	7,117.1	7,805.0	8,449.6	9,148.2
e. Districts	133	191	195	191	191
4. \$22.50 X K-8 WADM (Formerly AOM)					
a. School District Amount	13,554.2	13,846.6	14,049.9	13,929.8	13,787.9
b. Charter School Amount					
	89.7	141.4	173.9	240.3	334.1
c. Total Amount	13,643.9	13,988.0	14,223.8	14,170.1	14,122.0
b. Districts	350	347	345	345	345
5. Basic Skills Subtotal Amount	228,889.6	261,468.0	266,522.2	275,035.2	279,825.5
C. Elementary Sparsity Revenue					
1. School District Amount	793.6	882.0	1,133.6	1,133.6	1,133.6

APPENDIX TABLE

Agency: CHILDREN, FAMILIES & LEARNING

Item Title: GENERAL EDUCATION PROGRAM (ANNUAL ENTITLEMENT BASIS)

(Total Revenues shown in Thousands)

	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
				Current Law	
2. Charter School Amount	0.0	0.0	0.0	0.0	0.0
3. Total Amount	793.6	882.0	1,133.6	1,133.6	1,133.6
4. Districts	9	10	10	10	10
D. Secondary Sparsity Revenue					
1. School District Amount	10,075.1	10,692.6	11,117.0	11,258.5	11,414.0
2. Charter School Amount	60.9	100.9	145.4	204.1	289.1
3. Total Amount	10,136.0	10,793.5	11,262.4	11,462.6	11,703.1
4. Districts	67	69	71	70	72
E. Transportation Sparsity Revenue					
1. School District Amount	44,398.7	46,815.5	49,510.3	49,037.1	48,553.0
2. Charter School Amount	51.5	172.0	114.4	158.6	222.6
3. Total Amount	44,450.2	46,987.5	49,624.7	49,195.7	48,775.6
4. Districts	350	347	345	345	345
F. Operating Capital Revenue					
1. School District Amount	189,863.1	191,871.4	196,653.9	195,482.3	194,047.0
2. Charter School Amount	1,063.1	1,672.7	2,328.0	3,212.7	4,456.4
3. Total Amount	190,926.2	193,544.1	198,981.9	198,695.0	198,503.4
4. Districts	350	347	345	345	345
G. Graduation Standards Implementation					
1. FY 1999 Full Implementation Revenue					
a. Allowance	14.00	0.0	0.0	0.0	0.0
b. School District Amount	13,464.9	0.0	0.0	0.0	0.0
c. Charter School Amount	75.4	0	0.0	0.0	0.0
d. Total Amount	13,540.3	0.0	0.0	0.0	0.0
e. Districts	350	0	0	0	0
2. Equity Adjustment					
a. Allowance	34.00	0.0	0.0	0.0	0.0

APPENDIX TABLE

Agency: CHILDREN,FAMILIES & LEARNING

Item Title: GENERAL EDUCATION PROGRAM (ANNUAL ENTITLEMENT BASIS)

(Total Revenues shown in Thousands)

	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
				Current Law	
b. School District Amount	17,560.6	0.0	0.0	0.0	0.0
c. Charter School Amount	98.3	0.0	0.0	0.0	0.0
d. Total Amount	17,658.9	0.0	0.0	0.0	0.0
e. Districts	186	0	0	0	0
H. Referendum Offset					
1. School District Amount	0.0	10,165.2	9,491.9	0.0	0.0
2. Charter School Amount	-	88.6	112.4	0.0	0.0
3. Total Amount	0.0	10,253.8	9,604.3	0.0	0.0
4. Districts	0	151	136	0	0
I. Training & Experience					
1. School District Amount	76,773.2	52,847.3	38,853.4	27,141.8	17,685.2
2. Charter School Amount	429.6	460.7	460.0	446.1	406.2
3. Total Amount	77,202.8	53,308.0	39,313.4	27,587.9	18,091.4
4. Districts	331	312	288	258	222
J. Equity Revenue					
1. School District Amount	0.0	21,303.8	21,858.8	21,029.9	20,789.3
2. Charter School Amount	-	185.5	258.8	345.6	477.4
3. Total Amount	0.0	21,489.3	22,117.6	21,375.5	21,266.7
4. Districts	0	309	308	307	308
K. Initial General Education Revenue					
1. Grand Total, Including Separate Categoricals	4,112,213.0	4,323,256.5	4,491,109.9	4,472,690.3	4,464,776.7
2. Less Amounts Funded as Separate Categoricals	64,864.2	65,960.1	0.0	0.0	0.0
3. Total, Excluding Separate Categoricals	4,047,348.8	4,257,296.4	4,491,109.9	4,472,690.3	4,464,776.7
4. Districts	350	347	345	345	345
III. Initial General Education Aid and Levy					
A. Initial General Education Levy					
1. Basic Tax Rate (% of ANTC)	36.9	36.58	35.78	32.41	29.50

APPENDIX TABLE

Agency: CHILDREN, FAMILIES & LEARNING

Item Title: GENERAL EDUCATION PROGRAM (ANNUAL ENTITLEMENT BASIS)

(Total Revenues shown in Thousands)

	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Current Law</u>	
				<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
2. Statutory Amount to be Levied	1,385,500.0	1,325,500.0	1,330,100.0	1,330,100.0	1,330,100.0
3. Actual Levy Amount	1,292,495.2	1,270,066.2	1,331,218.2	1,330,684.4	1,331,208.0
4. Districts	349	346	344	344	344
D. Initial General Education Aid					
1. Initial Aid Amount	2,755,644.6	2,987,286.2	3,159,891.7	3,142,005.9	3,133,568.7
4. Districts	348	345	345	345	345
E. Levy Equity Adjustment					
1. Amount off the formula	2,486.0	56.0	0.0	0.0	0.0
2. Levy equity adjustment	791.0	56.0	0.0	0.0	0.0
(amt. added to the levy, then subtracted from state categorical aids)					
3. Districts	2	2	0	0	0
IV. Supplemental Aid and Levy					
A. Supplemental Revenue					
1. School District Amount	5,711.9	8,469.4	8,453.6	8,373.8	8,283.7
2. Charter School Amount	32.0	73.8	100.1	137.6	190.2
3. Total Amount	5,743.9	8,543.2	8,553.7	8,511.4	8,473.9
4. Districts	34	36	36	36	36
B. Supplemental Levy					
1. Amount	3,164.8	4,168.6	4,346.9	4,606.6	4,816.1
2. Districts	34	36	36	36	36
C. Supplemental Aid					
1. Amount	2,579.1	4,374.6	4,206.8	3,904.8	3,657.8
2. Districts	31	33	33	31	12
V. Transition Aid and Levy					
A. Transition Revenue					
1. Transportation Transition Revenue					
a. School District Amount	15,043.0	10,219.4	6,300.4	6,312.5	6,270.2
b. Charter School Amount	9.1	114.7	59.2	83.0	116.9

APPENDIX TABLE

Agency: CHILDREN,FAMILIES & LEARNING

Item Title: GENERAL EDUCATION PROGRAM (ANNUAL ENTITLEMENT BASIS)

(Total Revenues shown in Thousands)

	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
				Current Law	
2. Compensatory Transition Revenue					
a. School District Amount	4,079.4	3,001.9	2,468.4	2,481.8	2,633.6
b. Charter School Amount	22.8	25.7	29.2	40.8	60.5
3. District Cooperation Transition Revenue					
a. School District Amount	0.0	0.0	428.1	462.9	503.1
b. Charter School Amount	0.0	0.0	5.1	7.6	11.6
4. Total Transition Revenue	19,154.3	13,361.7	9,290.4	9,388.6	9,595.9
5. Districts	169	130	130	137	138
B. Transition Levy					
1. Amount	7,886.8	5,723.9	4,255.3	4,664.1	5,116.8
2. Districts	169	130	129	136	137
C. Transition Aid					
1. Amount	11,267.5	7,487.0	5,035.1	4,724.5	4,479.1
2. Districts	169	126	126	129	129
VI. Referendum Aid and Levy					
A. Referendum Revenue					
1. School District Amount	407,776.4	444,074.4	490,300.0	548,160.1	602,293.2
2. Charter School Amount	0.0	0.0	0.0	0.0	0.0
3. Total Amount	407,776.4	444,074.4	490,300.0	548,160.1	602,293.2
4. Districts	280	284	299	305	305
B. Referendum Levy					
1. Amount	269,275.3	291,198.1	316,146.6	368,799.7	432,806.8
2. Districts	280	284	299	305	305
C. Referendum Aid					
1. Maximum Equalized Allowance	315.00	350.00	415.00	415.00	415.00
2. Amount	138,501.1	152,876.3	174,153.4	179,360.4	169,486.4
3. Districts	277	279	292	292	284
VII. Alternative Attendance Adjustments					
A. Referendum Aid to Charter Schools	(21,022.4)	(911.0)	(1,220.6)	(2,403.4)	(2,525.7)

APPENDIX TABLE

Agency: CHILDREN,FAMILIES & LEARNING

Item Title: GENERAL EDUCATION PROGRAM (ANNUAL ENTITLEMENT BASIS)

(Total Revenues shown in Thousands)

	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Current Law</u>	
				<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
B. Adjustment to Districts Transporting Charter Students	752.0	560.8	1,258.1	1,724.9	2,365.0
C. Alternative Attendance Adjustment to Charter Schools	-	23.3	1,311.9	1,879.0	2,383.5
D. Total Alternative Attendance Adjustment	(20,270.4)	(326.9)	1,349.4	1,200.5	2,222.8
E. Districts	349	281	278	277	268
VII. Adjustments to General Education Revenue					
A. Post Secondary Enrollment Aid					
1. Amount	15,112.6	16,470.0	16,470.0	16,470.0	16,470.0
2. Districts	299	299	299	299	289
B. Contracted Alternative Aid					
1. Amount	6,840.9	10,216.3	10,216.3	10,216.3	10,216.3
2. Districts	4	4	4	4	4
C. Shared Time Aid					
1. FTE ADM	721	813	745	745	742
1. FTE Pupil Units	850	930	869	870	867
2. Formula Allowance	3,530	3,740	3,964	3,964	3,964
3. Amount	2,882.8	3,477.5	3,444.7	3,448.0	3,438.7
4. Districts	219	219	219	219	219
D. Pension Adjustment					
1. Amount	(46,168.5)	(46,309.6)	(46,455.7)	(46,668.9)	(46,973.2)
2. Districts	350	347	345	345	345
XII. Program Totals					
A. Total Program Revenue					
1. Grand Total, including Separate Categoricals	4,503,285.0	4,772,763.1	4,984,278.7	5,023,416.3	5,070,514.3
2. Less Amounts Funded as Separate Categoricals	64,864.2	65,960.1	0.0	0.0	0.0
3. Total, Excluding Separate Categoricals	4,438,420.8	4,706,803.0	4,984,278.7	5,023,416.3	5,070,514.3
B. Reserved Revenues					
1. Reserved for class size reduction	0.0	2,913.3	10,682.3	10,618.3	10,545.4
2. Reserved for staff development	0.0	36,319.7	76,990.0	76,529.1	76,003.6
3. Reserved for learning & development	87,208.3	135,491.5	142,639.0	140,287.6	137,827.4

APPENDIX TABLE

Agency: CHILDREN,FAMILIES & LEARNING

Item Title: GENERAL EDUCATION PROGRAM (ANNUAL ENTITLEMENT BASIS)

(Total Revenues shown in Thousands)

	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
				Current Law	
4. Basic Skills Revenue	228,889.6	261,468.0	266,522.2	275,035.2	279,825.5
5. Compensatory Transition Revenue	4,102.2	3,027.6	2,497.6	2,522.6	2,694.1
6. Operating Capital Revenue	190,926.2	193,544.1	198,981.9	198,695.0	198,503.4
7. Graduation Standards Revenue	81,491.6	0.0	0.0	0.0	0.0
C. Total Revenue per ADM, Including Amounts Funded as Separate Categoricals	5,284	5,588	5,836	5,886	5,949
D. Total Local Levies, Excluding Separate Categoricals	1,572,822.1	1,571,156.8	1,655,967.0	1,708,754.8	1,773,947.7
E. Total Aid Entitlement, Excluding Separate Categoricals					
1. Gross aid (districts on the formula)	2,866,389.7	3,135,702.2	3,328,311.7	3,314,661.5	3,296,566.6
2. Levy equity adjustment	(791.0)	(56.0)	0.0	0.0	0.0
3. Gross aid before subtractions	2,865,598.7	3,135,646.2	3,328,311.7	3,314,661.5	3,296,566.6
4. Subtractions:					
a. Endowment Fund Earnings	(19,512.6)	(20,860.2)	(20,074.0)	(21,000.0)	(22,000.0)
b. Taconite Aid	(3,287.3)	(3,631.8)	(500.0)	(500.0)	(500.0)
c. County Apportionment	(16,055.8)	(14,801.0)	(17,000.0)	(17,000.0)	(17,000.0)
d. Total Subtractions	(38,855.7)	(39,293.0)	(37,574.0)	(38,500.0)	(39,500.0)
5. Net Aid (Excludes amount funded as separate categoricals)	2,826,743.0	3,096,353.2	3,290,737.7	3,276,161.5	3,257,066.6

^a Funded as separate categorical programs.

^b Funded as Graduation Standards Implementation Revenue within General Education.

APPENDIX TABLE

Agency: CHILDREN,FAMILIES & LEARNING

Item Title: GENERAL EDUCATION PROGRAM (APPROPRIATION ACCOUNT BASIS)

Total Appropriations shown in 000s

	F.Y. 1999	F.Y. 2000	F.Y. 2001	Current Law	
				F.Y. 2002	F.Y.2003
I. Prior Year Adjustment					
A. Gross Payment					
1. Regular	266,145.4	290,319.6	327,583.6	337,132.2	335,788.3
2. Shared Time	<u>296.7</u>	<u>299.2</u>	<u>358.4</u>	<u>344.6</u>	<u>344.8</u>
3. Total Gross Payment	266,442.1	290,618.8	327,942.0	337,476.8	336,133.1
B. Subtractions (Taconite and County Apportionment)	(19,343.1)	(18,432.8)	(17,500.0)	(17,500.0)	(17,500.0)
C. Tax Shift Adjustment	0.0	0.0	0.0	0.0	0.0
D. Other Adjustment	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
E. Net Payment	247,099.0	272,186.0	310,442.0	319,976.8	318,633.1
II. Current Payment					
A. Gross Payment					
1. Regular	2,619,621.1	2,850,790.1	3,034,190.0	3,022,094.3	3,006,091.1
2. Shared Time	<u>2,681.2</u>	<u>3,119.1</u>	<u>3,100.9</u>	<u>3,103.2</u>	<u>3,094.8</u>
3. Total Gross Payment	2,622,302.3	2,853,909.2	3,037,290.9	3,025,197.5	3,009,185.9
B. Subtractions (Taconite and County Apportionment)					
1. Endowment	(19,512.6)	(20,860.2)	(20,074.0)	(21,000.0)	(22,000.0)
2. Prior year taconite and county apportionment (not recovered on final payment)	<u>0.0</u>	<u>(336.8)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
C. Payment after subtractions	2,602,789.7	2,832,712.2	3,017,216.9	3,004,197.5	2,987,185.9
D. Tax Shift Adjustment	90,204.8	0.0	0.0	0.0	0.0
E. Levy Equity Adjustment (General Education)	(921.4)	(82.0)	0.0	0.0	0.0
F. Levy Equity Adjustment (Community Education)	(7,925.6)	0.0	0.0	0.0	0.0
G. Pension Adjustment	(46,168.5)	(46,309.6)	(46,455.7)	(46,668.9)	(46,973.2)
H.. Other Adjustment	<u>179.5</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
I.. Net Payment	2,638,158.5	2,786,320.6	2,970,761.2	2,957,528.6	2,940,212.7
III. Total Payments	2,885,257.5	3,058,506.6	3,281,203.2	3,277,505.4	3,258,845.8

APPENDIX TABLE

Agency: CHILDREN,FAMILIES & LEARNING

Item Title: TRANSPORTATION FUNDING (Information Only)

STUDENTS TRANSPORTED TO AND FROM SCHOOL

	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y.2001</u>
Regular	588,254	596,673	610,383	624,800	627,924
Excess	139,463	135,050	138,989	128,905	132,772
Disabled	26,449	29,436	27,553	27,306	27,579
Desegregation	55,018	54,925	53,852	56,945	59,792
TOTAL	809,184	816,084	830,777	837,956	848,067
Enrollment (Public and Nonpublic)	917,282	920,958	933,303	931,839	922,945
Percentage of Pupils Transported	88.22%	88.44%	89.01%	89.92%	91.89%

STUDENT TRANSPORTATION EXPENDITURE SUMMARY

	<u>Dollars in Thousands F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y.2001</u>
Regular & Excess	\$174,616.4	\$181,254.1	\$184,910.5	\$194,020.7	\$199,841.3
Disabled	63,312.0	66,563.9	71,557.0	78,507.9	86,358.6
Desegregation	24,113.1	24,647.9	26,291.8	27,847.2	29,239.6
Nonpublic Nonregular	856.6	874.8	818.4	857.4	865.9
Other	19,190.1	18,198.1	18,897.4	18,598.2	18,784.2
TOTAL	\$282,088.2	\$291,538.8	\$302,475.1	\$319,831.4	\$335,089.6

SCHOOL BUS INVENTORY VALUES

	<u>Dollars in Thousands 6/30/96</u>	<u>6/30/97</u>	<u>6/30/98</u>	<u>6/30/99</u>	<u>6/30/00</u>
Regular Fleet	\$129,499.4	\$132,996.5	\$130,984.9	\$126,523.7	\$128,110.0
Type III Fleet (cars, station wagons, vans)	9,392.1	9,818.1	10,386.5	11,166.1	10,601.8
TOTAL	\$138,891.5	\$142,814.6	\$141,371.4	\$137,689.8	\$138,711.8

APPENDIX TABLE

Agency: CHILDREN, FAMILIES & LEARNING

Item Title: SPECIAL EDUCATION (UNDUPLICATED CHILD COUNT BY EDUCATIONAL SETTINGS)

AGE AS OF Sept 1	SPEECH/ LANG IMPAIRED	MILD MODER HDCPD	SEVERE MEN HDCDP	PHYSI-CALLY HDCPD	HEARING IMPAIRED	VISUALLY IMPAIRED	SPECIFIC LEARN DISABIL	EMOTION BEHAVIOUR DISORDER	DEAF BLIND	OTHER HEALTH IMPAIRED	AUTISTIC	BRAIN INJURED	EARLY CHILD SPEC ED	TOTAL
Setting: Regular Class														
0-5	2,394	40	14	49	70	18	62	39	4	40	77	5	2,536	5,348
6-11	12,860	884	90	554	594	158	11,637	3,614	14	2,233	598	60	654	33,950
12 - +21	2,130	645	41	396	533	107	15,896	5,507	11	2,449	188	79	0	27,982
Totals	17,384	1,569	145	999	1,197	283	27,595	9,160	29	4,722	863	144	3,190	67,280
Setting: Resource Room Half-Time or More														
0-5	854	33	10	7	55	4	11	14	0	15	80	2	2197	3282
6-11	421	1576	298	205	114	18	3592	790	4	688	287	32	219	8244
12 - +21	313	2056	250	181	166	22	6448	2406	6	975	192	70	0	13085
Totals	1588	3665	558	393	335	44	10051	3210	10	1678	559	104	2416	24611
Setting: Separate Class														
0-5	852	40	28	25	69	20	0	20	2	8	121	6	3515	4706
6-11	98	339	506	28	79	5	277	815	3	112	348	11	88	2709
12 - +21	19	1322	1179	88	77	10	694	1273	3	180	268	41	0	5154
Totals	969	1701	1713	141	225	35	971	2108	8	300	737	58	3603	12569
Setting: Public Separate Day School														
0-5	70	3	5	2	30	0	6	1	0	3	6	1	424	551
6-11	21	18	44	3	36	0	38	351	0	18	15	1	23	568
12 - +21	15	435	194	32	91	11	347	1991	1	111	54	19	0	3301
Totals	106	456	243	37	157	11	391	2343	1	132	75	21	447	4420
Setting: Private Separate Day School														
0-5	4	0	0	0	6	0	0	0	0	0	0	0	9	19
6-11	10	2	0	1	7	0	9	53	0	3	0	0	4	89
12 - +21	2	4	7	0	0	0	19	128	0	6	0	1	0	167
Totals	16	6	7	1	13	0	28	181	0	9	0	1	13	275

APPENDIX TABLE

Agency: CHILDREN,FAMILIES & LEARNING

Item Title: SPECIAL EDUCATION (UNDUPLICATED CHILD COUNT BY EDUCATIONAL SETTINGS)

AGE AS OF Sept 1	SPEECH/ LANG IMPAIRED	MILD MODER HDCPD	SEVERE MEN HDCDP	PHYSICALLY HDCPD	HEARING IMPAIRED	VISUALLY IMPAIRED	SPECIFIC LEARN DISABIL	EMOTION BEHAVIOUR DISORDER	DEAF BLIND	OTHER HEALTH IMPAIRED	AUTISTIC	BRAIN INJURED	EARLY CHILD SPEC ED	TOTAL
Setting: Public Residential School Facility														
0-5	18	0	0	0	2	0	0	0	0	1	0	0	21	42
6-11	1	1	0	0	34	8	1	25	1	2	0	1	0	74
12 - +21	0	16	0	0	103	40	55	360	2	10	1	0	0	587
Totals	19	17	0	0	139	48	56	385	3	13	1	1	21	703
Setting: Private Residential School Facility														
0-5	146	0	0	0	3	0	0	0	0	0	0	0	88	237
6-11	28	0	0	0	2	0	8	55	0	2	2	0	0	97
12 - +21	15	16	0	2	1	0	43	276	0	19	2	2	0	376
Totals	189	16	0	2	6	0	51	331	0	21	4	2	88	710
Setting: Hospital or Homebound														
0-5	8	0	0	1	0	0	0	0	0	2	0	0	26	37
6-11	16	2	11	2	2	0	6	17	0	7	0	0	1	64
12 - +21	2	6	7	8	0	1	21	57	0	16	3	4	0	125
Totals	26	8	18	11	2	1	27	74	0	25	3	4	27	226
Total Students Served														
0-5	4,346	116	57	84	235	42	79	74	6	69	284	14	8,816	14222
6-11	13,455	2,822	949	793	868	189	15,568	5,720	22	3,065	1,250	105	989	45795
12 - +21	2,496	4,500	1,678	707	971	191	23,523	11,998	23	3,766	708	216	0	50777
Totals	20,297	7,438	2,684	1,584	2,074	422	39,170	17,792	51	6,900	2,242	335	9,805	110794

APPENDIX TABLE

Agency: CHILDREN,FAMILIES & LEARNING

Item Title: SPECIAL EDUCATION-REGULAR

FULL-TIME EQUIVALENT (FTE STAFF) BY DISABILITY, BY FUNDING SOURCE (INCLUDES EMPLOYED AND CONTRACTED STAFF)

	<u>Actual</u> <u>F.Y. 1997</u>	<u>Actual</u> <u>F.Y. 1998</u>	<u>Actual</u> <u>F.Y. 1999</u>	<u>Actual</u> <u>FY 2000</u>	<u>Estimate</u> <u>FY2001</u>
Teachers and Paraprofessionals					
1. Speech Language Impaired					
State	1,329	1,353	1,371	1443	1471
Federal	22	44	28	31	35
Total	1,351	1,397	1,399	1474	1506
2. Mild-Moderate Mentally Impaired					
State	2,454	2,508	2,702	2695	2755
Federal	23	147	49	134	144
Total	2,477	2,655	2,751	2829	2899
3. Moderate-Severe Mentally Impaired					
State	2,290	2,346	2,403	2486	2526
Federal	19	115	22	129	133
Total	2,309	2,461	2,425	2615	2659
4. Physically Impaired					
State	572	530	549	480	482
Federal	12	40	45	17	22
Total	584	570	594	497	504
5. Hearing Impaired					
State	590	434	368	371	375
Federal	12	178	10	15	16
Total	602	612	378	386	391
6. Visually Impaired					
State	128	115	109	108	110
Federal	6	12	5	6	7
Total	134	127	114	114	117
7. Specific Learning Disability					
State	3,501	3,685	3,906	3935	4055
Federal	33	35	57	42	54
Total	3,534	3,720	3,963	3977	4109

APPENDIX TABLE

Agency: CHILDREN,FAMILIES & LEARNING

Item Title: SPECIAL EDUCATION-REGULAR

	<u>Actual F.Y. 1997</u>	<u>Actual F.Y. 1998</u>	<u>Actual F.Y. 1999</u>	<u>Actual FY 2000</u>	<u>Estimate FY2001</u>
8. Autistic					
State	233	287	433	517	584
Federal	33	47	25	55	62
Total	266	334	458	572	646
9. Emotional Behavior Disorder					
State	4,234	4,292	4,536	4590	4634
Federal	56	117	71	264	281
Total	4,290	4,409	4,607	4854	4915
10. Other health Impaired					
State	116	146	186	179	196
Federal	1	5	6	5	8
Total	117	151	192	184	204
11. Developmentally Delayed (Formerly Early Childhood)					
State	1,320	1,334	1,392	1453	1487
Federal	119	161	140	200	220
Total	1,439	1,495	1,532	1653	1707
12. Brain Injured					
State	11	13	16	21	23
Federal	1	1	1	0	3
Total	12	14	17	21	26
Subtotal Teachers & Paraprofessionals	17,115	17,945	18,430	19176	19683
13. Other Essential Personnel					
a. Directors/Assistants					
Directors/Supervisors					
State	70	46	30	56	58
Federal	98	125	121	120	123
total	168	171	151	176	181
b. Social Workers/Aides					
State	697	657	621	671	692
Federal	12	51	23	36	38
Total	709	708	644	707	730

APPENDIX TABLE

Agency: CHILDREN, FAMILIES & LEARNING

Item Title: SPECIAL EDUCATION-REGULAR

	<u>Actual</u> <u>F.Y. 1997</u>	<u>Actual</u> <u>F.Y. 1998</u>	<u>Actual</u> <u>F.Y. 1999</u>	<u>Actual</u> <u>FY 2000</u>	<u>Estimate</u> <u>FY2001</u>
c. Psychologists					
State	467	473	482	490	501
Federal	35	52	48	48	52
Total	502	525	530	538	553
d. Adapt. Phy. Ed.					
State	329	328	341	340	344
Federal	6	10	8	5	6
Total	335	338	349	345	350
e. Occupational Therapy					
State	348	384	275	280	301
Federal	34	17	34	48	54
Total	382	401	309	328	355
f. Physical Therapy					
State	111	111	91	94	101
Federal	10	16	37	38	40
Total	121	127	128	132	141
g. Other					
State	701	606	540	602	655
Federal	344	494	749	494	523
Total	1,045	1,100	1,289	1,096	1,178
State Totals					
State	19,501	19,648	20,351	20,811	21,350
Federal	876	1,667	1,479	1,687	1,821
Total	20,377	21,315	21,830	22,498	23,171

NOTE: More support staff on federal were reported in general special education (program 420) in FY 1999 than usual, hence the numbers are lower in the disability areas.

The increase in federal staff for FY 2001 is based on the significant increase in federal funds which area anticipated.

APPENDIX TABLE

Agency: CHILDREN,FAMILIES & LEARNING

Item Title: SPECIAL EDUCATION

DISABILITIES	AGE	ACTUAL F.Y.1991	ACTUAL F.Y.1992	ACTUAL F.Y.1993	ACTUAL F.Y.1994	ACTUAL F.Y.1995	ACTUAL F.Y.1996	ACTUAL F.Y.1997	ACTUAL F.Y.1998	ACTUAL F.Y.1999	ACTUAL F.Y. 2000	ACTUAL F.Y. 2001	ESTIMATED F.Y. 2002
Child Count Date		12/89	12/90	12/91	12/92	12/93	12/94	12/95	12/96	12/97	12/98	12/99	12/00
1 Speech Language Impaired	0-2	156	140	183	187	167	192	250	272	262	326	365	350
	3-5	2,942	2,785	2,894	3,032	3,246	3,583	3,628	3,734	3,808	3,844	3,981	3,853
	6-11	12,018	11,425	11,581	11,579	11,792	12,224	12,937	13,216	13,382	13,522	13,455	13,755
	12-+21	1,490	1,400	1,561	1,638	1,699	1,805	1,914	1,999	2,223	2,365	2,496	2,752
Total		16,606	15,750	16,219	16,436	16,904	17,804	18,729	19,221	19,675	20,057	20,297	20,710
2 Mild-Moderate Mentally Impaired	0-2	1	0	2	6	2	4	4	4	0	0	0	0
	3-5	104	78	90	84	104	149	138	104	116	117	116	79
	6-11	3,103	3,038	3,157	3,209	3,206	3,206	3,240	3,194	3,136	2,964	2,822	2,788
	12-+21	4,010	3,794	3,839	3,909	3,959	4,150	4,327	4,416	4,541	4,525	4,500	4,484
Total		7,218	6,910	7,088	7,208	7,271	7,509	7,709	7,718	7,793	7,606	7,438	7,351
3 Moderate-Severe Mentally Impaired	0-2	16	10	6	2	1	1	1	2	5	0	0	0
	3-5	108	101	99	74	59	81	62	81	74	52	57	43
	6-11	1,035	997	1,025	961	903	903	940	927	974	1005	949	919
	12-+21	1,961	1,868	1,795	1,704	1,650	1,646	1,757	1,709	1,675	1,704	1,678	1,674
Total		3,120	2,976	2,925	2,741	2,613	2,631	2,760	2,719	2,728	2,761	2,684	2,636
4 Physically Impaired	0-2	42	46	18	10	20	22	12	11	9	10	8	4
	3-5	104	111	98	83	94	75	91	94	85	78	76	73
	6-11	665	706	702	697	714	738	723	753	778	778	793	732
	12-+21	520	470	523	491	530	597	657	644	658	702	707	734
Total		1,331	1,333	1,341	1,281	1,358	1,432	1,483	1,502	1,530	1,568	1,584	1,543
5 Hearing Impaired	0-2	60	40	42	40	33	31	32	49	56	58	58	50
	3-5	177	158	167	175	170	139	126	144	138	163	177	189
	6-11	691	675	678	696	783	865	858	858	873	876	868	847
	12-+21	518	544	553	599	620	742	827	812	864	949	971	1015
Total		1,446	1,417	1,440	1,510	1,606	1,777	1,843	1,863	1,931	2,046	2,074	2,101

APPENDIX TABLE

Agency: CHILDREN, FAMILIES & LEARNING

Item Title: SPECIAL EDUCATION

DISABILITIES	AGE	ACTUAL F.Y.1991	ACTUAL F.Y.1992	ACTUAL F.Y.1993	ACTUAL F.Y.1994	ACTUAL F.Y.1995	ACTUAL F.Y.1996	ACTUAL F.Y.1997	ACTUAL F.Y.1998	ACTUAL F.Y.1999	ACTUAL F.Y. 2000	ACTUAL F.Y. 2001	ESTIMATED F.Y. 2002
Child Count Date		12/89	12/90	12/91	12/92	12/93	12/94	12/95	12/96	12/97	12/98	12/99	12/00
6 Visually Impaired	0-2	15	23	16	16	17	20	12	13	8	14	19	20
	3-5	34	26	29	31	36	29	33	40	35	32	23	19
	6-11	161	166	164	150	142	160	169	158	164	172	189	179
	12-+21	127	128	132	142	156	204	207	220	211	198	191	185
	Total		337	343	341	339	351	413	421	431	418	416	422
7 Specific Learning	0-2	4	4	6	3	3	7	20	11	0	0	0	0
Disabilities	3-5	2	74	86	75	59	121	70	100	122	115	79	94
	6-11	14,854(1)	14,314 ⁽¹⁾	14,342	14,614	15,414	16,515	17,077	17,455	17,347	16,773	15,568	14,120
	12-+21	18,037	17,510	17,457	18,097	18,710	19,855	20,757	21,332	22,110	22,836	23,523	23,832
	Total		32,897	31,902	31,891	32,789	34,186	36,498	37,924	38,898	39,579	39,724	39,170
8 Emotional Behavior Disorder	0-2	1	3	2	1	3	10	10	13	0	0	0	0
	3-5	70	73	67	83	99	102	109	112	65	73	74	61
	6-11	3,585	3,985	4,369	4,725	5,102	5,425	5,539	5,707	5,621	5,720	5,720	5,253
	12-+21	7,660	8,185	8,525	9,129	10,055	10,810	11,234	11,637	11,947	11,961	11,998	11,552
Total		11,316	12,246	12,963	13,938	15,259	16,347	16,892	17,469	17,633	17,754	17,792	16,866
9 Autistic	0-2	0	5	0	1	4	1	2	2	11	8	25	14
	3-5	20	15	20	34	29	57	60	87	160	231	259	312
	6-11	82	82	133	193	262	310	408	560	707	954	1250	1509
	12-+21	74	87	98	103	139	183	256	310	406	537	708	842
	Total		176	189	251	331	434	551	726	959	1,284	1,730	2,242
10 Deaf and Blind	0-2	1	0	0	1	1	0	0	0	1	2	2	2
	3-5	5	5	2	3	0	1	2	0	1	3	4	2
	6-11	9	5	11	10	12	9	9	10	8	15	22	27
	12-+21	6	4	4	4	9	10	13	11	15	17	23	18
	Total		21	14	17	18	22	20	24	21	25	37	51

APPENDIX TABLE

Agency: CHILDREN,FAMILIES & LEARNING

Item Title: SPECIAL EDUCATION

DISABILITIES	AGE	ACTUAL F.Y.1991	ACTUAL F.Y.1992	ACTUAL F.Y.1993	ACTUAL F.Y.1994	ACTUAL F.Y.1995	ACTUAL F.Y.1996	ACTUAL F.Y.1997	ACTUAL F.Y.1998	ACTUAL F.Y.1999	ACTUAL F.Y. 2000	ACTUAL F.Y. 2001	ESTIMATED F.Y. 2002
Child Count Date		12/89	12/90	12/91	12/92	12/93	12/94	12/95	12/96	12/97	12/98	12/99	12/00
11 Other Health Impaired	0-2	10	8	2	5	5	4	4	3	8	5	1	5
	3-5	32	25	42	47	65	95	84	74	68	72	68	64
	6-11	270	357	463	690	1,028	1,461	1,893	2,155	2,413	2,775	3,065	3,170
	12-+21	195	251	333	551	866	1,291	1,632	2,122	2,682	3,239	3,766	4,293
Total		507	641	840	1,293	1,964	2,851	3,613	4,354	5,171	6,091	6,900	7,532
12 Brain Injured	0-2				0 ⁽²⁾	0	2	0	3	0	0	4	5
	3-5				0	10	3	6	5	9	6	10	12
	6-11				21	27	37	54	70	88	95	105	105
	12-+21				27	49	72	101	129	158	185	216	221
Total		0	0	0	48	86	114	161	207	255	286	335	343
13 Early Childhood	0-2	1,465	1,603	1,922	2,081	2,180	2,273	2,275	2,275	2,446	2,334	2,370	2,282
Special Education*	3-5	4,800	5,186 ⁽³⁾	5,400	5,912	6,313	6,323	6,372	6,343	6,430	6,541	6,446	6,110
	6-11	119										989	1298
	12-+21												
Total		6,384	6,789	7,322	7,993	8,493	8,596	8,647	8,618	8,876	8,875	9,805	9,690
Totals of All	0-2	1,771	1,882	2,199	2,353	2,436	2,567	2,622	2,658	2,806	2,757	2,852	2,732
	3-5	8,495	8,637	8,994	9,633	10,284	10,758	10,781	10,918	11,111	11,327	11,370	10,911
	6-11	36,595	35,750	36,625	37,545	39,385	41,853	43,847	45,063	45,491	45,649	45,795	44,702
	12-+21	34,595	34,241	34,820	36,399	38,446	41,365	43,682	45,341	47,490	49,218	50,777	51,602
Total		81,456	80,510	82,638	85,930	90,551	96,543	100,932	103,980	106,898	108,951	110,794	109,947

* F.Y. 1988 was the first year for this category

⁽¹⁾ First year for state criteria

⁽²⁾ F.Y. 1994 was the first year that data was collected for this disability classification

⁽³⁾ Beginning in F.Y. 1992, students age 6 and over must be classified under a specific disability