

Minnesota 1994-95 Biennial Budget

Education and
Children

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Presented by
Governor Arne H. Carlson
to the
78th Legislature

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ARNE H. CARLSON
GOVERNOR

STATE OF MINNESOTA

OFFICE OF THE GOVERNOR
130 STATE CAPITOL
SAINT PAUL 55155

January 26, 1993

TO THE PEOPLE OF MINNESOTA AND THEIR 1993 LEGISLATURE

The 1991 Legislature adopted several significant reforms to the state's capital budget planning process. As a result, the state's next major capital budget will be submitted next year for consideration by your body in 1994 as part of our Strategic Capital Budget Plan.

The Administration is, however, recommending certain capital projects to the 1993 Legislature. The recommended projects were either considered last session as part of a multi-year effort, or represent an urgency that cannot be deferred until the 1994 Session.

We concluded the 1992 Session with an estimate that expenditures for debt service from the general fund would be slightly in excess of the 3% guideline. Since then, a favorable bond refunding, lower than estimated bond sales, and higher than estimated general fund revenues have brought us slightly below the 3% guideline. We will employ the debt management tools available to the Commissioner of Finance to keep debt expenditures for the recommended projects within the guideline.

Three enclosures are attached for your consideration.

- A summary of the capital projects we are recommending for authorization by the 1993 Legislature.
- An analysis of the impact of these recommendations on our need for issuance of general obligation bonds, expenditures for debt service payments, and on our future debt capacity through the period FY 1997.
- Project detail sheets for each individual project recommended.

Warmest regards,

A handwritten signature in dark ink, appearing to read "Arne H. Carlson".

ARNE H. CARLSON
Governor

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Governor's 1993 Capital Budget Recommendations

Agency	Project Description	Fund	Amount
PCA	Combined Sewer Overflow	GF	13,700
Zoo	Marine Education Center	UF	19,900
DTED	State Match – Wastewater Treatment Loans	GF	6,700
DOT	Bloomington Ferry Bridge	GF	20,292
DOT	Fed Demo Projects Outstate	GF	2,320
DOA	MnDOT Headquarters Building Renovation	THF	3,000
DOA	Agency Relocation	GF	212
DOA	Judicial Center Phase II	GF	7,000
DOA	Sewer Separation	GF	1,300

Subtotal – Prior Commitments 74,424

DOA	Arden Hills Arsenal	GF	285
DHS	Moose Lake Psychopathic Facility	GF (1)	7,433
DHS	Design/Bid/Remodel BRHSO	GF	2,000
DHS	St Peter MI Dangerous Expansion	GF	7,500
DHS	Remodel Boswell Hall – Cambridge	GF	500
DOC	Moose Lake Medium Prison Facility	GF	25,800
DOC	Red Wing Juvenile Facility	GF	3,020
MDE	Max Effort: Big Lake	GF (2)	9,770
MDE	Max Effort: Nett Lake	GF (2)	7,967

Subtotal – Urgent Projects 64,275

TOTAL – CAPITAL BUDGET EXPENDITURES 138,699

PCA	Combined Sewer Overflow	GF	13,700
DTED	State Match – Wastewater Treatment Loans	GF	6,700
DOT	Bloomington Ferry Bridge	GF	20,292
DOT	Fed Demo Projects Outstate	GF	2,320
DOA	Judicial Center Phase II	GF	7,000
DOA	Sewer Separation	GF	1,300
DOA	Arden Hills Arsenal	GF	285
DHS	Moose Lake Psychopathic Facility	GF (1)	7,433
DHS	Design/Bid/Remodel BRHSO	GF	2,000
DHS	St Peter MI Dangerous Expansion	GF	7,500
DHS	Remodel Boswell Hall – Cambridge	GF	500
DOC	Moose Lake Medium Prison Facility	GF	25,800
DOC	Red Wing Juvenile Facility	GF	3,020

Bonds Financed by General Fund 97,850

Zoo	Marine Education Center	UF	19,900
MDE	Max Effort: Big Lake	GF/UF (2)	9,770
MDE	Max Effort: Nett Lake	GF/UF (2)	7,967

Bonds Financed by Users 37,837

DOA	MnDOT Headquarters Building Renovation	THF	3,000
DOA	Agency Relocation	GF	212

Projects Paid in Cash 3,212

TOTAL – CAPITAL BUDGET FINANCING 138,699

(1) Total project cost is not to exceed \$20,233

(2) Debt Service Payments Included in Educ Aids Budget

GF = Financing from the General Fund

UF = User Financing

THF = Financing from the Trunk Highway Fund

CAPITAL BUDGET: DEBT MANAGEMENT PRESENTATION

(\$ in Thousands)

25-Jan-93

<u>Debt Service Capacity</u>	<u>1992-93</u>	<u>1994-95</u>	<u>1996-97</u>
NonDedicated Revenue	14,405,852	15,686,464	16,817,915
3 Percent Debt Capacity	432,176	470,594	504,537
Recommended Debt Service Appropriation	408,763	453,274	
Less:			
Year 1 Debt Service	200,452	197,242	156,205
Year 2 Debt Service	<u>208,311</u>	<u>182,273</u>	<u>151,687</u>
Biennial Existing Debt	408,763	379,515	307,892
Available Debt Service Capacity	0	73,759	196,646
Less:			
New Bonds for Existing Authorizations		63,649	79,848
Proposed: Capital Budget		<u>14,288</u>	<u>27,182</u>
Total New Debt	<u>0</u>	<u>77,937</u>	<u>107,030</u>
Use of Debt Management Tools	<u>0</u>	<u>(4,178)</u>	<u>0</u>
Total Debt Service	408,763	453,274	414,922
Excess/(Shortfall) Capacity	0	0	89,616
Debt Service to General Fund Revenue (Debt Management Guideline)	2.84%	2.89%	2.47%
<u>Proposed Sale of Bonds</u>			
Existing Authorization			
– General Fund Supported	54,667	263,653	75,064
– Higher Education Supported	5,333	29,167	12,801
– Maximum Effort	<u>10,235</u>	<u>27,230</u>	<u>2,130</u>
Total Bond Sales for Existing Authorization	70,235	320,050	89,995
Proposed Capital Budget			
– General Fund Supported	0	92,377	5,607
– User Fees – Zoological Garden	0	12,360	7,540
– Maximum Effort	<u>0</u>	<u>17,737</u>	<u>0</u>
Total Proposed Capital Budget Bond Sales	0	122,474	13,147
Total Proposed Bond Sales	70,235	442,524	103,142
Bond Sale Capacity – Sale Aug, 1st year			384,452
Bond Sale Capacity – Sale March, 1st year			431,052
Bond Sale Capacity – Sale Aug, 2nd year			662,261

BUILDING REQUEST
FISCAL YEAR 1994 CAPITAL BUDGET - PROJECT DETAIL
DOLLARS IN THOUSANDS (137,522 = 138)

Agency: Minnesota Zoological Garden

Facility: Marine Education Center

Agency Priority: 1

Prior Commitment: ☒ No ☐ Yes Laws _____, Ch _____, Sec _____ \$ _____

Additional Prior Commitment(s) Laws _____, Ch _____, Sec _____ \$ _____

Previously Requested: ☒ No ☐ Yes When? _____

Project Title: Marine Education Center

Project Description:

Construction of a Marine Education Center and related visitor improvements at the Minnesota Zoological Garden.

Project Impact:

The Minnesota Zoo is approximately 15 years old. During this time marine mammals have always been the number 1 attraction. The Dolphin Show and 2 successful dolphin pregnancies this past summer and fall have resulted in increased attendance and more interest in the educational aspects of the Ocean Trail. The present Dolphin pool is in dire need of upgrade. Because of the condition of the pool and the tremendous demand to experience the Dolphins year-round, construction of a Marine Education Center is proposed. Instead of offering only 4 shows a day for 150 visitors at each performance in the summer, the proposed facility will seat approximately 2,000 visitors at each show. The facility will also have classrooms and labs to allow for increased educational programming and additional space to allow for after hours events. This will be a premiere facility for the Minnesota Zoo to spread its conservation and education message as well as for visitors to participate in special events.

With the addition of the Marine Education Center, Zoo operating costs will increase approximately \$800,000 annually. All expenses associated with debt service and operating costs will be paid entirely by the Zoo from the Gifts and Deposits Fund and Special Revenue Fund. No General Fund dollars are being requested.

Department of Administration Analysis:

A pre-design program and estimate has been prepared by an architect and a cost estimator for this facility. The Department of Administration does not administer design and construction for the Zoo Board, but has reviewed the pre-design study and finds it to be comprehensive and well programmed.

Type of Request	Project Category
<input checked="" type="checkbox"/> New Construction	<input type="checkbox"/> Facility Safety/Integrity
<input checked="" type="checkbox"/> Bldg. Improvement	<input type="checkbox"/> Bldg./Oper. Efficiency
<input type="checkbox"/> Code Compliance	<input checked="" type="checkbox"/> Program Enhancement
<input type="checkbox"/> Demolition	

SQUARE FOOTAGE

New Gross Square Footage	43,865
New Assignable Square Footage	43,865
Remodeled Square Footage	5,420
Demolished Square Footage	N/A
Net Change in Square Footage	43,865

CHANGES IN OPERATING COSTS

Change in Compensation	\$ 320
Change in Complement	8.0
Change in Building Expense	\$ 200
Change in Other Expense	\$ 280

PROJECT COSTS

Land Acquisition	\$ -0-
New Construction	\$ 12,500
Remodeling	\$ 1,800
Code Compliance	\$ 7
Construction Contingency	\$ 1,470
Site Work	\$ 770
Design Fees	\$ 1,900
Building Equipment	\$ -0-
Art Work (1%)	\$ -0-
Other Project Cost	\$ 1,453

TOTAL PROJECT COST \$ 19,900

TOTAL FOR THIS REQUEST ONLY \$ 19,900

Data Prepared By: Connie Brazier, Operations Director
(612) 431-9303

GOVERNOR'S RECOMMENDATION: \$ 19,900

The Governor concurs with the agency's request subject to the following conditions:

- a. the Zoo shall pay all debt service costs; and
- b. the Zoo shall finance all operating expenses associated with this project.

Funding Source: Direct Appropriation _____
Taxable Bonds _____ Tax Exempt Bonds ☒

NON-BUILDING REQUEST
FISCAL YEAR 1994 CAPITAL BUDGET - PROJECT DETAIL
DOLLARS IN THOUSANDS (137,522 = 138)

Agency: Trade & Economic Development Program: Community Development Division

Agency Priority: 1 Biennium Requested: FY 1993-1994

Prior Commitment: ☒ No ☐ Yes Laws _____, Ch _____, Sec _____ \$ _____

Additional Prior Commitment(s) Laws _____, Ch _____, Sec _____ \$ _____

Previously Requested: ☒ No ☐ Yes When? _____

Program Title: Public Facilities Authority's Water Pollution Control Revolving Fund

Program Description:

A 20 percent State match is required to receive the federal capitalization grant of \$35.5 million for Federal Fiscal Year 1994 used to finance wastewater construction projects across the State. Currently there is a balance of \$400,000 appropriated for Fiscal Year 1993 that was not needed. The request for Fiscal Year 1994 includes \$400,000 previously authorized and \$6.7 million in new authorization.

Program Impact:

The Public Facilities Authority (PFA) has used federal funds primarily for deposit in a debt service reserve to back Revenue bonds issued by the Authority. State match funds are used with the Authority's revenue bond proceeds to make loans for construction of wastewater projects. For every \$1 the Authority receives in State funds, the PFA has been able to fund \$12.50 worth of construction activities. This program significantly impacts the State by improving water quality, by expanding economic development capacity, and by creating jobs and tax revenue through the construction of these facilities.

Type of Request	Project Category
<input type="checkbox"/> Acquisition of Assets	<input checked="" type="checkbox"/> Health and Safety
<input checked="" type="checkbox"/> Improvement of Assets	<input type="checkbox"/> Program Efficiency
<input checked="" type="checkbox"/> Grant in Aid	<input type="checkbox"/> Program Enhancement

CHANGES IN OPERATING COSTS

Change in Compensation	\$ _____	-0-
Change in Complement	\$ _____	-0-
Change in Other Expense	\$ _____	-0-
Net Change in Operating Cost	\$ _____	3-0-

CAPITAL COSTS

Land Acquisition	\$ _____	-0-
Construction/Development	\$ _____	6,700
Professional Fees and Services	\$ _____	-0-
Grants in Aid	\$ _____	-0-
Other	\$ _____	-0-

TOTAL PROGRAM COST \$ 6,700

Program Data Prepared By: Jennifer Engh/DTED (296-6424)

GOVERNOR'S RECOMMENDATION: \$ 6,700

The Governor concurs with the agency's request.

Funding Source: Direct Appropriation _____
Taxable Bonds _____ Tax Exempt Bonds ☒

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**BUILDING REQUEST
FISCAL YEAR 1994 CAPITAL BUDGET - PROJECT DETAIL
DOLLARS IN THOUSANDS (137,522 = 138)**

Agency: Administration, Department of Facility: State Transportation Building

Prior Commitment: No X Yes Laws 1992, Ch 558, Sec 12 \$ 6,392

Additional Prior Commitment(s) Laws , Ch , Sec \$

Previously Requested: X No Yes When?

Project Title: Renovate State Transportation Building

Project Description:

To renovate the 8th and 7th floors and portions of the ground and basement levels.

The Department of Administration in unison with the Department of Transportation has determined that it's more cost effective and less disruptive to renovate 2 floors simultaneously, in order to resolve building code deficiencies and remodel tenant space. The plan is to renovate the 8th and 7th floors in a first phase, followed by the 6th and 5th, and so on, until the building is totally restored to present day standards.

During the 1992 session, the Legislature reallocated more than \$6 million in existing accounts for life safety procedures. Since May 1992, the sub-basement and basement levels have been completely equipped with sprinkler piping, automatic smoke detectors, automatic strobe lighting, all relayed back to a new fire command center. In addition, main relay cables were installed to all upper levels and these connect the older alarms, temporarily, until renovation work replaces those systems.

The life safety work completed to date has reduced the 1992 reallocation funds to a balance of just over \$5 million. To proceed with the 2 floor renovation in 1993, purchase and install basic mechanical/electrical equipment for all floors and remove hazardous waste materials requires an additional \$3,000,000.

Project Impact:

The Department of Administration, in consultation with local contractors, has determined that the multiple floor concept is ideal for efficient construction. This procedure would save approximately 5% per year in general construction conditions by reducing duplicate overhead and profits, reduce critical construction operations adjacent to occupied areas, and fulfill the critical life safety requirements at an earlier date.

This needed renovation will provide this facility with a 'state of the art' life safety system, a climate controlled interior environment and will eliminate all hazardous materials. The office standards will reflect flexible, generic office space that can adapt to the changing, versatile, and future needs of state operations.

The Department of Administration continues to work with Mn/DOT to assure that their program requirements are met in an expeditious manner.

Capitol Area Architectural and Planning Board Review:

If no exterior remodeling is involved this renovation project's impact upon the Capitol Area is minimal. Upgrading the building's life safety mechanisms will increase the building's life span; remodeling interior office space into an open-space plan provides added flexibility. This proposal is compatible with the Comprehensive Plan for the Capitol Area; specific construction plans will require CAAPB review.

Type of Request	Project Category
<u> </u> New Construction	<u> X </u> Facility Safety/Integrity
<u> X </u> Bldg. Improvement	<u> X </u> Bldg./Oper. Efficiency
<u> X </u> Code Compliance	<u> X </u> Program Enhancement
<u> X </u> Demolition	

SQUARE FOOTAGE

New Gross Square Footage	N/A
New Assignable Square Footage	N/A
Remodeled Square Footage	26,000SF
Demolished Square Footage	26,000SF
Net Change in Square Footage	N/A

CHANGES IN OPERATING COSTS

Change in Compensation	\$ -0-
Change in Complement	-0-
Change in Building Expense	\$ -0-
Change in Other Expense	\$ -0-

PROJECT COSTS

Land Acquisition	\$ -0-
New Construction	\$ -0-
Remodeling	\$ 647
Code Compliance	\$ 1,782
Construction Contingency	\$ 197
Site Work	\$ -0-
Design Fees	\$ 350
Building Equipment	\$ -0-
Art Work (1%)	\$ 21
Other Project Cost (Code Review)	\$ 3

TOTAL PROJECT COST \$ 3,000

TOTAL FOR THIS REQUEST ONLY \$ 3,000

Data Prepared By: Division of State Building Construction

GOVERNOR'S RECOMMENDATION: \$ 3,000

The Governor concurs with the agency's request. This appropriation is recommended from the Trunk Highway Fund. Of this appropriation, \$80,000 is recommended for relocation within the Transportation Building.

Funding Source: Direct Appropriation X
Taxable Bonds Tax Exempt Bonds

**NON-BUILDING REQUEST
FISCAL YEAR 1994 CAPITAL BUDGET - PROJECT DETAIL
DOLLARS IN THOUSANDS (137,522 = 138)**

Agency: Administration, Department of Program: Agency Relocation Fund

Agency Priority: Biennium Requested:

Prior Commitment: No X Yes Laws 1987, Ch 400, Sec 3(m) \$ 668.1 (GF)

Additional Prior Commitment(s) Laws , Ch , Sec \$

Previously Requested: No Yes When?

Program Title: Department of Public Safety Relocation

Program Description:

Move a majority of the Department of Public Safety operations out of the state-owned Transportation Building to an alternative location to facilitate building improvements.

Program Impact:

The state-owned Transportation Building requires extensive life-safety and code improvements and other general renovation. In order to provide the required improvements to the building in the most economic, efficient and expedient manner, it is recommended the Department Public Safety vacate the Transportation Building and move to an alternative location. This will allow construction on 2 floors at the same time instead of on 1 floor and eliminate double moves for the Department of Transportation.

The Department of Administration received General Fund, Trunk Highway Fund and Highway User Fund appropriations in 1987 to relocate and consolidate the Department of Public Safety. The move did not occur and in 1992 the General Fund appropriation was returned to the General Fund as part of the budget deficit solution.

A General Fund appropriation of \$212,000 is requested to relocate the Department of Public Safety, except the Division of Driver and Vehicle Services, out of the Transportation Building and to consolidate other leased space.

<u>Type of Request</u>	<u>Project Category</u>
<u> </u> Acquisition of Assets	<u> </u> Health and Safety
<u> </u> Improvement of Assets	<u> </u> Program Efficiency
<u> </u> Grant in Aid	<u> X </u> Program Enhancement

CHANGES IN OPERATING COSTS

Change in Compensation	\$ <u> </u> -0-
Change in Complement	\$ <u> </u> -0-
Change in Other Expense	\$ <u> </u> -0-
Net Change in Operating Cost	\$ <u> </u> -0-

CAPITAL COSTS

Land Acquisition	\$ <u> </u> -0-
Construction/Development	\$ <u> </u> -0-
Professional Fees and Services	\$ <u> </u> -0-
Grants in Aid	\$ <u> </u> -0-
Other (Relocation)	\$ <u> </u> 212

TOTAL PROGRAM COST \$ 212

Program Data Prepared By: Division of State Building Construction

GOVERNOR'S RECOMMENDATION: \$ 212

The Governor concurs with the agency's request.

Funding Source: Direct Appropriation X
Taxable Bonds Tax Exempt Bonds

BUILDING REQUEST
FISCAL YEAR 1994 CAPITAL BUDGET - PROJECT DETAIL
DOLLARS IN THOUSANDS (137,522 = 138)

Agency: Administration, Department of Facility: Judicial Center

Prior Commitment: No X Yes Laws 1992, Ch 558 , Sec 2 \$ 6,000

Additional Prior Commitment(s) Laws 1990, Ch 610 , Sec 18(e) \$ 2,900

Previously Requested: No X Yes Laws 1987, Ch 400 , Sec 2 \$ 32,500

Project Title: Judicial Center- Phase IIb When? 1992

Project Description :

To fully renovate the 'former' Historical Society Building to become a part of the Judicial Center and fulfill the program needs for that branch of Minnesota government.

During the 1992 session, the Legislature allocated a portion of the requested funds for Phase II renovation. Due to this reduced appropriation the Department of Administration evaluated its planning strategy for the remaining portion of the Judicial program. After consulting with construction managers and local contractors, Phase IIa and IIb were established. These phases do not alter the initial project schedule which forecasts a late, 1994 completion.

Phase IIa will include the total interior demolition and renovation of the existing building with a complete exterior overhaul to restore deteriorated materials. This work requires sophisticated equipment for removal, replacement, restoration, cutting, shoring and hoisting both internally and externally. In addition, city of St. Paul code citations will be corrected to present day standards, major mechanical/electrical equipment installed and basic preparation for Phase IIb work will be accomplished.

Phase IIb needs additional funding to complete the bulk of interior finishing and extensions of all mechanical/electrical systems to meet the internal Judicial program.

Project Impact:

Without funds the fulfillment of the Judicial branch in a central location will be postponed, construction costs will increase, and the existing facility would remain vacant and unused. It was estimated in 1992 that the increased cost of phasing the project were projected \$1,000,000 more than a single, initial phase. Further delays will compound this estimate at the rate of over 4% per year due to rent loss and construction cost escalation.

It is vital to complete the Judicial Center as originally programmed in 1987-1988 to minimize increased costs. This center would fulfill the Judicial needs by consolidating the majority of functions into 1 facility and provide the public with a single location for consultation and research.

Capitol Area Architectural and Planning Board Review:

This proposal to incorporate the Historical Society Building into the new Judicial Center has been approved by the CAAPB. Preservation of the building's exterior in so far as possible is important to the CAAPB's statutory mission to preserve and enhance this significant building next to the Capitol.

Funding this request is critically important to complete the project, in part because this construction is transforming this corner of the mall. The same care evident in Phase I construction should be used in finishing the Center which both fronts the Capitol mall and adjoins the Capitol building.

<u>Type of Request</u>	<u>Project Category</u>
<u> </u> New Construction	<u> </u> Facility Safety/Integrity
<u> X </u> Bldg. Improvement	<u> </u> Bldg./Oper. Efficiency
<u> X </u> Code Compliance	<u> X </u> Program Enhancement
<u> </u> Demolition	

SQUARE FOOTAGE

New Gross Square Footage	<u>N/A</u>
New Assignable Square Footage	<u>N/A</u>
Remodeled Square Footage	<u>65,748</u>
Demolished Square Footage	<u>N/A</u>
Net Change in Square Footage	<u>N/A</u>

CHANGES IN OPERATING COSTS

Change in Compensation	\$ <u>-0-</u>
Change in Complement	<u>-0-</u>
Change in Building Expense	\$ <u>-0-</u>
Change in Other Expense	\$ <u>-0-</u>

PROJECT COSTS

Land Acquisition	\$ <u>-0-</u>
New Construction	\$ <u>-0-</u>
Remodeling	\$ <u>5,839</u>
Code Compliance	\$ <u>-0-</u>
Construction Contingency	\$ <u>648</u>
Site Work	\$ <u>-0-</u>
Design Fees	\$ <u>440</u>
Building Equipment	\$ <u>-0-</u>
Art Work (1%)	\$ <u>70</u>
Other Project Cost (Code Review)	\$ <u>3</u>

TOTAL PROJECT COST \$ 7,000

TOTAL FOR THIS REQUEST ONLY \$ 7,000

Data Prepared By: Division of State Building Construction

GOVERNOR'S RECOMMENDATION: \$7,000

The Governor concurs with the agency's request.

Funding Source: Direct Appropriation
 Taxable Bonds Tax Exempt Bonds X

**BUILDING REQUEST
FISCAL YEAR 1994 CAPITAL BUDGET - PROJECT DETAIL
DOLLARS IN THOUSANDS (137,522 = 138)**

Agency: Administration, Department of Facility: Capitol Area

Prior Commitment: No X Yes Laws 1992, Ch 558, Sec 12 \$ 5,900

Additional Prior Commitment(s) Laws , Ch , Sec \$

Previously Requested: No X Yes When? 1992, 1987, 1985

Project Title: Install/Connect Storm and Sanitary Sewer

Project Description:

To complete the sanitary and storm sewer separation project in the Capitol area, jointly with the city of St. Paul, in conjunction with the combined sewer overflow program established by the 1985 Legislature.

Initially, the city of St. Paul programmed the project over a 2 year period, which would have allowed the state the option to allocate funds in 2 phases. The 1992 legislature allocated the majority of funds for the project; however, after further review by the city's consultants late in 1992, it is desirable to complete the total separation in 1993 as 1 single project.

The Department of Administration is seeking approval for the remaining \$1,300,000 allocation, primarily for the Robert Street separation from the State Capitol on University Avenue, down Robert Street to the main storm sewer along 12th Street.

In addition to Robert Street, the project encompasses Cedar Street and Constitution Avenue from the Interstate 94 to the Capitol, individual extensions along Jackson Street on the eastern side of the Capitol area, restructuring and resurfacing all of the above streets, utility street lighting and all physical building hook-ups affected by this project in the Capitol area.

Project Impact:

Complete funding of this request will avoid the Federal sewer treatment fee being applied to all sewers that are not connected at the time of installation and payable each year until they are properly connected. Under the combined sewer overflow program each individual building is required to have its storm sewer connected to a separate system eliminating the back-up of water during heavy run-off periods.

Allocating the final funds is necessary to complete the construction projects as now programmed by the city. Based on the Federal Environmental Protection Agency requirements and the state's support of the combined sewer overflow program, the separation of these sewers is mandatory.

Capitol Area Architectural and Planning Board Review:

Completion of this sewer separation work on schedule will enable timely coordination with final freeway bridge and right-of-way improvements in the Capitol Area.

Type of Request	Project Category
<u> X </u> New Construction	<u> </u> Facility Safety/Integrity
<u> </u> Bldg. Improvement	<u> </u> Bldg./Oper. Efficiency
<u> X </u> Code Compliance	<u> </u> Program Enhancement
<u> </u> Demolition	

SQUARE FOOTAGE

New Gross Square Footage	<u>-0-</u>
New Assignable Square Footage	<u>-0-</u>
Remodeled Square Footage	<u>-0-</u>
Demolished Square Footage	<u>-0-</u>
Net Change in Square Footage	<u>-0-</u>

CHANGES IN OPERATING COSTS

Change in Compensation	\$ <u>-0-</u>
Change in Complement	<u>-0-</u>
Change in Building Expense	\$ <u>-0-</u>
Change in Other Expense	\$ <u>-0-</u>

PROJECT COSTS

Land Acquisition	\$ <u>-0-</u>
New Construction	\$ <u>1,195</u>
Remodeling	\$ <u>-0-</u>
Code Compliance	\$ <u>28</u>
Construction Contingency	\$ <u>-0-</u>
Site Work	\$ <u>-0-</u>
Design Fees	\$ <u>71</u>
Building Equipment	\$ <u>-0-</u>
Art Work (1%)	\$ <u>-0-</u>
Other Project Cost (code review)	\$ <u>6</u>

TOTAL PROJECT COST \$ 1,300

TOTAL FOR THIS REQUEST ONLY \$ 1,300

Data Prepared By: Division of State Building Construction

GOVERNOR'S RECOMMENDATION: \$ 1,300

The Governor concurs with the agency's request.

Funding Source: Direct Appropriation
Taxable Bonds Tax Exempt Bonds X

**BUILDING REQUEST
FISCAL YEAR 1994 CAPITAL BUDGET - PROJECT DETAIL
DOLLARS IN THOUSANDS (137,522 = 138)**

Agency: Administration, Department of Facility: Arden Hills State Facilities

Prior Commitment: ☒ No ☐ Yes Laws _____, Ch _____, Sec _____ \$ _____

Additional Prior Commitment(s) Laws _____, Ch _____, Sec _____ \$ _____

Previously Requested: ☒ No ☐ Yes When? _____

Project Title: Arden Hills New Utility Service

Project Description:

To provide new water, sewer and fire safety service for the Department of Administration's Surplus Property facility and the Department of Public Safety's Training center, located adjacent to the Arden Hills arsenal, so these active state facilities can remain functional.

Immediately following the Legislative session in 1992, the Department of Army which administers the arsenal mandated the 2 state facilities be permanently disconnected by 9-30-92, to comply with the closing of the federal ammunition plant. The Department of Administration reached agreement with the Army to extend the deadline, 1 year, to ease the hardships of these 2 state facilities.

The task to locate a feasible alternative was difficult due to the remote location of the state property to its surrounding neighborhood. After lengthy engineering investigations, the water service can be extended from the existing mains in Mounds View and the sanitary sewer accommodated by an on-site septic system. This is the most practical and least expensive alternative.

Project Impact:

The funding for this request will avoid the relocation of 2 active state operations and make these facilities self-sufficient. Based on the imminent Department of Army deadline, the installation of these services is mandatory.

Type of Request	Project Category
<input type="checkbox"/> New Construction	<input type="checkbox"/> Facility Safety/Integrity
<input checked="" type="checkbox"/> Bldg. Improvement	<input checked="" type="checkbox"/> Bldg./Oper. Efficiency
<input checked="" type="checkbox"/> Code Compliance	<input type="checkbox"/> Program Enhancement
<input type="checkbox"/> Demolition	

SQUARE FOOTAGE

New Gross Square Footage	N/A
New Assignable Square Footage	N/A
Remodeled Square Footage	N/A
Demolished Square Footage	N/A
Net Change in Square Footage	N/A

CHANGES IN OPERATING COSTS

Change in Compensation	\$ -0-
Change in Complement	-0-
Change in Building Expense	\$ -0-
Change in Other Expense	\$ -0-

PROJECT COSTS

Land Acquisition	\$ -0-
New Construction	\$ -0-
Remodeling	\$ -0-
Code Compliance	\$ -0-
Construction Contingency	\$ 30
Site Work	\$ 226
Design Fees	\$ 14
Building Equipment	\$ -0-
Art Work (1%)	\$ -0-
Other Project Cost (Code Review)	\$ 15

TOTAL PROJECT COST \$ 285

TOTAL FOR THIS REQUEST ONLY \$ 285

Data Prepared By: Division of State Building Construction

GOVERNOR'S RECOMMENDATION: \$ 285

The Governor concurs with the agency's request.

Funding Source: Direct Appropriation _____
Taxable Bonds _____ Tax Exempt Bonds ☒

BUILDING REQUEST
FISCAL YEAR 1994 CAPITAL BUDGET - PROJECT DETAIL
DOLLARS IN THOUSANDS (137,522 = 138)

Agency: Human Services Facility: Moose Lake Regional Treatment Center

Agency Priority: 2 Biennium Requested: 1994-95

Prior Commitment: No X Yes Laws 1992, Ch 558, Sec 8 \$12,800

Additional Prior Commitment(s) Laws , Ch , Sec \$

Previously Requested: X No Yes When?

Project Title: Moose Lake Psychopathic Personality Facility

Project Description:

Plan, program, design, construct, and furnish/equip residential, program and ancillary space required to add 50 additional beds to the 50-bed mental health unit currently being designed for construction at Moose Lake for Psychopathic Personality (PP) clients.

Project Impact:

The 1992 Legislature authorized bonding authority of \$13.4 million for mental health units at a regional treatment center(s). Of this amount, \$12.8 million was allocated for a 50-bed PP mental health unit at Moose Lake. The balance of funds were allocated for provisional security measures required to accommodate PP clients at St. Peter until the new PP mental health facilities at Moose Lake are constructed and ready for occupancy. Funding of this request will provide the funds required to expand the Moose Lake project to 100 beds to accommodate the increasing number of PP commitments.

In 1939, a PP statute was passed to provide an alternative to criminal prosecution for those individuals arrested for minor sexual offenses. In 1966, the PP statute was incorporated into the mentally ill and dangerous component of the Minnesota Commitment Act, with the power of preventive detention added under rules for managing dangerous sex offenders who could not be adequately controlled under determinate sentencing to the Department of Corrections.

The Minnesota Security Hospital (MSH) provides multi-disciplinary forensic evaluation and therapy services in a secure environment on the St. Peter Regional Treatment Center campus. MSH admits clients pursuant to judicial or other lawful orders for assessment and/or treatment. This includes all PP commitments. Since the opening of the MSH in 1981, occupancy levels have been at or near the 164 bed capacity. This has resulted in placement of emergency admissions into inappropriate environments, an inability to accept transfer patients, and at times necessitates premature transfer of patients to other programs.

During the time period from July, 1991 through July, 1992, there were 20 persons committed to MSH under PP Commitment. In comparison, there were only 24 PP commitments during the 20 years of the 1970s and 1980s. From July, 1992 through January, 1993, there were an additional 15 men committed as PP, and there are an unknown number of additional PP commitments in process. The rate of PP commitments is not expected to decline in the foreseeable future.

Type of Request	Project Category
<u> X </u> New Construction	<u> X </u> Facility Safety/Integrity
<u> </u> Bldg. Improvement	<u> </u> Bldg./Oper. Efficiency
<u> </u> Code Compliance	<u> </u> Program Enhancement
<u> </u> Demolition	

SQUARE FOOTAGE

New Gross Square Footage	97,000
New Assignable Square Footage	97,000
Remodeled Square Footage	N/A
Demolished Square Footage	N/A
Transferred Square Footage	514,000
Net Change in Square Footage	(417,000)

CHANGES IN OPERATING COSTS

Change in Compensation	\$ -0-
Change in Complement	-0-
Change in Building Expense	\$ -0-
Change in Other Expense	\$ -0-
Net Change in Operating Cost (FY4/5) \$	(4,596)

PROJECT COSTS

Land Acquisition	\$ -0-
New Construction	\$ 14,128
Remodeling	\$ -0-
Code Compliance	\$ -0-
Construction Contingency	\$ 1,437
Site Work	\$ 1,400
Design Fees	\$ 1,230
Building Equipment	\$ 1,800
Art Work (1%)	\$ 150
Other Project Cost	\$ 88

TOTAL PROJECT COST \$ 20,233

TOTAL FOR THIS REQUEST ONLY \$ 7,433

Data Prepared By: Department Staff/Architectural Consultant

GOVERNOR'S RECOMMENDATION: \$ 7,433

The Governor concurs with the agency's request.

Funding Source: Direct Appropriation
 Taxable Bonds Tax Exempt Bonds X

**BUILDING REQUEST
FISCAL YEAR 1994 CAPITAL BUDGET - PROJECT DETAIL (Contd.)
DOLLARS IN THOUSANDS (137,522 = 138)**

Agency: Human Services, Department of

Project Title: Moose Lake Psychopathic Personality Facility

Project Impact (continued):

This situation has created three serious problems: (1) Inadequate housing/program space for the increasing PP population; (2) placement of mentally ill and dangerous commitments in inappropriate, less than secure, settings; (3) an inappropriate mixing of two distinctly different patient populations within MSH facilities; (4) fewer available beds, and a growing waiting list for the primary intended Security Hospital population, the mentally ill and dangerous.

In response to the large increase in PP commitments, 25 beds at MSH were converted into a unit to specifically serve PP commitments. In addition, the 1992 Legislature appropriated \$8.1 million for a 50-bed addition to MSH for PP commitments. This addition, along with the use of the converted unit, would have provided residential and program accommodations for a 75-bed PP program.

In the fall of 1992, it became apparent that PP commitments were increasing at an accelerated rate, and would exceed the 75-bed capacity before the PP project would be completed. Subsequently, the proposal to increase the size of the new PP facility and to change the location from St. Peter to Moose Lake was developed. This proposal addresses the need for appropriately designed and sized PP facilities, alleviates the problem of inappropriate mixture of patient populations, and leaves the site at MSH for expanding facilities for the growing population of persons committed as mentally ill and dangerous.

Department of Administration Analysis:

Planning experience with the PP unit at St. Peter provides the foundation on which the cost estimates are based. Program adjustments have been made for infra-structure development costs with the exception of a new fully developed access road, which must be accounted for prior to occupancy. The Department of Administration therefore concurs with the projected cost requirements as stated in this request.

**BUILDING REQUEST
FISCAL YEAR 1994 CAPITAL BUDGET - PROJECT DETAIL
DOLLARS IN THOUSANDS (137,522 = 138)**

Agency: Human Services Facility: Brainerd Regional Human Services Center
Agency Priority: 3 Biennium Requested: 1994-95
Prior Commitment: ☒ No ☐ Yes Laws _____, Ch _____, Sec _____ \$ _____
Additional Prior Commitment(s) Laws _____, Ch _____, Sec _____ \$ _____
Previously Requested: ☒ No ☐ Yes When? _____
Project Title: Remodel Building #21 at Brainerd Regional Human Services Center

Project Description:

Plan, design, renovate, and equip/furnish Building #21 on the campus of Brainerd Regional Human Services Center to accommodate up to 50 psychiatric patients. This project will involve the reconfiguration of space to provide improved residential spaces, nursing stations, dining and program areas, upgraded bathing and toilet facilities; installation of monitoring, sprinkler, and security systems; upgrading and/or modernization of heating, ventilating and air conditioning systems; improvements to related building components (e.g., floor and wall covering, ceiling materials, lighting, etc.).

Project Impact:

This project will accommodate those Moose Lake RTC residents for whom community placements are not available upon closure of the Moose Lake Regional Treatment Center. Closure of Moose Lake Regional Treatment Center will yield long-term operating budget savings by eliminating excess capacity and consolidating regional treatment center operations without any reduction in services to clients. Upon closure, the Moose Lake RTC will be transferred to the Department of Corrections for conversion to a medium security prison facility. Corrections currently leases 3 cottages on the RTC campus to house both male and female minimum security offenders. Transfer of the balance of the facility will allow Corrections to develop the entire campus into a medium security prison without incurring the cost for new construction.

The proposal to close MLRTC, and to transfer the MLRTC campus to DOC, can be accomplished without any reductions in services to the Moose Lake psychiatric service area if the initiatives outlined by the Department are approved. A key element of these initiatives is the ability to provide this service area with facilities to accommodate the residual population of psychiatric patients who may require regional treatment center services. Funding of this project request will provide the resources required to develop the physical facilities required to ensure this residual population is accommodated.

Department of Administration Analysis:

Cost estimates are based on cost experience of both recent designs and remodeling of same type buildings on this campus. The Department of Administration therefore attests to the validity of these cost projections.

Type of Request	Project Category
New Construction	<input checked="" type="checkbox"/> Facility Safety/Integrity
<input checked="" type="checkbox"/> Bldg. Improvement	<input checked="" type="checkbox"/> Bldg./Oper. Efficiency
<input checked="" type="checkbox"/> Code Compliance	<input type="checkbox"/> Program Enhancement
Demolition	

SQUARE FOOTAGE

New Gross Square Footage	N/A
New Assignable Square Footage	N/A
Remodeled Square Footage	N/A
Demolished Square Footage	N/A
Net Change in Square Footage	N/A

CHANGES IN OPERATING COSTS

Change in Compensation	\$ -0-
Change in Complement	\$ -0-
Change in Building Expense	\$ -0-
Change in Other Expense	\$ -0-
Net Change in Operating Cost	\$ -0-

PROJECT COSTS

Land Acquisition	\$ -0-
New Construction	\$ -0-
Remodeling	\$ 1,431
Code Compliance	\$ -0-
Construction Contingency	\$ 143
Site Work	\$ -0-
Design Fees	\$ 126
Building Equipment	\$ 286
Art Work (1%)	\$ 14
Other Project Cost	\$ -0-

TOTAL PROJECT COST \$ 2,000

TOTAL FOR THIS REQUEST ONLY \$ 2,000

Data Prepared By: Department Staff/Architectural Consultant

GOVERNOR'S RECOMMENDATION: \$ 2,000

The Governor concurs with the agency's request.

Funding Source: Direct Appropriation _____
Taxable Bonds _____ Tax Exempt Bonds ☒

**BUILDING REQUEST
FISCAL YEAR 1994 CAPITAL BUDGET - PROJECT DETAIL
DOLLARS IN THOUSANDS (137,522 = 138)**

Agency: Human Services Facility: St. Peter Regional Treatment Center
Agency Priority: 4 Biennium Requested: 1994-95
Prior Commitment: ☒ No ☐ Yes Laws _____, Ch _____, Sec _____ \$ _____
Additional Prior Commitment(s) Laws _____, Ch _____, Sec _____ \$ _____
Previously Requested: ☐ No ☒ Yes When? 1990-91 Biennium _____
Project Title: Construct 50-Bed Addition to Minnesota Security Hospital

Project Description:

Plan, program, design, construct and furnish/equip an addition to the Minnesota Security Hospital (MSH). This request includes funds to remodel/reconfigure space within the existing facility.

Project Impact:

Funding of this request will allow for the development of two additional units to serve patients committed as mentally ill and dangerous. It will allow treatment to take place within the MSH so it will no longer be necessary to breach the secure environment by walking these patients across campus. It will also permit MSH to reduce its waiting list of committed patients and to serve those dangerous patients requiring transfer from open hospitals.

Minnesota Security Hospital (MSH) provides multi-disciplinary forensic evaluation and therapy services in a secure setting located at the St. Peter Regional Treatment Center. This facility serves adults from all 87 counties of Minnesota, who are admitted pursuant to judicial or other lawful orders for assessment and/or treatment of acute and chronic major mental disorders. These disorders may manifest behaviors which present an imminent danger of grave harm to the patient or others.

MSH has not had sufficient capacity to serve all patients committed there since it opened in 1981. The second floor of Shantz Hall, a building on the open hospital campus approximately one-half mile from MSH, has been used for carefully selected patients who would be most likely to be safe in an unsecured building. These patients walk, under escort, the mile round trip from Shantz Hall to MSH and back to Shantz Hall twice daily for programming and services. This use of a building other than the Security Hospital is dangerous and does pose some level of risk. In addition, the crowding at the Minnesota Security Hospital has necessitated the diversion of mentally ill and dangerous patients to open hospitals in an attempt to admit all committed patients as soon as possible following their hearing. Since the new facility opened in 1981, MSH has not been able to accept requests for transfer from open hospitals when security needs and intensity of treatment would support such a move.

Department of Administration Analysis:

Cost estimates for this project are based on recent plan development for PP occupancy. Unit prices have been adjusted for the elimination of separate industry programs and other minor areas not needed under a single MI & D occupancy. The Department of Administration therefore supports the application of this estimating technique to arrive at this budget estimate.

Type of Request	Project Category
<input checked="" type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Facility Safety/Integrity
<input checked="" type="checkbox"/> Bldg. Improvement	<input type="checkbox"/> Bldg./Oper. Efficiency
<input type="checkbox"/> Code Compliance	<input type="checkbox"/> Program Enhancement
<input type="checkbox"/> Demolition	

SQUARE FOOTAGE

New Gross Square Footage	40,000
New Assignable Square Footage	40,000
Remodeled Square Footage	5,000
Demolished Square Footage	N/A
Net Change in Square Footage	40,000

CHANGES IN OPERATING COSTS

Change in Compensation	\$ -0-
Change in Complement	-0-
Change in Building Expense	\$ -0-
Change in Other Expense	\$ -0-
Net Change in Operating Cost	\$ -0-

PROJECT COSTS

Land Acquisition	\$ -0-
New Construction	\$ 5,500
Remodeling	\$ 400
Code Compliance	\$ -0-
Construction Contingency	\$ 600
Site Work	\$ -0-
Design Fees	\$ 525
Building Equipment	\$ 400
Art Work (1%)	\$ 55
Other Project Cost	\$ 20

TOTAL PROJECT COST \$ 7,500

TOTAL FOR THIS REQUEST ONLY \$ 7,500

Data Prepared By: Facility Staff/Architectural Consultant

GOVERNOR'S RECOMMENDATION: \$ 7,500

The Governor concurs with the agency's request.

Funding Source: Direct Appropriation _____
Taxable Bonds _____ Tax Exempt Bonds ☒

**BUILDING REQUEST
FISCAL YEAR 1994 CAPITAL BUDGET - PROJECT DETAIL
DOLLARS IN THOUSANDS (137,522 = 138)**

Agency: Human Services Facility: Cambridge Regional Treatment Center
Agency Priority: 5 Biennium Requested: 1994-95
Prior Commitment: ☒ No ☐ Yes Laws _____, Ch _____, Sec _____ \$ _____
Additional Prior Commitment(s) Laws _____, Ch _____, Sec _____ \$ _____
Previously Requested: ☒ No ☐ Yes When? _____
Project Title: Remodel Boswell Hall

Project Description:

Remodel Boswell Hall for Developmentally Disabled (DD) Residential/Programming facilities. This request includes funds to repair/replace walls, ceilings, floors, bathroom fixtures, toilet partitions, and pipe chases, all of which were opened/damaged to remove asbestos pipe insulation and fittings. This request also includes funds to provide handicapped accessible bathing and toilet facilities; to improve lighting in corridors and rooms; upgrade floor coverings; to implement improvements to the building's HVAC systems; and to address other regulatory/code issues related to life safety, ADA, and licensure.

Project Impact:

This project will prepare Boswell Hall for the transfer of up to 50 difficult to manage persons from Faribault Regional Center (FRC) in F.Y. 1994.

The removal of asbestos pipe covering and fittings necessitated breaking into walls, ceilings, floors and pipe chases. These areas were to be repaired as part of the skilled nursing facility renovation project. Since that project was abandoned, repairs to these areas have not been completed. This building can not be utilized until these areas are repaired.

Boswell Hall is a single story building with a partial walkout basement. It was constructed in 1958, and is structurally and mechanically sound. Funding this request will enable the Department to implement the design and renovations required to bring this building into compliance with current life safety and building codes, and accessibility (ADA) and program licensure standards.

Department of Administration Analysis:

Cost estimates are based on experience from the plan development made in association with the skilled nursing project and adjusted for specific items either eliminated or added to the new program which is now proposed. Accordingly, the Department of Administration, having conferred with the Department of Human Services, supports this budget proposal.

Type of Request	Project Category
<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Facility Safety/Integrity
<input checked="" type="checkbox"/> Bldg. Improvement	<input type="checkbox"/> Bldg./Oper. Efficiency
<input checked="" type="checkbox"/> Code Compliance	<input type="checkbox"/> Program Enhancement
<input type="checkbox"/> Demolition	

SQUARE FOOTAGE

New Gross Square Footage	N/A
New Assignable Square Footage	N/A
Remodeled Square Footage	N/A
Demolished Square Footage	N/A
Net Change in Square Footage	N/A

CHANGES IN OPERATING COSTS

Change in Compensation	\$ -0-
Change in Complement	-0-
Change in Building Expense	\$ -0-
Change in Other Expense	\$ -0-
Net Change in Operating Cost	\$ -0-

PROJECT COSTS

Land Acquisition	\$ -0-
New Construction	\$ -0-
Remodeling	\$ 335
Code Compliance (ADA)	\$ 120
Construction Contingency	\$ -0-
Site Work	\$ -0-
Design Fees	\$ 45
Building Equipment	\$ -0-
Art Work (1%)	\$ -0-
Other Project Cost	\$ -0-

TOTAL PROJECT COST \$ 500

TOTAL FOR THIS REQUEST ONLY \$ 500

Data Prepared By: Facility Staff/Architectural Consultant

GOVERNOR'S RECOMMENDATION: \$ 500

The Governor concurs with the agency's request.

Funding Source: Direct Appropriation _____
Taxable Bonds _____ Tax Exempt Bonds ☒

**BUILDING REQUEST
FISCAL YEAR 1994 CAPITAL BUDGET - PROJECT DETAIL
DOLLARS IN THOUSANDS (137,522 = 138)**

Agency: Corrections, Department of

Facility: MCF-Willow River/Moose Lake

Prior Commitment: ☒ No ☐ Yes Laws _____, Ch _____, Sec _____ \$ _____

Additional Prior Commitment(s) Laws _____, Ch _____, Sec _____ \$ _____

Previously Requested: ☒ No ☐ Yes When? _____

Project Title: Moose Lake Expansion

Project Description:

Upon the transfer of the Department of Human Services Moose Lake Regional Treatment Center (MLRTC) to the custody of the Department of Corrections, the department will convert the facility to a medium security prison to house up to 620 inmates.

Project Impact:

Presently the Minnesota Correctional Facility-Willow River/Moose Lake (MCF-WR/ML) leases 3 cottages on the Moose Lake campus from the Department of Human Services (DHS) to house both male and female inmates. The 3 cottages operate as a minimum security prison.

DHS proposes to downsize and vacate the Moose Lake Regional Treatment Center during the 1994-95 biennium. DHS also proposes to construct a new Psychopathic Personality facility on adjoining property and occupy that facility by approximately 6-30-95. As DHS vacates existing buildings, they will be turned over to the Department of Corrections and be renovated for use as a medium security prison to help meet the projected increase in the adult male offender population. It is less costly to renovate existing buildings than to construct completely new facilities.

According to current plans, the Moose Lake campus will provide a total of 455 additional beds when completely renovated. In order to provide adequate program space for inmates, a gym and industry building will also be needed.

This request will renovate the Moose Lake facility to a medium security correctional facility, meet safety codes and construct a gym and industry building for program use.

Department of Administration Analysis:

The estimated cost to convert MLRTC to a medium security facility is predicated on maximum utilization of present building configurations. Building code requirements generally consisting of sprinkler and alarm improvements, door upgrades, areas of separation and security items are based on assumed unit costs per square foot and not actual quantities since they are not presently known. However, based on experience at the Faribault conversion the estimate is as accurate as can be projected at this time.

Type of Request	Project Category
<input checked="" type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Facility Safety/Integrity
<input checked="" type="checkbox"/> Bldg. Improvement	<input type="checkbox"/> Bldg./Oper. Efficiency
<input checked="" type="checkbox"/> Code Compliance	<input type="checkbox"/> Program Enhancement
<input type="checkbox"/> Demolition	

SQUARE FOOTAGE

New Gross Square Footage	67,000
New Assignable Square Footage	67,000
Remodeled Square Footage	500,000
Demolished Square Footage	N/A
Net Change in Square Footage	67,000

CHANGES IN OPERATING COSTS *

Change in Compensation	\$ 8,100
Change in Complement	172
Change in Building Expense	-0-
Change in Other Expense	\$ 1,833

PROJECT COSTS

Land Acquisition	\$ -0-
New Construction	\$ 6,194
Remodeling	\$ 6,986
Code Compliance	\$ 3,306
Construction Contingency	\$ 1,704
Site Work	\$ 553
Design Fees	\$ 1,704
Building Equipment	\$ 5,095
Art Work (1%)	\$ 258
Other Project Cost	\$ -0-

TOTAL PROJECT COST \$ 25,800

TOTAL FOR THIS REQUEST ONLY \$ 25,800

* Estimated F.Y. 1995 costs in 1992 dollars

Data Prepared By: MCF-Willow River/Moose Lake

GOVERNOR'S RECOMMENDATION: \$ 25,800

The Governor concurs with the agency's request.

Funding Source: Direct Appropriation _____
Taxable Bonds _____ Tax Exempt Bonds ☒

**BUILDING REQUEST
FISCAL YEAR 1994 CAPITAL BUDGET - PROJECT DETAIL
DOLLARS IN THOUSANDS (137,522 = 138)**

Agency: Corrections, Department of Facility: MCF-Red Wing

Prior Commitment: ☒ No ☐ Yes Laws _____, Ch _____, Sec _____ \$ _____

Additional Prior Commitment(s) Laws _____, Ch _____, Sec _____ \$ _____

Previously Requested: ☒ No ☐ Yes When? _____

Project Title: Replacement of Juvenile Security Unit

Project Description:

Replace Dayton Cottage with a 30 bed secure unit.

Project Impact:

The Minnesota Correctional Facility at Red Wing is an open campus which means that it has no security fence or other physical barrier separating it from the surrounding community.

This unit would provide for control of certain juvenile offenders and add an important component to the juvenile system. There is an increasing need to provide such control for a segment of juvenile offenders who exhibit increasingly violent and dangerous predatory behaviors stemming from their gang affiliation and illegal drug related activities. When juveniles who have a high profile offense or who are a threat to public safety are committed to the Commissioner of Corrections, the secure unit would be used to program for these juveniles until the risk of leaving an open campus is reduced. The secure unit would also serve to control juveniles who are assaultive to other juveniles or staff and are management problems. The secure unit would also be used to provide juvenile detention services and pre-adjudication evaluations for counties. It will provide for public safety, staff safety and resident control.

The new cottage will include adequate inside and outside exercise and recreation areas for those residents that will be housed in this unit. In addition, it would provide privacy for counseling, and medical and legal consultations. The unit also would have adequate program space for those juveniles being prepared for assignments in the open campus.

Current facilities at Red Wing do not provide for the safety and control of these residents or for the safety of staff. Local citizen groups strongly support the secure unit. Dayton Cottage would return to its original design use as an open living unit.

This request also includes a 750 KW emergency standby generator which will provide for adequate lighting needed during power outages and which will help prevent staff and resident injury during such outages. The current system is slow to come on line and provides only for emergency lighting and the phone system.

Department of Administration Analysis:

The estimate is within appropriate cost parameters to construct this 30 bed facility.

Type of Request	Project Category
<input checked="" type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Facility Safety/Integrity
<input type="checkbox"/> Bldg. Improvement	<input type="checkbox"/> Bldg./Oper. Efficiency
<input type="checkbox"/> Code Compliance	<input type="checkbox"/> Program Enhancement
<input type="checkbox"/> Demolition	

SQUARE FOOTAGE

New Gross Square Footage	12,250
New Assignable Square Footage	8,575
Remodeled Square Footage	N/A
Demolished Square Footage	N/A
Net Change in Square Footage	12,250

CHANGES IN OPERATING COSTS *

Change in Compensation	\$ 658
Change in Complement	14
Change in Building Expense	\$ 10
Change in Other Expense	\$ 590

PROJECT COSTS

Land Acquisition	\$ -0-
New Construction	\$ 1,975
Remodeling	\$ -0-
Code Compliance	\$ -0-
Construction Contingency	\$ 208
Site Work	\$ 150
Design Fees	\$ 245
Building Equipment	\$ 122
Art Work (1%)	\$ 20
Other Project Cost	\$ 300

TOTAL PROJECT COST \$ 3,020

TOTAL FOR THIS REQUEST ONLY \$ 3,020

* Estimated F.Y. 1996 costs in 1992 dollars. No funds are being requested in the F.Y. 1994-95 operating budget.

Data Prepared By: Department of Corrections Staff

GOVERNOR'S RECOMMENDATION: \$ 3,020

The Governor concurs with the agency's request.

Funding Source: Direct Appropriation _____
Taxable Bonds _____ Tax Exempt Bonds ☒

**BUILDING REQUEST
FISCAL YEAR 1994 CAPITAL BUDGET - PROJECT DETAIL
DOLLARS IN THOUSANDS (137,522 = 138)**

Agency: Education Facility: New High School and Remodeling of Elementary School in Big Lake

Agency Priority: 1 Biennium Requested: 1994-95

Prior Commitment: X No Yes Laws , Ch , Sec \$

Additional Prior Commitment(s) Laws , Ch , Sec \$

Previously Requested: X No Yes When?

Project Title: Maximum Effort Capital Loan for District 727 - Big Lake

Project Description:

A maximum effort capital loan is requested pursuant to M.S. 124.431 to partially fund the following: construction of a new high school of approximately 160,000 square feet to serve a capacity of 600 students; the addition of a second boiler and installation of telecommunication, television media, and computer networks in the existing elementary school; and the conversion of the present high school to a middle school with installation of telecommunications, television media, computers and network technologies. The district has been experiencing enrollment growth over the past five years. Current enrollment is about 1,425, with projected annual increases of approximately 3%. Voter approval has been received for this project. The projected completion date is September 1994.

Type of Request	Project Category
<u>X</u> New Construction	<u> </u> Facility Safety/Integrity
<u>X</u> Bldg. Improvement	<u>X</u> Bldg./Oper. Efficiency
<u>X</u> Code Compliance	<u>X</u> Program Enhancement
<u> </u> Demolition	

SQUARE FOOTAGE

New Gross Square Footage	160*
New Assignable Square Footage	N/A
Remodeled Square Footage	N/A
Elementary	82
High School	104
Demolished Square Footage	N/A
Net Change in Square Footage	N/A

* Does not include pool.

CHANGES IN OPERATING COSTS

Change in Compensation	\$ -0-
Change in Complement	-0-
Change in Building Expense	\$ -0-
Change in Other Expense	\$ -0-

PROJECT COSTS (excluding pool)

Land Acquisition	\$ -0-
New Construction	\$ 11,680
Remodeling	\$ 40
Code Compliance	\$ -0-
Construction Contingency	\$ 240
Site Work	\$ 155
Design Fees	\$ 840
Building Equipment	\$ 2,274
Art Work (1%)	\$ -0-
Other Project Cost	\$ 240

TOTAL PROJECT COST \$ 15,544

TOTAL FOR THIS REQUEST ONLY \$ 9,770

Data Prepared By: Len Nachman

GOVERNOR'S RECOMMENDATION: \$ 9,770

The Governor concurs with the agency's request.

Funding Source: Direct Appropriation
Taxable Bonds Tax Exempt Bonds X

**BUILDING REQUEST
FISCAL YEAR 1994 CAPITAL BUDGET - PROJECT DETAIL
DOLLARS IN THOUSANDS (137,522 = 138)**

Agency: Education Facility: Nett Lake Elementary

Agency Priority: 1 Biennium Requested: 1994-95

Prior Commitment: ☒ No ☐ Yes Laws _____, Ch _____, Sec _____ \$ _____

Additional Prior Commitment(s) Laws _____, Ch _____, Sec _____ \$ _____

Previously Requested: ☒ No ☐ Yes When? _____

Project Title: Maximum Effort Capital Loan for District 707 - Nett Lake

Project Description:

A maximum effort capital loan is requested pursuant to M.S. 124.431 to remodel 28,700 square feet and add an additional 42,400 square feet to the elementary school. The needs of the community were reviewed with local leaders to establish a plan for co-location of services. The facility will include programming for children's social services, headstart, education directory, community education, early childhood family education, historic archives, youth council/activity center, community room, library and elementary education. The State Fire Marshal has identified many serious code violations in the current facility. The current enrollment is 91. Secondary students attend school in Orr.

No payback is expected on this loan.

Type of Request	Project Category
<input checked="" type="checkbox"/> New Construction	<input type="checkbox"/> Facility Safety/Integrity
<input checked="" type="checkbox"/> Bldg. Improvement	<input type="checkbox"/> Bldg./Oper. Efficiency
<input checked="" type="checkbox"/> Code Compliance	<input type="checkbox"/> Program Enhancement
<input type="checkbox"/> Demolition	

SQUARE FOOTAGE

New Gross Square Footage	71,100
New Assignable Square Footage	14,400
Remodeled Square Footage	28,700
Demolished Square Footage	N/A
Net Change in Square Footage	42,400

CHANGES IN OPERATING COSTS

Change in Compensation	\$ -0-
Change in Complement	-0-
Change in Building Expense	\$ -0-
Change in Other Expense	\$ -0-

PROJECT COSTS

Land Acquisition	\$ -0-
New Construction	\$ 3,731
Remodeling	\$ 1,592
Code Compliance	\$ -0-
Construction Contingency	\$ -0-
Site Work	\$ 550
Design Fees	\$ 1,329
Building Equipment	\$ 770
Art Work (1%)	\$ -0-
Other Project Cost	\$ -0-

TOTAL PROJECT COST \$ 7,972

TOTAL FOR THIS REQUEST ONLY \$ 7,967

Data Prepared By: Len Nachman

GOVERNOR'S RECOMMENDATION: \$ 7,967

The Governor concurs with the agency's request.

Funding Source: Direct Appropriation _____
Taxable Bonds _____ Tax Exempt Bonds ☒

1994-95 BIENNIAL BUDGET

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DEPARTMENT OF CHILDREN AND EDUCATION SERVICES

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1994-95 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: CHILDREN AND EDUCATION SERVICES, DEPARTMENT OF

PROGRAM

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BASIC SERVICES

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1994-95 Biennial Budget

AGENCY: Children and Education Services, Department of

MISSION STATEMENT:

Programs for children and young adults are now administered by at least 5 state agencies. Administration of these programs by different agencies has resulted in little coordination in serving clients, and consequently, not serving clients as effectively or as efficiently as possible with the resources available to serve them.

In order to remedy this problem, the Governor recommends consolidating the operation of several programs serving children, young adults, higher education students, and their families into the Department of Children and Education Services.

The new department will be organized into 4 divisions:

- the Basic Services Division
- the Children's Services Division
- the Career Preparation Division
- the Higher Education Division

In addition to program consolidation, the policy direction for other children's programs in state government will be coordinated by the Children's Services Division.

Information on the programs and activities that will be consolidated under each of these divisions follows.

RESOURCES:

The Governor recommends a General Fund appropriation of \$402,167,000, a Health Care Access Fund appropriation of \$553,000 and a Trunk Highway Fund appropriation of \$42,000 to the Department of Children and Education Services for carrying out the responsibilities identified for each division.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPT OF CHILDREN AND EDUCATION SVCS

				FY 1994			FY 1995		
			Est.						
PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
BASIC SERVICES						30,007			29,761
CHILDREN'S SERVICES						19,837			31,028
CAREER PREPARATION						3,165			3,195
HIGHER EDUCATION SERVICES						214,248			246,041
SALARY PLANNING ESTIMATES						<309>			<309>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY PROGRAM						266,948			309,716
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL						186,862			229,143
HEALTH CARE ACCESS						232			321
TRUNK HIGHWAY						21			21
STATUTORY APPROPRIATIONS:									
GENERAL						55			55
SPECIAL REVENUE						3,020			3,297
FEDERAL						14,827			14,898
JOBS AND TRAINING						184			234
AGENCY						3,617			3,617
HECB LOAN						58,035			58,035
GIFTS AND DEPOSITS						95			95
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING						266,948			309,716
POSITIONS BY FUND:									
=====									
GENERAL						246.6			248.6
SPECIAL REVENUE						24.3			24.3
FEDERAL						148.0			148.0
JOBS AND TRAINING						1.0			2.0
HECB LOAN						25.4			25.4
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS						445.3			448.3

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: DEPT OF CHILDREN AND EDUCATION SVCS

ITEM DESCRIPTION:	FUND	EXPENDITURES			REVENUES		
		FY 1994	FY 1995	BIENNIUM	FY 1994	FY 1995	BIENNIUM
(A) PRIVATE FOR PROFIT LICENSING	SR				24	24 ¹¹	48
(A) SALARY PLANNING ESTIMATES	GEN	<309>	<309>	<618>			
(A) TRANSFER FROM DOE	GEN	14,907	14,930	29,837			
	SR	2,263	2,263	4,526			
	THI	21	21	42			
	FED	12,085	12,085	24,170			
	AGN	898	898	1,796			
	G&D	95	95	190			
(P) CHILDREN'S CABINET STAFF/IDB DEVELOPMENT	GEN	250	500	750			
(P) CHILDREN'S INVESTMENT FUND	GEN	8,840	13,172	22,012			
(P) HEAD START INITIATIVE	GEN	2,000	4,000	6,000			
(P) TRANSFER FROM DHS	GEN	876	1,750	2,626			
	SR	248	493	741			
	FED	71	142	213			
(P) TRANSFER FROM DTED	GEN	2,959	1,479	4,438			
(P) TRANSFER HEAD START FROM DJT	GEN	4,253	8,506	12,759			
	J&T	50	100	150			
	GEN		300	300			
(P) TRANSFER HOME VISIT PROG FROM MDH	GEN	28	55	83			
(P) TRANSFER SCHOOL HEALTH POSITION FROM MDH	J&T	134	134	268	134	134	268
(P) TRANSFER FROM DJT	SR	381	411	792			
(P) TRANSFER FROM DOE	GEN	75	75	150			
(P) TRANSFER FROM STATE UNIVERSITY SYSTEM	GEN	75	75	150			
(P) TRANSFER FROM U OF M	GEN	2,500	2,500	5,000			
(P) YOUTH APPRENTICESHIP	GEN	93,458	93,458	186,916			
(P) TRANSFER FROM HECB	HCA	232	321	553			
	SR	128	130	258			
	FED	2,671	2,671	5,342			
	AGN	2,719	2,719	5,438			
	HEC	58,035	58,035	116,070			
(B) ENHANCE STUDENT FIN AIDS--PRIVATE COLLEGES	GEN	15,700	20,300	36,000			
(B) ENHANCE STUDENT FIN AIDS--PUBLIC COLLEGES	GEN	42,100	46,700	88,800			
(B) MARCH SUPP/STATE GRANT PROG - SURPLUS APPR	GEN	<2,650>	<2,150>	<4,800>			
(B) NON-AFDC CHILD CARE GRANTS	GEN	70	70	140			

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: DEPT OF CHILDREN AND EDUCATION SVCS

ITEM DESCRIPTION:	FUND	EXPENDITURES			REVENUES		
		FY 1994	FY 1995	BIENNIUM	FY 1994	FY 1995	BIENNIUM
(B) INSTRUCTIONAL TELECOMM NETWORK	GEN	572		572			
(B) EDUCATION AND TRAINING ACCOUNTS	GEN	1,213	23,787	25,000			
TOTAL BY FUND	GEN	186,917	229,198	416,115			
	HCA	232	321	553			
	SR	3,020	3,297	6,317	24	24	48
	THI	21	21	42			
	FED	14,827	14,898	29,725			
	J&T	184	234	418	134	134	268
	AGN	3,617	3,617	7,234			
	HEC	58,035	58,035	116,070			
	G&D	95	95	190			
TOTAL INVESTMENT INITIATIVES		266,948	309,716	576,664	158	158	316

PROGRAM: Basic Services
AGENCY: Children and Education Services, Department of

MISSION:

The activities within the Basic Services Division will work toward a vision of ensuring that all children master basic academic skills. Within the new department, this division will be responsible for standards and assessment, facilities and finance, and research relating to general and special education. The division will:

1. set world class standards for high achievement by all learners;
2. develop benchmark assessments for basic academic skills;
3. set high school graduation standards;
4. develop alternative learning and teaching methods and ensuring that all children can and do master basic skills;
5. create coalitions resulting in participatory, customer-focused, coordinated services;
6. design an efficient delivery system based on learner needs; and
7. maintain an accountable education system.

DESCRIPTION:

The Basic Services Division will be one of four divisions within the Department of Children and Education Services. It will consist of almost all the programs and activities currently administered by the Department of Education (the primary exception being programs for preschool children which will become part of the Children's Services Division) and will be managed by an assistant commissioner.

The primary responsibilities of the new division will be the following:

1. to provide learners with quality learning opportunities and options and to facilitate the development and implementation of successful educational content processes, including high school graduation standards and assessment practices;
2. to target leadership and service efforts to segments of the population that have unmet social, economic, or education needs;
3. to manage and administer the education aids grant programs; and
4. to provide education finance expertise and support to school districts and policy makers throughout the state.
5. to offer management assistance to school districts in the broad area of district organization and facility management designed to improve the educational opportunities for all students.
6. to provide statewide leadership in community education and the promotion of life-long learning.
7. to set standards and provide leadership in the improvement and maintenance of the nutritional health and well-being of all learners served.
8. to support and encourage quality library and information services throughout the state.
9. to assure the continuous improvement of teacher training and the proper preparation of qualified professional staff in the schools.

The division will include primarily personnel and operational support and equipment necessary to accomplish the above responsibilities. The education aids programs which the division will administer and manage will continue to be budgeted in a separate category.

GOVERNANCE:

The division will be under the direct authority of the Commissioner of the Department of Children and Education Services. In addition, the State Board of Educational Policy and Goals (formerly the State Board of Education) will be given the authority in statute to act as a governing body on significant policy issues for which the division has responsibility. While the Board will maintain some of the functions of the current board, it will have a renewed focus and emphasis on broad policy and standards development. Most of the administrative functions of the board will be transferred to the Commissioner. Membership of the State Board of Educational Policy and Goals will remain consistent with current statute.

OUTCOMES:

The Basic Services Division will have five major goals:

- GOAL 1:** The Basic Services Division will a) establish standards for defining quality education in terms of learner outcomes, special populations, and life-long learning opportunities; b) establish indicators of effectiveness; c) begin collecting data related to those indicators; and d) focus its technical assistance and staff development activities on customers who express a need for assistance.
- GOAL 2:** The Basic Services Division will increase the support provided for students to assist them in remaining in school through graduation.
- GOAL 3:** The Basic Services Division will assist schools to increase the array and quality of learning opportunities available to adults with continuing education needs.
- GOAL 4:** The Basic Services Division will assist schools and communities to ensure that students have an appreciation of cultural diversity, respect and value to all people and will be prepared for lifelong learning and work in a changing, challenging world.
- GOAL 5:** The Basic Services Division will strive for financial equity in public education through policy recommendations and administrative adjustments that ensure efficient targeting of resources, equity for all learners and taxpayer equity.

Further detail on these goals and the priority actions for the next biennium can be found in the Department of Education agency narrative.

The work and efforts of the Division will be measured through indicators designed to determine progress on these goals (many of which are identified throughout the Education Aids budget). In addition, measurements of customer satisfaction will be taken to determine if the division is operating as effectively as necessary.

RESOURCES:

The Governor recommends a General Fund appropriation of \$29,560,000 and a trunk highway fund appropriation of \$42,000 to the Basic Services Division for carrying out the responsibilities identified above. This includes restoration of the agency plan associated with these activities and a funding increase of \$488,000 to provide comprehensive assistance to school districts in the area of financial management (see the Investment Initiative entitled "District Financial Management Package" located immediately following the narrative for Program 1401 - Education Finance and Analysis in the Department of Education budget).

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPT OF CHILDREN AND EDUCATION SVCS
PROGRAM: BASIC SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
BASIC SERVICES						30,007			29,761
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY						30,007			29,761
=====									
GOV'S INITIATIVES:			FUND						
-----			-----						
(A) TRANSFER FROM DOE			GEN			14,851			14,819
(A) TRANSFER FROM DOE			SR			2,263			2,263
(A) TRANSFER FROM DOE			THI			21			21
(A) TRANSFER FROM DOE			FED			11,879			11,665
(A) TRANSFER FROM DOE			AGN			898			898
(A) TRANSFER FROM DOE			G&D			95			95
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						30,007			29,761
=====									
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
GENERAL						14,796			14,764
TRUNK HIGHWAY						21			21
STATUTORY APPROPRIATIONS:									
GENERAL						55			55
SPECIAL REVENUE						2,263			2,263
FEDERAL						11,879			11,665
AGENCY						898			898
GIFTS AND DEPOSITS						95			95
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING						30,007			29,761
=====									
POSITIONS BY FUND:									

GENERAL						203.9			203.9
SPECIAL REVENUE						23.1			23.1
FEDERAL						140.2			140.2

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPT OF CHILDREN AND EDUCATION SVCS
PROGRAM: BASIC SERVICES

				FY 1994			FY 1995		
			Est.	Current	Agency	Governor	Current	Agency	Governor
			FY 1993	Spending	Plan	Recomm.	Spending	Plan	Recomm.
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS						367.2			367.2

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1994-95 Biennial Budget

PROGRAM: Children's Services
AGENCY: Children and Education Services, Department of

PROGRAM PURPOSE:

The Governor recommends the creation of a Children's Services Division within the Department of Children and Education Services for purposes of fostering a significant improvement in the management, accountability and productivity of programs related to children and families.

PROSPECTS:

The economic viability and social health of this state depend upon the abilities and achievements of our children. The Governor's first priority, then, in shaping Minnesota's future is to strengthen and coordinate services for children and their families. Creation of a new Department of Children and Education Services and a Children's Services Division supports this priority and follows naturally as an extension of policy discussions underway throughout the state.

This administration's commitment to programming for children and families is evident in the work of such state level groups as the Action for Children Commission and the Governor's Children's Cabinet, which have been striving to design and direct service integration. Recently, Minnesota was chosen as one of five finalists for the Pew Charitable Trusts Children's Initiative. The Initiative's concepts of inclusion centered around a network of family centers, the creation of a new form of front-line practice with families, and the availability of key supports and resources through a reconfigured delivery system parallel the recommendations of the Action for Children Commission.

In addition, the state's long range plan, "Minnesota Milestones, A Report Card for the Future", includes many visions and goals related to the well-being of children and families. The state will be working to build caring and secure communities, to ensure a skilled workforce which can compete in the international market place, and to ensure equal opportunity for individual social and intellectual growth. Specifically, through the Children's Services Division, the Governor has chosen to strive for the following Milestone goals:

- Families will provide a stable environment for their children
- All children will come to school ready to learn
- Minnesotans will excel in basic skills
- Minnesotans will be healthy
- Government in Minnesota will be cost-efficient and services will be designed to meet the needs of the people who use them

There are many well designed programs in Minnesota dealing with health, education, child abuse prevention, and child care, which have the potential for positive impacts on children, but their efforts are consistently hampered by organizational barriers. The goal of bringing together programs for children and families in one organizational unit is to develop comprehensive, well planned, coordinated services with consolidated funding streams. Such an achievement can best be accomplished through a single agency. Issues of turf protection, barriers to communication and disjointed funding processes should not stand in the way of effective programming for children and families.

The Governor further supports programming for children and families through recommendations for increased funding as detailed in the Investment Initiative entitled "Children's Investment Initiative" which follows this narrative.

DESCRIPTION:

The new Division of Children's Services will maintain a separate identity and will be charged with overall leadership in policy and system development and local service delivery design for programs

affecting children and families. This unit will have of clear accountability and focused leadership in developing policy, resources and responsibilities which blend learning and individual development, and effective communication with the state's local government and community partners. It will be led by a Deputy Commissioner whose sole responsibility will be the management of programs detailed below. Coordination and linkages with other state agencies serving the same client groups will be extremely important and critical to the success of the new Department.

DIVISION PROGRAMS - The Division of Children's Services will begin small, with the initial focus on the six most critical years - early childhood. Responsibilities which will be moved into the new Division include a mix of health, social and early learning services which will provide initial movement toward goals and strategies stated above, while not disrupting local service delivery. As a disciplined and structured process for system analysis and evaluation is implemented, it is contemplated that other responsibilities will be moved to the new Division in the future. At this time, recommended programming in the new Division includes:

(Resources and Positions presented as General Fund/Federal)

From the Department of Education: F.Y. 1994 F.Y. 1995

Early Childhood Family Education:

State Operations	25/44	49/98
Grants	13,464/0	13,779/0
Positions	1/1	1/1

This is a community-based parent-child program designed to maximize the use of available resources to provide cost-effective prevention/risk reduction services for all young children (preschool) and their families. Programs are operated by school districts with community education programs. Primary activities include educational and learning experiences for parents and children.

Early Childhood Education - Tribal Schools:

State Operations	0/0	0/0
Grants	68/0	68/0
Positions	0/0	0/0

This program represents Early Childhood Family Education programs operated at American Indian controlled Contract Schools located on reservations. Focus continues to be on educational and learning experiences for preschool children and their parents.

Early Childhood Screening:

State Operations	19/0	38/0
Grants	1,600/0	1,600/0
	1,558	1,550
Positions	.5/0	.5/0

School districts are required to offer health and developmental screening to each child once prior to school entrance. Standardized screening instruments and procedures are used to identify normal aspects and sort out conditions and situations that require further assessment by other school and community services.

1994-95 Biennial Budget

PROGRAM: Children's Services
AGENCY: Children and Education Services, Department of
 (Continuation)

Learning Readiness:

State Operations	12/25	24/49
Grants	11,452/0	11,372/0
Positions	0/1	0/1

Learning Readiness programs operated by school districts are targeted toward four-year-old children, with highest priority given to children identified as being developmentally disadvantaged or experiencing risk factors that could impede their learning readiness. Required components include coordinated social services, development and learning features, health referral services, nutrition and parent involvement. Policy direction for this program is focused on the Way To Grow model and should be consolidated with that program.

Way To Grow:

State Operations	0/0	0/0
Grants	950/0	0/0
Positions	0/0	0/0

Way To Grow is a method of delivering services in a coordinated, extensive and intensive approach to meet identified community problems. Most programs build relationships with other service providers to address identified needs and promote the intellectual, social, emotional/physical development and school readiness of children prebirth to age five.

Early Childhood Special Education and Part H:

State Operations	0/118	0/236
Grants	0/8,757	0/8,757
Positions	0/5	0/5

Funds are provided for direct and support special education services for children 3 - 5 years of age, who have disabilities, and their families. In addition, funds are provided to develop a comprehensive, multidisciplinary, early intervention system for young children with disabilities, from birth through age 2, and their families.

Even Start:

State Operations	0/19	0/37
Grants	0/371	0/742
Positions	0/0	0/0

Even Start is a family literacy program which includes academic instruction for adults eligible for adult basic education, parent-child learning activities, parenting education, and early childhood education for children ages 0 - 7. Integral to the program is collaboration with existing community agencies to deliver family services.

From the Department of Health:

School Health:

State Operations	28/0	55/0
Grants	0/0	0/0
Positions	1/0	1/0

The person responsible for School Health programming will serve as a state resource and consultant to schools and daycare centers on issues relating to a child's health status. Locating this activity in the new agency will result in consolidation of school health policy development and enhanced linkages to county community health services delivery.

Home Visitor:

State Operations	0/0	50/0
Grants	0/0	250/0
Positions	0/0	0/0

The Home Visitor program is designed to prevent child abuse and neglect by providing early intervention services for families at risk. Transfer of this program into the same agency with the Children's Trust Fund and the Education Home Visitor program will facilitate statewide coordination of child abuse prevention because all three programs address this objective. This transfer will occur July 1, 1994.

Policy Coordination for MCH, WIC and Lead Poisoning Screening and Abatement:

State Operations	0/0	0/0
Grants	0/0	0/0
Positions	0/0	0/0

The purpose of Maternal and Child Health (MCH) is to improve the health of Minnesota's mothers and children through assuring access to health care for infants, children and youth, preventing mortality and morbidity resulting from childhood injury, and promoting optimal birth outcomes for all infants. Women Infants and Children (WIC) is a supplemental food program available to low-income Minnesota women, infants and children to provide enhanced nutritional status so other health problems may be improved. WIC services are available in all 87 Minnesota counties through local subgrantees which provide nutrition education services, vouchers for supplemental foods, and arrangements for other needed health services. Programs and services designed to reduce the problems of lead contamination and the resulting adverse health effects on children are currently located in four state agencies. Coordination and linkages between all of these lead programs will be conducted in the new agency.

Placing policy development and overall state coordination responsibilities for these programs into the new agency satisfies the need to tie critical early childhood health services to early childhood education delivery. Coordination of these activities in the new agency will be handled through an interagency contract.

1994-95 Biennial Budget

PROGRAM: Children's Services
AGENCY: Children and Education Services, Department of
 (Continuation)

From the Department of Human Services:

Child Care Resource and Referral:

State Operations	9/0	18/0
Grants	294/0	588/0
Positions	1/0	1/0

The purpose of this activity is to improve and expand Minnesota's child care system. Twenty-one local agencies receive grants to develop a statewide network of child care resource and referral systems that provide education and referral services to parents, technical assistance to employers, training and recruitment of providers, and data collection for public agencies. These investments in child care quality should be linked to overall early childhood policy coordination. Administration of federal grants associated with this program, totalling \$1,380 for six months of F.Y. 1994 and \$2,456 \$2,756 for F.Y. 1995 will also be conducted in the Department of Children and Education Services through the use of an interagency contract for one position supported with federal dollars for \$60,500 in F.Y. 1994 and \$121,000 in F.Y. 1995.

Child Care Service Development:

State Operations	0/0	0/0
Grants	250/0	500/0
Positions	0/0	0/0

This activity is designed to improve and expand Minnesota's child care system. Child care service agencies and providers receive grants to develop and improve child care services. Funds can be used to improve facilities, to provide interim financing and to train staff. These investments in child care quality should be linked to overall early childhood policy coordination in the new agency.

Children's Trust Fund:

State Operations	12/26	23/52
Grants	197/0	394/0
Positions	0/0	0/0
	1	1

In addition, one two position and grants supported through special revenue will be transferred. State operations of \$63,000 and grants of \$183,500 will be transferred for F.Y. 1994, and state operations of \$126,000 and grants of \$367,000 will be transferred for F.Y. 1995 from the Special Revenue fund.

The Children's Trust Fund (CTF) exists to provide funding to community-based programs that are designed to help prevent child maltreatment and to provide education, leadership and resources to local prevention programs and organizations. Education of the public, information dissemination and innovative development of approaches to child abuse prevention are linked closely to

developing and educating young families, and particularly home visitor services which are being transferred to the Department of Children and Education Services beginning in F.Y. 1995.

Early Childhood Care & Education Council:

State Operations	14/0	27/0
Grants	0/0	0/0
Positions	0/0	0/0

This advisory council is responsible for: 1) asserting leadership in a biennial plan and budget for early childhood, 2) reviewing state policy on early childhood care, and 3) advising on coordination within the early childhood system and advising on system needs. The advisory role of the Council can provide guidance for early childhood policy coordination in the new agency. Staffing of the Council will be provided through an interagency contract supporting one position with federal dollars for \$30,000 in F.Y. 1994 and \$60,000 in F.Y. 1995.

Policy Leadership & Planning for EPSDT:

State Operations	0/0	0/0
Grants	0/0	0/0
Positions	0/0	0/0

Early Periodic Screening, Diagnosis and Treatment (EPSDT) is a medical Assistance eligible service covering child health screening and related activities of community/school health programs. A leadership role in the new agency will allow the state to link this service to school health services and to link funding streams to maximize utilization of federal funds. Coordination in the new agency will be handled through an interagency contract supporting one position with state and federal dollars for \$35,000 in F.Y. 1994 and \$70,000 in F.Y. 1995.

Migrant Child Care:

State Operations	0/0	0/0
Grants	100/0	200/0
Positions	0/0	0/0

Under the Migrant Child Care Program, a non-profit community agency receives grants to provide comprehensive, culturally relevant early childhood care and education services for children of Hispanic migrant families while their parents are working in the fields. Services include early identification of health and developmental needs, a child and family education component, and a 6-8 week summer child care program. These investments in child care quality should be linked to overall early childhood policy coordination in the new agency. Administration of the federal grants associated with this program will be conducted in the new agency through the use of an interagency contract for \$223,500 in F.Y. 1994 and \$447,000 in F.Y. 1995.

Dependent Child Care:

State Operations	0/45	0/90
Grants	0/0	0/0
Positions	0/1	0/1

1994-95 Biennial Budget

PROGRAM: Children's Services
AGENCY: Children and Education Services, Department of
 (Continuation)

This resource and referral service administered at DHS is partially supported by an interagency transfer of federal dollars from MDE. These investments in child care quality should be linked to overall early childhood policy coordination in the new agency.

From the Department of Jobs and Training:

Head Start:

State Operations	28/50	56/100
Grants	4,225/0	8,450/0
Positions	1/1	1/1

Locating Head Start grants and administration in the Department of Children and Education Services will result in enhanced collaboration of education, social services, income support and health programming, movement toward an inclusive/universal quality preschool service development, and cooperative sharing of Head Start knowledge, cultural sensitivity and community involvement with the education community.

From the Department of Trade and Economic Development:

Community Resource Program:

State Operations	0/0	0/0
Grants	2,959/0	1,479/0
Positions	0/0	0/0

The Community Resource Program (CRP) provides block grants, on a formula basis, to Minneapolis, St. Paul and Duluth. The Cities solicit projects from local human service organizations for funding and submit those projects to the department. This program will be phased out over the first eighteen months of the biennium. Coordinating this phase out with the state's larger children's investment and system reconfiguration strategies (as detailed in the "Children's Investment Fund" Investment Initiative) will integrate and strengthen our total investment in children and families.

New Children's Investment Initiative:

State Operation	0/0	0/0
Grants	3,500/0	6,500/0
Positions	0/0	0/0

This initiative, which focuses on development of family resource centers, is a four year program designed as an incentive for community system change, rather than a service "add on." In addition, the initiative includes \$500,000 each year to assist in continuing development of a community interagency system for providing early intervention services to infants and toddlers and their families. Further details are provided in the "Children's Investment Initiative" following this narrative.

In total, the following resources will transfer into the new Division:

State Operations	147/327	340/662
Grants	39,059/9,128	45,180/9,499
Positions	4.5/9	4.5/9

All funds associated with the above programs will be appropriated to the Department of Children and Education Services, but will continue to be allocated to local service providers based on current delivery systems. (Education aids will continue to be allocated to school districts, while funds for programs operated by counties or Community Action Agencies, for example, will continue to be allocated to those organizations.)

Once again it is important to note that links between this new Division and other agencies serving children and families must remain strong. In the case of Head Start, there are a broad range of family self-sufficiency services which will remain under the management of DJT, but which must continue to be closely linked with Head Start.

IMPLEMENTATION - The new Department of Children and Education Services will begin operations on July 1, 1993. Program transfers and policy development associated with the new Division of Children and Family Services will be implemented beginning January of 1994. Waiting until the second half of fiscal year 1994 will allow time for planning and necessary preparations associated with moving program materials and personnel.

GOVERNANCE - The Governor's Children's Cabinet will be given authority in statute to act as a governing and guiding body for the activities of the Division of Children's Services. The Children's Cabinet membership includes the commissioners of the department of Children and Education Services, Jobs and Training, Human Services and Health. Due to the continued importance of interagency coordination and the need to consider a wide variety of local providers of services for children and families, a guiding body consisting of representatives from differing fields of expertise is beneficial.

OUTCOMES:

Transferring programs as listed above (administrative capacity and funding) to the Department of Children and Education Services will result in better coordinated, and thus improved, services to children and their families. Those programs currently administered by different agencies will begin to work more closely together for their primary customers when organized in one Division of the new agency. There will be less confusion and fewer disconnected services for families to deal with in meeting their basic needs. In addition, consolidated funding will lead to greater flexibility for local service providers in designing overall strategies to meet the individual needs of each client. Each of these characteristics will aid the state's efforts at preventing large numbers of children from maturing into adults incapable of successfully functioning in society.

All of the accomplishments outlined above will be measured and documented through the use of client and provider surveys. In addition, data gathered over time, relating to child poverty, child health and nutrition, child abuse, infant mortality rates and school achievement, will contribute to the assessment of this recommendation.

LONG RANGE IMPACT:

A successful Department of Children and Education Services will contribute toward the achievement of many goals contained in the state's long-range plan. Well coordinated policy development, service analysis, and technical assistance at the state level will lead to systemic change in the delivery of services to children and families at the local level. Such change, leading to the development of local service integration, will result in more children having their health and social needs met at a very early age, more children entering school ready to learn at the age of five and

1994-95 Biennial Budget

PROGRAM: Children's Services

AGENCY: Children and Education Services, Department of
(Continuation)

each year thereafter, more children successfully completing an educational program at the high school and post-secondary level, and more children maturing into healthy and productive adults. Successful attainment of these goals will result in a reduction of federal, state and local costs associated with services for dysfunctional adults.

RESOURCES:

The Governor recommends a General Fund appropriation of \$30,497 for the activities of the Children's Services Division.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPT OF CHILDREN AND EDUCATION SVCS
PROGRAM: CHILDREN'S SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
CHILDREN'S SERVICES						19,837			31,028
TOTAL EXPENDITURES BY ACTIVITY						19,837			31,028
GOV'S INITIATIVES:			FUND						
(A) TRANSFER FROM DOE			GEN			56			111
(A) TRANSFER FROM DOE			FED			206			420
(P) TRANSFER SCHOOL HEALTH POSITION FROM MDH			GEN			28			55
(P) TRANSFER HOME VISIT PROG FROM MDH			GEN						300
(P) TRANSFER FROM DHS			GEN			876			1,750
(P) TRANSFER FROM DHS			SR			248			493
(P) TRANSFER FROM DHS			FED			71			142
(P) TRANSFER HEAD START FROM DJT			GEN			4,253			8,506
(P) TRANSFER HEAD START FROM DJT			J&T			50			100
(P) TRANSFER FROM DTED			GEN			2,959			1,479
(P) CHILDREN'S INVESTMENT FUND			GEN			8,840			13,172
(P) CHILDREN'S CABINET STAFF/IDB DEVELOPMENT			GEN			250			500
(P) HEAD START INITIATIVE			GEN			2,000			4,000
TOTAL GOV'S INITIATIVES						19,837			31,028
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL						19,262			29,873
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE						248			493
FEDERAL						277			562
JOBS AND TRAINING						50			100
TOTAL FINANCING						19,837			31,028

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPT OF CHILDREN AND EDUCATION SVCS
 PROGRAM: CHILDREN'S SERVICES

				FY 1994			FY 1995		
			Est.						
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL						1.5			3.5
SPECIAL REVENUE						1.0			1.0
FEDERAL						7.0			7.0
JOBS AND TRAINING									1.0
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS						9.5			12.5

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F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Children and Education Services, Department of
PROGRAM:
ACTIVITY:

ITEM TITLE: Children's Investment Initiative

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund				
- Grants	\$3,500	\$6,500	\$6,500	\$6,500

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends the creation of a Children's Investment Initiative to begin a concentrated effort to restructure and reinforce family and children's services. This initiative, which focuses on development of family resource centers, is a four-year investment designed as an incentive for community system change, rather than a service "add-on." The Initiative is part of the Children's Integrated Budget and will be administered by the new Department of Children and Education Services.

The Children's Investment Initiative supports a set of delivery system strategies which will ensure that the system is responsive to the diverse needs of Minnesota's families and children. It will build upon similar developing innovations in several areas of the state to address the following Milestones themes:

- Minnesota will be a community of people who respect and care for one another.
- Our economic activity will create wealth and provide a good standard of living for all our people.
- Citizens will be good thinkers, creative, always learning, with the skills to compete internationally.
- Our government will be responsive, effective, and close to the people.

The Initiative includes an allocation of \$500,000 each year to assist in continuing development of a community interagency system for providing early intervention services to infants and toddlers and their families. This work, which was instituted in 1987 with federal assistance, is an integral component of the family resource center strategy. It is described further in the Education Aids budget.

The Investment Initiative is a response to the Action for Children February 1992 report and the extensive planning and budget work undertaken in the past year by the Children's Cabinet and Sub-Cabinet. It is a major component of a new ten-year partnership with Minnesota's communities and local governments which will mobilize our resources on behalf of children. The vision for this partnership is detailed in the state's recent development planning application to the Pew Charitable Trusts. Minnesota is one of five finalists in the Trust's Children's Initiative, which will support, over a nine-year period, the development of national models for children's service delivery. Development planning work is now underway with community partners St. Paul, Becker, and Cass counties. The Pew/Minnesota venture is targeted at four fundamental children's outcomes:

- improved child health, including improved birth outcomes, reduced incidence of preventable diseases and disabilities, and improved overall physical and mental health status
- improved child development, including progress in achieving normal milestones in cognitive, emotional, and social development
- reduction in barriers to adequate school performance, including increased entry into school with requisite cognitive and social skills, reduced need for remediation services and reduced barriers to attendance and grade progression
- improved family functioning that promotes a child's healthy development, including increased family stability and adequate functioning and reduced incidence of abuse and neglect

Background

Over the years, Minnesota has invested in diverse and effective services for its children. These services are delivered by a network of public and private agencies which are generally administered and staffed by well-trained professionals representing an array of disciplines. But the Action for Children Commission found that:

- "Services are often designed to fix problems, with little appreciation or understanding of the client family's cultural or other background."
- "There are too many programs with different eligibility standards and cumbersome enrollment procedures."
- "Many times family members participate in several different programs with little or no coordination. Too often, the system waits until the family is clearly in trouble before it can get help."

Development of family resource centers is one of several proposed solutions to the problems identified by the Action for Children Commission. The state and its communities must also: (1) reconfigure the total family and children service delivery system; (2) develop a service system which is inclusive of all families and children, not just those who are labeled as "broken" or "dysfunctional," and (3) develop a "front-line" practice approach to service delivery which is family-centered and based on simplified intake and eligibility determination.

The family resource center strategy is the heart of this initiative. It is the rallying point for the other three strategies. The resource center is a system strategy rather than a building or a fixed group of services. Each community will decide on the most appropriate design for its center, which will ensure that families and children can

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Children and Education Services, Department of
PROGRAM:
ACTIVITY:

ITEM TITLE: Children's Investment Initiative
(Continuation)

-
- obtain information about available services and meet with a family resource advocate who will make sure needed services are received
 - obtain certain services directly and be referred to other services linked to the center
 - participate in parent discussion groups and early childhood development activities.

The resource center strategy will ensure a supportive and non-stigmatizing environment. Over time, the center strategy will bring together a variety of public and private agencies and provide a base of operations for family and children staff whose work takes place primarily in families' homes.

Approach/Schedule

In addition to family resource center development, the Investment Initiative will support analysis of community service improvement challenges and definition of proposed responses. Along with Pew/Minnesota project planning work at the state and community levels, this work will provide the state with a family resource center base and a planning framework for the last 5-6 years of Pew/Minnesota project work.

Minnesota's community action agencies (CAA's) are expected to be major partners in implementation of family resource center strategies throughout the state. These agencies, which now have twenty-eight years of experience in mobilizing and empowering low income communities, are currently collaborating with the Department of Jobs and Training on a federally-funded demonstration project, "Cornerstone," which is designed in part to find new approaches to link Head Start with other family and children services. The Children's Investment Initiative should serve as a catalyst for improving the integration of the total service package of CAA's with our counties, schools, cities, and other community non-profit agencies.

The Investment Initiative, together with existing and other proposed new investments in families and children, can also be used strategically to achieve an orderly phase-down of the Community Resources Program (CRP). This Program is now administered by the Department of Trade and Economic Development but is proposed to be transferred to the new Department of Children and Education Services, as detailed in the new agency narrative. CRP, which was initiated in 1988, is an experimental partnership with physical redevelopment of targeted neighborhoods and provides block grants to the cities of Duluth, Minneapolis, and St. Paul for enhancing family stability and school readiness, increasing community safety, improving self-sufficiency opportunities of residents, and building neighborhood capacity to achieve cohesiveness and stability. It has served those cities well, and should now be integrated with the state's larger family/children system restructuring strategies in order to strengthen our total investment. It will serve as a building block for family resource centers in the three cities. Staff of the new agency will work closely with the Children's

Cabinet to ensure an effective CRP phase-down.

Work funded by this Initiative will be closely coordinated with organizational planning for the Children's Services Division in the proposed new Department of Children and Education Services. Planning, analysis, and family resource center work will utilize a flexible, full-community team approach. Funding policies and planning/implementation schedule for the initiative will be established by the Children's Cabinet in partnership with the Action for Children Commission. Within the overall policy framework and schedule, grants will be awarded on a competitive basis. Communities will be expected to provide some "real dollar" match.

Working with a state-interagency development and technical assistance team, Minnesota's communities and local governments will determine their own project "boundaries." These will not be prescribed by the state. Each community will identify its own governance mechanisms and grant management approach.

A general schedule for the Pew beginning planning phase of four-years is set forth below:

Phase I: (Jan.-Dec. '93) Pew/Minnesota development planning with local partners; Department of Children and Education Services organizational planning; policy/framework development for Phase II.

Phase II: (Jan.-September '94) Preliminary statewide family resource center community planning (challenge/ response); Pew/Minnesota implementation planning

Phase III: (Oct. '94 - June '95) Initial round of family resource center development; areas/communities to be funded determined in Phases I and II

Phase IV: (96-97) Second Round of family resource center development; areas/communities to be determined by Phases I-III evaluation

PROGRAM OUTCOMES:

As a result of the investments described in this initiative, family resource center strategies will be in the preliminary planning or development stage throughout Minnesota by the end of the biennium.

This work will result in:

- (1) evidence of a systematic community focus on system change;
- (2) a developing community consensus on implementation of the service strategies described in this initiative.

LONG-TERM IMPACT:

The long-term impact of the family resource center strategy will be to vastly improve the critical health, developmental, school performance, and family outcomes summarized above and to be detailed in Pew/Minnesota development planning work. These outcomes will be measured by:

- state and community surveys of families and children which demonstrate response to system change.
- systematic analysis of critical outcomes, utilizing greatly enhanced fiscal, service and client data and analytical methodology now being developed.

1994-95 Biennial Budget

AGENCY: Children and Education Services, Department

ITEM TITLE: New Children's Investments

The Governor has recommended a series of strategic investments designed to improve children's outcomes throughout Minnesota. These investments, which complement proposed new early childhood and apprenticeship service organizational strategies, will:

- enhance child health, birth outcomes, and overall physical and mental health status
- lead to improved child development
- reduce barriers to adequate school performance
- improve family functioning required to promote healthy child development

These outcomes are responsive to the following Minnesota Milestones goals:

- Families will provide a stable environment for their children.
- All children will come to school ready to learn.
- Minnesotans will excel in basic skills.
- Minnesotans will be healthy.
- Our communities will be safe, friendly, and caring.
- Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them.

The proposed new investments are in part a product of an intensive review and analysis of existing state investments in children undertaken in late summer of 1992 at the direction of the Children's Cabinet by a subcabinet team consisting of one or two senior staff from each of the major agencies serving children. This process included:

- the development of a summary data book describing characteristics and costs of each service whose primary beneficiary is children and families
- development of criteria for evaluating and prioritizing or ranking each service
- ranking every service based on the agreed upon criteria, and organizing the rankings by cluster
- merging all of the preceding work into a plan of proposed new investments and reductions for FY's 1994-95.

This plan was presented to the Children's Cabinet which, after review and discussion, recommended certain revisions. The plan was then merged into the overall budget development process directed

by the executive budget team.

Objectives and proposed service expenditures are summarized in an attachment. This attachment also identifies where detailed descriptions of each proposal can be found in the budget books.

New Children's Investments

<u>Service/Agency/Placement in Budget Books</u>	<u>Objective</u>	<u>Biennial Amount (\$000)</u>
1. Children's Investment Initiative (I.I.)/Children and Education Services/Children and Education Services	Restructure children's service delivery system based on family resource center strategy	9,000
2. Early Intervention (I.I.)/Children and Education Services/Education Aids (incl. in 1 above)	Achieve improved capability to identify and treat disabilities in the first three years of life	1,000
3. Family Planning (I.I.)/Health/Human Development	Reduce unintended pregnancies, improve pregnancy outcomes, and reduce barriers to delivery of pre-pregnancy family planning services	4,000
4. Maternal and Child Health (I.I.)/Human Development	Enhance primary and preventive child health care outreach, family support, and monitoring	2,220
5. Subsidized Adoption (Narr.)/Human Services/Human Development	Strengthen family functioning and achieve nurturing permanent living arrangement	3,465
6. Child Support Restructuring (I.I.)/Human Services/Human Development	Enhance system effectiveness and increase child support payments	635**
7. Early Childhood Education (Narr.)/Children and Education Services/Education Aids	Increase early childhood/family education service capacity	995
8. School Breakfast (Narr.)/Children and Education Services/Education Aids	Increase number of children receiving breakfast at school	1,400
9. Learning Readiness (Narr.)/Children and Education Services/Education Aids	Increase number of children who are school-ready	6,824
10. Extended Day Child Care (Narr.)/Children and Education Services/Education Aids	Expand resources for children requiring care beyond school hours	900
11. Student Survey (Narr.)/Children and Education Services/Education Aids	Improve early identification of general student population health-related problems and concerns	150
12. Juvenile Female Offenders (I.I.)/Corrections/Human Development	Develop new capability to serve the juvenile offender	250
13. Juvenile Detention Services (I.I.)/Corrections/Human Development	Retain and expand community juvenile detention resources as alternative to jail utilization	1,050
14. Data System and Cabinet Staff/Children/Education Aids	Improve management and accountability of children and family services	<u>1,000***</u>
Total State Funds		\$32,889
<u>Federal Funds Directly to Local Service Providers</u>		
15. Family Preservation (Counties)	(est.)	10,000
16. Head Start (Community Agencies)	(est.)	<u>11,000</u>
Total Federal Funds		\$21,000
* I.I.: Investment Initiative		
Narr.: Program (Children and Education Services or Activity (Human Services) Narrative		
** This is a net General Fund expenditure after AFDC Grant savings of \$4,578,000. This initiative will also increase General Fund revenues by \$640,000.		
*** \$250,000 of this amount included in Minnesota Planning for first six months of F.Y. 1994.		

1994-95 Biennial Budget

PROGRAM: Career Preparation
AGENCY: Children and Education Services, Department of

INTRODUCTION: Several conditions exist today or are anticipated in the future, which when thought about together, suggest a serious need to change how we educate our youth:

1. the international economy is becoming increasingly complicated and competitive;
2. our elementary through early high school students generally do not perform well on tests of educational achievement when compared to other advanced economies;
3. our population is aging - tomorrow's working age adults will have to run an economic machine to support more retired citizens than do today's working adults. Between 1990 and 2010, Minnesota's population, age 65 and older, will increase by 23%. In contrast, our population age 25 to 44 will decline by more than 14%; and
4. a substantial number of today's young adults are not completing high school or completing post-secondary training and, as a result many float directionless around a pool of low-skill, low-pay jobs. The current system is failing to adequately serve many young adults each year:
 - In 1990, 5.1% (15,200) of Minnesota's youth, age 16 to 19, were high school dropouts.
 - According to the 1990 census, 16.6% (72,010) of Minnesotans between the ages of 18-24 had not completed high school.
 - Of those that had completed high school, 33% had not yet started post-secondary training.

If government and business come together now at all levels- federal, state, and local- to rethink and reshape the way we educate our youth, our country's economic future and the life-satisfaction of future generations of young adults can be assured.

PROGRAM PURPOSE: In order to begin charting a new path for our economy and the future of our young adults, the Governor's budget recommends creating within the new Department of Children and Education Services a Career Preparation Division to focus more systematically on providing career information to students and their parents, and to coordinate statewide policies for a new Youth Apprenticeship Program Option to be available to students at around age 16, or the completion of 10th grade. The Career Preparation Division will:

1. develop and disseminate information to students in grades 5-12, their parents and teachers on the variety of occupations that are possible in our current and future economy, and the type of education/training needed to pursue the occupations;
2. develop forecasts of future demand for various occupations in the state;
3. develop and disseminate information to employers and representatives of organized labor informing them of opportunities for youth apprenticeship programs and soliciting their advice on the direction and operation of the program; and
4. establish statewide policy to guide regional establishment of apprenticeship options for high school age students. Policy responsibilities will include:
 - approving youth apprenticeship program areas;
 - coordinating curriculum development;
 - insuring that students completing apprenticeship programs will have an opportunity to develop the same level of basic thinking skills as students continuing in traditional college prep curricula;
 - establishing student assessment standards;
 - establishing instructor training and development standards;
 - establishing standards for apprenticeship contracts specifying the responsibilities of students, employers, and regional coordinating councils;

- establishing standards for apprenticeship wages.

5. provide guidance and services to Regional Youth Apprenticeship Coordinating Councils.

The Career Preparation Division will be assisted by the Career Preparation Advisory Council. Recommended members of the advisory council include:

- 6 members from the board of directors of Minnesota Technology, Inc.
- the chancellor of the higher education board
- the chancellor of the technical college system
- the chancellor of the community college system
- the statewide president of the AFL-CIO
- the statewide president of the MEA
- the statewide president of the MFT
- the executive director of the school boards association.

Operation of local youth apprenticeship programs will be coordinated by Regional Youth Apprenticeship Coordinating Councils.

Funding the instructional portion of the youth apprenticeship option will be accomplished within existing amounts provided for secondary education in a manner similar to funding for the Post-Secondary Education Options Program.

Wages to students participating in the program would be paid by participating business sponsors.

PROGRAM PLAN: Resources recommended for the Career Preparation Division include:

1. For the development and dissemination of information to parents and students on the variety of occupations that are likely to offer promising opportunities in our current and future dynamic economy:

\$792,000	from existing resources for the Minnesota Career Information System (from the Department of Education)
\$268,000	from federal funds to the Department of Jobs & Training for the Minnesota Occupational Information Council
\$1,500,000	New resources for planning and development of written, and video information materials

In addition to these resources, the Governor recommends that at least \$120,000/year of federal funds going to the Department of Jobs and Training for occupation forecasting be used to assist the Career Preparation Division in its information development and dissemination efforts.

2. For the establishment of statewide policy to guide regional development of youth apprenticeship options:
 - \$700,000 New General Fund resources
3. For instructor training and development:
 - \$300,000 from the reduction of direct subsidies to UM and SUS for preparation of secondary vocational instructors
 - \$300,000 New General Fund resources
4. For curriculum and student assessment development:
 - \$500,000 New resources
5. For the operation of Regional Youth Apprenticeship Advisory Councils:
 - \$2,000,000 New General Fund resources

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPT OF CHILDREN AND EDUCATION SVCS
PROGRAM: CAREER PREPARATION

	FY 1991	FY 1992	Est. FY 1993	FY 1994	FY 1995
				Current Spending	Current Spending
				Agency Plan	Agency Plan
				Governor Recomm.	Governor Recomm.
ACTIVITY RESOURCE ALLOCATION:					
=====	=====	=====	=====	=====	=====
CAREER PREPARATION				3,165	3,195
=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY				3,165	3,195
=====					
GOV'S INITIATIVES:					
=====					
(P) TRANSFER FROM U OF M			GEN	75	75
(P) TRANSFER FROM STATE UNIVERSITY SYSTEM			GEN	75	75
(P) YOUTH APPRENTICESHIP			GEN	2,500	2,500
(P) TRANSFER FROM DJT			J&T	134	134
(P) TRANSFER FROM DOE			SR	381	411
=====				=====	=====
TOTAL GOV'S INITIATIVES				3,165	3,195
=====					
SOURCES OF FINANCING:					
=====					
DIRECT APPROPRIATIONS:					
GENERAL				2,650	2,650
STATUTORY APPROPRIATIONS:					
SPECIAL REVENUE				381	411
JOBS AND TRAINING				134	134
=====				=====	=====
TOTAL FINANCING				3,165	3,195
=====					
POSITIONS BY FUND:					
=====					
JOBS AND TRAINING				1.0	1.0
=====				=====	=====
TOTAL POSITIONS				1.0	1.0

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PROGRAM: Higher Education Services
AGENCY: Children and Education Services, Department of

PROGRAM PURPOSE:

The primary purpose of the Division of Higher Education Services and the Higher Education Advisory Council will be to provide leadership to:

- facilitate meeting the needs of Minnesota residents for post-secondary education effectively and efficiently;
- represent the state's interest in post-secondary education; and
- foster improved performance in meeting the state's responsibility for education beyond the secondary school level.

The primary goal of the division will be to promote access, quality, and efficiency statewide for students, the public, and private post-secondary education providers, and decision makers with whom the division shares responsibility for the well-being of post-secondary education.

Primary functions through which the division will fulfill its purposes and responsibilities are:

- assuring access by advocating policies and programs that result in increased enrollment and success of students from all racial, ethnic and economic backgrounds by managing state and federal programs providing financial assistance to current and future students and coordinating programs designed to encourage families to save for post secondary education;
- providing consumer protection information for students, parents, and employers by serving as a clearinghouse of information on the comparative content of programs offered by Minnesota post-secondary institutions, accreditations available and received, and student and employer evaluations of programs.
- fostering coordination among and between post-secondary systems and institutions with particular emphasis on assuring that the total post-secondary system responds to the needs of students and communities. Providing and/or coordinating various support services that could not be efficiently and effectively provided by individual institutions;
- conducting research, analysis, and data collection relating to post-secondary education and students and providing an objective perspective to guide the actions of the governor, legislature and institutional governing bodies.

CLIMATE:

Several factors will affect division policy and budget strategies and development.

- Changing Nature of Access—The division's policy development will take into account the changing nature of access in higher education. This includes financial access to help ensure

equal educational opportunity for the needy as well as concerns about the failure of existing financial aid programs to reach far enough into the middle class; geographic access, which addresses the appropriate match between the location of existing institutions and projected student populations; logistical access that is sensitive to the needs of nontraditional students; psychological access that provides a sense of belonging to potential students; and cultural access that provides a sense of belonging to potential students; and cultural access that is sensitive to race or ethnic background.

- Use of Telecommunications—The division's policy development will recognize the need to integrate telecommunications and other instructional technologies into the process of delivering programs. Increased use of instructional technologies can help enhance access to post-secondary education and contribute to more efficient use of resources.
- Focus on Improved Customer Service—A key assumption is that higher education must be more responsive to the needs of its customers, in particular non-traditional students who may have fewer options than the traditional 18 to 22-year old students. The division endorses the principles of Total Quality Management both in its own operations and for all higher education.
- Minority Access and Success—Higher education must continue and extend commitments to enrolling and graduating more students of color and to improving the campus climate for cultural diversity. The division will continue to support this principle in its own activities, policy recommendations, and coordinating efforts.
- Strengthened Mathematics and Science Education—As part of a statewide science and technology strategy, post-secondary education needs to develop programs and partnerships with elementary and secondary education and industry to improve mathematics and science education for all students, and to raise the number of students choosing science, technology, and mathematics majors and occupations.
- Combating Racism and Bigotry—Higher education must strengthen efforts to respond to the escalation of hate crimes, racial tensions, sexual harassment and violence, and other forms of bigotry on campus. The division will be assigned a key role in coordinating these efforts.
- School to Workforce Transitions—Higher education must increase and improve its efforts to facilitate transitions from high schools to colleges and the workforce with particular emphasis on high school graduates who may not move immediately into college.

PROGRAM PLAN:

The Governor recommends that the current funding and program and activity responsibilities of the Higher Education Coordinating Board related to the four primary functions of the division be transferred to the Higher Education Services Division of the Department of Children and Education Services. These responsibilities include activities in the current HECB programs of Student Financial Aid, State Student Loans, Planning and Coordination, and Administration. In doing so, the Governor recommends the elimination of the Higher Education Coordinating Board.

In addition, the Governor recommends an additional activity within the Higher Education Services Division relating to the administration and subsidies for the new Education & Training Account.

1994-95 Biennial Budget

PROGRAM: Higher Education Services

AGENCY: Children and Education Services, Department of
(Continuation)

A recent (November 1992) study funded by the Lilly Foundation and presented by the Minnesota Private College Research Foundation found that more than 56% of all Minnesota parents with dependent children enrolled in college have NOT saved or invested in preparation for their child's college education. Furthermore, the study found that college participation in the private colleges, the University of Minnesota, and the State Universities is "dominated by middle and upper income families. Students from families with incomes of less than \$30,000 are consistently under represented in all three systems relative to their proportion of all families." In order to address the problems of lack of attendance and lack of savings, the Governor has established an Education and Training Account, funded at a level of \$25.0 million for the biennium. Beginning in 1994, children living in families whose adjusted gross income is at or below the federal poverty level will be eligible for awards to an education and training account. The maximum award for each child will be \$125 plus \$350 if the child, at the age of 12 or older, achieves at least a B average on all course work taken during the year or scores at or above the 75th percentile on a nationally normed standardized achievement test.

The Governor further recommends a change in the membership of the Higher Education Advisory Council. The advisory council will bring to the attention of the commissioner any matters relating to higher education it deems necessary, review and comment upon proposals and other matters of a higher education nature, and make appropriate recommendations to the commissioner. Membership on the council will include the president of the University of Minnesota, the chancellors of the Higher Education Board, the State University System, the Community College System, and the Technical College System, the president of the Private College Council, a representative from the Minnesota Association of Private Post-Secondary Schools, and six members appointed by the Governor. In addition to the Higher Education Advisory Council, the Governor recommends the continuation of a student advisory council to assist the commissioner and provide a student perspective.

FUNDING PLAN:

Biennial resources recommended for the Higher Education Services Division, by activity, include:

1. Student Financial Aid

\$187,207,000 transferred from the Higher Education Coordinating Board, including general, health care access, special revenue, federal, and HECC loan funds.

\$88,800,000 in additional state grant money to provide enhanced awards to public higher education students. (Detail provided in Governor's investment initiative.)

\$36,000,000 in additional state grant money to provide enhanced awards to private higher education students. (Detail provided in Governor's investment initiative.)

\$140,000 for additional non-AFDC child care grants. (Detail provided in Governor's investment initiative.)

\$(4,800,000) to correct a surplus amount in the original Governor's recommended appropriation levels.

2. State Student Loans

\$98,496,000 transferred from the HECC loan fund in the Higher Education Coordinating Board

3. Planning and Coordination

\$12,370,000 transfer from the Higher Education Coordinating Board, including general, health care access, special revenue, federal, agency, and HECC loan funds.

\$572,000 in F.Y. 1994 for an expanded instructional telecommunications network. (Details provided in the Governor's investment initiatives.)

4. Administration

\$16,504,000 transferred from the Higher Education Coordinating Board, including general, special revenue, and HECC loan funds.

5. Education & Training Accounts

\$25,000,000 of new General Fund resources (Detail provided in Program Plan.)

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPT OF CHILDREN AND EDUCATION SVCS
PROGRAM: HIGHER EDUCATION SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
STUDENT FINANCIAL AID						148,753			158,594
STATE STUDENT LOANS						49,248			49,248
PLANNING AND COORDINATION						6,782			6,160
DIVISION ADMINISTRATION						8,252			8,252
EDUCATION AND TRAINING ACCT						1,213			23,787
TOTAL EXPENDITURES BY ACTIVITY						214,248			246,041
GOV'S INITIATIVES:			FUND						
(P) TRANSFER FROM HECB			GEN			93,458			93,458
(P) TRANSFER FROM HECB			HCA			232			321
(P) TRANSFER FROM HECB			SR			128			130
(P) TRANSFER FROM HECB			FED			2,671			2,671
(P) TRANSFER FROM HECB			AGN			2,719			2,719
(P) TRANSFER FROM HECB			HEC			58,035			58,035
(B) EDUCATION AND TRAINING ACCOUNTS			GEN			1,213			23,787
(B) INSTRUCTIONAL TELECOMM NETWORK			GEN			572			
(B) ENHANCE STUDENT FIN AIDS--PRIVATE COLLEGES			GEN			15,700			20,300
(B) ENHANCE STUDENT FIN AIDS--PUBLIC COLLEGES			GEN			42,100			46,700
(B) NON-AFDC CHILD CARE GRANTS			GEN			70			70
(B) MARCH SUPP/STATE GRANT PROG - SURPLUS APPR			GEN			<2,650>			<2,150>
TOTAL GOV'S INITIATIVES						214,248			246,041
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL						150,463			182,165
HEALTH CARE ACCESS						232			321
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE						128			130
FEDERAL						2,671			2,671
AGENCY						2,719			2,719
HECB LOAN						58,035			58,035

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPT OF CHILDREN AND EDUCATION SVCS
 PROGRAM: HIGHER EDUCATION SERVICES

				FY 1994			FY 1995		
			Est.						
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING						214,248			246,041
POSITIONS BY FUND:									
=====									
GENERAL						41.2			41.2
SPECIAL REVENUE						.2			.2
FEDERAL						.8			.8
HECB LOAN						25.4			25.4
=====									
TOTAL POSITIONS						67.6			67.6

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Children and Education Services, Department of
 PROGRAM: Higher Education Services
 ACTIVITY: Student Financial Aid

ITEM TITLE: Education and Training Accounts

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund				
- State Operations	\$1,213	\$23,787	\$23,787	\$23,787

Statutory Change? Yes ☐ No ☒

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends establishing a new Education and Training Account Program to help low income families save for post-secondary education and to provide all families with privately funded savings incentives.

A recent (November 1992) study funded by the Lilly Foundation and presented by the Minnesota Private College Research Foundation found that more than 56% of all Minnesota parents with dependent children enrolled in college have NOT saved or invested in preparation for their child's college education. Furthermore, the study found that college participation in the private colleges, the University of Minnesota and the state universities is "dominated by middle and upper income families. Students from families with incomes of less than \$30,000 are consistently underrepresented in all three systems relative to their proportion of all families." In order to address the problems of lack of attendance and lack of savings, the Governor has established an Education and Training Account, funded at a level of \$25.0 million for the biennium. Beginning in 1994, children living in families whose adjusted gross income is at or below the federal poverty level will be eligible for awards to an education and training account. The maximum award for each child will be \$125 plus \$350 if the child, at the age of 12 or older, achieves at least a B average on all course work taken during the year or scores at or above the 75th percentile on a nationally normed standardized achievement test.

The Governor recommends that, starting in 1994, Minnesotans receiving income or property tax refunds be allowed to take those refunds in the form of U.S. Savings Bonds.

In addition, the Governor recommends that the division be authorized to explore several different approaches for encouraging private sector contributions to augment or provide incentives for family saving for post-secondary education. The division would be authorized to implement private sector contribution programs if market surveys suggest that participation levels would be high enough to

allow efficient operation of the program in the long run.

The Governor recommends that, starting in F.Y. 1994, the Higher Education Division of the Department of Children and Education Services provide annually to parents information on the present and future costs of post-secondary education, the importance of beginning to save early, strategies for saving, tips for child success in elementary and secondary education, information on education and training awards from the state, and information on the availability of business, corporate, and private donor contributions to education and training accounts.

The appropriation recommended for this program would be used for the following purposes:

	F.Y. 1994	F.Y. 1995
Administrative Costs Incurred by Department of Revenue	\$ 437.6	\$ 235.6
Printing, Mailing	525.0	525.0
Other Admin. Costs Incurred by Department of Children and Education Services	250.0	250.0
Education and Training Account Subsidies	0.0	22,776.8
Total	\$1,212.6	\$23,787.4

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Children and Education Services, Department of
PROGRAM: Higher Education Services
ACTIVITY: Planning and Coordination

ITEM TITLE: Higher Education Instructional Telecommunications Network

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund				
- Grants	\$572	\$-0-	\$-0-	\$-0-

Statutory Change? Yes _____ No _____

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding for F.Y. 1994 of \$572,000 in new General Fund dollars and a reallocation of \$70,000 in F.Y. 1994 from the elimination of the Distance Learning Grants. The total funding for the initiative in F.Y. 1994 will be \$642,000. The Governor recommends that the Department of Children and Education Services further quantify the needs of higher education in the area of instructional telecommunications and return to the governor and legislature for additional funds to complete or expand the project.

The Information Policy Office has reviewed and supports funding of this project if funding is available consistent with any requirement identified in its analysis.

As the demand for geographic access to post-secondary education has increased in Minnesota, institutions and systems have turned increasingly to new telecommunications technologies. The use of video technologies has become widespread in elementary and secondary education, and is increasingly common in post-secondary education with local and regional networks.

Telecommunications has been used to provide education in many areas of the United States. Some states, including Maine, North Dakota, and West Virginia, have built statewide networks to provide education around their states.

A wide variety of video technologies have been used to transmit distance education. The University of Minnesota, for example, uses microwave technology to transmit engineering courses in the Institute of Technology UNITE program. Several technical colleges, community colleges, and state universities are using analog video technology to transmit programming to neighboring institutions and schools through regional and local networks.

While there has been growth of local and regional networks, there has been no plan for a statewide network. There appears, however, to be a growing need for a state connection enabling the transmission of education across regions.

The Higher Education Coordinating Board formed a planning group in fall 1991 to develop a plan for linking higher education institutions through a statewide connection. The group has two representatives (one from the system office and one from a campus) from the University of Minnesota, State University System, Community College System, and Technical College System. Representatives from the Private College Council and the STARS Unit within the Department of Administration also are included in the group. The STARS Unit has been developing the telecommunications network for the rest of state government.

The existence of current capacity in Minnesota along with the group's belief that most instructional video activity will occur at a regional level rather than be statewide, led to the proposal for a statewide network connecting regional clusters instead of a statewide net attempting to reach all campuses.

The proposed network for higher educational instructional telecommunication would provide a statewide interconnection of regional interactive instructional video networks. It would allow any site on a regional network to originate or receive programming from a site in another region. The interconnection would provide full time audio to and from all sites and voice activated or instructor-switched video. In other words, all sites would be able to hear all other sites at all times, and would see the instructor on the screen, or a speaker at another site.

The proposed system would be based on digital technology that transmits compressed signals; further, the system should have full DS-1 bandwidth capacity. This allows for audio, video, and data to be transmitted simultaneously on the same network. Consequently, it would allow multimedia classroom presentations that include the video/voice presentation of the teacher simultaneously with graphics and computer demonstrations. In addition, such a network would provide a transmission link for administrative data and student support functions among institutions in different regions.

Analog video technology and the rapidly emerging digital transmission technologies have become the current technologies of choice for those now constructing new networks for instructional transmission. The two technologies can be linked to create a blended network.

Analog technologies transmit a signal providing clear full-motion video capacity. Digital technologies are computer based, translating video images at the receiving end. Each technology has some advantages and disadvantages.

Analog transmission allows for a full motion video signal, like that received on home televisions. The regional networks are mostly analog. Digital technology transmits a compressed video signal of lower quality when there is substantial motion. Improvements in the ability to transmit motion through digital technology, however, are occurring at an increasing rate. Most experts believe that digital technologies will set the standard for the future. Consequently, products, equipment, and software that support digital technology are readily available on the market and undergoing constant improvement.

The proposed system would connect hub sites in each linked regional network. Ten hub sites would be phased in with additional hubs possible in future years.

The appropriation is targeted to cover transmission capacity equipment and system management. This includes funds for leasing equipment and transmission capacity for 5 sites during the last half of Fiscal Year 1994 and for all 10 sites in Fiscal Year 1995. The appropriation would support network activities, including those at hub sites as well as cover non-recurring engineering and installation costs and technical support from the telecommunications services provider. The total cost of the initiative is \$642,000 in F.Y. 1994 and \$1,028,000 in F.Y. 1995, of which \$70,000 per year is reallocated from the elimination of the distance learning grants. The balance of \$572,000 in F.Y. 1994 and \$958,000 in F.Y. 1995 require new General Fund appropriation.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Children and Education Services, Department of
PROGRAM: Higher Education Services
ACTIVITY: Planning and Coordination

ITEM TITLE: Higher Education Instructional Telecommunications Network
(Continuation)

To eliminate the need for a new agency, the Department of Children and Education Services would act as the fiscal agent. Funds would flow through the Department, and the Department would be the formal employer of network personnel. Governance/management decisions would be made by a users council composed of one system level and one campus level representative for each system and one from the department. The council would handle educational policy matters, determine priorities for channel use, and coordinate with campuses, K-12 education, regional educational telecommunications networks, and STARS.

PROGRAM OUTCOMES:

Increased use of instructional telecommunications would increase access to post-secondary opportunities and enhance the efficiency of operations.

By linking higher education institutions in one region of the state to those in another, a state higher educational telecommunications network would increase the ability of institutions and systems to extend access to a variety of programs in many parts of the state. Such an educational telecommunications system would increase the efficiency, flexibility, and capacity to meet residents' needs and demand for broader educational opportunities without incurring the costs of maintaining institutions, faculties, or full-fledged campuses in every community.

LONG-TERM IMPACT:

It is anticipated that the long-term financial needs would remain at the F.Y. 1996 funding level.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Children and Education Services, Department of
PROGRAM: Higher Education Services
ACTIVITY: Student Financial Aid

ITEM TITLE: State Grants

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund				
- Grants	\$57,800	\$67,000	\$67,000	\$67,000
	<u>\$55.150</u>	<u>\$64.850</u>	<u>\$64.850</u>	<u>\$64.850</u>

Statutory Change? Yes ☐ No ☒

If yes, statute affected:

GOVERNOR'S RECOMMENDATION: The Governor recommends increased funding at the level requested by the HECB for 1) increased awards due to need analysis change and reduction in the maximum Pell Grant, 3) longer periods of attendance, and 4) merging of the part-time grant program into the state grant program.

According to HECB's most current estimates, an addition of approximately \$8.3 million for F.Y. 1994 and \$8.5 million for F.Y. 1995, is needed to cover the cost of larger registration loads. The Governor recommends funding at the level of the most current estimate.

The Governor further recommends funding increases of \$2.1 million in F.Y. 1994 and \$6.5 million in F.Y. 1995 for the recognition of inflation on tuition and the private college cap. Current law defines the cost of attendance at a private institution, or the private college cap, as the "lesser of the actual tuition and fees charged by the institution, or the instructional costs per full-year equivalent student in comparable public institutions." Given the projected fiscal condition of the state, the Governor proposes freezing the cap for F.Y. 1994 at its current level of \$7,663 and increasing the F.Y. 1995 cap to a level equal to the estimated F.Y. 1995 instructional cost per FYE student (not to exceed \$8,015) at the University of Minnesota, Morris. The enrollment levels and programmatic offerings at the UM Morris are the most "comparable" to the private institutions of any in the public system.

The Governor agrees with the request for an increase in the Living & Maintenance Expenses allowance (LME), but recommends an increase to the 25th percentile, rather than the requested 20th percentile. An increase to the 25th percentile would increase the LME, in dollar terms, from the current \$4,033 to \$4,625. The Governor recommends increased funding of \$21.1 million in F.Y. 1994 and \$25.8 million in F.Y. 1995 for an increase in the LME to the 25th percentile.

In order to cover the increased state grant costs of increasing the percent of instructional cost covered by tuition, discussed in detail in the Instruction program narrative of each of the four public higher education systems, the Governor recommends an additional \$6.7 million in F.Y. 1994 and

\$6.9 million in F.Y. 1995 for the State Grant Program.

The Governor's final recommendation for the State Grant Program addresses the need for additional penetration into the middle class. Though the new needs analysis developed by the federal government addresses this in part, the expected contribution for parents of dependent students allows for only limited access to the grant program by the average middle income student. By reducing to 90% the current expected contribution, the average middle income student will achieve greater access to the state grant program. The Governor recommends an increase in the state grant program for this purpose of \$5.7 million each year.

The Governor's original recommendation of \$124.8 million for the state grant program creates a \$4.8 million surplus in the program. The supplemental recommendation corrects the appropriation level by reducing the first year by \$2.65 million to \$55.15 million and the second year by \$2.15 million to \$64.85 million.

AGENCY PLAN: Recent changes in federal and state financial aid policies as well as uncertainty about the impact of new policies and funding levels will test the commitment of Minnesota policymakers to ensuring financial access to higher education. The budget request for the State Grant Program addresses the fiscal effects of these changes in the federal Higher Education Act and Minnesota statutes and laws.

The State Grant Program is the foundation of Minnesota's student financial aid system. State Grant funding increases are due primarily to federal state policy changes, inflation, and increased student registration loads. Funding these changes would be consistent with state financial aid policies, especially those designed to coordinate the benefits of federal and state grant programs.

Increased Awards Due to Need Analysis Changes. The Higher Education Amendments of 1992 combined the federal Pell Grant need analysis and the Congressional Methodology formula used for all other programs to create a single need analysis, called the Federal Need Analysis. As a result of the changes, Minnesota's State Grant applications are projected to receive an increase of \$9.6 million in each year of the 1994-95 biennium. The largest increase in awards is projected to be for low income, single independent students with no children. This is due to the removal of the \$1,200 minimum income expectation that Congressional Methodology placed on these students. Increased awards also are projected to be made in families and students with adjusted gross incomes over \$30,000. This is a result of eliminating equity in homes or farms from calculations of expected contributions in the need analysis.

Reduction in Maximum Pell Grant. In fall 1992, Congress, facing a projected \$1.4 billion shortfall in the Federal Pell Grant Program, funded a maximum award of \$2,300 in 1993-94, down from this year's \$2,400 maximum. This reduction will have the most severe impact on low income State Grant recipients.

The Design for Shared Responsibility coordinates benefits from the federal Pell Grant and State Grant Programs. As a result, the state, if it wishes to support this policy, will need to appropriate \$4.2 million per year to offset Pell reductions.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Children and Education Services, Department of
PROGRAM: Higher Education Services
ACTIVITY: Student Financial Aid

ITEM TITLE: State Grants
(Continuation)

Increase in Living and Miscellaneous Expense Allowance. The 1991 Legislature increased the living and miscellaneous expense allowance from \$3,456 in 1990-91 to \$3,750 in 1992, and \$4,033 in 1993. This increased the allowance from the 16th percentile benchmark to the 18th percentile in F.Y. 1992 and 20th percentile in F.Y. 1993. The 16th percentile benchmark was based on a 1985 Board survey in which 84 percent of the State Grant applicants reporting spending more than the state allowance, then \$2,750. The Higher Education Coordinating Board's (HECB) 1992-93 biennial budget request had proposed going to the 25th percentile in both years of the biennium.

An analysis of 1989-90 federal survey data (National Postsecondary Student Aid Study) on expenses of students in 10 Midwestern states concluded that a more current reflection of the 20th percentile would be \$4,155 in 1992-93 rather than the \$4,033 used in the program. This budget request recommends a budget adjustment of \$3.7 million in F.Y. 1994 and \$3.6 million in F.Y. 1995 in order to base the 20th percentile on the more recent survey. In addition, the request proposes \$3.8 million in F.Y. 1994 and \$8.2 million in 1995 to cover inflation in living expenses at 3.6 percent each year. Under this proposal, the allowance would increase to \$4,303 in F.Y. 1994 and \$4,458 in F.Y. 1995.

Although this level of funding would maintain the allowance at the 20th percentile, it is the continued belief that the 25th percentile is the appropriate goal. Moving to the 25th percentile would require an increase of \$13.6 million in F.Y. 1994 and \$14.1 million in F.Y. 1995. Because the state has not been able to fund the allowance at recommended levels, the student share has been closer to 60 percent than to 50 percent of the price of attendance—and the Shared Responsibility policy is eroding due to insufficient funding.

Increase Funding Due to Larger Registration Loads. The 1991 Legislature established the definition of full time for State Grants at 15 credits per quarter or semester, or equivalent, effective July 1, 1992. The previous definition was 12 credits. For students attending less than full time, the price of attendance is prorated to the actual number of credits for which the student is enrolled. The change in definition was part of a funding package that included a substantial increase in the living and miscellaneous expense allowance and increased funding to help offset anticipated tuition increases. The purpose of the change is to provide a financial incentive for students to complete their education in a timely manner, to provide an opportunity for part-time students to receive grant aid over a longer period of time, and to make the State Grant definition of full-time consistent with the definition used for funding and academic policies. As a result, the HECB projected that students continuing to register for 15 credits in F.Y. 1993 or increasing their registration level from 12 to 15 credits would receive substantial award increases. Without experience in using the new definition, however, it is difficult to project student behavior—and budget needs.

The 1992 Legislature directed the HECB to make full Grant awards in F.Y. 1993. Language was

adopted by the 1992 Legislature stating that if the F.Y. 1993 appropriation was insufficient to make full Grant awards, the Commissioner of Finance was to transfer up to \$4 million from appropriations to the post-secondary systems to the State Grant Program to cover the cost of prorating awards by credit. The HECB also was given permission to request an appropriation in the 1993 session if, after the transfer, funding was insufficient to make full awards.

Preliminary data and analysis indicate that the policy change is working—that students are registering for more classes than previously and the transfer of \$4 million to the State Grant Program is needed and has been requested and approved by the Department of Finance. Further, an additional \$6 million might be necessary to make full awards during the rest of F.Y. 1993. However, the Board is requesting \$3 million because it anticipates reducing the projected deficiency primarily with unused reciprocity and part-time grant funds. Increased funding of approximately \$10 million in F.Y. 1994 and \$10 million in F.Y. 1995 will be needed to keep up with increased registration loads, due to the policy change and new proration method for part-time students. Staff will continue to monitor experience with the policy change.

Increase to Cover Longer Periods of Attendance. The change in definition of full-time student will allow a student to receive State Grant aid over a longer period than possible previously. With full-time defined as 15 credits, a student registering for 12 credits per quarter will be able to receive a State Grant for 15 quarters, or five years, instead of 12 quarters, or four years, under the old definition. This change will cost about \$300,000 in F.Y. 1994 and \$500,000 in F.Y. 1995.

Increased Funding Due to Merging of Part-Time Grant Program into State Grant Program. The 1991 Legislature voted to repeal the Part-Time Grant Program at the end of the 1992-93 biennium and merge it with the State Grant Program. This year, students enrolled for three to five credits can apply for the campus-based Part-Time Grant Program. Next year, these students will need to apply for State Grants. The cost estimate to accommodate these students in the State Grant Program is \$1.2 million per year.

Other Factors. Additional State Grant funding will be needed if the public systems raise tuition to cover the reduction in institutional subsidies to finance the State Grant proposal. An increase in tuition revenue of \$29.6 million in F.Y. 1994 and \$34.1 million in 1995 over current levels would be needed for this purpose. This assumes that about 15 percent of each additional dollar in tuition revenue would be allocated to the State Grant Program to help needy students. Consequently, additional State Grant appropriations of \$5.2 million in F.Y. 1994 and \$6 million in F.Y. 1995 would be needed to help offset these tuition increases.

The Design for Shared Responsibility places a cap on the amount of tuition recognized at private institutions. The tuition caps are intended to reflect actual instructional expenditures at comparable public institutions. Instructional expenditures are financed by revenues from state appropriations and tuition. The current tuition cap for four-year private colleges has been \$7,663 since F.Y. 1991; the current private two-year cap is \$5,898. Data from the Department of Finance have not been available to consider adjustments in cap values based on public system instructional spending levels.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Children and Education Services, Department of
PROGRAM: Higher Education Services
ACTIVITY: Student Financial Aid

ITEM TITLE: State Grants
(Continuation)

Financing the State Grant Proposal

To finance this proposal, the HECB recommends that the increased funding be financed by an increased allocation from the General Fund, however, if sufficient funding is not available, that direct state subsidies to public higher education systems be reduced by \$63.7 million, and this amount be shifted to the State Grant Program in order to serve needy students. Assuming the public systems increase tuition to offset these reductions, the relationship between taxpayer and student support for the cost of instruction would be altered.

Accomplishing this proposal would result in tuition revenue as a percentage of instructional expenses being 43 percent in F.Y.'s 1994 and 1995 in the University of Minnesota, State University, and Community College Systems. It would be 33 percent in the Technical College System.

Moving to these percentages to support the State Grant proposal would result in biennial tuition increases of approximately 6 percent in the University of Minnesota, 10 percent in the State University System, 11 percent in the Community College System, and 11 percent in the Technical College System. These percentages represent rough estimates based on estimated aggregate system funding figures.

While tuition increases of this magnitude would add to the financial burden of students, they would not be overly onerous, especially if students are assured student aid increases. Students attending public institutions will continue to have more than half their cost of instruction subsidized by the state. National figures indicate that net tuition revenue (the amount after deducting student aid) per student in Minnesota is slightly above the national average. An analysis of participation rates among states suggests that Minnesota's tuition policies and practices have not negatively affected enrollment.

These figures assume stable funding for public higher education. If budget reductions are enacted, further tuition increases may be necessary to protect the erosion of quality instruction and avoid the diminution of access due to such measures as enrollment caps. If this occurs, additional financial aid for needy students would be needed to offset tuition increases. Moreover, as the price of attendance continues to rise, further consideration will need to be given to the adequacy of the 50 percent student share in the state's financial aid policy.

PROGRAM OUTCOMES:

The increased funding helps ensure access to educational opportunities for students with financial

need. It recognizes that in times of financial hardship the state should target its limited resources to helping students and families with the least ability to pay the price of higher education. This proposal also provides incentives for students to complete their education quicker by providing higher awards for students registering for heavier course loads.

LONG-TERM IMPACT:

More Minnesota residents will be able to accomplish their educational goals and become more productive, contributing the state's economy.

F.Y. 1994-95 INVESTMENT INITIATIVE

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AGENCY: Children and Education Services, Department of
PROGRAM: Higher Education Services
ACTIVITY: Student Financial Aid

ITEM TITLE: Child Care Grants

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$70	\$70	\$70	\$70

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends the requested increased funding for Child Care Grants of \$500,000 per year--\$70,000 in new General Fund money and reallocation of \$140,000 from the Child Care Innovation Grant program, \$250,000 from the Dislocated Rural Worker Grant program, and \$40,000 from the Safety Officers' Survivors Grant program.

Based on information received from Minnesota post-secondary institutions, the demand for Non-AFDC Child Care Grant funds far exceeds available funding. To try to accommodate this need, there is a proposed increase in the amount available for grants by \$500,000 each year. This would be accomplished by a reallocation of \$140,000 from the Child Care Innovation Grant Program, \$250,000 from the Dislocated Rural Worker Grant Program, \$40,000 from the Safety Officers' Survivors Grant Program, and an appropriation of \$70,000 in new funds. This would make child care grants available to approximately 300 additional participants each year.

PROGRAM OUTCOMES:

Increased funding will make it possible for an additional 300 students to attend a post-secondary institution by helping them pay for child care while they attend school.

LONG-TERM IMPACT:

More Minnesota residents will be able to accomplish their educational goals and become more productive, contributing the state's economy.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Children and Education Services, Department of
PROGRAM: Higher Education Services
ACTIVITY: Planning and Coordination

ITEM TITLE: Private Institution Registration and Private for Profit Career School Licensing

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund				
- State Operations	\$-0-	\$-0-	\$(13)	\$(13)
Revenues: (\$000s)				
General Fund	\$(24)	\$(24)	\$(24)	\$(24)

Statutory Change? Yes X No _____

If yes, statute affected: 136A.61 - 136A.71 and 141.21

GOVERNOR'S RECOMMENDATION:

The Governor concurs with this request by the HECB. The responsibility for this activity will be with the Higher Education Services Division of the new Department of Children and Education Services.

The Coordinating Board intends to propose legislation to coordinate three legislative mandates: Private Institution Registration (PIR), Private for Profit Career Schools, and program review, and to make the oversight portions of the PIR and Private for Profit Career Schools programs self-supporting by adjusting the current fee structure and requesting a change in the depositing of fees from the State General Fund to the Board's Special Revenue Fund.

The PIR and Private for Profit Career Schools statutes have some overlapping oversight functions for some institutions. Currently, between 70 and 80 institutions are processed annually under PIR. The processing fee charged institutions is \$250 (\$400 for a new application, of which there are few). The funds are retained by the Coordinating Board. The approximately 45 private for-profit career schools pay an annual fee of \$430 (\$560 for a new application, of which there are few). In addition, an estimated 10 plus solicitor's licenses are issued annually for a fee of \$210 each. At present the fees flow to the general fund. The Private for Profit Career Schools oversight mandate requires substantially more staff time per institution than PIR.

Eliminating the statutory overlap of PIR and Private for Profit Career Schools licensing is expected to leave approximately 45 institutions under Private for Profit Career Schools and approximately 55 under PIR. This would mean that institutions that must pay both fees now, would have to pay one

fee only in the future. To provide a reasonable performance of the proposed streamlined mandates of PIR and Private for Profit Career Schools licensing, the Coordinating Board projects 1.5 staff years annually at \$75,000. The Coordinating Board proposes to move the registration and licensing programs toward self-support over a four-year period. To achieve self-sufficiency annual fee increases reflecting relative staff time over current levels would be required as follows:

	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997
Private Institution Registration	\$250	\$350	\$450	\$500	\$500
Private for Profit Career Schools	\$430	\$650	\$750	\$1,000	\$1,000
Renewal Solicitor	<u>\$210</u>	<u>\$250</u>	<u>\$300</u>	<u>\$300</u>	<u>\$300</u>
Total Fees Generated	<u>\$44,000</u>	<u>\$52,500</u>	<u>\$63,000</u>	<u>\$75,000</u>	<u>\$75,000</u>

In F.Y. 1996, adequate fees will be generated to allow the department to transfer back to the General Fund, the \$13,000 it received from the State Department of Education when the Private for Profit Career School licensing responsibility was transferred.

PROGRAM OUTCOMES:

Minnesota residents attending these institutions will be assured that they receive the training and education they pay for. Institutions will be covered by only one set of licensing or registration requirements.

LONG-TERM IMPACT:

The regulation and licensing of private institutions and private for profit career schools will be self supporting.

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I. INTRODUCTION The purpose, rationale, scope, and organization for this section of the budget document are as follows:

A. PURPOSE This presentation is to provide a comprehensive perspective of the relationship of education programs and services to state goals and priorities. Particular emphasis is given to the contributions made in terms of stated objectives or **OUTCOMES** and related measures of effectiveness or **INDICATORS**. Also, this presentation is to provide a discussion of program effectiveness and contributions to state education goals and priorities that transcends time and is, therefore, politically neutral.

B. RATIONALE An argument can be made that education programs and services, to varying degrees, directly relate and are essential to the ultimate realization of each of the goals in *Minnesota Milestones* and other state education goals and priorities. There are, however, a number of Minnesota Milestone goals for which education has an especially significant role, and of that number the most commonly identified for discussion include:

- All children will come to school ready to learn;
- Minnesotans will excel in basic academic skills;
- Minnesotans will have the advanced education and training to make the state a leader in the global economy;
- Minnesotans will be healthy;
- Our communities will be safe, friendly, and caring; and
- People with disabilities will have the opportunity to participate in society.

Other state education goals and priorities for which the education programs and services are focused are those in *A Minnesota 2000 Report*, the Governor's priorities, and priorities of the State Board of Education and Minnesota Department of Education. The specific priorities include:

- School readiness and early childhood family services;
- Statewide test performance;
- Equity issues;
- Outcome-based education and graduation rule;
- Minority issues, desegregation, and inclusive education;
- Prevention of risk factors including drug use and violence;
- School completion; and
- Adult literacy.

Because these goals and priorities are broad in nature, most education programs cannot adequately be presented as making an independent contribution to a goal or priority. Similarly, most outcomes and effectiveness indicators are broader in perspective than for a single education program.

Through the combined efforts of many education programs and services, a better picture of contributions to goals can be shown/discussed, and a more adequate discussion of the positive outcomes and results that occur or are expected to occur can be made. Without this integrated approach to presenting outcomes and program effectiveness, the same information would have to be repeated in many of the individual program narratives.

The individual program narratives will contain any outcomes and indicators that are program specific. Also, if appropriate, a general statement will be used to reference the comprehensive discussion in this Outcomes and Program Effectiveness section of the budget. All program narratives will also include any relevant indicators of program efficiency or statistics such as cost per student served, number/type of services performed, etc.

C. SCOPE The vision of the Minnesota Department of Education is that the **SUCCESS OF EVERY LEARNER WILL BE ENSURED**. By integrating the discussion of outcomes and indicators for many related education programs, the intent is to permit policy-makers to better understand the ways and the extent to which these programs contribute to the success of every learner in Minnesota.

The scope of the discussion of education outcomes and indicators is limited to those functions for which the education system has sole responsibility or shared responsibility with other state agencies and/or community organizations. Included are:

- **Learning** - Programs and services that focus primarily on knowledge and skill development so that individuals attain the high school graduation standards.
- **Support** - Programs and services that focus on facilitating individuals to attain learning through education, family, and community partnerships.
- **Learning and Support** - Combinations of learning and support programs and services.

Another functional area that may be labeled either "Environment" or "Community" is not included in the discussion of outcomes and indicators. This area is defined as the climate in which all individuals and the education system must live and operate. Because the education system does not have direct responsibility for addressing many of the larger social issues that exist, such as poverty, crime, child abuse, etc., no attempt is made to present specific outcomes or indicators in this area.

D. ORGANIZATION The discussion of education outcomes and program effectiveness is organized by level of educational services and includes the various learning and support functions identified above. For the K-12 education level, the learning and support functions are discussed separately in order to facilitate the presentation and understanding of the large amount of information that is available for each functional area. Also, the discussion of programs and services that focus on race and culture issues is made separately in order to provide an appropriate understanding of the issues and available data for these programs.

The following topical headings are used in this section of the budget document to organize and present detailed information on the outcomes and indicators for many of the education programs and services that are currently contributing to the success of every learner in Minnesota:

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- I. Introduction
- II. Young Child/Family Learning and Support
- III. K-12 Learning
- IV. K-12 Support
- V. Adult Learning and Support
- VI. Race/Culture
- VII. Financial Equity

The terms "learning" and "support" are further defined below in order to provide a better context for the discussion of outcomes and indicators that follows.

Learning = Quality Opportunities Quality education occurs when learners experience organized and effective opportunities to integrate new and prior knowledge and experiences, construct meaning and become strategic thinkers who are motivated to be life-long learners, good citizens, and contributors to society.

Support = Learning Access and Success Support programs and services focus on access to learning opportunities and assistance necessary for every learner to succeed in the learning process. Included are "supports" that:

- reduce the impact of family economic disadvantage;
- provide for a safe learning environment;
- provide individual/family health and social service assistance as needed to benefit from the learning process;
- assist to overcome geographic barriers, i.e., getting learners to the most appropriate opportunities/locations to succeed in learning;
- facilitate individuals/families choosing opportunities within and among learning sites; and
- facilitate transitions between levels and programs in education and in living.

II. YOUNG CHILD / FAMILY LEARNING AND SUPPORT

A. THE NEED The emphasis on early childhood development and learning continues to gain momentum. Young child and family initiatives are assuming even greater importance as part of the education reform movement according to *A Resource Guide to Public School Early Childhood Programs* by the Association for Supervision and Curriculum Development (Alexandria, Virginia 1988).

Many children are not prepared to succeed in school without assistance of interventions and assistance provided through learning and support programs for young children and their families. The need in Minnesota for education directed at the young child and family is shown by information compiled by the *Children's Defense Fund - Minnesota* (Oct. 1992). In summary, the information shows that Minnesota has:

- fewer children than in 1980, but more young children under age five and more children of color;
- more poor children than in 1980, and a decline in economic status for individuals under age 25 who head households;
- more children living with a single parent than in 1980.

The need is further documented in *Minnesota Milestones* and *A Minnesota 2000 Report*. Poverty, health barriers, neglect/abuse and other barriers to learning adversely affect young children's access to education and their ability to succeed. Some of the more significant statistics are as follows:

■ Percent of children under age 18 living in poverty.....	12.4%
■ Percent of children receiving full child support payments.....	56.0%
■ Percent of children with single parents.....	16.0%
■ Percent of children with evidence of slowed growth.....	8.0%
■ Infant mortality rate per 1000.....	7.3%
■ Percent of children who are adequately immunized.....	56.4%
■ Number of children reported abused/neglected per 100,000.....	790
■ Percent out-of-wedlock births.....	21.0%

As a result of the above information, both higher dropout rates and lower success rates can be expected. This is why programs and services designed to address these specific needs are so essential to the attainment of success for every learner.

B. OUTCOME: OPPORTUNITIES ARE AVAILABLE TO CHILDREN AND PARENTS

The expectation is that programs and services must be available that focus on preparing young children to enter school with the skills to succeed.

1. **INDICATOR** An indicator of availability is whether a variety of programming that addresses various needs is provided in the state. **Table 1. Programs for Young Children/Families** displays the array of young child/family programs in the public education system and/or administered by the Minnesota Department of Education. This table shows evidence of progress in making programs available. When available, program specific indicators of effectiveness are included in the individual program narratives.

C. OUTCOME: PROGRAMS ARE INTER-RELATED IN A USER-FRIENDLY MANNER

Programs for young children and families need to be administered in a connected, integrated manner at the state level, so that local delivery systems can provide services at a single site or in other easily accessible ways. Each family needs to be able to take advantage of components of programs that best meet the needs of children or other family members.

1. **INDICATOR** Some indicators are discussed for this outcome although none have been formally documented.

The Minnesota children's proposal to the national Pew Charitable Trusts provides the opportunity for work to occur relative to this outcome and the development of indicators. The initial effort with this children's initiative is assisting in identifying indicators. A key

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component of this initiative—contingent on Pew funding—is the development of a comprehensive interagency data system that will assist in documenting outcomes.

Some of the children/family programs, primarily those at the top of Table 1, are designed to meet holistic needs of individuals, while others are more narrowly focused programs that bring federal resources to Minnesota children. In some communities, the narrower programs are provided in connection with some of the more comprehensive programs. The individual program narratives describe how some of these programs connect with one another at the state level. Policy-makers might ask whether additional program interrelationships should be developed to achieve the most user-friendly programming possible.

TABLE 1. PROGRAMS FOR YOUNG CHILDREN/FAMILIES

See Table 1 on following page

D. **OUTCOME:** PARENTS ARE INVOLVED IN A CHILD'S LEARNING AND DEVELOPMENT

Active involvement of parents in a child's learning and development is a key element in the ultimate success of the child, and the earlier this process begins, the more effective it is. This is true for all children. Therefore, it is important to assure an appropriate array of learning opportunities and support programs to all families as well as children. Supporting documentation is contained in *A Resource Guide to Public School Early Childhood Programs*.

1. **INDICATOR** No indicators are reported for this outcome because none have been formally documented. The design of some programs includes parents. Examples are Early Childhood Family Education, Way to Grow, Learning Readiness, Early Childhood Screening, and Special Education - Infants and Toddlers. As resources become available, more attention will be given to development of indicators and progress. A basis for such further development is contained in the *Changing Times, Changing Families* report of a parent outcome interview study (MDE, March 1992).

E. **OUTCOME:** PROGRAMS ARE ACCESSIBLE TO CHILDREN AND THEIR FAMILIES

1. **INDICATOR** Accessibility can be defined in terms of geographic distribution of programs. Table 2. *Accessibility to Programs for Young Children/Families* shows that the learning and support programs are available at many sites in many parts of the state. Geographic proximity to families is essential if people are to gain access to programs.

Unlike K-12 education, funding for most programs for young children and families is not based on entitlement formulas that provide funding for all that need to be served. Instead, a certain amount of funding is provided each year, and when it is gone, additional children and families must wait to be served in a future year. Sometimes the wait is so long that the children enter school unprepared for successful learning. This is especially true for children and families who have encountered barriers to learning and development.

Research shows that the best place to invest funds for future return in increased human resources is at a very early age. A great opportunity still exists in Minnesota for profitable investment in our young children. Future investments can provide returns by making programs available in additional communities and by eliminating waiting lists of children and parents in communities that have programs but cannot afford full participation. Two resources are *Children in Need: Investment Strategies for the Educationally Disadvantaged* by the Committee for Economic Development (Research and Policy Committee, New York 1987), and *Within Our Reach - Breaking the Cycle of Discrimination* by Lisbeth Schoor (New York 1989).

TABLE 2. ACCESSIBILITY TO PROGRAMS FOR YOUNG CHILDREN/FAMILIES

See Table 2 on second following page

F. **OUTCOME:** PARENTS AND TEACHERS EXPECT CHILDREN TO SUCCEED IN SCHOOL

1. **INDICATOR** No indicators are reported for this outcome because none have been formally documented. Given available resources, indicators that would be useful in measuring progress are the perception of parents and kindergarten teachers about children's readiness to learn in a kindergarten setting. These measures will help determine whether facilitating adults a) believe children are prepared to succeed, and b) are willing to promote/assist in the success of each child.

III. K-12 LEARNING

- A. **OVERVIEW** The State of Minnesota has given local school districts considerable freedom to design and implement education programs and services as they locally determine are appropriate for their sites. However, the state must provide vision, standards, leadership, programs, assistance and support in order for the districts to be successful. Following is an overview of the structure and activities designed to provide assistance to schools as they work to provide quality educational opportunities for students in Minnesota.

1. **VISION** The vision for Minnesota education is that the **SUCCESS OF EVERY LEARNER WILL BE ENSURED**. Some important considerations in achieving this vision are:

- what a pupil is to learn is clearly identified;
- each pupil's progress is based on the pupil's demonstrated achievement;
- each pupil's needs are accommodated through multiple instructional strategies and assessment tools; and
- each pupil is provided time and assistance to realize his/her potential.

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TABLE 1. PROGRAMS FOR YOUNG CHILDREN/FAMILIES

Programs	Also See Program Budget	F.Y. 1991	F.Y. 1992Estimated.....		
				F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of Community Violence Prevention Councils	0411	0	0	52 (Oct. 1992)	70	80
Number of children and parents served in Early Childhood Family Education	0407	213,000	230,000	235,000	235,000	235,000
Number of children and parents served in Learning Readiness	0412	0	30,000	70,000	80,000	84,000
Number of children and parents served in Way to Grow	0409	2,128	3,227	3,437	3,663	3,905
Number of children screened in Early Childhood Screening	0408	53,200	75,200	65,000	62,000	62,000
Percentage of children screened before entering kindergarten	0408	70%	100%	100%	100%	100%
Special Education - Infants and Toddlers	1203	1,880	2,199	2,312	2,367	2,411
Number of children up to age 12 served in Child & Adult Care Food Program	1227	74,428	85,224	85,224	85,224	85,224
Number of preschool and kindergarten children served in Special Milk Program in public schools	1225	32,712	25,399	26,000	26,000	26,000
Number of kindergarten children served in School Age Child Care	1212	3,300	3,500	3,800	3,900	4,000

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TABLE 2. ACCESSIBILITY TO PROGRAMS FOR YOUNG CHILDREN/FAMILIES—NUMBER OF SITES

Some ProgramsEstimated.....				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Community Violence Prevention Councils	0	0	52 (Oct. 1992)	70	80
Early Childhood Family Education	380	384	397	400	403
Learning Readiness	0	363	363	375	380
Way to Grow	5	5	5	5	5
Early Childhood Screening	423	423	411	411	411
Special Education - Infants and Toddlers	423	411	411	411	411
"Children" sites for Child and Adult Child Care Food Program	11,300	11,800	12,980	14,278	15,705
Summer Food Service Program	239	283	300	320	340
Kindergarten School Age Child Care (Extended Day)	51	54	58	60	61

Note: As of F.Y. 1993, the above programs/sites are available in all eleven of the Minnesota Planning Regions, except Way to Grow in 3 regions and Extended Day in 7 regions.

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2. **STANDARDS** The Minnesota State Board of Education, as directed by the State Legislature, is developing a rigorous, results-oriented graduation rule as a means for defining standards. The draft of the graduation rule requires that beginning with the class of 2001, graduation will be based on demonstrated performance of two categories of outcomes: content and exit.

- a. **Content Outcomes** Content outcomes describe the essential concepts, principles, and processes learners need to make sense of new information and complex situations. Graduates will demonstrate their in-depth understanding of the content outcomes using a variety of tools for solving problems, perceiving relationships, making decisions, and thinking critically in a variety of multi-disciplinary contexts.

All learners must demonstrate competency in the content outcomes listed in the graduation rule. Reading, writing, and mathematical processes will be included in the content outcomes because they are essential for further learning.

All learners will also demonstrate accomplishment of some elective content outcomes in particular areas of interest or specific knowledge and skills needed for post-secondary endeavors. Elective content outcomes will equate to at least twenty-five percent of the required content outcomes for graduation.

Content outcomes will be identified by a state-level, citizen panel composed of parents, higher education faculty, business, and community representatives. The criteria used will emphasize the understandings needed to analyze and construct new information. Panel members will select from among the content outcomes recommended by content experts including teachers and Minnesota Department of Education staff. The state comprehensive curriculum offerings rule will determine the minimum elective outcomes available to learners. In most districts, the minimum offerings will be enhanced by the higher requirements/opportunities available in the district.

Teachers will document the accomplishment of content outcomes and report learner progress on content outcomes. Giving course grades is a local option.

- b. **Exit Outcomes** Exit outcomes focus on the generic abilities that transcend content and make it useful. The draft of the graduation rule requires that each Minnesota graduate perform as:

1. A constructive thinker who

- makes decisions, solves problems, and thinks critically and creatively;
- applies a variety of thought processes to accomplish complex tasks;
- evaluates the effectiveness of mental strategies through meaningful reflection; and
- demonstrates flexibility, persistence, and a sense of ethical considerations.

2. A self-directed learner who

- sets well-defined and realistic goals and manages the process of achieving them;
- acquires, organizes, and uses information;
- initiates learning activities in the pursuit of individual interests;
- applies technology to specific tasks;
- applies realistic self-appraisal in selecting the content, method, and pace for learning; and
- integrates knowledge and skills in both familiar and new situations.

3. An effective communicator who

- conveys messages through a variety of methods and products;
- adapts messages to various audiences and purposes;
- engages the intended audience to understand and respond; and
- receives and interprets the communication of others.

4. A collaborative producer who

- participates as a team member in pursuit of group goals and products;
- works well with women and men from diverse backgrounds;
- applies conflict-management strategies; and
- teaches others new skills.

5. A community contributor who

- appreciates and understands diversity and the interdependence of people in local and global communities;
- demonstrates a respect for human differences;
- makes informed decisions; and
- exercises leadership on behalf of the common good.

Exit outcomes will be taught throughout all grades to ever increasing developmental levels. Because exit outcomes are not tied to a single discipline or aspect of life, they should be demonstrated through holistic, culminating experiences. These experiences can take the form of exhibitions, portfolios or community projects. Each learner will successfully perform two or more culminating demonstrations to qualify for graduation. Teachers will document learners' progress on exit outcomes.

Demonstrations are naturally integrative because they are authentic, interdisciplinary explorations of an issue or topic. These demonstrations will occur during the last three years prior to graduation. All exit outcomes will be successfully demonstrated at least once. Because one exit outcome involves working collaboratively, one demonstration can be a group project or a demonstration that involves working with community groups. Demonstrations will be presented to representatives of the school and community.

Besides meeting relevant criteria, demonstrations will be referenced to the abilities needed for the learner to function independently in adult life. Interdisciplinary assessment of the exit outcomes also encourages interdisciplinary instructional approaches.

The outcomes drafted for the graduation rule and the statements noted as considerations for the success of every learner will be the desired outcomes for this section of the budget. It is noted that because many of the exit outcomes are just now being developed, there are no specific effectiveness indicators. In future budgets, we expect to provide specific outcomes,

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standards and indicators of success for the exit outcomes. For this budget, we will provide only indicators for content outcomes.

3. **PROGRAMS AND ASSISTANCE** The State of Minnesota does support special programs targeted toward certain populations or issues. A variety of special education programs support students identified as needing and qualifying for this assistance. Another program offers assistance to students with limited English proficiency. Various secondary vocational programs provide students opportunities to explore technical, clerical and other occupations. The Individual Learning Development program provides special attention and assistance to students' needs in Kindergarten through Grade 3, and the Assurance of Mastery program helps students who are starting to regress but who do not qualify for special education or Chapter I programs. Federal funds, especially block grant, provide additional assistance in improving the quality of programs. Minnesota can also be very proud of the various alternative programs that provide quality learning opportunities at other than regular school times.

The role of parents is very significant in defining and implementing quality education. The Planning, Evaluation and Reporting, and Parent Involvement legislation have a significant role in involving parents. Minnesota Academic Excellence Foundation and the Youth Development /Youth Service programs bring communities and learners into mutually supportive relationships. Community and school cooperation efforts are also present in various school age child care programs in many schools.

Efforts to improve educational quality are extremely important. Programs to assist with standard setting, curriculum, instruction, assessment, math, science, the arts, and outcome-based education need to be continued if Minnesota is to maintain quality learning opportunities for all students. The OBE Initiatives, Educational Effectiveness and Teacher Mentorship programs are examples of programs that have major state-wide involvement.

Minnesota has instituted several programs designed to increase cooperation. Those cooperating school districts, with the combined resources of the cooperating communities, are better able to support the preparation of their youth for the future. Cooperating communities have increased access to a broader range of learning and educational services and have developed more cost efficient operations.

4. **OUTCOMES AND EFFECTIVENESS INDICATORS** As the effectiveness indicators will show, Minnesota has much to be proud of in offering quality learning opportunities. For approximately two thirds of the students, those quality opportunities are working well when using national standards and results. The picture is less positive when international results are considered. For another one-sixth of our students, improved educational quality will require major modifications in our schools as they exist. For the remaining one-sixth of our students/non-students, education alone cannot solve their problems; they are either leaving school or have such formidable social problems that partnerships of all kinds will be necessary. In the past few years, some improvements have been made for most students. The challenge

before us is to continue making improvements for all learners but not at the expense of any of the groups of students noted above. If Minnesota is to be successful in achieving success for every learner, we must not sacrifice the best interest of any student to meet the needs of another. All students' needs must be met. Following are some outcomes and indicators of success. The outcomes directly correspond to National Educational Goals numbers two and three.

The following sections of this part of the budget document provide data on high school dropout and graduation rates in Minnesota. As the dropout rates are not the inverse of graduation rates, it is necessary to include both statistics in the discussion of indicators. Both statistics are indicators of the success or failure of our public school system. In order to clarify the use of these statistics, a brief description and a discussion of their importance follows:

- a. **Graduation Rate** Defined by the U.S. Department of Education as the percent of public Grade 9 students who graduate from high school four years later. This statistic does not include those students who earn a General Education Development (GED) certificate. Factors affecting this rate include interstate migration and learners who leave the public school system due to death, dropping out, or requiring more than four years to obtain a diploma. This statistic measures the success of students earning a high school diploma within a four-year period.
- b. **Completer Rates** Defined by the U.S. Department of Education as the number of graduates or completers in a specified age range (ages 21 and 22) to the number of persons in that age group. This statistic is based upon Census data and includes anyone reporting a high school diploma or the equivalent regardless of credential. This statistic will often appear higher than the graduation rate because it includes anyone within a given age group (public and nonpublic) as well as those persons earning a GED certificate.
- c. **Annual Dropout Rate** Defined as the percent of students in Grades 7-12 who drop out in a single year. This measure is useful because it reveals how many students are leaving high school each year and how each year's rates compare with previous years' rates.
- d. **Four Year Cumulative Dropout Rate** This rate is determined by calculating the cumulative effect of several years of dropout data. The methodology assumes that (1) current annual dropout rates for Grades 10, 11 and 12 will remain reasonably constant over several years, and (2) students who drop out will not return to school. This measure is useful because it reveals how many learners in a specific grade drop out over time, and how many may eventually complete high school within a four year period.

B. **OUTCOME: BY THE YEAR 2000, THE HIGH SCHOOL GRADUATION RATE WILL INCREASE TO AT LEAST 90 PERCENT**

1. **INDICATOR: Graduation Rates**

A major consideration for defining and implementing a quality education is the number of students who earn high school diplomas. The National Education Goals Panel reported that 83 % of the 19 and 20 year-old population, nationally, has earned a high school diploma or its equivalent. When that study was conducted in 1987-88, Minnesota was credited with having a graduation rate of 90.9 percent which was the highest graduation rate of any state. While

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Minnesota should be proud of this distinction, very recent data suggest that the federal graduation rate data based upon census information may be too optimistic for all states. Minnesota Department of Education data indicate that when four year cumulative graduation data are used for the class of 1991, its graduation rate was 84.1 percent. This rate was obtained by using dropout incidence for students in Grades 9, 10, 11, and 12. It is a four year cumulative rate, and represents the probability of an individual student graduating from high school.

On international comparisons, the United States (U.S.) graduation rate is quite high. Table 3. International Graduation Rates, using the most recent comparison available, shows the percent of the population, age 25-34, who have completed their education in each country.

TABLE 3. INTERNATIONAL GRADUATION RATES*

	<u>High School Completion</u>	<u>College Completion</u>
Canada	84%	16%
France	63%	8%
Germany	92%	12%
Italy	41%	7%
Japan	91%	23%
United Kingdom	77%	11%
United States	87%	24%

*Note that expectations for graduation are different in each country.

While the U.S. has the highest secondary school completion rate among the general population, the pattern changes when we examine younger adults. The U.S. has the greater higher education completion rate among the general adult population. Among younger adults, the Japanese completion rate now approaches that of the U.S. (Organization for Economic Cooperation and Development and National Center for Education Statistics, 1992)

2. INDICATOR: Dropout Rates

Federal government data indicate that Minnesota at 6.4% has the second lowest student dropout rate. Table 4. State Totals of Dropouts in Minnesota includes annual dropout data from every Minnesota school district, as well as from Area Learning Centers and Special and Vocational Cooperatives serving students in Grades 7-12. The source of the data is *Information on Minnesota School Dropouts 1990-91* prepared by the Minnesota Department of Education. If cumulative numbers are added, it would suggest that, as for the graduation rate data, the federal information may be unduly positive.

TABLE 4. STATE TOTALS OF DROPOUTS IN MINNESOTA

<u>Year</u>	<u>Fall Enrollment Grades 7-12</u>	<u>Number of Dropouts</u>	<u>Dropout Percentage</u>
1969-70	410,633	9,985	2.4
1974-75	452,584	11,464	2.5
1979-80	397,188	17,002	4.3
1984-85	348,355	8,790	2.5
1985-86	339,051	8,776	2.6
1986-87	332,083	9,431	2.8
1987-88	326,120	9,787	3.0
1988-89	318,714	10,074	3.2
1989-90	316,995	10,797	3.4
1990-91	321,718	10,144	3.2

C. OUTCOME: STUDENTS WILL DEMONSTRATE COMPETENCY IN SUBJECT AREAS

This outcome means that Minnesota students will leave Grades 4, 8, and 12 having demonstrated competency in challenging subject matter, including English, mathematics, science, history, and geography; and every school in Minnesota will ensure that all students learn to use their minds well, so they may be prepared for responsible citizenship, further learning, and productive employment in our modern economy.

1. INDICATOR: Academic Performance—NAEP Test Scores

Minnesota has much to be proud of when comparisons are made with national and regional test scores. The positive results are tempered if comparisons are made with other economically advantaged nations such as Japan and Germany. Tables 5 through 7 show converted scores on similar national and state items found in the National Assessment of Educational Progress (NAEP) Test. Converted scores means that scores on different scales have been converted so they can be accurately compared. In statistics this would be similar to conversion between thermometer readings in Centigrade and Fahrenheit.

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**TABLE 5. COMPARISON OF FOURTH GRADE PERFORMANCE-
MINNESOTA VS. U.S. AND CENTRAL STATES**

<u>Subject</u>	<u>Minnesota</u>	<u>National</u>	<u>Central States</u>
Reading	71.0	62.1	66.1
Math	71.5	67.3	69.5
Science	67.8	63.0	65.9
Social Studies	71.0	67.8	69.0
Visual Arts	57.5	54.0	54.7
Music	63.6	59.4	60.4
Literature	80.9	66.5	69.4
Composite	69.4	63.0	65.2

Note: Tests are given only in certain years; data for this table are from tests given in 1982-83 and 1985-86.

Central states are Illinois, Indiana, Iowa, Texas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

**TABLE 6. COMPARISON OF EIGHTH GRADE PERFORMANCE-
MINNESOTA VS. U.S. AND CENTRAL STATES**

<u>Subject</u>	<u>Minnesota</u>	<u>National</u>	<u>Central States</u>
Reading	70.1	56.6	58.7
Math	65.5	68.3	
Science	64.0	59.7	61.7
Social Studies	68.2	66.0	67.6
Visual Arts	50.3	49.6	49.7
Music	69.6	72.2	
Literature	71.0	67.1	67.9
Composite	65.3	60.9	62.6

Note: Tests are given only in certain years; data for this table are from tests given in 1982-83 and 1985-86.

Central states are Illinois, Indiana, Iowa, Texas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

**TABLE 7. COMPARISON OF ELEVENTH GRADE PERFORMANCE-
MINNESOTA VS. U.S. AND CENTRAL STATES**

<u>Subject</u>	<u>Minnesota</u>	<u>National</u>	<u>Central States</u>
Reading	79.7	74.5	70.7
Math	69.0	63.7	66.0
Science	50.9	50.5	50.3
Social Studies	67.6	64.1	65.2
Visual Arts	60.7	59.5	59.1
Music	70.4	61.4	63.5
Literature	73.3	73.7	74.7
Composite	66.1	62.5	63.2

Note: Tests are given only in certain years; data for this table are from tests given in 1982-83 and 1985-86.

Central states are Illinois, Indiana, Iowa, Texas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

Minnesota's science and mathematics achievement, as measured by scores on the NAEP, has improved somewhat over the past decade. Science achievement improved for all three grade levels. Minnesota ranks above national averages in mathematics and science, but below European and Asian students. Minnesota students of color, generally, scored less well.

Minnesota's Grade 8 students tied for fourth in the nation in overall average mathematics proficiency. Nevertheless, only 20% scored at or above the anchor level score of 300—a level that educators say should be introduced during Grade 7. More than one-half of Minnesota's students in Grade 4 are performing below grade level in mathematics.

2. INDICATOR: Academic Performance—ACT Test Scores

Table 8. Trends in Average ACT Composite Scores shows that Minnesota ACT scores have historically been good enough to give consistent rankings of third or fourth in the nation. In 1986, the Minnesota State University System required ACT data for admission. Since that time, an increasing proportion of Minnesota high school students have taken the ACT, usually in their Junior year. Historically, the ACT was taken by Minnesota students in their Senior year. When making such comparisons from year to year, the various factors, especially the larger percentage of students taking the test as well as changes in the test format itself, must be noted.

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TABLE 8. TRENDS IN AVERAGE ACT COMPOSITE SCORES

Year	Minnesota			Nation	
	Mean	Total Students	Percent of Graduates	Mean	Total Students
1985-86	22.0	17,615	31	20.8	729,606
1986-87	21.9	20,109	35	20.8	777,424
1987-88	21.7	25,648	41	20.8	842,322
1988-89	21.5	27,427	48	20.6	855,171
1989-90	21.3	29,718	57	20.6	817,096
1990-91	21.4	29,464	60	20.6	796,983
1991-92	21.5	30,291	61	20.6	832,217

3. INDICATOR: Academic Performance—PSAT and SAT Test Scores

Other indicators of educational quality that have received a lot of national attention are the verbal and math PSAT and SAT scores. Grade 10-11 students take the PSAT tests and Grade 11-12 students take the SAT tests. Table 9. Verbal and Math PSAT and SAT Test Scores and Table 10. IAEP Test Scores show that a) Minnesota students' average scores are better than National average scores and b) although Minnesota schools are doing quite well on academic outcomes when compared to other states, they are not doing well when compared to many other economic rivals in Europe and Asia.

TABLE 9. VERBAL AND MATH PSAT AND SAT TEST SCORES

Year	PSAT/NMSQT --Verbal Mean--		PSAT/NMSQT --Math Mean--	
	Minnesota	National	Minnesota	National
1980-81	41.2	40.6	47.3	45.2
1981-82	41.9	41.5	46.9	45.1
1982-83	41.9	41.0	46.8	44.7
1983-84	41.2	40.9	46.4	44.7
1984-85	41.0	41.0	46.0	44.2
1985-86	41.1	40.9	46.7	45.0
1986-87	41.3	40.9	46.5	45.0
1987-88	40.1	40.4	46.5	45.0
1988-89	41.4	40.7	47.7	45.6
1989-90	41.7	40.2	47.4	44.4
1990-91	42.6	40.4	48.4	45.0
1991-92	42.6	40.6	48.9	45.5

(continued)

TABLE 9. (continued)

Year	SAT --Verbal Mean--		SAT --Math Mean--	
	Minnesota	National	Minnesota	National
1980-81	486	424	539	466
1981-82	485	426	543	467
1982-83	482	425	538	468
1983-84	481	426	539	471
1984-85	481	431	537	475
1985-86	482	431	540	475
1986-87	472	430	531	476
1987-88	470	428	531	476
1988-89	474	427	532	476
1989-90	477	424	542	476
1990-91	480	422	543	474
1991-92	492	423	561	476

4. INDICATOR: Academic Performance—IAEP Test Scores

Table 10. IAEP Test Scores shows the average percent correct on geography, mathematics, and science items from the International Assessment of Educational Progress (IAEP), 1991. Relative to other norms, American students perform better in geography than in mathematics and science. (Educational Testing Service, 1992).

TABLE 10. IAEP TEST SCORES, 1991

	Geography	Mathematics	Science
Hungary	70%	68%	73%
Slovenia	65%	57%	70%
Canada	63%	62%	69%
Soviet Union	63%	70%	71%
United States	62%	55%	67%
Spain	60%	55%	68%
Korea	60%	73%	78%
Ireland	59%	63%	63%
Scotland	58%	61%	68%

Note: Japan, Germany and the United Kingdom were not part of this study.

Several problems need to be addressed if math and science achievement in Minnesota is to become competitive relative to international test scores. Minnesota has the lowest math and science graduation requirements in the nation. Minnesota students must take one year of mathematics and one year of science in Grades 9-12. They are not required to take math or science throughout their secondary school experience, although many do take more than the minimum requirements. Especially in smaller districts, students often are unable to take advanced courses they need or desire. Many of those districts indicate course offerings as

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being available but in fact they often cancel the courses because the class size would be small and thus very expensive. It is extremely important, and true in all subject areas, that Minnesota teachers need inservice opportunities to learn the newest research and learning strategies.

5. INDICATOR: Teacher Preparation

High quality public education requires teachers who have a major or minor in content area and are knowledgeable in the appropriate functions of teaching. Minnesota has a better supply of such teachers than do most states. There are over 97,500 individuals aged 65 or younger who hold a valid teaching license to teach in Minnesota. On average, individuals are licensed in two academic areas. Currently Minnesota employs 50,000 public school teachers. Most of Minnesota's teachers teach in areas for which they are licensed. Some shortages do exist in English as a second language, and a few special education specialties. The biggest problem relative to teachers is the severe shortage of teachers of color. This problem is discussed in the program narratives for Indian Teacher Grants, Minority Teacher Incentives, and Alternative Licensure - Minority Fellowships.

IV. K-12 SUPPORT

A. THE NEED The need for support systems in K-12 education is clear. The graduation rate for the class of 1991, when 46,430 students graduated, was 84.1%. The projected four-year dropout rate for the Grade 9 students in 1990-91 is 17.8%. This means that if the current annual dropout rates for Grades 10, 11 and 12 remain the same for the next four years, the graduation rate for these students in 1993-94 will be 82.2%. While both the graduation rate and dropout rate are calculated on complex formulas that yield soft data, it is clear that many Minnesota youth are leaving school prematurely, or are at least "stopping out" for a while before returning to school for a second chance. In either case, it is important that appropriate support programs and services be provided if the vision of ensuring the success of every learner is to become a reality.

Often the reason for lack of success is not solely an academic reason; the lack of adequate support service and systems contributes to the problem. The education system must focus on reducing all kinds of barriers to learning. Many educators and members of the public now recognize that children and youth cannot succeed in the learning process when they are struggling with personal and family difficulties.

Programs and services must compensate for individual or family economic disadvantage since learning is a key in breaking the poverty cycle. A safe learning environment must be provided to enable each young person to feel physically and emotionally comfortable enough to remain in school and learn effectively. Health and social services must be provided by the education system or a community partner if needs have not been met by the family whenever necessary

for successful learning. Geographic barriers must be overcome so the unique learning and support needs of each individual can be met.

Opportunities for families and individuals to make choices in education must be available so that individual learners can access appropriate learning opportunities for their needs and interests and so that needed supports are provided. When essential to assist individuals to make smooth transitions between education levels, programs or other aspects of their lives, support must be available to prevent the loss of individuals to the learning process.

In order to ensure the success of every learner, it is important to bring about systemic change through the Education Reform Movement. One of the reasons for the establishment of the various consumer choice programs in education is to promote such needed reform.

Based on the belief that there is no one right school or learning method that is best for all learners, the State of Minnesota has created programs that facilitate choosing the most appropriate learning experiences for individual learners. There are times and circumstances when learners find the assigned school cannot adequately provide for their learning needs and interests. The Choice programs—Postsecondary Enrollment Options (PSEO), Open Enrollment, High School Graduation Incentives, Diploma Programs for Adults Age 21 and Over, Area Learning Centers (ALC), and public and private alternative programs—give learners the opportunity to seek education settings that can help them succeed. Also available for learners are Advanced Placement courses, International Baccalaureate program, magnet schools, GED programs for youth and adults, and PSEO for adults. Some families are choosing nonpublic schools or are educating their children at home.

B. OUTCOME: PROVIDE APPROPRIATE SUPPORT SERVICES TO KEEP STUDENTS IN SCHOOL AND SUCCEEDING IN THE LEARNING PROCESS

This outcome is important because ensuring the success of every learner cannot be reached if youth leave school prematurely or if youth attend school but do not learn.

1. INDICATOR: School Attendance

Three attendance indicators are included in Table 11. School Attendance Indicators. When students indicated in the Minnesota Student Survey that they dislike school or hate school or are frequently truant, or have been placed in special learning programs, at least two problems are suggested. Sometimes the learning opportunities may not be appropriate to meet individual needs and interests, and this problem is addressed in the Learning section above.

At other times barriers exist which can be eliminated or reduced through the provision of various support strategies. It is appropriate to conclude that a healthy mixture of quality learning opportunities combined with a variety of needed support activities will result in reducing the dropout rate and improving the skill level of the graduates.

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TABLE 11. SCHOOL ATTENDANCE INDICATORS

See Table 11 on following page

C. OUTCOME: IMPROVE LEARNER SELF-ESTEEM

Learner self-esteem is necessary for optimum learning. High stress has been correlated in research with alcohol/drug use, family violence and other environmental stressors. Multi-level support programs for students and family are needed to address these problems and increase the likelihood that students will remain in school and learn more effectively.

1. **INDICATOR** Four self-esteem indicators are included in Table 12. Learner Self-Esteem. Indicators from the Minnesota Student Survey show slight progress, statewide, between 1989 and 1992 for students in Grades 6,9, and 12. 1991 data from a similar survey show differences of youth in alternative education and in correctional facilities.

Some of the support programs designed in part to contribute to this progress include state and federal prevention/risk reduction programs such as Drug Free Schools and Communities, Alcohol-Impaired Driver Education, HIV/AIDS Prevention, Homeless Children and Youth, School Age Child Care, and School Lunch and Breakfast Programs. The Violence Prevention Education program, Violence Prevention Councils and Co-Location for Targeted Children and Youth programs funded by the 1992 Legislature will also assist in improving the self-esteem of students. Other programs designed to be helpful in improving learner self-concept include enrollment options opportunities such as High School Graduation Incentives, Postsecondary Enrollment Options and Alternative Attendance programs.

In addition, some of the programs that encourage interdistrict cooperation to expand learning and support opportunities are likely helpful in improving learner self-esteem because the additional learning options and additional support services provide increased opportunities to meet diverse needs of learners. Examples are Education Districts, Secondary Vocational Cooperatives, Interdistrict Cooperation, Intermediate Districts, Cooperation/Combination programs and Education Cooperative Service Units.

TABLE 12. LEARNER SELF-ESTEEM

See Table 12 on following page

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TABLE 11. SCHOOL ATTENDANCE INDICATORS

<u>Indicators</u>	<u>Student Population</u>		<u>Selected Populations</u>	
	<u>1989 MN Student Survey</u>	<u>1992 MN Student Survey</u>	<u>1991 MN Student Survey (alternative education students)</u>	<u>1991 MN Student Survey (youth in correctional facilities)</u>
% dislike/hate school	21%	17%	26%	35%
% with frequent truancy from school (3 or more times per month)	13%	10%	28%	42%
% had ever been placed in special training programs	25%	17%	30%	45%

TABLE 12. LEARNER SELF-ESTEEM

<u>Indicators</u>	<u>Student Population</u>		<u>Selected Populations</u>	
	<u>1989 MN Student Survey</u>	<u>1992 MN Student Survey</u>	<u>1991 MN Student Survey (alternative education students)</u>	<u>1991 MN Student Survey (youth in correctional facilities)</u>
% reporting "I don't usually feel good about myself"	14%	14%	19%	18%
% of students who have suicidal thoughts	27%	22%	27%	29%
% of students who attempted suicide	12%	10%	33%*	26%
% reporting sad or depressed mood during the previous month	17%	12%	20%	26%

(*) A significant number of students in both regular school and other special settings have mental health issues that interfere with the learning process. However, there is a difference in the incidence of problems among males and females. For example, among the 1,245 students in alternative schools who participated in the survey, 33% reported having attempted suicide at some time in their lives; of the total male students, 20% reported attempted suicide whereas of the females, 43% reported attempted suicide.

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D. OUTCOME: PROMOTE BEHAVIOR CHANGE IN YOUTH WHO ENGAGE IN ANTI-SOCIAL BEHAVIOR

Positive behavior is important to help keep youth in school. Just like success breeds success, lack of success often leads to more problems.

1. **INDICATOR** Table 13. Learner Anti-Social Behavior includes data for three behaviors—vandalism, fighting, and shoplifting—that often are related to lack of success in learning. Prevention programs are needed in schools and communities to promote behavior change for youth who engage in antisocial behaviors. Data show that these behaviors are virtually unchanged over the past three years in those youth who attend school. New 1992 initiatives in violence prevention and the violence prevention councils address anti-violence in schools and communities. Many of the same ongoing programs noted above that help to improve self-esteem contribute to reducing a constant level of anti-social behaviors. At this time the indicators show a maintenance level when a reduction of anti-social behaviors is needed.

TABLE 13. LEARNER ANTI-SOCIAL BEHAVIOR

See Table 13 on following page

E. OUTCOME: REDUCE ALCOHOL/DRUG PROBLEMS AND SEXUAL ACTIVITY OF YOUTH

State and federal funding have been available for several years for prevention and intervention efforts related to these problems.

1. **INDICATOR** Table 14. Learner Adolescent Risk Behaviors includes data for several behaviors regarding alcohol/drug use, family alcohol/drug problems, family violence and sexual activity. The data show improvements between 1989 and 1992. As expected, the risk behavior rate is much higher for those who are no longer in the "regular" public education system, and multiple unaided barriers to learning, such as the behaviors noted in Tables 13 and 14, may have caused some youth to leave prematurely. The data indicate that a significant number of students will continue to need supportive programs that respond to issues of family violence and chemical abuse. Intensive learning and support programs in Drug Abuse Prevention and HIV/AIDS Prevention/Risk Reduction are partially responsible for fewer alcohol/drug problems and more responsible sexual behavior by students who are sexually active. Active involvement of parents in prevention programs has also been beneficial. In addition, programs that provide children and youth with positive alternative activities and behaviors are helpful. Examples include Youth Development/Youth Service, School Age Child Care and Violence Prevention.

TABLE 14. LEARNER ADOLESCENT RISK BEHAVIORS

See Table 14 on second following page

F. OUTCOME: PROVIDE ALTERNATIVE LEARNING SETTINGS FOR HIGH RISK LEARNERS TO COMPLETE THEIR HIGH SCHOOL EDUCATION

High risk youth are particularly high priority because when they do not earn a diploma, the costs to society through the welfare system, the corrections system and through lost taxes are high. Table 15. Consumer Choice Indicators shows progress in the variety of choices available and use of these choices by education customers.

1. INDICATOR: Variety of Options Available

Area Learning Centers, and public and private alternative programs, meet the needs of many students through personalized learning programs, alternative teaching and learning methods, flexible hours, child care on site, and other support services. ALCs have dramatically increased from the original four in 1988 to 43 centers at 177 sites in 1992. Attendance at both the public and private alternative programs has risen over the same period.

Diploma Programs for Adults and PSEO offer adults who have not completed their high school education an alternative to a GED certificate. They may return for up to two years to finish needed course requirements at an ALC, a public alternative program, or at a postsecondary institution. As word of these programs has spread, the number of learners participating in the programs has increased. High school diploma opportunities have also been available to adults through Adult Basic Education (ABE) programs for many years.

Postsecondary Enrollment Options offers learners not succeeding in traditional high school the opportunity to take challenging courses suited to their career goals from colleges or universities. Record keeping for PSEO does not separate out these learners from academically high achieving students.

General Education Development (GED) programs still provide a choice for some learners who have dropped out of school.

Limited transportation service appears to be a barrier for some learners being able to choose an alternative education program outside their home districts. This creates inequity in the choice programs.

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TABLE 13. LEARNER ANTI-SOCIAL BEHAVIOR

<u>Indicators</u>	<u>Student Population</u>		<u>Selected Populations</u>	
	<u>1989 MN Student Survey</u>	<u>1992 MN Student Survey</u>	<u>1991 MN Student Survey (alternative education students)</u>	<u>1991 MN Student Survey (youth in correctional facilities)</u>
% engaged in vandalism 3 or more times in last year	11%	10%	20%	45%
% engaged in physical fights 3 or more times in last year	12%	13%	20%	51%
% engaged in shoplifting 3 or more times in last year	10%	11%	18%	43%

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TABLE 14. LEARNER ADOLESCENT RISK BEHAVIORS

<u>Indicators</u>	<u>Student Population</u>		<u>Selected Populations b)</u>	
	<u>1989 MN Student Survey</u>	<u>1992 MN Student Survey</u>	<u>1991 MN Student Survey (alternative education students)</u>	<u>1991 MN Student Survey (youth in correctional facilities)</u>
% monthly use of alcohol and drugs			27%	48%
Grade 9	28%	20%		
Grade 12	55%	42%		
% with family alcohol and drug problems	23%	20%	26%	33%
% with family violence	18%	19%	35%	41%
% sexually active			90%	91%
Grade 9	30%	30%		
Grade 12	62%	61%		
% always using birth control a)			36%	18%
Grade 9	37%	44%		
Grade 12	54%	58%		
% always using a condom a)			13%	13%
Grade 9	42%	51%		
Grade 12	26%	36%		
% talking with a partner about HIV/AIDS a)			49%	46%
Grade 9	24%	62%		
Grade 12	27%	60%		

a) Sexually active students only.

b) The percentages shown for the selected populations are for the total number of students who participated in the survey, rather than by grade level as for the student population in regular schools.

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G. OUTCOME: EVERY LEARNER HAS THE OPPORTUNITY TO ATTEND THE SCHOOL OR EDUCATION PROGRAM THAT BEST FITS THE NEEDS AND INTERESTS OF THE LEARNER

This is important because students have a wide variety of learning styles, and schools and programs vary in focus and style. Table 15. Consumer Choice Indicators shows progress in the variety of choices available and use of these choices by education customers.

1. INDICATOR: Availability of Processes from which to Choose

Open enrollment encourages parents and learners to make conscious choices about where the learner will attend school. A public opinion poll about education, done by the Minnesota Coalition for Public Education (1992), shows open enrollment has gained in popularity over the last 6 years, showing an increase of public support from 27% to 76%. Parent surveys show that parents are more satisfied with the school they have chosen, even if that school is where the learner would have been assigned. Research indicates that school satisfaction contributes to higher achievement (See Outcome I. below).

The Postsecondary Enrollment Options program expands the course possibilities for juniors and seniors in high school. It offers the opportunity to pursue more rigorous, advanced level courses and a wider variety of courses than the high school may be able to offer. This program increases the probability that learners will be able to stretch their abilities, refine their talents, and take courses otherwise unavailable to them.

Charter school legislation has added another dimension to choice. Teachers may form and operate an outcome-based school demonstrating innovative ideas to improve learning. These schools will be free from many of the laws and rules allowing teachers to create new models of education. Once charter schools are operational, policy-makers and educators will be able to assess these models for effective methods for operating schools, teaching strategies, parent involvement, student assessment methods, and new roles for teachers.

Nonpublic schools and home schools are additional options available to learners and parents. The number of learners that are being schooled at home has been increasing for the last several years.

As schools change through site-based management, outcome-based education, charter schools, magnet programs, and other innovations, it is increasingly critical that families be provided centralized information about schools and programs in order to make satisfying choices. A prototype of the School Choice Advisor has been developed that matches the parents' criteria with schools that meet those needs.

Limited school transportation appears to be a barrier to some families to be able to choose a school outside their resident district. This creates an inequity in the choice programs.

H. OUTCOME: CREATE CHANGES THAT IMPROVE THE WAY SCHOOL DISTRICTS MEET THE NEEDS OF LEARNERS AND THEIR FAMILIES

INDICATORS An important indicator is the perception of parents about the responsiveness of schools. A dissertation study of open enrollment revealed that parents who chose to have their children remain in the assigned school perceived the district personnel to be more responsive to their needs than before open enrollment. Also important is the degree to which districts provide opportunities to bridge the gap between secondary and postsecondary education. Schools have been offering more advanced level courses in the high school since PSEO began. More schools are offering Advance Placement courses and "college-in-the-schools" courses to encourage students to participate more fully in the high school than is possible when attending a college campus. Legislation passed in 1992 encourages schools to contract directly with postsecondary institutions to offer college level courses at the high school.

Another indicator is how many alternatives are available from which to choose. Area Learning Centers have expanded from the original 4 to 43 centers at 177 sites demonstrating the effort to provide alternatives to learners not succeeding in more traditional schools. There has been a dramatic increase in the number of learners—especially at the middle school level—who have dual attendance, meaning they attend classed at both the regular school and the ALC.

Parent involvement is another indicator. The Minnesota Parent-Teachers Association had 90 new units start in schools since 1987. 192 districts have submitted proposals requesting the \$5 parent involvement monies first made available by the Legislature in 1991.

How often school districts "pool" resources to offer more options and opportunities is also important. The trend since the early 1980s has been an increased number of districts entering into cooperative agreements of various kinds.

For example, since the enactment of the Education District legislation in 1987, there are in F.Y. 1993, thirty-four operating Education Districts involving 259 school districts. Academic pairings have increased from 45 pairings involving 106 school districts in F.Y. 1991, to 54 pairings and 132 districts in F.Y. 1993. Districts operating under Cooperation and Combination agreements increased from 6 groups made up of 13 school districts in F.Y. 1991, to 19 groups and 41 districts in F.Y. 1993. Consistent with this increase in cooperative arrangements, the total number of operational school districts in Minnesota has decreased from 434 districts in F.Y. 1981 to 411 in F.Y. 1993.

TABLE 15. CONSUMER CHOICE INDICATORS

See Table 15 on following page

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TABLE 15. CONSUMER CHOICE INDICATORS - NUMBER OF LEARNERS PARTICIPATING

	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>Estimated</u> <u>FY 1994</u>	<u>FY 1995</u>
Enrollment in Area Learning Centers and Public Alternative Programs	15,260	18,000	19,500	21,000	23,000
Enrollment in Private Alternatives (ADM)	802	825	840	860	875
Diploma Programs for Adults 21 and Over	1,215	1,400	1,500	1,650	1,750
Adult Secondary (ABE) High School Diploma	2,323	1,752	1,893	2,034	2,200
PSEO Adult	12	50	75	100	125
PSEO Youth and "College in the Schools"	6,697	7,534	8,000	8,500	9,000
Earning GED Certificates	5,757	6,151	6,700	7,360	7,500
Open Enrollment	5,940	8,314	9,400	10,000	10,500
Nonpublic School Students	81,262	80,653	80,952	82,700	84,350
Home School Students	4,418	5,286	6,134	6,300	6,400

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(Continuation)

I. OUTCOME: ENSURE THE SATISFACTION OF FAMILIES THROUGH THE INVOLVEMENT OF PARENTS IN LEARNER SUCCESS1. INDICATOR: Parent Involvement

When parents are involved in the education of children, achievement improves and increased achievement creates greater satisfaction among families. The *New York Times* reported on December 11, 1985, "In surveys, teachers say the lack of parent involvement is more damaging to education than a lack of money for the schools or a lack of discipline among students". Many studies and surveys completed in 1985 and 1986 clearly demonstrate the impact parent involvement has on student achievement. Several studies even show that when parents help their children at home in particular subjects, student achievement in those subjects is likely to increase. Parent involvement in school support and school decision making activities is important, however, parents need and desire more focus on the type of involvement that helps parents work with their own children at home in ways that improve learner success. This type of involvement creates a partnership between home and school that continues through all grades.

One recent study conducted by the Minnesota Department of Education shows a connection between involving parents in the education of young children and the continued involvement of parents as children progress through the K-12 education system. This study focused on families with children in Grade 2 and children in their last year of elementary school. The families were divided into two groups—families that participated in Early Childhood Family Education (ECFE) and families that did not participate. The study shows that ECFE participants are more likely to read to their children, help with homework, attend parent education classes, attend parent meetings, and to be active in school support activities. Early involvement helps parents to understand and feel comfortable with their role in ensuring learner success.

Resources are needed to study the impact of early involvement on families of children in middle, junior high and senior high schools, and the results of such additional studies are considered essential to the creation of effective parent involvement programs.

2. INDICATOR: Parent/Learner Perception

Indicators based on the perception of learners and their families are rarely collected by the K-12 education system. However, as it becomes widely accepted that noncognitive as well as cognitive performance needs to be measured, perception will emerge as a measurement tool. According to a recent research report by the Governmental Accounting Standards Board, noncognitive performance includes self-esteem and self-concept, interpersonal skills, good work habits, self-discipline, responsible citizenship, and good mental and physical health. The report also suggests that schools should measure the percentage of parents who feel that school has prepared their children to be "responsible members of society". Parents who believe that

schools have prepared their children for the future will also be more satisfied with the K-12 system.

Two recent efforts have focused on learner perception as a viable indicator of success. These are the Minnesota Student Survey and the Humphrey Institute's report, *Access to Opportunity*, (Dec., 1990). Further efforts, including efforts to measure the perception of parents, are needed to collect data that are important for the improvement and development of programs that will lead to success for every learner.

One recent study does measure parent perception about choosing schools. A 1990 report, *Student Choices Under Minnesota's Enrollment Option Program*, finds that giving families the opportunity to choose schools through one of Minnesota's enrollment options programs leads to greater satisfaction with schools among families. Because of the degree of satisfaction of those families that did change schools, the report recommends continuation or expansion of school choice programs. As resources become available, further study could occur regarding customer satisfaction relative to schools, learning opportunities, and support services that are accessed.

Several learning and support programs that include a parent component, and which likely contribute to satisfaction, are Early Childhood Family Education, Learning Readiness, Way to Grow, Early Childhood Screening, Co-Location of Services for Targeted Children and Youth, Special Education (especially the individual education planning process with parents), Education for Homeless Children and Youth, several Enrollment Options programs, and Planning, Evaluating and Reporting (PER).

J. FUTURE NEEDS

1. K-12 SUPPORT PROGRAMS During this time of increasing public expectations of high school graduates and the upscaling of graduation standards, reluctant learners and those who face multiple barriers to learning and living are more likely to "give up" than before. Support programs, even major restructuring to allow new kinds of collaborative support, must be available whenever necessary, so that the success of every learner can be realized. Creative approaches to strengthening families and tapping resources of community support systems will become increasingly important as we strive to successfully educate every individual.

2. ADDITIONAL OUTCOMES The outcomes included above are those for which indicators have been identified and some data are available. More work is needed to develop outcomes and assess progress towards meeting them. One key resource is a research report, *Service Efforts and Accomplishments Reporting: Its Time Has Come*, which focuses on elementary and secondary education (Government Accounting Standards Board). Another report, *The National Education Goals Report*, addresses early childhood through the adult level, and this will also be useful in further development of outcomes and indicators for programs and services in Minnesota.

V. ADULT LEARNING AND SUPPORT

A. THE NEED Adult education programs often provide interrelated learning opportunities and support strategies. However, there is a much more limited array of opportunities for adults who need basic education than for younger people.

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EDUCATION OUTCOMES AND PROGRAM EFFECTIVENESS

(Continuation)

Over 97% of Minnesota residents live in school districts that choose to provide lifelong learning activities that afford adults with opportunities for community involvement, learning and personal development. These adult programs and services attempt to meet the needs of a diverse population and continue to adapt and refocus as gaps in services become apparent. For example, while basic educational services for adults are provided to over 50,000 Minnesotans per year, this represents fewer than 10% of the adults age 21 and over in the state who are estimated to be functioning below high school equivalency level. Data are not available about how many are relatively young, but Minnesota Department of Education data indicate that 37 percent of those served through adult education programs are age 16-34, 51% are age 25-44, 10% are age 45-59, and 2% are over age 59. It would be useful to know how many undereducated adults are relatively young. It is hoped some data will be available when more of the 1990 U.S. Census results are compiled. Other emerging and critical needs suggest that resources should be focused on specific adult populations such as the homeless, persons with disabilities, refugees, parents and families.

A significant difference exists between adults who are jobless, on welfare and/or facing individual or family difficulties, and those who have been "educated out of their problems". Society benefits greatly, economically and socially, when undereducated adults become educated. For example, public funds are wisely invested when adults on welfare use their education to become self-supporting, tax-paying citizens. Society also benefits when families use their education to help reduce violence, abuse and other socially destructive behaviors. Children and the next generation benefit when parents feel successful as a result of their learning and when their success helps to influence the success of their children at school. Because many adults with critical needs for basic learning are not being reached, many opportunities still exist for investing in adult education basics.

B. OUTCOME: CLARIFIED ADULT LEARNER OUTCOME STATEMENTS

To be effective at work and in their everyday lives, adults must develop an increasingly high level of integrated basic skills. Outcomes identified in personal education plans therefore have changed. Programs designed to contribute to these outcomes include Adult Basic Education (state and federal programs), Community Education, Adults with Disabilities, Adult Graduation Aid, Hearing Impaired Adults, Homeless Adult Program, Adult Refugee Program, Family Literacy, and General Education Development (GED).

1. **INDICATOR** Effective adult education programs teaching basic skills and competencies people need in order to participate fully and effectively in society as workers, consumers, family members and citizens, now include the following learner outcomes:

- **Reading** is not taught as a discrete, isolated skill, but rather as a tool for locating, analyzing and summarizing information, monitoring one's own improvements in comprehension, and using higher level thinking strategies to solve problems.

- **Writing** focuses on analyzing, conceptualizing, synthesizing, distilling information, and clearly and succinctly making one's case. For example, adult learners might practice writing by exposing a community health problem in the local paper or preparing job application cover letters.
- **Computation** is taught contextually to reflect its actual uses. Real-world materials and situations are used to build on the individual adults' prior knowledge—calculating the amount of paint needed to redo the apartment, or the fertilizer needed for a garden—and to emphasize problem identification, reasoning, probability and problem-solving.
- **Listening and Speaking** skills are mastered through group learning experiences that simulate real-life situations in which adults practice effective communications. Recognizing, understanding and using different verbal and non-verbal communications styles, adults learn to clarify expectations, resolve conflicts, provide meaningful feedback, and get along with others.
- **Creative Thinking and Problem-Solving** are practiced in cooperative learning activities to develop adaptability by helping adults recognize and define problems, brainstorm, choose and then implement their own creative solutions, and track and evaluate results.
- **Personal Effectiveness** is directly related to positive self-esteem and person goal-setting. Programs are designed to help participants make informed decisions about life by assessing their own skills, strengths and impact on others; participating in career counseling and guidance; recognizing their needs for new skills and information, and identifying their learning outcomes.
- **Group Effectiveness** is developed through social and learning groups that help participants recognize and deal with different personalities, cultures and styles; understand changing group dynamics; and learn to make use of the strengths, skills and knowledge of their fellow learners.
- **Societal Effectiveness** includes a political and social sense of how things work and happen, what behaviors are acceptable, and how their actions can affect decisions, reactions and policies. These leadership skills are developed by helping participants use interpersonal, group dynamics and communications skills to solve real world concerns such as arranging for child care or transportation.
- **Knowing How To Learn**—the ability to find, absorb, process and apply new information quickly and effectively—is the foundation needed to be self-sufficient in a changing society. Adult learners master learning as a tool to gain the new skills and knowledge needed to deal with their own immediate problems by developing, pursuing, analyzing the results of, and redesigning their own and their peers' personal educational and self-sufficiency plans.

These basics reinforce each other to become tools that people can use to address the changing conditions at work and in their families and communities. To improve learning and ease the transition to life outside the classroom, learners need to experience using these skills for problem-solving and for accomplishing meaningful tasks.

AGENCY: EDUCATION AIDS

EDUCATION OUTCOMES AND PROGRAM EFFECTIVENESS

(Continuation)

C. OUTCOME: ACHIEVE AN INCREASINGLY HIGH LEVEL OF INTEGRATED BASIC SKILLS

1. **INDICATORS** Numerous indicators, shown in Table 16. Work, Family and Community Indicators of Adult Education Effectiveness, relate to various adult programs including Adult Basic Education, Community Education, Adults with Disabilities, Hearing Impaired Adults, Homeless Adult Program, Adult Refugee Program, School Breakfast and Lunch Program and GED. The numbers shown in the table are of individuals who achieved each indicator. Following is a brief description of each indicator:

- Complete Learning Plan This is the number of adults who complete their learning plans. Adults who did not complete their learning plans are continuing in the program or left the program prior to completing their goals.
- Improving Basic Skills Those reported are adults who either completed personal education plan activities or demonstrated mastery.
- Getting Off Welfare Data are from self-reports from learners who volunteer the information. Learners cannot be asked whether they receive public assistance, and to do so would offend them and may cause them to drop out. If an adult learner is officially referred by the Minnesota Department of Human Services (DHS) it is clear that they receive welfare. These data would be more accurate if: 1) there were a statewide adult learner accounting system; b) DHS had a statewide welfare recipient accounting system; and c) both systems were compatible enough to cross-reference enrolled adults. The system also then would be able to show, as other states with centralized systems do, how much money is saved in welfare payments for adult education participants than is expended in adult education aid. If resources were available, this type of information would be useful.
- Securing or Bettering Employment This includes a self-report from adults who entered the program saying they were unemployed. It also includes a self-report from adults who entered saying they were employed but were trying to improve, or who said they were led to believe by their employers that they needed to improve basic skills in order to retain or advance in their position.
- Learning English This includes adults who entered adult education demonstrating a need to learn English as a second language, who either achieved goals identified in their personal education plan or through testing.
- Enrolling in Higher Education This includes a self-report from both adults who completed a personal education plan and said they were accepted into higher education, and those who left before completing their plans saying they had been accepted into a higher education program. A statewide adult learner accounting system for adult

education that could be compared to a statewide system for higher education (same learner identification number, i.e., Social Security number, State I.D., State driver's license) would provide more accurate information, and would also eliminate double-counting of those enrolled in two systems.

- Earning Diploma or GED This is the actual count of adults who enter a program seeking to earn either a high school diploma or GED certificate and who are successful in reaching this goal.
- Registering to Vote This includes adult learners who volunteered the information that they were not registered when they enrolled in adult education. It also includes those who were voting for the first time and who said they hadn't voted before. Comparisons are not possible without an adult learner data system that is compatible with a statewide voter registration and voting system.
- Becoming Citizens The number of adults who became citizens is based on self-reporting.

To better understand the statistics in Table 16, four categories of baseline information are provided. The adults continuing in the program cannot be expected to have achieved certain indicators in Table 16, because they have not completed a personal learning plan or a program. The total number of adults in a program and those who have spent at least 12 hours in a program provide an opportunity for comparison of indicated success with those who did not report specific successes included on Table 16.

TABLE 16. WORK, FAMILY AND COMMUNITY INDICATORS
OF ADULT EDUCATION EFFECTIVENESS
See Table 16 on following page

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(Continuation)

**TABLE 16. WORK, FAMILY AND COMMUNITY INDICATORS OF ADULT EDUCATION EFFECTIVENESS
NUMBER OF ADULT LEARNERS**

INDICATOREstimated.....				
	<u>FY1991</u>	<u>FY1992</u>	<u>FY1993</u>	<u>FY1994</u>	<u>FY 1995</u>
Complete Learning Plan	16,054	14,040	15,341	15,807	16,306
Improving Basic Skills	38,385	37,879	38,273	38,274	38,277
Getting Off Welfare	856	783	856	882	909
Securing or Bettering Employment	8,133	7,364	7,441	7,441	7,441
Learning English	10,184	9,821	10,731	11,057	11,406
Enrolling in Higher Education	2,705	2,333	2,357	2,357	2,358
Earning Diploma or GED	6,959	7,044	7,697	7,931	8,181
Registering to Vote	573	249	252	252	252
Becoming Citizens	250	111	121	125	129
BASELINE INFORMATION					
Adults Continuing in Program	27,589	30,957	31,279	31,280	31,282
Adult Learners in Program	55,938	54,931	59,404	61,208	63,131
Adults with at least 12 Hours in Program	45,534	45,318	49,543	51,048	52,651
Percent with at least 12 Hours in Program	81.4%	82.5%	83.4%	83.4%	83.4%

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(Continuation)

Two additional outcomes for adult education have been identified, but more work is needed to clarify them in relationship to the other adult outcomes and to identify indicators. Both initial indicators, on which preliminary assessments can be made based on existing data, and long-range indicators need to be developed.

D. OUTCOME: REDEFINE THE DELIVERY SYSTEM FOR ADULT EDUCATION TO MEET CUSTOMER NEEDS

This outcome is important because undereducated adults need education more than in the past due to fewer employment opportunities available to those with limited skills. In addition, welfare reform and prison reform efforts utilize adult education as a vehicle for the development of human potential. Possible indicators include:

- the degree of participatory planning among adult consumers and adult education practitioners;
- identification of essential program components and the degree to which these learning opportunities and support services are offered;
- identification of essential partnerships to meet needs which reduce barriers to learning and the extent to which these partnerships exist;
- identification of the staff development process and the degree to which this system is available and used; and
- perception of program by adult learners and advocacy groups who refer adults to the programs.

E. OUTCOME: ASSURE EQUITABLE ACCESS BY THOSE WHO NEED ADULT PROGRAMS

This outcome is important because many of the individuals who can benefit from adult education face multiple barriers to living and learning. Even when programs are available in the community, some people may not be able to participate. Possible indicators could focus on the following:

- access to funding for programming—Are enough resources available so that programs don't need to have waiting lists, and are programs located appropriately so individuals can get to them?
- access for individuals—Do adults know about available programs? Are they able to get programs and be retained until their individual objectives are met? Are various target populations with cultural differences, or who face special barriers, proportionately included in programs?

VI. RACE/CULTURE

A. OVERVIEW The target populations for Race/Culture programs and services include minority students representing African American, Asian, Hispanic, and Native American communities. A variety of programs, strategies and funding supports are designed to assist individual learners and groups of learners with both learning opportunities and needed support services. While some programs provide effective, integrated educational opportunities for learners to value diversity and differences across all cultures and races, other programs focus on the unique needs of certain populations that require specific strategies to ensure success in school and beyond. All programs, through an emphasis on appreciation of cultural diversity, are designed to promote respect and value for all people and to better prepare our youth for lifelong learning and work in a changing world.

One cluster of programs directly impacts students by promoting cultural awareness and enhancing performance in the classroom for postsecondary success; examples of programs include Indian Culture and Language, and Indian Postsecondary Preparation. A second cluster provides incentives for minority teachers in preparation training, and to school districts for hiring minority teachers to serve as role models and to better reflect the diversity in their communities; examples of programs include Alternative Licensure - Minority Fellowship Grants, and Minority Teacher Incentives. The third cluster of programs provides funds to districts for providing Indian education through relevant curriculum and appreciation for cultural heritage, and for planning and operating costs related to racial desegregation for a more balanced and integrated learning environment; examples of programs include Indian Education Contingency, Integration Grant/Levy, and Cooperative Desegregation.

B. OUTCOME: STUDENTS WILL HAVE AN APPRECIATION OF CULTURAL DIVERSITY, WILL RESPECT AND VALUE ALL PEOPLE, AND WILL BE PREPARED FOR LIFELONG LEARNING AND WORK IN A CHANGING, CHALLENGING WORLD

Program effectiveness is best discussed in relation to three of the Minnesota Milestones indicators:

1. INDICATOR: Dropout Rate

There is a greater incidence of dropouts for minority students in Minnesota than for non-minority students. Table 17. Dropouts - All Students vs. Minority Students compares the annual dropout percentage of minority students to all students. This percentage is the number of students in Grades 7-12 who drop out each year. Although representing under 10% of the school population, the dropout rate for minorities is nearly three times the rate for all students.

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EDUCATION OUTCOMES AND PROGRAM EFFECTIVENESS

(Continuation)

TABLE 17. DROPOUTS - ALL STUDENTS VS. MINORITY STUDENTS

	All Students			Minority Students		
	Fall Enrollment	Dropouts		Fall Enrollment	Dropouts	
	(Grades 7-12)	Number	%	(Grades 7-12)	Number	%
1982-83	362,084	7,653	2.1	19,874	1,460	7.3
1983-84	356,228	7,685	2.2	20,059	1,376	6.9
1984-85	348,355	8,790	2.5	21,374	1,570	7.3
1985-86	339,051	8,776	2.6	22,159	1,608	7.3
1986-87	332,083	9,431	2.8	23,163	1,717	7.4
1987-88	326,120	9,787	3.0	24,229	2,004	8.3
1988-89	318,714	10,074	3.2	25,065	2,261	9.0
1989-90	316,995	10,797	3.4	27,137	2,631	9.7
1990-91	321,718	10,144	3.2	28,703	2,350	8.2

Table 18. Annual Dropout Rate by Racial Ethnic Group lists the annual dropout percentage rate in Minnesota by race/ethnicity. Although there are fluctuations in the rates for each category of students, the rates are higher for All Groups than they were ten years earlier. The cumulative effect of these rates is shown in Table 19. Four-Year Cumulative Dropout Rate. The four-year cumulative dropout rate was obtained by using the dropout incidence of Grade 9, 10, 11, and 12 students by racial/ethnic group in 1990-91. This rate represents the probability of an individual student not graduating from high school. The data show that, except for Asian students, approximately 50 percent of Minnesota's minority students may not graduate in 1993-94.

TABLE 18. ANNUAL DROPOUT RATE BY RACIAL ETHNIC GROUP

	Indian	Asian	Hispanic	Black	White	All Groups
						Total
1980-81	10.8%	1.6%	5.0%	11.4%	2.4%	2.6%
1981-82	10.9	4.0	5.8	12.0	2.2	2.5
1982-83	10.8	2.9	5.0	9.6	1.8	2.1
1983-84	9.2	2.0	4.9	9.7	1.9	2.2
1984-85	10.1	1.9	5.8	10.6	2.2	2.5
1985-86	10.8	2.6	6.6	9.3	2.3	2.6
1986-87	9.4	2.7	6.9	10.6	2.5	2.9
1987-88	11.6	3.1	8.1	11.3	2.6	3.0
1988-89	11.1	3.8	8.9	12.9	2.7	3.2
1989-90	12.4	4.9	9.9	13.1	2.8	3.4
1990-91	10.1	4.2	9.3	10.9	2.7	3.2

TABLE 19. FOUR-YEAR CUMULATIVE DROPOUT RATE
BY RACIAL/ETHNIC GROUP, CLASS OF 1994

Black	55.0%
American Indian	50.2%
Hispanic	46.9%
Asian	21.3%

The Indian Language and Culture program and the various integration/desegregation programs, including efforts such as specialty magnet schools, focus on improving learning environments, learner self-esteem, and supports in the classroom. These efforts help contribute to reducing dropouts for the target population or to holding the line on more drastic dropout possibilities.

2. INDICATOR: Participation in Postsecondary Education

Table 20. Participation Rate of Public High School Graduates by Racial/Ethnic Group shows that total minority participation in postsecondary education has slightly increased, although the Black and Hispanic participation has decreased. It would be useful to develop measures and to obtain data which demonstrate the contributions that the many programs and projects that support minority students and staff make to the improvement of this indicator.

TABLE 20.
PARTICIPATION RATE OF MINNESOTA PUBLIC HIGH SCHOOL GRADUATES BY
RACIAL/ETHNIC GROUP WHO WERE NEW ENTERING STUDENTS IN A
MINNESOTA POST-SECONDARY INSTITUTION THE FALL FOLLOWING THEIR
YEAR OF HIGH SCHOOL GRADUATION, FALL 1984 TO FALL 1991
See Table 20 on the following page

VII. FINANCIAL EQUITY

A. OVERVIEW In each session of the Legislature, one of the most important areas of decision-making is how to best fund our school districts, which translates into how to best fund the education of each learner. This involves not only what share of our resources are to be expended for this purpose, but also how these resources are to be shared among our learners.

Funding equity is a very complicated issue. The State has historically shared with school districts both the administration of education and the authority to obtain tax resources. Further, the provision of resources has been under a highly complex set of funding formulas that seek to provide for basic needs, above average costs due to district and student characteristics, and local choice. What is a proper resolution of the issues of level of need and an equitable distribution of scarce resources is very much a matter of perspective. The science of determining these issues is still in the developmental stage.

The issue of funding equity is now a matter for both the lawmakers and the courts. The district court decision in Skeen v. State of Minnesota has brought to the State Supreme Court the question of whether the current school finance system lacks sufficient equalization of

TABLE 20
PARTICIPATION RATE OF MINNESOTA PUBLIC HIGH SCHOOL GRADUATES BY RACIAL/ETHNIC
GROUP WHO WERE NEW ENTERING STUDENTS IN A MINNESOTA POST-SECONDARY INSTITUTION
THE FALL FOLLOWING THEIR YEAR OF HIGH SCHOOL GRADUATION, FALL 1984 TO FALL 1991

Year	AMERICAN INDIAN			ASIAN			BLACK			HISPANIC			TOTAL MINORITY			WHITE		
	HS GRAD	N E S	PART RATE	HS GRAD	N E S	PART RATE	HS GRAD	N E S	PART RATE	HS GRAD	N E S	PART RATE	HS GRAD	N E S	PART RATE	HS GRAD	N E S	PART RATE
1984	488	135	27.7%	803	370	46.1%	626	204	32.6%	329	120	36.5%	2,246	829	36.9%	52,338	23,951	45.8%
1985	468	133	28.4%	795	391	49.2%	642	174	27.1%	313	113	36.1%	2,218	811	36.6%	50,986	22,878	44.9%
1986	465	140	30.1%	766	423	55.2%	605	187	30.9%	334	121	36.2%	2,170	871	40.1%	49,419	23,197	46.9%
1987	459	168	36.6%	965	466	48.3%	743	221	29.7%	333	135	40.5%	2,500	990	39.6%	51,033	24,797	48.6%
1988	427	154	36.1%	1,065	546	51.3%	915	291	31.8%	423	162	38.3%	2,830	1,153	40.7%	51,815	24,242	46.8%
1989	438	133	30.4%	1,184	541	45.7%	1,016	240	23.6%	485	138	28.5%	3,123	1,052	33.7%	49,999	21,411	42.8%
1990	435	165	37.9%	1,263	594	47.0%	1,030	260	25.2%	514	155	30.2%	3,242	1,174	36.2%	45,845	19,705	43.0%
1991	488	152	31.1%	1,356	677	49.9%	880	253	28.8%	520	178	34.2%	3,244	1,260	38.8%	43,186	19,442	45.0%

NES = New Entering Student

New Entering Students who did not report their racial/ethnic group or year of high school graduation are not included.

Source: Minnesota Higher Education Coordinating Board

AGENCY: EDUCATION AIDS

EDUCATION OUTCOMES AND PROGRAM EFFECTIVENESS

(Continuation)

discretionary property tax levies and whether this creates disparities in revenues among districts. The district court found that the present system does not conform to the State Constitution's mandates for a uniform system of education and for equal protection of all citizens.

Several measures showing that the State has been making progress in the equitable provision of resources are presented below. Whether they are sufficient is a matter for legislative and judicial judgment.

B. VISION An equitable system of education will strive to ensure the success of every learner to the extent possible. An equitable system will strive toward the following objectives:

1. **Efficient Targeting of Resources** With limited state and local resources, and with concern for every learner, it is important that resources be expended where the need is greatest and the results or returns are the most. This means assessing the needs for resources and the relationship of returns to expenditures, and then allocating available resources among programs until the return per dollar expended is equal for all uses.

2. **Equity for all Learners** Expenditures should be equal for students with the same level of resource needs (horizontal equity) and appropriately unequal for students with varying levels of resource needs (vertical equity). This standard has been approached by having the majority of the funding based on a uniform revenue for all students, but with additional revenues provided for higher costs due to district and student differences. The latter has been approached with a system of cost factors in the General Education Revenue formula and with categorical aids and levies.

Another approach to equity is to guarantee equality of outcome. In concept, enough resources would be expended on each child such that a predetermined level of outcome would be achieved by all. This corresponds to vertical equity as described above, but would also require extensive assessment of outcomes and corresponding use of resources. In a 1989 report to the Legislative Commission on Public Education, it was stipulated that "Equal access to learning experiences must be provided so that all learners have the opportunity to meet identified learner outcomes."

3. **Provision for State and Local Leadership** The State provides leadership in promoting desired programs through categorical funding for specific purposes. School districts have discretion to raise additional property taxes to obtain programs and facilities desired locally.

4. **Taxpayer Equity** This is related to student equity, since the ability to raise property revenue may influence the amount ultimately raised per pupil unit. However, an equitable funding system should provide that the organization of school districts does not lead to disparities in property tax efforts that are unrelated to the exercise of local choice.

C. **MEASUREMENT OF PROGRESS** No absolute measure of equity is possible, for that would require a highly scientific ascertainment of the resources needed for each learner. Although extensive analysis has been done over the years, any final determination of this issue will require advances in theory and improved management techniques. However, there are certain areas where widespread agreement has been attained, and several of these measures are presented below.

D. **OUTCOME: THE DIFFERENCE IN GENERAL EDUCATION REVENUE (INCLUDING REFERENDUM REVENUE) PER PUPIL UNIT AMONG SCHOOL DISTRICTS WILL NOT INCREASE**

This is an agreed upon objective based on M.S. 124A.30, which stipulates that by October 1 of each year the Commissioner of Education must a) estimate the statewide average general education revenue per actual pupil unit and the range in general education revenue among pupils and districts by computing the difference between the 5th and the 95th percentiles of General Education Revenue, and b) provide this information each year to all school districts. Further, if the disparity between the 5th and the 95th percentiles increases in any year, the Commissioner must propose a change in the General Education formula that will limit the disparity in the revenue to no more than the disparity for the previous school year. The Commissioner must submit the proposal to the Education Committees of the Legislature by January 15 of each year.

1. **INDICATOR: Differences in General Education Revenue (including Referendum Revenue) Between the 5th and 95th Percentiles**

The following data for all school years are based on current law.

	1991-92	1992-93	1993-94
State Average	\$ 3,480	\$ 3,527	\$ 3,566
Percentiles:			
5th	\$ 3,032	\$ 3,057	\$ 3,091
95th	4,259	4,300	4,244
Dollar Gap:			
5th to 95th	\$ 1,227	\$ 1,243	\$ 1,153
Ratios:			
5th to 95th	1.404	1.407	1.373

Observations:

Both the dollar gap and the ratio increased slightly between 1991-92 and 1992-93. However, under current law the gap and the ratio decrease slightly between 1992-93 and 1993-94.

2. **INDICATOR: The difference in General Education Revenue excluding cost factors will not increase**

The following data include only the Basic Revenue, the Supplemental Revenue, and the Referendum Revenue. Excluded are the General Education cost component revenues for Compensatory (AFDC), Training and Experience of Teachers, and Sparsity. The concept is that the cost components are for recognized cost differences and should not be considered in examining the distribution of revenues.

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EDUCATION OUTCOMES AND PROGRAM EFFECTIVENESS

(Continuation)

	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>
State Average	\$ 3,390	\$ 3,399	\$ 3,421
Percentiles:			
5th	\$ 3,050	\$ 3,050	\$ 3,050
95th	4,167	4,173	4,118
Dollar Gap:			
5th to 95th	\$ 1,117	\$ 1,123	\$ 1,068
Ratios:			
5th to 95th	1.366	1.368	1.350

Observations:

With the cost factors removed, the dollar gap and the ratios are less than in the previous indicator. Also, the same yearly pattern exists, with the differences increasing very slightly between 1991-92 and 1992-93, but decreasing between 1992-93 and 1993-94 under current law.

E. OUTCOME: ALL DISCRETIONARY PROPERTY TAX LEVIES WILL BE EQUALIZED

Levy equalization means that when any district chooses to exercise its levy authority, that the revenue per pupil unit obtained will be the same among districts for each percentage of local property tax effort. State aid is used to supplement the varying yields of property tax dollars per pupil unit for each percentage of property tax effort among the districts. The degree of equalization (i.e., the amount of guaranteed revenue per pupil unit for each percentage of tax effort) may vary among programs, depending on the degree to which the State may view the necessity of the revenue. As a result, essential programs may have full equalization with a high guaranteed yield for property tax effort, while more optional programs have partial equalization with a lower guaranteed yield for property tax effort. Full equalization is the equalization rate used in the General Education formula; using this guarantees revenues per percentage of property tax effort equal to the districts with the very highest property valuation per pupil unit.

1. INDICATOR: All Major Funding Formulas will be Equalized

The district court case centered on two major funding programs and their lack of equalization: the referendum levy for operating purposes, and the referendum levy for bonding for facility construction. Prior to the 1991 legislative session, neither of these two major levies were equalized. The legislature in 1991 and 1992 provided partial equalization of these two levies, such that all major funding programs now have at least partial equalization.

In addition, the district court specified that the revenues provided in the Supplemental Revenue, although equalized, were not related to need and only continued previous inequity. The Supplemental Revenue is a "hold-harmless" component which was originally implemented so that no district would lose revenue per pupil unit when the basic support formula was changed for 1987-88 and thereafter. It amounts to about \$15 million per year statewide, and is 60% levy. This revenue will need to be modified or eliminated if the State Supreme Court upholds the district court regarding this component.

- a. **Referendum Levy for Operating Purposes** The 1991 Legislature, with amendments in 1992, enacted a substantial degree of equalization to this levy. When fully phased-in in F.Y. 1995, the levy will be 50% equalized up to 10% of the formula allowance. Also, total levy revenue cannot exceed 30% of the formula allowance unless the existing levy exceeds this amount, and new levies are limited to 5 years of duration. This creates a difference among districts: the referendum levies previously passed are for as long as specified on the ballot, usually forever, but the new levies passed will only be for five years.
- b. **Debt Service Levy** The Legislature in 1992 enacted equalization of the Debt Service levy. State aid is provided to equalize the portion of the debt service levy that exceeds 10% of the district's Adjusted Net Tax Capacity at 50% of the equalizing factor. The aid is phased-in over 3 years beginning in F.Y. 1993. The Maximum Effort School Loan program is retained to ensure, even with the equalization, that no district's need exceeds a specified level of current property tax effort.
- c. **Equalization from Previous Legislative Sessions** Other major programs for which equalized funding has been enacted in recent years include:

Capital Expenditure The Facilities and Equipment components of Capital Expenditure are fully equalized levies, while the Health and Safety levy is partially equalized.

Special Education Levy The Special Education Levy for uncompensated costs up to 66% of salaries is partially equalized.

2. INDICATOR: Percent of School District Levies that are Equalized

	<u>Pay 91 Levy</u> <u>1991-92</u>		<u>Pay 92 Levy</u> <u>1992-93</u>		<u>Pay 93 Levy</u> <u>1993-94</u>	
(\$ in millions)						
Fully Equalized	\$ 909.4	54.0%	\$ 982.9	54.5%	\$ 1,060.6	52.8%
Partially Equalized	180.7	10.7	529.6	29.4	761.8	38.0
Not Equalized	593.5	35.3	290.4	16.1	184.1	9.2
Total Levies	\$ 1,683.6	100.0%	\$ 1,802.9	100.0%	\$ 2,006.5	100.0%

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EDUCATION AIDS

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EDUCATION AIDS PROGRAMS

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EDUCATION AIDS APPROPRIATIONS AND CERTIFIED LEVIES

(\$ IN 000s)

----- HISTORICAL EXPENDITURES -----				----- GOVERNOR'S RECOMMENDATION -----		
	F.Y. 1992	F.Y. 1993	BIENNIUM	F.Y. 1994	F.Y. 1995	BIENNIUM
A. STATE GENERAL FUND AID APPROPRIATIONS AND ASSOCIATED LEVIES						
01 GENERAL EDUCATION PROGRAM						
Aid Appropriations	\$1,623,871	\$1,560,032	\$3,183,703	\$1,770,325	\$1,873,661	\$3,643,986
Certified Levies	1,122,530	1,195,419	2,317,949	1,274,661	1,366,437	2,641,098
02 PUPIL TRANSPORTATION PROGRAM						
Aid Appropriations	\$114,932	\$122,934	\$237,866	\$125,974	\$137,853	\$263,827
Certified Levies	126,219	132,323	258,542	137,136	134,129	271,265
03 SPECIAL PROGRAMS						
Aid Appropriations	\$222,841	\$237,123	\$459,964	\$253,535	\$271,058	\$524,593
Certified Levies	72,737	89,382	162,119	98,942	122,946	221,888
04 COMMUNITY AND FAMILY EDUCATION						
Aid Appropriations	\$35,097	\$28,140	\$63,237	\$30,103	\$33,520	\$63,623
Certified Levies	47,120	51,530	98,650	54,583	49,874	104,457
05 EDUCATION FACILITIES/EQUIPMENT						
Aid Appropriations	\$120,191	\$127,275	\$247,466	\$135,773	\$152,510	\$288,283
Certified Levies	266,161	279,342	545,503	336,112	370,254	706,366
06 EDUCATION ORGANIZATION/COOPERATION						
Aid Appropriations	\$9,457	\$8,577	\$18,034	\$7,524	\$7,987	\$15,511
Certified Levies	31,813	27,895	59,708	36,995	35,395	72,390
07 ACCESS TO EXCELLENCE						
Aid Appropriations	\$2,838	\$3,384	\$6,222	\$27,236	\$48,371	\$75,607
Certified Levies	0	0	0	0	0	0
08 OTHER EDUCATION PROGRAMS						
Aid Appropriations	\$37,055	\$37,928	\$74,983	\$41,002	\$40,253	\$81,255
Certified Levies	21,486	32,950	54,436	62,882	60,539	123,421
10 PUBLIC LIBRARIES						
Aid Appropriations	\$6,604	\$8,090	\$14,694	\$8,346	\$8,346	\$16,692
Certified Levies	0	0	0	0	0	0
11 DISCONTINUED/NONRECURRING PROGRAMS						
Aid Appropriations	\$308	\$767	\$1,075	\$0	\$0	\$0
TOTAL	\$3,861,060	\$3,943,091	\$7,804,151	\$4,401,129	\$4,713,133	\$9,114,262
Aid Appropriations	2,172,994	2,134,250	4,307,244	2,399,818	2,573,559	4,973,377
Certified Levies	1,688,066	1,808,841	3,496,907	2,001,311	2,139,574	4,140,885
B. OTHER STATE FUNDS	\$36,075	\$32,171	\$68,246	\$33,270	\$33,280	\$66,550
C. FEDERAL FUNDS	\$235,142	\$251,363	\$486,505	\$252,820	\$252,820	\$505,640
D. TOTAL STATE, FED. AND ASSOC. LEVIES	\$4,132,277	\$4,226,625	\$8,358,902	\$4,687,219	\$4,999,233	\$9,686,452

Revised 3-4-93

EDUCATION AIDS APPROPRIATIONS

(\$ IN 000s)

-----HISTORICAL EXPENDITURES-----				-----GOVERNOR'S RECOMMENDATION-----		
	F.Y. 1992	F.Y.1993	BIENNIUM	F.Y.1994	F.Y.1995	BIENNIUM
A. STATE GENERAL FUND						
01	GENERAL EDUCATION PROGRAM					
01 General Education	\$1,623,671	\$1,558,732	\$3,182,403	\$1,770,325	\$1,873,661	\$3,643,986
04 Short-Term Borrowing Reimbursement	0	1,300	1,300	0	0	0
TOTAL	\$1,623,671	\$1,560,032	\$3,183,703	\$1,770,325	\$1,873,661	\$3,643,986
02	PUPIL TRANSPORTATION PROGRAM					
01 Transportation Program	\$114,872	\$122,874	\$237,746	\$125,907	\$137,776	\$263,683
02 Post-Sec Enrollment Options Transp.	45	46	91	52	58	110
03 District Enrollment Options Transp.	15	14	29	15	19	34
TOTAL	\$114,932	\$122,934	\$237,866	\$125,974	\$137,853	\$263,827
03	SPECIAL PROGRAMS					
01 Special Education - Regular	\$167,665	\$167,238	\$334,903	\$176,002	\$186,394	\$362,396
02 Special Education - Special Pupil	277	554	831	318	337	655
03 Special Education - Summer School	4,862	4,865	9,727	5,081	5,140	10,221
04 Special Educ. Home Based Travel	66	71	137	124	159	283
05 Special Educ. - Residential/Excess Cost	2,315	2,535	4,850	2,616	5,555	8,171
06 Limited English Proficiency	3,927	3,994	7,921	4,988	5,539	10,527
07 Sec. Voc. Students with Disabilities	4,691	4,652	9,343	4,573	4,592	9,165
08 Special Educ. Levy Equalization Aid	0	8,215	8,215	13,572	16,165	29,737
09 Secondary Vocational	11,452	11,977	23,429	12,079	13,244	25,323
10 Indian Language and Culture	579	590	1,169	591	591	1,182
11 Indian Education	175	175	350	175	175	350
12 Indian Post-Secondary Preparation	857	857	1,714	857	857	1,714
13 Indian Scholarships	1,594	1,606	3,200	1,600	1,600	3,200
14 Indian Teacher Grants	135	245	380	190	190	380
15 Tribal Contract Schools	600	600	1,200	374	457	831
16 Tribal Schools - ECFE	68	68	136	68	68	136
17 Assurance of Mastery	12,399	12,782	25,181	12,949	13,078	26,027
18 Individualized Learning & Development	10,924	15,821	26,745	16,845	16,884	33,729

EDUCATION AIDS APPROPRIATIONS

(\$ IN 000s)

	-----HISTORICAL EXPENDITURES-----			-----GOVERNOR'S RECOMMENDATION-----		
	F.Y. 1992	F.Y.1993	BIENNIUM	F.Y.1994	F.Y.1995	BIENNIUM
19 Community Living -- Disabled Youth	255	245	500	500	0	500
20 Summer Health Intern Grants	0	33	33	33	33	66
TOTAL	\$222,841	\$237,123	\$459,964	\$253,535	\$271,058	\$524,593
04 COMMUNITY AND FAMILY EDUCATION						
01 Community Education Program	\$3,636	\$3,464	\$7,100	\$3,182	\$3,291	\$6,473
02 Extended Day Equalization	0	0	0	0	340	340
03 Adult Education	5,923	5,869	11,792	5,904	10,794	16,698
04 Adults with Disabilities	670	670	1,340	670	670	1,340
05 Adult Graduation Aid	1,287	1,364	2,651	1,365	1,365	2,730
06 Hearing Impaired Adults	70	70	140	70	70	140
07 Early Childhood Family Education	12,856	12,624	25,480	13,464	13,762	27,226
08 Early Childhood Screening	1,489	1,607	3,096	1,558	1,550	3,108
09 Way To Grow	808	142	950	950	0	950
10 Adult Education -- GED on TV	100	100	200	98	98	196
11 Violence Prevention Councils	0	250	250	250	250	500
12 Learning Readiness	8,000	0	8,000	1,412	0	1,412
13 GED Test Reimbursement	0	180	180	180	180	360
15 Adult Learning Advisory Council	258	300	558	300	300	600
16 Student Survey	0	0	0	0	150	150
17 Violence Prevention Education	0	1,500	1,500	700	700	1,400
TOTAL	\$35,097	\$28,140	\$63,237	\$30,103	\$33,520	\$63,623
05 EDUCATION FACILITIES/EQUIPMENT						
01 Capital Expenditure -- Facilities	\$73,185	\$71,790	\$144,975	\$72,040	\$71,465	\$143,505
02 Capital Expenditure -- Equipment	36,593	35,410	72,003	35,455	36,121	71,576
03 Capital Expend. Health & Safety	10,413	11,148	21,561	11,260	18,924	30,184
04 Maximum Effort School Loan	0	5,927	5,927	0	0	0
09 Debt Service	0	3,000	3,000	17,018	26,000	43,018
TOTAL	\$120,191	\$127,275	\$247,466	\$135,773	\$152,510	\$288,283

EDUCATION AIDS APPROPRIATIONS

(\$ IN 000s)

-----HISTORICAL EXPENDITURES-----				-----GOVERNOR'S RECOMMENDATION-----		
	F.Y. 1992	F.Y. 1993	BIENNIUM	F.Y. 1994	F.Y. 1995	BIENNIUM
06 EDUCATION ORGANIZATION/COOPERATION						
01 Education Districts	\$2,798	\$395	\$3,193	\$0	\$0	\$0
02 Secondary Vocational Cooperatives	172	26	198	0	0	0
05 Cooperation/Combination	2,328	4,148	6,476	3,516	3,979	7,495
06 ECSU Aid	748	733	1,481	733	733	1,466
07 Regional Management Information Centers	3,411	3,275	6,686	3,275	3,275	6,550
TOTAL	\$9,457	\$8,577	\$18,034	\$7,524	\$7,987	\$15,511
07 ACCESS TO EXCELLENCE						
01 Area Learning Centers	\$150	\$150	\$300	\$150	\$150	\$300
02 Arts Planning Grants	38	38	76	38	38	76
03 Summer Program Scholarships (HECB)	214	214	428	214	214	428
04 Teacher Education Improvement (Bd of T)	57	108	165	165	0	165
05 Advanced Placement and IB	0	300	300	300	300	600
06 Mathematics-Science Grant	0	150	150	1,500	1,500	3,000
07 Outcome Based Education	643	707	1,350	575	575	1,150
08 PER Assistance	591	577	1,168	575	575	1,150
09 Educational Effectiveness	895	870	1,765	870	870	1,740
10 MAEF	250	270	520	259	259	518
11 Partners for Quality	0	0	0	140	140	280
12 Graduation Standards & Assessment	0	0	0	4,000	4,000	8,000
13 Accelerated Standards Adoption Project	0	0	0	12,250	39,750	52,000
14 Outcome Based Schools Fund	0	0	0	5,800	0	5,800
15 Parent/Student Information (MN Planning)	0	0	0	400	0	400
TOTAL	\$2,838	\$3,384	\$6,222	\$27,236	\$48,371	\$75,607
08 OTHER EDUCATION PROGRAMS						
01 School Lunch and Milk	\$5,925	\$5,925	\$11,850	\$5,925	\$5,925	\$11,850
02 Alt. Licensure-Fellowship Grants	0	100	100	100	100	200
03 Teacher Mentorship	230	460	690	340	340	680
04 Minority Teacher Incentives	485	515	1,000	1,000	0	1,000
05 Integration Grants	15,844	15,844	31,688	15,844	15,844	31,688

EDUCATION AIDS APPROPRIATIONS

(\$ IN 000s)

	-----HISTORICAL EXPENDITURES-----			-----GOVERNOR'S RECOMMENDATION-----		
	F.Y. 1992	F.Y.1993	BIENNIUM	F.Y.1994	F.Y.1995	BIENNIUM
07 Cooperative Desegregation Grants	400	200	600	300	300	600
08 Nonpublic Pupil Aid	8,153	8,866	17,019	8,893	8,893	17,786
10 Abatement Aid	6,018	6,018	12,036	7,334	7,567	14,901
13 School Breakfast	0	0	0	700	700	1,400
14 Teacher Preparation (Bd. of T)	0	0	0	325	325	650
15 Multicultural Initiative (SBE)	0	0	0	241	259	500
TOTAL	\$37,055	\$37,928	\$74,983	\$41,002	\$40,253	\$81,255
10 PUBLIC LIBRARIES						
01 Libraries -- Basic Grants	\$6,118	\$7,563	\$13,681	\$7,819	\$7,819	\$15,638
02 Libraries -- Cooperative Grants	486	527	1,013	527	527	1,054
TOTAL	\$6,604	\$8,090	\$14,694	\$8,346	\$8,346	\$16,692
11 DISCONTINUED/NONRECURRING PROGRAMS						
02 Transition Task Force (Tech. College)	\$40	\$0	\$40			\$0
04 Telecommunication Grants	160	0	160			0
05 Adult Education -- Basic Skills Evaluation	0	75	75			0
08 Liability Insurance	13	27	40			0
09 Unemployment Compensation	2	28	30			0
10 ECFE -- Violence Prevention	0	500	500			0
17 Tobacco Use Prevention	93	0	93			0
20 Facilities Planning (#518)	0	25	25			0
22 Facilities Planning	0	100	100			0
23 MN Education Ag. Leadership	0	12	12			
TOTAL	\$308	\$767	\$1,075			\$0
TOTAL STATE GENERAL FUND	\$2,172,994	\$2,134,250	\$4,307,244	\$2,399,818	\$2,573,559	\$4,973,377

Appropriation data shown for F.Y. 1992 and F.Y. 1993 are actual or estimated expenditures during the year, including both prior year adjustment payments and current year payments.

For many aid programs the current year payments are based on 85% of the estimated annual aid entitlement for the current year. The final adjustment payments made in the following year are based on 100% of the actual aid entitlement computed using school district end-of-year data, minus the 85% current year payments.

The expenditure amounts shown by program may not equal the direct appropriations provided in law due to cancellations, balances forward, or transfers from programs with excess appropriations to programs with deficient appropriations. The Governor's recommendations for F.Y. 1994 and F.Y. 1995 are also shown on the 85-15% funding basis.

EDUCATION AIDS APPROPRIATIONS

(\$ IN 000s)

-----HISTORICAL EXPENDITURES-----				-----GOVERNOR'S RECOMMENDATION-----			
	F.Y. 1992	F.Y.1993	BIENNIUM	F.Y.1994	F.Y.1995	BIENNIUM	
B. OTHER STATE FUNDS							
	MN ENVRNMNTL AND NAT. RESOURCES TRUST (Fund 03)						
11	DISCONTINUED/NONRECURRING						
	26 Education -- LCMR	\$430	\$400	\$830	\$0	\$0	\$0
	MINNESOTA FUTURE RESOURCES (Fund 13)						
11	DISCONTINUED/NONRECURRING						
	26 Education -- LCMR	320	0	320	0	0	0
	SPECIAL REVENUE (Fund 20)						
04	COMMUNITY AND FAMILY EDUCATION						
	14 Alcohol Impaired Drivers Ed	543	889	1,432	627	627	1,254
07	ACCESS TO EXCELLENCE						
	08 State PER Assistance	80	104	184	104	104	208
	10 MAEF	7	10	17	10	10	20
08	OTHER EDUCATION PROGRAMS						
	01 School Lunch and Milk	130	270	400	270	270	540
11	DISCONITUED/NONRECURRING						
	12 Courseware Development	149	185	334	185	185	370
	SCHOOL ENDOWMENT (Fund 21)						
01	GENERAL EDUCATION						
	01 General Education	34,382	30,250	64,632	32,000	32,000	64,000
	GIFT (Fund 69)						
03	SPECIAL PROGRAMS						
	13 Indian Scholarships	1	5	6	4	4	8
07	ACCESS TO EXCELLENCE						
	10 Academic Excellence Foundation	33	58	91	70	80	150
TOTAL OTHER STATE FUNDS		\$36,075	\$32,171	\$68,246	\$33,270	\$33,280	\$66,550

EDUCATION AIDS APPROPRIATIONS

(\$ IN 000s)

		-----HISTORICAL EXPENDITURES-----			-----GOVERNOR'S RECOMMENDATION-----		
		F.Y. 1992	F.Y.1993	BIENNIUM	F.Y.1994	F.Y.1995	BIENNIUM
C. FEDERAL FUNDS							
11	DISCONTINUED/NONRECURRING PROGRAMS						
	31 School Bus Safety	\$38	\$0	\$38			\$0
	34 Impact Assistance	30	43	73			0
12	FEDERAL FLOW THROUGH PROGRAMS						0
	01 Special Education – Handicapped	\$28,074	\$28,110	\$56,184	\$28,110	\$28,110	\$56,220
	02 Special Education – Preschool Incentive	8,861	6,485	15,346	6,485	6,485	12,970
	03 Special Education – Infants & Toddlers	2,244	1,177	3,421	1,177	1,177	2,354
	04 Special Education Deaf/Blind	192	192	384	192	192	384
	05 Special Education – Handicap N/D in Residential Facilities	1,412	2,097	3,509	2,097	2,097	4,194
	06 Chapter 1 ECIA	64,260	68,360	132,620	68,360	68,360	136,720
	07 Migrant Grants/Education	1,503	1,623	3,126	1,623	1,623	3,246
	08 Emergency Immigrant Education	121	121	242	121	121	242
	09 Secondary Vocational	1,572	3,080	4,652	3,080	3,080	6,160
	10 Transition Service for Youths with Disabilities	265	446	711	446	446	892
	11 Homeless Children and Youth	35	223	258	223	223	446
	12 School Age Child Care – Dependent Care/Network Grants	176	536	712	536	536	1,072
	13 Drug Abuse Prevention Program	7,419	7,186	14,605	7,186	7,186	14,372
	14 Serve America (Youth Service)	0	201	201	201	201	402
	15 AIDS Education	26	0	26	0	0	0
	16 Adult Education	2,866	3,215	6,081	2,715	2,715	5,430
	17 Foreign Language Assistance	0	101	101	101	101	202
	18 Byrd Scholarship Program	157	174	331	174	174	348
	19 National Science Foundation	0	0	0	2,000	2,000	4,000
	20 Teacher Inservice Training	2,241	2,659	4,900	2,659	2,659	5,318
	21 Consolidated Federal Programs (Block Grant)	7,088	7,831	14,919	7,831	7,831	15,662
	22 Public Library Aid	1,104	1,300	2,404	1,300	1,300	2,600
	23 Nutrition Education Training	23	64	87	64	64	128
	24 School Lunch	48,539	53,493	102,032	53,493	53,493	106,986

AGENCY: EDUCATION AIDS

EDUCATION AIDS APPROPRIATIONS

(\$ IN 000s)

	-----HISTORICAL EXPENDITURES-----			-----GOVERNOR'S RECOMMENDATION-----		
	F.Y. 1992	F.Y.1993	BIENNIUM	F.Y.1994	F.Y.1995	BIENNIUM
FEDERAL FLOW THROUGH PROGRAMS CONTINUED						
25 Special Milk	844	881	1,725	881	881	1,762
26 School Breakfast	5,332	6,222	11,554	6,222	6,222	12,444
27 Child and Adult Care Food	48,469	54,008	102,477	54,008	54,008	108,016
28 Summer Food Service	2,251	1,535	3,786	1,535	1,535	3,070
TOTAL FEDERAL FUNDS	<u>\$235,142</u>	<u>\$251,363</u>	<u>\$486,505</u>	<u>\$252,820</u>	<u>\$252,820</u>	<u>\$505,640</u>

SCHOOL DISTRICT GROSS CERTIFIED LEVIES

(\$ IN 000s)

Program Category

----- HISTORICAL LEVIES -----

----- GOVERNOR'S RECOMMENDATION -----

Calendar Year of Levy	F.Y. 1992 Pay 1991	F.Y. 1993 Pay 1992	BIENNIUM	F.Y. 1994 Pay 1993	F.Y. 1995 Pay 1994	BIENNIUM
01 GENERAL EDUCATION						
01 General Education	\$845,542.0	\$916,582.0	\$1,762,124.0	\$971,794.7	\$1,043,191.5	\$2,014,986.2
01 Training and Experience		16,038.4	16,038.4	23,243.9	35,692.8	58,936.7
01 Supplemental	7,500.0	9,160.4	16,660.4	8,001.2	6,563.9	14,565.1
03 Referendum	269,487.5	268,034.7	537,522.2	276,512.7	286,946.0	563,458.7
-- Limitation Adjustments		(14,396.9)	(14,396.9)	(4,891.3)		(4,891.3)
TOTAL	\$1,122,529.5	\$1,195,418.6	\$2,317,948.1	\$1,274,661.2	\$1,372,394.2	\$2,647,055.4
02 PUPIL TRANSPORTATION						
01 Basic	\$66,187.7	\$63,655.0	\$129,842.7	\$68,003.5	\$68,000.0	\$136,003.5
01 Nonregular	22,771.3	28,399.0	51,170.3	28,079.5	28,000.0	56,079.5
01 Contracts	6,836.4	7,112.7	13,949.1	7,491.0	7,865.5	15,356.5
01 Excess	21,372.7	22,537.8	43,910.5	22,403.1	20,056.3	42,459.4
01 Late Activity Bus			0.0	2,035.8	2,227.6	4,263.4
02 Bus Purchase	8,132.2	7,958.1	16,090.3	6,320.4	6,320.4	12,640.8
03 Postsecondary	129.6	173.5	303.1	159.9	159.9	319.8
-- Abatement Adjustment	715.4	1,115.7	1,831.1	1,864.4	1,910.8	3,775.2
-- Limitation Adjustments	74.1	1,371.3	1,445.4	778.1	721.3	1,499.4
TOTAL	\$126,219.4	\$132,323.1	\$258,542.5	\$137,135.7	\$135,261.8	\$272,397.5
03 SPECIAL PROGRAMS						
08 Special Education Current Year	\$56,465.0	\$69,210.6	\$125,675.6	\$77,366.5	\$96,323.9	\$173,690.4
-- Limitation Adjustments	16,272.1	20,171.0	36,443.1	21,575.2	26,621.6	48,196.8
TOTAL	\$72,737.1	\$89,381.6	\$162,118.7	\$98,941.7	\$122,945.5	\$221,887.2
04 COMMUNITY AND FAMILY EDUCATION						
01 Community Education Basic	\$24,775.6	\$25,919.0	\$50,694.6	\$26,819.2	\$26,650.0	\$53,469.2
02 Grandfather	660.6	657.8	1,318.4	661.4	600.4	1,261.8
02 Extended Day-Disabled			0.0	2,338.6	2,100.0	4,438.6
03 Adult Education Basic	5,620.4	5,978.2	11,598.6	5,790.0	0.0	5,790.0
04 Adults with Disabilities	630.9	647.7	1,278.6	647.7	656.6	1,304.3
07 Early Childhood Family Education	15,074.5	17,553.4	32,627.9	17,423.3	17,141.2	34,564.5
-- Abatement Adjustment	338.4	483.2	821.6	779.5	819.3	1,598.8
-- Limitation Adjustments	19.6	290.3	309.9	123.4	2,065.4	2,188.8
TOTAL	\$47,120.0	\$51,529.6	\$98,649.6	\$54,583.1	\$50,032.9	\$104,616.0

AGENCY: EDUCATION AIDS

SCHOOL DISTRICT GROSS CERTIFIED LEVIES

(\$ IN 000s)

Program Category	----- HISTORICAL LEVIES -----			----- GOVERNOR'S RECOMMENDATION -----		
	F.Y. 1992	F.Y. 1993	BIENNIUM	F.Y. 1994	F.Y. 1995	BIENNIUM
	Pay 1991	Pay 1992		Pay 1993	Pay 1994	
Calendar Year of Levy						
05 EDUCATION FACILITIES/EQUIPMENT						
01 Facilities - Capital	\$37,003.1	\$38,678.7	\$75,681.8	\$40,663.4	\$42,884.6	\$83,548.0
02 Equipment - Capital	18,382.5	19,260.9	37,643.4	19,838.1	21,604.9	41,443.0
03 Health and Safety	40,381.5	38,272.4	78,653.9	65,000.0	48,307.0	113,307.0
07 Coop Secondary Facilities Debt	1,291.7	1,306.3	2,598.0	1,324.1	1,324.1	2,648.2
08 Building Lease	7,839.8	10,905.8	18,745.6	15,335.1	16,868.6	32,203.7
08 Lease Purchase			0.0			
08 Interactive Television		1,225.5	1,225.5	3,274.1	3,274.1	6,548.2
08 Energy Conservation	3,495.3	3,730.5	7,225.8	4,200.0	4,700.0	8,900.0
08 Building Construction Downpayment	928.7	1,287.5	2,216.2	1,037.6	1,037.6	2,075.2
08 Cooperative Building Repair	77.3		77.3			
08 Disabled Access			0.0	20,000.0	20,000.0	40,000.0
08 Debt Service and Equalization	177,443.8	183,747.2	361,191.0	195,899.0	217,935.8	413,834.8
08 Debt Service Facilities	184.7	131.1	315.8	10.0	10.0	20.0
08 Debt Service Equipment	251.7	294.2	545.9	269.7	269.7	539.4
08 Debt Excess Levy	(13,000.0)	(20,227.3)	(33,227.3)	(9,849.8)	(7,000.0)	(16,849.8)
-- Abatement Adjustment	1,459.8	2,316.1	3,775.9	3,187.1	3,348.9	6,536.0
-- Limitation Adjustments	(9,579.4)	(1,587.1)	(11,166.5)	(13,814.7)	(162.5)	(13,977.2)
-- Consolidation (Capital Expense)			0.0	51.4	51.4	102.8
TOTAL	\$266,160.5	\$279,341.8	\$545,502.3	\$346,425.1	\$374,454.2	\$720,879.3
06 EDUCATION ORGANIZATION/COOPERATION						
01 Education Districts	\$11,294.5	\$12,722.5	\$24,017.0	\$13,024.0	\$13,296.9	\$26,320.9
02 Sec. Vocational Cooperatives	1,009.5	809.2	1,818.7	830.0	812.0	1,642.0
03 Interdistrict Cooperation	1,956.6	1,690.1	3,646.7	1,733.8	1,739.0	3,472.8
04 Intermediate Districts	17,129.4	14,858.7	31,988.1	15,096.5	15,049.5	30,146.0
05 Cooperation/Combination	422.6	941.0	1,363.6	1,827.8	1,995.6	3,823.4
-- Ed District/Voc Coop Formula Change		(401.9)	(401.9)	2,369.4	2,197.0	4,566.4
-- Intermediate Formula Change		(2,724.9)	(2,724.9)	2,220.5		2,220.5
TOTAL	\$31,812.6	\$27,894.7	\$59,707.3	\$37,102.0	\$35,090.0	\$72,192.0
07 ACCESS TO EXCELLENCE						
08 OTHER EDUCATION PROGRAMS						
06 Desegregation	\$14,603.5	\$14,260.0	\$28,863.5	\$14,624.8	\$15,023.0	\$29,647.8
10 Abatement	6,649.8	11,335.5	17,985.3	19,915.2	20,336.3	40,251.5
11 Unemployment Insurance	4,100.7	5,282.5	9,383.2	6,446.4	7,355.3	13,801.7
11 Statutory Operating Debt	151.3	126.8	278.1	134.0	129.2	263.2
11 Operating Debt	285.0	238.5	523.5	465.9	465.9	931.8

SCHOOL DISTRICT GROSS CERTIFIED LEVIES

(\$ IN 000s)

Program Category	----- HISTORICAL LEVIES -----			----- GOVERNOR'S RECOMMENDATION -----		
	F.Y. 1992	F.Y. 1993	BIENNIUM	F.Y. 1994	F.Y. 1995	BIENNIUM
Calendar Year of Levy	Pay 1991	Pay 1992		Pay 1993	Pay 1994	
11 Judgement	291.6	542.9	834.5	246.0	550.0	796.0
11 State Audit	20.0	12.5	32.5	14.3	25.0	39.3
11 Health Insurance Levy			0.0	727.1	727.1	1,454.2
11 Health Benefit Levy			0.0	8,446.6	8,446.6	16,893.2
11 Minneapolis Retirement	1,959.8	1,759.6	3,719.4	3,134.9	2,409.6	5,544.5
11 Minneapolis Health Insurance	0.0	358.8	358.8	321.2	321.4	642.6
11 St. Paul Severance	399.0	410.2	809.2	0.0	417.9	417.9
11 Special Cooperation Levy			0.0	6,341.4	6,430.4	12,771.8
11 Crime Levy		2,685.4	2,685.4	3,619.4	3,670.0	7,289.4
11 Ice Arena Levy			0.0	167.5	203.2	370.7
11 Reorganization Operating Debt Levy		150.5	150.5	298.0	448.0	746.0
11 Severance Levies	475.4	720.6	1,196.0	490.9	560.0	1,050.9
11 Consolidation/Transition Levies	116.2	358.0	474.2	134.8	255.0	389.8
-- Low Fund Balance			0.0	1,005.3		1,005.3
-- Tech College Merger -- Service Fees		412.1	412.1	1,336.0	835.2	2,171.2
-- White Bear Lake Adjustment	644.7	644.7	1,289.4			
-- Limitation Adjustments	(8,211.0)	(6,348.9)	(14,559.9)	(4,214.7)	(3,624.0)	(7,838.7)
TOTAL	\$21,486.0	\$32,949.7	\$54,435.7	\$63,655.0	\$64,985.1	\$128,640.1
GRAND TOTAL CERTIFIED LEVIES	\$1,688,065.1	\$1,808,839.1	\$3,496,904.2	\$2,012,503.8	\$2,155,163.7	\$4,167,667.5
SUMMARY BY MAJOR TYPE OF LEVY						
Operating Fund Levies	\$1,421,753.3	\$1,529,370.5	\$2,951,123.8	\$1,665,944.7	\$1,780,580.3	\$3,446,525.0
Nonoperating Fund Levies	266,160.5	279,341.8	545,502.3	346,425.1	374,454.2	720,879.3
School District Revenue	\$1,687,913.8	\$1,808,712.3	\$3,496,626.1	\$2,012,369.8	\$2,155,034.5	\$4,167,404.3
Statutory Operating Debt	151.3	126.8	278.1	134.0	129.2	263.2
TOTAL LEVIES	\$1,688,065.1	\$1,808,839.1	\$3,496,904.2	\$2,012,503.8	\$2,155,163.7	\$4,167,667.5

NOTE: Levy data shown for F.Y. 1992 and F.Y. 1993 are actual amounts certified by school districts based on district estimates of pupil units, expenditures, and other factors driving levy limitations. Limitation adjustments based on actual data are shown in the year that the adjustments are certified. Levy data shown for F.Y. 1994 are estimated certified levies based on actual levy limitations and projected certification percentages. Levy data shown for F.Y. 1995 are estimated certified levies based on formulas recommended by the Governor, extrapolation of levy trends from recent years, and estimated 1992 adjusted net tax capacities.

The amounts shown may differ from the amounts reported on the individual program budgets, as the amounts reported in the individual program budgets are based on the latest Minnesota Department of Education estimates of final levy authority, including adjustments based on final expenditure and pupil unit data.

GENERAL EDUCATION PROGRAMS (01)

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GENERAL EDUCATION PROGRAM

1994-95 Biennial Budget

PROGRAM: 01 General Education Program
AGENCY: Education Aids

0101 GENERAL EDUCATION PROGRAM

CITATION: M.S. 124; 124A
MDE ADMIN: 1401 Education Finance and Analysis
FEDERAL: None

PURPOSE:

To provide Minnesota school districts with general operating revenues, thereby promoting an adequate and equitable system of elementary and secondary education for more than 800,000 students. More specifically, the General Education Program has the following objectives:

- Equity for students.

The General Education Program formula provides equity for students by distributing a large base of funding on a uniform per pupil basis. The formula also provides additional revenues for variations in 1) the cost of delivering equivalent educational programs and services to students, and 2) the cost of educational programs to meet unique needs of different student populations. Through the design of the formula, students have the ability to attend alternative educational programs through a variety of programs such as Open Enrollment and Postsecondary Enrollment Options.

- Equity for taxpayers.

The General Education formula provides equity for taxpayers by imposing tax burdens for basic educational programs and services that are uniform throughout the state. In addition, school districts that provide discretionary programs and services have higher tax rates than school districts that do not provide these services.

- Efficient use of resources.

The General Education formula encourages school districts to provide needed educational programs and services at the least possible cost by addressing only those factors that are beyond the control of the school districts.

- Local control.

Minnesota school districts have a long history of local control. The General Education formula preserves local control of education by providing funding through a general purpose formula that does not significantly restrict local discretion.

- Facilitate attainment of state priorities.

While most of the revenues are provided for broad purposes, the General Education formula restricts some of the funds to be used only for the purposes specified in law. These restricted funds may

only be used to facilitate attainment of certain programs and services identified as priorities at the state level.

- Stability for students and taxpayers.

The General Education formula provides stable funding to ensure continuity of programs for students and stability in tax rates for taxpayers.

General Education and Minnesota Milestones

The General Education Revenue provides the basic support to the school districts, and thus brings to Minnesotans the benefits of being an educated populace. It supplies to districts approximately 80% of their operating revenues and approximately 73% of all revenues. This level of support has enabled Minnesotans to enjoy an education system widely regarded as one of the very best in the United States.

Since the General Education Program provides basic, general purpose revenues to districts, this program contributes to all of the Minnesota Milestones goals. This is especially true of the two learning goals:

- Minnesotans will excel in basic academic skills; and
- Minnesotans will have the advanced education and training to make the state a leader in the global economy.

But we must also consider the broader goals of a free, public education system. By providing districts with general revenue, this program contributes to the financial health of the districts. As a result the districts have an increased ability to provide effective educational programs that contribute to the following Minnesota Milestones goals:

- We will welcome value and respect people of all cultures, races and ethnic backgrounds;
- Our communities will be safe, friendly and caring; and
- All Minnesotans will have the economic means to maintain a reasonable standard of living.

In Minnesota, we have chosen to have a decentralized education system, which ensures that the interest, creativity, and caring which results from local control is realized. For the school districts to be able to function well to accomplish our goals, districts must be provided with an adequate level of general purpose funding.

DESCRIPTION:

The General Education Revenue Program provides Minnesota school districts with approximately 80% of their operating fund revenues. The program ensures that districts receive equivalent revenues per pupil, and that the associated taxes on real property are levied at a rate that is uniform across districts.

Since equivalent tax efforts result in equivalent funding per student, the system is said to be fully equalized.

1994-95 Biennial Budget

PROGRAM: 01 General Education Program
AGENCY: Education Aids

0101 GENERAL EDUCATION PROGRAM
(Continuation)

A. OVERVIEW OF GENERAL EDUCATION REVENUE

General education revenue can be categorized along two dimensions: by funding component, and by revenue source. First, the district's total revenue is determined for each funding component. Next, it is determined how much of this revenue will be generated by the local property tax levy. Finally, state aid is calculated by subtracting local revenue from total revenue.

B. THE CALCULATION OF REVENUE

The revenue components are:

1. Revenue Prior to Adjustment:
 - a. Basic Revenue,
 - b. Compensatory Revenue,
 - c. Training and Experience (T & E) Revenue, and
 - d. Sparsity Revenue.
2. Adjustments:
 - a. Supplemental Revenue, and
 - b. Operating Fund Balance Reduction.

Basic revenue is received by all districts. Compensatory revenue, T & E revenue, and sparsity revenue are received only by districts that face extra costs that are difficult or impossible to control. Supplemental revenue and the fund balance reduction are also restricted to certain districts.

1. Basic Revenue

Basic revenue is found by multiplying a district's Weighted Average Daily Membership (WADM) by the designated formula allowance.

a. WADM

WADM is the primary measure of school district revenue need. It is based on the associated concept of Average Daily Membership (ADM), which equals the number of student membership days divided by the number of session days. Students are kept in membership until they exit from enrollment or have not been accounted for in three weeks.

To reflect cost differences, WADM is calculated from ADM by applying the following

weights:

Category of Student	WADM's per ADM
Handicapped pre-kindergarten	1.00
Handicapped kindergarten	1.00
Regular kindergarten	0.50
Elementary (grades 1-6)	1.00
Secondary (grades 7-12)	1.30

The weight for regular kindergarten is 0.5 because the state provides revenue for only half-day kindergarten programs. The number of WADM's generated by a handicapped pre-kindergarten or kindergarten student equals the number of hours of service per year in the student's Individual Education Plan (IEP) divided by 875, with a minimum of 0.5 for a full year student and a maximum of 1.0.

The weight for secondary students has been 1.30 since 1991-92. Between 1988-89 and 1990-91 the secondary weight was 1.35; prior to 1988-89 it was 1.40.

b. Formula Allowance

This term refers to the level of basic funding per WADM. Recent amounts are:

Year	Formula Allowance	Change From Prior Year
F.Y. 1993	\$3,050	\$ 0
F.Y. 1992	3,050	97
F.Y. 1991	2,953	83
F.Y. 1990	2,838	

The F.Y. 1991 formula allowance of \$2,953 is based on a secondary weight of 1.35. The F.Y. 1992 formula allowance of \$3,050 is based on a secondary weight of 1.30, and is equivalent to a formula allowance of \$3,010 under a secondary weight of 1.35. Therefore, the real increase between F.Y. 1991 and F.Y. 1992 is represented by the difference between \$2,953 and \$3,010, which is \$57.

2. Compensatory Revenue

Compensatory revenue is found by multiplying a district's AFDC Pupil Units by the designated formula allowance.

AFDC Pupil Units are determined by the number of students from families receiving Aid to Families with Dependent Children (AFDC). The AFDC count is used to indicate family and economic problems. Districts can use the associated revenue without restriction, but they are required to report how it is spent. It is presumed that this money will be used primarily for compensatory education. It is therefore referred to as compensatory revenue.

The formula for calculating AFDC pupil units is currently being revised. F.Y. 1993 is the first year in the new formula's four-year phase-in period.

1994-95 Biennial Budget

PROGRAM: 01 General Education Program
AGENCY: Education Aids

0101 GENERAL EDUCATION PROGRAM
(Continuation)

Under the old formula, compensatory revenue was provided only to districts where the ratio of AFDC students to WADM was at least 0.06. As this concentration ratio increased, the pupil units per AFDC student also increased. If the concentration ratio was less than 0.06%, the pupil units per AFDC student was zero; if the concentration ratio was 11% or more, the pupil units per AFDC student was set at the maximum value of 0.6.

Under the new formula there are a number of changes:

- The concentration ratio is based on ADM served rather than resident WADM.
- The concentration ratio still determines how many pupil units are generated per AFDC student. However, compensatory revenue is provided to any school district that has even a single student from an AFDC family. As the concentration increases, the pupil unit per AFDC pupil increases.
- If the concentration ratio is 11.5% or more, the pupil units per AFDC pupil is set at the maximum value of 0.65.

3. Training and Experience (T & E) Revenue

Training and Experience (T & E) Revenue is provided to cover the cost of employing teachers who have high seniority and graduate education, and who therefore receive high salaries.

The formula for calculating T & E revenue, like the formula for compensatory revenue, is currently being revised. Again, F.Y. 1993 is the first year in a four-year phase-in period.

Under the old formula, a district's T & E revenue was based on its T & E index, which in turn was based on a state average schedule of teachers' salaries. Salary schedules consist of steps relating to years of experience, and lanes relating to levels of graduate education. The state average salary schedule was found by finding the average salary for each combination of step and lane.

Once the state average salary schedule was defined, the following calculations were done:

- First, it was determined what a given district's average teachers' salary would be if the district used the state average salary schedule.
- Next, the district's T & E index was found by dividing the result of the previous calculation by the state average salary for teachers with no experience and a bachelor's degree.

Revenue was provided through the following formula:

$$\text{Revenue} = (\text{T \& E Index} - 1.6) \times \$700 \times \text{WADM}$$

Districts with T & E indexes below 1.6 did not receive T & E revenue. For these districts, salaries were paid entirely from other funding sources.

Under the new formula there are a number of changes:

- The divisor for the T & E index is the state average of all salaries rather than the average of starting salaries. Because of this, the new indexes are lower than the old ones.
- The T & E index is based on actual salaries rather than scheduled salaries. This tends to reduce the funding advantage of districts with high T & E.
- The new T & E index stops giving credit when a teacher's training reaches the level of 30 credits past the masters degree. The old T & E index was not subject to this limitation. Again, the change tends to reduce the funding advantage of districts with high T & E.
- There is a revised revenue formula:

$$\text{Revenue} = (\text{T \& E Index} - 0.8) \times \$575 \times \text{WADM}$$

Since virtually every district has a new T & E index above 0.8, virtually every district receives revenue under the new formula.

4. Sparsity Revenue

Sparsity Revenue is provided to districts with 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.

a. Sparsity Revenue for High Schools

Sparsity revenue is calculated on a school-by-school basis. For a high school to generate sparsity revenue, it must have a secondary ADM (grades 7-12) less than 400. The first step in calculating revenue is to determine the extra cost associated with small class sizes, low student-teacher ratios, and so forth. Extra cost is determined by the following formula:

extra cost =

$$\frac{\text{formula allowance} \times \text{secondary ADM} \times (400 - \text{secondary ADM})}{(400 + \text{secondary ADM})}$$

- The next step is to determine the portion of extra cost that will be allowed. This is determined with reference to a high school's isolation index, which equals the square root of half the area of the school district, plus the distance to the nearest other high school. (If a district is perfectly square and has a high school at its center, the square root of half the area equals the distance from the high school to the most remote point

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within the district. If a district has more than one high school, the district's area is divided equally among all high schools.)

The portion of extra cost that is allowed is determined by the formula:

$$\text{portion} = (\text{isolation index} - 23)/10$$

with a minimum of zero and a maximum of one.

The isolation index therefore approximates the longest travel distance that would be necessary after consolidation. Under this formula:

- If the isolation index is less than 23, no sparsity revenue is generated. A commute less than 23 miles is not considered a bar to consolidation.
 - If the isolation index is more than 33, all extra costs are paid. A commute more than 33 miles is considered a complete bar to consolidation.
- b. Sparsity Revenue for Elementary Schools

Sparsity revenue for elementary schools was first provided in 1989-90. It is determined on a school-by-school basis, and provided for schools with an elementary ADM (kindergarten through grade 6) less than 140. The extra cost of operating a small school is determined by the formula:

extra cost =

$$\frac{\text{formula allowance} \times \text{elementary ADM} \times (140 - \text{elementary ADM})}{(140 + \text{elementary ADM})}$$

If an elementary school is located at least nineteen miles from the nearest other elementary school, the entire extra cost is covered by sparsity revenue. If an elementary school is located less than nineteen miles from the nearest other elementary school, none of the extra cost is covered.

5. Supplemental Revenue

Supplemental revenue ensures that a district's general education revenue per WADM for 1992-93 and thereafter will equal or exceed its general education revenue per WADM for 1991-92. For example:

1992-93 supplemental revenue =

$$[1992-93 \text{ WADM}] \times [(1991-92 \text{ basic} + \text{compensatory} + \text{T\&E} + \text{sparsity} + \text{supplemental}) / \text{WADM} - (1992-93 \text{ basic} + \text{compensatory} + \text{T\&E} + \text{sparsity}) / \text{WADM}]$$

In this computation, the 1992-93 compensatory and T & E revenues are those associated with the old formulas that are now being phased out. It is important to note that additional revenue from the compensatory, T & E, and sparsity formulas will sometimes cause a corresponding decrease in supplemental revenue, but additional revenue associated with the phase-ins of the new compensatory and T & E formulas will not reduce supplemental revenue. Exceptions apply to districts receiving supplemental revenue in excess of \$250 per WADM.

Between 1988-89 and 1991-92, supplemental revenue was determined by a comparison with the revenue per WADM received in 1987-88.

6. Operating Fund Balance Reduction

A reduction to general revenue is applied to districts with especially high balances in the general, transportation, food service, and community service funds. The reduction equals the amount by which the total balance in these four funds exceeds \$600 per pupil unit served, with a maximum reduction of \$150 per resident WADM.

The entire operating fund balance reduction is made to the general fund. If a large balance in the transportation fund causes a reduction to the general fund, a compensating transfer can be made from the transportation fund to the general fund. However, if a large balance in the food service fund or the community service fund causes a reduction to the general fund, a compensating transfer is not permitted.

C. THE CALCULATION OF AIDS AND LEVIES

The general education property tax levy is based on a uniform statewide rate. For property taxes levied in 1992 for payment in 1993 to generate revenues for 1993-94, this rate is 30.7% of Adjusted Net Tax Capacity (ANTC). The concept of ANTC is discussed below.

As a result of the general education funding formula:

- All districts make equivalent tax efforts.
- All districts receive equivalent funding per student.
- The greater a district's property wealth per student, the greater the portion of its revenue that is generated by local taxes.

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1. Adjusted Net Tax Capacity

Adjusted Net Tax Capacity 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 1990-91.

The ANTC is determined as follows:

- The Gross Tax Capacity (GTC) represents a specified percentage of market value as determined by the tax assessor. The percentage of market value varies with the class of property. New formulas for calculating GTC from market value are now being phased in.
- The Net Tax Capacity (NTC) equals the GTC, minus Homestead and Agricultural tax credits.
- The Adjusted Net Tax Capacity represents the NTC after an adjustment that is determined by a sales ratio study conducted by the Department of Revenue.

The sales ratio compares the actual selling price of property to the value ascribed by the assessor. Since the typical ratio of ascribed value to true market value will vary from assessor to assessor, the NTC prior to the sales ratio adjustment is not an accurate measure of the local ability to generate revenue for schools. However, the ANTC is an accurate measure of this.

2. Aid and Levy for General Revenue Before Adjustment

General education revenue before adjustment equals the sum of basic, compensatory, and sparsity revenue. For most districts, the separation of this revenue into aid and levy is:

$$\text{Levy} = \text{Rate} \times \text{ANTC}$$

$$\text{Aid} = \text{Revenue} - \text{Levy}$$

As already noted, the rate for 1993-94 revenue is .307. The rate for 1992-93 revenue was .279.

If a district's ANTC is extremely high, then the rate times the ANTC may exceed the revenue. In such cases the district is said to be off the formula, and the above rules do not apply. Districts off the formula generally do not receive any state aid for general revenue purposes. These districts are required to levy for the full amount of general revenue, and are also required to make an additional levy for levy equity.

The levy equity amount equals a portion of the amount by which the rate times the ANTC exceeds the revenue. The portion is being increased annually:

Revenue Year	Levy Equity Portion
1988-89	1/4
1989-90	1/3
1990-91	1/2
1991-92	2/3
1992-93	5/6
1993-94	100%

Revenue raised through levy equity is subtracted from state aid. Since districts off the formula do not receive any state aid for general revenue, the subtraction is made from state aids that are not associated with general revenue.

3. Aid and Levy for Training and Experience Revenue

Up until 1992-93, there was no separate levy for training and experience. Instead, the basic education levy included the levy for T & E.

Starting in 1992-93, there is a separate levy for T & E. The portion of T&E revenue that comes in the form of levy is found by dividing a district's ANTC per WADM by an equalizing factor that is found by dividing the formula allowance by the basic education tax rate. The equalizing factor for 1992-93 is \$3,050/.307 = \$10,932. The T & E levy is limited to the amount of T&E revenue. T&E aid equals T&E revenue minus the T&E levy.

4. Aid and Levy for Supplemental Revenue

The levy for supplemental revenue equals the total revenue multiplied by the levy ratio. The levy ratio equals general revenue before adjustment, divided by the product of the standard general education levy rate times the ANTC. For districts off the formula, the levy ratio is set equal to one.

Supplemental aid equals total supplemental revenue minus the supplemental levy.

5. Fund Balance Reductions to Aid and Levy

The general education levy is reduced by an amount equal to the total reduction for an excess operating fund balance, multiplied by the same levy ratio that applies to supplemental revenue.

The aid reduction for an excess fund balance equals the total reduction minus the levy reduction.

C. RESTRICTIONS TO SPENDING GENERAL EDUCATION REVENUES

General revenues are for the most part free from spending restrictions. However, certain requirements must be met:

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1. In 1988-89 basic revenue was greatly increased, but it was redefined to include several programs that had previously received separate categorical funding. The categorical revenues that were folded into the 1988-89 General Education Program are contained in a categorical reserve. Districts must spend at least 2.2% of their basic education revenue (formula allowance times WADM) on the following programs:

- a. Arts Education,
- b. Chemical Abuse Education,
- c. Gifted and Talented Education,
- d. Interdistrict Cooperation;
- e. Programs of Excellence,
- f. Summer Instructional Programs, and
- g. Exam fees for International Baccalaureate and College Board Advanced Placement Programs.

2. Each year a district must set aside \$15 per WADM for staff development programs (see Budget Activity 0105), and \$5 per WADM for parent involvement development.

Districts are no longer required to spend compensatory revenue for compensatory purposes, but they are required to report how compensatory revenue is spent.

D. REPLACEMENTS OF GENERAL EDUCATION REVENUE

A district's general education revenue is reduced by the amount that it receives from the following sources:

1. The School Endowment Fund

The School Endowment Fund is apportioned twice a year to all districts on the basis of the previous year's average daily membership (M.S. 124.09.) The 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 Endowment School Fund is subtracted from other state revenues provided to the district.

2. County Apportionment Deduction

School districts receive revenue from the apportionment of certain county receipts (M.S. 124.10). 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.

3. Taconite Aid

Certain districts receive a portion of the state's revenue from various taconite taxes (M.S. 294.21 - 294.28 Chapter 298). The general education revenue 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.

E. SHARED TIME GENERAL EDUCATION AID

General education 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 WADM times the formula allowance. This revenue does not have a levy component; it comes entirely in the form of aid.

OUTCOMES:

A. Program Effectiveness:

The General Education formula provides school districts with approximately 87% of their General Fund revenues. These revenues are provided through a set of component formulas designed to meet the diverse needs of Minnesota's 411 school districts. This revenue is provided through a combination of state aid and local property tax levies.

■ Equity for students.

Approximately 87% of the revenue provided by the General Education formula is provided in the basic component of the formula. For F.Y. 1993 each district will receive \$3,050 per pupil unit in basic revenue. This provides an equal base of funding for all pupils throughout the state. However, some school districts are faced with higher costs of delivering like services. The formula provides equity for students by providing additional revenues to these districts when the additional costs are beyond the control of the local district.

Additional salary costs relating to the training and experience of teachers is an example of such a cost. Since teacher salaries are based on the level of training and number of years experience, districts with higher numbers of teachers with advanced education and/or more years of experience face higher costs than districts with lower levels of training and experience and the same salary schedule. Districts receive training and experience revenue (T & E) based on the level of training and experience of their staff irrespective of differences in salary schedules. Training and experience revenue funds about one-third of the marginal cost. For F.Y. 1993, 406 districts will receive approximately \$37.4 million in training and experience revenue.

School districts with low enrollment face additional costs per pupil resulting from small class sizes. In some cases these districts are geographically isolated such that it is not practical to improve efficiency by cooperating with neighboring school districts. Sparsity revenue provides additional

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revenue to districts that are both small and geographically isolated. For F.Y. 1993, fifty-eight districts will receive approximately \$5.6 million in sparsity revenue.

School districts also face differing costs as a result of differences in the student populations being served. The cost of providing educational services to one group of students may be significantly different than the cost of providing educational services to another group of students. Some of these differences are addressed in the General Education formula while others are addressed by categorical formulas. The General Education formula adjusts for differences in student populations in two ways. 1) grade level weighting, and 2) compensatory revenue.

The General Education formula provides revenues on a per pupil basis. The measure of pupils used is weighted average daily membership (WADM). Each pupil is weighted according to grade level with kindergarten students weighted at 0.5, elementary students weighted at 1.0 and secondary students weighted at 1.30 to reflect the relative differences in cost.

Compensatory revenue provides additional revenue to school districts with high concentrations of students from families receiving Aid to Families with Dependent Children (AFDC) benefits. Districts receive AFDC pupil units based on the number of AFDC children and the level of concentration. The amount of compensatory revenue per AFDC student increases as the percent of concentration increases. For F.Y. 1993, 408 districts will receive approximately \$83.2 million in compensatory revenue.

In addition, Minnesota improves equity for students by providing a variety of options for attending programs other than those offered by their local district. These include Open Enrollment, High School Graduation Incentives, Private Alternative Programs and Postsecondary Enrollment Options. These programs allow students greater flexibility in meeting their individual needs by providing greater access to educational programs. When students attend a school district other than the one in which they reside, the General Education revenue is transferred to the district of attendance by reducing the aid of the resident district and increasing the aid of the district providing the education. Local property taxes remain unchanged as a result of attendance option programs.

■ Equity for taxpayers.

In order to receive full General Education revenue, each district must levy a local property tax based on a uniform tax rate. Thus, all districts receive equal revenues, adjusted for cost differences, for an equal local tax effort. Without equalization of tax levies the local taxpayers in districts with lower property wealth would be required to tax at a higher tax rate to provide equivalent educational programs. For F.Y. 1993, the required local tax rate is 27.9% of adjusted tax capacity.

For districts where the property values are so high that the required local tax rate would raise more than the General Education revenue (districts off the formula), the levy amount in excess of the

formula revenue is subtracted from other state aids. This adjustment is called levy equity and is being phased in over a 6 year period. Without the levy equity adjustment high property value districts would have a lower tax rate. In F.Y. 1993, 4 districts will be off the formula.

Districts that receive additional revenues that are not related to cost differences should have higher tax rates. Districts that receive supplemental (hold-harmless) revenue are required to levy an additional local levy. This levy is also equalized such that the additional tax rate is a function of the additional revenue per pupil and not related to property wealth.

■ Efficient use of resources.

The General Education formula promotes efficient use of resources by providing additional revenues only for cost factors that are beyond the control of the school district. The formula provides additional funding for training and experience of teachers but not for differences in locally negotiated salary schedules. A high level of training and experience may reflect falling enrollments rather than district choice. Also, the formula provides additional funding for small and geographically isolated districts but does not provide additional revenues to small districts that may be able to improve efficiency through cooperation. School districts cannot increase their General Education revenue simply by deciding to spend more.

The General Education revenue for districts with excess fund balances is reduced by 1) the amount the fund balance exceeds \$600 per pupil unit served, or 2) \$150 per resident pupil unit, whichever is less. Thus, districts are required to spend down excess fund balances before they receive access to the full level of General Education revenue.

■ Local control.

The General Education formula is a general purpose formula that allows local school districts to determine how the funds are spent. The districts make choices such as the number of courses offered, level of teacher salaries, and class size. This allows local schools to design an education program to meet the needs and goals of the local community. In cases where there are some restrictions on the use of funds, such as staff development and the categorical reserve, the districts are still provided with a great deal of flexibility.

■ Facilitate the attainment of state priorities.

In order to insure the provision of certain programs and services identified as priorities at the state level, the use of a small portion of the General Education revenue is restricted. Districts are required to reserve 2.2% of the basic revenue (\$67.10 per pupil unit in F.Y. 1993) for expenditures on certain categorical programs that formerly received separate funding. In addition, districts are required to reserve \$15 per pupil unit for staff development programs, \$5 per pupil unit if they participate in the career teacher program, and \$5 for parental involvement programs. Districts are also required to keep separate accounts for the expenditures of compensatory revenue.

■ Stability for taxpayers.

The General Education formula provides for stability in revenue per pupil unit through use of a hold harmless provision. Supplemental revenue guarantees that all districts will receive at least a minimum increase in revenue per pupil unit over the amount received for F.Y. 1988 from the various revenue formulas that were consolidated into the General Education revenue. This prevents

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school districts from having to make significant cuts in programs as a result in changes in the funding formula. For F.Y. 1993, 143 districts will receive approximately \$14.6 million in supplemental revenue.

The General Education formula is funded from a combination of state and local tax revenues. Use of a variety of tax sources also contributes to the stability for students and taxpayers.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

B. Program Services/Statistics:

PROSPECTS:

■ Level of Funding

The majority of a school district's General Fund revenue is provided through the General Education formula. Thus, it is important that the level of funding provided be adequate to cover the cost of educational programs which should be available to all Minnesota students. Without adequate General Education revenue, districts would need to choose between eliminating programs, increasing class sizes and/or raising additional revenues through referendum levies. Such actions by school boards may create inequities for both students and taxpayers. Continued growth in use of referendum levies and declines in school district fund balances suggest that the General Education revenue is not covering the costs of the educational programs currently being provided.

To address this problem, the General Education formula should address more fully the differences among district. Increases in the compensatory and training and experience components of the formula are currently being phased in over a 4 year period, beginning in F.Y. 1993. The training and experience component should be further increased to reflect a larger portion of the actual costs. Referendum levies are currently equalized up to the first 10% of the formula allowance. This aid is being phased in over a 3 year period beginning in F.Y. 1993. To provide better equity for taxpayers, referendum equalization should be expended to cover a larger portion of referendum levies.

■ Factors requiring increased appropriations

The number of students in Minnesota public schools is increasing each year and is expected to continue to increase through most of the 90s. These increases in students create additional need for General Education funding. Total General Education revenue will increase at a faster rate than the amount per pupil unit.

The F.Y. 1992 and F.Y. 1993 appropriations for general education aid were reduced as a result of increases in the property tax shift percentage. For F.Y. 1992 this percentage was raised from 31% to 37%, and for F.Y. 1993 it was further increased to 50%. These increases in the property tax shift percentage created one time appropriation savings which will need to be funded in the future.

General education revenue will increase over the F.Y. 1993 level as a result of previous legislative action. In the 1991 Legislative Session, the compensatory and training and experience components of the general education formula were increased. These increases in revenue are being phased in over a 4 year period, resulting in increased cost each year from F.Y. 1993 through F.Y. 1996. Also, equalization of referendum levies is being phased in over a 3 year period resulting in increased cost each year from F.Y. 1993 through F.Y. 1995.

OBJECTIVES F.Y. 1994-95:

Given the level funding of \$3050 per pupil unit for both years of the biennium and the averaging method of pupil unit counting, effort will be made to maintain the current level and quality of service for the increased numbers of students being served by the system. Increased T & E and AFDC funding due to continuation of the phase-ins and the increase in the T & E formula will improve equity for students in the areas of delivering equivalent educational programs and services in districts with legitimate cost differences and providing services to meet the unique needs of different student populations. The proportion of T & E cost funded by the formula will increase from approximately 26% to 30%. In the longer term, as new graduation expectations, including content outcomes, standards and assessment techniques are adopted and implemented, improved measures of results for this program can be expected.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following modifications in the General Education Program:

1. Maintain the formula allowance at \$3,050 for F.Y. 1994 and increase the formula allowance to \$3,100 for F.Y. 1995. Reduce supplemental allowance by 1/4 of the increase in the formula allowance beginning in F.Y. 1995.
2. Beginning in F.Y. 1994, use a two year average of weighted average daily membership (WADM) in all funding formulas currently based on WADM, (e.g., basic general education revenue, training and experience revenue, supplemental revenue, referendum revenue, and several categorical).
3. Beginning in F.Y. 1995, expand the equalized portion of referendum revenue to include amounts per pupil unit up to 20% of the formula allowance. Referendum revenue per pupil unit between 10% and 20% of the formula allowance would be equalized at 35% of the equalizing factor.

This will more closely reflect the variations among districts in marginal costs associated with enrollment growth or decline.

This will provide all districts with more equal access to referendum revenue, and will reduce variations among districts in tax rates needed to raise a certain amount of referendum revenue per pupil unit.

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4. Beginning in F.Y. 1995, increase the multiplier used in computing training and experience revenue from \$575 to \$660.

This will more closely reflect the variations among districts in teacher compensation costs associated with differences in training and experience of teachers.

5. Beginning in F.Y. 1995, reduce supplemental revenue below \$250 per pupil unit, or referendum revenue exceeding 30% of the formula allowance, by one-fourth of any increase in training and experience or compensatory revenue per pupil unit over the F.Y. 1994 level of funding.

This will gradually phase out revenues based on historical data as revenues based on current cost factors are increased, providing all districts with more equal access to general education revenue, adjusted for current cost factors.

6. Beginning in F.Y. 1995, exclude the community service fund balance from the balance used in computing the reduction to general education revenue. Change the threshold for computing the adjustment from \$600 to 21% of the formula allowance times fund balance pupil units. Initiate reductions to community education revenue and early childhood family education revenue for districts with excess balances in the community service fund (see program budgets 0401 and 0407).

This will distribute revenue reductions among programs that relate more directly to the funds in which excess balances have accumulated. It will also maintain the relationship between the fund balance threshold and the formula allowance as the formula allowance is changed in the future.

7. Beginning in F.Y. 1995, set the target for the state total general education levy at \$1,043,200,000.

This change, combined with offsetting decreases recommended in other levies, will result statewide in no total levy increase and will reduce disparities in overall tax rates for education among districts, and will provide all districts with more equal access to education revenue.

8. Beginning in F.Y. 1994, permit school districts to count instructional hours from short session days if the average number of instructional hours per day for the school year equals or exceeds the number of instructional hours per day prescribed in state board rules.

This will provide school districts with greater flexibility in school scheduling.

9. Beginning in F.Y. 1995, spread a portion of the general education levy on the market value of taxable property instead of tax capacity. For F.Y. 1995, \$9 million of the total general education levy will be spread on market value.

This will spread the increase in the general education levy needed to fund the expansion of referendum equalization on the same measure of property wealth used in computing and spreading new referendum levies.

The Governor recommends an aid entitlement of \$1,838,654 for F.Y. 1994 and \$1,949,038 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$1,738,261 in F.Y. 1994 (\$257,771 for F.Y. 1993 and \$1,480,490 for F.Y. 1994), and \$1,878,402 in F.Y. 1995 (\$259,938 for F.Y. 1994 and \$1,618,464 for F.Y. 1995).

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

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	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$1,798,760	\$1,811,817	\$1,811,817	\$1,811,817
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Weighted ADM	4,623	6,143	75,952	145,420
AFDC Pupil Units	44	4,581	6,434	7,603
Training & Experience Index	3,826	1,661		
Fund Balance Subtraction	10	1,075	1,524	1,436
Supplemental Revenue	(146)	(197)	1,022	1,730
Referendum Revenue		4,250	23,389	73,499
Basic Levy	(213)	(1,282)		
Training & Experience Levy		(336)	(7,564)	(14,066)
Supplemental Levy	56	267	(77)	(24)
Referendum Levy		(4,328)	(22,333)	(65,056)
TRA Subtraction	(111)	(58)	(761)	(1,466)
B.Legislation Becoming Effective				
AFDC Phase In			7,172	15,194
Training & Experience Phase In			19,386	39,763
Referendum Equalization Phase In			14,465	43,701
Levy Target Increase			(56,532)	(55,012)
CURRENT ENTITLEMENT	1,806,849	1,823,593	1,873,894	2,004,539
FUNDING EXCESS/DEFICIENCY				

EDUCATION AIDS — GOVERNOR'S BUDGET

(Dollars in Thousands)

0101 Continued

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
POLICY CHANGES RECOMMENDED				
Increase Formula Allowance to \$3,100 in FY95				45,993
Two Year Averaging of Pupil Units			(35,240)	(36,113)
T&E Multiplier Increased to 660				3,328
Equalize Referendum up to 20% of Formula Allowance				9,000
Change Fund Balance Subtraction to 21% of Formula Allowance and Exclude Community Service Fund Balance				396
Reduce Supplemental and Referendum Revenues for 1/4 of Phase-In of Compensatory and T&E				(695)
Increase General Education Levy Target				(77,410)
Total Policy Changes			(35,240)	(55,501)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			1,838,654	1,949,038
APPROPRIATIONS BASIS:				
Current Year	1,376,369 a)	1,295,012 c)	1,480,490	1,618,464
Prior Year	247,302	265,654 b)	257,771	259,938
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	1,623,671	1,560,666	1,738,261	1,878,402
LEVY AUTHORITY	1,109,500	1,209,727	1,280,674	1,372,394

a) Reflects cancellation of \$1,569

b) Reflects open of \$7,891

c) Reflects open of \$9,932

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 (Continuation)

TABLE 1-1
GENERAL EDUCATION PROGRAM (ANNUAL ENTITLEMENT BASIS)
 (\$ in 000s)

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
I. Pupil Unit and Property Valuation Data					
A. Average Daily Membership					
1. Pre-kindergarten	4,221	4,600	4,600	4,600	4,600
2. Kindergarten disabled	981	1,000	1,000	1,000	1,000
3. Kindergarten non-disabled	62,954	62,246	62,281	62,787	62,787
4. Elementary	364,176	373,529	378,729	381,759	384,017
5. Secondary	<u>318,532</u>	<u>328,944</u>	<u>342,901</u>	<u>357,333</u>	<u>372,903</u>
6. Total ADM	750,865	770,319	789,511	807,479	825,307
B. Weighted Average Daily Membership (WADM)					
1. Total WADM	830,874	837,880	861,241	883,286	905,784
C. AFDC Pupil Units					
1. Student counts	60,730	63,354	67,270	68,687	70,066
2. AFDC pupil units	21,771	22,869	34,463	35,147	35,780
D. Total Pupil Units	852,645	860,749	895,704	918,433	941,564
E. Property Valuation					
1. Valuation year	1988	1989	1990	1991	1992
2. ANTC (Adjusted Net Tax Capacity)	2,995,565.8	3,179,767.1	3,315,084.9	3,192,716.2	3,136,778.6
II. General Education Revenues					
A. Basic Revenue					
1. Formula allowance	2,953	3,050	3,050	3,050	3,050
2. Basic revenue (WADM times formula allowance)	2,453,570.9	2,555,532.8	2,626,785.3	2,694,022.1	2,762,643.2
3. Districts	432	425	413	413	413
B. Compensatory Revenue					
1. Amount	64,290.4	69,750.8	83,316.1	92,340.7	101,532.1
2. Districts	121	122	410	405	405
C. Elementary Sparsity Revenue					
1. Amount	658.1	676.6	707.5	702.9	677.0
2. Districts	10	10	10	10	10

(continued on next page)

1994-95 Biennial Budget

PROGRAM: 01 General Education Program
AGENCY: Education Aids

0101 GENERAL EDUCATION PROGRAM
(Continuation)

TABLE 1-1
GENERAL EDUCATION PROGRAM (ANNUAL ENTITLEMENT BASIS)
(\$ in 000s)
(continued from previous page)

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
D. Secondary Sparsity Revenue					
1. Amount	4,787.2	5,248.3	5,100.9	5,041.5	4,920.6
2. Districts	53	54	58	52	51
E. Fund Balance Reduction					
1. Maximum fund balance per pupil unit	600	600	600	600	600
2. Fund balance reduction	7,751.0	3,806.5	2,947.2	2,497.9	2,585.9
3. Districts	98	81	45	32	37
F. General Education Revenue (Excl. Supplemental and Training and Experience)					
1. Amount	2,595,555.6	2,627,402.0	2,712,962.7	2,789,609.3	2,867,187.0
2. Districts	432	425	413	413	413
III. General Education Aid and Levy					
A. Initial General Education Levy					
1. Basic tax rate					
Percent of ANTC	26.3	26.4	27.9	30.7	31.2
2. Statutory amount to be levied	N/A	845,000.0	916,000.0	969,800.0	969,800.0
3. Actual levy amount	783,203.2	834,159.3	917,596.6	974,373.4	972,825.4
4. Districts	432	425	413	413	413
B. Fund Balance Reduction to Levy					
1. Amount	2,878.7	1,440.1	1,358.4	1,204.6	1,175.7
2. Districts	98	81	45	32	37
C. Net General Education Levy					
1. Amount (initial levy minus fund balance reduction)	780,324.5	832,719.2	917,919.4	973,168.8	971,649.7
2. Districts	432	425	413	413	413
D. General Education Aid					
1. Initial aid amount	1,740,487.0	1,797,366.2	1,798,313.3	1,818,096.5	1,897,315.5
2. Fund balance reduction	<u>4,872.3</u>	<u>2,366.6</u>	<u>1,588.8</u>	<u>1,293.3</u>	<u>1,410.2</u>
3. Total aid	1,735,614.7	1,794,999.6	1,796,724.5	1,816,803.3	1,895,905.4

(continued on next page)

1994-95 Biennial Budget

PROGRAM: 01 General Education Program
AGENCY: Education Aids

0101 GENERAL EDUCATION PROGRAM
(Continuation)

TABLE 1-1
GENERAL EDUCATION PROGRAM (ANNUAL ENTITLEMENT BASIS)
(\$ in 000s)
(continued from previous page)

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
4. Districts					
a. Receiving initial aid	428	423	409	410	410
b. Fund balance reductions	97	80	45	31	37
c. Total districts	428	423	409	410	410
E. Levy Equity Adjustment					
1. Amount off the formula	5,012.1	5,989.8	7,312.1	6,153.2	6,217.6
2. Levy equity adjustment (the amount added to the levy and then subtracted from state categorical aids)	383.6	317.0	1,681.2	362.8	368.1
3. Districts	4	2	4	3	3
IV. Training and Experience Aid and Levy					
A. Training and Experience Revenue					
1. Amount	14,444.0	18,455.8	37,415.1	57,775.8	79,145.9
2. Districts	51	51	406	406	406
B. Training and Experience Levy					
1. Amount	--	--	16,028.8	23,256.6	29,758.1
2. Districts	--	--	406	406	406
C. Training and Experience Aid					
1. Amount	14,444.0	18,455.8	21,386.3	34,519.1	49,387.8
2. Districts	51	51	403	404	404
V. Supplemental Aid and Levy					
A. Supplemental Revenue					
1. Amount	12,487.3	12,771.4	13,851.8	15,070.5	15,778.2
2. Districts	65	64	144	142	138
B. Supplemental Levy					
1. Amount	7,122.9	7,293.2	7,743.7	8,088.4	8,034.8
2. Districts	65	64	144	142	138
C. Supplemental Aid					
1. Amount	5,364.4	5,478.5	6,108.1	6,982.1	7,743.4
2. Districts	62	63	141	140	136

(continued on next page)

1994-95 Biennial Budget

PROGRAM: 01 General Education Program
AGENCY: Education Aids

0101 GENERAL EDUCATION PROGRAM
(Continuation)

TABLE 1-1
GENERAL EDUCATION PROGRAM (ANNUAL ENTITLEMENT BASIS)
(\$ in 000s)
(continued from previous page)

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
VI. Referendum Aid and Levy					
A. Referendum Revenue					
1. Amount	218,597.5	269,487.5	281,364.4	305,442.0	355,551.7
2. Districts	277	279	265	287	300
B. Referendum Levy					
1. Amount	218,597.5	269,487.5	268,039.7	276,512.7	290,000.0
2. Districts	277	279	265	287	300
C. Referendum Aid					
1. Amount	0.0	0.0	13,329.7	28,929.3	65,551.7
2. Districts	0	0	239	229	235
VII. Shared Time Aid					
A. FTE Pupil Units	900	880	880	880	880
B. Formula Allowance	2,953	3,050	3,050	3,050	3,050
C. Amount	2,657.7	2,684.0	2,684.0	2,684.0	2,684.0
D. Districts	150	150	150	150	150
VIII. Subtraction from Aid					
A. Endowment Fund Earnings	31,179.0	34,360.2	30,250.0	32,000.0	32,000.0
B. Taconite Aid	5,441.1	4,500.0	2,764.1	2,764.1	2,764.1
C. County Apportionment	<u>15,731.6</u>	<u>16,600.0</u>	<u>16,000.0</u>	<u>16,000.0</u>	<u>16,000.0</u>
D. Total Subtractions	52,351.6	55,460.2	49,014.1	50,764.1	50,764.1
IX. Program Tools					
A. Total Program REvenue					
1. Reserved for categoricals	53,978.6	56,221.7	57,789.3	59,268.5	60,778.2
2. Reserved for staff development	8,308.7	16,757.6	17,224.8	17,665.7	18,115.7
3. Unreserved revenue	<u>2,701,454.8</u>	<u>2,857,821.4</u>	<u>2,973,263.9</u>	<u>3,093,647.4</u>	<u>3,241,452.8</u>
4. Total program revenue	2,763,742.1	2,930,800.7	3,048,278.0	3,170,581.6	3,320,346.7
B. Total Local Levies	1,006,044.9	1,109,499.9	1,209,726.6	1,281,026.5	1,299,442.6
C. Total Aid Entitlement					
1. Gross aid (districts on the formula)	1,758,080.7	1,821,617.8	1,840,232.5	1,889,917.9	2,021,272.2
2. Levy equity adjustment	<u>(383.6)</u>	<u>(317.0)</u>	<u>(1,681.1)</u>	<u>(362.8)</u>	<u>(368.1)</u>
3. Gross aid before subtractions	1,757,697.1	1,821,300.8	1,838,551.4	1,889,555.1	2,020,904.1
4. Subtractions	<u>(52,351.6)</u>	<u>(55,460.2)</u>	<u>(49,014.1)</u>	<u>(50,764.1)</u>	<u>(50,764.1)</u>
5. Net Aid	1,705,345.5	1,765,840.6	1,789,537.3	1,838,791.0	1,970,140.0

1994-95 Biennial Budget

PROGRAM: 01 General Education Program
 AGENCY: Education Aids
 0101 GENERAL EDUCATION PROGRAM
 (Continuation)

TABLE 1-2
 GENERAL EDUCATION PROGRAM (APPROPRIATION ACCOUNT BASIS)
 (\$ in 000s)

	F.Y. 1991	F.Y. 1992	F.Y. 1993	Governor's Recommendation	
				F.Y. 1994	F.Y. 1995
I. Prior Year Final Adjustment					
A. Gross Payment					
1. Regular	197,932.6	261,108.0	287,049.5	275,632.3	277,799.8
2. Shared Time	<u>200.3</u>	<u>398.7</u>	<u>402.6</u>	<u>402.6</u>	<u>402.6</u>
3. Total gross payment	198,070.1	261,506.7	287,452.1	276,034.9	278,202.4
B. Subtractions (Taconite and County Apportionment)	(21,805.6)	(20,802.1)	(20,600.0)	(18,264.1)	(18,264.1)
C. Tax Shift Adjustment	0	6,598.1	(1,198.3)	0	0
D. Other Adjustment	<u>(992.7)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
E. Net Final Payment	175,271.8	247,302.7	265,653.8	257,770.8	259,938.3
II. Current Year Advance					
A. Gross Payment					
1. Regular	1,494,315.0	1,531,884.6	1,561,916.3	1,574,199.0	1,668,627.3
2. Shared Time	<u>2,259.0</u>	<u>2,281.4</u>	<u>2,281.4</u>	<u>2,281.4</u>	<u>2,318.8</u>
3. Total gross payment	1,496,574.0	1,534,166.0	1,564,197.7	1,576,480.4	1,670,946.1
B. Subtractions					
1. Endowment fund	(31,179.0)	(34,360.2)	(30,250.0)	(32,000.0)	(32,000.0)
2. Prior year taconite and county apportionment (not recovered on final payment)	<u>(454.7)</u>	<u>(373.6)</u>	<u>(500.0)</u>	<u>(500.0)</u>	<u>(500.0)</u>
C. Payment after Subtractions	1,464,940.3	1,499,432.2	1,533,447.7	1,543,980.4	1,638,446.1
D. Tax Shift Adjustment	(49,682.9)	(106,671.2)	(220,595.9)	(46,063.0)	-0-
E. Levy Equity Adjustment	(383.6)	(294.3)	(1,681.1)	(367.4)	(2,215.5)
F. TRA Reduction	(13,809.1)	(13,760.1)	(14,958.4)	(15,660.9)	(16,365.6)
G. Other Adjustments	<u>0</u>	<u>(2,337.4)</u>	<u>(1,200.0)</u>	<u>(1,400.0)</u>	<u>(1,400.0)</u>
H. Net Advance Payment	1,401,064.7	1,376,369.2	1,295,012.3	1,480,489.1	1,618,465.0
III. Total Payments	1,576,522.6	1,623,671.9	1,560,666.1	1,738,259.9	1,878,403.3

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1994-95 Biennial Budget

PROGRAM: 01 General Education Program
AGENCY: Education Aids

0102 PROPERTY TAX REVENUE RECOGNITION

CITATION: M.S. 121.904, Subd 4a; 124.14, Subd 6; 124.155
MDE ADMIN: 1501 Education Finance and Analysis
FEDERAL: None

PURPOSE:

To recognize in the fiscal year of receipt, a reasonable portion of the school district share of the spring property tax collections.

The property tax revenue recognition provision is structured such that a change in the levy recognition percent is revenue neutral to school districts, except for the referendum levy. Districts with first time referendum levies will recognize a portion of the levy a year early, while districts levying for the last time will only recognize the balance not recognized the previous year.

The levy recognition percent will automatically be decreased if the state's general fund balance reaches a certain level pursuant to M.S. 16A.1541.

By providing the State of Minnesota with a method to balance the state budget in a manner which does not severely impact school district revenues, this program contributes to the overall financial health of the state. As a result, school districts have the ability to provide effective educational programs that contribute to the Minnesota Milestones goal of excellence in basic academic skills.

DESCRIPTION:

F.Y. 1983: Prior to F.Y. 1983, all of the school district's spring property tax collections were held and recognized as revenue in the following fiscal year. This policy changed in F.Y. 1983. Legislation provided that in June of each year, beginning in 1983, school districts must recognize as revenue a specified percent of the spread levy payable in the current calendar year. The spread levy for this purpose is defined as the levy amount remaining after subtracting, by school district fund, the relevant amounts of the state paid property tax credits and the amounts of certain excluded levies (debt service, statutory operating debt, bus purchase, unemployment insurance, retirement, and severance, etc.). With this change, a portion of the amount originally levied for the 1983-84 school year was recognized in 1982-83, and the state aids and credits due in 1982-83 for 1982-83 were reduced by the amount of the levy recognition change, excluding the portion of the referendum levy recognition change. For 1982-83, the levy recognition percent was 32 percent, which resulted in early recognition of \$256.6 million in district levy revenue and a \$240.7 million reduction in aids and credits.

F.Y. 1984: The levy recognition percent continued at 32 percent. However, the legislation provided that, beginning in 1983-84, state aid payments must be adjusted 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 is excluded from this

calculation. The purpose of the aid adjustment is to ensure that district revenue is not affected by the levy recognition change. This adjustment will decrease aid payments if the levy recognition change for the current year is greater than the levy recognition change for the previous year. The adjustment will increase aid payments if the current year levy recognition change is less than the previous year levy recognition change. Any additional amount necessary for the payment of aids for this adjustment is provided by an open and standing appropriation. For 1983-84, the 32 percent levy recognition change resulted in early recognition of \$291.7 million in district levy revenue and a \$34.4 million net reduction in aids and credits.

F.Y. 1985: Based on the availability of a state general fund balance and the procedure specified in law, the levy recognition percent was reduced to 24 percent. The lowered levy recognition change amount for 1984-85 resulted in early recognition of \$220.3 million in district levy revenue and a \$69.5 million net payment of additional aid.

F.Y. 1986 and F.Y. 1987: The levy recognition percent was continued at 24 percent. For 1985-86, the result was early recognition of \$229.8 million in district levy revenue and a \$6.5 million net reduction in aids and credits. For 1986-87, the result was early recognition of \$246.2 million in district levy revenue and a \$12.9 million net reduction in aids and credits.

F.Y. 1988 and F.Y. 1989: The 1987 Legislature increased the levy recognition percent to 27 percent. For 1987-88, the result was early recognition of \$295.2 million in district levy revenue and a \$42.1 million net reduction in aids and credits. For 1988-89, the result was early recognition of \$332.4 million in district levy revenue and a \$29.0 million net reduction in aids and credits.

F.Y. 1990 and F.Y. 1991: The 1989 Legislature in special session increased the levy recognition percent to 31 percent. For 1989-90, the recognition change amount is estimated to be \$365.4 million in district levy revenue and a \$5.9 million net reduction in aids and credits. The Education Districts and Secondary Vocational Cooperatives levies are included for the first time in 1989-90. For 1990-91, the recognition change amount is estimated to be \$415.7 million in district levy revenue and a \$47.2 million net reduction in aids and credits. The large reduction to 1990-91 aids and credits is due to a provision enacted in 1990 which changes the manner in which Homestead and Agricultural Credit Aid (HACA) is allocated to the various district levies...more HACA is allocated to the referendum and debt service levies, and no HACA is allocated to the General Education levy and other major equalized levies.

Property Tax Revenue Recognition

Description:

F.Y. 1992: The 1991 Legislature increase the levy recognition percentage to 37, and provided for an additional reduction to aids and credits for the increase in the revenue recognition of referendum levies as a result of the change in the levy recognition percentage. For 1991-92, the result was early recognition of \$522.7 million in district levy revenue and a \$107.9 million net reduction in aids and credits.

F.Y. 1993: The 1991 Legislature increased the levy recognition percentage to 50, and provided for an additional reduction to aids and credits for the increase in the revenue recognition of referendum levies as a result of the change in the levy recognition percentage. For 1992-93, the result was early recognition of \$745.8 million in district levy revenue and a \$220.6 million net reduction in aids and credits.

1994-95 Biennial Budget

PROGRAM: 01 General Education Program
AGENCY: Education Aids

0102 PROPERTY TAX REVENUE RECOGNITION
(Continuation)

OUTCOMES:

A. Program Effectiveness:

By adjusting aid payments to districts only by the year-to-year difference in the levy recognition change amount, the revenue recognized by districts is unchanged except for referendum levy revenue. The levy recognition change provisions result in early recognition of referendum levies.

Also, the levy recognition change provisions can reduce cash flow to school districts because reductions to aid may occur prior to receipt of the local levy proceeds. This may result in increased borrowing or reduced interest income for school districts.

B. Program Services Statistics:

Program statistics are shown in Table 1-3.

OBJECTIVES F.Y. 1994-95:

By keeping the levy recognition percentage at the same level for the next two years, the financial health and cash flow patterns of both the state and the school districts will be stabilized. Increased borrowing by school districts to meet cash flow needs can be expected. The amount and rate of increase of school district borrowing will be measured.

GOVERNOR'S RECOMMENDATION:

The Governor recommends continuation of this activity.

1994-95 Biennial Budget

PROGRAM: 01 General Education Program
AGENCY: Education Aids

0102 PROPERTY TAX REVENUE RECOGNITION
(Continuation)

TABLE 1-3
PROPERTY TAX REVENUE RECOGNITION CHANGE AND STATE AID ADJUSTMENT (\$ in 000s)

	F.Y. 1983	F.Y. 1984	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991	ESTIMATE F.Y. 1992	ESTIMATE F.Y. 1993*	CURRENT LAW F.Y. 1994	CURRENT LAW F.Y. 1995
1. Revenue recognition percent	32%	32%	24%	24%	24%	27%	27%	31%	31%	37%	50%	50%	50%
2. Gross revenue recognition change	\$ 260,957	\$ 295,295	\$ 220,808	\$ 230,887	\$ 264,385	\$ 295,624	\$ 339,382	\$ 378,082	\$ 425,602	\$ 546,127	780,876	787,248	787,248
3. Less adjustment for certain districts ^a													
Number of districts	6	5	3	4	1	1	6	14 ^b	14	11			
Amount	(4,402)	(3,624)	(540)	(1,082)	(137)	(450)	(6,950)	(12,100)	(9,927)	(23,351)	(35,087)	(35,403)	(35,403)
4. Adjusted gross revenue recognition change	<u>\$ 256,555</u>	<u>\$ 291,671</u>	<u>\$ 220,268</u>	<u>\$ 229,805</u>	<u>\$ 246,248</u>	<u>\$ 295,174</u>	<u>\$ 332,432</u>	<u>\$ 365,982</u>	<u>\$ 415,675</u>	<u>\$ 5,776</u>	<u>\$ 745,789</u>	<u>\$ 751,845</u>	<u>\$ 751,845</u>
5. Less referendum levy recognition change	(15,897)	(16,633)	(14,262)	(16,769)	(20,258)	(27,726)	(34,824)	(60,155)	(66,693)	(78,011)	(106,852)	(112,648)	(112,648)
6. Less desegregation levy recognition change	—	—	(459)	(1,002)	(1,093)	(442)	(1,644)	(3,302)	(3,755)	(4,294)	(5,652)	(5,912)	(5,912)
7. Net recognition change amount for aid adjustment calculation	<u>\$ 240,658</u>	<u>\$ 275,038</u>	<u>\$ 205,547</u>	<u>\$ 212,034</u>	<u>\$ 224,897</u>	<u>\$ 267,006</u>	<u>\$ 295,966</u>	<u>\$ 302,525</u>	<u>\$ 345,227</u>	<u>\$ 440,471</u>	<u>\$ 633,285</u>	<u>\$ 633,285</u>	<u>\$ 633,285</u>
8. Aid adjustment calculation:													
a. Prior year recognition change (out)	—	240,658	275,038	205,547	212,034	224,897	267,006	295,966	302,525	345,227	440,471	633,285	633,285
b. Current year recognition change (in)	240,658	275,038	205,547	212,034	224,897	267,006	295,966	302,525	345,227	440,471	633,285	633,285	633,285
9. Adjustment to state aids (8a-8b)	<u>\$(240,658)</u>	<u>\$(34,380)</u>	<u>\$ 69,491</u>	<u>\$ (6,487)</u>	<u>\$ (12,863)</u>	<u>\$(42,109)</u>	<u>\$(28,960)</u>	<u>\$ (6,559)</u>	<u>\$(42,702)</u>	<u>\$ (95,244)</u>	<u>\$192,814</u> <u>(\$192,814)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

1994-95 Biennial Budget

PROGRAM: 01 General Education Program
AGENCY: Education Aids
 0102 PROPERTY TAX REVENUE RECOGNITION
 (Continuation)

TABLE 1-3
PROPERTY TAX REVENUE RECOGNITION CHANGE AND STATE AID ADJUSTMENT (\$ in 000s)

	<u>F.Y. 1983</u>	<u>F.Y. 1984</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>ESTIMATE</u> <u>F.Y. 1992</u>	<u>ESTIMATE</u> <u>F.Y. 1993*</u>	<u>CURRENT LAW</u> <u>F.Y. 1994</u>	<u>F.Y. 1995</u>
10. Referendum levy recognition amount based on:													
a. Prior year recognition percent										65,360	79,070		
b. Current year recognition percent										78,011	106,852		
c. Difference = Adjustment to aids ^c										(12,651)	(27,782)		
11. Total adjustment to state aids (9 + 10 ^c)	<u>\$(240,658)</u>	<u>\$(34,380)</u>	<u>\$ 6,941</u>	<u>\$(6,487)</u>	<u>\$(12,863)</u>	<u>\$(42,109)</u>	<u>\$(28,960)</u>	<u>\$(6,559)</u>	<u>\$(42,702)</u>	<u>\$(107,895)</u>	<u>\$220,596</u> <u>(\$220,596)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

*Estimated

- ^a These adjustments occur when a district's gross revenue recognition change amount is greater than its state aids and property tax credits (which are for the fiscal year payable in that fiscal year) plus any referendum levy recognition change. In this case, the district's levy recognition change amount is limited to the lesser amount.
- ^b The increase in districts for which these adjustments are made is due to Education District and Secondary Vocational Cooperative levies being subject to the levy recognition change provisions for the first time.
- ^c The referendum levy recognition amount is normally not included for the aid adjustment calculation. This additional adjustment to state aids is provided in law as a one-time adjustment attributable to the increase in the revenue recognition percent that occurred in F.Y. 1992 and F.Y. 1993. Refer to Laws 1991, Chapter 265, Article 1, Section 31 and Laws 1992, Chapter 499, Article 1, Section 22 for these provisions.

1994-95 Biennial Budget

PROGRAM: 01 General Education Program
 AGENCY: Education Aids
 0103 REFERENDUM REVENUE
 CITATION: M.S. 124A.03, Subd 2
 MDE ADMIN: 1401 Education Finance and Analysis
 FEDERAL: None

PURPOSE:

To allow school districts to increase their property taxing authority for general education purposes, beyond the level otherwise provided by state law, by obtaining approval from the voters in the district for a referendum levy. The referendum levy provides districts with a mechanism for raising additional revenue for:

- programs and priorities identified and defined at the local level; and
- cost factors that are not funded through the General Education Program formula and which may be unique to the school district.

By providing districts with additional general revenue, this aid program contributes to the overall financial health of the districts. As a result, the districts have an increased ability to provide effective educational programs that contribute to the Minnesota Milestones goal of excellence in basic academic skills.

DESCRIPTION:

A school board may increase its revenue for general education, beyond the level otherwise provided by state law, by obtaining approval from the voters in the district for a referendum levy.

The total referendum revenue that may be raised is equal to the sum of (1) the tax capacity rate approved by voters, multiplied by the school district's net tax capacity, plus (2) the dollars per pupil unit approved by the voters, multiplied by the school district's pupil units.

Revenue authorities expressed as tax capacity rates are based on referendums held in 1990 or earlier. Revenue authorities expressed as dollars per pupil unit are based on referendums held in 1991 or later.

Referendum levies based on referendums held in 1991 or earlier are spread among taxpayers on the basis of net tax capacity. Referendum levies based on referendums held in 1992 or later are spread among taxpayers on the basis of market value. This increases the levy burden on homes and farms, and decreases the burden on commercial property.

Starting in F.Y. 1993, the first \$305 per pupil unit of referendum revenue (10 percent of the formula allowance) is eligible for equalization aid. Eligible referendum revenue is 50 percent equalized with a one-third phase-in for F.Y. 1993, a two-thirds phase-in for F.Y. 1994, and a full phase-in for F.Y. 1995. In addition, the authority of new referendums is limited to no more than five years.

At least 15 days prior to the referendum election, the school district must send a notice to all taxpayers in the district containing:

- a sample ballot; and
- examples of the dollar impact of the referendum on typical taxpayers with various types of property.

A school board can choose to levy any portion of the amount that a referendum authorizes.

OUTCOMES:

The additional revenue generated by the referendum levy has been increasing for the following reasons:

- The value of property that is subject to a referendum levy has increased. Since the levy is based on the approved tax capacity rate for each district, existing referendum levies have generated additional dollars as property values have increased.
- School districts with no previous referendum levy authority have passed new referendums.
- Districts with existing referendum authority have passed additional referendum levies to increase their authorized tax rates.
- School boards have chosen to exercise an increasing portion of the levy authority provided by referendum.

B. Program Services/Statistics:

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
(\$ in 000s)	89 PAY 90	90 PAY 91	91 PAY 92	92 PAY 93	93 PAY 94
Number of Districts					
With Authority	280	285	270	287	300
Using Authority	277	279	265	287	300
Authorized referendum levy	\$224,338.2	\$273,748.8	\$271,072.6	\$279,646.6	\$293,225.5
Potential referendum aid	0.0	0.0	13,480.8	29,257.2	66,280.8
Potential referendum revenue	224,338.2	273,748.8	284,553.4	308,903.8	359,506.3
Certified referendum levy	218,597.5	269,487.5	268,034.7	276,512.7	290,000.0
Actual referendum aid	0.0	0.0	13,329.7	28,929.3	65,551.7
Actual referendum revenue	\$218,597.5	\$269,487.5	\$281,364.4	\$305,442.0	\$355,551.7
Utilized portion of					
levy authority	97.4%	98.4%	98.9%	98.9%	98.9%
Realized portion of					
potential aid	N/A	N/A	98.9%	98.9%	98.9%
Realized portion of					
potential revenue	97.4%	98.4%	98.9%	98.9%	98.9%

(continued on next page)

1994-95 Biennial Budget

PROGRAM: 01 General Education Program
AGENCY: Education Aids

0103 REFERENDUM REVENUE
 (Continuation)

(continued from previous page)				Current Law	
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
(\$ in 000s)	<u>89 PAY 90</u>	<u>90 PAY 91</u>	<u>91 PAY 92</u>	<u>92 PAY 93</u>	<u>93 PAY 94</u>
WADM	814,937	837,879	861,241	883,286	905,784
Certified levy per WADM	\$268	\$322	\$311	\$313	\$320
Actual aid per WADM	0	0	15	33	72
Actual total per WADM	\$268	\$322	\$326	\$346	\$392

PROSPECTS:

Although referendums are expected to continue to increase, the rate of increase may decline. Beginning in 1990, all referendum elections must be held on the first Tuesday after the first Monday in November, which may coincide with general election day. This may affect the number of referendums that are approved by the voters. In addition, the authority of referendums passed after 1990 is limited to five years. This will increase the number of referendum elections required to maintain the same level of referendum authority. Districts with referendums passed before 1991 could be unlimited in duration.

However, there is still considerable potential for increases in both the value of property subject to referendum levy, and the tax rates authorized against this value.

OBJECTIVES F.Y. 1994-95:

Continuation of the phase-in of referendum levy equalization in current law and the increase in the proportion of the levy that is equalized will result in improved equity for students and taxpayers. Local ability to raise additional revenue for specified needs will be maintained and enhanced. The difference between revenue available at the 5th and 95th percentiles will decline improving equity for students. The relationship between revenue and property wealth will diminish improving equity for taxpayers.

GOVERNOR'S RECOMMENDATION:

See Program Budget 0101 for the Governor's recommendation.

1994-95 Biennial Budget

PROGRAM: 01 General Education Program
AGENCY: Education Aids

0104 SHORT-TERM BORROWING COST REIMBURSEMENT AID

CITATION: M.S. 124.97
MDE ADMIN: 1401 Education Finance and Analysis
FEDERAL: None

PURPOSE:

To provide additional revenue to school districts each fiscal year in which they have costs for short-term borrowing to meet cash flow needs attributable to the change in the property tax shift percentage from 37 percent to 50 percent.

This program acknowledges that the increase in tax shift percentage instituted beginning in F.Y. 1993 to achieve the State's budgetary goals of maintaining school district revenues while avoiding state short-term borrowing will adversely affect school districts' cash flow. For F.Y. 1993, district cash balances are affected by the reduction in state aid payments that corresponds to the increase in the amount of spring property tax collections that are recognized early. In future fiscal years, the timing of cash receipts will not correspond to the cash disbursement patterns of school districts, requiring districts to draw down cash balances and/or engage in short-term borrowing.

By providing school districts with additional general revenue, this aid program contributes to the overall financial health of the districts. As a result, the districts can maintain the ability to provide effective educational programs that contribute to the Minnesota Milestones goal of lifelong learning and good citizenship for all Minnesotans.

DESCRIPTION:

Revenue is provided, based on a statutory formula, to school districts that have incurred costs for short-term borrowing and have reported to the Minnesota Department of Education by April 30 of each fiscal year.

The maximum amount of aid is the lesser of:

- actual short-term borrowing costs, or
- the sum of the products of a semimonthly interest rate estimated by the commissioner of finance, times the sum of the positive semimonthly differences between "cash need" estimated in a manner consistent with M.S. 124.155 (adjustments to aids for tax levy recognition change) and M.S. 124.195 (metered aid payment law), with the tax shift percentage a) at 50 percent and b) at 37 percent.

The formula calculations are based on each district's data used for the May 30 metered state aid payment, and the reimbursement aid payment is made on June 30. An open and standing appropriation for this aid program is provided in M.S. 124.197, Subdivision 6. This is necessary

because of the uncertainty as to the number of districts that will actually engage in short-term borrowing and as to the interest rates that are to be used in the aid calculations.

OUTCOMES:

A. Program Effectiveness:

The first year of operation for this program is F.Y. 1993 and all data are estimated at this time. It is currently estimated that 330 school districts will participate in this program resulting in interest aid reimbursement of \$1,300,000 in F.Y. 1993.

B. Program Services/Statistics:

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of School Districts Participating	--	--	330	330	330
Aid Entitlement (\$ in 000s)	--	--	\$ 1,300.0	\$1,300.0	\$1,300.0

Because this program provides potential reimbursement for interest expenses incurred by districts attributable to the change in tax shift, the program makes a contribution to the general overall fiscal health of school districts.

PROSPECTS:

Given the tax shift percentage remaining at 50 percent, the need to borrow for cash flow purposes will increase for many school districts, especially if future increases in the level of education funding do not match the increase in the cost of district operations and more districts find it necessary to draw down current cash balances for operations.

OBJECTIVES F.Y. 1994-95:

To replace this aid program beginning in F.Y. 1994 with another method of reducing the borrowing costs of school districts.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that this program be discontinued effective in F.Y. 1994, and be replaced with a Credit Enhancement Program designed to lower the short-term and long-term borrowing costs of school districts by having the State of Minnesota guarantee repayment to creditors by offsetting education aid payments otherwise due to the district. In the case of necessary payments the involved districts would be required to submit a plan detailing proposed actions to achieve financial stability. With high credit ratings, the district borrowing costs are expected to be lower due to the availability of lower interest rates.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0104 SHORT TERM BORROWING AID

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$0	\$1,300	\$1,300	\$1,300
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	0	1,300	1,300	1,300
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Eliminate and replace with legislation providing state enhancement of district credit ratings			(1,300)	(1,300)
Total Policy Changes			(1,300)	(1,300)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)				
APPROPRIATIONS BASIS:				
Current Year	0	1,300	0	0
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	0	1,300	0	0
LEVY AUTHORITY	0	0	0	0

PUPIL TRANSPORTATION PROGRAM (02)

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PUPIL TRANSPORTATION PROGRAM

1994-95 Biennial Budget

PROGRAM: 02 Pupil Transportation Program
AGENCY: Education Aids

 0201 TRANSPORTATION PROGRAM

CITATION: M.S. 124.223; 124.225; 124.226, Subd 1-7
MDE ADMIN: 1402 Education Development
FEDERAL: None

PURPOSE:

To ensure that all Minnesota children have access to education programs and opportunities, and that they are transported safely and economically. School districts are provided with aid and/or levy revenue to finance the transportation of eligible pupils to and from school, and in other authorized categories of transportation. More specifically, the categories authorized for transportation funding are as follows:

- Regular;
- Disabled;
- Between Schools, Disabled;
- Learning Year Summer;
- Board and Lodging;
- To and From Board and Lodging Facility;
- Between Schools, Public;
- Between Schools, Nonpublic;
- Noon Kindergarten;
- Desegregation; and
- Mobility Zone.

In addition to providing for access to educational opportunities for attaining basic academic skills, the Pupil Transportation program contributes to the following Minnesota Milestone goals:

- All children will come to school ready to learn (transported);
- Our communities will be safe, friendly and caring (safety);
- We will welcome, respect and value all people (desegregation);
- People with disabilities will have the opportunity to participate in society (transported).

Transportation by school bus is recognized by various state and federal transportation and safety organizations as being the safest form of transportation in the United States. Also, by using multi-passenger vehicles which results in fewer vehicles on the road, the expected results include reduced fuel consumption, fewer accidents and less air pollution.

DESCRIPTION:

I. TRANSPORTATION CATEGORIES

State aid is provided for 11 categories of pupil transportation service. The 11 categories are grouped into two classes, regular and nonregular. Levy authority is provided for the excess and late activity transportation categories. Following is a brief description of each transportation

category:

A. Regular

One round trip per day between home and the public or nonpublic school for: a) non-disabled elementary pupils residing 1 mile or more from the assigned school and, b) nondisabled secondary pupils residing 2 miles or more from the assigned school. Pupils who are custodial parents may be transported to and from the site of child care services for the pupil's child if that site is within the attendance area of the school the pupil attends.

B. Nonregular

1. Disabled - One round trip per day between home and the public or nonpublic school for disabled pupils, transportation of pupils between public school buildings for instructional purposes in special education programs, and transportation of nonpublic pupils between the nonpublic school and a public school for shared-time special education classes.
2. Learning Year Summer - One round trip per day between home and the public or nonpublic school during the summer months of a year-round school program for: a) elementary pupils residing 1 mile or more from the assigned school and, b) secondary pupils residing 2 miles or more from the assigned school.
3. Board and Lodging - Cost of board and lodging of pupils when it is determined by the local school board that board and lodging is more feasible or efficient than providing daily transportation services. The pupils for which this is done are primarily disabled pupils.
4. To and From Board and Lodging Facility - Transportation between home and the board and lodging facility where the pupil is placed. The majority of this transportation involves disabled pupils residing at the State Academies for the Deaf and Blind in Faribault and at a facility in Worthington.
5. During-Day - Transportation of pupils during the school day: a) between public school buildings within the district for instructional purposes, b) to and from State Board of Education approved secondary vocational centers for vocational classes, and c) between schools located in 2 or more districts for cooperative academic and vocational classes.
6. Shared Time - Transportation of nonpublic pupils between the nonpublic school and a public school for shared-time classes.
7. Nonpublic Support Services - Transportation of nonpublic pupils between the nonpublic school and a public school or a neutral site for health and/or guidance/counseling services.
8. Noon Kindergarten - Noon transportation to and from school for Kindergarten pupils attending 1/2 day sessions.
9. Desegregation - Transportation of pupils to and from schools located outside their normal attendance areas under the provisions of a plan for desegregation mandated by the State Board of Education or under court order.

1994-95 Biennial Budget

PROGRAM: 02 Pupil Transportation Program
AGENCY: Education Aids

0201 TRANSPORTATION PROGRAM (Continuation)

10. Mobility Zone - Transportation of elementary pupils who move during the year to and from a school in an area designated as a mobility zone.

C. Excess Transportation

School districts are also permitted to make an excess transportation levy for the cost of transporting secondary pupils residing between 1 and 2 miles from school, and for the cost of transportation or related services necessary for transporting pupils residing less than 1 mile from school because of extraordinary traffic, drug or crime hazards. Also included are the costs related to providing crossing guards.

D. Late Activity Transportation

School districts may levy for late transportation home from school, between schools within a district or between schools in different cooperating districts if they provided late activity transportation in F.Y. 1991. In addition, districts that levy for this service must provide late transportation to students participating in any academic-related activity provided by the district if transportation is provided for students participating in athletic activities.

Authorized expenditures for pupil transportation include fuel and nonfuel operating expenditures and bus depreciation. Table 2-1 shows the number of pupils transported to and from school in each transportation category. Table 2-2 provides a summary of pupil transportation expenditures by object. Expenditures by category of transportation services are shown in Table 2-3. Table 2-4 reviews the formula financing of authorized transportation.

II. FUNDING FORMULA

Separate formulas are used to compute a district's funding for regular and nonregular transportation. A district's regular transportation funding equals the district's regular transportation allowance times the number of pupils transported in the regular and desegregation categories. Nonregular transportation funding is based on actual nonregular cost for the current year.

A. Regular Financing

Since F.Y. 1980, regular transportation funding has been calculated through an average cost formula. From F.Y. 1980 until F.Y. 1990, a statistical procedure called multiple regression analysis was used to predict a base year cost per regular category pupil transported. Beginning in F.Y. 1991, a statutory formula is used to compute the predicted base cost. The base year is always the second preceding year. (The base year for F.Y. 1990 was F.Y. 1988.) The predicted base cost reflects the average base year cost per regular category pupil transported for districts with similar density (regular category pupils transported per square mile of the district's area) and other district characteristics.

Since F.Y. 1980, the factors used in the regular transportation funding formula have been revised periodically to provide more comparable funding for similar districts and to strengthen TRANSPORTATION PROGRAM incentives for cost control.

Beginning in F.Y. 1991, a district's predicted base cost equals the product of the following:

- 1) the transportation formula allowance, times
- 2) the district's sparsity index raised to the 1/4 power, times
- 3) the district's density index raised to the 35/100 power, times
- 4) the district's contract transportation index raised to the 1/20 power.

The transportation formula allowance is \$421 for the F.Y. 1990 base year and \$434 for the F.Y. 1991 base year. A district's sparsity index equals the greater of 0.005 or the ratio of the square mile area of the school district to the number of weighted pupils transported in the regular and excess transportation categories. A district's density index equals the greater of one or $[2 - (\text{district's sparsity index} \times 20)]$.

A district's contract transportation index equals the greater of one or the product of:

- 1) the district's percentage of regular students transported on vehicles not owned by the district, times
- 2) the lesser of one or the product of the district's sparsity index times 20.

The district's predicted base year cost is adjusted using a statutory "softening" formula. If the district's actual base year cost per pupil transported exceeds the predicted cost, the predicted cost is increased by a percentage of the difference. If the district's actual base year cost per pupil transported is less than the predicted cost, the predicted cost is reduced by a percentage of the difference.

Beginning in F.Y. 1991, the adjusted predicted base cost equals 50 percent of the actual base year cost per pupil plus 50 percent of the predicted base cost. However, a district's adjusted predicted base cost may not be less than 80 percent of the actual base year cost, or more than 105 percent of actual base year cost.

The adjusted predicted base cost is then increased by an inflation factor to determine the district's regular transportation allowance. For F.Y. 1992, the adjusted predicted base cost (computed using data from F.Y. 1990) was increased by 4.0 percent. For F.Y. 1993, the adjusted base cost (computed using data from F.Y. 1991) was increased by 2.0 percent. The district's regular pupil transportation funding equals the regular transportation allowance times the number of pupils transported in the regular and desegregation categories in the current year.

B. Nonregular Transportation Financing

Initial nonregular transportation revenue is based on the lesser of actual current year nonregular transportation costs or a two-year prior base cost which has been adjusted for inflation and enrollment change.

1994-95 Biennial Budget

PROGRAM: 02 Pupil Transportation Program
AGENCY: Education Aids

0201 TRANSPORTATION PROGRAM
(Continuation)

Beginning in F.Y. 1992, additional revenue was made available to districts which experienced sizeable increases in total nonregular expenditures between the base and current years. Excess nonregular transportation revenue for the 1992-93 school year equals 80 percent of the difference between:

1. The 1992-93 actual nonregular costs as defined for the 1992-93 school year, and;
2. the products of the 1990-91 nonregular costs as defined for the 1992-93 school year, times 1.30; times the ratio of the 1992-93 ADM to the 1990-91 ADM.

The state total excess nonregular transportation revenue is limited to \$2 million each year. If the state total exceeds this amount, the excess nonregular transportation revenue will be prorated.

Total nonregular revenue equals the initial nonregular revenue plus the excess nonregular revenue minus the amount of regular funding received for desegregation and disabled transportation.

A district's nonregular transportation levy is computed as follows:

1. multiplying the district's nonregular revenue that exceeds the product of \$60 times the current year average daily membership by 50 percent;
2. then subtracting the result from the total nonregular revenue, and
3. multiplying the remaining amount times the lesser of one or the district's ANTC per ADM to \$8,000.

To calculate total formula funding, regular revenue is added to the nonregular revenue. Next, the nonregular, basic and contract levies are subtracted from the total formula funding to determine initial state aid. Gross state aid is the product of the initial state aid times the percentage of basic and nonregular levy certified.

OUTCOMES:

A. Program Effectiveness:

In 1991, about 71 percent of all school buses passed the annual state safety inspection on the first inspection date. The percentage for 1990 was about 68 percent.

As noted in the PURPOSE statement, transportation by school bus is recognized by various state and federal transportation and safety organizations as being the safest form of transportation in the United

States. Also, by using multi-passenger vehicles which results in fewer vehicles on the road, the expected results include reduced fuel consumption, fewer accidents and less air pollution. However, other than for some safety measures, no indicators have been formally documented for these areas.

B. Program Services/Statistics:

All Minnesota school districts provide for transportation of students. A district's transportation funding is a combination of state aid and local levy. A district's total transportation aid equals its total formula funding minus the basic, contracted and nonregular transportation levy limits. Seventeen districts were off-the-formula in F.Y. 1992 and 15 districts are estimated to be off-the-formula in F.Y. 1993.

**TABLE 2-1
PUPILS TRANSPORTED TO AND FROM SCHOOL**

(\$ in 000s)	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Regular	518.6	530.3	543.9	560.1	576.7
Desegregation	34.9	41.3	45.7	47.0	48.2
Handicapped	20.4	22.4	23.4	24.5	25.0
Excess transportation	<u>111.1</u>	<u>115.8</u>	<u>121.0</u>	<u>126.0</u>	<u>131.3</u>
Total pupils transported	685.0	709.8	734.0	757.6	781.2
Total gross enrollment					
(Public and Nonpublic)	887.5	906.8	926.8	945.5	964.3
Percentage of pupils transported	77.2%	78.3%	79.2%	80.1%	81.0%

**TABLE 2-2
TRANSPORTATION EXPENDITURE SUMMARY BY OBJECT**

(\$ in 000s)	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
1. Nonfuel operating	\$199,212.9	\$213,414.9	\$228,858.8	\$245,279.4	\$261,515.7
2. Fuel					
a. Number of gallons (000s)	20,922.7	21,317.2	21,617.7	21,913.6	22,118.5
b. Pump price per gallon	\$1.209	\$1.15	\$1.185	\$1.265	\$1.350
c. Less federal tax	(0.12)	(0.14)	(0.14)	(0.14)	(0.14)
d. Less average quantity discount	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
e. Average cost per gallon	<u>1.069</u>	<u>0.990</u>	<u>1.025</u>	<u>1.105</u>	<u>1.190</u>
f. Total fuel expenditures (000s)	\$19,702.0	\$18,560.1	\$19,429.3	\$21,171.1	\$22,924.3
3. Bus Depreciation (000s)					
a. Regular school buses	\$11,360.4	\$13,014.7	\$14,023.4	\$14,808.2	\$16,127.3
b. Mobile units	18.1	0.0	0.0	1.2	1.22
c. Type 3 vehicles	1,087.2	1,241.6	1,388.2	1,732.8	2,077.6
d. Reconditioned buses	<u>61.0</u>	<u>17.7</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>
e. Total bus depreciation	\$12,508.6	\$14,274.0	\$15,414.4	\$16,543.8	\$18,207.7
4. Total expenditures (000s)	\$231,423.5	\$246,249.0	\$263,702.5	\$282,994.3	\$302,647.7

1994-95 Biennial Budget

PROGRAM: 02 Pupil Transportation Program
AGENCY: Education Aids

0201 TRANSPORTATION PROGRAM
(Continuation)

TABLE 2-3
TRANSPORTATION EXPENDITURE SUMMARY
BY CATEGORY

(\$ in 000s)	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
1. Regular and excess transportation (includes excess walker cost)	\$144,219.6	\$151,690.0	\$161,697.6	\$172,610.5	\$184,234.4
2. Nonregular transportation					
a. Desegregation	13,011.7	15,125.0	16,000.0	17,000.0	18,000.0
b. Handicapped	40,074.9	42,700.0	46,821.0	51,638.0	55,488.3
c. Noon Kindergarten	8,714.9	9,210.0	9,816.4	10,485.7	11,198.7
d. Late activity bus	4,554.6	N/A	N/A	N/A	N/A
e. Mobility Zone	93.6	100.0	103.4	107.1	110.9
f. Other Nonregular	<u>8,144.0</u>	<u>7,110.0</u>	<u>7,430.7</u>	<u>7,776.4</u>	<u>8,135.6</u>
Total Nonregular transportation	74,593.7	74,245.0	80,171.5	87,007.1	92,933.4
3. Summer School	N/A	1,190.0	1,243.5	1,301.7	1,361.7
4. Late Activity Transportation	N/A	4,750.0	5,061.9	5,407.6	5,775.9
5. Postsecondary Agreements	101.6	100.0	113.6	123.6	134.6
6. Bus depreciation	<u>12,508.6</u>	<u>14,274.0</u>	<u>15,414.4</u>	<u>16,543.8</u>	<u>18,207.7</u>
7. Total expenditures	\$231,423.5	\$246,249.0	\$263,702.5	\$282,994.3	\$302,647.7

TABLE 2-4
FORMULA FUNDING OF AUTHORIZED TRANSPORTATION

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
1. Regular Transportation Funding					
a. Base year	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
b. Formula allowance	406	421	434	447	463
c. Inflation factor	1.054	1.040	1.020	1.010	1.000
d. Average funding per pupil transported	\$ 240.91	\$ 229.66	\$ 232.29	\$ 235.3	\$240.07
e. Number of pupils transported	554,500	593,933	613,000	631,600	649,901
f. Regular funding (000s)	\$133,581.9	\$136,395.3	\$142,395.7	\$148,612.9	\$156,023.1
g. Regular desegregation funding	7,602.2	7,705.9	8,535.5	9,680.4	10,229.6
h. Regular disabled funding	<u>N/A</u>	<u>5,102.5</u>	<u>5,420.6</u>	<u>5,855.6</u>	<u>6,108.2</u>
i. Total regular transportation funding	\$141,184.1	\$149,203.7	\$156,351.7	\$164,148.9	\$172,360.9

(continued from previous page)
(\$ in 000s)

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
2. Nonregular Transportation Funding (000s)					
a. Nonregular transportation cost	\$ 78,738.8	\$ 73,441.5	\$ 77,463.1	\$ 80,614.5	\$ 84,266.0
b. Less regular desegregation funding	7,602.2	7,705.9	8,535.5	9,680.4	10,229.6
c. Less regular disabled funding	—	5,102.5	5,420.6	5,855.6	6,108.2
d. Total nonregular transportation funding	\$ 71,136.6	\$ 60,633.1	\$ 63,507.0	\$ 65,078.6	\$ 67,928.2
3. Nonregular Excess Transportation Funding	—	Incl above	Incl above	400.0	400.0
4. Excess Transportation Funding	19,701.2	21,442.9	23,104.0	24,799.2	26,517.1
5. Additional Desegregation Aid		1,500.0	1,000.0		
6. Total Gross Transportation Funding (000s)	\$232,021.9	\$232,779.7	\$243,962.7	\$254,426.7	\$267,206.2
7. Levy subtractions (\$ in 000s)					
A. Basic transportation levy					
1. Tax rate					
a. Percent of tax capacity	2.04	2.07	1.94	2.13	2.13
b. Tax capacity measure*	ANTC	ANTC	ANTC	ANTC	ANTC
2. Amount	\$ 60,947.9	\$ 65,821.2	\$ 64,312.6	\$ 68,004.9	\$ 68,000.0
B. Contract transportation levy authority	6,887.6	7,102.6	7,611.6	7,909.0	8,319.8
C. Nonregular transportation levy authority	22,513.7	27,843.3	29,329.4	28,517.3	28,269.6
D. Excess transportation levy authority	19,967.4	21,442.9	23,104.0	24,799.2	26,517.1
E. Levy reduction for districts off formula					
1. Number of districts	17	17	15	9	9
2. Amount	<u>(4,240.5)</u>	<u>(3,592.9)</u>	<u>(2,619.6)</u>	<u>(1,893.3)</u>	<u>(1,201.0)</u>
F. Total levy subtraction	\$106,076.1	\$118,616.9	\$121,742.7	\$127,374.1	\$130,150.3
8. State aid entitlement (000s)					
A. Gross state aid entitlement	\$118,490.1	\$114,162.7	\$122,220.1	\$127,052.6	\$137,055.9
B. Gross aid as percent of funding	52.6%	49.0%	50.1%	49.9%	51.3%
C. Proration per ADM	0.80	2.21	0.00	0.00	0.00
D. Prorated state aid entitlement	\$117,903.9	\$114,079.7	\$122,220.1	\$127,052.6	\$137,055.9
9. Reconciliation of expenditures and funding (000s)					
A. Total prorated transportation funding	\$223,980.0	\$231,196.7	\$243,962.8	\$254,426.7	\$267,206.2
B. Total authorized expenditures	231,423.5	246,249.0	263,702.5	282,994.3	302,647.7
C. Prorated funding as percent of expenditures	96.78%	93.89%	92.51%	89.91%	88.29%

*Adjusted Assessed Valuation (AAV); Adjusted Gross Tax Capacity (AGTC); Adjusted Net Tax Capacity (ANTC)

1994-95 Biennial Budget

PROGRAM: 02 Pupil Transportation Program
AGENCY: Education Aids

0201 TRANSPORTATION PROGRAM
(Continuation)

PROSPECTS:

Transportation costs continue to increase due to a variety of factors. The number of pupils transported increases due to growth in enrollments and at the same time the percentage of pupils transported increases. Transportation distances continue to escalate as more districts participate in pairing, cooperation, and consolidation activities. Fuel costs have increased by over 30 percent in F.Y. 1991, and nonregular costs grow due to program growth and inflation.

OBJECTIVES F.Y. 1994-95:

Funding will be provided for the growth in students transported but not for inflationary increases in transportation costs.

More state funding will be available for basic to and from school transportation due to equalization of the levy for transportation due to traffic hazards and secondary students living between one and two miles from school. This improves equity for students and taxpayers.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following modifications in the pupil transportation funding formula beginning in F.Y. 1994:

1. Set the regular transportation formula allowance at \$447 for the F.Y. 1992 base year (used in computing F.Y. 1994 revenue), and at \$463 for the F.Y. 1993 base year (used in computing F.Y. 1995 revenue).
2. Set the two-year inflation factors used in computing regular transportation revenue at one percent for F.Y. 1994 and at zero percent for F.Y. 1995.
3. Set the two-year inflation factors used in computing nonregular transportation revenue at three percent for F.Y. 1994 and at zero percent for F.Y. 1995.
4. Beginning in F.Y. 1994, change transportation student reporting from a count of actual ridership to a count of eligible students, to reflect current practice and audit standards.
5. Beginning in F.Y. 1994, permit school districts to provide transportation between home and school for pupils on days devoted to parent-teacher conferences or staff development activities. If approved by the commissioner as part of a program of educational improvement, the cost of this transportation would be considered as part of the cost of regular transportation.

6. Beginning in F.Y. 1995, provide state aid to equalize the excess transportation levy using an equalizing factor of \$3500 per pupil in average daily membership.

7. Beginning with taxes payable in 1994, permit all school districts to levy for late activity transportation, regardless of whether this transportation was provided in F.Y. 1991.

8. Beginning in F.Y. 1995, compute a levy equity adjustment to the basic transportation levy, to be phased-in over four years. The amount of the adjustment would be limited to the amount of aid received by a district in its transportation fund.

The Governor recommends an aid entitlement of \$ 127,053 for F.Y. 1994 and \$ 140,865 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 126,329 in F.Y. 1994 (\$ 18,183 for F.Y. 1993 and \$ 108,146 for F.Y. 1994), and \$ 138,643 in F.Y. 1995 (\$ 18,907 for F.Y. 1994 and \$ 119,736 for F.Y. 1995.)

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0201 PUPIL TRANSPORTATION

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$114,080	\$124,514	\$124,691	\$124,691
ENTITLEMENT CHANGES PER CURRENT LAW:				
A. Budget Variables				
Revenue Changes:				
Regular Pupils Transported	(1,046)	(1,984)	2,748	7,405
Allowance/Regular Pupil	(71)	382	3,447	7,002
Nonregular Transportation Funding	855	(2,145)	(174)	2,676
Desegregation Transportation Aid	0	0	(1,177)	(1,177)
Levy Changes:				
Basic Levy	0	(13)	(5)	0
Contract Levy	350	150	(147)	(558)
Nonregular Levy	(231)	985	1,765	1,804
Off Formula Amount	226	331	(395)	(1,087)
B. Legislation Becoming Effective				
Basic Levy Target Amount			(3,700)	(3,700)
CURRENT ENTITLEMENT	114,163	122,220	127,053	137,056
FUNDING EXCESS/DEFICIENCY	(83)	1,950 *		
POLICY CHANGES RECOMMENDED				
Equalize Excess Transportation Levy at \$3,500/ADM				3,809
Initiate Levy Equity Adjustment in				***
Transportation Fund, 1/4 Phased In				
Total Policy Changes			0	3,809

*** The amounts deducted from other state aids would be deposited in the General Education aid account and General Education appropriations would be reduced by an offsetting amount.

AID ENTITLEMENT (Implied by FY 94/95 Appropriations)	127,053	140,865
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EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0201 Continued

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
APPROPRIATIONS BASIS:				
Current Year	97,193	105,987	108,146	119,736
Prior Year	17,679	16,887	18,183	18,907
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	114,872	122,874	126,329	138,643
LEVY AUTHORITY	118,617	121,743	127,374	126,188 **

* \$2,294 less \$344 of the F.Y. 1994 prior year final account that does not have to be appropriated due to the lower estimated entitlement = \$1,950 in the F.Y. 1993 current appropriation.

** Includes \$3,807 decrease in excess transp. levy, and \$153 increase in levy for levy equity adj., based on recommended policy change.

1994-95 Biennial Budget

PROGRAM: 02 Pupil Transportation Program
 AGENCY: Education Aids
 0202 MISCELLANEOUS TRANSPORTATION LEVIES
 CITATION: M.S. 124.226, Subd 2 and 6
 MDE ADMIN: 1401 Education Finance and Analysis
 FEDERAL: None

PURPOSE:

To provide school districts with funds for the purchase of pupil transportation vehicles and equipment, and for added transportation costs resulting from leasing a school building in another school district.

By providing school districts with authority to levy for certain transportation programs, these programs contribute to the financial health of districts. As a result, the districts have an increased ability to provide effective educational programs that contribute to the Minnesota Milestones goals of:

- Minnesotans will excel in basic academic skills; and
- Minnesotans will have the advanced education and training to make the state a leader in the global economy.

DESCRIPTION:

Bus Purchase Levy

A school district may levy the amount necessary to eliminate any projected deficit in the reserved fund balance account for bus purchases as of June 30 of the school year beginning in the calendar year following the calendar year the levy is certified. Levy amounts are based on school district estimates.

Leased Facility Levy

When the transportation patterns of a district change as a result of leasing a school building in another district, the district may, upon approval of the Commissioner of Education, levy for any increase in transportation cost above the cost that would occur without the leasing of the school. The amount provided by this levy is deducted from the district's cost data used in computing transportation aid.

OUTCOMES:

A. Program Effectiveness:

The number of districts requesting bus purchase levy authority has remained relatively stable in recent years with approximately 200 school districts participating. As the cost of replacing pupil transportation vehicles escalates, the number of dollars requested for bus purchase is expected to increase.

For F.Y. 1993 and F.Y. 1994, no districts requested leased facility levy authority.

B. Program Services/Statistics:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	Current Law F.Y. 1994	F.Y. 1995
1. Bus Purchase Levy					
Amount (000s)	8,263.1	9,055.4	8,036.8	7,015.3	7,015.3
Number of Districts	207	192	182	165	165
2. Leased Facility Levy					
Amount (000s)	0	0	0	0	0
Number of Districts	0	0	0	0	0

PROSPECTS:

A large number of districts that own pupil transportation vehicles will continue to utilize the bus purchase levy for funding the purchase of vehicles. The amount of levy authority requested is expected to increase to compensate for the rising cost of school buses and other pupil transportation vehicles. The potential for school districts leasing a school building from another district continues to exist.

As a result of the continuing need for student transportation services, the Minnesota Department of Education (MDE) anticipates full utilization of the funds generated by districts from Miscellaneous Transportation Levies.

OBJECTIVES F.Y. 1994-95:

Deficits in the reserved fund for bus purchases resulting from the difference between the cost of new buses and the depreciation allowance for old buses will be eliminated. Financial report and levy data are monitored annually.

District decisions on leasing a school building in another district will not be based on an unfunded increase in transportation costs. Data will be collected on transportation costs when a levy is requested.

Minnesota school districts will generate revenue to the extent needed for certain transportation obligations in F.Y. 1994 and F.Y. 1995 thereby contributing to their overall financial health.

GOVERNOR'S RECOMMENDATION:

The Governor recommends continuation of this activity.

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1994-95 Biennial Budget

PROGRAM: 02 Pupil Transportation Program
 AGENCY: Education Aids
 0203 POSTSECONDARY ENROLLMENT OPTIONS TRANSPORTATION
 CITATION: M.S. 123.3514
 MDE ADMIN: 1402 Education Development
 FEDERAL: None

PURPOSE:

To provide state aid to school districts which reimburse eligible students for transportation expenses incurred while enrolled in the Postsecondary Enrollment Options (PSEO) program. More specifically, the reimbursement is for expenses incurred in travel between the secondary school and the postsecondary institution attended, and eligibility is based on financial need as established under State Board of Education guidelines.

This program contributes to the Minnesota Milestones goal of excellence in basic academic skills by assuring that students from low income families have an opportunity to obtain higher education courses or begin a higher education program, no matter how far they live from a postsecondary institution and that this additional transportation requirement will not cause any additional financial hardships for the families.

DESCRIPTION:

Upon application to the resident school district, eligible students, their parents or guardians are reimbursed for the expense incurred in travel between the secondary school and the postsecondary institution attended under PSEO.

Eligibility is based on financial need and reimbursement rates established under Minnesota Statute 123.3514, subdivision 8. For F.Y. 1993, reimbursement may not exceed the actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement also may not exceed an amount equal to 250 miles of travel per week (5 round trips) unless the nearest postsecondary institution is more than 25 miles from the student's resident secondary school. In the latter case, the weekly reimbursement may not exceed an amount equal to the rate of reimbursement multiplied by the actual distance between the secondary school and the closest postsecondary institution multiplied by 10 (i.e., 5 round trips).

OUTCOMES:

A. Program Effectiveness:

The outcome for this program is to remove transportation costs as a barrier to participation in the PSEO program. Over 200 students from low income families have had an opportunity to begin a higher education because of this program. Without this mileage reimbursement, many of these students would not have been able to have these opportunities.

Participation in PSEO has increased to about 7,500 students since its enactment in 1985. In 1992, 43 students applied to their districts for transportation aid. Claims submitted to the Minnesota Department of Education (MDE) totaled \$40,974, with the average reimbursement being \$953 per student.

For further discussion of the outcomes and effectiveness of state education programs refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- IV. C. Improve learner self-esteem
- IV. G. Every learner has the opportunity to apply to attend the school or education program that best fits the needs and interests of the learner
- IV. I. Ensure the satisfaction of families through the involvement of parents in learner success

B. Program Services/Statistics:

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Districts Submitting Claims	32	30	33	36	40
Reimbursement Rate Per Mile (cents)	25.5	15.0	15.0	15.0	15.0
Students Receiving Reimbursement	52	43	47	52	57
Average Claim Per Student	\$ 1,342	\$ 953	\$ 974	\$ 998	\$ 1,023
Aid Entitlement (000s)	\$ 69.8	\$ 41.0	\$ 45.7	\$ 51.9	\$ 58.3
Proration Factor	.7363	1.0	1.0	1.0	1.0
Prorated State Aid	\$ 51.4	\$ 41.0	\$ 45.7	\$ 51.9	\$ 58.3

PROSPECTS:

The financial need criteria are based on federal poverty guidelines for family income. As participation in PSEO is expected to increase, so is the number of eligible students who qualify for mileage reimbursement and the number of miles traveled. Under current projections of reimbursement criteria and student participation, the aid entitlement is projected to increase by about \$6,900 for F.Y. 1994 and \$13,300 for F.Y. 1995 over the annual base entitlement of \$45,000.

OBJECTIVES F.Y. 1994-95:

Information about eligibility for transportation reimbursement will be made available to students in grades 11 and 12 as well as in the promotion of the choice programs and all monies appropriated for the program will be distributed to qualifying students to reimburse part of their transportation costs, in order that:

1994-95 Biennial Budget

PROGRAM: 02 Pupil Transportation Program
AGENCY: Education Aids

0203 POSTSECONDARY ENROLLMENT OPTIONS TRANSPORTATION
(Continuation)

1. Transportation costs are not a barrier to their opportunity to attend a postsecondary institution under the Postsecondary Enrollment Options (PSEO) program.
2. Transportation costs are not a barrier for low-income students succeeding in the learning process.
3. Parents are satisfied that their children have had every opportunity to succeed academically.

Funding has been reduced from the original \$50,000 to \$45,000 and from \$.25/mile to \$.15/mile which may already be affecting low-income students' decisions to participate in the program.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 52 for F.Y. 1994 and \$ 58 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 52 in F.Y. 1994 and \$ 58 in F.Y. 1995.

The Governor recommends continuation of the transfer authority between this program and the School District Enrollment Options Transportation program (Program Budget 0204) to better ensure the availability of sufficient funding for these two activities.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0203 POST – SEC. ENROLLMENT OPTIONS TRANSP.

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$45	\$45	\$45	\$45
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Change in Participation	(4)	1	7	13
B.Legislation Becoming Effective				
CURRENT ENTITLEMENT	41	46	52	58
FUNDING EXCESS/DEFICIENCY	4	a)		
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			52	58
APPROPRIATIONS BASIS:				
Current Year	45	46	52 b)	58 b)
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	45	46	52	58
LEVY AUTHORITY	0	0	0	0

a) The \$1.0 deficiency is funded with a \$1.0 transfer from Enrollment Options Transportation.

b) Continuation of authority is recommended between this program and the Enrollment Options Transportation program.

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1994-95 Biennial Budget

PROGRAM: 02 Pupil Transportation Program
AGENCY: Education Aids

 0204 SCHOOL DISTRICT ENROLLMENT OPTIONS
 TRANSPORTATION

CITATION: M.S. 120.062
MDE ADMIN: 1402 Education Development
FEDERAL: None

PURPOSE:

To provide state aid to school districts which reimburse eligible students for transportation expenses incurred while enrolled in the School District Enrollment Options (SDEO) program. More specifically, the reimbursement is for expenses incurred in travel to and from the boundary of the attendance area within the nonresident district attended, and eligibility is based on financial need as established under State Board of Education guidelines.

This program contributes to the Minnesota Milestones goal of excellence in basic academic skills by providing mileage reimbursement for students from low income families, assuring that their families will not suffer any financial hardships because of this additional transportation requirement while enrolled in the School District Enrollment Options program.

DESCRIPTION:

Upon application to the nonresident school district, eligible students, their parents or guardians, are reimbursed for the expense incurred in travel to and from the boundary of the attendance area of the school within the nonresident district attended under SDEO.

Eligibility is based on financial need and reimbursement rates established under Minnesota Statute, section 120.062, subdivision 9. For F.Y. 1993, reimbursement may not exceed the actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement also may not exceed an amount equal to 250 miles of travel per week (5 round trips).

OUTCOMES:

A. Program Effectiveness:

The outcome for this program is to remove transportation costs as a barrier to participation in SDEO program. Over 60 students from low income families have had a chance for more educational choices because of this program. Without this mileage reimbursement, many of these students would not have been able to have these opportunities.

For further discussion of the outcomes and effectiveness of state education programs refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- IV. C. Improve learner self-esteem
- IV. G. Every learner has the opportunity to apply to attend the school or education program that best fits the needs and interests of the learner
- IV. I. Ensure the satisfaction of families through the involvement of parents in learner success

B. Program Services/Statistics:

Participation in SDEO has increased to approximately 8,300 students since its enactment in 1987. Beginning in 1992, the reimbursement rate per mile decreased from 25.5 cents per mile to 15 cents per mile. In addition, the Department was given approval to transfer funds between this activity and the PSEO Transportation activity (Program Budget 0203) to ensure the availability of sufficient funding for those two activities.

In 1992, 28 students applied to their districts for SDEO transportation aid. Claims to the Minnesota Department of Education (MDE) totaled \$9,392 and the average reimbursement was \$336 per student.

MDE anticipates the base appropriations for the 1994-95 biennium will be inadequate to meet current funding requirements. Any excess appropriations are available for transfer to Postsecondary Enrollment Options Transportation (see Program Budget 0203).

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	Current Law F.Y. 1995
Districts Submitting Claims	19	18	22	26	31
Reimbursement Rate Per Mile (cents)	25.5	15.0	15.0	15.0	15.0
Students Receiving Reimbursement	19	28	34	41	49
Average Claim Per Student	\$ 832	\$ 336	\$ 347	\$ 364	\$ 383
Aid Entitlement (000s)	\$ 15.8	\$ 9.3	\$ 11.8	\$ 14.9	\$ 18.8

PROSPECTS:

As participation in SDEO is expected to increase, so is the number of students qualifying for transportation reimbursement and the number of miles traveled. The financial need criteria are based on the federal poverty guidelines for family income.

Although the program is experiencing growth, the projected level of entitlement for F.Y. 1994 is about equal to the annual base entitlement of \$15,000. An additional \$3,800 over the base entitlement is needed for F.Y. 1995 to meet the projected level of entitlement.

1994-95 Biennial Budget

PROGRAM: 02 Pupil Transportation Program
AGENCY: Education Aids

0204 SCHOOL DISTRICT ENROLLMENT OPTIONS
TRANSPORTATION

OBJECTIVES F.Y. 1994-95:

Information about eligibility for transportation reimbursement will be made available to families with open enrollment documents, and in the promotion of choice programs. Also, all monies appropriated for the program will be distributed to qualifying students to reimburse part of their transportation costs, in order that:

1. Transportation costs are not a barrier to low-income families deciding to apply to attend a non-resident district school that fits their children's interests and needs.
2. Transportation costs are not a barrier for low-income students succeeding in the learning process.
3. Low-income parents are satisfied that their children have had every opportunity to succeed in school.

Funding has been reduced from the original \$50,000 to \$15,000 and from \$.25/mile to \$.15/mile which may already be deterring some low-income families from choosing a non-resident district school.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 15 for F.Y. 1994 and \$ 19 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 15 in F.Y. 1994 and \$ 19 in F.Y. 1995.

The Governor recommends continuation of the transfer authority between this program and the Post-secondary Enrollment Options Transportation program (Program Budget 0203) to better ensure the availability of sufficient funding for these two activities.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0204 ENROLLMENT OPTIONS TRANSPORTATION

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$15	\$15	\$15	\$15
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Change in Participation	(6)	(3)	0	4
B.Legislation Becoming Effective				
CURRENT ENTITLEMENT	9	12	15	19
FUNDING EXCESS/DEFICIENCY	6	2 a)		
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			15	19
APPROPRIATIONS BASIS:				
Current Year	15	14	15 b)	19 b)
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	15	14	15	19
LEVY AUTHORITY	0	0	0	0

a) \$3.0 less \$1.0 transferred to Post–Sec. Enrollment Options Transp.

b) Continuation of transfer authority is recommended between this program and the Post–Sec. Enrollment Options Transp. program.

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SPECIAL PROGRAMS (03)

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SPECIAL PROGRAMS

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1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0301 SPECIAL EDUCATION - REGULAR

CITATION: M.S. 120.03; 120.17; 124.32; 275.125, Subd 8c
MDE ADMIN: 1305 Special Education
FEDERAL: 1202 Preschool Incentive

PURPOSE:

To provide specially designed instruction and services to individuals, aged 21 and under, with any of the following disabilities:

Autistic
Early Childhood Special Education
Emotional Behavior Disorder (EBD)
Hearing Impaired (HI)
Mild-Moderate Mentally Handicapped (MMH)
Moderate-Severe Mentally Handicapped (MSMH)
Other Health Impaired (OHI)
Physically Handicapped (PH)
Severely Multiple Handicapped
Specific Learning Disabilities (SLD)
Speech/Language Impaired
Traumatic Brain Injury
Visually Impaired (VI)

The specific objectives of the special education program are to assure:

- curriculum, instruction and related services are prescriptively tailored to address the unique learning characteristics stemming from the individual's specific disability;
- availability of special instructional materials, equipment and adaptive technology which will allow the individual to benefit from the instructional program;
- availability in each district or cooperative of a full continuum of placements and services to meet the unique needs of individuals with disabilities;
- availability of specialized and appropriately licensed staff, according to the disability areas and needs of the students served, within each district or through cooperative arrangements; and
- compliance with M.S. 120.17 and P.L. 101-476 (formerly P.L. 94-142) which guarantee due process in the areas of child identification, assessment, individual education development and appropriate instructional placement.

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, to the full array of post secondary education programs available.

This program contributes to Minnesota Milestones goals of

- excellence in basic academic skills; and
- people with disabilities will have the opportunity to participate in society

by providing education programs that are appropriate to the unique education needs of individuals with disabilities and by preparing individuals to be independent and responsible adults.

DESCRIPTION:

Specialized instruction is provided to individuals who are determined to have a disability and are in need of special education services as determined by the local district child study team. To qualify for special education services individuals must meet standards of the uniform entrance criteria, which have been developed by the State Department of Education with assistance from local special education practitioners, for each disability area. These criteria are defined in State Board of Education Rules, effective January, 1992.

The costs of providing special education services to individuals with disabilities vary depending on the type and severity of the disability, the amount of time specialized services are required within the school day and the number of specialized services needed.

Beginning in F.Y. 1991, the Legislature authorized an alternative method for special education funding that is not based on salaries, contracts, supplies and equipment expenditures. A district may apply to receive 103 percent of the state aid earned in the prior year for special education regular, summer and residential programs. The alternative funding method also provides districts with more program discretion based on the approved application.

State Special Education Aid:

All program and financial data used for program approval and calculation of special education aid is collected through an electronic on-line telecommunications system. The system provides immediate editing of data for the school districts, allows each district and or/special education cooperative to manage it's own data, allows the reporting of budget and program changes as they occur, and significantly reduces paperwork.

State special education aids pay for a portion of the additional costs districts incur providing special education services. Special education aids support three broad categories of service to learners with disabilities:

1. Aid for Salaries of Essential Personnel (M.S.) 124.32, Subd. 1): Minnesota provides a state payment for the salaries of essential special education personnel. Essential personnel are defined as special education teachers, supervisors, directors, related services and support services personnel such as social workers, psychologists, pupil and program support assistants, interpreters and braillists. Minnesota Department of Education (MDE) approval of programs, personnel, and budgets is required (M.S. 124.32, Subd. 7).

F.Y. 1991 - 60 percent of salary expenditures of regular school district employees, not to exceed \$16,727 in aid. Full-time employees with salaries in excess of \$27,878 are subject to the \$16,727 aid limitation. Part-time salaries and aid are prorated accordingly.

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
 AGENCY: Education Aids
 0301 SPECIAL EDUCATION - REGULAR
 (Continuation)

F.Y. 1992 -- 56.4 percent of salary expenditures of regular school district employees, not to exceed \$15,700 in aid. Full-time employees with salaries in excess of \$27,836 are subject to the \$15,700 aid limitation. Part-time salaries and aid are prorated accordingly.

F.Y. 1993 -- 55.2 percent of salary expenditures of regular school district employees, not to exceed \$15,320 in aid. Full-time employees with salaries in excess of \$27,753 are subject to the \$15,320 aid limitation. Part-time salaries and aid are prorated accordingly.

Districts are authorized to levy an amount equal to the difference between 66 percent of salaries paid to essential personnel and the state aid paid for salaries of these personnel. For special education cooperatives and intermediate districts, the levy is made by member districts in an amount equal to their allocated portion of this difference. If the appropriation is insufficient to fully fund the aid formula, districts may levy for the difference in the second year following the deficiency.

2. Aid for Supplies and Equipment (M.S. 124.32, Subd. 2): State aid is provided for the costs of special instructional supplies and equipment necessary to provide special education services to individuals with disabilities. The supplies and equipment are limited to those items which are in addition or supplementary to those items normally provided to pupils in the regular education program. The formula for determining the amount of aid is \$47 allocated per student with a disability served.
3. Aid for Contracted Services (M.S. 124.32, Subd. 1d): School districts are authorized to purchase services for individuals with disabilities from public and private agencies. When districts choose this option, state aid is paid on the basis of 52 percent of the difference between the contracted cost and the General Education revenue for the pupil.

OUTCOMES:

A. Program Effectiveness:

Minnesota reports the number of individuals with disabilities receiving special education services as of December 1, of each year to the Federal Office of Special Education. This is known as the annual non-duplicated child count. Individuals who have an Individual Education Plan (IEP) in place as of December 1, are eligible to be counted under their primary disability area.

During the late 1970's and throughout most of the 1980's, in response to state and federal legislation, there was tremendous growth in the number of individuals with disabilities identified for service and in the number of services offered to them. Many students were in institutions, not attending school or, if in school, were not receiving the educational programs necessary for them to succeed.

Indicators of program effectiveness include the following:

- From December 1, 1986 to December 1, 1991, the number of individuals identified for special education services has decreased from 10.73 percent to 9 percent of the school-aged population because of implementation of state-wide criteria for entrance into special education programs. The total child count appears to have stabilized at about 82,000 learners, birth to 21 years, however, numbers of early childhood learners and learners with emotional and behavioral disabilities are expected to increase at a modest rate for the next several years.
- From 1986 to 1991 the number of individuals with disabilities educated within residential facilities home and hospital settings declined by 20.7 percent.
- Statewide criteria for entrance into special education programs has provided for greater consistency in determining eligibility for special education services across districts and has positively impacted the decline in the number of students misidentified for special education services.
- From 1986 to 1991 the number of individuals with disabilities provided education services within a separate school class declined by 14.27 percent.
- From 1986 to 1991 the number of individuals with disabilities provided their education program more than half time within the regular school class increased by 3.27 percent.
- Greater numbers of individuals with disabilities are learning employment skills in mainstream businesses and are working following school.
- Increase in inter-agency cooperation among local, county and state agencies, particularly in early childhood programs and in activities related to transitioning individuals from school to community, work and post secondary educational opportunities.
- Approval of three experimental programs by the State Board of Education to encourage creative programming in special education

For further discussion of the outcomes and effectiveness of state education programs refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Student will demonstrate competency in subject areas
- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- IV. C. Improve learner self-esteem
- IV. F. Provide alternative learning settings for high risk learners to complete their high school education
- IV. H. Create changes that improve the way school districts meet the needs of learners and their families
- IV. I. Ensure the satisfaction of families through the involvement of parents in learner success

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0301 SPECIAL EDUCATION - REGULAR
 (Continuation)

B. Program Services/Statistics:

The following child count statistics show the changing configuration of special education services being provided by the Minnesota public schools:

<u>DISABILITY</u>	<u>Current Law</u>				
	<u>Actual</u> <u>F.Y. 1991</u>	<u>Actual</u> <u>F.Y. 1992</u>	<u>Estimated</u> <u>F.Y. 1993</u>	<u>Estimated</u> <u>F.Y. 1994</u>	<u>Estimated</u> <u>F.Y. 1995</u>
Speech/Language Impaired	15,750	16,219	16,543	16,643	16,745
Mild-Moderate					
Mentally Disabled	6,909	7,087	7,088	7,100	7,100
Moderate-Severe					
Mentally Disabled	2,973	2,923	2,930	2,950	2,960
Physically Impaired	1,332	1,341	1,340	1,345	1,350
Hearing Impaired	1,417	1,440	1,440	1,445	1,445
Visually Impaired	343	341	345	350	350
Specific Learning					
Disabilities	31,901	31,889	31,900	31,900	31,900
Emotional Behavior					
Disorder	12,246	12,961	13,479	13,748	14,023
Autistic	189	251	260	260	260
Deaf and Blind	14	17	25	28	28
Other Health Impaired	640	840	920	920	920
Early Childhood					
Special Education	6,789	7,322	7,522	7,722	7,891
Totals	80,503	82,631	83,792	84,411	85,972

Additional program statistics are shown in Tables 3-1 through 3-6.

PROSPECTS:

Special education services are evolving, primarily in the type and number of settings for which services are delivered. It is anticipated that there will continue to be some growth in the number of early childhood children identified as having disabilities and in the number of individuals with emotional and behavior disorders. The state is now responsible for Indian children, residing on reservations, from birth through five years old. This additional responsibility will add approximately 100 - 150 children to the federal child count.

With the exception of the groups listed above, the number of students in need of special education services is expected to remain stable or decline slightly over the next several years.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to accommodate increasing costs, and to minimize effects on existing program levels. The following outcomes for F.Y. 1994 and F.Y. 1995 are expected to occur:

- The percent of students with disabilities receiving their special education instruction and services full time in the regular class setting will increase from 11% in December of 1991 to 25% in December of 1995.
- The percent of students with disabilities receiving their special education instruction and services more than half of the time in the regular class setting will decrease from 65% in December of 1991 to 57% in December of 1995.
- The percent of students with disabilities receiving their special education instruction and services more than half of the time in a special class setting will decrease from 9% in December of 1991 to 6% in December of 1995.
- The percent of students with disabilities receiving their special education instruction and services full time in the special class setting will decrease from 9% in December of 1991 to 7% in December of 1995.
- The percent of students with disabilities receiving their special education instruction and services full time in a separate facility, in a residential facility, and in the home and hospital will remain at 5% in December of 1995.
- 1000 teachers will receive training in skills necessary to successfully meet the needs of students with disabilities in regular class settings during the 94-95 biennium.

GOVERNOR'S RECOMMENDATION:

The Governor recommends increasing Special Education aid and levy funding from the F.Y. 1993 level of \$262,026 to \$277,306 for F.Y. 1994 and \$293,890 for F.Y. 1995. State special education aid entitlements would increase from \$167,247 for F.Y. 1993 to \$177,547 for F.Y. 1994 and \$183,484 for F.Y. 1995. The current statutory formula would remain in effect, and special education aid would be prorated at 92 percent in F.Y. 1994 and at 89 percent in F.Y. 1995, compared with a 92 percent proration factor for F.Y. 1993.

The Governor further recommends that modifications be made in the alternative delivery revenue beginning in F.Y. 1994 as follows:

1. For a district's first year in the program, alternative delivery revenue will equal the product of the district's base revenue in the prior year, times the ratio of the district's ADM for the current year to the district's ADM for the prior year, times 1.017.
2. For the second year and each succeeding year, alternative delivery revenue will equal the product of the district's base revenue in the second prior year, times the ratio of the district's ADM for the current year to the district's ADM for the second prior year, times 1.034.

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0301 SPECIAL EDUCATION - REGULAR
(Continuation)

3. For the first two years of participation, the base revenue will equal the district's special education revenue under current law. Beginning with the third year of participation, the base revenue will be computed by applying the special education formula for the base year to the district's expenditures in the base year, using an expanded definition of eligible expenditures.

The Governor recommends an aid entitlement of \$ 177,547 for F.Y. 1994 and \$ 183,484 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 176,002 in F.Y. 1994 (\$ 25,087 for F.Y. 1993 and \$ 150,915 for F.Y. 1994), and \$ 182,594 in F.Y. 1995 (\$ 26,632 for F.Y. 1994 and \$ 155,962 for F.Y. 1995).

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0301 SPECIAL EDUCATION – REGULAR

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$167,187	\$167,247	\$167,247	\$167,247
ENTITLEMENT CHANGES PER CURRENT LAW:				
A. Budget Variables				
Revenue Changes:				
Number of Staff	15,097	27,114	42,399	59,253
Average Salary/Staff	(5,900)	(10,531)	(6,160)	(2,356)
Contracted Services	786	1,294	1,961	2,721
Supplies and Equipment	1	132	360	606
Levy Change	(1,157)	(2,907)	(13,093)	(22,289)
CURRENT ENTITLEMENT	176,014	182,349	192,714	205,182
FUNDING EXCESS/DEFICIENCY	(8,827)	(15,102)		
POLICY CHANGES RECOMMENDED				
Change Inflation Assumption from 3.5% to 1.7%			(1,229)	(2,553)
New Alternative Delivery Formula			2,053	2,383
Prorate State Aid			(15,991)	(21,528)
Total Policy Changes			(15,167)	(21,698)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			177,547	183,484
APPROPRIATIONS BASIS:				
Current Year	142,109	142,160	150,915	155,962
Prior Year	24,996	25,078	25,087	26,632
Transfers (M.S. 124.14)	560			
Total Funding (State General Fund)	167,665	167,238	176,002	182,594

LEVY AUTHORITY

See Special Education Levy Equalization (Program Budget 0308)

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
 AGENCY: Education Aids

(Continuation) 0301 SPECIAL EDUCATION, REGULAR

TABLE 3-1
 UNDUPLICATED CHILD COUNT
 STUDENTS WITH DISABILITIES BY AGE AND DISABILITY

DISABILITY	AGE	ACTUAL F.Y. 1986	ACTUAL F.Y. 1987	ACTUAL F.Y. 1988	ACTUAL F.Y. 1989	ACTUAL F.Y. 1990	ACTUAL F.Y. 1991	ACTUAL F.Y. 1992	ESTIMATED F.Y. 1993	ESTIMATED F.Y. 1994	ESTIMATED F.Y. 1995
Child Count Date		12/85	12/86	12/87	12/88	12/89	12/90	12/91	12/92	12/93	12/94
1. Speech Language Impaired	0-2	106	188	79	150	156	140	183	223	243	263
	3	416	808	512	395	410	381	431	461	481	501
	4-5	4,843	4,850	3,404	2,840	2,532	2,404	2,463	2,523	2,563	2,603
	6-11	11,861	12,038	12,204	12,234	12,018	11,425	11,581	11,681	11,701	11,723
	12-+21	1,637	1,481	1,557	1,495	1,490	1,400	1,561	1,655	1,655	1,655
Total		18,863	19,365	17,756	17,114	16,606	15,750	16,219	16,543	16,643	16,745
2. Mild-Moderate Mentally Impaired	0-2	76	192	55	31	1	0	2	2	2	2
	3	126	250	50	28	10	0	0	0	0	0
	4-5	564	599	206	116	94	78	90	90	93	93
	6-11	3,040	3,178	3,021	3,015	3,103	3,038	3,157	3,157	3,162	3,162
	12-+21	4,859	4,614	4,460	4,235	4,010	3,794	3,839	3,839	3,843	3,843
Total		8,665	8,833	7,792	7,425	7,218	6,910	7,088	7,088	7,100	7,100
3. Moderate-Severe Mentally Impaired	0-2	46	62	22	11	16	10	6	6	14	16
	3	31	99	38	25	11	11	7	8	14	18
	4-5	322	298	142	134	97	90	92	94	100	102
	6-11	1,141	1,124	1,110	1,062	1,035	997	1,025	1,026	1,026	1,027
	12-+21	2,240	2,248	2,092	1,973	1,961	1,868	1,795	1,796	1,796	1,796
Total		3,780	3,831	3,404	3,205	3,120	2,976	2,925	2,930	2,950	2,960
4. Physically Impaired	0-2	107	130	46	41	42	46	18	18	20	20
	3	61	105	49	29	16	18	15	15	17	18
	4-5	211	219	148	126	88	93	83	84	85	87
	6-11	624	647	666	700	665	706	702	700	700	702
	12-+21	475	455	416	459	520	470	523	523	523	523
Total		1,478	1,556	1,325	1,355	1,331	1,333	1,341	1,340	1,345	1,350
5. Hearing Impaired	0-2	45	54	58	57	60	40	42	42	45	45
	3	54	47	40	34	53	43	44	44	46	46
	4-5	146	148	113	115	124	115	123	123	123	123
	6-11	624	572	603	666	691	675	678	678	678	678
	12-+21	527	521	506	510	518	544	553	553	553	553
Total		1,396	1,342	1,320	1,382	1,446	1,417	1,440	1,440	1,445	1,445

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

(Continuation) 0301 SPECIAL EDUCATION, REGULAR

TABLE 3-1 (continued)
UNDULICATED CHILD COUNT
STUDENTS WITH DISABILITIES BY AGE AND DISABILITY

DISABILITY	AGE	ACTUAL F.Y. 1986	ACTUAL F.Y. 1987	ACTUAL F.Y. 1988	ACTUAL F.Y. 1989	ACTUAL F.Y. 1990	ACTUAL F.Y. 1991	ACTUAL F.Y. 1992	ESTIMATED F.Y. 1993	ESTIMATED F.Y. 1994	ESTIMATED F.Y. 1995
Child Count Date		12/85	12/86	12/87	12/88	12/89	12/90	12/91	12/92	12/93	12/94
6. Visually Impaired	0-2	42	38	17	13	15	23	16	16	18	18
	3	21	9	15	9	8	6	8	8	10	10
	4-5	53	51	30	31	26	20	21	23	24	24
	6-11	148	148	141	152	161	166	164	165	165	165
	12-+21	154	157	137	161	127	128	132	133	133	133
Total		418	403	340	366	337	343	344	345	350	350
7. Specific Learning Disabilities	0-2	49	30	5	2	4	4	6	0	0	0
	3	34	35	15	3	2	4	1	0	0	0
	4-5						70	85	85	85	85
	6-11						14,314	14,342	14,350	14,350	14,350
	12-+21						17,510	17,457	17,465	17,465	17,465
Total		83	65	20	5	6	31,902	31,891	31,900	31,900	31,900
8. Emotional Behavior Disorder	0-2	3	1	1	2	1	3	2	4	4	6
	3	13	29	8	1	4	1	0	8	10	10
	4-5	251	234	108	87	66	72	67	85	95	95
	6-11	2,257	2,492	2,837	3,151	3,585	3,985	4,369	4,624	4,824	4,954
	12-+21	6,333	6,816	7,200	7,442	7,660	8,185	8,525	8,758	8,815	8,958
Total		8,857	9,572	10,154	10,683	11,316	12,246	12,963	13,479	13,748	14,023
9. Autistic	0-2	1	3	1	3	0	5	0	0	0	0
	3	3	5	2	1	5	1	1	3	3	3
	4-5	25	29	25	19	15	14	19	21	21	21
	6-11	72	75	70	82	82	82	133	133	133	133
	12-+21	51	61	65	67	74	87	98	103	103	103
Total		152	173	163	172	176	189	251	260	260	260
10. Deaf and Blind	0-2	4	5	4	1	1	0	0	2	2	2
	3	1	0	0	5	1	0	0	3	3	3
	4-5	3	6	2	2	4	5	2	5	7	7
	6-11	3	6	10	12	9	5	11	10	11	11
	12-+21	10	5	7	9	6	4	4	5	5	5
Total		21	22	23	29	21	14	17	25	28	28

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

(Continuation) 0301 SPECIAL EDUCATION, REGULAR

TABLE 3-1 (continued)
UNDUPLICATED CHILD COUNT
STUDENTS WITH DISABILITIES BY AGE AND DISABILITY

DISABILITY	AGE	ACTUAL F.Y. 1986	ACTUAL F.Y. 1987	ACTUAL F.Y. 1988	ACTUAL F.Y. 1989	ACTUAL F.Y. 1990	ACTUAL F.Y. 1991	ACTUAL F.Y. 1992	ESTIMATED F.Y. 1993	ESTIMATED F.Y. 1994	ESTIMATED F.Y. 1995
Child Count Date		12/85	12/86	12/87	12/88	12/89	12/90	12/91	12/92	12/93	12/94
11. Other Health Impaired	0-2	35	54	17	18	10	8	2	2	2	2
	3	35	53	15	3	4	4	3	3	3	3
	4-5	138	140	43	33	28	21	39	59	59	59
	6-11	325	254	215	207	270	357	463	493	493	493
	12-+21	319	196	185	171	195	251	333	363	363	363
Total		852	697	475	432	507	641	840	920	920	920
12. Early Childhood Special Education*	0-2			539	1,195	1,465	1,603	1,922	1,997	2,017	2,037
	3			869	1,086	1,290	1,347	1,554	1,654	1,754	1,854
	4-5			2,815	3,203	3,510	3,839	3,846	3,871	3,951	4,000
	6-11			368	195	119	—	—	—	—	—
	12-+21										
Total				4,591	5,679	6,384	6,789	7,322	7,522	7,722	7,891
* F.Y. 1988 was the first year for this category.											
Totals of All	0-2	514	757	844	1,524	1,771	1,882	2,199	2,312	2,367	2,411
	3	795	1,440	1,613	1,619	1,814	1,816	2,064	2,207	2,341	2,466
	4-5	7,351	7,291	7,321	6,824	6,681	6,821	6,930	7,063	7,206	7,300
	6-11	36,591	37,236	37,648	37,509	36,595	35,750	36,625	37,017	37,243	37,398
	12-+21	36,014	35,999	35,898	35,171	34,595	34,241	34,820	35,193	35,254	35,397
Total		81,265	82,723	83,324	82,647	81,456	80,510	82,638	83,792	84,431	84,972

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
 AGENCY: Education Aids

(Continuation) 0301 SPECIAL EDUCATION, REGULAR

TABLE 3-2
 UNDUPLICATED CHILD COUNT BY AGE AND DISABILITY
 DECEMBER 1, 1991

AGE AS OF SEPT 1	SPEECH/ LANG IMPAIRED	MILD MODER HDCPD	MODER SEVERE MEN HDCPD	PHYS- ICALLY HDCPD	HEARING IMPAIRED	VISUALLY IMPAIRED	SPECIFIC LEARN DISABIL	EMOTION BEHAVIOR DISORDER	DEAF BLIND	OTHER HEALTH IMPAIRED	AUTISTIC	EARLY CHILD SPEC ED	TOTAL
0	2	0	3	4	4	1	1	1	0	0	0	337	353
1	17	2	0	6	13	7	2	1	0	0	0	594	642
2	164	0	3	8	25	8	3	0	0	2	0	991	1,204
3	431	0	7	15	44	8	1	0	0	3	1	1,554	2,064
4	837	3	16	17	51	7	11	8	0	4	5	2,264	3,223
5	1,626	87	76	66	72	14	74	59	2	35	14	1,582	3,707
6	2,388	384	149	114	100	22	663	280	4	61	37	0	4,202
7	2,088	496	152	116	103	28	1,581	460	3	78	20	0	5,125
8	2,267	565	172	114	109	21	2,364	686	1	82	29	0	6,410
9	2,190	581	174	126	120	27	3,078	861	1	91	20	0	7,269
10	1,626	552	192	122	131	33	3,273	972	0	71	11	0	6,983
11	1,022	579	186	110	115	33	3,383	1,110	2	80	16	0	6,636
12	626	519	178	113	103	32	3,328	1,196	0	75	12	0	6,182
13	344	555	176	92	111	16	3,195	1,386	1	49	18	0	5,943
14	215	565	211	69	84	18	2,926	1,466	0	41	13	0	5,608
15	156	531	195	74	69	18	2,569	1,581	1	58	12	0	5,274
16	105	531	201	58	76	17	2,436	1,409	1	34	9	0	4,877
17	74	512	209	58	63	19	1,965	961	0	45	17	0	3,923
18	36	372	178	33	27	7	872	402	1	20	5	0	1,953
19	2	161	205	12	13	4	121	92	0	8	5	0	623
20	1	88	219	12	5	1	30	29	0	3	5	0	393
21	2	4	21	2	2	0	3	1	0	0	2	0	37
+21	0	1	2	0	0	0	2	2	0	0	0	0	7
Totals													
0-2	183	2	6	18	42	16	6	2	0	2	0	1,922	2,199
3-5	2,894	90	99	98	167	29	86	67	2	42	20	5,400	8,994
6-11	11,581	3,157	1,025	702	678	164	14,342	4,369	11	463	133	0	36,625
12-17	1,520	3,213	1,170	464	506	120	16,429	7,999	3	302	81	0	31,807
18-21	41	625	623	59	47	12	1,026	524	1	31	17	0	3,006
0-+21	16,219	7,088	2,925	1,341	1,440	341	31,891	12,963	17	840	251	7,322	82,638

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
 AGENCY: Education Aids

(Continuation) 0301 SPECIAL EDUCATION, REGULAR

TABLE 3-3
 UNDUPLICATED CHILD COUNT PERCENT OF STUDENTS
 WITH HANDICAPS BY DISABILITY
 DECEMBER 1, 1991

AGE AS OF SEPT 1	SPEECH/ LANG IMPAIRED	MILD MODER HDCPD	MODER SEVERE MEN HDCPD	PHYS- ICALLY HDCPD	HEARING IMPAIRED	VISUALLY IMPAIRED	SPECIFIC LEARN DISABIL	EMOTION BEHAVIOR DISORDER	DEAF BLIND	OTHER HEALTH IMPAIRED	AUTISTIC	EARLY CHILD SPEC ED	TOTAL
0	.002	.000	.004	.005	.005	.001	.001	.001	.000	.000	.000	.408	.427
1	.021	.002	.000	.007	.016	.008	.002	.001	.000	.000	.000	.719	.777
2	.198	.000	.004	.010	.030	.010	.004	.000	.000	.002	.000	1.199	1.457
3	.522	.000	.008	.018	.053	.010	.001	.000	.000	.004	.001	1.880	2.498
4	1.013	.004	.019	.021	.062	.008	.013	.010	.000	.005	.006	2.740	3.900
5	1.968	.105	.092	.080	.087	.017	.090	.071	.002	.042	.017	1.914	4.486
6	2.890	3465	.180	.138	.121	.027	.802	.339	.005	.074	.045	.000	5.085
7	2.527	.600	.184	.140	.125	.034	1.913	.557	.004	.094	.024	.000	6.202
8	2.743	.684	.208	.138	.132	.025	2.861	.830	.001	.099	.035	.000	7.757
9	2.650	.703	.211	.152	.145	.033	3.725	1.042	.001	.110	.024	.000	8.796
10	1.968	.668	.232	.148	.158	.040	3.961	1.176	.000	.086	.013	.000	8.450
11	1.237	.701	.225	.133	.139	.040	4.094	1.343	.002	.097	.019	.000	8.030
12	.758	.628	.215	.137	.125	.039	4.027	1.447	.000	.091	.015	.000	7.481
13	.416	.672	.213	.111	.134	.019	3.866	1.677	.001	.059	.022	.000	7.192
14	.260	.684	.255	.083	.102	.022	3.541	1.774	.000	.050	.016	.000	6.786
15	.189	.643	.236	.090	.083	.022	3.121	1.913	.001	.070	.015	.000	6.382
16	.127	.643	.243	.070	.092	.021	2.948	1.705	.001	.041	.011	.000	5.902
17	.090	.620	.253	.070	.076	.023	2.378	1.163	.000	.054	.021	.000	4.747
18	.044	.450	.215	.040	.033	.008	1.055	.486	.001	.024	.006	.000	2.363
19	.002	.195	.248	.015	.016	.005	.146	.111	.000	.010	.006	.000	.754
20	.001	.106	.265	.015	.006	.001	.036	.035	.000	.004	.006	.000	.476
21	.002	.005	.025	.002	.002	.000	.004	.001	.000	.000	.002	.000	.045
+21	.000	.001	.002	.000	.000	.000	.002	.002	.000	.000	.000	.000	.008
Totals													
0-2	.221	.002	.007	.022	.051	.019	.007	.002	.000	.002	.000	2.326	2.661
3-5	3.502	.109	.120	.119	.202	.035	.104	.081	.002	.051	.024	6.535	10.884
6-11	14.014	3.820	1.240	.849	.820	.198	17.355	5.287	.013	.560	.161	.000	44.320
12-17	1.839	3.888	1.416	.561	.612	.145	19.881	9.680	.004	.365	.098	.000	38.490
18-21													
0-+21	19.627	8.577	3.539	1.623	1.743	.413	38.591	15.686	.021	1.016	.304	8.860	100.00

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
 AGENCY: Education Aids

(Continuation) 0301 SPECIAL EDUCATION, REGULAR

TABLE 3-4
 UNDUPLICATED CHILD COUNT PERCENT OF SCHOOL AGE CHILDREN
 WITH DISABILITIES TO TOTAL SCHOOL POPULATION
 DECEMBER 1, 1991

AGE AS OF SEPT 1	SPEECH/ LANG IMPAIRED	MILD MODER HDCPD	MODER SEVERE MEN HDCPD	PHYS- ICALLY HDCPD	HEARING IMPAIRED	VISUALLY IMPAIRED	SPECIFIC LEARN DISABIL	EMOTION BEHAVIOR DISORDER	DEAF BLIND	OTHER HEALTH IMPAIRED	AUTISTIC	EARLY CHILD SPEC ED	TOTAL
0	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.037	.038
1	.002	.000	.000	.001	.001	.001	.000	.000	.000	.000	.000	.065	.070
2	.018	.000	.000	.001	.003	.001	.000	.000	.000	.000	.000	.108	.131
3	.047	.000	.001	.002	.005	.001	.000	.000	.000	.000	.000	.169	.225
4	.091	.000	.002	.002	.006	.001	.001	.001	.000	.000	.001	.247	.351
5	.177	.009	.008	.007	.008	.002	.008	.006	.000	.004	.002	.172	.404
6	.260	.042	.016	.012	.011	.002	.072	.031	.000	.007	.004	.000	.458
7	.227	.054	.017	.013	.011	.003	.172	.050	.000	.008	.002	.000	.558
8	.247	.062	.019	.012	.012	.002	.258	.075	.000	.009	.003	.000	.698
9	.239	.063	.019	.014	.013	.003	.335	.094	.000	.010	.002	.000	.792
10	.177	.060	.021	.013	.014	.004	.357	.106	.000	.008	.001	.000	.761
11	.111	.063	.020	.012	.013	.004	.369	.121	.000	.009	.002	.000	.723
12	.068	.057	.019	.012	.011	.003	.363	.130	.000	.008	.001	.000	.673
13	.037	.060	.019	.010	.012	.002	.348	.151	.000	.005	.002	.000	.647
14	.023	.062	.023	.008	.009	.002	.319	.160	.000	.004	.001	.000	.611
15	.017	.058	.021	.008	.008	.002	.281	.172	.000	.006	.001	.000	.575
16	.011	.058	.022	.006	.008	.002	.265	.153	.000	.004	.001	.000	.531
17	.008	.056	.023	.006	.007	.002	.214	.105	.000	.005	.002	.000	.427
18	.004	.041	.019	.004	.003	.001	.095	.044	.000	.002	.001	.000	.213
19	.000	.018	.022	.001	.001	.000	.013	.010	.000	.001	.001	.000	.068
20	.000	.010	.024	.001	.001	.000	.003	.003	.000	.000	.001	.000	.043
21	.000	.000	.002	.000	.000	.000	.000	.000	.000	.000	.000	.000	.004
+21													
Totals													
0-2	.020	.000	.001	.002	.005	.002	.001	.000	.000	.000	.000	.209	.240
3-5	.315	.010	.011	.011	.018	.003	.009	.007	.000	.005	.002	.588	.980
6-11	1.262	.344	.112	.076	.074	.018	1.562	.476	.001	.050	.014	.000	3.990
12-17	.166	.350	.127	.051	.055	.013	1.790	.871	.000	.033	.009	.000	3.465
18-21													
0-+21	1.767	.772	.318	.146	.157	.037	3.474	1.412	.002	.092	.027	.798	9.003

Percent of students with disabilities receiving Special Education compared to total school population

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

(Continuation) 0301 SPECIAL EDUCATION, REGULAR

TABLE 3-5
UNDULICATED CHILD COUNT BY EDUCATIONAL SETTINGS
DECEMBER 1, 1991

AGE AS OF SEPT 1	SPEECH/ LANG IMPAIRED	MILD MODER HDCPD	MODER SEVERE MEN HDCPD	PHYS- ICALLY HDCPD	HEARING IMPAIRED	VISUALLY IMPAIRED	SPECIFIC LEARN DISABIL	EMOTION BEHAVIOR DISORDER	DEAF BLIND	OTHER HEALTH IMPAIRED	AUTISTIC	EARLY CHILD SPEC ED	TOTAL
Setting: Regular Class													
0-5	196	10	3	17	16	5	20	11	0	6	0	320	604
6-11	1,153	162	27	156	143	67	1,753	457	0	105	4	0	4,027
12-+21	317	116	7	135	131	57	3,064	872	1	92	0	0	4,792
Totals	1,666	288	37	308	290	129	4,837	1,340	1	203	4	320	9,423
Setting: Regular Class, Half-Time or More													
0-5	1,922	34	9	41	49	13	55	31	0	24	5	869	3,052
6-11	10,197	2,033	235	459	400	89	12,046	2,889	4	309	32	0	28,693
12-+21	1,214	1,951	126	308	324	67	13,257	4,554	1	188	12	0	22,002
Totals	13,333	4,018	370	808	773	169	25,358	7,474	5	521	49	869	53,747
Setting: Separate Class, More than Half-Time													
0-5	426	14	32	4	20	2	10	13	0	5	2	681	1,209
6-11	119	801	390	54	58	4	410	487	3	25	48	0	2,399
12-+21	23	1,380	510	41	40	1	875	962	0	29	32	0	3,893
Totals	568	2,195	932	99	118	7	1,295	1,462	3	59	82	681	7,501
Setting: Separate Class, Full-Time													
0-5	339	32	55	38	101	12	6	11	2	5	13	3,832	4,447
6-11	91	155	327	26	48	2	116	209	2	13	45	0	1,034
12-+21	5	287	915	21	27	1	120	448	0	7	44	0	1,875
Totals	435	474	1,298	85	176	15	242	668	4	25	102	3,832	7,356

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

(Continuation) 0301 SPECIAL EDUCATION, REGULAR

TABLE 3-5 (CONT.)
UNDUPLICATED CHILD COUNT BY EDUCATIONAL SETTINGS
DECEMBER 1, 1991

AGE AS OF SEPT 1	SPEECH/ LANG IMPAIRED	MILD MODER HDCPD	MODER SEVERE MEN HDCPD	PHYS- ICALLY HDCPD	HEARING IMPAIRED	VISUALLY IMPAIRED	SPECIFIC LEARN DISABIL	EMOTION BEHAVIOR DISORDER	DEAF BLIND	OTHER HEALTH IMPAIRED	AUTISTIC	EARLY CHILD SPEC ED	TOTAL
Setting: Separate School Facility													
0-5	182	2	2	13	23	12	0	3	0	2	0	1,513	1,752
6-11	10	29	32	2	17	1	9	239	2	4	2	0	347
12-+21	0	54	161	2	10	0	58	987	0	4	5	0	1,281
Totals	192	85	195	17	50	13	67	1,229	2	10	7	1,513	3,380
Setting: Residential School Facility													
0-5	0	0	1	1	0	1	1	0	0	1	0	6	11
6-11	3	2	10	2	12	1	5	83	0	2	1	0	121
12-+21	0	22	66	10	20	4	75	658	2	5	4	0	866
Totals	3	24	77	13	32	6	81	741	2	8	5	6	998
Setting: Hospital or Homebound													
0-5	12	0	2	2	0	0	0	0	0	1	0	101	118
6-11	9	1	4	3	0	0	3	5	0	5	1	0	31
12-+21	1	3	10	6	1	2	8	44	0	8	1	0	84
Totals	22	4	16	11	1	2	11	49	0	14	2	101	233
Total Students Served													
0-5	3,077	92	105	116	209	45	92	69	2	44	20	7,322	11,192
6-11	11,582	3,183	1,025	702	678	164	14,342	4,369	11	463	133	0	36,652
12-+21	1,560	3,813	1,795	523	553	132	17,457	8,525	4	333	98	0	34,793
Totals	16,219	7,088	2,925	1,341	1,440	341	31,891	12,963	17	840	251	7,322	82,638

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
 AGENCY: Education Aids
 (Continuation) 0301 SPECIAL EDUCATION, REGULAR

TABLE 3-6
 FULL-TIME EQUIVALENT (FTE STAFF)
 BY DISABILITY, BY FUNDING SOURCE
 (INCLUDES EMPLOYED AND CONTRACTED STAFF)

	Actual F.Y. 1991	Estimated F.Y. 1992	Estimated F.Y. 1993	Estimated F.Y. 1994	Estimated F.Y. 1995
DISABILITY					
1. Speech Language Impaired					
State	1,083	1,124	1,349	1,409	1,809
Federal	39	43	43	43	43
Total	1,122	1,167	1,392	1,452	1,852
2. Mild-Moderate Mentally Impaired					
State	1,518	1,653	1,700	1,760	1,820
Federal	38	34	34	34	34
Total	1,556	1,687	1,734	1,794	1,854
3. Moderate-Severe Mentally Impaired					
State	1,649	1,723	1,735	1,800	2,010
Federal	20	24	24	24	24
Total	1,669	1,747	1,759	1,824	2,034
4. Physically Impaired					
State	411	479	485	495	510
Federal	21	18	18	18	18
Total	432	497	503	513	528
5. Hearing Impaired					
State	405	427	430	430	460
Federal	20	7	7	7	7
Total	425	434	437	437	467
6. Visually Impaired					
State	99	102	105	105	120
Federal	4	5	5	5	5
Total	103	107	110	110	125
7. Specific Learning Disability					
State	2,759	2,842	2,942	2,955	3,040
Federal	35	34	34	34	34
Total	2,794	2,876	2,976	2,989	3,074

TABLE 3-6 (continued)

	Actual F.Y. 1991	Estimated F.Y. 1992	Estimated F.Y. 1993	Estimated F.Y. 1994	Estimated F.Y. 1995
8. Autistic					
State	67	72	75	100	110
Federal	17	19	19	19	19
Total	84	91	94	119	129
9. Emotional Behavior Disorder					
State	2,176	2,421	2,623	2,927	3,029
Federal	64	57	57	57	57
Total	2,240	2,478	2,680	2,984	3,086
10. Other Health Impaired					
State	21	34	39	59	75
Federal	1	—	—	—	—
Total	22	34	39	59	75
11. Early Childhood Special Education					
State	986	1,006	1,143	1,442	1,500
Federal	107	125	125	125	125
Total	1,093	1,131	1,268	1,567	1,625
12. Other Essential Personnel					
a. Directors/Assistants					
Directors/Supervisors					
State	191	169	165	165	165
Federal	16	15	15	15	15
Total	207	184	180	180	180
b. Social Workers/Aides					
State	508	529	540	560	570
Federal	16	15	15	15	15
Total	524	544	555	575	585
c. Psychologists					
State	375	376	386	396	406
Federal	47	49	49	49	49
Total	422	425	435	445	455
d. Adapt. Phy. Ed.					
State	246	269	290	300	320
Federal	18	18	18	18	18
Total	264	287	308	318	338

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
 AGENCY: Education Aids
 (Continuation) 0301 SPECIAL EDUCATION, REGULAR

TABLE 3-6 (Continued)
 FULL-TIME EQUIVALENT (FTE STAFF)
 BY DISABILITY, BY FUNDING SOURCE
 (INCLUDES EMPLOYED AND CONTRACTED STAFF)

	Actual F.Y. 1991	Estimated F.Y. 1992	Estimated F.Y. 1993	Estimated F.Y. 1994	Estimated F.Y. 1995
e. Occupational Therapy					
State	421	240	250	260	275
Federal	38	52	52	52	52
Total	459	292	302	312	327
f. Physical Therapy					
State	87	85	90	100	110
Federal	10	17	17	17	17
Total	97	102	107	117	127
g. Other					
State	57	335	355	355	375
Federal	284	306	306	306	306
Total	341	641	661	661	681
Other Essential Personnel					
Subtotal					
State	1,885	2,003	2,076	2,136	2,221
Federal	429	472	472	472	472
Total	2,314	2,475	2,548	2,608	2,693
State Totals ^(*)					
State	13,059	13,885	14,702	15,618	16,704
Federal	795	838	838	838	838
Total	13,854	14,723	15,540	16,456	17,542

^(*) FTE staff are not included in Table 3-7 for programs participating in alternative funding which accounts for differences in Tables 3-6 and 3-7.

TABLE 3-7
 DISTRICT EXPENDITURES AND FORMULA FUNDING

	Actual F.Y. 1991	Estimated F.Y. 1992	Estimated F.Y. 1993	Estimated F.Y. 1994	Estimated F.Y. 1995
(\$ in 000s)					
1. Personnel					
Number of FTE staff:					
FTE salary above \$27,754	5,490.55	5,928.51	6,348.42	7,154.85	7,753.65
FTE salary below \$27,754	6,415.45	6,721.02	7,097.52	7,167.26	7,534.67
Total FTE staff	11,906.00	12,649.71	13,445.94	14,322.11	15,288.32
Salaries:					
FTE salary above \$27,754	\$200,502.4	\$220,417.8	\$240,149.0	\$271,577.8	\$298,487.2
FTE salary below \$27,754	106,639.0	109,896.7	115,310.4	111,486.2	114,914.4
Total Salaries	\$307,141.4	\$330,314.5	\$355,459.4	\$383,064.0	\$413,401.6
Gross personnel aid:					
Aid for staff with FTE					
Salary above \$27,754					
(FTE x \$16,727)	\$91,840.4	\$93,077.6	\$97,257.8	\$109,612.3	\$118,785.9
Aide for staff with FTE					
salary below \$27,754					
(60% of salary)	63,983.4	61,981.8	63,651.3	61,540.4	63,432.7
Total gross personnel aid	\$155,823.8	\$155,059.4	\$160,909.1	\$171,152.7	\$182,218.6
2. Contracted Services					
Contracted staff:					
FTE staff	129.89	166.60	181.11	196.92	214.03
Expenditure	\$4,995.8	\$6,553.0	\$7,392.8	\$8,340.2	\$9,408.9
Gross aid					
(52% of expenditure)	2,597.9	3,407.6	3,844.2	4,336.9	4,892.6
Contracted students					
Weighted ADM	262.48	289.87	291.73	291.73	291.73
Expenditure	\$1,544.5	\$2,090.8	\$2,402.0	\$2,759.5	\$3,170.20
Basic revenue deduct	775.1	884.1	889.8	889.8	889.8
Difference	954.2	1,419.6	1,703.2	2,039.0	2,432.0
Gross aid					
(52% of difference)	496.2	738.2	885.7	1,060.3	1,264.7
Total gross contracted services aid	\$3,094.0	\$4,145.8	\$4,729.9	\$5,397.2	\$6,157.3
3. Supplies and Equipment					
Expenditure	\$5,700.9	\$5,404.4	\$5,873.3	\$6,382.8	\$6,936.5
Child count	194,829	202,969	209,908	217,077	224,490
Gross aid					
(47% of expenditure limited to \$47/child)	\$2,679.4	\$2,509.3	\$2,720.1	\$2,947.9	\$3,193.8

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

(Continuation) 0301 SPECIAL EDUCATION, REGULAR

**TABLE 3-7 (continued)
DISTRICT EXPENDITURES AND FORMULA FUNDING**

(\$ in 000s)	<u>Actual</u> <u>F.Y. 1991</u>	<u>Estimated</u> <u>F.Y. 1992</u>	<u>Estimated</u> <u>F.Y. 1993</u>	<u>Estimated</u> <u>F.Y. 1994</u>	<u>Estimated</u> <u>F.Y. 1995</u>
STATE TOTALS					
District Regular Expenditures	\$ 319,382.7	\$ 344,362.7	\$ 371,127.4	\$ 400,546.5	\$ 432,917.3
Gross Regular State Aid	161,597.3	161,714.4	168,359.2	179,497.8	191,569.8
Gross Alternative Aid	13,883.0	14,299.5	13,989.8	13,216.1	13,612.6
Grand Total Gross State Aid	175,480.3	176,013.9	182,349.0	192,713.9	205,182.4
Resources		167,187.0	167,247.0		
Proration Factor	0.9479	0.9498	0.9171	1.0	1.0
Prorated Regular State Aid	153,178.6	153,604.6	154,415.8	179,497.8	191,569.8
Total Regular Personnel Funding (66 % of regular salaries)	202,713.3	218,007.6	234,603.2	252,822.3	272,845.0
Regular Levy Authority	55,007.5	70,724.2	87,020.0	81,669.5	90,626.4
Total Regular Revenue	208,186.1	224,328.8	241,436.2	261,167.3	282,196.2
Prorated Alternative Aid	13,883.0	13,582.4	12,831.2	13,216.1	13,612.6
Alternative Levy Authority	4,811.0	5,922.4	7,758.8	7,991.5	8,231.3
Alternative Total Revenue	18,694.0	19,504.8	20,590.0	21,207.7	21,843.9
Grand Totals					
Prorated Aid	167,061.5	167,187.0	167,247.0	192,713.9	205,182.4
Levy Authority	59,818.5	76,646.7	94,779.2	89,661.1	98,857.6
Revenue	226,880.0	243,833.7	262,026.2	282,375.0	304,040.0

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1994-95 Biennial Budget

PROGRAM: 03 Special Education - Special Pupil
AGENCY: Education Aids
 0302 SPECIAL EDUCATION - SPECIAL PUPIL
CITATION: M.S. 124.32, Subd. 6
MDE ADMIN: 1305 Special Education
FEDERAL: None

PURPOSE:

To assure all individuals with disabilities, who are placed in residential facilities, a free and appropriate education regardless of economic and/or family status. Special pupils are those for whom no school district of residence can be determined because parental rights have been terminated by court order, parents cannot be located, and/or no other district of residence can be established.

The specific program objectives are the same as stated for Special Education-Regular (Program Budget 0301). 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, to the full array of postsecondary education programs available.

This program contributes to Minnesota Milestones goals of

- excellence in basic academic skills; and
- people with disabilities will have the opportunity to participate in society

by providing education programs that are appropriate to the unique education needs of individuals with disabilities and by preparing individuals to be independent and responsible adults.

DESCRIPTION:

Special Pupil Aid ensures school districts will recover the full education costs for individuals with disabilities residing in a public or private residential facility within the district's boundaries. This aid covers the remaining costs of educating these individuals after all other state aids have been deducted, including the general education basic revenue, special education aid, and any other aid earned on behalf of the pupil. The aid is paid as a reimbursement in the year following the year services are provided.

OUTCOMES:

A. Program Effectiveness:

There has been some increase in the number of individuals with disabilities in residential facilities for whom no district of residence can be determined. This can be attributed to the economic climate and social conditions currently being experienced throughout the country.

For further discussion of the outcomes and effectiveness of state education programs, refer to

Program 0301 and the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas
- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- IV. C. Improve learner self-esteem
- IV. F. Provide alternative learning settings for high risk learners to complete their high school education
- IV. H. Create changes that improve the way school districts meet the needs of learners and their families

B. Program Services/Statistics:

	Current Law				
(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Program Year	1989-90	1990-91	1991-92	1992-93	1993-94
Pupils Served (weighted average daily membership)	105.0	99.0	116.0	123.0	130.0
District Expenditures	\$ 658.6	\$ 556.5	\$ 597.1	\$ 632.8	\$ 670.9
Less State Aid Deductions	<u>298.9</u>	<u>279.7</u>	<u>279.6</u>	<u>314.8</u>	<u>334.2</u>
Special Pupil Aid	\$ 359.7	\$ 276.8	\$ 317.5	\$ 318.0	\$ 336.7

PROSPECTS:

The number of special pupils is expected to increase due to the reasons stated above. It is important to fully fund this aid program because school districts with residential facilities within their boundaries are required by M.S. 120.17 to provide appropriate special education services for these individuals. This creates an excessive financial burden for a district when several special pupils are placed in the district and there is no resident district to which to bill excess costs.

OBJECTIVES F.Y. 1994-95:

Given the funding level of \$ 318 for F.Y. 1994 and \$ 337 for F.Y. 1995, efforts will be made to maintain existing levels of programs and services. Additional data regarding the pupils served in this program will be identified and collected by F.Y. 1995 so that we can better understand the demographics of the students to determine if action can be taken to reduce their numbers.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 318 for F.Y. 1994 and \$ 337 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 318 in F.Y. 1994 and \$ 337 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0302 SPECIAL EDUCATION – SPECIAL PUPIL

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$395	\$436	\$436	\$436
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Participation/Expenditure Change	(217)	(224)	(188)	(150)
Aid Deduct	99	105	70	51
B.Legislation Becoming Effective				
CURRENT ENTITLEMENT	277	317	318	337
FUNDING EXCESS/DEFICIENCY		237 a)		
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			318	337
APPROPRIATIONS BASIS:				
Current Year	277	554	318	337
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	277	554	318	337
LEVY AUTHORITY	0	0	0	0

a) Including \$118 balance forward from F.Y. 1992 plus \$119 attributable to F.Y. 1993.

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0303 SPECIAL EDUCATION SUMMER SCHOOL

CITATION: M.S. 124.32, Subd 10; M.S. 275.125, Subd. 8c
MDE ADMIN: 1305 Special Education
FEDERAL: 1201 Individuals with Disabilities (EHA P.L. 101.476)

PURPOSE:

To assure individuals with disabilities, who can be expected to show a significant regression in skill levels during extended periods when school is not in session, will be provided specialized instruction to maintain those skill levels.

P.L. 101-476 and Section 504 of the Vocational Rehabilitation Act of 1973 require extended year programs for individuals with disabilities when it is anticipated that significant regression of educational gains made during the regular school term will occur during the summer. Summer school programs are permissive for other students with disabilities. Under Section 504, participation in special education programs cannot be limited to students with the most severe disabilities. The decision to provide extended year special education programs must be determined based on individual needs regardless of the severity of the disability.

The specific objectives for summer school programs are the same as those listed under Special Education-Regular (Program Budget 0301). Special education programs and services are designed for 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, to preparation for the full array of post secondary education programs available.

This program contributes to Minnesota Milestones goals of

- excellence in basic academic skills; and
- people with disabilities will have the opportunity to participate in society

by providing education programs that are appropriate to the unique education needs of individuals with disabilities and by preparing individuals to be independent and responsible adults.

DESCRIPTION:

The types of special education services eligible for special education summer school aid are similar, but not limited to, those services provided during the regular school term. The aid is proportionate to the reduced school term. The formulas for calculation of aid are the same as those in effect during the school term following the summer school program and reimbursement is made in the school year following the summer school term. Under M.S. 124.32, the following state aids are provided:

- 55.2% of salaries of essential special education personnel, not to exceed \$15,320 in aid for each full-time equivalent (FTE) employee; and
- 52% of the difference between the amount of the contract and the general education basic revenue allowance of the district for pupils provided services by contract with an agency other than a school district.

State aid is provided based on applications of programs and budgets submitted for approval by the districts to the Minnesota Department of Education (MDE). If the appropriation is insufficient to fully fund the aid formulas, districts may levy for the difference in the second year following the deficiency.

A district may levy an amount equal to the difference between 66% of salaries paid to essential personnel and the state aid paid for salaries of these personnel. For special education cooperatives and intermediate districts, the levy is made by member districts in an amount equal to their allocated portion of this difference.

Beginning in F.Y. 1991, the Legislature authorized an alternative method for special education funding that is not based on salaries, contracts, supplies and equipment expenditures. A district may apply to receive 103 percent of the state aid earned in the prior year for special education regular, summer and residential programs. The alternative funding method also provides districts with more program discretion based on the approved application.

OUTCOMES:

A. Program Effectiveness:

There has been a decline in the number of individuals with disabilities participating in extended year (summer school) activities over the past several years. In 1989 there were 35,204 students served according to the duplicated child count reported to MDE. Duplicated child count means the learner is counted under each service received. In 1991, the duplicated child count was 32,382. There is no unduplicated child count reported to MDE for summer school. The unduplicated count could be expected to be from one-half to three-quarters of the duplicated count.

Indicators of program effectiveness include the following:

- As school districts experience budget constraints, there is reluctance to provide necessary special education extended year programs for individuals with disabilities.
- Telephone calls to MDE have increased dramatically in recent years from parents who are frustrated over unwillingness of school districts to consider special education services that they feel are needed for their children.
- The perception that general education basic revenue is no longer available for summer school and recent changes in the non-regular transportation aid formula, which have increased transportation costs to districts, have influenced local district decisions on whether to provide special education services in the summer.
- Extended year programs (summer school) provides districts the opportunity to address maintenance, regression and expansion of learner's skills in a more informal and experimental climate than is provided during the regular school term.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0303 SPECIAL EDUCATION SUMMER SCHOOL
(Continuation)

outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas
- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- IV. C. Improve learner self-esteem
- IV. F. Provide alternative learning settings for high risk learners to complete their high school education
- IV. H. Create changes that improve the way school districts meet the needs of learners and their families
- IV. I. Ensure the satisfaction of families through the involvement of parents in learner success

B. Program Services/Statistics:

(\$ in 000s)	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Current Law</u> <u>F.Y. 1994</u>	<u>F.Y. 1995</u>
1. Personnel					
Number of FTE Staff:					
FTE salary above \$27,754	119.28	116.09	123.74	133.38	145.95
FTE salary below \$27,754	277.29	247.68	263.88	254.24	241.67
Total FTE staff	396.57	363.77	387.62	387.62	387.62
Salaries:					
FTE salary above \$27,754	\$4,459.0	\$4,457.5	\$4,780.5	\$5,220.9	\$5,761.3
FTE salary below \$27,754	4,485.0	4,101.9	4,321.6	4,198.9	3,988.2
Total salaries	\$8,944.0	\$8,559.4	\$9,102.1	\$9,419.8	\$9,749.5
Gross Personnel Aid:					
Aid for staff with FTE salary above \$27,754 (FTE times \$16,727)	\$1,995.2	\$1,824.5	\$1,897.4	\$2,043.4	\$2,235.9
Aid for staff with FTE salary below \$27,754 (60% of salary)	<u>2,691.0</u>	<u>2,313.5</u>	<u>2,385.5</u>	<u>2,317.8</u>	<u>2,201.5</u>
Total Gross Personnel Aid	\$4,686.2	\$4,138.0	\$4,282.9	\$4,361.2	4,437.4

(continued on next page)

(Contracted Services, continued)
(\$ in 000s)

2. Contracted Services

Contracted Staff:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Current Law</u> <u>F.Y. 1994</u>	<u>F.Y. 1995</u>
FTE staff	9.35	9.14	9.74	9.74	9.74
Expenditures	\$388.9	\$266.3	\$303.3	\$313.9	\$324.9
Gross aid					
(52% of expenditures)	\$202.2	\$138.5	\$157.7	\$163.2	\$168.9

Contracted Students:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Current Law</u> <u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Weighted ADM	3.53	1.59	1.94	1.94	1.94
Expenditure	\$269.9	\$360.4	\$245.6	\$256.7	\$265.7
Basic revenue deduct	0	0	0	0	0
Difference	269.9	360.4	245.6	256.7	265.7
Gross aid					
(52% of expenditures)	<u>140.4</u>	<u>186.4</u>	<u>127.7</u>	<u>133.5</u>	<u>138.2</u>

Total Gross Contracted Services Aid

	\$342.6	\$324.9	\$285.4	\$296.7	\$307.1
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STATE TOTALS

District Summer					
Expenditures	\$ 9,602.9	\$9,186.1	\$ 9,651.1	\$ 9,990.4	\$ 10,340.1
Gross Summer State Aid	5,028.8	4,462.9	4,568.4	4,657.9	4,744.6
Gross Alternative Aid		399.0	411.0	413.6	426.0
Grand Total					
Gross State Aid		4,861.8	4,979.4	5,071.4	5,170.5
Resources		4,861.9	4,865.0		
Proration Factor	1.0	1.0	0.9770	1.0	1.0
Prorated Summer State Aid	5,028.8	4,462.9	4,463.5	4,657.9	4,744.6
Total Summer Personnel					
Funding (66% of total summer salaries)	5,903.0	5,649.2	6,007.4	6,217.1	6,434.7
Summer Levy Authority	1,216.8	1,511.2	1,822.8	1,855.9	1,997.2
Total Summer Revenue	6,245.6	5,974.0	6,286.3	6,513.8	6,741.8
Prorated Alternative Aid	—	399.0	401.5	413.6	426.0
Alternative Levy Authority	—	157.5	171.7	176.9	182.2
Alternative Total Revenue	—	556.5	573.2	590.5	608.2
Grand Totals					
Prorated Aid	5,028.8	4,861.9	4,865.0	5,071.5	5,170.6
Levy Authority	1,216.8	1,668.7	1,994.5	2,032.8	2,179.4
Revenue	6,245.6	6,530.6	6,859.5	7,104.3	7,350.0

PROSPECTS:

Many individuals with disabilities are at risk of experiencing significant regression of educational gains made during the regular school term. The summer school programs are important in maintaining and expanding their skill levels.

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0303 SPECIAL EDUCATION SUMMER SCHOOL
(Continuation)

According to the number of telephone calls to MDE from concerned parents and an actual decline in the number of learners served, it is evident that educational opportunities for individuals with disabilities based on individual needs are limited during the summer. The reasons for local school district reluctance to make special education services available to individuals with disabilities in the summer need to be addressed.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services. Additional data regarding the number of pupils needing and receiving extended school year programming will be gathered by F.Y. 1995 in order that we can more accurately define the extent of the need and to define problems and propose solutions, if any, and establish standards to judge effectiveness.

GOVERNOR'S RECOMMENDATION:

The Governor recommends increasing Special Education - Summer School aid and levy funding from the F.Y. 1993 level of \$6,860 to \$7,104 for F.Y. 1994 and \$7,236 for F.Y. 1995. State special education aid would increase from \$4,865 for F.Y. 1993 to \$5,081 for F.Y. 1994 and \$5,140 for F.Y. 1995. The current statutory formula would remain in effect.

The Governor further recommends that modifications be made in the alternative delivery revenue beginning in F.Y. 1994 as follows:

1. For a district's first year in the program, alternative delivery revenue will equal the product of the district's base revenue in the prior year, times the ratio of the district's ADM for the current year to the district's ADM for the prior year, times 1.017.
2. For the second year and each succeeding year, alternative delivery revenue will equal the product of the district's base revenue in the second prior year, times the ratio of the district's ADM for the current year to the district's ADM for the second prior year, times 1.034.
3. For the first two years of participation, the base revenue will equal the district's special education - summer school revenue under current law. Beginning with the third year of participation, the base revenue will be computed by applying the special education - summer school formula for the base year to the district's expenditures in the base year, using an expanded definition of eligible expenditures.

The Governor recommends an aid entitlement of \$ 5,081 for F.Y. 1994 and \$ 5,140 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 5,081 in F.Y. 1994 and \$ 5,140 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0303 SPECIAL EDUCATION – SUMMER SCHOOL

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR's F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$4,862	\$4,865	\$4,865	\$4,865
ENTITLEMENT CHANGES PER CURRENT LAW:				
A. Budget Variables				
Revenue Changes:				
Number of Staff		368	368	368
Average Salary/Staff Member		(212)	20	256
Contracted Services Aid		(59)	(47)	(37)
Levy Authority		17	(135)	(281)
B. Legislation Becoming Effective				
CURRENT ENTITLEMENT	4,862	4,979	5,071	5,171
FUNDING EXCESS/DEFICIENCY		(114)		
POLICY CHANGES RECOMMENDED				
Change Inflation Assumption from 3.5% To 1.7%				(44)
New Alternative Delivery Formula			10	13
Total Policy Changes			10	(31)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			5,081	5,140
APPROPRIATIONS BASIS:				
Current Year	4,862	4,865	5,081	5,140
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	4,862	4,865	5,081	5,140
LEVY AUTHORITY	See Special Education Levy Equalization (Program Budget 0308)			

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1994-95 Biennial Budget

PROGRAM: 03 Special Programs
 AGENCY: Education Aids

0304 SPECIAL EDUCATION - HOME-BASED TRAVEL

CITATION: M.S. 124.32, Subd 2b
 MDE ADMIN: 1406 Special Education
 FEDERAL: 1201 Handicapped (EHA, P.L. 101-476)
 1202 Preschool Incentive (Section 619)
 1203 Infants and Toddlers (Part H)

PURPOSE:

To assure that all individuals with disabilities, from birth through 4 years of age, have access to early childhood special education intervention services. Early childhood staff travel aid assures:

- early childhood special education programs include the child and the family;
- early childhood special education services are provided in the home and/or at center-based sites, whichever is appropriate, when the nature of a program serving young children requires staff travel to the child and family; and
- early intervention special education services are provided to assist individuals with disabilities and their parents in learning to understand and accept the limitations of a disability, to teach skills to compensate for the disability, to help discover and focus on the individual's abilities and to support the child and the family so the child can become as independent as possible.

Early childhood special education programs contribute to Minnesota Milestones goals of

- excellence in basic academic skills; and
- people with disabilities will have the opportunity to participate in society

by providing education programs that are appropriate to the unique education needs of individuals with disabilities and by preparing individuals to be independent and responsible adults.

DESCRIPTION:

Because Special Education services to individuals with disabilities are mandated by M.S. 120.17 to begin at birth, the unique special instructional needs of preschool learners with disabilities require that services be available in a variety of settings, including the home and center-based sites. Home-Based Services Travel assures that direct special education service and/or parent training and consultation can take place in the home if that is the setting most appropriate for meeting the child's needs. The state aid provides school districts with 1/2 of actual expenditures for necessary travel of essential personnel providing home-based services to children under age 5 and their families.

OUTCOMES:

A. Program Effectiveness:

The number of individuals with disabilities, ages birth through four years, has been increasing. In

addition to the children normally referred for special education services, school districts are serving greater numbers of children who have been adversely affected by physical and emotional abuse and by substance abusing drugs such as cocaine and alcohol.

Students presently being referred for special education programs tend to have more severely disabling conditions because of some of the reasons stated above.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas
- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- IV. F. Provide alternative learning settings for high risk learners to complete their high school education
- IV. I. Ensure the satisfaction of families through the involvement of parents in learner success

B. Program Services/Statistics:

	Current Law				
(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of districts	432	423	411	411	411
Unduplicated child count (age 0-5)	6,789	7,322	7,522	7,722	7,891
Full-time equivalent staff providing services (state and federal)	1,093	1,131	1,198	1,267	1,387
District expenditures	\$ 139.0	\$ 173.2	\$ 214.4	\$ 265.5	\$ 328.8
Aid earned at 50%	\$ 69.5	\$ 86.6	\$ 107.2	\$ 132.7	\$ 164.4
Prorated state aid	\$ 51.4	\$ 69.0	\$ 71.0	\$ 132.7	\$ 164.0

PROSPECTS:

Since special education services to individuals with disabilities are mandated beginning at birth, and since the number of young children being served is expected to increase for the next two years, the costs for providing home-based transportation should increase as well. This program is cost-effective for the following reasons:

- The least restrictive environment for infants, toddlers and young children to receive these services is usually in their home;
- It is more cost-effective to send staff to these young children than to transport the children to another site to receive special education services.

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0304 SPECIAL EDUCATION - HOME-BASED TRAVEL
(Continuation)

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services.

Additional data regarding the number of pupils needing and receiving home based services will be gathered by F.Y. 1995 in order that we can more accurately define the extent of the need and to define problems and propose solutions, if any, and establish standards to judge effectiveness.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$133 for F.Y. 1994 and \$164 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 124 in F.Y. 1994 (\$10 for F.Y. 1993 and \$114 for F.Y. 1994), and \$159 in F.Y. 1995 (\$19 for F.Y. 1994 and \$140 for F.Y. 1995).

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0304 SPECIAL EDUCATION – HOMEBASED TRAVEL

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$69	\$71	\$72	\$72
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Participation/Expenditure Change	18	36	61	92
B.Legislation Becoming Effective				
CURRENT ENTITLEMENT	87	107	133	164
FUNDING EXCESS/DEFICIENCY	(18)	(36)		
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			133	164
APPROPRIATIONS BASIS:				
Current Year	59	61	114	140
Prior Year	7	10	10	19
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	66	71	124	159
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 03 Special Programs
 AGENCY: Education Aids
 0305 SPECIAL EDUCATION - RESIDENTIAL
 CITATION: M.S.124.32, Subd. 5 and 10
 MDE ADMIN: 1305 Special Education
 FEDERAL: 1205 Hdcp in Residential Facilities (ECIA Chp 1)
 1205 Hdcp N/D in Residential Facilities (ECIA Chp 1)

PURPOSE:

To assure all individuals with disabilities, who are placed in approved private or public residential facilities, a free and appropriate education. The state special education residential aid provided to school districts is to help meet the cost of the education services provided to these individuals in the regular school term and through the summer.

The specific program objectives are the same as stated for Special Education-Regular (Program Budget 0301). 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, to the full array of postsecondary education programs available.

This program contributes to Minnesota Milestones goals of

- excellence in basic academic skills; and
- people with disabilities will have the opportunity to participate in society

by providing education programs that are appropriate to the unique education needs of individuals with disabilities and by preparing individuals to be independent and responsible adults.

DESCRIPTION:

A number of individuals with disabilities are placed by child placement agencies in private or public residential facilities. In such cases, the school district in which the residential facility is located is required by M.S. 124.32, Subd. 5 to provide the educational program for the learner and bill the costs of the program to the learner's district of residence, which is where the learner's parent(s) reside. The district of residence claims the general education revenue for the learner and the special education residential aid. The residential aid is equal to 57% of the difference between the tuition cost and the basic general education revenue for the learner. The aid is paid as a reimbursement in the year following the year services are provided.

Beginning in F.Y. 1991, the Legislature authorized an alternative method for special education funding that is not based on salaries, contracts, supplies and equipment expenditures. A district may apply to receive 103 percent of the state aid earned in the prior year for special education regular, summer and residential programs. The alternative funding method also provides districts with more program discretion based on the approved application.

OUTCOMES:

A. Program Effectiveness:

On December 1, 1986, the federal child count indicated 1,289 individuals with disabilities residing in residential facilities. As of December 1, 1991 there were 998 reported as residing in residential facilities. This decrease in the number of individuals served in residential facilities between 1986 and 1991 is evidence of the trend to educate individuals in the least restrictive environment.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas
- IV. I. Ensure the satisfaction of families through the involvement of parents in learner success

B. Program Services/Statistics:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	Current Law F.Y. 1994	F.Y. 1995
School districts	235	235	235	235	235
Weighted average daily membership (WADM)	1,127	977	974	1,032	1,094
District expenditures	\$ 7,260.0	\$ 6,469.8	\$ 7,233.0	\$ 7,667.0	\$ 8,127.0
General education revenue deduction	\$ (3,197.2)	\$ (2,885.8)	\$ (2,876.2)	\$ (3,147.6)	\$ (3,336.7)
Difference	\$ 4,062.8	\$ 3,584.0	\$ 4,356.8	\$ 4,519.4	\$ 4,790.3
Aid earned = 57%	\$ 2,315.8	\$ 2,042.9	\$ 2,483.4	\$ 2,576.1	\$ 2,730.5
Alternative Education Aid	—	37.6	38.8	39.9	41.1
Total Aid	\$ 2,315.8	\$ 2,080.5	\$ 2,522.2	\$ 2,616.0	\$ 2,771.6
Average expenditure per WADM	\$ 6,442.0	\$ 6,622.0	\$ 7,426.0	\$ 7,429.0	\$ 7,429.0
Average program aid per WADM	\$ 2,055.0	\$ 2,129.0	\$ 2,590.0	\$ 2,535.0	\$ 2,533.0

PROSPECTS:

The number of individuals with disabilities placed in residential facilities is expected to continue to decline over the next several years. However, placement decisions are often not under the control

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0305 SPECIAL EDUCATION - RESIDENTIAL
(Continuation)

of the resident district. Many residential placements are of an emergency nature and districts are not involved until other state agencies or courts have already determined that an out-of-district placement was necessary and has been made. Many agencies are relying more heavily on out-patient placements for treatment of drug/alcohol and emotional disorders which is consistent with the reduced number of placements in residential facilities.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to minimize the effects on existing service levels.

Additional data regarding the number of pupils needing and receiving home based services will be gathered by F.Y. 1995 in order that we can more accurately define the extent of the need and to define problems and propose solutions, if any, and establish standards to judge effectiveness.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that Special Education-Residential aid be replaced beginning in F.Y. 1995 with a new Special Education - Excess Cost aid designed to provide additional revenue to those districts with a large number of "high cost" students to serve and/or a small number of students requiring extremely high cost services. A district's excess cost aid per WADM will equal 70 percent of the difference between the district's unreimbursed special education cost per WADM and six percent of the district's general education revenue per WADM.

The Governor recommends an aid entitlement of \$ 2,616 for F.Y. 1994 and \$ 6,535 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 2,616 in F.Y. 1994 and \$ 5,555 in F.Y. 1995. With this recommendation, the Governor proposes funding this budget activity on an 85-15% basis beginning in F.Y. 1995 rather than 100% current.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0305 SPECIAL EDUC. – RESIDENTIAL/EXCESS COST

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$2,315	\$2,535	\$2,535	\$2,535
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Expenditure Change	(918)	(727)	(480)	(218)
General Education Revenue Deduct	684	714	561	455
CURRENT ENTITLEMENT	2,081	2,522	2,616	2,772
FUNDING EXCESS/DEFICIENCY	234	13		
POLICY CHANGES RECOMMENDED				
Replace Current Formula with new Excess				3,763
Cost Aid Using 85 – 15% Funding Basis				
Total Policy Changes				3,763
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			2,616	6,535
APPROPRIATIONS BASIS:				
Current Year	2,315	2,535	2,616	5,555
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	2,315	2,535	2,616	5,555
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0306 LIMITED ENGLISH PROFICIENCY

CITATION: M.S. 124.273; 126.261-.269; 275.125, Subd 8
MDE ADMIN: 1303 Special Programs
FEDERAL: 1209 Emergency Immigrant Education

PURPOSE:

The Limited English Proficient Education Program provides funding support, technical assistance, and in-service training to school districts serving Limited English Proficient (LEP) students. LEP students remain in the program, learning to speak, read, write in English, until they are able to participate successfully in the mainstream curriculum. The length of time a student spends in the program depends on the student's age, the level of reading and writing proficiency in the native language, and the amount of education the student had in the native language.

This program contributes to Minnesota Milestones goals of

- excellence in basic academic skills; and
- to welcome, value and respect people of all cultures, races and ethnic backgrounds

by providing students the English language skills needed for school readiness, increasing achievement test scores, increasing their graduation rate thereby enabling them to pursue advanced education and training to make the state a leader in the global economy.

DESCRIPTION:

Two program delivery designs are used to serve LEP students in Minnesota:

1. English as a Second Language (ESL) - Students spend approximately 1-3 hours per day learning English language skills; the remainder of the day is spent in regular class activities.
2. Bilingual Education - Students spend 1-2 hours per day learning English language skills; 1-2 hours being instructed in content areas (math, social studies, science) through the native language; and the remainder of the day in regular class activities. The amount of instruction through the native language decreases as English language skills improve.

For F.Y. 1991, the greatest number of LEP students (57 percent) were taught ESL through an ESL teacher in an ESL pull-out classroom model, about 17 percent receive ESL tutoring within the Mainstream classroom, 13 percent receive services in a self-contained ESL classroom, 7 percent were served in a pull-out classroom taught by a bilingual teacher and 6 percent through a combination of models.

A district's state aid equals the lesser of 55.2 percent of salary or \$15,520 for each eligible full-time equivalent (FTE) teacher. A district is eligible to receive funding for 1 FTE teacher for each 45 LEP pupils or a pro-rata portion of an FTE teacher for fewer than 45 pupils. Districts with 22 or

fewer LEP pupils are eligible to receive funding for 1/2 FTE teacher. A district may levy an amount equal to the difference between 61 percent of salaries paid to eligible personnel and the state aid paid for salaries of these personnel.

OUTCOMES:

A. Program Effectiveness:

Traditional assessment instruments used to measure the success of English speaking students are not valid and reliable for LEP students because these instruments ultimately measure English skills which these students do not have. The majority of LEP students in Minnesota do not have a good educational background in their native language.

For F.Y. 1992, approximately 14,000 LEP students received services in this program. These students represent 54 language groups. The following data from the 1989-90 school year show the success the program is having with LEP students. During this year, 11,858 were enrolled in a LEP program.

- 732 students were successfully mainstreamed and exited from the LEP program;
- 403 LEP students graduated from high school;
- only 66 students re-entered the program after being exited;
- LEP students in Grade K-3 received an average of 14.57 months of services through the program;
- LEP students in Grades 4-6 received an average of 16.18 months of service;
- LEP students in Grades 7-9 received an average of 17.74 months of service; and
- LEP students in Grades 10-12 received an average of 17.64 months of service.

For further discussion of the outcomes and effectiveness of state education programs refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas
- IV. I. Ensure the satisfaction of families through the involvement of parents in learner success

B. Program Services/Statistics:

LEP Statistics (\$ in 000s)	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
A. LEP Students Served in each Program Design					
1. ESL program students served	10,250	11,320	11,950	12,640	13,290
Number of districts	105	107	110	112	116
2. Bilingual Education Program students	2,732	2,687	2,700	2,800	2,850
Number of districts	8	4	6	7	7

(continued on next page)

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0306 LIMITED ENGLISH PROFICIENCY
(Continuation)

	Current Law				
(LEP Statistics (continued))	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
3. Total students served	12,982	13,897	14,650	15,440	16,140
Total districts	106	108	112	115	117
B. District Expenditures and Formula Funding (\$ in 000s)					
1. Program Totals:					
Number of districts	108	110	112	114	116
LEP enrollment	12,324	13,426	14,566	15,799	17,132
FTE teachers	317.13	342.32	371.47	403.04	437.31
Teacher salaries	\$10,205.0	\$11,310.6	\$12,482.6	\$13,815.0	\$15,303.7
2. Eligible FTE Teachers:					
FTE salary					
above \$27,754	189.38	226.58	247.22	308.43	345.19
below \$27,754	83.79	65.89	69.12	33.53	24.88
Total eligible FTE teachers	273.14	292.47	316.34	341.96	370.07
3. Eligible Teacher Salaries:					
FTE salary					
above \$27,754	\$7,019.9	8,433.6	9,323.4	11,403.1	12,884.0
below \$27,754	1,988.9	1,595.5	1,737.4	804.2	599.1
Total eligible salaries	\$9,008.8	\$10,029.1	\$11,060.8	\$12,207.3	\$13,483.1
4. Total Formula Funding (Revenue)					
(61% of total eligible salaries)	\$5,495.4	\$6,117.8	\$6,747.1	\$7,446.4	\$8,224.7
5. Gross State Aid:					
\$15,320 times number of eligible FTE teachers with FTE salary					
above \$27,754	\$3,219.5	3,471.2	3,787.4	4,725.1	5,288.3
55.2% of eligible salaries for teachers with FTE salaries					
below \$27,754	1,213.2	880.7	959.1	443.9	330.7
Total gross state aid	\$4,432.7	\$4,351.9	\$4,746.5	\$5,169.1	\$5,619.0

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B. District Expenditures and Formula Funding (\$ in 000s)

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
6. Proration Factor	.7710	.9030	.8437	1.0	1.0
Prorated state aid	\$3,418.0	\$3,930.0	\$4,005.0	\$5,169.1	\$5,619.0
7. Levy Authority					
(Total formula funding less prorated state aid)	\$2,077.4	\$2,187.8	\$2,742.1	\$2,277.4	\$2,605.7
8. Total Revenue	\$5,495.4	\$6,117.8	\$6,747.1	\$7,446.5	\$8,224.7

PROSPECTS:

The number of LEP students in Minnesota schools is increasing. Due to the continued influx of immigrants and the inability of many families to use English at home, many students are coming to school with limited English skills. New refugee families, migrant families, adopted children, and other immigrants continue to add to the need for LEP programs.

OBJECTIVES F.Y. 1994-95:

The increased funding, will be used to serve the increasing number of students and help provide special supplies and equipment associated with this program. One hundred percent of the applications for state LEP aid for ESL and Bilingual Education will continue to be processed according to formula up to the level of funding in a timely manner and with appropriate assistance.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 5,162 for F.Y. 1994 and \$ 5,605 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 4,988 in F.Y. 1994 (\$ 600 for F.Y. 1993 and \$ 4,388 for F.Y. 1994), and \$ 5,539 in F.Y. 1995 (\$ 774 for F.Y. 1994 and \$ 4,765 for F.Y. 1995).

In addition, the Governor's recommendation for the State Board Multicultural initiative, Program Budget 0815, includes \$ 115 for F.Y. 1994 and \$ 115 for F.Y. 1995 to expand the Limited English Proficiency (LEP) formula to include supplies and equipment for LEP teachers. See Program Budget 0815 for additional information.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0306 LIMITED ENGLISH PROFICIENCY

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$3,930	\$4,005	\$4,006	\$4,006
ENTITLEMENT CHANGES PER CURRENT LAW:				
A. Budget Variables				
Revenue Changes:				
Number of Staff	648	978	1,498	2,081
Average Salary/Staff Person	295	269	448	644
Levy Change	(521)	(506)	(783)	(1,112)
B. Legislation Becoming Effective				
CURRENT ENTITLEMENT	4,352	4,746	5,169	5,619
FUNDING EXCESS/DEFICIENCY	(422)	(741)		
POLICY CHANGES RECOMMENDED				
Change Inflation Assumption from 3.5% To 1.7%			(7)	(14)
Total Policy Changes			(7)	(14)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			5,162	5,605
APPROPRIATIONS BASIS:				
Current Year	3,341	3,405	4,388	4,765
Prior Year	512	589	600	774
Transfers (M.S. 124.14)	74			
Total Funding (State General Fund)	3,927	3,994	4,988	5,539

LEVY AUTHORITY See Special Education Levy Equalization (Program Budget 0308)

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1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0307 SECONDARY VOCATIONAL - STUDENTS WITH DISABILITIES

CITATION: M.S. 124.574; 275.125, Subd 8c
MDE ADMIN: 1301 Curriculum Services
FEDERAL: 1209 Secondary Vocational - Basic

PURPOSE:

To provide 14-21 year old learners with disabilities a meaningful, related sequence of vocational programs and support services that, upon graduation, will enhance their ability to work within a community as independently as possible. More specifically, the purpose of secondary vocational education for learners with disabilities is to :

- retain students in school by providing a relevant method of learning basic skills in reading, comprehension, mathematics, communication, science, problem solving, and interpersonal relationships; and
- enhance, upon graduation, job placement or postsecondary training opportunities that match their interests and abilities.

A priority of the Minnesota Department of Education and the State Board of Education is to develop and continue the evolution of an educational system for learners with disabilities that assures such learners will be prepared to the best of their abilities, to be productive individuals in the ever changing work place.

This program contributes to Minnesota Milestones goals of

- excellence in basic academic skills; and
- people with disabilities will have the opportunity to participate in society

by decreasing the number of school districts with Grade 12 dropouts by furnishing relevant instruction to learners with disabilities that provides incentives for them to stay in school, and the economic means to a reasonable standard of living by focusing on the learners' interests while teaching vocational skills needed for the work place.

DESCRIPTION:

Vocational programs and services for students with disabilities are offered by school districts, cooperative centers, intermediate school districts, special education cooperatives, and Educational Cooperative Service Units (ECSUs). These programs and services are established to support student involvement in vocational education based on goals and objectives in student individualized education plans.

State Board of Education rules define the criteria that must be met in order to qualify for this

vocational categorical aid. The criteria include appropriate teacher licensure and specific program and service curriculum requirements.

The state aid formula for funding these vocational education programs and services for F.Y. 1993 is as follows:

- Instructor salary - An amount not to exceed the lesser of 60 percent of the salary or \$16,727.
A district may levy an amount equal to the difference between 66 percent of salaries paid to essential personnel and the state aid paid for salaries of these personnel.
- Equipment - 47 percent of the costs of necessary equipment.
- Supplies - 47 percent of the costs of necessary supplies not to exceed an average of \$47 per student.
- Travel - 47 percent of the costs of necessary travel between instructional sites.
- Contracted Services - 52 percent of necessary contracted services.

These state categorical aids for vocational programs and services are used to support the assurances and initiative provisions of the federal vocational Carl D. Perkins Act.

OUTCOMES:

A. Program Effectiveness:

Historically, students with disabilities, especially those labeled moderate, severe, and profound had limited vocational opportunities at the secondary level. These students often remained in prevocational classes taught in the school building until they proved themselves "ready", behaviorally and skill wise, for a community work placement. Because students with developmental disabilities do not generalize what is taught out of context, they were never "ready" and received no actual work experience. When they graduated, if they did, and depending on their disability, they attended Day Activity Centers where they continued working on prevocational skills, or remained at home. Students with learning or emotional disabilities often experience frustration and failure with academic courses based on theory rather than function, and are at-risk for dropping out of school.

Nationally, for every dollar expended on assisting students with disabilities to become independent, ten dollars are expended for dependency costs of individuals not participating in the program. Sixty-seven percent of all Americans with disabilities between the ages of 16 and 64 do not work.

Providing students with vocational assessment and training at the secondary level will help ensure Minnesota graduates are better prepared to enter the work force and/or make realistic plans for post secondary training.

Discussions with Minnesota vocational and special education directors, Parent Advocacy Coalition of Educational Rights (PACER) advocates, Department of Rehabilitation (DRS) representatives, and Community Transition Interagency Committee (CTIC) members reinforce these findings. Also, work experience coordinators and employers express great satisfaction in the changes they observe in students regarding work-related behaviors, realistic vocational expectations, and length of employment at a job.

As of F.Y. 1993, school districts receiving Carl D. Perkins funds are required to conduct a one year follow-up study on the previous year's graduates of vocational education. National statistics, and several Minnesota school district follow-up studies, show that students with disabilities who enroll

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0307 SECONDARY VOCATIONAL - STUDENTS WITH DISABILITIES
(Continuation)

in approved vocational programs and are provided with necessary supports (personnel, equipment adaptation, curriculum modification, etc.), and students who enroll in vocational classes with a cooperative education component (on the job training), are more likely to stay in school and are better prepared for employment or post secondary training than students with disabilities who do not access these classes and supports.

Data from the one year follow-up study will identify the number of students with disabilities, the number of students with disabilities receiving vocational education programs/support, the dropout rate for students with disabilities, the number of students working one year after school, student satisfaction with vocational programs, and the number of students with disabilities pursuing further training. This study will document the benefits of this program and related student performance. Program effectiveness will be determined by the increase in number of students with disabilities graduating, working one year after graduation, working in a job that matches their interests and abilities, and enrolling in post-secondary institutions.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Student will demonstrate competency in subject areas
- IV. F. Provide alternative learning settings for high risk learners to complete their high school education
- IV. H. Create changes that improve the way school districts meet the needs of learners and their families
- IV. I. Ensure the satisfaction of families through the involvement of parents in learner success

B. Program Services/Statistics:

Program statistics are shown in Table 3-7.

PROSPECTS:

With the federal and state legislation mandating a process to ensure smooth transition of students with disabilities into the community and the work place, vocational education continues to play an increasing role. The federal Carl D. Perkins Vocational and Applied Technology Act mandates that, prior to the end of Grade 9, students and parents be notified of secondary vocational options, receive vocational assessments of interest and abilities, receive special services to facilitate success in vocational programs, receive guidance and counseling and career development activities, and receive counseling services that facilitate transition from school to post-school employment. Minnesota transition legislation mandates that all students with disabilities will, by Grade 9, have individual

education plan goals that address vocational needs.

As more students and parents become aware of the need for, and their right to access vocational education, there is expected to be an increase in the demand for vocational education programs and services for students with disabilities.

OBJECTIVES F.Y. 1994-95:

The number of students identified as "students with disabilities" continues to increase in Minnesota. The vocational needs of this population is being identified at an increasing rate. Plans for meeting the needs of this population are underway at this time, including a method to keep track of what vocational programs they participate in, and a one to five year follow-up study to try to verify the effectiveness of the programs. The data collection process identifying the vocational programs these students participate in is new but numbers are expected to be available in the 1992-93 school year. Minnesota must continue to provide financial assistance and incentives to get more schools to provide vocational programming for this population.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 4,575 for F.Y. 1994 and \$ 4,595 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 4,573 in F.Y. 1994 (\$ 684 for F.Y. 1993 and \$ 3,889 for F.Y. 1994), and \$ 4,592 in F.Y. 1995 (\$ 686 for F.Y. 1994 and \$ 3,906 for F.Y. 1995).

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
 AGENCY: Education Aids
 0307 SECONDARY VOCATIONAL - STUDENTS WITH DISABILITIES
 (Continuation)

TABLE 3-7
 SECONDARY VOCATIONAL EDUCATION - STUDENTS WITH DISABILITIES PROGRAM

	F.Y. 1991		F.Y. 1992		F.Y. 1993		F.Y. 1994		F.Y. 1995	
	STUDENTS SERVED	STAFF FTE	STUDENTS SERVED	STAFF FTE	STUDENTS SERVED	STAFF FTE	STUDENTS SERVED	STAFF FTE	STUDENTS SERVED	STAFF FTE
A. Student/Staff Data										
Specialty programs for disabled	122.93	8.09	98.12	8.67	96.45	8.54	79.51	7.03	71.61	6.32
Support service facilitator	950.39	34.98	1,053.08	35.59	1,068.06	5.55	905.43	30.60	840.16	28.39
Vocational evaluator	233.52	18.90	257.75	18.70	261.43	18.99	221.53	16.09	205.25	14.94
Work experience coordinator	1,767.52	171.61	1,979.40	165.17	2,198.57	183.45	2,041.57	170.36	2,073.94	173.05
Technical tutor/supplemental support staff	896.69	77.86	1,298.63	93.21	1,442.19	103.56	1,339.29	96.14	1,360.58	97.70
Interpreter for the deaf	7.16	2.01	7.99	1.07	9.65	2.32	8.74	2.19	9.58	2.23
Total	3,987.21	313.45	4,694.97	322.41	5,076.35	322.41	4,596.07	322.41	4,561.12	322.63
	<u>SALARY</u>	<u>NONSALARY</u>	<u>SALARY</u>	<u>NONSALARY</u>	<u>SALARY</u>	<u>NONSALARY</u>	<u>SALARY</u>	<u>NONSALARY</u>	<u>SALARY</u>	<u>NONSALARY</u>
B. Expenditures (\$ in 000s)										
Specialty programs for handicapped	\$ 268.7	\$ 9.5	\$ 305.7	\$ 26.7	\$ 286.3	\$ 25.0	\$ 267.3	\$ 23.3	\$ 249.2	\$ 21.7
Support service facilitator	1,363.5	55.6	1,543.1	77.4	1,485.2	74.5	1,428.0	71.5	1,370.7	68.6
Vocational evaluator	669.7	215.5	705.0	55.5	678.0	53.3	651.6	51.3	625.4	49.1
Work experience coordinator	6,274.9	222.8	6,211.9	478.0	6,582.1	506.3	6,961.8	535.3	7,358.9	565.0
Technical tutor/supplemental support staff	1,402.6	14.4	1,603.4	33.3	1,699.3	35.3	1,796.7	37.3	1,899.1	39.4
Interpreter for the deaf	46.0	0.4	29.1	0.2	31.2	0.2	33.4	0.2	34.6	0.2
Contracted services										
Total	\$ 10,025.4	\$ 518.2	\$ 10,398.2	\$ 671.1	\$ 10,762.1	\$ 694.6	\$ 11,138.8	\$ 718.9	\$ 11,537.9	\$ 744.0

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1994-95 Biennial Budget

PROGRAM: 03 Special Programs
 AGENCY: Education Aids
 0307 SECONDARY VOCATIONAL - STUDENTS WITH DISABILITIES
 (Continuation)

TABLE 3-7

SECONDARY VOCATIONAL EDUCATION - STUDENTS WITH DISABILITIES PROGRAM

(continued)

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
C. District Expenditures and Formula Funding (\$ in 000s)					
1. Personnel					
FTE salary above \$27,869	206.57	217.94	222.06	226.05	230.11
FTE salary below \$27,869	106.88	104.47	100.35	96.36	92.53
Total FTE staff	313.45	322.41	322.41	322.41	322.63
Salaries:					
FTE salary above \$27,869	\$ 8,082.4	\$ 8,748.9	\$ 9,171.0	\$ 9,604.2	\$ 10,057.9
FTE salary below \$27,869	\$ 1,943.0	\$ 1,649.3	\$ 1,591.1	\$ 1,534.6	\$ 1,480.1
Total salaries	\$ 10,025.4	\$ 10,398.2	\$ 10,762.1	\$ 11,138.8	\$ 11,538.0
Gross Personnel Aid:					
Aid for staff with FTE salary above \$27,869 (FTE times \$16,727)	3,455.3	3,421.7	3,402.0	3,463.1	3,525.3
Aid for staff with FTE salary below \$27,869 (60% of salary)	1,165.8	930.2	878.3	847.1	817.0
Total gross personnel aid	4,621.1	4,351.9	4,280.3	4,310.2	4,342.3
2. Contracted Services:					
Weighted ADM	26.92	40.17	41.56	43.00	44.49
Expenditures	\$ 194.9	\$ 349.1	\$ 361.3	\$ 373.9	\$ 387.0
Basic revenue deduct	107.3	165.4	171.1	177.1	183.2
Expenditure less deduct	87.6	183.7	190.2	196.8	203.8
Gross aid (52% of expenditure less deduct)	63.0	114.5	118.5	122.7	126.9

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	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	Current Law F.Y. 1995
3. Equipment:					
Expenditure	61.0	105.3	108.9	112.8	116.7
Gross aid (47% of expenditure)	28.7	49.5	51.2	53.0	54.9
4. Travel:					
Expenditure	121.6	92.3	95.5	98.8	102.3
Gross aid (47% of expenditure)	57.2	43.4	48.9	46.5	48.1
5. Supplies:					
Expenditure	140.7	124.5	128.9	133.4	138.1
Gross aid (47% of expenditure, limited to \$47 per student)	65.1	58.5	60.6	62.7	64.9
6. Totals:					
a. Expenditure	10,543.6	11,069.3	11,456.7	11,857.7	12,282.0
b. State aid	4,835.0	4,617.7	4,555.4	4,595.0	4,637.1
c. Proration factor	1.0	1.0	1.0	1.0	1.0
d. Prorated state aid	4,835.0	4,617.7	4,555.4	4,595.0	4,637.1
7. Levy Authority:					
a. Total personnel funding (66% of total salaries)	6,616.7	6,862.8	7,103.0	7,351.6	7,615.1
b. Prorated personnel aid	4,621.1	4,351.9	4,280.3	4,310.2	4,342.3
c. Levy authority (total personnel funding less prorated personnel aid)	1,995.6	2,511.0	2,822.7	3,041.4	3,272.8
8. Total funding (6b + 7c)	6,830.6	7,128.7	7,378.1	7,636.4	7,909.9

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0307 SECONDARY VOCATIONAL – DISABLED

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$4,661	\$4,650	\$4,651	\$4,651
ENTITLEMENT CHANGES PER CURRENT LAW:				
A. Budget Variables				
Revenue Changes:				
Number of Staff	(221)	(300)	(300)	(300)
Average Salary per Staff Member	70	89	374	638
Contracted Services	80	83	87	91
Equipment	(7)	(7)	(5)	(3)
Travel	17	19	21	23
Supplies	2	2	4	6
Levy Change	16	19	(237)	(469)
CURRENT ENTITLEMENT	4,618	4,555	4,595	4,637
FUNDING EXCESS/DEFICIENCY	43	82 *		
POLICY CHANGES RECOMMENDED				
Change Inflation Assumption from 3.5% to 1.7%			(20)	(42)
Total Policy Changes			(20)	(42)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			4,575	4,595
APPROPRIATIONS BASIS:				
Current Year	3,962	3,953	3,889	3,906
Prior Year	729	699	684	686
Total Funding (State General Fund)	4,691	4,652	4,573	4,592

LEVY AUTHORITY

See Special Education Levy Equalization (Program Budget 0308)

* \$95 less \$13 of the F.Y. 1994 prior year final account that does not have to be appropriated due to the lower estimated entitlement = \$82 in the F.Y. 1993 current appropriation.

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1994-95 Biennial Budget

PROGRAM: 03 Special Programs
 AGENCY: Education Aids
 0308 SPECIAL EDUCATION LEVY SUMMARY AND
 EQUALIZATION AID
 CITATION: M.S. 124.321
 MDE ADMIN: 1401 Education Finance and Analysis
 FEDERAL: None

PURPOSE:

To provide levy revenue to school districts to supplement categorical aids for special education, secondary vocational students with disabilities, and limited English proficiency programs, to assure that free appropriate educational services are provided to all eligible handicapped and limited English proficient students. The difference between state aid and the formula is provided through an equalized levy and aid.

This program contributes to the Minnesota Milestones goals of:

- excellence in basic academic skills; and
- people with disabilities will have the opportunity to participate in society;

by reducing the high school dropout rate through education programs that are appropriate to the unique education needs of individuals with disabilities, and by preparing individuals to be independent and responsible adults.

DESCRIPTION:

A. Special Education Equalization Revenue

A district's special education equalization revenue for a school district, excluding an intermediate school district equals the sum of the following:

1. The difference between 66 percent of salaries paid to essential special education personnel and the amount of special education aid paid to the district for salaries of these personnel under Program Budgets 0301 and 0303 for that fiscal year; plus
2. The difference between 61 percent of salaries paid to essential limited English proficiency program personnel and the amount of limited English proficiency aid paid to the district for salaries of these personnel under Program Budget 0306 for that fiscal year; plus
3. The difference between 66 percent of the salaries paid to essential secondary vocational disabilities program personnel and the amount of secondary vocational disabilities aid paid to the district for salaries of these personnel under Program Budget 0307 for that fiscal year; plus
4. The alternative delivery levy revenue determined according to M.S. 124.324, Subd 4; plus

5. The amount allocated to the district by special education cooperatives or intermediate districts in which it participates according to M.S. 124.321, Subd 2.

The levy authority for staff employed by intermediate districts and cooperatives is allocated among the participating school districts and added to the school district's levy authority. School district estimates are used to compute the initial levy for each district. The levy is adjusted 3 years later based on actual data.

B. Special Education Levy

To receive special education levy revenue, a district may levy an amount equal to the district's special education equalization revenue as defined above multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, by \$ 3,540.

C. Special Education Levy Equalization Aid

A district's special education levy equalization aid is the difference between its special education levy equalization revenue and its special education levy. If a district does not levy the entire amount permitted, special education levy equalization aid must be reduced in proportion to the actual amount levied.

In the event that the special education levy equalization aid for any year is prorated, a district having its aid prorated may levy an additional amount equal to the amount not paid by the state due to proration.

OUTCOMES:

A. Program Effectiveness:

Special education levy revenue has increased from \$25.8 million for F.Y. 1986 to \$102.3 million for F.Y. 1993 due primarily to two factors:

1. Formula changes. For example in the regular special education program the difference between the revenue percent of salaries and the maximum aid per full-time equivalent (FTE) staff person has regularly increased. For F.Y. 1986 and F.Y. 1987 the revenue was 70 percent while the maximum aid per FTE was the lesser of 70 percent up to a cap of \$19,500. Although the revenue has remained at 66 per cent of salaries since 1988, the aid has decreased. The maximum aid per FTE was the lesser of 66 percent up to a cap of \$18,400 for F.Y. 1988 and F.Y. 1989. It changed to the lesser of 60 percent up to a cap of \$16,727 for F.Y. 1990 and F.Y. 1991. In F.Y. 1992 it changed to the lesser of 56.4 percent up to a cap of \$15,700 while in F.Y. 1993 it changed to the lesser of 55.2 percent up to a cap of \$15,320. Further, in the second year during which each of these aid amounts applied, salaries increased with inflation while the maximum aid per FTE remained constant with the exception of F.Y. 1993 where the maximum aid per FTE decreased. Additionally, it should be noted that F.Y. 1993 is the first year of the special education equalization aid program. The \$9.8 million in aid attached to this program reduced the levy revenue for F.Y. 1993 from \$102.3 million to \$92.5 million.

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

**0308 SPECIAL EDUCATION LEVY SUMMARY AND
(Continuation)**

2. The proration of aids has substantially increased the amount of levy authority, beginning in F.Y. 1989

For further discussion of program effectiveness, see individual Program Budgets 0301, 0303, 0306, and 0307.

B. Program Services/Statistics:

(\$ in 000s)	Current Law				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993*</u>	<u>F.Y. 1994*</u>	<u>F.Y. 1995*</u>
Levy Authority by Fiscal Year					
Special Education - Regular	59,818.5	76,646.7	94,779.2	89,661.1	98,857.7
Special Education - Summer	1,216.8	1,668.7	1,994.5	2,032.8	2,179.4
Limited English Proficiency	2,077.4	2,187.8	2,742.1	2,277.4	2,605.7
Secondary Voc Handicapped	1,995.6	2,511.0	2,822.7	3,041.4	3,272.8
Less Equalization Aid	—	—	(9,841.0)	(14,585.0)	(17,820.0)
Total Levy Authority	65,108.3	83,014.2	92,497.5	82,427.7	89,095.5
	<u>Payable 1990</u>	<u>Payable 1991</u>	<u>Payable 1992</u>	<u>Payable 1993</u>	<u>Payable 1994</u>
Certified Levy by Calendar Year					
Initial Levy Year	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Initial Levy Amount	47,590.6	56,469.4	69,210.1	77,492.3	84,640.7
Levy Adjustment Year	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992
Levy Adjustment Amount	9,556.6	16,280.9	6,329.5	16,600.0	12,068.1
Levy Adjustment Year	F.Y. 1990	n/a	F.Y. 1992	F.Y. 1993	F.Y. 1994
Adjustment Amount	13,348.2	0	13,841.5	4,900.0	4,688.6
Total Levy Certified	70,495.4	72,750.3	89,381.1	98,992.3	101,397.4

(*) F.Y. 1993, F.Y. 1994, and F.Y. 1995 levies based on 3.5 percent annual inflation, continuation of program growth trends, and no proration of state aid in F.Y. 1994 or F.Y. 1995.

PROSPECTS:

As a result of salary increases and the continuing need for special education services, the Minnesota Department of Education (MDE) anticipates continued growth of special education levies and full utilization of the funds generated from these levies.

See the individual Program Budgets 0301, 0303, 0306, and 0307 for related discussion and information.

OBJECTIVES F.Y. 1994-95:

Funding will be available for 66% of the salary of qualifying personnel regardless of the level of related formulas or any deficiency in appropriation levels.

Taxpayer equity will be maintained at current levels.

Objectives for this program are itemized in the special education and limited English proficiency narratives which this program supplements.

GOVERNOR'S RECOMMENDATION:

The Governor recommends increasing Special Education Levy Equalization revenue from the F.Y. 1993 level of \$102,339 to \$106,865 for F.Y. 1994 and \$117,932 for F.Y. 1995. Special Education Levy Equalization aid will increase from \$9,841 for F.Y. 1993 to \$14,053 for F.Y. 1994 and \$16,538 for F.Y. 1995. The current statutory formula will remain in effect, and special education levy equalization aid will be prorated at 87 percent in F.Y. 1994 and at 84 percent in F.Y. 1995, compared with a 66 percent proration factor for F.Y. 1993.

The Governor recommends an aid entitlement of \$ 14,053 for F.Y. 1994 and \$ 16,538 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 13,572 in F.Y. 1994 (\$ 1,626 for F.Y. 1993 and \$ 11,946 for F.Y. 1994), and \$ 16,165 in F.Y. 1995 (\$ 2,107 for F.Y. 1994 and \$ 14,058 for F.Y. 1995).

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0308 SPECIAL EDUCATION EQUALIZATION

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$0	\$9,841	\$10,841	\$10,841
ENTITLEMENT CHANGES PER CURRENT LAW:				
A. Budget Variables				
Appropriation Shortfall		1,000		
Revenue Change		19,415	14,097	24,001
Levy Change		(15,384)	(10,353)	(17,022)
CURRENT ENTITLEMENT	0	14,872	14,585	17,820
FUNDING EXCESS/DEFICIENCY		(5,031)		
POLICY CHANGES RECOMMENDED				
Change Inflation Assumption from 3.5% To 1.7%			(532)	(1,282)
Prorate Regular Special Education Aid			2,013	3,118
Prorate Levy Equalization Aid			(2,013)	(3,118)
Total Policy Changes			(532)	(1,282)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			14,053	16,538
APPROPRIATIONS BASIS:				
Current Year		8,215	11,946	14,058
Prior Year			1,626	2,107
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	0	8,215	13,572	16,165
LEVY AUTHORITY	83,014	92,498 *	92,812	102,576

* \$102,339 less \$9,841 equalization aid.

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1994-95 Biennial Budget

PROGRAM: 03 Special Programs
 AGENCY: Education Aids
 0309 SECONDARY VOCATIONAL
 CITATION: M.S. 124.573
 MDE ADMIN: 1301 Curriculum Services
 FEDERAL: None

PURPOSE:

To increase opportunities for all students in Grades 10-12 to:

- make wise career choices, while developing the skills, attitudes, and knowledge necessary to succeed in the work place;
- acquire entry-level and work readiness skills necessary for earning while continuing to learn;
- explore potential careers in different occupational areas in order to better prepare for postsecondary education or employment;
- apply basic computational, comprehension, communication, scientific, and problem-solving skills in relevant, realistic environments which create an incentive for them to remain in school;
- gain experience in the use of high technology equipment which is utilized in occupational areas;
- learn and reinforce higher order thinking skills through application; and
- utilize outcome-based curriculum relevant to business and industry.

The intent of secondary vocational programs is to improve curriculum opportunities in a realistic manner that is relevant to the business and industrial practices in which our students either are or will be participating.

This program contributes to the Minnesota Milestones goal of excellence in basic academic skills by decreasing the number of school districts with Grade 12 dropouts through providing a realistic atmosphere for the students to explore potential occupations and to understand the skills needed to enter their chosen career by applying academic skills in a real life application. This environment will increase the learners' interest level and give at-risk students an incentive to remain in school.

Contribution is also made to the goal that all individuals, families and households will have the economic means to maintain a reasonable standard of living using the following indicators:

- increasing the number of persons employed full-time per 100 adults over age 20;
- increasing the percentage of persons in households with incomes at least 150 percent of the poverty line; and
- increasing the graduation rate for individuals classified as "at-risk".

DESCRIPTION:

Local Education Agencies (LEAs), including school districts, cooperative centers, intermediate districts, and education districts may access state categorical funding through an excess cost formula for providing occupational vocational programs. To qualify for the funding, the LEAs must provide

evidence of meeting or exceeding criteria defined in State Board of Education rule. The rule requires the involvement of a program advisory committee to: 1) identify the need for program improvement in the areas of integration, and basic and higher order thinking skills; 2) articulate programs between secondary and postsecondary to assure a nonduplicative sequential transition between the two levels; and 3) modernize to upgrade curriculum and instructional support and materials within the program areas.

The state aid is used to provide equitable access and treatment for all students; to redirect curriculum priorities; to assure focus on technical skills, career development, work readiness, and preparation for family roles and technological competencies; and to conduct an evaluation process to insure the relevancy of the vocational programs as they relate to the various occupational areas. The major areas of instruction are: business occupations, health occupations, agricultural occupations, technical occupations, home economics occupations, marketing occupations, and service occupations. At-risk populations are actively solicited for all of these programs.

The excess cost state aid formula provides funding to qualifying districts as follows: 75 percent of the difference between: (1) the approved vocational instructional salaries and (2) 50 percent of the general education revenue attributable to vocational average daily membership (ADM); plus 40 percent of approved expenditures for: contracted services, travel between instructional sites, professional development travel, student organization travel, curriculum development activities, and specialized instructional supplies.

OUTCOMES:

A. Program Effectiveness:

Vocational programming that is responsive to student needs is furthered through the monitoring of past students by the Minnesota High School Follow-Up program designed and implemented by Minnesota Department of Education (MDE) secondary vocational education staff. Historically, this follow-up has indicated that historically a minimum of 75 percent of all high school graduates are in the employment market one year after graduation (See Program Budget 1211).

Information in the Minnesota High School Follow-Up report, collected by the participating school districts, indicates that students who have taken vocational programs are employed at a higher rate than students that have not taken vocational programs (or have a lower unemployment rate):

Program	Employed Full-Time	Employed Total
Vocational Education	29.9%	62.3%
Non-Vocational	20.5%	56.6%

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas
- IV. F. Provide alternative learning settings for high risk learners to complete their high school education
- IV. G. Every learner has the opportunity to apply to attend the school or education program that best fits the needs and interests of the learner

PROGRAM: 03 Special Programs
 AGENCY: Education Aids
 0309 SECONDARY VOCATIONAL
 (Continuation)

B. Program Services Statistics:

The percentage of students participating in vocational programs over the past few years has remained fairly stable at approximately 10—11 percent of the total population of students enrolled in Grades 10-12.

Additional program statistics are shown in Table 3-1.

PROSPECTS:

The secondary vocational education categorical aid provides needed incentives for ongoing curriculum development, revision, and evaluation. Direct involvement of community members through local advisory committees is required by State Board of Education Rule 3505.1400, which helps assure that improvement and restructuring of education will occur through a participatory process. The advisory committee involvement is necessary to the success of the restructuring efforts scheduled for the upcoming biennium and beyond. The vocational advisory committee process provides the flexibility to address the integration, articulation, modernization, equitable access, and direction of curriculum priorities as needed both throughout the state and at the local level.

Community, business and industry involvement are also necessary to achieve the overall changes required in the restructuring process, including the use of learner outcomes to address the needs of both our students and our changing society. It is important that Minnesota continue to provide financial assistance and incentives for schools to provide application of basic skills in vocational technical education for Minnesota students.

OBJECTIVES F.Y. 1994-95:

Business and labor leaders in Minnesota are indicating a growing need for learners to be involved in application (vocational) education. Appropriate vocational education will help to develop young people with the skills needed to respond to the needs of society as identified in the federal SCANS report. National statistics indicate a shortage of people with the skills needed to keep Minnesota and the United States competitive in the global marketplace.

Plans are under way to continuously improve secondary vocational programs to address the needs of Minnesota society. One-year and five-year follow-up studies of 1992-93 students will provide information on the education and/or employment status of students that have participated in various vocational programs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends maintaining the Secondary Vocational aid entitlement for F.Y. 1994 at the F.Y. 1993 level of \$12,079, and increasing the Secondary Vocational aid entitlement for F.Y. 1995 to \$13,450. The current statutory formula would remain in effect for F.Y. 1994, and Secondary Vocational aid would be prorated at 80 percent, compared with an 84 percent proration factor for F.Y. 1993.

The Governor recommends that the current Secondary Vocational aid formula be replaced with a new formula beginning in F.Y. 1995:

1. A district's secondary vocational aid will equal the lesser of \$80 times the district's average daily membership in grades 10 through 12, or 25 percent of approved expenditures for secondary vocational programs.
2. All secondary vocational aid will be paid to school districts. For purposes of the aid computations, cooperative centers will allocate their approved expenditures among participating school districts.
3. No district will receive an amount of aid that is less than the lesser of:
 - (a) 95 percent of the aid it received for the previous fiscal year, including amounts allocated by cooperative centers, or
 - (b) 40 percent of approved secondary vocational expenditures.

The Governor recommends an aid entitlement of \$ 12,079 for F.Y. 1994 and \$ 13,450 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 12,079 in F.Y. 1994 (\$ 1,811 for F.Y. 1993 and \$ 10,268 for F.Y. 1994), and \$ 13,244 in F.Y. 1995 (\$ 1,811 for F.Y. 1994 and \$ 11,433 for F.Y. 1995).

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0309 SECONDARY VOCATIONAL

(Continuation)

**TABLE 3-1
 SECONDARY VOCATIONAL EDUCATION**

	F.Y. 1991		F.Y. 1992		F.Y. 1993		F.Y. 1994		F.Y. 1995	
	<u>STUDENTS</u> <u>SERVED</u>	<u>STAFF</u> <u>FTE</u>	<u>STUDENTS</u> <u>SERVED</u>	<u>STAFF</u> <u>FTE</u>	<u>STUDENTS</u> <u>SERVED</u>	<u>STAFF</u> <u>FTE</u>	<u>STUDENTS</u> <u>SERVED</u>	<u>STAFF</u> <u>FTE</u>	<u>STUDENTS</u> <u>SERVED</u>	<u>STAFF</u> <u>FTE</u>
1. Student/Staff Data										
Administration/support services	0	76	0	73.27	0	71.74	0	71.56	0	73.38
Support services	54	15	57	13.67	61	12.30	60	12.23	62	12.63
WE/CEP	387	32	372	34.31	369	33.80	355	34.74	355	35.62
Work experience/disadvantaged	1,649	112	1,820	119.71	1,999	128.08	2,273	130.88	2,565	137.22
Agriculture/agribusiness	1,877	156	1,956	168.86	2,144	172.24	2,242	176.81	2,470	186.55
Business/Office	3,333	237	3,4234	245.87	3,495	246.95	3,477	247.45	3,568	255.63
Health/Environmental	184	18	220	18.96	228	18.39	229	19.38	238	19.89
Consumer Homemaking	3,661	254	3,666	258.65	3,636	259.26	3,517	258.64	3,514	265.17
Service	669	52	589	50.70	503	47.14	437	43.97	436	41.93
Marketing/Distribution	1,283	75	1,149	63.98	998	53.87	905	49.57	905	48.79
Trade/Industry	3,225	252	3,142	242.02	3,059	251.22	3,109	255.77	3,122	267.19
Total ADM, Grades 10-12	16,322	1,284	16,394	1,290.00	16,492	1,295.00	16,604	1,301.00	17,235	1,344.00
	<u>SALARY</u>	<u>NONSALARY</u>	<u>SALARY</u>	<u>NONSALARY</u>	<u>SALARY</u>	<u>NONSALARY</u>	<u>SALARY</u>	<u>NONSALARY</u>	<u>SALARY</u>	<u>NONSALARY</u>
2. Expenditures (\$ in 000s)										
Administration/support services	\$ 3,187.46	\$ 277.40	\$ 3,164.17	\$ 191.34	\$ 3,203.25	\$ 200.38	\$ 3,263.27	\$ 209.85	\$ 3,366.31	\$ 220.70
Support services	653.17	21.22	588.47	27.10	587.97	28.32	596.88	29.59	616.81	30.93
WE/CEP	1,206.19	31.43	1,339.91	30.38	1,382.90	30.04	1,438.38	30.04	1,479.29	30.46
Work experience/disadvantaged	4,284.79	128.88	4,495.02	152.33	5,000.08	174.21	5,494.23	195.50	6,272.63	209.45
Agriculture/agribusiness	4,903.12	669.93	5,454.69	787.94	6,067.82	825.98	6,663.53	864.94	7,610.79	910.43
Business/Office	8,064.46	561.88	8,523.79	587.57	8,716.03	616.16	8,874.92	645.23	9,335.76	678.96
Health/Environmental	566.08	37.33	552.26	52.15	559.75	54.49	626.23	56.95	695.22	59.98
Consumer Homemaking	7,938.18	748.12	8,460.42	812.58	8,650.18	851.72	8,899.38	891.85	9,267.81	938.55
Service	1,772.27	223.96	1,742.78	202.43	1,698.05	202.53	1,663.44	202.22	1,646.56	189.77
Marketing/Distribution	2,286.09	126.52	2,408.21	115.38	2,102.57	104.27	1,893.38	97.30	1,876.56	91.37
Trade/Industry	8,682.79	1,102.53	8,537.38	1,146.80	9,068.80	1,202.70	9,510.96	1,260.43	10,104.16	1,325.10
Total	\$ 43,544.60	\$ 3,929.20	\$ 45,267.10	\$ 4,106.00	\$ 47,037.40	\$ 4,290.80	\$ 48,924.60	\$ 4,483.90	\$ 52,271.90	\$ 4,685.70

(continued on next page)

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0309 SECONDARY VOCATIONAL

(Continuation)

TABLE 3-1
 (continued from previous page)

	Current Law				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
3. Aid Entitlement Calculations					
(\$ in 000s)					
Total Grade 10-12 ADM	153,691	156,131	160,897	166,043	174,087
Total Voc ADM as % of					
10-12 ADM	10.62%	10.5%	10.25%	10.0%	9.9%
Secondary vocational ADM	16,322	16,394	16,492	16,604	17,235
Vocational salaries	\$ 43,544.6	\$ 45,267.1	\$ 47,037.4	\$ 48,924.6	\$ 52,271.9
General education revenue deduction:					
Reported vocational					
WADM	22,035	22,132	21,440	21,586	22,405
Average deduction					
per WADM	1,364	1,408	1,408	1,408	1,408
Total deduction	\$ 30,044.3	\$ 30,007.1	\$ 30,186.9	\$ 30,392.5	\$ 31,546.2
Excess cost (salaries)	\$ 13,500.3	\$ 15,259.9	\$ 16,850.6	\$ 18,532.1	\$ 20,725.7
Salary aid percent	75%	75%	75%	75%	75%
Salary aid	\$ 10,125.2	\$ 11,444.9	\$ 12,637.9	\$ 13,899.1	\$ 15,544.3
Travel/other expenditures	3,929.2	4,106.0	4,290.8	4,483.9	4,685.7
Other aid percent	30%	40%	40%	40%	40%
Other aid	\$ 1,178.8	\$ 1,642.4	\$ 1,716.3	\$ 1,793.6	\$ 1,874.3
Other revenue deduct	0	0	0	0	0
 Total Gross State					
Aid Entitlement	\$ 11,304.0	\$ 13,087.4	\$ 14,354.3	\$ 15,692.7	\$ 17,418.5
 Estimated Proration Factor	1.00%	87.14%	84.14%	1.00%	1.00%
 Prorated State Aid	\$ 11,304.0	\$ 11,404.0	\$ 12,078.0	\$ 15,692.7	\$ 17,418.5

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0309 SECONDARY VOCATIONAL AID

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$11,404	\$12,078	\$12,079	\$12,079
ENTITLEMENT CHANGES PER CURRENT LAW:				
A. Budget Variables				
Appropriations Shortfall	2,784	2,959	2,959	2,959
Vocational Salaries	(972)	(666)	750	3,260
General Education Revenue Deduct	386	521	365	(499)
Nonsalary Expenditures	(515)	(538)	(460)	(380)
CURRENT ENTITLEMENT	13,087	14,354	15,693	17,419
FUNDING EXCESS/DEFICIENCY	(1,683)	(2,276)		
POLICY CHANGES RECOMMENDED				
Change Inflation Assumption from 3.5%			(638)	(1,352)
To 1.7%				
New Formula				(2,617)
Prorate State Aid			(2,976)	
Total Policy Changes			(3,614)	(3,969)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			12,079	13,450
APPROPRIATIONS BASIS:				
Current Year	9,694	10,267	10,268	11,433
Prior Year	1,758	1,710	1,811	1,811
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	11,452	11,977	12,079	13,244
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aid

0310 AMERICAN INDIAN LANGUAGE AND CULTURE

CITATION: M.S. 126.44 -126.55
MDE ADMIN: 1406 Indian Education
FEDERAL: None

PURPOSE:

To improve the quality of education for all students by making the curriculum more relevant to the needs, interests, and cultural heritage of American Indian pupils; providing positive reinforcement of the self-image of American Indian pupils; and developing intercultural awareness among pupils, parents and staff, thereby improving the educational potential of American Indian pupils and enhancing academic achievement potential of at-risk students.

The program serves pre-Kindergarten through Grade 12 American Indian students, and staff of K-12 schools and districts. It enables all students to gain a better understanding of one aspect of the cultural diversity of Minnesota by allowing for the voluntary enrollment of non-Indian students within the funded school or district.

To meet the needs of American Indian pupils, projects may include:

- 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 Indian students; and
- development of curriculum that is accurate and relevant to American Indian students, modification of existing curriculum, and modification of instructional methods and administrative procedures.

Eligible applicants include elementary and secondary public schools, and nonsectarian, nonpublic, community, tribal, and alternative schools enrolling American Indian students.

This program contributes to Minnesota Milestones goals of

- excellence in basic academic skills; and
- to welcome, value and respect people of all cultures, races and ethnic backgrounds

by providing education programs and curriculum for all students that is more relevant to the needs and cultural heritage of American Indian students.

DESCRIPTION:

Grants are awarded on a competitive basis through the submission of proposals that have been developed with maximum involvement of parents of children enrolled in the program. Proposals are reviewed by the American Indian Education Committee whose membership is representative of

significant segments of the population of American Indians, and is appointed by the State Board of Education. The Committee makes recommendations to the State Board concerning program approval, modifications, disapproval, and funding level.

The program includes a yearly request for proposal (RFP) cycle, a semi-annual progress report by each grantee, and an evaluation of each project.

The State Board of Education continues to place a \$50,000 "cap" on individual grant awards so that additional projects can be funded in new areas of the State. As a result, 5 new project sites were funded in F.Y. 1993.

Seven projects are teaching the Ojibwa and/or Dakota languages and 8 projects are conducting cultural activities in Grade K-9 classes. American Indian curriculum units continue to be developed by grants from this program and currently 4 districts are offering their curriculum for distribution to all districts and schools throughout the state. Six project sites are developing or revising curriculum in F.Y. 1993 and there are approximately 85 units developed and in use either in the classroom or in the pilot testing stage.

American Indian Language and Culture Education is providing leadership to school districts in the development of culturally-accurate Indian curriculum and by encouraging other districts to adopt the curriculum. Eight districts have formally adopted curriculum developed through this program.

In F.Y. 1993, 9 project sites are offering inter-cultural awareness activities that include voluntary classroom participation by all students, and extra-curricular cultural activities that include parents and community. In-service training is provided to staff in 7 districts, improving the productivity as well as the quality of performance of district staff. Additionally, 2 projects are conducting research and/or evaluation activities in the continuing effort to improve the quality of education.

OUTCOMES:

A. Program Effectiveness:

The opportunities are designed to increase the self-esteem of students, the understanding of different cultures, student readiness, student performance and graduation rates, and individual and community economic success.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- VI. B. Students will have an appreciation of cultural diversity, will respect and value all people, and will be prepared for lifelong learning and work in a changing, challenging world

B. Program Services/Statistics:

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
No. of Grants	15	14	15	14	14

(continued on next page)

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aid

0310 AMERICAN INDIAN LANGUAGE AND CULTURE
 (Continuation)

	Current Law				
(continued)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Total Grant Amt.(000s)	\$ 569.0	\$ 590.0	\$ 590.0	\$ 591.0	\$ 591.0
Participating Indian Students	6,365	3,423	3,748	3,750	3,750
Grant Award Range in (000's)	\$ 5-50	\$ 25-50	\$ 10-50	\$ 10-40	\$ 10-40
Average Grant Award	38.0	42.5	40.0	42.0	42.0
Funds required by applicants	\$ 943.8	\$ 912.6	\$ 1,224.6	\$ 1,300.0	\$ 1,300.0
Districts applying	24	23	28	28	28
Percent funded	60%	57%	51%	50%	50%
Eligible Indian students in schools applying	8,547	8,005	6,311	7,500	7,500
Percent served	74%	43%	59%	50%	50%

PROSPECTS:

The Minnesota Department of Education (MDE) will continue the pursuit of long-range planning to Indian Education for school districts on a voluntary basis. Currently, several school districts are participating voluntarily (Red Lake, Minneapolis, St. Paul and Duluth). The purpose is to provide resources for the unique and special education needs of Indian students, to evaluate the potential of district policies and procedures affecting the education of Indian learners, and to more effectively coordinate existing school district planning with a consideration of the unique needs of Indian learners.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services.

Since each of the projects funded under this grant program are, by law and design, grantee-unique, and specific objectives within the projects are unpredictable prior to grant proposal submission, there will be a commitment to increase the program's accountability by gathering and developing effectiveness outcome data and information from each project funded.

An increase in project sites and numbers of students being served is not expected. However, activities to increase the success of projects will be initiated, including increased technical assistance for project application, implementation and evaluation utilizing the Indian Education Section's field office staff for more geographic-based assistance to grantees, and a proposal writing workshop for applicants of this program.

Specific assistance will be provided in writing measurable objectives, timeline of activities, developing cost-effective budgets, and evaluation designs and completion at the grantee level in order

to make projects' self-evaluation reports more consistent, informative, and effective for use in future grant decisions.

A report of effectiveness outcomes will be developed at the end of each program year, based on the self-evaluations required by each grantee, in order to better identify and inform of program successes. The first of such reports will be available in F.Y. 1995, for F.Y. 1994 projects.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 591 for F.Y. 1994 and \$ 591 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 591 in F.Y. 1994 (\$ 88 for F.Y. 1993 and \$ 503 for F.Y. 1994), and \$ 591 in F.Y. 1995 (\$ 88 for F.Y. 1994 and \$ 503 for F.Y. 1995).

The Governor recommends continuation of authority for carryover of any unexpended balance in the first year to the second year of the biennium.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0310 INDIAN LANGUAGE AND CULTURE

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$590	\$590	\$591	\$591
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	590	590	591	591
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			591	591
APPROPRIATIONS BASIS:				
Current Year	502	502	503 a)	503
Prior Year	77	88	88	88
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	579	590	591	591
LEVY AUTHORITY	0	0	0	0

a) Continuation of authority is recommended for carryover of any unexpended balance in the first year to the second year of the biennium.

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1994-95 Biennial Budget

PROGRAM: 03 Special Programs
 AGENCY: Education Aids
 0311 INDIAN EDUCATION
 CITATION: Laws 1989, Chapter 329, Art. 3, Sec. 25, Subd. 11
 MDE ADMIN: 1406 Indian Education
 FEDERAL: None

PURPOSE:

To provide general support funds to school districts in-lieu-of funds which are no longer available from the federal government pursuant to the Johnson-O'Malley Act, P.L. 73-167, or Code of Federal Regulations, Title 25, Section 273.31.

These state funds are available to 6 school districts which have traditionally maintained Indian village elementary schools on Indian reservations, and which have formerly received operational support from the federal Johnson-O'Malley program in addition to federal impact aid.

This grant program contributes to Minnesota Milestones goals of

- excellence in basic academic skills; and
- to welcome, value and respect people of all cultures, races and ethnic backgrounds

by providing general operating funds to school districts that maintain an American Indian village school. The funding allows these small schools to remain open in the Indian community thereby allowing greater community, parent, and student interaction in the educational process. The village schools allow for the family, in all its forms, to take an active role in the education of the students and increase the self-esteem of students attending local schools. The opportunity to participate in both community and educational process enhances all these goals.

DESCRIPTION:

The legislature specifies grant amounts for general use which are released to the 6 school districts upon evidence of compliance with requirements identified in the appropriation. The requirements include: evidence of compliance with uniform financial accounting and reporting standards, evidence that the district has conducted a special education needs assessment, and evidence that the district has compiled accurate daily pupil attendance records. Funds can be expended only in the interest of American Indian students.

OUTCOMES:

A. Program Effectiveness:

By providing eligible school districts with supplemental general revenue, this aid program contributes to the overall financial health of the districts. As a result, revenue provided through this program, like General Education revenue (Program 0101), is used for general school operations and

results in the Indian village elementary schools' having an increased ability to provide effective educational programs that contribute to the Minnesota Milestones goal of excellence in basic academic skills.

This funding is expended only in the interest of American Indian students. It has supported, for example, the extra costs of operating the Naytahwaush Elementary School, including building maintenance as well as field trips and supplemental teacher salaries; it has allowed for the continuation of regular school programs with limited reductions, restrained deficit spending for maintaining the Grand Portage Elementary School, and it has supplemented costs for teacher aides and tutors providing services and supplies to students to other schools.

For further discussion of the outcomes and effectiveness of state education programs refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- VI. B. Students will have an appreciation of cultural diversity, will respect and value all people, and will be prepared for lifelong learning and work in a changing, challenging world

B. Program Services/Statistics:

All 6 districts eligible for funding have demonstrated need and met the legislatively mandated criteria.

	Current Law				
(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of Grants:	6	6	6	6	6
Total Grant Awards:	\$ 174.8	\$ 174.8	\$ 174.8	\$ 175.0	\$ 175.0
Grants					
Cook County/Grand Portage	\$ 9.7	\$ 9.7	\$ 9.7		
Mahnomen	14.9	14.9	14.9		
Nett Lake	42.0	42.0	42.2		
Pine Point	54.8	54.8	54.8		
Red Lake	39.1	39.1	39.1		
Waubun	14.1	14.1	14.1		
Total	\$ 174.8	\$ 174.8	\$ 174.8	\$ 175.0	\$ 175.0

PROSPECTS:

This activity was originally established to replace federal operational funds for 6 unique Indian schools. The Indian schools continue to operate serving American Indian Students in isolated reservation areas in the state.

The Minnesota Department of Education anticipates full utilization of the base funding of \$175 per year for F.Y. 1994 and F.Y. 1995.

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0311 INDIAN EDUCATION
(Continuation)

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services.

Maintenance of the base level of funding will continue to provide equity for students in Indian village schools by maintaining funding for unique student needs. This contributes to the goal of valuing diversity. Indian village schools will be asked to provide specific outcome data on student progress.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 175 for F.Y. 1994 and \$ 175 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 175 in F.Y. 1994 (\$ 26 for F.Y. 1993 and \$ 149 for F.Y. 1994), and \$ 175 in F.Y. 1995 (\$ 26 for F.Y. 1994 and \$ 149 for F.Y. 1995).

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0311 INDIAN EDUCATION GRANTS

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$175	\$175	\$175	\$175
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	175	175	175	175
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			175	175
APPROPRIATIONS BASIS:				
Current Year	149	149	149	149
Prior Year	26	26	26	26
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	175	175	175	175
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0312 INDIAN POSTSECONDARY PREPARATION PROGRAM

CITATION: M.S. 124.481
MDE ADMIN: 1406 Indian Education
FEDERAL: None

PURPOSE:

To reduce dropout rates, better prepare American Indian students for enrollment and success in postsecondary education, and provide funding in response to formally identified student needs. The program serves American Indian students in Grades 7-12.

The Indian Postsecondary Preparation Program (PSPP) provides direct student services that are improving productivity and performance in the classroom, and increasing opportunities for students toward educational achievement and a higher quality of life.

Grants are made to school districts, with distribution in proportion to the geographical distribution of the Indian population of the state, for secondary American students of 1/4 or more Indian ancestry. Participants must have the capability of benefiting from higher education.

Projects may include the following:

- dropout prevention/improved retention;
- remedial or tutorial services in areas of need, emphasizing college preparation subjects;
- attendance, achievement or graduation incentives;
- high potential/low achievement programs;
- advocacy and liaison services; and
- plans or innovative procedures to reduce alienation or conflicts that may inhibit Indian students from reaching their potential.

PSPP promotes the establishment of cooperative ventures between public schools and postsecondary institutions and local businesses. Parental participation is required toward the development and implementation of these projects by district Parent Advisory Committees. PSPP grantees also promote and support direct parental involvement in classroom, tutoring and extra-curricular activities.

Students served by PSPP are identified at-risk students, who are able to benefit from postsecondary education. Activities offered through PSPP provide direction and leadership for each participant as well as the "avenue" and means to excel academically and pursue higher goals in education. Participation in PSPP increases the student's potential for greater success in postsecondary education as a recipient of the Minnesota Indian Scholarship Program. (See Program Budget 0314.)

This program contributes to Minnesota Milestones goals of

- excellence in basic academic skills; and
- to welcome, value and respect people of all cultures, races and ethnic backgrounds

by a) increasing self-esteem of students, b) providing educational incentives to keep students in school, and c) providing students with opportunities to examine career options and be ready to pursue careers of choice after graduation from high school. The grants provide for educational programs and curriculum designed to increase student readiness, student performance and graduation rates, and individual and community economic success.

DESCRIPTION:

Grants are awarded on a competitive basis for proposals developed with maximum involvement of parents of children enrolled in the program. Proposals are developed and programs are implemented in direct consultation with parent advisory committees. Proposals are reviewed by the Minnesota Indian Scholarship Committee which is appointed by the State Board of Education to be representative of significant segments of the American Indian population. The committee makes recommendations to the State Board concerning approval, modifications or disapproval of the grant.

The majority of the projects are providing activities in the area of personal counseling, academic counseling, and career exploration and counseling. Projects also include incentives for academic achievement and/or improved attendance, and advocacy and liaison services, which emphasize parental involvement in their child's education and career or postsecondary planning. Cooperative ventures between public schools and postsecondary institutions and local business firms exist throughout PSPP project sites, involving career planning and role modeling activities.

OUTCOMES:

A. Program Effectiveness:

For further discussion of the outcomes and effectiveness of state education programs refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- VI. B. Students will have an appreciation of cultural diversity, will respect and value all people, and will be prepared for lifelong learning and work in a changing, challenging world

B. Program Services/Statistics:

The number of project sites are declining each year, from 32 to 27 over the last 5 years. The 27 projects funded in F.Y. 1993 are serving 2,493 American Indian students, or approximately 49% of the Grade 7-12 Indian student population in Minnesota public schools. The F.Y. 1993 appropriation is 41% short of meeting the current requests for PSPP services. Grants were awarded to 79% of the applicants and the awards were reduced an average of 15%. Grant awards ranged from \$3,000 to \$58,000.

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0312 INDIAN POSTSECONDARY PREPARATION PROGRAM
(Continuation)

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Current Law</u>	
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Number of Grants	29	28	27	26	25
Indian Students Participating	2,615	2,478	2,493	2,400	2,250
Grant Range (000s)	\$ 9-58	\$ 12-59	\$ 3-58	\$ 10-55	\$ 10-55
Average Grant (000s)	\$ 28.0	\$ 30.6	\$ 31.7	\$ 34.0	\$ 35.0
Total Grant Amounts (000s)	\$ 814.3	\$ 856.8	\$ 857.0	\$ 857.0	\$ 857.0

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Current Law</u>	
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Eligible Applicants Applying	33	35	34	35	35
Percent Eligible Funded	88%	80%	79%	78%	78%
Eligible Number of Indian Students Enrolled in Applicant Agencies	2,875	2,940	2,832	3,000	3,000
Percent of Eligible Students Served	91%	84%	88%	85%	85%

PROSPECTS:

The Minnesota Department of Education (MDE) will continue the pursuit of long-range planning in Indian education for school districts on a voluntary basis. Currently, several school districts are participating voluntarily (Red Lake, Minneapolis, St. Paul, and Duluth). The purpose is to provide resources for the unique and special education needs of Indian students, to evaluate the potential of district policies and procedures affecting the education of Indian learners, and to more effectively coordinate existing school district planning with a consideration of the unique needs of Indian learners.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services.

Since each of the projects funded under this grant program are, by law and design, grantee-unique, and specific objectives within the projects are unpredictable prior to grant proposal submission, there will be a commitment to increase the program's accountability by gathering and developing effectiveness outcome data and information from each project funded.

An increase in project sites and numbers of students being served is not expected. However, activities to increase the success of projects will be initiated, including increased technical assistance for project application, implementation and evaluation utilizing the Indian Education Section's field office staff for more geographic-based assistance to grantees, and a proposal writing workshop for applicants of this program.

Specific assistance will be provided in writing measurable objectives, timeline of activities, developing cost-effective budgets, and evaluation designs and completion at the grantee level in order to make projects' self-evaluation reports more consistent, informative, and effective for use in future grant decisions.

A report of effectiveness outcomes will be developed at the end of each program year, based on the self-evaluations required by each grantee, in order to better identify and inform of program successes. The first of such reports will be available in F.Y. 1995, for F.Y. 1994 projects.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 857 for F.Y. 1994 and \$ 857 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 857 in F.Y. 1994 and \$ 857 in F.Y. 1995.

The Governor recommends continuation of authority for carryover of any unexpended balance in the first year to the second year of the biennium.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0312 INDIAN POST–SECONDARY PREP.

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$857	\$857	\$857	\$857
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	857	857	857	857
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			857	857
APPROPRIATIONS BASIS:				
Current Year	857	857	857 a)	857
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	857	857	857	857
LEVY AUTHORITY	0	0	0	0

a) Continuation of authority is recommended for carryover of any unexpended balance in the first year to the second year of the biennium.

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1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0313 INDIAN SCHOLARSHIPS

CITATION: M.S. 124.48
MDE ADMIN: 1406 Indian Education
FEDERAL: No flow through funds. The State Scholarship Program cooperates with the Federal/Tribal scholarship programs to jointly meet the financial needs of American Indian students.

PURPOSE:

To provide need-based financial assistance to American Indian students who, without such assistance, may not be able to pursue postsecondary education and the opportunity to develop their potential. The Minnesota Indian Scholarship Program (MISP) promotes partnerships between state government, tribal governments, and private industry.

This program contributes to the Minnesota Milestones goals of

- Minnesotans will have the advanced education and training to make the state a leader in the global economy; and
- to welcome, value and respect people of all cultures, races and ethnic backgrounds

by providing scholarships to eligible applicants to pursue postsecondary education. American Indian students are provided an opportunity to receive advanced education and technological training that will allow them to have a higher standard of living.

DESCRIPTION:

Grants are awarded on the basis of criteria established by the State Board of Education upon recommendation of the Minnesota Indian Scholarship Committee. Eligibility is restricted to American Indian students of 1/4 or more Indian ancestry, in residence in Minnesota, and enrolling in accredited Minnesota postsecondary institutions. Each student's needs and circumstances are reviewed and grants are based on financial need remaining after all other sources of available financial assistance have been applied. Therefore, the state program represents the last resource available for needy Indian students wishing to attend postsecondary education. Payments are made to the postsecondary institution for the benefit of the individual student.

OUTCOMES:

A. Program Effectiveness:

MISP has developed an exemplary model of collaboration among state government, tribal government and private industry. All grants awarded by MISP are packaged with Tribal scholarship programs, and MISP continues to receive funds from private foundations and individuals for grants through this program.

The ability to assist eligible Indian students, however, is declining. Eligible American Indian students are taking loans in record numbers to remain in school. The percentage of eligible students being served has dropped to 63 percent in F.Y. 1992. Participation in F.Y. 1994 is projected at 59 percent and by F.Y. 1995 only 55 percent of all eligible applicants are projected to receive funds. The Minnesota Indian Scholarship Committee continues to seek private funding for the scholarship program.

In previous years, given the ability to routinely assist most students who applied and had financial need, the experience for participating students has been a 33 percent average completion rate in post-secondary education programs.

B. Program Services/Statistics:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	Current Law F.Y. 1994	F.Y. 1995
Number of students funded	1,291	1,227	1,180	1,100	1,000
Number of students denied (lack of funds)	750	710	724	751	800
Number of students on AFDC	258	294	295	319	300
Number of grads 4 & 2 yr. inst.	426	405	389	363	333
Number of MISP students w/GED's	600	591	585	590	625
Number of MISP students in teacher preparation programs	102	120	130	140	155
Number of students from other U.S. Indian tribes which MISP assists	50-60	50-60	50-60	50-60	50-60

- approximately 150-200 part-time students are assisted;
- Minnesota Indian Scholarship Program assists approximately 200 students living in Minnesota (resident) but enrolled in a tribe of another state;
- approximately 60 percent of the applications received are female, 40 percent are male;
- each year since 1990 the number of students pursuing teaching careers has been increasing;
- American Indian students continue to take out student loans in record numbers.

PROSPECTS:

MISP is among the most successful programs for Indian Education in Minnesota. Factors affecting the program include increasing demand for financial aid and rising costs of postsecondary education.

The experience over the past 3 years indicates an increasing number of students for which the program cannot provide the unmet financial need. Due to lack of funds, the program was unable to serve 710 students in F.Y. 1992 who had unmet financial need and who were accepted for enrollment in a postsecondary institution. Under the annual base funding level this trend will continue.

Most severely affected are students wanting to enroll in postsecondary education for the first time. The State Board of Education criteria for awarding grants results in priority funding to students formerly enrolled and who continue to make satisfactory academic progress and achievement. The immediate effect has been to reduce the number of college freshmen Indian students enrolling in

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0313 INDIAN SCHOLARSHIPS
(Continuation)

postsecondary education, particularly in one- and two-year degree or training programs.

The long term effect of level funding will be a diminishing of the significant momentum the program has created among American Indians desiring to enter postsecondary education. Given the characteristics of the students, the leveling of funding will affect those who are most in need and who are most able to benefit by enrolling in and completing their postsecondary education program.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services.

The Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$1,600 for F.Y. 1994 and \$1,600 for F.Y. 1995. In addition, MDE will, through the involvement and efforts of the Minnesota Indian Scholarship Committee, continue to seek private fund raising for the scholarship program. Funds raised will be awarded to students utilizing the same criteria as those for the state funded program.

In order to meet rising costs and the reduced ability to serve students in need, MDE has identified the following alternative for consideration given the annual base level of funding:

- The Minnesota Indian Scholarship Committee will continue to seek private fund raising for the State Indian Scholarship Program. Funds raised would be awarded to students utilizing the same criteria as those for the state funded program.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 1,600 for F.Y. 1994 and \$ 1,600 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 1,600 in F.Y. 1994 and \$ 1,600 in F.Y. 1995.

The Governor recommends continuation of authority for carryover of any unexpended balance in the first year to the second year of the biennium.

Students eligible for this program are also eligible for federal PELL grants, as well as the state grants available from the Higher Education Coordinating Board.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0313 INDIAN SCHOLARSHIPS

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$1,600	\$1,600	\$1,600	\$1,600
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Refund of FY92 Scholarships	(6)	6		
CURRENT ENTITLEMENT	1,594	1,606	1,600	1,600
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			1,600	1,600
APPROPRIATIONS BASIS:				
Current Year	1,594	1,606	1,600 a)	1,600
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	1,594	1,606	1,600	1,600
Gift Fund	1	5	4	4
LEVY AUTHORITY	0	0	0	0

a) Continuation of authority is recommended for carryover of any unexpended balance in the first year to the second year of the biennium.

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1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0314 INDIAN TEACHER GRANTS

CITATION: M.S 125.62
MDE ADMIN: 1406 Indian Education
FEDERAL: None

PURPOSE:

To assist American Indian people to become teachers and to provide additional education for American Indian teachers. In addition, this program provides a source of certified American Indian teachers to specific school districts with significant concentrations of American Indian students.

This program provides grants to Indian students who have a demonstrated financial need and have the potential to successfully complete teacher training programs. Grants to students provide for costs of tuition, fees, and books. Full time students are also eligible for monthly stipends in the form of a loan based on the number of dependents. If the student, after graduation, teaches in a Minnesota school district for five years, the monthly stipend/loan is forgiven.

This program contributes to the Minnesota Milestones goals

- that Minnesotans will have the advanced education and training to make the state a leader in the global economy; and
- to welcome, value and respect people of all cultures, races and ethnic backgrounds

by providing an incentive for American Indians to become teachers. More American Indian teachers are needed as role-models to demonstrate the importance of learning and education to all students thereby retaining more students in school.

DESCRIPTION:

Grant awards are made by the State Board of Education based on applications received from project sites specified in the legislation. Payments are made to either the school districts or the post-secondary institution determined by agreement that is acting as the fiscal agent for this program. Currently, project sites include:

1. Bemidji State University and ISD #38, Red Lake;
2. Moorhead State University and one of the school districts located within the White Earth Reservation;
3. Duluth campus of the University of Minnesota and ISD #709, Duluth; and
4. Augsburg College and SSD #1, Minneapolis.

The following American Indian people are eligible for scholarships/grants:

- a student who intends to become a teacher and is enrolled in one of the postsecondary institutions receiving a grant;
- a teacher aide who intends to become a teacher and who is employed by a district receiving a joint grant;
- a licensed employee of a district receiving a joint grant who is enrolled in a master of education degree program; and
- a student who, after receiving postsecondary financial aid and an Indian Scholarship, has financial needs unmet.

OUTCOMES:

A. Program Effectiveness:

For the 1992-93 biennium, legislation provided one additional cooperative site, thereby increasing student participation. Students applying numbered 86 and an average of 51 percent received grants and/or stipends. Eight students in F.Y. 1991 and two in F.Y. 1992 graduated from their respective teaching programs. The number of graduates will increase as undergraduates move through their programs.

	F.Y. 1991	F.Y. 1992	F.Y. 1993	Current Law F.Y. 1994	F.Y. 1995
Student Applicants	33	37	49	56	60
Students Funded	16	18	26	25	25
Students Graduated	8	2	9*	12	14
* Estimated					
Major Course of Study					
Elementary Education	6	5	7	6	6
Secondary Education	1	6	8	5	5
Physical Education		1	2	2	11
Family Life Education		1	1		
Early Childhood Education	1	1	1	1	
Other (Undeclared, unknown or not reported major)	7	3	7	12	13

Schools/districts where graduates are teaching:

Anderson School - Minneapolis School District
South High School - Minneapolis School District
Four Winds Magnet School - Minneapolis School District
Heart of the Earth Survival School - Indian Alternative School, Minneapolis
Perham School District
Mahnomon School District
White Earth Reservation
Kelliher School District
Red Lake School District

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0314 INDIAN TEACHER GRANTS
 (Continuation)

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

III. C. Students will demonstrate competency in subject areas

B. Program Services/Efficiency Statistics:

(\$ in 000s)	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of Grants	3	4	4	4	4
Recipients					
Duluth #709 & UMD	\$ 70.0	\$ 58.2	\$ 81.9	\$ 70.0	\$ 70.0
Minneapolis SSD#1 & Augsburg College		33.6	46.3	40.0	40.0
Mahnomen/White Earth & Moorhead State Univ.	39.0	7.4	51.4	40.0	40.0
Red Lake ISD #38 & Bemidji State U.	<u>41.0</u>	<u>36.2</u>	<u>65.0</u>	<u>40.0</u>	<u>40.0</u>
Total Grant Amounts	\$ 150.0	\$ 135.4	\$ 244.6	\$ 190.0	\$ 190.0

Note: Funding levels shown in the statistical table may differ from the historical expenditures shown on the following program fiscal page, due to fund carryover provisions and refunds from districts.

PROSPECTS:

This program is successfully addressing one aspect of a critical shortage of American Indian teachers in Minnesota. Considering the shortcomings in other financial aid programs available to American Indian students, it is expected that need and application for this program will increase each year.

As a result of the increasing participation of American Indians in this program, and the reduction in Federal financial aid available per American Indian student, MDE anticipates full utilization of the base funding of \$190 for F.Y. 1994 and \$190 for F.Y. 1995. In addition, MDE will work through the advice and counsel of the Minnesota Indian Scholarship Committee and through action of the State Board of Education to continue to explore private fund raising options.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services.

Ten students participating in this program are expected to graduate in F.Y. 1994, and in F.Y. 1995. 13 graduates are expected. The program will continue to assist graduates from this program in placement in teaching positions in schools impacted by American Indian students. Efforts will be made to contact students who have participated in this program to collect data for program improvement and program effectiveness.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 190 for F.Y. 1994 and \$ 190 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 190 in F.Y. 1994 and \$ 190 in F.Y. 1995.

The Governor recommends continuation of authority for carryover of any unexpended balance in the first year to the second year of the biennium.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0314 INDIAN TEACHER GRANTS

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$190	\$190	\$190	\$190
ENTITLEMENT CHANGES PER CURRENT LAW:				
A. Budget Variables				
Refund of FY92 Grants	(55)	55		
B. Legislation Becoming Effective				
CURRENT ENTITLEMENT	135	245	190	190
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			190	190
APPROPRIATIONS BASIS:				
Current Year	135	245	190 a)	190
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	135	245	190	190
LEVY AUTHORITY	0	0	0	0

a) Continuation of authority is recommended for carryover of any unexpended balance in the first year to the second year of the biennium.

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
 AGENCY: Education Aids
 0315 TRIBAL CONTRACT SCHOOLS
 CITATION: M.S. 124.86
 MDE ADMIN: 1406 Indian Education
 FEDERAL: Bureau of Indian Affairs Funding
 (Not a Federal flow-through program)

PURPOSE:

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 amount.

This program contributes to Minnesota Milestones goals of

- excellence in basic academic skills; and
- to welcome, value and respect people of all cultures, races and ethnic backgrounds

by providing eligible tribal schools with general revenue, thereby contributing to the overall financial health and programs of the tribal school.

DESCRIPTION:

Each year, each American Indian-controlled contract 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 School Aid subject to the following requirements:

- the school must plan, conduct and administer an education program that complies with the Minnesota Education Code, Chapters 120, 121, 122, 123, 124, 124A, 125, 126, 129, 129A and 129B;
- the school must comply with all other state statutes governing independent school districts; and
- the state Tribal Contract School Aid must be used to supplement and not to replace, the money for American Indian education programs provided by the federal government.

The amount of the aid for a tribal contract school is derived by the following calculations:

1. Multiply the formula allowance under M.S. 124A.22, Subd. 2, times the actual pupil units counted in fall count week, but not including those students who receive reimbursement under nonpublic or alternative learning centers aid.
2. Subtract a) the federal funding received through the Indian School Equalization program of the Bureau of Indian Affairs (BIA), not including the money allotted for contingency funds, school board training, student training, interim maintenance and minor repair, interim administration cost, prekindergarten, and operation and maintenance, and b) the amount of state aid received for private alternative programs.
3. Divide the result in item (2) by the actual pupil units.

4. Multiply the actual pupil units by the lesser of \$1,500 or the result in item three.

The students who are not Tribal members do not qualify for BIA federal aid. This has two related effects. Each student who does not qualify for federal aid increases the state aid entitlement without an accompanying federal aid deduction. This increases the gross state aid entitlement statewide and if it exceeds the appropriation, the result is proration of the aid. The second effect is distributional. If the aid is prorated, the aid is redistributed from schools that do not serve students who do not qualify for federal aid, to schools that do serve students who do not qualify for federal aid.

OUTCOMES:

A. Program Effectiveness:

This program provides needed resources to allow the 4 participating schools to provide equal access to curriculum and activities. The schools determine how the funds are used.

B. Program Services/Statistics:

	Current Law				
(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of Schools	4	4	4	4	4
Number of Pupil Units					
Eligible for Aid	962	910	1,000	1,050	1,100
Aid Entitlement	\$ 215.1	\$ 380.0	\$ 420.0	\$ 440.0	\$ 460.0
Proration Factor	.9349	1.0	1.0	1.0	1.0
Prorated Aid	\$ 201.1	\$ 380.0	\$ 420.0	\$ 440.0	\$ 460.0

PROSPECTS:

The Tribal Contract School Aid formula is based on the number of students in attendance during fall count week. Both the state aid and the BIA federal funding formulas do not provide funding for students who choose to enroll and attend school at times other than during fall count week. This causes a financial burden on the Tribal schools because they are serving students for which they receive no aid.

OBJECTIVES F.Y. 1994-95:

Maintenance of the base level of funding will continue to provide equity for students in Tribal schools by providing funding comparable to that available to other students in the state. This contributes to the goal of valuing diversity. Tribal schools will be asked to provide specific outcome data on student progress and dropout or retention rates.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 440 for F.Y. 1994 and \$ 460 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 374 in F.Y. 1994 (\$ 0 for F.Y. 1993 and \$ 374 for F.Y. 1994), and \$ 457 in F.Y. 1995 (\$ 66 for F.Y. 1994 and \$ 391 for F.Y. 1995).

With this recommendation, the Governor proposes funding this budget activity on an 85-15% basis rather than 100% current.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0315 TRIBAL CONTRACT SCHOOLS

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$600	\$600	\$600	\$600
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Change in WADM	(103)	(63)	(43)	(23)
Change in Federal Deduct/WADM	(117)	(117)	(117)	(117)
B.Legislation Becoming Effective				
CURRENT ENTITLEMENT	380	420	440	460
FUNDING EXCESS/DEFICIENCY	220	180		
POLICY CHANGES RECOMMENDED				
Fund this program on an 85–15% basis				
Rather than 100% Current				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			440	460
APPROPRIATIONS BASIS:				
Current Year	600	600	374	391
Prior Year			0	66
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	600	600	374	457
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0316 TRIBAL CONTRACT SCHOOLS — ECFE

CITATION: M.S. 124.86, Subd 4
MDE ADMIN: 1406 Indian Education
FEDERAL: None

PURPOSE:

To provide early childhood family education programs for parents and children who are enrolled or eligible for enrollment in a federally recognized American Indian Tribe.

The purpose of the regular Early Childhood Family Education program and the function for this grant program is to enhance the ability of parents to provide for their children's optimal learning and development through education and support during the early childhood years, from birth to kindergarten enrollment. The mission of the Tribal Contract Schools—ECFE program is to encourage community-based parent-child participation to maximize the use of available resources to provide cost-effective prevention/risk reduction services for all young children and their families through the cooperation and collaboration of agencies, services, and other community resources. The focus is on strengthening families, recognizing and building upon their strengths to foster self-sufficiency and the well-being of both children and parents. An added purpose of the Tribal school programs is to promote American Indian history, language and culture to further strengthen American Indian families by building upon their heritage.

This program contributes to Minnesota Milestones goals of

- families will provide a stable environment for their children;
- excellence in basic academic skills; and
- to welcome, value and respect people of all cultures, races and ethnic backgrounds

by assisting American Indian parents to provide for their children's optimal learning and development from birth to kindergarten enrollment thereby increasing the child's school readiness and learning potential.

DESCRIPTION:

The Tribal school Early Childhood Family Education programs were established by the legislature in 1991. The schools eligible for the grants are Bug-o-nay-ge-shig, Leech Lake; Circle of Life, White Earth; Fond du Lac Ojibway, Cloquet; and Nay Ah Shing, Mille Lacs. Programs have now been established by three of the four schools. They use culturally appropriate materials and strategies to deliver the basic Early Childhood Family Education program with an added emphasis on preserving their culture. An example is storytelling by Tribal elders to convey American Indian history to young children and their parents. Such 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, mental, and emotional development of children;
- programs to enhance the skills of parents 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;
- information on related community resources; or
- other programs or activities to improve the health, development and learning readiness of children.

The school must make affirmative efforts to encourage participation by fathers. Admission may not be limited to those enrolled in or eligible for enrollment in a federally recognized Tribe.

The revenue equals 1.5 times the statewide average expenditure per participant under M.S. 124.2711, times the number of children and parents participating full time in the program.

OUTCOMES:

A. Program Effectiveness:

It is anticipated that the outcomes of these new programs will eventually parallel those of the regular Early Childhood Family Education program which are as follows:

- increased feelings of support from others, knowing they are "not alone" (reducing isolation, a major factor in abuse/neglect);
- an increased sense of confidence and self-esteem as a parent;
- increased knowledge, awareness and understanding about children and child development and the parental role;
- changed perceptions and expectations for themselves as parents and for their children;
- changes in behavior based on increased feelings of support from others, increased self-confidence, increased knowledge, and changed perceptions and expectations of their children and themselves.

Documentation of these outcomes as well as participation data is obtained through ECFE annual reports submitted by school districts and tribal schools.

B. Program Services/Statistics:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	Current Law F.Y. 1994	F.Y. 1995
Number of Participants					
per school:					
Fond du Lac	0	62	67	75	80
Circle of Life	0	0	30	35	35

(continued on next page)

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0316 TRIBAL CONTRACT SCHOOLS — ECFE
 (Continuation)

(continued)	Current Law				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Bug-o-nay-ge-shig	0	45	55	60	65
Mille Lacs	0	90	110	115	120
Aid Entitlement (\$ in 000s)	0	\$ 68.0	\$ 68.0	\$ 68.0	\$ 68.0

PROSPECTS:

This program is beginning to address a critical need within the American Indian population. Based upon the response of families involved in the first year of operation, these programs will grow steadily in future years and become the foundation for other family support efforts.

The Minnesota Department of Education anticipates full utilization of the base funding of \$68 in F.Y. 1994 and \$ 68 in F.Y. 1995.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services, and to facilitate increased sharing of effective strategies and resources by tribal schools and other Early Childhood Family Education programs serving Native American families.

The discussion of outcomes and effectiveness indicators for many aid and grant programs is found in the Education Outcomes and Program Effectiveness section at the beginning of this budget document. Projections for the 1994-95 biennium are included for some of the indicators that are identified and discussed in that section.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 68 for F.Y. 1994 and \$ 68 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 68 in F.Y. 1994 and \$ 68 in F.Y. 1995.

The Governor further recommends that administration of this program be transferred to the Children's Services Division of the Department of Children and Education Services.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0316 TRIBAL SCHOOLS – ECFE

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$68	\$68	\$68	\$68
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	68	68	68	68
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			68	68
APPROPRIATIONS BASIS:				
Current Year	68	68	68	68
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	68	68	68	68
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0317 ASSURANCE OF MASTERY

CITATION: M.S. 124.311; 126.67, Subd 3a
MDE ADMIN: 1304 Assessment
FEDERAL: None

PURPOSE:

In 1986, the Legislature enacted M.S. 126.67, Subd. 3a requiring all school districts to conduct programs to assure that students master locally established learner outcomes in Grades K-12. In 1989, M.S. 124.311 was enacted which provided funding on an optional basis to districts for their Assurance of Mastery (AOM) program in Grades K-8.

This optional program for school districts is to assure all students in Grades K-8 have an opportunity to learn and succeed in the general educational program within the usual and customary classroom setting. Parents are involved in the planning of their student's educational program to increase the potential for success. Performance is based on school district established standards and instruction must be different to accommodate differing student needs. More specifically, the objectives of AOM under M.S. 124.311 are to:

- assure that students at risk of failure are identified and served within the regular classroom environment and that responsibility for their education is maintained by their regular classroom teacher. It is expected that this approach will reduce referrals for special education instruction and services;
- focus the effort in one or more grade levels, Kindergarten through Grade 8, to assure early intervention and prevention of later failure and drop-out;
- promote the development of instructional strategies consistent with an outcome based instructional system. Within such a system it is agreed that all students can learn and succeed. However, students learn in different ways and at different rates. Effective instructional delivery systems will assure that all students are taught in the most efficient way;
- assure that districts not only identify and serve students at risk of failure, but also monitor program effectiveness and report program results to the community and state through the annual Planning, Evaluating, and Reporting (PER) process; and
- assure district commitment to the program by requiring a local district contribution equal to the state matching amount in order to receive state funds. The local revenues must be expended in the same way as the state matching funds.

Assurance of Mastery contributes to the Minnesota Milestones goal that Minnesotans will excel in basic academic skills. Its purpose is to assure that students succeed in the expected learning in the regular school environment in the areas of mathematics and communication. Assuring success of

all learners will increase Minnesota's test scores as compared to the nation and will prepare students for lifelong learning.

DESCRIPTION:

In 1986, the Legislature enacted M.S. 126.67, Subd. 3a, which is the original Assurance of Mastery legislation requiring school districts to identify students in Kindergarten through Grade 12 not attaining locally established standards in mathematics and communications. In addition, individual remedial plans must be developed, in consultation with parents, for those students identified. This mandate included no additional funding for school districts.

In 1989, the Legislature enacted M.S. 124.311 to provide funding to participating districts under certain conditions. The funding is based on a district's Weighted Average Daily Membership (WADM) in Grades K-8 times \$22.50. If a district expends \$22.50 times their Grade K-8 WADM to employ staff to provide direct instructional services to eligible Grade K-8 pupils within the usual and customary classroom, the state then will match the district effort. If the district effort is less than that amount, the state will match the lesser amount.

In order to qualify for the program, districts inform the Minnesota Department of Education (MDE) of their intention to participate and sign a statement of assurances that they will comply with the requirements of the statute.

Given the diversity of students in Minnesota schools, it does not seem reasonable to establish rules on how a district designs its local program. MDE has taken the position that these programs should be more than basic skills drill and practice instruction. The statute requires that instruction be different, but within the same content as the student was unable to master in the first classroom instruction. Therefore, MDE is asking school districts to design programs that help students learn how to learn, and to assist students in acquiring the necessary conceptual framework to facilitate future learning.

MDE efforts focus on the provision of technical assistance to districts in the identification and provision of services to these students. The technical assistance needs of districts include training in teaming with other adults in a classroom, recognizing learning style differences, and planning alternative instructional strategies.

Those districts not accessing all of the state matching funds are either unable to generate the local match or, due to their small class sizes, they do not believe that the additional revenue is necessary to meet their students' needs.

Outcome data are collected at the local level and reported to the community in the "Annual Report on Curriculum and Student Achievement" (The PER Report). The legislature determined that the primary accountability for program effectiveness should be at the community level. The MDE receives copies of the reports by October 15 each year. Due to the varying criteria used for eligibility and to assess student benefit, it is virtually impossible to aggregate the data at the state level. Local reports are uniformly positive and indicate that students are served and returned to the general educational program and that special education referrals will be reduced over time, resulting in a positive fiscal return.

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0317 ASSURANCE OF MASTERY
(Continuation)

OUTCOMES:

A. Program Effectiveness:

All but 13 school districts are participating in this optional program. This is a significant endorsement for the concepts and intent of this legislation. Districts have had to redesign their instructional delivery systems and provide a local financial commitment in order to be eligible. Of significant importance in this participation rate is that the U.S. Office of Education and state policy makers approved the use of Chapter 1 federal revenue for the local matching funds.

All non-participating districts are small and, as a result, have small class sizes and limited eligibility for funding.

All but 5 percent of the participating districts intend to expend up to or above their level of eligibility. The districts not participating in this program believe that due to their small class sizes, current programs can accommodate at-risk students.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas

B. Program Services/Statistics:

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
School Districts Participating	404	386	385	391	395
Students (WADMs)*	523,240	543,474	563,156	575,802	584,117
Funding level per WADM	\$ 22.50	\$ 22.50	\$ 22.50	\$ 22.50	\$ 22.50
State Aid Entitlement(000s)	\$ 11,772.9	\$ 12,228.2	\$ 12,671.0	\$ 12,955.6	\$ 13,142.6
Proration Factor	.9922	1.0	1.0	1.0	1.0
Prorated State Aid (000s)	\$ 11,680.9	\$ 12,228.2	\$ 12,671.0	\$ 12,955.6	\$ 13,142.6

* This is the number of students (WADMs) in Grades K-8 that is used for the calculation of aid entitlements and is not the number of students served by this program. The actual number of students served is not available.

PROSPECTS:

Due to the high initial participation rate, 100% participation is anticipated in future years. With increasing enrollments there will be an increase in funding needs.

OBJECTIVES F.Y. 1994-95:

In F.Y. 1993 school districts representing 99% of the eligible K-8 WADMs are participating in this program. Those not participating are small districts with a small amount of eligibility for matching money and small class sizes. As these districts continue to cooperate and consolidate we anticipate that the level of participation will be 100%. Program effectiveness information is reported, by statute, in the district PER report. Standards for student eligibility are established at the district level. Therefore, data on participation and student benefit are difficult to document without additional reporting requirements. MDE will monitor reductions in special education referrals and numbers of students served by AOM who return permanently to the regular curricula to document program effectiveness. Acceptable percentages in both of those areas have not been established.

GOVERNOR'S RECOMMENDATION:

The Governor recommends changing the student count in Grades K-8 to a two-year average of weighted average daily membership (WADM), consistent with changes in the General Education Program (Program Budget 0101).

The Governor recommends an aid entitlement of \$ 12,814 for F.Y. 1994 and \$ 13,049 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 12,793 in F.Y. 1994 (\$ 1,901 for F.Y. 1993 and \$ 10,892 for F.Y. 1994), and \$ 13,014 in F.Y. 1995 (\$ 1,922 for F.Y. 1994 and \$ 11,092 for F.Y. 1995).

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0317 ASSURANCE OF MASTERY

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$12,527	\$12,827	\$12,827	\$12,827
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
K – 8 Weighted Average Daily Membership	(1)	17	267	426
District Participation	(298)	(173)	(138)	(110)
B.Legislation Becoming Effective				
CURRENT ENTITLEMENT	12,228	12,671	12,956	13,143
FUNDING EXCESS/DEFICIENCY	299	133 *		
POLICY CHANGES RECOMMENDED				
Two Year Averaging of Pupil Units			(142)	(94)
Total Policy Changes			(142)	(94)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			12,814	13,049
APPROPRIATIONS BASIS:				
Current Year	10,648	10,903	10,892	11,092
Prior Year	1,751	1,879	1,901	1,922
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	12,399	12,782	12,793	13,014
LEVY AUTHORITY	0	0	0	0

* \$156 less \$23 of the F.Y. 1994 prior year final account that does not have to be appropriated due to lower estimated entitlement = \$133 in the F.Y. 1993 current appropriation.

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1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0318 INDIVIDUALIZED LEARNING AND DEVELOPMENT

CITATION: M.S. 124.331 - .333
MDE ADMIN: 1302 Instructional Design
FEDERAL: None

PURPOSE:

To help each public student in Grades K-3 develop socially and emotionally, and in knowledge, skills, and attitudes. More specifically, the objectives of this program are to:

- reduce instructor/learner ratios thereby increasing individual attention given to each student;
- develop an individual learning plan for each student;
- improve program offerings. If the Grades K-3 recommended instructor-learner ratios are met, the school district may use remaining funds to improve instruction for any grade level through additional staff, materials, etc.

This program contributes to the Minnesota Milestones goal of excellence in basic academic skills by providing students in Grades K-3 with appropriate learning and instructional activities, thereby better addressing individual student needs and increasing the potential for success for the student. The improved instructional programming and curriculum provided through this program are designed to increase school readiness of children, increase student self-esteem, and increase average state test scores.

DESCRIPTION:

The Individualized Learning and Development Aid (ILDA) program began in F.Y. 1990 with a K-1 program and expanded to K-3 in F.Y. 1993. School districts are expected to use additional revenue to reduce instructor-learner ratios. A district is eligible for state aid if the local school board adopts a district instructor learner ratio for Grades K-3 and submits it to the Minnesota Department of Education (MDE) by April 15. In F.Y. 1993, eligible districts receive \$66 times the Average Daily Membership (ADM) in Grades K-3. A district must not increase the district wide instructor-learner ratios in Grades 4-8 as a result of reducing instructor-learner ratios in Grades K-3.

A district's curriculum advisory committee, under the Planning, Reporting and Evaluation (PER) law, must develop a district-wide plan to achieve the instructor-learner ratios in Grades K-3 adopted by the school board, and to prepare and use an individualized learning plan for each student in Grades K-3. If the school board determines that the district has achieved and is maintaining the instructor-learner ratios specified by the district's curriculum advisory committee, and has prepared and is using individualized learning plans, the school board must direct the district to use the aid it receives through ILDA to improve program offerings throughout the district, or the education district of which the district is a member, based on a plan developed by the district's curriculum advisory committee.

The ILDA law requires the Commissioner of Education to withhold ILDA aid from any district that fails to make a good faith effort to achieve its instructor-learner ratios. It also requires the Commissioner to monitor and evaluate the effectiveness of reduced instructor-learner ratios, individualized learning plans, and efforts to improve program offerings, and to report to the education committees of the legislature before March 1 of each year.

OUTCOMES:

A. Program Effectiveness;

In F.Y. 1990 and F.Y. 1991, district and student participation were about 85 percent. In F.Y. 1993, 97 percent of the districts representing over 99% of the eligible students participated in the ILDA program. In F.Y. 1992, MDE staff visited 40 locations, randomly selected, to evaluate development and implementation of funded individualized learning programs. The review of district applications and on-site visits was especially concerned with the certifications and information submitted on the program applications. The applications include recommendations of administrators and teachers involved in the program. The following effectiveness measures were found:

- Instructor-learner ratios were reduced in kindergarten through Grade 3 when compared to other grades;
- Schools report that they are providing an individualized learning plan for each student receiving aid;
- Review of individual learning plans submitted to MDE reveals excellent examples of individual learning plans that were designed to look at individual students instead of the mythical "average" student;
- Parents and teachers report that the quality and significance of parent conferences and other forms of communicating have increased significantly because of the individual learning plans.

Visits also showed that schools were implementing the program in a high quality manner. Because of MDE budget cuts, no visits were made in F.Y. 1993.

During F.Y. 1992, MDE provided planning, development of training materials, and training of school district personnel to develop strategies that are not excessively burdensome to educators but meet all the expectations of the ILDA legislation. In F.Y. 1992, 406 districts and individual schools requested the video tape that was developed by MDE to help in-service teachers on the intent, benefits, and implementation of the ILDA program.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas

1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0318 INDIVIDUALIZED LEARNING AND DEVELOPMENT
 (Continuation)

Based on these entitlements, the Governor recommends an appropriation of \$ 16,716 in F.Y. 1994 (\$ 2,485 for F.Y. 1993 and \$ 14,231 for F.Y. 1994), and \$ 16,830 in F.Y. 1995 (\$ 2,511 for F.Y. 1994 and \$ 14,319 for F.Y. 1995).

B. Program Services/Statistics:

	Current Law				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Total ADM					
Grades K-1	115,034				
Grades K-2		181,169			
Grades K-3			249,935	255,169	255,169
Percent of Districts					
Participating	85%	92%	97%	98%	98%
Percent of Students					
Participating				99%	99%
Rate per ADM	\$ 62.25	\$ 64.00	\$ 66.00	\$ 66.00	\$ 66.00
Aid Entitlement (\$ in 000s)	\$7,160.9	\$11,594.8	\$16,495.7	\$16,849.3	\$16,841.2
Proration Factor	.9943	1.0	1.0	1.0	1.0
Prorated State Aid	\$7,120.7	\$11,594.8	\$16,495.7	\$16,849.3	\$16,841.2

Note: In F.Y. 1991 only students in Grades K-1 were eligible to participate in this program. The 1991 legislature increased eligible students to include Grades K-3.

PROSPECTS:

This program has extremely enthusiastic supporters, including parents, MDE , and school district staff.

Teachers and parents are finding that the required individual learning plans provide focus to parent conferences and result in identification of common goals for the student, parent, and teachers.

OBJECTIVES F.Y. 1994-95:

This program will continue to provide appropriate programs to 99% of eligible students in 98% of the districts.

GOVERNOR'S RECOMMENDATION:

The Governor recommends changing the student count in Grades K-3 to a two-year average of weighted average daily membership (WADM), consistent with changes in the General Education Program (Program Budget 0101).

The Governor recommends an aid entitlement of \$ 16,742 for F.Y. 1994 and \$ 16,845 for F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0318 INDIVIDUALIZED LEARNING & DEVELOPMENT

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$11,595	\$16,567	\$16,567	\$16,567
ENTITLEMENT CHANGES PER CURRENT LAW:				
A. Budget Variables				
K – 3 Average Daily Membership		155	282	274
District Participation		(226)		
B. Legislation Becoming Effective				
CURRENT ENTITLEMENT	11,595	16,496	16,849	16,841
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Two Year Averaging of Pupil Units			(107)	4
Total Policy Changes			(107)	4
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			16,742	16,845
APPROPRIATIONS BASIS:				
Current Year	9,856	14,082	14,231	14,319
Prior Year	1,068	1,739	2,485	2,511
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	10,924	15,821	16,716	16,830
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 03 Special Programs
 AGENCY: Education Aids

 0319 COMMUNITY LIVING PROGRAMS—DISABLED

 CITATION: M.S. 120.17, Subd 20, M.S. 120.183
 MDE ADMIN: 1305 Special Education
 FEDERAL: None

PURPOSE:

To provide Education-to-Community transition services for youth with disabilities. This program provides planning and implementation grants to address how one or more of the following transition areas will be implemented to improve the transition from education to the community for students with disabilities:

- Home living
- Postsecondary education and training
- Jobs and job training
- Recreation and leisure activities
- Community participation

Education-to-community living grants help develop a variety of community living services for youth with disabilities. They may include but are not limited to the following:

socialization skills
 housing
 transportation
 food preparation
 community resource access
 safety management
 disability/self awareness
 technology/equipment
 health care
 home making/family adjustment
 financial management
 adult sexuality
 employment/education opportunities
 advocacy
 leisure pursuits
 personal care assistance.

This program contributes to the Minnesota Milestones goals of

- our children will not live in poverty;
- people with disabilities will have the opportunity to participate in society;
- families will provide a stable environment for their children;

- people who need help providing for themselves will get the help they need.

This program contributes to helping disabled individuals ages 14-21 to not live in poverty and to learn to be adults by demonstrating independent living skills and job skills. The program also contributes to meeting the basic needs of individuals by providing training in employment and social/recreational skills and development in various geographic areas in local communities where people reside. As a result individuals develop life long learning skills and are able to participate in government.

DESCRIPTION:

Eligible recipients of Education-to-Community Living Grants include: public schools, special education cooperatives, education districts, ECSUs, Centers for Independent Living (CIL), private non-profit disability organizations, and other community based organizations that provide services to youth with disabilities ages 14-22 years. All applications must be reviewed by the local community transition interagency committee. Priority is given to applicants that are community based organizations with consumer involvement.

For the 1992-93 biennium, all grant projects covered an 18 month period—from January 1, 1992 to June 30, 1993. Individual grants did not exceed \$59,000. No specific dollar match was required for the grant, but the applicants were required to show local support in terms of in-kind contributions to the program.

OUTCOMES:

A. Program Effectiveness:

The Community Living Program is designed to ensure that more young adults are ready to leave school prepared to fulfill their potential.

It is based on the results of a legislated needs assessment in 1987, *A Report on Minnesota Youth with Disabilities*. Transition from school to adult life legislation was enacted in 1987 to enable more individuals with disabilities to live and work independently in communities.

Over 22,000 students with disabilities are of transition planning age (14-22) in Minnesota. Many of these youth need community living skills development.

	Current Law			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of children served				
14 to 21 years of age	131	262	312	372
Number of agencies	85	125	135	150
Number of school districts	105	150	170	180

Note: F.Y. 1992 was the first year for this program.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

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PROGRAM: 03 Special Programs
AGENCY: Education Aids

0319 COMMUNITY LIVING PROGRAMS—DISABLED
(Continuation)

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas
- V. C. Achieve an increasingly high level of integrated basic skills
- V. D. Redefine the delivery system for adult education to meet customer needs
- V. E. Assure equitable access by those who need adult programs

B. Program Services/Statistics:

Program funding of \$500,000 is available in a biennial appropriation with carryover authority. Listed below are the name, geographic location, type, and amount of the grant award for each project for the 1991-93 biennium.

<u>Applicant/Location/No.</u> (\$ in 000s)	<u>Type</u>	<u>Region</u>	<u>Current Law</u>	
			<u>F.Y. 1992</u>	<u>F.Y. 1993 F.Y. 1994 F.Y. 1995</u>
Options/East Grand Forks	CIL	1	\$ 27.0	\$27.3
REAL/Marshall	CIL	8	25.1	25.1
SMILES/Mankato	CIL	9	28.5	28.5
Central MN/St. Cloud	CIL	7	28.0	28.0
Southeast/Rochester	CIL	10	28.0	28.0
NE MN/Hibbing	CIL	3	29.4	29.4
Freedin/Moorhead	CIL	4	28.0	28.0
Metro/St. Paul	CIL	11	27.0	25.0
Paul Bunyan/Brainerd	School	5	22.4	22.4
Proctor	School	3	11.9	3.0
Total Grant Award			\$255.3	\$244.7 \$500.0*

* Biennial appropriation with carryover authority.

PROSPECTS:

National-follow up data of individuals with disabilities indicates that only 17 percent live independently after they leave school. Community Living Programs are able to provide the needed experiences and services, especially in rural areas of the state where a lack of services exists, to enhance the likelihood of disabled individuals living independently. With the advent of the Americans with Disabilities Act, 1990, individuals with disabilities will experience a greater opportunity to be contributing members of society.

OBJECTIVES F.Y. 1994-1995:

Efforts will be made to maintain existing levels of programs and services.

This program will continue to contribute to meeting the basic needs of individuals with disabilities in a community setting by providing training in employment and social/recreational skills. In addition, the following objectives will be achieved:

- The number of children receiving services from this program will increase by 40 percent by 1995.
- The number of agencies involved in this program will increase by 25 percent by 1995.
- The number of school districts providing community living experiences for children and youth with disabilities through this program will increase by 25 percent by 1995.
- Additional data will be gathered by 1995 to determine the number of students needing community living experiences in their curriculum and to propose the means for delivering those services.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 500 for F.Y. 1994 and \$ 0 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 500 in F.Y. 1994 and \$ 0 in F.Y. 1995.

The Governor recommends continuation of authority for carryover of any unexpended balance in the first year to the second year of the biennium.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0319 COMMUNITY LIVING – DISABLED YOUTH

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$255 a)	\$245	\$500 b)	\$0
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	255	245	500	0
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			500	0
APPROPRIATIONS BASIS:				
Current Year	255	245	500 b)	0
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	255	245	500	0
LEVY AUTHORITY	0	0	0	0

a) \$500 biennial appropriation less \$245 balance forward to F.Y. 1993.

b) Biennial appropriation with carryover authority.

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1994-95 Biennial Budget

PROGRAM: 03 Special Programs
AGENCY: Education Aids

0320 SUMMER HEALTH CARE INTERN PROGRAM

CITATION: M.S.124C.62
MDE ADMIN: 1301 Curriculum Services
FEDERAL: None

PURPOSE:

The purpose of the Summer Health Care Internship Program is for interested high school students, between their junior and senior year, to have opportunities to learn about and explore various careers in the health care profession. Students who are actively exposed to career options in the health care area through the internship program will be better equipped to make sound career choices and enter those fields that will maintain and expand needed health care services throughout Minnesota.

This program contributes to the Minnesota Milestones goals of:

- Minnesotans have the advanced education and training to make the state a leader in the global economy;
- Minnesotans will be healthy, by increasing student interest in health care careers, particularly in rural areas, thereby, over the long-term, increasing access to health care that will result in healthier lifestyle choices for all Minnesotans; and
- all Minnesotans will have a reasonable standard of living

Participation in this program will help the student intern make informed career choices by identifying the interest and needs of the student and the community. Ultimately, students participating in the Summer Health Care Intern Program will assume employment positions throughout Minnesota where there are shortages in the health care profession. Increasing student interest in health care careers, particularly in rural areas, over the long-term will increase access to health care, resulting in healthier life-style choices for all Minnesotans.

DESCRIPTION:

Grants are awarded to hospitals and clinics to reimburse for one-half the cost of employing high school juniors participating in this program during the summer. Eligible hospitals or clinics are those that have applied and agreed to meet the established criteria. The criteria include but are not limited to: (1) interview and hire students from nearby school districts for 6-12 weeks, (2) pay at least one half the cost of employing students (minimum wage or up to \$6.00 per hour), (3) provide orientation and mentoring for summer health care interns, and (4) allow for formal exposure to the health care profession through participation and observation. Student participants in this program are selected by health care organizations participating in this program.

The students are allowed the opportunity to explore career opportunities in the health care field, thereby encouraging capable students to pursue a health care career and providing students with meaningful summer employment. Valuable aspects of the internship experience identified by the

students include: exposure to patients, their care and the medical setting; learning about various diseases and medical terminology; learning to relate to patients, their families and the staff; getting to observe and participate in various procedures; talking to professionals about their careers and getting a realistic picture of what to expect; learning about various schools and colleges and about career ladders; and making a definite career choice.

OUTCOMES:

A. Program Effectiveness:

Of the students participating in the initial Summer Health Care Intern Program during the summer of 1991, 84% were from outside the 7 county metro area, and 87% indicated the experience reinforced their goal of a career in the medical field. Since F.Y. 1992 was the first year of the program, indicator data are not available at this time. Indicator data will be collected in the future to address the percentage of students participating in the program who enroll in post-secondary education; who complete and graduate from post-secondary institutions in under five years; and the number of students who continue to be employed in their field of training after graduation.

The F.Y. 1992 Summer Health Care Intern Program is considered an outstanding success based on the positive comments from employer and student employee participants. With a large majority of participating facilities wanting to participate again, additional facilities inquiring about the program, and increased student interest, there is sufficient reason to increase the program.

B. Program Services/Statistics:

	Current Law			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Year of Summer Program	1991	1992	1993	1994
Number of Students Participating	83	48	50	50
Number of facilities served	31	25	25	25
Aid Entitlement	55.0*	33.0	33.0	33.0

* Expenditures for the 1991 Summer Program were from the F.Y. 1991 appropriation of \$100.0.

PROSPECTS:

The health care industry is currently experiencing a shortage of skilled workers. This program assists the health care industry in the process of informing students of potential career options in the health care industry through the process of the summer internship program.

This program is supported by the American Hospital Association, the American Medical Association as well as other medical associates. This F.Y. 1992 was the first year of the program so there are no statistics available on the number of participants who have entered the health care industry. A survey of students who have participated indicate that their interests in the health care industry has risen greatly and plan on making health care their chosen field of endeavor.

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PROGRAM: 03 Special Programs
AGENCY: Education Aids

0320 SUMMER HEALTH CARE INTERN PROGRAM
(Continuation)

A survey of the facilities participating in the program in the first two years indicate that 100 percent of the survey respondents feel the program should continue. One hundred percent also said that their initial goals for implementation of the program were met and feel the ultimate goal of getting more young people interested in the health care industry will be realized through student participation in this program.

We are currently keeping statistical data and gathering more data on the students that participate in this program so that better performance indicators will be available.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services. This program will be able to maintain current programming and participation levels and continue to provide high school students with internship opportunities in the health care profession.

Business and labor representatives from the health care industry indicate there is a major need to expose young people to the opportunities in the health care professions. Due to the level of funding, we are not able to provide opportunities for all students wishing to participate in this program.

One and five year follow-up studies are being done on the F.Y. 1993 students that will provide information on the results of students participating in this program.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 33 for F.Y. 1994 and \$ 33 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 33 in F.Y. 1994 and \$ 33 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0320 SUMMER HLTH CARE INTERN GRANTS

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$0	\$33 a)	\$33	\$33
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	0	33	33	33
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			33	33
APPROPRIATIONS BASIS:				
Current Year		33	33	33
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	0	33	33	33
LEVY AUTHORITY	0	0	0	0

a) Appropriation carryover authorized in Laws 1992, Chapter 499, Art. 7, Sec. 23.

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COMMUNITY AND FAMILY EDUCATION (04)

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COMMUNITY AND FAMILY EDUCATION

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

 0401 COMMUNITY EDUCATION

CITATION: M.S. 121.85 - 121.88; 124.2713
MDE ADMIN: 1403 Community Education/Learner Services
FEDERAL: None

PURPOSE:

The purpose of community education as defined in statute is "to make maximum use of the public schools of Minnesota by the community and to expand utilization by the school of the human resources of the community" (M.S. 121.85). The Community Education program in Minnesota is "an education-based partnership between the community and the formal education system whereby the resources of both are used as available for the continuing growth and betterment of both" (State Board Rule 3530.5500).

Community education enables lifelong learning for Minnesotans of all ages through a process of citizen involvement in identifying community learning needs and learning resources, and connecting the two. "Community education, as defined for school districts, includes services rendered by a school district beyond the regular K to 12 program, as recommended by the community education advisory council and approved by the local school board" (State Board Rule 3530.5600).

Community education strives to serve all who reside within the school district, providing opportunities for ongoing community involvement, learning, and personal development for all ages. The following processes and activities are among those operating through community education at the local level (as specified in M.S. 124.2713, Subd. 8):

- nonvocational, recreational, and leisure time activities and programs;
- adults with disabilities programs, if the programs and budgets are approved by the Commissioner of Education;
- adult basic education programs;
- summer programs for elementary and secondary pupils;
- implementation of a youth development plan;
- implementation of a youth service program;
- early childhood family education programs; and
- extended day programs.

There is separate, additional categorical funding for 5 of the 8 programs on this list: adults with disabilities, adult basic education, youth development, youth service, and early childhood family education. These categorical revenues are often supplemented by general community education revenue based on a local decision-making process involving the community education advisory council.

Youth development, an optional component of community education, provides an incentive to school districts to plan for and meet the special needs of youth in the community. Youth service, a

component of youth development, provides an incentive to develop community service learning opportunities for youth. Both of these programs are funded through an extension of the general community education funding formula.

Many Minnesota Milestones goals are potentially enhanced by the work of community education in Minnesota. Through community education, people experience being part of community. For example, goals concerning our natural environment, our willingness to volunteer in our communities, and government participation depend on Minnesotans looking beyond a "me first" mentality. Community education helps "weave the fabric of community", which connects people in many positive and meaningful ways.

Specific Minnesota Milestone goals affected directly by community education include the following:

- Minnesotans will excel in basic academic skills;
- people who need help providing for themselves will get the help they need (GED and ABE);
- families will provide a stable environment for their children (ECFE); and
- our communities will be safe, friendly and caring.

DESCRIPTION:

Revenue for general Community Education and for Youth Service (inclusive of Youth Development) is derived from an equalized aid/levy formula and from fees collected from participants. With the basic program revenue, school district community education advisory councils and local school boards provide the executive leadership necessary to develop and maintain local community education programs. Local community education programs include a wide variety of activities beyond the regular school offerings, including cultural enrichment, athletics, recreation and other community events and services. Processes are employed to strengthen the community and the skills of people who live there.

In addition, local community education programs provide the administrative expertise necessary to support programs for Adults with Disabilities, Adult Basic Education, Early Childhood Family Education (ECFE), Learning Readiness and School Age Child Care (SACC). Another program that receives Community Education support in a significant number of locations is the testing and certification of the General Education Development (GED) high school equivalency for adults.

Information on program revenue is shown below. In addition to the revenue sources shown, districts may charge participation fees at their discretion for general community education activities. All fees collected must be used for community education.

Program funding is provided in the form of equalized revenue based on the district's population.

A district's total community education revenue is the sum of the district's general community education revenue and youth service program revenue. In F.Y. 1993, the general community education revenue for a district equals \$5.95 times the district's population, but not less than \$7,943. Youth service revenue is available to a district with a youth development plan that includes youth service. The local plan must be approved by the local school board to qualify the district for revenue of 85 cents times the district's population, but not less than \$1,135. Youth service monies can only be used for youth service or youth development.

To receive the maximum community education revenue, a district must levy an amount equal to the

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0401 COMMUNITY EDUCATION
(Continuation)

lesser of the maximum revenue or 1.095 percent of the district's adjusted net tax capacity. A district's maximum community education aid equals the maximum community education revenue minus the maximum community education levy. If a district levies less than the maximum amount, state aid is reduced proportionately.

OUTCOMES:

A. Program Effectiveness:

Within the districts, the numbers of participants and activities continues to grow, demonstrating that an ever broader cross section of individuals and groups are becoming involved. An underlying concept among community educators is "inclusive communities"—communities that reflect the diversity of residents. Efforts to include economically disadvantaged, at-risk, and disabled populations continue to expand the number of participants in community education.

Approximately 300 community education programs receive funding for youth service. Programs funded include after-school programs for middle and junior high youth, homework helper centers, adult mentors for youth, family resource centers, and a wide variety of other programs.

Community education continues to identify local learning needs and involve residents in seeking solutions. Community education develops a reservoir of community leadership, especially as it relates to education and learning. Over the past several years, community education has earned a reputation for leadership in educational change. Extended day, parental involvement in the schools, and family literacy programs have developed and are flourishing under the community education umbrella.

An indicator of the effectiveness of community education would be the percent of community education programs that offer the broad array of community education activities within their community. In the past, statistics have been aggregated for the entire state. The need is to set a standard of balanced programming and then evaluate each district based on the data supplied annually to the Minnesota Department of Education (MDE) on the Community Education Annual Report. "A broad array of activities" would be further defined, but would include activities for all ages of learners, and a variety of types of activities including academic, recreational, cultural, and general enrichment.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas

- IV. E. Reduce alcohol/drug problems and sexual activity of youth
- V. B. Clarified adult learner outcome statements
- V. C. Achieve an increasingly high level of integrated basic skills

B. Program Services/Statistics:

Over 98 percent of Minnesota residents live in school districts that choose to provide community education. More than 67,000 activities were conducted by districts through community education during F.Y. 1990. Over 2.5 million participants of many ages were engaged in educational/cultural, athletic/recreational, and community events offered through general community education. Participation numbers increase annually. Minnesota is clearly recognized nationally as a leader in community education.

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
A. Participation					
1. General community education					
Districts	420	416	410	410	410
Participants (in millions)	2.6	2.7	2.8	2.9	3.0
(duplicated)					
2. Youth Service					
Districts	310	317	325	328	331
Participants	43,000	46,000	90,000	120,000	150,000
3. GED Testing/certification					
Persons tested	9,300	9,906	10,400	10,920	10,450
Certificates issued	5,757	6,151	6,450	6,750	7,000
B. Program Funding					
1. Funding Formulas					
General community education revenue					
Allowance per capita	5.95	5.95	5.95	5.95	5.95
Minimum per district	\$7,943.25	\$7,943.25	\$7,943.25	\$7,943.25	7,943.25
Youth service revenue					
Allowance per capita	.75	.75	.85	.85	.85
Minimum per district	\$1,001.25	\$1,001.25	\$1,134.75	\$1,134.75	\$1,134.75
Levy					
Property valuation measure	AGTC	ANTC	ANTC	ANTC	ANTC
Tax rate	.00800	.01070	.01095	.01095	.01095
2. Total revenue (\$ in 000s)					
General					
Amount	\$25,423.2	\$25,547.0	\$25,831.7	\$26,386.8	\$26,571.8
Number of districts	420	416	410	410	410
Youth Development					
Amount	\$1,949.3	—	—	—	—
Number of districts	292	—	—	—	—
Youth Service					
Amount	\$693.2	\$3,001.0*	\$3,496.3	\$3,592.3	\$3,659.8
Number of districts	310	317	325	328	331

* Youth Service and Youth Development combined beginning in F.Y. 1992.

(continued on next page)

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0401 COMMUNITY EDUCATION
 (Continuation)

(continued from previous page) (\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	Current Law F.Y. 1994	F.Y. 1995
Total					
Amount	\$28,065.7	\$28,478.0	\$29,328.0	\$29,979.1	\$30,231.6
Number of districts	420	416	410	410	410
Levy					
Certification Amount	\$24,657.5	\$24,777.6	\$26,022.4	\$26,819.2	\$26,886.0
Number of districts	420	416	410	410	410
Aid					
Gross	\$3,408.2	\$3,700.4	\$3,305.6	\$3,159.9	\$3,345.6
Proration Factor	.9768	.9972	1.0	1.0	1.0
Proration Aid	\$3,329.1	\$3,690.0	\$3,305.6	\$3,159.9	\$3,345.6
Number of districts	293	295	220	236	236

PROSPECTS:

Since the community education program already exists in nearly all school districts, future growth is not expected in terms of increased numbers of districts. Growth will come in the variety of opportunities available locally and in the numbers of districts offering well-rounded programming in community education. Minnesota residents rely on community education processes and programs to meet learning needs in their communities, and this is expected to continue.

As our population ages and diversifies in the years ahead, new types of programs in community education will develop to meet changing demands. The costs per capita for programs and services are expected to increase due to inflation and the costs associated with meeting more diverse needs. Meanwhile, the ability of some participants to pay fees will diminish. Increased revenues will be required to meet changing needs and expectations within the districts.

Several exciting and emerging education initiatives operate through community education leadership in Minnesota. Extended day (school age child care), parental involvement in the schools, and family literacy programs do not currently have a separate categorical funding base. Meanwhile, awareness of the need for programming in these areas continues to grow dramatically, placing pressure on community education to help meet these needs. To operate programs on a strictly fee-for-services basis would deny program and services to many of those who can most benefit from them.

At the same time, growth in other component programs—that are funded—is resulting in needs that exceed the funding levels. Community education is often approached to identify or supply additional resources for early childhood family education, programs for adults with disabilities, youth service, and adult basic education. Because these programs truly benefit learners in communities, and because the need for these programs is great, it is difficult for community education to work within the current resource base.

In F.Y. 1992 revenue for general community education, including youth development and youth service, derives from local levy and state aid — 87 percent from local levy (\$24.8 million), and 13 percent through state aid (\$3.7 million). In order to continue to meet local needs, funding needs to increase. This can be accomplished either through improved categorical funding for community education component programs, or through improved funding for the general community education revenue base, or through some combination of these funding methods.

OBJECTIVES F.Y. 1994-95:

Given the funding level of \$3,160 for F.Y. 1994 and \$3,319 for F.Y. 1995, efforts will be made to accommodate increasing costs and to minimize the effect on existing service levels. However, a reduction in the quality and scope of programs and services is inevitable over time, given the flat funding levels for more than five years. As indicated in the narrative, increases in numbers of people participating in community education are projected, but the involvement may be shorter in duration or shallower for each participant.

An objective for F.Y. 1995 is to develop with input from the field—indicators of what is a "balanced program" in community education. Factors such as serving various age groups and multi-age programming, and including a broad variety of types of activities from recreation, to enrichment to service to academic would need to be built in. These indicators could then be applied to already existing data and to data which would continue to be collected, providing "change over time" information.

It is predicted that deterioration in balance of programming has occurred because of the flat funding levels. However, even in that situation, those districts which have been able to resist this trend will be encouraged to analyze their strategies for maintaining a program balance in lean times and to teach others. Additionally, strategies will need to be devised to view community education programs in the context of their individual communities, to consider the balance of activities available in a community or neighborhood, regardless of the provider.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following modifications in the community education funding formula:

1. Beginning in F.Y. 1995, compute a revenue reduction for school districts with community education fund balances exceeding 200 percent of annual community education revenue. The revenue reduction will equal the lesser of the excess fund balance or the sum of the community education revenue and the additional community education revenue. The reduction will be made proportionately from aid and levy.
2. Beginning in F.Y. 1995, compute a levy equity adjustment to the basic community education levy, to be phased in over four years. The amount of the adjustment will be limited to the amount of aid received by a district in its community service fund.

The Governor recommends an aid entitlement of \$ 3,160 for F.Y. 1994 and \$ 3,319 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 3,182 in F.Y. 1994 (\$ 496 for F.Y. 1993 and \$ 2,686 for F.Y. 1994), and \$ 3,296 in F.Y. 1995 (\$ 474 for F.Y. 1994 and \$ 2,822 for F.Y. 1995).

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0401 COMMUNITY EDUCATION AID

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$3,690	\$3,425	\$3,426	\$3,426
ENTITLEMENT CHANGES PER CURRENT LAW:				
A. Budget Variables				
Revenue Changes:				
Population/District Participation	50	(132)	526	781
Reduction for Underlevy	(38)	2	(6)	(8)
Levy Change:	(2)	11	(786)	(853)
B. Legislation Becoming Effective				
CURRENT ENTITLEMENT	3,700	3,306	3,160	3,346
FUNDING EXCESS/DEFICIENCY	(10)	102 *		
POLICY CHANGES RECOMMENDED				
Initiate Revenue Reduction for Excess				(27)
Fund Balance				
Total Policy Changes				(27)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			3,160	3,319
APPROPRIATIONS BASIS:				
Current Year	3,138	2,912	2,686	2,822
Prior Year	498	552	496	474
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	3,636	3,464	3,182	3,296
LEVY AUTHORITY	24,778	26,022	26,819	26,650

* \$119 less \$17 of the F.Y. 1994 prior year final account that does not have to be appropriated due to the lower estimated entitlement = \$102 in the F.Y. 1993 current appropriation

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0402 MISCELLANEOUS COMMUNITY SERVICE LEVIES

CITATION: M.S. 124.2714;124.2716
MDE ADMIN: 1401 Education Finance and Analysis
FEDERAL: None

PURPOSE:

I. ADDITIONAL COMMUNITY EDUCATION REVENUE

To provide additional revenue for school districts whose maximum community education revenue for F.Y. 1983 exceeded the district's maximum community education revenue for F.Y. 1985.

By providing districts with levy authority for community education programs, this program contributes to the financial health of the districts. As a result, the districts have an increased ability to provide effective community education programs that contribute to the following Minnesota Milestones goals:

- Minnesotans will excel in basic academic skills;
- people who need help will receive it;
- families will provide a stable environment for their children; and
- our communities will be safe, friendly, and caring.

II. EXTENDED DAY/DISABLED LEVY

To provide additional revenue for school districts that offer extended day programs that provide services to students with disabilities.

DESCRIPTION:

I. ADDITIONAL COMMUNITY EDUCATION REVENUE

Additional levy authority is permitted each year to school districts whose maximum community education revenue for F.Y. 1983 exceeded the district's maximum community education revenue for F.Y. 1985. The amount of additional levy authority an eligible district receives equals its actual difference in revenue between the two years. The additional levy each district receives is the same amount each year. Although each district receives the same amount each year, the state total levy authority varies with the number of eligible districts that continue to provide community education programs.

II. EXTENDED DAY/DISABLED LEVY

Beginning in F.Y. 1994, additional levy authority is permitted to school districts that operate

extended day programs that provide services to students with disabilities. The amount of levy authority is based on district estimates of the additional costs associated with providing services to disabled students.

OUTCOMES:

A. Program Effectiveness:

I. ADDITIONAL COMMUNITY EDUCATION REVENUE

The number of districts participating remains stable with 158 districts being granted additional levy authority for F.Y. 1994. Total statewide levy authority is \$674.9 for levies payable in calendar year 1993. Each year eligible districts certify about 98% of the levy authority available.

II. EXTENDED DAY/DISABLED LEVY

A total of 90 districts received extended day levy authority for F.Y. 1994. The total statewide levy authority is \$ 2,335.7 for levies payable in 1993.

B. Program Services/Statistics:

I. ADDITIONAL COMMUNITY EDUCATION REVENUE

	Current Law				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Levy limitation					
Amount (000s)	681.5	672.7	673.2	674.9	674.9
Number of districts	169	165	163	158	158
Certified levy					
Amount (000s)	664.8	660.6	657.8	661.4	661.4
Number of districts	163	160	156	150	150

II. EXTENDED DAY/DISABLED LEVY

	Current Law				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Levy limitation					
Amount (000s)	0	0	0	\$ 2,335.7	\$ 2,500.0
Number of Districts	0	0	0	90	92
Certified levy					
Amount (000s)	0	0	0	\$ 2,335.7	\$ 2,500.0
Number of Districts	0	0	0	90	92

PROSPECTS:

I. ADDITIONAL COMMUNITY EDUCATION REVENUE

A large number of districts eligible for the additional levy authority will continue to use the levy as a source of community education revenue.

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0402 MISCELLANEOUS COMMUNITY
SERVICE LEVIES

II. EXTENDED DAY - DISABLED LEVY

The number of districts offering extended day programs that provide services to disabled students and the cost associated with these services are expected to increase.

OBJECTIVES F.Y. 1994-95:

I. ADDITIONAL COMMUNITY EDUCATION REVENUE

With continuation of the additional levy authority, community education revenue will remain stable enabling community education providers to maintain their contribution to the goal of safe, friendly and caring communities.

II. EXTENDED DAY/DISABLED LEVY

With equalization of the levy for extended day program for disabled children the number of communities providing this service and the number of children served will increase contributing to the goal of "people who need help will receive it." Data will be collected on the increase in children served and the quality of service.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following modifications in miscellaneous community service levies:

1. Beginning in F.Y. 1995, reduce the additional community education revenue for a district by the amount of any increase in the district's community education revenue over the amount it received for F.Y. 1994.
2. Beginning in F.Y. 1995, provide state aid to equalize the extended day/disabled levy using an equalizing factor of \$3,700 per pupil unit.

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1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0403 ADULT BASIC EDUCATION

CITATION: M.S. 124.26
MDE ADMIN: Community Education/Learner Services
FEDERAL: 1216 Adult Education

PURPOSE:

To provide educational opportunities and risk-reduction support services appropriate for adults whose educational levels are barriers to productive participation in our complex and rapidly changing society.

Approximately 555,000 Minnesotans between the ages of 18 and 64, according to a 1988 Minnesota Interagency Adult Literacy Policy Group study, are unable to read, write, compute, problem-solve or cope with changing conditions sufficiently well to meet the requirements of adult life in Minnesota.

Disproportionately represented among the working poor; single parents; welfare recipients; the incarcerated; racial, ethnic and language minorities; displaced workers; the unemployed; and the homeless; these "functionally illiterate" adults often are the parents of "at risk" children and youth. They and their children will constitute the majority of Minnesota's work force in the 21st century.

Adult Basic Education (ABE) funding is intended to help uneducated and undereducated adults deal more effectively with their own and their families' lives by establishing, improving and maintaining a variety of adult learning options that:

- Empower individual adults to acquire the basic education and positive attitudes that can enable them to solve problems, think creatively, continue learning, and develop their maximum potential for leading productive, fulfilling lives as citizens, employees, consumers, and family and community members;
- Provide, through collaboration with other resources and services, adult education and risk-reduction support services that enable adults to identify, plan for, and achieve their personal learning and living goals in a timely and efficient manner;
- Enable adult learners to participate in designing, finding appropriate resources for, and assessing their own outcomes from, their personal educational plans;
- Stimulate adults to explore career choices commensurate with their abilities and interests, to master basic education levels that will enable them to enroll in and benefit from job training and retraining programs, and to obtain and retain productive employment so they more fully enjoy the benefits and responsibilities of citizenship; and
- Assist adults, regardless of their age, national origin, prior educational level or other unique needs, through appropriate learner-centered options, to continue their education to at least the secondary school completion level.

ABE contributes to the Minnesota Milestones goals of

- Minnesotans will excel in basic academic skills;
- Minnesotans have the advanced education and training to make the state a leader in the global economy;

by increasing school readiness and reducing the high school dropout rate, and by increasing the percentage of graduates who pursue higher education.

DESCRIPTION:

Adult education options currently being offered include: family literacy, adult literacy, work force education, literacy tutoring, english-as-a-second language proficiency, citizenship training, work readiness, adult education for the homeless, basic skills enhancement, general educational development (GED) equivalency preparation, and alternative high school diploma programs.

Adults are eligible for ABE when they are at least 16 years old, are not enrolled in school, and function below the high school completion level in basic skills. They need ABE because they lack the levels of proficiency in basic academic, interpersonal, problem-solving and other self-sufficiency skills and strategies essential for responsible citizenship, productive employment and healthy family relationships.

Aid and levy authority is available to public school districts, groups of districts, and other education providers and support service and resource agencies that submit an annual request for ABE program design approval and funding to the Minnesota Department of Education (MDE).

ABE aid equals 65 percent of the general education formula allowance times the number of full-time equivalent adult learners. Full-time equivalent is defined as 408 hours for learners at the adult secondary instructional level, and 240 hours for learners at lower instructional levels. Aid plus Federal ABE grants to a project cannot exceed 90 percent of the actual cost of providing the program.

Districts that are formal members of an approved ABE program may levy an amount not to exceed the amount raised by 0.21 percent times the adjusted tax capacity of the district for the preceding year.

ABE contracts are available to private non-profit organizations to provide ABE services that are not offered by a district or that are supplemental to a district's program. No funding match is required for private non-profit contracts. Applications for contracts must be approved according to the same criteria used for district programs.

State-funded ABE programs under M.S. Section 124.26 must:

- Be available to all adults with basic skills deficiencies who, from any cause, are unable to attend the district's elementary or secondary schools;
- Enroll only persons 16 years of age or older who are not enrolled in elementary or secondary school;
- Offer appropriate academic instruction that enables all eligible adults to become able to achieve at the secondary school level, or to meet the requirements to earn a high school diploma or a secondary school equivalency certificate;

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PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0403 ADULT BASIC EDUCATION
(Continuation)

- Maintain fiscal accounting and accountability records in compliance with generally accepted accounting principles and Uniform Financial Accounting Reporting System; and
- Agree to the assurances including: using monies received solely for the purposes approved in the application; not charging tuition or fees; requesting reimbursement only for non-reimbursed expenditures; and maintaining and submitting accurate, timely records and reports.

Application review and rating criteria are:

1. How the needs of different levels of learning will be met.
2. For continuing programs, an evaluation of results.
3. Anticipated number and education level of participants.
4. Coordination with other resources and services.
5. Participation in a consortium, if any, and money available from other sources.
6. Management and program design.
7. Volunteer training and use of volunteers.
8. Staff development services.
9. Program sites and schedules.
10. Program expenditures that qualify for aid.

Applicants are approved for two years instead of one if they demonstrate the capacity to:

1. Offer comprehensive, appropriate and accessible learning and support service options;
2. Provide participatory, experiential learning based on individual needs;
3. Plan, coordinate and develop cooperative agreements for support services;
4. Collaborate with business, industry, labor unions, and family and occupational education providers;
5. Provide sensitive, well-trained adult education personnel who participate in inservice education;
6. Participate in program reviews and evaluations; and
7. Submit accurate and timely performance and fiscal reports.

OUTCOMES:

A. Program Effectiveness:

Fifty-five (55) regional ABE projects, integrating 376 public school districts and 545 other agencies, including correctional facilities, libraries, public and cable television stations, job training agencies, community-based organizations and Indian reservations, are providing individualized learning options in more than 600 sites throughout the State.

More than 53,000 adults seek ABE each year because they have learned the hard way that their levels of literacy, coping, and other basic skills are not developed enough to overcome the barriers

to becoming self-sufficient.

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
NUMBER OF PROJECTS:	56	53	53	53	53
Districts Involved	376	380	382	382	382
Other Agencies Involved	545	550	555	555	555
Private Nonprofit Contracts	7	6	6	6	6
Learning Sites	637	625	630	630	630
Full-Time Sites	78	78	80	80	80
Classes	3,408	3,341	3,325	3,325	3,325
Total Enrollment	55,938	54,931	55,000	55,000	55,000
Percent of Total Eligible	10.9%	9.9%	10.0%	10.0%	10.0%
English as a Second Language	10,855	12,769	12,800	12,800	12,800
ABE (0-8 Grade Equivalents)	23,762	23,036	23,100	23,100	23,100
Adult Secondary	21,321	19,126	19,100	19,100	19,100
Unemployed	39.2%	59.2%	46.0%	46.0%	46.0%
Welfare Recipients	34.9%	45.2%	39.6%	39.6%	39.6%
Disabled	4.5%	8.9%	6.8%	6.8%	6.8%
Refugee	13.8%	23.2%	17.8%	17.8%	17.8%
Minority	45.6%	53.4%	49.0%	49.0%	49.0%
Corrections	12.1%	13.3%	11.0%	11.0%	11.0%
Homeless	1.8%	1.6%	1.7%	1.7%	1.7%

Learner Outcomes: To be effective at work and in their everyday lives, adults must develop an increasingly high level of integrated basic skills. Outcomes identified in ABE participants' personal education plans therefore have changed. Basic skills and competencies people need in order to participate fully and effectively in society as workers, consumers, family members and citizens, now include:

Reading
Writing
Listening and Speaking
Creative Thinking and Problem-Solving
Personal Effectiveness
Group Effectiveness
Societal Effectiveness
Knowing How To Learn

These basics reinforce each other to become tools that people can use to address the changing conditions at work and in their families and communities. To improve learning and ease the transition to life outside the classroom, learners need to experience using these skills for problem-solving and for accomplishing meaningful tasks.

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0403 ADULT BASIC EDUCATION
(Continuation)

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
PROGRAMMING RESULTS:					
Participating 12 Hours or More	81.4%	82.5%	83.0%	83.0%	83.0%
Completing Learning Plan	16,054	14,040	14,200	14,200	14,200
Improving Basic Skills	38,385	37,879	38,000	38,000	38,000
No Longer on Welfare	856	783	800	800	800
Securing or Bettering Employment	8,133	7,364	7,400	7,400	7,400
Learning English	10,184	9,821	10,000	10,000	10,000
Enrolling in Higher Education	2,705	2,333	2,300	2,300	2,300
Earning Diploma or GED	6,959	7,044	7,100	7,100	7,100
Registering to Vote	573	249	250	250	250
Becoming Citizens	250	111	120	120	120
Continuing in Program	27,589	30,957	31,000	31,000	31,000
LEAVING BEFORE COMPLETING GOALS:					
To Accept Job/Promotion	1,626	976	980	980	980
To Enter Higher Education	1,954	1,366	1,370	1,370	1,370
For Family or Childcare Problems	1,554	877	875	875	875
For Transportation Problems	368	267	270	270	270
All Other Reasons	7,524	3,910	3,900	3,900	3,900
DESCRIPTIVE AVERAGES:					
ABE Attendance Hours/Participant	69.2	66.1	66.1	66.1	66.1
Average Total Cost/Participant					
Hour	\$ 5.31	\$ 6.25	\$ 6.57	\$ 6.37	\$ 6.37
Average Total Cost/FTE	\$ 1,521	\$ 1,950	\$ 1,983	\$ 1,924	\$ 1,924
Number of Adult Educators	1,303	1,263	1,300	1,250	1,250
Full-Time	11.6%	15.6%	15.6%	15.0%	15.0%
Part-Time	88.4%	84.4%	84.4%	85.0%	85.0%
Number of Volunteer Tutors	5,767	3,020	3,200	3,200	3,200
Participant Contact Hours	3,151,225	2,993,763	3,015,962	3,015,962	3,015,962
Percent Enrollment Increase	5.0%	-1.8%	0.1%	0.0%	0.0%
Percent Drop-out Reduction	-7.2%	-15.0%	-0.7%	0.0%	0.0%

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	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Current Law					
Percent Increase Consortium Members	12.6%	1.0%	0.8%	0.0%	0.0%
Percent Cost Increase/Enroll. Increase	3.8%	19.4%	0.0%	0.0%	0.0%
Percent Persistence Increase	-5.0%	1.4%	0.6%	0.0%	0.0%
Percent PEP Completion Completion Increase	17.5%	-12.1%	1.1%	0.0%	0.0%

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- IV. F. Provide alternative learning settings for high risk learners to complete their high school education
- V. B. Clarified adult learner outcome statements
- V. C. Achieve an increasingly high level of integrated basic skills

B. Program Services/Statistics:

Enrollment in ABE programs has increased an average of 45 percent over the past four years as more adults seek to improve their basic skills, earn high school diplomas or GED certificates, master knowledge and skills needed to find or retain employment, help their children in school, and enroll in and benefit from further education or training.

Over the same period there has been an average increase of 95 percent in school district and other agencies that provide ABE and related support services. The number of adult education professionals employed full-time has increased from less than 5 percent to nearly 16 percent. The percentage of participants who achieve their personal education plan has increased 55 percent over the past four years. In that time period, 5,500 ABE participants are no longer on welfare, 40,900 have obtained a job or a better job, 19,900 have enrolled in higher education, and 23,700 have earned a high school diploma or GED certificate. The percentage who leave before completing their goals has decreased by more than 7 percent per year.

FUNDING:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Current Law					
(\$ in 000s)					
ESL FTE's	2,993.2	3,904.3	3,863.1	3,863.1	3,863.1
ABE FTE's	4,612.4	3,854.4	4,187.7	4,187.7	4,187.7
Adult secondary FTE's	3,394.8	1,845.7	1,938.5	1,938.5	1,938.5
Total FTE's	11,000.4	9,604.4	9,989.3	9,989.3	9,989.3

Gross Aid Entitlements

Entitlement for regular programs*	\$ 5,144.2	\$ 6,011.6	\$ 19,803.8	\$ 19,803.8	\$ 19,803.8
Entitlement for nonprofit contracts	221.0	204.1	275.0	275.0	275.0
Total Gross Aid Entitlement	\$ 5,365.2	\$ 6,215.7	\$ 20,078.8	\$ 20,078.8	\$ 20,078.8

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1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0403 ADULT BASIC EDUCATION
 (Continuation)

(continued from previous page)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
	Current Law				
Prorated Aid Entitlements					
Proration rate					
for regular programs	94.7%	97.2%	28.3%	28.3%	28.3%
for nonprofit contracts	100.0%	100.0%	100.0%	100.0%	100.0%
Prorated Entitlement for Regular Programs	\$ 4,873.2	\$ 5,843.9	\$ 5,598.0	\$ 5,598.0	\$ 5,598.0
Prorated Entitlement for Contracts	221.0	204.1	275.0	275.0	275.0
Total Prorated Entitlement	\$ 5,094.2	\$ 6,048.0	\$ 5,873.0	\$ 5,873.0	\$ 5,873.0
Other Revenues					
Federal Basic Grant	\$ 2,012.9	\$ 2,049.4	\$ 2,581.3	\$ 2,013.4	\$ 2,013.4
State Aid plus Federal Grant	7,107.1	8,297.4	8,454.3	7,886.4	7,886.4
Certified Local Levy	5,096.6	5,620.4	5,978.2	5,790.0	5,607.8
Other Local Revenue	4,552.7	4,807.4	5,376.7	5,359.2	5,359.2
Total Local Revenue	9,649.3	10,427.8	11,354.9	11,149.2	10,967.0
Total Revenue	\$ 16,756.4	\$ 18,725.2	\$ 19,809.2	\$ 19,035.6	\$ 18,853.4
State + Federal Portion of Revenue (Cannot exceed 90%)	42.4%	44.3%	42.7%	41.4%	41.8%

*Starting in F.Y. 1993, Entitlement for Regular Programs = .65 times \$3,050 times Total FTE

Further indicators of program effectiveness are being developed by service providers through a continuing evaluation project.

PROSPECTS:

The demand for ABE is increasing rapidly as more policy analysts, welfare reformers and employers, as well as the uneducated and under-educated adults themselves, recognize the connections between adult literacy and child literacy, and worker productivity and self-sufficiency.

Effective ABE is centered on the interests, schedules and characteristics of the individual adult participants. It requires full-time professional adult educators who can facilitate participatory,

experiential adult learning in collaboration with all community resources and services. Funding shortages, the elimination of adult refugee education funding, "sun-setting" funding for legalized aliens, and the possibility that funding for homeless adults and their families will not be renewed increase the demands on already limited State and Federal ABE funding.

OBJECTIVES F.Y. 1994-95:

Historically, we would expect to increase enrollment 8.1 percent each year, to increase the number of hours each adult persists in the program by 5.0 percent each year, and to decrease the number who leave before completing their goals by more than 7.0 percent each year.

The entitlement earned by adult education providers is expected to continue to exceed the appropriation by a factor of at least 2.3.

Participatory citizenship activities, including Americanization, learning English, becoming citizens, and voting, are expected to continue being in demand, and indicators traditionally would be expected to increase.

Self-sufficiency indicators, including obtaining and retaining employment, getting off public assistance, improving practical problem-solving abilities, enrolling in higher education, etc., normally would be expected to increase.

New indicators will be developed to monitor relatively new family literacy activities, such as linking adult literacy to children's readiness for school and success in learning.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following changes in the Adult Basic Education funding formula:

1. Beginning in F.Y. 1995, repeal the adult basic education levy, and increase state aid appropriations by an offsetting amount.
2. Modify the aid guarantee to ensure that a program's state aid for F.Y. 1995 and later years will be at least as great as the program's aid plus levy revenue for F.Y. 1994.
3. Beginning in F.Y. 1995, change the limit on state plus federal aid from 90 to 100 percent of actual cost.

The Governor recommends an aid entitlement of \$ 5,873 for F.Y. 1994 and \$ 11,663 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 5,904 in F.Y. 1994 (\$ 911 for F.Y. 1993 and \$ 4,993 for F.Y. 1994), and \$ 10,794 in F.Y. 1995 (\$ 880 for F.Y. 1994 and \$ 9,914 for F.Y. 1995).

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0403 ADULT EDUCATION AID

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$6,048	\$5,873	\$5,873	\$5,873
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Growth in Approved Expenditures	168			
Implementation of New Formula Based on Participation Rather than Cost		14,206	14,206	14,206
B.Legislation Becoming Effective				
CURRENT ENTITLEMENT	6,216	20,079	20,079	20,079
FUNDING EXCESS/DEFICIENCY	(168)	(14,206)		
POLICY CHANGES RECOMMENDED				
Prorate Entitlement			(14,206)	(14,206)
Replace Levy with State Aid				5,790
Total Policy Changes			(14,206)	(8,416)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			5,873	11,663
APPROPRIATIONS BASIS:				
Current Year	5,141	4,962	4,993	9,914
Prior Year	761	907	911	880
Transfers (M.S. 124.14)	21			
Total Funding (State General Fund)	5,923	5,869	5,904	10,794
LEVY AUTHORITY	6,343	6,465	6,262	0

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1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

 0404 ADULTS WITH DISABILITIES

CITATION: M.S. 121.88, Subd 6-7; 124.2715
MDE ADMIN: 1403 Community Education/Learner Services
FEDERAL: None

PURPOSE:

Funding is provided to school districts with local community education programs to enable adults with physical and/or developmental disabilities to participate fully in the mainstream of community life. Over 296,000 Minnesotans between the ages of 16 and 65 have limiting disabilities and are not institutionalized. The purpose of this program is the integration of adults with disabilities with others in their community. People with disabilities, who in the past have been nearly invisible in our society, are eager, able and adamant about being part of the mainstream of life.

Specifically supported by this funding are the following:

- services enabling adults to participate fully in community activities including Community Education classes;
- outreach activities to identify adults needing services;
- classes specifically for adults with disabilities;
- activities to enhance the role of people with disabilities in the community;
- activities to increase public awareness of the roles of people with disabilities; and
- other direct and indirect services and activities benefiting adults with disabilities.

This program contributes to three Minnesota Milestones goals:

- To welcome, value and respect people of all cultures, races and ethnic backgrounds;
- Our communities will be safe, friendly, and caring;
- People with disabilities will have the opportunity to participate in society.

Both communities as a whole and individual persons with disabilities benefit from these programs. As adults with disabilities become integrated in community life and accepted as individuals, communities are strengthened and many individual lives become richer.

DESCRIPTION:

To be eligible for specific categorical revenue to serve adults with disabilities, a Community Education program must receive approval from the Minnesota Department of Education (MDE). A request for approval must include all of the following:

- characteristics of the people to be served;
- description of the program services and activities;
- program budget and amount of aid requested;
- participation by adults with disabilities in developing the program;

- assessment of the needs of adults with disabilities; and
- cooperative efforts with community organizations.

For programs that are approved, the state aid formula provides the lesser of \$30,000 or 1/2 the actual expenditures. A district is required to match this aid amount from local sources. The district is permitted to levy the lesser of \$30,000 or the actual expenditures minus the amount of state aid for the program. If a program is offered by a group of districts, the levy amount is allocated among the districts in accordance with an agreement submitted to MDE. Other public or private funds may be expended for these programs at the discretion of the local districts.

OUTCOMES:

A. Program Effectiveness:

The 34 programs operating in 81 school districts are visible and successful, and continue to provide a wide variety of services to clients and communities. Over 18,000 people with disabilities participated in these programs in F.Y. 1992. Cooperation with community-based organizations continues to be strong and growing.

Funded programs provide a full range of services to adults with disabilities, including specialized classes, support services for integration into community activities, and public awareness.

Existing programs have grown to the point that they are in need of additional funding to provide needed services. Of the 34 funded projects, 13 have reached the funding "cap" and cannot receive more state aid or raise more in levy revenue. Yet, there are additional needs in their communities that a \$ 60,000 per project budget cannot meet, even through good networking and cooperation with other agencies.

An excellent performance measure for Adults with Disabilities Programs will be to tabulate how many school districts with Community Education Programs are reporting participation by adults with disabilities. This information has been added to the required Annual Report from each Community Education Program. Both the number of districts reporting participation and number of individuals with disabilities should show continuous growth if the program is effective. This indicator of effectiveness will measure the effect of this program on the state as a whole, not just on the communities receiving funding where strong growth in numbers is already evident and is continuing.

Other indicators for the effectiveness of this program listed in Minnesota Milestones include attendance at nonprofit arts events, participation in amateur sports, and attendance at professional sporting and other events. As the data for these indicators are gathered, numbers of persons with disabilities who are included in the totals should be noted. As the numbers increase, it will reflect well on Community Education services for adults with disabilities.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- V. B. Clarified adult learner outcome statements
- V. C. Achieve an increasingly high level of integrated basic skills

PROGRAM: 04 Community and Family Education
 AGENCY: Education Aids

1994-95 Biennial Budget

0404 ADULTS WITH DISABILITIES
 (Continuation)

B. Program Services/Statistics:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	Current Law F.Y. 1994	F.Y. 1995
Number of Programs Funded	34	34	34	34	34
Districts Involved	71	81	84	84	88
Other Organizations Involved	310	325	330	330	340
Number of Participants	17,000	18,000	18,500	19,000	19,500
Program Funding (\$ in 000s)					
1. Aid Entitlement					
a. Approved Expenditures	\$1,317.4	\$1,340.0	\$1,340.0	\$1,340.0	\$1,340.0
b. Gross Aid at 50%	658.7	670.0	670.0	670.0	670.0
2. Local Funds					
a. Levy Limit	670.0	670.0	670.0	670.0	670.0
b. Certified Levy	614.3	630.9	647.7	656.6	656.6
c. Other Public and Private Funds	44.4	39.1	22.3	13.4	13.4
3. Total Funding (1b plus 2b plus 2c)	\$1,317.4	\$1,340.0	\$1,340.0	\$1,340.0	\$1,340.0

PROSPECTS:

Over 296,000 adult Minnesotans living in the community have a limiting disability. The major limitation to growth of programs serving adults with disabilities is the small amount of money allocated for the grants. More applications for funding are submitted than can be supported with the available funds.

With the implementation of the Federal Americans with Disabilities Act guaranteeing accessibility for employment, transportation, and public accommodations for disabled individuals, interest in this program is increasing dramatically. The cost of providing services to adults with disabilities is high, and the funding allocated is minimal. Already the local demands on programs far outweigh the resources available. If no additional funding is provided, programs serving adults with disabilities may begin to draw resources from other community education programming, causing a decline in services and learning opportunities in communities across Minnesota.

The state program was moved from the Council on Quality Education to Community Education in F.Y. 1985 as a pilot program. The current funding includes only aid money with no funds for state-level evaluation or technical assistance. The needs have outgrown this method of funding. An

alternate method of funding new and existing programs is needed that will permit more local levy for approved programs.

As a result of the increasing numbers of adults needing/requesting services, the Minnesota Department of Education (MDE) anticipates continuously increasing funding needs in the Adults with Disabilities program. MDE anticipates full utilization of the base funding of \$670 in F.Y. 1994 and \$670 in F.Y. 1995.

OBJECTIVES F.Y. 1994-95:

Given the base funding level of \$ 670 for F.Y. 1994 and \$ 670 for F.Y. 1995, efforts will be made to maintain existing levels of programs and services. However, the need to evaluate the effectiveness of these programs grows more acute.

Given the funding pattern—no growth in funding for four years—direction is needed to learn which practices are the most beneficial to communities and participants, so that the maximum impact can be achieved. An objective for 1994 - 1995 is to collect any evaluations done of local Adults with Disabilities programs and convene a group of local people to draw together information from them as indicators of the impact of the statewide program. Given that no staff and no additional state level resources are available for this program, this appears to be the only way to obtain objective assessment of this program without changing the enabling legislation to pull dollars from programs for state level staff or for evaluation. Because of the growing demand for adults with disabilities services, existing dollars should continue to be used for services and programs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 670 for F.Y. 1994 and \$ 670 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 670 in F.Y. 1994 and \$ 670 in F.Y. 1995.

The Governor recommends continuation of authority for carryover of any unexpended balance in the first year to the second year of the biennium.

EDUCATION AIDS – GOVERNOR'S BUDGET
(Dollars in Thousands)

0404 ADULTS WITH DISABILITIES

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$670	\$670	\$670	\$670
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	670	670	670	670
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			670	670
APPROPRIATIONS BASIS:				
Current Year	670	670	670 a)	670
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	670	670	670	670
LEVY AUTHORITY	0	0	0	0

a) Continuation of authority is recommended for carryover of any unexpended balance in the first year to the second year of the biennium.

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1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0405 ADULT GRADUATION AID
 (Diploma Opportunities For Adults)

CITATION: M.S. 120.06, Subdivision 3; M.S. 124.17, Subdivision 2e;
 M.S. 124.261; M.S. 126.22, Subdivisions 2d and 3

MDE ADMIN: 1403 Community Education and Learner Services
FEDERAL: None

PURPOSE:

To provide opportunities for adults age 21 and over, who have not finished school, to complete their high school education. Eligible individuals receive up to two years or the equivalent of free public education toward satisfying high school graduation requirements. Adult Graduation Aid is designed to help economically disadvantaged adults obtain a high school diploma that will enable them to find meaningful employment, thus reducing welfare, correctional, and other social costs.

More specifically, the program objectives are to a) attract and retain individuals in high school education programs, and b) provide individuals with more options and opportunities to earn their high school diplomas. These options include attending area learning centers, public alternative programs, postsecondary institutions, adult basic education programs, and traditional high schools.

The Adult Graduation Aid program is related to several of the Minnesota Milestones goals, including

- people who need help will get the help they need;
- all Minnesotans will have the economic means to maintain a reasonable standard of living;
- rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work;
- Minnesotans will excel in basic academic skills; and
- Minnesotans will have the advanced education and training to make the state a leader in the global economy.

The first three of the listed goals relate to the economic self-sufficiency of the state's citizenry. Achievement of these goals is significantly enhanced by more individuals attaining a high school diploma and advanced education and training.

DESCRIPTION:

Diploma Opportunities for Adults is designed for learners age 21 and older who have less than 14 years of public or nonpublic education and who 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 Jobs and Training Act.

Eligible adult learners may enroll in Area Learning Centers' postsecondary courses if eligible through Postsecondary Enrollment Options, Public Alternative Programs, or any public high school (provided that the local school board has adopted a resolution approving enrollment of individuals age 21 and over). Free admission is currently limited to two school years or the equivalent, or until the adult learner completes the course work required for graduation.

The state Adult Graduation aid follows each enrolled adult to the school district and/or postsecondary institution attended.

The aid amount for each eligible pupil equals 65 percent of the General Education formula allowance times the Average Daily Membership (ADM) for the pupil. Adult Graduation Aid paid by the state is in addition to any other aid to the district. These pupils may not be counted by the district for any other purpose other than Adult Graduation Aid.

OUTCOMES:

A. Program Effectiveness:

By expanding educational opportunities for adults age 21 and over who have not achieved a high school diploma, this program is related to three of the Minnesota Milestones indicators: a) the number of persons unemployed (per 100,000) more than 26 weeks; b) the number of persons employed full-time (per 1000) who are adults over the age of 20; and c) the number of high school graduates who are pursuing advanced education or training one year after high school.

Currently, methods are not in place to measure the effectiveness of the Adult Graduation Aid program. More precise data, including the actual number of graduates per year, the effect of earning a high school diploma on employment, income, and self-worth, and the incidence of enrollment in postsecondary education programs would be valuable in future study of the program's success.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- IV. C. Improve learner self-esteem
- IV. F. Provide alternative learning settings for high risk learners to complete their high school education
- V. B. Clarified adult learner outcome statements
- V. C. Achieve an increasingly high level of integrated basic skills

B. Program Services/Statistics:

Participation in the Adult Graduation Aid program has steadily increased since its implementation. The number of learners enrolled in the program has grown from 427 in F.Y. 1989 to an estimated 1,740 in F.Y. 1991.

The percentage of appropriation expended has also increased. In F.Y. 1989, only 25 percent of the allocated funds were expended. That figure rose to 84 percent in F.Y. 1990 and 95 percent in F.Y.

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0405 ADULT GRADUATION AID
(Diploma Opportunities For Adults)

1991. Appropriation shortfalls are anticipated for F.Y. 1992 and F.Y. 1993, as well as F.Y. 1994, and F.Y. 1995, if the funding level remains the same.

(\$ in 000s)	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Participants	1,215	1,819*	2,280*	2,742*	3,204*
Average Daily Membership (ADM)	422.78	606.21	760.00	914.00	1,068.00
Formula Allowance per ADM (65 % of General Education Allowance x 1.30)	2,591**	2,577	2,577	2,577	2,577
Aid Entitlement before PSEO	1,095.6	1,562.4	1,958.7	2,355.6	2,752.5
Adults in Postsecondary Enrollment Options (PSEO)	0.0	41.0*	50.0*	65.0*	85.0*
Aid entitlement after PSEO	1,095.6	1,603.4	2,008.7	2,420.6	2,837.5

*Estimates

**Weighting factor of 1.35 in F.Y. 1991

PROSPECTS:

The number of Minnesota adults eligible for this program is estimated at over 50,000. Utilization of the Adult Graduation Aid funding allows adults age 21 and over lacking a high school education to obtain a credential that increases their opportunity to secure meaningful employment. This in turn reduces reliance on welfare, correctional, and other social programs.

As currently designed, the Adult Graduation Aid program limits a learner's participation to two full years of enrollment (based on full-time Average Daily Membership). Participation would increase and program objectives would be more completely achieved if a learner's eligibility were equated with his/her actual remaining graduation requirements, regardless of the time involved.

Information previously presented shows two factors that are affecting this program. The number of participants per year has risen significantly from 427 in F.Y. 1989 to 1,819 in F.Y. 1992, and a shortfall in appropriations is projected. Given these factors, some program adjustments will be necessary if the target population is to be reached and the program objectives attained.

OBJECTIVES F.Y. 1994-1995:

Given the base funding level of \$ 1,365 for F.Y. 1994 and \$ 1,365 for F.Y. 1995, efforts will be made to accommodate increasing costs and minimize the effects on existing service levels. However, a reduction in programs and services provided to learners may occur.

The number of program participants has risen by more than 400 percent since F.Y. 1989. Entitlement aid for F.Y. 1992 was necessarily prorated because of that marked increase in participation.

A Minnesota Department of Education legislative proposal recommends a reduction in the formula allowance per ADM from 1.3 to 1.0. This change would partially address the anticipated increase in participation but would also decrease resource revenue per learner.

GOVERNOR'S RECOMMENDATION:

The Governor recommends maintaining adult graduation aid for F.Y. 1994 and F.Y. 1995 at the F.Y. 1993 level of \$1,365. Adult graduation aid would be prorated at 56 percent in F.Y. 1994 and at 48 percent in F.Y. 1995, compared with a 68 percent proration in F.Y. 1993.

The Governor recommends the following modifications in the adult graduation aid formula, beginning in F.Y. 1994:

1. Repeal the two-year limit on free admission for participants in the adult diploma program.
2. Change the weighting factor for participants in the adult diploma program from 1.3 to 1.0.

The Governor recommends an aid entitlement of \$ 1,365 for F.Y. 1994 and \$ 1,365 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 1,365 in F.Y. 1994 (\$ 204 for F.Y. 1993 and \$ 1,161 for F.Y. 1994), and \$ 1,365 in F.Y. 1995 (\$ 204 for F.Y. 1994 and \$ 1,161 for F.Y. 1995).

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0405 ADULT GRADUATION AID

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$1,364	\$1,364	\$1,365	\$1,365
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Increase in Participation	198	595	991	1,388
Adults in PSEO Program	41	50	65	85
B.Legislation Becoming Effective				
CURRENT ENTITLEMENT	1,603	2,009	2,421	2,838
FUNDING EXCESS/DEFICIENCY	(239)	(645)		
POLICY CHANGES RECOMMENDED				
Lower Secondary Weighting to 1.0 and Extend Eligibility			(544)	(635)
Prorate Entitlement			(512)	(838)
Total Policy Changes			(1,056)	(1,473)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			1,365	1,365
APPROPRIATIONS BASIS:				
Current Year	1,160	1,160	1,161	1,161
Prior Year	127	204	204	204
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	1,287	1,364	1,365	1,365
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aid

0406 HEARING IMPAIRED ADULTS

CITATION: M.S. 121.1201
MDE ADMIN: 1305 Special Education
FEDERAL: None

PURPOSE:

To provide for interpreters or note-taker services for adults with hearing impairments to assure equal access to continuing education opportunities. More specifically, this program:

- is targeted for part time adult students with hearing impairments;
- provides access to vocational education programs promoting educational growth and development;
- enhances and encourages life-long learning; and
- has the same objectives as stated under 0301 Special Education Regular. 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, to the full array of post secondary education programs available.

This program contributes to the Minnesota Milestones goals of

- excellence in basic academic skills; and
- people with disabilities will have the opportunity to participate in society

by reducing the high school dropout rate, by providing education programs that are appropriate to the unique education needs of individuals with disabilities and by preparing individuals to be independent, productive and responsible adults.

by reducing the high school dropout rate, by providing education programs that are appropriate to the unique education needs of individuals with disabilities, and by preparing these individuals to be independent, productive and responsible adults.

DESCRIPTION:

Public and private agencies providing adult education classes enrolling adults with hearing impairments may apply to the Minnesota Department of Education (MDE) for reimbursement of the costs of providing the support services. Typically, one interpreter is employed for up to five adults with hearing impairments. A note-taker normally provides service to a single student. To the extent funds are available, full reimbursement of the costs of providing the service is made upon approval of the application.

Aid has also been provided to include closed captioning on educational video tapes which benefit a greater number of individuals with hearing impairments. Aid is not provided to students enrolled

in vocational rehabilitation supported programs where other sources of funds are available. Full time students are not eligible for this aid.

OUTCOMES:

A. Program Effectiveness:

Individuals with hearing impairments are often under-educated and under-employed when compared to their peers with normal hearing. Therefore, the adult hearing support program provides an opportunity for these individuals to improve their educational skills, thus improving opportunities for employment and life status.

For further discussion of the outcomes and effectiveness of state education programs refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- V. B. Clarified adult learner outcome statements
- V. C. Achieve an increasingly high level of integrated basic skills

B. Program Services/Statistics:

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Application for Services	200	210	210	240	280
Adults Served	630	640	640	675	700
Claims Funded	\$ 70.0	\$ 70.0	\$ 70.0	\$ 70.0	\$ 70.0

PROSPECTS:

This program is anticipated to be in continuing demand. The funds are expected to be used more by metro agencies than rural agencies.

As a result of the continuing demand for hearing impaired services, Minnesota Department of Education anticipates full utilization of the base funding of \$ 70 in F.Y. 1994 and \$ 70 in F.Y. 1995.

OBJECTIVES F.Y. 1994-95:

Given the base funding level of \$ 70 for F.Y. 1994 and \$ 70 for F.Y. 1995, efforts will be made to maintain existing levels of programs and services.

Additional data regarding the number of adults needing and receiving support services will be gathered by F.Y. 1995 in order that we can more accurately define the extent of the need and to define problems and propose solutions, if any, and establish standards to judge effectiveness.

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aid

0406 HEARING IMPAIRED ADULTS
(Continuation)

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 70 for F.Y. 1994 and \$ 70 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 70 in F.Y. 1994 and \$ 70 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0406 HEARING IMPAIRED ADULTS

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$70	\$70	\$70	\$70
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	70	70	70	70
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			70	70
APPROPRIATIONS BASIS:				
Current Year	70	70	70	70
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	70	70	70	70
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0407 EARLY CHILDHOOD FAMILY EDUCATION

CITATION: M.S. 121.882; 124.2711;
MDE ADMIN: 1403 Community Education
FEDERAL: None

PURPOSE:

To enhance the ability of parents to provide for their children's optimal learning and development through education and support during the early childhood years, from birth to kindergarten enrollment. This community-based parent-child program is designed to maximize the use of available resources to provide cost-effective prevention/risk reduction services for all young children and their families through the cooperation and collaboration of agencies, services, and other community resources. The focus is on strengthening families, recognizing and building upon their strengths to foster self-sufficiency and the well-being of both children and parents. This universal access to family support ultimately increases the stability and social capital generated by more caring communities.

This program contributes to the Minnesota Milestones goals of:

- all children will come to school ready to learn;
- families will provide stable environment for children;
- our communities will be safe, friendly, and caring.

DESCRIPTION:

A school district must provide a community education program to be eligible to establish and maintain an Early Childhood Family Education (ECFE) program. All children, birth to kindergarten enrollment, and their families residing in the district are eligible to participate. Such 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, mental, and emotional development of children;
- programs to enhance the skills of parents 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;

- information on related community resources; or

- other programs or activities to improve the health, development and learning readiness of children.

Program funding is provided in the form of guaranteed equalized revenue based on the district's population under 5 years of age.

Maximum revenue for F.Y. 1993 is equal to \$101.25 times the population (age birth to 4) but not less than \$15,187.50 per district.

Levy is equal to the lesser of maximum revenue or 0.596 percent times Adjusted Net Tax Capacity (ANTC).

The aid is equal to Maximum Revenue minus levy, with a proportionate reduction in aid for any under-levy.

For F.Y. 1993, the statewide ECFE programs collectively are supported 58.4 percent with local levy, and 41.6 percent state aid.

OUTCOMES:

A. Program Effectiveness:

Early Childhood Family Education (ECFE) is now offered by 389 school districts. The 230,000 parents and children served in F.Y. 1992 reflect a representative cross section of Minnesota's total population. Continuing outreach efforts are yielding positive results as indicated by demographic surveys conducted statewide every two years. The capability of targeting certain populations and serving them more intensively within a universal program makes the program more appealing and acceptable to families historically considered hard to reach. Feedback from referring agencies supports this strategy because it allows children and parents to build social support networks and access positive role models not usually available in programs that limit eligibility to a specific population.

Minnesota ECFE has been a part of two Harvard Family Research Project studies. Harvard researchers describe the program as one of the leading programs in the nation, unique for its grassroots, empowering approach and commitment to quality. Current evaluation efforts include formative, short-term outcome and cost-analysis studies. A recently completed parent outcome study documents the following changes in program participants:

- increased feelings of support from others, knowing they are "not alone" (reducing isolation, a major factor in abuse/neglect);
- an increased sense of confidence and self-esteem as a parent;
- increased knowledge, awareness and understanding about children and child development and the parental role;
- changed perceptions and expectations for themselves as parents and for their children;
- changes in behavior based on increased feelings of support from others, increased self-confidence, increased knowledge, and changed perceptions and expectations of their children and themselves.

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0407 EARLY CHILDHOOD FAMILY EDUCATION
 (Continuation)

More than three-fourths of the parents indicated changes they observed in their children that they associated with program participation. These included:

- improved social interaction and relationships, development of social skills;
- an increased sense of self-confidence and self-esteem;
- language development and enhanced communication skills; and
- expression of feelings.

All of these are commonly recognized elements of school readiness.

For further discussion of the outcomes and effectiveness of state education programs refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- II. B. Opportunities are available to children and parents
- II. D. Parents are involved in a child's learning and development
- II. E. Programs are accessible to children and their families
- IV. I. Ensure the satisfaction of families through the involvement of parents in learner success

B. Program Services/Statistics:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Current Law</u> <u>F.Y. 1994</u>	<u>F.Y. 1995</u>
1. Participants	213,000	230,000	235,000	235,000	235,000
2. Formula Revenue:					
Allowance per capita	\$87.75	\$96.50	\$101.25	\$101.25	\$101.25
Minimum per district					
(actual\$)	13,162.50	14,475.00	15,187.50	15,187.50	15,187.50
Total Revenue (000s)	\$24,968.0	\$28,586.4	\$30,601.0	\$31,162.0	\$31,261.0
Number of districts	370	378	389	393	393
3. Levy:					
Property value measure*	AGTC	ANTC	ANTC	ANTC	ANTC
Tax Rate	.0040	.0054	.00596	.00596	.00596
Total Levy (000s)	\$13,817.7	\$17,603.2	\$17,529.0	\$17,951.1	\$17,341.0
Number of districts	370	378	389	393	393
4. State Aid:					
Gross aid amount (000s)	\$11,150.2	\$13,505.1	\$12,997.8	\$13,633.0	\$13,920.0
Proration factor	.9315	.9844	1.0	1.0	1.0
Prorated aid (000s)	\$10,386.8	\$13,294.2	\$12,997.8	\$13,633.0	\$13,920.0
Number of districts	344	354	341	368	368

Note: For F.Y. 1993 only, an additional non-equalized aid of \$1.60 per child age 0-4 is included in the revenue calculations for a home visit focus as part of the violence prevention initiative.

* Adjusted Gross Tax Capacity (AGTC); Adjusted Net Tax Capacity (ANTC).

PROSPECTS:

Because Early Childhood Family Education is one of very few programs for young children and their families with universal eligibility, it is being viewed as a major part of the foundation for new comprehensive, integrated service delivery systems. Experiences of the program indicates that a broad spectrum of families with varying needs can participate extensively within a universal program and thus avoid the labeling and stereotyping frequently associated with programs designed to address a specific problem. Consequently, it is expected that ECFE will continue to emphasize a collaborative approach in working with all families as a way to create more caring communities and improve outcomes for children and families.

OBJECTIVES F.Y. 1994-95:

Given the funding level of \$ 13,633 for F.Y. 1994 and \$ 13,805 for F.Y. 1995, efforts will be made to maintain existing levels of programs and services. The number of collaborative efforts initiated to meet the more intensive needs of some families will continue to increase each year. Without increased funding, it is unlikely that waiting lists can be eliminated although efforts will be made to reduce them.

The discussion of outcomes and effectiveness indicators for many aid and grant programs is found in the Education Outcomes and Program Effectiveness section at the beginning of this budget document. Projections for the 1994-95 biennium are included for some of the indicators that are identified and discussed in that section.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following modification in the early childhood family education funding formula:

Beginning in F.Y. 1995, compute a revenue reduction for school districts with early childhood family education fund balances exceeding 200 percent of annual early childhood family education revenue. The revenue reduction will equal the lesser of the excess fund balance or the annual early childhood family education revenue. The reduction will be made proportionately from aid and levy.

The Governor recommends an aid entitlement of \$ 13,633 for F.Y. 1994 and \$ 13,805 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 13,464 in F.Y. 1994 (\$ 1,875 for F.Y. 1993 and \$ 11,589 for F.Y. 1994), and \$ 13,779 in F.Y. 1995 (\$ 2,044 for F.Y. 1994 and \$ 11,735 for F.Y. 1995).

The Governor further recommends that administration of this program be transferred to the Children's Services Division of the Department of Children and Education Services.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0407 EARLY CHILDHOOD FAMILY EDUCATION

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$13,303	\$13,003 a)	\$12,504	\$12,504
ENTITLEMENT CHANGES PER CURRENT LAW:				
A. Budget Variables				
Revenue Changes:				
Age 0 – 4 Population/District Participation	125	108	944	1,045
Underlevies by Participating Districts	83	67	291	289
Levy Change:	(6)	(180)	(106)	82
B. Legislation Becoming Effective				
CURRENT ENTITLEMENT	13,505	12,998	13,633	13,920
FUNDING EXCESS/DEFICIENCY	(211)b)	5		
POLICY CHANGES RECOMMENDED				
Initiate Revenue Reduction for Excess Fund Balance				(115)
Total Policy Changes				(115)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			13,633	13,805
APPROPRIATIONS BASIS:				
Current Year	11,307	11,128 a)	11,589	11,735
Prior Year	1,549	1,996	1,875	2,044
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	12,856	13,124	13,464	13,779
LEVY AUTHORITY	15,081	17,603	17,529	17,188

a) Includes \$500 for violence prevention at 100% current funding.

b) \$202 plus \$9 prior year payments per M.S. 124.14, Subd. 2.

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

 0408 EARLY CHILDHOOD SCREENING

CITATION: M.S. 123.701-7045
MDE ADMIN: 1403 Community Education and Learner Services
FEDERAL: None

PURPOSE:

The purpose of Early Childhood Screening (ECS) is to 1) assist parents and communities to improve the educational readiness and health of all young children in Minnesota through early detection of health, developmental and family factors that may interfere with a child's learning, growing and developing, 2) assist schools and their communities in planning educational and health programs for all children and families, focussing on those at risk, and 3) link families to learning readiness initiatives in the school and community.

More specifically, the objectives are to:

- detect and seek solutions to conditions that may interfere with young children's growing, developing and learning by predicting and preventing problems, minimizing physical and educational barriers, and aiding in dealing with special needs of individual children, thereby reducing later costly care;
- enable parents to become more aware of the connections among physical health, development and readiness for learning and the connection between family circumstances and a child's development and learning;
- link children and families, through Learning Readiness initiatives, to a wide range of community services and programs to enhance their development and readiness for formal education. This includes collaboration with other early childhood programs (Early Childhood Family Education, Special Education and Head Start, for example);
- improve the access to and regular use of preventive health services by increasing awareness for the need of early and periodic health services, discussing financing of health care including the Minnesota Care, and linking families to public and private health care providers; and
- provide leadership in the development and implementation of effective programs.

By improving the educational readiness of children through the early detection of health and developmental barriers, assisting schools in planning educational and health programs for all children, and linking families to learning readiness programs and initiatives, this program contributes to the Minnesota Milestones goals of

- excellence in basic academic skills;
- all children will come to school ready to learn;
- families will provide a stable environment for their children; and
- Minnesotans will be healthy.

DESCRIPTION:

Through ECS, educators and health professionals focus on a child's health and development. All families are linked to school and community programs that promote health and enhance a child's well being. Using a series of standardized screening instruments and structured interview procedures, screeners identify the normal health and development of a child while sorting out conditions and situations that require further assessment. Children and families needing further assessment are referred to a variety of school and community services. Then ECS providers follow-up by contacting parents to ensure that referral sources are accessible and acceptable and that the identified needs have been met and/or the child and family are in an ongoing system of service and support.

Minnesota school districts are required to offer the screening for four-year-old children. Many districts include 3½ to 5 year olds in their programs. The number of children eligible for screening statewide fluctuates with the birth rate and mobility; there are approximately 62,000 eligible children per year.

Parents are required to have their children screened at the school district program or by a public or private health care provider that offers comparable services. Required components that children must receive include developmental review, sensory (vision and hearing) screening, immunization review, growth (height and weight), review of family factors that might affect development and a summary interview. Optional components include the health history (included by 60% of school districts), nutrition review, laboratory tests and physical assessments. If the child has been to a physician or other health care provider for well child care within one year prior to screening, the school must request the results of that visit so the findings can be reviewed in conjunction with the screening findings, thus providing a comprehensive view of the child's health, development and family factors. Evidence of the date and results of screening is to be presented at school enrollment prior to or during kindergarten or Grade 1. Parents have 30 days after school enrollment to meet the requirement.

Schools are to work in collaboration with other early childhood programs and public or private health care providers to offer a comprehensive and cost effective program. Outreach is an intensive effort to notify all parents of the requirement for screening, of their options for services and to encourage participation early, at age 3-1/2 to 4. The actual screening is staffed by personnel from K-12 education, special education, community education and/or contracts with community health agencies and education cooperatives. Follow-up includes guaranteeing that problems noted have been assessed, resolved, or the family is linked with ongoing services and support. In the future, Learning Readiness initiatives will play a major role in ensuring follow-up is complete. Local and/or county Interagency Early Intervention Committees assist in planning and evaluating ECS.

The state reimburses districts for planning, administering and evaluating the program. The present state reimbursement rate is \$25 per child screened. When the ECS state categorical aid does not meet actual costs, districts draw on Grade K-12 General Education aid, early childhood family education funds, special education funds, community resources and use of volunteers. A few ECS programs also use federal Medical Assistance dollars because they provide comprehensive services equivalent to Children and Teen Checkups (formerly named EPSDT).

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
 AGENCY: Education Aids
 0408 EARLY CHILDHOOD SCREENING
 (Continuation)

OUTCOMES:

A. Program Effectiveness:

For fourteen years ECS has been linking children and families with resources in the school and community. The Legislature considered the services so vital to a child's readiness for formal education that in 1991 it established ECS as a requirement for four-year-olds. At the same time, ECS was designated as the link to the Learning Readiness initiative, providing assessment of all areas to be included in a Learning Readiness Plan.

The ECS program has been very effective in screening young children in Minnesota. The program is responsible for identifying hearing problems, vision problems, and developmental concerns not previously known to parents. More severe problems are also discovered such as behavior problems, lack of regular health care due to financial problems and family chaos, health problems not previously identified by physicians, and neglect and abuse problems. In many communities, economic and social stresses of families are reflected by the increased needs of children. ECS also has been an opportunity to reinforce positive parenting skills and to focus attention on areas such as injury prevention, diet, behavior guidance strategies and encouraging learning activities.

In 1988, ECS was restructured to provide comprehensive health and developmental services to three-year-olds. Because of the major changes, school districts were given 5 years to institute the comprehensive program. This transition was interrupted midway through the adoption of the new model. In 1991, the major changes included focusing on sensory and developmental screening while increasing communication with and access to public and private health care providers for health issues. A review of family factors was added, providing a very positive opportunity for parents to discuss circumstances that might positively or negatively affect a child's development. This provided a strong and natural link to the newly instituted Learning Readiness program. The screening program also became a requirement for school entry. A key finding of the screeners in the first experimental year of including the family factors component was the profound isolation of families in all communities—rural, small cities, suburban and urban. Most families wanted and needed more information about connecting with other families and about family-oriented services and recreation. Modifications in 1992 codified the procedures most programs were following—providing information to parents about their rights regarding sharing private family information with ECS staff or the school.

In 1991 the requirement for children to be screened prior to school entrance was enacted. Due to the short time-line for implementing the changes during F.Y. 1992, schools did their best to guarantee that new students were screened and to provide a "catch-up" review of sensory function (vision and hearing) and development for children not previously screened but already enrolled in kindergarten. During F.Y. 1993, the statute is to be fully enforced by local school districts, but parents and schools were given the flexibility of a 30-day grace period after enrollment to have

children screened. No data are yet available on the compliance rates nor the number of children screened at school programs and the number obtaining a comparable screen through private and public health care providers.

The reimbursement rate of \$25 per child covers one-half of the cost of screening, the average being \$50 per child screened. The actual costs are due to increased requirements for outreach, the requirement for professionals to do the screening, the time it takes to conduct the family review component which must be done in a comfortable, relaxed interview, and administrative tasks related to verifying records given the mandate for screening prior to school enrollment.

For further discussion of the outcomes and effectiveness of state education programs refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- II. B. Opportunities are available to children and parents
- II. D. Parents are involved in a child's learning and development
- II. E. Programs are accessible to children and their families
- IV. I. Ensure the satisfaction of families through the involvement of parents in learner success

B. Program Services/Statistics:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	Current Law F.Y. 1994	F.Y. 1995
Eligible children	66,000	66,000 ^(a)	65,000	65,000	65,000
Percent participating	70%	100% ^(a) 15% ^(b)	95%	95%	95%
Number screened	53,200	65,000 ^(a) 10,200 ^(b)	62,000 ^(a) 3,000 ^(b)	61,000 ^(a) 1,000 ^(b)	61,000 ^(a) 1,000 ^(b)
Reimbursement rate	\$ 8.15(part) \$ 30.00(full)	\$25 \$22* (prorated)	\$25	\$25	\$25
Aid entitlements	\$514.7 ^(c)	\$1,879.0	\$1,600.0	\$1,550.0	\$1,550.0
Prorated Aid (000s)	\$514.7 ^(c)	\$1,650.0	\$1,600.0	\$1,550.0	\$1,550.0

^(a) Targeted pre-school children (3-4-5 year olds).

^(b) Children already enrolled in kindergarten without prior screening ("K catch-up").

^(c) Includes \$10.4 training and assistance.

* The legislated \$25 per child reimbursement rate was prorated to \$22 per child due to a shortfall in the total appropriation. Because ECS became mandatory in F.Y. 1992, school districts screened not only the targeted four-year-olds, but also five-year-olds and some kindergarten enrollees not previously screened. In the future this group of catch-up children is expected to be small.

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PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0408 EARLY CHILDHOOD SCREENING
(Continuation)

(\$ 240 for F.Y. 1993 and \$ 1,318 for F.Y. 1994), and \$ 1,550 in F.Y. 1995 (\$ 232 for F.Y. 1994 and \$ 1,318 for F.Y. 1995).

The Governor further recommends that administration of this program be transferred to the Children's Services Division of the Department of Children and Education Services.

PROSPECTS:

ECS is the vehicle for guaranteeing that all children in Minnesota are fully equipped to participate in the array of educational programs upon entry to school. School districts are required to provide the screening, collaborate with school and community agencies, and establish a link between ECS and Learning Readiness.

The average cost reported by districts to provide a screening is \$50. The state reimbursement rate is \$25 per child screened. Districts are trying to accommodate this excessive fiscal burden by drawing on the new Learning Readiness initiative funds and other early childhood programs and public health and human service funds. The fiscal burden does cause problems such as limited outreach efforts, reduced standards and compromised results of ECS.

OBJECTIVES F.Y. 1994-95:

Given the base funding level of \$ 1,550 for F.Y. 1994 and \$ 1,550 for F.Y. 1995, efforts will be made to maintain existing levels of programs and services.

The number of children eligible for screening is expected to remain relatively stable. But costs are increasing at the regular inflationary level and, as noted, the state reimbursement to local school districts is not sufficient to cover local costs, already requiring extraordinary efforts in collaboration and coordination, and tapping other funds for resources. The bind comes when the local district is required to offer the service at no cost, and parents are required to have children screened prior to school enrollment. The number of children cannot change, therefore, in difficult budget times, quality may be compromised. As stated, outreach efforts may be reduced causing children to be screened later than the ideal 3-1/2 to 4 year old range or presenting a conflict on the first day of school for the enrolling unscreened child. Or the standards of the programs may be compromised with screeners trying to see too many children in a given day, resulting in poor identification of children's needs, poor articulation of the resources in the school and community to resolve needs or frustrated parents who are not given the time or skilled interviewing to have their concerns about their child addressed.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the target population be established as 3 1/2 to 4 year olds; that the mandate for screening newly enrolled first grade students be eliminated; and that exemptions be permitted in certain cases.

The Governor recommends an aid entitlement of \$ 1,550 for F.Y. 1994 and \$ 1,550 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 1,558 in F.Y. 1994

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0408 EARLY CHILDHOOD DEV. SCREENING

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$1,650	\$1,600	\$1,600	\$1,600
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Change in Number of Children Screened	229		(50)	(50)
B.Legislation Becoming Effective				
CURRENT ENTITLEMENT	1,879	1,600	1,550	1,550
FUNDING EXCESS/DEFICIENCY	(229)			
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			1,550	1,550
APPROPRIATIONS BASIS:				
Current Year	1,403	1,360	1,318	1,318
Prior Year	86	247	240	232
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	1,489	1,607	1,558	1,550
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids
 0409 WAY TO GROW
CITATION: M.S. 145.926
MDE ADMIN: 1402 Community Education/Learner Services
FEDERAL: None

PURPOSE:

To promote intellectual, social, emotional, and physical development, and school readiness of children pre-birth to age six by coordinating and improving access to community-based and neighborhood-based services that support and assist all parents in meeting the health and developmental needs of their children at the earliest possible age.

The Way to Grow program contributes to the Minnesota Milestones goals of:

- all children will come to school ready to learn;
- our children will not live in poverty;
- families will provide a stable environment for their children; and
- our communities will be safe, friendly and caring.

The program also contributes to the Minnesota Department of Education (MDE) and Governor's education priority of early childhood and the Minnesota 2000 priority of school readiness.

DESCRIPTION:

Way to Grow is a method of delivering services in a coordinated, extensive, and intensive approach to meet identified community problems. The Way to Grow philosophy acts as a catalyst for local service providers to assess community needs and the efficiency of their delivery system. This philosophy enables service providers to view the community needs in a larger framework.

Way to Grow/School Readiness programs may include the following components:

- provide services to pregnant women early in their pregnancies, i.e., prenatal care, well-baby care and parenting classes;
- provide neighborhood support systems that target neighborhood concerns;
- work to establish networks and collaborations of existing community-based business and services to enhance programs to the targeted residents;
- develop public-private collaboration to promote the development of culturally specific systems of services available to all families; and
- provide support to family prevention and intervention programs needed to address risks of children abuse or neglect.

Community entities using Way to Grow/School Readiness funds to develop neighborhood-based

programs are designed around the following service strategies:

- home visitors who link-at risk children and their families with services and advocate for their needs;
- organization of coordinated, interdisciplinary resource teams of professionals focusing on the needs of families;
- identification and promotion of local resources for families;
- facilitation of the expansion of the local service system to address unmet needs; and
- organization of neighborhood-based education and training concentrating on early childhood development for parents, primary care givers, and service providers.

Recipients of the Way to Grow funds were well-established providers. With Way to Grow funds, these providers identified several of the most pressing problems facing their community that required more intensive strategies than could be provided with their basic funding. In most cases, greater numbers of problems were identified in low-income families and low-income neighborhoods. Some Way to Grow programs address community needs through small-scale direct services, but most programs build relationships with other service providers to address identified needs.

Each Way to Grow program has found that it is time consuming and difficult to get long-term service providers to cooperate, coordinate, and collaborate in the provision of services. The collaboration of agencies and their resources takes time to develop; Way to Grow facilitates this development.

OUTCOMES:

A. Program Effectiveness:

The Minneapolis Way to Grow program began start-up efforts in 1989, St. Paul and Columbia Heights in 1990, and Winona and St. Cloud in 1991. Participation of parents and children in the five programs during F.Y. 1991 and F.Y. 1992 and projected for F.Y. 1993 through F.Y. 1995 at current funding levels is as follows:

Program	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Minneapolis	585	915	1,007	1,108	1,220
St. Paul-Frogstown	833	1,248	1,310	1,375	1,445
Columbia Heights	429	643	675	710	745
St. Cloud	275	325	340	375	400
Winona	180	270	285	300	315
Total	2,302	3,401	3,617	3,868	4,125

A Way to Grow/School Readiness program report will be presented to the Minnesota Legislature in January, 1993. The report provides a summary of key evaluation data obtained from the programs. The report lists the following outcomes:

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids
 (Continuation)

- Increase in outreach to and participation of all children 0-5 and their families;
- Increase in the number of referrals made to and from the programs;
- Increase in rates of health and developmental screening and use of appropriate health services;
- Change in parent knowledge, attitudes, expectations, and skills, including problem solving skills relevant to daily life; and
- Decrease in sense of isolation, increase in constructive social networks.

Early childhood programs, such as Way to Grow, have the potential of making a positive contribution to Minnesota Milestones indicators including:

- Reduction in percentage of children living in poverty;
- Reduction in percentage of young children and infants in WIC with low height-for age;
- Reduction in number of children reported abused or neglected;
- Reduction in the number of out-of-home placements of children;
- Reduction in the infant mortality rate;
- Reduction in the percentage of low birth weight babies;
- Increase in the percentage of children who are adequately immunized;
- Decrease in the percentage of difference between the best and worst infant mortality rates by race; and
- Increase in school readiness of children.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- II. B. Opportunities are available to children and parents
- II. D. Parents are involved in a child's learning and development
- II. E. Programs are accessible to children and their families
- IV. I. Ensure the satisfaction of families through the involvement of parents in learner success

B. Program Services/Statistics:

The 1989 Legislature approved the Way to Grow/School Readiness pilot programs (M.S. 145.926) and appropriated a total of \$850,000 to the State Planning Agency. In F.Y. 1990, \$100,000 was appropriated for three grants under M.S. 145.926. These grants were made to eligible applicants located outside the seven-county metropolitan area. In F.Y. 1991, \$950,000 was appropriated for funding the five existing programs at their current level until June 30, 1993 under M.S. 145.926.

The current and projected program grants for F.Y. 1991 through F.Y. 1995 are as follows:

Program	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Minneapolis	—	\$175.0	175.0	175.0	175.0
St. Paul-Frogstown	—	125.0	125.0	125.0	125.0
Columbia Heights	—	125.0	125.0	125.0	125.0
St. Cloud	\$50.0	25.0	25.0	25.0	25.0
Winona	50.0	25.0	25.0	25.0	25.0
Total	\$100.0	\$475.0	\$475.0	\$475.0*	\$475.0

* Biennial Appropriation of \$950,000 with carryover authority.

PROSPECTS:

The number of families with young children characterized by a variety of risk factors continues to grow faster than the services available for effective prevention and risk reduction. To be most effective in terms of human potential and available public funding, intervention services need to be comprehensive, intensive, and made available as early as possible—preferably on a continuum that begins during pregnancy. Close coordination and collaboration among health, education, and human service providers are required to design and deliver the comprehensive and intensive strategies that are most effective. Way to Grow provides a strong incentive for collaborative efforts to provide resources to address the health, education, and social service needs of young children. Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$ 950 for the biennium.

OBJECTIVES F.Y. 1994-95:

Given the base funding level of \$ 950 for F.Y. 1994 and \$ 0 for F.Y. 1995, efforts will be made to maintain existing levels of programs and services. Programs will make documented attempts to access funding from other sources and establish additional collaborative relationships with other community resources in order to expand their capacity to include more families.

The discussion of outcomes and effectiveness indicators for many aid and grant programs is found in the Education Outcomes and Program Effectiveness section at the beginning of this budget document. Projections for the 1994-95 biennium are included for some of the indicators that are identified and discussed in that section.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 950 for F.Y. 1994 and \$ 0 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 950 in F.Y. 1994 and \$ 0 in F.Y. 1995.

The Governor recommends continuation of authority for carryover of any unexpended balance in the first year to the second year of the biennium.

The Governor further recommends that administration of this program be transferred to the Children's Services Division of the Department of Children and Education Services.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0409 WAY TO GROW

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$808 a)	\$142	\$950 b)	\$0
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	808	142	950	0
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			950	0
APPROPRIATIONS BASIS:				
Current Year	808	142	950 b)	0
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	808	142	950	0
LEVY AUTHORITY	0	0	0	0

a) \$950 biennial appropriation less \$142 balance forward to F.Y. 1993.

b) Biennial appropriation with carryover authority.

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

 0410 ADULT GED AND LEARN TO READ ON TV

CITATION: Laws 1991, Chap 265, Art 4, Sec 30, Subd 11
MDE ADMIN: 1403 Community Education/Learner Services
FEDERAL: None

PURPOSE:

To provide funds to televise, publicize, and coordinate the GED on TV and Learn To Read instructional series statewide in Minnesota. The videotaped series provide a tool for learners lacking a high school diploma to study for the Tests of General Educational Development (GED) which leads to the granting of a Secondary School Equivalency Certificate. Television brings the instruction to homes, libraries, community colleges, technical colleges, non-profit organizations, correctional facilities, and hospitals, and to adults and older youth in need of literacy skills.

Specifically, this funding supports: 1) securing broadcasting rights; 2) purchasing broadcast time; 3) publicizing and promoting the program; 4) purchasing and distributing accompanying instructional materials, including a three-volume workbook set; 5) coordinating activities to manage and operate the program; and 6) providing in-service to Adult Basic Education practitioners in the use of the instructional series.

The GED on TV program is directly related to five of the Minnesota Milestones goals:

- people who need help will receive it;
- all Minnesotans will have the economic means to maintain a reasonable standard of living;
- small cities, rural and urban areas will be economically viable;
- Minnesotans will excel in basic academic skills; and
- Minnesotans will have the advanced education and training to make the state a leader in the global economy.

The first three Minnesota Milestones goals listed above relate to economic self-sufficiency by the state's citizenry. Achievement of those objectives are significantly enhanced by possession of a high school credential and advanced education and training.

The other two Minnesota Milestones goals refer to lifelong learning, and the GED Secondary School Equivalency Certificate provides the key to admission to 95 percent of the post secondary institutions in Minnesota.

DESCRIPTION:

In January of 1992, the GED on TV 44-lesson, 22-hour series was broadcast on a 40-station network that reached all geographical regions of the state. The network included both cable and public television with emphasis placed on the more economically efficient cable public access channels. In January of 1993, the same format will be used with an increased use of Minnesota public television and the cable outlets which carry its programming. Public libraries, Adult Basic

Education programs, correctional institutions, work readiness programs, and selected video rental outlets are and will continue to be supplied with tapes and workbooks for use as instructional tools.

Publicity for the program is established through well-designed and carefully executed communications that reach the target audience. Such publicity includes newspaper articles, advertisements, community posters, public service announcements on radio and television, and payroll inserts.

OUTCOMES:

A. Program Effectiveness:

With the help of innovative programs such as the GED on TV instructional series, Minnesota learners were able to earn 6,151 GED Secondary School Equivalency Certificates in F.Y. 1992, an increase of seven percent over the previous year. An evaluation survey revealed that 68 percent of those learners utilizing the GED on TV series watch the programs at home on cable or public television. The remaining 32 percent view the tapes in learning centers, libraries, or correctional institutions. Almost one-third of the viewers successfully complete their GED program by participation in this program.

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
*GED Candidates	9,300	9,906	10,400	10,900	11,450
GED Graduates	5,757	6,151	6,450	6,750	7,000

*Individuals taking all or part of the GED test battery but not necessarily earning a secondary school equivalency certification.

The GED on TV instructional program relates to three Minnesota Milestones indicators:

- Number of persons unemployed more than 26 weeks (per 100,000 people in the labor force, five-year average);
- Number of persons employed full-time per 1000 adults over age 20; and
- Number of high-school graduates who are pursuing advanced education or training one year after high school.

A March 1992 study conducted by the Iowa Department of Education revealed that earning of a GED diploma resulted in a statistically significant decrease in individuals receiving unemployment benefits in all age categories (17 percent overall). The study also indicated that GED graduates showed a significant increase in hours worked per week following their successful completion of the test battery (33 percent).

The 1991 Statistical Report published by The GED Testing Service in Washington, D.C. indicated that the majority of GED graduates plan to move on to post secondary education. In Minnesota, 74.7 percent indicated their reason for taking the GED examination was to qualify for admission to a post secondary educational institution.

For further discussion of the outcomes and effectiveness of state education programs refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
 AGENCY: Education Aids

0410 ADULT GED AND LEARN TO READ ON TV
 (Continuation)

- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- IV. E. Reduce alcohol/drug problems and sexual activity of youth
- V. B. Clarified adult learner outcome statements
- V. C. Achieve an increasingly high level of integrated basic skills

B. Program Services/Statistics:

A survey of Adult Basic Education practitioners indicated that the Learn to Read series, geared to learners with a Grade 4 or below reading level, was ineffective for independent learning using television. Television broadcasting of the Learn to Read program ceased with the expiration date of the licensing contract with Kentucky Education Network in December 1991. Tapes of the series and the accompanying tabloids will continue to be used in learning centers and correctional institutions.

In July of 1991, the Minnesota Department of Education assumed complete responsibility for the administration of the Adult GED and Learn to Read program, a function formerly shared with a contracted agent. The purpose of the move was to allow for more direct management of the program and to allow for a better integration of it into the remainder of the GED program administered by MDE. As a result of the change, the number of GED candidates (+7%), the number of GED graduates (+80%), the number of broadcast sites (+80%), and the delivery of the programming to learning centers (+22%) and public libraries (+10%) all showed marked increases.

Publicity for the program is established through well-designed and carefully executed communications.

	Current Law				
(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
1. GED on TV					
Broadcast Fees	\$ 19.2	\$ 5.5	\$ 12.5	\$ 12.5	\$ 12.5
License Fees	*	5.5	1.0	*	6.6
Workbooks, Manuals, and Tapes)	25.3	25.1	26.0	25.0	16.4
Subtotal	\$ 44.5	\$ 36.1	\$ 39.5	\$ 37.5	\$ 35.5
2. Learn to Read					
Broadcast Fees	13.1	--	--	--	--
License Fees	6.0	6.0	--	--	--
Workbooks, Manuals, and Tapes	5.0	1.0	0.5	0.5	0.5
Subtotal	24.1	7.0	0.5	0.5	0.5

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 (\$ in 000s)

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
3. Promotion, Administration, and Related Services	29.4	**56.9	60.0	62.0	64.0
4. Total Expenditures	\$ 98.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0

Program Delivery

GED on TV

Public Broadcast Stations	6	2	6	6	6
Cable Stations	8	39	400	400	400
Learner Centers	55	67	70	75	80
Public Libraries	49	54	60	65	70
Manuals, Workbooks, Tapes	1,422	1,425	1,500	1,400	1,000

Learn To Read

Public Broadcast Stations	6	0	0	0	0
Cable Stations	8	0	0	0	0
Learner Centers	55	55	55	55	55
Manuals, Workbooks, Tapes	1,342	1,000	500	500	500

* License fees are for five-year agreement with Kentucky Network. Payment in two installments.

** Beginning in F.Y. 1992 services previously contracted to outside agency transferred to MDE for purposes of establishing direct program management, increasing accessibility of the programming to learners, and integrating the program with other GED functions administered by MDE.

PROSPECTS:

An estimated 550,000 Minnesota adults between the ages of 18 and 64 do not possess a high school diploma.

With the prevailing economic conditions and the ever-increasing demands placed on the state and country's work force, education has become a determining factor in achieving educational, occupational and personal success. The GED instructional and testing programs provide one of the keys to achieving those goals for individuals lacking a high school diploma.

Because of lack of success with the Learn To Read series when used independently by learners, it is recommended that the emphasis on the over-the-air program be placed on the GED on TV series. Existing tapes of Learn To Read continue to be available in learning centers with accompanying tabloids made available to those educational sites.

Research must continue in evaluating the outcomes of study for the GED battery by videotaped instruction. A survey of all GED candidates taking the examinations has been developed and is currently being administered by the 55 Minnesota testing centers.

Study must also be taken of the effect the earning of a GED certificate has on the graduates' employment status, welfare dependence, and post secondary education. Preliminary steps have been

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0410 ADULT GED AND LEARN TO READ ON TV
(Continuation)

taken to work with other Minnesota public agencies to gather such data.

OBJECTIVES F.Y. 1994-95:

Given the base funding level of \$ 100 for F.Y. 1994 and \$ 100 for F.Y. 1995, efforts will be made to maintain existing levels of programs and services. Public and cable television will continue to be the primary modes for transmission of the GED on TV series with an increased usage of cable public access channels to supplement broadcasts by Minnesota Public Television, a network which serves most of the geographical area of the state. An increased emphasis on the unemployed, underemployed, and incarcerated populations should result in more GED candidates and graduates in F.Y. 1994 and F.Y. 1995.

Continued use of the GED candidate survey coupled with input from Adult Basic Education practitioners will provide statistical data regarding the usage of the GED on TV series in learners preparing for the GED examinations.

The discussion of outcomes and effectiveness indicators for many aid and grant programs is found in the Education Outcomes and Program Effectiveness section at the beginning of this budget document. Projections for the 1994-95 biennium are included for some of the indicators that are identified and discussed in that section.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$100 for F.Y. 1994 and \$100 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$98 in F.Y. 1994 and \$98 in F.Y. 1995, which represents the aid entitlements reduced for revised salary planning estimates.

The Governor further recommends deleting "Learn to Read" from law.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0410 ADULT EDUCATION – GED ON TV

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$100	\$100	\$100	\$100
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	100	100	100	100
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Revised Salary Planning Estimates			(2)	(2)
Delete "Learn to Read" Component from the Program Title				
Total Policy Changes			(2)	(2)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			98	98
APPROPRIATIONS BASIS:				
Current Year	100	100	98	98
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	100	100	98	98
LEVY AUTHORITY	0	0	0	0

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0411 VIOLENCE PREVENTION COUNCILS

CITATION: Laws of 1992, Chap 571, Art 18, Sec 4
MDE ADMIN: 1403 Community Education/Learner Services
FEDERAL: None

PURPOSE:

To identify community needs and resources for violence prevention and to develop services that address community needs related to violence prevention.

This program contributes to the Minnesota Milestones goals of:

- our communities will be safe, friendly and caring; and
- families will provide a stable environment for their children

by contributing to the development of violence prevention strategies and by assisting families and communities in the development of positive alternative activities for youth.

DESCRIPTION:

This grant program is available to cities, counties, school districts and neighborhood organizations to identify and address community needs related to violence. Grants are awarded on a competitive basis, with the average grant amount of \$3,000. Grants are awarded annually and no matching funds are required to participate.

OUTCOMES:

A. Program Effectiveness:

F.Y. 1993 was the first year for this program. Materials explaining grant eligibility and applications were distributed to eligible organizations in the summer of 1992. Applications were being reviewed and processed at the time this budget narrative was written.

It is anticipated that the violence prevention councils will contribute to the development of violence prevention strategies that will promote equality, respect, understanding, effective communication, individual responsibility, thoughtful decision-making, positive conflict resolution, useful coping skills, listening and watching skills, and personal safety.

This program is expected to increase the involvement of community members, including the clergy, business representatives, civic leaders, local elected officials, law enforcement officials, community service agencies, and organizations that assist in violence intervention or prevention in the development of violence prevention strategies.

For further discussion of the outcomes and effectiveness of state education programs refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- II. B. Opportunities are available to children and parents
- II. E. Programs are accessible to children and their families
- IV. C. Improve learner self-esteem
- IV. E. Reduce alcohol/drug problems and sexual activity of youth

B. Program Services/Statistics:

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
(\$ in 000s)					
Number of grants	—	—	83	83	83
Average Grant Amount	—	—	\$ 3.0	\$ 3.0	\$ 3.0
Total Funding	—	—	\$250.0	\$250.0	\$250.0

PROSPECTS:

It is anticipated that violence prevention councils will increase awareness and contribute to an overall community climate change regarding violence. This is modeled on successful alcohol and drug prevention efforts and represents one strategy of a comprehensive anti-violence program. Minnesota Department of Education anticipates full utilization of the base funding of \$ 250 in F.Y. 1994 and \$ 250 in F.Y. 1995.

OBJECTIVES F.Y. 1994-95:

Given the base funding level of \$ 250 for F.Y. 1994 and \$ 250 for F.Y. 1995, efforts will be made to maintain existing levels of programs and services.

The discussion of outcomes and effectiveness indicators for many aid and grant programs is found in the Education Outcomes and Program Effectiveness section at the beginning of this budget document. Projections for the 1994-95 biennium are included for some of the indicators that are identified and discussed in that section.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 250 for F.Y. 1994 and \$ 250 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 250 in F.Y. 1994 and \$ 250 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0411 COMMUNITY VIOLENCE PREVENTION COUNCILS

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$0	\$250	\$250	\$250
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	0	250	250	250
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			250	250
APPROPRIATIONS BASIS:				
Current Year		250	250	250
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	0	250	250	250
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
 AGENCY: Education Aids
 0412 LEARNING READINESS
 CITATION: M.S. 121.831; 124.2615
 MDE ADMIN: 1403 Community Education/Learner Services
 FEDERAL: None

PURPOSE:

To strengthen and build upon existing community resources to effectively address the health, nutrition, education and social service needs of four year old children with the goal of enhancing their learning and development and future success in school. This requires extensive coordination and cooperation among service providers, parents, policy makers and others to develop a strategy that assures that children with the greatest needs receive the most intensive/extensive services as part of a continuum that could potentially enrich the lives of all four year olds.

By providing coordination and cooperation of community resources to address the health, nutrition, education, and social services needs of four year old children, this program contributes to the Minnesota Milestones goals of providing a stable environment for our children and increasing the chance for a healthy life, and having all children come to school ready to learn.

DESCRIPTION:

Learning Readiness is not a new separate program but a concept for providing a continuum of services for four year old children based upon their needs as identified through a screening process. M.S. 121.831 requires that the program include the following:

- a comprehensive plan to coordinate social services to provide for the needs of participating families and for collaboration with agencies or other providers;
- a development and learning component;
- a nutrition component;
- health referral services to address the medical, dental, and mental health needs of the children; and
- involvement of parents in meeting the needs of the children.

Learning Readiness recognizes that while all young children have many similar needs, they do not require identical services because their needs are being met in a variety of ways. Learning Readiness connects the child and family with the appropriate resources in a comprehensive, sensible way and then continues to follow-up to make sure that the child's needs are being addressed.

Communities are required to develop a plan that provides for a continuum of services based upon the needs of their children that would 1) provide choices through increased opportunities for all four year olds, 2) provide for heterogeneous mixing of children/families to prevent labelling and 3) build upon existing programs to improve quality and maximize the use of resources in that specific community. Learning Readiness funds become the "glue" to connect services, to provide access for

children otherwise unable to participate, to fill gaps where certain services are missing or to supplement existing services to improve quality, quantity or breadth of service.

Plans now being implemented include services that range from comprehensive Head Start and Family Literacy/ESL programs, to use of innovative scheduling of existing preschool and child care center programs that have added a parent education/involvement component and special needs services, to "life experience" field trips and "kindergarten connection" classes for all children and parents, to story time hours with take-home activity kits from the public library and special nutrition education sessions presented by Chef Combo through Minnesota Extension Service. The actual continuum varies from community to community and the list of ideas statewide is almost endless.

To become eligible for Learning Readiness aid, a district must submit a plan to the commissioners of education, health, human services and jobs and training. All agencies review and comment; MDE compiles comments and negotiates changes with the districts until the plan becomes suitable for approval.

The F.Y. 1992 appropriation of \$8,000,000 being used for programming in F.Y. 1993 is distributed according to the formula in statute, prorated at 57 percent. For districts with an approved plan for Learning Readiness, the aid is calculated initially at \$200 times the number of four year old children in the district plus \$100 times the number of these children potentially eligible for the free or reduced lunch program.

Legislation adopted in 1992 directs the Department of Education to develop and recommend a formula for future funding.

OUTCOMES:

A. Program Effectiveness:

The program is now in the early stages of implementation. Consequently, actual outcomes are not yet known. It is assumed that improved school readiness; a better transition from early childhood settings to kindergarten; increased social support among children and parents; continued involvement of parents in their child's learning and development; increased numbers of children immunized and a stronger link between basic needs and learning will eventually be documented as outcomes.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- II. B. Opportunities are available to children and parents
- II. D. Parents are involved in a child's learning and development
- II. E. Programs are accessible to children and their families
- IV. I. Ensure the satisfaction of families through the involvement of parents in learner success

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0412 LEARNING READINESS
 (Continuation)

B. Program Services/Statistics:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	Current Law F.Y. 1995
Number of Districts	--	365	365		
Number of 4 Year Olds	--	61,520	62,179		
Basic Revenue (000s)	--	\$ 12,304.0	--		
Supplemental Revenue (000s)	--	1,669.9	--		
Total Entitlement (000s)	--	\$ 13,973.9	(*)		
Proration Rate	--	0.5725	--		
Net Entitlement	--	\$ 8,000.0	(*)		

(*) The estimated aid entitlement for F.Y. 1993 based on the statutory formula is \$23,594.5. However, as the appropriation was vetoed, no application process was held for F.Y. 1993 and, therefore, there is no entitlement and no state aid will be paid.

In laws of 1992, the legislature directed MDE to submit a report on a new formula for funding by January 1, 1993.

The formula used to calculate F.Y. 1994 and F.Y. 1995 entitlements is a new formula enacted in 1992, M.S. 124.2615.

**New Formula for F.Y. 1994
 and F.Y. 1995**

Number of eligible children	--	--	--	67,985	67,037
Percent Participating	--	--	--	50.0%	50.0%
Percent "At Risk"	--	--	--	25.0%	25.0%
Amount per participating child	--	--	--	\$ 500	\$ 500
Amount per "At Risk"	--	--	--	\$ 200	\$ 200
Entitlement (000s)	--	--	--	\$ 20,395.5	\$ 20,111.1

PROSPECTS:

The overwhelming response to this new program—299 proposals submitted representing 365 school districts and 97.5% of the four year old population—indicates the great needs and the desire to address the diverse needs of four year old children to improve their readiness for school and subsequent learning.

Learning Readiness provides the supplementary funds and defines the expected outcome—improved

school readiness—but allows communities to develop their own strategies for achieving the outcome. Because of this outcome-based nature and the emphasis on coordination and collaboration, this program reflects the current trends and philosophy of education reform. It is looked upon as a new way of doing business which, if successful, could become a valuable resource or guide for future efforts in education and family support.

OBJECTIVES F.Y. 1994-95:

Given the funding level of \$11,452 for F.Y. 1994 and \$11,372 for F.Y. 1995, efforts will be made to maintain or increase existing levels of programs and services. These programs, still in the infancy stage of development, will identify outcomes and indicators specific to their own community efforts and develop measures to document progress on these outcomes as part of their plan for continued funding. The statewide objective is to increase the percentage of children who enter kindergarten ready to learn each year, as indicated by observation data from parents and kindergarten teachers and screening follow-up data. Thus, a state level objective is to develop a system for collecting, compiling and disseminating accurate information for the Learning Readiness Program.

The discussion of outcomes and effectiveness indicators for many aid and grant programs is found in the Education Outcomes and Program Effectiveness section at the beginning of this budget document. Projections for the 1994-95 biennium are included for some of the indicators that are identified and discussed in that section.

GOVERNOR'S RECOMMENDATION:

The Governor recommends increasing the aid entitlement by \$4,282 over the F.Y. 1993 entitlement to \$11,811 for F.Y. 1994 and \$11,295 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$11,452 in F.Y. 1994 (\$ 1,412 for F.Y. 1993 and \$10,040 for F.Y. 1994), and \$11,372 in F.Y. 1995 (\$1,771 for F.Y. 1994 and \$9,601 for F.Y. 1995).

The Governor further recommends that administration of this program be transferred to the Children's Services Division of the Department of Children and Education Services.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0412 LEARNING READINESS AID

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$9,412 a)	\$0 b)	\$9,412	\$9,412
ENTITLEMENT CHANGES PER CURRENT LAW:				
A. Budget Variables				
Appropriation Shortfall	4,851		4,851	4,851
Number of Children Age 4	(309)		984	794
Number of Students at Risk	20		20	20
B. Legislation Becoming Effective				
Formula Change			5,129	5,034
CURRENT ENTITLEMENT	13,974	0 b)	20,396	20,111
FUNDING EXCESS/DEFICIENCY	(4,562)			
POLICY CHANGES RECOMMENDED				
Prorate State Aid			(8,585)	(8,816)
Total Policy Changes			(8,585)	(8,816)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			11,811	11,295
APPROPRIATIONS BASIS:				
Current Year	8,000	0	10,040	9,601
Prior Year	0	0	1,412 c)	1,771
Total Funding (State General Fund)	8,000	0	11,452	11,372
LEVY AUTHORITY	0	0	0	0

a) This is the implied entitlement assuming \$8,000.0 in current appropriation plus \$1,412.0 funding needed for the final adjustment.

This program was initiated in F.Y. 1992, with one appropriation designed to cover programming throughout F.Y. 1993.

b) F.Y. 1992 entitlement covered programming for F.Y. 1993.

c) This is the 15% funding needed in conjunction with the current appropriation of \$8,000.0 for the program in F.Y. 1992/1993

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1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
 AGENCY: Education Aids
 0413 GED TEST REIMBURSEMENT
 CITATION: Laws 1991, Chap 265, Art 4, Sec 11
 MDE ADMIN: 1403 Community Education/Learner Services
 FEDERAL: None

PURPOSE:

To provide increased access for eligible individuals to complete of the Tests of General Educational Development (GED) by paying 60 percent of the fees for the taking of the full battery of GED tests, but not more than \$20 per eligible individual. The average fee for a complete GED battery in 1992 is \$30.

Successful completion of the GED test battery results in the awarding of a Secondary School Equivalency Certificate by the Minnesota Department of Education. A high school diploma or GED Certificate is required by many employers and 95 percent of Minnesota post secondary educational institutions require a high school credential for admission.

The GED Test Reimbursement program is related to several of the Minnesota Milestones goals, including:

- people who need help will receive it;
- all Minnesotans will have the economic means to maintain a reasonable standard of living;
- small cities, rural and urban areas will be economically viable;
- Minnesotans will excel in basic academic skills; and
- Minnesotans will have the advanced education and training to make the state a leader in the global economy.

The first three Minnesota Milestone goals listed above relate to economic self-sufficiency of the state's citizenry. Earning of a GED Certificate better enables an individual to meet those goals by enhancing his/her opportunities in securing gainful employment.

The fourth and fifth Minnesota Milestones goals refer to lifelong learning. The GED certificate opens the door to advanced educational opportunity at Minnesota's post secondary institutions.

DESCRIPTION:

Effective July 1, 1992, the Commissioner of Education began to pay 60 percent of the fee charged to an eligible individual for the full battery of the GED test, but not more than \$20 for an eligible individual.

To be eligible for the program, an individual must meet two criteria: be a Minnesota resident and have been so for at least 90 days and not be currently enrolled in a program leading to a high school diploma. Eligible individuals applying for retesting under the reimbursement program must also

verify that 30 calendar days have passed since their last examination and that additional study has been undertaken.

At the end of each fiscal quarter, each of the 55 Minnesota testing centers submits to the Minnesota Department of Education the number of eligible persons registering for 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 submitted to the Minnesota Department of Education prior to the start of the fiscal year. Total allocation for the program for F.Y. 1993 was \$180,000.

OUTCOMES:

A. Program Effectiveness:

Because the test fee reimbursement program is in its first year of operation, data are not available to measure its impact. The removal of part of the financial barrier to taking the GED tests should result in an increased number of both individuals taking the examination and those earning the GED Certificate of Secondary School Equivalency.

By expanding opportunity for persons not having achieved a high school diploma, three of the Minnesota Milestones indicators should be influenced: a) the number of persons unemployed more than 26 weeks (per 100,000); b) the number of persons employed full-time per 1000 adults over age 20; and c) the number of high school graduates who are pursuing advanced education or training one year after high school.

A March 1992 follow-up study conducted by the Iowa Department of Education revealed a significant decrease in Iowa's GED graduates receiving welfare assistance after they had passed the GED battery. The same study indicated that GED graduates showed a significant rise in hours employed per week after earning the GED certificate.

The 1991 Statistical Report published by the GED Testing Service in Washington, D.C., indicated that the majority of GED graduates plan to move on to some type of post secondary education. In Minnesota, 74.7 percent of GED candidates said their purpose in taking the tests was to qualify for post secondary education.

At the present average fee and reimbursement appropriation, 10,000 eligible participants would benefit from the program. The implementation of the test fee reimbursement program is expected to result in an increase in the numbers of both GED candidates and GED graduates.

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
*GED Candidates	9,300	9,906	10,400	10,900	11,450
GED Graduates	5,757	6,151	6,450	6,750	7,000

*Individuals taking all or part of GED test battery but not necessarily earning secondary school equivalency certificate.

For further discussion of the outcomes and effectiveness of state education programs refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0413 GED TEST REIMBURSEMENT
 (Continuation)

- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- V. B. Clarified adult learner outcome statements
- V. C. Achieve an increasingly high level of integrated basic skills

B. Program Services/Statistics:

	Current Law				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993*</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Number of Sites	---	---	54	54	54
Number of Participants	---	---	10,000	9,230	9,000
Average GED Test Fee	---	---	\$ 30.0	\$ 32.5	35.0
Entitlement (\$ in 000s)	---	---	\$ 180.0	\$ 180.0	\$ 180.0

*F.Y. 1993 is the first year for this program

With an average test fee of \$30 per test battery, approximately 10,000 Minnesotans will directly benefit from the \$180,000 appropriation in F.Y. 1993.

PROSPECTS:

Research has shown that a high school credential is an important factor in an individual's educational, occupational, and personal success. The GED Certificate provides a second chance opportunity for those not achieving a high school diploma.

With unemployment and underemployment a problem in our state and country, the financial burden for taking the GED examinations becomes more prevalent. The GED test fee reimbursement allows many individuals the opportunity for economic and career advancement.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services. With base funding and an increase in the average test fee in F.Y. 1994 and F.Y. 1995, however, a reduction in the number of participants may occur.

Additional eligibility standards may be developed by the Minnesota Department of Education so that the learners in most need benefit from the program. Such standards were discussed at length for F.Y. 1993 but were not implemented because of the lack of reliable documentation of need and the monitoring burden they would place on the GED testing centers. A task force of GED practitioners to help develop additional eligibility standards is currently being organized by MDE.

The discussion of outcomes and effectiveness indicators for many aid and grant programs is found in the Education Outcomes and Program Effectiveness section at the beginning of this budget document. Projections for the 1994-95 biennium are included for some of the indicators that are identified and discussed in that section.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 180 for F.Y. 1994 and \$ 180 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 180 in F.Y. 1994 and \$ 180 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0413 GED TEST REIMBURSEMENT

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$0	\$180	\$180	\$180
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	0	180	180	180
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			180	180
APPROPRIATIONS BASIS:				
Current Year		180	180	180
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	0	180	180	180
LEVY AUTHORITY	0	0	0	0

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PROGRAM: 04 Community Education
AGENCY: Education Aids

0414 ALCOHOL-IMPAIRED DRIVER EDUCATION;
CHEMICAL ABUSE PREVENTION

CITATION: M.S. 123.709; 171.29, Subd. 2, Paragraph(b), Clause(4)
MDE ADMIN: 1301 Curriculum Services
1403 Community Education/Learner Services
FEDERAL: None

PURPOSE:

Special revenue funding for this program is provided from a portion of the drivers license reinstatement fee. The 1991 Legislature changed the distribution of the funding by allocating up to \$475,000 each year of the 1992-93 biennium for programming related to alcohol-impaired driver education, and up to \$225,000, plus any additional funds that are received each year, for chemical abuse prevention programs. The two program areas are discussed separately below.

I. ALCOHOL-IMPAIRED DRIVER EDUCATION

To increase the number and quality of educational activities provided to youth, that stress the dangers of alcohol-impaired driving in an effort to reduce the violence associated with alcohol involved traffic accidents, the resulting deaths and injuries, and to reduce the incidence of alcohol-impaired driving by Minnesota youth. More specifically, the Alcohol-Impaired Driver Education program objectives are to:

- provide schools with technical assistance and leadership in implementing and or improving the quality of alcohol-impaired driver education programs;
- implement and support an elementary (Grade K-6) program stressing the dangers of riding with a driver who has used alcohol prior to driving;
- provide schools with a Driving Under the Influence demonstration program utilizing a mobil driver simulator to show the effects of driving while under the influence of alcohol;
- assist schools to develop and or support student advocacy groups such as Minnesota Student Safety Program (MnSSP), Students Against Drunk Driving (SADD), PRIDE, STOPS, Caring Youth, etc.;
- provide grants to schools as an incentive to support youth advocacy groups to enable them to plan and conduct alcohol-impaired driver prevention programs in their schools and communities; and
- develop and or provide local schools with current quality alcohol-impaired driver education materials.

By providing programs that stress the dangers of using alcohol while driving, presenting alternatives and other safety measures when involved in a drinking and driving situation, demonstrating the effects of using alcohol and driving, and including a safety belt component as the best defense against a drunk driver, this program contributes to the Minnesota Milestones goals of:

- Minnesotans will be healthy; and

- our communities will be safe, friendly and caring.

II. CHEMICAL ABUSE PREVENTION

The Chemical Abuse Prevention Program funds the Co-Location of Services to Targeted Children and Youth Grants. Concrete service and system change to meet the needs of youth are the ultimate objectives of these programs. The Co-Location of Services Programs work to improve the link between social service, health services, vocational services and learners who most need them. Each project must involve health screening and referrals, mental health or family counseling, employment and training, and other community services. Co-Location of Services is a method of improving access to services, expanding service delivery systems, and building better collaboration between schools and service providers.

By improving access between schools and service providers, this program contributes to the Minnesota Milestones goals of:

- families will provide a stable environment for their children
- Minnesotans will be healthy

Specific contributions are made by doing the following:

1. Programs identify and target their efforts to at-risk children and young people and their families, especially those who have experienced physical, sexual, and/or verbal abuse and come from homes where alcohol and drug abuse is prevalent. These are students who are most likely to drop out of school and most likely to engage in high-risk behaviors.
2. Services are designed to meet the unique needs of these learners and improve access to health and social services. This is accomplished by bringing fragmented service delivery systems together to provide comprehensive service delivery.
3. Each program offers health screening and referrals, vocational and employment training and mental health and/or family counseling.

DESCRIPTION:

I. ALCOHOL-IMPAIRED DRIVER EDUCATION

The Alcohol-Impaired Driver Education program is a school-based improvement program developed and directed by the Minnesota Department of Education (MDE) and implemented in conjunction with the Department of Health and Traffic Safety at St. Cloud State University.

This program, enacted by the 1986 Legislature, was effective beginning in F.Y. 1988. Funding for the program was provided from 25 percent of the \$150 driver license reinstatement fee, with monies to be transferred monthly to the MDE Alcohol-Impaired Driver Education Account by the Minnesota Department of Public Safety. In the 1988-89 biennium, total program expenditures were about \$1.8 million. This funding level has been reduced over the years, with a corresponding reduction in the level of program services.

The 1987 Legislature increased the reinstatement fee to \$200, and the 1988 Legislature reduced the program funding to 15 percent of the fee. The 1989 Legislature, with a direct appropriation, placed a cap on the amount of funds available to the program at \$720,000 for each year of the 1990-91 biennium (\$620,000 for program grants and services, and \$100,000 for MDE administration). The

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0414 ALCOHOL-IMPAIRED DRIVER EDUCATION;
CHEMICAL ABUSE PREVENTION

1991 Legislature increased the reinstatement fee to \$250, reduced the program funding to 12 percent of the fee, and also reduced the funding cap to \$550,000 for each year of the 1992-93 biennium (\$475,000 for grants and services, and \$75,000 for MDE administration). Also in the 1991 session, program funds were allocated for the first time to the Chemical Abuse Prevention program. The level and number of schools participating each year in the various components of the program has been reduced with each corresponding reduction in funding.

Also, the effect of the increases in the driver license reinstatement fee to the current level of \$250 is that more individuals are choosing not to reinstate their driver's license. This results in less total revenue available for funding this program and for the other purposes listed in M.S. 171.29, Subdivision 2.

The State Board of Education guidelines for expenditure of the funds appropriated include the following categories of allowable expenditures:

1. Grants to school districts and postsecondary schools for the following support purposes:

- school staff development including registration fees, travel expenses, substitute instructor pay, etc.;
- purchase and/or development of alcohol-impaired driver education curricula and equipment designed to serve elementary, secondary, and postsecondary students;
- support of student-centered advocacy programs such as the Minnesota Student Safety Program (MnSSP), Students Against Drunk Driving (SADD), Peer Helpers, 4-H safety committees, student council safety committees, etc.; and
- community and parent awareness programs.

2. Grants are awarded annually to service vendors to provide program leadership, expert consultant services, curriculum development, coordination of state and local activities, communication services including a state newsletter, regional inservice workshops, state conferences, statewide networking services and program component evaluation.

3. Administration of the program by MDE. This expenditure provides funding for one professional position and related costs.

II. CHEMICAL ABUSE PREVENTION

The Chemical Abuse Prevention (Co-Location of Services to Targeted Children and Youth), target children and youth who experience multiple risk factors that make their learning especially challenging. The Minnesota Student Survey in 1989 and the Survey of Special Populations in 1991 reveal a high degree of environmental stressors, (physical, sexual and chemical abuse) that challenge young people's ability to cope. These environmental factors often impede a student's ability to

learn. Community leaders, parents, schools, social service organizations and youth have creatively come together to respond to the unique needs within their communities. The Co-Location of Services programs reflect the diversity of the communities in which they operate. Each program works to foster community and agency collaboration, involvement of the target population in the planning, implementation and evaluation of the projects, parental involvement, and must leverage public dollars to attract private and in-kind resources. The MDE provides technical assistance, fiscal administration and contract management functions for these grantees.

Funding is available on an annual basis to public or non-profit entities including schools, school districts, groups of school districts, regional entities, community health boards, community social service agencies, community correction agencies, parent groups, community action agencies and other community-based organizations. Applications for funding are reviewed by a broad-based review team and recommendations for funding are made to the Commissioner of Education. Funding is available on a competitive basis. MDE selected 16 service grants and 14 planning grants for F.Y. 1992. Applications for both service and planning grants totalled over \$3,200,000. Approximately \$600,000 is available to support these initiatives.

Federal resources are combined with the state funding to support the Governor's Discretionary Drug Funds, Federal Drug Free Schools and Communities Act (P.L. 101-647).

OUTCOMES:

A. Program Effectiveness:

I. ALCOHOL-IMPAIRED DRIVER EDUCATION

To address the alcohol-impaired driving problem, a four-part program has been implemented based on current educational research which indicates the type of program that has the greatest effect on the age group receiving the service:

- Kids-Teaching-Kids** elementary (Grade K-6) program served 52,434 students in 164 elementary schools during F.Y. 1992, and will serve approximately 50,000 students in 125 elementary schools during F.Y. 1993. The program stresses the dangers of riding in an automobile with a driver who has been drinking, and provides students with positive suggestions when faced with the problem.
- Student Centered Program** is a student advocacy program that provides direct service to student groups such as MnSSP (60 chapters), S.A.D.D. (200 chapters) and various other student advocacy groups involving approximately 250,000 students during F.Y. 1993. This program assists school district staff and students to form student advocacy groups that conduct alcohol-related driving prevention activities in the schools and community.
- DUI Demonstration** program served 18,500 students from 125 secondary schools in F.Y. 1992, and will serve approximately 15,000 students from 100 schools in F.Y. 1993. An electronic driving simulator is used to demonstrate the effects of alcohol on driver performance. The demonstrations provide a forum for 16-19 year old youths to discuss the issues associated with drinking and driving, and to help establish a societal norm that makes drinking and driving socially unacceptable.
- Youth Advocacy Grants** provides state grants to local schools to assist youth groups to plan

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and conduct alcohol-impaired driver prevention programs. During F.Y. 1992, 80 schools received grants of \$500 to support their youth activities. During F.Y. 1993, grants of \$750 will be provided to 50 schools. Examples of activities supported by the grants include implementation of peer prevention programs, guest speakers, student training, chemical-free awareness events and chemical-free social activities.

Program effectiveness is being measured by three different assessments: the number of schools and students involved in program activities, the number of youth using alcohol, and the number of youth involved in drinking/driving incidents.

For F.Y. 1992, schools in all 426 school districts are provided with opportunities to participate in programs currently being offered on a first-come first-served basis. During F.Y. 1992, there were 283 schools that requested one or more of the services provided, but were denied access because of the budget restrictions. During the five years that this program has been funded, 90 percent of the school districts have participated in one or more of the programs. The number of teachers who have become involved is over 2,000 and the number of students directly benefitting from the program has exceeded 6,000,000. During F.Y. 1992, 11 percent of Minnesota's elementary students participated in the Kids-Teaching-Kids program, 44.5 percent of secondary students participated in the Student-Centered Program, and about 32 percent of high school seniors participated in the DUI Demonstration program. Averaging all of the programs together, approximately 32 percent of the students in Minnesota's schools participated in these programs during F.Y. 1992.

The 1989 Minnesota Student Survey Report revealed that 27 percent of high school seniors, 27 percent of Grade 9 students, and 3 percent of Grade 6 students used alcohol at least once a month during the previous year. The 1991 Minnesota Student Survey Report only surveyed students in Alternative Schools, Area Learning Centers, Corrections/Detention Centers and Residential Treatment centers, therefore, no comparisons could be made as to changes in student alcohol use. The 1989 survey did show that alcohol was by far the most used drug by Minnesota students.

Age of Persons Under Age 25 Killed or Injured in 1991 Alcohol-Related Crashes*

Age	Killed	Injured
0-4	1	35
5-9	0	76
10-14	2	112
15-19	33	965
20-24	53	1,305

Minnesota DWI Arrests*

	1987	1988	1989	1990	1991
Total DWI Arrests (all ages)	36,664	32,827	34,562	37,261	33,574
Number under 21 years of age	4,870	4,242	4,448	4,357	3,562
Percentage under 21 years of age	14.0%	12.9%	12.9%	11.7%	10.6%

*Source: Minnesota Department of Public Safety

During F.Y. 1991, 10.6 percent of the drivers arrested for DWI were under the age of 21 even though the law requires that everyone be at least 21 years old to legally purchase and/or drink alcohol products. The age group hardest hit by alcohol-related traffic accidents were the young. During F.Y. 1991, the age group under 21 years of age made up 27 percent of Minnesota's alcohol related traffic fatalities and 31 percent of the alcohol-related injuries.

While the program has had much success, as demonstrated by acceptance and the expanding number of requests for service, expectations that dramatic improvement in the number of youth involved in the use of alcohol and the subsequent use of a motor vehicles must be examined in terms of society's attitude toward the issue, and the percentage of the target population receiving treatment.

II. CHEMICAL ABUSE PREVENTION

Each applicant must specify in its work plan some criteria for the grant award and a process for evaluation. Each program is required to provide vocational training or employment service, health screening referrals, mental health or family counseling.

	F.Y.1991	F.Y.1992	F.Y.1993	F.Y.1994	F.Y.1995
Number of Projects Funded	6	6*	6	6	6
Number of Youth and Families Served					
Targeted children and youth identified	1255	1275*	1275	1275	1275
Vocational/employment services	654	650*	650	650	650
Health screening referrals	570	600*	600	600	600
Mental health or family counseling	696	700*	700	700	700

* Estimates of services based on initial quarterly progress reports and prior performance.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- IV. C. Improve learner self-esteem
- IV. E. Reduce alcohol/drug problems and sexual activity of youth

B. Program Services/Statistics:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
I. ALCOHOL-IMPAIRED DRIVER EDUCATION					

Program Resources

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**0414 ALCOHOL-IMPAIRED DRIVER EDUCATION;
CHEMICAL ABUSE PREVENTION**

Number of License Revocations	37,679	37,500	37,500	37,500	37,500
Number of License Reinstatements (estimated at 65% for F.Y. 1991 and 50% thereafter)	24,491	18,750	18,750	18,750	18,750

(continued on next page)

(continued from previous page)	Current Law				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Reinstatement Fee	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
Total Collections (000s)	\$ 6,122.7	\$ 4,687.5	\$ 4,687.5	\$ 4,687.5	\$ 4,687.5

Program Expenditures

Grants to School Districts (000s)	\$ 38.0	\$ 38.0	\$ 36.0	\$ 40.0	\$ 40.0
Grants for Program Contracts (000s)	577.0	437.0	439.0	389.0	389.0
Total:	\$ 615.0	\$ 475.0	\$ 475.0	\$ 429.0	\$ 429.0

II. CHEMICAL ABUSE PREVENTION

Program Expenditures

Grants: (000s)	\$ 0.0	\$ 68.0	\$ 414.0	\$ 198.0	\$ 198.0
Grand Total					
Expenditures (000s)	\$ 615.0	\$ 543.0	\$ 889.0	\$ 627.0	\$ 627.0

PROSPECTS:

I. ALCOHOL-IMPAIRED DRIVER EDUCATION

The Alcohol-Impaired Driver Education program provides a very important incentive for schools to address this critical health and social issue. Significant progress has been made in developing and acquiring current curriculum, implementing programs, and increasing awareness of the problem. However, state data are still discouraging regarding the number of alcohol-related traffic incidents involving youth each year. The age group hardest hit by alcohol-related traffic accidents are the young. During 1991 this group made up 27 percent of Minnesota's alcohol-related traffic fatalities and 31 percent of the alcohol-related injuries. Alcohol-involved traffic accidents cause the greatest number of spinal cord injuries and new cases of epilepsy in young people each year. Despite efforts by some schools, the desired outcome of further reducing the number of alcohol-related traffic

incidents has not been reached. Clearly, much remains to be done to combat this major problem facing our youth. There is a critical need for expansion of and continued emphasis on traffic-related alcohol education and awareness. This emphasis includes assisting school districts to prioritize health-related issues, coordinate school and community prevention efforts, and integrate Alcohol-Impaired Driver Education with other appropriate educational programs.

To operate this program within the base level of funding, the following services and programs will be provided during each year of the 1994-95 biennium:

1. The Kids-Teaching-Kids elementary (K-6) program will serve approximately 50,000 students in 125 elementary schools during F.Y. 1994 and F.Y. 1995. Eleven percent of Minnesota's elementary students will have access to this program.
2. The Student Centered Program is a student advocacy program that provides direct service to student groups such as MnSSP (60 chapters), S.A.D.D. (200 chapters) and 75 various other student advocacy chapters. Service will be provided to 300 student groups involving approximately 250,000 students during F.Y. 1994 and F.Y. 1995. Approximately 44.5 percent of Minnesota's secondary students will have access to this program.
3. The DUI Demonstration program will serve approximately 18,000 high school seniors from 100 secondary schools in F.Y. 1994 and F.Y. 1995. About 32 percent of high school seniors will have access to this program.
4. The Youth Advocacy Grants program will provide grants of \$750 to 50 secondary schools. The program will provide assistance to about 50 percent of the schools requesting grants or less than 1 percent of the total number of secondary schools in Minnesota.

II. CHEMICAL ABUSE PREVENTION

The Chemical Abuse Prevention (Co-location of Services to Targeted Children and Youth) provides a very important financial incentive for schools, social services, health and community agencies to collaborate in providing services to young people experiencing multiple risk problems. Initial research indicates the following benefits: 1) more direct health, counseling and employment and training services for youth, 2) improved communication between agencies and/or families, 3) increased resource sharing between agencies and/or school staff, 4) improved quality of services to youth and/or families, 5) easier and more efficient client referral between agencies and families, and 6) healthier children, youth and families.

A report by the Center for School Change, Sharing Facilities: Schools and Communities Working Together, states that the "Co-Location" concept has been recommended by several recent national and state reports as a way to provide better service to students and families while making more efficient use of tax funds. Their study found: 1) the vast majority of superintendents utilizing co-locations say the benefits far outweigh the problems, 2) benefits include increased community support for schools, better service to students and families, more income for school districts, and in a few cases, extra room for district programs, 3) 44.76 percent of the districts surveyed are involved in co-locating with social service agencies.

Unfortunately, the need for these services and the desire to implement co-location projects far exceeds the available resources — requests for funding exceeded available resources by over \$3 million. Young people who experience problem behaviors or circumstances are at increased risk

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0414 ALCOHOL-IMPAIRED DRIVER EDUCATION;
CHEMICAL ABUSE PREVENTION

for alcohol and other drug problems, as well as other high risk behaviors (Minnesota Student Survey, 1989 and 1992). The 1992 Minnesota Student Survey documented that one out of three adolescents in the 6th, 9th and 12th grades have had to deal with the traumatic effects of sexual or physical abuse, family violence, or an alcohol or drug problem in the family. Left untreated, these young people will require the greatest expenditure of tax dollars in the form of jails, welfare costs, treatment costs, lost productivity, etc. It is widely accepted that \$1 spent on prevention saves \$10 in later service costs. Early recognition and response to adolescents in distress is essential for academic success, as well as healthy emotional and social development. Because risk issues interfere with learning, schools will need to continue their active role in targeting services to ensure that all students can attain their academic potential.

OBJECTIVES F.Y. 1994-95:

I. ALCOHOL-IMPAIRED DRIVER EDUCATION

Efforts will be made to maintain existing levels of programs and services.

Although the schools in all 411 local school districts are provided with opportunities to participate in one or more of the Alcohol-Impaired Driver Education programs being conducted, they can only be offered on a first come first served basis. During F.Y. 1992 approximately 20% of Minnesota's youth participated in one or more of the programs funded through the Alcohol Impaired Driver Education program. There were also 283 schools requesting service and/or participation in these programs but because of budget restrictions they were not able to participate. Program effectiveness will continue to be measured by three different assessments: The number of schools and students involved in program activities; the number of youth using alcohol; and, the number of youth involved in drinking and driving incidents.

II. CHEMICAL ABUSE PREVENTION

The following services and programs will be provided during each year of the 1994-95 biennium:

1. Up to six projects will be funded each year to provide co-located services to targeted children and youth. Federal funds will be utilized to fund up to six more projects.
2. In the six state funded projects, 1,275 targeted children and youth will receive one or all of the following services: mental health or family counseling; health screening referrals; and/or vocational/employment services in each year of the biennium.

The annual evaluation of this program will provide data on program effectiveness. These data will be compared to the data from the previous evaluations.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 627 for F.Y. 1994 and \$ 627 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 627 in F.Y. 1994 and \$ 627 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0414 ALCOHOL IMPAIRED DRIVER'S EDUCATION

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$695	\$695	\$627	\$627
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
License Reinstatement Fees Less than Estimated	(61)	(67)		
FY92 Chemical Abuse Prevention Grant	(152)	152		
Expenditures made in FY93				
Expenditure of Prior Years' License Fee Receipts	61	109		
B.Legislation Becoming Effective				
CURRENT ENTITLEMENT	543	889	627	627
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			627	627
APPROPRIATIONS BASIS:				
Current Year	543	889	627	627
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (Alcohol Impaired Driver Ed Account – Fund 20)	543	889	627	627
LEVY AUTHORITY	0	0	0	0

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PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0415 INTERAGENCY ADULT LEARNING ADVISORY COUNCIL

CITATION: M.S. 124C.03
MDE ADMIN: 1403 Community Education/Learner Services
FEDERAL: None

PURPOSE:

The Interagency Adult Learning Advisory Council and corresponding grant program was established by the 1989 Legislature to promote interagency cooperation in the broad field of adult literacy. The program was transferred from the State Planning Agency to the Minnesota Department of Education (MDE) in July, 1991.

As specified in law, the interagency adult learning initiative is intended to:

- increase the number of adults improving their basic skills and completing general educational development, high school diploma, and technical skills training programs;
- reduce the dropout rate in adult programs by ensuring that transportation, child care, and other barriers to learning are addressed;
- be a catalyst to upgrade existing adult education programs;
- expand cooperation among education, human services, and job training agencies; and
- support employer, labor union, or other initiatives to improve employed workers' basic skills.

This interagency program has a direct relationship to several of the goals identified in Minnesota Milestones. For example, the goals of children not living in poverty, families providing stable environment, people who need help providing for themselves getting the help they need, families having the economic means to maintain a reasonable standard of living, and Minnesotans acquiring basic academic skills are all directly addressed through interagency grants and through cooperative efforts of the Interagency Council. Moreover, the manner in which agencies and organizations cooperate and interact at the local and state level serves to model the Milestones goal of developing a more efficient and meaningful government.

DESCRIPTION:

Prior to the organization of the Council, individuals from organizations and agencies with statewide responsibilities for adult literacy met informally to share ideas, cooperate, and coordinate services. The establishment of the Council has provided a formal structure for coordination of services and has resulted in a greater efficiency of resource utilization. Council membership is prescribed by law and includes persons from organizations and agencies that have experience in educating adults or in programs addressing welfare recipients and incarcerated, unemployed or underemployed people. Included are key service providers from state departments including education, human services, corrections, technical colleges, and community colleges, as well as members representing specific population groups such as the disabled, Hispanics, Asian-Pacifics, African Americans, and Native Americans. Also, members representing employers, labor, libraries and literacy organizations serve

on the Council. This comprehensive approach to interagency coordination is necessary to efficiently coordinate and improve services to Minnesotans in need.

Responsibilities of the Council are to make recommendations to the participating commissioners and the legislature; coordinate planning activities for participating agencies; assist program coordination at the local level; develop policy recommendations on adult literacy for the state; establish standards for effective programs and promote statewide implementation of such standards; award grant funds; evaluate programs funded by the state; and provide technical assistance and staff development services, in coordination with participating agencies.

Grants are awarded annually to various adult learner programs/providers for programs that serve one or more of the following populations: public assistance recipients; the unemployed; the underemployed; the incarcerated; or, non- or limited-English speaking persons. Although all funded programs must feature a multi-disciplinary team approach to the provision of service, specific grant categories include multi-disciplinary team building, adult literacy service delivery, dissemination or innovation. Priority content for grant activities as determined by the Council includes services for families and children, cultural diversity, systems integration and work force education.

In addition to these annual grants, the Council funds a two-year work force education program that provides statewide technical assistance to educational providers and business or industry.

OUTCOMES:

A. Program Effectiveness:

The grant program has been operating since F.Y. 1990, funding approximately 15 programs per year.

The following ten summary statements are based on an analysis of final reports submitted by grant recipients:

1. Increased interagency communication and trust.
2. More and better quality client referrals.
3. Improved client retention.
4. Improved customer orientation.
5. More partnerships with early childhood programs.
6. New partnerships with minority agencies.
7. Increased use of community resources.
8. Greater integration of adult education and employment preparation.
9. Expanded partnerships with business.
10. Development of multi-agency systems.

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of annual grants	12	16	14	14	14

(continued on next page)

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PROGRAM: 04 Community and Family Education
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0415 INTERAGENCY ADULT LEARNING ADVISORY COUNCIL
 (Continuation)

(continued)	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>Current Law F.Y. 1995</u>
Number of grants which increased quantity and quality of partnerships with:					
a. early childhood programs	4	6	5	5	5
b. minority agencies	3	5	5	5	5
c. adult education providers	9	13	12	12	12
d. post-secondary education	3	7	7	7	7
e. business or labor	5	7	6	6	6

Number of grant participants (clients):

a. completing learning plans	408	544	600	600	600
b. getting off welfare	72	96	100	100	100
c. securing better employment	138	184	200	200	200
d. earning diploma/GED	180	240	275	275	275
e. enrolling in post-secondary	246	328	375	375	375

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- V. B. Clarify adult learner outcome statements
- V. C. Achieve an increasingly high level of integrated basic skills
- V. D. Redefine the delivery system for adult education to meet customer needs
- V. E. Assure equitable access by those who need adult programs

B. Program Services/Statistics:

	<u>F.Y. 1991*</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>Current Law F.Y. 1995</u>
<u>In-state Planning (\$ in 000s)</u>					
Number of annual grants	12	16	14	14	14
Total annual grant amounts	\$ 251.8	\$ 177.0	\$ 225.0	\$ 225.0	\$ 225.0
Promotion, Administration and Related Services	23.2	29.0	20.0	20.0	20.0
Work force education technical assistance grant amounts	<u>25.0</u>	<u>76.0</u>	<u>55.0</u>	<u>55.0</u>	<u>55.0</u>
Total Funding	\$ 300.0	\$ 282.0	\$ 300.0	\$ 300.0	\$300.0

(continued)

(continued)

	<u>F.Y. 1991*</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Current Law F.Y. 1994</u>	<u>F.Y. 1995</u>
Number of adults receiving direct services through annual grants	600	800	910	910	910
Number of local agencies/ organizations involved in grant program cooperation	72	88	84	84	84
Number of new multi-disciplinary teams established	18	22	21	21	21
Number of literacy providers (individuals) receiving work force education technical assistance	85	95	115	115	115

* The program was administered by the State Planning Agency in F.Y. 1991 and transferred to MDE in F.Y. 1992.

PROSPECTS:

The need for adult basic education and literacy continues to grow. Approximately 555,000 Minnesotans between the ages of 18 and 64 are unable to read, write, compute, problem-solve or cope with changing conditions sufficiently well to meet the requirements of adult life in Minnesota. These adults have multiple needs that make them eligible for services from a variety of state, local, public and private agencies and organizations. The coordination of services to this population is important to ensure to the effective and efficient use of limited resources. Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$ 300 in F.Y. 1994 and \$ 300 in F.Y. 1995.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services. One objective for the 1994-94 biennium will be to maintain the current level of client participation and client outcomes in the grant component of this activity. The maintenance of client outcomes include: completion of learning plans; getting off welfare; securing better employment; earning a diploma or GED; and enrolling in post-secondary education.

A second objective, related to the enhancement of cooperative efforts in adult literacy, will be to maintain the current numbers of local agencies and organizations who are involved in grant program cooperation. Also, at least 21 new multi-disciplinary teams will be established as a result of participation in the grant program.

During the 1994-95 biennium efforts will be made to collect data to substantiate the team-building outcomes of this program. These objectives include: expanded partnerships with jobs and training agencies; improved client referral and retention across systems; and the increased use of minority and social service community resources in the development of family literacy programs.

It is anticipated that same level funding will result in few, if any, increases in program results

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0415 INTERAGENCY ADULT LEARNING ADVISORY COUNCIL
(Continuation)

beyond current levels given in the tables above. Where possible, efforts will be made to accommodate increasing costs of grant program operations and council administration. Similarly, grant recipients will be asked to increase their level of local support and contributions to achieve the project goals.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 300 for F.Y. 1994 and \$ 300 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 300 in F.Y. 1994 and \$ 300 in F.Y. 1995.

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EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0415 INTERAGENCY ADULT LITERACY

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$300	\$300	\$300	\$300
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Administrative Expenditures less than Budgeted; Some Grant Recipients Expended less than the Approved Grant Award Amounts	(42)			
B.Legislation Becoming Effective				
CURRENT ENTITLEMENT	258	300	300	300
FUNDING EXCESS/DEFICIENCY	42 *			
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			300	300
APPROPRIATIONS BASIS:				
Current Year	258 *	300	300	300
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	258	300	300	300
LEVY AUTHORITY	0	0	0	0

* The final expenditures for F.Y. 1992 were \$282 and the cancellation was \$18. This level of activity is not shown on this fiscal page due to closing requirements of the state Biennial Budget System.

1994-95 Biennial Budget

PROGRAM: 04 Community and Family Education
AGENCY: Education Aids

0416 STUDENT SURVEY

CITATION:
MDE ADMIN: 1401 Community Education/Learner Services
FEDERAL: None

PURPOSE:

The purpose of the Minnesota Student Survey is to identify at-risk and health related problems and concerns among our students. Risk and health issues interfere with learning. Early identification, recognition and response to young people in distress is essential for their academic success, as well as healthy emotional and social development.

Information from the student survey will be used to assist policymakers, educators, health professionals and social service professionals in the development of innovative curriculum and services for our students. It will provide feedback on how our prevention programs are working and how we can better meet the needs of students experiencing difficulties. It will also help us identify and determine what we can do to further assist young people to develop positive attitudes and behaviors to face the challenges of life in the 1990's.

DESCRIPTION:

The Minnesota Student Survey was first administered in 1989 to students in Grades 6, 9 and 12, with a plan to repeat the survey every three years. For school districts, the incentives to participate are persuasive. Each district receives a detailed report of results for their students. In addition, each district can make comparisons with county results and statewide results in order to better understand the needs of their students and success of their efforts. The 1989 Minnesota Student Survey was successful, with over 95% of the school districts participating to provide accurate baseline information about many areas of adolescents' lives. In 1992 all school districts but one participated. About 90,000 students in the target grades took the 1989 survey, and 135,000 took the 1992 survey. Because of the surveying efforts, declines in alcohol and drug usage among Minnesota students were documented. Also documented were positive attitude and changes resulting from HIV/AIDS prevention.

Participation of school districts and of students is voluntary. Districts receive materials directing the implementation of the survey. Parents are informed about the survey and can choose not to have their children participate. Students themselves can opt out, or if they take the survey, they can omit any question or stop at any point. Students are invited to complete a questionnaire that is completely anonymous and confidential. The content of the questionnaire is frank and deals with many areas of an adolescent's life, including drug and alcohol usage and sexual activity.

Based on the survey responses, a statewide report is prepared, as well as county reports and local reports.

OUTCOMES:

The Minnesota Student Survey is designed to:

1. establish a standardized mechanism for evaluating young peoples' concerns and problem behaviors across communities and over time;
2. assist policymakers, parents, educators, health professionals, social service professionals, and youth-serving agencies in responding to young peoples' needs;
3. ascertain the level and variety of problems that confront young people; and
4. obtain a more accurate picture of young peoples' concerns and perspectives.

The survey has been used to document the effectiveness of prevention efforts, such as alcohol and drug prevention and HIV/AIDS prevention. It has been used for program and curriculum planning and development; staff training; and community and parent awareness and education.

PROSPECTS:

The Minnesota Student Survey provides an on-going method for assessing risk and health issues among young people in Minnesota. The survey can be adapted to identify emerging issues, while minimizing the need for multiple surveys in schools. For example, in 1992 questions were added about gambling and gangs. In 1995, questions will be added about weapons. The survey provides trend data to measure the effectiveness of prevention efforts, both locally and statewide. It provides policymakers and parents with information on the issues and concerns of young people, as well as attitudes and behaviors. Questions from the Minnesota Student Survey are being utilized as a measure for many Minnesota Milestones. The survey has been designed to be administered every three years to students in Grades 6, 9 and 12. The survey needs to be repeated in order to measure progress on prevention and intervention efforts, identify new issues of concern and provide information on how to improve prevention efforts, identify new issues of concern, and provide information on how to improve prevention efforts. This design also allows for tracking a particular grade and/or issue. For example, in 1988 the Legislature enacted an AIDS Education mandate. The 1989 survey provided baseline data on attitudes and behavior, and the 1992 survey measured the effect of that mandate. In addition, the survey allows districts to measure the effectiveness of prevention and intervention efforts, thereby meeting a variety of state and federal evaluation requirements.

OBJECTIVES F.Y. 1994-95:

State funding of \$ 150,000 in F.Y. 1995 will provide for the following:

1. Survey students in Grades 6, 9 and 12;
2. Prepare individual reports for each school district;
3. Prepare county reports;
4. Prepare a statewide report that will include trend analysis from 1989, as well as an examination of correlates of problem behaviors; and
5. Measure effectiveness of Minnesota Milestones.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$150 in F.Y. 1995 for the Minnesota Student Survey.

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EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0416 STUDENT SURVEY

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$0	\$0	\$0	\$0
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	0	0	0	0
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Funding for a Student Survey				150
Total Policy Changes				150
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			0	150
APPROPRIATIONS BASIS:				
Current Year	0	0	0	150
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	0	0	0	150
LEVY AUTHORITY	0	0	0	0

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EDUCATION FACILITIES/EQUIPMENT (05)

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EDUCATION FACILITIES/EQUIPMENT

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1994-95 Biennial Budget

PROGRAM: 05 Education Facilities/Equipment
AGENCY: Education Aids

0501 CAPITAL EXPENDITURE - FACILITIES

CITATION: M.S. 124.243; 124.2442
MDE ADMIN: 1401 Education Finance and Analysis
FEDERAL: None

PURPOSE:

To provide revenue to school districts to acquire land, construct buildings, maintain and improve structures, and acquire fixtures, so that facilities are accessible, and the learning process and school district operations are supported. More specifically, districts may use Capital Expenditures-Facilities revenue to:

- acquire land for school purposes;
- acquire or construct buildings for school purposes, if approved by the Commissioner of Education according to applicable statutes and rules;
- rent or lease buildings;
- improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures;
- pay for capital improvements on a surplus school building that is used substantially for a public non-school purpose;
- eliminate barriers or increase access by handicapped individuals;
- bring school buildings into compliance with the uniform fire code;
- remove or treat asbestos;
- clean up and dispose of PCBs (polychlorinated biphenyl);
- clean up and dispose of fuels, or make repairs related to their storage;
- perform energy audits and to make related improvements;
- improve leased buildings;
- pay special assessments levied against school property (not including service charges);
- pay principal and interest on state loans for energy conservation according to M.S. 116J.37 or loans made under the Northeast Minnesota Economic Protection Trust Fund Act;
- purchase or lease interactive telecommunications equipment; and
- make payments from the Debt Redemption Fund. The school board may, by resolution, transfer money into the Debt Redemption Fund. Each year a district may notify the Minnesota Department of Education (MDE) about the amount of Facilities revenue to be allocated to the debt reduction fund. MDE will then reduce the debt redemption levy by the amount allocated.

By providing districts with revenues for acquisition of land, construction of facilities, maintenance and improvement of facilities, and to acquire attached equipment, this program contributes to the financial health of the districts. As a result, the districts have an increased ability to provide effective educational programs that contribute to the following Minnesota Milestones goals:

- Minnesotans will excel in basic academic skills; and
- Minnesotans will have the advanced education and training to make the state a leader in the global economy.

DESCRIPTION:

In F.Y. 1993, a district's maximum Capital Expenditure Facilities revenue equals \$128 times the district's actual (weighted average daily membership) pupil units for the school year.

Capital facilities revenue must be placed in a separate account, and beginning with the 1991-92 school year, is subject to an account balance subtraction. Districts with a reserved capital expenditure facilities account balance exceeding \$270 per fund balance pupil unit will incur a dollar-for-dollar reduction in facilities revenue.

In F.Y. 1993, a district's maximum levy equals the product of the maximum revenue times the lesser of one or the ratio of the district's adjusted net tax capacity (ANTC) per pupil unit to the General Education equalizing factor. (The equalizing factor for F.Y. 1993 is \$10,932) 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.

Every school district in Minnesota must adopt or amend a school facilities program by 2/3 vote of the school board before July 1 of each odd-numbered year. The school board must first hold a hearing, for which 20 days notice is provided in the official newspaper. The program is to include plans for repair and restoration of existing facilities and plans for new construction. It must also include specific plans for correcting health and safety hazards, a schedule of work for the next five years, the estimated costs, and the proposed methods of financing.

School districts are also required to place capital expenditure facilities revenue in a separate account within the capital expenditure fund.

If the appropriation is insufficient to pay all districts the full amount of aid earned, the formula allowance used to compute each district's capital expenditure facility revenue is reduced to avoid proration of the aid.

OUTCOMES:

A. Program Effectiveness:

Facilities revenue is equalized between state and local sources for each district based on its tax base per pupil unit. Almost all districts levy the maximum, making the tax burden for the facilities levy relatively uniform. In F.Y. 1993, all districts participated in the Capital Expenditure-Facilities program.

1994-95 Biennial Budget

PROGRAM: 05 Education Facilities/Equipment
AGENCY: Education Aids

 0501 CAPITAL EXPENDITURE - FACILITIES
 (Continuation)

B. Program Services/Statistics:

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Pupil Units (WADM)					
1. Revenue (\$ in 000s)					
a. Allowance/WADM	130	130	128	128	128
b. Initial amount	\$ 107,842.0	\$ 108,924.0	\$ 110,238.9	\$ 113,060.6	\$ 115,940.4
c. Fund balance subtraction	0.0	145.0	0.0	0.0	0.0
e. Prorated allowance	129.28	129.69	127.64	128.00	128.00
d. Prorated amount	107,246.1	108,663.3	109,930.5	113,060.6	115,940.4
2. Levy (\$ in 000s)					
a. Initial levy authority	\$34,592.4	\$ 35,509.0	\$ 38,506.2	\$ 40,875.6	\$ 40,809.3
b. Fund balance subtraction	0.0	61.0	0.0	0.0	0.0
c. Levy adjusted for proration	-191.1	-37.7	-107.7		
d. Net levy	34,401.3	35,410.3	38,398.5	40,875.6	40,809.2
3. State Aid (\$ in 000s)					
a. Initial aid	\$ 73,249.6	\$ 73,415.0	\$ 71,732.7	\$ 72,185.0	\$ 75,131.2
b. Fund balance subtraction	0.0	84.0	0.0	0.0	0.0
c. Net aid \$ 73,249.6	\$ 72,719.3	\$ 73,331.0	\$ 72,185.0	\$ 75,131.2	
d. Prorated aid	\$ 72,844.8	\$ 73,253.0	71,532.0		

NOTE: All K-12 districts participate in this program and levy the maximum amount.

For F.Y. 1992, 7 districts lost facilities revenue due to an excess balance in their capital expenditure facilities account. By June 1992 or by June 1993 districts may transfer funds out of the capital expenditure facilities account.

PROSPECTS:

The condition of school facilities in Minnesota continues to be a major financial concern for school districts. Three major factors are increasing the demand for capital expenditure-facility expenditures by districts:

- Fire Safety Inspections.
Currently, one-third of all school facilities have been inspected for fire safety compliance increasing the demand for capital revenues to address violations.
- The American Disabilities Act (ADA).
This Federal mandate has increased the awareness and need of districts to address handicapped

accessibility issues. Because of the old age of the majority of Minnesota school facilities, installing elevators and increasing access can be very expensive. These high costs often raise the concern of cost effectiveness of updating current facilities.

- Deferred Maintenance.
Because of the increasing age of the majority of school facilities, districts are experiencing increased maintenance cost for lighting, electrical, heating-ventilation, and roofs of schools.

A conservative estimate of the amount needed to address maintenance costs of school facilities statewide is currently over \$1 billion.

In F.Y. 1991, there was approximately \$400 million spent for expansion and renewal of current facilities. A similar amount is expected in F.Y. 1992 and F.Y. 1993. This trend is expected to continue in F.Y. 1994 and F.Y. 1995.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to prevent an increase in the deferred maintenance required for school buildings in the state above the current estimated \$1 billion. Data collection and measurement of deferred maintenance needs will be continued and improved. This program supports the general objectives identified in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following changes in the capital expenditure-facilities funding formula:

1. Beginning in F.Y. 1994, change the definition of pupil units to a two-year average of weighted average daily membership (WADM), consistent with changes in the General Education program. See Program Budget 0101 for further information.
2. Beginning in F.Y. 1994, allow school districts to use up to one-third of their capital expenditure-facilities revenue to equip or reequip school buildings and sites.

The Governor recommends an aid entitlement of \$70,779 for F.Y. 1994 and \$71,404 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$70,893 in F.Y. 1994 (\$10,730 for F.Y. 1993 and \$60,163 for F.Y. 1994), and \$71,310 in F.Y. 1995 (\$10,616 for F.Y. 1994 and \$60,694 for F.Y. 1995).

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0501 CAPITAL EXPENDITURE FACILITIES

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$73,253	\$71,532	\$71,532	\$71,532
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Pupil Unit Change	30	308	3,130	6,010
Levy Change	48	(107)		
B.Legislation Becoming Effective				
Increase in General Education Levy (Lower Equalizing Factor)			(2,477)	(2,411)
CURRENT ENTITLEMENT	73,331	71,733	72,185	75,131
FUNDING EXCESS/DEFICIENCY	(78)	(201)		
POLICY CHANGES RECOMMENDED				
Two Year Averaging of Pupil Units			(1,406)	(1,438)
Change in General Education Equalizing Factor				(2,289)
Total Policy Changes			(1,406)	(3,727)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			70,779	71,404
APPROPRIATIONS BASIS:				
Current Year	62,265	60,802	60,163	60,694
Prior Year	10,920	10,988	10,730	10,616
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	73,185	71,790	70,893	71,310
LEVY AUTHORITY	34,626	38,399	40,871	43,097

1994-95 Biennial Budget

PROGRAM: 05 Education Facilities/Equipment
AGENCY: Education Aids

0502 CAPITAL EXPENDITURE - EQUIPMENT

CITATION: M.S. 124.244; 124.2442
MDE ADMIN: 1401 Education Finance and Analysis
FEDERAL: None

PURPOSE:

To provide revenue to school districts for the purchase of equipment. Instructional equipment provides the "tools" required for educational programs and the learning process. Non-instructional equipment provides for various needs related to facility maintenance and school district operations. More specifically, districts may use Capital Expenditure-Equipment revenue to:

- purchase or lease computers and related materials, copying machines, telecommunications equipment, and other non-instructional equipment;
- purchase or lease equipment for instructional programs;
- purchase textbooks;
- purchase library books; and
- purchase vehicles except those purchases charged to the bus purchase account; and
- pay capital expenditure equipment-related assessments of any entity formed under a cooperative agreement between two or more districts.

By providing districts with revenue for acquisition of equipment, this program contributes to the financial health of the districts. As a result, the districts have an increased ability to provide effective educational programs that contribute to the following Minnesota Milestones goals:

- Minnesotans will excel in basic academic skills; and
- Minnesotans will have the advanced education and training to make the state a leader in the global economy.

DESCRIPTION:

In F.Y. 1992, a district's Capital Expenditure - Equipment maximum revenue equals \$63 times the district's actual (weighted average daily membership) pupil units for the school year.

Beginning in F.Y. 1991, a district's maximum levy equals the product of the maximum revenue times the lesser of one or the ratio of the district's adjusted net tax capacity (ANTC) per actual pupil unit to the equalizing factor. 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 a district makes a debt service levy for equipment purchases under M.S. 124.2445 (see Program Budget 0508), the capital expenditure equipment levy is reduced by the amount of the debt service equipment levy. Capital expenditure equipment aid is not reduced as a result of this levy reduction.

OUTCOMES:

A. Program Effectiveness:

Equipment revenue is equalized between state and local sources for each district based on its tax base

per pupil unit. Almost all districts levy the maximum, making the tax burden for the equipment levy relatively uniform. For F.Y. 1993, all districts participated in this program. Every eligible district levied the maximum for F.Y. 1993 equipment revenue.

B. Program Services/Statistics:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	Current Law F.Y. 1994	F.Y. 1995
Pupil Units (WADM)					
A. Revenue (\$ in 000s)					
1. Allowance/WADM	\$ 65.00	\$ 65.00	\$ 63.00	\$ 63.00	\$ 63.00
2. Amount	53,921.0	54,462.2	54,258.2	55,647.0	\$ 57,064.4
3. Prorated allowance	64.64	64.85	62.80	63.00	63.00
4. Prorated amount	\$ 53,622.5	\$ 54,340.5	\$ 54,089.3		
B. Levy (\$ in 000s)					
1. Levy authority	\$ 17,189.9	\$ 17,503.0	\$ 18,599.1	\$ 19,848.7	\$ 19,835.8
2. Debt Levy for Equipment	10.7	251.7	294.2	269.7	250.0
3. Total Levy	\$ 17,200.6	\$ 17,714.5	\$ 18,893.3	\$ 20,118.4	\$ 20,085.8
C. State Aid (\$ in 000s)	\$ 36,421.9	\$ 36,626.0	\$ 35,196.0	\$ 35,528.6	\$ 36,978.6

NOTE: All K-12 districts participate in this program and levy the maximum.

PROSPECTS:

Equipment revenue is similar in type to Capital Expenditure-Facilities revenue. Since facilities revenue has a \$270 per pupil unit cap, equipment revenue, in order to have a consistent treatment, should also have a cap or the cap should be removed from facilities.

OBJECTIVES F.Y. 1994-95:

No change is anticipated in the condition of districts relative to meeting needs for equipment. The Department of Education as part of its total quality management strategy is committed to working on improved measurement of results for programs. Such measures are needed for this program area. This program supports the objectives identified in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following changes in the capital expenditure-equipment funding formula:

1. Beginning in F.Y. 1994, change the definition of pupil units to a two-year average of weighted average daily membership (WADM), consistent with changes in the General Education program. See Program Budget 0101 for further information.
2. Beginning in F.Y. 1994, increase the capital expenditure-equipment allowance from \$63 to \$65 per pupil unit.

The Governor recommends an aid entitlement of \$ 35,942 for F.Y. 1994 and \$36,260 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$35,830 in F.Y. 1994 (\$5,279 for F.Y. 1993 and \$30,551 for F.Y. 1994), and \$36,212 in F.Y. 1995 (\$5,391 for F.Y. 1994 and \$30,821 for F.Y. 1995).

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0502 CAPITAL EXPENDITURE EQUIPMENT

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$36,626	\$35,196	\$35,196	\$35,196
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Pupil Unit Increase	88	155	1,558	2,975
Levy Increase	(6)	(45)		
B.Legislation Becoming Effective				
Increase in General Education Levy (Lower Equalizing Factor)			(1,225)	(1,192)
CURRENT ENTITLEMENT	36,708	35,306	35,529	36,979
FUNDING EXCESS/DEFICIENCY	(82)	(110)		
POLICY CHANGES RECOMMENDED				
Two Year Averaging of Pupil Units			(693)	(708)
Increase Formula Allowance from \$63 to \$65			1,106	1,151
Change in General Education Equalizing Factor				(1,162)
Total Policy Changes			413	(719)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			35,942	36,260
APPROPRIATIONS BASIS:				
Current Year	31,133	29,917	30,551	30,821
Prior Year	5,460	5,493	5,279	5,391
Total Funding (State General Fund)	36,593	35,410	35,830	36,212
LEVY AUTHORITY *	17,508	18,599	20,755	21,885

* Excludes any debt levy for equipment per M.S. 124.2445.

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1994-95 Biennial Budget

PROGRAM: 05 Education Facilities/Equipment
AGENCY: Education Aids

0503 CAPITAL EXPENDITURE - HEALTH AND SAFETY

CITATION: M.S. 124.83
MDE ADMIN: 1502 District Financial Management and Transportation
FEDERAL: None

PURPOSE:

To provide revenue to school districts to ensure an education environment that is free of recognized hazards, so that the learning process and school district operations are supported. This program allows districts to take proactive and remedial response to health, safety, and environmental risks in school facilities. The intent is to provide revenue that is designated specifically for use toward compliance with federal and state standards and regulations, and for the prevention or reduction of hazards in the districts.

The objectives of the program are to:

- increase school district efforts in hazard evaluation and compliance planning related to environmental, occupational, fire and life safety, and health regulations; and
- define district programs and estimated costs related to health, safety, and environmental risk management.

This program contributes to the Minnesota Milestones goals of

- Minnesotans will be healthy; and
- we will improve the quality of air, water, and earth

by ensuring progress toward eliminating asbestos, fire, environmental, industrial, and science lab safety and health hazards, and improving drinking water and indoor air quality in school facilities.

DESCRIPTION:

To receive health and safety revenue, a district must submit an application to the Minnesota Department of Education (MDE) for approval by June 1 — thirteen months preceding the school year to which the health and safety revenue is attributed. The application must describe and include a cost estimate of the program adopted by the district school board. The district program must include one or more of the following plans:

- Hazardous substance plan — provisions for the removal or encapsulation of asbestos, and asbestos related repairs, fuel storage repairs, cleanup, or storage tank removal;
- Fire safety plan — removal or repair of a current fire hazard;
- Environmental Health and Safety Management; or

■ Physical Hazard Control.

For F.Y. 1994, the capital expenditure health and safety aid, levy, and revenue is computed as follows:

Revenue = amount approved by MDE (Revenue will not exceed actual approved costs)

Levy = the lesser of one or 1991 ANTC/1993-94 WADM x health and safety revenue
\$3,515

Aid = health and safety revenue - health and safety levy

The amount of health and safety revenue in any given year is equal to the difference between a) the total approved cost of the district's total health and safety program approved since F.Y. 1985 through the current year, and b) the accumulated receipt of health and safety state aid and local levy plus the amount of other federal, state, or local receipts due the district from F.Y. 1985 through the prior fiscal year.

Health and safety revenue must not be used for the construction of new facilities or the purchase of portable classrooms. The revenue may not be used for a building or property, or part of a building or property, used for postsecondary instruction or administration or for a purpose unrelated to elementary and secondary education.

A district's health and safety aid is the difference between its health and safety revenue and its health and safety levy. If a district does not levy the entire amount permitted, health and safety aid is reduced proportionately.

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.

OUTCOMES:

A. Program Effectiveness:

School district compliance with environmental, occupational, fire and life safety, and health regulations has steadily improved since this revenue source was established. Improvement is occurring in the following areas: stabilizing and removing asbestos hazards, detection and reduction of lead in drinking water, radon detecting, leak testing, spill clean up and replacement of failed or inferior underground storage tanks, fire emergency early warning systems, existing corridors and egress systems, laboratory safety, and hazardous waste management and the reduction and elimination of labor and industry regulated hazards.

The importance of this program is supported by the fact that the school environment is the first exposure and experience young learners have to operations and tasks which present hazards very similar to those in the adult workplace. This fact makes it imperative that strict compliance programs and policies are developed and implemented assuring accident/injury prevention and environmental preservation measures are learned and practiced in the schools.

For F.Y. 1991, district needs based on applications were significantly higher than the available state aid; the 1989 payable 1990 health and safety levy was increased by about \$10 million to adjust for

1994-95 Biennial Budget

PROGRAM: 05 Education Facilities/Equipment
AGENCY: Education Aids

0503 CAPITAL EXPENDITURE - HEALTH AND SAFETY
 (Continuation)

aid proration. F.Y. 1991 health and safety aid was prorated at 68.7%. The 1991 Legislature set a limit of \$ 58.8 million for F.Y. 1993 health and safety revenue. The Department of Education approved F.Y. 1993 revenues equal to this limit; however, some school districts subsequently spent less than the approved amount, which resulted in actual revenue falling below the \$58.8 million limit. Currently, F.Y. 1992 and F.Y. 1993 funding is sufficient to avoid proration of the aid.

B. Program Services/Statistics:

(\$ in 000s)	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Total Revenue					
Amount	\$ 50,571.9	\$ 46,017.0	\$ 42,482.0	\$ 77,000.0	\$ 77,000.0
Districts	288	287	371	351	351
Levy					
Amount	\$ 39,161.0	\$ 37,493.0	\$ 34,112.0	\$ 60,000.0	\$ 60,000.0
Districts	288	285	370	350	350
State Aid					
Amount	\$ 11,410.9*	\$ 8,524.0	\$ 8,370.0	\$ 17,000.0	\$ 17,000.0
Districts	264	212	275	275	275

* Prorated 68.7%

PROSPECTS:

Health and Safety revenue has become a critical element in the ability of districts to assure the school environment is healthy and safe as well as educationally adequate. There is a significant continuing need for ongoing compliance efforts and program maintenance for schools. In addition to the needs now met by current statute, there are some non-regulated areas of risk for which schools would like to receive Health and Safety revenue. They include: playground hazards, bus loading hazards, boiler system hazards, pool chemical dispensing hazards, bleacher system hazards, and indoor air quality that can also have a negative impact on learning. Some of these non-regulated areas of risk, if included, could result in significant increases in total Health and Safety revenue. From a risk management perspective, the potential and experienced loss, including personal injury, in these areas is greater than that of hazards now authorized for Health and Safety revenue. Statute and policy changes are needed to address these issues.

Estimated costs for Health and Safety capital projects have steadily increased from F.Y. 1991 and are expected to continue through F.Y. 1995. This steady increase is primarily due to federal and state standards that require districts to monitor and upgrade regulated underground storage tanks. It is expected that districts will opt to upgrade storage tanks in the next few years rather than wait until the years closer to the 1998 federal deadline.

Another significant cost increase item is related to the need to comply with the results of State Fire Marshal inspections mandated by the 1990 Legislature. Districts have estimated \$40 million for

F.Y. 1993 and \$50 million for F.Y. 1994 for fire code compliance. Beginning with F.Y. 1995, health and safety costs are expected to stabilize at \$77 million with no changes in program and law. By F.Y. 1998, the effect of state fire marshal inspections will be at a maintenance level estimated to be \$10 million per year. Asbestos projects and related costs should also reduce from about \$20 million annually to a maintenance level of \$10 million per year. The result is an estimated cost of \$25 million by F.Y. 1998 for ongoing maintenance of the Health and Safety programs now in law.

OBJECTIVES F.Y. 1994-95:

Increased assistance to districts in analyzing, planning for, and managing health and safety issues will reduce the annual requests for health and safety revenue by \$ 7 million. Equity for taxpayers will be improved enabling low property wealth districts to meet health and safety requirements with less of a burden to taxpayers. Health, safety, and environmental hazards in school buildings will be reduced as measured by the number of buildings in full or improved compliance with regulations.

GOVERNOR'S RECOMMENDATION:

The Governor recommends increasing capital expenditure health & safety aid and levy funding from the F.Y. 1993 level of \$42,482 to \$77,000 for F.Y. 1994 and \$70,000 for F.Y. 1995. State health and safety aid entitlements will increase from \$8,370 in F.Y. 1993 to \$11,298 for F.Y. 1994 and \$21,186 in F.Y. 1995. The current statutory formula will remain in effect for F.Y. 1994, and state aid will be prorated at 66%.

The Governor recommends the following modifications in the capital expenditure health and safety funding formula:

1. For F.Y. 1995, state total health and safety revenue will be limited to \$70,000.
2. Beginning in F.Y. 1995, the equalizing factor for health and safety revenue will be increased from \$3,515 per pupil unit to 50% of the General Education equalizing factor.

The Governor recommends an aid entitlement of \$ 11,298 for F.Y. 1994 and \$21,693 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$10,860 in F.Y. 1994 (\$1,256 for F.Y. 1993 and \$9,604 for F.Y. 1994), and \$20,134 in F.Y. 1995 (\$1,694 for F.Y. 1994 and \$18,440 for F.Y. 1995).

The Governor further recommends an entitlement of \$400 for F.Y. 1994 and \$400 for F.Y. 1995 for health and safety management assistance contracts to improve districts' ability to deal with health and regional safety issues in a cost effective manner.

Based on these entitlements, the Governor recommends an appropriation of \$400 in F.Y. 1994 and \$400 in F.Y. 1995.

The Governor further recommends the creation of a new program to fund health and safety, deferred maintenance and handicapped accessibility projects in school facilities. Districts with severe needs in these areas (beginning with districts whose instructional space is at least one million square feet) will be given the authority to issue bonds and levy for the necessary revenue with approval by the local school board and the state. Detailed, multi-year project plans will be required.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0503 CAPITAL HEALTH & SAFETY

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$10,308	\$11,297	\$11,298	\$11,298
ENTITLEMENT CHANGES PER CURRENT LAW:				
A. Budget Variables				
Revenue Change: Change in Hlth & Safety Expenditures	(9,630)	(16,318)	18,200	18,200
Levy Change:	7,846	13,391	(12,498)	(12,498)
CURRENT ENTITLEMENT	8,524	8,370	17,000	17,000
FUNDING EXCESS/DEFICIENCY	1,776 *	2,489 **		
POLICY CHANGES RECOMMENDED				
Cap FY95 Revenue at 70 million				(1,500)
Increase Equalization to 50% of Equalizing Factor				8,205
Prorate FY94 Aid			(5,702)	
Health & Safety Management Assistance			400	400
Contracts at 100% Current Funding				
Change in General Education Equalizing Factor				(2,012)
Total Policy Changes			(5,302)	5,093
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			11,698	22,093
APPROPRIATIONS BASIS:				
Current Year	8,763	9,603	10,004	18,840
Prior Year	1,650	1,545	1,256	1,694
Total Funding (State General Fund)	10,413	11,148	11,260	20,534
LEVY AUTHORITY	37,493	34,112	65,702	48,307

* \$1,784 less \$8 prior year payments per M.S. 124.14, Subd.2.

** \$2,927 less \$438 of the F.Y. 1994 prior year final account that does not have to be appropriated due to the lower estimated entitlement = \$2,489 in the F.Y. 1993 current appropriation.

1994-95 Biennial Budget

PROGRAM: 05 Education Facilities/Equipment
AGENCY: Education Aids

0504 MAXIMUM EFFORT SCHOOL LOAN

CITATION: M.S. 124.36 - 124.477
MDE ADMIN: 1401 Education Finance and Analysis
FEDERAL: None

PURPOSE:

The Maximum Effort School Loan program (MESL) provides the following financial support to school districts through limited use of the state's credit:

- capital bonding needs that are greater than the local property tax base can reasonably support;
- debt service property tax relief to districts with a high debt service tax rate; and
- state general fund appropriations for payment of principal and interest on state bonds to the extent repayments from the districts are inadequate to make the required state bond fund payments.

By providing school districts with revenue for capital expenditures and debt service tax relief, this program contributes to the financial health of the districts. As a result, the districts have an increased ability to provide effective educational programs that contribute to the following Minnesota Milestones goals:

- Minnesotans will excel in basic academic skills; and
- Minnesotans will have the advanced education and training to make the state a leader in the global economy.

DESCRIPTION:

The state bonding authorized in statute provides funds for making loans on favorable terms to school districts. Also, funds remaining from district loan repayments after the state debt service obligations on outstanding state school loan bonds are met can be used to provide funds for new debt service loans. The two types of loans are capital loans for new construction projects and debt service loans to reduce the district levy required for debt service on bonded indebtedness. A district may qualify for either or both types of loan.

A. Capital Loans.

A state capital loan can be used only for the replacement of facilities that are dangerous to the health and safety of children, or to provide facilities where no adequate facilities exist and such facilities could not be made available through consolidation or leasing. The process and criteria for a school district to receive a capital loan include the following:

1. receive a favorable review and comment for the project from the Commissioner of Education;
2. receive a favorable recommendation from the State Board of Education for a loan;
3. receive approval in statute for the loan; and

4. receive approval from the voters in the district for the project.

For qualifying districts, the capital loan is equal to the eligible project costs plus the district's previously existing bonded indebtedness less 305 percent of the district's adjusted net tax capacity (ANTC). A district must also have a projected net debt service levy greater than 20 percent times the district's adjusted net tax capacity.

B. Debt Service Loans.

A school district may obtain a debt service loan from the state if its adjusted net debt service levy is at least 10 percent or \$5,000 greater than the maximum effort debt service levy amount. This is a loan to reduce the amount that a district must levy for debt service.

For qualifying districts, the debt service is equal to the lesser of:

1. the difference between the adjusted net debt service levy and the maximum effort debt service levy;
2. 1 percent of the district's net debt; or
3. the amount requested.

C. Maximum Effort Debt Service Levy.

Each district having an outstanding capital loan or debt service loan must levy the greater of the maximum effort debt service levy or the required debt service levy less any reduction for a debt service loan and debt service aid. The maximum effort debt service levy is equal to:

1. 20 percent of the district's ANTC for all new capital loans and debt service loans.
2. 18.42 percent of the district's ANTC for districts that have not received a debt service loan or capital loan since January 1, 1990; or 17.27 percent of the district's ANTC for districts that received a capital loan prior to August 1, 1981. (The 17.27 percent rate only applies to District 363, South Koochiching.)

The required debt service levy for any year is the amount specified in the district bond schedule established and certified at the time the bonds were issued.

D. Repayment of Capital and Debt Service Loans.

Any excess balance as of November 20 in the district's debt redemption fund is remitted to the state on or before December 15 of each year. Payments received by the state are used in the following sequence:

1. for interest payments on the debt service loans;
2. for interest payments on the capital loans;
3. for principal payments on the debt service loans; and
4. finally, for principal payments on the capital loans.

1994-95 Biennial Budget

PROGRAM: 05 Education Facilities/Equipment
AGENCY: Education Aids

0504 MAXIMUM EFFORT SCHOOL LOAN
(Continuation)

Interest on capital loans and debt service loans is due in December of each year. Any unpaid interest is added to the principal of the loan. If the capital loan is not retired within 50 years from the date of issue, it is canceled and the district's liability ceases.

E. State Bonding Authority.

Since 1959, about \$176.4 million in state bonding authority has been provided for the MESL program. Of this total, \$45.1 million was provided by the legislature in 1991 and \$12.1 million in 1992; all of these funds have been committed for new capital loans. There are currently 24 school districts with outstanding capital loans or approved capital loans pending, and 28 districts with outstanding debt service loans.

F. State Accounting.

Minnesota Statutes provide a maximum effort school loan fund to account for proceeds from state bond sales and resulting loans and related loan repayments from school districts. The fund is divided into 3 accounts. Minnesota Statutes also provide a general fund account for the state appropriations that are provided to augment school district loan repayments. The accounts are described below:

1. Debt Service Loan Account - This account consists of the proceeds of the sale of any state school loan bonds, all income from the investment of bond proceeds, and any monies transferred from the loan repayment account for new debt service loans.
2. Capital Loan Account - This account consists of funds transferred from the debt service loan account that are in excess of the amount required to make debt service loans.
3. Loan Repayment Account - This account receives all principal and interest paid by school districts to the state for debt service or capital loans. Each November 1 and December 1, funds are transferred from the loan repayment account to the school loan bond account in the state bond fund to pay all principal and interest due on the school loan bonds issued for making debt service or capital loans. If monies are not available in this account to make the required transfers, the state auditor is required to levy a statewide property tax in the amount needed. Monies can be transferred to the debt service loan account for new debt service loans to the extent a balance remains in the loan repayment account after the required transfers have been made to the State Bond Fund to meet debt service obligations on outstanding state school loan bonds. Also, the state's cost of administering the maximum effort school loan law, not to exceed \$10,000 per year, is paid out of this account.

4. General Fund Account - This account consists of state general fund appropriations necessary to supplement funds in the loan repayment account to meet annual principal and interest requirements on state school loan bonds when district loan repayments for this purpose are insufficient. The purpose of these appropriations, which have been provided for the past six biennia, is to ensure that sufficient money is available in the fund to prevent a statewide property tax levy as would otherwise be required pursuant to M.S. 124.46, Subd. 3. No appropriation for this purpose is requested for F.Y. 1994 and F.Y. 1995.

OUTCOMES:

A. Program Effectiveness:

In recent years, the Minnesota Department of Finance has refunded outstanding bonds to take advantage of more favorable interest rates. This procedure has reduced the overall bonding debt, due to the lower interest costs. In addition, the refunding procedure has altered principal and interest schedules such that the state transfer payment requirements for the purposes of making bond payments have been reduced.

B. Program Services Statistics:

	Current Law				
(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
1. State Loans Outstanding					
Capital	\$66,652.0	\$94,829.0	\$109,976.0	\$117,290.0	\$120,755.0
Debt service	2,678.0	486.0	2,056.0	1,392.0	1,436.0
School construction	<u>1,192.0</u>	<u>1,137.0</u>	<u>1,082.0</u>	<u>1,027.0</u>	<u>967.0</u>
Total outstanding	70,522.0	96,452.0	113,114.0	119,709.0	123,158.0
2. State Receipts					
Loan repayments					
from schools	7,646.0	3,772.0	15,372.0	22,016.0	1,250.0
Investment income	<u>347.0</u>	<u>350.0</u>	<u>400.0</u>	<u>850.0</u>	<u>380.0</u>
Total receipts	7,993.0	4,122.0	15,772.0	22,866.0	1,630.0
3. State Bond Fund Requirement for Debt Service Payments					
Funds on hand	3,157.0	4,860.0	2,375.0	2,819.0	2,681.0
Investment income	238.3	151.3	120.0	120.0	115.0
Current transfer requirement from Loan Repayment Account	<u>3,303.1</u>	<u>4,315.7</u>	<u>9,854.5</u>	<u>14,788.0</u>	<u>12,587.0</u>
Total requirement (21 months)	6,698.4	9,327.0	12,349.5	17,727.0	15,383.0
4. General Fund Appropriation					
Current transfer requirement	3,303.1	4,315.7	9,854.5	14,788.0	12,587.0
Less loan repayment transfer made	<u>(2,135.7)</u>	<u>(4,315.7)</u>	<u>(3,927.6)</u>	<u>(14,788.0)</u>	<u>(12,587.0)</u>
State Appropriation Needed	\$1,167.4	\$0.0	\$5,926.9	\$0.0	\$0.0

1994-95 Biennial Budget

PROGRAM: 05 Education Facilities/Equipment
AGENCY: Education Aids

0504 MAXIMUM EFFORT SCHOOL LOAN
(Continuation)

PROSPECTS:

The utilization of the MESL has declined with the enactment and funding of the debt service equalization program effective beginning in F.Y. 1993. Only 2 districts (District 707 Nett Lake, and District 727 Big Lake) are expected to request capital loans totaling \$18 million— about \$13 million in F.Y. 1994 and about \$5 million in F.Y. 1995. These loans are contingent on additional bonding authority for about \$18 million, including bond sale expenses, being enacted by the 1993 Legislature. No future capital loans beyond these 2 districts are foreseen at this time. It is expected that new debt service loans, if any, can be provided by monies from the loan repayment account.

OBJECTIVES F.Y. 1994-95:

With the funding of the debt service equalization program, requests and need for maximum effort school loans are expected to decline substantially. The program is maintained to meet needs only in districts with the most severe lack of property value.

GOVERNOR'S RECOMMENDATION:

The Governor recommends Maximum Effort School Loan bonding authority of \$18 million for new capital loans for the following school districts:

District #707 Nett Lake - \$7,967,569
District #727 Big Lake - \$9,770,322

Projected loan repayments from districts are adequate to meet debt service requirements for outstanding state school loan bonds and for the recommended new state bonding authority.

The Governor also recommends that the maximum effort debt service levy be computed prior to levy reductions resulting from debt service equalization aid.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0504 MAXIMUM EFFORT SCHOOL LOAN

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$0	\$9,934	\$0	\$0
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Repayments from Districts		(2,478)		
Combination of Variables:		(1,529)		
Biannual Bond Sale				
Slower District Construction Schedules				
Refunding Existing State Bonds				
Lower Interest Rates on New Sales				
B.Legislation Becoming Effective				
CURRENT ENTITLEMENT	0	5,927	0	0
CANCELLATION		4,007		
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			0	0
APPROPRIATIONS BASIS:				
Current Year	0	5,927	0	0
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	0	5,927	0	0
LEVY AUTHORITY	0	0	0	0

1994-95 Biennial Budget

PROGRAM: 05 Education Facilities/ Equipment
AGENCY: Education Aids

0505 DESEGREGATION CAPITAL IMPROVEMENT GRANTS
 (Information Only)
CITATION: M.S. 124C.55 - 124C.58; Laws 1989, Chap 300, Art 2, Sec 6-10;
 Laws 1992, Chap 558, Sec 7, Subd. 9

MDE ADMIN: 1405 Monitoring/Equal Educational Opportunities
FEDERAL: None

PURPOSE:

To provide facilities and equipment for implementing and operating a desegregation plan approved by the Commissioner of Education.

A goal of the State Board of Education and the Minnesota Department of Education (MDE) is to revise and strengthen policies and rules that promote effective desegregation/integration programs throughout the state. The Commissioner of Education may award grants to eligible school districts for constructing, enlarging or modifying school buildings. It must be determined that the costs are directly related to reducing or eliminating racial imbalance and are part of a desegregation plan.

Magnet schools, specialty schools, and pairing of schools are methods used to achieve desegregation/integration in schools. Many of the existing school facilities need substantial remodeling and/or improvements to provide quality integrated education. The financial burden of achieving school desegregation/integration must not be solely a local responsibility. The state must assume its share of fiscal responsibility. State bond funds are used for this program.

This program contributes to the Minnesota Milestones This program contributes to Minnesota Milestones goals of

- excellence in basic academic skills; and
- to welcome, value and respect people of all cultures, races and ethnic backgrounds

by providing opportunities to expand basic knowledge and skills in academic subject areas, thereby reducing the high school dropout rate and assisting in racial desegregation. The attraction of magnet schools and other specialized programs increases student learning and experiences designed to respect persons with diverse backgrounds.

DESCRIPTION:

School districts required to have a comprehensive desegregation plan approved by the Commissioner of Education are eligible to apply for up to 50% of the costs of remodeling or improving a facility related to its desegregation plan. Districts unable to meet the 50% match with local funds, including local bond issues as necessary, are not eligible to receive a grant. Currently, Duluth, Minneapolis, and St. Paul are eligible. School districts applying must also comply with the review and comment provisions of M.S. 121.15.

OUTCOMES:

A. Program Effectiveness:

In F.Y. 1991 and F.Y. 1992, St. Paul expanded two popular elementary magnet schools located near the McDonough housing project, due to minority enrollment increases in those schools. Minneapolis reopened and renovated Ramsey School to house a fine arts program which had been transferred from Longfellow. Duluth made additions to Grant elementary language magnet school, for the purpose of adding new Spanish and Ojibway language laboratories and classrooms. Duluth also opened a new music laboratory at their Lowell elementary magnet school.

Currently, measures are not in place to determine the effectiveness of desegregation capital improvement grants. More precise data, including the expansion and modifications of magnet schools and other specialized programs, student participation, student/parent satisfaction, graduation rates, and growing respect for people with diverse backgrounds would be valuable in future study of the program's success.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- VI. B. Students will have an appreciation of cultural diversity, will respect and value all people, and will be prepared for lifelong learning and work in a changing, challenging world

B. Program Services/Statistics:

The Legislature provided \$2 million in bonding authority in 1989, and \$4 million in 1992 for this program. The following distribution of grant funds has occurred:

School District (\$ in 000s)	Current Law					
	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Duluth	\$ 50.0	\$ 50.0	\$ 0.0	\$ 280.0	\$ 280.0	\$ 0.0
Minneapolis	522.2	522.2	0.0	920.0	920.0	0.0
St. Paul	427.8	427.8	0.0	800.0	800.0	0.0
	\$1,000.0	\$1,000.0	\$ 0.0	\$2,000.0	\$2,000.0	\$ 0.0

PROSPECTS:

The need for methods of maintaining and/or achieving desegregation/integration of schools will continue in both the short-term and long-term. Intra-district desegregation capital outlay needs will continue to be a fiscal burden for urban school districts. As the state moves forward with interdistrict desegregation/integration plans, greater fiscal demands will be made for capital outlay assistance.

Planning for pilot programs has been funded under the Cooperative Desegregation Grant program involving St. Paul and several suburban school districts, and Minneapolis and several suburban districts (see Program Budget 0814). These cooperative programs plan for the movement of students during F.Y. 1994. If these programs are to be implemented, additional facilities will be needed, requiring additional bonding authority by the legislature.

1994-95 Biennial Budget

PROGRAM: 05 Education Facilities/Equipment
AGENCY: Education Aids

0506 COOPERATIVE SECONDARY FACILITIES GRANTS
 (Information Only)
CITATION: M.S. 124.491, 124.495
MDE ADMIN: 1402 Education Development
FEDERAL: None

PURPOSE:

To provide incentives for three or more school districts to cooperatively improve existing, acquire, or build new secondary school facilities. The specific objectives of the Cooperative Secondary Facilities Grant Act (CSFGA) are to:

- promote the development of secondary schools in Greater Minnesota that will provide more equitable and quality programs and services that meet and exceed State Board of Education and local requirements;
- create cooperative school district organizations in Greater Minnesota that will remain more viable in terms of long-term operations;
- improve/replace rural secondary school facilities which are outmoded for educational, health and safety, and operational purposes; and
- accomplish all of the above in a cost-efficient manner.

The intent of this incentive grant program, is to encourage smaller rural school districts with common needs to improve secondary school facilities, programs, and services through cooperative efforts. Funds are provided through state bonding authority.

By providing incentive funds for the creation of cooperative secondary facilities, this program contributes to achieving Minnesota Milestones goals of

- Minnesotans excel in basic academic skills;
- Minnesotans have the advanced education and training to make the state a leader in the global economy; and
- small cities, rural and urban areas will be economically viable.

DESCRIPTION:

Interested school districts must meet minimum criteria and prepare a Cooperative Secondary Facilities project grant application. The CSFGA and State Board of Education Rules, Parts 3545.3000 to 3545.3024, govern the application and award process.

The application is for an incentive grant in an amount not to exceed the lesser of \$6 million or 75 percent of the approved construction costs of a cooperative secondary education facility. Grant applications are reviewed on a competitive basis by Minnesota Department of Education (MDE) staff. All requirements of the law, State Board of Education Rules, and the grant application must be met to qualify for grant award consideration by the Commissioner of Education. Criteria and

requirements for grant award consideration include the following:

- three or more school districts together must have a minimum average enrollment of at least 66 students per secondary grade. No applicant district may have more than 1,200 students in Grades K-12;
- the districts must form a joint powers board to govern the proposed cooperative secondary facility;
- an educational plan must be prepared. Features of the plan include the following:
 - a. a statement on the inadequacies of the present secondary facilities;
 - b. time lines for selecting one superintendent for the joint powers district;
 - c. input from professional staff and community members;
 - d. a combined seniority list of secondary teachers;
 - e. optional provisions for early retirement and severance pay for teachers and administrators;
 - f. a detailed description of the improved learning opportunities and expanded course offerings to be made available to students, and procedures to assess learning outcomes and student performance;
 - g. a plan to provide for the co-location of health and human services within the cooperative facility
- a positive review and comment under M.S. 121.15 must be received for the proposed project;
- the grant application must be received MDE by November 1 or April 15 for grant award consideration by January 1 or July 1 respectively;
- within 180 days of receiving notification of a grant award, the districts must have a referendum on the question of borrowing additional funds for the portion of the proposed secondary facility cost not covered by the grant. A majority of those residents of the joint powers district voting in the affirmative is needed for approval; and
- within four years after the grant award is made, the districts must hold a combination referendum.

OUTCOMES:

A. Program Effectiveness:

Lac Qui Parle Valley and Tri-District Coop

Seven school districts with outmoded, under-utilized secondary schools have, through their cooperative joint efforts, created two state-of-the-art high schools with vastly improved conditions for more effective teaching and learning. These physically modern, technologically superior school buildings will afford a high quality physical environment for interaction among and between students, teachers, and community members. Greater student numbers and expanded staffs enable more class offerings that afford greater student opportunities to explore more areas of interest in junior and senior high curricula, and better prepare students for postsecondary education and the world of work. Because larger schools provide for more teaching specialization, teacher preparations have been reduced dramatically, enabling teachers to better prepare for the instruction of students. Expanded teaching staffs have enabled the districts to more effectively develop curriculum, learner outcomes, and plan staff development activities. Counseling and other support services are more readily available. These schools have become a magnet for after school activities of students and the broader school community.

The cooperative secondary school facilities grant program relates directly and indirectly to current education priorities. These include equity issues for rural Minnesota, the ability to meet and exceed

1994-95 Biennial Budget

PROGRAM: 05 Education Facilities/Equipment
AGENCY: Education Aids

0506 COOPERATIVE SECONDARY FACILITIES GRANTS
 (Continuation)

graduation requirements, outcome based education, student achievement, and percentage of graduates who pursue higher education or training after high school. This program has positive effects on all of these priorities.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- IV. C. Improve learner self-esteem
- IV. H. Create changes that improve the way school districts meet the needs of learners and their families

B. Program Services/Statistics:

Since 1987, state bonding authority of \$19.88 million has been provided for this program. Three groups of school districts have received grant awards as follows:

<u>School Project (\$ in 000s)</u>	<u>Number of Districts</u>	<u>Project Cost</u>	<u>Award Amount</u>
1. Lac Qui Parle Valley	4	\$ 11,900.0	\$ 8,000.0
2. Tri-District Coop	3	16,500.0	6,000.0
3. Blue Earth Area	4	8,900.0	5,880.0

Note: The Sibley East group of three districts also applied for and was awarded a grant of \$8 million, but the local referendum failed and the grant award was canceled.

In addition to the above project grants, a group of districts in Grant County was provided (in the 1992 bonding bill) a grant of \$100,000 from the state general fund for planning for facility needs and cooperation and combination.

The figures below include a) the \$6 million grant to the Tri-District Coop in F.Y. 1991, b) the pending \$5.88 million grant to Blue Earth Area in F.Y. 1993, and c) projected grants of \$5.9 million to Grant County School Districts in F.Y. 1994 and \$6 million to a group of districts in F.Y. 1995 that will require new bonding authority.

<u>(\$ in 000s)</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Grant awards	\$ 6,000.0	\$ 0.0	\$ 5,880.0	\$ 5,880.0	-0-

PROSPECTS:

The program of state fire marshal visitations is helping school districts identify serious health and safety hazards in their school facilities. Revenues to address these deficiencies are limited. This motivates district consideration of options for upgrading or replacing their outmoded school facilities. The CSFGA provides incentives for rural school districts to cooperatively improve or replace outmoded secondary school facilities, while at the same time significantly improving programs and services for students. These cooperative secondary schools set a positive model for other groups of districts facing similar difficulties. Considering the cost of upgrading and replacing all existing secondary facilities, the realistic and affordable alternative is to selectively upgrade and replace a portion of the existing school facilities through cooperative efforts among school districts. State financial incentives through the CSFGA will encourage and facilitate these efforts.

GOVERNOR'S RECOMMENDATION:

The Governor's budget assumes no additional bond authority for this program at this time.

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PROGRAM: 05 Education Facilities/ Equipment
 AGENCY: Education Aids
 0507 COOPERATIVE SECONDARY FACILITIES
 SEVERANCE LEVY
 CITATION: M.S. 124.4945
 MDE ADMIN: 1401 Education Finance and Analysis
 FEDERAL: None

PURPOSE:

To provide severance pay and early retirement incentives for any teacher who is placed on unrequested leave as a result of a cooperative secondary facility joint powers agreement under M.S. 124.491-.495 (also see Program Budget 0506).

The intent of this optional severance levy is to encourage the cooperating school districts to provide incentives for teachers to retire early, and to provide severance benefits to teachers who are placed on unrequested leave.

By providing school districts with additional revenue, this aid program contributes to the overall financial health of the districts. As a result, the districts have an increased ability to provide effective educational programs that contribute to the Minnesota Milestones goal of excelling in basic academic skills.

DESCRIPTION:

As part of the educational plan required of applicant school districts, a staffing plan which provides for early retirement and severance pay incentives may be developed. After the plan is approved and the grant is awarded, the joint powers board must certify to each participating school district the amount required to fund the district's portion of severance pay and early retirement incentives.

The tax levy certified to each district must be expressed as a percentage that, when applied to the combined Adjusted Net Tax Capacity (ANTC) of all participating school districts, raises the amount necessary to provide severance pay and early retirement incentives. The levy authority for each school district's portion is allocated to the school district proportionately based on its share of tax-capacity. The levy may be made over several years.

OUTCOMES:

A. Program Effectiveness:

Three groups of school districts have received grant awards under the Cooperative Secondary Facilities Grant Act since 1987. Two of the groups passed the necessary local referendum, thus qualifying them to make any severance and early retirement levy, if desired.

The Lac qui Parle Valley group of 4 school districts levied \$200,000 for F.Y. 1990 and \$200,000

for F.Y. 1991. The Tri-District cooperative group of 3 school districts did not use this levy authority.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- IV. H. Create changes that improve the way school districts meet the needs of learners and their families

B. Program Services/Statistics:

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Eligible joint power districts	1	0	2	0	0
Participating school districts	4	0	7	0	0
Severance pay/retirement levy (000s)	\$200.0	\$0.0	\$144.1	\$0.0	\$0.0

PROSPECTS:

There is a need to encourage small rural school districts with common needs to improve secondary school facilities, programs, and services for students through cooperative efforts. Special levy authority for cooperating districts to provide severance pay and early retirement for teachers who are placed on unrequested leave as a result of the cooperative agreement will continue to be an important incentive for districts considering this cooperative program.

OBJECTIVES F.Y. 1994-95:

This program contributes to the outcomes established for Cooperative Secondary Facilities Grants (Program Budget 0506).

GOVERNOR'S RECOMMENDATION:

The Governor recommends continuation of this activity.

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PROGRAM: 05 Education Facilities/Equipment
AGENCY: Education Aids

0508 MISCELLANEOUS CAPITAL EXPENDITURE LEVIES

CITATION: M.S. 124.91 Subd 1,2,3,4,5,6; 124.82; 124.84; 122.533;
MDE ADMIN: 1401 Education Finance and Analysis
FEDERAL: None

PURPOSE:

To provide funds to school districts for various capital expenditure service purposes, including leasing of buildings, energy conservation, building construction down payment, etc. (See DESCRIPTION for specific objectives of these levies).

By providing school districts with authority to levy for certain capital programs, these programs contribute to the financial health of districts. As a result, the districts have an increased ability to provide effective educational programs that contribute to the Minnesota Milestones goals of:

- Minnesotans will excel in basic academic skills;
- Minnesotans will have the advanced education and training to make the state a leader in the global economy; and
- government in Minnesota will be cost-effective and services will be designed to meet the needs of the people who use them.

DESCRIPTION:

1. Building and Land Lease (M.S. 124.91, Subd. 1). Districts may levy to rent or lease a building or land for instructional purposes if the district determines that the capital expenditures facilities revenues authorized under section M.S. 124.243 are insufficient for this purpose. The levy authority and amount must be approved by the Commissioner of Education. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy for the purpose of leasing or renting a district-owned building to itself.
2. Lease Purchase (M.S. 124.91, Subd. 2 and 3). School districts are permitted to continue to levy for lease purchase agreements approved by the Commissioner of Education prior to July 1, 1990. In addition, certain districts with a desegregation plan may levy for lease purchase costs of acquiring facilities.
3. Interactive Television (M.S. 124.91 Subd. 5). A school district located outside economic development region 11 may levy the greater of .5 percent of ANTC or \$20,000, but not to exceed the approved costs, for the construction, maintenance and lease costs of an interactive television system for instructional purposes.
4. Energy Conservation (M.S. 124.91, Subd. 6). A school district may annually levy, the amount needed to repay the annual principal and interest of energy conservation loans and other loans received pursuant to M.S. 216C.37 and M.S. 298.292 to 298.298.

5. Building Construction Down Payment (M.S. 124.82). A school district may levy the tax rate approved by a majority of the electors voting on the question of providing funds for a down payment for an approved building construction project. A referendum for a project receiving an unfavorable review and comment by the Commissioner of Education must be approved by at least 60% of the voters at the election. The election must take place no more than 5 years before the estimated commencement date of the project. All proceeds from the levy must be deposited in the capital expenditure fund and transferred to the down payment account in the building construction fund.

6. Cooperative Building Repair (M.S. 124.91, Subd. 4). A school district that has a cooperative agreement according to M.S. 122.535 or 122.541 may levy for the repair costs, as approved by MDE, of a building located in another district that is a party to the agreement.

7. Disabled Access Levy (M.S. 124.84). 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 make modifications in school buildings based on inspection by the staff of the State Fire Marshal. A school district may levy up to \$300,000 to provide disabled accessibility for all facilities. The levy amount must be approved by the Commissioner of Education. The approved amount may be levied over five or fewer years.

8. Transition Levy (M.S. 122.533). A school district may levy for the capital expenditure transition costs due to consolidation or dissolutionment.

OUTCOMES:

A. Program Effectiveness:

These programs continue to provide needed financial resources for various capital expenditures programs.

B. Program Services/Statistics:

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
(\$ in 000s)	<u>89 PAY 90</u>	<u>90 PAY 91</u>	<u>91 PAY 92</u>	<u>92 PAY 93</u>	<u>93 PAY 94</u>
A. Capital Expenditure Fund					
1. <u>Building lease</u>					
Amount	\$7,209.0	\$7,839.8	\$10,905.8	\$9,327.9	\$14,000.0
Districts	67	83	99	113	125
2. <u>Lease purchase</u>					
Amount	included	included	included	\$6,130.5	\$6,000.0
Districts	above	above	above	9	7
3. <u>Interactive Television</u>					
Amount	\$0.0	\$0.0	\$1,225.5	\$3,700.0	\$4,000.0
Districts			113	180	200

(continued on next page)

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PROGRAM: 05 Education Facilities/Equipment
AGENCY: Education Aids

0508 MISCELLANEOUS CAPITAL EXPENDITURE LEVIES
 (Continuation)

ments in the larger districts. A portion of this need can be funded from other capital expenditure revenue sources. Data will be collected to assess the differential between need and funding available so that objectives may be established.

GOVERNOR'S RECOMMENDATION:

The Governor recommends continuation of this activity.

(continued from previous page) (\$ in 000s)	F.Y. 1991 89 PAY 90	F.Y. 1992 90 PAY 91	F.Y. 1993 91 PAY 92	Current Law F.Y. 1994 92 PAY 93	F.Y. 1995 93 PAY 94
4. <u>Energy conservation</u>					
Amount	\$3,462.2	\$3,495.3	\$3,730.5	\$4,200.0	\$4,700.0
Districts	134	143	154	162	170
5. <u>Building construction</u>					
<u>down payment</u>					
Amount	\$85.0	\$928.7	\$1,287.5	\$1,037.6	\$1,000.0
Districts	1	5	5	5	5
6. <u>Cooperative building</u>					
<u>repair</u>					
Amount	\$51.0	\$51.0	\$77.3	\$0.0	\$0.0
Districts	3	3	5	0	0
7. <u>Disabled Access</u>					
Amount	\$0.0	\$0.0	\$0.0	\$20,000.0	
\$20,000.0					
Districts				200	180

PROSPECTS:

The Americans with Disabilities Act (ADA) guidelines have become a major concern for school districts in their facility management plans. Because of the increasing age of the majority of school facilities, districts experiencing increasing costs maintaining lighting, electrical, heating-ventilation, and roofs of schools, districts will have to address ADA requirements in their facility planning. For the larger school districts, because of the high cost of installing elevators and other accessibility modifications, the current levy limit of \$300,000 over five years per district is not sufficient to address accessibility issues in all their facilities.

Miscellaneous Capital Expenditure Levies continue to serve various needs of Minnesota school districts. All funds generated through these levies are anticipated to be fully utilized.

OBJECTIVES F.Y. 1994-1995:

Continuation of these levies will enable districts to access revenue needed or permitted in these areas of financial need. The amount permitted for disabled access will not meet the need for improve-

1994-95 Biennial Budget

PROGRAM: 05 Education Facilities and Equipment
AGENCY: Education Aids

0509 DEBT SERVICE REVENUE

CITATION: M.S. 124.95; 124.97; 124.243, Subd 9; 124.494; 124.2445; 475.61
MDE ADMIN: 1401 Education Finance and Analysis
FEDERAL: None

PURPOSE:

To provide funds to school districts for debt service purposes including debt service equalization aid to districts with a high debt burden relative to the District tax base. By providing debt service equalization aid to school districts, this program contributes to the overall financial health of the districts and promotes greater equity for taxpayers.

DESCRIPTION:

1. General Debt Service Levy (M.S. 124.97; 475.61). A school district must levy an amount between 105 % and 106 % of the amount needed to meet, when due, the principal and interest payments on its general obligations. The general debt service levy may be reduced if the district has an excess amount in the debt redemption fund.
2. Debt Redemption Portion of Facilities Levy (M.S. 124.243, Subd. 9). A school district may allocate a portion of its capital expenditure facilities revenue to the debt redemption fund. The Minnesota Department of Education (MDE) must calculate the aid and levy for each fund and reduce the debt service levy of the district by the amount of the levy allocated to the debt redemption fund.
3. Purchase of Certain Equipment (M.S. 124.2445). If a school district issues certificates or notes to buy equipment, then the school district must levy the amount needed to retire the certificates of indebtedness or capital notes issued to purchase vehicles other than school buses, 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 5 years. The district's capital expenditure equipment levy must be reduced by the amount of the debt service levy certified for this purpose.
4. Cooperative Secondary Facilities Levy (M.S. 124.494, Subd. 5; 475.61). The joint powers districts must make a debt service levy for retirement of bonds issued under the Cooperative Secondary Facilities Grant Act. This levy is not included in the required debt service levy for computing Debt Service Equalization Aid.
5. Debt Service Equalization Aid (M.S. 124.95). For purposes of M.S. 124.95, the required debt service levy of a district is defined as the amount needed to produce between 5 and 6 % in excess of the amount needed to meet when due the principal and interest payments, excluding obligations under section 124.2445, of the district for eligible projects according to subdivision

2, including the amounts necessary for repayment of energy loans and other loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, minus the amount of net debt service excess for that school year calculated according to the procedure established by the commissioner.

The following portions of a district's required debt service levy as defined above qualify for debt service equalization:

- a. debt service for repayment of principal and interest on bonds issued before 7-2-92;
- b. debt service for bonds refinanced after 7-2-92, 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 7-2-92 for construction projects that have received a positive review and comment according to section 121.15, if the commissioner has determined that the district has met the criteria under section 124.431, subdivision 2, and if the bond schedule has been approved by the commissioner and, if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule. The criterion in section 124.431, subdivision 2, paragraph (a), clause (2), shall be considered to have been met if the district in the fiscal year in which the bonds are authorized at an election conducted under chapter 475:
 - (i) serves an average of at least 66 pupils per grade in the grades to be served by the facility; or
 - (ii) is eligible for sparsity revenue.

Districts identified in Laws 1990, chapter 562, article 11, section 8, do not need to meet the criteria of section 124.431, subdivision 2 to qualify.

For fiscal years 1995 and later, the debt service equalization revenue of a district equals the required debt service levy minus the amount raised by a levy of 10 % times the adjusted net tax capacity of the district. For fiscal year 1993, debt service equalization revenue equals one-third of this amount, and for fiscal year 1994, debt service equalization revenue equals two-thirds of this amount.

To obtain debt service equalization revenue, a district must levy an amount not to exceed the district's debt service equalization revenue times the lesser of one or the ratio of:

1. 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
2. 50 % of the equalizing factor as defined in section 124A.02, subdivision 8, for the year to which the levy is attributable.

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 equalization aid may be prorated.

Districts eligible for debt service equalization must notify the Department of their F.Y. 1994 debt service levy for bonds sold before 7-2-92 and their F.Y. 1993 debt service excess by 7-2-92. The

1994-95 Biennial Budget

PROGRAM: 05 Education Facilities and Equipment
AGENCY: Education Aids

0509 DEBT SERVICE REVENUE
 (Continuation)

Department will use these data to compute the final F.Y. 1994 debt service aid for each district prior to certification of 1992 payable 1993 levy limits.

The 1992 payable 1993 debt service levy for each district will be reduced by the amount of the district's prorated debt service aid entitlement for F.Y. 1993 and F.Y. 1994. However, a district may have an additional debt service levy limitation if the district has an outstanding debt service loan or capital loan.

OUTCOMES:

A. Program Effectiveness:

The program provides funds for debt service.

Debt service equalization aid provides tax relief as was intended by statute.

B. Program Services/Statistics:

(\$ in 000s)	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
1. <u>General debt service</u>					
Gross amount	\$157,713.1	\$177,065.1	\$183,000.0	\$206,895.3	\$245,000.0
Reduction for:					
facilities levy	204.6	184.7	131.1	10.0	3.0
aid	0.0	0.0	6,000.0	14,000.0	28,000.0
excess	14,688.2	13,379.7	24,156.6	8,677.1	12,000.0
Net amount	\$142,820.3	\$163,500.7	\$153,012.3	\$184,208.2	\$204,997.0
Districts	261	254	252	250	250
2. <u>Facilities adjustment to debt service</u>					
Levy	\$204.6	\$184.7	\$131.1	\$10.0	\$3.0
Aid	812.0	754.1	436.9	33.0	22.0
Revenue	1,016.9	938.8	568.0	43.0	25.0
Districts	6	6	5	2	1
3. <u>Debt Service equipment levy</u>					
Levy	\$10.7	\$251.7	\$294.2	\$269.7	\$250.0
Districts	2	6	10	6	5

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(\$ in 000s)	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
4. <u>Cooperative secondary facilities levy</u>					
Amount	\$ 333.3	\$1,292.0	\$1,211.6	\$1,511.9	\$1,500.0
Joint power districts	1	2	2	3	3
Districts	4	7	7	11	11
5. <u>Debt service equalization aid</u>					
Districts participating	—	—	109	113	120
Gross Aid Entitlement	—	—	\$6,239.0	\$14,426.9	\$28,000.0
Proration Factor	—	—	96.2%	97.04%	75.0%
Net Aid Entitlement	—	—	\$6,000.0	\$14,000.0	\$21,000.0

For F.Y. 1993, the net appropriation is \$ 3,000.0 (\$ 6,000.0 in M.S. 124.9601 less \$ 3,000.0 required cancellation in M.S. 124.9602). The additional \$ 3,000.0 necessary to fund the F.Y. 1993 prorated entitlement is to be appropriated in F.Y. 1994.

PROSPECTS:

Debt service levies are required to retire bonded debt. A set of fixed standing appropriations is created for debt service equalization aid. The appropriations are sufficient to fund aid entitlements of \$6 million for F.Y. 1993, \$14 million for F.Y. 1994, and \$21 million for F.Y. 1995 and later years. School districts will receive 50% of their F.Y. 1993 debt service aid on March 15, 1993 and 50% on 9-15-93. Payments for F.Y. 1994 and later years will be made according to the schedule enacted in 1991 (1/3 before 9-15-93, 1/3 before December 15, and 1/3 before March 15).

OBJECTIVES F.Y. 1994-95:

Taxpayer equity will be improved by continuation of the phase-in and full funding of the entitlement for debt service equalization. Property taxes for debt service will be reduced by \$14 million in F.Y. 1994 and \$28 million in F.Y. 1995. Districts may choose to request that some of the property tax reductions be reauthorized as referendum levies to contribute to learning and learner support objectives.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following modifications in the debt service funding formula:

- Beginning in F.Y. 1995, increase the standing appropriation for debt service equalization aid from \$21,000 to \$26,000.
- Beginning in F.Y. 1995, compute debt service aid separately for portions of consolidated and combined school districts with nonuniform debt service tax rates.

The Governor recommends an aid entitlement of \$14,018 for F.Y. 1994 and \$ 26,000 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$14,018 in F.Y. 1994 and \$ 26,000 in F.Y. 1995. In addition, the Governor recommends an appropriation of \$3,000 in F.Y. 1994 for the F.Y. 1993 program pursuant to M.S. 124.9601 and 124.9602.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0509 DEBT SERVICE EQUALIZATION

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$0	\$6,000	\$14,000	\$21,000
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Growth of Debt Service Obligations		239	427	7,000
B.Legislation Becoming Effective				
CURRENT ENTITLEMENT	0	6,239	14,427	28,000
FUNDING EXCESS/DEFICIENCY		(239)	(409)a)	
POLICY CHANGES RECOMMENDED				
Change in General Education Equalizing Factor				(2,000)
Total Policy Changes			(409)	(2,000)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			14,018	26,000
APPROPRIATIONS BASIS:				
Current Year	0	3,000	17,018 b)	26,000 c)
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	0	3,000	17,018	26,000
LEVY AUTHORITY	163,501	153,012	184,208	204,997

a) Proration of aid based on funding available per M.S. 124.901, plus \$18.0 increase in appropriated funds.

b) \$3,000.0 expended for F.Y. 1993 program.

c) \$21,000.0 per M.S. 1224.9601 plus \$5,000.0 increase in appropriated funds.

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EDUCATION ORGANIZATION/COOPERATION (06)

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EDUCATION ORGANIZATION/COOPERATION

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PROGRAM: 06 Education Organization/Cooperation
AGENCY: Education Aids

0601 EDUCATION DISTRICTS

CITATION: M.S. 122.91 - 122.96; 124.2721
MDE ADMIN: 1402 Education Development
FEDERAL: None

PURPOSE:

To increase educational opportunities for students by increasing cooperation and coordination among groups of four or more school districts and postsecondary institutions. The specific objectives of the Education Districts are to:

- facilitate the provision of expanded programs and services for students in Greater Minnesota through an organizational unit with a larger student base, additional revenue, and the cost efficiencies of cooperative efforts;
- facilitate staff and curriculum development through the combined resources of member districts;
- streamline programs and services available through cooperative structures by replacing other cooperative units;
- ensure the involvement of teachers and community members in the development and implementation of the required Education District 5 year plan; and
- provide a means for the negotiation of area-wide collective bargaining agreements for teachers in the Education District member school districts.

The intent of the Education District law is to provide an organizational unit that can more effectively and efficiently plan, coordinate, and facilitate the cooperative delivery of programs and services to students in Greater Minnesota.

Through the promotion of Education Districts that deliver such programs and services, this program contributes to achieving Minnesota Milestone goals of

- excellence in basic academic skills;
- Minnesotans will have the advanced education and training to make the state a leader in the global economy;
- rural areas and small cities will be economically viable places for people to live and work; and
- Government in Minnesota will be cost-efficient.

DESCRIPTION:

Interested school districts and postsecondary institutions must meet minimum criteria outlined below and prepare an Education District 5-year plan. The plan is submitted to the State Board of Education, whose approval authorizes levy authority for the Education District. Criteria and requirements for formation of an Education District and approval of the 5-year plan include the following:

- a minimum of 4 school districts with at least 5,000 students in average daily membership or at least 2,000 square miles, or 5 or more school districts. Postsecondary institutions can be members and be represented on the Education District board;
- each interested school district must have a local hearing on Education District membership, meet and confer with their teacher bargaining representative, and have an affirmative school board vote for membership;
- the 12 mandated program and service areas to be coordinated by an Education District include programs for handicapped pupils, gifted and talented pupils, secondary vocational education, improved learning, community education, early childhood family education, career education, low-incidence academic programs, research-planning-development, health services, library services, and counseling services;
- a common academic calendar must be developed by the Education District for its member school districts; and
- an Education District 5-year plan Application must be prepared and submitted by June 1 to the State Board of Education. Features of the plan include the following:
 - a. the plan must give priority to the 12 mandated program and service areas; and explain how it will increase, not just maintain or supplant, educational opportunities for all students;
 - b. an emphasis on new, improved, and expanded programs and services in the mandated program and service areas;
 - c. optional program areas such as professional development, extended year programs, use of technology, and parent involvement may also be included;
 - d. information on the involvement of teachers and community members in the development and implementation of the plan; and
 - e. detailed budgets identifying all Education District revenues and expenditures.

Each Education District may receive total revenue up to \$50 times the total Weighted Average Daily Membership (WADM) pupil units of the member school districts. The Education District levy authority is equal to the lesser of the total revenue or 1.87% times the combined adjusted net tax capacity of all member school districts. The levy is allocated to each school district proportionately based on its share of the tax capacity, and the net property tax levy revenue is transferred to the Education District in June and November. State aid is equal to the total revenue minus the Education District levy. (The aid appropriation for F.Y. 1993 was vetoed in 1991. Member school districts were subsequently given authority to levy for the lost aid revenue. The levy revenue will be received in F.Y. 1994.) Education District revenue is subject to the property tax recognition shift provisions in the same manner as for school districts.

Education District 5-year plans are reviewed in detail by Minnesota Department of Education (MDE) staff prior to State Board of Education approval consideration. All the requirements of law, and State Board and MDE guidelines must be satisfied for the applicant Education District to receive State Board approval of their plan and levy authority. Updates and significant changes to 5-year plans are also subject to review and State Board approval.

OUTCOMES:

A. Program Effectiveness:

Thirty-four groups of 259 school districts and area postsecondary institutions are operating Education Districts, and have received approval of their 5-year plans. These districts offer cooperative programs serving over 300,000 students in F.Y. 1993.

1994-95 Biennial Budget

PROGRAM: 06 Education Organization/Cooperation
AGENCY: Education Aids

0601 EDUCATION DISTRICTS
 (Continuation)

The Education District law has enabled a large number of rural school districts to cooperatively facilitate the provision of more educational opportunities for students, and to develop and implement staff and curriculum development programs. Many programs and services in Education Districts relate directly to education priorities such as outcome-based education, graduation rule, and school achievement and completion. This program has also enabled rural school districts to access revenues for cooperative purposes similarly available to intermediate education units in the metropolitan area.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- IV. C. Improve learner self-esteem
- IV. H. Create changes that improve the way school districts meet the needs of learners and their families

B. Program Services/Statistics:

(\$ in 000s)	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Education districts	33	33	34	33	33
Member school districts*	242	245	259	254	254
Pupil units served (WADM)*	253,468	272,714	302,579	306,891	311,847
Revenue:					
Formula allowance	60	50	50	50	50
Current	\$ 15,208.1	\$ 13,635.7	\$ 15,129.0	\$ 15,344.5	\$ 15,592.3
F.Y. 1993 Levy adjust	0	0	0	\$ 2,342.1	0
Total revenue:	\$ 15,208.1	\$ 13,635.7	\$ 15,129.0	\$ 17,686.6	\$ 15,592.3
Levy:					
Property valuation measure**	AGTC	ANTC	ANTC	ANTC	ANTC
Tax rate	1.50%	1.87%	1.87%	1.87%	1.87%
Amount					
Current	\$ 11,258.9	\$ 10,918.5	\$ 12,786.9	\$ 13,205.1	\$ 13,332.9
F.Y. 1993 Adjustment	0	0	0	\$ 2,342.1	0
Total Levy	\$ 11,258.9	\$ 10,918.5	\$ 12,786.9	\$ 15,547.2	\$ 13,332.9
State aid:					
Gross aid	\$ 3,949.2	\$ 2,717.2	\$ ***	\$ 2,139.3	\$ 2,259.5
Proration factor	94.17%	97.09%	—	100%	100%
Prorated aid	\$ 3,718.1	\$ 2,638.0	\$ ***	\$ 2,139.3	\$ 2,259.5

* Included in revenue calculations

** Adjusted Gross Tax Capacity (AGTC); Adjusted Net Tax Capacity (ANTC)

*** The calculated aid entitlement for F.Y. 1993 based on the statutory formula is \$2,342,100. However, the current appropriation of \$1,895,000 was vetoed by the Governor, and no state aid has been paid for this program year. The Legislature in 1992 authorized a levy adjustment to replace state aid.

PROSPECTS:

Education Districts have cooperatively developed and implemented programs and services for students and staff in Greater Minnesota in a wide variety of areas. Membership has stabilized. The continuing effects of declining enrollments and fund balances, and increasing program and service demands on school districts are well documented. Education Districts have facilitated the maintenance and/or expansion of learning opportunities for students through revenue incentives that have encouraged cooperation. With the implementation of outcome-based education and programs for at-risk students, the continuing need for cost-effective means of developing, implementing, and maintaining programs and services through cooperative efforts will increase, not lessen.

The revenues for Education Districts have been reduced from \$60 to \$50 per pupil unit, and state aid to Education Districts discontinued in F.Y. 1993. As a result, there is a disparity in revenue raised by Education Districts, ten receiving the full \$50 per pupil unit, and seven receiving less than \$35 per pupil unit from the local levy part of the original formula. The F.Y. 1993 adjustment to taxes payable in 1993 allows Education Districts that are receiving less than \$50 per WADM to levy the difference.

OBJECTIVES F.Y. 1994-95:

The revenues of up to \$ 50 per pupil unit for Education Districts will continue through July 1, 1995, when, under Laws of 1992, Chapter 499, Article 6, Section 39, Subdivision 3, Education Districts are among the regional organizations scheduled to cease operations. For F.Y. 1994 and F.Y. 1995, with no state aid recommended, there will continue to be a disparity in the revenue raised by Education Districts as discussed above in Prospects.

Education Districts will continue to work to fulfill the objectives of their original or amended five-year plans with the available resources.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following modifications in the Education Districts Program:

- Beginning in F.Y. 1994, change the definition of pupil units to a two-year average of weighted average daily membership (WADM), consistent with changes in the General Education program. See Program Budget 0101 for further information.
- Beginning in F.Y. 1994, repeal the state aid portion of the funding formula.
- For 1993 payable 1994, allow member school districts to levy an amount equal to the difference between \$50 per pupil unit and the amount raised by the Education District levy.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0601 EDUCATION DISTRICTS

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$2,638	a)	\$0	\$0
ENTITLEMENT CHANGES PER CURRENT LAW:				
A. Budget Variables				
Appropriation Shortfall		2,229 a)	2,229	2,229
Growth in Participation & Pupil Units	157	1,427	1,642	1,890
Levy Increase: Growth in Participation	(78)	(1,314)	(1,732)	(1,860)
WADMs and Adjusted Net Tax Capacity				
CURRENT ENTITLEMENT	2,717	2,342 a)	2,139	2,259
FUNDING EXCESS/DEFICIENCY	(79)	b)		
POLICY CHANGES RECOMMENDED				
Two Year Averaging of Pupil Units			(118)	(124)
Levy Decrease			17	19
Repeal Aid Formula and Provide Levy Authority to Replace State Aid			(2,038)	(2,154)
Total Policy Changes			(2,139)	(2,259)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)				
APPROPRIATIONS BASIS:				
Current Year	2,243	0	0	0
Prior Year	555	395	0	0
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	2,798	395	0	0
LEVY AUTHORITY	10,919	12,787	2,342 b)	2,038
			13,188	13,314

a) This is the estimated aid entitlement based on the statutory formula. However, as the current appropriation was vetoed, no aid was paid.

b) Additional levy authority was enacted in the 1992 session to replace the aid amount of \$2342.

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1994-95 Biennial Budget

PROGRAM: 06 Education Organizational/Cooperation
AGENCY: Education Aids
 0602 SECONDARY VOCATIONAL COOPERATIVES
CITATION: M.S. 123.351; 124.575
MDE ADMIN: 1402 Education Development
FEDERAL: None

PURPOSE:

To increase educational opportunities for students by providing vocational and nonvocational programs according to terms of an agreement that entails greater cooperation and coordination of educational programming among school districts.

Through the promotion of secondary vocational cooperative programs and services, this program contributes to achieving Minnesota Milestone goals of

- Minnesotans will excel in basic academic skills;
- Minnesotans will have the advanced education and training to make the state a leader in the global economy;
- small cities and rural areas will be economically viable places for people to live and work; and
- Government in Minnesota will be cost efficient.

DESCRIPTION:

Two or more school districts may enter into an agreement to establish a Secondary Vocational Cooperative to provide vocational education and other educational services upon the vote of a majority of the full membership of each of the governing boards of the districts entering into the agreement. Prior to the commencement of the operation of any cooperative, the agreement must be approved by the State Board of Education.

In order to receive revenue consisting of state aid and local levy authority, the Secondary Vocational Cooperative must consist of at least 5 school districts, or at least 4 districts with at least 5,000 pupils in average daily membership, or at least 4 districts with a combined area of at least 2,000 square miles. Additionally, the cooperative must provide vocational offerings to any eligible person residing in any participating district, and either special education for the handicapped and disadvantaged or other educational programs agreed upon by the participating districts.

Each Secondary Vocational Cooperative may receive total revenue up to \$20 times the total Weighted Average Daily Membership (WADM) pupil units of the member school districts. The vocational cooperative levy authority is equal to the lesser of the total revenue or 0.78% times the combined adjusted net tax capacity of all member school districts. The levy is allocated to each school district proportionately based on its share of the tax capacity, and the net property tax levy revenue is transferred to the Secondary Vocational Cooperative in June and November. State aid is equal to the total revenue minus the vocational cooperative levy. (The aid appropriation for F.Y. 1993 was vetoed in 1991. Member school districts were subsequently given authority to levy for

the lost aid revenue. The levy revenue will be received in F.Y. 1994.) Secondary Vocational Cooperative revenue is subject to the property tax recognition shift provisions in the same manner as for school districts.

The WADM of school districts that are members of an intermediate district may not be used to obtain revenue under this program. The WADM of a school district may not be used to obtain revenue under both this program and the Education District Revenue program (Program Budget 0601).

OUTCOMES:

A. Program Effectiveness:

Since F.Y. 1990, the number of Secondary Vocational Cooperatives eligible for revenue has decreased from 8 to 6 cooperatives. The total number of school districts involved has decreased from 30 in F.Y. 1990 to 26 in F.Y. 1993, primarily due to districts moving to education districts or consolidation.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- IV. C. Improve learner self-esteem
- IV. H. Create changes that improve the way school districts meet the needs of learners and their families

B. Program Services/Statistics:

	Current Law				
(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Eligible secondary voc coop's	7	6	6	5	5
Member school districts*	35	31	26	25	25
Pupil units served (WADM)*	69,183	59,068	49,178	49,941	51,226
Revenue:					
Formula allowance	—	20	20	20	20
Current	\$ 1,224.5	\$ 1,181.4	\$ 983.6	\$ 998.8	\$ 1,024.5
F.Y. 1993 Levy adjust	0	0	0	\$ 165.1	0
Total revenue:	\$ 1,224.5	\$ 1,181.4	\$ 983.6	\$ 1,163.9	\$ 1,024.5
Levy:					
Property valuation measure**	AGTC	ANTC	ANTC	ANTC	ANTC
Tax rate	0.60%	0.78%	0.78%	0.78%	0.78%
Amount					
Current	\$ 1,058.7	\$ 1,007.1	\$ 818.5	\$ 833.8	\$ 856.0
F.Y. 1993 Adjustment	0	0	0	165.1	0
Total Levy	\$ 1,058.7	\$ 1,007.1	\$ 818.5	\$ 998.9	\$ 856.0
State aid:					
Gross aid	\$ 165.8	\$ 174.3	\$ ***	\$ 165.1	\$ 168.6
Proration factor	96.36%	100%	—	100%	100%
Prorated aid	\$ 159.8	\$ 174.3	\$ ***	\$ 165.1	\$ 168.6

1994-95 Biennial Budget

PROGRAM: 06 Education Organizational/Cooperation
AGENCY: Education Aids

0602 SECONDARY VOCATIONAL COOPERATIVES
(Continuation)

- * Included in revenue calculations
- ** Adjusted Gross Tax Capacity (AGTC); Adjusted Net Tax Capacity (ANTC)
- *** The calculated aid entitlement for F.Y. 1993 based on the statutory formula is \$165,100. However, the current appropriation of \$138,000 was vetoed by the Governor, and no state aid has been paid for this program year. The Legislature in 1992 authorized a levy adjustment to replace the state aid.

PROSPECTS:

This program provides incentives for new cooperative unit programs and delivery of services. Based on a trend analysis of prior years data, the number of cooperatives is expected to remain stable or diminish.

OBJECTIVES F.Y. 1994-1995:

This program contributes to the outcomes established for secondary vocational education.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following modifications in the Secondary Vocational Cooperatives Program:

1. Beginning in F.Y. 1994, change the definition of pupil units to a two-year average of weighted average daily membership (WADM), consistent with changes in the General Education program. See Program Budget 0101 for further information.
2. Beginning in F.Y. 1994, repeal the state aid portion of the funding formula.
3. For 1993, payable 1994, allow member school districts to levy an amount equal to the difference between \$20 per pupil unit and the amount raised by the secondary cooperative levy.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0602 SECONDARY VOCATIONAL COOPERATIVES

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$174	\$0	\$0	\$0
ENTITLEMENT CHANGES PER CURRENT LAW:				
A. Budget Variables				
Appropriation Shortfall		162 a)	162	162
Revenue Decrease: Decline in Participation & Pupil Units	(3)	(234)	(219)	(193)
Decline in Participation, WADM and ANTC	3	237	222	200
CURRENT ENTITLEMENT	174	165 a)	165	169
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Two Year Averaging of Pupil Units			(13)	(13)
Levy Decrease			7	7
Repeal Aid Formula & Provide Levy Authority to Replace State Aid			(159)	(163)
Total Policy Changes			(165)	(169)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)				
APPROPRIATIONS BASIS:				
Current Year	148	0	0	0
Prior Year	24	26	0	0
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	172	26	0	0
LEVY AUTHORITY	1,007	819	165 b) 827	159 849

a) This is the estimated aid entitlement based on the statutory formula. However, as the current appropriation was vetoed, no aid was paid.

b) Additional levy authority was enacted in the 1992 session to replace the aid amount of \$165.

1994-95 Biennial Budget

PROGRAM: 06 Education Organization/Cooperation
AGENCY: Education Aids
 0603 INTERDISTRICT COOPERATION LEVY
CITATION: M.S. 124.912, Subd 4
MDE ADMIN: 1401 Education Finance and Analysis
FEDERAL: None

PURPOSE:

To encourage school districts to cooperate with other districts in increasing or maintaining curriculum offerings in the academic areas of science, mathematics, foreign language, and computer usage, as well as other programs approved by the State Board of Education.

A school district may levy each year for Interdistrict Cooperation if it:

- is a member of an Education District that does not receive revenue under the Education District Revenue program, or
- is not a member of an Education District and has a cooperation agreement with other districts to expand curricular offerings in the above mentioned areas.

This program does not apply to Special School District No. 1, Independent School Districts No. 11, 625, and 709, and districts that are members of an Intermediate School District.

By providing school districts with authority to levy, which allows districts to increase cooperation and educational opportunities for students, this program contributes to the financial health of districts. As a result, the districts have an increased ability to provide effective educational programs that contribute to the Minnesota Milestones goals of:

- Minnesotans will excel in basic academic skills; and
- Minnesotans will have the advanced education and training to make the state a leader in the global economy.

DESCRIPTION:

Eligible school districts may levy for Interdistrict Cooperation. The maximum revenue available to each district is the lesser of:

- \$50 per weighted average daily membership for the current school year;
- instructional cost to the district of the cooperation plan for the school year to which the levy is attributed; or
- \$50,000.

A school district that is a member of a Secondary Vocational Cooperative may levy for interdistrict cooperation, the difference between the maximum allowable Interdistrict Cooperation revenue and the amount levied for the Secondary Vocational Cooperative.

OUTCOMES:

A. Program Effectiveness:

For F.Y. 1992, 80 school districts levied \$2.0 million for Interdistrict Cooperation. For F.Y. 1993, 68 districts levied a total of \$1.7 million for the program. For F.Y. 1994, 68 districts will levy an estimated \$1.8 million for Interdistrict Cooperation.

Between F.Y. 1989 and F.Y. 1991, 242 school districts joined Education Districts, rendering them ineligible to levy for Interdistrict Cooperation. Since F.Y. 1990, more than 10 districts have discontinued their Interdistrict Cooperation levy to participate in the Cooperation and Combination program.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- IV. C. Improve learner self-esteem
- IV. H. Create changes that improve the way school districts meet the needs of learners and their families

B. Program Services/Statistics:

	Current Law				
(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Total levy					
Districts	91	80	68	68	67
Amount	\$ 2,197.1	\$ 1,956.6	\$ 1,690.1	\$ 1,750.4	\$ 1,735.0

PROSPECTS:

Movement of districts from Interdistrict Cooperation to either Education Districts or the Cooperation and Combination program is expected to stabilize. The number of districts levying for interdistrict cooperation is expected to remain fairly stable.

OBJECTIVES F.Y. 1994-95:

Incentives for cooperation will be maintained for districts that are not involved in other cooperative efforts. Curriculum offerings will be maintained or increased especially in districts with declining enrollments. This program contributes to the learning and learner support objectives identified in the Outcomes section of this document.

GOVERNOR'S RECOMMENDATION:

The Governor recommends changing the definition of pupil units to a two-year average of weighted average daily membership (WADM), consistent with changes in the General Education program. See Program Budget 0101 for further information.

The Governor recommends continuation of this activity.

1994-95 Biennial Budget

PROGRAM: 06 Education Organization/Cooperation
 AGENCY: Education Aids
 0604 INTERMEDIATE DISTRICT LEVIES
 CITATION: M.S. 136D.27; 136D.74; 136D.87
 MDE ADMIN: 1401 Education Finance and Analysis
 FEDERAL: None

PURPOSE:

To provide property tax levy funding for special education and secondary vocational education programs provided by Hennepin Technical Intermediate School District No. 287, Northeast Metropolitan Intermediate School District No. 916, and Dakota County Intermediate School District No. 917.

Five-elevenths of the levy must be used for special education, and six-elevenths for secondary vocational education.

By providing intermediate school districts with the authority to levy to provide funding for special education and secondary vocational student programs, this program contributes to the financial health of intermediate school districts. As a result, the intermediate school districts have an increased ability to provide effective educational programs that contribute to the Minnesota Milestone goals of:

- Minnesotans will excel in basic academic skills; and
- Minnesotans will have the advanced education and training to make the state a leader in the global economy.

In addition, this program contributes to reducing the high school dropout rate by providing education programs that are appropriate to the unique education needs of individuals with disabilities, and by preparing individuals to be independent and responsible adults.

DESCRIPTION:

Intermediate school districts may certify levies to fund special education and secondary vocational programs. The certification is made directly to the county auditor of each county in which the intermediate school district is located.

Intermediate districts may levy the greater of:

1. five-sixths the amount of the levy certified for taxes payable in 1989, or
2. the lesser of:

- \$50 times the Average Daily Membership (ADM) for the current year of the participating school districts; or
- 1.43 % of Adjusted Net Tax Capacity.

Note: Intermediate district revenue was reduced 1/6 to the present level beginning in F.Y. 1993. A 21/27th of this reduction was subsequently restored for F.Y. 1993. The restoration will be received in F.Y. 1994.

OUTCOMES:

A. Program Effectiveness:

The three intermediate districts levied a total of \$14.5 million for F.Y. 1992 and \$14.9 million for F.Y. 1993.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcome:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas
- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- IV. C. Improve learner self-esteem
- IV. F. Provide alternative learning settings for high risk learners to complete their high school education
- IV. H. Create changes that improve the way school districts meet the needs of learners and their families

B. Program Services/Statistics:

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Certified Levies (000s)					
Hennepin Tech No. 287	\$9,189.3	\$7,657.7	\$7,657.8	\$7,657.8	\$7,657.8
N.E. Metro No. 916	4,316.4	3,713.3	3,978.3	4,129.5	4,279.6
Dakota Co. No. 917	3,588.3	3,109.3	3,263.7	3,416.0	3,339.1
Total	\$17,094.0	\$14,480.3	\$14,899.8	\$15,203.3	\$15,276.5
Weighted ADM					
Hennepin Tech No. 287	101,920	103,416	106,938	110,396	114,253
N.E. Metro No. 916	72,629	74,265	79,566	82,591	85,593
Dakota Co. No. 917	59,805	62,186	65,274	68,321	71,315
Total	234,354	239,867	251,778	261,308	271,161
Total Levy per Weighted ADM					
Hennepin Tech No. 287	90	74	72	69	67
N.E. Metro No. 916	59	50	50	50	50
Dakota Co. No. 917	60	50	50	50	47
Total	73	60	59	58	56

NOTE: Revenue for F.Y. 1994 would also include a levy adjustment for 21/27 of the revenue reduction for F.Y. 1992. The amount of the adjustments are \$1,191.2 for No. 287, \$580.9 for No. 916 and \$448.4 for No. 917.

1994-95 Biennial Budget

PROGRAM: 06 Education Organization/Cooperation
AGENCY: Education Aids

0604 INTERMEDIATE DISTRICT LEVIES
(Continuation)

PROSPECTS:

Independent school district No. 138, North Branch, joined Intermediate District No. 916 in F.Y. 1992. Independent School Districts No. 141, Chisago Lakes is also authorized to join Intermediate District No. 916. The levy for Intermediate District No. 287 is fixed at 5/6th of the F.Y. 1990 level. The levies for Intermediate District No. 916 and No. 917 will increase with growth in pupil units and tax base. No other membership changes are anticipated, therefore the intermediate district levy is not expected to increase substantially.

OBJECTIVES F.Y. 1994-95:

This program contributes to the objectives established for special education and secondary vocational programs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends changing the definition of Pupil Units to a two-year average of weighted average daily membership (WADM) to be consistent with changes in the General Education Program. See Program Budget 0101 for further information.

The Governor recommends continuation of this activity.

1994-95 Biennial Budget

PROGRAM: 06 Education Organization/Cooperation
AGENCY: Education Aids

0605 COOPERATION AND COMBINATION

CITATION: M.S. 124.2725
MDE ADMIN: 1402 Education Development
FEDERAL: None

PURPOSE:

To provide incentives for groups of school districts to provide improved conditions for learning and instruction that will better ensure the success of all learners. Through expanded curriculum programs and support services for students, enlarged teaching staffs with fewer teaching preparations, and more cost efficient combined operations, educational opportunities for learners will be increased and curriculum and learner outcomes will be more systematically developed.

The program also ensures the involvement of all staff and parents/citizens in the development and implementation of a comprehensive plan for Cooperation and Combination, and provides alternative means of dealing with issues that often prevent permanent school district reorganization, such as new school board formation and operational debt.

The intent of Cooperation and Combination is to facilitate through cooperative efforts the creation of more opportunities for student success, staff and curriculum development, cost-effective school district operations, and supportive school communities, all of which will help convince local school communities that continued cooperation and the pooling of resources through a permanent combination is in the best interest of students, staff, and members of those communities.

By promoting the creation of combined school districts, this program contributes to the Minnesota Milestones goals of

- excellence in basic academic skills;
- Minnesotans will have the advanced education and training to make the state a leader in the global economy;
- rural areas and small cities will be economically viable places for people to live and work, and
- government in Minnesota will be cost-efficient.

DESCRIPTION:

Interested school districts must meet qualifying criteria outlined below and prepare a Cooperation and Combination Plan. The plan is submitted to the State Board of Education for review and comment, and the State Board must approve the proposed plan for cooperation and combination revenues to be received. Criteria and requirements for approval of the Cooperation and Combination Plan include the following:

- two or more school districts with a combined enrollment of 400 or more students in Grades 7-12, or two school districts who qualify for sparsity revenue before or after the proposed

combination, or two districts any of which is located on a state border, or three or more school districts;

- school boards must pass a resolution to provide at least secondary instruction cooperatively for one or two years, and to combine into one district after cooperating;
- develop a Cooperation and Combination Plan that includes the following:
 - a. description of academic program improvements such as secondary course offerings and the development of learner outcomes;
 - b. a plan to involve school staff and community in the development and implementation of plan, with time lines;
 - c. a plan for a new combined district school board, including election districts and elementary advisory board, if desired;
 - d. procedures to combine teacher and other collective bargaining units, and to select one superintendent;
 - e. early retirement, severance pay, and health insurance benefits to be offered to licensed and non-licensed staff, if desired;
 - f. procedures for a referendum on combining the districts prior to or in year one or two of cooperation;
 - g. estimated Cooperation and Combination revenue budgets for five years; and
 - h. if less than 400 students in Grades 7-12, provide rationale that the proposed combination is educationally sound and will enable them to meet requirements of rule and law.
- Cooperation and Combination Plans are reviewed by the Minnesota Department of Education (MDE) staff. All requirements of law and the guidelines of the State Board and MDE must be satisfied for the applicant districts to receive a positive review and comment on their plan, and levy authority for any of the levies;
- if the required public referendum(s) on the question of combination fail or the plan is not implemented, there is a provision for the recapture of cooperation and combination revenues received in excess of \$60 per pupil unit a year;
- school districts with an approved Cooperation and Combination Plan may receive revenue equal to \$100 per pupil unit served up to a maximum of \$200,000 for each of the first four years of the program. The revenue is equalized at a percentage of the equalizing factor used for the General Education program. The percentage of the equalizing factor used is 100%, 75% 50%, and 25%, respectively, for the first, second, third, and fourth years of the program. In addition to the equalized revenue, school districts also receive \$100 per pupil unit served in additional aid in the first year of cooperation and in the first year of combination; and
- in addition to cooperation and combination revenue, the school districts levy for transition expenses, operating debt, and severance or early retirement incentives as desired. (For further information see Program 0811.)

OUTCOMES:

A. Program Effectiveness:

With the revenue incentives, cooperating districts are expected to improve conditions for the success of learners through expanded programs and services, and, due to fewer teaching preparations, to enhance the ability of combined teaching staffs to update curriculum and learner outcomes.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

1994-95 Biennial Budget

PROGRAM: 06 Education Organization/Cooperation
AGENCY: Education Aids
 0605 COOPERATION AND COMBINATION
 (Continuation)

- III. B. By the year 2000, the high school graduation rate will increase to at least 90%
- III. C. Students will demonstrate competency in subject areas
- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- IV. C. Improve learner self-esteem
- IV. H. Create changes that improve the way school districts meet the needs of learners and their families

B. Program Services/Statistics:

Since its enactment in 1989, the Cooperation and Combination program has attracted considerable interest from school districts. Nineteen groups made up of 44 school districts with approved cooperation and combination plans are involved in various stages of cooperation and combination in F.Y. 1993. Since F.Y. 1991, 23 districts have passed combination referendums, combining into 12 new school districts, and three groups involving 6 districts have discontinued their cooperation and combination plans.

(\$ in 000s)	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
New C & C Plans	6	6	7	8	8
Total Active C & C Plans	6	12	19	27	29
Member School Districts*	13	29	44	62	67
Pupil Units Served	8,279	16,331	27,322	36,060	37,515
Total Revenue	\$ 1,655.9	\$ 2,883.8	\$ 4,728.6	\$ 5,372.3	\$ 6,069.9
Levy	245.7	408.1	901.4	1,824.4	1,903.6
State Aid Entitlement	\$ 1,410.2	\$ 2,475.7	\$ 3,827.2	\$ 3,547.9	\$ 4,166.3
Proration Factor	.9946	1.0	1.0	1.0	1.0
Prorated Entitlement	\$ 1,402.6	\$ 2,475.7	\$ 3,827.2	\$ 3,547.9	\$ 4,166.3

* Number of districts prior to combination.

PROSPECTS:

Cooperation and Combination provides needed incentives for cooperating school districts to create improved conditions for the success of learners and for more effective instruction. The more equitable and improved programs and services for students that result from such cooperative efforts are well documented by participating districts. Lacking such cooperation and combination incentives, small districts have great difficulty in maintaining or expanding educational programs and services without burdensome excess levy referendums. The cost of expanding programs and services to provide equal educational opportunities for all students in Greater Minnesota school districts as

presently organized would be prohibitive. A realistic option is to encourage voluntary school district reorganization to help achieve the same. The Cooperation and Combination program is accomplishing its goals. Fully funded, it will likely establish 8 new school districts each year from 18 existing districts. The program has an established momentum with newly cooperating and combined districts modeling improved conditions for learner and teacher success, and this motivates other area school districts to consider such cooperation and combination.

OBJECTIVES F.Y. 1994-1995:

With the recommended funding of cooperation and combination in F.Y. 1994 and F.Y. 1995, increasing numbers of school districts in Greater Minnesota will continue to expand, maintain, and enhance educational programs and services for students as outlined in their approved cooperation and combination plan and budget. Voluntary school district reorganization through cooperation and combination will also continue at a level not seen since the last mandated reorganization since the late 1960's.

GOVERNOR'S RECOMMENDATION:

In order to provide tornado relief, the Governor recommends paying the additional aid entitlement of \$107 to Chandler-Lake Wilson and Slayton one year early in F.Y. 1993.

The Governor recommends an aid entitlement of \$3,441 for F.Y. 1994 and \$4,074 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$3,516 in F.Y. 1994 (\$591 for F.Y. 1993 and \$2,925 for F.Y. 1994), and \$3,979 in F.Y. 1995 (\$516 for F.Y. 1994 and \$3,463 for F.Y. 1995).

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0605 COOPERATION – COMBINATION

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$2,490	\$4,441	\$4,441	\$4,441
ENTITLEMENT CHANGES PER CURRENT LAW:				
A. Budget Variables				
Revenue Increases (Decreases):				
FY91 Participants	(1)	9	(382)	(1,178)
FY92 Participants	(12)	(37)	(203)	(501)
FY93 Participants		(710)	(1,246)	(1,259)
FY94 New Districts			1,737	1,771
FY95 New Districts				1,771
Levy Decrease (Increase)	(1)	124	(799)	(879)
CURRENT ENTITLEMENT	2,476	3,827	3,548	4,166
FUNDING EXCESS/DEFICIENCY	14	523 *		
POLICY CHANGES RECOMMENDED				
Change in General Education Equalizing Factor				(92)
Advance Payment to Chandler–Lake Wilson & Slayton		107	(107)	
Total Policy Changes		107	(107)	(118)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)		3,934	3,441	4,074
APPROPRIATIONS BASIS:				
Current Year	2,117	3,775	2,925	3,463
Prior Year	210	373	591	516
Transfers (M.S. 124.14)	1			
Total Funding (State General Fund)	2,328	4,148	3,516	3,979
LEVY AUTHORITY	407	901	1,824	1,996

* \$614 less \$91 of the FY94 prior year final act. that does not have to be appropriated due to the lower estimated entitlement = \$523 in the FY93 current approp. With the policy change, the excess is reduced by \$91 to provide 85% of the increase in the entitlement for FY93.

1994-95 Biennial Budget

PROGRAM: 06 Education Organization/Cooperation
AGENCY: Education Aids

0606 ECSU AID

CITATION: M.S. 123.58
MDE ADMIN: 1411 Executive Management
FEDERAL: None

PURPOSE:

The statutory purpose of the Educational Cooperative Service Units (ECSUs) is to perform educational planning on a regional basis, and to assist in meeting the specific educational needs of students in participating school districts that can be better provided by an ECSU than by the individual districts.

Since 1975, ECSUs have evolved to fulfill two essential purposes:

- meet specific regional needs of member school districts, as determined by those districts; and
- efficiently administer numerous state and federal programs, resulting in demonstrable cost savings.

Recognition of ECSUs' effectiveness in providing regional services is illustrated in a 1992 law (Chapter 499, Article 8, Section 4) that authorizes these units to provide administrative, purchasing, and data processing services to cities, counties, towns, or other governmental units. This expanded authority should enable ECSUs to help achieve cost-savings throughout the local public sector and promote improved services for children and their families as they access schools and other local agencies.

This program contributes to Minnesota Milestones goals of:

- government in Minnesota will be cost efficient;
- Minnesotans will excel in basic academic skills

by providing numerous programs in a cost-effective manner, needed services are available to districts at significant cost savings. The resulting increase in efficiency in districts' staffing and costs contributes to their overall financial health thereby enabling them to provide more effective educational programs that contribute to excellence in basic academic skills.

DESCRIPTION:

Ten ECSUs are established by law with boundaries that coincide with the Governor's planning regions. School districts in regions 6 and 8, however, elected to cooperate as one unit, now known as the Southwest and West Central ECSU.

Each ECSU is governed by a board of directors composed of school board members from participating school districts. Membership in an ECSU is voluntary and member districts may

withdraw at any time. (In Region 11, all school districts must participate in planning activities through the ECSU, though no decisions are binding on participating districts.) Therefore, each ECSU must provide programs and services which demonstrate effective use of local resources.

The ECSUs currently serve all of the Pre-K-Grade 12 school districts and other governmental agencies in Minnesota, providing over 65 programs and services to school districts in response to divergent local needs throughout the state. Several programs, however, are provided by nearly all ECSUs, including the following:

1. Planning, evaluating, and reporting (PER) coordination;
2. Insurance and Risk Management;
3. Environmental Occupational Health and Safety;
4. Film loans and media services;
5. Learners' At-Risk Programs;
6. Quality School Change Programs & Activities;
7. Cooperative purchasing;
8. Math-science education staff training (federal);
9. Technology assistance; and
10. Special education (federal and state).

OUTCOMES:

A. Program Effectiveness:

In relation to the Minnesota Milestones indicator on efficiency in government (number of government employees), the involvement of ECSUs in providing these programs is the most cost-effective means of delivering government services. Many of the programs noted above provide relatively small amounts of funding to perform particular functions; therefore, it would be inefficient for individual school districts to attempt to provide these services. Instead, cost-effectiveness is attained by having ECSUs pool program funds—e.g., the federal math-science education staff training funds—and using this one administrative unit to provide services for all districts within each region. Use of this intermediate delivery system is also more efficient than attempting direct state program service, which would require increased state staffing, much more centralized administration, and less attentiveness to varying needs among the regions.

The decisions of school districts, other governmental agencies, and state administrators to use the ECSUs in seeking more efficient use of public resources have resulted in significant cost savings in programs and services including staff development, insurance, health and safety, media services and cooperative purchasing.

During F.Y. 1992, 75,000 teachers, administrators, and other education personnel participated in numerous staff development opportunities sponsored by ECSUs. Comparing the average ECSU workshop fees to commercial rates shows that districts saved approximately \$1.8 million. The ECSU administered Regional Comprehensive System of Personnel Development, which provides staff development for special and regular education staff as well as parents, achieves program objectives in an efficient manner. For example, educators and parents recently attended workshops for fees ranging from as low as \$5 per person, whereas the commercial rates for comparable workshops are \$65.

1994-95 Biennial Budget

PROGRAM: 06 Education Organization/Cooperation
AGENCY: Education Aids

0606 ECSU AID
 (Continuation)

Approximately \$10 million is saved annually by participation in ECSU group insurance programs. ECSUs review risk management needs for new programs and services and provide cost-containment strategies for all insurance groups.

The ECSUs provide media and cooperative purchasing services requested by their member districts. It is estimated that use of media services saved districts about \$1.5 million in F.Y. 1992. Savings achieved through cooperative purchasing are estimated to be about \$1.75 million annually.

Annually, each ECSU conducts a needs assessment, which is used to gauge the services most needed by school districts in each region. In addition, ECSUs prepare annual plans, identifying programs suggested for implementation in the next school year and into the future. They also prepare annual evaluation reports on the effectiveness of programs provided each year. The annual plans and the annual evaluation reports are submitted to public school districts, nonpublic school administrative units, and the State Board of Education.

ECSUs are ultimately accountable to local member agencies, since they have the right to decline or withdraw membership. Nonpublic Pre-K - Grade 12 schools, and public and private colleges may also become members. This structure of direct accountability assures that each ECSU is providing services that efficiently use education resources and are seen as responsive to local needs.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- IV. C. Improve learner self-esteem
- IV. H. Create changes that improve the way school districts meet the needs of learners and their families

B. Program Services/Statistics:

State aid for this program in F.Y. 1993 provides \$733,000 in basic administrative support for all ECSUs. Allocations of this aid are set in appropriation law, which also calls for the Minnesota Department of Education (MDE) to review each ECSU's annual plan prior to making payments. Seven ECSUs receive up to \$68,000 each, while two ECSUs (the Metropolitan ECSU in Region 11 and the Southwest and West Central ECSU in Regions 6 and 8) are allocated up to \$136,000 each. Beyond this basic state support, the majority of ECSU funding derives from various local, state, and federal sources.

ECSU MEMBERS AND SERVICES

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Public school districts	433	426	414	410	410
Nonpublic schools, colleges and other agencies (includes counties & cities)	120	173	176	200	250
Total programs and services	61	61	65	75	75

ECSU FUNDING SOURCES (\$ in 000s)

State					
Administrative Grant	\$ 748.0	\$ 748.0	\$ 730.6	\$ 733.0	\$ 733.0
Grants or Aids	<u>2,547.0</u>	<u>5,340.0</u>	<u>5,492.0</u>	<u>5,500.0</u>	<u>5,500.0</u>
Subtotal	\$ 3,295.0	\$ 6,088.0	\$ 6,222.6	\$ 6,233.0	\$ 6,233.0
 Federal (direct or from State)	 \$ 4,110.0	 \$ 4,497.0	 \$ 4,524.0	 \$ 4,524.0	 \$ 4,524.0
 School districts					
Service fees, dues membership	\$ 6,744.0	\$ 7,561.0	\$ 7,790.0	\$ 8,106.0	\$ 8,430.0
Flow-through (e.g. cooperative purchasing)	<u>5,381.0</u>	<u>11,107.0</u>	<u>12,645.0</u>	<u>13,150.0</u>	<u>13,676.0</u>
Subtotal	\$ 12,125.0	\$ 18,668.0	\$ 20,435.0	\$ 21,256.0	\$ 22,106.0
 Other (e.g. private grants and sale or rental of equipment)	 <u>\$ 3,830.0</u>	 <u>\$ 893.0</u>	 <u>\$ 953.0</u>	 <u>\$ 991.0</u>	 <u>\$ 1,038.0</u>
 Grand Total	 \$ 23,360.0	 \$ 30,146.0	 \$ 32,134.6	 \$ 33,024.0	 \$ 33,901.0

PROSPECTS:

In recent years, both state and federal laws have tended to emphasize more direct delivery of various programs that support school instruction. This tendency is based on the belief that regional units are in the best position to implement programs in a way that complement local characteristics. Recent examples of state programs that have been successfully implemented through ECSUs include the following:

- the Minnesota Educational Effectiveness Program (MEEP)
- Planning, Evaluating, and Reporting (PER)
- Special Education Programs
- Math-Science Training
- Learners At-Risk
- Violence Prevention
- Minnesota Test Item Bank
- Health & Safety
- Assurance of Mastery

1994-95 Biennial Budget

PROGRAM: 06 Education Organization/Cooperation
AGENCY: Education Aids

0606 ECSU AID
(Continuation)

- Inter-agency Programs
- Comprehensive Staff Personnel Development (CSPD)
- Facilitation & Promotion of MDE Workshops
- Homework Helpline

As intermediate education units, operating between MDE and the school districts, ECSUs seem ideally suited to serve in this role as direct provider. This emphasis on direct delivery will, therefore, involve continued expansion of programs administered through Minnesota's intermediate education units—ECSUs.

Recognition of ECSUs' effectiveness in providing regional services has been shown by the legislature enacting a 1992 law authorizing expanded services to cities, counties, towns, and other governmental units. This expanded authority should enable ECSUs in the future, to achieve cost-savings throughout the local public sector and promote improved services for children and their families as they access schools and other local agencies.

State education restructuring policy, as amended over the last few years, directly involves ECSUs along with numerous other intermediate units. Under current law (Laws 1992, Chapter 499, Article 6, Section 39, Subd. 3), ECSUs and other intermediate education units will cease to exist effective July 1, 1995. In the meantime, school districts are to develop recommendations for a new delivery system consisting of no more than three levels: school districts, state level organizations, and area organizations operating between local school district and the state level. School districts are to make a final report to the legislature by July 1, 1994, which will include recommendations for design of a new delivery system that includes these three organizational levels.

Minnesota Department of Education anticipates full utilization of the base funding of \$ 733 in F.Y. 1994 and \$ 733 in F.Y. 1995.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services.

This program will continue to provide school districts with numerous programs in a cost-effective manner. The measure of achievement in F.Y. 1994 and F.Y. 1995 will be ECSUs' continued success in meeting the varying needs of their clients. For unlike most public sector units, ECSUs operate in market-like conditions. School districts are not required to purchase services through ECSUs. If an ECSU is not meeting the needs of school districts in its region, as determined by those districts, school districts will not purchase services and the ECSU will not survive.

The discussion of outcomes and effectiveness indicators for many aid and grant programs is found in the Education Outcomes and Program Effectiveness section at the beginning of this budget document. Projections for the 1994-95 biennium are included for some of the indicators that are identified and discussed in that section.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 733 for F.Y. 1994 and \$ 733 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 733 in F.Y. 1994 (\$ 110 for F.Y. 1993 and \$ 623 for F.Y. 1994), and \$ 733 in F.Y. 1995 (\$ 110 for F.Y. 1994 and \$ 623 for F.Y. 1995).

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0606 ECSU AID

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$748	\$731	\$733	\$733
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	748	731	733	733
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			733	733
APPROPRIATIONS BASIS:				
Current Year	636	621	623	623
Prior Year	112	112	110	110
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	748	733	733	733
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 06 Education Organization/Cooperation
AGENCY: Education Aids

0607 REGIONAL MANAGEMENT INFORMATION CENTERS

CITATION: M.S. 121.935, Subd 5
MDE ADMIN: 1412 Education Data Systems
FEDERAL: None

PURPOSE:

To provide a stable environment in which school districts will have adequate and appropriate computer-based management systems from which essential data can be extracted for state-level decision makers. More specifically, this program includes:

- regional and district computer systems for reporting essential finance, personnel/payroll, and student records;
- transmission to the state of edited data by each region for all member districts; and
- regional training of district staff for changing state reporting requirements.

This program contributes to many of the Minnesota Milestones goals by providing timely, accurate, and comparable data descriptive of Minnesota's schools, students, staff, and related costs necessary to measure student and program success. It is one of the critical data collection mechanisms necessary for further expansion of our information describing the academic success of every learner.

DESCRIPTION:

There are eight Elementary Secondary Vocational (ESV) Regional Computer Centers organized in Minnesota. Each year when a center's annual plan and budget are approved pursuant to M.S. 121.935, Subd. 3, the center receives an annual grant for regional reporting. In determining the amount of the subsidy grant, the State Board of Education considers the following:

- the number of students affiliated with the center;
- the number of districts affiliated with the center;
- fixed and overhead costs in operating the center and reporting subsystems;
- variable costs incurred due to number of districts served and the number of subsystems implemented;
- services provided to districts to meet reporting requirements;
- costs of meeting reporting requirements for districts using alternative management information systems; and
- the number of districts affiliated with the regional management information center in relation to the geographic area occupied by those districts.

A software services delegation agreement with ESV Region VI (METRO II) for the modification, enhancement, and maintenance of the statewide ESV-IS software systems for finance, personnel/payroll, and student services, is executed yearly under the provisions of M.S. 121.933. Task definition and prioritization under this agreement are determined by the ESV-IS Management

Teams, whose membership is composed of representatives from each region specializing in the three application areas of finance, personnel/payroll, and student services.

OUTCOMES:

A. Program Effectiveness:

School districts are mandated to comply with the Uniform Financial Accounting & Reporting Standards (UFARS) by using the Elementary Secondary Vocational Finance System (ESV-FIN) or another approved finance system meeting UFARS standards. All financial data from the districts is processed by ESV Regional Computer Centers where it is edited, summarized, and transmitted to the Minnesota Department of Education (MDE).

As a service to member districts, the ESV Region offers the Elementary, Secondary, Vocational Student System (ESV-SSS). Beginning with the 1991-1992 school year, school districts are required to provide general student reporting for general education aid via the Minnesota Automated Student System (MARSS) essential data elements. These are maintained by districts on either the ESV student system or a vendor supported system. The ESV Regions provide for editing and passing on district MARSS data to the Department of Education.

In addition to ESV-FIN and ESV-SSS, the ESV Regions provide 368 districts with the ESV-PPS (Personnel/Payroll System). The ESV Regions continue to work with Department staff toward automated reporting of 28 licensed and 11 nonlicensed essential staff data elements for verification of teacher licensure, reporting of assignments, and meeting federal Office of Civil Rights Reporting requirements. This new staff system will replace three manually completed paper forms. Districts can opt for automated reporting of staff data for Fall 1993. The system will be implemented statewide for Fall 1994. The ESV Regions will edit the staff data and pass it on to the Department of Education.

To provide uniformity and control over the development, modification, and maintenance of the computer software, the state annually provides \$356,000 to make necessary changes to continue operation of the computer programs for the finance, personnel/payroll, and student systems. These changes are made by METRO II (ESV Region VI) under contract with MDE and are then distributed and used in the 6 regional centers or individual school districts.

School districts have the option to access the mainframe computer via terminals or to access the mainframe computer using a microcomputer to perform first level editing, or to use authorized micro/minicomputer-based finance systems that meet local needs and facilitate state reporting. The Department of Education will be working with the ESV Regions to review the feasibility of districts gaining access to summary MARSS data through their member ESV Region.

B. Program Services/Statistics:

				Current Law
<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

1. School districts using MIS systems:

(continued on next page)

1994-95 Biennial Budget

PROGRAM: 06 Education Organization/Cooperation
AGENCY: Education Aids

0607 REGIONAL MANAGEMENT INFORMATION CENTERS
 (Continuation)

(\$ in 000s)	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
ESV-FIN	390	364	362	362	362
Alternative FIN	38	48	50	50	50
ESV-PPS	368	368	368	368	368
ESV-SSS	140	164	164	172	180
2. Percent of school districts completing UFARS reporting	100%	100%	100%	100%	100%
3. Percent of school districts completing detail student reporting 0%	100%	100%	100%	100%	
4. Percent of school districts completing detail staff reporting 0%	0%	30%	100%	100%	
5. Percent of ESV regional total funding supported by state appropriation	17%	16%	16%	15%	15%
6. Funding (\$ in 000s)	\$ 3,411.0	\$ 3,411.0	\$ 3,275.0	\$ 3,275.0	\$ 3,275.0

PROSPECTS:

The implementation of the automated student reporting will cause both an increase in district use of regional systems and district operated computers. The Minnesota Department of Education has benefitted by submission of essential data elements submitted via Minnesota Automated Student Reporting System (MARSS) and Uniform Financial Accounting Reporting System (UFARS) and has also benefitted from ESV Regional editing. This would not have been possible without the MDE/ESV Region partnership, including financial assistance from Regions that allowed completion of required student reporting software.

In F.Y. 1993, the Department will build upon the success of automated student reporting and implement automated staff reporting. The automated student and staff reporting system will eliminate current levels of manually completed paper reports and improve the accuracy of state data descriptive of Minnesota's schools, students, and staff.

Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$ 3,275 in F.Y. 1994 and \$ 3,275 in F.Y. 1995.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services. This includes:

- Further modifications of the ESV-SSS automated computer system to provide for the student data processing needs of 164 school districts and continued MARSS reporting to MDE as a by-product of systems maintenance/use.
- Further modifications of the ESV-FIN automated computer system to provide for the financial accounting data processing needs of 362 school districts and continued UFARS reporting to the MDE as a by-product of system maintenance/use.
- Further development of the ESV-PPS automated computer system to provide for the personnel and tax reporting data processing needs of 368 school districts and implementing for F.Y. 1995 an automated reporting capability to extract from the ESV-PPS the MDE data requirements for licensed and non licensed staff.
- Continue the editing of Chapter X MDE-UFARS requirements for all member districts. About 400,000 records are edited per reporting cycle. Direct training assistance is provided by the region in clean up of errors to districts.
- Continue the editing of MDE-MARSS data for all member districts. Records for 850,000 students are edited each summer. Another 800,000 student records are edited each fall. Direct training and assistance is provided by the region for clean up of errors.
- Commencing with the implementation of the automated reporting capability for licensed and non-licensed staff in F.Y. 1995, it is anticipated the regions will provide for the edit of 75,000 staff records each fall for all member districts.
- Provide for direct training and support via Regional Account Staff for ESV-FIN maintenance and UFARS reporting.
- Provide for direct training and support for MDE-MARSS maintenance and reporting.
- Provide for direct training and support for proposed MDE-Staff system maintenance and reporting.
- Provide for ongoing assistance and support for member districts who use private vendor software.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 3,275 for F.Y. 1994 and \$ 3,275 for F.Y. 1995.

Based on these entitlement, the Governor recommends an appropriation of \$ 3,275 in F.Y. 1994 and \$ 3,275 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0607 REGIONAL MANAGEMENT INFORMATION CENTERS

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$3,411	\$3,275	\$3,275	\$3,275
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	3,411	3,275	3,275	3,275
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			3,275	3,275
APPROPRIATIONS BASIS:				
Current Year	3,411	3,275	3,275	3,275
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	3,411	3,275	3,275	3,275
LEVY AUTHORITY	0	0	0	0

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ACCESS TO EXCELLENCE (07)

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ACCESS TO EXCELLENCE

1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

 0701 AREA LEARNING CENTERS

CITATION: M.S. 124C.45 - 124C.49
MDE ADMIN: 1402 Education Development
FEDERAL: None

PURPOSE:

State funding is provided to assist Area Learning Centers (ALCS) in the expansion of programming opportunities directed toward learner skill development for lifelong learning and good citizenship. Learner skill development is unique for each learner; many times it first involves both the removal of barriers to learning and other barriers to life in general. ALCs are designed to can create and control the conditions for successful learning to help ensure that all individuals can learn successfully. Primary emphasis for ALC grant programs for F.Y. 1994 and F.Y. 1995 will be on serving learners from school districts having high dropout rates or high race/ethnicity dropout rates.

More specifically, ALCs will:

- refine and demonstrate an outcome-based education system to better assess learner progress and to further develop learning strategies that deal with the whole learner;
- facilitate interagency collaboration opportunities and the cooperation of other groups to better meet learner needs and possibly the needs of entire families;
- expand cooperative programming efforts between middle schools/junior high schools and ALCs in dropout prevention efforts for learners ages 12 through 15 or even younger.

This program contributes to the Minnesota Milestones goals of excellence in basic academic skills, and increasing the economic means to a reasonable standard of living, through efforts designed to improve school readiness, school achievement, and the high school dropout rate.

DESCRIPTION:

School districts are encouraged to establish an ALC, individually or in cooperation with other organizational entities. Area Learning Centers must serve two or more districts, the exception of cities of the first class, and must operate year-round programs. Eligible students do not need the consent of the district of residence to enroll. An eligible secondary student (age 12-20) under the High School Graduation Incentive Program (M.S. 126.22) is one who:

- is at least two grade levels below the performance level for pupils of the same age in a locally determined achievement test; or
- is at least one year behind in satisfactorily completing coursework or obtaining credits for graduation; or
- is pregnant or is a parent; or
- has been assessed as chemically dependent; or
- has been excluded or expelled according to sections 127.26 to 127.39; or

- is a victim of physical or sexual abuse; or
- has experienced mental health problems; or
- has experienced homelessness any time within a six-month period prior to the date of requesting a transfer to an eligible program; or
- is referred by a district as being at risk of not graduating.

An eligible adult is one who:

- is a dislocated homemaker and worker; or
- needs basic educational and social services.

In addition, the ALC may provide programs for elementary and secondary students, not attending the center, to assist them in completing high school. They may also provide services to elementary students referred by a district as being at risk of not graduating.

This competitive grant program provides funds to the fiscal host of each ALC for program development purposes and for demonstration of effective education models to school districts, alternative programs and other ALCs.

All ALCs are notified of the grant process and biennial priorities by Minnesota Department of Education (MDE) staff. Application materials and priority descriptions are provided. Grant awards for the 1994-95 biennium have been increased from \$10,000 to \$20,000 to provide greater demonstration efforts by better ALC programs. A team of readers recommends projects to be funded. MDE staff also provide technical assistance and demonstration coordination. End of the year program results and budget expenditures are reported by ALCs to the MDE.

OUTCOMES:

A. Program Effectiveness:

The original purpose of the Area Learning Center grants was to increase the number of state designated ALCs in order to provide non-traditional education services to an increasing number of school dropouts. The grants were to stimulate growth in the number of centers through the demonstration by proven centers and with the provision for development funds for new centers. This is being accomplished as the number of centers has increased from 18 in F.Y. 1988 to 43 (175 sites) at the beginning of F.Y. 1993. Centers are located in the metropolitan, suburban, and rural districts.

ALCs are now located in 12 of the 14 districts having Grade 12 dropout rates over 10% in F.Y. 1991. Another district is a member of an education district that provides a middle level alternative program and is also located close to an ALC that provides services to learners age 16 through adult. One district started a teen parent alternative program in F.Y. 1992. Comparative dropout data will be followed on these districts from year to year.

The dropout data for Minnesota indicates a positive change in the percentage of dropouts from F.Y. 1990 to F.Y. 1991. The annual dropout percentage decreased by almost 1.5 percentage points for all race/ethnicity groups, but also decreased for each group. The decrease was most dramatic for Native Americans with a decrease of 2.3 percentage points. Afro-Americans followed with a decrease of almost 2.2 percentage points.

1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

0701 AREA LEARNING CENTERS
 (Continuation)

The dropout percentage rates by race/ethnicity determined by MDE are as follows:

	<u>Indian</u>	<u>Asian</u>	<u>Hispanic</u>	<u>Black</u>	<u>White</u>	<u>All</u>
1989-90	12.4%	4.9%	9.9%	13.1%	2.8%	3.4%
1990-91	10.1%	4.2%	9.3%	10.9%	2.7%	3.2%

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- IV. C. Improve learner self-esteem
- IV. E. Reduce alcohol/drug problems and sexual activity of youth
- IV. F. Provide alternative learning settings for high risk learners to complete their high school education

B. Program Services/Statistics:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Current Law</u> <u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Area Learning Center					
Number Designated	35	38	44*	46*	48*
Secondary students served (ages 12-20)	8,000	12,000	16,000*	18,000*	20,000*
Adults served	1,900	2,200	2,600*	2,700*	2,800*
Elementary students served	106	200	300*	400*	500*
Funding Grants					
Exemplary sites	0	0	0	0	0
Demonstration/replication sites	26	27	25	12*	12*
Grant expenditure (000s)	\$ 140.2	\$ 150.0	\$ 150.0	\$ 150.0	\$ 150.0

* F.Y. 1993 enrollments are not available yet. Estimates are provided for F.Y 1993-F.Y. 1995.

PROSPECTS:

MDE data indicate that during the 1990-91 school year, 2.2% of the Minnesota school population in Grades 7-9 were already dropping out of school. Studies conducted by MDE and the University of Southern California show many students could be predicted to drop out of school during these

middle level years. Some common predictors include: a) poor reading skills, b) chemical and tobacco experimentation, c) poor peer group influence, d) sexual behavior, e) living in poverty, f) criminal behavior, g) uninvolved in school activities, h) truancy, and i) school behavior problems. To address these learners, all ALCs are currently implementing transitional programs for learners ages 12 through 15. The programs for younger students will address potential dropout behaviors in addition to providing access to regular school programming during the school day. Approximately 60 sites will be located at the middle school or junior high school as a "school within a school" or "targeted service" model. ALCs are required in M.S. 124C.45-49 to facilitate the coordination of services among other agencies for ALC learners. Numerous cooperative activities with other agencies such as Human Services have already been occurring, but they do vary considerably by county and region.

Many students drop out of school because they have fallen behind in course work, and most of the time this is not due to inability. Numerous juniors and seniors that are full time in the regular school are now attending ALCs in the evening, Saturday or summer to catch up to their peers. Exact numbers of students using this dual-attendance program will be known by the fall of F.Y. 1993. Besides allowing learners to earn credits, the dual-attendance program also replaces street-time with study-time.

The prospect of being able to obtain more accurate dropout statistics is becoming a reality with national guidelines and the Minnesota Automated Reporting Student System. Dropout data are expected to be available as follows:

- by individual and multiple grade level;
- by race/ethnicity;
- by ALC and most alternative programs; and
- by individual districts and schools.

It is important for Minnesota to continue to improve the quality of ALCs in order to attract dropouts back to education and to assist districts in retaining potential dropouts. It is also important that ALCs continue to demonstrate these learner retaining strategies to regular schools.

Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$ 150 in F.Y. 1994 and \$ 150 in F.Y. 1995.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services. In addition:

- 65% of the ALCs receiving a F.Y. 1994 or F.Y. 1995 ALC Development/Demonstration Grant for senior high learners will during each learning year for which it receives a grant: increase by 5% the graduation rate of its learners, and decrease by 3% the number of learners using alcohol and drugs, and who are participating in sexual activities. These objectives will be measured respectively by diplomas issued, and by pre/post surveying using questions from the Minnesota Student Survey.

1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

0701 AREA LEARNING CENTERS
(Continuation)

- 50% of the middle-level learners (ages 12-15) enrolled for at least six months in an ALC which received a F.Y. 1994 or F.Y. 1995 ALC Development/Demonstration Grant will have improved by at least 10 points their perception of their self-esteem as measured through pre/post assessment using the Barksdale Self-Esteem Instrument or another approved instrument.
- Each ALC receiving a F.Y. 1994 or F.Y. 1995 ALC Development/Demonstration Grant will each learning year inform at least 50 districts, alternative programs, or other ALCs about their demonstration components, and provide a minimum of 3 inservice workshops each being one or two days in length about their programs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 150 for F.Y. 1994 and \$ 150 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 150 in F.Y. 1994 and \$ 150 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0701 AREA LEARNING CENTERS

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$150	\$150	\$150	\$150
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	150	150	150	150
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			150	150
APPROPRIATIONS BASIS:				
Current Year	150	150	150	150
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	150	150	150	150
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

0702 ARTS PLANNING PROGRAM GRANTS

CITATION: M.S. 124C.07; 124C.08
MDE ADMIN: 1301 Curriculum Services
FEDERAL: None

PURPOSE:

To provide 2-year grants for up to 30 sites each biennium to develop a 5-year school community plan for arts education in Grades K-12, and to implement the first year of the plan. The specific objectives of the Comprehensive Arts Planning Program (CAPP) are to:

- increase community involvement and participation in long-range planning for improved arts education opportunities for all Minnesota students, Grades K-12;
- encourage arts educators to develop mission statements, program goals, and learner outcomes for at least 6 arts education areas including creative writing, dance, media arts, music, theater, and visual art education; and
- facilitate the development of leadership and organizational skills of local CAPP committee members.

This program contributes to Minnesota Milestones goals as follows:

- We will value all cultures, races and ethnic backgrounds

Each community and our state will be enhanced by the history, cultural significance and aesthetics provided through a comprehensive arts program. In addition, lives of our citizens are strengthened by the economic viability of the arts, and basic academic skills which enhance and benefit its citizens.

- Minnesotans will excel in basic academic skills

Providing arts education programs and curricula for all students that are relevant to the needs and cultural heritage of all students. The opportunities are designed to increase the self-esteem of students, the understanding of diverse cultures, student readiness, student performance and graduation content outcomes, and individual and community economic success.

DESCRIPTION:

Through a competitive application process, Minnesota school districts and communities are selected to participate in CAPP. Upon selection, each site receives a grant to assist in the planning process and in the leadership development phases. All public school districts in the state are eligible to participate in the program. Selection is based on need, commitment to arts education, and geographic distribution. State law provides that up to 30 sites may be selected to receive a 2-year grant. The statutory grant amount is \$1,200 per site per year. If grants are awarded to less than 30 sites, the remaining appropriated funds are awarded proportionally to the sites receiving grants.

Participating sites appoint a chairperson and an 8 to 12-member committee consisting of teachers, administrators, school board members, and people from the community. During the first year of the program, site committees enact a thorough planning process which includes evaluation of the current program, an identification of needs, and a long range plan for improvement in arts education. Once a 5-year plan is submitted, each site receives an additional grant for the second year.

The annual grants to sites support planning and implementation efforts. For instance, teachers can be released from teaching responsibilities, mileage and expenses can be paid to community members, etc. The grants, coupled with state leadership and structure, are an important stimulus for program improvement.

OUTCOMES:

A. Program Effectiveness:

Participation in CAPP has been consistently strong since its inception 9 years ago. To date 142 school districts have participated in the CAPP process, ranging from large metropolitan districts to small rural ones, including paired or shared districts.

Since this is a 2-year planning grant, the funds are used to establish, organize, and maintain working committees during their first 2 years of existence. The remaining 3 years of the 5-year plan are funded by the local district, community, and/or other sources.

Examples of significant accomplishments and effectiveness have been documented by an Impact Research Project and Publication. It states some of the following findings:

- CAPP committees excel as agents of a school district's long-range planning for education in the arts.
- The CAPP process develops community involvement in strengthening a school district's arts education program.
- CAPP functions effectively as a network for building awareness of resources in arts education available to Minnesota schools.
- CAPP committees learn to bypass the "quick fix" mentality in favor of an enduring commitment to a long range plan.
- Through CAPP involvement, the arts often assume a higher profile in the life of the community.
- Through distribution of CAPP manuals and other publications and through a variety of CAPP mailings, school districts discovered many resource opportunities that might otherwise have gone unnoticed.
- The study also pointed out CAPP's effectiveness in fostering the use of integration of the arts with the general curriculum.
- CAPP became a major force for advocacy, generating a high degree of public awareness and inclusiveness of arts programs.
- Increased opportunities have been provided for students to have art experiences, both within and outside the classroom.

It is evident that the CAPP process has proven to be a vigorous and effective means for improving arts education opportunities for student in Minnesota schools.

1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

0702 ARTS PLANNING PROGRAM GRANTS
(Continuation)

For further discussion of the outcomes and effectiveness of state education programs refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

IV. C. Improve learner self-esteem

IV. H. Create changes that improve the way school districts meet the needs of learners and their families

B. Program Services/Statistics:

	Current Law				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Number of districts applying	—	45	—	49	—
Number of districts approved	—	30	—	30	—
Approved districts completing plan	—	30	—	30	—

PROSPECTS:

All Minnesota students in Grades K-12 deserve the opportunity to study and develop proficiency in all art areas. This has been one of the missions of the Minnesota Partners: made up of the Minnesota Alliance for Arts Education, MDE, Minnesota Center of Arts Education, and the Minnesota State Arts Board. Over the past 10 years, arts education has been eroded by decreases in arts consultants, and arts education specialists, and constrained supplies/materials for arts budgets in public schools. This has resulted in limited, or non-existent arts opportunities for students.

Local CAPP committees have achieved at least partial success in either raising money for improving funding arts education or by influencing district administrators to reevaluate their views concerning arts education and allocate more money in this area.

With the Planning, Evaluating, and Reporting (PER) process requiring the development of written Grade K-12 curricula in all subject areas, the emphasis at the state level for Education that is Outcome Based for all disciplines and the proposed Graduation Rule being implemented in 1996, the CAPP process can contribute significantly to the attainment of these outcomes. The CAPP manuals and support materials, resources, and technical assistance offer valuable help to districts in their efforts to attain local and Minnesota Department of Education (MDE) goals. This is especially true for districts which are under staffed in arts education areas and which do not offer students a comprehensive arts curriculum.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services.

The discussion of outcomes and effectiveness indicators for many aid and grant programs is found in the Education Outcomes and Program Effectiveness section at the beginning of this budget document. Projections for the 1994-95 biennium are included for some of the indicators that are identified and discussed in that section.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 38 for F.Y. 1994 and \$ 38 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 38 in F.Y. 1994 and \$ 38 in F.Y. 1995.

The Governor recommends continuation of authority for carryover of any unexpended balance in the first year to the second year of the biennium.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0702 ARTS PLANNING GRANTS

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$38	\$38	\$38	\$38
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	38	38	38	38
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			38	38
APPROPRIATIONS BASIS:				
Current Year	38	38	38 a)	38
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	38	38	38	38
LEVY AUTHORITY	0	0	0	0

a) Continuation of authority is recommended for carryover of any unexpended balance in the first year to the second year of the biennium.

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1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
 AGENCY: Education Aids
 0703 SUMMER PROGRAM SCHOLARSHIPS (HECB)
 CITATION: M.S. 126.56
 MDE ADMIN: None
 FEDERAL: None

PURPOSE:

The Higher Education Coordinating Board (HECB) provides summer scholarships to eligible Minnesota secondary students (Grades 7-12) who attend summer academic programs sponsored by Minnesota postsecondary institutions. The program is designed to:

- encourage students to enrich their learning beyond those academic experiences now provided by their schools;
- provide academic instruction for student enrichment in curricular areas including, but not limited to: communications, humanities, social studies, social science, science, mathematics, computer science, fine or performing arts, and foreign languages;
- provide financial assistance to students of need who are interested in attending summer academic programs sponsored by postsecondary institutions; and
- encourage minority students and students from low income families to participate in summer enrichment programs.

This program contributes to the Minnesota Milestones goal that Minnesotans will excel in basic academic skills. Two relevant indicators are:

1. to improve the average state score on school achievement tests as a ratio to the national average [Indicator #14], by providing opportunities to expand basic knowledge and skills in academic subject areas through participation in learning experiences that challenge students to apply basic skills to more complex problems and inter-disciplinary problem solving situations; and
2. to reduce the percentage of children who spend 41 or more hours per week watching television or videos [Indicator #10], by expanding their interest in academic subjects through enjoyable and interesting learning activities that challenge them to see relationships between theory and practical applicability to life experiences, and to provide a learning environment where options for leisure time activities are presented and encouraged.

DESCRIPTION:

The Summer Scholarships for Academic Enrichment Program administered by HECB provides scholarships of up to \$1,000 to eligible junior and senior high school age students who have completed Grade 7, but have not graduated from high school. The scholarship covers tuition and other costs of attendance, such as transportation. An eligible institution must be accredited by the North Central Association of Colleges, offer at least an associate or baccalaureate degree program, and be located in Minnesota.

In order to be eligible for a scholarship, a student must:

- be a Minnesota resident;
- attend an eligible program;
- have completed at least one year of secondary school(Grade 7), but not have graduated from high school;
- have earned at least a "B" average during the semester or quarter prior to application in the subject area applicable to the summer program the student wishes to attend; and
- demonstrate need for financial assistance. Financial need is determined by taking into account the costs of attending the program, and household adjusted gross income.

An eligible program must be approved by the State Board of Education (SBE) and must: 1) provide academic instruction for student enrichment in curricular areas including, but not limited to: communications, humanities, social studies, social science, science, mathematics, fine or performing arts, or foreign language; 2) be an in-state program; 3) not be offered for credit to postsecondary students; and 4) not provide remedial instruction.

An advisory committee assists SBE in approving eligible programs and assists HECB in planning, implementing, and evaluating the scholarship program. HECB is responsible for developing and disseminating information about the program. HECB and the SBE determine the time and manner for scholarship applications, awards, and program approval.

All scholarships are awarded by HECB. Each eligible institution sponsoring eligible programs designates a representative responsible for assisting HECB. This representative has responsibility for counseling potential applicants, verifying student eligibility, calculating each student's financial need, transmitting scholarship disbursements to award recipients, and refunding appropriate scholarship monies for students who withdraw or do not attend the program for which funds were awarded. All scholarship applications must be approved by the postsecondary institution sponsoring the eligible program and HECB.

OUTCOMES:

A. Program Effectiveness:

Since 1986, total enrollment in summer academic programs has increased 26 percent to 791 in the summer of 1992. The proportion of students receiving scholarships has increased from 4.5 percent in 1986 to 55 percent in 1992. This increase is primarily due to intensified efforts to improve participation in these summer academic programs by low income and minority students meeting the scholarship eligibility requirements.

Due to the increasing demand for scholarship funds by eligible students, since Summer 1989, a portion of the allocated program funds from the subsequent fiscal year has been utilized to cover program scholarships for students attending programs after June 30. The \$214,000 per fiscal year program allocation had become insufficient to meet the scholarship demands. In order to discontinue the practice of making scholarship awards by utilizing funds from the subsequent fiscal year, the advisory committee decided to modify the income eligibility requirements commencing Summer 1991. For Summer 1992, only students from families with adjusted gross income of less than \$18,000 for the 1991 tax year were eligible for summer scholarship awards. This made it possible to ensure a commitment to fully fund low income and minority students, who would most likely be unable to attend these programs unless they were fully funded.

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PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

0703 SUMMER PROGRAM SCHOLARSHIPS (HECB)
 (Continuation)

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Current Law</u>	
Summer Program Year	1990	1991	1992	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
				1993	1994
Scholarship Awards by Income Level:					
\$0-19,999*	449	384	390	405	405
\$20,000-27,999	139	38	0	0	0
\$28,000+	46	10	0	0	0
Total number of awards	634	432	390	405	405

* The income level cut-off for Summer 1992 was \$0 - \$17,999.

Average award	\$ 420	\$ 491	\$ 528	\$ 528	\$ 528
Total awards to students (000s)	\$ 266.1**	\$ 212.0	\$ 206.1	\$ 214.0	\$ 214.0

B. Program Services Statistics:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Current Law</u>	
Summer Program Year	1990	1991	1992	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
				1993	1994
Institutions participating	23	26	25	25	25
Programs offered	60	79	80	75	75
Students enrolled	6,627	7,494			
Grant for printing brochures (000s)	\$ 5.0	\$ 5.0	\$ 2.5	\$ 0.0	\$ 0.0

** The total amount of awards for the 1990 summer program was funded with \$214,000 from the F.Y. 1990 appropriation (for courses offered in June), and with \$57,100 from the F.Y. 1991 appropriation (for courses offered in July and August). Since F.Y. 1991, program year funding has been obtained from two fiscal years' appropriations.

PROSPECTS:

Increasing interest and participation in the program is due to growing awareness of scholarship availability and the value of such academic experiences by low income and minority families. Improved and intensified marketing techniques by HECB to such groups of students, and students talking to one another about such experiences, will necessitate additional scholarship funds even if HECB continues to only fund students with household adjusted gross income of less than \$18,000 and income between \$18,000 - \$20,000 not being eligible for scholarship assistance.

To meet the needs of students demonstrating financial need who are interested in participating in worthwhile academic programs would require a funding increase to the Summer Scholarship Program over the annual base funding of \$214,000. However, because of budget constraints, no additional funds are being requested.

HECB anticipates full utilization of the base funding of \$ 214 in F.Y. 1994 and \$ 214 in F.Y. 1995.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services.

The discussion of outcomes and effectiveness indicators for many aid and grant programs is found in the Education Outcomes and Program Effectiveness section at the beginning of this budget document. Projections for the 1994-95 biennium are included for some of the indicators that are identified and discussed in that section.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 214 for F.Y. 1994 and \$ 214 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 214 in F.Y. 1994 and \$ 214 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0703 SUMMER SCHOLARSHIPS – HECB

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$214	\$214	\$214	\$214
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	214	214	214	214
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			214	214
APPROPRIATIONS BASIS:				
Current Year	214	214	214	214
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	214	214	214	214
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

0704 **TEACHER EDUCATION IMPROVEMENT (Board of Teaching)**

CITATION: Laws 1991, Chap 265, Art 7, Sec 39, Subd 2
MDE ADMIN: 1409 Board of Teaching
FEDERAL: None

PURPOSE:

To improve teacher preparation and licensing by providing the resources necessary for the Board of Teaching to discharge its responsibilities specified in Minnesota Statutes, section 125.185, subdivisions 4 and 4a related to development of a licensure assessment system, leadership for teacher education redesign, and implementation of new systems of teacher education program evaluation.

By reforming teacher preparation and licensing to prepare highly educated, reflective teachers who can teach well in a variety of learning environments that promote and value diversity, and who are able to meet the needs of individual learners in restructured pre K-12 education, this program contributes to the Minnesota Milestones goals that Minnesotans will excel in basic academic skills.

This program also addresses Minnesota 2000 goals of school readiness, school completion, student achievement, and first in math and science.

DESCRIPTION:

This program provides funding for the Board of Teaching to:

- implement an assessment system which requires candidates for teacher licensure to successfully complete assessments of pedagogical teaching knowledge and licensure-specific teaching skills before being licensed for independent practice;
- provide leadership for the redesign of teacher education to implement a research-based, results-oriented curriculum that focuses on the skills teachers need in order to be effective; and
- implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

Specific activities include: field testing performance assessment instruments, refining training and procedures for conducting performance assessments for teacher licensure purposes, validating assessments of general pedagogical knowledge and licensure-specific teaching skills, designing and implementing strategies for linking the restructuring of teacher education with preK-12 education, and preparing evaluators to use institutional/program surveys, case studies, and cohort portfolios in program evaluation.

OUTCOMES:

A. Program Effectiveness:

This program provides for the continuation of the development of accountability systems to ensure that the approximately 3,500 candidates for teacher licensure who complete preparation programs in 26 Minnesota colleges and universities each year have demonstrated the knowledge and abilities necessary to teach and that the preparation programs they complete are effective in providing a research-based, results-oriented program that focuses on the skills teachers need to be effective. By assuring relevant preparation and demonstration of necessary teaching skills, this program contributes to the Minnesota Milestones performance indicators of school readiness, school completion, and high school dropout rate.

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Current Law</u> <u>F.Y. 1994</u>	<u>F.Y. 1995</u>
1. Total Candidates for Licensure	3,500	3,500	3,500	3,500	3,500
a) Completing Performance Assessment					
Number	—	—	—	—	200
Percentage	—	—	—	—	6%
b) Completing Redesigned Teacher Preparation Linked to Renewal of PreK-12 Education					
Number	—	925	1,360	2,695	3,500
Percentage	—	26%	39%	77%	100%
2. Total Number of Teacher Preparation Institutions	26	26	26	26	26
a) Implementing Redesigned Teacher Preparation Programs Linked to Renewal of PreK-12 Education					
Number	—	7	12	20	26
Percentage	—	27%	46%	77%	100%
b) Participating in Effective Teacher Education Program Evaluation					
Number	—	—	26	26	26
Percentage	—	—	100%	100%	100%

For further discussion of the outcomes and effectiveness of state education programs refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Student will demonstrate competency in subject areas

1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

0704 TEACHER EDUCATION IMPROVEMENT (Board of Teaching)
 (Continuation)

B. Program Services/Statistics:

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
1. First-year Teachers Participating in Performance Assessment Field Test	--	74	--	--	--
2. Experienced Teachers Trained as Assessors	--	47	--	--	--
3. Performance Assessments Validated	--	--	--	10	10
4. Colleges Participating in Conferences/Dialogues on Simultaneous Renewal	--	19	26	26	26
5. Educators, Business, Community Leaders Convened in Regional Discussion Groups on Simultaneous Renewal	--	200	200	200	200
6. Research Evaluators Trained	--	--	30	--	--
7. Case Study/Portfolio Evaluators Trained	--	--	45	--	--
8. Colleges Implementing Case Studies/Portfolios	--	--	--	5	12

PROSPECTS:

Teacher education in the 1990's must be restructured to prepare teachers who have the knowledge, skills, and abilities that reflect the complexity and heterogeneity of the society in which we live. This restructuring must be linked with the reform of pre K-12 education. The licensing system must focus on the performance of beginning teachers in order to provide greater assurance that they have acquired and demonstrated the knowledge and skills that are needed for today's learners. New systems of program evaluation need to be implemented to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes. More extensive, rigorous professional preparation and teacher licensure is necessary to assure that all learners are

provided effective instruction.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services.

The Board of Teaching will validate up to 20 performance assessments, involve 26 teacher preparation institutions in developing strategies to link the restructuring of teacher education with pre K-12 education and prepare 45 evaluators to assist 12 teacher preparation institutions in implementing program evaluation based on demonstration of outcomes.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 165 for F.Y. 1994 and \$ 0 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 165 in F.Y. 1994 and \$ 0 in F.Y. 1995.

The Governor recommends continuation of authority for carryover of any unexpended balance in the first year to the second year of the biennium.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0704 TEACHER EDUCATION IMPROVEMENT

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$57 a)	\$108	\$165 b)	\$0
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	57	108	165	0
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			165	0
APPROPRIATIONS BASIS:				
Current Year	57	108	165 b)	0
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	57	108	165	0
LEVY AUTHORITY	0	0	0	0

a) \$165 biennial appropriation less \$108 balance forward to F.Y. 1993.

b) \$165 biennial appropriation with carryover authority.

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1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

0705 ADVANCED PLACEMENT (AP) AND
 INTERNATIONAL BACCALAUREATE (IB)

CITATION: M.S. 126.239
MDE ADMIN: 1302 Instructional Design
FEDERAL: None

PURPOSE:

To provide financial incentives for schools to begin or expand their Advanced Placement and International Baccalaureate offerings and to promote rigorous, challenging courses of study as part of the regular offerings for students in secondary schools. This program increases the ability of some schools to provide Advanced Placement or International Baccalaureate courses by providing funding for courses and exam fees for economically disadvantaged students.

This program is specifically intended to provide:

- training and services for teachers of Advanced Placement and International Baccalaureate courses;
- support for teachers working with advanced learners;
- subsidies for student examination fees for Advance Placement and International Baccalaureate courses.

The Advanced Placement and International Baccalaureate Program supports the Minnesota Milestones goals of excellence in basic academic skills, and the advanced education and training to make the state a leader in the global economy in the following ways:

- Advanced learners who have been taught in deference to their individual learning styles and differences will, in turn, respect and value all people so that fewer people experience similar discrimination.
- This initiative will help students value meaningful content and learning processes—a prerequisite for developing lifelong learning skills. Advanced learners, as good citizens, are among those most likely to provide solutions to complex problems of tomorrow's society, including those of the physical environment.
- This initiative will decrease the number of gifted learners who underachieve, drop out, or socially withdraw. More learners will continue in courses designed for post-secondary education to prepare themselves for productive careers and improved economic status to make the state a leader in the global economy.

DESCRIPTION:

The Advanced Placement and International Baccalaureate Program provides \$300,000 to support new and existing Advanced Placement and International Baccalaureate Programs throughout the state. The program has three major components:

1. Teacher Training

This component provides for the awareness and preparation of teachers to offer Advanced Placement and International Baccalaureate courses to secondary students interested in challenging, in depth learning opportunities. The funding will pay tuition, room, and board for Advanced Placement and International Baccalaureate training offered by the College Board, International Baccalaureate of North American, and at qualified higher education institutions.

MDE responsibilities are to:

- determine application procedures and deadlines, and select teachers to participate in the training process;
- ensure that Advanced Placement & International Baccalaureate courses will be available in all parts of the state; and
- ensure that a variety of course offerings are available in school districts.

2. Teacher Support

The intent of this activity is to provide support during the school year for teachers who are working with advanced learners and teaching Advanced Placement or International Baccalaureate courses. Funding will provide for costs related to the support activities e.g., travel, substitute teachers, classroom resources.

MDE responsibilities are to:

- provide related training and technical assistance in e.g., thinking, interdisciplinary teaching and teaming, learning to learn skill, mentoring at the student level, long-distance learning, OBE connection, community service, and theory of knowledge, "Man In Society";
- develop materials;
- arrange support Networks e.g., to share ideas/materials, assess needs; and
- encourage on-site visits among schools.

3. Subsidies for Student Exam Fees

This component of the program will assist public and nonpublic students in paying costs for exam fees related to Advanced Placement and International Baccalaureate courses. Consideration is to be given for low income families where circumstances make the state payment advisable. Recommendations need to be made to the State Board of Education.

MDE responsibilities are to work with the State Board of Education to:

- adopt a schedule for Advanced Placement and International Baccalaureate exam fee subsidies for low-income families;
- determine circumstance under which the fee is subsidized; and
- determine procedures for state payment of fees.

1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

 0705 ADVANCED PLACEMENT (AP) AND
 INTERNATIONAL BACCALAUREATE (IB)

OUTCOMES:

A. Program Effectiveness:

Schools that offer Advanced Placement or International Baccalaureate courses provide greater academic challenges for students thereby addressing current research concerns that show traditional course offerings are not sufficiently challenging for academic gifted students. Since this program began in the fall of 1992, no data are currently available on program performance. As required by law, a report will be submitted to the Legislature and the State Board of Education each year on program performance.

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
<u>Advanced Placement</u>					
Schools involved	149	147	150	160	170
Students taking tests	3,425	3,830	4,000	4,400	4,800
Exams taken	4,306	4,847	5,200	5,600	6,000
<u>International Baccalaureate</u>					
Schools involved	9	9	11	13	15
Certificates earned	498	503	550	575	600
Diplomas earned	15	16	20	24	28
Students participating	3,125	3,243	3,300	3,400	3,500

A survey of Advanced Placement and International Baccalaureate, schools, students, and teachers process will be used to provide statistics on program effectiveness and to determine future direction for the program.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas
- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process
- IV. H. Create changes that improve the way school districts meet the needs of learners and their families

B. Program Services/Efficiency Statistics:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Current Law</u>	
				<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Teacher Training			165,000	165,000	165,000
Teacher Support, Implementation			43,759	43,759	43,759
Student Exam Fees			60,000	60,000	60,000
Program Coordinator			31,241	31,241	31,241
Total Funding			\$300.00	\$300.00	\$300.00

* F.Y. 1993 is the first year of this program.

PROSPECTS:

Although the program is just getting started, there is a definite need to provide services for advanced learners who are underserved and for support of teachers working with this level of student. Different learning opportunities and rigorous learning situations are essential to an effective Outcome-Based Education System where all students are given opportunities to succeed.

Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$ 300 in F.Y. 1994 and \$ 300 in F.Y. 1995.

OBJECTIVES F.Y. 1994-1995:

Efforts will be made to enhance programs and services by increasing the number of:

- students participating in AP and IB courses courses by 10 percent;
- AP and IB courses by 10 percent;
- teachers trained to teach AP and IB courses by 10 percent; and
- increase the number of IB school from 9 to 15, and AP schools from 147 to 170.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 300 for F.Y. 1994 and \$ 300 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 300 in F.Y. 1994 and \$ 300 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0705 ADVANCED PLACEMENT/INTERNAT'L BACC.

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$0	\$300	\$300	\$300
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	0	300	300	300
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			300	300
APPROPRIATIONS BASIS:				
Current Year		300	300	300
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	0	300	300	300
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids
 0706 MATHEMATICS-SCIENCE GRANT
CITATION: Laws 1992, Chap 499, Art 7, Sec 24
MDE ADMIN: 1301 Curriculum Services
FEDERAL: 1219 National Science Foundation

PURPOSE:

To initiate systemic change in the way science and mathematics are taught in elementary and secondary schools and to improve student learning and achievement in these areas, as part of a proposal requesting \$10 million from the National Science Foundation.

The proposal developed with the leadership of business and industry, and both K-12 and higher education systems, intends to change the current system of mathematics and science education and to have the changes self-sustaining after five years of funding.

To live and work in the Twenty-First Century, all students need more, but often different, learning experiences in mathematics and science. By increasing student achievement in mathematics and science this program contributes to the Minnesota Milestones goals for:

- advanced education and training to make the state a leader in the global economy;
- excellence in basic academic skills;
- economic means to maintain a reasonable standard of living; and
- small cities, rural and urban areas will be economically viable.

DESCRIPTION:

Substantial reform is needed throughout the education system to improve student learning and achievement in mathematics and science education. Since June 1991, a group including business, industry and educators from both K-12 and higher education have been working to form a partnership to develop a vision and a long-range plan for mathematics and science education in Minnesota.

To begin to accomplish the implementation of high national standards in mathematics and science, the expectations of parents and the community need to be raised, teachers need continuing help to make mathematics and science learning a powerful, active experience, and changes in school structure may be necessary to support good science and mathematics education for all students. State funding is needed to support the activities outlined in the proposal, including public awareness, professional development for current and future teachers of Mathematics and Science, site based change in schools to support implementation of standards, and networking of participants.

OUTCOMES:

A. Program Effectiveness:

This program brings together elements from all of the communities that desire improved economic conditions for the state and who are affected by science and mathematics education. As Minnesota's technology base continues to grow and become more complex, it is clear that the current mathematics and science education programs can become more effective in educating our children. The NSF grant proposal attempts to combine NSF grant funds with a one-to-one match by state government and the business community. The project will improve teacher networks, model exemplary teaching practices on both a site-based and regional model, and through heightened public awareness of the need for improved mathematics and science delivery systems, improve mathematics and science teaching practices.

This program contributes to the Minnesota Milestones goal of advanced education and training to make the state a leader in the global economy by providing a strong education in science and mathematics. By improving curriculum, evaluation, and teaching in mathematics and science, this program contributes to the Minnesota 2000 goal of making Minnesota students first in the world in mathematics and science achievement.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas
- IV. C. Improve learner self-esteem

B. Program Services/Statistics:

(\$ in 000s)	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Teacher Workshops	—	—	\$ 70.0	\$ —	\$ —
Minnesota High Technology Foundation	—	—	80.0	—	—
Total Funding	—	—	\$ 150.0	\$ 150.0	\$ 150.0

F.Y. 1993 is first year for the program.

PROSPECTS:

This is the final year for submission of proposals for a \$10,000,000 State Systemic Initiative (SSI) federal grant. The foundation requires a full match at the state level, and expects a state commitment on a dollar to dollar basis, to show the willingness of the state to implement needed changes in mathematics and science education, and to support the change after the five year grant period. The current grant proposal, if approved, will provide \$2,000,000 in federal grant funds per year for five years and would require an equal match amount. It is proposed that \$1,500,000 per year would be a state appropriation and \$500,000 per year would be raised from Minnesota

1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

0706 MATHEMATICS-SCIENCE GRANT
(Continuation)

businesses. The business/education partnership preparing the proposal has determined that if the NSF does not fund Minnesota's proposal, the program would still be implemented, but on a smaller scale.

OBJECTIVES F.Y. 1994-1995:

Monies requested from the Legislature are not contingent upon approval of this project by the National Science Foundation. The business/industry/education/higher education coalition members have voted to proceed with the terms of the proposal, regardless of federal funding. Should federal funding not be forthcoming, the working committees of the project will seek support from other NSF programs. If strong state support is provided to implement the major project goals, funding from federal and/or private agencies is greatly enhanced (if not ensured).

The focus of this initiative for the upcoming biennium is on the professional development of teachers so they will be better prepared to help students learn science and mathematics. Increased success for all students in achieving world class standards in science and mathematics will be measured by:

- increased enrollment in advanced science and mathematics courses in secondary schools;
- increased availability of, and enrollment in, challenging and useful courses in science and mathematics at the secondary level that are accessible to all learners and not just those preparing for postsecondary education; and
- higher scores on new state science and mathematics assessments.

Between F.Y. 1994 and F.Y. 1995, a major policy paper outlining direction for both science and mathematics education will be developed. The policy paper will have several important implications, e.g., school structure, pedagogy, content (what should be taught, as well as what should be left out), and assessment. In summary, it will direct mathematics and science curriculum, teacher development, and teacher education for the next ten years. Because the policy paper will be a major organizing force in Minnesota, consensus must be sought from those who are impacted by the process including: teacher educators, mathematics and science teachers, representatives from business/industry, the private sector, urban, suburban, and rural areas.

A statewide teacher inservice program will be developed, and will be directed toward the goals delineated in the policy paper referred to above. During F.Y. 1994, teams of talented individuals will be formed throughout the state. They will review the policy paper together with its implications. Throughout F.Y. 1994 these teams will receive specialized training in both pedagogy and the science and mathematics standards. In F.Y. 1995 they will provide long-range professional development opportunities for teachers. By the end of F.Y. 1995, interdisciplinary science and mathematics programs will exist and function in each of the twelve planning areas in the state.

A variety of networks will be developed to connect mathematics and science teachers. By F.Y. 1995, a statewide electronic bulletin board will be in operation, providing the ability to link every science and mathematics teacher. In addition, special networks will be initiated for certain regions of the state where teachers are especially isolated, e.g. certain rural and inner-city areas throughout the state. Teachers will be encouraged to share "what works" in a series of statewide face-to-face meetings.

Two regions within the state (one rural and one urban) will be identified and funded to model best practices and curriculum design for science and mathematics. A five year inservice plan will be formulated for each model school, school district and/or collection of schools and districts (collaboratives). Within a collaborative special needs of individual students will be addressed; outcomes will be identified; teacher strengths and weaknesses will be identified and addressed; and K-12 programs will be redesigned within the participating schools/districts. By the end of F.Y. 1994 at least two collaboratives will be functional, and at least one additional collaborative will be functional by the end of F.Y. 1995. Linkages between the collaboratives, teacher enhancement and teacher education will be made. By F.Y. 1995, the collaboratives will be part of the statewide communications network.

Teacher training programs within the state, both public and private will be restructured. Public and private institutions of higher learning will work together to redesign their preservice programs in order to meet world class standards enumerated by the Policy Paper, advocated by the enhancement teams, and showcased in the school collaboratives. Within the collaboratives teacher education will become the joint responsibility of the cooperating colleges and the local educators and administrators. By the end of F.Y. 1995, one-third of the college programs that produce science and mathematics teachers will be restructured and a viable part of the program.

A statewide public awareness program will be instituted. Representatives from business, industry, the private sector, mathematics and science education, and higher education will be identified for each region of the state. By the end of F.Y. 1995, a master public awareness plan will be developed and implemented with help from these groups. The media will be contacted, and communities will be aware of needs, achievements and action plans of teachers, schools and collaboratives in their areas. Local communities will be aware of what works and what needs to be done to improve science and mathematics education. A major effort of this aspect of the program will focus on parental involvement in the education of their children, and their role in the restructuring of the schools their children attend.

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends increasing the base funding level from \$150 for F.Y. 1994 and \$150 for F.Y. 1995 to an aid entitlement of \$ 1,500 for F.Y. 1994 and \$ 1,500 for F.Y. 1995 to change the way science and mathematics are taught and to improve student learning and achievement in these areas.

Based on these entitlements, the Governor recommends an appropriation of \$ 1,500 in F.Y. 1994 and \$ 1,500 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0706 MATHEMATICS – SCIENCE GRANT

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$0	\$150	\$150	\$150
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
B.Legislation Becoming Effective				
CURRENT ENTITLEMENT	0	150	150	150
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Math–Science Initiative			1,350	1,350
Total Policy Changes			1,350	1,350
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			1,500	1,500
APPROPRIATIONS BASIS:				
Current Year		150	1,500	1,500
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	0	150	1,500	1,500
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

0707 OUTCOME-BASED EDUCATION (OBE) CONTRACTS

CITATION: Laws 1991, Chap 265, Art 7, Sec 37
MDE ADMIN: 1302 Instructional Design
FEDERAL: None

PURPOSE:

To establish a process for contracting between a public school, school district, or group of districts and the Minnesota Department of Education (MDE) to develop outcome-based education programs that improve student educational achievement and recognizes individual student needs.

A school, school district, or a group of districts seeking to contract with MDE to develop an outcome-based education program must agree to serve as a demonstration site during the term of the contract and for a minimum of one school year after the expiration of the contract -- a total of three years.

This program contributes to the Minnesota Milestones goal excellence in basic academic skills by:

- preparing students with appropriate knowledge, skills, and attitudes to succeed in school;
- increasing average state test scores on school achievement tests; and
- reducing the drop-out rate by having students feel more successful about their learning potential and by addressing their individual education needs.

DESCRIPTION:

The Legislature, during the 1991 and 1992 sessions, allocated funding for the F.Y. 1992-1993 biennium that permitted MDE to contract with schools, school districts, or groups of districts to develop outcome-based programs that improve student educational achievement and recognize student needs.

The Legislature has defined outcome-based education (OBE) as follows:

Outcome-based education is a pupil centered, results-oriented system premised on the belief that all individuals can learn. In this system:

1. what a pupil is to learn is clearly identified;
2. each pupil's progress is based on the pupil's demonstrated achievement;
3. each pupil's needs are accommodated through the multiple instructional strategies and assessment tools; and
4. each pupil is provided time and assistance to realize her or his potential.

Requests for contract proposals were sent to all schools, districts and intermediate units asking for development of tangible OBE products that could be evaluated for success and could be disseminated

to other locations. The contract proposal had to include areas of emphasis of:

1. multiple instructional strategies for a variety of subject areas, grade levels, and student needs;
2. multiple forms of assessment to address/identify individual needs;
3. outcome development with emphasis on curriculum designs that consider integration, thematic and inclusive (multi-cultural, gender-fair, disability sensitive) education.

The sites selected for funding were expected to provide visiting teachers and other educators learning opportunities and materials valuable and useful in their own settings. The intent of the grants was to provide practical applications of OBE practices in the specific areas noted under areas of emphasis.

One-hundred ninety-seven applications were submitted for funding. A committee of parents, teachers, administrators, higher-education and MDE staff, after evaluating all the proposals and giving consideration to geographic, grade level, subject and area of emphasis considerations, selected thirty sites. Each site received a total of \$40,000 that will be paid during the first two years. Districts agreed to commit resources to fulfill the dissemination expectations of the third year specified in statute.

Legislation also requires an evaluation of the demonstration sites. A competitive process resulted in the selection of an outside evaluator to provide extensive evaluations of the demonstration sites that will help determine how well each site is fulfilling its obligations as stated in their contract with MDE, and the potential of each site for quality research and/or products that need to be disseminated throughout the state.

OUTCOMES:

A. Program Effectiveness:

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas

During F.Y. 1992, the first year of this program, the following was accomplished:

- MDE developed criteria and a process for selecting programs for contracts.
- MDE received 197 applications requesting funding.
- All conditions noted in law were met in selecting the thirty demonstration sites and minimal controversy occurred with the selection even though less than 1/6 of the proposals submitted were funded.
- MDE selected an independent evaluator and is presently receiving high quality evaluations of demonstration sites.

The independent evaluators noted that all program coordinators have initiated activities and are working to develop programs that match the plan delineated in their contract with MDE. It was their judgement that after six months of operation, 24 OBE projects were on schedule, 3 partially

1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

 0707 OUTCOME-BASED EDUCATION (OBE) CONTRACTS
 (Continuation)

behind, and 3 behind schedule. Ten of the 30 sites were ahead of schedule in that they were disseminating products in their first year.

Preliminary evaluations also indicate that many of the projects will provide the desired product contracted to produce, and that the products will be of sufficiently high quality that they will be valuable to other districts and schools throughout Minnesota.

B. Program Services/Statistics:

	<u>F.Y. 1991</u>	<u>F.Y. 1992*</u>	<u>F.Y. 1993</u>	<u>Current Law</u>	
				<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Number of Contracts	—	30	30	30	30
Amount per year Contract (\$ in 000s)	—	\$20.6	\$20.6		
Total Contract Amount (\$ in 000s)	—	\$587.7	\$652.3	\$620.0	\$620.0
Number of School Districts	—	85	85		
Number of Teachers Involved	—	998	998		
Numbers of Students Involved	—	25,290	25,290		
Program Evaluation and Administration	—	\$55.0	\$55.0	\$55.0	\$55.0
Total Funding	—	\$642.7	\$707.3	\$675.0	\$675.0

* F.Y. 1992 was the first year of this program.

PROSPECTS:

It is expected that, in the next few years, products developed at the demonstration sites will influence how the curriculum is organized, how students learn, how students are assessed and how information related to each student's progress in learning is managed in all public schools in Minnesota.

OBJECTIVES F.Y. 1994-95:

Given that some grant recipients have completed activities related to their grant awards, allowing an overall reduction of funding from \$675 to \$575 each year, the number of OBE Grants will be reduced from 30 to 25 and the emphasis at the remaining sites will be changed from start-up and development to dissemination of successful products and processes and to measurement of student's academic growth as a result of participating in OBE programs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$575 for F.Y. 1994 and \$575 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$575 in F.Y. 1994 and \$575 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0707 OUTCOME BASED EDUCATION CONTRACTS

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$675	\$675	\$675	\$675
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Balance forward due to timing needed for implementing grant procedures and development of proposals by districts	(32)	32		
B.Legislation Becoming Effective				
CURRENT ENTITLEMENT	643	707	675	675
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Some grant recipients have completed activities related to their awards			(100)	(100)
Total Policy Changes			(100)	(100)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			575	575
APPROPRIATIONS BASIS:				
Current Year	643	707	575 a)	575
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	643	707	575	575
LEVY AUTHORITY	0	0	0	0

a) Continuation of authority is recommended for carryover of any unexpended balance in the first year to the second year of the biennium.

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1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
 AGENCY: Education Aids
 0708 PER - STATE ASSISTANCE
 CITATION: M.S. 126.664; Laws 1987, Chap 398, Art 8, Sec 21
 MDE ADMIN: 1304 Assessment
 FEDERAL: None

PURPOSE:

To provide leadership, coordination, training, and technical assistance for all aspects of the Planning, Evaluating, and Reporting (PER) process to facilitate systematic local school district educational improvement in the areas of curriculum and instruction, as well as to provide for public involvement and accountability in curriculum issues at the local district level. Specifically, this program provides:

- staffing for and coordination with the operation of the State Curriculum Advisory Committee (SCAC);
- development of model learner outcomes documents with identified essential learner outcomes which provide curriculum leadership as well as basis for assessment activities;
- Minnesota Department of Education (MDE) measurement and evaluation services to districts through the Local Assessment Program;
- development and training of local educators on the use of the Itembank (MIDEBANK) that allows districts to customize evaluation measures to local curricula;
- providing training and on-site technical assistance to districts on all aspects of PER; and
- administration of all aspects of PER and Assurance of Mastery.

These purposes have a high degree of relationship with MDE and Minnesota State Board of Education priorities for Outcome Based Education (OBE) and related assessment issues. In addition, the curriculum and community involvement focused purposes are related to many of the Minnesota Milestones goals, while the remaining purposes are related more specifically to student achievement and the goal of life long learning and good citizenship.

DESCRIPTION:

The implementation of state assistance in the PER process requires considerable coordination between activities at the state and local levels. The PER process at the local level generally involves: 1) leadership from a local PER committee; 2) development and implementation of curriculum goals and outcomes; 3) assessment and evaluation of the needs and strengths in curriculum and instructional practice, based upon student performance and other information; 4) planning for and implementing needed changes in curriculum and instruction; and 5) reporting results within local districts with a copy of the report submitted to the state.

At the state level, the process involves: 1) statewide leadership from SCAC; 2) development and dissemination of Model Learners Outcomes and Essential Learner Outcomes; 3) development of measures and provisions of service through the Local Assessment and Itembank Programs; 4) workshops and on-site technical assistance on all aspects of PER provided by MDE staff and

regional PER facilitators; and 5) review and feedback on all PER reports.

Revolving funds have been established under authority in M.S. 126.67, Subd. 6 for deposit of proceeds from two sources: a) charges for additional testing and evaluation of students beyond the required participation in the state assessment program (\$1.20 per student for cost of services provided), and b) sale of products and services provided as part of the assessment item bank program. All monies in the revolving funds are annually appropriated to MDE for improvement of assessment measures in Minnesota.

OUTCOMES:

A. Program Effectiveness:

SCAC meets monthly and is involved in all aspects of PER implementation including, but not limited to: 1) advising on all state curriculum, assessment and instructional issues; 2) identifying and recognizing exemplary PER practices; and 3) submitting a legislative report, through the Commissioner of Education, that includes recommendations for improvement.

By the end of F.Y. 1993, all 30 originally planned learner outcome documents will be completed and contain essential learner outcomes. An accelerated schedule and the reduction of total documents to 22 learner outcome documents will allow for the revision of all documents, including essential learner outcomes, to be completed by the end of F.Y. 1995.

The Local Assessment Program provided direct measurement services to 90% of districts in F.Y. 1992. It is anticipated that this level will be maintained throughout the biennium.

Item bank utilization has continued to grow. During F.Y. 1992, district utilization was at 55%. It is anticipated that this level will increase to 65% by the end of F.Y. 1995. This increase is a result of expanded alternative delivery systems and the inherent compatibility of the services with assessment needs of OBE.

Virtually all (99%) districts have and should continue to receive PER training. On-site technical assistance is expected to remain high and stable. This increase in on-site assistance is a direct result of the work of PER regional facilitators.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas
- IV. I. Ensure the satisfaction of families through the involvement of parents in learner success

B. Program Services/Statistics:

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Subject areas with revised model learner outcome documents	22 (73%)	26 (87%)	30 (100%)	11 (50%)	22 (100%)

(continued on next page)

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PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

 0708 PER - STATE ASSISTANCE
 (Continuation)

(continued from previous page)

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Current Law</u>	
				<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Subject areas with essential learner outcomes identified*	13 (43%)	24 (80%)	30 (100%)	11 (50%)	22 (100%)
Local assessment program utilization (districts)	90%	90%	90%	90%	90%
Itembank district utilization	50%	55%	57%	60%	65%

*Percentage of learner outcomes revised or learner outcomes identified.

PROSPECTS:

The PER process and state support for related activities has existed since 1976. Since PER has been a major carrier of new initiatives over the years, it is likely that parts of many transformation efforts would include functions that are compatible with PER. The continuing state efforts in OBE will affect the nature of implementation of essential aspects of PER (curriculum, instruction, assessment) and will likely increase the need for services in this area. In addition, the outcome development and assessment portions of this program are especially important to the MDE goals and priorities for OBE. Related to OBE is a movement toward more performance-based or authentic assessments.

Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$ 577.0 in F.Y. 1994 and \$ 577.0 in F.Y. 1995.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services.

The State Curriculum Advisory council will continue their work and advise MDE, the State Board of Education and the legislature regarding PER. Particular emphasis will be placed on Inclusive Education, improving the PER process, coordination with Minnesota Educational Effectiveness program and other improvement efforts, and the developing curriculum frameworks.

These curriculum frameworks will be developed in twenty-two areas over the next two years. They are defined as:

"World class standards that define what students should know and be able to do provide the foundation for systemic reform. State curriculum frameworks serve as the bridge between the

standards and the classroom by providing guidelines for the content of the curriculum and for how that content should be organized and presented. They provide the guidelines for curriculum and course design at the district, school, and classroom levels."

-Federal Register, Vol. 57, No. 153, August 7, 1992

These curriculum frameworks will align instruction with the expected Minnesota standards of performance for graduation.

The local assessment program, a required PER activity for local accountability will continue to revise and update its tests. Currently tests are available for both performance-based and multi-choice test assessments in mathematics, writing, reading, editing, science, social studies, art performance, and health. Mathematics and music performance will be added during the spring of 1993. F.Y. 1994 speech will be added and in F.Y. 1995 physical education performance assessment will be added.

Item bank utilization will increase as it continues to be revised for classroom use. During F.Y. 1993 one thousand systems were distributed. In F.Y. 1994 it is expected that 1,400 will be requested by school districts. Currently the item bank is being utilized in 36 states outside of Minnesota. No goals have been established to increase its national distribution.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 577 for F.Y. 1994 and \$ 577 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 575 in F.Y. 1994 and \$ 575 in F.Y. 1995, which represents the aid entitlements reduced for revised salary planning estimates.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0708 PER STATE ASSISTANCE

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$601	\$577	\$577	\$577
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	601	577	577	577
FUNDING EXCESS/DEFICIENCY	10			
POLICY CHANGES RECOMMENDED				
Anticipated Savings Revised Salary			(2)	(2)
Planning Estimates				
Total Policy Changes			(2)	(2)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			575	575
APPROPRIATIONS BASIS:				
Current Year	591	577	575	575
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	591	577	575	575
Special Revenue Fund (Revolving)	80	104	104	104
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
 AGENCY: Education Aids

 0709 EDUCATIONAL EFFECTIVENESS

 CITATION: M.S.121608-121609
 MDE ADMIN: 1302 Instructional Design
 FEDERAL: None

PURPOSE:

The Minnesota Educational Effectiveness Program (MEEP) is a research referenced educational change and improvement effort designed to create school environments which respond to the changing needs of all learners. The mission of the program is: "to enhance learning and instruction through planned change based on research. On going, building-based staff development processes, supported and delivered through a network of local, regional and state resources, facilitate this mission."

The Minnesota Educational Effectiveness Program, through the utilization of fifteen research referenced characteristics,:

- develops the competence for and facilitates the involvement of families and other stake holders in site based decision making processes;
- focuses on organizational modifications to support improved learning for all;
- focuses on outcome based instructional processes;
- creates a systematic view of the school as an interdependent system which addresses organization (structures and people), curriculum (what is taught), and instruction (assessment of need, planning, implementation and evaluation);
- creates a comprehensive understanding, for all stake holders, of the relationship of the educational processes to and with other systems which impact the lives of children; and
- provides research referenced material to families, school staff members and other stake holders.

Schools participating in MEEP have the research base from which necessary systemic change will be made to address many of the goals and relevant indicators as outlined in the Minnesota Milestones.

This program contributes to the Minnesota Milestones goals of excellence in basic academic skills, and increasing school readiness by:

- preparing students with appropriate knowledge, skills, and attitudes to succeed in school;
- increasing average state test scores on school achievement tests; and
- reducing the drop-out rate by having students feel more successful about their learning potential and by addressing their individual education needs.

DESCRIPTION:

MEEP is a state-funded, school-based improvement program developed and directed by the Minnesota Department of Education (MDE), and implemented through the Educational Cooperative Service Units (ECSUs).

As a basis for any significant change, MEEP provides structures and processes which enable site-based teams to be the facilitators of change within their buildings. Through the research base, the program can create the climate within a school building to translate a program into action and create the requisite changes in behavior. The research base is organized into 15 characteristics which describe effective schools.

Participation begins with the identification and training of a school leadership team composed of parents, community members, other stake holders, teachers, the principal and a representative from the central office. This week-long clinical workshop develops the team's knowledge of the program's research base, develops their competence in the implementation processes, and develops a team which can focus on involving staff in site-based decision-making. It is these skills which the team uses to relate to other critical issues such as curriculum articulation, flexible grouping, high expectations, instructional delivery, staff development, and family involvement.

MEEP Schools operate with an understanding of and commitment to change over the long term. Sites apply to participate and commit time and fiscal resources to comply with program expectations. MEEP training results in the implementation of improved practices as "standard operating procedure" in the school because decision-making processes utilize a research base in the areas of teaching, learning, change, and effective organizations.

OUTCOMES:

A. Program Effectiveness:

Since the creation of MEEP in 1983, a multilevel structure has been implemented which utilizes the strengths and expertise of individuals and groups for planning, decision-making, and activities to transfer theory and plans into practice. The inclusion of broad groups of stake holders (students, parents, and community members) in the implementation of school processes have focused specifically on change and improvement as evidenced in the supporting research base.

External evaluation results report that respondents identified outcomes in their school which could be attributed solely to MEEP. Forty-seven percent reported a positive relationship to the effectiveness of various MEEP processes. They included outcomes associated with enhanced goal setting, site-based decision making, expanded leadership, and improved communication. Thirty-seven percent of the respondents identified specific goals which had been attained by their school, i.e., increased levels of awareness and knowledge, and changed teaching methods. A third group of residents (27%) referred to improved morale in schools, joint ownership of change and/or improvement among teachers and administrators, commitment to change, and improved attitudes as outcomes attributable to MEEP.

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PROGRAM: 07 Access to Excellence
AGENCY: Education Aids
 0709 EDUCATIONAL EFFECTIVENESS
 (Continuation)

Successful implementation of the broad goals outlined in the Minnesota Milestones such as lifelong learning and good citizenship is dependent upon the development of collaborative efforts between and among school staff, families and other stake holders. These efforts will fundamentally change the ways in which educational experiences are conceptualized and these new conceptualizations have the potential to create totally new social systems in which all of our citizens will experience success.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas

B. Program Services Statistics:

Beginning with 26 pilot schools in 1984, the program has grown to a present level of 750 participating schools (272 districts). There are currently 740 school teams, 3 higher education teams, 1 technical college team, a team from the Minnesota Education Association and 5 Educational Cooperative Service Unit (ECSU) teams involved in the program.

Site-based teams are supported by a cadre of regional facilitators hired by the ECSUs through a grant agreement with MDE. The agreement specifies five main objectives or tasks as the responsibility of the regional facilitator. They include 1) ongoing communication between MEEP sites, local coordinators, regional staff, and MDE, 2) implementation of the MEEP model in each of the sites in the region, 3) awareness of MEEP, 4) access by school sites to the research base, and 5) regional expertise for program implementation.

Local Coordinators have been identified in fifty districts to assist teams in the district by providing resources, information, appropriate processes, and activities. They act as a link to other buildings in the district and to the regional facilitator. Training for local coordinators has been planned and conducted by MDE staff.

Evaluation data each year indicates that the regional and statewide network that has been established is a key element of success of the program. The regional facilitator role of providing direct assistance to participating schools and establishing and maintaining the regional network has been a major factor in maintaining the integrity of the program.

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of schools:	593	690	750	825	900
Number of Facilitators (not FTE):	12	13	16	16	18
MDE Staff (full time):	4	3	3	3	3
Funding level (\$ in 000s):	\$ 584.5.0	\$ 895.1	\$ 870.0	\$ 870.0	\$ 870.0

PROSPECTS:

It is expected that growth in participation will continue by 50 to 100 new schools each year. The concentration of new sites has shifted from an even distribution statewide to increasingly heavy involvement in the metropolitan area. In order to maintain the support network that has been established statewide and to meet the increased need for facilitation in the metropolitan area, roles and expectations for local coordinator and regional facilitator are changing. It is expected this evolution will continue.

Program evaluation continues to emphasize the importance of leadership in school improvement efforts. MEEP has developed a competency-based training program to assist administrators and other staff in leadership roles to acquire the skills needed to manage participatory, goal driven schools. The need for competency-based training for administrators will increase the definition of leader as extended to a variety of roles within each school.

As participatory decision-making, based on research and effective practices, becomes the norm in MEEP schools, the focus for change moves to issues of content and instructional change. MEEP schools are examining current curriculum and instructional practices and developing plans for restructured, outcome-based systems.

Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$ 870 in F.Y. 1994 and \$ 870 in F.Y. 1995.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to increase the number of new MEEP sites to 825 in F.Y. 1994 and 900 in F.Y. 1995. The 750 present sites will move forward in their school improvement efforts by using research (including their own data) that identify improvement areas especially in areas of family involvement, site-based decision making, leadership and good instruction that leads to success for every learner.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 870 for F.Y. 1994 and \$ 870 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 870 in F.Y. 1994 and \$ 870 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0709 EDUCATIONAL EFFECTIVENESS

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$900	\$870	\$870	\$870
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	900	870	870	870
CANCELLATION	5			
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			870	870
APPROPRIATIONS BASIS:				
Current Year	895	870	870	870
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	895	870	870	870
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

0710 ACADEMIC EXCELLENCE FOUNDATION

CITATION: M.S. 121.612
MDE ADMIN: 1306 Minnesota Academic Excellence Foundation
FEDERAL: 1213 Byrd Scholarship Program

PURPOSE:

The Minnesota Academic Excellence Foundation (MAEF), by charter from the Minnesota Legislature and through private sector and community based partnerships, is a primary advocate for promoting and recognizing the importance of academic excellence in all of Minnesota's elementary and secondary students, schools, and communities.

Strategic priorities to move student learning to world class standards include:

- facilitating systemic change to increase student learning and enhance educator practice;
- creating values in society that demand academic achievement by and for all learners; and
- increasing students' and families' expectations and opportunities for students to learn, and for students to learn to think—to achieve and go beyond what has traditionally been a common standard of learning.

For Minnesota to maintain its quality of life, it must provide a world class education for all of its citizens. What was a sufficient education 10 or 20 years ago no longer assures a competitive edge in today's world economy. To live and work in the Twenty-First Century, all students need more, but often different, learning experiences in all academic areas. Transforming our education system to use quality principles to manage and continuously improve all components of the system is necessary.

By promoting and recognizing the importance of academic excellence, this program contributes to the Minnesota Milestones goals of:

- Minnesotans will have the advanced education and training to make the state a leader in the global economy;
- Minnesotans will excel in basic academic skills;
- all Minnesotans will have a reasonable standard of living;
- our communities will be safe, friendly, and caring;
- small cities, rural and urban areas will be economically viable;
- our children will not live in poverty;
- families will provide a stable environment for their children;
- Minnesotans will be healthy; and
- we will value all cultures, races and ethnic backgrounds.

Specific MAEF initiatives are supported by the Governor, Lt. Governor and Commissioner of Education. They provide a means for Minnesota 2000 communities to take action, and a focused

framework for implementing other Minnesota Department of Education and State Board of Education priorities. The initiatives directly contribute to the improvement of student learning and the world class work force and caring community described in Minnesota Milestones.

DESCRIPTION:

MAEF is a nonprofit, public-private partnership created in 1983 by legislative statute to promote and recognize academic excellence in Minnesota's elementary and secondary schools. MAEF is administered by a Board of Directors appointed by the Governor to represent various private sector groups (60%) and education groups (40%). It additionally receives input from several ongoing committees and task forces. MAEF provides a neutral forum where members of the education, government, and private sectors can take action on issues, ideas, and activities that result in academic learning. MAEF is funded by legislative appropriation, private gifts and donations, fees for services, and a small endowment through the Friends of MAEF. MAEF directly provides services to communities, schools, students, and the private sector in a variety of ways. Specific systemic initiatives include:

Academic League. This continuing initiative has more student participation than some sports activities. More schools/communities now have Math Masters and Knowledge Bowl teams than have hockey teams. Over 200 school districts (85% of the K-12 population) are now active in the Academic League. MAEF provides assistance in creating academic recognition programs in schools and in increasing participation in academic challenges and competitions. Schools are assisted in creating policies, standards, and a strategic plan for increasing academic learning by participating in statewide recognition and awards programs and enrichment activities for students, teachers, and others. To coordinate and deliver these services, MAEF was mandated in 1989 to create and implement an Academic League. The Academic League has a structure for membership by schools and districts. Members are served through Regional Services Consultants in Mankato, St. Cloud, and Duluth. Over 60 academic challenges are promoted through MAEF and receive coordination and support from MAEF.

Partners for Quality (formerly Schools of Excellence) This expanding initiative assists schools in transforming systems and activities for continuous quality improvement towards world class standards and customer based responsiveness. Partners for Quality involves all education customers and stake holders in the local and state level process for continuous improvement. Partners for Quality provides a framework for communities to implement their social and academic objectives toward the Minnesota 2000 goals. Sixteen pilot sites were operational and giving feedback in F.Y. 1992; 50 additional sites will be added in F.Y. 1993. Each pilot site engages business, education, and community members.

The 1990 Legislature requested MAEF to develop a Schools of Excellence program to improve school performance. A MAEF task force of education, business, and community leaders developed a program plan—Partners for Quality—which was piloted in 1991-92 in sixteen sites with the cooperation of the Minnesota Council for Quality, the Higher Education Coordinating Board, and 12 businesses. The pilot participants recommended that the program be implemented statewide with training and technical assistance provided to elementary and secondary schools. The participants also recommended that the participating schools be recognized for their efforts toward continuous quality improvement and that, for schools attaining world class standards of performance, an education category of the Minnesota Quality Award be developed. Major activities during F.Y. 1993 will be the development and use of training and assistance to 50 additional pilot sites. Pilot participants will complete all seven categories of the self-assessment, and begin to use this

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PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

0710 ACADEMIC EXCELLENCE FOUNDATION (Continuation)

information to adopt or accelerate a comprehensive quality management system that is fact-based, prevention-oriented, and demonstrates continuous improvement.

At its present level of funding in the 1994-95 biennium, MAEF will continue to serve 50 education institutions in the quality education initiative. The public support requested will be used to match business contributions to:

- begin to develop world class outcomes for student and for systems (Information and Analysis, Strategic Planning, Human Resource utilization, and Quality Assurance Systems) performance;
- develop and deliver training and technical assistance, including coordinating resources from the private sectors to identify best practices in key process areas,
- provide two years of support and service to participating institutions;
- recruit, train and coordinate private sector personnel to assist elementary and secondary schools in continuous quality improvement;
- develop a recognition component an education category of the Minnesota Quality Award.

Regional Education Discussion Groups/Community and Business Partnerships - MAEF provides assistance to communities, schools, and businesses to develop partnerships that improve/enhance student learning. In the 1991-1993 biennium, MAEF established an endowment fund to foster these partnerships and to stimulate expectation and innovation. Regional Education Discussion Groups composed of local stake-holders representing a variety of sectors, offer input and discussion on topics and issues related to improving community and state efforts for children. To date, partnerships are underway in five regions and discussion groups in two regions.

Each of these systemic initiatives was initiated in response to citizen/community requests. MAEF customers and stake-holders participated in the design of each initiative and participate in steering committees to manage ongoing operations.

Governors Scholars This additional MAEF activity is now entering its ninth year. Governor's Scholars is a leadership and community service activity for senior high students and alumnus focusing on One Minnesota—integrating the urban and rural leadership, teaching culturally sensitive approaches to issues, focusing on school/community improvement, combating racism in Minnesota, and improving the environment. In F.Y. 1992, the Governor's Scholars worked within the goals established by Minnesota Milestones, Action for Children, and Partners for Quality to establish frameworks for action and community service.

OUTCOMES:

A. Program Effectiveness:

MAEF will continue to measure its strategic and tactical effectiveness in the following ways:

Strategic Impact Statements

Academic Excellence (concept) will be recognized in and of itself, and progress toward excellence will be recognized:

- Partners for Quality to serve 50 education institutions; world class outcomes for student and for systems performance to be explored; communities involved in continuous quality improvement process;
- Media coverage increases and is on positive achievement;
- Students accept academic excellence as a positive goal and will be expected and able to stretch their learning.

Communities will increasingly accept and promote academic excellence:

- Number of schools/districts in MAEF's Academic League;
- Number of schools with academic teams will be larger than number of schools with football teams;
- Resources will be available to communities to form academic booster clubs; all will know local graduation rate and other statistics useful in planning and measurement;
- Number of non-educators involved in Partners for Quality;
- Governor's Scholars Alumni group established with 300-400 former scholars acting on issues such as racism, education improvement, environment; and
- Regional discussion groups active in 5 regions with community foundations and citizen input.
- students impacted:
 - number of students served with breakdown by gender (50% male, 50% female);
 - geography (50% greater Minnesota, 50% metropolitan area), and
 - participants were from communities of color (20%)

Minnesota Milestones Indicators MAEF will structure program/customer service delivery and effectiveness measures in order to contribute to information and progress toward specific Minnesota Milestones indicators. It will additionally recommend via Partners for Quality, that a mechanism be developed and used to allow institutions of higher education (and eventually employers) to provide aggregated measurement and outcome data on students to local K-12 education institutions.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas
- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process

B. Program Services/Statistics:

	Current Law				
(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Recognition and Enrichment					
Activities delivered	9	10	10	10	10
Donors to MAEF (cumulative)	100	125	150	250	250

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1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

0710 ACADEMIC EXCELLENCE FOUNDATION
(Continuation)

(continued from previous page)

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Partnerships established	70	75	75	75	75
Fund raising campaigns	2	2	3	3	4
School districts participating					
in MAEF activities	60%	70%	75%	85%	85%
Special audiences served	10%	12%	14%	17%	20%
Private support received;					
operating	\$50.0	\$60.0	\$65.0	\$70.0	\$80.0
cumulative endowment*	\$300.0	\$325.0	\$350.0	\$375.0	\$400.0
in-kind*	\$250.0	\$300.0	\$350.0	\$400.0	\$400.0
Academic events working with					
academic league	42	58	60	60	60
Membership sold to:					
schools/districts	150	200	200	250	250
academic activities	20	30	35	40	45
Community partnerships in regions					
partnership established	1	3	5	5	6
discussion groups (operational)	0	0	2	4	5
Partners for Quality operating:					
education pilot sites (K-12)	0	8	50	50	50
business partnerships	0	8	20	50	50

* Interest from the endowment and in-kind contributions occurs in the private sector and are not reflected in statewide accounting.

Additional statistics measured annually include the following for either F.Y. 1991 or F.Y. 1992:

- 62,812 students participated in recognition and enrichment activities;
- 3,010 educators participated in recognition activities:
 - F.Y. 1991 Cost = \$45,400 public / \$23,768 private / \$8,500 fees;
- 203 districts were served by Academic League (85% of Minnesota's K-12 population) and 100 percent schools received clearinghouse information on 58 activities for students:
 - F.Y. 1992 Cost = \$102,000 public / \$2,500 private / \$20,000 fees;

- 150 inquiries were received and assistance offered for creating business education partnerships; information received and catalogued on 98 partnerships;
- Student participation in specific activities: 14% from communities of color and representation from all Congressional Districts;
- Implementation of Partners for Quality pilot: Phase I to 8 K-12 sites and 8 higher education sites with 12 business partners to gain information for Phase II of pilot;
 - F.Y. 1992 Cost = \$18,000 public / \$13,000 private
 - (In-kind assistance has not been included.)

PROSPECTS:

Increasing academic learning among students at all levels of ability is necessary if business, government, and other sectors are to have a world class, competitive labor force and if Minnesota is to maintain the quality of life described in Minnesota Milestones. Student motivation and the social suppression of academic excellence are critical barriers to student learning, as are low community expectations and awareness and a variety of social service issues. Additionally, current education systems lack a focused framework for continuous quality improvement.

MAEF realizes that society has seemed traditionally less comfortable recognizing mental achievement than other kinds of achievement, such as in athletics and economic/business. Recent public interest has increased, however, in academic excellence; in productive, accountable, academic focused, site-managed schools; and prevention-oriented, fact-based assessment and actions for improvement in education systems.

Participation in MAEF activities and requests for services from MAEF have sharply increased during F.Y. 1992 and F.Y. 1993. These requests are primarily (85%) to service schools and/or students via the Academic League and Partners for Quality, but requests from the private sector to create partnerships and to be a Partners for Quality participant have also increased.

The most dramatic prospect continues to be the public outcry for continuous quality improvement in education and other sectors, including effective and efficient use of limited resources for accountable results and collaboration among service providers to meet customer needs. MAEF's primary initiatives are gaining more attention, throughout Minnesota and the nation, as models for education transformation and change to world class performance standards. The "quality" paradigm provides a strong framework for implementing these emerging academic and social strategies.

Increased demands from both the private sector and from schools and districts will continue to dominate the MAEF agenda for the next 5 to 10 years. MAEF will intensify support in these areas, but will need additional public resources and more flexibility in its operations to be effective.

MAEF is funded by legislative appropriation (49%), private contributions (15%), a federal grant (28%), membership fees (5%), and interest from the endowment (3%). To be effective, MAEF must secure more resources that are more stable. The endowment will provide a small contribution to this need. Operating monies are sought from private sources on an annual basis by both the MAEF Board and staff, but do not provide a stable base from which to operate.

1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

0710 ACADEMIC EXCELLENCE FOUNDATION
(Continuation)

As a result of the increasing participation in MAEF activities and the increase in private sector partnerships, Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$ 260 in F.Y. 1994 and \$ 260 in F.Y. 1995.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain the existing level of program services. Specifically, indicators of effectiveness for the biennium will be:

- number of recognition activities delivered—objective is 10 activities;
- number of activities available via Academic League—objective is 55 activities;
- number of private partnerships established—objective is 150 partnerships;
- percent school districts working with MAEF—objective is 85% of all Minnesota districts participating;
- academic league memberships sold, served—objective is 250 memberships;
- cumulative endowment increases to \$400,000;
- private money, in-kind support received—objective is \$150,000 in donations;

In addition, major activities in F.Y. 1994 and F.Y. 1995 will be designed to maintain the current number (50) of schools participating in the Partners for Quality program. The activities include the following:

- begin to develop and use world class outcomes for students and for education systems performance;
- develop and deliver training and technical assistance, including coordinating resources from the private sector for partnering with participating institutions;
- provide two years of support and service to participating institutions;
- recruit, train and coordinate private sector personnel to assist elementary and secondary schools in continuous quality improvement; and
- develop a recognition component education category of the Minnesota Quality Award.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a base entitlement of \$ 260 for F.Y. 1994 and \$260 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 259 in F.Y. 1994 and \$ 259 in F.Y. 1995, which represents the aid entitlements reduced for revised salary planning estimates.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0710 ACADEMIC EXCELLENCE FOUNDATION

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$260	\$260	\$260	\$260
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Timing of Matching Funds	(10)	10		
B.Legislation Becoming Effective				
CURRENT ENTITLEMENT	250	270	260	260
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Revised Salary Planning Estimates			(1)	(1)
Total Policy Changes			(1)	(1)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			259	259
APPROPRIATIONS BASIS:				
Current Year	250	270	259	259
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	250	270	259	259
Gift Fund	33	58	70	80
Revolving Fund	7	10	10	10
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
 AGENCY: Education Aids

 0711 PARTNERS FOR QUALITY

 CITATION: M.S. 121.612
 MDE ADMIN: 1306 Minnesota Academic Excellence Foundation
 FEDERAL: None

Note: Also see Program Budget 0710

PURPOSE:

To expand the Partners for Quality program initiative to serve 200 education institutions, to train and support 3,000 + education personnel, and to fully establish best practices and world class standards in key process areas such as school finance, transportation, facilities, curriculum and instruction and human resource utilization.

This expanding initiative directly assists education institutions in transforming systems (Information and Analysis, Strategic Planning, Human Resource Utilization and Quality Assurance Systems) and activities for continuous quality improvement toward world class standards and customer based responsiveness. Partners for Quality involves all education customers and stake-holders in the local and state level process for continuous improvement. Partners for Quality provides a framework for communities to implement their social and academic objectives toward the Minnesota 2000 goals.

To live and work in the Twenty-First Century, all students need more, but often different, learning experiences in all academic areas. By recognizing and promoting student achievement this program contributes to the Minnesota Milestones goals of:

- Minnesotans will have the advanced education and training to make the state a leader in the global economy;
- Minnesotans will excel in basic academic skills;
- all Minnesotans will have a reasonable standard of living;
- small cities, rural and urban areas will be economically viable; and
- our children will not live in poverty.

DESCRIPTION:

Partners for Quality is administered by a steering committee of the Lt. Governor, key legislators, education participants, business partners, Department of Education, State Board of Education, Minnesota Council for Quality, and higher education. The initiative is endorsed by 12 business and education organizations, including the Minnesota Business Partnership and the State Board of Education.

Sixteen pilot sites were operational and providing feedback in F.Y. 1992; 50 additional sites will be added in F.Y. 1993. Each pilot site engages business, education, and community members.

The 1990 Legislature requested MAE to develop a Schools of Excellence program to improve school performance. A MAE task force of education, business, and community leaders developed a program plan—Partners for Quality—that was piloted in 1991-92 in sixteen sites with the cooperation of the Minnesota Council for Quality, the Higher Education Coordinating Board, and twelve businesses. The pilot participants recommended that the program be implemented statewide with training and technical assistance provided to elementary and secondary schools. The participants also recommended that the participating institutions be recognized for their efforts toward continuous quality improvement and that, for schools attaining world class standards of performance, an education category of the Minnesota Quality Award be developed. Major activities during F.Y. 1993 includes the development and use of training and assistance to 50 additional pilot sites. Pilot participants will complete all seven categories of the self-assessment, and begin to use this information to adopt or accelerate a comprehensive quality management system that is fact-based, prevention-oriented, and demonstrates continuous improvement.

OUTCOMES:

A. Program Effectiveness:

MAE will continue to measure its strategic and tactical effectiveness in the following ways:

Strategic Impact Statements

Academic Excellence (concept) will be recognized in and of itself, and progress toward excellence will be recognized:

- Partners for Quality program to be expanded to 200 pilot sites; world class outcomes for student and for systems performance to be established in two areas and used at pilot sites; communities involved in continuous quality improvement process

Communities will increasingly accept and promote academic excellence:

- Number of non-educators involved in Partners for Quality

Minnesota Milestones Indicators MAE will structure program/customer service delivery and effectiveness measures in order to contribute to information and progress toward specific Minnesota Milestones indicators. Via Partners for Quality, a mechanism will be developed and used to allow institutions of higher education (and eventually employers) to provide aggregated measurement and outcome data on students to local K-12 education institutions.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas
- IV. B. Provide appropriate support services to keep students in school and succeeding in the learning process

1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

 0711 PARTNERS FOR QUALITY
 (Continuation)

B. Program Services/Statistics:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	Current Law F.Y. 1994	F.Y. 1995
Partners for Quality operating:					
education pilot sites (K-12)	0	8	50	200	200
business partnerships	0	8	20	50	100

Implementation of Partners for Quality pilot—Phase I to 8 K-12 sites and 8 higher education sites with 12 business partners to gain information for Phase II of pilot;

- F.Y. 1992 Cost = \$18,000 public / \$13,000 private
- In-kind assistance has not been included.

PROSPECTS:

Increased academic learning for students at all levels of ability is necessary if business, government, and other sectors are to have a world class, competitive labor force, and if Minnesota is to maintain the quality of life described in Minnesota Milestones. Education systems currently lack a focused framework for continuous quality improvement.

Recent public interest has increased, however, in academic excellence; in productive, accountable, academic focused, site-managed schools; and prevention-oriented, fact-based assessment and actions for improvement in education systems.

The most dramatic prospect continues to be the public outcry for continuous quality improvement in education and other sectors, including effective and efficient use of limited resources for accountable results and collaboration among service providers to meet customer needs. MAE's primary initiatives are gaining more attention, throughout Minnesota and the nation, as models for education transformation and change to world class performance standards. The "quality" paradigm provides a strong framework for implementing these emerging academic and social strategies.

Increased demands from both the private sector and from schools and districts will continue to dominate the MAE agenda for the next 5 to 10 years. MAE will intensify support in these areas, but will need additional public resources and more flexibility in its operations to be effective.

OBJECTIVES F.Y. 1994-95:

Major activities in F.Y. 1994 and F.Y. 1995 will be to assist schools expanding the Partners for Quality program to over 200 education institutions. Additional state funding of \$140.0 per year will be used to match business contributions to:

- develop and begin to use world class outcomes for students and for education systems performance;
- develop and deliver training and technical assistance, including coordinating resources from the private sector and establishing a clearinghouse to make resources available to participating institutions and delivering a statewide conference;
- provide two years of direct support and service to participating institutions;
- recruit, train and coordinate private sector personnel to assist elementary and secondary schools in continuous quality improvement; and
- develop a recognition component education category of the Minnesota Quality Award.

In addition, this program in conjunction with the Academic Excellence Foundation will work toward the following objectives:

- number of private partnerships established—objective is 150 partnerships;
- percent school districts working with MAEF—objective is 70 percent of all Minnesota districts participating;
- private money, in-kind support received;
- institutions impacted will represent the geographic, size, economic, and cultural diversity of Minnesota.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 140 for F.Y. 1994 and \$ 140 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 140 in F.Y. 1994 and \$ 140 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0711 MAEF – PARTNERS FOR QUALITY

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$0	\$0	\$0	\$0
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	0	0	0	0
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Partners for Quality Initiative			140	140
Total Policy Changes			140	140
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			140	140
APPROPRIATIONS BASIS:				
Current Year			140	140
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	0	0	140	140
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

0712 GRADUATION STANDARDS AND ASSESSMENTS

CITATION:
MDE ADMIN: 1301 Curriculum Services
FEDERAL: None

PURPOSE:

To provide Minnesota educators and learners with a uniform set of graduation standards and multiple assessments to measure achievement of those standards. Current statute directs the State Board of Education to develop a results-oriented graduation rule by 1994. The State Board of Education and Legislature prefer local assessment of the graduation standards. This funding initiative is for developing state standards, developing complete assessment processes through working with teachers and students at pilot sites, and providing assessment inservice statewide. School districts and teachers need inservice and technical assistance on a variety of assessment formats and in adapting the assessment models developed at the pilot sites to local curricular and instructional programs.

DESCRIPTION:

Pilot projects will be established in elementary, middle, and senior high schools through a competitive grant funding process. At least three sites will be chosen from school districts or groups of school districts that have extensive experience and a thorough understanding of teaching to and assessing outcomes. The sites will include districts of varying size and geographic location. Student populations among the pilot sites will include people of color and learners with disabilities. Each pilot site will include partnerships with business, higher education, and alternative education. Grant recipients must provide a project leader from local funds.

Teachers will develop complete assessment processes including assessment tasks, administrative practices, scoring procedures, record-keeping, communication techniques, and methods of monitoring developmental levels of behavior that lead to the eventual accomplishment of outcomes. The Minnesota Department of Education (MDE) will validate the assessments to assure they accurately measure the standards and assure the diverse assessment tasks consistently measure learner performance. Several exemplary reading, writing, and mathematics assessments will be purchased from other Minnesota districts or other states. Purchasing these tests will save time and money on task development. Teachers at the pilot sites will adapt them for local use.

Teachers, working with higher education, business, and community members will develop performance standards for the graduation outcomes. Performance standards are qualitative descriptions of the expected levels of student achievement for the graduation outcomes. The state will derive a uniform set of state standards from teachers' work at the pilot sites and through collaboration with other states and national education organizations.

Other Minnesota school districts have the option of adopting and adapting the models developed at these sites for local use or developing their own assessment procedures. MDE will distribute the assessment materials and strategies developed and provide extensive inservice in assessment of the graduation standards for teachers in other districts beginning in the second year of the program.

OUTCOMES:

A. Program Effectiveness:

1. Rigorous standards for each content area in the graduation rule are established for high school graduates:
 - Standards meet the needs of higher education, business, and community; to be determined initially through surveys, and in the long-term through student performance data.
 - Standards compare favorably to those used in other countries and other states, and to national standards.
2. Teachers have a variety of assessments to use for graduation outcomes:
 - At least three assessment tasks will be developed for each graduation outcome.
 - Assessment tasks will be developed for each graduation outcome for at least Grades 4, 8 and 12.
3. Several systems for recording and reporting student progress and achievement of the outcomes are available to schools:
 - Reporting systems are easy for teachers and staff to use.
 - System facilitates the transfer of student records to other K-12 schools and to postsecondary institutions.
 - Systems use technology effectively.
4. Teachers from throughout the state have greater assessment knowledge and skills:
 - Number of teachers participating in inservice on a variety of assessment formats including performance assessments.
 - Number of curriculum frameworks and assessment tasks for use with the graduation standards distributed.
 - Teachers are able to adapt the models developed at the pilot sites to match their curricular and instructional programs. Follow-up surveys will determine initial level of implementation and further inservice needs.
 - Teachers use assessment as a tool for improving learning.

B. Program Services/Statistics:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Number of grants awarded	3	3
Tests purchased	6	0
Teachers receiving inservice	0	15,000
Assessment tasks developed	27	207
Validated assessment tasks (cumulative)	27	207
National partnerships est.	3	3
Funding Components: (\$ in 000s)		
Grants	\$ 2,200.0	\$ 2,200.0
Test purchases	800.0	0.0
Teacher inservice & dissemination	0.0	800.0
MDE Coordination	<u>1,000.0</u>	<u>1,000.0</u>
Total	\$ 4,000.0	\$4,000.0

1994-95 Biennial Budget

PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

0712 GRADUATION STANDARDS AND ASSESSMENTS
(Continuation)

PROSPECTS:

Both results-oriented systems of education and establishing student performance standards are priorities in Minnesota and nationally. Learner outcomes are becoming the language of education. Minnesota's K-12 and higher education institutions are planning to communicate their learner expectations through outcomes. Several other states are developing high school graduation standards and performance-based assessment systems. Minnesota is considering partnerships with other states and with national organizations working on standards and assessment such as North Central Regional Laboratory, Chief State School Officers, Pacesetter, and New Standards Project. The State Board of Teaching Initiative (Program Budget 0814) plans to pilot a new results-oriented system for teacher preparation and licensure in Minnesota. State leadership with standards is essential at this time to assure coordination with these various efforts.

OBJECTIVES F.Y. 1994-95:

Indicators of effectiveness for the biennium will be:

- develop performance standards for each graduation outcome—objective is 50 outcomes;
- develop assessment processes for each graduation outcome for local use—objective is 207 assessment tasks;
- develop descriptions of developmental levels of behavior that indicate student progress on each graduation outcome—objective is descriptions for at least Grades 4 and 8;
- purchase exemplary assessments for reading, writing, and mathematics—objective is six assessments.
- develop record keeping systems to report student progress on graduation outcomes—objective is two options;
- provide inservice on materials and strategies developed at pilot sites to teachers in other school districts—objective is 15,000 teachers participating; follow-up surveys will determine level of implementation and further inservice needs;
- number of national partnerships established—objective is three partnerships.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 4,000 for F.Y. 1994 and \$ 4,000 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 4,000 in F.Y. 1994 and \$ 4,000 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0712 GRADUATION STANDARDS & ASSESSMENT

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$0	\$0	\$0	\$0
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	0	0	0	0
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Funding for Graduation Standards, Assessment and Accountability			4,000	4,000
Total Policy Changes			4,000	4,000
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			4,000	4,000
APPROPRIATIONS BASIS:				
Current Year			4,000	4,000
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	0	0	4,000	4,000
LEVY AUTHORITY	0	0	0	0

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OTHER EDUCATION PROGRAMS (08)

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OTHER EDUCATION PROGRAMS

1994-95 Biennial Budget

PROGRAM:	08	Other Education Programs
AGENCY:		Education Aids
	0801	SCHOOL LUNCH/MILK PROGRAM
CITATION:		M.S. 124.646; 124.648
MDE ADMIN:	1404	Child Nutrition
FEDERAL:	1326	School Lunch Program
	1327	Special Milk Program

The 1991 Legislature changed the appropriations for School Lunch and School Milk in the 1992-93 biennium to a single appropriation and allocated \$5,125,000 for School lunch and \$800,000 for School Milk. Additional Language was also provided to allow any excess funds in the School Milk program to be available for use in the School Lunch program. The two program areas are discussed separately below.

I. SCHOOL LUNCH

PURPOSE:

To provide required state matching funds to assure continuation of federal assistance funds for the National School Lunch Program (NSLP) in Minnesota. The specific objectives of the National School Lunch Program are to:

- safeguard the health and well-being of school age children through providing 1/3 of a child's daily recommended dietary allowances;
- provide a model for healthful eating for children to use throughout life;
- provide a nutritious lunch at an affordable charge so maximum learning can be achieved;
- provide educational resources and training to improve methods of managing and delivering school food service;
- provide technical and management assistance to school food authorities so programs operate within regulations in a most cost-effective manner; and
- help strengthen the agricultural markets for products produced by American farmers through utilization of government commodities.

The School Lunch Program contributes directly to the Minnesota Milestones goals:

- all children will come to school ready to learn; and
- Minnesotans will be healthy

through providing 1/3 of the basic nutritional needs for children at no cost to low income families and at a low cost to middle income families with assurance that foods served provide the best possible chance for a healthy life and an opportunity for children to learn to their full potential.

DESCRIPTION:

The federal government maintains the NSLP with state assistance. The Federal Omnibus Reconciliation Act of 1981 established the NSLP State Revenue Matching (SRM) requirement formula at 30%

of Section 4 NSLP funds received during school year 1980-81. The state received \$15,415,000 in Section 4 funds in school year 1980-81; therefore, the minimum SRM requirement for school year 1983-84 and subsequent years is fixed at \$4,625,000. If the state fails to meet the SRM requirement for any school year, the federal assistance funds used by the state during that school year are subject to recall and repayment to the U.S. Department of Agriculture (USDA). The state receives approximately \$59 million annually (\$42 in aids and \$17 in commodities) in federal assistance for the NSLP. This match is met by state funding for storage and delivery of USDA commodities and by state reimbursement to public and private schools of approximately 6.0 cents for each lunch served, including free, reduced price, and fully paid lunches.

Warehouse storage, delivery, and handling costs are paid for commodities which are received from USDA under Section 14 and then distributed to schools. Commodities received include canned goods, frozen and refrigerated items such as meats, poultry, butter, vegetables, fruits, and cheese; and bulk dry storage items such as flour, rice, beans, rolled oats, bulgur, macaroni, etc. The federal government pays for the commodities and the cost of transportation to designated warehouse sites within the state. The state pays storage, handling charges at the storage sites, and delivery of the commodities from the warehouse to the schools. Warehouse handling, storage, and delivery charges are determined through a formal bidding process.

A revolving fund has been established under authority in M.S. 121.11, Subd. 14 for the deposit of proceeds from the collection of transportation and distribution charges for commodities delivered to charitable institutions, and from salvage of foods. All monies in this revolving fund are annually appropriated to MDE for distribution of commodities.

State general cash assistance is provided on each lunch served in schools participating in NSLP. The amount of reimbursement per lunch is determined by first subtracting the estimated warehouse storage, delivery, and handling costs from the total SRM requirement. The remaining amount is then divided by the estimated number of lunches to be served during the school year, and the result is the reimbursement rate initially paid on each lunch. At the end of each school year, the rate of reimbursement is increased or decreased based on actual data so that the total state cash assistance, when combined with the warehouse, delivery and handling costs, meets the SRM requirement.

OUTCOMES:

A. Program Effectiveness:

Research has demonstrated a strong relationship between food, nutrition, wellness, and learning. Nutrition has a strong physical, emotional, and intellectual impact on a child's ability to learn. Hunger affects behavior; it leads to nervousness, irritability, disinterest in the learning situation and inability to concentrate. An investment in nutritional resources is needed for all students to succeed. The school lunch program is an integral part of the educational program—it provides a source of optimum nutrition necessary for learning, a learning laboratory for health programs and an atmosphere for social interaction. Studies by the U.S. Department of Agriculture (USDA) have demonstrated that students who participate in school lunch have higher intakes of energy and more nutrients than students who do not participate. Lifetime food habits are established at an early age. Teaching/providing nutritional food choices in schools also helps to minimize future health care costs in our country where six of the ten leading causes of death are linked to diet. It is becoming increasingly apparent that these diet problems have their roots in childhood.

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
 AGENCY: Education Aids
 0801 SCHOOL LUNCH/MILK PROGRAM
 (Continuation)

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- II. B. Opportunities are available to children and parents
- IV. C. Improve learner self-esteem
- V. C. Achieve an increasingly high level of integrated basic skills

B. Program Services/Statistics:

(\$ in 000s) F.Y. 1991 F.Y. 1992 F.Y. 1993 Current Law
 F.Y. 1994 F.Y. 1995

A. Number of school food authorities

1. Public school districts*	422	411	400	400	400
2. Private schools	253	254	254	254	254

B. State revenue matching

1. Total number of lunches served (000s)	77,682	79,118	79,910	80,709	81,516
2. State reimbursement per lunch (cents)**	7.68	6.35	5.54	5.48	5.43
3. State cash assistance B1 x B2 (000s)	\$ 4,106.0	\$ 5,024.0	\$ 4,425.0	\$ 4,425.0	\$ 4,425.0
4. Warehouse storage, handling, and distribution costs (000s)	\$ 519.0	\$ 189.9	\$ 700.0	\$ 700.0	\$ 700.0
5. Total state expenditures to meet SRM requirements***	\$ 4,625.0	\$ 5,213.9	\$ 5,125.0	\$ 5,125.0	\$ 5,125.0

- * Due to Pairing and Cooperating agreements, not all school districts have individual food service agreements. All except three public school districts participated in the program in F.Y. 1991.
- ** This rate reflects the amount per lunch required to be allocated for the fiscal year in order to meet the SRM requirement. Prior to F.Y. 1992 allocation was based on fully paid lunches only.
- *** The SRM remains at \$4,625,000. Beginning in F.Y. 1992 state funding provided an additional \$500,000.

PROSPECTS:

The number of school lunches served has increased; the increase in 1991-92 was nearly 1.5 million meals. As the increase in meals served continues and state funding remains stable, the state reimbursement per lunch will decrease. Commodity storage cost has decreased due to reduced bonus commodities received and to tightly controlled inventory. Beginning in F.Y. 1993, commodity transportation costs will also be paid from state funds rather than local district monies to more equitably cover the cost of transportation. The federal reimbursement received the last several years for free and reduced price lunches has not covered the direct costs incurred by many districts to produce the lunches. Additional revenue to cover the cost of the lunches has had to come from the paying student and/or ala carte sales. Charges for lunches range from 35 cents for a reduced price lunch to \$1.80 for a fully paid lunch.

In F.Y. 1990, 83% of the School Food Authorities (SFAs) operated with deficit spending in their school lunch programs. Cuts in labor hours and strict menu and portion controls decreased this to 77% of the SFAs in F.Y. 1991. Factors contributing to the deficits include: state pay equity legislation, providing foods that meet the Dietary Guidelines for Americans; reduced availability of federal bonus commodities; additional "charge backs" of expenditures for materials or services incurred in other district funds to the Food Service fund; competitive foods sold on school campuses; insufficient increase in the state appropriation for the school lunch program since F.Y. 1984 to cover inflation; and, the level of federal reimbursement for each free and reduced price lunch no longer covering the cost of producing the lunch.

As a result of the increasing demands placed on the district Food Service Fund and the school lunch program, MDE identified the following alternatives (which will each partially help in meeting funding needs) for consideration given the base level of funding:

- Seek statutory change to limit allowable costs to the school lunch program.
- Increase the charge to the paying student which historically has resulted in decreased participation. Since 1982-83, student income and federal reimbursement each have increased over 60%, but state funding has increased only 10.8%.

II. SCHOOL MILK

PURPOSE:

State funds are provided to assure that all Kindergarten children have access to at least one serving of milk each school day in order to improve their health and meet their daily nutritional needs. This program serves children in full day Kindergarten programs, who participate in a breakfast or lunch program and thus are not eligible to participate in the federal milk program, as well as children in split-session kindergarten.

This program, like the School Lunch Program, contributes to the Minnesota Milestones themes of "A Caring and Secure Community" and "Learning." Adequate nutrition is necessary for a healthy life and the ability to develop to ones full physical and mental potential. This state program also is intended to increase milk consumption in Minnesota.

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0801 SCHOOL LUNCH/MILK PROGRAM
(Continuation)

DESCRIPTION:

The School Milk program provides reimbursement to public and private schools participating in the program at 12 cents for each 1/2 pint of milk served to Kindergarten students. Each School Food Authority (SFA) applying to participate in the program is reimbursed initially at 8 cents per 1/2 pint of milk served based on estimated servings. A final adjustment payment based on actual servings for the year is made bringing the total reimbursement to 12 cents per 1/2 pint of milk served. Program records are reviewed at the time of conducting a school lunch compliance review.

OUTCOMES:

A. Program Effectiveness:

In F.Y. 1992, 527 public and private SFAs participated in the state program, and of these, 143 public SFAs also participated in the federal milk program. SFAs having full day Kindergarten are not eligible to participate in the federal milk program. In F.Y. 1991, the number of SFAs participating in the state program increased and 301,534 more 1/2 pints of milk were served than in F.Y. 1989. No child is required to accept the milk that is provided.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- II. B. Opportunities are available to children and parents
- IV. C. Improve learner self-esteem
- V. C. Achieve an increasingly high level of integrated basic skills

B. Program Services/Statistics:

	Current Law				
(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
A. Public Schools					
1. Number of SFAs participating	346	348	348	348	348
2. Number of Kindergarten students	64,264	65,549	65,549	65,549	65,549
3. Number of Kindergarten students participating	45,091	47,451	47,451	47,451	47,451
4. State aid received	\$ 654.3	\$ 637.8	\$ 701.0	\$ 701.0	\$ 701.0

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	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
B. Private schools					
1. Number of SFAs participating	166	179	179	179	179
2. Number of Kindergarten students	8,493	8,663	8,663	8,663	8,663
3. Number of Kindergarten students participating	4,265	4,463	4,463	4,463	4,463
4. State aid received	\$ 70.0	\$ 70.0	\$ 89.0	\$ 89.0	\$ 89.0
C. Total state aid	\$ 724.3	\$ 707.8	\$ 790.0	\$ 790.0	\$ 790.0
D. Program administration	\$ 5.2	\$ 3.3	\$ 10.0	\$ 10.0	\$ 10.0
E. Total Kindergarten milk program funds	\$ 729.5	\$ 711.1	\$ 800.0	\$ 800.0	\$ 800.0

PROSPECTS:

Through this state program, SFAs with full day Kindergarten are able to provide a milk serving at no or very little cost to the child. This need will continue. Also, children in pre-school programs, who are currently not eligible, could benefit from this program.

The Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$ 5,925 in F.Y. 1994 and \$ 5,925 in F.Y. 1995.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services despite the nationwide trend of schools dropping off the program because of financial difficulties. To date this has not happened in Minnesota even though schools are reporting a \$.093 loss on each lunch served.

The discussion of outcomes and effectiveness indicators for many aid and grant programs is found in the Education Outcomes and Program Effectiveness section at the beginning of this budget document. Projections for the 1994-95 biennium are included for some of the indicators that are identified and discussed in that section.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 5,925 for F.Y. 1994 and \$ 5,925 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 5,925 in F.Y. 1994 and \$ 5,925 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0801 SCHOOL LUNCH AND MILK

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$5,925	\$5,925	\$5,925	\$5,925
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	5,925	5,925	5,925	5,925
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			5,925	5,925
APPROPRIATIONS BASIS:				
Current Year	5,925	5,925	5,925	5,925
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	5,925	5,925	5,925	5,925
LEVY AUTHORITY	0	0	0	0

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

 0802 ALTERNATIVE LICENSURE, MINORITY FELLOWSHIP GRANTS (Board of Teaching)

CITATION: Laws of 1991, Chap 265, Art 8, Sec 17, Subd 2
MDE ADMIN: 1409 Board of Teaching
FEDERAL: None

PURPOSE:

To recruit minorities into teaching by providing fellowship grants to highly qualified minorities seeking alternative preparation for teacher licensure.

By increasing the number of teachers of color who demonstrate the importance of learning and education to all students, this program contributes to the following Minnesota Milestones goals:

- to welcome, respect, and value all people;
- excellence in basic academic skills; and
- advanced education and training for making Minnesota a leader in a global economy.

This program also contributes to Minnesota 2000 priorities of school readiness, school completion, and student achievement.

DESCRIPTION:

This program provides fellowship grants to highly qualified people of color seeking alternative preparation for licensure under the Alternative Preparation Licensing Program, Minnesota Statutes, Section 125.188. The Alternative Preparation Licensing Program provides an alternative means of preparing people who might not otherwise seek the preparation needed to be licensed teachers in Minnesota. The candidates will augment the current teaching staff with individuals whose backgrounds are especially relevant to the needs of the students. This program gives experienced individuals an alternative route to acquiring the skills needed to be successful teachers. One of the objectives of the Alternative Preparation Licensing Program is to recruit people of color into teaching. One-half of the grant is paid each year for two years. Participants who receive fellowship grants must agree to remain as 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.

When fully operational, grants will be available for 20 new candidates of color each year who enroll in the Alternative Preparation Licensing Program.

OUTCOMES:

A. Program Effectiveness:

This grant program began in F.Y. 1992 and was projected to provide grants to 20 highly qualified people of color. Nineteen individuals completed the program that year and each received \$5,000

fellowships. Of the 19 individuals who participated in this program in F.Y. 1992, 17 were offered teaching contracts and will be teaching in Minnesota schools in F.Y. 1993. This program has added significantly to the number of qualified people of color teaching in Minnesota. This, in turn, is related to the Minnesota Milestone indicators of student readiness for school, school achievement, high school dropout rate, and number of high school graduates who pursue advanced education.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

III. C. Students will demonstrate competency in subject areas

VI. B. Students will have an appreciation of cultural diversity, will respect and value all people, and will be prepared for lifelong learning and work in a changing, challenging world

B. Program Services/Statistics:

(\$ in 000s)	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Fellowship Grants Awarded	0	19	40	40	40
Total Grant Amounts	\$ 50.0*	\$ 0.0	\$ 100.0	\$ 100.0	\$ 100.0

* Funding encumbered in F.Y. 1991 was expended for the F.Y. 1992 program.

PROSPECTS:

Only 56 of the 3517 teacher education graduates in Minnesota in 1990 were people of color. There is a continuing need to attract people of color into the teaching profession. Continued funding of this program is essential to assure that the state has well qualified, professional educators who are able to provide the highest quality education to a diverse, multi-cultural population.

As a result of the continued need to attract minorities into the teaching profession Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$ 100 in F.Y. 1994 and \$ 100 in F.Y. 1995.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services. This funding level supports the number of applicants who participate in the program.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 100 for F.Y. 1994 and \$ 100 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 100 in F.Y. 1994 and \$ 100 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0802 ALT. LICENSURE MINORITY FELLOWSHIPS

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$0 a)	\$100	\$100	\$100
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	0	100	100	100
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			100	100
APPROPRIATIONS BASIS:				
Current Year	0	100	100	100
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	0	100	100	100
LEVY AUTHORITY	0	0	0	0

a) \$50 appropriation was encumbered in FY91, but expended after june 30 or FY92 program.

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0803 TEACHER MENTORSHIP

CITATION: M.S. 125.231, Sec. 13
MDE ADMIN: Instructional Design
FEDERAL: None

PURPOSE:

To examine the needs of probationary teachers—new to the teaching profession or new to the district; improve teaching skills and instructional performance; assist probationary teachers to assimilate into the culture of the school/district/community; promote professional and personal growth/development; and retain highly qualified teachers in the teaching profession. More specifically, the program provides:

- grant funding, resources and services to develop and expand mentoring programs in schools or districts;
- statewide and regional training to support mentoring purposes; and
- networking opportunities and on-site support.

The Teacher Mentorship Program is designed to help develop the highest quality, most successful teachers as they work with Minnesota students to facilitate learning success. This program contributes to the Minnesota Milestones goals of

- excellence in basic academic skills, and
- Minnesotans will have the advanced education and training to make the state a leader in the global economy

by developing teachers who are critical, creative thinkers; always learning, and motivated to develop skills for lifelong learning in their students. These skills ultimately will increase scores on school achievement tests, increase the percentage of high school graduates who are pursuing advanced education, and increase the percentage of technical college graduates who are employed in work related to their training. The Mentorship Program supports development of effective teachers who will promote advanced education and training for students to make the state a leader in the world economy.

DESCRIPTION:

A. Grant Funding

1. Demonstration Sites

In September 1987, a task force was created to develop criteria and an application form by which school districts or coalitions of education groups could apply for a mentorship program grant. Eleven sites were selected to design, develop, implement and evaluate a variety of mentorship

models. The demonstration sites reflect a variety of coalitions with higher education institutions, foundations, private sector, or teacher centers and are geographically distributed throughout the state.

2. Adoption Sites

The 1992-93 biennium program was renewed at \$340,000 per year to continue grant funding and assistance to schools interested in starting or expanding a mentor program. Each site working with 5 or more probationary teachers could apply for up to \$5,000, and up to \$10,000 for 10 or more probationary teachers.

3. Regional and Statewide Training

Training is an integral part of program development and refinement for current and prospective sites. Regional and statewide training (i.e., workshops, seminars, networking meetings, courses) was available to program leaders, mentors, beginning teachers, and administrators of the demonstration and adoption sites. The annual conference and some workshops were available to all districts who are developing programs or are interested in learning more about mentoring. In F.Y. 1992 and F.Y. 1993, regional coordinators were identified to provide networking and training opportunities for mentors and beginning teachers.

OUTCOMES:

A. Program Effectiveness

In May of each year, all sites participate in an evaluation process that involves program analysis and feedback to the state and local program directors. Each site surveys mentors, mentees, and principals to determine the extent to which the program met their needs in a variety of areas. Local directors tabulate the data and involve a team from their site to analyze the data and identify areas of success, disappointment, and change for their program.

Success factors include:

- increased sense of professionalism when teachers begin to work as colleagues rather than in isolation;
- beginning teachers move from novice to expert teacher in less time;
- increased willingness to take risks in an era of educational reform;
- demonstrated effective instructional skills that support learning;
- enhanced creativity and power in instruction;
- increased repertoire of teaching options for solving problems;
- increased self-esteem and self-confidence;
- improved working environment and job satisfaction;
- increased retention of beginning and experienced teachers;
- rejuvenation and professional satisfaction of mentors;

Program disappointments expressed in the reports include:

- beginning teachers indicated a need for more assistance with diverse student populations, special learning needs, and at-risk students;
- frequency and time needed for mentoring;
- active administrative participation rather than just verbal support;

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0803 TEACHER MENTORSHIP

(Continuation)

- loss of new teachers based on school cutbacks;
- importance of starting the program before school starts in September; and
- insufficient release time for the local director to coordinate the program.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- III. B. By the year 2000, the high school graduation rate will increase to at least 90 percent
- III. C. Students will demonstrate competency in subject areas
- IV. H. Create changes that improve the way school districts meet the needs of learners and their families

B. Program Services/Statistics:

1. The following statistics for the demonstration sites represents information related to the design and developmental stages of the program. During F.Y. 1988, demonstration sites received start-up funding, but did not do full-scale implementation until F.Y. 1989. Sites were given demonstration site status for a second biennium, F.Y. 1990 and F.Y. 1991, but received 60 percent less funding to refine their program and assist new sites in getting started and were no longer funded as demonstration sites by 1992.

	Current Law				
Demonstration Sites	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Number of Grants	11	—	—	—	—
Districts Involved	51	—	—	—	—
Mentors and Mentees	798	—	—	—	—
Dollars Spent (000's)	131.3	—	—	—	—

2. The following statistics for adoption sites indicate expansion of the mentor program to new districts developing or expanding a program. Some sites have previously been funded, but indicated a high need for assistance due to unique situations or a large group of first year teachers. One major success of this program is indicated by the high percentage (90 %) of schools/districts who maintain the program after one year of grant funding.

	Current Law				
Adoption Sites	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Number of Grants (New Sites/year)	18	26	27	27	27

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	Current Law				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Schools/Districts Involved	23	51	60	60	60
Mentors and Mentees	609	1,618	1,600	1,600	1,600
Dollars Spent (000's)	\$ 79.7	\$ 164.4	\$ 335.0	\$ 250.0	\$ 250.0

3. Summary of Staff Development Support

The following represents a variety of activities that support efforts to implement a mentor program. Teams of participants from each site attend mentoring and coaching sessions to prepare experienced teachers for the role of mentor and coach. In F.Y. 1992 and F.Y. 1993, regional coordinators provided additional activities locally for mentors and mentees.

Activities	Current Law				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Mentor Training Participants					
State Mentor Training	—	80	95	95	95
Coaching Participants	—	100	110	110	110
Regional Workshops					
- Region 1,2	—	5	5	5	5
- Region 3	—	1	3	3	3
- Region 4,5,7	—	2	3	3	4
- Region 6,8	—	3	4	4	3
- Region 9, 10	—	0	3	3	3
- Region 11	—	1	3	3	3
State Conference Participants	250	175	250	250	250
Task Force Meetings	6	7			
Expenditures	\$ 44.0	\$ 65.5	\$ 125.1	\$ 90.0	\$ 90.0

4. The following information represents a summary and changes in biennial allocations:

	Current Law				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Demonstration Sites	\$ 131.3	\$ —	\$ —	\$ —	\$ —
Adoption Sites	79.7	164.4	335.0	250.0	250.0
Training, Implementation Eval.	34.0	38.4	50.0	45.0	45.0
Regional Coordination	—	15.0	30.0	30.0	30.0
Task Force, Admin	<u>10.0</u>	<u>12.1</u>	<u>45.1</u>	<u>15.0</u>	<u>15.0</u>
Totals	\$ 255.0	\$ 229.9	\$ 460.1	\$ 340.0	\$ 340.0

PROSPECTS:

The Teacher Mentorship Program has moved from demonstration site development to expansion through adoption sites and into greater efforts for dissemination of the program. Not only has the program affected the growth and development of beginning teachers, but it has improved the

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

instructional skills of mentors, and changed the way administrators evaluate and support all their teachers. Since the program's inception, 200 schools/districts, 7000 teachers, and approximately 125,000 students have been affected.

This program is strongly supported by superintendents and school boards when they see the direct effect on their staff and the indirect effect on students and other programs. As a result, most districts have supplemented grant funding or continued the program through local funding. Start-up or expansion grants and training have made a significant effect for continued implementation of the program by most schools/districts.

The *short-range goal* is to assist more districts in getting a Teacher Mentor Program started and to continue this process until the training programs provide a one year/fifth year experience before teachers are issued teaching certificates. The *long range goal* is to promote additional, on-going funding for districts for each beginning teacher to assist in their initial development as an effective, successful teacher.

Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$ 340 in F.Y. 1994 and \$ 340 in F.Y. 1995.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain the increased programs and services levels of F.Y. 1993 (a result of the carryover funding from F.Y. 1992). Twenty-seven adoption sites will be funded. Twenty-one regional workshops will be given that will result in 95 teachers being trained in mentorship, 110 as mentorship coaches.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 340 for F.Y. 1994 and \$ 340 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 340 in F.Y. 1994 and \$ 340 in F.Y. 1995.

The Governor recommends continuation of authority for carryover of any unexpended balance in the first year to the second year of the biennium.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0803 TEACHER MENTORSHIP

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$350	\$340	\$340	\$340
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Balance Forward due to some districts opting to receive their FY92 award during the two years of the 1992/93 biennium	(120)	120		
B.Legislation Becoming Effective				
CURRENT ENTITLEMENT	230	460	340	340
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			340	340
APPROPRIATIONS BASIS:				
Current Year	230	460	340 a)	340
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	230	460	340	340
LEVY AUTHORITY	0	0	0	0

a) Continuation of authority is recommended for carryover of any unexpended balance in the first year to the second year of the biennium.

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1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
 AGENCY: Education Aids
 0804 MINORITY TEACHER INCENTIVES
 CITATION: Laws 1989, Chap 329, Art 7, Sec 20
 MDE ADMIN: 1405 Monitoring/Equal Educational Opportunities
 FEDERAL: None

PURPOSE:

To share fiscal responsibility with eligible school districts to employ additional minority teachers. More specifically, the objectives of the Minority Teacher Incentives are to:

- encourage the employment of minority teachers in Minnesota schools through partial reimbursement of new staff salaries;
- increase the number of minority role models for the growing number of students of color;
- increase diversity within the teaching staff and enhance awareness of racial, cultural and teaching issues arising in a culturally diverse student environment; and
- attract minority teachers to the state.

This program contributes to the Minnesota Milestones goals of:

- excellence in basic academic skills;
- advanced education and training to make the state a leader in the global economy;
- welcome, value and respect people of all cultures, races and backgrounds.

Contribution is made by increasing the positive interaction between teacher role models and students increasing graduation rates, stimulating interest in teaching as a career, and increasing interest in pursuing higher education. More minority teachers will provide opportunities among staff to increase cultural awareness, and provide diversity within staff and student populations. Minority representation in staffing and curriculum will increase minority self esteem, promote respect for all persons, and reduce the dropout rate.

DESCRIPTION:

This program provides funding to districts that have a minority enrollment of more than 10% or to districts that have an approved comprehensive desegregation plan. In 1992, thirty-nine districts were eligible to receive incentive grants. This is a two year grant program. These districts receive 1/2 of a teacher's salary, not to exceed \$20,000 per year, if they employ a minority teacher who has not taught in a Minnesota school district during the preceding year. Districts retaining the teacher a second year are guaranteed a second grant. Reimbursements are made for each year of the biennium and according to current law, reimbursements cannot be prorated.

Eligible districts are notified of the grant application procedures and schedule. All eligible districts submitting valid applications are provided at least one grant. Further grants are prorated in relation to the number of applications received from a district, the size of the student body, and the number of students of color within the student body.

OUTCOMES:

A. Program Effectiveness:

While the number of students of color in Minnesota school districts increased 114% between 1974 and 1990, the percentage of staff of color has remained constant at approximately 1.5% of total Minnesota teaching staff.

In fiscal years 1990 and 1991, nine districts and ten districts, respectively, received reimbursement for thirty-four teachers. In fiscal years 1992 and 1993, eleven districts submitted forty-nine applications. Due to funding levels reimbursement for only thirty-three teachers and three aides was possible. Since 1990, the state has been unable to fund forty-four applications.

	F.Y. 1991	F.Y. 1992	F.Y. 1993	Current Law F.Y. 1994	F.Y. 1995
Ratio of students of color to teachers of color:					
Minneapolis	72:1	71:1	68:1	65:1	61:1
St. Paul	57:1	57:1	55:1	54:1	52:1

Ratio of Caucasian students to Caucasian teachers:

Minneapolis	9:1	9:1	9:1	8:1	8:1
St. Paul	8:1	8:1	8:1	8:1	8:1

Percentage of teachers of color, compared with percentage of students of color:

Minneapolis: Teachers	11.7%	13%	14%	15.5%	16.8%
Students	54.2%	55.6%	57%	58.4%	59.8%
St. Paul: Teachers	9.9%	10%	11.3%	12.3%	13.3%
Students	43.4%	45.4%	47.1%	48.9%	50.7%

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

III. C. Students will demonstrate competency in subject areas

VI. B. Students will have an appreciation of cultural diversity, will respect and value all people, and will be prepared for lifelong learning and work in a changing, challenging world

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
 AGENCY: Education Aids
 0804 MINORITY TEACHER INCENTIVES
 (Continuation)

B. Program Services/Statistics:

Minority Teacher Incentives Grants were made to the following school districts:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Current Law</u> <u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Grants Awarded (\$ in 000s)					
St. Paul	\$ 169.1	\$ 166.2	\$ 167.0		
Mahnomen	14.6	14.5	16.5		
Wauben-Ogema	25.3	8.3	0		
Cloquet	2.9	0	0		
Bemidji	12.0	10.3	17.2		
Red Lake	28.9	0			
Robbinsdale	23.7	0	0		
Duluth	0.0	0	0		
Minneapolis	233.0	225.8	245.3		
Brooklyn Center	0.0	14.6	14.8		
Butterfield-Odin	0.0	5.0	0		
Pine Point School	0.0	15.5	12.5		
Remer-Longville	0.0	0	3.1		
Blooming Prairie	0.0	10.8	19.3		
Richfield	<u>27.2</u>	<u>14.1</u>	<u>15.8</u>		
	\$ 536.7	\$ 485.1	\$ 511.5		
Funds not awarded to date:			<u>3.4</u>		
Total	\$ 536.7	\$ 485.1	\$ 514.9	\$ 1,000.0*	

* Biennial appropriation of \$1,000,000 with carryover authority.

PROSPECTS:

Minority teacher shortages continue to exist, and recruiting minority educators for public schools in Minnesota will be extremely competitive. Because of growth in student population, more opportunities exist for districts to hire minority teachers. Presently there is a shortage of minority teachers. Plans for getting more minority teachers in the classroom must go beyond recruiting as other professions pose serious competition for talented minority professionals. Minnesota must continue to provide financial assistance and incentives to get more minorities into public education. Retaining minorities in public education will also be a challenge. The investment of substantial resources to recruit and retain minorities as teachers and administrators must be protected.

As a result of the continuing need for recruitment of minority teachers, MDE anticipates full utilization of the base funding of \$500,000 for F.Y. 1994 and \$500,000 for F.Y. 1995.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services. Applications will be approved each year up to the level of funding. The percent of minority teachers in Minneapolis and St. Paul should increase at least one percent each year with this incentive program. The number of applications submitted is expected to continue to be higher than the number approved. With additional funding there could be rapid improvement in the ratio of teachers of color to students of color.

The discussion of outcomes and effectiveness indicators for many aid and grant programs is found in the Education Outcomes and Program Effectiveness section at the beginning of this budget document. Projections for the 1994-95 biennium are included for some of the indicators that are identified and discussed in that section.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 1,000 for F.Y. 1994 and \$ 0 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 1,000 in F.Y. 1994 and \$ 0 in F.Y. 1995.

The Governor recommends continuation of authority for carryover of any unexpended balance in the first year to the second year of the biennium.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0804 MINORITY TEACHER INCENTIVES

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$485 a)	\$515	\$1,000 b)	\$0
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	485	515	1000	0
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			1000	0
APPROPRIATIONS BASIS:				
Current Year	485	515	1000 b)	0
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	485	515	1000	0
LEVY AUTHORITY	0	0	0	0

a) \$1,000 biennial appropriation less \$515 balance forward to F.Y. 1993.

b) \$1,000 biennial appropriation with carryover authority.

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1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0805 INTEGRATION GRANTS

CITATION: Laws 1987, Chap 398, Art 6, Sec 18 & 19 Subd 12; Laws 1988, Chap 718, Art 6, Sec 24, Subd 4; Laws 1989, Chap 329, Art 8, Sec 14, Subd 3; Laws 1991, Chap 265, Art 8, Sec 19, Subd. 3.

MDE ADMIN: 1405 Monitoring/Equal Educational Opportunities
FEDERAL: None

PURPOSE:

To provide funding to school districts for costs associated with implementing an approved desegregation plan, in accordance with State Board of Education Rule 3535.

To assist in providing for the integration of all students, the legislature appropriates \$15,844,000 annually for the three Minnesota districts that operate under a desegregation plan approved by the Commissioner of Education. Integration grant funding for Duluth, Minneapolis, and St. Paul is used to:

- assume a portion of operating costs for magnet/specialty schools or other methods used to achieve school district desegregation;
- provide for staff development to prepare teachers to work with population diversity in an integrated setting;
- develop and utilize culturally specific strategies to meet the unique needs of specific cultural groups of students and implement inclusive education; and
- supplement support services for unique student needs in integrated schools.

Through integrated educational programs and services, this program contributes to the Minnesota Milestones goals of:

- excellence in basic academic skills; and
- to welcome, value and respect people of all cultures, races and ethnic backgrounds.

DESCRIPTION:

Under State Board of Education Rule 3535, a desegregation plan is required when the minority student composition in a building exceeds by more than 15% the minority racial composition of the district's student population. The desegregation plan must specify the manner and methods by which the district will limit the percentages of majority and minority learners in those buildings. The Duluth, Minneapolis, and St. Paul school districts currently operate under authority of Rule 3535, and have approved desegregation plans in place.

Eligible districts must maintain an approved comprehensive desegregation/integration plan. A review of the budgets submitted by eligible districts is completed prior to reporting requirements. Minnesota Department of Education staff review the proposed budget in relation to the approved

comprehensive plan.

The amount awarded to each district is specified in law. Districts must report expenditures to the Legislature. The revenue from this grant is supplemented by the Rule Compliance Levy (Program Budget 0813), Cooperative Desegregation Grants (Program Budget 0814) and Minority Teacher Incentives (Program Budget 0811).

OUTCOMES:

A. Program Effectiveness:

The three eligible school districts have established a successful system of magnet schools and other integration programs which have resulted in desegregated schools. As the minority enrollment in each district continues to grow, integration becomes more difficult. One program objective is voluntary integration while other objectives focus on appreciation of diversity and staff development. Districts use a portion of the integration grant funding for staff development, supplemental support services, and other strategies as they relate to integration activities. The districts make concerted efforts to improve the achievement and success of learners by providing diversity of thought, culture and experience within the curriculum and learning environment.

In 1992, the three districts were operating 148 buildings in compliance with Rule 3535. Each district relied upon voluntary methods for achieving racial balance. Both students of color and Caucasian students participate in desegregation and integration activities:

- In Minneapolis, 97% of students of color entering kindergarten are given their first choice of school buildings.
- In St. Paul, students of color voluntarily choose to participate in magnet schools as much as Caucasian students.
- In Duluth, magnet schools are placed to avoid busing of students of color, thereby allowing them to remain in neighborhood attendance areas.

All three cities have census tracts with high concentrations of students of color, which would result in segregated neighborhood schools, in the absence of voluntary movement:

- In St. Paul, 21 school buildings out of 62 would have been segregated in 1991, in the absence of an approved desegregation plan.
- In Minneapolis, school buildings would range from 8% to 92% students of color, in the absence of an approved desegregation plan.
- In Duluth, geographic and socio-economic isolation in the central city would cause segregation, in the absence of an approved desegregation plan.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- VI. B. Students will have an appreciation of cultural diversity, will respect and value all people, and will be prepared for lifelong learning and work in a changing, challenging world

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0805 INTEGRATION GRANTS
 (Continuation)

B. Program Services/Statistics:

(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	Current Law F.Y. 1994	F.Y. 1995
1. Districts with desegregation plans	3	3	3	3*	3*
2. Students enrolled:					
Duluth	13,975	14,150	14,361	14,570	14,786
Minneapolis	42,186	43,262	44,055	44,927	45,765
St. Paul	35,730	37,427	38,602	40,007	41,449
3. Percent minority students enrolled:					
Duluth	7.82%	8.26%	8.7%	9.14%	9.58%
Minneapolis	54.2%	55.6%	57.1%	58.4%	59.8%
St. Paul	43.4%	45.4%	47.1%	48.9%	50.7%
4. Grant amount (000s)					
Duluth	\$ 1,285.2	\$ 1,385.2	\$ 1,385.2	\$ 1,385.2	\$ 1,385.2
Minneapolis	7,382.3	7,782.3	7,782.3	7,782.3	7,782.3
St. Paul	<u>6,276.5</u>	<u>6,675.5</u>	<u>6,676.5</u>	<u>6,676.5</u>	<u>6,676.5</u>
Total	\$ 14,944.0	\$ 15,844.0	\$ 15,844.0	\$ 15,844.0	\$ 15,844.0

* Additional districts may be required to file desegregation plans pending change in State Board of Education rules.

PROSPECTS:

Urban school districts continue to experience increases in the percentage of minority student enrollment. The districts must maintain a desegregated school system as required by State Board of Education Rule 3535. This rule does not allow a school building to be more than 15% above the minority enrollment percentage for those grades represented in a building. Maintaining this system places a continuing financial burden upon the 3 participating districts. Minneapolis and St. Paul spend between \$2 and \$4 million from their general revenue funds to supplement desegregation activities. This will continue until other educational solutions are implemented.

MDE is in the process of revision and strengthening of policies and rules that promote effective, integrated education throughout the state.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to maintain existing levels of programs and services with the integration grants to Minneapolis, St. Paul and Duluth. It is anticipated that the districts with desegregation plans will increase (pending rule revisions). Overall, the minority student population will continue to climb, so more students will benefit from these programs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 15,844 for F.Y. 1994 and \$ 15,844 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 15,844 in F.Y. 1994 and \$ 15,844 in F.Y. 1995.

Of these appropriations, the Governor recommends \$100 each year be available to the Department of Children and Education Services for one professional position and support costs to administer desegregation programs and provide technical assistance to school districts with integration plans.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0805 INTEGRATION GRANTS

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$15,844	\$15,844	\$15,844	\$15,844
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	15,844	15,844	15,844	15,844
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Designate 100,000 per year for state administration of all integration programs				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			15,844	15,844
APPROPRIATIONS BASIS:				
Current Year	15,844	15,844	15,844	15,844
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	15,844	15,844	15,844	15,844
LEVY AUTHORITY *	14,214	14,625	15,220	15,541

* The levy amounts are shown in the year recognized as revenue by the districts. For example, the Pay 1992 levy authority of \$14,214 is shown in F.Y. 1992.

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0806 **RULE COMPLIANCE LEVY**

CITATION: M.S. 124.912, Subd 2 and 3
MDE ADMIN: 1405 Monitoring/Equal Educational Opportunities
FEDERAL: None

PURPOSE:

To provide additional funding for costs associated with implementing an approved desegregation plan (Program Budget 0805), in accordance with State Board of Education Rule 3535.

To assist in the integration of all learners, the special tax levies authorized in M.S. 275.125, Subd. 6e and 6i provide financial support to the Duluth, Minneapolis, and St. Paul school districts. Proceeds of these levies are used for the purpose of:

- assuming a portion of operating costs for magnet/specialty schools or other methods used to achieve school district desegregation;
- staff development costs for preparing teachers to work with population diversity in an integrated setting;
- development and utilization of culturally specific strategies to meet the unique needs of specific cultural groups of students; and
- supplemental support services for unique students' needs in integrated schools.

By providing additional revenue to help offset desegregation costs incurred for programming for integrated learners, this program contributes to the Minnesota Milestones goals of:

- excellence in basic academic skills; and
- to welcome, value and respect people of all cultures, races and ethnic backgrounds.

DESCRIPTION:

Under State Board of Education Rule 3535, a desegregation plan is required when the minority student population in a school building exceeds by 15% the district average for those grade levels. The desegregation plan must specify the manner and methods by which the districts will limit the percentages of minority and majority learners in those buildings. The Duluth, Minneapolis and St. Paul school districts currently operate under authority of Rule 3535, and have approved desegregation plans in place.

Districts operating under Rule 3535 are permitted to levy for rule compliance. The revenue from this levy supplements the state aid received by eligible districts through the Integration Grant program (Program Budget 0812), the Cooperative Desegregation Grant program (Program Budget 0814), and the Minority Teacher Incentives program (Program Budget 0811). The tax rates permitted have varied over time. Unlike most levies, the entire amount levied is recognized as revenue in the fiscal year in which the levy is certified. This levy is not considered in computing

the aid reduction for the tax levy revenue recognition change under M.S. 124.155.

RULE COMPLIANCE LEVY TAX RATES AND AMOUNTS

<u>Levy Year</u>	<u>Revenue Recognition Year</u>	<u>Eligible School Districts</u>	<u>Maximum Tax Rates</u>
1985 Pay 1986	1985-86	Mpls., St. Paul, Duluth	1 mill
1986 Pay 1987	1986-87	Mpls., St. Paul, Duluth	1 mill
1987 Pay 1988	1987-88	Mpls., St. Paul, Duluth	1 mill
1988 Pay 1989	1988-89	St. Paul Mpls., Duluth	2 mills* 1 mill**
1989 Pay 1990	1989-90	St. Paul Mpls., Duluth	1.6% AGTC 0.8% AGTC
1990 Pay 1991	1990-91	St. Paul Mpls., Duluth	3.0% ANTC 2.0% ANTC
1991 Pay 1992	1991-92	St. Paul Mpls., Duluth	3.0% ANTC 2.0% ANTC
1992 Pay 1993	1992-93	Mpls. St. Paul Duluth	\$160/WADM \$163/WADM 2.05% ANTC

* converted to 1.6% of adjusted gross tax capacity

** converted to 0.8% of adjusted gross tax capacity

ANTC is adjusted net tax capacity

AGTC is adjusted gross tax capacity

OUTCOMES:

A. Program Effectiveness:

The three school districts have established a successful system of magnet schools and other programs that have resulted in desegregated schools. However, as the minority enrollment in each district continues to grow, desegregation becomes more difficult. Districts use portions of the levy funds for staff development, supplemental support services, and culture-specific curriculum development costs as they relate to desegregation and integration activities. The districts make concerted efforts to improve the achievement and success of all learners by providing diversity of thought, culture and experience within the curriculum and learning environment.

The three districts also rely upon voluntary methods of achieving racial desegregation. Their respective cities have census tracts with high concentrations of students of color, which would result in segregated neighborhood schools in those areas, in the absence of voluntary movement of students to and from these areas.

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0806 RULE COMPLIANCE LEVY
(Continuation)

- In St. Paul, students of color voluntarily choose to participate in magnet schools as much as Caucasian students. Twenty-one school buildings out of 62 would have been segregated in F.Y. 1991, in the absence of an approved desegregation plan.
- In Minneapolis, 97% of students of color entering kindergarten are given their first choice of school buildings. Buildings would range from 8% to 92% students of color, in the absence of an approved desegregation plan.
- In Duluth, magnet schools are placed to avoid bussing students of color, thereby allowing them to remain in neighborhood attendance areas. Geographic and socio-economic isolation in the central city would cause segregation, in the absence of an approved desegregation plan.

Since the inception of the special levy authority, the districts have levied the maximum amount.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

- VI. B. Students will have an appreciation of cultural diversity, will respect and value all people, and will be prepared for lifelong learning and work in a changing, challenging world

B. Program Services/Statistics:

(\$ in 000s)	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
LEVY AUTHORITY	90 Pay 91	91 Pay 92	92 Pay 93	93 Pay 94	94 Pay 95
Duluth	571.6	623.0	695.8	695.8	695.8
Minneapolis	7,720.2	7,129.5*	7,308.7	7,609.3	7,777.5
St. Paul	6,311.7	6,461.1	6,620.3	6,914.9	7,067.5
Total	14,603.5	14,213.6	14,624.8	15,220.0	15,540.8

* Includes a negative \$46,400 levy adjustment certified for taxes payable in 1993.

Note: Data are not sufficient for projecting F.Y. 1994 and F.Y. 1995 levy amounts for Duluth

PROSPECTS:

Urban school districts continue to experience increases in the percentage of minority student enrollment. The districts must maintain a desegregated school system as required by Minnesota Rule 3535. This rule does not allow a school building to be more than 15% above the district-wide minority enrollment percentage for those grades represented in a building. The Minnesota

Department of Education (MDE) is in the process of strengthening policies and rules that promote effective, integrated education throughout the state.

To maintain the current system of integration, and to limit the continuing financial burden on the school districts, additional revenues are needed. Additional funding for the Integration Grant Program (Program Budget 0812) would recognize increasing operating expenses, costs of expansion of magnet programs, and costs of interdistrict desegregation programs of the participating school districts.

OBJECTIVES F.Y. 1994-95:

With continuation of the Rule Compliance Levy, school districts required to have an approved desegregation plan in accordance with State Board of Education Rule 3535, will have the ability to raise revenue needed to comply with this rule. Revenue raised through these levies are used to pay for the activities identified in the PURPOSE section of this narrative. The purposes for which the proceeds of these levies are used will continue to be reviewed by MDE to determine that the levies support effective desegregation/integration plans.

GOVERNOR'S RECOMMENDATION:

The Governor recommends changing the definition of pupil units to a two-year average of weighted average daily membership (WADM), consistent with changes in the General Education program. See Program Budget 0101 for further information.

The Governor recommends continuation of this activity.

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1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0807 COOPERATIVE DESEGREGATION GRANTS

CITATION: Laws 1990, Chap 562, Art 7, Sec 24, Subd 2;
Laws 1991, Chap 265, Art 8, Sec 19, Subd 4.

MDE ADMIN: 1405 Monitoring/Equal Educational Opportunities
FEDERAL: None

PURPOSE:

To establish a voluntary approach to achieve cooperative interdistrict programs on desegregation and integration with major emphasis on quality education for all students.

The Minnesota Department of Education (MDE) is committed to the promotion of effective, integrated education throughout the state. The cooperative desegregation grant is a resource that enables school districts to plan the development, continuation and evaluation of a flexible system for learners at all levels, to assure that each learner will have the opportunity to value, respect and accept the diversity of all persons.

In partial fulfillment of this purpose, MDE allotted \$200,000 in grants to eligible districts in F.Y. 1991, \$400,000 in F.Y. 1992 and \$200,000 in F.Y. 1993 to:

- facilitate communication and cooperation among metropolitan area districts in sharing building sites and resources to train teachers in inclusive education curriculum and methods;
- provide students from predominantly minority and majority districts the opportunity to experience racial and cultural diversity in the learning environment;
- develop pilot interdistrict cooperative programs to reduce segregation as defined in Minnesota Rules, part 3535.0200, subpart 4;
- prepare for the possible voluntary transfer of students between districts to prevent the core city schools from re-segregating; and
- provide a learning environment that emphasizes quality integrated education so that learners will be prepared to respect and value all people, and live and work in a culturally diverse world society.

Districts receiving grants are required to submit a report on their activities, including recommendations to the Commissioner of Education.

The Cooperative Desegregation Grant program contributes to the Minnesota Milestones goals of:

- excellence in basic academic skills; and
- to welcome, value and respect people of all cultures, races and ethnic backgrounds

by affording more students opportunity to benefit from education alternatives of cooperating school districts, thereby contributing to a reduction in the high school dropout rate. Several planning activities are designed to enhance respect for all people and encourage acceptance of diversity to

meet the challenging needs of students.

DESCRIPTION:

To obtain a cooperative desegregation grant, an eligible school district submits an application to the Commissioner of Education. To be eligible, the district must be required to submit a desegregation plan under Minnesota Rules, part 3535.0600, and must have the assistance and participation of at least one adjacent district in their desegregation plan.

A proposal must be received from each of the eligible recipients for F.Y. 1994 and F.Y. 1995. Each recipient must have an approved comprehensive desegregation/integration plan. The proposal must describe by activity, goal, objective, and outcome the implementation of plans developed in the previous biennium. Each activity will be designated in an accompanying budget.

The application must contain a plan for activities such as staff development, curriculum development, student leadership, student services, teacher and student exchanges, interdistrict meetings, and orientation for school boards, parents and the community. Activities in the plan must be implemented before student transfers occur. The result of this planning and orientation will be integrated school and education alternatives in which the students of cooperating districts will have opportunity to voluntarily participate.

OUTCOMES:

A. Program Effectiveness:

Metropolitan area schools have made progress in the discussion of metropolitan desegregation since 1988. Districts in both the east and west metro area have had local board action related to desegregation studies and planning efforts.

The 1990 law recognizes the need to maintain desegregated schools in Minneapolis and St. Paul, and to integrate suburban schools. Minority enrollment during 1991-92 in Minneapolis and St. Paul was 55.6 percent and 45.4 percent respectively. This represents an increase of 2-3 percent per year. Without assistance from adjacent districts, Minneapolis and St. Paul run the risk of seeing their schools re-segregated.

Minneapolis is working with Brooklyn Center, Edina, Richfield, Robbinsdale, Columbia Heights, Hopkins, St. Anthony/New Brighton and St. Louis Park on a joint Cooperative Interdistrict Integration Project (CIIP). One of CIIP's three task forces is working toward opening a downtown school serving elementary grades in 1993-94. The Northwest and Southwest task forces are planning on the joint operation of schools with preliminary plans to open in 1994-95.

St. Paul and Roseville have implemented the beginning phases of a four-phase plan toward two joint school sites, and implementation funding is needed. St. Paul is also operating joint programs with South St. Paul and North St. Paul/Maplewood. Discussions are ongoing with other east metro districts.

Other transitional activities include: community surveys, school board awareness and orientation, multi-culture/gender fair/disability aware (inclusive education) curriculum training, teacher exchanges, shared staff in-service, dual residency schools, joint summer programs and special education and community education sharing and pairing.

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0807 COOPERATIVE DESEGREGATION GRANTS
 (Continuation)

In 1990-91, populations of students of color in school districts within the seven county metropolitan area ranged from 1 percent to 23 percent, while Minneapolis and St. Paul had 52 percent and 43 percent respectively. Dropout rates in 1991 for minority students exceeded rates for white students—Indian 10.1 percent, Asian 4.2 percent, Hispanic 9.3 percent, Black 10.9 percent, white 2.7 percent. Future student exchanges and teacher exchanges will enhance and positively influence graduation rates, decrease dropout rates, and facilitate cooperative planning among districts.

For further discussion of the outcomes and effectiveness of state education programs, refer to the Outcomes and Effectiveness Section at the beginning of this document. Information on some specific outcomes to which this program contributes is provided in Outcomes:

VI. B. Students will have an appreciation of cultural diversity, will respect and value all people, and will be prepared for lifelong learning and work in a changing, challenging world

B. Program Services/Statistics:

(\$ in 000s)	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Staff/Community participants	400	600	600	600	600
Student Participants	3,000	4,000	4,000	4,000	4,000
Number of grants	2	2	2	2	2
Number of districts cooperating	11	14	15	15	15
Total amount of grants	\$ 200.0	\$ 400.0	\$ 200.0	\$ 300.0	\$ 300.0

PROSPECTS:

The demand from Minneapolis and St. Paul for assistance from adjacent districts for desegregation is expected to continue to grow. Minnesota began this program as a pilot program to explore the willingness and feasibility of implementing an integration plan that involves suburban school districts. Since this initial pilot was established, several other suburban school districts have expressed interest in becoming part of the consortia, and participants have requested a more extensive range of activities.

OBJECTIVES F.Y. 1994-95:

Efforts will be made to accommodate increasing costs for cooperative desegregation. The number of districts cooperating with Minneapolis and St. Paul should increase 10% per year. Also, the type and number of student options and student choices will be collected.

The discussion of outcomes and effectiveness indicators for many aid and grant programs is found in the Education Outcomes and Program Effectiveness section at the beginning of this budget document. Projections for the 1994-95 biennium are included for some of the indicators that are identified and discussed in that section.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 300 for F.Y. 1994 and \$ 300 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 300 in F.Y. 1994 and \$ 300 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0807 COOPERATIVE DESEGREGATION

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$400	\$200	\$300	\$300
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	400	200	300	300
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			300	300
APPROPRIATIONS BASIS:				
Current Year	400	200	300	300
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	400	200	300	300
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
 AGENCY: Education Aids
 0808 NONPUBLIC PUPIL AID
 CITATION: M.S.123.931 - .947
 MDE ADMIN: 1401 Education Finance and Analysis
 FEDERAL: None

PURPOSE:

To provide every school pupil in the state, equitable access to secular study materials and pupil support services that complement the program of study the pupil regularly attends. This furthers the goal of assuring freedom of choice in education to all Minnesota pupils and their parents.

Specifically, program funds are used to reimburse school districts for the costs incurred in obtaining the educational materials that are loaned to the nonpublic pupil (textbooks, individualized instructional materials, and standardized tests) or for the costs incurred in providing pupil support services (health services and secondary guidance and counseling services) to the nonpublic pupil. Districts are provided an additional 5% of the reimbursed amount to offset the cost of administering the program.

This program contributes to the Minnesota Milestones goals of

- excellence in basic academic skills; and
- Minnesotans will be healthy

by providing funds to school districts to provide textbooks, standardized tests, instructional materials, school health services, and secondary guidance and counseling to all nonpublic pupils who request materials and/or services.

DESCRIPTION:

There are three basic categories of nonpublic pupil aid provided under Minnesota law:

1. Textbooks, Individualized Instructional Materials, and Standardized Tests. Public school districts, upon formal request, must make available to nonpublic pupils, instructional materials that are secular, neutral, nonideological and not able to be diverted to religious use. Items purchased are loaned to the nonpublic pupil and remain the property of the district.

The districts are reimbursed the cost of purchase and distribution of eligible materials up to 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, with Kindergarten pupils weighted at 0.5.

The formula for computing the per pupil rate is as follows for F.Y. 1995:

$$\begin{array}{lcl} \text{F.Y. 1995} & & \text{F.Y. 1993 Avg. Expend.} \\ \text{Per Pupil} & = & \text{per Public Pupil} \times \frac{\text{F.Y. 1995 Gen'l Ed. Form. Allow.}}{\text{F.Y. 1993 Gen'l Ed. Form. Allow.}} \\ \text{Rate} & & \text{for like materials} \end{array}$$

2. Health Services. Public school districts, upon formal request, must make available to nonpublic pupils, the 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.

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, with Kindergarten pupils weighted at 0.5.

3. Guidance and Counseling Services. Public school districts, upon formal request, must make available to nonpublic secondary pupils, the guidance and counseling services provided to public secondary pupils, except 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 or at a neutral site. 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.

In addition to the three aid reimbursement components described above, school districts are provided an amount equal to 5% of their total aid reimbursement amount to offset the cost of administering the program.

OUTCOMES:

A. Program Effectiveness:

All nonpublic students requesting materials or services by the statutory deadline date have been and are being accommodated. With the exception of 1990-91, nonpublic enrollment has declined every year since 1984-85. From 1984-85 to 1991-92, nonpublic enrollment has declined by approximately 12,000. The number of nonpublic students is estimated to increase from 80,653 in F.Y. 1992 to 83,459 in F.Y. 1995. Current projections anticipate that this rate of increase in nonpublic students will continue through F.Y. 1998. In addition, the percentage of these students participating in the Nonpublic Pupil Aid program continues to increase. However, the number of pupils being instructed by parents in a home school that are requesting to participate in the program is increasing significantly. Since 1987-88, the number of students attending home schools has more than doubled—from 2,322 students in 1987-88 to 5,086 in 1991-92. Together, these factors are increasing the number of pupils participating in the program.

Reimbursement rates for each current year are based on district expenditures in the second prior year for similar materials and services in the public schools. The per pupil reimbursement rates for health, guidance and counseling services continue to rise. The increase in support service expenditures is primarily due to the increase in personnel costs resulting from district labor contract negotiations. Due to the implementation of improved cost allocation procedures, the reimbursement

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0808 NONPUBLIC PUPIL AID
(Continuation)

rates for the Textbooks, Individualized Instruction Materials, and Standardized Tests component are being lowered over a four-year period beginning in f.Y. 1994. these projected rates more accurately reflect the actual expenditures per public school pupil, and the phase-in method will allow districts and nonpublic schools to plan effectively for these reimbursement rates.

B. Program Services Statistics:

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
1. Textbooks, individualized instructional materials and standardized tests					
a. Nonpublic Grade K-12 enrollment statewide*	81,215	81,519	82,536	84,400	86,150
b. Districts participating	197	202	178	185	185
c. Pupils requesting services*	71,351	72,383	74,700	75,173	76,782
d. State aid rate per pupil unit	\$ 64.35	\$ 56.37	\$ 57.44	\$ 54.48	\$ 48.65
e. Maximum aid entitlement (000s)(c times d)	\$ 4,591.4	\$ 4,080.2	\$ 4,290.7	\$ 4,095.4	\$ 3,735.4
f. Entitlement per district expenditure (000s)	\$ 4,386.3	\$ 3,970.6	\$ 4,234.2	\$ 4,095.4	\$ 3,735.4
Average aid per pupil unit (f divided by c)	\$ 61.40	\$ 54.85	\$ 56.68	\$ 54.48	\$ 48.65
2. Health services					
a. Nonpublic Grade K-12 enrollment statewide*	81,215	81,519	82,536	84,400	86,150
b. Districts participating	173	184	169	176	176
c. Pupils requesting services*	70,392	70,572	68,073	73,539	75,113
d. State aid rate per pupil unit	\$ 24.77	\$ 25.41	\$ 26.44	\$ 29.84	\$ 29.90
e. Maximum aid entitlement (000s) (c times d)	\$ 1,743.6	\$ 1,793.2	\$ 1,799.8	\$ 2,194.4	\$ 2,245.9
f. Entitlement per district expenditure (000s)	\$ 1,353.3	\$ 1,542.7	\$ 1,776.1	\$ 2,194.4	\$ 2,245.9
Average aid per pupil unit (f divided by c)	\$ 19.23	\$ 21.86	\$ 26.09	\$ 29.84	\$ 29.90

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	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
3. Guidance & Counseling					
a. Nonpublic secondary enrollment statewide*	25,002	24,789	25,465	26,368	27,305
b. Districts participating	98	105	119	125	125
c. Pupils requesting services*	19,843	20,027	20,067	21,885	22,663
d. State aid rate per pupil unit	\$ 122.53	\$ 125.32	\$ 124.14	\$ 129.96	\$ 129.04
e. Maximum aid entitlement (000s) (c times d)	\$ 2,431.4	\$ 2,509.4	\$ 2,491.1	\$ 2,844.1	\$ 2,924.4
f. Entitlement per district expenditure (000s)	\$ 2,001.8	\$ 2,346.4	\$ 2,458.3	\$ 2,844.1	\$ 2,924.4
Average aid per pupil unit (f divided by c)	\$ 100.86	\$ 117.16	\$ 122.50	\$ 129.96	\$ 129.04
4. Total Aid Entitlement (000s)					
a. Services and materials	\$ 7,736.4	\$ 7,859.7	\$ 8,468.6	\$ 9,133.9	\$ 8,905.7
b. Administrative costs	386.8	393.0	423.4	456.7	445.3
c. Total Funding requirement	\$ 8,123.2	\$ 8,252.7	\$ 8,892.0	\$ 9,590.6	\$ 9,351.0

* Expressed in pupil units (K=0.5, Grades 1-12=1.0)

PROSPECTS:

Due to growth in the number of nonpublic pupils (including home schools) at both the elementary and secondary levels, overall program participation is expected to increase. In addition, since per pupil rates are statutorily based on second prior year district expenditures, program funding requirements related to support services for the upcoming biennium are projected to continue to increase.

OBJECTIVES F.Y. 1994-1995:

This program contributes to the goal of equity for students by providing nonpublic students access to services comparable to those available to public school students. Effectiveness measures are not available. Appropriate measures would include pupil, parent, and teacher satisfaction with materials and services provided, and data on health and guidance problems identified and satisfactorily addressed. Such information could be requested from the nonpublic participants when application is made for funding.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 8,893 for F.Y. 1994 and \$ 8,893 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 8,893 in F.Y. 1994 (\$ 1,333 for F.Y. 1993 and \$ 7,560 for F.Y. 1994), and \$ 8,893 in F.Y. 1995 (\$ 1,333 for F.Y. 1994 and \$ 7,560 for F.Y. 1995).

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0808 NONPUBLIC PUPIL AID

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$8,720	\$8,892	\$8,893	\$8,893
ENTITLEMENT CHANGES PER CURRENT LAW:				
A. Budget Variables				
Combination of Variables including # of Pupils Participating and District Expenditures on Nonpublic Pupils	(467)			
Health and Guidance Components:				
Increased Rates – Base Pupils			419	410
Increased Rates – Increased Pupils			35	46
Text, Health & Guidance Components:				
Increased Pupils – Base Rates			407	651
Textbook Component:				
Phase – In Change of Reimbursement Rate			(163)	(649)
CURRENT ENTITLEMENT	8,253	8,892	9,591	9,351
FUNDING EXCESS/DEFICIENCY	467			
POLICY CHANGES RECOMMENDED				
Admin. Constrain the Calculated Reimbursement Rates:				
FY94 at 92.7%			(698)	
FY95 at 95.1%				(458)
Total Policy Changes			(698)	(458)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			8,893	8,893
APPROPRIATIONS BASIS:				
Current Year	7,413	7,559	7,560	7,560
Prior Year	740	1,307	1,333	1,333
Total Funding (State General Fund)	8,153	8,866	8,893	8,893
LEVY AUTHORITY	0	0	0	0

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0809 NONPUBLIC PUPIL PROGRAM SUMMARY
(Information Only)

CITATION: M.S. 123.246; 123.76 - 123.79; 123.931 - 123.947; 124.252; 124.646;
124.648; 124A.034; 126.031 and 290.001

MDE ADMIN: 1401 Education Finance and Analysis
FEDERAL: Various

PURPOSE:

To consolidate information on state and federal funding for services to nonpublic pupils and staff.

In Minnesota, nonpublic pupils and staff receive services under 10 programs. For purposes of discussion, these programs are categorized by state or federal funding source. The state funded programs include programs that provide either state aid or state income tax deductions. Additional information for each program is provided in the appropriate program budget narrative.

These programs contribute to the Minnesota Milestones of:

- providing and supporting excellence in basic academic skills;
- creating safe, friendly and caring communities;
- making rural areas and small cities economically viable places for people to live and work; and
- supporting advanced education and training to make the state a leader in the global economy.

DESCRIPTION:

State Programs:

1. Nonpublic Pupil Aid (M.S. 123.931-123.947; also see Program Budget 0809)

School districts are required to provide every school pupil in the state equitable access to secular study materials and pupil support services that complement the program of study the pupil regularly attends.

Under this program, districts are reimbursed for the costs incurred in obtaining the educational materials that are loaned to the nonpublic pupil or for the costs incurred in providing pupil support services to the nonpublic pupil. The maximum reimbursement is limited to an amount equal to the statewide average expenditure per public pupil in the second prior school year multiplied by the number of nonpublic pupils served. A 2 year inflation adjustment is included in the rate for the textbook, individualized instructional materials and standardized tests component. Districts are provided an additional 5% of the reimbursed amount to offset the cost of administering the program. School districts are not required to expend an amount for nonpublic pupils which exceeds the amount of the state aid payments.

2. Shared Time Program (M.S. 124A.034; also see Program Budget 0101)

Nonpublic school pupils may be admitted by school districts to public school programs for part of the school day. These pupils earn a shared-time portion of General Education aid for the district.

School districts are required to provide special education programs for handicapped children. These programs must be made available to handicapped nonpublic school pupils, and the district receives a shared-time portion of General Education aid for these pupils.

3. Transportation Program (M.S. 123.76-123.79; also see Program Budget 0201)

School districts are required to provide "equal transportation" to nonpublic school pupils. This means that the district within which a nonhandicapped 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 are also permitted to transport nonpublic school pupils to regular shared-time programs and must transport handicapped nonpublic school pupils to and from the facility where special education is provided. 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 the purpose of receiving health and secondary guidance and counseling services provided to nonpublic school pupils.

4. School Lunch Program (M.S. 124.646; also see Program Budget 0801)

State funds are used to meet matching requirements of the United States Department of Agriculture National School Lunch Program.

5. School Milk Program (M.S. 124.648; also see Program Budget 0801)

State funds are provided to schools to pay, in part or in total, the cost of serving 1/2 pint of milk per day to kindergarten students. Eligibility is coordinated with the federal school milk program.

6. State Income Tax Deductions (M.S. 290.001)

Taxpayers who itemize deductions may deduct from gross income the amounts they spend for tuition, secular textbooks, and transportation of dependents attending public or nonpublic elementary or secondary schools in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin. The maximum deductions are \$650 per dependent in Grades K-6 and \$1,000 per dependent in Grades 7-12.

Federal Programs:

1. School Lunch Act and Child Nutrition Act (see Program Budgets 1225-1229)

The state receives federal funds from the United States Department of Agriculture to provide better nutrition for students.

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0809 NONPUBLIC PUPIL PROGRAM SUMMARY

2. Block Grant (also see Program Budget 1222)

The Federal Block Grant program replaced several smaller categorical grant programs. Federal funds are available to schools to support educational program improvement in 6 targeted areas.

3. Teacher In-service (also see Program Budget 1220)

Title 2 of the Elementary and Secondary Education Act (P.L. 98-377), and the Math & Science Act (P.L. 100-297) provide funds to school districts for training and retraining of teachers to improve instruction in the areas of mathematics and science. Nonpublic school teachers must be ensured equitable participation in the program.

4. Educationally Disadvantaged (ECIA) Chapter 1, Basic (also see Program Budget 1206)

The state receives federal funds to encourage the participation of nonpublic students in Chapter 1, which provides supplemental services to educationally disadvantaged students who live in areas of high concentrations of poverty.

OUTCOMES:

A. Program Effectiveness:

For information on program effectiveness refer to the individual program narratives.

B. Program Services/Statistics:

NONPUBLIC PUPIL PROGRAM FUNDING ESTIMATES UNDER CURRENT LAW

(\$ in 000s)	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
A. State Programs					
1. Nonpublic Public Aids					
Texts/Instructional materials	\$4,239.0	\$ 3,970.6	\$ 4,234.2	\$ 3,650.4	\$ 2,826.3
Health services	1,303.6	1,542.7	1,776.1	2,194.4	2,245.9
Guidance/Counseling services	1,957.0	2,190.6	2,458.3	2,844.1	2,924.4
Administration	375.0	385.2	423.4	434.4	400.0
Total	\$ 7,874.6	\$ 8,089.1	\$ 8,892.0	\$ 9,123.3	\$ 8,396.6

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(\$ in 000s)

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
2. Shared-time Program	\$ 2,684.0	\$ 2,918.0	\$ 3,121.0	\$ 3,324.0	\$ 3,527.0
3. Pupil Transportation	15,654.0	15,870.8	16,467.9	17,256.6	18,278.1
4. School Lunch Program	264.2	287.1	289.1	289.1	289.1
5. School Milk Program	53.8	55.0	55.0	55.0	55.0
6. State Income Tax Deduction*	2,600.0	2,500.0	2,500.0	2,500.0	2,500.0
State Total	\$ 29,130.6	\$ 29,722.0	\$ 31,325.0	\$ 32,548.0	\$ 33,045.8
B. Federal Programs					
1. School Lunch Act and Child Nutrition Act	\$ 4,305.4	\$ 4,650.9	\$ 4,650.9	\$ 4,650.9	\$ 4,650.9
2. Block Grant	574.8	575.3	573.4	573.4	573.4
3. Teacher In-service	135.3	211.4	254.2	254.2	254.2
4. Educationally Disadvantaged Chapter 1	2,999.0	3,950.0	4,150.0	4,500.0	5,000.0
GRAND TOTAL	\$ 37,145.1	\$ 39,109.6	\$ 40,953.5	\$ 42,526.5	\$ 43,524.3
C. Nonpublic Pupils	85,680	85,939	87,086	89,000	90,750

* This is not a state funding estimate. Rather, it is an estimate of the amount of tax revenue that would be realized if the deduction for Grade K-12 education expenses was not in effect. The amounts include both public and nonpublic data. The total amount is shown because no information is available to determine the amount that is attributable to nonpublic students.

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1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
 AGENCY: Education Aids
 0810 ABATEMENT AID AND LEVY
 CITATION: M.S. 124.214, Subd 2
 MDE ADMIN: 1401 Education Finance and Analysis
 FEDERAL: None

PURPOSE:

To replace the net revenue loss incurred by school districts as a result of court-ordered abatements or net reductions in the tax capacity of the district after taxes have been spread by the county auditor. 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, transportation, community education, and capital expenditure aid, if the adjusted net tax capacity could have been adjusted to the lower level.

By providing school districts with authority to levy for the loss of revenue, this program contributes to the financial health of districts. As a result, districts have an increased ability to provide effective educational programs that contribute to the Minnesota Milestones goals of:

- Minnesotans will excel in basic academic skills; and
- Minnesotans will have the advanced education and training to make the state a leader in the global economy.

DESCRIPTION:

The entitlement for abatement aid is determined from data on net revenue losses as certified by the county auditors. A district's aid entitlement is equal to its net revenue loss multiplied by the ratio of: a) the amount certified by the district in equalized general education, transportation, community education and capital expenditure levies for which it receives corresponding state aid to, b) its total certified levy in the preceding fall, pursuant to M.S. 124, 124A and 124A.03, plus or minus auditor's adjustments. The amount of the abatement aid after any proration is deducted from the amount of the district's abatement levy authorized in M.S. 275.48.

The net revenue loss incurred by districts in calendar years 1984 and 1985 increased substantially due to reductions in the assessed value of railroad property as a result of Soo Line Railroad Company vs. Commissioner of Revenue and related litigation. In these cases, the assessed valuation of railroad property for assessment years 1981, 1982, and 1983 was reduced pursuant to a federal law that prohibits taxing districts from assessing railroad property at a higher percentage of true market value than other property.

The State Commissioner of Revenue reimbursed school districts in F.Y. 1985 for the revenue loss incurred as a result of reductions in the valuation of railroad property for assessment years 1981 and 1982, minus \$1 per actual pupil unit. The State Commissioner of Revenue reimbursed school districts in F.Y. 1986 for the revenue loss incurred as a result of reductions in the valuation of

railroad property for assessment year 1983, minus \$1 per actual pupil unit.

The railroad aid payments are deducted from the abatement aid and levy authority of school districts. Due to the size and timing of the railroad aid payments, a portion of the railroad aid has not yet been deducted. The railroad aid balance to be recovered is carried forward each year, and deducted from current year abatement aid and levy authority.

OUTCOMES:

A. Program Effectiveness:

For F.Y. 1991, the abatement funding authority for 335 school districts totaled \$16.0 million in aid and levy. For F.Y. 1993, the total abatement funding is estimated to be \$31.8 million for 380 districts. The abatement funding program is successful in correcting, over a period of time, for net revenue losses of the districts. Since abatements are not evenly distributed across districts, those districts with disproportionately large abatements would experience disproportionately large reductions in revenue without the abatement funding program. Since abatements occur after taxes have been spread by the county auditor, loss of abatement revenue could result in district budgetary and cash flow difficulties. The abatement funding program cannot effectively correct for these difficulties on a timely basis because of the lag in providing the state aid and additional levy authority. However, there is some offset of the immediate cash flow problem if a district has recurring aid and levy revenue under this program. For the 1992-93 biennium, the appropriations are insufficient to fully fund the abatement aid entitlement; the aid proration is estimated at 48.6% for F.Y. 1992 and 33.5% for F.Y. 1993.

B. Program Services/Statistics:

(\$ in 000s)	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
1. Total Abatement Funding					
a. Calendar year	1989	1990	1991	1992	1993
b. Net reduction in school taxes	\$16,056.0	\$21,333.8	\$31,792.2	\$34,000.0	\$34,000.0
c. Railroad aid balance to be recovered	110.1	79.1	55.1	33.9	23.8
d. Railroad aid subtraction - Current year	31.0	24.1	21.1	10.2	7.1
e. Railroad aid balance carried forward (1c less 1d)	79.1	55.1	33.9	23.8	16.6
f. Total abatement funding (1b less 1d)	\$16,025.0	\$21,309.8	\$31,771.1	\$33,989.8	\$33,992.9
g. Number of districts	335	387	380	380	380

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1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0810 ABATEMENT AID AND LEVY
 (Continuation)

(continued from previous page)
 (\$ in 000s)

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
2. Abatement Aid Entitlement by Fund					
a. General fund	\$8,340.8	\$10,659.9	\$15,431.0	\$16,508.6	\$16,510.1
b. Transportation fund	677.3	848.3	1,332.1	1,425.1	1,425.2
c. Community service fund	117.7	158.0	232.8	249.1	249.1
d. Capital expenditure fund	811.9	716.5	966.3	1,033.8	1,033.9
e. General debt service fund	0.2	0.6	0.5	0.5	0.5
f. Total gross abatement aid	\$9,947.9	\$12,383.3	\$17,962.7	\$19,217.1	\$19,218.8
g. Proration factor	63.36%	48.60%	33.50%	100.00%	100.00%
h. Total prorated abatement aid	\$6,303.3	\$6,018.0	\$6,018.0	\$19,217.1	\$19,218.8
i. Aid Percent of total funding	37.55%	28.24%	18.94%	56.54%	56.54%
j. Number of districts	333	340	326	326	326
3. Abatement Levy Authority by Fund (after aid proration)					
a. General fund	\$7,231.6	\$11,318.2	\$19,915.2	\$11,424.0	\$11,425.0
b. Transportation fund	687.7	1,128.1	1,864.3	1,069.4	1,069.5
c. Community service fund	385.4	487.1	779.5	447.1	447.2
d. Capital expenditure fund	682.0	972.6	1,588.9	911.4	911.5
e. General debt service fund	1,009.3	1,374.3	1,598.2	916.8	916.9
f. TC debt service fund*	3.7	0.1	0.2	0.1	0.1
g. TC other funds*	7.3	11.4	6.8	3.9	3.9
h. Total abatement levy	\$10,007.0	\$15,291.3	\$25,753.1	\$14,772.8	\$14,774.1
i. Number of districts	335	387	380	380	380

*Technical colleges

PROSPECTS:

Abatement funding will continue to be needed by school districts. Each year there are court-ordered abatements or net reductions in the tax capacity of districts after taxes have been spread by the county auditor.

OBJECTIVES F.Y. 1994-1995:

This program contributes to the goals of equity for students and taxpayers by replacing revenue to which the district was entitled but which was not received due to court orders. The objective is to replace the revenue in the same proportion of aid and levy as the original entitlement.

GOVERNOR'S RECOMMENDATION:

The current statutory formula would remain in effect for F.Y. 1994 and F.Y. 1995, and Abatement Aid would be prorated at 39% for both F.Y. 1994 and F.Y. 1995, compared with a 34% proration factor for F.Y. 1993.

The Governor recommends an aid entitlement of \$7,567 for F.Y. 1994 and \$7,567 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$7,334 in F.Y. 1994 (\$902 for F.Y. 1993 and \$6,432 for F.Y. 1994), and \$7,567 in F.Y. 1995 (\$1,135 for F.Y. 1994 and \$6,432 for F.Y. 1995).

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0810 ABATEMENT AID

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$6,018	\$6,018	\$6,019	\$6,019
ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Appropriation Shortfall	7,088	8,332	8,331	8,331
Net Reduction in School Taxes	192	8,650	10,858	10,858
Railroad Aid Subtraction	(4)	(6)	5	8
Increase in School Taxes Abated	(911)	(5,698)	(6,663)	(6,664)
B.Legislation Becoming Effective				
Addition of T&E, Referendum and Special Education Equalized Levies		667	667	667
CURRENT ENTITLEMENT	12,383	17,963	19,217	19,219
FUNDING EXCESS/DEFICIENCY	(6,365)	(11,945)		
POLICY CHANGES RECOMMENDED				
Proration of Aid with Corresponding Levy Increase			(11,650)	(11,652)
Total Policy Changes			(11,650)	(11,652)
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			7,567	7,567
APPROPRIATIONS BASIS:				
Current Year	5,116	5,116	6,432	6,432
Prior Year	902	902	902	1,135
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	6,018	6,018	7,334	7,567
LEVY AUTHORITY	15,291	25,753	26,423	26,426

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0811 MISCELLANEOUS GENERAL LEVIES

CITATION: M.S. 124.912, Subd 1, 5, 6, 7; 124.914, Subd 1, 2, 3; 124.916, Subd 1, 2, 3, 4; 126.08, 121.915, 122.531 Subd 4a, 9, 120.08 Subd 3, 122.535 Subd 6, 122.247, Subd 3, 124.2725, Subd 15, 122.533; Laws of 1989, Chap 329, Art 13, Section 18
Laws of 1992, Chap 499, Art 7, Sections 16 and 17

MDE ADMIN: 1401 Education Finance and Analysis
FEDERAL: None

PURPOSE:

To provide additional property tax levy revenue to school districts to fund obligations of the district general fund, including unemployment insurance, past operating debt, the cost of judgments, state audits, and retirement, health insurance and severance for certain districts.

By providing school districts with authority to levy for various general fund obligations, these programs contribute to the financial health of districts. As a result, the districts have increased ability to provide effective educational programs that contribute to the Minnesota Milestones goals of:

- Minnesotans will have excellence in basic academic skills; and
- Minnesotans will have the advanced education and training to make the state a leader in the global economy.

DESCRIPTION:

1. Unemployment Insurance (M.S. 124.912, Subd. 1). 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. If the unemployment insurance fund balance exceeds \$10 per pupil unit, the levy authority will be reduced by the amount of the excess.
2. Statutory Operating Debt (M.S. 124.914, Subd. 1). A school district must levy the lesser of:
 - a. 1.66 percent of the adjusted net tax capacity of the district; or
 - b. the amount needed to retire the district's statutory operating debt as of June 30, 1977.
3. Operating Debt (M.S. 124.914, Subd. 2 and 3, and Laws of 1992, Chap 499, Art 7, Sections 16 and 17). A school district may levy the lesser of:
 - a. 1.85 percent of the adjusted net tax capacity of the district (4.21 percent for I.S.D. 712,

Buhl-Mountain Iron); or

- b. the greater of: the amount needed to retire the deficit in the district's operating funds as of June 30, 1983, not to exceed the district's state aid reductions in F.Y. 1983; or the amount needed to retire the deficit in the district's general fund as of June 30, 1985.

I.S.D.'s 316 and 381 also may levy to retire the unreserved undesignated fund balance in the operating funds as of June 30, 1992. The levy must be spread over five years.

4. Judgment (M.S. 124.912, Subd. 1). A school district may levy the amounts necessary to pay the district's obligations for judgments under M.S. 127.05, including interest.
5. State Audit (M.S. 124.912, Subd. 1). A school district may levy the amounts necessary to pay the district's obligations for post audits by the state auditor under M.S. 6.62, if the audit is performed at the discretion of the state auditor pursuant to M.S. 6.51, or if the audit has been requested through a petition by eligible voters pursuant to M.S. 6.54. A school district may not levy for post audits requested by the school board under M.S. 6.55.
6. Health Insurance Levy (M.S. 124.916, Subd. 1). A school district may levy as an early retirement incentive for health, medical, and dental expenses for certain eligible employees who retired between May 15, 1992 and July 21, 1992. The levy is authorized for expenses of the retiree up to age 65.
7. Health Benefit Levy (M.S. 124.916, Subd. 2). A school district may levy for the district's obligations under the collective bargaining agreement in effect on March 30, 1992 for health insurance and unreimbursed medical expenses of retirees who retired before July 1, 1992. The levy authority is for expenses incurred in F.Y. 1993 and F.Y. 1994 only.
8. Minneapolis Civil Service Retirement (M.S. 124.916, Subd. 3). The Minneapolis school district may levy the amount levied for retirement in 1978, reduced each year by 10 percent 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.
9. Minneapolis Health Insurance Subsidy (M.S. 124.916, Subd. 4). The Minneapolis school district may levy 0.10 percent 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 May 1, 1974, and who are not eligible to receive the hospital insurance benefits of the federal Medicare program without payment of a monthly premium.
10. St. Paul Severance (Laws of 1989, Chapter 329, Article 13, Section 18). The St. Paul school district may levy 0.21 percent of the district's adjusted net tax capacity.
11. Special Cooperation Levy (M.S. 124.912, Subd. 5). Eligible school districts may levy up to \$50 per pupil unit to provide additional revenue for special education and secondary vocational

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0811 MISCELLANEOUS GENERAL LEVIES
 (Continuation)

education. To be eligible, a district must not be a member of an intermediate district, and must have more than 30,000 pupil units, provide special education services to at least 3,200 residents and 100 nonresident pupils, develop model curriculum for use by nonresident special education students, consult with other school districts, provide secondary vocational programs to at-risk youths, provide pregnant teen and teen parent programs, and provide staff development programs for other districts.

12. **Crime Levy (M.S. 124.912, Subd. 6).** A school district may levy up to \$1.00 per capita to provide a drug abuse prevention program in the elementary schools, and/or to provide liaison services in the middle and secondary schools.
13. **Ice Arena Levy (M.S. 124.912, Subd. 7).** A school district that operates and maintains an ice arena, may levy for the net operational costs of the ice arena for the previous year. The school district must demonstrate that it will offer equal sports opportunities for male and female students to use its ice arena.
14. **Reorganization Operating Debt Levy (M.S. 121.915 and 122.531, Subd. 4a).** A school district that reorganizes under consolidation, dissolution and attachment, or cooperation and combination may levy to retire the net negative undesignated fund balance in the operating funds. The levy must be spread over five years.
15. **Severance Levies (M.S. 120.08, Subd. 3, 122.531, Subd. 9, 122.535, Subd. 6, and 124.2725, Subd. 15).** A school district that reorganizes under consolidation, dissolution and attachment, or cooperation and combination may levy for 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.
16. **Consolidation/Transition Levies (M.S. 122.247, Subd. 3, 122.533, and Laws of 1992, Chap 499, Art 6, Sec 35).** A school district that reorganizes under consolidation, dissolution and attachment, or cooperation and combination may levy for transition expenses associated with the reorganization. Joint School District 6011 may also levy \$80,000 per year for five years for costs associated with the formation of the joint district.

OUTCOMES:

A. Program Effectiveness:

For F.Y. 1993, 202 school districts levied \$5.3 million for unemployment insurance; 12 districts levied \$0.5 million for judgments; and 2 districts levied about \$12,000 for state audits. For F.Y. 1994, 63 districts will levy \$727,100 for the health insurance levy; and 103 districts will levy \$8.4

million for the health benefits levy. The levy for statutory operating debt has been reduced from \$188,100 for F.Y. 1991 to about \$127,000 for F.Y. 1993. The levy for operating debt has been reduced from \$368,000 to about \$239,000 for the same period.

B. Program Services/Statistics:

(\$ in 000s)	Current Law				
	F.Y. 1991 89 PAY 90	F.Y. 1992 90 PAY 91	F.Y. 1993 91 PAY 92	F.Y. 1994 92 PAY 93	F.Y. 1995 93 PAY 94
1. Unemployment Insurance					
Amount	\$4,088.0	\$4,100.7	\$5,282.6 ^a	\$6,446.4 ^a	\$7,355.3 ^a
Number of districts	212	203	202	282	290
2. Statutory Operating Debt					
Amount	\$188.1	\$151.3	\$126.8	\$134.0	\$129.2
Number of districts	10	9	5	5	5
3. Operating Debt					
Amount	\$368.3	\$285.0	\$238.5	\$465.9	\$465.6
Number of districts	19	16	12	9	10
4. Judgment					
Amount	\$1,148.0	\$291.6	\$542.9	\$246.0	\$550.0
Number of districts	10	7	12	6	9
5. State Audit					
Amount	\$52.1	\$20.0	\$12.5	\$14.3	\$25.0
Number of districts	3	1	2	1	2
6. Health Insurance Levy					
Amount	—	—	—	\$727.1	\$727.1
Number of districts	—	—	—	63	63
7. Health Benefit Levy					
Amount	—	—	—	\$8,446.6	\$8,446.6
Number of districts	—	—	—	103	103
8. Minneapolis Retirement					
Amount	\$2,159.9	\$1,959.8	\$1,759.6	\$3,134.9	\$2,409.6
9. Minneapolis Health Insurance					
Amount	0	0	\$356.5	\$321.2	\$321.4
10. St. Paul Severance					
Amount	\$394.6	\$399.0	\$410.2	0	\$417.9
11. Special Cooperation Levy					
Amount	—	—	—	\$6,434.4	\$6,615.4
Number of Districts	—	—	—	3	3
12. Crime Levy					
Amount	—	—	\$2,685.4	\$3,619.4	\$3,670.0
Number of Districts	—	—	121	191	195
13. Ice Arena Levy					
Amount	—	—	—	\$167.5	\$203.3
Number of Districts	—	—	—	2	3
14. Reorganization Operating Debt Levy					
Amount	—	—	\$150.5	\$298.0	\$448.0
Number of Districts	—	—	4	7	10

(continued on next page)

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PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0811 MISCELLANEOUS GENERAL LEVIES
 (Continuation)

(continued from previous page) (\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	Current Law	
	<u>89 PAY 90</u>	<u>90 PAY 91</u>	<u>91 PAY 92</u>	<u>92 PAY 93</u>	<u>93 PAY 94</u>
15. Severance Levies					
Amount	—	\$354.2	\$501.5	\$490.9	\$560.0
Number of Districts	—	4	7	6	7
16. Consolidation/Transition Levies					
Amount	—	\$116.2	\$318.0	\$134.8	\$255.0
Number of Districts	—	3	9	3	6
 Total Amount	 \$8,399.0	 \$7,677.8	 \$12,385.0	 \$31,081.4	 \$32,599.4

* Net levy authority after reductions made for excess fund balances of \$ 2.8 million for F.Y. 1993, \$ 2.6 million for F.Y. 1994, and \$ 2.6 million for F.Y. 1995.

PROSPECTS:

The Miscellaneous General Levies continue to serve varied needs for Minnesota School Districts. All funds generated through these levies are anticipated to be fully utilized.

OBJECTIVES F.Y. 1994-95:

Minnesota school districts will generate revenue to the extent needed for various general fund obligations in F.Y. 1994 and F.Y. 1995, thereby contributing to their overall financial health. School districts will not need to allocate general education formula funding to these identified costs. The amount received from levy will be substantially equal to the expenditure as shown on annual financial reports.

GOVERNOR'S RECOMMENDATION:

The Governor recommends changing the definition of pupil units to a two-year average of weighted average daily membership (WADM), consistent with changes in the General Education program. See Program Budget 0101 for further information.

The Governor recommends continuation of this activity.

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PROGRAM: 08 Other Education Programs
 AGENCY: Education Aids

 0812 LEGISLATIVE COMMISSION MINNESOTA RESOURCES;
 ENVIRONMENTAL EDUCATION

 CITATION: M.S. 116P
 MDE ADMIN: 1301 Curriculum Services
 FEDERAL: None

PURPOSE:

To provide liaison services and financial administration for Legislative Commission on Minnesota Resources (LCMR) environmental education programs. More specifically, Minnesota students and citizens will benefit through the development and implementation of the following 9 projects:

1. Recreational Programming: Inclusiveness for Persons with Disabilities
 To provide staff training and consultation, targeted outreach and resource education to enhance the inclusiveness, accessibility and utilization of existing recreational programs by persons with disabilities at the Vinland Center in Loretto, Minnesota.
2. Environmental Education Outreach Program
 To assist the Metropolitan Waste Control Commission to develop a multi-discipline environmental science and mathematics curriculum for grades K-12, which can be team-taught by private sector volunteers, teachers, and Metropolitan Waste Control Commission (MWCC) volunteer staff.
3. Expanded Crosby Farm Park Nature Program - Environmental Education Program
 To assist the City of St. Paul to accelerate the nature study program established at the Crosby Farm Park utilizing the Como Zoo, Como Conservatory, and Crosby Farm Nature Park.
4. Multiple-Use Forest Management Learning Kit
 To assist the Deep Portage Environmental Learning Center to develop a multiple use forest management learning kit.
5. Project City Camp: Experimental Urban Environmental Education
 To assist the Pillsbury Neighborhood Services, Inc. to implement Project City Camp to help inner-city poor and minority youth and adults understand the urban environment and its impact on human development.
6. Outdoor Classroom to Improve Rural Environmental Education
 To assist the Faribault County Environmental Learning Center, Inc. to develop and use an outdoor classroom project using native Minnesotan vegetation to train instructors, educate youth and community members, and evaluate changes in environmental awareness.

7. Green Street: An Urban Environmental Awareness Project
 To develop a comprehensive, coordinated urban environmental educational project at the Science Museum of Minnesota which will be a core exhibit and outreach program focused on revealing the links between modern lifestyles and major environmental issues.
8. K-12 Wetland Field Study Program
 To assist the Heron Lake Environmental Learning Center to purchase, equip, and operate and ecology bus to deliver an interdisciplinary education program in Southwest Minnesota.
9. On-Line Museum: Computer and Interactive Video
 To assist the Science Museum of Minnesota in developing an interactive video database of selected cultural and natural history collections as a prototype for a unique learning experience in environmental education for museum visitors and school children.

By providing environmental education programs and by increasing environmental awareness of all Minnesotans, these programs contribute to the Minnesota Milestones goals to protect and enhance the environment, improve the quality of the air, water and earth, and improve opportunities to enjoy outdoor recreation resources. These programs will foster a new respect for the environment as a deeper understanding of our role in the natural world becomes part of our personal and collective values.

DESCRIPTION:

All programs are funded from the Minnesota Future Resources Fund except the On-line Museum Computer and the Green Street Project which are funded from the Minnesota Environment and Natural Resources Trust Fund. Recommended funding with carryover language for the 1994-95 biennium totals \$1,751,000. All funding is to the Commissioner of Education for contracting for services.

1. Recreational Programming: Inclusiveness for Persons with Disabilities
 \$160,000 to the commissioner of education for a contract to Vinland Center to enable persons with disabilities, like person without disabilities, to access and participate in all activities and programs offered at selected community-based recreational organizations in the metro area. This will be accomplished by training staff at the selected organizations to feel comfortable about and prepared to include persons with disabilities in their programs and by providing consultation to staff about adaptations needed to accommodate persons with disabilities. The selected organizations will be helped to develop an outreach plan designed to encourage persons with disabilities to participate in their programs. In turn, informational workshops will be offered to encourage persons with disabilities to participate in programs and activities offered at the selected organizations.

Training provided through this project will enable community-based recreational providers to understand the benefits of inclusion to persons both with and without disabilities, feel comfortable about working with persons with disabilities, and be prepared to provide services that meet everyone's needs.

Community-based facilities offering recreational programming will communicate to the disability community that their services are inclusive and that they not only can but want to include persons with disabilities. This information would serve to enhance the comfort level and interest among persons with disabilities about participating in these programs.

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PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0812 LEGISLATIVE COMMISSION MINNESOTA RESOURCES;
ENVIRONMENTAL EDUCATION

2. Environmental Education Outreach Program

\$215,000 to the commissioner of education for a contract to Metropolitan Waste Control Commission to develop and deliver, in partnership with engineering community volunteers and MWCC service area school systems, a curriculum of science and math subjects directly related to real-life MWCC projects. This program will serve as a catalyst to excite students about furthering their education in science and math through an in-depth look at environmental science. This project will integrate environmental education topics into the science curriculum of area schools, and help them help MWCC meet projected demands for environmental professionals.

3. Expanded Crosby Farm Park Nature Program - Environmental Education Program

\$91,000 to the commissioner of education for a contract to Crosby Farm Park to enhance year round nature programming for adults, children and families to be implemented at Como Zoo, and Como Conservatory in addition to the present programming at Crosby Nature Park. In addition, summer workshops for children K through 6, will also be offered at all three facilities. Interpretive exhibits at all three facilities will also be developed, including photos, slide and video shows, animals, and historic information. The increased personnel and additional facilities will enable this program to reach even more people than it does now. Special emphasis will be made to recruit participants at inner city schools, recreation centers, and day care centers. Volunteers will be recruited to help with all aspects of the program.

4. Multiple-Use Forest Management Learning Kit

\$15,000 to the commissioner of education for a contract to Deep Portage Environmental Learning Center to develop a hands-on, interactive, outcome-based learning kit depicting the Deep Portage multiple-use forest and wildlife management plan. Lessons will be developed and field tested by classroom teachers advised by professional resource managers. The Learning Kit will be used with school children, adults and participants in youth camps. Geographic Information System (GIS) data provided by the Cass County Land Department will be used to keep the kit current. The kit will be used on-site and loaned to schools at no charge.

5. Project City Camp: Experimental Urban Environmental Education

\$130,000 to the commissioner of education for a contract to Pillsbury Neighborhood Services, Inc. to develop an interactive urban environmental education experience using a "city camp" model. 166 racially and economically diverse urban teens and adults, including some with disabilities, will be engaged in interactive urban environmental education experiences using a "city camp" model. Over the two years, 19 program sessions will be conducted (each session is 5 or 7 days long and involves 8 participants and 2 adult leaders). These experiences prompt interaction among culturally diverse groups as they study, experience and participate in activities that address the relationship between urban economics and the environment (eg: waste management, lifestyles and living conditions, and minority perspectives on environmental issues).

6. Outdoor Classroom to Improve Rural Environmental Education

\$60,000 to the commissioner of education for a contract to Faribault County Environmental Learning Center, Inc. to provide a relevant environmental education program for rural citizens. Special emphasis will be placed on Faribault County soils and the natural vegetation systems which produced them. The project will develop an environmental learning site, educational packets for group leaders, and teachers, and evaluate changes in environmental awareness.

7. Green Street: An Urban Environmental Awareness Project

\$550,000 to the commissioner of education for a contract to Science Museum of Minnesota to develop Green Street project which intends not only to inform people, but also to motivate them to take corrective action. To that end, the Green Street laboratory will utilize youth interpreters, guest experts, actors, and demonstrators to stimulate people to act and to connect them directly with organizations interested in and committed to urban environmental issues and education. Green Street will provide users with convenient access to additional information and assistance. The Science Museum of Minnesota (SMM) will continue and strengthen the youth interpreter program that will begin in 1991 through funding from Northern States Power Company. The laboratory will recruit outside experts to use the Green Street exhibit as a space to discuss the connections between urban lifestyles and environmental issues and will oversee all museum-based programmatic elements of Green Street.

The Green Street project will develop a 45-minute school assembly program and an in-service teacher training program on an environmental issue with both urban and rural implications for presentation throughout Minnesota. Museum Magnet School and SMM's Museum on the Move program will work together to produce both a Magnet School-based exhibit or program and new school outreach programs. Teacher workshops and resource guides will be developed by the museum's education resources department.

8. K-12 Wetland Field Study Program

\$270,000 to the commissioner of education for a contract to Heron Lake Environmental Learning Center to refine the curriculum of the Prairie Wetland Field Study and implement use of the Ecology Bus with staff and volunteers who had been recruited, selected and oriented during the 1992-93 school year. The resulting use of the bus for school classes and youth groups will be regularly evaluated with the result being modification in bus operation, curriculum design and the development of contract arrangements with schools and organizations in the service area to ensure continuity of program.

9. On-Line Museum: Computer and Interactive Video

\$260,000 to the commissioner of education for a contract to Science Museum of Minnesota to create a touch-screen interactive video database for selected Minnesota cultural and natural history collections, providing a prototype for a unique learning experience in environmental education for museum visitors and schoolchildren.

This program will do the following:

- Establish system goals, integrate interactive video systems with existing ARGUS collections database, specify and purchase hardware.
- Capture digital images of selected objects from the museum's scientific collections and integrate ARGUS catalog information with images.
- Design and build prototype touch-screen interactive video console for public use. Install and test two units in SMM exhibit halls.

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0812 LEGISLATIVE COMMISSION MINNESOTA RESOURCES;
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OUTCOMES:

A. Program Effectiveness

Programs may be evaluated for effectiveness through a variety of methods: participant surveys, teacher/staff surveys; requests for repeat services; and pre-tests and post-tests of representative samples of users. Program evaluations will be used to monitor and adjust operations and services provided by the programs during the biennium in order to better meet participant needs.

B. Program Services/Statistics:

The funding amounts shown are 1994-95 biennial amounts. Funds will be expended over the two year period.

Program Funding (\$ in 000s)	F.Y. 1994*
1. Recreational Programming: Inclusiveness for Persons with Disabilities	\$ 160.0
2. Environmental Education Outreach Program	215.0
3. Expanded Crosby Farm Park Nature Program - Environmental Education Program	91.0
4. Multiple-Use Forest Management Learning Kit	15.0
5. Project City Camp: Experimental Urban Environmental Education	130.0
6. Outdoor Classroom to Improve Rural Environmental Education	60.0
7. Green Street: An Urban Environmental Awareness Project	550.0
8. K-12 Wetland Field Study Program	270.0
9. On-Line Museum: Computer and Interactive Video	260.0
Grand Total Funding	\$ 1,751.0

* Biennial Appropriation

PROSPECTS:

1. Recreational Programming: Inclusiveness for Persons with Disabilities

On a long-term basis, this project will be successful if: 1) there is a documented increase in the level of participation by persons with disabilities in the recreational programs at each selected organization; 2) there is an indication through feedback indexes of participant satisfaction with services at each organization and a way to resolve instances of consumer dissatisfaction; and 3) there is an ongoing commitment at each selected organization to uphold the improvements initiated through project activities and to maintain an inclusive environment

2. Environmental Education Outreach Program

Many students may not have met persons employed in the math, science, and engineering fields. This program provides students with opportunity to learn from specialists working in math, science, and engineering fields. Exposure to these specialists will create a better understanding of what their life may be like if they decide to pursue these disciplines.

This program will assist the teacher in providing lessons related to local projects. Students will learn the practical applications of mathematics and science through a multi-disciplinary environment. This should result in more students electing to take mathematics and science courses in high school thus qualifying them to continue in these studies in college.

3. Expanded Crosby Farm Park Nature Program - Environmental Education Program

At the present time, except for Crosby farm Nature Park, all of the nature parks in the metro region are located in suburban areas. Many inner city residents have not had the opportunity to experience nature in a manner many Minnesotans take for granted. This is mainly due to the fact that while Minnesota has many areas in which to enjoy nature, most of these areas are outside of the metropolitan area, and many inner city families lack the transportation facilities which would enable them to take advantage of these opportunities. While elementary students have had some exposure to nature through the environmental education curriculum offered in the school system, this has not helped the inner city residents who are not in the elementary school system. This enlarged nature program, comprising of Como Zoo, Como Conservatory, and Crosby Nature Park will give these residents and opportunity to participate in a nature experience not before available to them.

The proposed contract will enable the present program to continue, and to be enlarged to include the facilities as Como Zoo and Como Conservatory, in addition to Crosby Nature Park. An increase in staff as well as additional facilities will enable this program to reach even more people than it does now.

4. Multiple-Use Forest Management Learning Kit

Potential future proposals to LCMR may be related to curriculum applications of dispersion/displacement of game and non-game species in relation to multiple-use practices and/or effects of preserving old forest lands on the aforementioned.

5. Project City Camp: Experimental Urban Environmental Education

Current and previous work has focused on providing summer camp experiences for low income, inner-city youth and retreats and camping trips for a variety of other consumer groups. Though

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 0812 LEGISLATIVE COMMISSION MINNESOTA RESOURCES;
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these activities are important, they have the tendency to take the focus away from the urban environment; which reinforces the notion that the "environment" is somewhere outside of the city. Project City Camp will enable us to more clearly illustrate the interdependent links between urban reality and natural systems.

6. Outdoor Classroom to Improve Rural Environmental Education

Preservation of Minnesota's natural resources depends upon educating communities. Currently, South Central Minnesota offers limited opportunities for adults and youth to learn about Minnesota's native environment. With each generation, preservation of our soil is becoming more critical. With each generation, the memory that these soils were produced by natural systems is being lost. In the areas of the state with deep black soils, almost all of the natural systems which produced the soil have been destroyed. We must understand and appreciate where soils come from if we are going to solve these unique agriculture problems.

Environmental education is presently mandated by the state of Minnesota for all K-12 students. Due to lack of funds and instructional time, it is often difficult for schools to implement this mandate. This project will offer access to environmental education for all citizens of Faribault County.

7. Green Street: An Urban Environmental Awareness Project

Minnesota has many excellent interpretive facilities devoted to the interpretation and appreciation of the natural environment, but none that focus on the implications of the "artificial" urban landscape. Yet nearly 70% of all Minnesotans live in urban area. The environmental problems associated with modern American lifestyles are most evident in urban areas but their problems often are pervasive and extend far beyond the borders of our cities. Green Street will draw many of its examples from the Twin Cities, but the lessons of Green Street will be relevant to both urban and rural citizens. Green Street will provide one million adults, children and educators each year with special learning opportunities that will encourage them to grapple with environmental issues at home, at work, and at school. Green Street will be part of an expanded "Our Minnesota: Changing Landscapes" exhibit, which has received LCMR funding in the past. Green Street will build upon many of the exhibits and programs developed by H₂O Minnesota, an LCMR-supported project. Green Street will create products for members of the Environmental Exhibits Collaborative, a current LCMR project.

8. K-12 Wetland Field Study Program

The K-12 Prairie Wetland Field Study Program is an interdisciplinary environmental education program serving twelve counties of southwest Minnesota. This program will provide an important link between classroom study of environmental matters to on-site and hands-on experiences for both students and volunteers. As students learn how to collect and analyze scientific natural resource data, this data may be used in future management of Minnesota wetlands.

9. On-Line Museum: Computer and Interactive Video

SMM houses several hundred thousand outstanding natural history objects and specimens from Minnesota. Fossil sea life from the Iron Range, clams and crayfish from lakes and rivers, birds and mammals from pine forests and tall grass prairies; ancient and modern artifacts and costumes illustrating cultural diversity, all contribute to the environmental education story in the State.

This project will vastly increase our educational impact by making SMM environmental education collections more accessible to the public in a proven cost-effective manner. This project highlights biological extinction, biological diversity, endangered and threatened species, indicator species, and cultural diversity.

SMM has purchased and installed the ARGUS computer-assisted collection management system at a cost of \$100,000. This work builds on the existing ARGUS system by adding interactive video images of specimens to a catalogue database.

GOVERNOR'S RECOMMENDATION:

The Governor acknowledges the process and allocations of the LCMR; Commission recommendations are reflected in agency plans. However, the Governor encourages the Legislature to review allocations of LCMR funds within the context of the overall budget. The Governor has prepared alternative recommendations that build upon the Commission allocations in areas that coincide with the Governor's environmental priorities. See the LCMR section in the Environment and Natural Resources budget volume for overall comparison of Commission recommendations with the Governor's proposals.

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PROGRAM: 08 Other Education Programs
 AGENCY: Education Aids

 0813 SCHOOL BREAKFAST PROGRAM

 CITATION: M.S. 124.6472
 MDE ADMIN: 1404 Child Nutrition
 FEDERAL: 1226 School Breakfast Program

PURPOSE:

To provide state reimbursement to participating school food authorities for school breakfast programs. M.S. 124.6472 requires schools to offer a breakfast program if 40 percent or more of their lunches served in the second preceding school year were offered free or at reduced price.

This initiative for state funding will enable more schools to begin offering a breakfast program, and will help offset the financial losses being experienced by schools that offer the breakfast program, thereby providing for the financial health of these schools.

More specifically, the objectives of the School Breakfast Program are to:

- provide a daily breakfast that meets 1/4 to 1/3 of a child's recommended daily dietary allowance;
- eliminate mid-morning hunger and sickness frequently associated with failure to eat breakfast;
- enable children to be ready physically and psychologically to learn; children must have food first, then learning; and
- provide financial assistance for each breakfast served to children.

The School Breakfast Program contributes directly to Minnesota Milestones goals of

- our communities will be safe, friendly, and caring; and
- people who need help will receive it;

by providing a free breakfast to the increasing number of children living in poverty and a reduced price breakfast for children in families just above the poverty line.

DESCRIPTION:

The School Breakfast Program provides an often missed meal for children, whether due to poverty or other family circumstances. *Food for Thought* reported that one out of six grade school children in Minnesota had not eaten breakfast before coming to school. (Survey done in 1988 in 10 districts in greater Minnesota and one in Anoka County.)

School food authorities, i.e., public schools, private schools, and residential child care institutions, participating in the School Breakfast Program are reimbursed by the federal government (at the paid, reduced price, or free rate) for breakfasts served to eligible children. Rates of reimbursement are

established each year on July 1 by the United States Department of Agriculture, Food and Nutrition Services. Family size and income determine whether the student is eligible for a free, reduced price, or fully paid breakfast. Federal reimbursements received have not been sufficient to cover costs of free and reduced price breakfasts, nor keep the charge to the paying students at an affordable price, particularly in school districts with a low percentage of needy students that do not qualify for the severe need rate of reimbursement..

Breakfast programs are at a disadvantage because of economy of scale. During the last five years, F.Y. 1988-1992 (statistics below), schools not receiving the severe need rate of reimbursement had average breakfast costs exceeding the free reimbursement and the reduced price reimbursement plus charge to the students by 14.6 cents per meal, and schools receiving the severe need rate of reimbursement had average costs of 8 cents less per meal than the reimbursement received. The average charge to the paying student (severe need and non-severe need schools) was 59 cents, resulting in an average loss of 24 cents per breakfast on every fully paid breakfast served.

This initiative would provide state monies to reimburse non-qualifying severe need rate free and reduced priced breakfasts served at the severe need rate of reimbursement, thereby enabling non-severe need rate schools to cover their costs on free and reduced price breakfasts.

This initiative would also provide a state reimbursement, for all paid breakfasts served, at a rate equal to the difference between the severe need rate of free and reduced reimbursement and the severe need rate (17.75 cents in F.Y. 1993). This would increase student participation, provide financial assistance to families just above the poverty guidelines, keep the charge to the student at an affordable price, and enable the breakfast program to operate at a break-even level, thereby providing an incentive for schools to continue to offer and expand the breakfast program so that every needy child in the state has access to the program.

OUTCOMES:

A. Program Effectiveness:

The enactment of M.S. 124.6472 in 1989, effective in school year 1990-91, has resulted in 158 more school districts offering a breakfast program. The number of breakfasts served increased by 1.6 million from the 1990-91 school year to the 1991-92 school year, with a 50 percent increase in reduced price breakfasts, 30 percent increase in free breakfasts, and 20 percent increase in fully paid breakfasts; and average daily participation increased from 30,354 to 39,476. Recent studies in Massachusetts found that low income elementary school children participating in the School Breakfast program showed improvement in standardized achievement test scores, improved attendance rates, and reduced tardiness.

B. Program Services/Statistics:

The following statistics show the state average costs of breakfasts served by schools and the federal reimbursement received. Also see Program Budget 1226, Federal School Breakfast Program.

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 0813 SCHOOL BREAKFAST PROGRAM
 (Continuation)

(Amounts are in cents)			Federal Reimbursement ^(a) Per Free Breakfast				Federal Reimbursement per Paid Breakfast ^(c)	
Fiscal Year	Average Breakfast Cost	Average Student Payment	Non- Severe Need	Gain (Loss)	Severe Need ^(b)	Gain (Loss)		Gain (Loss)
1988	92.4c	54.0c	76.25c	(16.15)c	91.25c	(1.15)c	13.5c	(24.9)c
1989	97.7	56.0	79.25	(18.45)	94.75	(2.95)	14.0	(27.7)
1990	99.8	56.5	86.0	(13.8)	102.0	2.2	17.5	(25.8)
1991	110.6	61.5	89.75	(20.85)	106.75	(3.85)	18.25	(30.85)
1992	96.5	68.0	92.75	(3.75)	110.25	13.75	18.5	(10.)

- ^(a) The loss/gain on reduced price breakfasts would be the same as free breakfasts, provided the school charged 30 cents, the maximum allowed, for a reduced price breakfast.
- ^(b) A severe need school is a school that served 40 percent or more of its lunches in the second preceding year at free or reduced prices, and the cost of producing a breakfast is greater than the non-severe need of federal reimbursement; therefore, they receive a higher federal reimbursement for free and reduced price lunches served.
- ^(c) The federal reimbursement for paid breakfasts is the same for non-severe need; loss/gain is calculated by adding the federal reimbursement received to the student payment and subtracting the sum from average breakfast cost.

PROSPECTS:

Approximately 45 percent of the school districts are not offering a breakfast program. The number of breakfasts served is increasing in schools that do provide a breakfast program. The Report to the Governor of Minnesota from The Action for Children Commission states that one child in five now lives in poverty in Minnesota. Poverty can lead to poor nutrition, which can have permanently damaging effects on health and learning. Poor nutrition in the formative years and throughout childhood and adolescence is directly linked to poor performance in school. Therefore, since every one out of five children could benefit from the Breakfast Program, it is important that the program be offered and adequately funded.

OBJECTIVES F.Y. 1994-95:

With the addition of state funding for the School Breakfast Program, the objectives are that:

- the financial health of those schools currently offering the program will improve;
- a breakfast program will be offered to every child in need no matter how few students participate in a given building;
- the charge to the paying student will remain at or near the present charge; and

- the nutritional needs of Minnesota children will be better provided for and children at school will be ready to learn.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a new aid entitlement of \$700 for F.Y. 1994 and \$ 700 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$700 in F.Y. 1994 and \$ 700 in F.Y. 1995.

To operate this program and provide technical and administrative assistance, the Governor recommends appropriation language to allow up to 1 percent of the program funding to be used for technical and administrative assistance.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0813 SCHOOL BREAKFAST

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$0	\$0	\$0	\$0
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	0	0	0	0
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Funding for State School Breakfast Program Initiative			700	700
Total Policy Changes			700	700
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			700	700
APPROPRIATIONS BASIS:				
Current Year	0	0	700	700
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	0	0	700	700
LEVY AUTHORITY	0	0	0	0

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1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0814 RESTRUCTURED TEACHER PREPARATION AND LICENSING

CITATION: Laws 1992, Chapter 499, Article 8, Section 10
MDE ADMIN: 1409 Board of Teaching
FEDERAL: None

PURPOSE:

To restructure the system for teacher preparation and licensure in Minnesota by providing the resources necessary for the Board of Teaching to develop pilot projects for the expansion of teacher licensing requirements to a five-year program that includes a one-year supervised teaching internship. This initiative will allow the Board of Teaching to present to the 1998 Legislature, an evaluation of the pilot projects along with recommendations for statewide implementation of a restructured licensure model.

DESCRIPTION:

The 1992 Legislature authorized the Board of Teaching to begin the pilot projects during the 1993-95 biennium, identifying sites for the pilot projects, assisting school districts in creating professional development schools, and preparing staff at the pilot sites. The pilot projects will be prepared to be operational and begin admitting candidates for teacher licensure under the restructured model in F.Y. 1995.

The pilot projects will include, as a condition for licensure, a one-year internship in a public school following the completion of an approved teacher preparation program. The settings for the internships will be professional development schools, often referred to as clinical schools. Professional development schools are the education analogue to teaching hospitals, and serve the dual purpose of educating students and preparing teachers. The year-long supervised internship, during which time the knowledge and skills acquired in the teacher education program will be applied, will be an integral component of the restructured preparation and licensing system. Professional development schools in school districts will be exemplars of best practice, including staffing with a mix of highly expert professionals and teacher interns, and involving collaborative efforts between schools and teacher education institutions. The internship in these schools is designed to improve the practical preparation of teachers.

The restructured teacher preparation and licensing system focuses on the simultaneous renewal of pre K-12 schools and teacher preparation. There can be no significant change in pre K-12 education without reform in teacher preparation; conversely, teachers must learn how to teach in restructured schools. Professional development schools in the restructured model will serve existing student populations and be established in existing schools that are engaged in activities of school restructuring and redesign. Additional schools will not be created. Pilot projects in professional development schools will offer settings in which there will be opportunities for interns, public school teachers, and college and university faculty to experience and influence concepts of school renewal.

This program provides funding for the Board of Teaching to:

- Identify project sites, assist school districts in creating professional development schools, prepare staff at the pilot sites to work effectively in providing instruction and supervision to interns, and assist colleges and universities participating in the pilot projects in the redesign of teacher education programs
- Generate a number of models that require, as condition for licensure, a year-long supervised internship in a professional development school prior to granting teacher licensure. Each district model will design and develop opportunities, such as the following, for interns to:
 - a) Apply knowledge to the major tasks of teaching, including diagnosing students' needs, developing learning plans, delivering instruction, evaluating student progress, managing the learning environment, and other professional duties;
 - b) Experience an adequate variety of teaching situations, including variety in student age or grade levels, student learning characteristics, subject areas, student demographic or cultural characteristics, and types of communities; and
 - c) Reflect on and analyze teaching experiences.

OUTCOMES:

This program will provide for the initial development of a restructured teacher preparation and licensing system by:

- establishing a set of pilot professional development schools able to provide a clinical environment and structure to deliver the instruction and supervision necessary for teacher interns to demonstrate the knowledge and skills needed to teach before they are licensed to practice independently; and
- preparing pilot sites to be operational and begin admitting interns for teacher licensure in F.Y. 1995.

PROSPECTS:

This new system will result in more extensive, rigorous professional preparation and licensing of teachers, thereby assuring that all learners are provided effective instruction. If the restructured licensure model proves effective, the intent is to implement the model statewide by the year 2000.

The year-long supervised internship in professional development schools will provide the time and setting necessary for the restructured preparation and licensure system to increase the probability that those admitted to practice can indeed make appropriate decisions and teach effectively.

OBJECTIVES F.Y. 1994-95:

The Board of Teaching will work with identified school districts to create sites for the pilot projects that are based on district activity to restructure pre K-12 schools, and will assist colleges and universities participating in the pilot projects to redesign teacher education programs.

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0814 RESTRUCTURED TEACHER PREPARATION AND LICENSING
(Continuation)

The Board will continue to approve the pilot projects to admit candidates for teacher licensure during the 1995-97 biennium. The Board will present an evaluation of the pilot projects and recommendations regarding statewide implementation of the restructured licensure model to the education committees of the legislature by January 15, 1998.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 325 for F.Y. 1994 and \$ 325 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 325 in F.Y. 1994 and \$ 325 in F.Y. 1995.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0814 TEACHER PREPARATION (Bd. of T)

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$0	\$0	\$0	\$0
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	0	0	0	0
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Funding for Teacher Preparation Initiative (Bd. of Teaching)			325	325
Total Policy Changes			325	325
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			325	325
APPROPRIATIONS BASIS:				
Current Year	0	0	325	325
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	0	0	325	325
LEVY AUTHORITY	0	0	0	0

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0815 MINNESOTA STATE BOARD OF EDUCATION
MULTICULTURAL (INCLUSIVE) EDUCATION INITIATIVES

CITATION:
MDE ADMIN: 1410 State Board of Education
FEDERAL: None

PURPOSE:

There is a growing population of children and youth of color in Minnesota. There is considerable concern that the needs of these learners are not being met. This program will work to reduce bias and prejudice through increased knowledge about multicultural education and by providing forums for wider input by diverse groups into the education of their children.

The Minnesota State Board of Education (SBE) is committed to seeking statute changes that address the programmatic, policy, and educational needs of children and youth who are African-American, Asian-Pacific, and Hispanic.

The State Board of Education's multicultural or inclusive education initiatives, developed directly from the recommendations of learner task forces, will provide ways for school staff to create or improve educational opportunity, and for parents and community members to participate more fully in educational decision making.

To live and work in the twenty-first century, all professional staff and students need more and different learning experiences related to multicultural or inclusive education. These Minnesota State Board of Education initiatives contribute to the Minnesota Milestones goals of:

- valuing all cultures, races, and ethnic backgrounds;
- safe, friendly, and caring communities.

These initiatives are supported by the Governor, Lt. Governor, Commissioner of Education, and members of both the Minnesota House of Representatives and Senate. The initiatives contribute directly to enhancing both the quality and equality of educational opportunity for all students in Minnesota.

DESCRIPTION:

The SBE commissioned three learner task forces (Hispanic Learner Task Force, Asian-Pacific Learner Task Force, and the Curriculum Task Force on Educating the Black Learner) between 1988 and 1991 to address the educational needs of children and youth of those three cultural/ethnic groups. The 15-member task forces included representation from the respective communities of color, public school teachers and administrators, higher education professors, community liaisons, and advocates from community groups and organizations. The task force members gathered information from thousands of students, teachers, parents, extended families, and community

members across the state through public meetings, interviews, and questionnaires.

Each task force reported its findings and recommendations to the State Board of Education. They specified educational needs for African-American, Asian-Pacific, and Hispanic learners that include and go beyond curriculum issues inherent in the inclusive education program rule (MR 3500.0550). The SBE is committed that the task forces' recommendations be addressed as soon as possible, and it is recognized that the legislative proposals will require a multi-year implementation plan.

The SBE incorporated all of the task forces' recommendations into a comprehensive, long-range set of initiatives. The following four funding priorities were included in the task force reports: local (district) parent advisory committees; a state multicultural education advisory committee; an inclusive education resource center; and supplies and equipment for teachers in Limited English Proficiency (LEP) programs. While other multicultural education initiatives and activities are continuing, this legislative package will make a significant impact on the educational needs of Minnesota's children and youth.

1. Local Parent Advisory Committees

Parents from diverse cultural groups and communities of color are too often under-represented on district-level advisory committees. These committees will assure their input and perspectives on local education decisions.

The school board of a district in which there are twenty or more Asian-Pacific, Hispanic, or African-American children will establish a representative parent committee or committees. The functions of such committees will include:

- making recommendations in consultation with the district curriculum advisory committee;
- providing opportunities to express views on all aspects of education for students who have an Asian-Pacific, Hispanic, or African-American heritage;
- addressing the needs for adult education programs, self-advocacy, English as a Second Language (ESL), and early childhood programs for people in the three communities;
- having input into the district's inclusive education plan as defined by State Board of Education rules; and
- working in conjunction with local Community Integration Advisory Councils for districts required by SBE rules to submit an integration plan to the Minnesota Department of Education (MDE).

2. State Multicultural Education Advisory Council

As with local boards of education, the State Board of Education will have direct communication and interchange with persons who represent the viewpoints of the African-American, Asian-Pacific, and Hispanic communities.

Appointed by the Commissioner of Education, this council will advise the MDE and the SBE on multicultural education. The 9-member council will include a majority of representatives from African-American, Hispanic, and Asian-Pacific groups and community organizations. The council will provide information and recommendations related to the following and other areas:

- developing learner outcomes that are multicultural;
- MDE procedures for reviewing, approving and improving district inclusive education plans, curriculum and instruction improvement plans, and performance-based assessments; and disseminating information on multicultural education.

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0815 MINNESOTA STATE BOARD OF EDUCATION MULTICULTURAL (INCLUSIVE) EDUCATION INITIATIVES

3. Inclusive Education Resource Center

The resource center will provide teachers and other school staff with centralized information about and access to media materials that have an electronic technology focus. Human resources are equally important and the center will also provide networking and training opportunities.

An Inclusive Education Resource Center will be established within MDE. It will assist school districts, educational self-cooperative service units, education districts and other education organizations in meeting staff and learner needs for multicultural, gender/disability-fair library, media, and technology resources and inservice development.

Some of its projected functions include:

- establishment and maintenance of a statewide, inclusive, educational electronic database;
- ongoing communication with communities of color and organizations of persons with disabilities, as well as with diverse ethnic and cultural groups;
- development and supervision of a program of field testing of inclusive education material;
- contracting for multimedia software development, bulk purchasing or contract duplication; and
- development of training and inservice programs for school staff.

4. Limited English Proficiency Program Aid

Adequate and appropriate LEP supplies and equipment are necessary to successful language learning. This aid will provide for increasing and updating equipment and supplies. This initiative will expand the LEP aid formula to include supplies and equipment purchased or leased for use in the instruction of limited English proficiency students in the amount of 47 percent of the sum actually expended, but not to exceed an average of \$47 per school year per LEP pupil.

OUTCOMES:

A. Program Effectiveness:

1. Local Parent Advisory Committees

All school districts that meet the criterion of 20 or more students of African-American, Asian-Pacific, or Hispanic heritage will have established advisory committees by 1994-95.

2. State Multicultural Education Advisory Council

The Council will be established by 1994-95.

3. Inclusive Education Resource Center

- An electronic database will be accessible to constituents by 1994-95.

- Up to three inclusive education instructional projects (which may or may not include or be multimedia software) will be developed and in the field testing stage by 1994-95.
- Based on needs assessment, at least three training/in-service program for school staff will be developed by 1994-95.

4. Limited English Proficiency Programs Aid

Supplies and equipment will have been purchased as required by law and based on the amended aid formula

B. Program Services/Statistics

(\$ in 000s)	F.Y. 1994	F.Y. 1995
Local Parent Advisory Committees		
Number of Districts	50	50
Amount	\$ 25.0	\$ 25.0
State Multicultural Education Advisory Council	10.0	10.0
Inclusive Education Resource Center	100.0	100.0
Limited English Proficiency Aid for Supplies and Equipment (Appropriation required on 85-15% basis)	106.0	124.0
Total Amount	\$ 241.0	\$ 259.0

PROSPECTS:

The stability of the United States depends, in large measure, on the understanding and respect that citizens derive from a common educational experience. Changes in the relationships between and among human beings need to occur if the destiny in documents such as the United States Constitution and the Bill of Rights is to be attained.

We view our schools as an important base for knowledge about experiences in better human relationships. It is necessary that schools increase the equality of educational opportunities for all students. It is also necessary for schools to create an atmosphere for learning that is inclusive of all groups and individuals, regardless of race, culture, gender, or disability. This inclusiveness is to permeate the schools' policies, practices, programs, instructional methods, and materials. Also, knowledge of the complex causes and divisive consequences of prejudice; cultural, ability, and sex-role stereotyping; and other forms of discrimination/separatism; is to supplant existing myths and misconceptions.

OBJECTIVES F.Y. 1994-95:

Local Parent Advisory Committees

- F.Y. 1994
1. The committee membership process and functions will be formulated and local committees selected no later than December 31, 1993.
 2. The committees will begin functioning no later than January 31, 1994.

1994-95 Biennial Budget

PROGRAM: 08 Other Education Programs
AGENCY: Education Aids

0815 MINNESOTA STATE BOARD OF EDUCATION
MULTICULTURAL (INCLUSIVE) EDUCATION INITIATIVES

Based on these entitlements, the Governor recommends an appropriation of \$ 106 in F.Y. 1994 (\$ 0 for F.Y. 1993 and \$ 106 for F.Y. 1994), and \$ 124 in F.Y. 1995 (\$ 18 for F.Y. 1994 and \$ 106 for F.Y. 1995).

State Multicultural Advisory Council

- F.Y. 1994 1. The council membership process and functions will be formulated and the council selected no later than December 31, 1993.
2. The council will begin functioning no later than January 31, 1994.

Inclusive Education Resource Center

- F.Y. 1994 1. Resource staff will be hired no later than October 1, 1993.
- F.Y. 1995 1. The statewide inclusive education electronic database will be operational.
2. Communication network with groups and organizations representing communities of color, persons with disabilities, and women and men will be operational.
3. Up to six multimedia software development contracts will be granted.
4. Based on needs assessments of schools, a minimum of three training and inservice programs will be developed for school staff.
5. Inclusive education instructional materials, that may include multimedia software, will be developed and field tested.

Limited English Proficiency Program Aid

- F.Y. 1994 1. Supplies and equipment aid will be expended by districts with LEP programs.
- F.Y. 1995 1. Supplies and equipment aid will be expended by districts with LEP programs.

The accomplishment of these objectives will provide the base for these efforts to change educators' and learners' perspectives to become more inclusive.

GOVERNOR'S RECOMMENDATION:

1. The Governor recommends an aid entitlement of \$ 135 for F.Y. 1994 and \$ 135 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 135 in F.Y. 1994 and \$ 135 in F.Y. 1995.

The Governor recommends that this entitlement be apportioned as follows: \$25 each year for Local Parent Advisory Committees; \$10 each year for the State Advisory Council; \$100 each year for the Inclusive Education Resource Center.

2. The Governor recommends an entitlement of \$ 124 for F.Y. 1994 and \$ 124 for F.Y. 1995 for Limited English Proficiency supplies and equipment aid.

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

0815 MULTICULTURAL INITIATIVE (SBE)

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$0	\$0	\$0	\$0
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	0	0	0	0
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Local Parent Advisory Committees – \$25/yr.			135	135
State Advisory Council – \$10/yr				
Inclusive Education Resource Centers – \$100/yr				
LEP Supplies and Equipment Aid			124	124
Total Policy Changes			259	259
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			259	259
APPROPRIATIONS BASIS:				
Current Year			241 a)	241
Prior Year				18 b)
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	0	0	241	259
LEVY AUTHORITY	0	0	0	0

a) Includes three components at 100% current funding and the LEP supplies and equipment aid at 85%.

b) This is the 15% final adjustment appropriation for LEP.

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PUBLIC LIBRARIES (10)

1001 Libraries - Basic Grants
1002 Libraries - Cooperative Grants

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PUBLIC LIBRARIES

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1994-95 Biennial Budget

PROGRAM: 10 Public Libraries
 AGENCY: Education Aids

 1001 LIBRARIES - BASIC GRANTS

 CITATION: M.S. 134.30 - 134.36
 MDE ADMIN: 1407 Library Development and Services
 FEDERAL: 1222 Public Library Aid

PURPOSE:

To promote, encourage, and assist in the provision of public library services for every Minnesotan. Public libraries provide self-directed educational opportunities for learners of all ages. Grants are provided for development and operation of 12 regional public library systems to strengthen and improve public library services, and for statewide interlibrary loan and reference information services. Specific objectives of the program include:

- providing incentives for counties and cities to work together in regional public library systems, thereby improving and extending services to users at the most reasonable possible cost;
- promoting reading and use of library materials and use of information resources;
- sharing library materials within each region and statewide through interlibrary loan systems and reciprocal borrowing; and
- strengthening library materials collections to better meet the needs of the public.

This program contributes to the Minnesota Milestones goals of:

- providing and supporting excellence in basic academic skills;
- creating safe, friendly and caring communities;
- making rural areas, small cities and urban neighborhoods economically viable places for people to live and work;
- supporting advanced education and training to make the state a leader in the global economy; and
- making government in Minnesota more cost-effective with services designed to meet the needs of the people who use them.

DESCRIPTION:

The state-funded public library grant program consists of two types of grants established in state law. These grants are Regional Library Basic System Support and Interlibrary Exchange Grants.

State law requires that a regional public library system, to be eligible for a Regional Library Basic System Support Grant, must consist of at least 3 counties and must be designated by the State Board of Education as the appropriate agency to strengthen, improve, and promote public library services in the participating area. State law also requires that each governmental unit participating in a regional public library system must meet minimum levels of local support requirements and maintenance of effort. The minimum level of local support, revised by the 1992 Legislature, is .82% of the adjusted net tax capacity, or a per capita amount, whichever is less. The method of

calculating the per capita amount is established in statute. The per capita amount is \$7.62 in 1993; it is increased each year by 1/2 of the percentage of increase of the adjusted net tax capacity statewide. To maintain effort, a participating governmental unit must provide, for operating purposes for public library services, at least the dollar amount provided in the preceding year. During F.Y. 1993, 1994 and 1995, however, grants may be made if a unit maintains effort at the level of the second preceding year. This change was enacted by the 1992 Legislature.

Eligibility criteria for Regional Library Basic System Support are contained in Rules of the State Board of Education, Parts 3530.00200 - 3530.0700, and Parts 3530.0900 - 3530.1000. These rules establish application procedures and deadlines, amendment procedures and assurances by applicants. They require that the regional public library system employ a chief administrative officer who has had at least 2 years of public library administrative experience and has received the master's degree in library science from a library education program accredited by the American Library Association. The rules also require that the systems prepare, in each even numbered year, a 5-year long-range plan of service.

The formula for Regional Library Basic System Support Grants, as amended by the 1991 Legislature and effective in F.Y. 1993, is contained in M.S. 134.35. The formula allots 57.5% of available funds to the system in an equal amount per capita, 12.5% of available funds in an equal amount per square mile, 5% of available funds in an equal amount to each system, and 25% of available funds for equalization of funding from counties where the adjusted net tax capacity per capita falls below that state average adjusted net tax capacity per capita. Regional Library Basic Support Grants are made from federal and state funds.

Systems use these grant funds to operate public library services. In some systems, some of the funds are paid to participating public libraries for services they provide for the system, and in some systems, grants are provided to local participating libraries to strengthen and improve their services.

The Interlibrary Exchange Grants are paid to the Minnesota Higher Education Coordinating Board (HECB) to provide the services of the MINITEX Library Information Network to public libraries, and the St. Paul Public Library for services of the Public Library Access Network (PLANET). The amounts of the grants are determined annually through negotiation, and are based on costs for providing projected levels of services. Services provided by MINITEX are interlibrary loan from the University of Minnesota Libraries and other academic and government agency libraries, inclusion of public library holdings in the computerized Minnesota Union List of Serials, and back up reference service for answering reference questions that the local library lacks materials to answer. Services provided by PLANET are interlibrary loan from Twin Cities public libraries and private college libraries.

The 12 regional public library systems and the counties they serve are shown in Table 10-1.

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PROGRAM: 10 Public Libraries
 AGENCY: Education Aids
 1001 LIBRARIES - BASIC GRANTS
 (Continuation)

TABLE 10-1
 MINNESOTA REGIONAL PUBLIC LIBRARY SYSTEMS

Arrowhead Library System
Population 302,012

Carlton County
 Cook County
 Itasca County
 Koochiching County
 Lake County
 Lake of the Woods County
 St. Louis County

East Central Regional Library
Population 122,650

Aitkin County
 Chisago County
 Isanti County
 Kanabec County
 Mille Lacs County
 Pine County

Lake Agassiz Regional Library
Population 129,827

Becker County
 Clay County
 Clearwater County
 Mahnommen County
 Norman County
 Polk County
 Wilkin County

Great River Regional Library
Population 316,584

Benton County
 Morrison County
 Sherburne County
 Stearns County
 Todd County
 Wright County

Kitchigami Regional Library
Population 126,720

Beltrami County
 Cass County
 Crow Wing County
 Hubbard County
 Wadena County

Southeastern Libraries Cooperating
Population 423,807

Dodge County
 Fillmore County
 Freeborn County
 Goodhue County
 Houston County
 Mower County
 Olmsted County
 Rice County
 Steele County
 Wabasha County
 Winona County

Metropolitan Library Service Agency

Population 2,317,893
 Anoka County
 Carver County
 Dakota County
 Hennepin County
 Ramsey County
 Scott County
 Washington County

Northwest Regional Library

Population 49,565
 Kittson County
 Marshall County
 Pennington County
 Red Lake County
 Roseau County

Pioneerland Library System

Population 157,316
 Big Stone County
 Chippewa County
 Kandiyohi County
 Lac Qui Parle County
 McLeod County
 Meeker County
 Renville County
 Swift County
 Yellow Medicine County

Traverse des Sioux Library System

Population 216,710
 Blue Earth County
 Brown County
 Faribault County
 LeSueur County
 Martin County
 Nicollet County
 Sibley County
 Waseca County
 Watonwan County

Viking Library System

Population 111,640
 Douglas County
 Grant County
 Otter Tail County
 Pope County
 Stevens County
 Traverse County

Plum Creek Library System

Population 119,350
 Cottonwood County
 Jackson County
 Lincoln County
 Lyon County
 Murray County
 Nobles County
 Pipestone County
 Redwood County
 Rock County

OUTCOMES:

A. Program Effectiveness:

All Minnesotans have access to public library service. As of January 1, 1990 all 87 Minnesota counties are providing financial support for public library service and are participating in a regional public library system. Under M.S. 134.31, Subd. 4, public libraries provide annual reports to the Minnesota Department of Education (MDE) showing receipts, expenditures, service, and use of services for the fiscal year ending during the preceding calendar year.

Since regional, county, and city public library boards do not have the power to tax, they receive local appropriations from county boards of commissioners and city councils. In the 6 consolidated regional public library systems, these local funds along with state and federal aid funds are expended for operating public library services. In the 6 federated regional public library systems, most local funds are provided to county and city libraries for their operations. The federated regional public library systems expend state and federal funds, and those local funds received under service

1994-95 Biennial Budget

PROGRAM: 10 Public Libraries
AGENCY: Education Aids

1001 LIBRARIES - BASIC GRANTS
(Continuation)

contracts, for operation of cooperative services such as bookmobile service, interlibrary loan, delivery of materials, collection development, and centralized purchasing. The relationship to the Minnesota Milestones can be summarized as follows:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Public Library Services (000s)					

Public Library Services (000s)

Goal: Minnesotans will excel in basic academic skills.

Indicators/Statistics:

a. Items loaned by public libraries	40,923.4	42,151.1	43,415.6	44,718.1	46,059.6
b. State rank in public library lending per capita	4	4	4	4	4
c. Number of reference questions asked	5,491.4	5,656.1	5,825.8	6,000.6	6,180.6
d. State rank in reference questions per capita	4	4	4	4	4

Goal: Our communities will be safe, friendly and caring.

Indicators/Statistics:

e. Number of Friends of Libraries organizations	180	185	190	195	200
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Goal: Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work.

Indicators/Statistics:

f. Interregional reciprocal borrowing	221.1	227.7	234.5	241.5	248.7
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g. Interlibrary loan requests processed through Public Library Access Network (PLANET) and Minnesota Interlibrary Telecommunications Exchange (MINITEX)	78.8	81.2	83.6	86.1	88.7
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	F.Y. 1991	F.Y. 1992	F.Y. 1993	Current Law F.Y. 1994	F.Y. 1995
h. Interlibrary loan requests supplied by regional systems (Calendar Year)	290.5	299.2	308.2	317.4	326.9

h. Interlibrary loan requests supplied by regional systems (Calendar Year)

Goal: Government in Minnesota will be more efficient

Indicators/Statistics:

i. State rank in public library expenditures per capita	14	14	14	14	14
j. State rank in public library staff per capita	17	17	17	17	17
k. Number of people coming to public libraries	18,441.6	18,994.8	19,564.6	20,151.5	20,756.0
l. Number of people attending programs at public libraries	892.1	918.6	945.9	974.2	1,003.4
m. Items in public library collections	15,805.8	16,042.9	16,283.5	16,527.7	16,775.6

B. Program Services Statistics:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	Current Law F.Y. 1994	F.Y. 1995
1. State Grants (\$ in 000s)					

1. State Grants (\$ in 000s)

a. Regional library basic support grants

Number of grants	12	12	12	12	12
Expenditures	\$ 5,544.0	\$ 5,537.0	\$ 7,205.6	\$ 7,205.6	\$ 7,205.6

b. Grants for interlibrary exchange

Number of grants	2	2	2	2	2
Expenditures	\$ 573.3	\$ 581.0	\$ 612.4	\$ 613.4	\$ 613.4

Total number of grants	14	14	14	14	14
Total Expenditures	\$ 6,117.3	\$ 6,118.0	\$ 7,818.0	\$ 7,819.0	\$ 7,819.0

PROSPECTS:

Use of Minnesota public libraries is steadily increasing. There has been a 54.5% increase in the number of items loaned in the past decade. In recent years, growth in loans of materials to persons who live outside regional service areas indicates a growing need for services for working commuters, vacationers and other individuals who live near regional library boundaries.

1994-95 Biennial Budget

PROGRAM: 10 Public Libraries
AGENCY: Education Aids

1001 LIBRARIES - BASIC GRANTS
(Continuation)

Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$ 7,819 in F.Y. 1994 and \$ 7,819 in F.Y. 1995.

OBJECTIVES F.Y. 1994-1995:

Efforts will be made to maintain existing levels of programs and services.

Regional Library Basic System Support Grants will assist in funding public library services throughout Minnesota. Public library services will continue to be planned, coordinated and shared on a regional basis. Public demand for library service will continue to increase, and public library collections available to users will continue to grow. Materials in other libraries, including Twin Cities public libraries, private college libraries, University of Minnesota Libraries and government agency libraries will be available statewide through interlibrary loan programs. Projected levels of services are detailed in the Program Effectiveness Section.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 7,819 for F.Y. 1994 and \$ 7,819 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 7,819 in F.Y. 1994 (\$ 1,172 for F.Y. 1993 and \$ 6,647 for F.Y. 1994), and \$ 7,819 in F.Y. 1995 (\$ 1,172 for F.Y. 1994 and \$ 6,647 for F.Y. 1995).

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

1001 LIBRARIES – BASIC GRANTS

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$6,118	\$7,818	\$7,819	\$7,819
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	6,118	7,818	7,819	7,819
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			7,819	7,819
APPROPRIATIONS BASIS:				
Current Year	5,201	6,646	6,647	6,647
Prior Year	917	917	1,172	1,172
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	6,118	7,563	7,819	7,819
LEVY AUTHORITY	0	0	0	0

1994-95 Biennial Budget

PROGRAM: 10 Public Libraries
AGENCY: Education Aids

1002 LIBRARIES - COOPERATION GRANTS

CITATION: M.S. 134.351 - 134.354
MDE ADMIN: 1407 Library Development and Services
FEDERAL: None

PURPOSE:

To encourage the systemic and collaborative provision of library and information services, available to all Minnesotans, through linkages of academic, public, school, and special libraries. Collaborating libraries within seven multicounty, multitype library cooperation systems develop mutual programs that strengthen the service capacity each participating library can offer to its primary local users. These cooperative systems bring together the human, material and information resources and services that support all levels of education, learning and decision-making in Minnesota. Specific objectives of the program include:

- developing regionwide long-range plans that address needs of the region and determine priority actions to best meet needs with available library and information resources;
- developing and operating ways to share library and information resources among participating libraries;
- developing and operating systems for communication among participating libraries;
- developing and operating systems for delivery of materials and information among participating libraries; and
- encouraging the development of common machine-readable bibliographic databases that support information sharing and exchange.

Through these objectives/results, this program contributes to the Minnesota Milestones goals of:

- providing and supporting excellence in basic academic skills;
- creating safe, friendly and caring communities;
- making rural areas, small cities and urban neighborhoods economically viable places for people to live and work;
- supporting advanced education and training to make the state a leader in the global economy; and
- making government in Minnesota cost-efficient and services designed to meet the needs of the people who use them.

DESCRIPTION:

Within the general purpose and qualifying program areas, each multicounty multitype library system develops and operates services tailored to the needs of its region. All systems operate programs that allow participating libraries to extend and improve the services they provide to users at a cost lower than would be possible if each library were operating independently. Examples of services are improved communication among the library and information community, interlibrary loan and

reference backup, building of machine-readable bibliographic databases and electronic communications systems, delivery of library materials and information between libraries, and staff development opportunities.

Multicounty multitype library systems use operating grants to initiate, operate, or contract for planned service programs. A formula established in State Board of Education rule establishes 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.

State law empowers the State Board of Education to approve the establishment of multitype library systems and their geographic boundaries. To join a system, a participating library signs an organizational agreement providing for: 1) sharing of library resources, 2) long range planning, 3) development of a delivery systems among libraries, 4) development of bibliographic databases, and 5) a communication system among libraries. State law requires that each multitype library system file an annual report with the Minnesota Department of Education (MDE) on projects conducted with grant funds. State rules establish grant application procedures. They also require each system to file a 5-year long-range plan. Public libraries participating in a multitype library system also are required to participate in their regional public library system.

The 7 multicounty multitype library systems operating in Minnesota and the numbers of participants are identified in Table 10-2.

TABLE 10-2
MULTICOUNTY MULTITYPE LIBRARY SYSTEMS

Central Minnesota Libraries Exchange

Office: St. Cloud
 Number of Participants: 122
 Academic 9
 Public 2
 School 87
 Special 24

Metronet

Office: St. Paul
 Number of Participants: 166
 Academic 26
 Public 13
 School 46
 Special 81

North County Library Cooperative

Office: Virginia
 Number of Participants: 96
 Academic 10
 Public 31
 School 34
 Special 21

Northern Lights Library Network

Office: Alexandria
 Number of Participants: 145
 Academic 13
 Public 15
 School 101
 Special 16

Southcentral Minnesota Interlibrary Exchange

Office: Mankato
 Number of Participants: 80
 Academic 6
 Public 11
 School 50
 Special 13

Southeast Library System

Office: Rochester
 Number of Participants: 96
 Academic 11
 Public 29
 School 49
 Special 7

(continued on next page)

1994-95 Biennial Budget

PROGRAM: 10 Public Libraries
 AGENCY: Education Aids
 1002 LIBRARIES - COOPERATION GRANTS
 (Continuation)

TABLE 10-2
 MULTICOUNTY MULTITYPE LIBRARY SYSTEMS
 (continued from previous page)

Southwest Area Multicounty Multitype
 Interlibrary Exchange

Office: Marshall
 Number of Participants: 113
 Academic 9
 Public 17
 School 76
 Special 11

OUTCOMES:

A. Program Effectiveness:

This program provides resources to encourage systemic and collaborative activities of libraries throughout Minnesota. Specifically, this program focuses on the following outcomes:

1. Access to Information
 Access to information becomes more equitable because resources, which are spread across diverse collections, become available to individuals other than those with primary access to only their local library.
2. Access to Technology
 Technologies that are not feasible within the budget of one library are achievable when shared within a regional system.
3. Increase Use of Library Resources
 Knowing what is in a remote library promotes sharing those resources and increases their use.
4. Increase Staff Effectiveness
 Skills of service staff and their effectiveness in meeting public needs are strengthened through pooling and sharing expertise to learn from one another.
5. Increase Responsiveness to Community Needs
 The experience of organizing and negotiating collaboration prepares library staff for new challenges; it develops problem solving skills and exercises creativity to find solutions within available resources.

B. Program Services Statistics:

	Current Law				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
1. Equity of Access					
Participating Library Jurisdictions	788	818	825	830	835
Participating Service Outlets	1794	1864	1875	1885	1900
2. Affordable Technologies					
Machine-Readable Catalog					
Records (000s)	13,408	15,008	17,620	21,000	26,000
Access to Regional Databases -					
Access Points	400	682	800	1,000	1,300
Electronic Messaging Systems -					
Uses	1,300	5,767	6,500	10,000	13,000
3. Expanded Resource Sharing					
Interlibrary Transactions	35,000	37,800	41,000	45,000	51,000
Reference Questions Referred	7,500	7,378	8,000	8,600	9,200
4. Service Skill & Effectiveness					
Continued Education Attendance	1,800	1,721	1,800	2,000	2,500
Program Participation Updates -					
Transmissions	25,000	27,450	29,770	31,400	33,050
5. Collaborative Problem-Solving					
Shared Activities	102	113	117	122	127
6. Expenditures (000s)	\$ 256.0	\$ 527.0	\$ 527.0	\$ 527.0	\$ 527.0

PROSPECTS:

As a changing environment drives all Minnesotans to continue their learning across the lifespan, the demand for library services continues to grow. As education shifts to results-oriented, individualized learning plans, students require increased and varied resources. As communities actively encourage new businesses and develop strategies for economic growth, the resources of localities must be tied to information not only statewide but also nationally. The cooperative library system allows local libraries to access resources from distant collections. The systems support the need for specialty information for individual interest, for continued learning, and for economic development.

The increase in participation of libraries in multitype library systems indicates acceptance and recognition of benefits that result through collaboration. The multitype library systems offer a low cost method by which libraries are able to increase services to their communities. Libraries collaborating in this program will continue to expand their interlibrary system, reference information systems, and delivery services, and there will be additional efforts to initiate electronic mail systems for increased communication among participants.

Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$ 527 in F.Y. 1994 and \$ 527 in F.Y. 1995.

1994-95 Biennial Budget

PROGRAM: 10 Public Libraries
AGENCY: Education Aids

1002 LIBRARIES - COOPERATION GRANTS
(Continuation)

OBJECTIVES F.Y. 1994-1995:

Efforts will be made to maintain existing levels of programs and services.

Multitype Library Cooperation Operating Grant funds will support planning and operation of cooperative activities among libraries of all types. An increasing number of libraries will cooperate in multitype library systems. Regional database building to support resource sharing will continue. Interlibrary sharing of materials, information and staff expertise among libraries of all types will increase. Staff development activities will strengthen the knowledge and skills of library personnel. Projected level of services are detailed in the Program Effectiveness Section.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$ 527 for F.Y. 1994 and \$ 527 for F.Y. 1995.

Based on these entitlements, the Governor recommends an appropriation of \$ 527 in F.Y. 1994 (\$ 79 for F.Y. 1993 and \$ 448 for F.Y. 1994), and \$ 527 in F.Y. 1995 (\$ 79 for F.Y. 1994 and \$ 448 for F.Y. 1995).

EDUCATION AIDS – GOVERNOR'S BUDGET

(Dollars in Thousands)

1002 LIBRARIES – COOPERATIVE GRANTS

	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993	GOVERNOR'S F.Y. 1994	REC. F.Y. 1995
AID ENTITLEMENT BASIS (Implied by FY 92/93 Appropriations)	\$527	\$527	\$527	\$527
ENTITLEMENT CHANGES PER CURRENT LAW:				
CURRENT ENTITLEMENT	527	527	527	527
FUNDING EXCESS/DEFICIENCY				
POLICY CHANGES RECOMMENDED				
Total Policy Changes				
AID ENTITLEMENT (Implied by FY 94/95 Appropriations)			527	527
APPROPRIATIONS BASIS:				
Current Year	448	448	448	448
Prior Year	38	79	79	79
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	486	527	527	527
LEVY AUTHORITY	0	0	0	0

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DISCONTINUED/NONRECURRING PROGRAMS (11)

1100 State and Federal Categorical Aid Programs

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DISCONTINUED/NONRECURRING PROGRAMS

1994-95 Biennial Budget

PROGRAM: 11 Discontinued/Nonrecurring Programs
AGENCY: Education Aids

1100 STATE AND FEDERAL CATEGORICAL AID PROGRAMS

PURPOSE:

The budget process requires a report of discontinued education aids or grants if there is any expenditure in F.Y. 1991, F.Y. 1992, or F.Y. 1993.

	F.Y. 1991	(\$ in 000s) F.Y. 1992	F.Y. 1993
A. State Programs			
ECFE program Evaluation	\$ 14.0		
Expanded ECFE Program & Evaluation	385.9		
Target Student Survey	43.0		
Evaluate Drug Prevention	74.1		
Math-Science Task Force	59.5		
Target Program Grants & Evaluation	399.1		
Curriculum & Technology Integration	555.7		
PER Process Aid	1,035.7		
Restructure R & D	744.7		
Restructure Assistance	246.0		
Leadership Program (#695)	30.0		
Administrators Academy	167.0		
Tobacco Use Prevention	557.1	93.2	
Teacher Centers (Bd-T)	208.9		
Alternative Licensure - Mentorship (Bd-T)	128.7		
Career Teacher Aid	276.6		
Exceptional Need			
ECSU Cash Flow Loans			
Legislation Commission—Public Education	147.0		
Telecommunication Grants	80.0	160.0	
Transition Task Force (Tech College)		40.0	
Facilities Planning (#518)			\$ 25.0
Violence Prevention Grants			1,450.0
Adult Education - Basic Skills Evaluation			75.0
<u>ECFE - Violence Prevention</u>			<u>500.0</u>

(State Programs, continued)

(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993
Cooperation-Combination			
Facilities Planning			100.0
Minnesota Education			
Agric. Leadership			12.0
LCMR—Environmental/			
Natural Resource Trust		745.7	404.3
Liability Insurance	15.6	13.1	26.8
Unemployment Compensation	8.2	2.1	27.9
*Total State Programs	\$ 5,270.0	\$ 960.9	\$2,121.0

B. Federal Programs			
Student Follow-up	67.0	21.0	
School Bus Safety		38.0	
Secondary Vocational for			
Special Needs	565.0	—	—
Secondary Vocational for			
Incarcerated Youth	51.0	—	—
SLEAG Legalization			
Impact Assistance	40.0	30.0	43.0
Total Federal Programs	723.0	89.0	43.0

C. Programs Transferred to Agency Budget
The following programs are now included in the Minnesota Department of Education Agency Budget:

School Facilities Review	\$ 39.5
School Facilities Inspection	200.0
Library System—Faribault	15.2
Library Catalog System	43.0
Library Materials	10.5
Arts Planning Assistance	37.6
Handicapped Transition Office	84.9
Health Wellness Curriculum	19.8
Total Transferred to	
MDE agency budget	\$ 450.5

*For F.Y. 1992, \$425.7 was from Fund 3 (Minnesota Environment & Natural Resources Trust Fund) and \$320.0 was from Fund 13 (Minnesota Future Resources Fund). For F.Y. 1993, \$404.3 was from Fund 3 (Minnesota Environment & Natural Resources Trust Fund) and \$ 0.0 was from Fund 13 (Minnesota Future Resources Fund).

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FEDERAL PROGRAMS

FEDERAL PROGRAMS (12)

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FEDERAL PROGRAMS

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1201 SPECIAL EDUCATION - INDIVIDUALS
 WITH DISABILITIES

CITATION: Individuals with Disabilities Act. (P.L. 101-476)
MDE ADMIN: 1305 Special Education

PURPOSE:

- To insure that all individuals with disabilities (ages birth to 21 years) have available to them a free appropriate public education which includes specially designed instruction and related services to meet their unique needs;
- To insure that the rights of individuals with disabilities and their parents are protected;
- To assist states and localities to provide for the education of individuals with disabilities; and
- To assess and insure the effectiveness of efforts to educate individuals with disabilities.

The specific program objectives are the same as stated under 0301 Special Education Regular. 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, to the full array of postsecondary education programs available.

DESCRIPTION:

Minnesota receives an annual federal grant based on an un-duplicated child count which is taken by school districts on December 1 of each year and submitted to the Minnesota Department of Education (MDE). The December 1 child count is used to determine the state's entitlement for the subsequent school term. States are required to allocate a minimum of 75% of the state grant to local school districts on an entitlement basis. Minnesota allocates approximately 80% to local school districts and retains 5% for central administration of the program and 15% for state initiated discretionary projects. Operation of the P.L. 101-476 Grant Program is as follows:

- the Minnesota Department of Education (MDE) must submit to the federal office a State Plan that ensures all learners with disabilities are identified and receive a free appropriate education before funds are released to the state;
- the State Plan is submitted to the Federal Office of Special Education for approval every three years or amended if changes occur prior to the renewal date;
- requirements of the State Plan include provision for nondiscriminatory testing, educating learners with disabilities with those without disabilities to the extent appropriate, to include parent in decision making, and assure due process protection under the law;
- the state allocates 80% of P.L. 101-476 funds to local school districts. The law requires at least 75% flow through to school districts;
- MDE retains 5% of the P.L. 101-476 allocation for central administration of the program; and
- MDE retains 15% of the P.L. 101-476 funds for discretionary or state initiated projects.

Priorities include:

- a. regional low incidence projects to stimulate services for children and youth who have vision or hearing impairments, physical handicaps, severe or profound mental handicaps, multi-handicaps or autistic behavior;
- b. comprehensive System of Personnel Development (CSPD) to complement local district, higher education and state efforts in CSPD;
- c. meetings or regional directors of discretionary projects to strategically plan for and administer regional special education discretionary projects;
- d. studies of special education program effectiveness that are designed to increase research and data analysis skills of district personnel;
- e. providing support for the State Office of Monitoring and Compliance;
- f. initiating projects to support innovative or new ideas for enhancing special education services; and
- g. miscellaneous expenditures for state supported technical assistance to develop guidelines, curriculum, and to provide in-service to targeted groups.

OUTCOMES:

A. Program Effectiveness:

Federal P.L. 101-476 funds can be used only to supplement those services which have previously been provided with state and local funds. In other words, federal funds cannot pay for special education services or activities, on a district basis or statewide basis, that have been previously supported with state and local funds. These federal funds may be used for the expansion of special education services to the degree the school district entitlement allows.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of districts	432	423	411	411	411
Total funding	\$ 27,315	\$ 30,046	\$ 30,046	\$ 30,046	\$ 30,046
Allocation of funds:					
Aid to school districts	\$ 21,852	\$ 24,037	\$ 24,037	\$ 24,037	\$ 24,037
Administration	1,366	1,502	1,502	1,502	1,502
Discretionary low incidence projects	1,667	1,667	1,667	1,667	1,667
Other discretionary grants	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
Total allocations	\$ 26,885	\$ 29,206	\$ 29,206	\$ 29,206	\$ 29,206

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

1994-95 Biennial Budget

PROGRAM: 12 **Federal Programs**
AGENCY: **Education Aids**

1201 **SPECIAL EDUCATION - INDIVIDUALS**
 WITH DISABILITIES

PROSPECTS:

The number of students with disabilities will continue to increase primarily in the areas of emotionally disturbed and early childhood special education. These funds are critical in supporting the expansion of special education services for these children.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1202 SPECIAL EDUCATION - PRESCHOOL INCENTIVE

CITATION: Individuals with Disabilities Act. (P.L. 101-479, Section 619)
MDE ADMIN: 1305 Special Education

PURPOSE:

To provide funds for direct and support special education services for children 3 - 5 years of age, who have disabilities, and their families. Preschool grant funds must be used for new and expanded programs and cannot be used to supplant programs previously funded with state and local funds.

The specific program objectives are the same as stated under 0301 Special Education Regular. 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, to the full array of postsecondary education programs available.

DESCRIPTION:

Minnesota receives an annual federal preschool incentive grant based on an un-duplicated count of learners ages 3,4, and 5 which is taken by school districts on December 1 or each year. The December 1 count is used to determine the state entitlement for the subsequent school term. Operation of the grant program in Minnesota is as follows:

- the state retains 5 percent of the grant for central administration of the program;
- the state retains 20 percent of the grant for discretionary or state initiated projects in preschool activities;
- 75 percent of the grant flows to local school districts;
- funds may be used by local education agencies to employ staff, purchase supplies and equipment, provide personnel development; and
- discretionary funds support regional resource personnel and interagency efforts to assure a comprehensive system of special instruction and services for young children with disabilities.

OUTCOMES:

A. Program Effectiveness:

All school districts in Minnesota receive preschool incentive funds either individually or through a cooperative arrangement.

- the December 1, 1991 child count for children, ages 3 - 5 was 8,994.

- pre-school children receive special education services in center based programs, public schools and in the home setting.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Statistics					
Number of districts	432	423	411	411	411
Total funding	\$5,855.0	\$6,800.0	\$7,224.0	\$7,224.0	\$7,224.0
Allocation of funds					
Entitlement funding	4,341.0	4,852.0	5,500.0	5,500.0	5,500.0
Discretionary grants	950.0	1,100.0	1,200.0	1,200.0	1,200.0
Total	\$5,291.0	\$5,952.0	\$6,700.0	\$6,700.0	\$6,700.0

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

PROSPECTS:

The number of young children with disabilities needing special education services is expected to continue to increase but at a slower pace for the next few years.

- children who have been exposed to alcohol and other chemicals prior to birth are expected to increase, and
- the number of services required by these children to address their educational needs are expected to increase due to the severity of their disabilities.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

The Governor recommends that administration of this program be transferred to the Children's Services Division of the Department of Children and Education Services.

1994-95 Biennial Budget

PROGRAM: 12 Federal Program
AGENCY: Education Aids

1203 SPECIAL EDUCATION - INFANTS AND TODDLERS

CITATION: Education Consolidation Improvement Act, Chapter I (P.L. 102-170)
MDE ADMIN: 1406 Special Education

PURPOSE:

To provide a comprehensive interagency, multi-disciplinary, early intervention system for young children with disabilities, from birth through age 2 and their families.

Early intervention services for eligible young children and their families may include early identification, screening and assessment, family training, counseling, and home visits, early childhood special education, case management, nutrition, audiology, speech and language services, health services, occupational therapy, physical therapy, and psychological services.

The specific program objectives are the same as stated under 0301 Special Education Regular. 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, to the full array of post secondary education programs available. This program supports the Minnesota Milestones priorities to reduce the high school dropout rate by providing education programs that are appropriate to the unique education needs of individuals with disabilities and by preparing these individuals to be independent, productive and responsible adults.

DESCRIPTION:

Minnesota receives an annual federal grant (Part H) based on the number of annual live births in Minnesota. This program provides for the establishment of regional interagency committees to assist in the development of services and to coordinate local interagency efforts to assure a comprehensive system of special education services for young children with disabilities and their families. The interagency effort also prevents duplication of agency services.

Services for young children with disabilities generally occur in the home or, for a small number, in a center based program or residential facility.

OUTCOMES:

A. Program Effectiveness:

The infants and Toddlers program provides the resources for the development and implementation of statewide policies to ensure the availability of appropriate early intervention service for young children with disabilities and their families. The Minnesota Department of Education (MDE) has the responsibility for federal administration, supervision and monitoring of the various programs and services provided to young children with disabilities. MDE, along with representatives from Health

and Human Services and the Governor's Interagency Coordinating Council on Early Childhood Intervention, define, develop, and implement policies for definition, child find, individual family services plans, case management, comprehensive system of personnel development (CSPD), monitoring, financial responsibility, procedural safeguards for families, dispute resolution procedures, and interagency agreement. Ninety-eight community interagency early intervention committees (IEICs) identify and coordinate resources and assure the development of individual plans and services for eligible young children and their families.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

(\$ in 000s)	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Children served (birth - age 2)	1,880	2,199	2,312	2,367	2,411
Aid to districts, agencies					
private organizations	\$0.0	\$1,692.0	\$1,979.0	\$1,979.0	\$1,979.0
Funds for interagency					
cooperation/coordination	<u>0.0</u>	<u>78.0</u>	<u>78.0</u>	<u>78.0</u>	<u>78.0</u>
Total Funding	\$0.0	\$1,770.0	\$2,057.0	\$2,057.0	\$2,057.0

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

The number of infants and toddlers identified on December 1, 1991 child count is 2,230.

Services for young children with disabilities generally occur in the home or, for a small number, in a center based program or residential facility.

PROSPECTS:

The number of infants and toddlers eligible to receive special education services is expected to increase for the next few years, but at a slower pace. Issues currently under discussion by state agencies, the Governor's Council on Children, and the early intervention committees include the level of services to be provided young children and their families, financial responsibility for providing services and implications of providing early intervention services throughout Minnesota.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

The Governor recommends that administration of this program be transferred to the Children's Services Division of the Department of Children and Education Services.

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
 AGENCY: Education Aids
 1204 SPECIAL EDUCATION - DEAF/BLIND
 CITATION: Education for the Handicapped Act
 Part-C, Section 622 (P.L. 101-476)
 MDE ADMIN: 1305 Special Education

PURPOSE:

- To initiate and improve statewide educational services for deaf-blind children, birth to age 22;
- To provide transition services for Minnesota youth and young adults with deaf-blindness as they move from secondary special education to post-secondary education, employment and community living.
- The specific program objectives are the same as stated under 0301 Special Education Regular. 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, to the full array of postsecondary education programs available.

DESCRIPTION:

Minnesota receives a grant from the United State Department of Education for implementing the Part-C, Section 622 (P.L. 101-476) of the Deaf-Blind program.

The Department of Education contracts, in part, with Intermediate School District #916, to achieve the program objectives which include:

- Assisting children birth to 22 to receive education services in the least restrictive environment;
- Identifying and addressing the in-service needs of teachers, parents, personnel, and Local Education Agency special education coordinators;
- Working with Advisory Council; and
- Implementation of interagency collaboration to effect systems change;

MDE is responsible for administering the funds for general supervision of the grant to Intermediate School District #916.

OUTCOMES:

A. Program Effectiveness:

- Minnesota has developed a family enrichment weekend for individuals with deaf-blindness and their families. This is an inter-agency effort that includes approximately 150 families, volunteers and staff.
- Provide direct assistance and support to school districts serving individuals with deaf-blindness; and
- Collect data annually for the Minnesota Registry on deaf-blindness.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Total Funding (000's)	\$ 159.0	\$ 178.0	\$ 212.0	\$ 212.0	\$ 212.0

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

PROSPECTS:

Currently, the following projects are in progress:

- Development of a statewide training program on emergency care procedures for First Responders to utilize with individuals with deaf-blindness with 22 other agencies and programs;
- Development of a functional assessment center in conjunction with the Faribault State Academics; and,
- Implementation of a new requirement under federal law that the state must provide direct services to children and youth with deaf-blindness residing on Indian Reservations.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

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PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1205 HANDICAPPED IN RESIDENT FACILITIES
HANDICAPPED NEGLECTED DELINQUENT IN RESIDENT
FACILITIES

CITATION: Education Consolidation Improvement Act (P.L. 102-170)

MDE ADMIN: 1305 Education Consolidation Improvement Act, Chapter 1 (P.L. 100-297)
Special Education

PURPOSE:

I. HANDICAPPED IN RESIDENT FACILITIES

The purpose of the P.L. 102-170 federal funds is to provide financial assistance to state agencies for instructional programs designed to meet the special education needs of three groups of individuals with disabilities. These funds are targeted for individuals whose programs are delivered in state operated programs, those individuals who transfer from a state operate program back to a local school district and to children birth through two years of age.

State operated programs include the State Academies, state hospital programs and services for children birth through two years who need special education services. These funds are supplemental to any state funds received by the state operated programs in recognition of the high cost programs provided by these facilities due to the severity of the population served.

The specific program objectives are the same as stated under 0301 Special Education Regular. 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, to the full array of postsecondary education programs available.

II. HANDICAPPED NEGLECTED DELINQUENT IN RESIDENT FACILITIES

To provide financial assistance to correctional facilities in Minnesota to meet the special education needs of neglected and/or delinquent children.

DESCRIPTION:

I. HANDICAPPED IN RESIDENT FACILITIES

A large number of individuals benefiting from P.L. 102-170 supplementary educational funds are residents of the State Academies and Regional Treatment Centers. However, many of those who are eligible may attend classes in the local district in which the State Operated Program (SOP) is located. The second largest group of P.L. 102-170 recipients are transfer students from State Operated Program and are now receiving services in various local districts throughout the state. Operation of the program in Minnesota is as follows:

- services are provided to emotionally disturbed, mentally retarded, deaf, visually impaired, deaf-blind and multiply disabled;
- funds are utilized for full and partial payment for 24 service provider positions including teachers, human service technicians, physical therapists, occupational therapists and teacher aides;
- the children and youth eligible for funds under this Act are not eligible for funds under the Individuals with Disabilities Act (IDEA), P.L. 101-476; and
- the Minnesota Department of Education (MDE) is responsible for the administration of the program, including program review and monitoring.

II. HANDICAPPED NEGLECTED DELINQUENT IN RESIDENT FACILITIES

Federal funding is based on the number of youth assigned to state correctional institutions for whom the state provided an educational program during the prior year. Operation of the program in Minnesota is as follows:

- funds are used to supplement the basic education program for youth under 21 years of age; and
- funds are used to provide grants to state correctional institutions at Red Wing, Sauk Centre, Willow River and St. Cloud.

The specific program objectives are the same as stated under 0301 Special Education Regular. Special education programs and services are designed to prepare individuals with disabilities whose education needs range from self care skills, to independent living skills, to preparation for sheltered employment or employment in the community to the full array of postsecondary education programs available.

OUTCOMES:

A. Program Effectiveness:

I. HANDICAPPED IN RESIDENT FACILITIES

A large number of individuals with disabilities benefiting from P.L. 102-170 supplementary education funds are residents of the State Academies and state hospital programs. In 1991, children with disabilities, ages birth through two years of age, became eligible to be counted under this source of funds. This added 1,883 individuals as eligible under this program for 1992-93.

- Services are provided to individuals of all disabilities; however, recipients of these funds tend to have more severe and sometimes multiple disabilities;
- funds are utilized for full and partial payment for staff positions, supplies, materials and equipment and staff development activities;
- the individuals with disabilities eligible for funds under this Act are not eligible to be counted under Individuals with Disabilities Act (P.L. 101-476); and
- MDE is responsible for the administration of the program, including application and program review and monitoring.

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PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1205 HANDICAPPED IN RESIDENT FACILITIES
HANDICAPPED NEGLECTED DELINQUENT IN RESIDENT

II. HANDICAPPED NEGLECTED DELINQUENT IN RESIDENT FACILITIES

In the 1991-92 school year, 526 persons were eligible for Chapter I services and 344 received services. The ethnic and racial breakdowns were as follows:

American Indian	47
Asian	2
Black	88
Hispanic	12
White	195
Total	344

Ninety-two students served were between the ages of 14 and 16 years of age; 252 were between the ages of 17 and 20. Of the students receiving services, 201 were enrolled in reading classes and 218 received extra help in mathematics.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

I. HANDICAPPED IN RESIDENT FACILITIES

1,863 children, ages birth through two years, benefitted from this program in 1991-92.

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Pupil Count	387	387	387	387	387
Number of Districts or Agencies	34	34	34	34	34
Total Funding (000s)	\$ 210.0	\$ 210.0	\$ 210.0	\$ 210.0	\$ 210.0

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

II. HANDICAPPED NEGLECTED DELINQUENT IN RESIDENT FACILITIES

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Pupils Served	342	342	342	--	--

Entitlement Funding (000s) \$ 256.0 \$ 256.0 \$ 256.0 -- --

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

PROSPECTS:

I. HANDICAPPED IN RESIDENT FACILITIES

There is discussion in the Congress as to whether the funds allocated to this program should be shifted into the P.L. 101-476 program since the two programs serve individuals with disabilities. However, this funding source has increased for Minnesota because of the eligibility of children birth through 2. There is also an argument that this funding source needs to remain and continue to be separate because of the severity of disabilities of the individuals served under this program.

II. HANDICAPPED NEGLECTED DELINQUENT IN RESIDENT FACILITIES

There is a continuing need for correctional programs to serve adjudicated, Neglected and Delinquent (N & D) youth in Minnesota.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1206 CHAPTER 1

CITATION: Education Consolidation Improvement Act,
Chapter 1, (P.L. 100-297)

MDE ADMIN: 1303 Special Programs

PURPOSE:

Chapter 1 is a federal program funded under the Education Consolidation and Improvement Act. Five program components are authorized through the Act. They include:

1. Chapter 1, Basic: To provide supplemental services to students in Pre-Kindergarten through 12 who are educationally disadvantaged in the areas of communications, mathematics and higher order thinking skills.

Specific objectives of Chapter 1, Basic are to:

- increase success in the regular classroom through coordination of supplemental services with classroom instruction and curriculum;
 - provide for the involvement of parents in the education of their children;
 - identify and serve students who are not functioning at a level appropriate to their age;
 - to establish learner outcomes as well as the use of a nationally normed achievement test for evaluation purposes at a district level;
 - provide the staff development and materials necessary to ensure a successful program; and
 - coordinate with the state funded Assurance of Mastery (AOM) program to maximize the services available for these at-risk students and to increase the number of students receiving services.
2. Program Improvement: To identify schools not meeting their own evaluation standards and to develop and implement a program improvement plan based on an assessment of the program by administrators, classroom teachers, Chapter 1 staff and parents.
 3. Capital Expenditure: To encourage the participation of nonpublic students in Chapter 1, and to reimburse school districts for non-instructional expenses incurred in delivering Chapter 1 services to nonpublic students.
 4. Neglected or Delinquent: To provide supplementary instruction in reading and mathematics to students, ages 5-21, who have been adjudicated neglected or delinquent, and have been placed in a locally operated residential institution for such students.
 5. Even Start Family Literacy Programs: To improve the educational opportunities of children and adults by integrating early childhood education, adult education and parenting education into a unified program.

DESCRIPTION:

1. Basic Chapter 1:

The Chapter 1 program provides federal funds for supplemental services to help educationally disadvantaged students to help them succeed in the regular classroom, attain grade level proficiency, and improve achievement in basic and higher order thinking skills. Although the funds are allocated to state and local education agencies on the basis of data reflecting economic deprivation, children from eligible attendance areas are selected to participate in the program on the basis of academic performance which is substantially below grade level in the skill areas of communication and mathematics.

The state entitlement as well as district entitlements are based on economic data. Data include number of foster care children and children from homes receiving Aid to Families with Dependent Children (AFDC) funds. Services are based on educational needs with priority given to those children who are in greatest need. Each district submits a program application which describes the criteria used to identify students, number of public and nonpublic students to be served, the program model, how Chapter 1 staff will coordinate with the classroom instruction and curriculum, staff development to be provided, parental involvement component, an evaluation design, and a budget.

Districts may use federal Chapter 1 funds to match AOM state aid. Districts which use Chapter 1 to match AOM state revenue must meet all Chapter 1 requirements as well as the AOM requirements. During the 1991-92 school year, approximately 205 school districts used a total or partial amount of Chapter 1 funds to match AOM revenue.

2. Program Improvement:

The Minnesota Department of Education (MDE) state plan for program improvement sets minimum aggregate students achievement for schools providing Chapter 1 services. If a school does not meet these standards, based on an annual evaluation of academic achievement, the school must develop a local plan to improve student performance. Districts may apply to MDE for grants to implement program improvement efforts and activities. Grants are awarded based on the needs and activities described in the local action plan and the availability of funds. Districts are also provided special technical assistance to help them assess their Chapter 1 projects and develop the local action plan. These technical assistance activities are also supported by the program improvement funds.

3. Capital Expense:

The Chapter 1 Capital Expense funds are used for two purposes:

- pay districts for ongoing noninstructional costs to provide service to nonpublic students; and
- to pay for anticipated noninstructional costs due to an increase in the numbers of nonpublic students to be served.

Districts apply to MDE for reimbursement of costs incurred during the school year. Grants are awarded for current expenditures and to purchase or rent mobile units or portable classrooms to increase the number of nonpublic students served.

4. Neglected or Delinquent:

Instructional services provided to these students are operated by the local school district in

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(Continuation)

which the institution is located. No federal funds under this program flow directly to the institution, nor may these funds may be used to provide any state-mandated educational requirements.

The allocations for the institutions are determined similarly to those for the Chapter 1 Basic programs. In order to be eligible for an allocation, local institutions must submit a project application indicating services that are for children at the specific center generating the allocation. The application is written and administered by the staff of the school district in which the institution is located.

5. Even Start Family Literacy Programs:

Local education agencies, or community-based organizations in cooperation with education agencies, are eligible to apply for this discretionary grant. Grants are awarded for no more than four years and require a local match of at least 10 percent in the first year, increasing by 10 percent in each of the remaining years.

OUTCOMES:

A. Program Effectiveness:

1. Chapter 1 Basic:

Chapter 1 is the largest federally funded instructional program. Through the combined efforts of Chapter 1 and AOM, approximately 60 percent of the total number of eligible students will receive service in 1992-93.

In school year 1990-91, approximately 75 percent of eligible students received supplemental services in reading and 61 percent in mathematics. Based on an annual testing cycle, students gained an average of 4.7 Normal Curve Equivalents (NCE) in reading and 6.7 in mathematics on a nationally normed achievement test. The use of NCE enables the many different nationally normed tests which districts use to be aggregated and averaged.

2. Program Improvement:

Forty nine schools were identified for program improvement in school 1989-90 and 109 schools were identified in school year 1990-91. Two day workshops for building teams were held four times during the school year for the purpose of assisting them in assessing their programs and developing plans for improving services to Chapter 1 students. Schools identified must show that services provided are effective in assuring that Chapter 1 students are succeeding in the regular classroom.

3. Capital Expenditure:

In its landmark 1985 decision of Aguilar v. Felton, the U.S. Supreme Court prohibited public school employees from providing onsite instruction to private school students. As a result, school districts were required to provide alternative ways of providing Chapter 1 services to nonpublic students. To provide Chapter 1 services to nonpublic students, most districts bussed or walked private school students to nearby public schools; some rented space at neutral sites; a few purchased or built portable classrooms which were located close to, but off the premises of the nonpublic school. Despite the efforts by districts, nonpublic student participation declined sharply. In addition, the costs of the alternative delivery systems were a direct charge to the district's Chapter 1 program thus reducing funds for other instruction. The Capital Expense portion of the Chapter 1 program is an attempt to encourage participation of nonpublic students by providing grants for noninstructional equipment and services involved in delivering service to private school students and to reimburse districts for prior administrative expenditures.

No academic performance reporting is required by the federal government. Success of this component of Chapter 1 is measured by the increase in nonpublic students participating in Chapter 1 programs. Program evaluation requirements applied to nonpublic students are the same as for public school students.

4. Neglected or Delinquent:

The U.S. Department of Education does not require standardized testing for evaluation for local neglected or delinquent Chapter 1 projects. Many of the institutions provide short-term care, where the average length of stay is 2 to 3 weeks. These programs do not lend themselves to accepted qualitative measures of student progress. In long-term care institutions, where the length of stay is 6 months or longer, the growth rate of students receiving Chapter 1 service is approximately 1 month's growth for each month of service.

5. Even Start Family Literacy Programs:

Even Start programs were first funded in 1989-90. Programs were administered by the U.S. Department of Education. Fiscal Year 1992-93 will be the first year that Even Start programs are administered by state education agencies. Evaluation of the through programs which currently exist in Minnesota will be available at the end of the four years.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

1. <u>Chapter 1 Basic:</u>	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
A. Students participating (unduplicated count)					
Pre-Kindergarten	0	100	150	200	300
Kindergarten	7,829	8,220	8,631	9,062	9,515
Grade 1	14,012	14,712	15,448	16,220	17,031
Grade 2	13,633	14,314	15,029	15,781	16,570

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(Continuation)

(continued)	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Grade 3	11,728	12,314	12,930	13,576	14,265
Grade 4	8,134	8,540	8,967	9,416	9,886
Grade 5	6,033	6,334	6,651	6,983	7,333
Grade 6	4,150	4,357	4,575	4,804	5,044
Grade 7	1,728	1,814	1,905	2,000	2,100
Grade 8	1,190	1,249	1,311	1,377	1,446
Grade 9	432	453	476	501	525
Grade 10	168	176	185	194	204
Grade 11	107	112	117	123	130
Grade 12	63	66	69	73	76
Total	69,207	72,667	76,300	80,115	84,121

B. Staff employed, full-time equivalent (FTE)

Teachers					
Number	1,509	1,539	1,569	1,601	1,633
FTE	928	946	965	984	1,004
Instruction aides					
Number	2,594	2,697	2,805	2,917	3,034
FTE	1,523	1,583	1,647	1,712	1,780
Total					
Number	4,103	4,236	4,374	4,518	4,657
FTE	2,451	2,529	2,612	2,691	2,784

C. Entitlement funding
(\$ in 000s) \$ 55,284.0 \$ 62,601.0 \$ 67,214.0 \$ 70,574.0 \$ 74,103.0

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

2. Program Improvement

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Grants Awarded	71	120	120	120	120
Entitlement Funding	130.0	155.0	253.0	258.0	263.0

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

3. Capital Expense:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
(\$ in 000s)					
Number of Reimbursement Grants	39	20	2	--	--
Number of Advance or Current Funding Grants	28	41	58	69	83
Total Number of Grants Awarded	67	64	60	69	83
Entitlement Funding	\$ 737.0	\$ 1,037.0	\$ 1,150.0	\$ 1,173.0	\$ 1,196.0

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

4. Neglected or Delinquent:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
(\$ in 000s)					
A. Entitlement Funding	\$ 850.0	\$ 894.3	\$ 956.2	\$ 1,200.0	1,400.0
B. Institutions Participating*					
Institutions	65	65	65	65	65
School districts	28	28	28	28	28
C. Students Participating (unduplicated count)					
Pre-Kindergarten	0	0	0	0	0
Kindergarten	3	3	3	3	3
Grade 1	2	2	2	2	2
Grade 2	13	13	13	13	13
Grade 3	24	24	24	24	24
Grade 4	42	42	42	42	42
Grade 5	49	49	49	49	49
Grade 6	133	133	133	133	133
Grade 7	292	292	292	292	292
Grade 8	423	423	423	423	423
Grade 9	485	485	485	485	485
Grade 10	409	409	409	409	409
Grade 11	233	233	233	233	233
Grade 12	82	82	82	82	83
Total	2,190	2,190	2,190	2,190	2,190

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(Continuation)

(Neglected or Del., continued)

*Entitlement included in ECIA Basic Grants

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

5. Even Start:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
1. Number of programs	3	4	4	5	6
2. Total amount of \$ (000s)	\$ 500.0	\$ 740.4	\$ 740.4	\$ 800.0	\$ 1,000.0

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

PROSPECTS:

1. Chapter 1 Basic:

The Chapter 1 Act is up for reauthorization this fiscal year. It is expected that major program changes will be made however; the growth in Chapter 1 funding is expected to continue thereby increasing the number of students served. Major efforts will continue in the following areas:

- coordination with AOM;
- coordination with the regular classroom teacher/curriculum;
- the use of learner outcomes to identify students and evaluate the success of the program;
- the use of different teaching techniques, approaches, and materials so that lessons are adapted to the learning style of individual students;
- parental involvement so that parents become more involved in the education of their children; and
- coordination with special education where possible.

2. Program Improvement:

Major emphasis will be placed on the intent and appropriation for Program Improvement as reauthorization efforts move towards flexibility and accountability.

3. Capital Expenditure:

The Chapter 1 Act is up for reauthorization this fiscal year. It is expected that major program changes will be made however; the growth in Chapter 1 funding is expected to continue thereby increasing the number of students served. Major efforts will continue in Chapter 1 Capital Expense projects.

4. Neglected or Delinquent:

Due to the short-term services provided, no major trend or changes are projected for this program.

5. Even Start:

Congress has and will continue to place major emphasis on this program based on the importance of early intervention as well as the importance of meeting the needs of the family. It is expected that Even Start will see major increases in funding.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

The Governor recommends that administration of the Even Start Family Literacy Program be transferred to the Children's Services Division of the Department of Children and Education Services, and administration of all remaining programs in this activity be transferred to the Basic Education Division of the Department of Children and Education Services.

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PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1207 MIGRANT EDUCATION

CITATION: Education Consolidation Improvement Act, (1981)
Chapter 1

MDE ADMIN: 1303 Special Programs

PURPOSE:

To provide compensatory and remedial instruction to eligible migrant students whose families migrate from state to state seeking agricultural employment. The primary focus of the program is on the development of oral language, reading, and mathematic skills.

DESCRIPTION:

This program serves mainly elementary and secondary age students, and also assists students who qualify for General Education Development (GED) programs, other adult basic education, or vocational programs.

Local school districts in areas of heavy migrant population concentrations conduct the program. The program uses local school district facilities and personnel as well as instructional personnel from Texas and from the migrant stream. Education programs are designed to serve approximately 4,500 eligible migrant students ranging in age from 3-21 years. Local project services include instructional and support services appropriate to the needs of the students.

Funding to districts conducting migrant education projects is determined by past fiscal expenditures, number of students to be served, and program scope. It is allocated through annual grants. The Migrant Education program is primarily a summer activity administering 13 projects statewide. In addition, 13 supplemental tutorial programs are funded each year for migrant students who attend Minnesota schools during the regular school year.

Implementation of migrant education program involves the following:

- state and local parent advisory councils which encourage active parental participation;
- staff development to increase the ability of staff to meet the needs of these students;
- evaluation of the instructional program; and
- interstate and intrastate cooperation efforts between Texas, where most of our migrant students come from, and Minnesota Department of Human Services, Tri-Valley Opportunity Council, Inc., West Central Migrant Projects, and Minnesota Migrant Health Services, Inc.

Currently, Minnesota serves migrant students in 13 summer sites through intensive 6-9 week programs. Individual supplemental services are provided to students whose parents remain here for a short period of time in the fall or who arrive here late in the spring, and to students whose families have chosen to leave the migrant stream and settle in Minnesota.

Nine summer programs offer an evening program which serves students in Grades 7 through 12. The major emphasis of the secondary evening program is to provide students and opportunity to earn credit or to accumulate hours toward partial credit in order to fulfill high school graduation requirements in their home state.

Migrant students suffer from the triple disadvantage of poverty, constant mobility and, for most, poor English language skills. Migrant students as a group are widely recognized as the most disadvantaged of all groups.

OUTCOMES:

A. Program Effectiveness:

Because these students are mobile and attend summer school in Minnesota for a 6-9 week period of time, the use of test scores is not an appropriate measure of success.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

The following facts were used as an indicator of success for the 1991 summer program:

- 80% of the total students identified were served;
- 87% of age 6-11 students identified were served, and 45% of the 12-17 age students received services;
- 45% of the Grade K-8 students met 3 out of 5 objectives in oral language;
- 65% of the Grade K-8 students read one or more books;
- 85% of the Grade K-8 students gained more than one month's growth in mathematics;
- 85% of the secondary students completed at least 1/2 credit;
- 1,733 students received dental screening, and of these 245 received dental treatment;
- 1,415 students received vision screening, and of these 69 received glasses; and
- 1,543 students received hearing screening, and of these 55 were referred for hearing evaluations.

(\$ in 000s)	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Number of Districts					
Summer	13	13	13	14	14
School Year	14	14	14	16	16
Number of students served					
Age 3-5	935	727	749	749	749
Age 6-11	1,937	1,740	1,760	1,760	1,760
Age 12-17	786	695	710	710	710
Age 18-21	<u>144</u>	<u>1120</u>	<u>160</u>	<u>160</u>	<u>160</u>
Total	3,802	3,282	3,379	3,379	3,379
Entitlement funding	\$ 1,900.0	\$ 1,800.0	\$ 1,900.0	\$ 1,900.0	\$ 1,900.0

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PROGRAM: 12 Federal Programs
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1207 MIGRANT EDUCATION
(Continuation)

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

PROSPECTS:

A major focus of the migrant program in the future will be to increase the number of students served, particularly at the secondary level. Because migrant students are mobile, moving 2 to 3 times per school year, better use of technology is a priority. Such technology includes:

- The Migrant Student Record Transfer System;
- The Technology In Migrant Education (TIME);
- Computer and Whole Language;
- Computer and High Level Thinking Skills;
- Computers and Math;
- Secondary Credit Exchange;
- Management Reports; and
- Education and Health Record-Usage at local levels.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1208 EMERGENCY IMMIGRANT EDUCATION

CITATION: Emergency Immigrant Education Act
(P.L. 96-511)

MDE ADMIN: 1303 Special Programs

PURPOSE:

To provide support for school districts for supplementary educational services to immigrant children.

DESCRIPTION:

Funds received under this federal program may be used to meet the costs of providing supplementary educational services, including English language instruction, other bilingual education services, special materials and supplies, and inservice training for personnel.

Federal funds are available to school districts in which the number of immigrant children enrolled is equal to at least 500, or is equal to at least 5% of the total number of children enrolled. Immigrant children are defined as children who were not born in a state, and who have been attending schools in one or more states for less than three complete academic years. Children classified as refugees are not eligible.

OUTCOMES:

A. Program Effectiveness:

Based on the federal eligibility criteria, Minnesota districts, St. Paul, Minneapolis, Magnolia, Moorhead, and Worthington were eligible to apply for funds.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
(\$ in 000s)					
Districts	2	5	4	4	4
Immigrant students	2,889	3,108	3,100	2,800	2,800
Funding level	\$ 113.1	\$ 122.5	\$ 120.0	\$ 115.0	\$ 110.0

Note: Funding levels shown in the statistical table may differ from the expenditures shown on the

federal program fiscal summary page due to fund carryover provisions and statewide accounting period closing requirements.

PROSPECTS:

Funds under this program have steadily decreased. Currently, four school districts have enough immigrant students to qualify for these funds.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1209 SECONDARY VOCATIONAL

CITATION: Carl D. Perkins Vocational and Applied Technology Act of 1990
(P.L. 101-392)

MDE ADMIN: 1302 Instructional Design

PURPOSE:

1. **Basic:**

To provide 16-21 year old learners identified as members of special populations (academically and/or economically disadvantaged, including foster children, having a disability, of limited English proficiency, in correctional institutions, or participating in programs designed to eliminate sex bias) with vocational education that:

- is of such size, scope, and quality as to be effective;
- integrate academic and vocational education in such programs through coherent sequences of courses so that students achieve both academic and occupational competencies; and
- provide equitable participation in such programs for the special populations consistent with the assurances and requirement of the Act.

The intent of this vocational grant program is to provide educational opportunities for students from special populations to explore careers, have opportunities to gain specific job skills, and prepare for postsecondary education choices.

2. **Consumer and Homemaking Education:**

The purpose is to:

- improve, expand, and update consumer and homemaking education programs with emphasis on students in economically depressed areas and traditionally under-served populations; and
- address priorities and emerging concerns at the local, state, and national level.

This includes instructional programs in the areas of food and nutrition, individual and family health, consumer education, family living and parenthood education, child development and guidance, housing, home management and clothing and textiles.

The intent of this program is to improve curriculum so that learners will be able to address critical conditions of the home and family which they face now and will face in the future. The program strives to improve family, community and work-role performance of the learners.

3. **Single Parent:**

To provide teenage single parents with an opportunity to complete a secondary education through

which they must acquire marketable, vocational skills. The specific objectives of this program are to:

- provide a vocational assessment/evaluation process to ascertain the appropriate vocational area of study for the student;
- assure an appropriate personalized learning plan for each student based on the educational and vocational assessment tools administered;
- establish a process to ensure child care services to enable the student to regularly attend school;
- identify and provide transportation alternatives to enable the student to attend all school educational activities that could provide provisions for accommodations for the offspring of the student;
- establish a system to coordinate all eligible services between agencies and institutions that provide services to teenage single parents; and
- establish a system to provide counseling to facilitate the transition from the high school to the post-high school situation that best fulfills the student's needs.

The intent of the teenage single parent program is to ensure opportunities for teenage single parents to complete their high school programming through which they can obtain marketable vocational skills.

4. **Sex Equity:**

To provide funding for specialized secondary vocational projects designed to reduce gender bias and sex equity stereotyping through grants to school districts working on cooperation with other agencies. In addition, this program provides services, comprehensive career guidance, and counseling and activities to eliminate stereotyping in secondary vocational education.

DESCRIPTION:

The Federal Carl D. Perkins funding amount is based on the allocation to the State of Minnesota by the federal government. The funding is then allocated to Minnesota Department of Education (MDE) and the technological colleges by an agreement between the Minnesota State Board of Education and the State Board of Technical Colleges. MDE awards grant proposals or allocates federal entitlements to eligible recipients per federal regulations. Grant awards are made available to eligible recipients for providing vocational programs and services to special populations which meet the assurances of the federal vocational act.

1. **Basic:**

The federal law defines criteria for learners defined as special populations. In addition, the law also requires equitable state and local matching of the federal funds on a statewide basis.

The federal law provides criteria for services and activities for special populations who participate in vocational education programs.

2. **Consumer and Homemaking Education:**

Consumer and Homemaking Education federal funds are distributed to school districts and higher education institutions by a competitive grant process for the development of exemplary curriculum,

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
 AGENCY: Education Aids
 1209 SECONDARY VOCATIONAL
 (Continuation)

inservice and dissemination of materials developed and evaluation of the projects. Funds are used for state leadership for teachers through workshops, newsletters and technical assistance. In addition, the state level leadership for the Minnesota Association of Future Leader/Future Homemakers of America (FLA/FHA) is funded with these federal dollars.

3. Single Parent:

Special programs/projects are designed to serve single teenage parents enrolled in secondary vocational education programs. The federal funds available for these services at the secondary level is determined by a cooperative agreement between the State Board of Education and the State Board of Technical Colleges. The funds are distributed under a grant program in which local education agencies (LEAs), in cooperation with other organizations serving single teenage parents, agree to provide supplemental services to increase their employment opportunities.

The teenage single parent program is based on a Request for Proposal (RFP) process that provides each school district with flexibility, yet ensures accountability of delivery of the services. The districts must show evidence of how they ascertain the grade level of the student; ensure training in the appropriate vocational skills area; and provide individual learning plans to participate in this program. The district may provide for child care for the student while the student is involved in the educational activities, provides transportation to ensure that the parent and child are transported to and from the educational sites, and ensures there is cross-agency interaction. The district must also provide counseling to assist each student in the transition from the secondary programs to employment or postsecondary education. The district also ensures that the plan, providing the teenage single parent services, is reviewed with the local Private Industry Council.

4. Sex Equity:

The sex equity funding is based on request for proposal (RFP) process that provides recipients with funds to carry out programs and services to reduce gender bias.

OUTCOMES:

A. Program Effectiveness:

1. Basic:

Grants recipients must provide vocational programs and services to learners who are members of special population groups. Based on data collected through needs assessments, each recipient must identify goals and objectives that will lead to the improvement of vocational programs/services for these learners.

Beginning with the federal reauthorization in F.Y. 1992, new criteria required that applicants submit proposals as consortiums rather than individual school districts. This resulted in a smaller number of awards.

Beginning in the 1992-93 school year, each recipient must annually evaluate the effectiveness of the particular projects, services, and activities receiving assistance under the Act. The evaluation must be based on the standards and measures developed by the state board in accordance with federal guidelines.

If, beginning not less than one year after implementing the program evaluation, a recipient determines, through annual evaluation, it is not making substantial progress in meeting the standards and measures the recipient must plan for program improvement for the succeeding school.

2. Consumer and Homemaking Education:

Consumer and homemaking have continued to be involved in program development and improvement of instruction and curricula through workshops and regional support groups. Learner outcomes have been developed through this process and work is progressing on curriculum integration and redesign. Leadership activities have been provided for 7,000 FHA/Future Leaders of America members. A regional network system has been organized in 14 regions involving 400 teachers in regional meetings. Work continues to involve more teachers in this process.

3. Single Parent:

Participation in this program has increased since the federal Carl D. Perkins Act began providing set-aside funds for this purpose. In F.Y. 1991, 41 schools participated in the teenage single parent program. For F.Y. 1992, 41 schools have requested to participate in this program.

4. Sex Equity:

This program funds about 16 projects each year. Recipients of grants provide models of curriculum to reduce gender bias and sex stereotyping in secondary vocational education, which are to be replicated for use by all districts providing vocational education in Minnesota. A marketing plan was adopted to promote the availability of nontraditional vocational education programs. This promotion effort accounts for the large increase in students served beginning in F.Y. 1991.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

(\$ in 000s)

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
1) <u>Basic:</u>					
Programs Funded	100	28	28	28	28
Students served	5,870	6,000	6,500	6,500	6,500
Entitlement Funding	\$593.9	\$940.0	\$2,264.0	\$2,692.0	\$2,692.0
(continued on next page)					

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

 1209 SECONDARY VOCATIONAL
 (Continuation)

(continued)(\$000s)	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
2) <u>Consumer and Homemaking Education:</u>					
Curriculum development/					
Program Improvement	\$75.0	\$93.0	\$136.0	\$166.0	\$207.0
Youth development/Leadership	95.0	95.0	95.0	95.0	97.0
State leadership & administration	56.0	37.0	28.0	28.0	28.0
Total allocations	\$226.0	\$226.0	\$259.0	\$289.0	\$336.0
(\$ in 000s)	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
3) <u>Single Parent:</u>					
LEAs Funded	41	23	20	20	20
Students Served	675	400	400	400	400
Grant Funding	\$224.0	\$219.0	\$219.0	\$219.0	\$219.0
4) <u>Sex Equity:</u>					
Projects Funded	8	16	16	16	16
Students Served	20,000	20,000	21,000	22,000	22,000
Grant Funding	\$114.0	\$129.0	\$129.0	\$129.0	\$129.0

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

PROSPECTS:

Implementation of the Carl D. Perkins Vocational and Applied Technology Education Act of 1990, will ensure integration, articulation, modernization, equity, and the direction of curriculum priorities for special populations.

Annual applications for the federal funds continue to increase. Student participation in vocational education also continues to grow, creating a greater need for support services, such as vocational counseling.

The new act continues to target special populations in vocational education. The reauthorization has changed the law from specific set-asides determined at the federal level to a general method for delivery of vocational programming to be determined by the participating local education agencies. The act requires development of measurable and objective criteria for each program and an assessment and evaluation procedure.

A grant application process will be conducted for eligible LEAs/consortiums to address issues in Public Law 101-392. The applications will be reviewed and be funded based on the federal guidelines.

Because federal funding is expected to increase modestly, increased needs in the schools and competition for Consumer and Homemaking Education, Single Parent, and Sex Equity programs, has forced MDE to focus on funding exemplary programs for students.

The joint agreement between the State Board of Education and the State Board of Technical Colleges has allocated \$219,000 to the Minnesota Department of Education (MDE) Secondary Vocational Section to provide teenage single parent programs to requesting and qualifying districts. The federal appropriations for F.Y. 1994 and F.Y. 1995 are not yet available, but a similar distribution procedure will be followed in these years via a joint board agreement.

A request for proposal process will be conducted for vocational programs to address issues in Public Law 101-392 and the 1990 amendments. The proposals will be reviewed and those eligible will be funded based on the federal guidelines.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1210 TRANSITION SERVICES FOR YOUTH WITH DISABILITIES

CITATION: P.L. 101-476
MDE ADMIN: 1305 Special Education

PURPOSE:

To improve the transition of youth with disabilities from school to work through the following activities:

- Increase the availability, access, and quality of transition assistance through the development and improvement of policies, procedures, systems, and other mechanisms for youth with disabilities and their families, as such youth prepare for and enter adult life;
- Improve the ability of professionals, parents, and advocates to work with such youth in ways that promote the understanding of and capability to successfully make the transition from student to adults;
- Improve working relationships among education personnel, both within LEAs and in postsecondary training programs, relevant state agencies, the private sector (especially employers) rehabilitation personnel, local and state employment agencies, local Private Industry Councils, authorized by the Job Training Partnership Act, and families of students with disabilities and their advocates to identify and achieve consensus on the general nature and specific application of transition services to meet the needs of youth with disabilities; and
- Create an incentive for accessing and using the expertise and resources of programs, projects, and activities related to transition funded through this section with other sources.

DESCRIPTION:

The transition of youth with disabilities from school to work and community living continues to be a primary concern among parents, professionals, and policy makers. Ongoing attention to the transition years has been maintained since the mid-1980's, due to widespread reports of limited outcomes achieved by young adults as they leave school and attempt to access employment and needed adult services. The Minnesota Department of Education, in conjunction with the Department of Jobs and Training, applied for and received a five-year system improvement grant for transition services. The funds from this grant are used to pay for two staff positions and a variety of projects that have been targeted statewide to enhance the system of delivery for transition services. Minnesota is one of 12 states that received these funds on the first round competitive application.

The grant program is housed within the Minnesota Department of Education's Interagency Office on Transition Services which is located in the Special Education section. Project funds are used to achieve the goals of the project as outlined in the grant application. These goals include:

- Improvement of state-level planning and policy development for transition. We are developing an individually based information system that provides management and policy related information on anticipated services and post school outcomes of youth with disabilities.

- Enhancing consumer and family participation in achieving successful transitions from school to work and community living. This goal is intended to equip students and parents with the information, skills, self-determination, and capacity to advocate and effectively case-manage the transition from school to work and community living.
- Training and development of interagency professionals. The improvement of the capacity of Minnesota's institutions of higher education to address the pre-service and continuing education needs of professionals and paraprofessionals in the preparation of youth with disabilities for transition; make available state, regional and local workshops for interagency professionals.
- Demonstration and technical assistance. The demonstration of Minnesota Community Transition Interagency Committees (CTICs) that were legislated by the state in 1987 to achieve their goals and purpose is supported by this grant. Each CTIC receives funds directly during year 1 and 2 of the grant.
- Product development, information exchange, and dissemination. Resource guides, brochures, training materials are developed that promote the ongoing facilitation of state and local efforts to improve transition services and programs.

OUTCOMES:

A. Program Effectiveness:

This program provides needed resources which has allowed the development and implementation of activities to achieve the following outcomes necessary for transition to work and community living for youths with disabilities:

- All students with disabilities age 14 and older will have transition goals included on their individual education plans.
- Minnesota students with disabilities will experience a 20% increase in postsecondary education program enrollment.
- Increased interagency coordination and planning as measured by 100% attendance at the student's IEP conference as identified by student needs.
- 50% more districts will have a full array of vocational options available to students.
- All students age 14 and older will attend and participate in the development of their IEP to the fullest extent possible.
- All students will leave school with a postsecondary plan documenting education, training, employment, and community living goals and anticipated service needs.
- Communities will increase integrated recreation opportunities by 50%.
- Model pilot using natural supports for services will be formed in Minnesota communities.

During the first year of the grant project (October 1, 1991 to September 30, 1992) the key state agencies (Dept. of Human Resources, Dept. of Jobs and Training, and Dept. of Education) met as a policy committee to address the goals of the project. Over 1,000 consumers, family members, and professionals received training on transition services. A policy analysis was conducted to determine the gaps in services and to determine state level planning considerations. A consortium of higher education professionals met to determine the competencies needed for interagency coordination. The post school follow up system was refined and implemented in five pilot school districts along with a computerized transition planning system. A system for information sharing was developed that utilized the data elements needed by interagency groups in the delivery of coordinated services.

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PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1210 TRANSITION SERVICES FOR YOUTH WITH DISABILITIES
 (Continuation)

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

(\$ in 000s)	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Number of students					
Age 14-21 years served	--	22,695	22,695	22,750	22,750
Number of districts receiving grants	--	65	65	4	4
Average grant amount	\$ --	\$ 1.0	\$ 1.0	\$ 20.0	\$ 20.0
Grants to agencies/schools	\$ --	\$ 65.0	\$ 65.0	\$ 80.0	\$ 80.0
Statewide training	\$ --	\$ 130.0	\$ 130.0	\$ 130.0	\$ 130.0
Evaluation and special projects	\$ --	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0
Transition service systems development	\$ --	\$ 194.4	\$ 194.4	\$ 179.4	\$ 179.4
Total funding	\$ --	\$ 489.4	\$ 489.4	\$ 489.4	\$ 489.4

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

PROSPECTS:

The transition systems improvement initiative is funded by the Individuals with Disabilities Education Act. Minnesota has had mandated transition planning from school to adult life for individuals with disabilities since 1987 without state funding appropriations. Federal funds will be available with annual continuing funding applications through September 30, 1996. Resources are targeted for activities that generate systems improvement.

The intent of this project is that by September 30, 1996, Minnesota will have in place an interagency

model of service delivery for all youth with disabilities as they leave school and enter adult life. The work that will take place during the next four years will train and inform parents, schools, individuals with disabilities and adult service agencies about their role in making these transitions successful. The focus of this federal program is on systems improvement through policy development, state agency rules and regulations, and strategies for interagency collaboration. A community advisory group and state level policy developers group is working with the State Transition Interagency Committee to make this come about.

During F.Y. 1994-95 the federal grant will fund demonstration projects in local school districts; hence, only 4 school districts will be directly impacted. The models that demonstrated effective transition services delivery will be replicated throughout the state.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

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PROGRAM: 12 Federal Programs
AGENCY: Education Aids
 1211 EDUCATION FOR HOMELESS CHILDREN AND YOUTH
CITATION: P.L. 100-645
MDE ADMIN: 1403 Community Education/Learner Services

PURPOSE:

The office for the Education of Homeless Children and Youth/MDE is a federally funded initiative (P.L. 100-645). The purpose of this program is to assure that each homeless child or youth will have access to a free, appropriate public education which would be provided to the children of a resident of Minnesota.

DESCRIPTION:

MDE has developed guidelines for the distribution of Federal McKinney homeless children education funds to local school districts. Eligible applicants are local school districts with strong relationships to shelters, advocates, and community agencies. Key program requirements are facilitating the enrollment, attendance and success of homeless children and youth in schools. Authorized activities include:

1. **Primary Activities.** At least 50 percent of amounts provided under a grant must be used to provide tutoring, remedial education services, or other education services to homeless children or youth.
2. **Related Activities.** At least 35 and not more than 50 percent of the amounts provided are to be used for related/support activities (i.e. evaluation, professional development, referral, transportation, early childhood, before and after-school programming, coordination, counseling, and school supplies).

The target population has to be homeless children and youth. The duration of funding is one year. The total available for 1992 was \$35,000 and for 1993 is \$223,254 dollars. The following are outcomes of the grant program:

OUTCOMES:

A. Program Effectiveness:

1. In 1991 the percentage of Metro children from homeless families not attending school was 11 percent compared to 30 percent in 1990 (Wilder 91-92 Survey).
2. With 1992 funding, over 800 homeless children were enrolled that were new to the State of Minnesota.

3. With 1992 funding, the Electronic Records Transfer System served over 200 new students entering the Minneapolis district from Chicago.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of Students served	—	1,000	2,500	2,500	2,500
Grants Available					
Minneapolis	—	\$20.0	\$69.5		
St. Paul	—	\$15.0	\$66.3		
Brooklyn Center	—	—	\$36.0		
Bemidji	—	—	\$40.0		
Owatonna	—	—	\$6.4		
Lakeville	—	—	\$5.0		
	0	\$35.0	\$223.2	\$223.5	\$223.5

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

PROSPECTS:

For 1994, the U.S. House of Representatives has approved a \$4 million dollar increase to the program. If the U.S. Senate approves, Minnesota's allocation of P.L. 100-645 funds will increase approximately \$25,000 dollars to approximately \$250,000 annually.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

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PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1212 SCHOOL AGE CHILD CARE - DEPENDENT CARE/NETWORK GRANTS

CITATION: Child Care and Development Block Grant (P.L. 101-508)
 Dependent Care Grant (P.L. 98-558)

MDE ADMIN: 1403 Community Education/Learner Services

PURPOSE:

The federal Dependent Care Grant provides funds enabling the School Age Child Care (SACC) Program to promote the growth and further development of quality School Age Child Care program options to families throughout Minnesota, supporting M.S. 121.88, Subd. 10. The purpose of SACC is to provide supervision and recreational activities for children in grades K-6, before and after school, and on school release, vacation, and summer days.

DESCRIPTION:

The program is funded to implement the following objectives:

- To provide technical assistance to communities and school districts interested in starting or expanding SACC programs.
- To increase public awareness of SACC throughout the state.
- To establish a training network and identify resources throughout the state for staff and curriculum development opportunities for SACC providers.
- To identify the public policy issues regarding SACC/Extended Day that need to be addressed by the State Board of Education and the State Legislature, and to coordinate a state plan.
- To identify and encourage development of SACC models of partnership offering a broad array of enrichment, recreational, and tutorial opportunities.
- To identify and encourage development of SACC models which meet the needs of all school age children with sensitivity to individuals and the changing family and community.

Through an interagency agreement with the Minnesota Department of Human Services (DHS), Child Care Resource and Referral agencies throughout the state are improved and expanded in coordination with community and school based programming effecting care and education of children and youth.

Under new federal funding from the Child Care and Development Block Grant Act, the SACC program received an additional \$500,000 through an interagency agreement with the DHS. This funding supports SACC Network Mentoring grants which aim to improve the quality of SACC programming by supporting local projects based upon collaborative planning, implementation and evaluation.

OUTCOMES:

A. Program Effectiveness:

During its five years of operation, the SACC Program has seen growth in the number of schools, districts, communities and families participating in SACC throughout Minnesota. The number of school districts, for example, offering SACC has grown from 40 in 1986 with 7,000 children enrolled after school, to over 140 in 1991 with over 17,000 children enrolled.

Based upon a study of Minnesota parents in 1991, over 60 percent stated that they'd like to use a school-based SACC program. However, the study reveals that at least 1 in 8 elementary-aged child is left at home alone on a regular basis while their parents are at work.

Training and technical assistance continue to be primary focus. The program has responded to the need throughout the state enabling SACC programs to be more accessible to all families, particularly regarding children with disabilities. Staff continue to work with many agencies, parents and schools to provide technical assistance regarding the implementation of the Minnesota Extended Day/SACC legislation which allows school districts to levy for funds to help with the additional costs to enable children with disabilities to participate in SACC programs. This effort is attracting national attention.

A coordinated statewide training effort has been developed by the Initiative staff which has intensely trained SACC providers throughout the state. This SACC Training Network will train locally and regionally while integrating and collaborating with other community based training.

Video training tapes, manuals and brochures, resource banks, and training efforts coordinated with groups such as the Minnesota Elementary School Principals Association (MESPA) and the Wellesley SACC Project in Massachusetts. Outcome highlights have been developed and distributed.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

Districts/Agencies Receiving Grants in F.Y. 1993:

St. Anthony/New Brighton Public Schools	\$38.2
Greater Minneapolis Day Care Association	48.3
Robbinsdale Area Schools	46.0
St. Paul Public Schools	40.0
Minneapolis Park & Rec	40.0
Wayzata Public Schools	40.0
Duluth Public Schools	28.2
Morris School District	5.0
Young People's Place, Alexandria	20.6
Kimball Public Schools	20.0

(continued on next page) Districts/Agencies Receiving Grants in F.Y. 1993:

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PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1212 SCHOOL AGE CHILD CARE - DEPENDENT
 CARE/NETWORK GRANTS

(continued from previous page)

Young People's Place, Alexandria & Elbow Lake School	40.0
Deer River Public Schools	11.8
Morton Public Schools	31.8
Minnesota SACC Alliance Training Grant	<u>16.0</u>
Total	\$425.9

(\$ in 000s)	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Number of SACC Network					
Mentoring Grants:	--	--	13	14	14
Average Grant Amount	--	--	\$ 28.9	\$ 35.6	\$ 35.6
Technical Assistance	--	--	\$ 50.0	\$ 55.0	\$ 55.0
Total	--	--	\$ 426.4	\$ 553.3	\$ 553.3

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

PROSPECTS:

It is anticipated that federal funding sources will continue. Congress is currently determining funding levels.

Plans are underway through coordination with the DHS, Minnesota SACC Alliance, as well as local and regional groups to continue to build statewide and regional structures which will integrate with other systems and provide a comprehensive, cost effective support for staff and families.

That SACC programs in Minnesota are committed to responding to changing family needs is reflected in the fact that Minnesota SACC programs are nationally recognized as leaders in program quality, innovation and diversity.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1213 DRUG ABUSE PREVENTION PROGRAMS

CITATION: Drug-Free Schools & Communities Act,
 Title V, P.L. 100-279 and P.L. 100-647

MDE ADMIN: 1403 Community Education/Learner Services

PURPOSE:

A. Drug Abuse Prevention:

To assist districts to establish, operate, and improve programs of drug abuse education and prevention in coordination with related community efforts and resources to eliminate the use of drugs and alcohol by youth.

B. Governor's Drug-Free Schools:

It is the purpose of Title V to:

- encourage establishment of drug abuse education and prevention (coordinated with related community efforts and resources) programs through the provision of Federal financial assistance;
- States for grants to local and intermediate educational agencies and consortia to establish, operate, and improve local programs of drug abuse prevention, early intervention, rehabilitation referral, and education in elementary and secondary schools (including intermediate and junior high schools);
- States for grants to and contracts with community-based organizations for programs of drug abuse prevention, early intervention, rehabilitation referral, and education for school dropouts and other high-risk youth; and
- States for development, training, technical assistance, and coordination activities.

DESCRIPTION:

A. Drug Abuse Prevention:

This program provides funding to districts through distributing federal drug-free funds in grants to districts according to the entitlement formula based on school enrollment and funds received under the Chapter 1 program. The program reviews and approves program applications from school districts, regional education agencies and other consortia. Claims by school district grantees for reimbursement are processed and all data that are required by the federal law and regulations reporting requirements are collected by this program from districts. This program also assists districts in meeting the federal requirement that no local school district shall be eligible to receive funds or any other form of financial assistance under any federal program unless it certifies to the state education agency that it has adopted and has implemented a program to prevent the use of illicit drugs and alcohol by the students and employees. Onsite review visits are made to grantees to assure compliance with certification.

B. Governor's Drug-Free Schools:

The Governor's Program is a multi-faceted federally funded initiative to address alcohol and other drug abuse problems in communities and schools. The major purpose of the Governor's Drug-Free Communities Program is to support coordinated and comprehensive community and school prevention programming. The best programming recognizes that causes of substance abuse include factors at all levels of the community-individual, family, school and peers, and community-level. Comprehensive programs which address this spectrum, rather than single, separate activities, hold the most promise for success in prevention. As stipulated in the federal law (section 5122 (e)2A-F), 10 percent of these funds will be used to fund DARE Services. The Governor has designated the discretionary portion of this funding to support the replication of successful programs, namely the Co-Location of Services to Targeted Children and Youth Programs. Funding is also used for High Risk Youth Activities, Educational/Vocational Programs for High Risk Youth, Services to High Risk Youth in Correctional Facilities, support to Parent Organizations, and technical assistance awards to the Office of Drug Policy and Minnesota Department of Health. The Department of Education provides technical assistance, fiscal administration and contract management functions for these funds.

A wide range of prevention and intervention strategies are utilized by these various programs. Programs target at-risk youth and attempt to provide comprehensive services to meet their diverse needs. Funds are awarded on a competitive basis. Eligible applicants include public or private non-profit entities which include schools, school districts, groups of school districts, regional entities, community health boards, community social service agencies, community correction agencies, parent groups, community action agencies, and other community-based organizations. Funding is for twelve months. Continuation of funding for a second year is contingent on both federal and state funding levels and project performance. Application materials detailing the necessary information are provided.

OUTCOMES:

A. Program Effectiveness:

A. Drug Abuse Prevention:

As one means of assessing the impact and effectiveness of drug abuse education and prevention programs, Minnesota developed the Minnesota Student Survey (MSS) which measures drug use, alcohol use and other behaviors and risk factors. The survey was given in 1989 and 1992 to students statewide in grades 6, 9, and 12. The 1989 survey provided baseline data in drug and alcohol use. The 1992 survey results provide information for comparison in the use of alcohol and other illicit drugs by 6th, 9th and 12th graders.

MINNESOTA STUDENT SURVEY
 Percentage of Students Reporting Monthly Use of Alcohol & Drugs

		1989	1992
<u>Grades:</u>			
A.	Grade 6	5%	3%
B.	Grade 9	28%	20%
C.	Grade 12	55%	42%

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PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1213 DRUG ABUSE PREVENTION PROGRAMS
(Continuation)

B. Governor's Drug-Free Schools:

Each applicant must specify in their work plan the outcome criteria for their grant award and a process for evaluation. Outcomes vary from program to program.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

A. Drug Abuse Prevention:

(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Applications approved	205	231	242	254	267
Numbers of school districts participating	432	432	423	411	411
Districts filing individual applications	170	198	207	205	216
Districts pooling funds in consortium	265	234	216	206	195
MDE Regional Workshops conducted in drug abuse prevention	6	6	6	6	6
Grant Funding	\$5,665.0	\$6,087.3	\$6,393.0	\$6,393.0	\$6,393.0

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

B. Governor's Drug-Free Schools:

Funding	\$1,660.7	\$1,696.8	\$1,762.4	\$1,800.0	\$1,800.0
Total Funding:	\$7,325.7	\$7,784.1	\$8,155.4	\$8,193.0	\$8,193.0

Note: Funding levels shown in the statistical table may differ from the expenditures shown on the

federal program fiscal summary page due to fund carryover provisions and statewide accounting period closing requirements.

PROSPECTS:

A. Drug Abuse Prevention:

While there are indicators of progress, the goal of no-use for alcohol or illicit drugs among youth has not yet been achieved. The federal drug abuse program is authorized through federal fiscal year 1993. Reauthorization is anticipated.

Minnesota continues to encourage developing drug abuse prevention programs in an at-risk context due to the interrelatedness of factors, issues and circumstances that place learners at risk.

B. Governor's Drug-Free Schools:

The Governor's Program was first operational in 1987. The program has been authorized for 6 years, with a funding increase for F.Y. 1990. Current research supports and encourages developing programs in an at-risk context, due to the inter-relatedness of factors, issues, or circumstances that place learners at risk. Examples of learner at-risk issues are suicide, Acquired Immunodeficiency Syndrome (AIDS), teen pregnancy, child abuse, and dropping out of school.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

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PROGRAM: 12 Federal Programs
AGENCY: Education Aids

 1214 SERVE AMERICA

CITATION: P.L. 100-610
MDE ADMIN: 1403 Community Education/Learner Services

PURPOSE:

The Commission on National and Community Service provides grants to states to promote youth service for youth and young adults. The grants for youth from kindergarten through the 12th grade are under a section of Public Law 101-610 entitled Serve America. The purpose is twofold: to provide opportunities for youth, especially youth at risk, to demonstrate good citizenship and to contribute needed services to the community such as assistance to the elderly, tutoring for children, projects to improve the environment, assistance at food shelves and shelters.

DESCRIPTION:

The first section of the Serve America program consists of grants to local public and non profit agencies to engage young people in service to their community. In Minnesota, the grants are provided through a competitive request for proposal process and resulted in the funding of 23 programs in urban, rural, suburban and Indian reservation areas. The second section of Serve America Program consists of special grants to states which are considered lead states. Minnesota was selected as one of the lead states to conduct an evaluation-training program, develop curriculum in which youth service is integrated into the curriculum and also develop standards for academic credit for youth service.

OUTCOMES:

A. Program Effectiveness:

Grantees will measure the changes which occur in the youth who are engaged in community service activities as well as changes in the community. Since the programs differ widely, each has its own set of measurements; for example, one program is a peer program to prevent teen pregnancy; another is a program run jointly by the courts and school system to provide academic credit for juveniles engaged in community service; another is to establish a peer tutoring program in science in which students are engaged in measuring water quality and determining what action to take in the community; another is establishing an inter-generational program which engages both youth and senior citizens in community art projects.

The special grants to Minnesota as a lead state will result in products to be used by other states; for example, a youth service curriculum guide; standards for academic credit; evaluation-training model which has been field tested in Minnesota and several other states.

Technical assistance for above grants and special state grants for Minnesota as lead state, resulted in additional funds for the following:

- Minnesota Department of Education: \$83,117
- Other state agencies, the University of Minnesota, and nonprofit agencies: \$161,883

F.Y. 1993--Total Amount from Serve America: \$480,942

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

Districts/Agencies Receiving Grants in F.Y. 1993:

Blue Earth Public Schools	\$ 10.0
Cambridge Public Schools	\$ 10.0
Carver County Court Services	\$ 10.0
Duluth-MN Pollution Control	\$ 9.0
Hutchinson Public Schools	\$ 5.0
Mpls. PCYC Youth Center	\$ 3.0
Mpls. Public Schools-Anwatin	\$ 10.0
Mpls. Continuum Center	\$ 10.0
Mpls. Public Schools-NE Middle	\$ 6.0
Montevideo Area Learning Center	\$ 7.3
Morris Public Schools	\$ 10.0
Mound-Westonka Public Schools	\$ 8.0
Pine City Area Learning Center	\$ 8.4
Red Wing YMCA	\$ 10.0
Rochester Public Schools	\$ 8.8
Roseville Public Schools	\$ 8.5
So. St. Paul Public Schools	\$ 8.0
St. Paul Hmong Am. Partnership	\$ 10.0
St. Paul Face to Face	\$ 10.0
St. Paul Public Schools	\$ 10.0
St. Paul West Side Citizens Group	\$ 10.0
Waseca Public Schools	\$ 10.0
White Bear Lake Public Schools	\$ 8.5
Total	\$ 200.5

(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of youth participants	—	—	5,923	5,900	5,900
Number of grants:	—	—	23	23	*
Total grant amount:	—	—	\$ 200.5	\$ 201.0	\$ 201.0

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

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PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1214 SERVE AMERICA
(Continuation)

PROSPECTS:

Through both this federal program and the on-going state program, the number of youth engaged in community service continues to grow in Minnesota. A special focus of the federal funding is to include youth of all racial backgrounds as well as to include youth who are potential school drop outs and who are economically or educationally disadvantaged. The federal program is also designed to encourage partnerships among public schools and non profit agencies. The additional funding for lead states is designed to improve the quality of youth service programs by creating standards and training local program providers in methods of evaluation. These products, as well as the types of outreach methods used by grantees to include youth who might not otherwise be involved in such programs, will be of assistance to the ongoing state youth development/youth service program.

Congress is currently determining the level of funding for F.Y. 1994. It is not clear whether this program will continue beyond that date.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

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PROGRAM: 12 Federal Programs
AGENCY: Education Aids

 1215 AIDS EDUCATION

CITATION: Public Health Act, Section 301(A) M.S. 121.203
MDE ADMIN: 1403 Community Education/Learner Services

PURPOSE:

To increase the number of schools that provide effective education to prevent the spread of HIV/AIDS among youth; to increase the number of students receiving effective AIDS/HIV/STD education; and to carry out special efforts to reach minority youth populations and youth who may have special education needs.

In addition, this program under the legislative mandate in M.S. 121.203, requires school districts to develop and implement a program to prevent and reduce the risk of Acquired Immunodeficiency Syndrome (AIDS). Under the legislative mandate each district must have a program that includes at least:

- planning materials, guidelines, and other technically accurate and updated information;
- a comprehensive, technically accurate, and updated AIDS curriculum;
- cooperation and coordination among districts and Educational Cooperative Service Units (ECSUs);
- targeting of adolescents, especially those who may be at high risk of contracting AIDS, for prevention efforts;
- involvement of parents and other community members;
- inservice training for appropriate district staff and school board members;
- collaboration with state agencies and organizations having AIDS prevention or AIDS risk reduction programs;
- very limited collaborations with local community health services, agencies and organizations having an AIDS prevention or AIDS risk reduction program; and
- participation by state and local student organizations.

These 9 components represent the required elements of programs which can be tailored to the unique needs and resources of schools and communities.

DESCRIPTION:

The AIDS Prevention and Risk Reduction Program is a limited statewide delivery system for professional and technical assistance to the state's school districts, area learning centers, communities, community agencies, and professionals. The program has two primary sources of guidance...the state legislative mandate, and support from the Centers for Disease Control (CDC) through a Public Health Services Grant.

Funding for this program has been provided from both federal and state funding. State funds were provided during the last biennium through the Minnesota Department of Education (MDE) agency

budget. No state funding has been allocated for the 1992-1993, and 1994-1995 biennium budgets.

Currently there are 2 F.T.E. of professional staff and 1 F.T.E. of clerical staff funded under the federal grant.

Limited consultation is available to school districts. Staff work primarily through written materials and conferences to reach district staff with current information of AIDS/HIV prevention.

An AIDS resource center is maintained to review, purchase, and distribute videos, curricula, and other instructional material for use in AIDS education and prevention programs. A 23-member panel representing a cross section of Minnesota, and a student panel review materials for the resource center.

OUTCOMES:

A. Program Effectiveness:

Participation in this program has steadily increased each year since the legislative mandate to provide AIDS prevention and risk reduction programs was passed in 1988. Most school districts are aware of the program and have taken steps to develop some components of the program. The two areas where the most progress has been made is in the adoption of State Board of Education policies relating to AIDS issues, and making educators available for training. Most schools indicate that students in the junior and senior high schools are receiving information about HIV/AIDS; however, AIDS education is usually done in a limited way in the context of health classes at Grades 7 and 10. Approximately 50 percent of schools report having some connection with community-based agencies, usually the community public health agency. The 1992 Minnesota Student Survey results show that more students would be willing to sit next to an HIV infected student in the school lunchroom. Although sexual activity rates among adolescents remain the same, between 1989 and 1992 the rate of 12th grade female students who talk with a partner about HIV/AIDS increased from 33 percent to 65 percent and for males the rate increased from 20 percent to 55 percent. The program is now in transition from a statewide regional network of consultants to a more centralized state agency directed federal program.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
1. Districts with State Board approved policies	95%	95%	95%	95%	95%
2. a. Schools where teachers have received HIV training	80%	85%	85%	85%	85%
b. Number of persons at AIDS workshops	4,500	3,600	3,600	1,000	1,000

(continued on next page)

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PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1215 AIDS EDUCATION
(Continuation)

(continued)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
3. Students receiving HIV/AIDS instruction					
Junior High	85 %	90%	90%	90%	90%
Senior High	85%	90%	90%	90%	90%
4. Districts reporting community involvement with AIDS education	65%	70%	70%	70%	70%
5. Funding sources (\$ in 000s)					
a. Federal	\$ 262.5	\$ 262.5	\$ 262.5	\$ 262.5	\$ 262.5
b. State ⁻⁻⁻	431.0	0	0	0	0
Total	\$ 693.5	\$ 262.5	\$ 262.5	\$ 262.5	\$ 262.5
6. Grants awarded to school districts	\$ 11.0	\$ --	\$ --	\$ --	\$ --

⁻⁻⁻ Provided through the MDE agency budget.

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

PROSPECTS:

The number of persons infected with HIV/AIDS continues to grow in Minnesota at a projected annual rate of 20 percent. As there is not a cure or vaccine, the problem will be with us for a long time. The face of HIV/AIDS is also changing as different sectors of the population become exposed to the virus. These include a disproportionate number of babies becoming infected through their mothers. AIDS is affecting the 20-29 age group at a faster rate than any other age category. Because of the increasing length of time between exposure to the virus and the onset of symptoms (latency period) this means that many people are becoming infected as adolescents.

The AIDS Prevention and Risk Reduction legislation provides the necessary guidelines for school districts. The ability of MDE to sustain the momentum it has achieved in providing AIDS prevention and risk reduction will now be dependent on federal grants. Beginning in F.Y. 1991, the regional approach to technical assistance, which has been highly successful, will not be available as a result of the elimination of state dollars and the uncertainty of sustained federal funds.

Many school districts have been reluctant to adopt curricula which have a strong AIDS component because of organized opposition to sensitive at-risk issues. Schools will need to continue curricula efforts and to become part of broader community efforts in order to address the growing need for

HIV/AIDS education.

Much of the education effort has been focused on the adolescent population, but decision-making skills and age appropriate information will need to be increasingly directed toward elementary school children in the coming years if there is to be maximum impact on adolescent behavior choices.

As a result of changes in funding levels since F.Y. 1989, reduction of MDE staff occurred. Originally, 16 full-time professional staff provided assistance to school districts. Because of reduction in state funding in F.Y. 1991, professional staff were reduced by 50 percent. In F.Y. 1992, federal funding only has forced this program to be reduced to a more limited effort which continues to focus on providing resources on helping districts to fulfill the legislative mandate in M.S. 121.203 and to integrate AIDS/HIV/STD education within comprehensive school programs. The federal RFP for funding grants has been received for the program through March 31, 1993; thus federal funding is expected to be renewed for four more years. It is anticipated that approximately the same amount of money will be available as in 1992 (\$262.5).

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

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PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1216 ADULT BASIC EDUCATION

CITATION: Adult Education Act (P.L. 91-230)
 Refugee Resettlement Act (P.L. 96-212)
 Immigration Reform & Control Act (P.L. 99-603)
 Homeless Assistance Act (P.L. 99-603)

MDE ADMIN: 1403 Community Education/Learner Services

PURPOSE:

To improve the quality of and access to learning and risk-reducing support options that enable educationally disadvantaged adults to acquire the basic skills, strategies, knowledge, and positive attitudes that can empower them to solve problems, think creatively, continue learning, and thus, develop their maximum potential for leading productive, fulfilling lives in our complex and changing society.

Federal adult education funds are intended to:

- improve educational opportunities for adults who lack the level of literacy skills requisite to effective citizenship and productive employment;
- expand and improve the current system for delivering adult education services, including delivery of these services to adults who demonstrate basic skills equivalent to or below the 5th-grade level; and
- encourage the establishment of appropriate adult basic education programs.

DESCRIPTION:

Federal Adult Basic Education (ABE) funding managed through the Community and Adult Education Section of the Minnesota Department of Education (MDE) includes a) the Adult Education Act Basic Grants, Gateway Public Housing Program Grants, Staff Development Grants and Special Project Grants; b) the McKinney Homeless Assistance Act, Adult Education for Homeless Individuals Grants; c) the Immigration Reform and Control Act, State Legalization Impact Assistance Grants; and d) the Refugee Resettlement Act, Adult Refugee Education Grants.

Adult Education Act Basic Grants, including Work Force Literacy, Family Literacy and Gateway Public Housing Adult Education Program Grants are coordinated with the State Education Programs for Adults legislation to ensure that no applicant receives more than 90 percent of the actual cost of providing the program. Federal ABE funding must be coordinated with Federal welfare reform, bilingual, vocational, family literacy, Job Training Partnership Act, Rehabilitation Act, Education of the Handicapped Act, Indian Education Act, Higher Education Act, and Domestic Volunteer Service Act legislation.

Federal ABE grant funds are distributed by MDE on the basis of competitive applications submitted by public and private nonprofit agencies, including school districts, community-based organizations,

Indian reservations, community and technical colleges, job training agencies, libraries, and volunteer literacy tutoring groups.

Federal Adult Education Act funds must be coordinated with and supplement, not supplant or duplicate, other funds, and must be used to improve, not simply maintain, ABE programming. Allocation requirements, which are not necessarily additive, are that:

1. at least 10 percent of the Federal Adult Education Act grant must be used for institutionalized adults (corrections, half-way houses, etc.);
2. at least 80 percent must be used for adults who enter functioning below Grade 6 equivalency;
3. at least 15 percent must be used for staff development and special projects;
4. at least 0.5 percent must be used for public housing agency ABE programs;
5. no more than 5 percent may be used to administer the statewide program, and no more than 5 percent of a sub-grant may be used for administrative costs; and
6. no Federal Adult Education Act funds may be used for high school diploma programming.

Other Federal requirements including providing technical assistance, monitoring and evaluating local ABE programs; developing and implementing appropriate learner assessment procedures and program effectiveness standards, and coordinating with other resource and service agencies, may be provided with Federal ABE funds. The required local match is 25 percent. Federal ABE allocations among states is based on census data regarding the population in need of ABE. Allocations based on 1990 census data, beginning in the 1993-1994 program year, will result in a 21 percent decrease in federal funding for ABE in Minnesota.

The Refugee Resettlement Act had been providing approximately \$650,000 per year for employment-related English language training for adult refugees who have been in the United States for fewer than 31 months. The Minnesota Department of Human Services (DHS), the recipient state agency for these funds, recently elected to fund mostly refugee job training activities, resulting in a severe cut to adult education providers. Staff development, technical assistance, and interagency coordination for adult refugee education have been provided by MDE through an interagency agreement with DHS expiring September 30, 1992. The Federal English Proficiency grant program that helped provide ESL training was funded through 1991 with carry-over monies, but now also has expired. More than 41,000 refugees now live in Minnesota, however, and continue to settle here at the same rate as in prior years.

The Immigration Reform and Control Act provided up to \$500 reimbursement per recently legalized alien for required classes in citizenship, civics, English language training, and other ABE. DHS also receives these Federal funds and, through an interagency agreement, channels them to MDE for distribution to local providers whose program of instruction has been approved by the Immigration and Naturalization Service (INS). With the allowable 1.5 percent for administration, MDE provides technical assistance regarding required instructional components and materials, assessments and reporting requirements, and develops linkages between INS and local providers to ensure legalized alien access to classes required for permanent resident status and citizenship. The funds are no longer available, but during the eligibility application period, 400 new people entered ABE programs and continue to require services.

The McKinney Homeless Assistance Act provided a 27-month grant of \$159,100 in 1988, a 12-month grant of \$180,000 in December 1990, and a 12-month grant of \$195,700 in December 1991 to develop and implement literacy and other basic skill education program models for homeless adults. Four projects have been developing appropriate ABE instructional models, with three

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1216 ADULT BASIC EDUCATION (Continuation)

focusing on family literacy and one on young adults. MDE staff coordinate the contract process, monitor and provide technical assistance to the projects, develop interagency linkages to help address the multiple barriers of homeless individuals, and disseminate information regarding successful practices in enabling homeless adults to master needed self-sufficiency skills. In addition, a process has been developed to raise awareness statewide about homelessness and to train ABE staff regionally in integrating into ABE the promising practices identified through the homeless projects.

The National Literacy Act amendments to the Federal Adult Education Act authorizes Governors of states or groups of states to develop or to expand and further develop Regional Adult Literacy Resource Centers. In partnership with the South Dakota Department of Education, the South Dakota State Library System, the North Dakota State Library System, the Minnesota Office of Library Development and Services, and the Literacy Training Network at the University of St. Thomas, the ABE office has organized a multi-state resource system that incorporates all existing resource centers, adds new resources and provides the capability for any basic skills provider, instructor or tutor to access and order any materials, for overnight delivery, from any library, college or university, technical college, or literacy tutoring or ABE program. The Federal grant amounts to \$91,748 for the first year. As with all Federal ABE grants, we are anticipating a 21 percent cut beginning with the 1993-94 program year. A soft-match of 10 percent the first year will be provided by the states involved. The matching percentage increases by 10 percent each year. Training will be provided throughout the geographic area in how to access Resource Center materials, research and other adult literacy information. It is expected to be the first effective mechanism to link isolated communities throughout the region, as well as to provide a forum through which adult educators can share their own research findings and instructional materials.

OUTCOMES:

A. Program Effectiveness:

Fifty-five (55) regional Adult Basic Education (ABE) projects, integrating 376 public school districts and 545 other agencies, including correctional facilities, libraries, public and cable television stations, job training agencies, community-based organizations and Indian reservations, are providing individualized learning options in more than 600 sites throughout the State.

Adult education options currently being offered include: family literacy, adult literacy, work force education, literacy tutoring, English-as-a-second language proficiency, citizenship training, work readiness, adult education for the homeless, basic skills enhancement, General Educational Development (GED) equivalency preparation, and alternative high school diploma programs.

Adults are eligible for ABE when they are at least 16 years old, are not enrolled in school, and function below the high school completion level in basic skills. They need ABE because they lack the levels of proficiency in basic academic, interpersonal, problem-solving and other self-sufficiency

skills and strategies essential for responsible citizenship, productive employment and healthy family relationships.

More than 53,000 adults seek ABE each year because they have found the hard way that their levels of literacy, coping and other basic skills are not well-enough developed to overcome the barriers to their becoming self-sufficient.

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
PROGRAMMING RESULTS:					
Participating 12 Hours or More	81.4%	82.5%	83.4%	83.4%	83.4%
Completing Learning Plan	16,054	14,040	15,341	15,807	16,306
Improving Basic Skills	38,385	37,879	38,273	8,274	38,277
Getting Off Welfare	856	783	856	882	909
Securing or Bettering Employment	8,133	7,364	7,441	7,441	7,441
Learning English	10,184	9,821	10,731	11,057	11,406
Enrolling in Higher Education	2,705	2,333	2,357	2,357	2,358
Earning Diploma or GED	6,959	7,044	7,697	7,931	8,181
Registering to Vote	573	249	252	252	252
Becoming Citizens	250	111	121	125	129
Continuing in Program	27,589	30,957	31,279	31,280	31,282
DESCRIPTIVE AVERAGES:					
ABE Attendance Hours/Participant	69.2	66.1	69.4	72.8	76.5
Total Cost/Participant Hour	\$ 5.31	\$ 7.20	\$ 7.05	\$ 6.99	\$ 6.93
Total Cost/FTE	\$ 1,521	\$ 2,243	\$ 2,243	\$ 2,243	\$ 2,243
Number of Adult Educators	1,303	1,263	1,303	1,338	1,347
Full-Time	11.6%	15.6%	15.6%	15.6%	15.6%
Part-Time	88.4%	84.4%	84.4%	84.4%	84.4%
Number of Volunteer Tutors	5,767	3,020	5,000	5,000	5,000
Participant Contact Hours	3,151,225	2,993,763	3,434,807	3,716,097	4,024,883
Percent Enrollment Increase	105.0%	98.2%	108.1%	103.0%	103.1%
Percent Drop-out Reduction	-7.2%	-15.0%	-7.6%	-7.6%	-7.6%
Percent Provider Increase	112.6%	101.0%	100.8%	100.9%	100.7%
Percent Learning Plan Completion Increase	117.5%	87.9%	100.0%	100.0%	100.0%

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

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

Enrollment in Adult Basic Education has increased an average of 45 percent over the past four years as more and more adults seek to improve their basic skills, earn high school diplomas or General Educational Development (GED) certificates, master knowledge and skills needed to find or retain employment, help their children in school, and enroll in and benefit from further education or

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 (Continuation)

training.

Enrollment increases have been helped by an average increase of 95 percent in school district and other agencies that provide ABE and related support services. The percentage of participants who achieve their personal education plan has increased 55 percent over the past four years. In that time period, 5,500 ABE participants are no longer on welfare, 40,900 have obtained a job or a better job, 19,900 have enrolled in higher education, and 23,700 have earned a high school diploma or GED certificate. The percentage who leave before completing their goals has decreased by more than 7 percent per year. And the number of adult education professionals employed full-time has increased from less than five percent to nearly 16 percent.

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
<u>ABE Basic Grants</u>					
Number of Programs	56	53	53	53	53
Participating Districts and Agencies	921	930	937	945	952
Number of Learners	55,938	54,931	59,404	61,208	63,131
Federal Funding	\$ 2,012.9	\$ 2,249.4	\$ 2,581.3	\$ 2,000.0	\$ 2,000.0

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
<u>ABE English Literacy Programs</u>					
Number of Programs	30	1	-	-	-
Number of Learners	6,424	67	-	-	-
Federal Funding	\$ 29.0	\$ 18.0	\$ -	\$ -	\$ -

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
<u>ABE Staff Development and Special Projects</u>					
Number of Grants	9	10	11	10	10
Adult Educators in Staff Development	1,380	1,553	1,600	1,550	1,550
Federal Funding	\$ 264.9	\$ 413.3	\$ 526.3	\$ 415.8	\$ 415.8

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
<u>ABE for Homeless Individuals</u>					
Number of Programs	4	4	*	*	*
Number of Learners	350	375	*	*	*
Federal Funding	\$ 196.1	\$ 195.7	\$ *	*	*

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
<u>State Legalization Impact Assistance Grants</u>					
Number of Programs	8	-	-	-	-
Number of Learners	218	-	-	-	-
Federal Funding	\$ 109.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0

Regional Adult Literacy

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
<u>Resource Center</u>					
Number of Items Catalogued	-	-	100	1,000	5,000
Number of User Transaction (continued)	-	-	150	300	500
(\$ in 000s)					
Number of Trainings Offered	-	-	18	18	18
Federal Funding	-	-	\$ 91.7	\$ 72.4	\$ 72.4
Total Funding	\$ 2,611.9	\$ 2,680.7	\$ 3,199.3	\$ 2,489.2	\$ 2,489.2

* Federal McKinney ABE for Homeless Individuals grants are awarded competitively on an annual basis. Funding for F.Y. 1993 and future years is unknown.

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

PROSPECTS:

As more policy analysts, welfare reformers and employers, as well as the un- and under-educated adults themselves, recognize the connections between adult literacy and child literacy, worker productivity and self-sufficiency, the demand for ABE is increasing rapidly.

Effective ABE is centered on the interests, schedules and characteristics of the individual adult participants. It requires full-time professional adult educators who can facilitate participatory, experiential adult learning in collaboration with all community resources and services. Funding shortages, the elimination of adult refugee and legalized alien education funding, the end of the interagency agreement for refugee services, and the possibility that funding for homeless adults and their families will not be renewed increase the demands on already limited State and Federal ABE funding. Yet, refugees continue to settle in Minnesota. More than 10,000 non-English-speaking children have been born to limited or non-English speaking refugee parents in Minnesota since 1985. Most ABE programs have waiting lists of adults who want to enroll.

Further indicators of adult programming and learning effectiveness are being developed through an on-going evaluation project.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

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1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1217 FOREIGN LANGUAGES ASSISTANCE ACT PROGRAM

CITATION: Foreign Languages Assistance Program, Title II, Part B (Public Law 100-297), of the Elementary and Secondary Education Act of 1965, enacted as part of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988.

MDE ADMIN: 1301 Curriculum Services

PURPOSE:

To fund innovative, model programs in five languages: Arabic, Chinese, Japanese, Korean, and Russian with preference for programs that begin in the elementary grades and show articulation through secondary school.

DESCRIPTION:

The selection of model programs in Minnesota began with the design of the proposal process. To accomplish this, the Minnesota Department of Education (MDE) established a 15-member advisory committee of educators and representatives of the five primary critical languages. The advisory committee members met to plan for a competitive grant process and to establish criteria and procedures for LEA participation.

The MDE published an official announcement in the State Register and mailed a similar announcement to all LEAs and other potentially interested parties. This mailing reached superintendents in all 411 public school districts, directors of the nine Educational Cooperative Service Units (ECSUs) and the 35 education districts (consortia of local districts working together on curriculum and delivery of instruction, often by interactive television), principals of 934 elementary schools, professors of teacher education programs in 19 colleges and universities, chairs of language departments at 45 institutions of higher education, and all Minnesota public and non-public school teachers of the five primary critical languages. Additional announcements were sent to pertinent ethnic, cultural, business, and professional organizations and to all 25 members of the Executive Board of the Minnesota Council of the Teaching of Foreign Languages (MCTFL).

Twelve proposals were received by the application deadline. Half of these proposals came from the Metropolitan Area. The other six came from four additional ECSU areas.

Proposals were read by a panel of readers including representatives of the five primary critical language communities, teacher education, non-public schools, the business community, and MDE specialists in the areas of language education, elementary education, curriculum and instruction, assessment and program evaluation, teacher education, and grants administration. Six projects were selected to be funded.

The sites selected through the competitive grant process for F.Y. 1993 funding are:

<u>District Name</u>	<u>District #</u>	<u>Project Name</u>	<u>Language</u>
Head of the Lakes	Educ. Dist. 6045	Head of the Lakes World Language Project	Russian
Minneapolis	Special Dist. 001	Sheridan Global Arts and Communications Russian Program	Russian
Minnetonka	276	Focus: Chinese Language for Middle Schools	Chinese
Morris Area	769	Morris Area Schools Language Project	Russian
South Koochiching Rainy River	363	Russian Studies Center	Russian
St. Paul	625	Webster Magnet World Languages and Cultures - Chinese Project	Chinese

Grant funding is contingent on a dollar-for-dollar match at the local level. All sites meet or exceed this requirement.

OUTCOMES:

A. Program Effectiveness:

F.Y. 1993 is the first year of this program. At the time of the writing of this narrative, no programs were operating and effectiveness measures were not available.

The Minnesota Department of Education will work with LEAs to design and implement a proficiency measurement project to assess the development of proficiency in as many of the four language modalities (listening, speaking, reading, and writing, all in a cultural context) as possible. Sites will use the ACTFL Proficiency Guidelines as the basis for project design. Different approaches will be needed for elementary and secondary school learners and the procedures will need to match the goals and outcomes established by the grant sites. According to our Minnesota guidelines, program level learner outcomes must be established for the model programs by the end of the first year of the grant.

Minnesota guidelines for the Foreign Languages Assistance Act Program call for proficiency assessment at least twice during the three years of each model program. The MDE's advisory committee for Title II, Part B, feels that this schedule responds to the Act's requirement for assessment "at appropriate intervals" as many programs will be for beginners at the elementary level. Measurable proficiency gains are difficult to obtain on an annual or more frequent basis, especially for beginning and/or young learners.

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PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1217 FOREIGN LANGUAGES ASSISTANCE ACT PROGRAM
(Continuation)

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

(\$ in 000s)	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Number of Grants	--	--	6	6	6
Average Grant Award	--	--	\$ 20.0	\$ 20.0	\$ 20.0
Funding	--	--	\$ 101.0	\$ 174.0	\$ 174.0

PROSPECTS:

Federal funding for F.Y. 1995 is somewhat uncertain at the time of the writing of this narrative. Over time, funded projects will provide innovative program models, materials, and strategies for curriculum development, instruction, and assessment that can be used throughout Minnesota and the nation. At the local level, these programs are the impetus for expanded opportunities in five critical languages for students who will live and work in the global marketplace of the 21st century.

One additional program in Arabic, Japanese, or Korean will be funded during F.Y. 1994. If federal funding is continued, Minnesota will continue to seek proposals for new or expanded three-year projects in all five languages.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1218 BYRD HONORS SCHOLARSHIP

CITATION: Higher Education Act (1965), Title IV, Part A, Subpart 6
MDE ADMIN: 1306 Minnesota Academic Excellence Foundation

PURPOSE:

To promote excellence and achievement by giving academic scholarships and recognition to exceptionally able students who show promise of continued academic achievement.

DESCRIPTION:

The Robert C. Byrd Honors Scholarship program is a federal program which allows each state that participates to award scholarships to high school seniors for outstanding academic achievement. The federal grant amount, after deducting an amount for administration and award ceremony expenses, is allocated for scholarships evenly awarded among the 8 congressional districts in Minnesota.

The law provides for individual, nonrenewable scholarships of \$1,500. The criteria used in making the awards include academic performance, leadership ability, education/career goals statement, and references. The scholarship is to be used for first year tuition and book expenses at any postsecondary institution where the student has been accepted for enrollment. The dollar award is sent directly to the institution of enrollment.

OUTCOMES:

A. Program Effectiveness:

Interest in applying has increase as the program has become better known. Over 300 schools presently nominate students to receive the scholarship. Students who live outside of Minnesota but maintain legal residence in the state, and students who receive General Education Development certificates must now be notified about the Robert C. Byrd Scholarship program.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

(\$ in 000s)	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
1. Funding allotment	\$ 145.45	\$ 168.3	\$ 173.8	\$ 173.8	\$ 173.8
2. Scholarships awarded	89	99	104	104	104

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(continued)
(\$ in 000s)

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
3. Scholarship rate	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5
4. Total awarded	\$133.5	\$148.5	\$156.0	\$156.0	\$156.0

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

PROSPECTS:

Assuming that the federal government will continue to provide funds for this activity, Minnesota students and Minnesota institutions will continue to benefit from the implementation of the Robert C. Byrd Honors Scholarship program.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1219 NATIONAL SCIENCE FOUNDATION

CITATION: National Science Foundation Act (P.L. 81-507)
MDE ADMIN: 1301 Curriculum Services

PURPOSE:

To encourage statewide coalitions to develop and implement innovative mathematics and science education programs. The coalition includes representatives from the state department of education, colleges and universities, business and industry, and teacher organizations.

DESCRIPTION:

The National Science Foundation (NSF) provides matching funds for innovative state mathematics and science education initiatives. Federal grants are awarded on a competitive basis.

OUTCOMES:

A. Program Effectiveness:

The NSF grant proposal attempts to match NSF grant funds with a one-to-one match by state government and the business community. The project will improve teacher networks, model exemplary teaching practices on both a site-based and regional model, and through heightened public awareness of both the need for improved mathematics and science delivery systems, improve mathematic and science teaching practices.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
(\$ in 000s)					
Grant Entitlement	\$0.0	\$0.0	\$0.0	\$2,000.0	\$2,000.0

Note: Funding levels shown in the statistical table is subject to approval of matching funds at the state level and approval by the NSF (see Program 0706 for further information).

PROSPECTS:

The grant proposal (see Program 0706) if approved will provide up to \$2,000,000 in federal grant funds per year for five years. The National Science Foundation requires a full match at the state level and expects a state commitment on a dollar basis. It is proposed that state matching funds be provided from \$1,500,000 per year in a state appropriation and \$500,000 per year in donations from Minnesota businesses. Decision on Minnesota's grant proposal is anticipated in mid 1993.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

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PROGRAM: 12 Federal Programs
AGENCY: Education Aids
 1220 TEACHER INSERVICE PROGRAMS

CITATION: Dwight D. Eisenhower Math & Science Education Act (1988)
 (P.L. 100-297)--Title II
MDE ADMIN: 1403 Community Education/Learner Services

PURPOSE:

Through the Title II program, federal funds are made available to improve the skills of teachers and quality of instruction in mathematics and science in public and private elementary and secondary schools.

DESCRIPTION:

Each school district is eligible to receive federal funds based on a formula allocation. Ninety percent or more of available funds must be distributed to school districts according to a prescribed formula, 5 percent or more supports demonstration and exemplary projects, and 5 percent is available for program administration.

Funds are available through the Department of Education for demonstration and exemplary projects. The funds support activities to improve and carry out a reform agenda in science and mathematics through training a leadership group of teachers and subject area leaders. The goals of these projects are aligned with those of the Science Systemic Initiative proposal (see Program 0706), currently before the National Science Foundation.

Criteria for formula flow-through fund distribution are:

- 50 percent based on enrollment of the school district; and
- 50 percent based on the same proportion as funds are distributed under Part A, Chapter 1, Elementary and Secondary Education Act.

School districts determine needs for staff development in mathematics and/or science and submit an application for funding. Districts may elect to pool funds and submit an application jointly through an Educational Cooperative Service Unit (ECSU) or other cooperative agency. An annual report is required which describes effectiveness of the program.

OUTCOMES:

A. Program Effectiveness:

The Math & Science Act of 1988 provides opportunities for both elementary and secondary teachers to improve and update their knowledge and pedagogy skills in math and science. Since 1988, district participation has averaged approximately 400 per year. Since the formula is based on student enrollment, many smaller districts have voluntarily combined teacher inservice funds provided by

this program to provide math/science workshops to their combined staffs.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
1. Applications approved					
Formula flow-through*	179	154	154	154	154
Demo Projects	4	4	4	4	4
2. District Participation					
Formula flow-through*	399	390	385	380	375
Demo Projects	20	50	50	50	50
3. Workshops conducted	4	5	5	5	5
4. Monitoring visits/calls**	41	38	35	35	35
5. Evaluation reports	183	158	158	158	158
6. Teachers in staff development					
Formula flow-through*	16,000	21,420	21,420	21,420	21,420
Demo Projects	400	300	300	300	300
7. Funding Level	\$ 1,353.0	\$ 2,114.0	\$ 2,542.0	\$ 2,542.0	\$ 2,542.0

* Includes special projects

** Visits and monitoring via telephone

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

PROSPECTS:

The Title II program was first operational in F.Y. 1986. Federal funding declined through F.Y. 1988, before increasing sharply. With the passage of federal amendments and the establishment of national education goals, the program is expected to remain a high federal priority in future years.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

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1994-95 Biennial Budget

PROGRAM: 12 Federal Program
AGENCY: Education Aids

1221 CONSOLIDATED FEDERAL PROGRAMS

CITATION: Federal Elementary and Secondary Education Act 1965;
Chapter 2 of Title 1, P.L. 100-297

MDE ADMIN: 1403 Community Education/Learner Services

PURPOSE:

The Federal Elementary and Secondary Education Act of 1965 was amended in 1988 (*Chapter 2 of Title 1, Public Law 100-297) to support educational program improvement in 6 targeted areas. A block grant has replaced several smaller categorical grants. The 6 targeted areas for assistance are:

- programs to meet the needs of students at risk of failure;
- programs for the acquisition and use of instructional and educational materials;
- innovative programs designed to carry out school wide improvements;
- programs of training and professional development;
- programs designed to enhance personal excellence of students; and
- innovative projects to enhance the educational program and climate of the school.

School district applications may request funding in any single or any combination of these program areas.

DESCRIPTION:

For F.Y. 1993 the U.S. Department of Education allocated \$7,843,509 to the state to be disbursed as follows for Chapter 2 programs:

- 80 percent, or approximately \$6,274,807 flow-through to school districts according to a formula developed by the Minnesota Department of Education (MDE). This formula takes into consideration total enrollment—both public and private schools—and certain student and demographic characteristics which contribute to high educational cost.
- 20 percent or approximately \$1,568,702 supports programs initiated by the state.

From its 20 percent share, MDE has allocated the sum of \$100,000 for competitive grants among school districts. The maximum set for a competitive grant is \$5,000. The remaining sum supports leadership and management functions within MDE (MDE Agency Budget).

OUTCOMES:

A. Program Effectiveness:

An allocation based on the state formula has been determined for each public school district. The public school district is obliged to offer services available under Chapter 2 to children in nonpublic

schools on an equitable basis. The allocation to each district reflects the school population in both public and nonpublic schools. Individual school districts and nonpublic schools have total discretion in selecting programs from the list of 6 targeted assistance areas.

In F.Y. 1992, 297 applications were received for competitive grants and 22 were awarded. Awards are based on merits of the application which include a statement of need, description of the proposed program, an evaluation procedure, and an itemized budget.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Applications reviewed:					
Formula flow-through	432	432	438	438	438
Special projects (OBE) (competitive)	60	297	200	200	200
School district participants:					
Formula flow-through	432	432	438	438	438
Special projects (OBE) (competitive)	50	22	20	20	20
Workshops conducted	11	5	5	5	5
Monitoring visits	122	122	122	122	122
Evaluation reports	450	450	450	450	450
Teachers in staff development:					
Formula flow-through	18,000	18,000	20,000	20,000	20,000
Special projects (OBE) (competitive)	700	700	100	100	100
Student participants:					
Formula flow-through	370,000	370,000	370,000	370,000	370,000
Special projects (OBE) (competitive)	10,000	10,000	3,000	3,000	3,000
Flow-through funding:					
Formula and competitive grants	\$ 6,300.0	\$ 6,300.0	\$ 6,300.0	\$ 6,300.0	\$ 6,300.0

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

PROSPECTS:

Approximately \$6,300 of federal funds will be available upon submission of an annual application

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PROGRAM: 12 Federal Program
AGENCY: Education Aids

1221 CONSOLIDATED FEDERAL PROGRAMS
(Continuation)

which is consistent with federal program requirements. Local school districts may elect to expend funds in any one or any combination of the 6 targeted areas. No change is proposed at this time relative to delivery of service. However, Congress could change priorities as it considers program re-authorization.

Federal funding has been stable to declining slightly in recent years. This program is being considered for re-authorization this year by Congress and is the subject of considerable speculation. The program could be continued in its current mode or the targeted areas could be significantly modified. We need to await congressional action.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1222 PUBLIC LIBRARY AID

CITATION: Library Services and Construction
Act (LSCA) P.L. 101-254

MDE ADMIN: 1407 Library Development and Services

PURPOSE:

To assist the states in extending and improving public library services, improving public library facilities, and promoting cooperation among all types of libraries. Specific objectives of the three titles of the act that are administered by the state include:

- extending public library services to areas of the state without service;
- improving public library services where they are inadequate;
- improving public library services for persons who are physically handicapped, institutionalized, disadvantaged, bilingual, or elderly;
- strengthening major urban resource libraries in cities having populations of 100,000 or more;
- strengthening the state library administrative agency;
- improving public library facilities through new construction, expansion, or remodeling; and
- planning and operating programs of cooperation and resource sharing involving public, college and university, school, and special libraries.

A basic allotment is made to each state, and remaining funds are distributed proportionally to the states on a population basis. Title I funds for public library services must be matched approximately 50/50, and maintenance of effort is required.

DESCRIPTION:

Federal funds are to be used by the state for purposes identified in the Act and in the state's 5 year long-range program for library development. Within each title of the Act, the amount of federal funds assigned to each of the grant categories is determined by the state. Because the amount of federal funds available varies from year to year, and because the allotment often is not determined until well into the state fiscal year, these funds are used in Minnesota primarily for programs of limited duration or for capital outlay expenditures.

The federal library grant program supports 7 types of grants:

1. Establishment grants to regional public library systems to extend public library services to counties previously without such services. Funds are used for library materials, equipment, and personnel needed to provide library services in the newly participating county. Grant

amounts are determined by a formula established in State Board of Education rule. The formula allots \$1 per capita plus \$10 per square mile for the first year of county participation, and 1/2 that amount in the second year. The final establishment grants were made in F.Y. 1991, so there will be no more grants in this category in future years.

2. Regional library basic system support grants to the 12 regional public library systems to assist them in developing and performing ongoing public library services. Systems determine which of the LSCA Title 1 priorities they will address with grant funds. Grant amounts are determined by a formula established in state law...the same formula used for distribution of state funds.
3. Major urban resource library grants are made to city libraries in Minneapolis and St. Paul. Grants assist these libraries in sharing their resources with other libraries in the state. These grants are made only in years for which the congressional appropriation for LSCA exceeds \$60 million.
4. Grants to improve library services in institutions operated by the Minnesota Department of Human Services and the Minnesota Department of Corrections, and to assist in development of services of the Communications Center, State Services for the Blind, in the Minnesota Department of Jobs and Training. The amounts of these grants are based on project applications filed by the departments. These federal funds supplement state funds for institution library service and provide services which otherwise could not be provided.
5. Special grants for projects of limited duration that are a priority as determined by the State Board of Education. Grant levels are determined by project applications submitted under procedures established in State Board rule. Examples of such grants are support for the Minnesota Governor's Pre-White House Conference on Library and Information Services, and planning and implementation of library automation.
6. Public library construction grants awarded for construction or remodeling of public library buildings. Under State Board of Education rules, grants may be made for up to 33% of the cost of the project up to \$200,000. Grants have been awarded recently for projects in Benson and Renville. Projects are under way or have been completed recently in Stewartville and Hoyt Lakes.
7. Multi-county multi-type library cooperation grants to assist the 7 multi-type library systems develop and operate cooperative programs involving academic, public, school, and special libraries. Services include interlibrary loan and delivery of library materials requested, and staff development. Grant amounts are determined by a formula in State Board rule...the same formula used for distribution of state funds.

OUTCOMES:

A. Program Effectiveness:

Because state funds also are used for most of these grants, performance measures are shown in Program Budgets 1001 and 1002.

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1222 PUBLIC LIBRARY AID
(Continuation)

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
<u>Types of Aid (Grants)</u>					
1. Establishment grants for regional library systems					
Number of grants	8	0	0	0	0
Expenditures	77.4	0	0	0	0
2. Regional library basic system support grants					
Number of grants	12	12	12	12	12
Expenditures	\$ 1,236.0	\$ 1,300.0	\$ 1,200.0	\$ 1,200.0	\$ 1,200.0
3. Major urban resource library grants					
Number of grants	2	2	2	2	2
Expenditures	\$ 53.8	\$ 56.2	\$ 54.5	\$ 54.5	\$ 54.5
4. Grants to improve library services in human services and corrections institutions and for the blind and physically handicapped					
Number of grants	3	3	3	3	3
Expenditures	\$ 55.9	\$ 55.9	\$ 55.9	\$ 55.9	\$ 55.9
5. Special project grants					
Number of grants	1	0	0	0	0
Expenditures	\$ 75.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
6. Public library construction grants					
Number of grants	3	2	3	2	2
Expenditures	\$ 690.4	\$ 267.1	\$ 314.5	\$ 289.3	\$ 289.3

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(Continued)

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
7. Multi-county multi-type library cooperation operating grants					
Number of grants	7	7	7	7	7
Expenditures	\$ 334.3	\$ 340.6	\$ 341.2	\$ 338.0	\$ 338.0
Totals					
Number of grants	35	26	27	26	26
Expenditures	\$ 2,522.8	\$ 2,019.8	\$ 1,966.1	\$ 1,937.7	\$ 1,937.7

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

PROSPECTS:

All Minnesotans have access to public library service. Use of Minnesota public libraries has steadily increased since 1980. In recent years, the growth in library loans of materials to persons who live outside the regional service area has been a great convenience for working commuters, vacationers, and others who live near regional library boundaries.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1223 NUTRITION EDUCATION TRAINING

CITATION: Child Nutrition Act (1966) as amended by P.L. 95-166
MDE ADMIN: 1301 Curriculum Services

PURPOSE:

To provide opportunities for students (Preschool - Grade 12) to acquire the knowledge, skills and attitudes to make informed and healthy food choices to maintain and promote health.

DESCRIPTION:

Federal funds are appropriated annually by the U.S. Congress for the Nutrition Education & Training (NET) Program. The U.S. Department of Agriculture is the national administrative office. Grants are awarded to states based upon student enrollment in the Child Care & Adult Food Program and in public and private schools in Minnesota. In F.Y. 1992, the Minnesota Department of Education received \$167,583 based upon enrollment of 853,634 children.

Annually, a state plan is prepared that describes the nutrition education needs of students, teachers and school food service staff and the methods of meeting the needs with the resources available.

Each year the NET Program provides services to students, teachers, administrators, school nurses and school food service staff through:

- curriculum Development grants (OBE);
- teacher and school food service conferences;
- development/dissemination of current nutrition information;
- workshops to increase the nutrition knowledge and instructional strategies of teachers; and
- studies and innovative project development for school and child care use.

The NET Program is evaluated by the participants that attend the conferences, workshops and receive the grant awards as to the usefulness of the service and resources provided.

OUTCOMES:

A. Program Effectiveness:

The NET Program has three service outcomes:

1. in-service training of teachers, school nurses, and principals in nutrition and strategies to integrate nutrition instruction into the curriculum;
2. provide training and materials for school food service personnel; and
3. development, identification, and dissemination of resource materials.

Examples of accomplishments and effectiveness during F.Y. 1992 and F.Y. 1993 include:

- Awarded nine grants in F.Y. 1992 to elementary schools to develop nutrition outcomes,

instructional strategies and assessment methods. Two in-service training sessions were provided as well as on-site consultations. The nine grants reached 18 schools and 6,800 students.

- Planned and conducted two conferences that were attended by 500 educators.
 - Reaching pregnant and parenting teens
 - Nutrition, technology and the environment
- Planned and conducted a staff development workshop for school food service staff. Three hundred attended this Saturday workshop.
- Provided nutrition information to teachers, school food service directors on the Food Pyramid for use with students and their families each month for nine months.
- Distributed current nutrition information to health, personal and family life science teachers and elementary teachers at least twice per year. Over 200,000 students will be reached directly with the information provided.
- Development of nutrition outcomes and guidelines to share with schools when they are developing new curriculum.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
1. Persons reached					
Children	43,950*	6,800**	\$6,800**	20,000	30,000
Teachers	1,465	2,500	2,100	10,000	15,000
Foodservice Personnel	700	500	500	500	500
2. Funding Level	\$ 74.5	\$ 167.7	\$ 165.5	\$ 165.5	\$ 165.5
Administration	70.3	73.9	75.0	75.0	75.0
Program Services	\$ 4.2	\$ 93.8	\$ 90.5	\$ 90.5	\$ 90.5

* Includes distribution of materials

** Includes program services only

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

PROSPECTS:

The climate for continuation of this program is extremely positive, because meeting the nutritional needs of young children and youth are critical to their success as learners. Both national and state agendas indicate that nutrition education will be an important aspect of child care and school programs in the future. The U.S. Department of Agriculture has recently developed a strategic plan for the NET Program that intends to establish the NET Program as a program that will identify research areas in nutrition education, identify and provide technical assistance to schools and child care institutions, and develop collaborative relationships with all groups that promote nutrition education and the service of nutritious meals and snacks to children.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids
 1224 SCHOOL LUNCH PROGRAM

CITATION: National School Lunch Act, Sections 4, 11 and 14
MDE ADMIN: 1404 Child Nutrition

PURPOSE:

To promote the health and well-being of children through providing nutritious lunches so that children may perform at their full potential in school and develop sound nutritional eating habits at an early age to be carried throughout life. The specific objectives are to:

- provide model lunches based on nutrient standards which reinforce nutrition principles taught in the classroom; and
- provide financial assistance and donated foods for all meals served thus increasing access to a more nutritious diet at a free or low cost and increasing the consumption of domestic agricultural products.

DESCRIPTION:

Under the National School Lunch Program (NSLP), public and nonpublic schools and residential child care institutions are reimbursed by the federal government at a basic, reduced price, or free rate for lunches served to eligible children. Eligibility is determined by family size and income. The basic rate of reimbursement (from federal Section 4 funds) is paid on all lunches served, including free and reduced price. In addition to the basic reimbursement, schools and residential child care institutions receive federal Section 11 funds for lunches served to students eligible for free or reduced price meals.

OUTCOMES:

A. Program Effectiveness:

Research has demonstrated a strong relationship between food, nutrition, wellness, and learning. Nutrition has a strong physical, emotional, and intellectual impact on a child's ability to learn. Hunger affects behavior; leads to nervousness, irritability, disinterest in the learning situation, and inability to concentrate. An investment in nutritional resources is needed for all students to succeed. The school lunch program is an integral part of the educational program — it provides a source of optimum nutrition necessary for learning, a learning laboratory for health programs and an atmosphere for social interaction. Studies have demonstrated that students who participate in school lunch have higher intakes of energy and more nutrients than students who do not participate. Lifetime food habits are established at an early age. Teaching/providing nutritional food choices in schools also helps to minimize future health care costs in our country where six of the ten leading causes of death are linked to diet. It is becoming increasingly apparent that these have their roots in childhood.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in

the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
1. Public School Districts					
a. School food authorities	422	411	400	400	400
b. Lunches served: (000s)					
Fully paid	49,724	49,625	50,121	50,622	51,128
Reduced Price	5,418	5,767	5,825	5,883	5,942
Free	17,319	18,500	18,685	18,872	19,061
Total	72,461	73,892	74,631	75,377	76,131
c. Section 4 funds received	\$ 11,329	\$ 11,866	\$ 12,340	\$ 12,833	\$ 12,961
d. Section 11 funds received	\$ 30,875	\$ 33,426	\$ 33,760	\$ 34,098	\$ 34,439
2. Private Schools, Public & Nonpublic Residential Child Care Institutions					
a. School food authorities	253	254	254	254	254
b. Lunches served (000s)					
Fully paid	3,539	3,541	3,577	3,613	3,649
Reduced price	358	371	375	379	383
Free	1,324	1,314	1,327	1,340	1,353
Total	5,211	5,226	5,279	5,332	5,385
c. Section 4 funds received	\$ 821	\$ 861	\$ 895	\$ 931	\$ 968
d. Section 11 funds received	\$ 2,282	\$ 2,385	\$ 2,480	\$ 2,579	\$ 2,682
3. Funding Level					
Total Section 4 funds	\$ 12,150	\$ 12,727	\$ 13,235	\$ 13,764	\$ 13,929
Total Section 11 funds	\$ 33,157	\$ 35,811	\$ 36,240	\$ 36,677	\$ 37,121
Grand Total Funds	\$ 45,307	\$ 48,538	\$ 49,475	\$ 50,441	\$ 51,050

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

PROSPECTS:

The number of total lunches served increased by nearly 1.5 million in F.Y. 1992. This increase in 1.5 million lunches was due to an increase in the number of free meals and reduced price meals served; fully paid meals decreased slightly. Federal reimbursement received for free and reduced price lunches does not cover the total cost of preparing those lunches. During FY 1991, 104 of Minnesota's school districts reported a higher meal cost than federal reimbursement. Additional revenues to cover these costs must be earned from a la carte sales and catered events.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1225 SPECIAL MILK PROGRAM

CITATION: Child Nutrition Act (1966), Section 3
MDE ADMIN: 1404 Child Nutrition

PURPOSE:

To assist children in schools and institutions in meeting their nutritional needs in order to reach their maximum learning potential. Milk served in this program during milk breaks or with meals provides an opportunity for children to obtain one of the four glasses of milk needed daily to meet their recommended dietary intake. This program also encourages the consumption of fluid milk by children.

DESCRIPTION:

Schools and institutions such as nonprofit nursery schools, child care centers, summer camps that do not participate in any other federal child nutrition feeding program, i.e., National School Lunch, Breakfast, etc., are eligible to participate in the Special Milk Program (SMP). Also, schools with split-session Kindergarten, where no other federal child nutrition program is available for Kindergarten students, may participate. For each 1/2 pint of milk served to non-needy children, the school or institution is reimbursed at set rate which is adjusted annually to reflect changes in the Producer Price Index for fresh processed milk. The rate of reimbursement for the period of July 1, 1992 through June 30, 1993 is 11 cents for each 1/2 pint. Schools or institutions which elect to serve milk free to eligible needy children are reimbursed at their average cost of 1/2 pint of milk.

OUTCOMES:

A. Program Effectiveness:

Children were served over 6 million half-pints of milk during the 1991-1992 school year, a decrease from 1990-91. The number of children participating in the SMP in schools decreased due to more schools offering the breakfast program and more full day kindergarten. The consumption of milk in other institutions on the program has increased.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
(\$ in 000s)					
1. Public School Districts					
Districts participating					
Special milk	3	3	1	1	1
Split-session	113	106	106	106	106
Students participating					
Special milk	1,706	1,705	324	324	324
Split-session	32,712	25,399	26,000	26,000	26,000
Amount received	\$ 474.0	\$ 370.0	\$ 370.0	\$ 370.0	\$ 370.0
2. Private Schools, Summer Camps and Other Public and Private Institutions					
Units participating	371	396	396	396	396
Children participating	85,600	86,000	86,000	86,000	86,000
Amount received	\$ 469.0	\$ 474.0	\$ 474.0	\$ 474.0	\$ 474.0
3. Total Federal Aid	\$ 943.0	\$ 844.0	\$ 844.0	\$ 844.0	\$ 844.0

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

PROSPECTS:

Participation in the Special Milk Program will continue to decrease. Two of the three public school districts on the program will not be on it in F.Y. 1993 since they will be offering a meal service. Most milk claimed in the program is served to Kindergarten children. Milk breaks are becoming more difficult to work into the school day's schedule.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1226 SCHOOL BREAKFAST PROGRAM

CITATION: Child Nutrition Act (1966), Section 4
MDE ADMIN: 1404 Child Nutrition

PURPOSE:

To provide an opportunity for children to eat breakfast at school in order that their daily nutritional needs are met and they are more alert and attentive in class, thus increasing learning. The specific objectives of this program are:

- provide a breakfast daily that meets 1/4 to 1/3 of a child's recommended daily dietary allowance;
- eliminate mid-morning hunger and sickness frequently associated with failure to eat breakfast;
- enable children to be ready physically and psychologically to learn; and
- provide financial assistance for each breakfast served to children.

DESCRIPTION:

Schools and residential child care institutions participating in the School Breakfast Program are reimbursed (at the paid, reduced price, or free rate) for breakfasts served to eligible children. Rates of reimbursement are established each year on July 1 by the United State Department of Agriculture, Food and Nutrition Services. The amount that a school or residential child care institution receives for each breakfast depends on the eligibility of the student receiving the meal. Family size and income determine whether the student is eligible for a free, reduced price, or fully paid breakfast.

OUTCOMES:

A. Program Effectiveness:

The number of breakfasts served increased by 1.6 million from the 1990-91 school year to the 1991-92 school year with a 50 percent increase in reduced price breakfasts, 30 percent increase in free breakfasts, and 20 percent increase in full paid breakfasts. Average daily participation increased from 30,354 to 39,476. Recent studies found that low income elementary school children participating in the School Breakfast program showed improvement in standardized achievement test scores, improved attendance rates, and reduced tardiness.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

(\$ in 000s)	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Public School Districts					
School food authorities participating	115	224	224	224	224
Breakfasts served (000s)					
Fully paid	797	1,027	1,109	1,142	1,176
Reduced price					
Non-severe need	137	246	273	281	290
Severe need	133	160	165	170	175
Free					
Non-severe need	1,007	1,903	2,195	2,260	2,328
Severe need	2,457	2,779	2,862	2,948	3,036
Total breakfasts	4,531	6,115	6,604	6,801	7,005
Federal aid received	\$ 3,759.0	\$ 5,120.0	\$ 5,529.0	\$ 5,861.0	\$ 6,213.0
Private Schools and residential child care institutions					
School food authorities/Institutions	58	63	63	63	63
Breakfasts served (000s)					
Fully paid	69	73	73	73	73
Reduced price					
Non-severe need	8	12	12	12	12
Severe need	1	1	1	1	1
Free					
Non-severe need	414	359	359	359	359
Severe need	324	402	402	402	402
Total breakfasts	816	847	847	847	847
Federal aid received	\$ 721.0	\$ 795.0	\$ 819.0	\$ 844.0	\$ 869.0
Total Federal Aid	\$ 4,480.0	\$ 5,915.0	\$ 6,348.0	\$ 6,705.0	\$ 7,082.0

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

PROSPECTS:

The number of breakfasts served is increasing. It is estimated that participation will increase due to state legislation and financial conditions in the state. Nonprofit organizations are promoting breakfast in the schools and will be lobbying the state legislature for breakfast program support.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1227 CHILD AND ADULT CARE FOOD PROGRAM

CITATION: National School Lunch Act, Section 17
MDE ADMIN: 1404 Child Nutrition

PURPOSE:

To maintain and improve the availability of nutritious meals and snacks to children through age 12, and functionally impaired adults, in nonresidential organizations that provide child care or day care for functionally impaired adults. This is accomplished through reimbursement and technical assistance to the organizations' food service programs. Eligible organizations are licensed or approved child care centers, outside-school-hours care centers, adult day care centers, sponsoring organizations, and family day care homes.

DESCRIPTION:

Reimbursement is available for breakfast, lunches, suppers, and snacks that meet guidelines established by the U.S. Department of Agriculture (USDA), Food and Nutrition Service. Up to two meals and one snack per day per participant may be claimed for reimbursement; an additional meal or snack may be claimed for children in care for 8 hours or more.

Rates of reimbursement for centers and for family day care homes are established each July 1 by the USDA, Food and Nutrition Service. For centers, the amount of reimbursement also depends on household size and income. Sponsors of family day care home organizations receive administrative payments in relation to the number of homes sponsored.

Federal regulations and policies are interpreted and enforced, and technical assistance is provided on nutrition, recordkeeping, and other program requirements.

OUTCOMES:

A. Program Effectiveness:

The number of centers and family day care homes (FDCH) participating in the program increased slightly from F.Y. 1991 to F.Y. 1992. Average daily participation increased from 74,428 to 85,224. Almost 90 percent of the licensed FDCH homes participate in Child and Adult Care Food Program (CACFP) and about 50 percent of licensed centers participate. Of the 50 percent of the licensed centers that do not participate, it is unknown how many would meet the eligibility requirements to participate.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

(\$ in 000s)	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
1. Public Institutions					
Care centers					
participating	48	49	49	49	49
Participants	2,665	3,050	3,050	3,050	3,050
Amount received	\$ 408.0	\$ 476.0	\$ 490.0	\$ 505.0	\$ 520.0
2. Private Institutions					
Care centers and					
family day care homes					
participating	11,299	11,822	11,822	11,822	11,822
Participants	71,763	82,174	82,174	82,174	82,174
Amount received	\$ 42,590.0	\$ 47,676.0	\$ 49,106.0	\$ 50,793.0	\$ 52,096.0
3. Total Federal Aid	\$ 42,998.0	\$ 48,152.0	\$ 49,596.0	\$ 51,298.0	\$ 52,616.0

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

PROSPECTS:

The allowance of an additional meal for children in care 8 hours or more has increased reimbursement for some centers. The number of child care centers, outside-school-hours care centers, and family day care homes participating in the program continues to increase each year. The participation of adult day care centers was added in 1989 and continues to increase.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1228 SUMMER FOOD SERVICE

CITATION: National School Lunch Act, Section 13
MDE ADMIN: 1404 Child Nutrition

PURPOSE:

To provide nutritionally adequate meals to children from low-income families during the summer months when the national school lunch and breakfast programs are not available. The program is designed to:

- safeguard the health and well-being of children;
- assist children who may otherwise go without food;
- assure that nutritional needs of low-income children are met throughout the year so that their physical ability to learn is maximized; and
- provide a model for developing healthy eating habits and thus reduce the risk of major chronic diseases later in life.

DESCRIPTION:

The Summer Food Service Program (SFSP) is a federal entitlement program which provides meal and administrative reimbursement to school food authority, government, higher education institution, and nonprofit organization sponsors who provide meals to children in low-income areas and from low-income groups as defined in federal guidelines. Sponsors of summer camps also receive reimbursement for only those meals served to children from low-income families. The rates of reimbursement are established each year on January 1 by the U.S. Department of Agriculture, Food and Nutrition Service.

Using federal guidelines, low-income areas and groups are identified and outreach is conducted to potential program sponsors informing them of program benefits and requirements. Program information sessions are then conducted for interested potential sponsors who in turn submit documentation of their target population eligibility along with program application. Once eligibility has been verified by the Minnesota Department of Education (MDE), sites are approved for meal reimbursement and, in the course of the program operation, compliance reviews are conducted by MDE Child Nutrition Section staff. Sponsors then submit claims for eligible meals served. Total program reimbursement is based on the reimbursement rates for each type of meal served, multiplied by the number of meals served for each category.

OUTCOMES:

A. Program Effectiveness:

Since the January 1987 inception of MDE administration of the program, outreach to organizations serving areas and groups of needy children has been more effective as evidenced by the increase in sponsoring organizations and sites from 19 and 186 to 26 and 283 respectively in 1992. Average daily attendance has increased by 78 percent. Only 9.2 percent of the low income children who received low cost or free lunches during the 1991 school year participated in the federal Summer Food Service Program according to data analyzed by Food Research Action Center (FRAC). During the Summer of 1991, nearly 800,000 meals were served to participating children. St. Paul and Minneapolis Public Schools served nearly 500,000 of these meals.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
(\$ in 000s)					
Sponsoring organizations	23	26	26	26	26
Number of sites	239	283	283	283	283
Average daily attendance	15,638	16,000	16,000	16,000	16,000
Total Federal Aid	\$ 1,050.0	\$ 2,250.0	\$ 2,250.0	\$ 2,250.0	\$ 2,250.0

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

PROSPECTS:

The potential for increased program participation has been enhanced by the 1990 change in law expanding private nonprofit organizations' ability to sponsor the program, the inclusion of homeless feeding sites in the program, and increased awareness by MDE of potential service populations. Participation will continue to increase each year. Anti-hunger advocacy groups are greatly concerned that this program is being underutilized. Indications are that many areas of the state will continue to be unserved or underserved.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

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PROGRAM: 12 Federal Programs
AGENCY: Education Aids

1229 FEDERAL IMPACT AID
(Information Only)

CITATION: P.L. 81-874, Titles I and IV as amended
P.L. 81-815, as amended

MDE ADMIN: 1401 Education Finance and Analysis

PURPOSE:

Federal Impact Aid was established to assist school districts that are financially burdened as a result of existing, new, or expanded federal activities. Federal Impact Aid is designed to compensate school districts for the costs of educating children when enrollments and/or the availability of revenues from local sources have been adversely affected by federal ownership or federal activity.

DESCRIPTION:

P.L. 874 authorizes a direct general aid payment to the impacted school district's general fund for the maintenance and operation of the educational program. Federal Impact Aid funds do not flow through the Minnesota Department of Education (MDE).

The federal government is the nation's largest landowner and employer, with military installations, civilian government agencies, Indian reservations, and public housing. The federal government does not pay property taxes, the traditional source of financial support for schools. Since federal property is not subject to property tax, it does not provide financial support for the schools, even though the dependents of federal employees and residents of federal lands add to the cost of providing public education. When P.L. 81-874 and P.L. 81-815 were enacted in 1950, the primary focus was to respond to the impact of increased populations in centers of defense production and near military installations. Since that time, the provisions of the program have been expanded to recognize the impact represented by children residing on certain Indian lands. Additional impact aid is available to handicapped children who reside on Indian land and handicapped children who have a parent in the uniformed services. The definition of federal property has been broadened to include certain low-rent housing properties as well as tax-exempt properties owned by foreign governments.

Federal Impact Aid provides assistance to local educational agencies (LEAs) under three broad programs. The first is a recurring, current funded program requiring an annual application filed with the U.S. Department of Education by January 31. The other two programs are initiated by application upon occurrence.

Presently, 33 school districts in Minnesota qualify for Federal Impact Aid. Approximately \$5.7 million in funds were received by districts in 1991-92.

I. CURRENT OPERATIONS

Public Law 81-874 provides financial assistance for current operations. Impact aid payments are made directly to school districts for the current fiscal year where they are usually co-mingled with

state, local, and other funds used for any purpose benefiting all students enrolled in the district. Funds for this program are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations. Significant sections of this law are described below.

Section 2 authorizes assistance to school districts having a partial loss of tax base as a result of the acquisition of real property by the United States.

A school district (LEA), may be eligible if 1) the property was acquired by transfer, and not by exchange, since 1938; 2) the assessed valuation of such property represents 10 percent or more of the total assessed valuation of all realty in the LEA at the time or times of transfer; and 3) the acquisition has placed a substantial and continuing financial burden on the LEA.

Section 3 Payments under this section constitute the major part of the Impact Aid program. A school district may be eligible for payments if the total number of Section 3 children in average daily attendance (ADA) is 3 percent (minimum of 10 students) of the total average daily attendance or 400, whichever is the lesser. Districts claiming assistance under Section 3(a) for children residing on Indian lands must effect policy and procedures to ensure that the Indian children claimed participate on an equal basis in the school program with other children educated by the district. Further, the Tribes and parents of the Indian children must receive copies of the applications and evaluations and have an opportunity to present their views on the educational programs of the district.

Section 3(a) authorizes payments to school districts providing education for children who;

- 1) reside on federal property and live with a parent employed on Federal property, or
- 2) reside on federal property and have a parent on active duty in the uniformed forces, or
- 3) reside on Indian lands.

For the purposes of allocating funds available for Section 3(a), the law groups districts into the following classifications:

A super "A" district is a district where 20% or more of the school district attendance is comprised of section 3(a) children. In F.Y. 1992, 6 Minnesota school districts were super A's.

A subsuper "A" is a district where section 3(a) children constitute at least 15%, but less than 20% of the school district total attendance. In F.Y. 1992, 2 Minnesota schools districts were subsuper A's.

A regular "A" district is a district where section 3(a) children constitute less than 15% of the school district total attendance. In F.Y. 1992, 17 Minnesota school districts were regular A's.

Section 3(b) authorizes payments to school districts providing education for children who;

- 1) reside on federal property, or
- 2) live with a parent employed on federal property, or
- 3) have a parent on active duty in the uniformed forces.

For the purposes of allocating funds available for Section 3(b), the law groups districts into the

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PROGRAM: 12 Federal Programs
 AGENCY: Education Aids
 1229 FEDERAL IMPACT AID
 (Information Only)

following classifications:

A super "B" district is a district where section 3(b) children constitute 20% or more of the school district total attendance. Minnesota does not have any districts which qualify for this category at this time.

A regular "B" district is a district where section 3(b) children constitute less than 20% of the school district total attendance. In F.Y. 1992, 8 Minnesota school districts were regular B's.

Section 3(d)(2)(B) authorizes increased rates of payment for certain districts under specified circumstances to the extent necessary to enable a school district to provide a level of education equivalent to that provided by comparable districts in the state.

Section 3(e) authorizes phase-out entitlements under specified conditions to school districts that lose a substantial number of children due to a decrease or cessation of federal activities in the district.

Section 4 authorizes assistance for sudden and substantial increases in federally connected attendance resulting from activities carried on by the federal government either directly or through a contractor.

A school district may be eligible if, as a direct result of activities of the United States (either directly or through a contractor), a 5 percent increase in the number of children in average daily attendance has occurred in a district's schools.

II. CONSTRUCTION

P.L. 81-815 provides direct grants to school districts for the construction and repair of urgently needed minimum school facilities. Priority rankings intended to reflect relative urgency of need are established to ensure a systematic distribution of available funds among applicants. Priority rankings are reordered periodically as new applications are filed. Thus, a particular project's ranking may change several times before it is funded. Construction funding is dependent upon the availability of appropriations and remains available until expended. Significant sections of this law are described below.

Section 5 authorizes assistance for schools in areas experiencing an increase in the number of children residing on federal property and/or residing with a parent employed on federal property. This increase must be attributed to an increase in federal activity either directly or through a contractor.

Section 8 authorizes the use of a portion of the program's appropriation as supplementary funding to a district that cannot finance the non-federal portion of the project.

Sections 14(a) and 14(b) authorize grants to school districts that are comprised mainly of Indian lands or that provide a free public education to children who reside on Indian lands.

Section 14(c) authorizes grants to school districts that are comprised mainly of federal lands and that have a substantial number of inadequately housed pupils.

III. DISASTER ASSISTANCE

Public Laws 81-874 and 81-815 provide direct grants to school districts affected by major disasters. The district must be located in a Presidentially-declared disaster area in order to be eligible to apply for major disaster funds. The damage threshold must equal \$10,000 or 5 percent of the district's current operating expenditures during the fiscal year preceding the one in which the disaster occurred, whichever is less. Disaster assistance funding is dependent upon the availability of appropriations and remains available until expended. Significant sections of these laws are described below.

Section 7 of Public Law 81-874 enables school districts to make minor repairs to instructional facilities, provide temporary instructional facilities, pay increased instructional operating expenses, and replace instructional materials and equipment.

Section 16 of Public Law 81-815 authorizes grants to school districts for major repairs or replacement of district instructional facilities damaged or destroyed by major disasters.

OUTCOMES:

A. Program Effectiveness:

Impact Aid for current operations continues to be rateably reduced...this proration varies by district classification and reporting categories. This resulted in Minnesota districts receiving only \$5,684.0 of a \$13,199.6 entitlement in F.Y. 1992. Of the 5 claims for disaster assistance submitted following the July 20, 1987 series of rainstorms, three districts have received a final federal settlement and the remaining 2 are in the finalization process.

Many federal flow-through programs have a focus that is often related to the stated purpose for one or more state-funded programs. As a result, federal programs may be referenced or discussed in the Education Outcomes and Program Effectiveness section at the beginning of this budget document.

B. Program Services/Statistics:

1. <u>Current Operations</u>	Actual F.Y. 1991	Actual F.Y. 1992	Estimate F.Y. 1993	Estimate F.Y. 1994	Estimate F.Y. 1995
Number of districts per classification					
Super "A"	6	6	6	6	6
Subsuper "A"	2	2	2	2	2
Regular "A"	17	17	17	17	17
"B"	8	8	8	8	8
Total	33	33	33	33	33

1994-95 Biennial Budget

PROGRAM: 12 Federal Programs
AGENCY: Education Aids

**1229 FEDERAL IMPACT AID
(Information Only)**

Local contribution rate (LCR) \$ 2,247.50 \$2,359.00 \$2,359.00 \$ 2,359.00 \$2,359.00

2. Construction

Projects Currently on Priority List	Amount	Date of Placement on List
Nett Lake 75-C-403	\$1,426,000	1975
Waubun 75-C-5001	30,000	1975
Red Lake 90-C-401	7,075,000	1990
Red Lake 78-C-401A28	6,500,000	1978
Mahnomen 89-C-3401A39	1,000,000	1990

3. Disaster Assistance - School

The most recent Presidentially-declared disaster which affected schools receiving Impact Aid was on July 20, 1987. School district claims have been submitted and federal reimbursement for damages has been paid.

**4. Program Entitlement/Payment
(\$ in 000s)**

ISD	District Name	F.Y. 1991		F.Y. 1992	
		Entitlement	Payment	Entitlement	Payment
001	Minneapolis	\$ 1,341.7	\$ 73.8	\$ 1,511.9	\$ 75.6
004	McGregor	36.0	10.7	102.6	35.3
011	Anoka-Hennepin	258.6	16.0	352.2	17.5
031	Bemidji	274.0	65.1	348.6	73.1
032	Blackduck	63.7	15.5	80.9	20.2
038	Red Lake	2,693.5	1,965.0	3,265.6	2,227.5
093	Carlton	187.3	68.3	194.9	56.4
094	Cloquet	551.6	209.5	697.5	194.7
113	Walker	232.9	93.9	248.4	67.2
115	Cass Lake	728.6	493.1	788.6	503.7
118	Remer	129.1	48.2	132.8	36.3
162	Bagley	278.6	104.7	271.7	81.5
166	Cook County	148.1	48.1	162.6	45.2
192	Farmington	50.4	2.8	50.5	2.5
280	Richfield	76.9	8.5	94.6	10.1
309	Park Rapids	327.8	137.7	386.7	113.4
317	Deer River	575.6	333.3	599.7	319.9
381	Lake Superior	-	-	45.8	4.8

432	Mahnomen	858.3	621.2	960.3	651.8
435	Waubun	505.7	357.6	558.9	364.3
480	Onamia	357.6	216.7	401.9	180.2

(continued on next page)

(continued from previous page)
(\$ in 000s)

ISD	District Name	F.Y. 1991		F.Y. 1992	
		Entitlement	Payment	Entitlement	Payment
566	Askov	16.1	0.1	21.1	1.1
573	Hinckley	80.6	22.0	11.0	11.0
576	Sandstone	139.7	37.1	149.3	35.6
625	St. Paul	1,730.6	95.2	1,867.2	93.4
652	Morton	194.6	110.7	223.3	146.1
696	Ely	45.5	2.5	47.4	2.4
700	Hermantown	87.8	18.7	53.8	8.5
707	Nett Lake	263.4	193.1	252.8	172.7
708	Tower-Soudan	63.3	23.7	86.8	25.4
709	Duluth	467.7	25.7	419.1	21.0
710	St. Louis County	156.5	50.8	244.2	70.6
742	St. Cloud	277.8	15.3	300.9	15.0
Total		\$ 13,199.6	\$ 5,484.6	\$ 14,933.6	\$ 5,684.0

PROSPECTS:

Federal Impact Aid will continue to provide direct aid payments to Minnesota school districts which are financially burdened as a result of federal activities or ownership. Although, nationwide, Impact Aid is primarily a program for military and other federal activities, districts which include Indian lands are the main benefactors in Minnesota. The amount of Impact Aid received by Minnesota school districts makes a significant impact in providing programs and services to students. It appears that the proration of aid entitlement will continue in the future.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

DEPARTMENT OF EDUCATION

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1994-95 BIENNIAL BUDGET

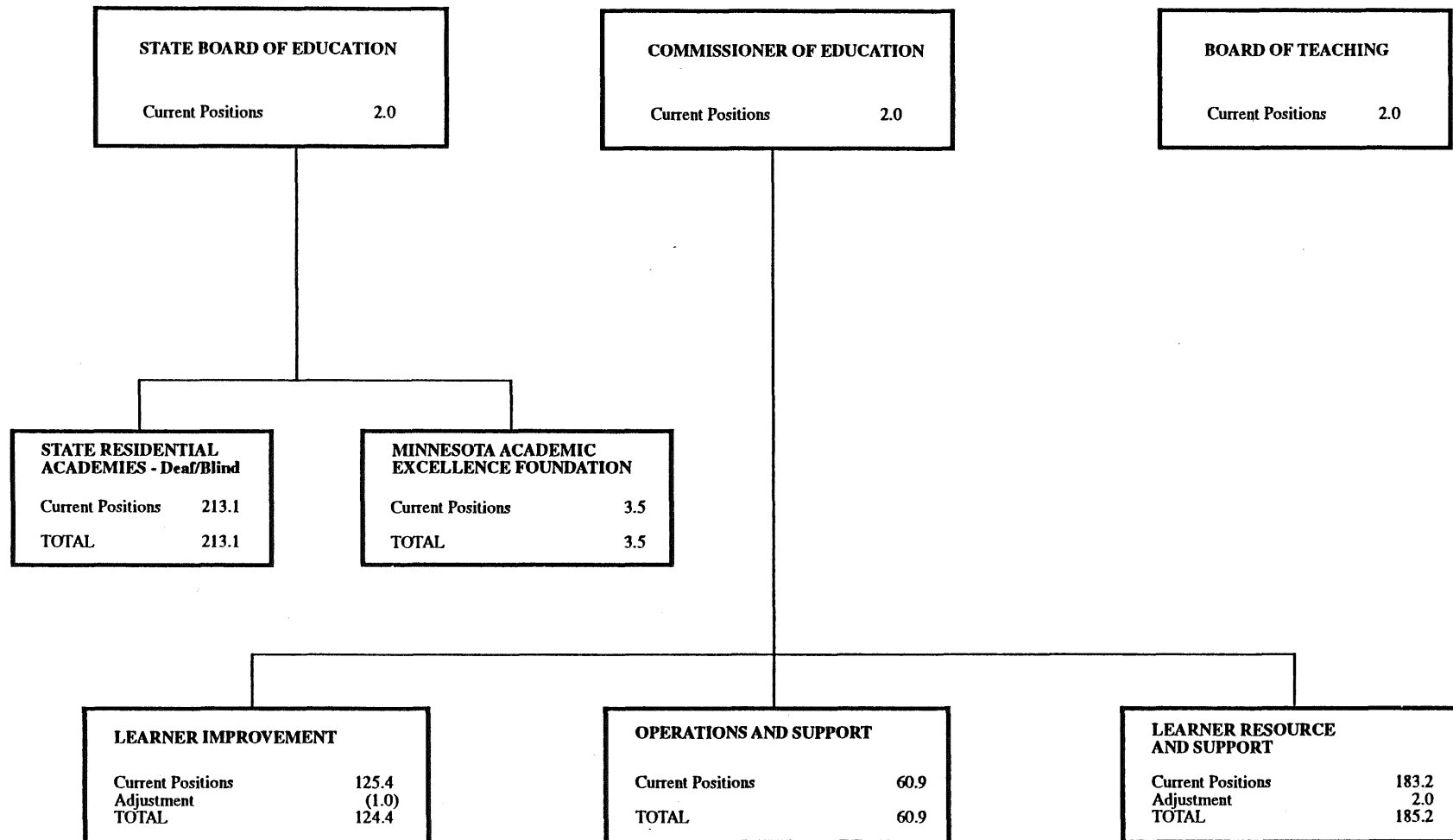
PROGRAM STRUCTURE

AGENCY: EDUCATION, DEPARTMENT OF

	<u>PROGRAM</u>	<u>PAGE</u>
Learner Improvement (13)	1301 Curriculum Services	A-458
	1302 Instructional Design	A-461
	1303 Special Programs	A-464
	1304 Assessment	A-467
	1305 Special Education	A-470
	1306 Minnesota Academic Excellence Foundation	A-473
Learner Resource and Support (14)	1401 Education Finance and Analysis	A-481
	1402 Education Development	A-486
	1403 Community Education/Learner Services	A-489
	1404 Child Nutrition	A-493
	1405 Monitoring/Equal Educational Opportunities	A-496
	1406 Indian Education	A-499
	1407 Library Development and Services	A-502
	1408 Personnel Licensing	A-505
	1409 Board of Teaching	A-507
	1410 State Board of Education	A-509
	1411 Executive Management	A-511
	1412 Education Data Systems	A-514
	1413 Administrative Support Services	A-517
Residential Academies for the Deaf and Blind (15)	1501 Academy for the Deaf	A-526
	1502 Academy for the Blind	A-529

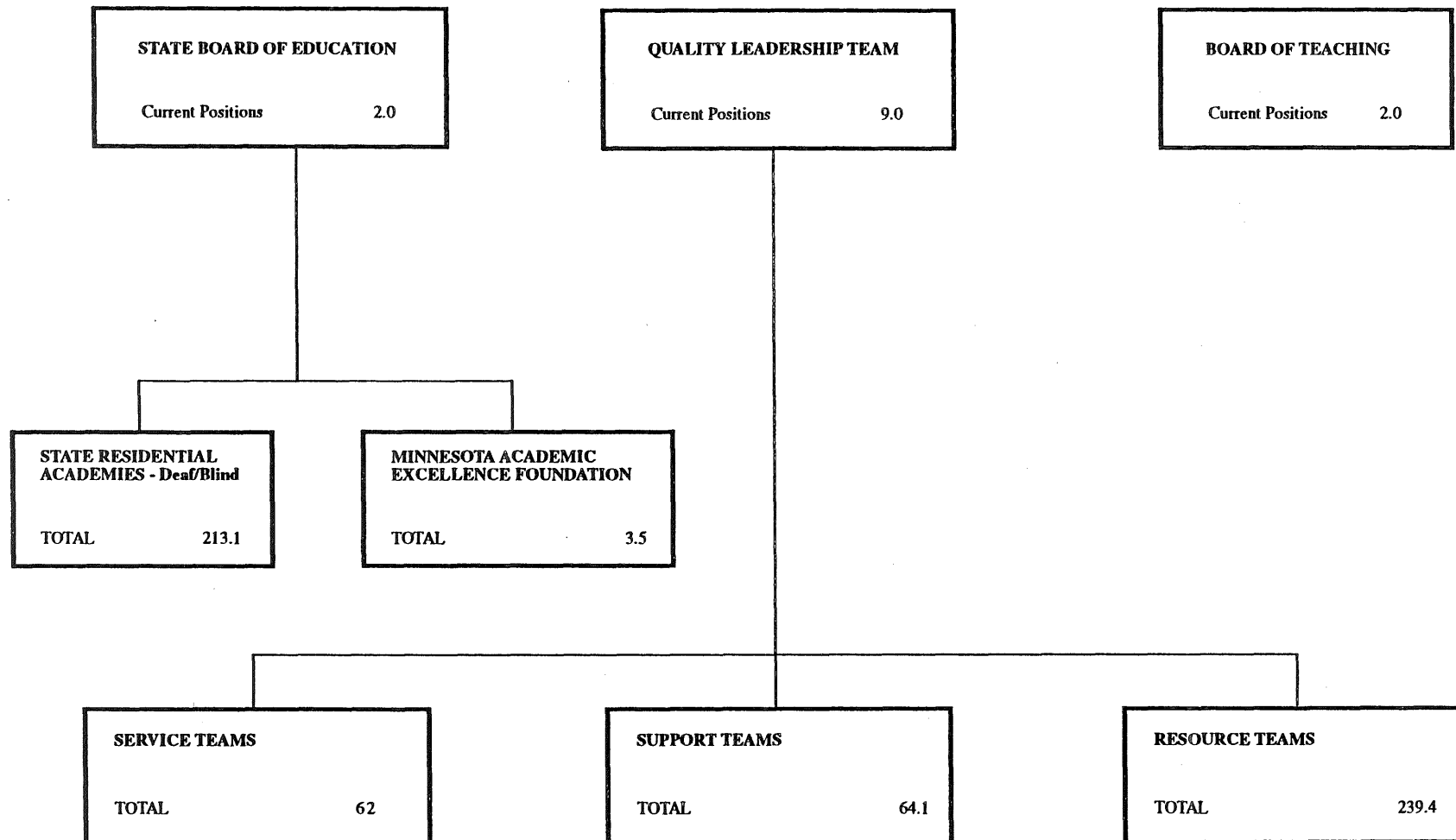
DEPARTMENT OF EDUCATION ORGANIZATION CHART

7/92



DEPARTMENT OF EDUCATION ORGANIZATION CHART

12/16/92



Department of Education

Position and Employee Status Information

Position Reconciliation:

<u>Authority</u>	<u>Current F.Y. 1993</u>	<u>Requested for 6/30/95</u>
Legislative Complement:		
General Fund	410.5	411.8
Special Revenue	28.1	28.1
Federal	151.2	155.2
MN Environmental & Natural Resources Trust	<u>2.3</u>	<u>-0-</u>
Total Permanent Positions	<u>592.1</u>	<u>595.1</u>
Other Complement (FTE)	65.0	50.4
TOTAL Positions	<u>657.1</u>	<u>645.5</u>
*Employees on 6/30/92	457.0	

Employees by Employment Status:

	<u>6/30/92</u>
Full-Time Unlimited	414.0
Full-Time Temporary	19.0
Full-Time Emergency	3.0
Part-Time Unlimited	15.0
Part-Time Temporary	2.0
Part-Time Seasonal	2.0
Intermittent Unlimited	<u>2.0</u>
TOTAL	<u>457.0</u>

- * Budget instructions call for employees on payroll as of 6-30-92.
This figure does not include 128 Faribault Residential Academies
teachers not on payroll 6-30-92 due to school not in session.

1994-95 Biennial Budget **Agency Budget Brief** (\$ in thousands)

Agency: Education, Department of

Fund: General

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1994-95</u>
CURRENT SPENDING	\$14,608	\$14,631	\$29,239
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	\$14,608	\$14,631	\$29,239
Inflation Cost Increases	506	1,030	1,536
Agency Management Decisions			
Agency Operations:			
Program Efficiencies			
Reduce Program			
Support Costs	\$(100)	\$(220)	\$(320)
Use Registration Fees and Co-sponsors to defray some Workshop Expense	(70)	(120)	(190)
Contain costs-reduce expenses, curtail types and quantities of printing	(48)	(132)	(180)
Prioritize contracted Professional/Technical Services	(50)	(90)	(140)
Reduce Administration for non-core instruction area	(150)	(150)	(300)
Restructuring			
Prioritize/Consolidate functional specialties	(600)	(700)	(1,300)
Consolidate Program Administration	(218)	(350)	(568)
Subtotal	<u>\$(1,236)</u>	<u>\$(1,762)</u>	<u>\$(2,998)</u>
TOTAL AGENCY PLAN	\$13,878	\$13,899	\$27,777
Governor's Initiatives			
Restore Agency Base	\$730	\$732	\$1,462
District Financial Management Package	244	244	488
Salary Planning Estimates	(309)	(309)	(618)
Transfer All Activities to the Department of Children	<u>(14,543)</u>	<u>(14,566)</u>	<u>(29,109)</u>
GOVERNOR'S RECOMMENDATION	\$ —	\$ —	\$ —

Brief Explanation of Agency's Overall Actions:

Based on budget reductions previously enacted and the belief that customer based service improvements are needed, a restructuring effort is underway that will establish budget priorities and assist in implementing the proposed 5% reduction and required absorption of projected compensation costs. A key element of our plan is to reduce the number of functional specialists and instead

employ a smaller number of individuals working on generalist teams covering more than one specialty. This approach is necessary regardless of budget constraints since existing delivery systems are somewhat fragmented and in general geared too much to specific categories/programs that would not enable the kind of focus necessary to bring about state leadership for world-class instructional programs. The teams will assemble an integrated expertise that will not only allow a more wholistic approach, but will be more flexible to adapt to specific trends and priorities of the day and will facilitate forming partnerships with other agencies or strengthening regional expertise and delivery of services. Another change is to reduce the number of staff who administer specific programs either on a full or part time basis and consolidate these responsibilities to the extent possible. The restructuring effort will enable support staff to play a greater role in providing direct services to clients. Beyond that, computerization of tasks and changing needs in the work place have displaced some of the traditional support tasks which will enable staff reductions proportionate to the over-all agency staffing profile.

The 5% reduction plan consists of approximately 85% staff costs and 15% expenses and program costs. There are no grant reductions in the agency plan.

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	
2. Impact on Staffing:			
Positions left Vacant or Eliminated	18.0	24.0	
3. Impact on Revenue Generation:	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
<u>Agency Plan</u>	\$-0-	\$-0-	\$-0-
<u>Governor's Initiatives</u>	\$-0-	\$-0-	\$-0-

4. Affected Statutes:

No required statutory changes have been identified at the time this document is being prepared. Particular attention will be given to legal requirements should this become a factor when the detailed budget reduction is developed.

5. Governor's Recommendation:

The Governor recommends a biennial appropriation of \$29,109 for the programs and activities of the Department of Education. This includes the agency plan with the following adjustments: restoration of the agency base for \$1,462, a funding reduction of \$618 associated with revised salary planning estimates, and a funding increase of \$488 and 3 positions to provide comprehensive assistance to school districts in the area of financial management.

The Governor further recommends the transfer of the Minnesota Career Information Services function to the Career Preparation Division of the Department of Children and Education Services, and the transfer of all remaining programs and activities to the Children's Services and Basic Services Divisions of the Department of Children and Education Services.

**1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Education, Department of

Fund: Trunk Highway

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$21	\$21	\$42
Forecast Adjustments	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
AGENCY BASE	\$21	\$21	\$42
Inflation Cost Increase	1	1	2
Agency Management Decisions			
Agency Operations:			
Streamline Costs for Workshops	\$(1)	\$(1)	\$2
Reduce printing, supplies			
office costs	(1)	(1)	2
Subtotal	\$(2)	\$(2)	\$(4)
TOTAL AGENCY PLAN	\$20	\$20	\$40
Governor's Initiatives	\$-0-	\$-0-	\$-0-
GOVERNOR'S RECOMMENDATION	\$20	\$20	\$40

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
2. Impact on Staffing:	0.0	0.0
None. No positions are assigned to the Trunk Fund		

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
3. Impact on Revenue Generation:			
<u>Agency Plan</u>	\$-0-	\$-0-	\$-0-
<u>Governor's Initiative</u>	\$-0-	\$-0-	-0-

4. Affected Statutes:	
None.	

5. Governor's Recommendation

The Governor concurs with the agency's plan, but recommends transfer of this program to the Department of Children and Education Services.

Brief Explanation of Agency's Overall Actions:

The Trunk Highway Fund for the Department of Education is used for program operations and office costs for the Driver Education program. No salaries or grants are involved.

The base reduction and inflation costs are relatively small so it is anticipated the cost impacts to these functions can be scaled back to fit available dollars and not appreciably diminish services.

The overall budget is \$21,000 annually which has been apportioned among office, staff travel and program costs such as developing curriculum materials and conducting workshops for educators addressing current issue and concerns with youthful drivers.

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION

ITEM DESCRIPTION:	FUND	EXPENDITURES			REVENUES		
		FY 1994	FY 1995	BIENNIUM	FY 1994	FY 1995	BIENNIUM
(A) RESTORE AGENCY BASE	GEN	730	732	1,462			
(A) TRANSFER TO CHILDREN & EDUCATION SVCS	GEN	<14,907>	<14,930>	<29,837>			
	SR	<2,263>	<2,263>	<4,526>			
	THI	<21>	<21>	<42>			
	FED	<12,085>	<12,085>	<24,170>			
	AGN	<898>	<898>	<1,796>			
	G&D	<95>	<95>	<190>			
(A) TRANSFER TO HIGHER ED SERVICES	SR	<381>	<411>	<792>			
(B) FINANCIAL MANAGEMENT PACKAGE	GEN	244	244	488			
TOTAL BY FUND	GEN	<13,933>	<13,954>	<27,887>			
	SR	<2,644>	<2,674>	<5,318>			
	THI	<21>	<21>	<42>			
	FED	<12,085>	<12,085>	<24,170>			
	AGN	<898>	<898>	<1,796>			
	G&D	<95>	<95>	<190>			
TOTAL INVESTMENT INITIATIVES		<29,676>	<29,727>	<59,403>			

1994-95 Biennial Budget

AGENCY: Education, Department of

MISSION STATEMENT:

It is the vision of the Minnesota Department of Education that the success of every learner will be ensured.

In order to realize our vision, it is the purpose of the Minnesota Department of Education (MDE) to:

1. Set world-class standards for high achievement by all learners;
2. Influence and assist stakeholders to ensure the success of all learners through:
 - a. establishing a common vision for public education,
 - b. providing resources to adequately support the vision,
 - c. designing an efficient delivery system based on learner needs,
 - d. maintaining an accountable education system, and
 - e. advocating for the needs of all learners.
3. Create coalitions that result in:
 - a. the MDE modeling a participatory, customer focused, and continuously improving agency, and
 - b. relationships with other agencies and organizations to provide coordinated user-friendly services that focus on the needs of individuals.

While the ultimate customers of all elements in the education system are the learners (birth through adult), the specific customers of the MDE are:

- Systems and people who serve learners as learners
- Systems and people who serve learners in other ways and with whom we collaborate
- Systems and people who serve learners by recommending or setting policy and providing resources
- Learners as learners

MINNESOTA MILESTONES:

An argument can be made that, to varying degrees, education relates directly and is essential to the ultimate realization of each of Minnesota's 20 Milestone goals. The need for a formal, public institution to insure the continuation of society, to impart the wisdom of the past, and to help individuals develop the skills to face a changing future is a uniquely human need and is one that has been met by the public education system. However public education plays a significant role in the realization of several of the goals, including:

- Minnesotans will excel in basic academic skills.
- Minnesotans will be healthy.
- Minnesotans will have the advanced education and training to make the state a leader in the global economy.
- People with disabilities will have the opportunity to participate in society.
- All children will come to school ready to learn.
- Our communities will be safe, friendly and caring.

Since these are newly stated goals with recently identified indicators the education system does not currently collect comprehensive data relative to its level of achievement for each of these specific goals. Narratives for the two agency programs and various activities contained in this budget document provide an indication of the education system's current level of performance, where data are available. It should be noted that MDE goals for the next biennium specify the development of relevant standards and indicators on which data will be collected, some of which are related to Minnesota milestones.

The primary public policy objective the MDE is trying to achieve is the evolution and maintenance of a continuously improving system of learning opportunities for the citizens of Minnesota. The system must be:

- a. sufficiently flexible to provide for the diversity of personal and public goals expressed by Minnesotans;
- b. sufficiently dynamic to meet the ever changing and unclear future toward which we are moving; and
- c. sufficiently effective to make Minnesota and its residents competitive in the world economy.

MDE programs and services influence the attainment of this public policy and thus the Milestone goals by being the focal point at which world-class standards are set, indicators of success are gathered, and priorities for action and resource allocation are recommended.

CLIMATE:

A large number of forces are currently at work to change the face and heart of public education at all levels. These forces will ultimately affect the delivery of service by forcing changes in the administrative organization and operating procedures of the education system and promoting service redesign and system restructuring to meet the changing educational needs of a society in transition.

ORGANIZATIONAL FORCES

A number of factors provide the impetus for change in the administrative organization and operating procedures of the public education system including the MDE.

The first of these is the current fiscal environment. There is significant pressure upon the legislative and administrative branches of government at all levels—local, state, and national—to equitably distribute scarce resources among competing interests, all with legitimate needs. Funding for public education (PK-12 and those portions of adult education and the public libraries funded through the K-12 system) currently accounts for more than one-fourth of the state's biennial budget. To date, and together, the State has been generally able to maintain this level of funding in spite of massive short falls in state revenue, a task which is becoming increasingly more difficult due to increasing pressure from other state budget areas, particularly health care. In addition, the state is currently appealing a court decision which ruled the current funding system inequitable. If that ruling is upheld, dramatic changes in revenue, for at least some school districts could result.

One significant budget impact realized by the education system over the last 2 years is the 21% reduction in staffing and funding for the MDE. The effects of this reduction and the potential for additional reductions in the near future will be seen throughout the agency. The MDE: a) will change its pattern of employing and assigning expert staff to each of the many facets of education; b) will limit action on external requests for information and assistance to those activities appropriate to its agreed upon mission; and c) will accept new assignments only to the extent there is a concurrent addition of resources and an analysis of how the new assignment can be merged into the system rather than be added on as yet another semi-independent operating arm.

A second organizational factor, specific to the MDE, is the need to reverse two trends of the last 3 or 4 decades:

AGENCY: Education, Department of
(Continuation)

- a. The trend of state and federal governments to identify a problem in the public education system and then fund programs and projects to address each concern in isolation. This problem solving process never considered the root, why the system wasn't already meeting that particular need. This process led to the evolution of a series of programs and services that profess to be a single education system but that, in fact, are a set of disjointed and fragmented programs which operate side-by-side, leaving major gaps and overlaps in services, using resources ineffectively and inefficiently. Each of these programs developed its own constituency, rules, state plan, policies, terminology, data collection procedures, research base, funding systems, application procedures, etc. In effect each became a system unto itself.
- b. The trend in which the MDE, unable to otherwise provide a career path for its staff members, created a series of new bureaucratic sub-divisions, each of which required another supervisor/manager. This procedure became the means by which the MDE responded to the problem solving process described above and resulted in a fractionated agency of less than 400 staff that employed about 55 middle level management personnel.

The effects of the reversal of these trends will be: a) a reduction in middle management staff; b) a flattened organization in terms of empowering staff at all levels to be more directly involved in decision making about the project/programs/topics to which they are assigned; and c) a model for the evolution of an inclusive education system whose purpose is to meet the educational needs of all learners rather than a series of exclusive systems, each focusing on a special population, subject matter, or service.

A parallel trend in public education is the maintenance of more than 400 separate administrative units (school districts) in the face of declining enrollments in many of the individual districts and the formation of a variety of multi-district units to provide the critical mass by which some services and activities can be shared and delivered somewhat more efficiently. The effects of addressing this issue will result in a reduction in administrative units, single districts and/or multi-district units.

A third organizational factor is the emergence of knowledge gained in research and practice regarding effective organizations, management theory, and effective use of human resources. One operational model that has emerged from this body of knowledge is known as the Total Quality Management movement started by Edward Deming and promoted by such prestigious groups as the Malcomb Baldrige Foundation. The basic premises of the theory are that to be successful an organization must identify its vision, its mission, and its customers and then define its success in terms of the extent to which customers perceive that their needs are met.

The effects of organizing the MDE around this set of theories will be a complete revision in operating procedures and a dramatic alteration in its relationship with its customers. Specific changes will include:

- a. fulfilling its leadership function through setting standards for performance, rather than describing how a program must be implemented;
- b. fulfilling its enforcement function by identifying and measuring indicators of success for each standard and then assisting customers to meet the standards, rather than enforcement through the imposition of sanctions;

- c. fulfilling its service function by asking customers what they need from the MDE to achieve the standards, then meeting that need rather than delivering services that may or may not be of value to the customers.

The current very positive reputation enjoyed by Minnesota public education can, to some measure, be attributed to the quality of each of the elements of the public education system, including the central role played by the MDE over the last century. To move into a new era of public education without a central focal point, a point at which the statewide system can establish standards and account for its efforts on behalf of the public trust imputed to it is unthinkable. That the role of the MDE will change is unquestioned, that it is and will continue to be needed is absolute.

The effects of organizing school district, public library, and related community functions around this set of theories will result in more direct customer (learner and the learner's family) involvement in decision making about the education process at the local level.

RESTRUCTURING FORCES

The second set of forces working on public education and the MDE is related to the need for every element of the education system (school districts, multi-district units, the MDE, public libraries, and related community services) to restructure itself to meet the changing educational needs of a society in transition. Each of those elements must make the required alterations in the context of resource reductions and organizational changes described above.

Specifically, there are 5 factors that give direction to the changes needed in the educational system.

The first factor is the need to provide effective learning opportunities for learners of all ages, including those younger and older than those served in the past. Traditional education programs that deliver a prescribed curriculum and require the learner to attend school as a full time student in a single site are inappropriate for infants, toddlers, and children under age 5 and for adults whose primary focuses are their vocations and support of their family.

A second factor is the need to meet the challenge of learners who interact with their environment very differently from those in the past. Some of those differences include learners: a) who are chemically dependent; b) whose life outside of the school require that they operate at the survival level; c) who live with limited family support; d) who live in a variety of non-traditional family structures; e) who are second and third generation poor, dependent on government programs for life's necessities; f) who live in homes where English is not the first language; g) who are exposed to growing scientific, technological, and social changes never dreamed of by earlier generations; and h) who survive infancy due to advances in medical technology but who rely on significantly different environmental and human support systems. Learners with those and other differences have not found success in the traditional school and public education must develop the means to help them be successful.

A third factor is the need to prepare learners for a very different future from that of prior generations. Learners now face an uncertain future in terms of employment opportunities, in terms of an adult life in which there is an expectancy that one will change careers five or more times rather than an expectancy that one will pursue a single lifelong career, and in terms of the traditional nuclear family being a distinct minority of American lifestyles. Curriculum and instructional design options for dealing with these and other differences must be designed by the system.

A fourth factor is the need to provide effective learning opportunities in the context of the family and community in which the learner lives. Public education cannot continue to operate in isolation from the family and other societal human service institutions. It must find procedures through which families can be involved in meaningful ways, both at the decision making level and in the learning situation. Public education must find ways to collaborate with other human service agencies so that citizens can access services that are coordinated across agency lines.

1994-95 Biennial Budget

AGENCY: Education, Department of
(Continuation)

A fifth factor is the need to incorporate new and emerging educational technologies into the routine of formal learning experiences. In general, Minnesota has a very senior cadre of teachers across the state. Since the time that most prepared themselves for a career as a teacher, significant advances have been made and much research has been published demonstrating improved ways to design and deliver instruction. Opportunities for current staff to develop new skills and incorporate their use into the classrooms must be made available.

The greatest danger to the public education system in general and to the continued existence of a viable and effective MDE is to do nothing. Actions to address the trends described above have begun. There will be steps forward, backward and sideways and they will all be progress as long as decisions move us closer to SUCCESS FOR EVERY LEARNER.

AGENCY BUDGET PLAN:

As implied in the climate section of this narrative, this MDE budget plan for fulfilling its mission has been developed in consideration of four major factors: revised goals, reduced resources, restructured organization, and remodeled operating procedures. The technical complexity and stress evoking implications of simultaneously transforming all four of the primary definitional elements of the MDE (resources - organization - procedures - goals) give rise to the question of whether it is an achievable goal. We believe a transformation based on all 4 factors to be an achievable goal if the transformation is designed to evolve over a period of time and if the evolution is managed with allowance for trial and error in addressing some of the actions. It is not possible to predict all of the potential pitfalls in a transformation of this magnitude. We have the vision and we will move forward a step at a time.

This budget plan is described in terms of: a) revised goals and priorities; b) reduced (95%) resources; and c) existing organizations and procedures. There are too many as yet undefined details regarding the restructured organization and the remodeled procedures to use them in this budget structure. It is intended that over the next six months, the structural and procedural questions will be answered and a transformed agency will evolve. For an outline of the evolving agency structure, see the organization chart dated 12-16-92 preceding the agency narrative.

The goals and priorities itemized below reflect the major initiatives being pursued by MDE staff and reflect the changes in its mission as cited above. For instance in each of the goals the MDE leadership function will be fulfilled by establishing standards, its enforcement function will be fulfilled by measuring the effectiveness of schools at meeting the standards, and its service function will be fulfilled by assisting customers who request assistance in meeting the standards.

REVISED LONG RANGE GOALS AND BIENNIAL PRIORITY ACTIONS

GOAL I.

The MDE will increase the quality and quantity of services for young children and support for their families. Specific need is to reduce the negative impact on learning brought on by poverty, lack of health care, and other environmental factors such as neglect and abuse.

Priorities for MDE action for the F.Y. 1994-95 biennium to achieve this goal include:

A. Increasing the opportunities for young children and their families to access programs that focus on preparing young children to enter school ready to learn.

B. Developing and maintaining interagency agreements and working arrangements with the Departments of Health, Human Services, Corrections, Jobs and Training, where they exist and development of new interagency agreements and working arrangements with those and others as appropriate to remove barriers to collaborative service delivery at the local level. The agreements should:

1. Address a range of issues that impact mutual customers including such topics as:

- a. chemical abuse;
- b. mental health;
- c. programs for infants and toddlers with disabilities;
- d. early childhood and family education programs;
- e. early childhood special education programs;
- f. supported employment programs;
- g. services to facilitate the transition from school to community for students with disabilities.

2. Recommend laws, rules, and policies that provide state level:

- a. common definitions for eligibility;
- b. compatible levels of responsibility across agencies;
- c. responsibility for being payor of last resort for each needed service.

3. Provide for collaborative delivery of local services including:

- a. development and implementation of a single, customer driven plan that identifies services from all agencies;
- b. case management;
- c. access to services through a single point of entry;
- d. co-location of services.

C. Increase the array of learning opportunities available to all families.

D. Raise the expectations for high achievement among all learners on the part of parents, families, and educational personnel.

GOAL II.

The MDE will: a) establish standards for defining quality education in terms of learner outcomes, special populations, and life-long learning opportunities; b) establish indicators of effectiveness; c) begin collecting data related to those indicators; and d) focus its technical assistance and staff development activities on customers who express a need for assistance.

Priorities for MDE action for the F.Y. 1994-95 biennium to achieve this goal include:

A. The fostering among all stakeholders in the K-12 public education system, a vision of a public education system that ensures the success of every learner through focusing on the following attributes:

1. what a pupil is to learn is clearly identified;
2. each pupil's progress is based on the pupil's demonstrated achievement;
3. each pupil's needs are accommodated through multiple instructional strategies and assessment tools; and

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AGENCY: Education, Department of
(Continuation)

4. each pupil is provided time and assistance to realize his/her potential.

- B. The adoption of a graduation rule that specifies the performance standards (knowledge, skills, and orientation) that a student must demonstrate to be eligible for a high school diploma. This will replace the current Carnegie Unit requirement that a student complete fifteen credits in required and elective courses to graduate. Related activities include the identification of indicators of effectiveness and models for certifying student achievement.
- C. Implementation of a system of service teams consisting of MDE staff to facilitate/broker/provide staff development and technical assistance focused on individual school district/learning site requests for assistance to develop the skills to design and implement programs that ensure the success of every learner.
- D. The identification and eventual adoption of institutional standards (e.g. graduation rates, student participation rates, student performance on standardized assessment tests, instructional accommodations, parent involvement, etc.) and data collection procedures to account for district effectiveness.

GOAL III.

The MDE will increase the support provided for students to assist them in remaining in school through graduation.

Priorities for MDE action for the F.Y. 1994-1995 biennium to achieve this goal include:

- A. Assisting schools and communities to work together to develop and implement programs that improve learner self-esteem.
- B. Assisting schools and communities to work together to develop and implement programs that promote behavior change in youth who engage in anti-social behavior.
- C. Assisting schools and communities to work together to develop and implement programs that reduce alcohol/drug problems and sexual activity of youth.
- D. Assisting schools and communities to work together to develop and implement programs that provide alternative learning settings for high risk learners to complete their high school education.
- E. Developing and maintaining programs that provide every learner the opportunity to attend the school or education program that best fits the needs and interests of the learner.
- F. Developing and maintaining programs and services that improve the way school districts meet the needs of learners and their families.
- G. Ensuring the satisfaction of families through the involvement of parents in learner success.

GOAL IV.

The MDE will assist schools to increase the array and quality of learning opportunities available

to adults with continuing education needs.

Priorities for MDE action for the F.Y. 1994-95 biennium to achieve this goal include:

- A. Clarifying adult learner outcome statements.
- B. Assisting schools to increase the level of integration of instruction on basic skill development into all adult education programs.
- C. Redefining the delivery system for adult education to meet customer needs.
- D. Assisting school districts to assure equitable access for those adults who need learning opportunities.

GOAL V.

The MDE will assist schools and communities to ensure that minority students have an appreciation of cultural diversity, respect and value all people, and will be prepared for lifelong learning and work in a changing, challenging world.

Priorities for MDE action for the F.Y. 1994-1995 biennium to achieve this goal include:

- A. Increasing cultural awareness and enhancing classroom success of pupils from all cultural backgrounds.
- B. Increasing the number of minority teachers working in public schools.

GOAL IV.

The MDE will strive for financial equity in public education through policy recommendations and administrative adjustments that ensure efficient targeting of resources, equity for all learners, and taxpayer equity.

Priorities for MDE action for the F.Y. 1994-1995 biennium to achieve this goal include:

- A. Recommending policies and adopting procedures to assure that differences in general education revenue (including referendum revenues) per pupil unit among school districts do not increase.
- B. Recommending policies and adopting procedures that assure that all discretionary property tax levies are equalized.

AGENCY MANAGEMENT DECISIONS

The 1994-95 Biennial Budget, Agency Budget Brief, contains data regarding: 1) the challenge posed to agency management in terms of the proposed 5% reduction in revenues, and the need to provide for inflation costs within existing revenues; 2) decisions made by agency management to meet the challenges posed by reduced revenue; 3) the financial impact of the decisions on current spending levels; 4) the impact of the decisions on staffing; and 5) the statutes affected by the decisions.

There are 3 separate actions that the agency management will take to reduce expenditures in the administration of agency operations to match the reduced level of revenue available to the agency, which in terms of the 5% reduction and necessary provisions for inflation amounts to nearly \$3 million for the F.Y. 1994-95 biennium. This includes: enacting program efficiencies, reducing program administration, and restructuring.

AGENCY: Education, Department of
(Continuation)

PROGRAM EFFICIENCIES

Non-personnel program efficiencies include:

- a. increase the use of electronic mail systems to replace hard-copy mailing;
- b. provide customers with electronic discs containing written material rather than hard-copy paper versions of the materials;
- c. increased use of registration fees and co-sponsors to defray workshop and conference expenditures; and
- d. increased use of electronic applications and reporting from districts.

Personnel program efficiencies include:

- a. increasing the professional use of word processing equipment, voice mail, electronic mail, and other technological advances to reduce the need for support personnel in traditional roles;
- b. change the role of support staff to that of having a greater part in providing direct services to customers.

These program efficiencies, representing about 25% of the funding challenge, will cover much of the projected inflation. Over-all, the measures will improve customer service and are achievable goals in a relatively short time frame.

REDUCING PROGRAM ADMINISTRATION

Agency management has identified activities and services that have a lower priority or serve a small population based on the forces currently impacting public education and in terms of the revised MDE mission. While these have been and continue to be important to the specific recipients of the services, considering the combination of available revenues and changing needs, continued expenditures in these areas cannot be justified at this time.

It is anticipated that 10% of the agency decision to reach targeted spending levels will come from lower priority activities described above.

RESTRUCTURING

To meet the state's 95% targeted spending level, restructuring measures will be the major mechanism MDE can use to balance agency revenues and expenditures. Up to 8 positions in specific functional specialties and program administration areas would need to be eliminated and the job duties consolidated with other positions.

The current restructuring initiative in the MDE was not undertaken to provide the rationale or wherewithal for reducing state staff. As described earlier, the proposed design is driven by four forces external to the MDE and utilizes staff differently, emphasizing different skills to meet its mission. Over a period of time, when this emerging design is fully implemented, certain types of reductions could possibly be made with less difficulty than would be the case within the current structure.

For instance, the current mission and structure requires that expertise in each of the various disciplines and elements of public education be available as MDE staff. Assignments to these staff tend to be limited to activities that relate directly to that discipline, thus limiting flexibility.

The emerging mission and structure will require the availability of persons expert in the various disciplines but they will be assigned to work on generalist teams, using skills in process areas such as consensus building. This, for instance, makes it possible for a staff person expert in one discipline and in process skills to work effectively with teachers from another discipline to develop guidelines or recommend standards or indicators of effectiveness.

Another example is that the current design requires that each separate program in the MDE be self-sufficient. For example the state funded Assurance of Mastery and Individualized Learning Development Aid programs, the state and federally funded special education programs, and the federally funded Chapter I program each require program applications to access the funding. Each application process is completely separate using a variety of forms and procedures. In the emerging structure of the MDE it is intended that these functions be combined so that it will be possible to combine the applications. This will result in efficiencies at both the local applicant and MDE level.

In spite of the prospect of improved flexibility under the emerging structural design, it is difficult to assess the impact of further position reductions. There is a sense that insufficient time has passed since the major F.Y. 1992-93 reduction to restore stability and develop alternative, lower cost service delivery. Further, MDE's restructuring effort has just begun. Initially a period of transition is required, consuming time and resources while extensive staff development activities are occurring, previous programs are closed out or restructured, customer needs are assessed, and new service strategies are developed. Reduced levels of staff or resources will, at minimum, delay implementation or narrow the scope of the redesigned activities. Additional concerns include the ability to maintain staff and expertise to provide assistance and leadership to improve educational programs, to achieve systemic reform, and to implement new or changing state initiatives.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial appropriation of \$29,109 for the programs and activities of the Department of Education. This includes the agency plan with the following adjustments: restoration of the agency base for \$1,462, a funding reduction of \$618 associated with revised salary planning estimates and a funding increase of \$488 and 3.0 positions to provide comprehensive assistance to school districts in the area of financial management.

The Governor further recommends the transfer of the Minnesota Career Information Services function to the Career Preparation Division of the Department of Children and Education Services, and the transfer of all remaining programs and activities of the Department of Education to the Basic Services and Children's Services Divisions of the Department of Children and Education Services. The recommendation to create a Children's Services Division is part of the children's integrated budget and is detailed in the program narrative and investment initiative pages for the new agency. The integrated children's budget is summarized at the end of the new agency request, and further detail can be found in the Department of Human Services budget pages.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION

PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
LEARNER IMPROVEMENT	10,147	10,307	11,322	11,335	10,617		11,335	10,615	
LEARNER RESOURCE & SUPPORT	18,908	17,596	19,070	19,137	19,059		19,160	19,112	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY PROGRAM	29,055	27,903	30,392	30,472	29,676		30,495	29,727	
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	17,429	14,759	14,528	14,608	13,878		14,631	13,899	
TRUNK HIGHWAY	21	21	21	21	21		21	21	
STATUTORY APPROPRIATIONS:									
GENERAL	96	98	55	55	55		55	55	
SPECIAL REVENUE	2,056	2,087	2,629	2,629	2,644		2,629	2,674	
FEDERAL	8,623	10,006	12,166	12,166	12,085		12,166	12,085	
AGENCY	743	857	898	898	898		898	898	
GIFTS AND DEPOSITS	87	75	95	95	95		95	95	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	29,055	27,903	30,392	30,472	29,676		30,495	29,727	
POSITIONS BY FUND:									
=====									
GENERAL	259.6	208.4	200.0	201.4	190.4		201.4	190.4	
SPECIAL REVENUE	29.9	23.9	28.1	28.1	28.1		28.1	28.1	
FEDERAL	133.8	137.2	143.2	147.2	147.2		147.2	147.2	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	423.3	369.5	371.3	376.7	365.7		376.7	365.7	

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: DEPARTMENT OF EDUCATION

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 94	F.Y. 95	F.Y. 94	F.Y. 95	F.Y. 94	F.Y. 95	F.Y. 94	F.Y. 95
F.Y. 93 FUNDING LEVEL	30,392	30,392	14,583	14,583	3,643	3,643	12,166	12,166
TECHNICAL ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<14>	<14>	<14>	<14>				
DOCUMENTED RENT/LEASE INC/DEC		23		23				
INSURANCE PREMIUM HOLIDAY	39	39	39	39				
PLANT MANAGEMENT REBATES	55	55	55	55				
SUBTOTAL TECH. ADJ.	80	103	80	103				
CURRENT SPENDING	30,472	30,495	14,663	14,686	3,643	3,643	12,166	12,166
FORECAST ADJUSTMENTS								
FEDERAL RECEIPTS	<81>	<81>					<81>	<81>
DED STAT APPROP SPENDING	15	45			15	45		
SUBTOTAL FORECAST ADJ.	<66>	<36>			15	45	<81>	<81>
AGENCY BASE	30,406	30,459	14,663	14,686	3,658	3,688	12,085	12,085

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1994-95 Biennial Budget

PROGRAM: 13 Learner Improvement
AGENCY: Education, Department of

PROGRAM PURPOSE:

A primary purpose of the Learner Improvement program is to provide leadership and service in the design and implementation of effective and efficient quality learning opportunities for Minnesota residents. Activities in the Learner Improvement program provide assistance to students of all ages including preschool, kindergarten through twelfth grade and adults. With an ultimate focus on learners, this program serves a wide spectrum of clients including school districts and other organizations with direct and indirect educational missions. Learner Improvement program efforts are directed toward 2 broad educational components of learning leadership and service in general education and for special needs.

The general education component of the Learner Improvement Program provides leadership and service consistent with the agency mission and goals in broad areas of educational focus including curriculum, instruction, assessment and evaluation, as well as related areas of educational leadership, vocational education, special programs and the promotion of educational excellence. The collective purpose of activities within this component is to provide learners with quality learning opportunities and options, and to facilitate the development and implementation of successful educational content processes. The following activities had major responsibilities in this area; Curriculum Services, Instructional Design, Assessment and Minnesota Academic Excellence Foundation.

Within the context of a broad educational mission to serve all learners in Minnesota, learning programs target leadership and service efforts to segments of the population that have unmet social, economic, or educational needs. For example, educational assistance and opportunities are provided for minorities including those in need of basic English language skills and learners with handicapping conditions or disabilities. For a growing number of Minnesotans, the special programs provided by or facilitated through the Minnesota Department of Education (MDE) provide a real hope for success in life. Two activities devoting much of their effort to these tasks are Special Education and Special Programs.

Functions in this program area contribute to many Minnesota Milestones. Most often this program relates to the following Milestone goals:

- Minnesotans will excel in basic academic skills.
- Minnesotans will have the advanced education and training to make the state a leader in the global economy.
- People with disabilities will have the opportunity to participate in society.

PROSPECTS:

During the past decade public education has undergone intense scrutiny by the public, elected officials, professional educators, and the community at large. The impetus for this review and resulting modifications is the sweeping changes that have been occurring in the American society, the work place, and in international relationships. Scientific and technological advances have made enormous changes in every facet of human endeavor. What is expected to follow during the next

decade are massive and profound alterations in the structure and governance of public education to meet the education needs of a changing society.

Future change will be directed by the changing needs of the adult population in contemporary American society. The young adults, who are the graduates of public education now, face a future with the following characteristics:

- The technical knowledge necessary to survive and thrive in a modern technological environment is significantly advanced beyond that of even a few short years ago.
- Adults will be expected to work with others rather than beside others and they will be expected to solve problems rather than follow directions.
- Continuing societal changes will dictate that citizens participate in ongoing, lifelong learning experiences related to all facets of their lives.
- More newborns will survive, especially those with serious handicapping conditions, and more people will live longer, presenting new ethical issues relating to life, distribution of natural resources, stewardship of the planet, and getting along with persons from greatly divergent cultures with greatly divergent value systems.

To prepare learners to live in the society depicted above, society itself will have to develop a climate that values and rewards learning and the education system supported by that society will have to be one in which:

- The state's primary interest is what the learner has achieved and the opportunity for all to continue learning rather than the structure of the learning experiences provided.
- Learning to access and apply knowledge and learning to creatively juxtapose existing knowledge to develop new knowledge and solutions will be emphasized above the mere acquisition of knowledge.
- Every learner will progress through public education via a system of personalized learning plans rather than lock-step through a series of grades.
- Each learner will be viewed as a whole person with concern for the barriers that may hinder the learning process.
- Systems of service delivery will be devised in which modifications in the instructional design will be determined and defined at the learning site. These changes will not require evidence of eligibility but be based on the individual needs of learners.
- Public education will become a tool of individuals to achieve their life goals rather than a preset system of "hoops" to be successfully navigated by the age of eighteen as a right-of-passage. While learning will continue to be the primary expectation of persons under the age of 18, delivery systems will be accessible to persons of all ages.
- Public education will increasingly work in partnership with other public and private service agencies to eliminate overlaps and gaps in services, reduce barriers to learning, and to provide increasing ease of access to the joint services.

1994-95 Biennial Budget

PROGRAM: Learner Improvement
AGENCY: Education, Department of
(Continuation)

- Public education will increase its use of technology to monitor learner progress, increase the effectiveness and efficiency of instruction, and dissemination of information.
- Increased amounts of applied research will be conducted with the results used to evaluate changing models and procedures and to make decisions regarding needed improvements.
- Creative and legal ways to commingle funds from a variety of sources will be devised to more efficiently deliver instruction through a coordinated system driven by personalized learning plans rather than through a series of isolated and fragmented programs.

The above scenarios of the future will have significant impact on this program. As agency goals are addressed by the activities within the Learner Improvement program, the concepts of restructuring to meet individual learner needs will permeate and guide the agency's future efforts.

OUTCOMES/OBJECTIVES:

The following are examples of outcomes and effectiveness indicators for the Learning Improvement program:

1. Communication between MDE and school districts will be conducted through efficient procedures and systems.
 - In F.Y. 1992, all of the 26 Model Learner Outcome Documents were disseminated via computer discs. This significantly reduced the printing costs of the documents to both the department and school districts. School districts can modify portions of the state documents without having to retype those sections they plan to use unchanged. Plans for F.Y. 1993-95 include the development of curriculum frameworks in all 26 discipline areas via electronic communication.
 - Secondary Vocational Education implemented an electronic data retrieval system (EDRS) to collect and edit secondary vocational education data directly from the districts. By 7-1-93, program approval will also be processed via the electronic system.
 - Workshops presented by Instructional Design are and will continue to be provided at approximately one-half the per person total cost. This amount is determined by combining the local and state funding that it would have cost if the school had contracted with private presenters of equal stature versus the cost of MDE staff to the state. The best estimates are that the approximate cost is \$7.00 per hour for each workshop participant in an MDE workshop and \$14.00 per hour for each participant for private consultants.
 - Chapter I paper work for districts was reduced by adopting a 3 year application cycle (every three years districts submit a complete application) and developing and implementing an

electronic data reporting system to expedite and facilitate the budget process and the distribution of entitlement funds.

- Assessment is making greater use of CD-ROM technology for Itembank and Arts assessments that represents highly efficient ways to disseminate large scale assessment techniques and information and facilitates utilization by end users.
- The development of a computer based student information system that, when implemented during F.Y. 1992-93, will reduce teacher paper work in the preparation of Individual Education Plans (IEP) and federally required forms and will reduce administrative paper work and reporting time by electronically providing reports on child counts, placements and other required data.

2. MDE will continue to be very successful in seeking federal and foundation grants.

- Examples of successful grant awards from F.Y. 1993 include a 5 year \$250,000 per year grant to provide training assistance to school districts in their efforts to include students with severe handicaps in appropriate general education programs, and a 3 year \$150,000 per year grant to develop evaluation and assessment procedures to determine how successful students with disabilities will be in achieving state graduation outcomes.
- An example of one grant presently being developed is the math and science initiative grant submitted to the National Science Foundation.

3. MDE will provide information and technical assistance that is useful to and meets customer needs.

- An Outcome Based Education (OBE) Hotline was established to respond to questions from the public about outcome based education in a consistent and timely fashion. During September, 1992, 245 phone calls were received and 99% were handled immediately and with out transferring the caller to another individual. This alleviated customer complaints about being transferred from one individual to another within the department.
- During F.Y. 1992-93 the average rating by participants evaluating the quality of workshops conducted by Instructional Design staff was 3.6 on a 4.0 scale.
- In F.Y. 1992 all 175 workshops conducted by Curriculum Services staff were rated superior (4) or above on a 5 point scale.

MDE will give special emphasis to meeting the following objectives in the next biennium.

1. MDE will assist districts through leadership, programs and assistance to improve or maintain its better than average state score on school achievement tests as a ratio to the national average.
 - Indicators of success will be the National Assessment of Educational Progress (NAEP), American College Test (ACT), Prescholastic Aptitude Test (PSAT), Scholastic Aptitude (SAT) Test.

PROGRAM: Learner Improvement
AGENCY: Education, Department of
(Continuation)

2. MDE will provide leadership and assistance in the development and implementation of performance based graduation, giving special attention to the five exit outcomes and the content outcomes.

- Indicators of success will be the number of districts which understand and successfully use outcomes, performance standards indicators, assessment and strategies appropriate for implementation.

3. MDE will provide leadership and assistance to school districts wishing to implement OBE.

- Indicators of success will be the number of staff in schools who understand what OBE is and is not and the quality of implementation relative to the definition in M. S. 126.661. The statute defines OBE as:

- What a pupil is to learn is clearly identified;
- Each pupil's progress is based on the pupil's demonstrated achievement;
- Each pupil's needs are accommodated through multiple instructional strategies and assessment tools; and
- Each pupil is provided time and assistance to realize her or his potential.

4. MDE and the Academic Excellence Foundation will work to create a positive climate in Minnesota that visibly promotes the high value of learning and academic achievement.

- Indicators of success will be the number of people impacted, the number of partnerships that are developed and the amount of work and resources directed to this goal, and the positive change in culture and climate in schools that encourages high value of learning and academic achievement.

PROGRAM PLAN:

The budget plan has been described in the Agency Narrative. The Program as outlined here will not exist in F.Y. 1994-95 due to a major restructuring effort being implemented at the time of budget submission.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial appropriation from the General Fund of \$9,490 and from the Trunk Highway Fund of \$42 to support the activities previously organized in this program. This includes the agency plan with the following adjustments: restoration of the program base for \$1,238, and a funding reduction of \$186 associated with revised salary planning estimates.

The Governor further recommends the transfer of all activities in the Learner Improvement Program of the Department of Education to the Basic Services, and Children's Services Divisions of the

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER IMPROVEMENT

ACTIVITY RESOURCE ALLOCATION:				FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
CURRICULUM SERVICES	3,077	2,993	3,289	3,295	2,785		3,295	2,785	
INSTRUCTIONAL DESIGN	1,784	1,348	1,337	1,339	1,224		1,339	1,224	
SPECIAL PROGRAMS	819	1,124	1,136	1,136	1,136		1,136	1,136	
ASSESSMENT	1,626	1,533	1,461	1,464	1,371		1,464	1,369	
SPECIAL EDUCATION	2,722	3,183	3,979	3,980	3,980		3,980	3,980	
ACADEMIC EXCELLENCE FND	119	126	120	121	121		121	121	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	10,147	10,307	11,322	11,335	10,617		11,335	10,615	
GOV'S INITIATIVES:			FUND						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
(A) RESTORE AGENCY BASE			GEN			618			620
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<4,838>			<4,838>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<482>			<482>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			THI			<21>			<21>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<5,882>			<5,882>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			AGN			<5>			<5>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			G&D			<7>			<7>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL GOV'S INITIATIVES						<10,617>			<10,615>
SOURCES OF FINANCING:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DIRECT APPROPRIATIONS:									
GENERAL	5,973	5,143	4,825	4,838	4,220		4,838	4,218	
TRUNK HIGHWAY	21	21	21	21	21		21	21	
STATUTORY APPROPRIATIONS:									
GENERAL	18	2							
SPECIAL REVENUE	384	454	482	482	482		482	482	
FEDERAL	3,714	4,669	5,982	5,982	5,882		5,982	5,882	
AGENCY	27		5	5	5		5	5	
GIFTS AND DEPOSITS	10	18	7	7	7		7	7	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	10,147	10,307	11,322	11,335	10,617		11,335	10,615	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER IMPROVEMENT

				FY 1994			FY 1995		
			Est.						
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	81.1	66.3	60.0	61.4	52.4		61.4	52.4	
SPECIAL REVENUE	2.5	2.5	1.5	1.5	1.5		1.5	1.5	
FEDERAL	57.7	60.0	61.6	61.6	61.6		61.6	61.6	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	141.3	128.8	123.1	124.5	115.5		124.5	115.5	

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1994-95 Biennial Budget

BUDGET ACTIVITY: 1301 Curriculum Services
PROGRAM: 13 Learner Improvement
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

The purpose of the Curriculum Services activity is to provide subject area expertise which reflects contemporary thinking in the development of curriculum, learner outcomes, performance assessments and instruction and to implement outcome based education (OBE) through:

- Developing standards, models, guidelines, and materials regarding instructional content and procedures for Minnesota's 411 school districts.
- Providing learning opportunities for the 48,702 teachers and administrators, in the 411 school districts and working with staff in 25 teacher preparation programs regarding new and emerging theories, directions, techniques, instructional materials, and issues surrounding licensure.
- Assisting staff in 411 school districts in designing and implementing programs in all subject areas and in general procedures for developing curriculum. Coordinating with other sections in the department and other organizations and agencies to assure consistent direction.
- Approving, administering and evaluating federal programs, e.g. nutrition education, secondary vocational education, Foreign Languages Assistance Program, and health education.
- Providing statewide leadership for student organizations; including facilitating competitive events training of student officers, and serving as a liaison between local chapters, state associations and national associations.
- Developing and implementing the statewide plan for environmental education through local school districts and coordinating with other agencies, commissions, and private environmental groups.

The Curriculum Services activity is responsible for all curriculum subject areas, e.g. mathematics, science, social studies, foreign languages, health education. Additional responsibilities include: secondary vocational education; environmental education; and inclusive education which is multi-cultural and gender and disability fair.

During this biennium, Curriculum Services facilitated special learner task forces of volunteers from Hispanic, Asian/Pacific and African American communities to identify needs of students within their respective communities. The representative volunteers in turn collected information from thousands of students, parents, extended families and other community representatives. Recommendations from the task forces are being forwarded to the legislature.

This activity is experiencing increased requests by the public for local and statewide data/information regarding the effectiveness of public education at a time when the department is experiencing downsizing and some districts are eliminating curriculum leadership positions. Also, school districts are now involved in Performance, Evaluation and Reporting (PER). The PER process at the local level requires curriculum goal/outcome setting; assessment of student progress; and reporting results to the public. Department curriculum area specialists have experienced increased demand to assist school districts with the PER process.

District requests for assistance in programs mandated by the legislature and encouraged by the department in outcome based curriculum development have increased. In a 1990 survey by the department, districts and buildings were asked to indicate their need for assistance in 71 topical issues. Of the buildings responding, 821 or 54% indicated a high or moderate need for service in curriculum development, 647 or 43% identified outcome development and 421 or 28% indicated a need for assistance in the curriculum review cycle.

In recent years there is an increased concern about caring for the environment. This has resulted in the need for leadership in creating learner outcomes which integrate environmental education within all curriculum areas.

BUDGET ISSUES:

Refer to Agency and Program level narratives for Budget Issues. A quality management effort is in progress to foster improved services which, in general, will result in changes in the scope and structure of budget activities.

EFFICIENCY MEASURES:

In F.Y. 1992, the following efficiency measures were implemented:

- Districts are required to develop curriculum for each of some 20 discipline areas via a 6-year cycle. Providing technical assistance to the districts becomes complex with limited state level subject area specialists available. Therefore an internal tracking system was created to monitor the 6-year PER curriculum development cycle for all school districts. This process allows subject area specialists to streamline and consolidate their provision of technical assistance to meet the needs of the districts.
- This activity enhanced the state's ability to communicate with teachers and administrators through the establishment of electronic mail and bulletin boards. This allowed teachers and administrators direct access to information on OBE, environmental education, the various workshops offered, etc. Internally this initiative reduces secretarial time and copying and mailing costs as the need to retype and mail letters is greatly reduced. This will be expanded in F.Y. 1993-95 to include electronic dissemination of most all letters, announcements and reports.
- Seventy-five percent of the 175 workshops and 50 project activities involved representatives from other agencies and organizations which has reduced duplication of services and fostered collaborative efforts, e.g. Technical College Board and Department of Education Tech Prep initiative; joint Departments of Health and Education sponsorship of workshops on HIV/AIDS; the ARTs community and the Department of Education jointly assisting districts through their Comprehensive Arts Program Planning (CAPP); and submitting a joint Department of Education and University of Minnesota Grant to the National Science Foundation (NSF). In F.Y. 1994-95, 95% of workshops and project activities will involve representatives from other agencies and organizations.
- Nine model environmental education sites were developed to provide an efficient way to field-test curriculums that are integrated, interdisciplinary and outcome based. In F.Y. 1993-95, these environmental education programs will be established in all schools.
- With the reduction of specialists, an alternative way to provide technical assistance to districts was created through the development of Inclusive Education (multicultural, gender and disability fair) resource guidelines. The guidelines enabled school districts to directly access a variety of culture specific resources. This reduced staff time in responding to requests for information, workshops, and other assistance.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER IMPROVEMENT
ACTIVITY: CURRICULUM SERVICES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,967	1,839	1,850	1,856	1,596		1,856	1,596	
EXPENSES/CONTRACTUAL SVCS	767	787	1,068	1,068	825		1,068	825	
MISC OPERATING EXPENSES	116	127	141	141	135		141	135	
SUPPLIES/MATERIALS/PARTS	93	70	99	99	98		99	98	
CAPITAL EQUIPMENT	45	53	18	18	18		18	18	
OTHER	59	67	63	63	63		63	63	
SUBTOTAL STATE OPERATIONS	3,047	2,943	3,239	3,245	2,735		3,245	2,735	
LOCAL ASSISTANCE	30	50	50	50	50		50	50	
TOTAL EXPENDITURES	3,077	2,993	3,289	3,295	2,785		3,295	2,785	
GOV'S INITIATIVES:			FUND						
(A) RESTORE AGENCY BASE			GEN			410			410
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<2,339>			<2,339>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<204>			<204>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			THI			<21>			<21>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<626>			<626>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			AGN			<5>			<5>
TOTAL GOV'S INITIATIVES						<2,785>			<2,785>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,568	2,483	2,333	2,339	1,929		2,339	1,929	
TRUNK HIGHWAY	21	21	21	21	21		21	21	
STATUTORY APPROPRIATIONS:									
GENERAL	18								
SPECIAL REVENUE	149	91	204	204	204		204	204	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER IMPROVEMENT
ACTIVITY: CURRICULUM SERVICES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FEDERAL	289	384	726	726	626		726	626	
AGENCY	27		5	5	5		5	5	
GIFTS AND DEPOSITS	5	14							
TOTAL FINANCING	3,077	2,993	3,289	3,295	2,785		3,295	2,785	
POSITIONS BY FUND:									
GENERAL	38.5	34.6	28.8	30.2	24.2		30.2	24.2	
SPECIAL REVENUE	2.0	1.0	1.0	1.0	1.0		1.0	1.0	
FEDERAL	4.5	5.0	5.4	5.4	5.4		5.4	5.4	
TOTAL POSITIONS	45.0	40.6	35.2	36.6	30.6		36.6	30.6	

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1994-95 Biennial Budget

BUDGET ACTIVITY: 1302 Instructional Design
PROGRAM: 13 Learner Improvement
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

The Instructional Design activity has as its purpose to assist school districts and educators in improving instruction in their schools especially through technical assistance in instructional design; appropriate integration of technology; media; professional development; and student-centered learning, including outcome based education (OBE). Specifically the activity:

- Provides assistance with research, program direction, management service, coordination, materials and consultation in all aspects of instructional design to improve the quality of student learning.
- Coordinates and provides assistance to all educators in integrating technology into their curriculum and instruction, especially in using technology for learning in different ways and for higher order and creative thinking.
- Provides leadership, program direction, and resources for all aspects of media programs to school districts, with special attention to helping district staff provide curriculum and instruction assistance to classroom teachers.
- Provides assistance to school buildings through the "Educational Effectiveness" program in a variety of areas, with special attention to management strategies, expectations, flexible student groupings, student needs, models of teaching, and instructional assessment.
- Helps districts develop high quality staff development plans, by providing appropriate inservice and assisting in development of additional legislation.
- Provides instructional design assistance to educators wishing to restructure their learning opportunities for students. Special attention is given to developing instructional design documents and materials that will help teachers develop more options for working with students.
- Administers several legislative programs, including teacher mentorships, staff development reserve fund, Individual Learning Development (ILDA) program, Advanced Placement and International Baccalaureate, and School Recognition and acts as state liaison for the North Central Educational Lab (NCREL).

Technology and instructional design are experiencing high rates of change and development that is resulting in increased district requests for service and needs for staff renewal. Outcome based education requires sophisticated record keeping that can only be done through use of technology. OBE, if it is to be successful, requires that teachers be able to use a variety of instructional strategies and designs.

BUDGET ISSUES:

Refer to Agency and Program level narratives for Budget Issues. A quality management effort is in progress to foster improved services which, in general, will result in changes in the scope and structure of budget activities.

EFFICIENCY MEASURES:

Efficiency will be developed through using reduced staff in more efficient ways and attempting to keep the loss of workshops to less than the equivalent staff loss. The following measures will be used as efficiency goals.

The Instructional Design activity will provide 2,650 workshop hours to 20,500 participants. While this represents a reduction from last year's totals of 2,920 and 25,620, the reduction will be less than the percentage of staff reductions.

- In order to impact and provide more in-depth inservice on the use of technology, the number of reduced cost software packages will be narrowed from the present 30 to approximately 10 very significant packages so that more specific and higher quality assistance may be provided.
- Through more efficient use of highly talented support staff, the review and comment on all ILDA, staff development and Assurance of Mastery (AOM) plans will be completed within 30 work days instead of the approximate 40 days that it presently takes.
- Approximately 6,000 video tapes will continue to be duplicated each year. The content of the video tapes will be materials that the state has rights to duplicate either because of gifts or through purchase. The goal of 6,000 tapes will maintain services at the F.Y. 1992 level.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER IMPROVEMENT
ACTIVITY: INSTRUCTIONAL DESIGN

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,290	957	925	927	812		927	812	
EXPENSES/CONTRACTUAL SRVCS	298	268	295	295	295		295	295	
MISC OPERATING EXPENSES	42	30	30	30	30		30	30	
SUPPLIES/MATERIALS/PARTS	58	29	22	22	22		22	22	
CAPITAL EQUIPMENT	15	1							
OTHER	81	63	65	65	65		65	65	
SUBTOTAL STATE OPERATIONS	1,784	1,348	1,337	1,339	1,224		1,339	1,224	
TOTAL EXPENDITURES	1,784	1,348	1,337	1,339	1,224		1,339	1,224	
GOV'S INITIATIVES:			FUND						
(A) RESTORE AGENCY BASE			GEN			115			115
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<746>			<746>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<107>			<107>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<479>			<479>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			G&D			<7>			<7>
TOTAL GOV'S INITIATIVES						<1,224>			<1,224>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,130	801	744	746	631		746	631	
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	81	121	107	107	107		107	107	
FEDERAL	568	424	479	479	479		479	479	
GIFTS AND DEPOSITS	5	2	7	7	7		7	7	
TOTAL FINANCING	1,784	1,348	1,337	1,339	1,224		1,339	1,224	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER IMPROVEMENT
ACTIVITY: INSTRUCTIONAL DESIGN

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	17.9	13.5	13.0	13.0	11.0		13.0	11.0	
FEDERAL	7.6	6.0	5.5	5.5	5.5		5.5	5.5	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	25.5	19.5	18.5	18.5	16.5		18.5	16.5	

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1994-95 Biennial Budget

BUDGET ACTIVITY: 1303 Special Programs
PROGRAM: 13 Learner Improvement
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

This activity consists of Chapter 1, Migrant Education and Limited English Proficient Education (LEP) Programs. These programs provide supplemental service to students who are not performing at grade level because they are educationally disadvantaged, do not speak English, and/or migrate from state to state with families who are seeking agriculturally related work. Specifically the programs:

- Provide leadership, program direction and resources in the development and design of service delivery models which enable the learners to acquire the necessary language skills to succeed in regular classes.
- Provide assistance and training to teachers in districts offering these programs in instructional methodologies which research has found to be effective with at risk students.
- Serve approximately 14,577 Minnesota students with little or no skills in English and whose first language is one other than English through English-as-a-second language and bilingual education.
- Serve approximately 71,200 students who are educationally disadvantaged through the federally funded Chapter 1 program.
- Serve over 3,500 migrant students through summer school programs and over 900 through support services during the school year.
- Minnesota Department of Education (MDE) efforts for summer migrant programs have focused on the transfer of secondary credits enabling on time graduation from their home school and on instruction that emphasizes enrichment rather than remedial. Efforts during the school year have included weekend institutes for migrant and their non-migrant peers to build cultural awareness, self-esteem and self-respect.

BUDGET ISSUES:

Refer to Agency and Program level narratives for Budget Issues. A quality management effort is in progress to foster improved services which, in general, will result in changes in the scope and structure of budget activities.

EFFICIENCY MEASURES:

Chapter 1:

- To ensure the success of Chapter 1 students in the regular classroom, the coordination of Chapter 1 supplemental instruction with the regular classroom curriculum and instruction was promoted through the development of a process implemented by 12 sites throughout the state which in turn will act as resources to other schools.
- Learner outcomes are being used in the evaluation of Chapter 1 thus promoting outcome based education and the success of educationally disadvantaged students in the regular classroom.

Limited English Proficient Education:

- The importance of parent involvement was supported through the development and distribution of training modules for parents of limited English proficient students on the following topics: Bridging The New and Old Cultures, Schools Are Part of the Culture, Parents are Teachers, and Discipline, these modules are available in 5 different languages; and a training institute for southeast Asian parents which focused on their roles in the U.S. educational system, differences in school climate and cultural expectations. To encourage attendance, on-site child care and translators were available.
- Programs for LEP students were coordinated with other support services to maximize financial and human resources.
- Inter-agency coordination with organizations which also provide services to LEP student and adults were on-going in order to more efficiently distribute information to communities and parents thereby avoiding duplication of information.

Migrant Education:

- Two Life Management Skills training institutes for migrant and their non-migrant peers were conducted to create a better understanding of cultural differences and mutual respect for each other.
- To ensure that secondary students received credits towards graduation in their home school, inter-state coordination was a major priority.
- Based on research regarding best instructional practices for at risk students, the summer migrant program focused on enrichment rather than remedial instruction through integrated curriculums between reading, math, and science.
- Summer migrant programs in 2 sites were extended from six to eight weeks through the use of take home/parent involvement learning packets developed in conjunction with the Reading is Fundamental (RIF) program.
- Intra-state coordinating with other agencies serving the migrant population enabled us to serve the needs of the whole child by maximizing human and financial resources in the areas of students transportation, outreach workers, and health services.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER IMPROVEMENT
ACTIVITY: SPECIAL PROGRAMS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	567	719	798	798	798		798	798	
EXPENSES/CONTRACTUAL SRVCS	78	173	103	103	103		103	103	
MISC OPERATING EXPENSES	55	67	80	80	80		80	80	
SUPPLIES/MATERIALS/PARTS	11	16	14	14	14		14	14	
CAPITAL EQUIPMENT	11	11	5	5	5		5	5	
OTHER	97	138	136	136	136		136	136	
SUBTOTAL STATE OPERATIONS	819	1,124	1,136	1,136	1,136		1,136	1,136	
TOTAL EXPENDITURES	819	1,124	1,136	1,136	1,136		1,136	1,136	
GOV'S INITIATIVES:			FUND						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<58>			<58>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<15>			<15>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<1,063>			<1,063>
TOTAL GOV'S INITIATIVES						<1,136>			<1,136>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	59	80	58	58	58		58	58	
STATUTORY APPROPRIATIONS:									
GENERAL		2							
SPECIAL REVENUE	18	14	15	15	15		15	15	
FEDERAL	742	1,027	1,063	1,063	1,063		1,063	1,063	
GIFTS AND DEPOSITS		1							
TOTAL FINANCING	819	1,124	1,136	1,136	1,136		1,136	1,136	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER IMPROVEMENT
ACTIVITY: SPECIAL PROGRAMS

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	.7	.7	.7	.7	.7		.7	.7	
FEDERAL	15.4	15.3	17.3	17.3	17.3		17.3	17.3	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	16.1	16.0	18.0	18.0	18.0		18.0	18.0	

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1994-95 Biennial Budget

BUDGET ACTIVITY: 1304 Assessment
PROGRAM: 13 Learner Improvement
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

The purpose of this activity is to provide comprehensive measurement, program evaluation and technical assistance services to local districts as well as leadership to the department in the area of measurement and program evaluation. Major functions for which this activity is responsible are as follows:

- to conduct statewide assessments in major curriculum areas in order to ascertain the knowledge skills and attitudes of Minnesota youth;
- to coordinate the Local Assessment (Piggyback) Program through which local districts determine needs and strengths in the areas of curriculum and instruction;
- to coordinate all Planning, Evaluating and Reporting (PER) technical assistance to local districts through the use of regional facilitators as well as to review all PER reports;
- to coordinate the development and implementation of the Minnesota Itembank Program in order to allow local districts to tailor achievement test measures to local district curriculum offerings;
- to coordinate and provide leadership, technical assistance, school accreditation and program evaluation services to local public and private schools through the North Central Association (NCA).

The table below is provided in order to depict the overall degree of service relative to local district services.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Local assessment program utilization (districts)	90%	90%	90%	90%
Itembank district utilization	55%	57%	60%	65%
Assessment, PER, itembank workshops (districts represented)	99%	99%	99%	99%
Assessment, PER, itembank on-site technical assistance (districts served)	75%	75%	75%	75%
Students graduating from NCA accredited schools	72%	73%	74%	76%

BUDGET ISSUES:

Refer to Agency and Program level narratives for Budget Issues. A quality management effort is in progress to foster improved services which, in general, will result in changes in the scope and structure of budget activities.

EFFICIENCY MEASURES:

During F.Y. 1992 several practical actions resulted in activity efficiency.

- More efficient utilization of space in that school district facilities were used for all performance scoring. This resulted in the use of common facilities over a three month period at no cost to the state. In addition, all warehouse functions were centralized in St. Paul which resulted in efficiencies in shipping, receipt, and handling of all test materials.
- Science assessment kits were assembled by staff rather than purchased under a contract resulting in savings of \$15,000.
- Itembank development was better coordinated with other office activities resulting in less duplication and saved, at a minimum, \$20,000.
- Staff coordinated scoring of all performance assessments rather than contracting resulted in savings for state and local assessment, and provided value added in service to over 300 teachers.
- The Itembank was up-graded to allow district entry of local items resulting in the ability of local educators to better consolidate with the larger bank and reduce duplication of effort.

During F.Y. 1993, additional efficiencies have been initiated:

- All computer reporting functions are being converted to micro computers which will allow staff processing and save \$15,000 in contracting costs. Work will be 50% accomplished in F.Y. 1993 and fully completed in F.Y. 1994.
- Desk top publishing is being used to produce photo-ready test booklets which will save approximately 10% in developmental costs over previous years. This will be completed in F.Y. 1994.
- Greater use will be made of technology for performance based reporting including integrating prompts and scoring guides, generating performance based reports and video tapes of procedures and results. These activities will allow local districts to interpret results more quickly and accurately relative to program evaluation requirements for PER. This is a more efficient packaging and delivery system which allows greater efficiency on the part of end users.
- The Language Arts assessment is being integrated across writing, reading, speaking, and listening and will result in less testing time for schools. Integration will be completed in F.Y. 1994.
- Cooperative development among all midwestern states in assessment training materials for teachers will result in quality materials at no dollar cost to Minnesota by the end of F.Y. 1994.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER IMPROVEMENT
ACTIVITY: ASSESSMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	756	686	689	692	635		692	635	
EXPENSES/CONTRACTUAL SRVCS	829	793	666	666	630		666	628	
MISC OPERATING EXPENSES	18	16	15	15	15		15	15	
SUPPLIES/MATERIALS/PARTS	5	18	29	29	29		29	29	
CAPITAL EQUIPMENT	13	9	50	50	50		50	50	
OTHER	5	11	12	12	12		12	12	
SUBTOTAL STATE OPERATIONS	1,626	1,533	1,461	1,464	1,371		1,464	1,369	
TOTAL EXPENDITURES	1,626	1,533	1,461	1,464	1,371		1,464	1,369	
GOV'S INITIATIVES:			FUND						
(A) RESTORE AGENCY BASE			GEN			93			95
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<1,332>			<1,332>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<80>			<80>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<52>			<52>
TOTAL GOV'S INITIATIVES						<1,371>			<1,369>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,601	1,374	1,329	1,332	1,239		1,332	1,237	
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	25	159	80	80	80		80	80	
FEDERAL			52	52	52		52	52	
TOTAL FINANCING	1,626	1,533	1,461	1,464	1,371		1,464	1,369	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER IMPROVEMENT
ACTIVITY: ASSESSMENT

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	14.5	11.5	11.5	11.5	10.5		11.5	10.5	
SPECIAL REVENUE	.5	1.5	.5	.5	.5		.5	.5	
FEDERAL			1.0	1.0	1.0		1.0	1.0	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	15.0	13.0	13.0	13.0	12.0		13.0	12.0	

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1994-95 Biennial Budget

BUDGET ACTIVITY: 1305 Special Education
PROGRAM: 13 Learner Improvement
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

The purposes of the Special Education activity are to:

- Provide vision, advocacy, and leadership to assure appropriate learning for each student who has unique learning needs due to a disability;
- Assist, support, and monitor schools in their efforts to design and implement a full array of programs and services for students with disabilities that meet or exceed state and federal standards;
- Collaborate with all stakeholders to create a fully inclusive education system for all Minnesota residents;
- Proactively research, provide support for and implement, emerging concepts that offer promise to improve the effectiveness of education for those students whose needs the current system does not meet.

Special Education instruction and services are state and federally funded and are governed by state laws M.S. 120.03; 120.17; and 124.32, State Board of Education Rules Chapter 3525 and the Federal Individuals with Disabilities Education Act (IDEA) P.L. 101-476 laws and rules. The special education activity operates with a 90% federal and 10% state budget for salary, fringe, space rental, and program activities such as purchase of equipment and supplies, travel, aids application and approval processing, materials and technology development, information and materials dissemination, training, and technical assistance. While the specific service(s) provided for an individual student is based on that student's needs, the array of services for all students ranges from technical support for a general education teacher so the student remains in the general education class to placement in a residential setting. It must be recognized that some students receive only one service and others receive several different services.

While the ultimate customers of all agencies in the education system are the students, the specific customers of the Special Education activity include the staffs in public and private schools throughout the state; cooperatives, intermediate, and regional education agencies that serve students with disabilities; state and local human service agencies that have concurrent responsibilities for persons with disabilities; and parent and advocate organizations whose mission is to serve school age children and youth with disabilities.

BUDGET ISSUES:

Refer to Agency and Program level narratives for Budget Issues. A quality management effort is in progress to foster improved services which, in general, will result in changes in the scope and structure of budget activities.

EFFICIENCY MEASURES:

Efficiency measures taken during the F.Y. 1992-93 biennium include:

- The design and implementation of State Board of Education (SBE) rules governing eligibility criteria for special education programs. The rules went into effect 1-2-92 and are expected to add consistency to student eligibility across all districts and, over the next 3 years, to reduce the number of students determined to be eligible for special education services in some

disability areas. Specific estimates of over-all reductions in student eligibility for special education are difficult to make. Two disabilities, early childhood and emotional - behavioral disorders have been and appear to be in a continuing growth pattern. Two other disabilities, speech - language impaired and learning disabled, have been and appear to be in a continuing decline. To date all other disabilities appear to be stable and changes more closely reflect changes in overall enrollment.

- At the present time there are 3 specific activities related to improving the effectiveness and efficiency of special education instruction and services. All of them relate to utilizing special education funded staff to serve a wider range of students experiencing problems learning. It is essential that we collect data related to the effectiveness and efficiency of these options. Therefore one of the efficiency measures is the implementation of a series of applied research/program evaluation activities to determine the effectiveness of various instructional designs and related experimental programs. These provide data and information for decision making regarding additional efficiency moves. For instance: a) first and second year data on the results of implementing the alternative delivery revenue (M.S.124.332) is very positive and is proving the rationale for improving the programs and for making recommendations to extend and modify the legislation; and b) an evaluation of the sufficiency of instruction and services for students with low incidence disabilities led to a change in the procedures through which school districts plan for and access discretionary funds to design and implement the services cooperatively, thereby more efficiently.
- The development and implementation of a series of interagency agreements with other state level agencies to begin the process of removing state level barriers to local cooperation. Specifically, agreements are in place or in developmental stages with: a) the Departments of Human Services and Health to concurrently address the needs of infants, toddlers, and children ages birth to 5 who have disabilities; b) the Departments of Jobs and Training and Human Services to concurrently address the transition to community living and employment needs of youth with disabilities; and c) the Departments of Human Services, Health and Corrections to concurrently address the mental health needs of children and youth with disabilities. These agreements reflect the potential for interagency collaboration as far as progress can be made at the administrative level. To continue the increase in interagency efficiency the next steps require legislative action to define procedures for adopting interagency policies, funding, and rules. These are all beyond the scope of administrative decision making and specific proposals to meet the needs in the Part H program are being proposed.
- As new issues emerge, e.g. the need for a behavior intervention rule as directed by the legislature, the need for staff development and related resource materials at the district level become greater. Current levels of state and federal funds are insufficient to meet emerging needs. In order to address the needs statewide, and therefore more efficiently, it was essential that additional resources be found. During the spring and summer of 1992 four competitive grant proposals were submitted to the U.S. Department of Education. All four have been funded or are in final stages of negotiation. They include: a) a 5 year \$250,000 per year grant to provide training and assistance to school districts in their efforts to include students with severe handicaps in appropriate general education programs; b) a 4 year \$150,000 per year grant to provide training and assistance to school districts as they attempt to implement the new SBE behavior intervention rule that requires positive reinforcement of appropriate behaviors be the basis for assisting students with disabilities to become self-disciplined rather than relying solely on aversive and deprivation techniques; c) a 3 year \$150,000 per year grant to provide training and assistance to school district and county staff as they try to implement interagency programs to address the needs of students with severe mental health needs; and d) a 3 year \$150,000 per year grant to develop evaluation and assessment procedures for district consideration as they attempt to determine the extent to which students with disabilities achieve the graduation outcomes adopted by the state and district.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER IMPROVEMENT
ACTIVITY: SPECIAL EDUCATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									

DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,716	1,762	1,882	1,883	1,883		1,883	1,883	
EXPENSES/CONTRACTUAL SVCS	534	779	1,290	1,290	1,290		1,290	1,290	
MISC OPERATING EXPENSES	99	97	177	177	177		177	177	
SUPPLIES/MATERIALS/PARTS	78	73	100	100	100		100	100	
CAPITAL EQUIPMENT	13	44	59	59	59		59	59	
OTHER	282	428	471	471	471		471	471	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	2,722	3,183	3,979	3,980	3,980		3,980	3,980	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	2,722	3,183	3,979	3,980	3,980		3,980	3,980	
=====									
GOV'S INITIATIVES:			FUND						
-----			-----						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<263>			<263>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<55>			<55>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<3,662>			<3,662>
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						<3,980>			<3,980>
=====									
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
GENERAL	510	299	262	263	263		263	263	
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	97	49	55	55	55		55	55	
FEDERAL	2,115	2,834	3,662	3,662	3,662		3,662	3,662	
GIFTS AND DEPOSITS		1							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	2,722	3,183	3,979	3,980	3,980		3,980	3,980	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER IMPROVEMENT
ACTIVITY: SPECIAL EDUCATION

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	7.5	4.0	4.0	4.0	4.0		4.0	4.0	
FEDERAL	30.2	33.7	32.4	32.4	32.4		32.4	32.4	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	37.7	37.7	36.4	36.4	36.4		36.4	36.4	

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1994-95 Biennial Budget

BUDGET ACTIVITY: 1306 Minnesota Academic Excellence Foundation
PROGRAM: 13 Learner Improvement
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

The Minnesota Academic Excellence Foundation (MAEF), by charter from the Minnesota Legislature and through private sector and community based partnerships, is a primary advocate for promoting and recognizing the importance of academic excellence in all of Minnesota's elementary and secondary students, schools, and communities.

Strategic priorities to move student learning to world class standards include:

- Facilitating systemic change to increase student learning and enhance educator practice.
- Creating values in society which demand academic achievement by and for all learners.
- Increasing students and families' expectations and opportunities for students to learn and for students to learn to think; to achieve and go beyond what has traditionally been a common standard of learning.

Specific systemic initiatives administered through MAEF's Board of Directors include:

Academic League which coordinates academic challenges, serving over 85% of Minnesota's K-12 population.

Partners for Quality which assists schools in transforming systems and activities for continuous quality improvement toward world class standards and customer responsiveness.

Regional Education Discussion Groups/Community and Business Partnerships which assist communities in developing partnerships to improve student learning and which stimulate expectation and innovation while increasing the MAEF endowment fund which is invested in 5 regions of the state.

The MAEF Board of Directors, appointed by the Governor, establishes the policies and procedures needed to implement MAEF's systemic initiatives, program activities, and legislative charge. Additionally, the Board must secure the resources required to deliver MAEF objectives. The Board establishes fees for participation and the sale of publications. It manages the strategic fund raising plan to secure gifts, grants, in-kind donations, and sponsorships/partnerships to support MAEF programs. MAEF presently administers three fund raising campaigns - an annual fund drive; an endowment campaign; and the solicitation of private sector grants and sponsorships.

The most dramatic prospect driving MAEF continues to be the public outcry for continuous quality improvement in education and other sectors, including effective and efficient use of limited resources for accountable results and collaboration among service providers to meet customer needs. MAEF's primary initiatives are gaining more attention throughout Minnesota and the nation as models for education transformation and change to world class performance standards. The Partners for Quality paradigm provides a strong framework for implementing these emerging academic and social strategies.

BUDGET ISSUES:

The effect of target funding level reductions for this activity will be minimal and can be met through program efficiencies and cost containment.

EFFICIENCY MEASURES:

The MAEF Board in 1990-91 established a new strategic plan. Central to the implementation of this vision for systemic change was doing and measuring the right activities. As a result of its self-assessment, MAEF eliminated three program activities which served a limited number of individuals and added resources to and expanded Academic League, Partners for Quality, and community partnership activities which contribute to the impact MAEF seeks on education systems. Each of these initiatives have demonstrated the capacity to involve hundreds of educators and other stakeholders in transforming current education systems to ones which continuously improve by focusing resources towards attaining world class standards. The Academic League, in 2 years has grown to involve 203 districts which represents 85% of Minnesota's K-12 population. The Partners for Quality Initiatives Phase II, just entering its second pilot year, has expanded from 8 to 43 sites which will in turn retrain over 2000 persons in the total systems approach. Within these expanded initiatives, there also was opportunity for tactical efficiency.

For example, MAEF redesigned how it would deliver a major annual publication/catalog, *Reach for the Stars*. By inserting the publication into the MDE *Education Update*, seven times as many educators received information on nearly 60 academic activities at about one-fifth of the cost. Additionally, MAEF reduced the cycle time and resources needed in a number of its bulk mailings to educators and funders by redesigning each piece to be mailed without using an envelope. MAEF also disseminates information to parents and other publics via company newsletters such as Josten's, 3M, and IBM.

These efficiency measures will continue throughout the next biennium. Additionally, newly donated equipment from IBM will allow MAEF to meet increased requests for service without adding more administrative staff. The new Metafile donor tracking system will allow MAEF to expand its prospect base and thus generate additional private gifts to MAEF's program activities. Similarly, the new computer system established for the Academic League will reduce the cycle time required by staff to input and analyze information on each district requesting a profile from 2 to 4 weeks to 1 week. Districts use this information to develop their strategic plans and budgets for student activities. Not only do these new systems reduce cycle time, but the opportunity for error and rework is also diminished.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER IMPROVEMENT
ACTIVITY: ACADEMIC EXCELLENCE FND

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									

DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	88	91	94	95	95		95	95	
EXPENSES/CONTRACTUAL SRVCS	29	34	24	24	24		24	24	
MISC OPERATING EXPENSES	1								
SUPPLIES/MATERIALS/PARTS	1	1	1	1	1		1	1	
CAPITAL EQUIPMENT			1	1	1		1	1	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	119	126	120	121	121		121	121	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	119	126	120	121	121		121	121	
GOV'S INITIATIVES:			FUND						
-----			-----						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<100>			<100>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<21>			<21>
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						<121>			<121>
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
GENERAL	105	106	99	100	100		100	100	
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	14	20	21	21	21		21	21	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	119	126	120	121	121		121	121	
POSITIONS BY FUND:									

GENERAL	2.0	2.0	2.0	2.0	2.0		2.0	2.0	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	2.0	2.0	2.0	2.0	2.0		2.0	2.0	

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1994-95 Biennial Budget

PROGRAM: 14 Learner Resource and Support
AGENCY: Education, Department of

PROGRAM PURPOSE:

The Learner Resource and Support program of the Minnesota Department of Education (MDE) is essential to the efficient and effective delivery of services to Minnesota school districts and other educational agencies and clients served by the department. The program includes services and administration of nontraditional and alternative education for K-12 students, most of the early childhood and family education programs and adult education administered by the department, a variety of services that involve partnerships with the community or other agencies and certain services to maintain and improve the infrastructure and district governance/management.

Functions in this program area contribute to many Minnesota Milestone goals primarily through the diversity of partnerships with other agencies and organizations. Most often this program relates to the following Milestone goals:

- Minnesotans will excel in basic academic skills
- Minnesotans will be healthy.
- Minnesotans will have the advanced education and training to make the state a leader in the global economy
- All children will come to school ready to learn
- Our communities will be safe, friendly and caring

Activities included in this program are: Education Finance and Analysis, Education Development, Community Education/Learner Services, Child Nutrition, Monitoring/Equal Educational Opportunities, Indian Education, Library Development and Services, Personnel Licensing, Board of Teaching, State Board of Education, Executive Management, Education Data Systems and Administrative Support Services.

PROSPECTS:

Many Learner Resource and Support efforts focus on making changes to improve education systems or to create better connections between education and other entities. Each of the activities in this program address one or both of restructuring within education systems and restructuring connections between education and other entities. Some trends for each of these types of restructuring are below.

Restructuring within education systems.

- Public expectations and limited resources dictate that increased efficiency is necessary in the public school system. Controversy continues over where priority should be — on combining small districts or increasing cooperation to reduce duplicated efforts.
- The variety and number of federal resources and state initiatives which address societal problems is increasing. The need to build conceptual and delivery connections among them at the state level continues to increase.

- Evidence shows a strong positive impact of education on young children. Finding resources and changing the delivery system to reach them and their families is a monumental challenge.
- Public expectation is changing so that it is essential to provide education to adults who need basic skills or retraining to be self-supporting and not rely on public assistance. Finding resources and meeting adult learner needs are straining education systems.
- The expensive and cumbersome evolution from traditional methodologies to better operations is difficult, especially in a system which has a strong tradition of local governance complemented by state leadership. Controversy continues among educators and the public about which technologies to use and how Total Quality Management (TQM) fits with the various changes.
- With limited revenue, improved and creative strategies must be found to increase efficiency. This is particularly difficult when coupled with public demand for higher standards for graduates and educating a much larger number of persons than in the past.

Restructuring connections between education and other entities.

- The need to coordinate administrative functions among agencies of state government is apparent, especially in times of limited resources. Building more efficient connections is difficult with a long-established system with considerable local control, which takes time to change.
- Given the goal of "success for every learner", the appropriate roles for education and a variety of other entities needs clarification. The question of how the systems should interact to assure that the support needs of individuals are met is more crucial than ever.
- More and more private entities want to help with restructuring education. More strategies need to be developed on how public and private groups can effectively collaborate to reach shared visions.
- When learners do not succeed, educators and the public often blame others, such as family or society. A significant challenge exists in determining how to make changes so the family, community and education system can collectively succeed with every individual.

OUTCOMES/OBJECTIVES:

Many of the Learner Resource and Support program efforts have contributed to results shown in the "Goals and Outcomes" section and in many of the program narratives in the Education Aids Budget. Some areas where MDE has provided primary leadership are described in seven goal areas below.

1. MDE will collect, facilitate and disseminate accurate, timely and comparable local information as required for use by local boards, communities, MDE, the State Board of Education, the executive and legislative branches of Minnesota Government and the federal government.

Rationale: Information is necessary to facilitate sound policy-making and planning. Some high priorities for improved information are 1) projections which impact the allocation of scarce state resources, 2) graduation and dropout rates and 3) student characteristics and needs. Another priority is to develop statewide management information strategies that also work for local delivery systems. While indicators are primarily for K-12 systems at this time, MDE's scope is considerably broader.

- Accurate state budgeting is important, especially where large dollar amounts are involved. A revised pupil projection system is assisting state budgeting by providing better estimates of actual enrollments. When projecting pupil units 2 years into the future, the old method's

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PROGRAM: 14 Learner Resource and Support
 AGENCY: Education, Department of
 (Continuation)

estimates for 1986 to 1990 were off by an average of 1.25%. By comparison, the new method's 1989 projection of 1991 pupil units was off by only .28%. This count distributes several billions of dollars each year.

- Cumulative dropout data is being presented in addition to annual dropout and graduation rate data collected by MDE. This information is more useful for planning and also likely to be comparable to national data as it is expected to be presented in future years. Long-range plans include reducing the over-reporting/duplication of dropout counts through the Minnesota Automated Reporting Student System (MARSS).
 - Data regarding American Indian dropouts, achievement, discipline and class assignment have been difficult to obtain and interpret. Definitions and high mobility of Indian people make it difficult to retrieve accurate data. Collective activities of MDE, local education agencies (LEAs), tribal governments and Indian parent committees begun in F.Y. 1993 will provide more useful data for the next biennium.
 - The Minnesota Student Survey is conducted through MDE every 3 years with grades 6, 9 and 12. It provides frequently used data, including some specific to Minnesota Milestones. As a result, the Milestones initiative and policy makers throughout the state are able to get an accurate picture of student perspectives; ascertain the level of problems that confront students; assist communities, educators and parents with responding to young people's needs; monitor the effectiveness and prevention efforts and establish a standardized mechanism for evaluating students' concerns and problem behaviors across communities and over time. A benefit is building relationships among risk factors that may result in learning difficulties.
 - More community groups are receiving Minnesota Student Survey presentations in F.Y. 1993 as part of their local planning processes than when the last survey was reported 3 years ago. More of the presentations are now made by local leaders who are part of a volunteer network. This compares with 1989 when about 300 presentations were made primarily by MDE staff.
 - Two Pacesetter Awards were given to MDE staff from the Intergovernmental Information Systems Advisory Council (IISAC), whose membership consists of representatives of state, county, and local government. The awards were for the development of the electronic fund transfer process for payment of state aids to school districts and for the development of the Minnesota Test Itembank (MIDEBANK) system, which makes over 120,000 test questions available to school districts using CD-ROM technology as they develop their own learner outcomes for subjects taught in their schools.
2. MDE will encourage and facilitate activities resulting in the availability of a variety of programming options for learners in small delivery systems, the best funding strategies, and optimum student numbers to offer variety efficiently.

Rationale: Local communities and staff seek assistance from MDE in planning for shared programming and expanded services. Two factors important for decisions in this area are having a large enough number of clientele and enough funding to offer variety efficiently.

- The number of state school districts was reduced from 432 in F.Y. 1991 to 423 in F.Y. 1992 and 411 in F.Y. 1993.
 - Twelve new cooperation and combination agreements were initiated in F.Y. 1992 involving 30 school districts. In total, 30 such agreements involving 68 school districts now exist in the state.
 - The number of academic pairing agreements has increased from 11 agreements involving 24 schools in F.Y. 1985 to 54 agreements and 132 schools in F.Y. 1993.
 - Seventeen management studies were conducted in F.Y. 1992 which directly related to 2 mergers of education districts, 3 consolidations of school districts, and 4 cooperation and combination agreements.
3. MDE will encourage and facilitate activities resulting in district operation of safe and healthy environments for learning.
- The number of school buses failing inspection has decreased in the past few years due to efforts of MDE staff and the Department of Transportation. Many metro school districts and contractors have made significant improvements in their maintenance programs.
 - More school bus drivers and students have received safety instruction this past year due to the development of video tape training material and "Train the Bus Driver Trainer" workshops.
 - The number of school bus related fatalities have decreased as a result of increased safety training. None of the reported fatalities actually occurred on the school bus.
 - School districts removed over 70 environmentally unsafe underground storage tanks. Over 200 projects to remove building material containing unsafe asbestos were completed.
4. MDE will successfully develop and implement high quality programs. Minnesota programs will achieve and maintain positive reputations outside the state.
- Early Childhood Family Education (ECFE) staff have responded to requests from at least 18 states and 5 countries that are using the ECFE concept. For example, Hawaii's Health Start program is designed after Minnesota ECFE and MDE facilitated a month long local Minnesota consultant in Singapore.
 - Minnesota was selected as the site of the first state-sponsored School Child Care (SACC) Conference in F.Y. 1993 because so many of Minnesota's programs serve as national models and because of statewide expansion of SACC.
 - Minnesota was selected as one of 8 leader states and received \$245,000 for national leadership in evaluation, curriculum and credit transfer as part of the Serve America leadership plan. This funding is in addition to the state allocation for youth service

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PROGRAM: 14 Learner Resource and Support
AGENCY: Education, Department of
(Continuation)

programs. One of the goals of the national funding agency is to promote Minnesota Youth Development/Youth Service policies in other states.

- Minnesota's national reputation for success in public school choice results in many calls from policy-makers and media representatives from other states. Over 100 such calls were received during the biennium and MDE staff are aware of over 40 out-of-state media articles and state policy drafts. Calls continue as public school choice becomes more common in the United States and other states' policies are evolving and developing.
- MDE's leadership in connecting and coordinating resources from a variety of prevention and risk reduction initiatives has influenced congress in amending legislation and influenced other states in their efforts to create long-lasting results from fragmented federal program resources. Examples include amendments in the Drug Free Schools and Communities legislation, partner requirements between schools and community agencies in the National Community Service Act, inclusion of school age child care in the Child Care Block Grant and charter school provisions in bills pending in Congress.

5. MDE will facilitate consumer focused coordinated services.

Rationale: The 1980s brought the beginning of a paradigm shift toward families and individual education consumers having significant choices in where they attend school. Locating services together that are needed by an individual or family is another critical part of meeting consumer needs. So is the concept of integrating programs so that people receive services that meet a wide variety of individual needs.

- Co-Location of Services to Targeted Children and Youth is contributing to a change of public opinion in Minnesota. News media have included stories about benefits of locating social services, health services, job training and education services close together for the benefit of families and individuals. Evaluation of initial co-location programs show that individuals benefit by more direct services for youth and families, improved communication between agencies and/or schools, healthier children, youth, and/or families, increased resource sharing between agency and/or school staff, improved quality of services to youth and/or families, and easier client referral between agencies and/or schools.
- In F.Y. 1992, MDE regrouped the various enrollment options programs so all are housed in the same unit instead of scattered in three divisions. The result is increased efficiency, especially in preparation and distribution of information about Postsecondary Enrollment Options, High School Graduation Standards, Open Enrollment, Area Learning Centers, Public and Private Alternative Programs, the Adult Diploma Program for Age 21 and Over and Charter Schools.
- The Enrollment Options Hot Line calls continue to change in emphasis as educators and the public become more familiar with the choice programs. Increasingly calls lead to assisting

districts to be more learner focused, helping consumers understand the variety of opportunities available and facilitating learner advocacy by families or agencies. About 1,100 calls are handled by MDE's Enrollment Options office each month.

- Four agencies, including MDE, combine discretionary funds from 6 sources to make it possible for communities to apply for funds through one user-friendly process rather than on 6 different forms. Over 100 reviewers, including youth, parents and the community, processed over 600 applications and \$3.4 million was distributed in F.Y. 1993.
- MDE combines various federal and state funds for co-location projects which must involve health screening and referrals, mental health or family counseling, employment and training, and other community services. During the biennium, 29 implementation grants and 23 planning grants were awarded.

6. MDE will help districts comply with laws, rules and regulations.

Rationale: MDE aims to increase the quality of education through such means as reducing the number of citations for noncompliance with laws, rules and regulations, and increasing the ability of local staff to provide excellent service to clients of all ages. Having local policies is important, especially for issues where education systems and community roles interrelate.

- Over 97% of Minnesota school districts have developed and implemented sexual harassment discipline policies. In F.Y. 1992, only 33% complied with state law for such a policy.
- One hundred percent of Minnesota districts have broad-based drug/alcohol abuse prevention policies as compared with very few 5 years ago before the federal law requirement.
- Eighty five percent of Minnesota districts have AIDS/HIV prevention and risk reduction school and community policies as compared to none in F.Y. 1985.
- In F.Y. 1991-92, school districts received fewer monitoring citations in the most "common" 36 Special Education compliance areas. Fourteen areas, representing over 25% common citations were reduced from the previous years. Many workshops, inservices, and improved procedures help reduce citations. In F.Y. 1991-92, monitoring and complaint resolution resulted in over 200 corrective action plans, requiring districts to improve services to learners and their families.
- Sixty eight investigations of licensed personnel were conducted in F.Y. 1992 compared to 24 in F.Y. 1987 by a partnership of the Board of Teaching, State Board of Education, MDE and the Attorney General's office. Most investigations result in revocation of licenses for serious offenses such as student abuse. This effort contributes to reducing risks to large numbers of students.

7. MDE will provide training and technical assistance to local educators, community representatives and others, to enable them to effectively carry out their education-related responsibilities. Examples of indicators showing satisfied customers or movement to action are:

- Workshop results for the 1992 Student Leadership Council State Convention indicated 100% of those present learned the definition of sexual harassment and could recognize some harassment behaviors; 95% new how to report it; and 96% learned options for stopping

1994-95 Biennial Budget

PROGRAM: 14 Learner Resource and Support
 AGENCY: Education, Department of
 (Continuation)

sexual harassment.

- After a 1992 self-evaluation workshop for local leaders of youth service programs, 100% of the participants have developed a year-long strategic plan for evaluation of their programs. A partnership between MDE and the National Youth Leadership Council made the workshop possible with limited state resources.
- After asking in 1987 what MDE services were most valuable to local ECFE staff, focus was placed on the 2 highest priorities requested by 84% of the respondents. The *Guide for Developing Early Childhood Family Education* was updated and the regional inservice network has continued to flourish. The network provides at least 2 full days of concentrated inservice education per year for Early Childhood Family Education staff, administrators, parents, advisory council members and others interested in the particular focus of any given workshop. Volunteers from 11 regions participate in regional train-the trainer sessions organized by MDE staff; they then facilitate similar sessions, using materials and resources arranged for at the trainers session. This system provides for easily accessible inservice where new information is disseminated and discussed in depth. Participants have an opportunity to share information and concerns; travel costs and time are minimized; leadership for Early Childhood Family Education is greatly enhanced and an invaluable networking capability is created as a result of this partnership between local and state staff. About 600 participants at each series of sessions consistently rate the workshops at 4.6 or higher on a 5-point scale.
- Eighty nine percent of participants indicated that workshops for the public, private and education library community were "definitely useful" in their work of serving a variety of patrons. A valuable feature of the training/upgrading system is a network approach which enables extension of training to Greater Minnesota, stretching limited state resources.

8. MDE will serve additional customers in cost effective ways.

- Items checked out through the Minnesota Library for the Blind and Physically Handicapped grew 10% since the last biennium. Over 10,000 people used these services in F.Y. 1992.
- During the last year Deposit Library Collections in local facilities such as nursing homes grew from 327 to 383. This number continues to grow in a response to public desire to have services available close to home.

9. MDE will meet or exceed the state goals for prompt and accurate payment of claims and invoices.

	F.Y. 1991	F.Y. 1992
■ Prompt Payments (within 30 days)		
State goal	98.00%	98.00%
State overall performance	96.09%	97.99%

MDE performance	98.57%	99.39%
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>
■ Accuracy		
State overall errors per 10,000 payments	6.7	5.0
MDE errors per 10,000 payments	2.2	1.4

10. MDE will reduce paperwork and streamline administrative procedures allowing staff greater time to focus on primary client service responsibilities.

- Successfully negotiated a change in the Annual Professional/Technical Services Plan with Department of Administration and became the first agency with expanded authority from \$2,000 to \$5,000. This expanded authority allows immediate acquisition of needed services rather than the 3-4 weeks it takes to process a formal contract.
- Requested and received expanded delegation of authority from the Attorney General's office and the Department of Finance to sign (up to \$50,000) and encumber all contracts, grant agreements, and interagency agreements. MDE is the only agency with this authority which is an important option because it eliminates from three to four weeks processing time and enables us to acquire needed services faster.
- Sought and received greater printing flexibility through the option of having printing done at education related agencies. This option enables MDE to acquire printing more quickly, and through an agency willing to provide a distribution outlet to other interested parties/agencies.
- Combined administrative procedures involving special expenses and services agreements. This eliminated one commonly used internal form and duplicated information required by use of 2 different forms.

PROGRAM PLAN:

The budget plan has been described in the Agency Narrative. The Program as outlined here will not exist in F.Y. 1994-95 due to a major restructuring effort being implemented at the time of budget submission.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial appropriation from the General Fund of \$19,619 to support the activities previously organized in this program. This includes the agency plan with the following adjustments: restoration of the program base for \$224, a funding reduction of \$432 associated with revised salary planning estimates; and a funding increase of \$488 and 3.0 positions to provide comprehensive assistance to school districts in the area of financial management.

The Governor further recommends the transfer of the Minnesota Career Information Services (MCIS) function to the Career Preparation Division of the Department of Children and Education Services and a transfer of all remaining programs and activities to the Basic Services and Children's Services Division of the Department of Children and Education Services.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT

ACTIVITY RESOURCE ALLOCATION:				FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EDUC FINANCE/ANALYSIS	1,441	1,479	1,352	1,356	1,356		1,356	1,356	
EDUCATION DEVELOPMENT	1,909	1,631	1,613	1,615	1,558		1,615	1,558	
COMMUNITY & LEARNER SUPPORT	2,742	2,235	2,738	2,739	2,754		2,739	2,784	
CHILD NUTRITION	2,027	2,167	2,356	2,356	2,436		2,356	2,436	
MONITORING/EQUAL ED OPPORTUNITIES	1,262	1,223	1,447	1,447	1,447		1,447	1,447	
INDIAN EDUCATION	543	491	547	549	549		549	549	
LIBRARY DEVELOPMENT & SERVICES	1,384	1,296	1,150	1,152	1,097		1,152	1,097	
PERSONNEL LICENSING	855	665	627	629	629		629	629	
BOARD OF TEACHING	203	220	205	206	206		206	206	
STATE BOARD OF EDUC	176	243	215	216	216		216	216	
EXECUTIVE MANAGEMENT	1,156	1,213	1,195	1,198	1,137		1,198	1,137	
EDUC DATA SYSTEMS	1,444	1,310	1,391	1,380	1,380		1,380	1,380	
ADMINISTRATIVE SUPPORT SERV	3,766	3,423	4,234	4,294	4,294		4,317	4,317	
TOTAL EXPENDITURES BY ACTIVITY	18,908	17,596	19,070	19,137	19,059		19,160	19,112	
GOV'S INITIATIVES:			FUND						
(A) RESTORE AGENCY BASE			GEN			112			112
(A) TRANSFER TO HIGHER ED SERVICES			SR			<381>			<411>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<10,069>			<10,092>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<1,781>			<1,781>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<6,203>			<6,203>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			AGN			<893>			<893>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			G&D			<88>			<88>
(B) FINANCIAL MANAGEMENT PACKAGE			GEN			244			244
TOTAL GOV'S INITIATIVES						<19,059>			<19,112>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	11,456	9,616	9,703	9,770	9,658		9,793	9,681	
STATUTORY APPROPRIATIONS:									
GENERAL	78	96	55	55	55		55	55	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
SPECIAL REVENUE	1,672	1,633	2,147	2,147	2,162		2,147	2,192	
FEDERAL	4,909	5,337	6,184	6,184	6,203		6,184	6,203	
AGENCY	716	857	893	893	893		893	893	
GIFTS AND DEPOSITS	77	57	88	88	88		88	88	
TOTAL FINANCING	18,908	17,596	19,070	19,137	19,059		19,160	19,112	
POSITIONS BY FUND:									
GENERAL	178.5	142.1	140.0	140.0	138.0		140.0	138.0	
SPECIAL REVENUE	27.4	21.4	26.6	26.6	26.6		26.6	26.6	
FEDERAL	76.1	77.2	81.6	85.6	85.6		85.6	85.6	
TOTAL POSITIONS	282.0	240.7	248.2	252.2	250.2		252.2	250.2	

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1994-95 Biennial Budget

BUDGET ACTIVITY: 1401 Education Finance and Analysis
PROGRAM: 14 Learner Resource and Support
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

The purpose of this activity is to provide financial expertise and support to school districts and State policy makers. It is composed of 3 functions which together cover the range of necessary activities, from the gathering of data to ensuring the proper use of funds by districts.

District Data gathers most of the data obtained by the Minnesota Department of Education (MDE) for financial, regulatory, demographic, and federal reporting purposes, and creates statistical reports and directories needed for administrative functions. It gathers student, staff, civil rights, and other data and publishes 12 reports, including *Profiles of Districts* and the *Education Directory*. Numerous workshops regarding data reporting are also conducted.

Education Funding focuses on analysis of school district financial issues, support of the legislative process, translation of laws into funding formulas and administrative procedures, administration of finance programs, setting the property tax levy limitations and administration of the certification process, and the provision of education finance expertise and consultation to a wide range of interested parties. Numerous workshops to advise districts on legislative results and funding issues are held.

Education Budgeting and Payments manages school aids accounting, preparation of the biennial Governor's Education Aids Budget document, disbursement of \$2.7 billion per year under the highly complex metered payment system, administration of the state role in the Uniform Financial and Reporting System which establishes district accounting procedures and the provision of financial reporting to the state, technical support to school districts regarding local business affairs, and the issuance of certificates for use by districts in borrowing against future receipts.

BUDGET ISSUES:

Refer to Agency and Program level narratives for Budget Issues. A quality management effort is in progress to foster improved services which, in general, will result in changes in the scope and structure of budget activities.

EFFICIENCY MEASURES:

In this biennium this section accomplished a number of improvements which will bring about greater efficiency and effectiveness for the state.

- A new computerized student reporting system will increase the efficiency of operation and the accuracy of student counts for state aid purposes.

- The activity has converted to more economical desk-top publishing and micro computer usage.
- Staff were instrumental in creating fiscal policy and providing advice regarding fiscal and policy options that helped create efficient state budgeting for education aids.
- The activity initiated major revision to the Uniform Financial and Reporting System to bring greater financial accountability to the school districts. This includes a reduction of over 200 accounting codes in the number of required accounting codes by F.Y. 94 and a simplification of various accounting procedures.
- A computerized system to automatically edit school district financial reports, was designed and initiated resulting in greater efficiency and accuracy.
- A new procedure was implemented in conjunction with the Department of Finance to provide electronic transmission of bi-monthly funds and explanations of payments to districts.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: EDUC FINANCE/ANALYSIS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									

DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,076	1,211	1,254	1,258	1,258		1,258	1,258	
EXPENSES/CONTRACTUAL SRVCS	324	214	65	65	65		65	65	
MISC OPERATING EXPENSES	20	23	7	7	7		7	7	
SUPPLIES/MATERIALS/PARTS	7	11	10	10	10		10	10	
CAPITAL EQUIPMENT	8	14	11	11	11		11	11	
OTHER	6	6	5	5	5		5	5	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	1,441	1,479	1,352	1,356	1,356		1,356	1,356	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	1,441	1,479	1,352	1,356	1,356		1,356	1,356	
=====									
GOV'S INITIATIVES:			FUND						
-----			-----						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<1,529>			<1,529>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<34>			<34>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<37>			<37>
(B) FINANCIAL MANAGEMENT PACKAGE			GEN			244			244
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						<1,356>			<1,356>
=====									
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
GENERAL	1,392	1,411	1,281	1,285	1,285		1,285	1,285	
STATUTORY APPROPRIATIONS:									
GENERAL		1							
SPECIAL REVENUE		18	34	34	34		34	34	
FEDERAL	43	45	37	37	37		37	37	
GIFTS AND DEPOSITS	6	4							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	1,441	1,479	1,352	1,356	1,356		1,356	1,356	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: EDUC FINANCE/ANALYSIS

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	24.3	25.3	25.3	25.3	25.3		25.3	25.3	
FEDERAL	.7	.7	.7	.7	.7		.7	.7	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	25.0	26.0	26.0	26.0	26.0		26.0	26.0	

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Education, Department of
PROGRAM: Learner Resource and Support
ACTIVITY: Education Finance and Analysis

ITEM TITLE: District Financial Management Package

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund				
- State Operations	\$244	\$244	\$250	\$259

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends 3 additional School Financial Management Specialists, 1 Clerk-Typist, and expenses to increase the ability of the Minnesota Department of Education (MDE) to provide school financial management services and training to Minnesota school districts.

PROGRAM OUTCOMES:

A project team would be created in MDE which would have at its core 3 Financial Management Specialists and 1 Clerk-Typist. They would work with the area service teams, other resource teams, and the regional accounting coordinators to provide direct training and technical assistance to school districts in the areas listed below. They would be located in the Financial Condition and Aids Payment Resource Team, and would work most closely with the 2 staff persons who are already spending part of their time providing some of these services.

The assessment of the success of the project would be based on the subsequent financial health of the districts and the expressions of satisfaction by the customers.

The services to be provided would be determined by a needs assessment addressed to the school districts and by district request. Also, a council of school district officials would be created to guide the formulation of services. The projected services to be provided are:

Revision and Maintenance of Uniform Financial and Reporting System (UFARS) Manual To create a revised version of the UFARS manual, in both hard copy and computerized form, and to ensure that it is continually commensurate with legislation and changes stipulated by the UFARS Council. This involves working with computer companies to create a user-friendly, menu-driven computerized version of the manual.

Provide Training for Revised UFARS System Working with regional organizations and service teams, to continually provide training materials, workshops, and individual consultations for use of the UFARS system. This is to ensure consistent and correct reporting of revenues and expenditures and optimal usage of the system for financial monitoring and planning.

Long-Term Financial Planning For districts this involves, over at least a 5-year horizon, the projection of long term revenues and expenditures and the planning of school programs accordingly. It involves projecting student enrollments, future prices, staffing patterns, program needs and requirements, funding parameters, property values, facility and equipment needs, and other related variables. It also involves incorporating the projections into a budget strategy which takes into account accumulated balances and available borrowing such that the yearly budgets are balanced, and having a policy regarding minimum yearly fund balances.

The project team will develop budgeting tools to be distributed to school districts, service teams, and Regional Accounting Coordinators, provide student and other data projections available at the state level, and work individually with districts and service areas to ensure use of sound data and procedures.

An important aspect of this assistance would be in enabling districts to conduct the financial planning necessary to adopt new forms of educational delivery systems. This would include site-based management, new types of compensation packages, out-sourcing of services, leasing, contracting with semi-private schools, conducting College in the Schools, use of new technology, and many other innovations.

School District Budgeting For districts this involves setting the yearly district and school budgets. It involves many decisions which reflect priorities and limitations, and requires highly accurate projections of revenues and expenditures. It is especially difficult for districts when unusual occurrences happen, such as the opening of a new school. The project team will be available to provide individual assistance and will be developing data and budgeting tools for district use. Workshops will be held and general training sessions held in conjunction with other organizations and institutions of higher education.

Cash Management The team would help school districts with their periodic cash flow management, including estimation of cash availability, borrowing options and ways to do so, and investment strategies. This includes both short-term and long-term cash management. It involves providing professional advice regarding the complex financial instruments currently available.

Establishment of Proper Internal Financial Procedures within School Districts The team would help districts to establish procedures which ensure that targeted revenue and expenditure goals are continually being met, and that sound internal procedures are adhered to which guard against mistakes and malfeasance.

Assistance with Regional Capital Budget Planning The department has gathered information over the past year that documents deferred maintenance and health and safety needs for many of our local schools. Based on this information efforts will be made at regional facility planning, and the team will assist in this development by creating procedures to help districts plan for meeting critical capital needs.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Education, Department of
PROGRAM: Learner Resource and Support
ACTIVITY: Education Finance and Analysis

ITEM TITLE: District Financial Management Package
(Continuation)

Assist with Changes in District Reorganization The pace of school district reorganization has increased in recent years, and entails an extremely complicated financial process, both with complying with the laws and with planning the new district. The team would develop procedures for district use and would provide direct financial management assistance.

Assistance with Regional Capital Budget Plan The department has gathered information the past year that documents deferred maintenance and health and safety needs for many of our local schools. Based on this information, efforts will be made at regional facility planning, and the team will assist in this development by creating procedures to help districts plan for meeting critical capital needs.

Assistance with District Salary Negotiations In order to further rationalize the negotiation process, the team would develop budgeting tools which the negotiators could use to minimize misunderstanding and which would facilitate settlement.

LONG-TERM IMPACT:

An increase in MDE complement to provide school financial management services and training will bring about a reduction in the number of school districts with financial difficulties and will allow school boards and district administrators to concentrate on their most important product: education. This will allow school districts to offer services more efficiently, while at the same time allowing a higher quality of product.

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1994-95 Biennial Budget

BUDGET ACTIVITY: 1402 Education Development
PROGRAM: 14 Learner Resource and Support
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

The Education Development activity has as its purposes provision of management support services to school district personnel and administration of programs which bring about improvement of instruction in the schools. Specifically, the activity:

- Assists with planning for new school facilities, reviews all major construction plans, and comments upon appropriateness before bond issues are submitted for voter approval.
- Assists school districts in developing cooperation/combination agreements and facilitates school district consolidation.
- Manages state funding programs for health and safety in schools and for capital loan construction projects. Coordinates state fire marshall inspections of schools.
- Collects data upon which state transportation aids are paid and develops standards and curriculum which promotes school bus safety.
- Manages the Chapter 2/Block Grant program to provide federal funds for school districts in 6 identified target areas.
- Manages the Title II program to provide federal funds for school districts for improvement of teacher skills and quality of instruction in mathematics and science.
- Approves programs of instruction in Minnesota educational institutions, both secondary and postsecondary, public and private, so that veterans, veterans dependents, and National Guard/Reserve component personnel may enroll and receive their federal educational benefits, the G.I. Bill.
- Responds to inquiries from school personnel, parents, the legislature and the general public concerning law, rule and policy and mediates between public school officials and parents in home school disputes.

The Education Development activity is experiencing an increase in the number of school districts requesting management assistance. School district personnel rely upon the special expertise of Minnesota Department of Education (MDE) staff in initial planning for construction and for technical assistance in development of building plans. Changes in financial and enrollment patterns cause school personnel to increasingly request assistance with varying combinations and consolidations. Health and safety concerns expressed by school personnel require both technical assistance and state categorical funding. Federal funding programs managed by this activity continue at much the same level as in previous years but represent essential services for schools and learners.

BUDGET ISSUES:

Refer to Agency and Program level narratives for Budget Issues. A quality management effort is in progress to foster improved services which, in general, will result in changes in the scope and structure of budget activities.

EFFICIENCY MEASURES:

Efficiency measures in F.Y. 1992 focused upon improved management practices in school districts. It is presumed that cooperation, combination and consolidation among smaller schools will result in improved educational opportunities for students. To that end, the Education Development activity conducts management studies and provides technical assistance to school district personnel.

- Coordinated with the State Fire Marshall to give priority to inspection of any school district which proposed major remodeling thus assuring that problem areas are corrected and the number of repeat inspections reduced. More than 330 school buildings were inspected in F.Y. 1992.
- Regional workshops relating to health and safety responsibilities reduced both state and local staff time necessary for consulting individually with MDE in the levy application process.
- The regional facility planning activities assisted districts in developing five year facility plans so that districts could more effectively plan for the utilization of limited fiscal resources.
- The review and comment process was refined in F.Y. 1992 to expedite and reduce the amount of time required by MDE to approve district applications by approximately 25%.
- The amount of paper work relating to the submission of plans for new school buildings by local school districts was reduced, saving time and dollars for school districts.
- The pre-printing of health and safety revenue applications with specific project details from previous years reduced the local education agency (LEA) time to complete their applications.
- A train-the trainer program for pupil transportation provided more persons to train bus drivers consistently across the state at reduced cost to districts and private contractors.
- Automated systems for budgeting of Chapter 2/Block Grant projects has reduced processing time and aid payments from as much as 90 days to 30 days.

REVENUE

This activity generates non-dedicated revenue.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Type of Revenue:					
Non-Dedicated, Gen'l					
Private Trade School License	\$ 19	\$ 20	\$ 0	\$ 0	\$ 0
Solicitor Permits	<u>5</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue	\$ 24	\$ 23	\$ 0	\$ 0	\$ 0

Responsibility for the review and licensure of private trade schools was transferred to the Minnesota Higher Education Coordinating Board beginning in F.Y. 1993.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: EDUCATION DEVELOPMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,301	1,062	1,110	1,112	1,055		1,112	1,055	
EXPENSES/CONTRACTUAL SRVCS	426	383	352	352	352		352	352	
MISC OPERATING EXPENSES	73	67	67	67	67		67	67	
SUPPLIES/MATERIALS/PARTS	26	12	9	9	9		9	9	
CAPITAL EQUIPMENT	22	13	1	1	1		1	1	
OTHER	61	94	74	74	74		74	74	
SUBTOTAL STATE OPERATIONS	1,909	1,631	1,613	1,615	1,558		1,615	1,558	
TOTAL EXPENDITURES	1,909	1,631	1,613	1,615	1,558		1,615	1,558	
GOV'S INITIATIVES:			FUND						
(A) RESTORE AGENCY BASE			GEN			57			57
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<877>			<877>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<295>			<295>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<443>			<443>
TOTAL GOV'S INITIATIVES						<1,558>			<1,558>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,243	952	875	877	820		877	820	
STATUTORY APPROPRIATIONS:									
GENERAL	3								
SPECIAL REVENUE	210	275	295	295	295		295	295	
FEDERAL	453	404	443	443	443		443	443	
TOTAL FINANCING	1,909	1,631	1,613	1,615	1,558		1,615	1,558	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: EDUCATION DEVELOPMENT

	FY 1994			FY 1995					
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	16.8	10.9	10.7	10.7	9.7		10.7	9.7	
SPECIAL REVENUE	3.8	3.8	5.0	5.0	5.0		5.0	5.0	
FEDERAL	7.7	5.7	5.9	5.9	5.9		5.9	5.9	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	28.3	20.4	21.6	21.6	20.6		21.6	20.6	

1994-95 Biennial Budget

BUDGET ACTIVITY: 1403 Community Education/Learner Services
PROGRAM: 14 Learner Resource and Support
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

The Community Education and Learner Services activity has as its purpose to provide statewide leadership for child and family programs, prevention and risk reduction, consumer choice in education and adult programming. Specifically the activity:

- Assists communities and educators in restructuring learning systems so that individuals of all ages are served, including young children and adults.
- Provides leadership in creating approaches to reaching those previously not well served by education, including out of school children and youth, under served adults and newcomers to the United States.
- Maintains familiarity with emerging challenges and problems that may cause barriers to learning and to satisfying, productive living; provides leadership in clarifying issues that relate to learning; and identifies recommendations and alternatives for policy makers.
- Collaborates with many state agencies and organizations so that local and regional cooperation is freed from "system barriers".
- Provides assistance in designing collaborative mechanisms among community groups, parents/students, and local education agencies so that total learning and related support needs of individuals and families can be effectively met.
- Conceptualizes relationships among various state and federal initiatives, assisting practitioners and policy makers to build appropriate connections among issues and programs so that fragmentation is minimized, resources are used effectively, and long term benefits are achieved from the use of a wide variety of resources.
- Designs strategies to incorporate new legislation, public and private resources and new approaches into the overall restructuring so that the net effect of many small efforts is positive community and education transformation.
- Seeks and secures a wide range of public and private funding and other resources to address new and emerging issues, develop and pilot creative approaches and work toward institutionalization of promising practices.
- Administers many state and federal programs related to this activity.

Child and Family programs include Early Childhood Family Education, Tribal School Early Childhood Family Education, Way to Grow, Learning Readiness, Early Childhood Screening, Parent Involvement and Family Literacy.

Prevention and Risk Reduction includes Community and School Prevention and Intervention, Minnesota Student Survey, Child Abuse Initiative, Education of Homeless Children and Youth, HIV/AIDS Prevention, Teen Pregnancy, Governor's Drug Free Communities Initiative, Drug Free Schools, Co-Location of Services to Targeted Children and Youth, Violence Prevention and Education in Schools, Violence Prevention Councils, School Age Child Care, Youth Development/Youth Service, Youth on School Boards, Serve America, and Elder Mentors.

Consumer choice programs include Postsecondary Enrollment Options, Open Enrollment, High School Graduation Incentives, Area Learning Centers, Public Alternative Programs, Private Alternative Programs, Adult Diploma Program, Charter Schools, and the Minnesota Career Information System.

Adult Programming includes Community Education, Adult Basic Education, General Education Development (GED), Services for Refugees, Services for Homeless Adults, Services for Adults with Disabilities, and Interagency Adult Learning Grants/Council. The adult diploma program and family literacy serve as bridges to the educational choice and child/family initiatives.

BUDGET ISSUES:

Refer to Agency and Program level narratives for Budget Issues. A quality management effort is in progress to foster improved services which, in general, will result in changes in the scope and structure of budget activities.

EFFICIENCY MEASURES:

With limited Minnesota Department of Education (MDE) staff resources, the use of volunteer/local staff/network training and technical assistance processes has been expanded during the biennium. Examples of such efforts include early childhood and family programs, adult education programs, prevention initiatives, school age child care programs, youth development/youth service/Serve America and charter schools. Networks are facilitated by MDE and utilize resources made available through professional organizations, highly respected practitioners, national groups, other state agencies and educational cooperative service units. The result is continually improving efficiency when a minimum of MDE staff can influence the direction of training and technical assistance without MDE having to employ as many people as would be required if MDE did not capitalize on utilizing outside resources.

Early Childhood Family Education (ECFE), Learning Readiness and Way to Grow have been visualized by MDE and partner state agencies as an integrated collection of program and service opportunities to focus on comprehensive needs of young children and families. Certain services have been developed in a collaborative fashion to assist practitioners so they can improve service to customers and to reduce duplication of effort at both the state and local levels. Design and development, proposal and program approval processes, staff training, curriculum and instruction design, evaluation system development, outreach and interagency collaboration are more efficient when these programs are conceptually connected. This action represents significant progress toward having a system which enables every child to enter school ready to learn.

MDE has facilitated group planning efforts for ECFE in regions served by tribal schools. Adjacent school districts and tribal school communities cooperatively plan to meet ECFE needs. The result is that ECFE resources are more efficiently used to meet the needs of American Indian families than if district ECFE programs and tribal school ECFE programs were planned and delivered separately.

1994-95 Biennial Budget

BUDGET ACTIVITY: 1403 Community Education/Learner Services
PROGRAM: 14 Learner Resource and Support
AGENCY: Education, Department of
(Continuation)

In Early Childhood Screening (ECS), special efforts have included designing screening protocols that better address family issues and how schools and communities better meet needs of children and families, such as building linkages to the Learning Readiness program and promoting the Department of Humans Services' Children's Health Plan Plus. The result is improved coordination in how various children's programs meet the varying needs of an individual.

A *Parent Involvement* guide was prepared by MDE to assist districts in wisely investing their \$5 per K-12 student for parent involvement activities as a part of staff development legislation. Promising practices are shared among parents and educators as a result of making this resource available to districts on a cost-recovery basis.

MDE has an active part in joint efforts with the Departments of Health, Human Services and Jobs and Training (Head Start) in home visits to families with young children. Training and coordination are two focuses of the joint effort. As a result, duplication of effort is prevented and an evaluation of the joint effort is being funded by the Department of Health. Adding this evaluation to the recent number of joint and connected evaluations of Minnesota prevention initiatives is an important step in assessing the overall status of prevention and early intervention relative to risk issues.

Community and School Prevention and Intervention Initiatives, new in 1992, represents a variety of federal and state grant programs addressing issues such as alcohol and drug prevention, crime prevention, violence prevention and education of homeless children. MDE coordinated 6 grant programs across 4 agencies to focus on the common goal of comprehensive community and school prevention and intervention efforts that support safe and healthy families and communities. The joint application enables applicants to apply for financial assistance for up to 6 funding sources using one simple application instead of 6 different forms and processes as in the past.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: COMMUNITY & LEARNER SUPPORT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,721	1,535	1,845	1,846	1,861		1,846	1,891	
EXPENSES/CONTRACTUAL SRVCS	627	338	389	389	389		389	389	
MISC OPERATING EXPENSES	58	50	114	114	114		114	114	
SUPPLIES/MATERIALS/PARTS	73	51	60	60	60		60	60	
CAPITAL EQUIPMENT	21	9	25	25	25		25	25	
OTHER	242	252	305	305	305		305	305	
SUBTOTAL STATE OPERATIONS	2,742	2,235	2,738	2,739	2,754		2,739	2,784	
TOTAL EXPENDITURES	2,742	2,235	2,738	2,739	2,754		2,739	2,784	
GOV'S INITIATIVES:			FUND						
(A) TRANSFER TO HIGHER ED SERVICES			SR			<381>			<411>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<406>			<406>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<19>			<19>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<1,948>			<1,948>
TOTAL GOV'S INITIATIVES						<2,754>			<2,784>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,062	439	405	406	406		406	406	
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	290	170	385	385	400		385	430	
FEDERAL	1,383	1,619	1,948	1,948	1,948		1,948	1,948	
GIFTS AND DEPOSITS	7	7							
TOTAL FINANCING	2,742	2,235	2,738	2,739	2,754		2,739	2,784	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: COMMUNITY & LEARNER SUPPORT

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	12.2	6.1	6.4	6.4	6.4		6.4	6.4	
SPECIAL REVENUE	4.0	2.0	5.0	5.0	5.0		5.0	5.0	
FEDERAL	23.2	26.3	28.4	28.4	28.4		28.4	28.4	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	39.4	34.4	39.8	39.8	39.8		39.8	39.8	

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1994-95 Biennial Budget

BUDGET ACTIVITY: 1404 Child Nutrition
PROGRAM: 14 Learner Resource and Support
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

The purpose of the Child Nutrition activity is to improve and maintain the health and well-being of the state's children and to encourage the domestic consumption of nutritious agriculture commodities and other foods. This activity administers 5 federal Child Nutrition Programs (National School Lunch, School Breakfast, Special Milk, Child and Adult Care Food and Summer Food Service Programs), the federal Food Distribution Program and the MN Kindergarten Milk Program. Combined federal and state funding of over \$120 million is distributed to approximately 1,600 approved sponsors. Specifically, the activity:

- Interprets the various federal program regulations and instructions; develops state policies, procedures, and standards; and disseminates them to participants.
- Provides technical assistance and training for program administrators, food service directors and food service workers on regulation implementation, financial management and program operation.
- Conducts on-site monitoring visits to determine program compliance with federal and state regulations, instructions, and policy memorandum and indicates required corrective action.
- Determines, writes, and updates curricula offered by Technical Colleges for school food service personnel leading to Child Nutrition Certification.
- Administers the payment of state and federal reimbursements and cash-in-lieu of commodities to program participants for meals served; conducts federally required audits of program participants.
- Procures, allocates, distributes and processes United States Department of Agriculture (USDA) donated foods for schools, institutions, camps and summer food programs.
- Collaborates with community agencies and hunger advocacy groups in program outreach.

BUDGET ISSUES:

Refer to Agency and Program level narratives for Budget Issues. A quality management effort is in progress to foster improved services which, in general, will result in changes in the scope and structure of budget activities.

EFFICIENCY MEASURES:

Efficiency measures were taken in F.Y. 1992 to reduce state agency and local agency costs through paperwork reduction and office automation. Automation of commodity ordering, delivery, and inventory resulted in a savings of \$203,787 in warehouse storage and handling charges. The Minnesota Department of Education (MDE) assumed the responsibility for publishing the required public notification of criteria for determining eligibility of children for free and reduced meals and free milk. This eliminated the need for individual notices by some 1,400 program participants. Field staff were provided with notebook computers for creating draft letters of review findings. This resulted in the amount of time needed to create the letter and clerical time to finalize the letter being

cut in half. Program participants now receive review findings within 2 to 3 weeks instead of 4. Breakfast Start-Up Grant funds applied for and received from the federal government provided a cost savings to 131 schools of \$455,000 from F.Y. 1990 - F.Y. 1993.

Efficiency measures implemented for F.Y. 1993 include:

- MDE is being billed for transporting commodities received through the Food Distribution Program instead of the 1,000 plus agencies who receive these commodities. Implementation of this procedure was a key factor in the state agency receiving only a 5% increase in the delivery bid for F.Y. 1993 and also resulted in a decrease in cost and labor hours at the local level.
- A system of directly certifying AFDC and food stamp recipients' eligibility for free meals has been developed through a cooperative effort with the Minnesota Department of Human Services (DHS). This system generated a "Free School Meal Notice" per eligible child, which eliminated the need for 56,587 households (107,000 children) to apply and the local school food authority to process and verify eligibility of the same number of applications for free meals. By 1995 a paperless direct match between MDE and DHS data bases certifying eligibility for free meals will be in place. This will eliminate the generation, mailing and processing of the 107,000 Free School Meal Notices.
- Paperless procedures for ordering commodities and reporting number of meals served has been implemented on the Electronic Data Reporting System (EDRS). These procedures provide a cost savings to the department through eliminating the need for data entry and filing of 700 claim forms and 750 requisitions monthly.
- Monthly Payment Voucher verification for public schools will be done via Minnesota Quick Link eliminating 8 hours of MDE staff time to fold, stuff, and mail some 700 letters each month.
- The Child and Adult Food Program has moved to a 2 year participant agreement. This eliminates the need for participants to apply each year and reduces the number of applications from 240 to 165 yearly.

In F.Y. 1994 applications for the National School Lunch Program and Child and Adult Care Food Program will be computer generated thus requiring 60% less time for participants to complete the form and for MDE staff to review and update data files.

From 1989-92, despite consolidation, the number of program institutions and sponsors has increased 4% and the number of sites by 25%. Instituting the efficiency measures identified has enabled the activity to absorb these new participants without an increase in staff. Administrative, monitoring, and training costs have been kept to a minimum, constituting only about 1.5% of the annual Child Nutrition expenditures.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: CHILD NUTRITION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,156	1,199	1,282	1,282	1,362		1,282	1,362	
EXPENSES/CONTRACTUAL SRVCS	422	519	544	544	544		544	544	
MISC OPERATING EXPENSES	107	121	173	173	173		173	173	
SUPPLIES/MATERIALS/PARTS	48	47	36	36	36		36	36	
CAPITAL EQUIPMENT	66	28	25	25	25		25	25	
OTHER	228	253	296	296	296		296	296	
SUBTOTAL STATE OPERATIONS	2,027	2,167	2,356	2,356	2,436		2,356	2,436	
TOTAL EXPENDITURES	2,027	2,167	2,356	2,356	2,436		2,356	2,436	
GOV'S INITIATIVES:			FUND						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<163>			<163>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<2,273>			<2,273>
TOTAL GOV'S INITIATIVES						<2,436>			<2,436>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	161	163	163	163	163		163	163	
STATUTORY APPROPRIATIONS:									
GENERAL			2						
SPECIAL REVENUE	3	3							
FEDERAL	1,863	1,999	2,193	2,193	2,273		2,193	2,273	
TOTAL FINANCING	2,027	2,167	2,356	2,356	2,436		2,356	2,436	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: CHILD NUTRITION

	FY 1994			FY 1995		
	Current	Agency	Governor	Current	Agency	Governor
	Spending	Plan	Recomm.	Spending	Plan	Recomm.
ACTIVITY SUMMARY						
=====	=====	=====	=====	=====	=====	=====
=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:						

GENERAL	4.2	4.2	3.2	3.2	3.2	3.2
FEDERAL	27.3	27.0	28.0	32.0	32.0	32.0
=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	31.5	31.2	31.2	35.2	35.2	35.2

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1994-95 Biennial Budget

BUDGET ACTIVITY: 1405 Monitoring/Equal Educational Opportunities
PROGRAM: 14 Learner Resource and Support
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

The Monitoring/Equal Educational Opportunities activity administers distinctive, mandated programs that focus on parent and student rights as they relate to disability, race and gender. This activity is responsible for monitoring programs for compliance with federal regulations and rules, state statutes and rules, and providing technical services and training to school district staff. These activities include:

- Monitoring for compliance with special education and civil rights rules and regulations.
- Administering mandated conflict resolution systems such as complaint investigations, mediation and hearings.
- Monitoring and assisting districts with necessary corrective actions.
- Providing leadership and services to communities for racial integration in schools, including administration of grant money.
- Administration of minority teacher incentive program.
- Providing leadership and services to districts to promote gender equity.

BUDGET ISSUES:

Refer to Agency and Program level narratives for Budget Issues. A quality management effort is in progress to foster improved services which, in general, will result in changes in the scope and structure of budget activities.

EFFICIENCY MEASURES:

Several efficiency measures have been implemented in the last few years to provide more timely and quality services to districts.

- The use of technology will reduce the district monitoring report turnaround time from 4 to 6 months to 1 to 3 months by F.Y. 1995.
- The assurance of compliance requirement for civil rights was revised to reduce errors by 20% in reporting.
- In response to an expressed need and request for assistance from school districts, in a collaborative effort with the Minnesota State High School League, district representatives and MDE staff, an athletic interest survey was developed to assist districts in improving compliance with gender equity in sports. This was sent to all districts and it is anticipated use of the

survey as an instrument to survey student interests in a more fair, uniform manner will result in at least a 50% improvement in compliance by F.Y. 1995.

- Special education conciliation conferences dropped from an average of over 70 per year to 61 in F.Y. 1992. Special education hearings have ranged from 3-6 per year for the last decade; none have been reported for the last 2 years. This is in part due to the development of mediation services, a neutral party method to resolve conflicts. This is less adversarial and is expected to grow from not being available until F.Y. 1992 to over 30 successful mediations per year by F.Y. 1995.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: MONITORING/EQUAL ED OPPORTUNITIES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	942	842	990	990	990		990	990	
EXPENSES/CONTRACTUAL SRVCS	121	147	148	148	148		148	148	
MISC OPERATING EXPENSES	37	47	76	76	76		76	76	
SUPPLIES/MATERIALS/PARTS	9	14	14	14	14		14	14	
CAPITAL EQUIPMENT	9	15	15	15	15		15	15	
OTHER	144	158	204	204	204		204	204	
SUBTOTAL STATE OPERATIONS	1,262	1,223	1,447	1,447	1,447		1,447	1,447	
TOTAL EXPENDITURES	1,262	1,223	1,447	1,447	1,447		1,447	1,447	
GOV'S INITIATIVES:			FUND						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<89>			<89>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<1,358>			<1,358>
TOTAL GOV'S INITIATIVES						<1,447>			<1,447>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	193	101	89	89	89		89	89	
STATUTORY APPROPRIATIONS:									
FEDERAL	1,069	1,122	1,358	1,358	1,358		1,358	1,358	
TOTAL FINANCING	1,262	1,223	1,447	1,447	1,447		1,447	1,447	
POSITIONS BY FUND:									
GENERAL	2.4	1.1	.9	.9	.9		.9	.9	
FEDERAL	16.7	16.1	17.3	17.3	17.3		17.3	17.3	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: MONITORING/EQUAL ED OPPORTUNITIES

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TOTAL POSITIONS	19.1	17.2	18.2	18.2	18.2		18.2	18.2	

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1994-95 Biennial Budget

BUDGET ACTIVITY: 1406 Indian Education
PROGRAM: 14 Learner Resource and Support
AGENCY: Education, Department of

ACTIVITY DESCRIPTION: The purpose of the Indian Education activity is to improve the educational status of American Indians in the state of Minnesota. The programs and services of the Indian Education activity provide American Indian learners with greater access to educational opportunities and allow them to participate in learning environments that are appropriate and supportive of their unique social and cultural heritage. This activity administers the American Indian Language and Culture Education Program (AILCE), the Indian Post-Secondary Preparation Program (PSPP) and the Indian Teacher Training Program by developing and implementing Request for Proposals (RFPs), writing and executing grant award agreements, providing technical assistance to grantees in writing and implementing their funded projects, collecting data on outcomes of the funded projects and monitoring grantees' budgets and the disbursements of state funds, in accord with M.S. 126.45-126.55, 124.481 and 125.62. The activity fully implements the Minnesota Indian Scholarship Program (MISP), including determining eligibility and amounts of individual scholarship awards for Minnesota Indian students attending post-secondary institutions in Minnesota, and the disbursement and full accounting of the state appropriation in accord with M.S. 124.48.

The activity collaborates with other sections within MDE in implementing and administering the Early Childhood Family Education programs at Tribal schools, and grants to Indian Tribal Contract Schools on behalf of Indian students providing the necessary knowledge and understanding of Indian culture and heritage to the MDE sections performing direct administration of these grants.

The activity also seeks out and receives grants sponsored by the Blandin, McKnight and General Mills Foundations and the federal government. These include: The Indian Social Work Aide (ISWA) program which supports school districts with concentrations of Indian students by recruiting and training persons to work with American Indian youth who are, or may be, handicapped; the Indian Parent Training Program which is designed to bring the parents of Indian students and the school into closer working relationships, parenting skills are emphasized as well as helping schools understand the needs of Indian learners; and the Indian Adult Basic Education (IABE) program which uses federal funding for programs at reservation and rural sites to assist Indian adults with literacy skills and General Education Development (GED) preparation. The activity assists the work of the Indian Scholarship Committee, the American Indian Education Committee, the Indian Affairs Council and education committees of all Minnesota Tribes.

The activity also administers provisions of the Indian Education Act of 1988 including the requirement that school boards provide for the involvement of Indian parents in their children's educational programs through parent advisory committees. By December 1 of each school year, all school boards are required to submit to the Department of Education a resolution adopted by the parent committee stating whether or not the parent committee concurs with the district's educational programs for American Indian children.

Indian education has been a perplexing problem for elementary and secondary education for several decades. Dropout rates, low achievement scores, and lack of participation in school activities are generally the highest of any group in Minnesota, as well as the nation. Poverty continues to be a major problem. This causes a great deal of social disorder to communities, which all impact learning and activities in school. In practically every analysis of economic, social and educational well being, the American Indian is at or near the bottom.

Public policy and programs, as it relates to Minnesota Indians, are in place to make a major impact. Heavy emphasis is on parent participation in learning/instructional activities of their children and early childhood education. Indian learners will be better prepared to begin formal education and it is important to include support systems in all Indian education programs.

BUDGET ISSUES: Refer to Agency and Program level narratives for Budget Issues. A quality management effort is in progress to foster improved services which, in general, will result in changes in the scope and structure of budget activities.

EFFICIENCY MEASURES: Efficiency measures taken in F.Y. 1992 and F.Y. 1993 to improve services to clients and reduce state agency costs through paperwork reduction and office automation include:

Access to MN.QUICK.LINK to enable Indian Tribal Agencies to utilize this new computer communications link with Minnesota's educational community was achieved in July, 1992. In F.Y. 1993 we are developing a comprehensive utilization of MN.QUICK.LINK in the administration of all the school-based grant programs to reduce paperwork and increase speed, accessibility and accuracy of informational exchanges, i.e. progress reporting, state aid disbursements, etc., targeted for full implementation by F.Y. 1994.

In the Indian Education Act of 1988, all Independent School Districts (ISDs) with 10 or more Indian students are mandated to establish an Indian Parent Advisory Committee (PAC) and involve that PAC in educational programs and services. In 1991 a comprehensive and uniform system was established to collect information on school districts' progress in this mandate. The "Transmittal of Resolution and Parent Committee Roster" form was implemented in F.Y. 1992 and a database program was written and implemented to utilize the data. Information can now be extracted on compliance as well as to identify where the districts have needs in improving the involvement of PAC's in local school board decision making. This will be used in F.Y. 1993 and F.Y. 1994 to further assess needs, and develop training and support systems for school districts and Indian PACs in this endeavor. A 25% increase in active PACs is expected by F.Y. 1994 as a result of this initiative.

In F.Y. 1992 and F.Y. 1993, resources and staff from other agencies, i.e. Minnesota Chippewa Tribe, Northern Plains Resource Center (North Dakota), and Bureau of Indian Affairs were utilized to provide parent committee training in a more cost-efficient manner. By pooling resources, knowledge and training experience from all these sources, MDE was able to provide the necessary training that will enable Local Education Agencies (LEAs) to better meet the requirements to involve Indian Parent Advisory Committees without additional state funding. Additional training is planned for F.Y. 1994 and F.Y. 1995 as Indian Parent Advisory Committees become more active and involved with their children's education at the local level.

The Indian Adult Basic Education Program has been working with the same amount of resources even though student enrollment was up 11.5%. The percentage of students who completed the GED was higher than last year.

The turn around time for allocating Indian Scholarships has been reduced by 30%, and paperwork has been reduced because of ongoing improvements in office automation in the Bemidji and St. Paul offices. The current system appears to be operating at its optimum level while maintaining the necessary audit controls.

Workshops and seminars for financial aid officers conducted by the Indian education staff have resulted in less time in receiving information from higher education institutions enrolling Indian scholarship recipients.

Indian Education grant program reports from LEAs were reduced in F.Y. 1992 from quarterly to semi-annually, resulting in approximately 40% less paperwork for LEAs and 20% less review and monitoring time for MDE staff. This has allowed staff to improve the quality of their services to LEAs in these programs, to attend to continued improvement of systems and pursue new initiatives that have not been possible over the past several years.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: INDIAN EDUCATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	413	395	411	413	413		413	413	
EXPENSES/CONTRACTUAL SRVCS	96	62	107	107	107		107	107	
MISC OPERATING EXPENSES	17	23	20	20	20		20	20	
SUPPLIES/MATERIALS/PARTS	5	6	5	5	5		5	5	
CAPITAL EQUIPMENT	8	1							
OTHER	4	4	4	4	4		4	4	
SUBTOTAL STATE OPERATIONS	543	491	547	549	549		549	549	
TOTAL EXPENDITURES	543	491	547	549	549		549	549	
GOV'S INITIATIVES:			FUND						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<442>			<442>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<30>			<30>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			G&D			<77>			<77>
TOTAL GOV'S INITIATIVES						<549>			<549>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	464	444	440	442	442		442	442	
STATUTORY APPROPRIATIONS:									
FEDERAL	28	29	30	30	30		30	30	
GIFTS AND DEPOSITS	51	18	77	77	77		77	77	
TOTAL FINANCING	543	491	547	549	549		549	549	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: INDIAN EDUCATION

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	9.5	8.5	8.5	8.5	8.5		8.5	8.5	
FEDERAL	.5	.5	.5	.5	.5		.5	.5	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	10.0	9.0	9.0	9.0	9.0		9.0	9.0	

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1994-95 Biennial Budget

BUDGET ACTIVITY: 1407 Library Development and Services
PROGRAM: 14 Learner Resource and Support
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

The Office of Library Development and Services (LDS) has as its purpose encouraging, supporting and providing quality library and information services. This activity includes the Minnesota Library for the Blind and Physically Handicapped (MLBPH) in Faribault and the Interagency Resource and Information Center (IRIC). Specifically, the activity:

- Prepares long range plans for development of public library services and cooperation among all types of libraries to qualify for federal funds and to guide library development in the state.
- Provides information and technical assistance on all aspects of library organization, operation and finance to library personnel and library board members.
- Administers federal and state grant funds for regional public library system services; public library construction, library services in state correctional facilities and human services institutions, loaning materials from Twin Cities libraries to users throughout the state, and operating cooperative programs among academic, public, school and special libraries.
- Issues newsletters, lists of publications and library materials, and reports.
- Conducts workshops for library personnel and board members.
- Provides reference information and lends materials from a library of print and audio-visual materials to librarians, trustees, public officials and others.
- Contracts with the State University Board to provide the Project for Automated Library Systems (PALS) on-line computer library catalog in 15 state agency libraries. This catalog facilitates resource sharing by linking the catalogs of state government, state university and community college libraries.
- Lends books in braille and talking books recorded on disks and cassettes to 10,000 blind and physically handicapped persons. Materials are mailed postage-free to readers at their homes or in institutions such as hospitals, nursing homes and schools. Most materials are provided by the Library of Congress at no cost to the state.
- Provides blind and physically handicapped readers, including students and staff at the Minnesota State Academy for the Blind, the services that other citizens have available to them in public libraries, such as reference information, compiling bibliographies and assisting in selection of books.
- Operates library and information services for the staffs of the Department of Education, the Minnesota Technical College Board, the Higher Education Coordinating Board, the State

University System Board, Division of Vocational Rehabilitation in the Department of Jobs and Training, and the Community College Board, leading to improved decision making and in-depth policy development and staff development, as well as better services to client groups.

- Promotes and provides cost-effective utilization of information resources by identifying information resources, purchasing or borrowing them to meet user needs, and, at the request of MDE staff specialists, developing collections in specific subject areas. Catalog records are included in national, state and local databases, and materials are shared through library networks to make them available throughout the state.

BUDGET ISSUES:

Refer to Agency and Program level narratives for Budget Issues. A quality management effort is in progress to foster improved services which, in general, will result in changes in the scope and structure of budget activities.

EFFICIENCY MEASURES:

Automation of MLBPH operations allowed a reduced staff to check out a total of 5% more talking books and braille books each year to readers. Circulation is projected to grow from 250,000 in F.Y. 1992 to almost 290,000 in F.Y. 1995. Completion of an addition to the MLBPH building in April, 1993, will bring all library materials into one building and will eliminate the more than 20 daily trips staff have had to make to adjacent buildings to retrieve and return materials.

All St. Paul staff are now using the department's local area network, resulting in faster drafting of documents, less retyping, and improved communication. Costs for production of documents at the State Printer have been reduced by approximately 33% because copy is submitted on floppy disks, eliminating the need for data entry. Additional savings of approximately 2% are anticipated in F.Y. 1993 by making *Minnesota Libraries* a standard size and eliminating trimming of pages. Increased use of fax, and especially group fax, rather than mail, allows staff to efficiently distribute time-sensitive information.

The PALS Online Catalog supports convenient access to information about items in other library collections, resulting in more efficient interlibrary loan and referral of users. Additions to the database make MDE collections more accessible to other libraries and users. An Adult Literacy Resource Center, to be implemented with federal Adult Education Act funds, will bring together information now in several locations in MDE and will improve information access and sharing by providers of adult literacy services.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: LIBRARY DEVELOPMENT & SERVICES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									

DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,058	1,023	925	927	872		927	872	
EXPENSES/CONTRACTUAL SRVCS	185	153	91	91	91		91	91	
MISC OPERATING EXPENSES	20	18	21	21	21		21	21	
SUPPLIES/MATERIALS/PARTS	112	87	97	97	97		97	97	
CAPITAL EQUIPMENT	1	3	5	5	5		5	5	
OTHER	8	12	11	11	11		11	11	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	1,384	1,296	1,150	1,152	1,097		1,152	1,097	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	1,384	1,296	1,150	1,152	1,097		1,152	1,097	
=====									
GOV'S INITIATIVES:			FUND						
-----			-----						
(A) RESTORE AGENCY BASE			GEN			55			55
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<919>			<919>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<139>			<139>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<84>			<84>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			G&D			<10>			<10>
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						<1,097>			<1,097>
=====									
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
GENERAL	1,221	1,151	903	905	850		905	850	
STATUTORY APPROPRIATIONS:									
GENERAL	14	16	14	14	14		14	14	
SPECIAL REVENUE	80	39	139	139	139		139	139	
FEDERAL	56	90	84	84	84		84	84	
GIFTS AND DEPOSITS	13		10	10	10		10	10	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: LIBRARY DEVELOPMENT & SERVICES

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	1,384	1,296	1,150	1,152	1,097		1,152	1,097	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	26.0	21.6	18.7	18.7	17.7		18.7	17.7	
SPECIAL REVENUE	1.0		2.0	2.0	2.0		2.0	2.0	
FEDERAL		.9	.8	.8	.8		.8	.8	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	27.0	22.5	21.5	21.5	20.5		21.5	20.5	

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1994-95 Biennial Budget

BUDGET ACTIVITY: 1408 Personnel Licensing
PROGRAM: 14 Learner Resource and Support
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

The purpose of this activity is to assure the proper preparation of qualified professional staff in Minnesota public schools. Licenses are issued to approximately 26,000 qualified teachers and administrators per year under authority of the Board of Education and Board of Teaching.

Applications are evaluated against standards established by the Board of Teaching and Board of Education and renewals are issued on average within 2 to 3 weeks of receipt. First-time applications are evaluated and issued within 5 to 7 working days. Direct customer assistance through telephone and in office consultations is provided to an average of 250 individuals daily.

Continuing education/relicensure systems for professional growth and development are maintained for secondary vocational and nonvocational teachers, supervisors, and administrators according to rules of the Board of Teaching and the Board of Education. Service is provided to 600 local continuing education/relicensure committees to assist local committees in assuring that licensed personnel have met requirements for continued professional growth and development. In addition 500 administrative continuing education clock hour programs are reviewed and approved annually. They provide a basis for licensure renewal based upon professional development for school administrators and supervisors.

A system is maintained for institutional approval and teacher and administrative preparation program approval to ensure that rules of the Board of Education and Board of Teaching are met. The approval of 26 colleges and universities for teacher education and the audit of licensure programs provide the basis for licensure in Minnesota. Five colleges and universities and the licensure programs they offer are audited annually. These systems assure that quality programs of teacher preparation are maintained.

Assistance is provided to the Board of Teaching and Board of Education by reviewing and providing recommendations on proposed rules and revisions of existing rules. Consultative services and technical assistance are provided to the Boards regarding teacher education, licensure and relicensure matters, performance assessment for licensure, teacher education curriculum redesign, and competency licensure for administrators.

BUDGET ISSUES:

Refer to Agency and Program level narratives for Budget Issues. A quality management effort is in progress to foster improved services which, in general, will result in changes in the scope and structure of budget activities.

EFFICIENCY MEASURES:

To direct limited resources and focus on primary responsibilities, the State Education Placement Bureau was eliminated on 10-1-91 and data collection functions were transferred to another activity within MDE. Staff and resources were re-assigned to licensing functions in order to maintain an efficient system to evaluate and issue licenses.

Efficiency measures were taken in F.Y. 1992 to combine 2 widely used licensure application forms into one. Colleges now use 1 form to recommend applicants for all types and fields of licensure. Staff time is more efficiently used in dealing with 1 application for initial licensure and endorsements. Streamlining this process results in college and department staff being able to perform their respective jobs more effectively.

An additional efficiency measure developed in F.Y. 1992 for implementation in F.Y. 1994 involves licensure rule proposals made to the State Board of Education. In all, these proposals contain the repeal of 52 outdated rules to be replaced by only 4 new rules. During F.Y. 1994-95, conditioned upon Board of Education rule adoption, we will implement rule changes to increase local school flexibility and autonomy in staffing assignments.

REVENUE:

The Personnel Licensing activity generates non-dedicated revenue from licensing fees for the licensure of school administrators. In addition, this activity provides licensing service to the Board of Teaching for its teacher licensing responsibilities. The combined revenue generated by Personnel Licensing and the Board of Teaching represents 100% recovery of the cost of issuing all licenses which is required in statute. The Placement Bureau which earned revenues in F.Y. 1990 and the first part of F.Y. 1991 has been eliminated.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l					
Licensure	\$ 53	\$ 53	\$ 55	\$ 56	57
Placement	36	1	0	0	0
Total Revenue	\$ 89	\$ 54	\$ 55	\$ 56	\$ 57

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1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: PERSONNEL_LICENSING

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	739	557	577	579	579		579	579	
EXPENSES/CONTRACTUAL SRVCS	105	100	44	44	44		44	44	
MISC OPERATING EXPENSES	9	5	5	5	5		5	5	
SUPPLIES/MATERIALS/PARTS	2	2	1	1	1		1	1	
CAPITAL EQUIPMENT		1							
SUBTOTAL STATE OPERATIONS	855	665	627	629	629		629	629	
TOTAL EXPENDITURES	855	665	627	629	629		629	629	
GOV'S INITIATIVES:			FUND						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<629>			<629>
TOTAL GOV'S INITIATIVES						<629>			<629>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	825	635	597	599	599		599	599	
STATUTORY APPROPRIATIONS:									
GENERAL	30	30	30	30	30		30	30	
TOTAL FINANCING	855	665	627	629	629		629	629	
POSITIONS BY FUND:									
GENERAL	17.0	14.0	14.0	14.0	14.0		14.0	14.0	
TOTAL POSITIONS	17.0	14.0	14.0	14.0	14.0		14.0	14.0	

1994-95 Biennial Budget

BUDGET ACTIVITY: 1409 Board of Teaching
PROGRAM: 14 Learner Resource and Support
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

The mission of the Board of Teaching is to provide leadership for teacher education improvement issues and to assure that the state has well qualified, professional educators who are able to provide the highest quality education to a diverse, multicultural population, and who are able to anticipate and promote educational improvement. The Board of Teaching consists of 11 members appointed by the governor for 4-year terms. Membership includes 6 classroom teachers, 1 higher education representative who must be a faculty member preparing teachers, 1 school administrator, and 3 members of the public, 2 of whom must be present or former members of school boards.

The Board of Teaching establishes and maintains standards for the preparation and licensure of teachers by assuring sound and relevant programs of preservice teacher preparation, establishing and revising standards of licensure in instructional areas, approving licensure programs offered by teacher preparation institutions approved by the board, implementing an assessment system for licensure and maintaining a system of continued professional growth through oversight of continuing education/relicensure committees. The Board of Teaching also addresses professional practice by suspending or revoking for cause any license issued by the board, receiving complaints relative to M.S. 125.09 and the Code of Ethics for Minnesota Teachers, and conducting investigations and processing complaints related to licensed personnel. Additionally, the Board processes appeals resulting from denial of licensure and schedules contested case hearings.

The Board of Teaching continues to provide leadership in improving teacher preparation and licensing through research and development on teacher preparation programs, teacher licensure systems, teacher education curriculum redesign, and on the assessment of teaching skills. Through leadership and monitoring, the Board assures that teachers in Minnesota schools maintain high standards of performance and professional conduct; thereby addressing the Minnesota Milestone of lifelong learning and good citizenship.

BUDGET ISSUES:

The effect of target funding level reductions for this activity will be minimal and can be met through program efficiencies and cost containment.

EFFICIENCY MEASURES:

The Board of Teaching collaborated with a national testing firm to jointly pilot beginning teacher performance assessment instruments and procedures. Using the expertise and research base of the firm, the cost to the state was approximately one-tenth of the cost if the state were to develop the assessment independently.

A number of rules were combined into one rule making process, thereby consolidating procedures which resulted in more efficient use of public notice, staff time and dollars.

During the next biennium the Board of Teaching plans to establish relationships with national test developers to reduce the direct cost to the state for implementation of valid and reliable performance assessment instruments for licensure of beginning teachers. The Board also plans to pursue a partnership with the National Council for Accreditation of Teacher Education in order to reduce duplication, redundancy, paperwork, and the investment of time and effort of teacher education institutions seeking both national accreditation and state approval.

REVENUE:

The Board of Teaching generates non-dedicated revenue from teacher licensure fees set by the Board. This revenue returns to the General Fund to recover the cost of the operations of the Board of Teaching. It also includes the operations of the Personnel Licensing Activity of the Department of Education which issues, as required by statute, all licenses granted under the authority of the Board of Teaching. Both activities receive General Fund appropriations.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	\$ 1,009	\$ 1,012	\$ 1,035	\$ 1,059	\$ 1,083

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: BOARD OF TEACHING

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	100	108	112	113	113		113	113	
EXPENSES/CONTRACTUAL SRVCS	68	90	66	66	66		66	66	
MISC OPERATING EXPENSES	17	13	22	22	22		22	22	
SUPPLIES/MATERIALS/PARTS	9	3	4	4	4		4	4	
CAPITAL EQUIPMENT	9	6	1	1	1		1	1	
SUBTOTAL STATE OPERATIONS	203	220	205	206	206		206	206	
TOTAL EXPENDITURES	203	220	205	206	206		206	206	
GOV'S INITIATIVES:			FUND						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<206>			<206>
TOTAL GOV'S INITIATIVES						<206>			<206>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	203	211	205	206	206		206	206	
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		4							
GIFTS AND DEPOSITS		5							
TOTAL FINANCING	203	220	205	206	206		206	206	
POSITIONS BY FUND:									
GENERAL	2.0	2.0	2.0	2.0	2.0		2.0	2.0	
TOTAL POSITIONS	2.0	2.0	2.0	2.0	2.0		2.0	2.0	

1994-95 Biennial Budget

BUDGET ACTIVITY: 1410 State Board of Education
PROGRAM: 14 Learner Resource and Support
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

The State Board of Education (SBE) is a layperson governing and policymaking body appointed by the governor. The State Board is comprised of 9 members -- 1 from each congressional district and 1 at-large member. In addition, there is 1 non-voting student representative, elected annually by the State Student Council Association.

The primary activities of the SBE include:

- Providing statewide policy leadership for the Minnesota educational system. This includes assuring a quality educational program for more than 700,000 Minnesota public school students, 48,000 teachers and administrators, and the 411 school districts and other education delivery agencies.
- Providing governance for Minnesota's 411 public school districts and other education delivery agencies by adopting statutorily based rules and promulgating guidelines by which the Minnesota Department of Education (MDE) and the local school districts carry out statutory responsibilities.
- Establishing priorities and policy statements to guide the development of the Minnesota Department of Education/State Board of Education biennial legislative package and its adoption and submission to the Governor and the legislature, as required by law.
- Providing lay governance and direction for the MDE through establishment of priorities, development of annual and long-range goals, and through the process of approving and adopting major initiatives of the department.
- Providing lay governance in the form of policy direction, guidelines, standards, and program evaluation for the Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind (MSAD/MSAB).

BUDGET ISSUES:

The effect of target funding level reductions for this activity will be minimal and can be met through program efficiencies and cost containment.

EFFICIENCY MEASURES:

The State Board of Education continues to improve and extend its leadership role as the primary policy making body for pre K-12 education in the executive branch. In doing so, the State Board has increased the efficiency by which it accomplishes its goals and objectives. The following are some examples of efficiency measures that the State Board has initiated or improved upon during the last 2 years:

- The State Board planned and held several series of public meetings around the state to obtain extensive public input on major rulemaking proposals. These meetings allowed the public to discuss and provide feedback to the State Board very early in the development of the proposed rules. It resulted in the public being much better informed at an earlier stage, and provided the State Board with valuable information on how to improve the proposed rules. As a result, the State Board is able to make more well-informed policymaking decisions. The State Board held over 20 public meetings in each of F.Y. 1991 and 1992 and will hold approximately 20 in F.Y. 1993. The Board plans to hold a comparable number of meetings in F.Y. 1994 and 1995. These public input meetings will remain a part of all major rulemaking initiatives in the future.
- The State Board fully implemented a new, coordinated and systematic process for granting rule waivers. Prior to this time, there was no coordination and rule waiver requests were processed on an ad hoc basis by various department staff. The new process provides school districts with consistent information on how to request rule waivers, assures them that their request will be considered by the State Board in a timely process, and enhances the Board's decision making by establishing a review panel, comprised of department staff, parents and school representatives from the field, to review all waivers and make recommendations to the State Board. This rule waiver process was established to promote increased flexibility, allow innovation, and to increase the efficiencies and effectiveness of the educational system. The State Board has approved approximately 25 waiver requests during the first 2 years this process has existed. The Board anticipates this number will continue to grow as more districts become familiar with the process and move more toward a results-oriented, site-based management approach to education.
- The State Board has also established a coordinated rulemaking process within the department. This has resulted in increased efficiency in complying with the technical requirements of the Administrative Procedures Act and has resulted in substantially less errors. In the past, department staff have been required to repeat steps of the rulemaking process.
- In addition the State Board endorsed and supports MDE's commitment to implementing total quality management.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: STATE BOARD OF EDUC

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									

DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	116	146	138	139	139		139	139	
EXPENSES/CONTRACTUAL SRVCS	23	53	31	31	31		31	31	
MISC OPERATING EXPENSES	36	39	44	44	44		44	44	
SUPPLIES/MATERIALS/PARTS	1	2	1	1	1		1	1	
CAPITAL EQUIPMENT		3	1	1	1		1	1	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	176	243	215	216	216		216	216	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	176	243	215	216	216		216	216	
=====									
GOV'S INITIATIVES:			FUND						
-----			-----						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<215>			<215>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			G&D			<1>			<1>
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						<216>			<216>
=====									
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
GENERAL	176	243	214	215	215		215	215	
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS			1	1	1		1	1	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	176	243	215	216	216		216	216	
=====									
POSITIONS BY FUND:									

GENERAL	2.0	2.5	2.0	2.0	2.0		2.0	2.0	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	2.0	2.5	2.0	2.0	2.0		2.0	2.0	

1994-95 Biennial Budget

BUDGET ACTIVITY: 1411 Executive Management
PROGRAM: 14 Learner Resource and Support
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

The purposes of this activity are to represent Minnesota's public education sector, to advocate on behalf of all Minnesota learners, to ensure implementation of all state education mandates and priorities, to provide leadership and direction to Minnesota Department of Education (MDE) staff, to communicate state-level education policy and priorities to public school leadership, MDE clients, the media and public, to ensure the provisions of programs required by federal and state laws and rules to all students in the state, to coordinate legislative relations at both the federal and state level, and to direct organizational development in MDE.

This activity develops and recommends policy for the Governor's budget and provides leadership for the development and delivery of services to Minnesota's public school system in the areas of curriculum, instruction, funding, school district management, and programs and services for students with special needs. The activity also provides general direction to all education program areas including early childhood and family education, elementary and secondary education and secondary vocational education, special education, choice, alternative programs, co-location, risk prevention, community education and adult education programs.

This activity also provides policy direction, leadership and support to the entire MDE to build the capacity of the organization to ensure the success of every learner.

The activity includes the executive managers comprising the Commissioner's Cabinet which is composed of: the Office of the Commissioner of Education and Offices of the Deputy Commissioner and Assistant Commissioners. It also includes Government Relations and Communications.

Included in this activity is production of *Education Update*, the agency's major newspaper which has a circulation of 55,000 and is mailed to teachers and administrators of every school district in the state plus an extensive list of organizations and individuals who are interested in Minnesota's education policies and programs.

BUDGET ISSUES:

Refer to Agency and Program level narratives for Budget Issues. A quality management effort is in progress to foster improved services which, in general, will result in changes in the scope and structure of budget activities.

EFFICIENCY MEASURES:

In response to dwindling resources for all government agencies, the need for MDE to be as focused as possible and provide improved customer service, and new knowledge gained in management theory and effective use of human resources, the Commissioner's Cabinet has committed the Department of Education to a Total Quality Management (TQM) process. MDE customers were identified, individuals were interviewed, groups were surveyed, and input was received from focus

groups. With that customer information the Cabinet and the Transition Team (formed from staff representing various areas and interests within MDE) undertook a TQM process with the goal of recommending ways to provide good customer service and manage the work load with a reduced staff. Actions identified to institute TQM are in implementation stages at this time. Reassignment of staff and establishment of the quality leadership teams are planned for late November, 1992. Staff development in TQM is scheduled for December and January. Physical relocation of personnel is targeted for February, 1993.

Communications is an area directly coordinated by the Commissioner's Cabinet. This area was restructured 7-1-91 to operate more efficiently and with more focus. The MDE publication, *Education Update* was reduced from 8 issues to 5 per year in order to reduce costs, manage time better, and more effectively reflect the leadership and service of the agency via a publication designed to be more focused. At the same time an effort was made to improve the quality and increase the number of news releases originating in the MDE. In a 4 month period in 1992, 21 news releases were produced compared to approximately 3-4 in a comparable period in 1991. This is a more economical way of keeping the public informed about changes in education while reducing the number of issues of *Education Update*. The increased number of press releases also did double duty by serving as the basis for articles used in the *Education Update* and the internal newsletter *Intercom* thus enabling the staff to operate more efficiently. *Intercom* is produced weekly in order to better communicate to staff TQM developments, to help staff deal with MDE restructuring decisions and to understand leadership priorities of the MDE.

The State Fair exhibit, also managed by Communications, was reorganized to operate more efficiently in a self-service format that is more cost effective and will be easier to coordinate in the future. Reusable units that can be upgraded were designed and produced, thus reducing future start up costs in terms of materials and staff training.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: EXECUTIVE MANAGEMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									

DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	875	782	866	869	822		869	822	
EXPENSES/CONTRACTUAL SRVCS	148	254	174	174	171		174	171	
MISC OPERATING EXPENSES	113	122	126	126	124		126	124	
SUPPLIES/MATERIALS/PARTS	17	14	14	14	13		14	13	
CAPITAL EQUIPMENT	3	38	7	7	7		7	7	
OTHER		3	8	8			8		
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	1,156	1,213	1,195	1,198	1,137		1,198	1,137	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	1,156	1,213	1,195	1,198	1,137		1,198	1,137	
=====									
GOV'S INITIATIVES:			FUND						
-----			-----						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<922>			<922>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<215>			<215>
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						<1,137>			<1,137>
=====									
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
GENERAL	1,018	938	919	922	922		922	922	
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	138	228	215	215	215		215	215	
FEDERAL		24	61	61			61		
GIFTS AND DEPOSITS		23							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	1,156	1,213	1,195	1,198	1,137		1,198	1,137	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: EXECUTIVE MANAGEMENT

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	14.5	10.8	13.3	13.3	13.3		13.3	13.3	
SPECIAL REVENUE	3.0	4.0	3.0	3.0	3.0		3.0	3.0	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	17.5	14.8	16.3	16.3	16.3		16.3	16.3	

1994-95 Biennial Budget

BUDGET ACTIVITY: 1412 Education Data Systems
PROGRAM: 14 Learner Resource and Support
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

The purpose of the Education Data Systems activity is to ensure accurate, timely and comparable management information as required by local school boards, the Minnesota Department of Education (MDE), the State Board of Education, the executive and legislative branches of Minnesota government and the federal government.

The Education Data Systems activity has two components: Data Systems Technology and Information Policy and Automated Reporting Systems (IPARS).

Data Systems and Technology provides all strategic mainframe computer systems for the operation of the Department of Education, provides the local area network of microcomputers serving over 85 % of department staff, continually addresses the needs of staff for new or advanced computer technology, and preserves the integrity of the department's data processing while providing ready access to public information.

Mainframe data processing services are provided by Data Systems and Technology staff who design, develop and maintain all systems. Over 40 application systems exist which calculate aids, distribute aid payments, license teachers, service several child nutrition programs, issue General Education Development (GED) certificates, provide school district financial information, determine tax levies, assess student progress, provide data in civil rights areas, and comply with numerous federal and state reporting requirements. A department-wide local area network of micro computers is provided and supported for over 300 staff, allowing access to the mainframe and to computers of other departments of Minnesota state government.

The Information Policy and Automated Reporting Systems provides analysis of data collection activities and works with Department of Education, school district, Elementary, Secondary, Vocational Computer (ESV) Region, and private vendor staff to ensure accurate, timely, and comparable data descriptive of the educational process. The focus of IPARS work is the development of open, automated systems which are designed to streamline reporting because data is captured one time by districts to meet both school district needs and the needs of the Department of Education and other agencies.

The operations of the Department of Education are dependent upon quality data management. Critical activities include: development and implementation of the Minnesota Automated Reporting Student System (MARSS); development and implementation of an automated staff reporting system by the 1994-1995 school year; definition and maintenance of the essential data element reporting requirements; interagency projects to share data and information; publication of the *Annual Data Acquisition Calendar*; coordination of ESV Regions and the private vendor community relative to data reporting standards; review and approval of all new systems which require school district data submission; and recommending Department of Education data management policy consistent with the Department of Administration's Information Policy Office (IPO).

BUDGET ISSUES:

Refer to Agency and Program level narratives for Budget Issues. A quality management effort is in progress to foster improved services which, in general, will result in changes in the scope and structure of budget activities.

EFFICIENCY MEASURES:

During the past biennium, Education Data Systems focused on the following:

- To direct limited resources and focus on primary responsibilities, operation of MDE's internal local area network was transferred to Education Data Systems, and combined with existing mainframe computer systems and operations. Utilizing portions of the physical network already in place, the network provider was changed to Novell and expanded from approximately 100 users to over 300. The remaining 49 staff members will be added to the network during the next biennium.
- The MDE, working with the Department of Finance, successfully implemented payment of state aid to school districts utilizing the Electronic Fund Transfer (EFT). This innovative procedure significantly improves service to districts by directly depositing over two billion dollars in annual state aid payments to school district financial institutions. This eliminates the need to issue and mail warrants twice monthly and reduces time districts must wait to draw funds because the funds are available on the morning of scheduled payment dates.
- Interactive interfaces between school districts and seven different computer systems were developed, allowing on-line entry of data directly onto the mainframe computer with no paper forms involved. This allows school districts to view their data at any time and make changes to it if necessary. If resources are available, this type of interface will continue to be added to any system which meets the criteria of this application.
- The MARSS student data system was designed and implemented, automating reporting of data for general revenue aid payments for 432 school districts. Fourteen manually completed paper forms were eliminated during the first year of implementation. Three additional forms will be eliminated during the second year. MARSS will be expanded in the 1994-95 biennium to include special education child count and transportation student information.
- Analysis and design was provided for 188 data collection activities for 60 department staff responsible for data collection. During the review and development of these 188 data collection activities, criteria are applied to assure the collection of data is not duplicative and is justified. In addition, standard terminology and coding values are incorporated to ease further district reporting burdens.
- Coordination occurred with the ESV Regions and private vendors to ensure 13 student systems met MARSS requirements. This work provided the capability for districts to use their internal automated systems to report directly to MDE instead of completing 14 paper forms.
- Ongoing support was provided for 20 stand alone micro systems used by MDE to tabulate data for district opinion surveys, Indian Education Scholarship tracking, internal operations and verification of parental choice data.

1994-95 Biennial Budget

BUDGET ACTIVITY: 1412 Education Data Systems
PROGRAM: 14 Learner Resource and Support
AGENCY: Education, Department of
(Continuation)

- Standards and procedures were established for transfer of information between school districts as related to state aid payment and tuition billing. These standards require districts to verify enrollment dates for each student who transfers districts during the year, thereby eliminating duplicative dates between districts and excessive aid payments.

During the next biennium, Education Data Systems will also give priority consideration to:

- Expanded access to data utilizing mainframe and network resources. An increase of 50% from the current level of 300 requests is anticipated.
- Shared data across agency boundaries with the Departments of Human Services, Jobs and Training, Corrections, and Health, all dealing with children and families at risk so that the data required of Minnesota citizens at the time of application for service is reduced and merged between agencies. This will facilitate faster, less bureaucratic service provision.
- Design and implementation of automated reporting of licensed and non-licensed staff data from all school districts. This system will enable districts to provide information currently collected by four paper forms to come to the department as a by-product of maintaining current in-house district personnel/payroll systems. The four forms will be eliminated.
- Analysis and design of approximately 180 data collection activities used to manage educational programs. The goal of Education Data Systems is to "hold in check" the number of forms requiring district completion. All data collection activities will need to be justified by state and federal law, State Board of Education rule, or be part of a Governor/Commissioner approved project.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: EDUC DATA SYSTEMS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									

DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	917	909	913	902	902		902	902	
EXPENSES/CONTRACTUAL SVCS	464	363	462	462	462		462	462	
MISC OPERATING EXPENSES	14	7	7	7	7		7	7	
SUPPLIES/MATERIALS/PARTS	29	19	9	9	9		9	9	
CAPITAL EQUIPMENT	20	12							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	1,444	1,310	1,391	1,380	1,380		1,380	1,380	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	1,444	1,310	1,391	1,380	1,380		1,380	1,380	
=====									
GOV'S INITIATIVES:			FUND						
-----			-----						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<1,380>			<1,380>
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						<1,380>			<1,380>
=====									
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
GENERAL	1,439	1,294	1,391	1,380	1,380		1,380	1,380	
STATUTORY APPROPRIATIONS:									
GENERAL	5	16							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	1,444	1,310	1,391	1,380	1,380		1,380	1,380	
=====									
POSITIONS BY FUND:									

GENERAL	19.0	17.0	17.0	17.0	17.0		17.0	17.0	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	19.0	17.0	17.0	17.0	17.0		17.0	17.0	

1994-95 Biennial Budget

BUDGET ACTIVITY: 1413 Administrative Support Services
PROGRAM: 14 Education Resource and Support
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

This activity provides financial management, administrative support, personnel services and labor relations support for approximately 400 full and part time employees of the Department of Education, to the State Board of Education, the Minnesota Academic Excellence Foundation, the Board of Teaching, and in part, the Faribault Residential Academies. These support services enable the department to hire and develop qualified staff and to provide them with the basic support and resources to deliver services to educational agencies and other clientele. The activity provides reimbursement to education agencies, vendors, and service providers. Units and functions included in this activity are as follows:

Fiscal Services - Handles the financial and business affairs of the department, conducts selected school district audits, manages federal programs including school or local agency reimbursement and cash management, processes employee and vendor payments, manages the contract and grant agreement process, and oversees the administrative operations of the department.

Office Services - Provides all facets of office support services for department personnel, facilitates office space utilization, and manages copy services and mail distribution services.

Procurement - Arranges for the purchase of equipment, printing, supplies and purchased services for agency operations and materials for educational programs or training conducted by department staff. Handles incoming shipments and deliveries, inventory records, supply distribution, and storage space.

Support Expenses - The budget for this activity includes agency-wide costs for office space rental, telephone, postage, office supplies, and copy fees.

Human Resources (Personnel) - Provides administrative support for personnel services and labor relations. Included are salary administration, job classification, employee benefits involving some 17 health, dental, life and optional plans for individual employees; administration of statutes, rules and procedures for affirmative action, harassment, complaint investigation, recruiting, hiring, and advancement of employees; retirement issues and assistance; employee assistance; staff development; health and wellness; health and safety; and other related personnel activities.

BUDGET ISSUES:

Refer to Agency and Program level narratives for Budget Issues. A quality management effort is in progress to foster improved services which, in general, will result in changes in the scope and structure of budget activities.

EFFICIENCY MEASURES:

This activity has focused on improving services but at the same time has re-set existing priorities and absorbed work load inherent in the present environment of declining resources and staff reductions. The focus is to provide more helpful service customized to the needs of program staff or other clientele, and when practical, to initiate changes or delete rigid administrative procedures which add

no value to the service. During the current biennium the improved services ranged from reducing procedural steps, allowing some business transactions to be handled closer to the affected parties, simplifying budgets and accounting structure, reducing paperwork, to improving response time, expanding services, improvements to the physical work area such as installing water purification systems and increased use of ergonomic furniture, and promoting and employing environmentally responsible administrative practices by increasing efforts to acquire recycled paper products and installing up-to-date recycling receptacles. Some specific improvements and accomplishments are as follows:

- Assisted in the effort to automate federal program reimbursement for school districts and other recipients. Beginning in the fall of 1992 reimbursement for two major federal program categories will be accomplished through direct computer input by local agencies which has major advantages in timeliness and accuracy compared to the paper submission method presently used.
- Simplified the budget system by reducing the number of account codes and consolidating numerous individual budgets for office costs into a more efficient single agency-wide cost center which reduced the administrative burden of cost allocation and numerous accounting transactions.
- Improved timeliness of Indian Scholarship payments. Collaborated with post-secondary institutions handling large scholarship participation and changed depository practices so that funds were more readily available to students.
- Expanded the scope of the school district audit function from strictly financial compliance to additional items as a customer service by providing inservice instruction to various school personnel to assist them with problems related to accounting, interpretations of law, rules, and compliance guidelines.
- Without added cost installed more powerful, convenient copy machines which reduces waiting time and allows staff to devote additional time to higher priorities.
- Improved training opportunities particularly in the area of computer training, where job specific coordinated sessions were brought in-house which allowed larger numbers of staff to participate, reduced costs per trainee and permitted use of familiar equipment.
- Increased activities for health and wellness in response to changes in the work place by sponsoring topical speakers and physical activities to improve employee morale and well-being.
- Increased activities related to management of worker's compensation ranging from instructing staff on filing reports to sessions on ergonomics and the proper use of equipment, lights, computers and others to keep reimbursable claims to a minimum.

During the next biennium this activity will expand efforts begun in F.Y. 1992 to provide more effective service focused on the needs of employees, school districts, agencies and individuals served. Remaining federal programs will be converted from manual paper form systems to automated reimbursement systems. Fiscal Services, Procurement, and Human Relations will be involved in the Statewide Systems Project which strives to improve management reporting, streamline the procurement process, improve the personnel system, and automate the payroll system. Human Resources will be instrumental in expanding the staff development functions to provide greater opportunities for staff and to assist MDE in it's transition to total quality management.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: ADMINISTRATIVE SUPPORT SERV

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									

DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,621	1,351	1,340	1,345	1,345		1,345	1,345	
EXPENSES/CONTRACTUAL SRVCS	380	273	984	1,039	1,039		1,062	1,062	
MISC OPERATING EXPENSES	742	699	744	744	744		744	744	
SUPPLIES/MATERIALS/PARTS	158	166	178	178	178		178	178	
CAPITAL EQUIPMENT	19	27	34	34	34		34	34	
OTHER	846	907	954	954	954		954	954	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	3,766	3,423	4,234	4,294	4,294		4,317	4,317	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	3,766	3,423	4,234	4,294	4,294		4,317	4,317	
=====									
GOV'S INITIATIVES:			FUND						
-----			-----						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<2,292>			<2,315>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<1,079>			<1,079>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<30>			<30>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			AGN			<893>			<893>
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						<4,294>			<4,317>
=====									
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
GENERAL	2,059	1,634	2,221	2,281	2,281		2,304	2,304	
STATUTORY APPROPRIATIONS:									
GENERAL	26	31	11	11	11		11	11	
SPECIAL REVENUE	951	896	1,079	1,079	1,079		1,079	1,079	
FEDERAL	14	5	30	30	30		30	30	
AGENCY	716	857	893	893	893		893	893	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	3,766	3,423	4,234	4,294	4,294		4,317	4,317	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: LEARNER RESOURCE & SUPPORT
ACTIVITY: ADMINISTRATIVE SUPPORT SERV

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	28.6	18.1	18.0	18.0	18.0		18.0	18.0	
SPECIAL REVENUE	15.6	11.6	11.6	11.6	11.6		11.6	11.6	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	44.2	29.7	29.6	29.6	29.6		29.6	29.6	

RESIDENTIAL ACADEMIES

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**1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Minnesota State Residential Academies

Fund: General

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$7,763	\$7,763	\$15,526
Forecast Adjustments	<u>199</u>	<u>478</u>	<u>677</u>
AGENCY BASE	\$7,962	\$8,241	\$16,203
Inflation Cost Increase	298	616	914
Agency Management Decisions			
Hold 2.0 positions vacant	\$(100)	\$(100)	\$(200)
Restructuring Increase Productivity by Reduction of Hours Worked	<u>(198)</u>	<u>(516)</u>	<u>(714)</u>
Subtotal	<u>\$(298)</u>	<u>\$(616)</u>	<u>\$(914)</u>
TOTAL AGENCY PLAN	\$7,962	\$8,241	\$16,203
Governor's Initiatives			
Salary Planning Estimates	<u>\$ (238)</u>	<u>\$ (248)</u>	<u>\$ (486)</u>
GOVERNOR'S RECOMMENDATION	<u>\$7,724</u>	<u>\$7,993</u>	<u>\$15,717</u>

2. Impact on Staffing:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Positions left Vacant or Eliminated	2.0	2.0
Reduction of Hours (FTE Equivalent)	5.0	15.0

3. Impact on Revenue Generation:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
<u>Agency Plan</u>	\$-0-	\$-0-	\$-0-
<u>Governor's Initiatives</u>	\$-0-	\$-0-	\$-0-

4. Affected Statutes:

The Academy can accomplish its stated objectives within existing statutes.

5. GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

Brief Explanation of Agency's Overall Actions:

Enhanced productivity will be expected of all staff with planned work reductions on weekends and during summer months.

Maximum effort will be made to balance the budget without reducing direct service to students. Maintenance staff will be laid off for longer periods during the summer and days when students are not on campus. Clerical staff will be laid off for longer periods during summer. Some administrative positions will be reduced from 12 month to 10 month positions.

Students will be sent home more frequently resulting in less programming and a reduction in hours for dormitory staff. Any non-contact position which becomes vacant will remain vacant if possible.

1994-95 Biennial Budget

PROGRAM: 15 Residential Academies for the Deaf and Blind
AGENCY: Education, Department of

MISSION:

The mission of the Minnesota State Residential Academies for the Deaf and Blind is to provide a high quality comprehensive education in both a classroom and residential setting for students from throughout the state of Minnesota. This assures that the state and its school districts meet the special education needs of each student as required by state and federal special education law, regulation, and rule.

To fulfill this mission, the Residential Academies:

- operate classrooms at the K-12 level
- operate recreational therapy and social/emotional activity programs during after school hours
- operate a residential program which focuses on developing the independent living skills and social/emotional growth of each student
- provide technical assistance on a statewide basis to school districts and operate parent training programs.

The Minnesota Residential Academies are organized into four activity areas:

1. Minnesota State Academy for the Deaf
2. Minnesota State Academy for the Blind
3. Administrative/support services, and
4. Statewide technical assistance.

MINNESOTA MILESTONES:

The operation of the Minnesota State Residential Academies for the Deaf and Blind supports 3 of the major Minnesota Milestone themes:

- Theme: "a caring and secure community", Goal, "People with disabilities will have the opportunity to participate in society".
- Theme: "a prosperous people", Goal, "All Minnesotans will have the economic means to maintain a reasonable standard of living".
- Theme: "learning", Goal, "Minnesotans will excel in basic academic skills".

The Academy programs contribute to these themes by:

- providing quality classroom instruction
- providing quality educational activities during after school hours structured to meet social/emotional developmental needs, independent living skills needs, and other identified educational needs

- by providing information and technical assistance to school districts, other public agencies, and citizens of the state who would benefit or whose children would benefit from the services of the Academies
- by providing the type of comprehensive education that produces competent secure individuals capable of participating in their home communities and who, in the instance of the deaf, become part of the unique deaf community in Minnesota which provides a cultural and social support system for deaf people.

The Residential Academies play a lead role among all local and state agencies in providing technical assistance and information on the education of the deaf or education of the blind.

The Residential Academies play a lead role in meeting the Milestone objectives for any student who receives all or part of his/her education at the Residential Academies.

Under both federal and state law a student's school district of residence must meet the special education needs of that student. The state must assure the existence of a residential program option for those students who need such an option. By operating the Academies, the state assures that this requirement is met and makes it possible for local school districts to meet their responsibilities under law.

The ability of the Academies to meet the Minnesota Milestones goals for all of Minnesota's deaf or blind student population is determined to a major extent by decision factors beyond the control of the Academies. Some of these external factors are:

1. The willingness of local school districts to refer students to the Academy.
2. The willingness of the local school district to support the Academies through provision of transportation, specialized staffing when necessary, and support and/or education offerings to the parents of the specific student.
3. The ability of post secondary education systems in Minnesota and elsewhere to provide properly trained professionals.

The Academies' mission includes outreach and communication efforts so as to influence the above three factors in a positive manner.

The Residential Academies provide a supporting role among state and other agencies by providing information, curriculum and training opportunities to those school districts and other agencies which are directly educating students or providing other education services to this student population.

CLIMATE:

The following factors are shaping the development of programs at the Residential Academies:

- **INCREASING STUDENT NUMBERS.** The number of students enrolled at the Residential Academies continues to escalate. From a recent low of 175 students at the start of the 1985 school year to a student population of approximately 245 at the start of the 1992 school year, the trend in enrollment is definitely upward. This is caused by a variety of factors:

1994-95 Biennial Budget

PROGRAM: 15 Residential Academies for the Deaf and Blind
AGENCY: Education, Department of
 (Continuation)

■ **Increasing numbers of handicapped students in the school age population.** The reasons include improved prenatal and infant health care allowing premature babies to survive, and better identification of handicapping conditions.

■ **Expansion of service eligibility from birth.** This has resulted in an increase in the number of handicapped students served by local districts within this age group. Since some of these students are deaf and blind referrals are starting to be made at an earlier age, thereby increasing enrollment.

■ **Greater acceptance of the value of a residential program for deaf and blind students.** A recent policy statement issued by the Office of Special Education, U. S. Department of Education supports a movement toward residential schools for deaf students. This movement has been growing for at least the past five years causing many special educators, previously committed to mainstreaming for all students, to consider the option of a residential program for the first time.

■ **Parental choice in Minnesota.** As public policy in Minnesota has embraced choice of school for all students, it has become more difficult for local district administrators to deny placement at the Academies when that placement is requested by parents of a deaf or blind student. In past years, placement has often occurred only after all other options were tried and allowed to fail. Currently, a parental request will often result in an immediate placement if such placement is appropriate.

■ **INCREASING SEVERITY OF HANDICAPPING CONDITIONS.** Whereas the Academies historically served students who were deaf, with few if any other handicapping conditions, or blind, with few or any other handicapping conditions, an increasing percentage of the student population now has significant handicapping conditions ranging from severe profound developmental delay to physical or severe medical conditions. Thus the intensity of staffing required to serve a constant number of students increases.

■ **RAPID CHANGES IN EDUCATIONAL TECHNOLOGY AND EXPECTATIONS.** As with all education, education of students who are deaf and the education of students who are blind is experiencing rapid and monumental change. Particularly in the area of education for the blind, significant new technological advances are being made. These include computer programs connected to close circuit television or which convert print to sound, computer hardware and software which can convert voice to print and/or braille, and a myriad of adaptive devices. Rapid changes in what is taught and how it is taught to deaf and blind students necessitates a major modification of materials, supplies, textbooks, etc. Braille materials are prohibitively expensive to replace.

■ **INCREASED MAINSTREAMING OF ACADEMIES' STUDENTS.** In keeping with public policy and state and federal law, students at the Academies are mainstreamed to the maximum extent possible in the Faribault Public Schools. The percentage of overall Academies' students mainstreamed in this manner is escalating rapidly, thus necessitating significant expenditure for interpreters, readers and adaptation of print material into braille or large print.

■ **INCREASED DEMAND FOR TECHNICAL ASSISTANCE.** The number of school districts contacting the Academies continues to increase. Significant recent changes in legislation such as requiring all teachers of the deaf to be proficient in American Sign Language (ASL) and the demand from parents seeking advice and technical assistance about a specific student have dramatically increased in recent years. In all probability this is the result of the previously mentioned factors and a general increase in parent activism in education.

EFFICIENCY MEASURES:

(For the 2 activities combined - The Academy for the Blind and the Academy for the Deaf)

Per student cost:

<u>F.Y.1987</u>	<u>F.Y.1988</u>	<u>F.Y.1989</u>	<u>F.Y.1990</u>	<u>F.Y.1991</u>	<u>F.Y.1992</u>	<u>F.Y.1993</u>	<u>F.Y.1994</u>	<u>F.Y.1995</u>
\$31,850	\$32,163	32,335	\$32,988	\$33,358	\$32,598	\$31,698	\$31,380	\$31,856

Per student instructional cost:

<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
\$14,204	\$14,166	\$14,614

PROGRAM BUDGET PLAN:

Challenge:

The budget challenge for the Residential Academies is best understood when placed in a historical context of rapid enrollment growth following years of enrollment decline. The turning point was the 1985 school year. The 1984 Legislature significantly reduced both the budget appropriation amount and complement of the Academies to reflect the declining enrollment trend. No corresponding action has been taken to offset enrollment growth.

At the start of the 1992 school year approximately 245 students were enrolled at the Minnesota Residential Academies. This represents an increase of 70 students during a time of static appropriation. During these years, 2 budget increases were approved: \$235,000 by the 1987 legislative session to provide for an expanded summer school program since incorporated into the budget base, and authorization for the Academies to retain general education revenue for all students beyond the 175 number. This generated approximately \$220,000 in F.Y. 92 and will generate approximately \$240,000 in F.Y. 93.

Because of the complement and budget reductions made in the 1985 legislative session, staff at both the direct service and administrative level have been reduced to what was then but is no longer an acceptable level. Increases in student numbers since that time have placed virtually all classes at the Academy for the Deaf above State Board of Education recommended class size and have left the dormitory severely understaffed.

The major budget challenges are as follow:

- Provide staff necessary to reduce class size to State Board recommended ratios.
- Provide necessary dormitory staff to assure a safe living environment.
- Increase campus security.
- Purchase needed educational materials and supplies.

1994-95 Biennial Budget

PROGRAM: 15 Residential Academies for the Deaf and Blind
AGENCY: Education, Department of
(Continuation)

Class size will be reduced and dormitory staffing will be increased in F.Y. 94 and F.Y. 95 by a reassignment of staff responsibilities.

Nonfunding of inflation:

The budget challenge amount per fiscal year to offset inflation is determined to be for F.Y. 1994 \$298,000 for F.Y. 1995 \$616,000 or a total of \$914,000 for biennium.

In past years, to compensate for increased program demands without an increase in appropriation, all non-direct service areas have been trimmed dramatically. Materials and supplies budgets have been totally eliminated with purchases being made at the end of the year out of salary savings. The non-funding of inflation can and will result in reduction of staff. In prior years maintenance, food service and health care staff have been reduced significantly in order to preserve instruction and dormitory service. The entire cost of funding inflation during the coming biennium cannot be covered solely with non-direct service cuts, although reduction in janitorial service and other non-direct service areas will be maximized so as to minimize cuts in direct service.

The Academies have considered several means of reducing the cost of operating programs without reducing the amount or quality of programs:

1. Permanent layoff of staff in non-student contact areas, replacing them with lower cost privately contracted service. It is expected that the full inflationary cost increase in the next biennium could be covered by contracting for all maintenance and food service through a purchase of labor contract.
2. Permanent layoff of sufficient numbers of staff to provide salary savings equal to inflationary cost increase.
3. Reduction in work hours for all non contact staff and a smaller reduction in hours for selected contact staff.

The academies have chosen option 3 to address non funding of inflation by reducing hours for a large number of staff equal to the cost of inflation.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

The Governor further recommends that governance of the Academies be transferred to the Commissioner of Children and Education Services. This action is recommended to remain consistent with similar proposals removing administrative responsibilities from the State Board of Education. The Academies will retain their authority for an Advisory Board.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: FARIBAULT ACADEMIES
PROGRAM: STATE RESIDENTIAL ACADEMIES

				FY 1994			FY 1995		
			Est.	Current	Agency	Governor	Current	Agency	Governor
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Spending	Plan	Recomm.	Spending	Plan	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
MN ACADEMY FOR DEAF	5,468	5,885	6,340	6,165	6,314	6,146	6,165	6,523	6,348
MN ACADEMY FOR BLIND	2,672	2,537	2,690	2,571	2,621	2,551	2,571	2,691	2,618
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	8,140	8,422	9,030	8,736	8,935	8,697	8,736	9,214	8,966
GOV'S INITIATIVES:	FUND								
=====	=====								
(A) SALARY PLANNING ESTIMATES	GEN			<238>			<248>		
=====	=====			=====			=====		
TOTAL GOV'S INITIATIVES				<238>			<248>		
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	7,770	7,532	7,997	7,763	7,962	7,724	7,763	8,241	7,993
STATUTORY APPROPRIATIONS:									
GENERAL	33	488	610	550	550	550	550	550	550
SPECIAL REVENUE	17	24	89	89	89	89	89	89	89
FEDERAL	231	315	257	257	257	257	257	257	257
AGENCY	32	31	33	33	33	33	33	33	33
GIFTS AND DEPOSITS	40	24	35	35	35	35	35	35	35
ENDOWMENT	17	8	9	9	9	9	9	9	9
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	8,140	8,422	9,030	8,736	8,935	8,697	8,736	9,214	8,966
POSITIONS BY FUND:									
=====									
GENERAL	188.7	198.7	205.1	205.1	205.1	205.1	205.1	205.1	205.1
FEDERAL	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	196.7	206.7	213.1	213.1	213.1	213.1	213.1	213.1	213.1

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: FARIBAULT ACADEMIES

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	9,030	9,030	8,607	8,607	166	166	257	257
TECHNICAL ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<324>	<324>	<324>	<324>				
INSURANCE PREMIUM HOLIDAY	30	30	30	30				
SUBTOTAL TECH. ADJ.	<294>	<294>	<294>	<294>				
CURRENT SPENDING	8,736	8,736	8,313	8,313	166	166	257	257
FORECAST ADJUSTMENTS								
CORR FACILITY CASELOAD CHANGE	199	478	199	478				
SUBTOTAL FORECAST ADJ.	199	478	199	478				
AGENCY BASE	8,935	9,214	8,512	8,791	166	166	257	257

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1994-95 Biennial Budget

BUDGET ACTIVITY: 1501 Academy for the Deaf
PROGRAM: 15 Residential Academies for the Deaf and Blind
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

This activity operates the educational program including residential portions for all students receiving their education at the Minnesota State Academy for the Deaf. The activity includes the operation of a Pre school-K-12-age 21 school program which includes regular academic subject matter being taught in a variety of methods generally using ASL to the maximum extent usable by the student as a method of communication. Subject matter is similar if not identical to public school subject matter as dictated by individual education plans. Educational methods and materials must be adapted to meet student needs.

Special programs for developmentally delayed students are offered again with the curriculum, subject matter and educational goals and objectives dictated by individual education plans.

This activity also provides programming for social/emotional development as part of both classroom and after school activities. These include traditional extra curricular athletic and drama activities. Also included are activities such as scouting, community recreation and social interaction.

BUDGET ISSUES:

The primary budget issue facing this activity is maintaining an adequate level of student services in the face of rising enrollment coupled with rising costs and level funding. The impact on this activity is discussed in the Program Budget Plan.

OUTCOMES/OBJECTIVES: The Academy has not collected data on the following areas, but believes the stated indicators are an appropriate measure of the Academies' mission. Data will be collected in future years towards measurement of these outcomes.

Outcome: Public school districts and other public agencies serving students who are deaf or blind will be aware of the state operated Academies as a means of meeting special education goals and objectives for the student population.

Indicator: District officials are aware of the academy programs and see this as an acceptable option for student placement. (Determined through an annual survey scheduled to begin spring 1993).

Objective: By 1993, 100% of local school officials who make special education placement decisions will be aware of the academies, its placement process, and its program nature.

Objective: By 1993, 75% of local school district officials who make special education placement decisions will have a favorable opinion of the academies as a placement option.

Outcome: All students educated at the Academy will become productive citizens capable of leading meaningful and enjoyable lives to the maximum extent possible.

Indicator: Graduates one year after graduation are in post secondary education, placed in an appropriate facility, or employed.

Objective: Beginning with the class of 1994, one year after graduation, 100% of graduates are enrolled in post secondary education, or placed in an appropriate facility, or employed.

Outcome: The quality of education for students educated at the Academy will be constantly improving.

Indicator: Maximize mainstreaming of Academy students in Faribault district 656 mainstream education programs. As shown by percent of students who participate.

<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>
15%	17%	14%

Indicator: Parents are satisfied with the program. (Measured through an annual parent survey to begin spring 1993).

Objective: In 1993, 90% of parents will agree that the individual needs of students are being met through placement at the academies.

Indicator: Students are enrolled in a systematic vocational oriented transitional program.

Objective: In 1995, 100% of students age 14-21 will be enrolled in a systematic vocational oriented transitional program.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: FARIBAULT ACADEMIES
PROGRAM: STATE RESIDENTIAL ACADEMIES
ACTIVITY: MN ACADEMY FOR DEAF

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	4,565	5,165	5,377	5,363	5,512	5,344	5,363	5,721	5,546
EXPENSES/CONTRACTUAL SRVCS	231	219	265	242	242	242	242	242	242
MISC OPERATING EXPENSES	152	168	136	136	136	136	136	136	136
SUPPLIES/MATERIALS/PARTS	441	302	522	386	386	386	386	386	386
CAPITAL EQUIPMENT	76	27	37	35	35	35	35	35	35
OTHER	3	4	3	3	3	3	3	3	3
SUBTOTAL STATE OPERATIONS	5,468	5,885	6,340	6,165	6,314	6,146	6,165	6,523	6,348
TOTAL EXPENDITURES	5,468	5,885	6,340	6,165	6,314	6,146	6,165	6,523	6,348
GOV'S INITIATIVES:			FUND						
(A) SALARY PLANNING ESTIMATES			GEN			<168>			<175>
TOTAL GOV'S INITIATIVES						<168>			<175>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	5,229	5,131	5,450	5,335	5,484	5,316	5,335	5,693	5,518
STATUTORY APPROPRIATIONS:									
GENERAL	33	488	610	550	550	550	550	550	550
SPECIAL REVENUE	17	22	59	59	59	59	59	59	59
FEDERAL	146	214	184	184	184	184	184	184	184
AGENCY	26	25	26	26	26	26	26	26	26
GIFTS AND DEPOSITS	9	5	10	10	10	10	10	10	10
ENDOWMENT	8		1	1	1	1	1	1	1
TOTAL FINANCING	5,468	5,885	6,340	6,165	6,314	6,146	6,165	6,523	6,348

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: FARIBAULT ACADEMIES
PROGRAM: STATE RESIDENTIAL ACADEMIES
ACTIVITY: MN ACADEMY FOR DEAF

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	126.1	137.4	144.8	144.8	144.8	144.8	144.8	144.8	144.8
FEDERAL	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	132.1	143.4	150.8	150.8	150.8	150.8	150.8	150.8	150.8

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1994-95 Biennial Budget

BUDGET ACTIVITY: 1502 Academy for the Blind
PROGRAM: 15 Residential Academies for the Deaf and Blind
AGENCY: Education, Department of

ACTIVITY DESCRIPTION:

This activity operates the educational program including residential portions for all students receiving their education at the Minnesota State Academy for the Blind (MSAB). The activity includes the operation of a Pre school-K-12-age 21 school program which includes regular academic subject matter being taught in a variety of methods generally using Braille, large print, and other methods to the maximum necessary for student learning. Most subject matter is similar if not identical to public school subject matter as dictated by individual education plans. Educational methods and materials must be adapted to meet student needs. Blind students are also taught a disability specific curriculum such as how to travel and how to use adaptations such as Braille.

Special programs for developmentally delayed students are offered with the curriculum, subject matter and educational goals and objectives dictated by individual education plans.

This activity also provides programming for social/emotional development as part of both classroom and after school activities. These include traditional extra curricular athletic and drama activities. Also included are activities such as scouting, community recreation and social interaction.

BUDGET ISSUES:

The primary budget issue facing this activity is maintaining an adequate level of student services in the face of rising enrollment coupled with rising costs and level funding. The impact on this activity is discussed in the Program Budget Plan.

OUTCOMES/OBJECTIVES: The Academy has not collected data on the following areas, but believes the stated outcomes are an appropriate measure of the Academies' mission. Data will be collected in future years towards measurement of these outcomes.

Outcome: Public school districts and other public agencies serving students who are deaf or blind will be aware of the state operated Academies as a means of meeting special education goals and objectives for the student population.

Indicator: District officials are aware of the academy programs and see this as an acceptable option for student placement. (Determined through an annual survey scheduled to begin spring 1993).

Objective: By 1993 100% of local school officials who make special education placement decisions will be aware of the academies, its placement process, and the nature of its programs.

Objective: By 1993 75% of local school district officials who make special education placement decisions will have a favorable opinion of the academies as a placement option.

Outcome: All students educated at the Academies will become productive citizens capable of leading meaningful and enjoyable lives to the maximum extent possible.

Indicator: Graduates are enrolled in post secondary education, or placed in an appropriate facility, or employed.

Objective: Beginning with the class of 1994, one year after graduation, 100% of graduates are enrolled in post secondary education, or placed in an appropriate facility, or employed.

Outcome: The quality of education for students who are educated at the Academy will be constantly improving.

Indicator: Students aged 14-21 are enrolled in a systematic vocational oriented transitional program.

Objective: In 1995 One hundred percent of students age 14-21 will be enrolled in a systematic vocational oriented transitional program.

Indicator: The number of community-based job training sites at which students were actually placed during the year.

Objective: Number of community-based job training sites.

F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
-----------	-----------	-----------	-----------	-----------

10	12	15	18	20
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Indicator: Maximize mainstreaming of Academies' students in Faribault district 656 mainstream education programs. as shown in percent of students who participate.

Indicator: The MSAB independent living apartment program is being utilized fully.

Objective: MSAB apartment will be utilized 100% of the time for both FY 4 and FY 5.

Indicator: Parents are satisfied with the program. (Measured through an annual parent survey to begin in 1993).

Objective: 90% of parents will agree that the individual needs of students are being met through placement at the academies.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: FARIBAULT ACADEMIES
PROGRAM: STATE RESIDENTIAL ACADEMIES
ACTIVITY: MN ACADEMY FOR BLIND

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,226	2,238	2,177	2,169	2,219	2,149	2,169	2,289	2,216
EXPENSES/CONTRACTUAL SRVCS	129	135	239	188	188	188	188	188	188
MISC OPERATING EXPENSES	83	61	72	72	72	72	72	72	72
SUPPLIES/MATERIALS/PARTS	187	89	171	123	123	123	123	123	123
CAPITAL EQUIPMENT	39	12	30	18	18	18	18	18	18
OTHER	3	2	1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	2,667	2,537	2,690	2,571	2,621	2,551	2,571	2,691	2,618
LOCAL ASSISTANCE	5								
TOTAL EXPENDITURES	2,672	2,537	2,690	2,571	2,621	2,551	2,571	2,691	2,618
GOV'S INITIATIVES:			FUND						
(A) SALARY PLANNING ESTIMATES			GEN			<70>			<73>
TOTAL GOV'S INITIATIVES						<70>			<73>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,541	2,401	2,547	2,428	2,478	2,408	2,428	2,548	2,475
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		2	30	30	30	30	30	30	30
FEDERAL	85	101	73	73	73	73	73	73	73
AGENCY	6	6	7	7	7	7	7	7	7
GIFTS AND DEPOSITS	31	19	25	25	25	25	25	25	25
ENDOWMENT	9	8	8	8	8	8	8	8	8
TOTAL FINANCING	2,672	2,537	2,690	2,571	2,621	2,551	2,571	2,691	2,618

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: FARIBAULT ACADEMIES
PROGRAM: STATE RESIDENTIAL ACADEMIES
ACTIVITY: MN ACADEMY FOR BLIND

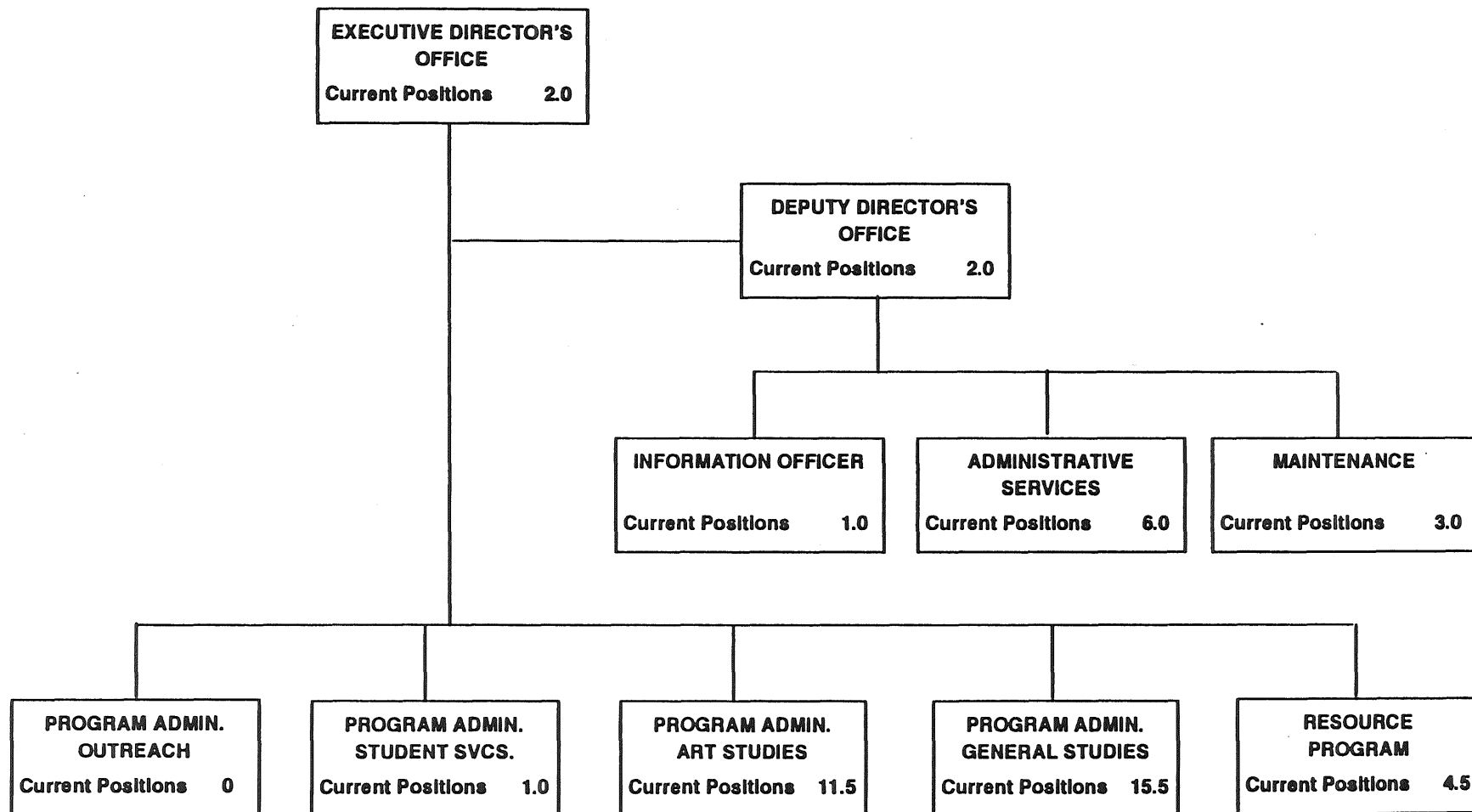
				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	62.6	61.3	60.3	60.3	60.3	60.3	60.3	60.3	60.3
FEDERAL	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	64.6	63.3	62.3	62.3	62.3	62.3	62.3	62.3	62.3

MINNESOTA CENTER FOR ARTS EDUCATION

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Minnesota Center for Arts Education Organization Chart as of 8/10/92



Minnesota Center for Arts Education

Position and Employee Status Information

Position Reconciliation:

<u>Authority</u>	<u>Current F.Y. 1993</u>	<u>Requested for 6/30/95</u>
Legislative Complement:		
General Fund	53.0	53.0
Budgetary Authorized:		
General Fund	53.0	53.0
Total Permanent Positions	<u>53.0</u>	<u>53.0</u>
Other Complement (FTE)	3.5	3.5
TOTAL Positions	<u>56.5</u>	<u>56.5</u>
Employees on 6/30/92	61.0	

Employees by Employment Status:

	<u>6/30/92</u>
Full-Time Unlimited	48
Full-Time Seasonal	4
Part-Time Unlimited	7
Part-Time Seasonal	2
TOTAL	<u>61</u>

**1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Center for Arts Education

Fund: General

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$5,053	\$5,053	\$10,106
Forecast Adjustments	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
AGENCY BASE	\$5,053	\$5,053	\$10,106
Inflation Cost Increases	145	295	440
Agency Management Decisions			
Agency Operations:			
Eliminate Educ. Leadership Development Program	\$(20)	\$(54)	\$(74)
Refocus Dance Education Initiative	(30)	(70)	(100)
Restructuring Administrative Capabilities	(115)	(145)	(260)
Subtotal	<u>\$(165)</u>	<u>\$(269)</u>	<u>\$(434)</u>
Grants:			
Miscellaneous Project Grants to State Arts Organizations	\$(30)	\$(70)	\$(100)
Eliminate Mileage Stipends	(20)	(20)	(40)
Refocus Dance Education Initiative	(44)	(50)	(94)
Subtotal	<u>\$(94)</u>	<u>\$(140)</u>	<u>\$(234)</u>
TOTAL AGENCY PLAN	\$4,939	\$4,939	\$9,878
Governor's Initiatives			
Salary Planning Estimates	\$(89)	\$(89)	\$(178)
GOVERNOR'S RECOMMENDATION	<u>\$4,850</u>	<u>\$4,850</u>	<u>\$9,700</u>

Brief Explanation of Agency's Overall Actions:

This budget plan focuses more of the arts high school and resource programs on outreach and access to education professionals and secondary students. The arts high school's design is receiving considerable attention as a model in accountability, curriculum, assessment and student success. Responding to primary clients requests and needs, and dissemination of the processes being implemented are major elements of this budget plan. In order to accomplish this, several programs will be eliminated or refocused, and the professional staff will be restructured to provide outreach and access services.

Agency management decisions include the elimination of the arts education leadership development program and miscellaneous support grants; elimination of mileage stipends for commuting metropolitan area students; a refocusing of approximately 35% funding of the dance education initiative; vacating 3.5 positions and expanding 3 current half-time employees resulting in a net reduction of 2.5 positions in F.Y. 1994 and 2 positions in F.Y. 1995.

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	
2. Impact on Staffing:			
Positions left Vacant or Eliminated	2.5	2.0	
3. Impact on Revenue Generation:	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
<u>Agency Plan</u>	\$-0-	\$-0-	\$-0-
<u>Governor's Initiatives</u>	\$-0-	\$-0-	\$-0-
4. Affected Statutes:			
The Center can accomplish its stated objectives within existing statutes.			
5. Governor's Recommendation:			
The Governor concurs with the agency's plan, however, the proposed funding has been reduced due to revised salary planning estimates.			

1994-95 Biennial Budget

AGENCY: Center for Arts Education

MISSION:

The purpose of the Minnesota Center for Arts Education is to educate artistically motivated students through an innovative high school and other statewide programs that redesign school management, instructional delivery, and internal and external evaluation. As part of the state's education reform efforts, it also educates teachers, administrators and other professionals about its hands-on experience in operating its innovative programs. Furthermore, it enables other arts education service providers to develop and provide programming to students and teachers who may be isolated or underserved.

MINNESOTA MILESTONES:

The work of the Center supports 2 of the major milestones themes: "A Caring and Secure Community" and "Learning." The Center contributes to these themes by addressing the following goals:

- *Cultural Diversity:* workshops and materials for classroom educators;
- *Cultural Life of Community:* education of future arts professionals, educators and participants;
- *Lifelong Learning:* seminars and classes for adult learners;
- *Lifelong Learning:* arts high school students' involvement in community and public service activities; and,
- *Advanced Education/Leader Globally:* students' acceptances at a full range of post-secondary institutions, receiving significant scholarship support.

DESCRIPTIONS:

The Center for Arts Education is comprised of an Arts High School and Resource Center Programs. The Arts High School, now in its 4th year of operation, is an 11th and 12th grade interdisciplinary full-time program for 300 artistically motivated students. Students are selected based on a competitive review procedure that is designed to identify students with demonstrated and potential talent and to insure statewide geographic participation. Students receive a comprehensive academic program and then focus on either dance, literary arts, media arts, music, theater or visual arts. Students who live outside the metropolitan area live on the campus of the Center.

The Arts High School was designed and built on solid education research, innovation and proven practice, free of traditional encumbering regulation. It models direct accountability to its clients as well as current restructuring and reform efforts. Parents and students are free at any time to withdraw from the program. As a result, communications with clients are frequent and responsive; management and teacher position responsibilities are structured to meet changing needs, and external evaluations, which include client feedback, are employed with results being analyzed and changes incorporated. Current reform modeling includes the allocation of time to outcomes instead of seat-

time to maximize results, the establishment of working conditions to maximize teachers' performance, the negotiation of a teacher contract that supports/reinforces an expanded professional role, the implementation of authentic student assessment techniques as the centerpiece of instruction, and the delivery of student support and counseling services that truly mirror the students' needs and priorities.

Resource programs are directed at educators and students other than those enrolled in the Arts High School.

- The Minnesota Arts eXperience (MAX) provides summer programming to approximately 1,500 teachers and students in locations throughout the state.
- The Professional Opportunities Program (POP) enables teachers to access professional development funds to improve their professional abilities.
- The Magnet Program adapts the innovations of the Arts High School to one school district in each of the state's 8 congressional districts.
- The Artist-Mentor Program identifies artistically motivated students in geographically remote areas and provides expanded opportunities for them close to home.
- The Dance Education Initiative educates teachers in school districts to integrate dance education outcomes into their classrooms and schools.
- Information services include the annual publication of a summer guide to arts education opportunities statewide; specialized bibliographies in cultural diversity, interdisciplinary education and dance education, and statewide conferences on germane topics, e.g. cultural diversity in 1992 and arts education leadership in 1993. Resource programs also design and offer seminars for educators that disseminate processes and products developed by the Arts High School.

CLIMATE:

The current education climate in Minnesota is one characterized by citizens and education professionals looking for solutions to pressing systemwide problems of performance and accountability. Promising theories abound, but few examples of hands-on experience exist. The Arts High School was designed to serve as a model for promising practices in education and has much experience to share. In addition, the identification and programming for artistically-motivated students has yielded a wealth of information in working with at-risk students, those especially who "drop out" of education because they learn differently or because they are alienated by the system. As a result of the current climate and what is being experienced at the Center, the priorities for F.Y. 1994-95 are:

- Continued growth and development of the innovative Arts High School design in order to provide excellent programming to its enrolled students; and,
- Significant expansion of its access/outreach initiatives which relate to what has been learned in the Arts High School.

1994-95 Biennial Budget

AGENCY: Center for Arts Education
(Continuation)

OUTCOMES/INDICATORS AND OBJECTIVES:

OUTCOME:

The Minnesota Center for Arts Education will provide quality education for artistically motivated high school students without financial, geographic or prior-experience barriers.

Indicator: DEMAND. The number of applicants has continued to increase at approximately 10% per year. The number of students on the waiting list has continued to increase as the number of applicants has increased.

Objective: Demand will continue to grow at 10% in F.Y. 1994 and F.Y. 1995.

Indicator: DEMOGRAPHICS. Geographic distribution has trended toward equal numbers from the 8 congressional districts. In the first 3 years there were more applications from congressional districts 1,2,7 and 8; for the current year there was a trend toward more applications from districts 3,5 and 6. Economically disadvantaged student representation has maintained a 20% level each year. Representation of students of color has averaged 10% since the school opened. Numbers of students with demonstrated and with potential talent have held even from the first year into the 4th year.

Objectives: Geographic distribution of applications will continue to trend toward equal numbers through an increase in applications specifically in congressional district 4. The number of economically disadvantaged students will maintain its current percentage. The number of students of color will increase to 15% by F.Y. 1995. The equal distribution of students with demonstrated and potential talent will continue.

Indicator: ATTRITION. The attrition rate has trended from approximately 20% in the first class to 15% in the second to an estimated 10% in the third class.

Objective: The attrition rate will continue to trend at the 10% level (this is considered to be an acceptable rate due to the residential configuration of the school).

Indicator: POST-SECONDARY PLACEMENT. Sixty-seven percent of the first graduating class chose post-secondary placement in a broad range of schools and conservatories. Eighty-three percent of the second graduating class chose post-secondary placement in schools that generally reflected a greater cross-section of post-secondary institutions, including many considered to be selective.

Objective: The number of students choosing post-secondary placement will increase to 90% by F.Y. 1995. The range of schools will continue to represent placements appropriate to students' abilities and needs.

Indicator: CLIENT SATISFACTION. External survey evaluations in the first 2 years indicated a very high level of satisfaction (above 90% expressing the response, "very pleased") by parents and students with all aspects of the program.

Objective: External evaluations will continue to indicate similar high levels of satisfaction.

OUTCOME:

The Minnesota Center for Arts Education will ensure that quality education services are available for professionals interested in school improvement.

Indicator: DEMAND and IMPACT. Numbers attending MAX programs and other Resource Program seminars have been enrolled at an average 90% of capacity since 1986. Those programs which are poorly attended have not been continued. In addition, clients have been surveyed after each class or seminar to determine satisfaction and to assess "useability" of information. Select follow-up studies have determined impact through teachers' incorporating newly learned skills in classrooms as a result of programs.

Objective: Numbers attending programs and seminars will increase to 95% capacity by F.Y. 1995. Impact will continue to be evident as measured through direct observation.

Indicator/Objective: DEMAND and IMPACT. New outreach and access programs will meet the needs of professional educators and other interested clients motivated to achieve school reform and restructuring. Seminars, classes, individual mentoring, information services and partnership efforts will be attended at capacity and will demonstrate impact in the clients' primary professional setting.

Indicator: DEMAND and IMPACT. The Magnet School programs are in their first year of operation in F.Y. 1993. The numbers of students currently attending will form the baseline. An on-going internal evaluation process is documenting the level to which innovations are being incorporated in the participating schools.

Objective: Client demand will increase by at least 5% in F.Y. 1994 and again in F.Y. 1995. Internal evaluations will monitor impact (the degree to which innovations are being successfully incorporated into the programs).

Indicator: DEMAND and IMPACT. An internally developed evaluation tool has indicated that the Arts in Minnesota summer guide and the newsletter, Artefacts, are utilized for their primary purposes. Information services, such as the bibliographies in cultural diversity resources, dance education and interdisciplinary education, are in their first year of development and a baseline is being established.

Objective: Demand for the Arts in Minnesota and Artefacts will continue at 15,000 copies per issue. Reader surveys will demonstrate that they are being utilized for their primary purposes. Use of other information will grow at approximately 10% in F.Y. 1994 and another 10% in F.Y. 1995.

AGENCY BUDGET PLAN:

The proposed F.Y. 1994-95 budget represents a shift in the specific focus of the Center. Priorities have been reexamined and redirected to be congruent with statewide efforts in restructuring for improved efficiency. This budget request directs the Arts High School and Resource Programs toward outreach and access to meet the client demands of education professionals and secondary students.

1994-95 Biennial Budget

AGENCY: Center for Arts Education
(Continuation)

Outreach programs for professional educators will be directed at reform and restructuring. A range of services from one day seminars to one-on-one teacher mentoring will be offered during the school year and the summer. Specific topics will include assessment, reporting and evaluation, using time more efficiently to achieve results; restructuring of professional responsibilities to focus on student success; the impact of an accountability model on professional roles and contracts, etc.

In order to accomplish this redirection, the agency plan includes the elimination of the leadership development program and miscellaneous project support grants to arts education organizations, the elimination of mileage stipends for commuting metropolitan area students, a reduction of a dance education initiative to 35 % of current funding in F.Y. 1994 to 20% in F.Y. 1995 to a projected zero level in F.Y. 1996, and a staff reorganization to meet planned needs.

The full-time Arts High School program will continue its development as a model site for school reform and restructuring. Access programs for other artistically motivated secondary students will be expanded and developed. The Magnet program will continue its development in 8 school districts throughout the state; the artist-mentor program for students in geographically isolated areas will be broadened to include additional students; guidance services for artistically interested secondary students will be offered statewide and summer courses and seminar opportunities will be continued.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: SCH & MN CTR FOR ARTS EDUC
PROGRAM: CENTER FOR ARTS EDUC
ACTIVITY: CENTER FOR ARTS EDUC

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,379	2,589	2,663	2,672	2,672	2,583	2,672	2,672	2,583
EXPENSES/CONTRACTUAL SRVCS	2,408	1,189	1,112	1,087	1,038	1,038	1,083	1,034	1,034
MISC OPERATING EXPENSES	285	270	234	234	234	234	234	234	234
SUPPLIES/MATERIALS/PARTS	481	207	359	335	335	335	335	335	335
CAPITAL EQUIPMENT	271	30	42	40	40	40	40	40	40
OTHER	17	18	15	15	15	15	15	15	15
SUBTOTAL STATE OPERATIONS	5,841	4,303	4,425	4,383	4,334	4,245	4,379	4,330	4,241
AIDS TO INDIVIDUALS	57	70	58	57	37	37	57	37	37
LOCAL ASSISTANCE	583	844	869	869	824	824	869	824	824
TOTAL EXPENDITURES	6,481	5,217	5,352	5,309	5,195	5,106	5,305	5,191	5,102
GOV'S INITIATIVES:			FUND						
(A) SALARY PLANNING ESTIMATES			GEN			<89>			<89>
TOTAL GOV'S INITIATIVES						<89>			<89>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	6,428	4,983	5,052	5,053	4,939	4,850	5,053	4,939	4,850
STATUTORY APPROPRIATIONS:									
GENERAL	18	19							
SPECIAL REVENUE	12	169	165	151	151	151	147	147	147
FEDERAL			28	23	23	23	23	23	23
AGENCY	23	45	94	70	70	70	70	70	70
GIFTS AND DEPOSITS		1	13	12	12	12	12	12	12
TOTAL FINANCING	6,481	5,217	5,352	5,309	5,195	5,106	5,305	5,191	5,102

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: SCH & MN CTR FOR ARTS EDUC
PROGRAM: CENTER FOR ARTS EDUC
ACTIVITY: CENTER FOR ARTS EDUC

				FY 1994			FY 1995		
			Est.	Current	Agency	Governor	Current	Agency	Governor
ACTIVITY SUMMARY	FY 1991	FY 1992	FY 1993	Spending	Plan	Recomm.	Spending	Plan	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	58.5	58.5	58.5	58.5	58.5	58.5	58.5	58.5	58.5
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	58.5	58.5	58.5	58.5	58.5	58.5	58.5	58.5	58.5

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: SCH & MN CTR FOR ARTS EDUC

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	5,352	5,352	5,052	5,052	272	272	28	28
TECHNICAL ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<54>	<58>	<10>	<10>	<39>	<43>	<5>	<5>
INSURANCE PREMIUM HOLIDAY	11	11	11	11				
SUBTOTAL TECH. ADJ.	<43>	<47>	1	1	<39>	<43>	<5>	<5>
CURRENT SPENDING	5,309	5,305	5,053	5,053	233	229	23	23
AGENCY BASE	5,309	5,305	5,053	5,053	233	229	23	23

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HIGHER EDUCATION SUMMARY

AGENCY: Higher Education

INTRODUCTION

The projected fiscal condition of the state requires that state spending be based upon a system of well defined priorities. Education, both K-12 and higher, is by far one of the highest priorities of this administration. To reflect that, the higher education systems are exempted in the Governor's recommendations from any reductions applied to all state agencies and, though higher education represents a significant share of state spending, the overall higher education current spending base has been increased by \$15.0 million for the biennium.

Entering the next biennium, Minnesota's state grant program faces a significant shortfall in funding. This is a shortfall of funds that goes directly to students and undermines a grant program recognized throughout higher education as one of the best. The Governor's recommendations restructure the higher education funding system to provide more resources directly to students, rather than institutions, and fully funds an enhanced state grant program. Funding, under the Governor's proposal, will also be more targeted according to need and type of program.

THE CHALLENGE

FEDERAL CHANGES

The results of the Federal Higher Education Reauthorization Act, passed by Congress in June 1992, are a significant change in the needs analysis used to determine any given student's level of aid and a reduction in the maximum federal Pell Grant award from \$2,400 to \$2,300. Because of the interrelationship of the federal grant program and Minnesota's grant program, changes at the federal level have a direct impact on the necessary funding level required to fully fund the Minnesota program. The needs analysis change requires an additional \$19.3 million and the maximum Pell Grant change another \$8.3 million in state grant funding.

STUDENT BEHAVIOR CHANGES

Students have also had a significant impact on the demand for additional funding in the program. The 1991 legislature changed the definition of both full-time and half-time students, increasing the full-time definition from 12 credits to 15 credits each quarter and defining half-time as 8 credits per quarter. At the time, it was unknown how the change would affect student behavior in regards to credit load. Current analysis is showing a need for \$16.7 million in additional state grant funding in order to accommodate the behavior change of students who are presumably increasing their credit load in order to access the full amount of aid provided to a full-time student.

GOVERNOR'S PROPOSED CHANGES

In addition to increases due to federal changes and student credit load, there are several other increases proposed by the Governor.

1. A recognition of inflation on tuition cannot be ignored in light of the tuition increases adopted by the higher education systems in the past several years. It would be ill advised to proceed with a state grant funding package that ignores the obvious.
2. The second proposed adjustment is to the Private College Cap. Current law defines the cost of attendance at a private institution, or the Private College Cap, as the "lesser of the actual tuition and fees charged by the institution, or the instructional costs per full-year equivalent student in

comparable public institutions." The Governor proposes freezing the cap for F.Y. 1994 at its current level of \$7663 and increasing the F.Y. 1995 cap to a level equal to the estimated F.Y. 1995 instructional cost per F.Y.E student (not to exceed \$8015) at the University of Minnesota, Morris. The enrollment levels and programmatic offerings at the University of Minnesota, Morris are the most "comparable" to the private institutions of any in the public system. The combined affect of these first 2 proposals is an increase of \$8.6 million to the state grant program for the biennium.

3. The third positive adjustment to the state grant program proposed by the Governor addresses an inadequate Living & Maintenance Expenses allowance (LME). The current LME, at a level of \$4033, fully accommodates the living needs of only 20% of the participating students. This is an inadequate and unacceptable level. An increase to the 25th percentile would increase the LME, in dollar terms, from \$4,033 to \$4,625. Including the state grant cost of increasing the percent of instructional cost covered by tuition, discussed below, the biennial cost of this proposal equals \$60.6 million.
4. The proposed increase of instructional cost covered by tuition will affect all students, including graduate and professional students who are not eligible for aid under the Minnesota State Grant Program. In order to assist these students with the likely increase in tuition, the Governor is proposing a \$10.5 million pool of need-based financial aid for research discipline graduate and professional students attending the University of Minnesota. The University will receive the money as a special and will be given the flexibility to utilize the dollars for this purpose as best suits the needs of U of M graduate and professional students.
5. The Governor's proposal also addresses the need for additional penetration into the middle class of the state grant program. Though the new needs analysis developed by the federal government addresses in part this issue by eliminating home equity from consideration as a resource, the expected contribution for parents of dependent students allows for only limited access to the grant program by the average middle income student. By reducing to 90% the current expected contribution, the average middle income student will achieve greater access to the state grant program at a state cost of \$11.4 million over the biennium.
6. Finally, the Governor's higher education funding package establishes an Education and Training Account program. A recent (November 1992) study funded by the Lilly foundation and presented by the Minnesota Private College Research Foundation found that more than 56% of all Minnesota parents with dependent students enrolled in college have NOT saved or invested in preparation for their child's college education. Furthermore, the study found that college participation in the private colleges, the University of Minnesota, and the State Universities is "dominated by middle and upper income families. Students from families with incomes of less than \$30,000 are consistently underrepresented in all three systems relative to their proportion of all families." In order to address the problems of lack of attendance and lack of savings, the Governor has established an Education & Training Account program, funded at a level of \$25.0 million. This program is described in detail in the Department of Education & Children's Services section of this document.

COMBINED FISCAL EFFECT

The combined fiscal effect of these changes requires a biennial increase in the state grant program of \$124.8 million; \$88.8 million for public college students and \$36.0 million for private 4 and 2 year students. Another \$25.0 million to fund the Education and Training Account program and \$10.5 million for graduate/professional financial aid at the University of Minnesota require a total biennial reallocation of \$160.3 million in higher education.

AGENCY: Higher Education
(Continuation)

ADDRESSING THE CHALLENGE WITHIN BUDGET CONSTRAINTS

Three funding changes contribute to the necessary \$160.3 million presented in the above section:

- 1) increasing the percentage of instructional cost covered by tuition from the current 33% to 43% in F.Y. 1994 and 45% in F.Y. 1995 for the University of Minnesota, State University System, and Community College System and from the current 27% to 34% in F.Y. 1994 and 36% in F.Y. 1995 for the Technical College System;
- 2) eliminating a portion of the state subsidies for extension and short courses;
- 3) eliminating state subsidies for practitioner oriented graduate programs.

The increase in percent of instructional cost covered by tuition will free up ~~\$97.8~~ \$92.4 million for the biennium, of which all will return to public college students in the form of increased state grants and graduate/professional need-based financial aid. Despite tuition increases resulting from this proposal, an average family with an income under \$45,000 should experience a net decrease in higher education costs because of enhancements in the state grant program.

The elimination of most state subsidies for extension and short courses will have the affect of forcing most of these programs to be self-supporting. The Technical College System currently receives a special state appropriation of \$39.8 million for the biennium for the purpose of offering extension type courses. The state does not subsidize extension/continuing education courses in any of the other public higher education systems. All programs are self-supporting. The priorities of this administration regarding state subsidies to higher education must address first the needs of *degree pursuing* students. Most extension courses provide a variety of professional, technical, skill, personal, etc. enhancement opportunities best covered by the tuition or fees paid by those participating. This plan would reallocate \$33.0 million of this appropriation: \$6.0 million to cover increased state grant needs of public college students, \$2.0 million to cover increased state grant needs of private two-year college students, and \$25.0 million to cover the cost of the Education & Training Account program. The remaining \$6.8 million of special appropriation to the Technical College System will fund priority program needs for emergency medical technician, firefighter, and home health care programs.

The final piece of the reallocation plan involves the elimination of state subsidies for practitioner oriented graduate programs. Examples of types of programs included under this definition are Master of Business Administration, Master of Education, and Master of Public Affairs. The state's priority for subsidizing graduate students must focus first on research rather than on those programs established and designed for those individuals already in the workplace coming back to enhance their own professional skills and abilities. The elimination of this subsidy creates a \$33.9 million source of state funding that can be redirected to meet the needs of increased state grant awards to private college students.

ADDITIONAL FUNDING

In addition to the reallocation of funds within higher education to meet the needs of the state grant program, the Governor is proposing several other initiatives to be funded in higher education.

Based on information received from Minnesota post-secondary institutions, the demand for non-AFDC Child Care Grant money far exceeds available funding. In an attempt to address some of this need, the Governor recommends an increase of \$500,000 per year—\$70,000 in new General Fund money and \$430,000 in reallocated Child Care Innovation Grant money. This change emphasizes 2 priorities of this administration—children and getting the money directly to the individuals, rather than the institutions.

Gender equity in collegiate athletics has long been a problem for the higher education institutions. To assist the University of Minnesota and the State University System, both heavily involved in men's and women's athletics, the Governor recommends that the sales tax collected on athletic ticket sales, estimated at the U of M to be \$400,000 per year and at the State U's, \$40,000 per year, be redirected back to these systems in like amounts as specials for gender equity.

As the demand for geographic access to post-secondary education has increased in Minnesota, institutions and systems have turned increasingly to new telecommunications technologies. Recognizing this need, the Governor's proposal includes an additional \$572,000 in new money in F.Y. 1994 for the development of a statewide network connecting regional clusters of instructional video activity. Another \$70,000 will be reallocated within existing funds to bring the total funding for this initiative to \$642,000.

The recommended Youth Apprenticeship Program, housed in the new Department of Children & Education Services and discussed in a separate section of this document, should play a significant role in setting the direction for training of apprenticeship program instructors. The University of Minnesota and the Minnesota State University System each expend approximately \$1.0 million per year in training secondary vocational teachers. The Governor recommends a reallocation of \$75,000 per year from both systems to the Department of Children and Education Services for apprenticeship instructor training and development. The DCES will purchase these services from providers meeting standards appropriate for apprenticeship instructors.

HIGHER EDUCATION / FISCAL YEARS 1994-95

Current Spending and Governor's Recommendations (General Fund Only)

<u>SYSTEM</u>	<u>CURRENT SPENDING</u>	<u>GOVERNOR'S RECOMMENDATION</u>
TOTAL	\$1,016,119 1,916,619	\$1,032,662 1,939,884
Governor's Recommended Increase		\$16,543 23,265
HECB/DCES	\$190,308	\$317,728
UM	871,060	843,297
HEB	880	1,927
CCS	187,948 191,444	178,054 180,796
SUS	345,608	303,630
TCS	218,403 318,407	261,409 271,189
MAYO	1,912	1,617
E&T ACCOUNTS	-0-	25,000

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Revised 2-10-93
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AGENCY: Higher Education
(Continuation)

ADDRESSING THE CHALLENGE WITHIN BUDGET CONSTRAINTS

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- 3) eliminating state subsidies for practitioner oriented graduate programs.

The increase in percent of instructional cost covered by tuition will free up \$97.8 million for the biennium, of which all will return to public college students in the form of increased state grants and graduate/professional need-based financial aid. Despite tuition increases resulting from this proposal, an average family with an income under \$45,000 should experience a net decrease in higher education costs because of enhancements in the state grant program.

The elimination of most state subsidies for extension and short courses will have the affect of forcing most of these programs to be self-supporting. The Technical College System currently receives a special state appropriation of \$39.8 million for the biennium for the purpose of offering extension type courses. The state does not subsidize extension/continuing education courses in any of the other public higher education systems. All programs are self-supporting. The priorities of this administration regarding state subsidies to higher education must address first the needs of *degree pursuing* students. Most extension courses provide a variety of professional, technical, skill, personal, etc. enhancement opportunities best covered by the tuition or fees paid by those participating. This plan would reallocate \$33.0 million of this appropriation: \$6.0 million to cover increased state grant needs of public college students, \$2.0 million to cover increased state grant needs of private two-year college students, and \$25.0 million to cover the cost of the Education & Training Account program. The remaining \$6.8 million of special appropriation to the Technical College System will fund priority program needs for emergency medical technician, firefighter, and home health care programs.

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ADDITIONAL FUNDING

In addition to the reallocation of funds within higher education to meet the needs of the state grant program, the Governor is proposing several other initiatives to be funded in higher education.

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HIGHER EDUCATION / FISCAL YEARS 1994-95

Current Spending and Governor's Recommendations (General Fund Only)

<u>SYSTEM</u>	<u>CURRENT SPENDING</u>		<u>GOVERNOR'S RECOMMENDATION</u>	
TOTAL	\$1,014,367	1,916,119	\$1,929,027	1,932,662
Governor's Recommended Increase			\$14,660	16,543
HECIB/DCES	\$187,308	190,308	\$242,428	317,728
UM	871,060		843,297	
HEB	880		1,927	
CCS	187,948		178,054	
SUS	345,608		303,630	
TCS	219,651	318,403	262,074	261,409
MAYO	1,912		1,617	
E&T ACCOUNTS	-0-		25,000	

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HIGHER EDUCATION COORDINATING BOARD

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1994-95 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: HIGHER EDUCATION COORDINATING BOARD

PROGRAM

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STUDENT FINANCIAL AID

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State Grants
Interstate Tuition Reciprocity
State Work Study
Other Loan Programs
Student Assistance Administration

STATE STUDENT LOAN

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Stafford Loan
State Supplemental Loan

PLANNING AND COORDINATION

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MINITEX Library
Mission & Quality
Policy and Program Planning

AGENCY ADMINISTRATION

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Agency Management
Administrative Services

Higher Education Coordinating Board

Position and Employee Status Information

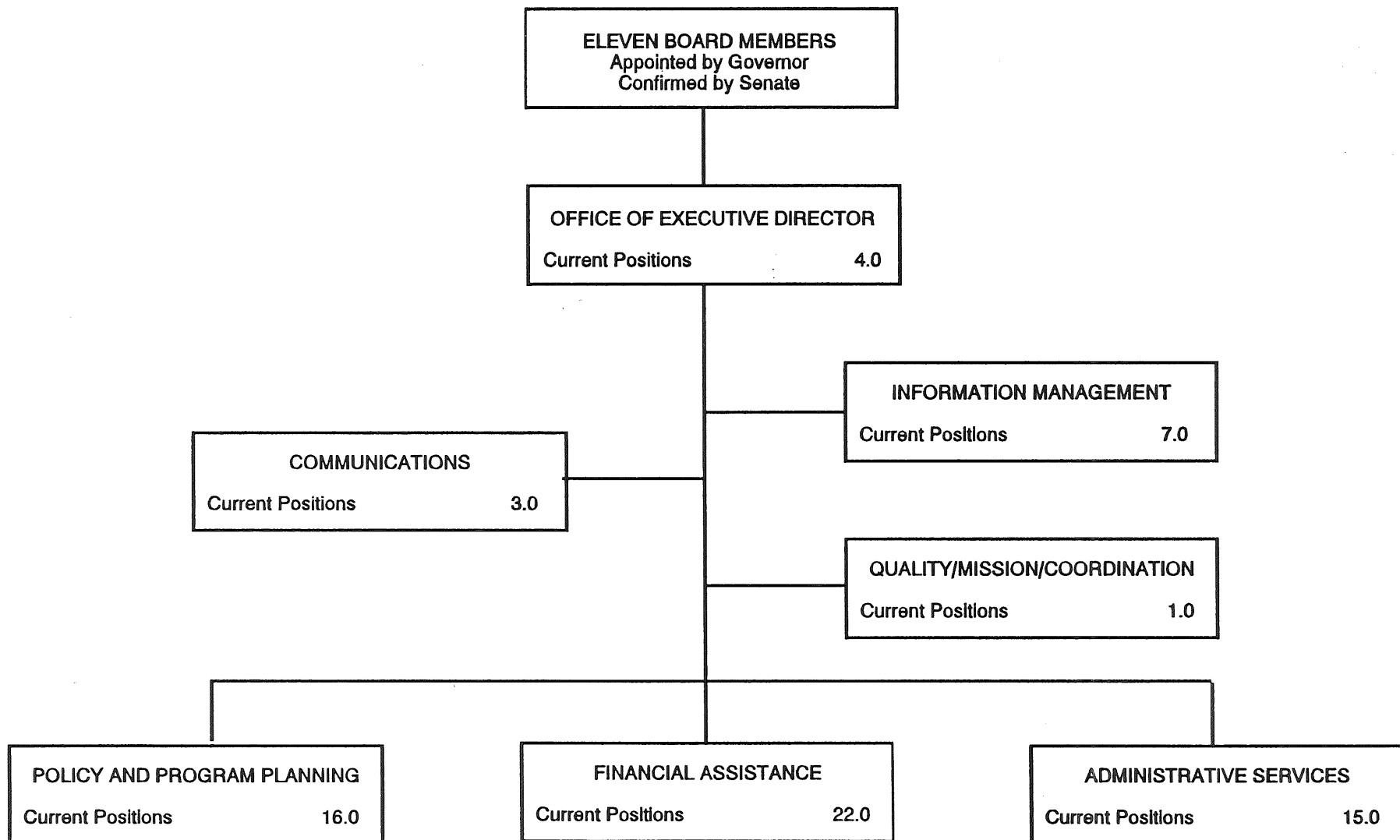
Position Reconciliation:

<u>Authority</u>	<u>Current</u> <u>F.Y. 1993</u>	<u>Requested</u> <u>for 6/30/95</u>
Budgetary Authorized:		
General Fund	41.2	41.0
Federal	.8	.8
Special Revenue	.2	.4
Bond Fund	25.4	25.4
Total Permanent Positions	<u>67.6</u>	<u>67.6</u>
Other Complement (FTE)	5.0	4.0
TOTAL Positions	<u>72.6</u>	<u>71.6</u>
Employees on 6/30/92	66.0	

Employees by Employment Status:

	<u>6/30/92</u>
Full-Time Unlimited	62.0
Part-Time Unlimited	3.0
Part-Time Temporary	<u>1.0</u>
TOTAL	<u>66.0</u>

HIGHER EDUCATION COORDINATING BOARD ORGANIZATION CHART 11/1/92



**1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Higher Education Coordinating Board

Fund: General

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$3,317	\$3,317	\$6,634
Forecast Adjustments	<u>(30)</u>	<u>(30)</u>	<u>(60)</u>
AGENCY BASE	\$3,287	\$3,287	\$6,574
Inflation Cost Increases	61	145	206
Agency Management Decisions			
Agency Operations:			
Eliminate PSPP Consultant Contract	\$(130)	\$(130)	\$(260)
Reduce the use of Part-Time			
Employment	(32)	(32)	(64)
Paperless Application for			
Tuition Reciprocity	(5)	(5)	(10)
Decentralize State Grant Delivery-			
Reduce Postage Costs:	(6)	(6)	(12)
Hold Positions Vacant	-0-	(84)	(84)
Across the Board Reductions:			
Meeting Expenses	(6)	(6)	(12)
Travel	(13)	(13)	(26)
Telephone and Postage	(4)	(4)	(8)
Consultants	(10)	(10)	(20)
MMEP Contract	(2.5)	(2.5)	(5)
Computer Hardware Maintenance	(3.5)	(3.5)	(7)
Private for Profit School Licensing (Fund 20)	[24]	[24]	[48]
Grants:			
Child Care Innovation	\$(10)	\$(10)	\$(20)
Distance Learning	<u>(5)</u>	<u>(5)</u>	<u>(10)</u>
Subtotal	<u>\$(227)</u>	<u>\$(311)</u>	<u>\$(538)</u>
TOTAL AGENCY PLAN	\$3,121	\$3,121	\$6,242
Governor's Initiatives			
Transfer to Department of Children			
and Education Services/Higher Education			
Services Division	<u>\$(3,121)</u>	<u>\$(3,121)</u>	<u>\$(6,242)</u>
GOVERNOR'S RECOMMENDATION	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Brief Explanation of Agency's Overall Actions:

The Board proposes to meet the Agency Management Challenge through several efficiencies and reallocations. The Board proposes to eliminate the consultant portion of the Post-High School Planning Program; remaining funds will be used to strengthen the quality of service to students and parents who need assistance in post-high school planning. The current consultant contract supports an assessment for college admission, a student background survey, and data base management services.

The Board proposes to eliminate the Child Care Innovation Grant funding and transfer those funds to the Child Care Grant Funding.

The Board proposes to eliminate the Distance Learning Grants and use those savings in an initiative for a statewide telecommunications network.

Additional savings will occur through a variety of measures, such as reducing the use of part-time employment and other consultant costs, enhancing computer hardware, and expanding use of the State Grant decentralized delivery system.

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	
2. Impact on Staffing:			
Positions left Vacant	1.0 FTE	2.5 FTE	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
3. Impact on Revenue Generation:	\$(24)	\$(24)	\$(48)
Fees for Private for Profit Career School Registration, currently deposited in the General Fund will now be deposited in a Special Revenue Fund within HECB.			
4. Affected Statutes:			
None.			
5. Governor's Recommendation:			

The Governor concurs with the agency's plan and recommends the transfer of all HECB funding, responsibilities, programs and activities to the Higher Education Services Division of the Department of Children and Education Services. General fund transfers include \$3.1 million per year for administrative purposes and \$90.3 million per year for student financial aid programs. Transfers from other HECB funds total \$63.8 million in F.Y. 1994 and \$63.9 million in F.Y. 1995.

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD

ITEM DESCRIPTION:	FUND	EXPENDITURES			REVENUES		
		FY 1994	FY 1995	BIENNIUM	FY 1994	FY 1995	BIENNIUM
(A) TRANSFER TO CHILDREN & EDUCATION SVCS	GEN	<93,458>	<93,458>	<186,916>			
	HCA	<232>	<321>	<553>			
	SR	<128>	<130>	<258>			
	FED	<2,671>	<2,671>	<5,342>			
	AGN	<2,719>	<2,719>	<5,438>			
	HEC	<58,035>	<58,035>	<116,070>			
TOTAL BY FUND	GEN	<93,458>	<93,458>	<186,916>			
	HCA	<232>	<321>	<553>			
	SR	<128>	<130>	<258>			
	FED	<2,671>	<2,671>	<5,342>			
	AGN	<2,719>	<2,719>	<5,438>			
	HEC	<58,035>	<58,035>	<116,070>			
TOTAL INVESTMENT INITIATIVES		<157,243>	<157,334>	<314,577>			

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1994-95 Biennial Budget

AGENCY: Higher Education Coordinating Board

MISSION STATEMENT:

The primary mission of the Higher Education Coordinating Board is to provide leadership to:

- facilitate meeting the needs of Minnesota residents for post-secondary education effectively and efficiently;
- represent the state's interest in post-secondary education; and
- foster improved performance in meeting the state's responsibility for education beyond the secondary school level.

The primary goal of the Coordinating Board is to be a catalyst in promoting access, quality, and efficiency statewide for students, the public, and private post-secondary education providers, and decision makers with whom the Board shares responsibility for the well-being of post-secondary education.

The Board accomplishes this by fostering cooperation and coordination among public and private post-secondary education providers and by providing a continued independent statewide and long range planning perspective to post-secondary education in Minnesota.

Primary functions through which the Board fulfills its purposes and responsibilities are:

- coordination of post-secondary systems and institutions with particular emphasis on assuring that the total post-secondary system responds to the needs of students and communities without unwarranted duplication of effort;
- planning, which includes assessments of the status and performance of post-secondary education, adoption of realistic and responsive goals and objectives, projection of educational needs and student enrollments, and analysis of alternative methods for meeting the post-secondary needs;
- formulation and advocacy of state policies that reflect the state's responsibility for post-secondary education and provide a realistic perspective to guide the actions of the governor, the legislature, and the institutional governing boards;
- management of state and federal programs that are statewide in nature or contribute to better coordination and planning in post-secondary education.

MINNESOTA MILESTONES:

The work of the Coordinating Board supports the Minnesota Milestone theme that "Minnesota will have the advanced education and training to make the state a leader in the global economy." The Board also supports the theme that government in Minnesota will be more efficient and respond to its customers.

The Board develops and advocates policies to ensure that the price of higher education remains within the reach of students and their families. In promoting access to higher education, the Board advocates policies that result in increased enrollment and success of students from various racial and ethnic backgrounds.

Through its recommendations for state policy and coordination activities, the Board is working toward a streamlined, or restructured, higher education system that will be responsive by providing diverse levels of advanced education and training designed to meet the needs of students and employers in all regions of the state.

The Board is communicating the importance of fulfilling standards and expectations through its projects to inform students and parents about the academic and financial preparation. The Board is coordinating the development of a system for tracking placement of graduates.

As a result of its enhanced data collection and research capacity, the Board can monitor progress in achieving the learning milestone goals. The Board maintains data on enrollment, transfer of credit, persistence, graduation, and placement of graduates.

CLIMATE:

Several factors affect agency policy strategies and development of budget proposals.

- Changing Nature of Access—The Board's budget recommendations take into account the changing nature of access in higher education. This includes financial access to help ensure equal educational opportunity for the needy as well as concerns about the failure of existing financial aid programs to reach far enough into the middle class; geographic access, which addresses the appropriate match between the location of existing institutions and projected student populations; logistical access that is sensitive to the needs of nontraditional students; psychological access that provides a sense of belonging to potential students; and cultural access that provides a sense of belonging to potential students; and cultural access that is sensitive to race or ethnic background.
- Use of Telecommunications—The Board's budget proposal recognizes the need to integrate telecommunications and other instructional technologies into the process of delivering programs. Increased use of instructional technologies can help enhance access to post-secondary education and contribute to more efficient use of resources.
- Focus on Improved Customer Service—A key assumption is that higher education must be more responsive to the needs of its customers, in particular non-traditional students who may have fewer options than the traditional 18 to 22-year old students. The Board endorses the principles of Total Quality Management both in its own operations and for all higher education.
- Minority Access and Success—Higher education must continue and extend commitments to enrolling and graduating more students of color and to improving the campus climate for cultural diversity. The Coordinating Board will continue to support this principle in its own programs, policy recommendations, and coordinating activities.

1994-95 Biennial Budget

AGENCY: Higher Education Coordinating Board (Continuation)

- Strengthened Mathematics and Science Education--As part of a statewide science and technology strategy, post-secondary education needs to develop programs and partnerships with elementary and secondary education and industry to improve mathematics and science education for all students, and to raise the number of students choosing science, technology, and mathematics majors and occupations.
- Combating Racism and Bigotry--Higher education must strengthen efforts to respond to the escalation of hate crimes, racial tensions, sexual harassment and violence, and other forms of bigotry on campus. The Coordinating Board has been assigned a key role in coordinating these efforts.
- School to Workforce Transitions--Higher education must increase and improve its efforts to facilitate transitions from high schools to colleges and the workforce with particular emphasis on high school graduates who may not move immediately into college.

AGENCY BUDGET PLAN:

The agency budget plan builds on a policy framework of eight goals adopted by the Board.

- HECB will be the primary, central source of information and commentary on higher education problems and policy issues.
- HECB will identify proactively and analyze emerging policy issues and serve as a catalyst to initiate change through the development of creative, forward looking solutions.
- HECB will emphasize the need to continuously improve the quality of educational services.
- HECB will maintain its long-standing commitment to ensure that all residents, regardless of their economic situations, have an equal opportunity to choose the post-secondary education that can best meet their educational needs.
- HECB will emphasize the benefits of diversity and promote policies to achieve that diversity.
- HECB will identify and advocate strategies to enhance the efficiency of higher education.
- HECB will engage the systems and institutions in program planning and implement strategies to promote sound management of programs.
- HECB will facilitate increased involvement of students in higher education policy discussions and decisions.

The agency budget plan has 2 major themes. First, it is designed to maintain and enhance access to post-secondary education for students and families, regardless of their economic circumstances.

Second, the budget plan is designed to promote efficiency and effectiveness both in the agency's operation and in the total system of post-secondary education.

The Board is requesting a biennial appropriation of \$214 million in the State Grant Program, an increase of \$63.8 million over the current biennium. Several factors affect the need for increased funding. They include changes in the national analysis used to determine student and family financial need, changes in the federal Pell Grant Program, a change in the definition of full-time student, a need to continue to improve the living and miscellaneous expense allowance, and effects of the economic recession. Other factors are likely increases in tuition and fees, and a change in the enrollment mix. The Board also is proposing an increase of \$500,000 per year in the Child Care Grant Program, because need for these funds greatly exceeds the available funding, of which \$430,000 per year is from an internal reallocation.

In accordance with directions for development of the budget, the Board has prepared a plan that would reduce the agency administrative budget base by \$166,000 in the 1994-95 biennium. This would result from efficiencies and reallocations in the agency budget. The Board is implementing the principles Total Quality Management (TQM), a management approach that is designed to improve quality while controlling costs. TQM focuses on meeting the requirements and needs of customers through continuous improvement of an organization's processes, products, and services. The Board budget plan also anticipates savings through the reduction of consultant costs, enhanced use of technology, and further decentralization of delivery of the State Grant Program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan and recommends the transfer of all HECB funding, responsibilities, programs and activities to the Higher Education Services Division of the Department of Children and Education Services. General fund transfers include \$3.1 million per year for administrative purposes and \$90.3 million per year for student financial aid programs. Transfers from other HECB funds total \$63.8 million in F.Y. 1994 and \$63.9 million in F.Y. 1995.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD

PROGRAM RESOURCE ALLOCATION:				FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
STUDNT FINANCIAL AID	89,903	97,116	93,278	93,511	93,533		93,511	93,674	
STATE STUDNT LOAN	43,731	44,389	49,248	49,248	49,248		49,248	49,248	
PLANNING & COORDINTN	5,445	5,812	6,433	6,440	6,210		6,440	6,160	
AGENCY ADMINISTRATION	3,163	5,109	8,440	8,190	8,252		8,190	8,252	
TOTAL EXPENDITURES BY PROGRAM	142,242	152,426	157,399	157,389	157,243		157,389	157,334	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	90,513	97,641	93,664	93,654	93,458		93,654	93,458	
HEALTH CARE ACCESS			189	189	232		189	321	
STATUTORY APPROPRIATIONS:									
GENERAL	651								
SPECIAL REVENUE	81	93	121	121	128		121	130	
FEDERAL	1,884	2,190	2,671	2,671	2,671		2,671	2,671	
AGENCY	2,453	2,767	2,719	2,719	2,719		2,719	2,719	
HECC LOAN	46,660	49,735	58,035	58,035	58,035		58,035	58,035	
TOTAL FINANCING	142,242	152,426	157,399	157,389	157,243		157,389	157,334	
POSITIONS BY FUND:									
GENERAL	44.3	43.3	41.2	41.2	41.2		41.2	41.2	
SPECIAL REVENUE			.2	.2	.2		.2	.2	
FEDERAL	.5	.5	.8	.8	.8		.8	.8	
HECC LOAN	27.3	25.8	25.4	25.4	25.4		25.4	25.4	
TOTAL POSITIONS	72.1	69.6	67.6	67.6	67.6		67.6	67.6	

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: HIGHER ED COORD BD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	157,399	157,399	93,664	93,664	61,064	61,064	2,671	2,671
TECHNICAL ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<28>	<28>	<28>	<28>				
INSURANCE PREMIUM HOLIDAY	13	13	13	13				
PLANT MANAGEMENT REBATES	5	5	5	5				
SUBTOTAL TECH. ADJ.	<10>	<10>	<10>	<10>				
CURRENT SPENDING	157,389	157,389	93,654	93,654	61,064	61,064	2,671	2,671
FORECAST ADJUSTMENTS								
ANNUALIZING NEW PROG COSTS	13	102	<30>	<30>	43	132		
DED STAT APPROP SPENDING	7	9			7	9		
SUBTOTAL FORECAST ADJ.	20	111	<30>	<30>	50	141		
AGENCY BASE	157,409	157,500	93,624	93,624	61,114	61,205	2,671	2,671

1994-95 Biennial Budget

PROGRAM: Student Financial Aid
AGENCY: Higher Education Coordinating Board

PROGRAM PURPOSE:

Student financial aid programs exist to remove economic barriers to the pursuit of post-secondary education for Minnesota residents.

The Board believes that the funding recommendation for financial aid should be considered in the context of the state's overall funding policy for post-secondary education which includes average cost funding and tuition revenue related to instructional cost. The state's financial aid policy, Shared Responsibility, is intended to help ensure equal educational opportunity for all Minnesota residents to attend the institution of their choice, regardless of their economic status.

The primary foundation program is the State Grant Program. It is supplemented by the State Work Study Program and several other targeted campus based programs.

These financial aid programs contribute directly to the Minnesota Milestone theme: Learning. Within this theme, the Board administers financial aid programs that assist in the achievement of the goal that "Minnesotans will have the advanced education and training to make the state leader in the global economy." The indicators pertinent to HECB's role in the achievement of this goal are:

1. percentage of high school graduates who are pursuing advanced training, apprenticeship or higher education 1 year after high school; [Indicator #40]
2. cost of college tuition; [Indicator #39] and
3. college graduation rate of various systems. [Indicator #38]

PROSPECTS:

Several factors will affect funding for student financial aid in the 1994-95 biennium.

- *Changes in Need Analysis* - Amendments to the federal Higher Education Act in summer 1992 revised the national need analysis and created a new Federal Need Analysis. Changes are effective for the F.Y. 1994. Changes will directly and indirectly affect the amount of need demonstrated by students and consequently the need for program funding.
- *Federal Pell Grants* - Changes in the need analysis, award calculation, and maximum Pell Grant will affect the need for state grant funding because state policy coordinates federal and state financial aid benefits.
- *Living and Miscellaneous Expense Allowance* - The 1991 Legislature increased the allowance from \$3,465 in F.Y. 1991 to \$3,750 in F.Y. 1992 and \$4,033 in F.Y. 1993. The \$4,033 represents the 20th percentile based on 1985 Board survey in which 84% of the State Grant applicants reported spending more than the state allowance. The Board's 1992-93 biennial budget request had proposed going to the 25th percentile up from the 16th percentile in F.Y. 1991.

Despite recent improvements, the current expense allowance has not kept up with inflation and remains frugal.

- *Student Share* - The student share of the price of attendance was set at 50% in 1983 and is considered a rigorous but reasonable amount. As the price of attendance has increased over the past decade, so has the student share.
- *Change in Definition of Full-Time* - The 1991 Legislature changed the definition of full time to 15 or more credits per academic term rather than 12 or more credits per term, effective 7-1-92. The 1992 Legislature stated its intent that the Board make full grant awards in F.Y. 1993; however, if the appropriation is insufficient to make full State Grant awards, the Commissioner of Finance is to transfer up to \$4 million from system appropriations to the State Grant Program; if necessary, the Board is to seek a deficiency appropriation in from the 1993 Legislature. Significant changes in credit loads will affect State Grant needs, and the Board is monitoring developments in fall 1992.
- *Impact of Recession on Family Incomes* - Change or deterioration in family incomes may result in greater need expressed by financial aid applicants.
- *Other Factors* - Several other factors will affect the need for financial aid funding. These include changes in the number of applicants and the enrollment mix, changes in tuition and fees, and the merger of the State Grant and Part-Time Grant Programs in F.Y. 1994.

OUTCOMES:

Student financial aid programs have helped Minnesota residents attend post-secondary institutions by providing program funds to students demonstrating financial need. Such assistance helps to remove economic barriers that would prevent such individuals in pursuing post-secondary education at an institution that best meets their individual needs and career aspirations.

The state legislative change in the definition of "full-time" to 15 credits and the changes in the federal Higher Education Act will affect post-secondary attendance, and the choices students make about pursuing higher education after high school. Collecting data on numbers of students applying and receiving assistance under the various aid programs and comparing the use of program funds historically, and the number of award recipients receiving awards for full-time attendance versus less than full-time attendance (15 credits = full-time) will help measure program effectiveness and the success of the performance indicators mentioned earlier, because we will be able to see if these changes caused a change in student behavior. While some historical data are available, other data needs to be collected to focus more specifically on achievement of the 3 milestones performance indicators mentioned above.

OBJECTIVES:

For the 1994-95 biennium, the objectives for student financial aid are:

- to increase access to educational opportunities for Minnesota citizens by continuing to attempt to equalize financial accessibility, regardless of the student's ability to pay;
- to ensure that higher education tuition (less student financial aid) as a percentage of available family income does not increase significantly particularly for needy students;

1994-95 Biennial Budget

PROGRAM: Student Financial Aid
AGENCY: Higher Education Coordinating Board
(Continuation)

- to increase the percentage of students completing their post-secondary education in 5 years or less.

PROGRAM PLAN:

To help ensure that all residents have an opportunity to pursue post-secondary education if they choose, regardless of economic factors, the Board recommended an increase in the State Grant Program. This increase was caused by changes in the need analysis in the Federal Pell Grant Program, a proposed increase in the Living and Miscellaneous Expense Allowance, possible changes in the Student's Share, effects of the changes in the definition of full-time student, impact of the recession on family income, and other factors, including enrollment change and tuition and fee increases.

In an attempt to provide high quality and timely services to Minnesota residents participating in financial aid programs, the agency has implemented the principles of Total Quality Management through the agency and will continue to automate processing procedures to enhance program efficiency.

The Board will continue to encourage the use of the decentralized delivery of State Grant awards to students. Under this delivery method, the institution, rather than the agency calculates individual student awards. Currently, 45 institutions use decentralized delivery for State Grants, up from 18 - 2 years ago. The other financial aid programs use campus-based delivery systems to award program monies to students (institutions receive program allocations according to varying formulas, and in turn calculate individual student awards). Such delivery systems will ensure the most efficient and effective method of program operation while providing better service to students.

In addition to the State Grant Program, other financial aid programs included in this program are: Child Care Grants; Dislocated Rural Workers Grants; Pre-Nursing Grants; Safety Officers Survivors; Interstate Tuition Reciprocity; Work Study; Graduated Repayment Income Protection Program; the Rural Physician, Midlevel Practitioner, and Nursing in Nursing Home Loan Repayment Programs; the RN and LPN Nursing Grants; the Federal Paul Douglas Teacher Scholarship Program.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: STUDNT FINANCIAL AID

ACTIVITY RESOURCE ALLOCATION:				FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
STATE GRANTS	76,825	81,924	79,481	79,481	79,628		79,481	79,630	
INTERSTATE TUITION RECIPROCITY	5,676	6,975	4,701	5,050	5,050		5,050	5,050	
STATE WORK STUDY	5,403	5,750	5,988	5,869	5,869		5,869	5,869	
OTHER LOAN PROGRAMS	1,093	1,437	2,039	2,039	2,082		2,039	2,221	
STUDENT ASSIST ADMIN	906	1,030	1,069	1,072	904		1,072	904	
TOTAL EXPENDITURES BY ACTIVITY	89,903	97,116	93,278	93,511	93,533		93,511	93,674	
GOV'S INITIATIVES:			FUND						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<89,715>			<89,715>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			HCA			<182>			<321>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<62>			<64>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<1,674>			<1,674>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			HEC			<1,900>			<1,900>
TOTAL GOV'S INITIATIVES						<93,533>			<93,674>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	86,709	94,106	89,510	89,743	89,715		89,743	89,715	
HEALTH CARE ACCESS			139	139	182		139	321	
STATUTORY APPROPRIATIONS:									
GENERAL	651								
SPECIAL REVENUE	25	14	55	55	62		55	64	
FEDERAL	1,425	1,559	1,674	1,674	1,674		1,674	1,674	
HECC LOAN	1,093	1,437	1,900	1,900	1,900		1,900	1,900	
TOTAL FINANCING	89,903	97,116	93,278	93,511	93,533		93,511	93,674	
POSITIONS BY FUND:									
GENERAL	9.8	9.8	8.7	8.7	8.7		8.7	8.7	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: STUDNT FINANCIAL AID

				FY 1994			FY 1995		
			Est.	Current	Agency	Governor	Current	Agency	Governor
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Spending	Plan	Recomm.	Spending	Plan	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	9.8	9.8	8.7	8.7	8.7		8.7	8.7	

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1994-95 Biennial Budget

BUDGET ACTIVITY: State Grant
PROGRAM: Student Financial Aid
AGENCY: Higher Education Coordinating Board

ACTIVITY DESCRIPTION:

The State Grant Activity provides financial aid for Minnesota residents attending Minnesota post-secondary institutions in several categories.

1. State Grant Program - M.S. 136A.121

The program provides financial assistance to Minnesota undergraduate post-secondary students who demonstrate financial need to obtain an education from a Minnesota institution of their choice.

Participation in this program is available to post-secondary students who attend institutions approved by the Board, meet eligibility requirements set by the legislature, and demonstrate financial need.

The following students are eligible to participate in the State Grant Program:

- Enrolled for at least 6 credits per term, in July 1993, this minimum will be reduced to 3 credits, in a program or course of study that applies to a degree, diploma, or certificate
- U.S. citizen or permanent resident of the United States
- Enrolled in an institution approved by the Board
- Seventeen years of age or older or possess a high school degree or GED
- Maintaining satisfactory progress as defined by the school and approved by the Board during the academic period covered by the award
- Graduated from a Minnesota high school, or obtained a Minnesota GED, or dependent applicant's parents resided in Minnesota when application was completed, or independent student resided in Minnesota for 12 months for purposes other than education

The following students are not eligible to participate in the State Grant Program:

- Graduate/professional students
- Students who have obtained a baccalaureate degree
- Students who have attended college for the equivalent of 4 full-time academic years
- Students who defaulted on a student loan
- Students who are more than 30 days in arrears for child support payment owed a public child enforcement agency, unless a repayment plan for the past due amount is being complied with
- Student who owe HECB for a State Grant overpayment

The State Grant award is based on a concept called Shared Responsibility, which assigns specific responsibilities for paying attendance costs to students, parents, and the government.

The price of attendance consists of tuition and fees plus an allowance established by the Board for room and board, books, supplies and miscellaneous expenses. For students attending certain private institutions, a cap is placed on the actual tuition and fees charged by the schools. The caps are tied to the state's cost of instruction at comparable public institutions, which is used in appropriating

funds to public institutions. The price of attendance for a full-time State Grant is based on 15 credits per term and is reduced if the student enrolls for fewer credits.

Students are required to contribute 50% of the price of attendance from savings, earnings, loans, or other assistance from institutional or private sources. This 50% of the price of attendance is called the Student Share. The remaining 50% of the price of attendance is the responsibility of parents if the student is dependent; parents are expected to meet this obligation to the extent they are financially able. If the student is independent, this portion is the responsibility of the student to the extent he or she is financially able. Because families' financial resources vary significantly, both federal and state governments have established programs to assist those parents and students who cannot contribute the full 50% of the remaining price of attendance. The State Grant program funds the portion of the remaining 50% price of attendance that is not covered by a parent or student contribution or the Federal Pell Grant program, with the minimum State Grant set at \$100.

If the program is not fully funded, available funds are rationed by the Board by (1) placing a surcharge on the parental contribution; (2) increasing the Student Share; (3) a combination of (1) and (2).

The state's Part-Time Grant program for students enrolled less than half time was eliminated as a separate program and merged into the State Grant program by the 1991 Legislature, effective F.Y. 1994.

2. Non-AFDC Child Care Grant Program - M.S. 136A.125

The program provides financial assistance to students who have children 12 and under (14 and under if handicapped), do not receive Aid to Families with Dependent Children, and who need child care assistance in order to attend a eligible Minnesota post-secondary institution. Assistance may cover the hours necessary for education and up to 20 hours of employment. The Board allocates program funds to eligible schools, which are all public post-secondary schools and private, baccalaureate degree granting colleges and universities located in Minnesota.

The amount of assistance to cover day care costs will depend on the number of children under 12 in the family, the number of day care hours necessary to cover education and work obligations, and the availability of funding.

To be eligible to participate in the program, a recipient must:

- be a resident of Minnesota
- have a child 12 years or younger, or 14 years of age or younger who is handicapped as defined in M.S. 120.03 and receiving care on a regular basis
- be within the sliding fee scale income guidelines set under M.S. 256H.10 but not be a recipient of AFDC
- not have earned a baccalaureate degree or have completed the equivalent of 4 academic years of post-secondary education
- be pursuing a nonsectarian program or course of study that applies to an undergraduate degree, diploma, or certificate
- be enrolled for at least 8 credits per term
- be making satisfactory academic progress as determined by the school and approved by the Board

1994-95 Biennial Budget

BUDGET ACTIVITY: State Grant
PROGRAM: Student Financial Aid
AGENCY: Higher Education Coordinating Board
 (Continuation)

3. Pre-Nursing Grant Program, RN Nursing Grant, LPN Nursing Grant, Dislocated Rural Worker Grant, Safety Officers' Survivor Grant
 M.S. 136A.1351;136A.1352
 M.S. 136A.121,136A.1354
 M.S. 136A.121,136A.1353
 M.S. 136A.121,136A.134
 M.S. 299A.41-299A.45

The programs promote educational opportunities for specific groups of Minnesota residents and use financial incentives to promote work opportunities in Greater Minnesota by providing financial assistance for post-secondary education for special populations.

The Pre-Nursing Grant program provides financial assistance for Minnesota residents who have no previous nursing training or education, are enrolled in an RN or LPN program, agree to practice for 3 of the first 5 years following licensure in a designated rural area, and demonstrate financial need based on criteria used in the State Grant program. The minimum award is \$100.

The RN and LPN Nursing Grant programs provide financial assistance to LPNs who are enrolled in a program that leads to licensure as an RN, and to RNs who are enrolled in a baccalaureate or master's degree program of nursing. Each program has a minimum award of \$500 and a maximum of \$2,500. Financial need is determined by the institution. The funding for these grants comes from fees, obtained from RN and LPN license renewals.

The Dislocated Rural Workers Grant Program provides financial assistance to dislocated rural workers who are enrolled in adult farm management programs or other programs designed to provide preparation for available employment within the local labor market or area to which the individual is willing to relocate. Other larger federal and state programs provide more substantial assistance to dislocated workers, such as the federal Job Training Partnership Act Program and state-funded dislocated rural worker program. To be eligible for the Board's program, the recipient must have applied to all other pertinent federal and state programs.

Dependent children less than 23 years old and the surviving spouse of a public safety officer killed in the line of duty on or after 1-1-73, are eligible to receive financial assistance for post-secondary education from the Safety Officers' Survivor Grant Program. The applicant must be enrolled in an undergraduate or certificate program at a Minnesota post-secondary institution. The amount of the award at a public school is the actual tuition and fee charges. At a private school, the tuition and fees are capped if they exceed the highest tuition and fees charged by a public school.

BUDGET ISSUES:

In order to deliver the same level of service, it is anticipated that funding needs for the F.Y. 1994-95 State Grant Program will increase due to several changes impacting the program, as described under

'Prospects' for the Student Financial Aid Program. In addition to the factors outlined in that section, inflationary increases in tuition and fees and living expenses would also drive up program costs. The Board is unable to project expenditures for F.Y. 1994 or F.Y. 1995 until a 1993-94 needs analysis simulation software is developed and more data is obtained about changes in F.Y. 1993 enrollment patterns based on the 15 credit requirement.

The Board recommends the elimination of the Child Care Innovation Grant Program, the Dislocated Rural Worker Grant Program and a reduction in funding for the Safety Officers' Survivors Grant Program of \$40,000 and the funds reallocated to the Non-AFDC Child Care Program. In addition to this reallocation, the Board is requesting an additional \$70,000 per year for this program to cover needs, which greatly exceed available funding.

Increases in funding for the other programs in this section are not anticipated.

EFFICIENCY MEASURES:

State Grant Program

<u>Category</u>	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Student Pool	151,687	152,000	152,000	152,000	152,000
Applicants	130,499	130,131	131,000	131,000	131,000
Applicants as % of Pool	86.0%	85.6%	86.2%	86.2%	86.2%
Awards	62,998	63,267	65,000	70,113	70,243
Awards as % of Applicants	48.3%	48.6%	49.6%	53.5%	53.6%
Total Awards (Millions)	\$ 80.3	\$ 77.4	\$ 83.6	\$106.1	\$110.6
Average Award	\$1,277	\$1,236	\$1,286	\$1,513	\$1,575

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
<i>State Grants By Fund</i>					
General	\$78,994	\$76,931	\$73,889	\$104,609	\$109,209
Federal	\$ 1,144	\$ 1,277	\$ 1,391	1,391	1,391
<i>Other Programs</i>					
<i>Part-Time Grant</i>					
Amount of Grants	\$1,953	\$1,099	\$1,150	\$0	\$0
No. of Recipients	5,740	3,424	3,450	0	0
<i>Non-AFDC Child Care</i>					
Amount of Grants	\$2,022	\$2,351	\$2,649	\$3,000	\$3,000
No. of Recipients	1,164	1,260	1,425	1,640	1,590

1994-95 Biennial Budget

BUDGET ACTIVITY: State Grant
PROGRAM: Student Financial Aid
AGENCY: Higher Education Coordinating Board
 (Continuation)

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Prenursing Grants					
Amount of Grants	\$111	\$108	\$132	\$120	\$120
No. of Recipients	256	255	314	285	285
Dislocated Rural Workers					
Amount of Grants	\$227	\$221	\$210	\$0	\$0
No. of Grants	367	437	400	0	0
RN Nursing Grants					
Amount of Grants	\$0	\$4	\$32	\$32	\$32
No. of Recipients	0	10	32	32	32
LPN Nursing Grants					
Amount of Grants	\$0	\$0	\$8	\$15	\$17
No. of Recipients	0	0	15	20	23
Safety Officers Survivors					
Amount of Grants	\$18	\$20	\$20	\$22	\$22
No. of Recipients	10	10	10	10	10

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Prior Year State Grant Refund					
Dedicated Gen'l	\$614	\$309	\$100	\$100	\$100
RN and LPN Renewal Fees					
Dedicated - Special	\$0	\$4	\$40	\$47	\$49
Dedicated - Federal	\$1,144	\$1,277	\$1,391	\$1,391	\$1,391

GRANTS:

State Grant M.S. 136A.121 - The purpose of the grant is to enable Minnesota residents from low and moderate income families to attend eligible Minnesota institutions to obtain an undergraduate degree or certificate. Students who already have attended four years full-time at a post-secondary institution are no longer eligible. The State Grant calculation budget includes the tuition and fees

and a living and miscellaneous expense allowance (LME). From this calculation budget is subtracted the student share which is currently set at 50%, the parent or student contribution and the Federal Pell Grant. If the student or parent contribution in combination with the Federal Pell Grant covers the remaining 50% of the State Grant calculation budget, the student will receive no State Grant.

Federal State Student Incentive Grant - This money is handled within the State Grant Program and is disbursed using the same calculation and eligibility criteria.

Part-Time Grant M.S. 136A.132 - This program will be folded into the State Grant Program on 7-1-93.

Non-AFDC Child Care Grant M.S. 136A.125 - This program provides child care to students who might not be able to attend school without such support. The school must award funds to cover the child care cost for the time that the student is in school, up to 1 hour of transportation time between school work and home, and up to 4 hours a day in between classes. The school establishes the cost of the child care and then subtracts a family co-payment based on the family's income and size. Once a student receives an award, he or she continues to receive the child care award as long as enrollment continues at the school.

Prenursing Grant M.S. 136A.1352 - The purpose of the grant is to encourage nurses to practice in designated rural areas. The award is 20% of the combined amount of the Federal Pell Grant and State Grant for which the student is eligible. Recipients must be Minnesota residents and enrolled in a RN or LPN Program.

Dislocated Rural Worker Grants M.S. 136A.134 - This program provides financial assistance to rural dislocated workers for employable training. Recipients must apply to all other pertinent federal and state programs. This program serves the same population as larger federal and state programs.

Registered Nursing Grant M.S. 136.1354 - Voluntary contributions of \$5.50 from Registered Nurses renewing their license are collected for use by Registered Nurses who need financial assistance to obtain a baccalaureate degree or a Masters Degree in advanced nursing.

Licensed Practical Nursing Grant M.S. 136A.1353 - Licensed Practical Nurses renewing their license may contribute \$5.50 for the use in awarding scholarships to other Licensed Practical Nurses who want to obtain a Registered Nurse degree.

Safety Officers' Survivors' Program M.S. 299A.41-299A.45 - This program helps provide post-secondary education to the surviving family of a safety officer killed in the line of duty. The amount of the award is equal to the public tuition charged each term or, if the student attends a private school, would be the amount of tuition that would have been charged at the most expensive public school.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: STUDNT FINANCIAL AID
ACTIVITY: STATE GRANTS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	17	16	15	15	15		15	15	
EXPENSES/CONTRACTUAL SRVCS	3	9	12	12	12		12	12	
MISC OPERATING EXPENSES	1	2	3	3	3		3	3	
SUBTOTAL STATE OPERATIONS	21	27	30	30	30		30	30	
AIDS TO INDIVIDUALS	76,804	81,897	79,451	79,451	79,598		79,451	79,600	
TOTAL EXPENDITURES	76,825	81,924	79,481	79,481	79,628		79,481	79,630	
GOV'S INITIATIVES:									
			FUND						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<78,190>			<78,190>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<47>			<49>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<1,391>			<1,391>
TOTAL GOV'S INITIATIVES						<79,628>			<79,630>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	75,067	80,643	78,050	78,050	78,190		78,050	78,190	
STATUTORY APPROPRIATIONS:									
GENERAL	614								
SPECIAL REVENUE		4	40	40	47		40	49	
FEDERAL	1,144	1,277	1,391	1,391	1,391		1,391	1,391	
TOTAL FINANCING	76,825	81,924	79,481	79,481	79,628		79,481	79,630	

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: STUDNT FINANCIAL AID
ACTIVITY: STATE GRANTS

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	.5	.5	.5	.5	.5		.5	.5	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	.5	.5	.5	.5	.5		.5	.5	

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1994-95 Biennial Budget

BUDGET ACTIVITY: Interstate Tuition Reciprocity
PROGRAM: Student Financial Aid
AGENCY: Higher Education Coordinating Board

ACTIVITY DESCRIPTION:

This program reduces cost barriers and increases access and choice of public post secondary educational opportunities for Minnesota residents, and it encourages the maximum use of educational facilities. A Minnesota resident may enroll full or part time in an undergraduate or graduate program at a public institution in Wisconsin, North Dakota, South Dakota, the Province of Manitoba, and 1 school in Iowa without paying non-resident tuition rates. Students from these same states, province, or district may enroll in Minnesota public institutions without paying non-resident tuition rates.

BUDGET ISSUES: The reciprocity program continues to be a cost effective way to provide quality education to Minnesota residents at the lowest possible cost to the Minnesota taxpayer. Direct legislative appropriations, per student, to Minnesota institutions have increased over the past several years. Over the same period, however payments per net student by Minnesota to reciprocity states have decreased or remained the same. This has been accomplished through contract renegotiations.

The Coordinating Board is negotiating with the Province of Ontario to establish tuition reciprocity between Minnesota and Ontario. It is not anticipated that a payment will be part of this agreement.

Large tuition increase under consideration in Wisconsin would add to the Minnesota payment obligation because if Wisconsin students pay more, the Wisconsin obligation is reduced, and that would increase the Minnesota payment. Because of the uncertainty of the actual increase, no additional funding is requested now. Additional funds may be needed if Wisconsin's tuition increases exceeds 10%. This would affect F.Y. 1995.

EFFICIENCY MEASURES: The following shows the activity for the program for the last 2 academic years and estimated activity for Academic Years 1992-93 and 1993-94:

ACTIVITY*	ACTUAL F.Y. 1992	ACTUAL F.Y. 1993	EST. F.Y. 1994	EST. F.Y. 1995
MN residents to WI	10,634	11,150	11,596	12,060
WI residents to MN	6,169	6,383	6,638	6,904
MN residents to ND	5,872	5,731	5,674	5,617
ND residents to MN	5,106	4,933	4,943	4,992
MN residents to SD	1,233	1,449	1,536	1,628
SD residents to MN	1,902	1,877	1,879	1,883
MN residents to IA	50	54	50	52
IA residents to MN	110	111	52	59
MN residents to MA	1	2	4	6
MA residents to MN	37	48	54	58

* Activity data reported is Fall term head count.

The formulas for determining the student tuition rates and the state compensation rates vary for each state and are summarized as follows:

Wisconsin

Student rates - Students pay tuition rates that are charged at comparable institutions in their home state.

Payment - No. of student credits earned X cost per credit* = \$xxx
 Deduct tuition paid by student = (xxx)
 State liability \$xxx

* Cost per credit = 64% of total instructional cost of Wisconsin institutions for the appropriate academic year.

North Dakota

Student rates - Students pay 125% of the resident tuition rate of the institution attended.

Payment - The state sending the larger number of students shall pay to the state educating the larger number of students an amount equal to 25% of the resident undergraduate tuition at the University of North Dakota times the number of FTE students creating the difference except if the difference is less than 100 FTE students, no payment shall be required.

South Dakota

Student rates - Students pay resident tuition of the institution attending

Payment - none

Iowa

Student rates - Students pay resident tuition of the institution attending

Payment - none

Manitoba

Student rates - Students pay resident tuition of the institution attending

Payment - none

REVENUE:

None.

GRANTS:

The Interstate Tuition Reciprocity Programs are authorized by M.S. 136A.08. The reciprocity agreements waive the non resident tuition that would be charged the student who is enrolled at the out of state school. The reciprocity program has been a popular and effective method of providing Minnesota residents with a wider range of educational program options than would be possible otherwise.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: STUDNT FINANCIAL AID
ACTIVITY: INTERSTATE TUITION RECIPROCITY

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
AIDS TO INDIVIDUALS	5,676	6,975	4,701	5,050	5,050		5,050	5,050	
TOTAL EXPENDITURES	5,676	6,975	4,701	5,050	5,050		5,050	5,050	
GOV'S INITIATIVES:									
			FUND						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN				<5,050>		<5,050>
TOTAL GOV'S INITIATIVES							<5,050>		<5,050>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	5,676	6,975	4,701	5,050	5,050		5,050	5,050	
TOTAL FINANCING	5,676	6,975	4,701	5,050	5,050		5,050	5,050	
POSITIONS BY FUND:									
TOTAL POSITIONS									

1994-95 Biennial Budget

BUDGET ACTIVITY: State Work Study
PROGRAM: Student Financial Aid
AGENCY: Higher Education Coordinating Board

ACTIVITY DESCRIPTION:

The State Work Study activity was created to assist in meeting the financial needs of students enrolled in public and private institutions in Minnesota, by providing the opportunity to obtain valuable work experiences, and to assist governmental and nonprofit service agencies with student assistance at a low cost.

BUDGET ISSUES:

The program supplements the Federal College Work Study program in that it is able to assist students in moderate income brackets who show financial need but who may not be eligible for any type of grant assistance. Larger institutions in the Minnesota find this program to be a valuable resource, because a large number of their students are in the medium income bracket.

Although the current base of the agency's budget plan provides adequate funding for this activity, post-secondary institutions indicate that they can always use additional funds.

EFFICIENCY MEASURES:

The following shows the activity for the program for the last 2 years and estimated activity for F.Y.s 1993, 1994, and 1995:

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Appropriation	\$5,403	\$5,750	5,988	\$5,869	\$5,869
Total Students in Program	6,846	7,729	7,336	7,336	7,336
Average State Contribution per Student	\$789	\$813	\$800	\$800	\$800

REVENUE:

This activity generates dedicated revenue.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Type of Revenue:					
Prior Year Refunds					
Dedicated General	\$37	\$0	\$48	\$0	\$30

GRANTS:

The Minnesota State Work Study Program is authorized by M.S. 136A.231. This program was created by the 1975 Legislature to supplement the Federal College Work Study program. Undergraduate and graduate students are employed by their post secondary institution or they are employed off-campus at non-profit service agencies or by handicapped citizens or those over 65 years of age. Students are paid no less than minimum wage. The costs are paid by a match between the employer and this program. An allocation is calculated for each participating institution based on either the institution's requested dollar amount or an amount established by a formula and the use of funds in the prior year. The institutional representative arranges the work assignments and calculates the award amount for each student participating at that institution.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: STUDNT FINANCIAL AID
ACTIVITY: STATE WORK STUDY

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
AIDS TO INDIVIDUALS	5,403	5,750	5,988	5,869	5,869		5,869	5,869	
TOTAL EXPENDITURES	5,403	5,750	5,988	5,869	5,869		5,869	5,869	
GOV'S INITIATIVES:									
			FUND						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<5,869>			<5,869>
TOTAL GOV'S INITIATIVES						<5,869>			<5,869>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	5,366	5,750	5,988	5,869	5,869		5,869	5,869	
STATUTORY APPROPRIATIONS:									
GENERAL	37								
TOTAL FINANCING	5,403	5,750	5,988	5,869	5,869		5,869	5,869	
POSITIONS BY FUND:									
TOTAL POSITIONS									

1994-95 Biennial Budget

BUDGET ACTIVITY: Other Loan Programs
PROGRAM: Financial Aid
AGENCY: Higher Education Coordinating Board

ACTIVITY DESCRIPTION:

This activity includes the Graduated Repayment Income Protection (GRIP) Program, the Rural Physician Loan Repayment Program, the Rural Midlevel Practitioner Loan Repayment Program, and the Nurses Who Serve in Nursing Homes Loan Repayment Program.

The GRIP Program is to help graduates of Minnesota schools in dentistry, medicine, pharmacy, veterinary medicine, public health, and chiropractic medicine and Minnesota residents graduating from optometry and osteopathy programs repay their student loans with a repayment loan based on their projected annual income. The HECB lends to borrowers the amount necessary to reduce their loan payment to 10% of income. Borrowers then make payments until the GRIP Loan is repaid. Loans are made at a fixed interest rate of 8% with a 10 to 20 year repayment term. A credit-worthy co-signer is obtained on each GRIP loan.

The Rural Physician Loan Repayment Program helps physicians in rural Minnesota by paying up to \$12,000 of qualified loans for each year of practice in a designated rural area, for up to 4 years. Up to 8 participants a year are accepted into the program. This program is part of the "Health Right/MinnesotaCare" legislation.

The Rural Midlevel Practitioner Loan Repayment Program helps midlevel practitioners who practice in rural Minnesota by repaying up to \$3,500 of qualified loans per year of practice in a designated rural area, for up to 4 years. Up to 8 participants a year are accepted into this program. This is also part of the "Health Right/MinnesotaCare" legislation.

The Nurses who Serve in Nursing Homes Loan Repayment Program helps registered nurses and licensed practical nurses who serve in licensed nursing homes by paying up to \$3,000 of qualified loans per year of service in a licensed nursing home, for up to 2 years. Up to 10 participants a year are accepted into this program. This program is part of the "Health Right/MinnesotaCare" legislation.

Also included in this activity is the phase out of the Minnesota Medical and Osteopathy Loan Program (MMOLP), which still has 23 physicians making payments. Since all the bonds from which these loans were made have matured, these payments are deposited in the General Fund as non-dedicated receipts.

BUDGET ISSUES:

The funding for the GRIP program is derived from revenues in the Board's Loan Capital Fund. The funding for the Rural Physicians, Rural Midlevel Practitioner, and Nursing in Nursing Homes Loan Repayment Programs is part of the "Health Right/MinnesotaCare" legislation. The increases, that are part of the adjusted base, reflect the maturity of the program as new participants join the renewals who move through the program.

EFFICIENCY MEASURES:

	<u>F.Y. 1990</u>	<u>F.Y. 1992</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Number of Participants				
GRIP Program	97	157	217	247
Rural Physician	0	0	8	16
Rural Midlevel Practitioner	0	0	16	24
Nurses in Nursing Home	0	0	15	20

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Type of Revenue:					
MMOLP					
Non-dedicated - Gen'l	\$202	\$175	\$140	\$110	\$80
GRIP Program					
Dedicated - HECB Loan Fund	\$0	\$0	\$35	\$21	\$34

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: STUDNT FINANCIAL AID
ACTIVITY: OTHER LOAN PROGRAMS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									

DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SVCS			100	100	100		100	100	
OTHER	1,093	1,437	1,939	1,939	1,982		1,939	2,121	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	1,093	1,437	2,039	2,039	2,082		2,039	2,221	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	1,093	1,437	2,039	2,039	2,082		2,039	2,221	
GOV'S INITIATIVES:			FUND						
-----			-----						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			HCA			<182>			<321>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			HEC			<1,900>			<1,900>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL GOV'S INITIATIVES						<2,082>			<2,221>
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
HEALTH CARE ACCESS			139	139	182		139	321	
STATUTORY APPROPRIATIONS:									
HECC LOAN	1,093	1,437	1,900	1,900	1,900		1,900	1,900	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	1,093	1,437	2,039	2,039	2,082		2,039	2,221	
POSITIONS BY FUND:									

TOTAL POSITIONS									

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1994-95 Biennial Budget

BUDGET ACTIVITY: Student Assistance Administration
PROGRAM: Student Financial Aid
AGENCY: Higher Education Coordinating Board

ACTIVITY DESCRIPTION:

The Student Assistance Activity administers 15 state student financial assistance programs, 2 federal student assistance programs, coordinates financial aid activity throughout the state, and represents the state in federal student aid matters. The administration of these programs is consolidated in the Division of Financial Aid. Included in the administration are dissemination of student assistance information, receipt and evaluation of applications, notification of results to applicants, preparation of payment requests to recipients, maintenance of records of all actions taken, and evaluation of the effects of programs. The programs also provide administrative assistance to the institutions' financial aid offices by helping them establish operating procedures.

This activity provides personnel and other operating expenses associated with the administration of the following student financial aid programs:

Grants: State Grant Program
Federal State Student Incentive Grant Program
Summer Scholarship for Academic Enrichment
Federal Paul Douglas Teacher Scholarship
Veteran's Dependents Grant
Part-Time Grant
Dislocated Rural Workers Grant
Non-AFDC Child Care Grants
Pre-Nursing Grant
Registered Nursing Grant
Licensed Practical Nursing Grant
Safety Officers' Survivors Program

Loans: Medical and Osteopathy Loans
Graduated Repayment Income Protection Program

Other: Interstate Tuition Reciprocity
State Work Study
Child Care Innovation Grants

The programs are administered to help assure equality of post-secondary education opportunity in terms of both access and choice of post-secondary institutions for Minnesota residents by providing financial assistance to students from low and moderate income families.

During F.Y. 1993, approximately 160,000 applications will be received, reviewed, and acted upon resulting in \$90 million in financial assistance being provided to approximately 90,000 students.

The direct clientele of this program includes Minnesota students and their families attending both public and private post-secondary educational institutions. Also included are 18,330 post-secondary

reciprocity students attending public institutions in Wisconsin, North Dakota, South Dakota, parts of northern Iowa, and Manitoba, Canada. The activity will administer any activity generated by the Midwest Compact.

BUDGET ISSUES:

The administrative budget for the financial aid programs is maintained by incorporating cost cutting measures such as eliminating letters to students who apply for a State Grant while attending a post-secondary institution that has a contract with the HECB to calculate the grants on-campus (a decentralized State Grant institution). Students will not be affected adversely unless they transfer to an institution which relies on the Board to calculate the State award. If they have not sent their financial data to the Board, the Board will not be able to calculate the student's award, and the award will be delayed.

The financial aid administrative budget also will reduce the amount spent on temporary assistance. This may slow the processing of applications during the peak periods between July and November when most students need financial aid to pay for tuition and books at the beginning of school. The Board will encourage more institutions to become decentralized and thus reduce the number of students affected by any slow down in Centralized State Grant processing system. The Board will also use the Total Quality Management concept to implement continuous improvement in its processing procedures.

The Board recommends the elimination of the Child Care Innovation Grants and transfer \$140,000 directly to the Child Care Grant Program. The Board feels that providing grants directly to students who need child care assistance is a more effective way of filling the child care need.

The recently enacted Higher Education amendments affects all of the federal financial aid programs. That bill describes how students are to apply for federal financial aid. Beginning in F.Y. 1993-94, students can apply for aid at no cost. Currently the applicant pays \$10.75. If additional items of information must be gathered for awarding institutional or state aid, the institution or the state must pay for the gathering and processing of that information. In the past a service bureau like American College Testing would gather the necessary information for the institution or the state and charge a fee to the student. The information would be sent to the institution or the state at no cost and an award would be calculated. Beginning in the 1993-94 academic year, it is unclear how a state such as Minnesota can obtain the information needed to make state grants. Must the Board pay the cost or can we pass it on to the students?

According to the Higher Education amendments, the Federal Department of Education must approve the form used and any fees that the service bureau charges for gathering and processing information for students. Since they have not yet approved the form or the fees. The service bureau that we have used in the past is not yet able to tell the Board what it will charge for services that we received for free in the past.

EFFICIENCY MEASURES:

The Financial Aid Division administers about \$90 million of State financial aid programs with 8 processing staff. These staff respond up to 1,800 phone calls each week during the high processing time. These 8 staff, administer the following programs. The \$75 million State Grant program has 4 staff. The reciprocity and work study programs totaling \$11 million have 2 staff. The numerous small financial aid programs totaling approximately \$4 million have 2 staff.

1994-95 Biennial Budget

BUDGET ACTIVITY: Student Assistance Administration
PROGRAM: Student Financial Aid
AGENCY: Higher Education Coordinating Board
 (Continuation)

REVENUE:

This activity generates dedicated revenue.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Type of Revenue:					
Dedicated - Special	\$25	\$10	\$15	\$15	\$15
Dedicated - Federal	281	282	283	283	283

GRANTS:

Federal Paul Douglas Teacher Scholarship-Students who graduated in the upper 10% of their high school graduating class and who want to be teachers can get up to \$5,000 each year for up to 4 years. If they decide not to be teachers, they must repay the award plus interest calculated from the disbursement date of each payment.

Child Care Innovation Grants (Laws of Minnesota 1991, Chapter 356, Art. 1, Sec. 2, Subd. 2) - This program encourage institutions, private non-profit groups, and post-secondary systems to find ways to reduce the cost of child care for students by inventing innovative ways to increase the amount of child care or lower the cost of child care. Grantees are selected through a competitive Request for Proposal process.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: STUDNT FINANCIAL AID
ACTIVITY: STUDENT ASSIST ADMIN

ACTIVITY SUMMARY	FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:						

DETAIL BY CATEGORY:						
STATE OPERATIONS:						
PERSONAL SERVICES	347	307	345	347	335	347
EXPENSES/CONTRACTUAL SRVCS	112	85	109	110	94	110
MISC OPERATING EXPENSES	149	158	163	163	169	163
SUPPLIES/MATERIALS/PARTS	14	42	17	17	21	17
CAPITAL EQUIPMENT		6				
OTHER			1	1	1	1
=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	622	598	635	638	620	638
AIDS TO INDIVIDUALS	281	282	283	283	283	283
LOCAL ASSISTANCE	3	150	151	151	1	151
=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	906	1,030	1,069	1,072	904	1,072
GOV'S INITIATIVES:			FUND			
-----			-----			
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN		<606>	<606>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR		<15>	<15>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED		<283>	<283>
=====			=====		=====	=====
TOTAL GOV'S INITIATIVES					<904>	<904>
SOURCES OF FINANCING:						

DIRECT APPROPRIATIONS:						
GENERAL	600	738	771	774	606	774
STATUTORY APPROPRIATIONS:						
SPECIAL REVENUE	25	10	15	15	15	15
FEDERAL	281	282	283	283	283	283
=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	906	1,030	1,069	1,072	904	1,072

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: STUDNT FINANCIAL AID
ACTIVITY: STUDENT ASSIST ADMIN

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	9.3	9.3	8.2	8.2	8.2		8.2	8.2	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	9.3	9.3	8.2	8.2	8.2		8.2	8.2	

1994-95 Biennial Budget

PROGRAM: State Student Loans
AGENCY: Higher Education Coordinating Board

PROGRAM PURPOSE:

Two student loan programs are discussed in this section: the Stafford/Guaranteed Student Loan (GSL), now called the Federal Stafford Student Loan, and the Student Educational Loan Fund Program, called the SELF loan.

HECB is not an active lender in the Federal Stafford Student Loan/Guaranteed Student Loan (GSL) Program. HECB was a major lender in that program from 1974 to 1988. Due to the dramatic rise in participation by Minnesota's commercial lending community, the HECB decided to discontinue making these loans in 1988. Approximately \$560 million of GSL's were made by the HECB during that time to students who enrolled in Minnesota's post-secondary institutions or to Minnesota residents enrolled in out-of-state post-secondary institutions. Over time, the portfolio has diminished in size through repayment, or through sales in the secondary market to the Student Loan Marketing Association (SLMA). The Board holds a GSL portfolio worth \$33.5 million. No legislative appropriation was used to operate this program.

The SELF Program, started in 1985, helps Minnesota residents and residents of other states attend post-secondary education institutions in Minnesota and Minnesota residents attend post-secondary institutions in other states by providing long-term, low-interest loans. Primarily, the SELF Program serves students who are ineligible for subsidized federal student loans, students who need to borrow more than is allowed under existing loan programs, and students who have limited access to other need-based financial aid programs. There is no legislative appropriation needed for the SELF Program. Funding for SELF loans is obtained through the issuance of tax-exempt revenue bonds, from repayment of outstanding loans, and from revenues of the program in excess of program expenses.

With the gap widening between the rising price of post-secondary education and the inability of state and federal governments to increase their grant programs proportionately, increasing numbers of students are forced to borrow from student loan programs to pay their educational expenses. Furthermore, as the federal government restricted access to its only middle income financing tool, the GSL Program, it became necessary for Minnesota to develop its own financing opportunity. The HECB created the SELF program in 1985 as a way to help as many Minnesota residents as possible afford their choice of educational institution.

These programs contribute directly to the Minnesota Milestone theme: Learning. Within this theme, HECB administers financial aid programs that assist in the achievement of the goal that "Minnesotans will have the advanced education and training to make the state a leader in the global economy." The indicators pertinent to HECB's role in the achievement of this goal are:

1. percentage of high school graduates who are pursuing advanced training, apprenticeship or higher education 1 year after high school; [Indicator #40]
2. cost of college tuition; [Indicator #39]; and

3. college graduation rate of various systems. [Indicator #38]

PROSPECTS:

The payments from the outstanding GSL portfolio are used to fund SELF loans. The portfolio is a mature one, with most of the loans in repayment. Currently, the HECB does not lend in the GSL program, and there is no need for the HECB to resume lending because the market is covered by over 600 private lending institutions in Minnesota.

The need for the SELF Program continues to be great. In spite of Minnesota's strong commitment to funding the State Grant Program, there is still a great need for student loan funds.

While the federal government will be starting a non-subsidized Stafford Student Loan Program in the fall of 1992, SELF volume is not likely to be affected significantly because Minnesota residents will still prefer the SELF loan's lower interest rate and no origination cost. Because of rising educational costs, some Minnesota residents may need loans from both programs.

OUTCOMES:

During the 15 years the HECB was a lender in the Guaranteed Student Loan Program, the HECB made approximately \$560 million worth of loans, which helped provide access to higher education for over 240,000 students in Minnesota.

Since 1985, the HECB has made over 45,000 SELF loans worth over \$183 million to students from all sectors of higher education. These figures suggest that SELF loans are contributing to the number of persons employed full-time per 1,000 over the age of 20. Because of SELF, Minnesota students, and those students who come to Minnesota to complete their higher educations, are more able to afford the institution of their choice, and ultimately find employment sufficient to maintain a decent standard of living.

The repayment history of SELF loans has been much stronger than the federal program. The cumulative default rate on SELF loans originated from Phase I of operation (7/85 to 9/88) is about 6%. The cumulative default rate on SELF loans from Phase II of operation (9/88 to present) is less than 1%. Furthermore, because of the program's co-signer requirement, and other collection capabilities, the HECB is able to get more than half of those in default to either pay the loan in full, or to return to a repayment plan.

OBJECTIVES:

For the upcoming biennium, the objective of the HECB for the Guaranteed Student Loan program is to service the remaining portfolio so that it remains a viable asset from which repayments can be used to make SELF loans. The Board does not see a need to return to the lending in this loan program.

During the 1994-95 biennium, annually the SELF expects to serve 17,000 students enrolled at Minnesota post-secondary schools. As the price of higher education continues to escalate, SELF will continue to be available to those Minnesota students who seek higher education, and are underserved by the federal and state grant programs and loan programs.

1994-95 Biennial Budget

PROGRAM: State Student Loans

AGENCY: Higher Education Coordinating Board
(Continuation)

PROGRAM PLAN:

Because it is currently inactive, there is no program plan for the Guaranteed Student Loan Program other than continued collection of the outstanding loans.

Because the SELF Program does not require a legislative appropriation, the only program plan is to continue to monitor the annual lending amounts and available funds in the Loan Capital Fund, to ensure that adequate funding remains available from which to make loans. With the introduction of the new Non-Subsidized Federal Stafford Loan Program, it is not anticipated that there will be significant growth in annual SELF expenditures. The Board successfully completed a \$30 million tax-exempt bond issue in summer 1992, and anticipates completing a \$10 million issue in C.Y. 1993. Adequate funding is anticipated until about 1995.

The Board is reorganizing the mechanics of the loan origination process using the Total Quality Management concepts of continuous improvement, to achieve a more efficient operation, reduced processing time, and lower loan servicing costs. The new system is planned to be in full operation in the Spring of 1993.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: STATE STUDNT LOAN

				FY 1994			FY 1995		
			Est.	Current	Agency	Governor	Current	Agency	Governor
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Spending	Plan	Recomm.	Spending	Plan	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
STAFFORD LOAN	718	605	655	655	655		655	655	
STATE SUPPLEMENTAL LOANS	43,013	43,784	48,593	48,593	48,593		48,593	48,593	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	43,731	44,389	49,248	49,248	49,248		49,248	49,248	
GOV'S INITIATIVES:			FUND						
=====	=====	=====	=====						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			HEC			<49,248>			<49,248>
=====	=====	=====	=====			=====			=====
TOTAL GOV'S INITIATIVES						<49,248>			<49,248>
SOURCES OF FINANCING:									
=====	=====	=====	=====						
STATUTORY APPROPRIATIONS:									
HECC LOAN	43,731	44,389	49,248	49,248	49,248		49,248	49,248	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	43,731	44,389	49,248	49,248	49,248		49,248	49,248	
POSITIONS BY FUND:									
=====	=====	=====	=====						
HECC LOAN	15.7	14.2	13.3	13.3	13.3		13.3	13.3	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	15.7	14.2	13.3	13.3	13.3		13.3	13.3	

1994-95 Biennial Budget

BUDGET ACTIVITY: Stafford Loan
PROGRAM: State Student Loan
AGENCY: Higher Education Coordinating Board

ACTIVITY DESCRIPTION:

The Higher Education Coordinating Board (HECB) ceased making Stafford/Guaranteed Student Loans (GSL) in 1988 because private lenders provided the access necessary for any eligible student to obtain a GSL. The Guaranteed Student Loan Program assured access and choice of post-secondary education and provided financial assistance to those post-secondary students who were unable to secure loans from commercial lending sources. This program provided long-term, low-interest loans to Minnesota residents who were enrolled at least half-time in post-secondary institutions located in Minnesota and Minnesota students attending out of state higher education institutions. The program served students in all sectors of higher education from the lowest cost public institutions to the most expensive private institutions.

BUDGET ISSUES:

Because the HECB is no longer lending in the program, and because state appropriations never were used as a program funding source, the agency budget plan has no impact. HECB currently has an outstanding GSL loans portfolio of approximately \$33.5 million.

EFFICIENCY MEASURES:

Repayments of these loans are used to make SELF loans.

REVENUE:

This activity generated dedicated revenues:

	Dollars in Thousands				
Type of Revenue:	Actual F.Y. 1991	Actual F.Y. 1992	Estimate F.Y. 1993	Estimate F.Y. 1994	Estimate F.Y. 1995
Dedicated					
HECB Loan Fund	\$17,171	\$15,991	\$14,700	\$13,500	\$12,300

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: STATE STUDNT LOAN
ACTIVITY: STAFFORD LOAN

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS	713	605	650	650	650		650	650	
OTHER	5		5	5	5		5	5	
SUBTOTAL STATE OPERATIONS	718	605	655	655	655		655	655	
TOTAL EXPENDITURES	718	605	655	655	655		655	655	
GOV'S INITIATIVES:									
			FUND						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			HEC			<655>			<655>
TOTAL GOV'S INITIATIVES						<655>			<655>
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
HECC LOAN	718	605	655	655	655		655	655	
TOTAL FINANCING	718	605	655	655	655		655	655	
POSITIONS BY FUND:									
TOTAL POSITIONS									

1994-95 Biennial Budget

BUDGET ACTIVITY: State Supplemental Loans
PROGRAM: State Student Loans
AGENCY: Higher Education Coordinating Board

ACTIVITY DESCRIPTION:

This activity is designed to augment existing need-based financial aid programs. The Student Educational Loan Fund (SELF) program helps Minnesota residents and residents of other states attend post-secondary institutions in Minnesota, and Minnesota residents attend post-secondary institutions in other states by providing long-term, low-interest loans. Before a student can access the SELF Program, he/she must prove that either no eligibility for need-based financial aid programs exists, or that any existing eligibility has been exhausted. Because SELF neither is guaranteed nor subsidized by the federal government, borrowers must pay interest while they attend school, and all borrowers must provide a credit worthy co-signer before the loan can be approved.

SELF was designed to be as open-access as possible. The result is that the single largest group of borrow as in SELF program are students in Minnesota's State Universities. They account for 40% of all monies loaned. Those who attend Minnesota's Private Colleges borrow about 23% of the funds. The public Community Colleges, Technical Colleges and Private Vocational Schools together use about 16% of the loan volume, while the University of Minnesota students use about 12%. The remaining 9% of the funds are used at out-of-state post-secondary institutions.

BUDGET ISSUES:

There are three major sources of funding for the SELF program: earnings from the SELF and Guaranteed Student Loans (GSL) programs, repayments of outstanding SELF and GSL loans, and the issuance of tax-exempt revenue bonds.

This activity does not receive a state appropriation.

EFFICIENCY MEASURES:

	<u>F.Y. 1990</u>	<u>F.Y. 1992</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Number of Applications Received	14,034	17,246	17,300	17,300
Number of Applications Processed/Loans Originated	12,366	15,379	16,000	16,000
Average Loan Amount	\$2,661	\$2,658	\$2,800	\$2,800

REVENUE:

This activity generates dedicated revenue.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Type of Revenue:					
Dedicated - HECB Loan Fund	\$9,469	\$10,290	\$11,800	\$14,400	\$16,900

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: STATE STUDNT LOAN
ACTIVITY: STATE SUPPLEMENTAL LOANS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									

DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	455	406	496	496	496		496	496	
EXPENSES/CONTRACTUAL SRVCS	4,037	2,298	2,931	2,931	2,931		2,931	2,931	
MISC OPERATING EXPENSES	27	25	29	29	29		29	29	
SUPPLIES/MATERIALS/PARTS	4	52	7	7	7		7	7	
OTHER	38,490	41,003	45,130	45,130	45,130		45,130	45,130	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	43,013	43,784	48,593	48,593	48,593		48,593	48,593	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	43,013	43,784	48,593	48,593	48,593		48,593	48,593	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
GOV'S INITIATIVES:			FUND						
-----			-----						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			HEC			<48,593>			<48,593>
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						<48,593>			<48,593>
=====									
SOURCES OF FINANCING:									

STATUTORY APPROPRIATIONS:									
HECC LOAN	43,013	43,784	48,593	48,593	48,593		48,593	48,593	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	43,013	43,784	48,593	48,593	48,593		48,593	48,593	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

HECC LOAN	15.7	14.2	13.3	13.3	13.3		13.3	13.3	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	15.7	14.2	13.3	13.3	13.3		13.3	13.3	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

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1994-95 Biennial Budget

PROGRAM: Planning and Coordination
AGENCY: Higher Education Coordinating Board

PROGRAM PURPOSE:

The Planning and Coordination Program provides centrally available cost effective and efficient data for policy development and planning, the coordination of higher education, and the administration of mandated programs.

The activities in this program contribute directly to several Milestones. They enhance the socio-cultural and economic environment of Minnesota by managing and improving effectiveness and efficiency in meeting Minnesotans' post-secondary education needs through: short-range and long-range planning leading to a sound basis for policy decisions and program actions; maintaining comprehensive databases; and administering state and federally mandated programs. The desired results are coordinated and comprehensive state post-secondary education efforts that meet the changing needs of Minnesotans efficiently and effectively, and which are conducted within a framework of responsible policy based on adequate data, consultation, and planning.

PROSPECTS:

The Division will review legislative mandates for institutional oversight, planning, and approval of programs, sites, and centers in order to propose changes to the legislature. The goal is to provide a more efficient and effective licensing/registration and program review process, and a more user friendly process by eliminating unnecessary, duplicative processes.

During recent legislative sessions, the Coordinating Board has received an increase in coordinating, reporting, and oversight mandates. These mandates are in the areas of licensure/approval and program management, and address issues of consumer protection, quality, and cost effectiveness. The expansion of existing, and addition of new databases on students, degrees conferred, and job placement are under development. The Division has and, during the current year, is assuming these substantial new mandates without additional staff and financial resources. This is possible only due to the application of computer-based technologies.

The program's activities through policy development, coordination, and planning promote 3 Milestones: 1) learning: by promoting an environment where Minnesotans of all ages will be able to develop their talents to their fullest potential; 2) a caring and secure community: by coordinating grants and programs of service learning/mentoring, and policies and programs to address issues of sexual harassment and violence in the educational setting; and 3) by promoting responsive and cost-effective post-secondary educational services.

OUTCOMES/OBJECTIVES:

The Division:

1. Conducts policy studies and prepares reports for the governor, legislature, and post-secondary education systems/institutions.

An effective and efficient post-secondary education system is essential for Minnesota to meet the job preparation, socio-cultural, and research and development needs in the national and global economy. The Division will provide timely studies, as mandated by the Coordinating

Board and in response to legislative mandates, that have institution, system, and statewide impacts to improve the delivery of effective post-secondary education services in a cost effective manner to Minnesotans, and to provide financial analyses in support of student financial aid programs and post-secondary financing.

2. Administers state and federal mandated programs:

The Minnesota Legislature and the federal government have mandated a number of programs to provide consumer protection and accountability in the provision of post-secondary education programs; have funded activities to enhance the cost effectiveness in the provision of post-secondary education services; and have provided grants to stimulate the development of specific programs and services.

■ Mandated programs are:

- i. The Private Institution Registration Act (PIR), M.S. 136A.61-136A.71, provides quality control and fosters consumer protection relative to approximately 80 private post-secondary institutions that offer education programs in the state.

Outcomes: Institutions and programs meet or exceed minimum standards for registration. Students have access to a rich mixture of post-secondary education institutions and programs to meet their education and job training needs. Students are satisfied with the range and quality of programs available to them. Students acquire useful skills and obtain satisfying and gainful employment. Minnesota employers are competitive due to the availability of a highly educated labor force.

Measures: Number of registered institutions and annual renewals. Number of new applications for registration. Number of applications withdrawn/disapproved after unfavorable review. Number of inquiries for process and standards and consumer information requests about private institutions. Number of consumer complaints received and processed. Number of requests for locating student records of closed institutions.

- ii. Licensing of Private For-Profit Schools, M.S. 141, Provides quality control and consumer protection relative to approximately 50 private for profit post-secondary institutions. This is a new program for the Board as of July 1992.

Outcomes: Institutions, instructors, and programs meet or exceed minimum standards for licensure. Students have access to a rich mixture of post-secondary education programs to meet their education and job training needs. Students are satisfied with the range and quality of programs available to them, and as a consequence acquire useful skills and obtain satisfying and gainful employment. The state secures a qualified and competitive workforce.

Measures: Number of institutions licensed - new and annual renewal. Number of teachers approved. Number of programs and course syllabi approved. Number of solicitors approved. Number of publications reviewed for compliance with statutory provisions. Number of unlicensed private for profit institutions offering programs, advertising or soliciting in state identified. Schools not meeting minimum standards withdraw or have their license revoked. Number of student complaints shows improvement. Job placement rates of graduates improve. Cohort student loan default rates decline. Number of institutions losing GSL eligibility are reduced. Student program completion data show improvement.

1994-95 Biennial Budget

PROGRAM: Planning and Coordination
AGENCY: Higher Education Coordinating Board
(Continuation)

- iii. The Minnesota Interlibrary Telecommunication Exchange (MINITEX); Coordinates cost-effective provision of library resources among the state's education and public libraries.

Outcomes and Measures information is provided in the MINITEX Activity Narrative.

- iv. The Post-High School Planning Program (PSPP) M.S. 136A.85 to 136A.88. Provides education planning and testing services to high school students and their parents.

Outcomes: Encourages and facilitates early and systematic planning for post-secondary education; encourages the acquisition of academic skills to prepare for a wide range of post-secondary programs; promotes the completion of high school by helping students enroll in appropriate programs; consolidates and makes more efficient post-secondary entrance testing procedures; assists high school counselors with advising students; assists scholarship providers with information about potential recipients; provides a continuous inventory of talents, plans, and needs of students; and assists with the development of improved education measures and counseling tools.

Measures: Number of requests for PSPP generated information; number of students tested; number of students completing inventory instruments; number of students obtaining scholarships; number of students continuing with education at the post-secondary level. Satisfaction with planning information measured through periodic opinion surveys.

- v. The federal Integrated Post-Secondary Education Data System (IPEDS). Coordinates legislatively mandated data to the U.S. Department of Education and establishes the basis for a Minnesota post-secondary student record data base. This data base provides important information for policy development and planning.

Outcomes: Comprehensive inventory of information on all students enrolled in the state's post-secondary institutions on the 10th day of the fall semester provides essential trend information for state, system, and institutional planning for post-secondary education.

Measures: Number of student records contained in the record database; number of requests for information from the database; number of analytical studies drawing on information in the database.

The number of students in the database has been increasing with the post-secondary participation rate and is now exceeding 250,000 student records annually.

- vi. Processes grants to post-secondary education providers under Title II of the federal Education for Economic Security Act. (Eisenhower Grants).

The Division coordinates the application, allocation, and administration of approximately \$850,000 of federal grants in 1992-93 to improve educational programs.

The 1992-93 funding represents a substantial increase from the previous granting period. Further increases will be sought during the upcoming grants cycle.

Outcomes: The quality of science and mathematics programs is enhanced; teachers are better prepared for science and mathematics teaching; innovative programs attract greater number of students to the sciences and mathematics.

Measures: The number of teachers and students served by programs supported by the grants; the number of institutions qualifying for grants.

- vii. Processing of grants to post-secondary education institutions under the National and Community Service Act of 1990 (Public Law 101-610, as amended).

The Division coordinates the application, allocation, and administration of approximately \$150,000 of federal grants to stimulate service learning activities among post-secondary students.

Outcomes: Students are motivated to serve their communities and populations in need; the ethic of voluntary community service as a lifelong objective is promoted; population groups in need of service and assistance are satisfied; social service burden on the government is reduced.

Measures: Number of grant applications processed and approved; number of individuals participating in sponsored community service programs; number of programs continuing on self-supporting basis after grant expired; number of populations served.

1992-93 is the first year of this program. The Coordinating Board staffed a consortium of participating groups, developed the funding proposal, processed 18 requests for funding, and awarded 12 grants on a competitive basis. The programs funded are designed to initiate community service learning activities with the intent that they will continue on a self-supporting basis after the grants expire.

- viii. Processing of grants to post-secondary education providers of Midlevel Practitioners Training Programs and Rural Area Nurse Continuing Education Programs. This new 1992 mandate is for the coordination of the application, allocation, and administration of state grants for the development of education programs to enhance the provision of health care professionals in the state. \$50,000 is available for grants during F.Y. 1993.

Outcomes: The state is provided with and adequate supply of well-prepared midlevel health care practitioners.

Measures: Number of grants processed and approved; number of students enrolled in approved programs; number of graduates. Labor market demand satisfied.

- ix. Processing of grants to post-secondary education providers for Distance Learning development activities. Coordinates the application, allocation, and administration of state grants to develop the effective and efficient delivery of educational programs through the use of technology.

Outcomes: The grants stimulate the delivery of post-secondary education services through modern technologies and thereby make post-secondary education more accessible and cost effective.

1994-95 Biennial Budget

PROGRAM: Planning and Coordination
AGENCY: Higher Education Coordinating Board
(Continuation)

Measures: Number of projects funded; number of institutions/organizations participating in projects; number of programs developed; number of individuals registered in distance programs.

- x. Review and approval/disapproval of instructional programs proposed by all public and private post-secondary systems/institutions in the state by assessing appropriateness to institutional mission, need/demand, unnecessary duplication, institutional readiness, and compliance with degree guidelines. M.S. 136A.04(4)

Outcomes: New programs fulfill/exceed minimum review criteria: documented need, do not duplicate unnecessarily programs already in place, programs are within the financial, and physical and human resources of the institution, and are within the mission of the institution as promulgated by the legislature. Associate degrees are within the guidelines established by the state's post-secondary education community. Students/graduates are satisfied with their programs of study.

Measures: Number of programs withdrawn or modified by institutions following Coordinating Board review. Monitoring of enrollment/graduation data for increases/decreases. Students gain life and work skills: graduates are satisfied with the education and skills obtained as measured by random surveys and job placement data of graduates, graduates obtain gainful employment within a reasonable time after graduation. The number of requests for program information by the public. The number of student complaints about programs. Programs are reviewed by the Coordinating Board in a timely fashion.

- xi. Approval or disapproval of continuation or modification of existing programs for public institutions and recommendation of continuation or modification of existing programs for private institutions. M.S. 136.04(04)

Outcomes: Existing programs fulfill/exceed minimum review criteria: documented need, do not duplicate unnecessarily programs already in place, programs are within the financial, and physical and human resources of the institution, and are within the mission of the institution as promulgated by the legislature. Associate degrees are within the guidelines established by the state's post-secondary education community. Students/graduates are satisfied with their programs of study.

The program inventory provides students, planners, and policy makers with accurate information regarding programs offered by Minnesota institutions.

Measures: The Coordinating Board is establishing an inventory of approved programs. An institution may not offer any program not contained in the inventory of approved programs. Students registered in an unapproved program will not be counted for public funding purposes. Enrollment/graduation data are monitored periodically for increases/decreases. Students gain life and work skills: graduates are satisfied with the education and skills obtained as measured by random surveys and job placement data of graduates, graduates obtain gainful employment within a reasonable time after

graduation. The number of requests for program information by the public. The number of student complaints about programs. Programs are reviewed by the Coordinating Board in a timely fashion.

Relative to the program inventory: the number of discrepancies between programs listed and institutional publications and graduates as to reported program categories.

There are approximately 4,000 programs listed in the program inventory. The Coordinating Board will review the programs on a cyclical basis.

- xii. Review and approval/disapproval of sites and centers of instruction other than the principal campus of all public post-secondary education institutions to maximize resources, avoid unnecessary duplication, and provide effective access to instructional programs. M.S. 136A.04(5)

Outcomes: Minnesotans have access to an adequate range of post-secondary education opportunities without unnecessary duplication of efforts and in a cost effective and efficient manner.

Measures: Number of applications for site and center approval number approved/disapproved.

- xiii. Coordinates policies and programs for all public and private post-secondary education systems/institutions to address sexual violence and abuse in the post-secondary environment.

Outcomes: Institutions have policies and programs in place to prevent sexual harassment and violence and to deal effectively with occurrences of sexual discrimination and violence. Minnesotans have a post-secondary education environment free of sexual harassment and violence.

Measures: Annual review of system/institution policies to deal with sexual harassment and violence for adequacy; number of occurrences; number of complaints; number of training opportunities to promote policy and program development for the prevention of sexual harassment and violence in the post-secondary education setting.

3. Maintains databases on enrollment, transfer, graduation, and job placement of graduates in all public and private institutions, and provides analytical reports based on the data to the governor, legislature, post-secondary institutions, and the public.

As a result of legislative considerations and expressed post-secondary system/institution needs, the Coordinating Board is expanding its databases: the student record data base will be expanded from a fall term-only to an all-term database. The data base is being expanded to include needed information for policy advice and system/institutional coordination. This expansion will provide transfer, academic progress, and persistence information. Degree-conferred and placement tracking databases are being developed to assess program effectiveness and program completion.

Outcomes: Effective and cost efficient comprehensive information centrally available for planning and policy development in support of the state's post-secondary education.

Measures: Number of students recorded in the databases. Number of requests for data (such as, number of student transfers among institutions and systems; program completion rates; academic progress and persistence rates; age analyses; interstate flow of students; geographic

1994-95 Biennial Budget

PROGRAM: Planning and Coordination
AGENCY: Higher Education Coordinating Board
(Continuation)

student information); number of requests for data reports; number of requests for data searches; ability to merge databases. Number of publications extracted from the databases.

4. Coordination of task forces established and studies mandated by the legislature, and reviewing and commenting on system plans and reports.

Outcomes: Provision of high quality information for policy and budget decision-making processes to the governor, legislature, and systems/institutions.

Measures: Number of mandates; number of reports prepared; number of task forces coordinated and staffed; number of committees coordinated and staffed; number of studies performed.

PROGRAM PLAN:

The Coordinating Board will review its legislative mandates for institutional oversight, planning, and program and site and center approval in order to propose changes to the legislature that will achieve greater efficiency and service to the Board's customers. The goal is to provide a more efficient and effective licensing/registration and program review process and a more user friendly process by eliminating unnecessary, duplicative processes.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: PLANNING & COORDINTN

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
MINITEX LIBRARY	3,536	3,975	3,927	3,927	3,927		3,927	3,927	
QUALITY & MISSION COORD	231	76	96	97	95		97	95	
POLICY & PROGRAM PLNG	1,678	1,761	2,410	2,416	2,188		2,416	2,138	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	5,445	5,812	6,433	6,440	6,210		6,440	6,160	
GOV'S INITIATIVES:			FUND						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<2,379>			<2,379>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			HCA			<50>			
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<25>			<25>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<997>			<997>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			AGN			<2,719>			<2,719>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			HEC			<40>			<40>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL GOV'S INITIATIVES						<6,210>			<6,160>
SOURCES OF FINANCING:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DIRECT APPROPRIATIONS:									
GENERAL	2,476	2,345	2,602	2,609	2,379		2,609	2,379	
HEALTH CARE ACCESS			50	50	50		50		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	22	32	25	25	25		25	25	
FEDERAL	459	631	997	997	997		997	997	
AGENCY	2,453	2,767	2,719	2,719	2,719		2,719	2,719	
HECC LOAN	35	37	40	40	40		40	40	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	5,445	5,812	6,433	6,440	6,210		6,440	6,160	
POSITIONS BY FUND:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
GENERAL	15.9	15.5	15.0	15.0	15.0		15.0	15.0	
SPECIAL REVENUE			.2	.2	.2		.2	.2	
FEDERAL	.5	.5	.8	.8	.8		.8	.8	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: PLANNING & COORDINTN

				FY 1994			FY 1995		
			Est.						
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
HECC LOAN	.6	.6	.6	.6	.6		.6	.6	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	17.0	16.6	16.6	16.6	16.6		16.6	16.6	

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1994-95 Biennial Budget

BUDGET ACTIVITY: MINITEX
PROGRAM: Planning and Coordination
AGENCY: Higher Education Coordinating Board

ACTIVITY DESCRIPTION:

This activity maintains and facilitates a system of resource sharing services among higher education libraries, state agency libraries, and other libraries that elect to contract for services. MINITEX services are designed to provide students, faculty, and other residents of Minnesota with maximum access to library resources around the state and region.

Since F.Y. 1988, MINITEX has fulfilled this objective through 3 major services: 1) document delivery, 2) creation and maintenance of a union list of serials holdings of the participating libraries; and 3) a common data base of participants' books and non-print holdings through participation in a national program of on-line shared cataloging. In addition, MINITEX coordinates cooperative purchasing for participating libraries and provides secondary services on a reimbursement basis that, prior to 1988, were provided as basic services. These secondary services are periodical exchange and a reference service to participating libraries. MINITEX also provides leadership and administrative support for collaboration among libraries exploring new ways of sharing resources.

BUDGET ISSUES:

Minnesota post-secondary and state agency libraries currently participate in MINITEX programs supported by state appropriations to the Coordinating Board. In addition, under contracts that provide funding, MINITEX serves public libraries in Minnesota through the Office of Library Development and Services, Minnesota corporate libraries, and public and academic libraries in North and South Dakota.

Over 60% of document delivery requests are filled from the University of Minnesota/Twin Cities library collections, the Minneapolis Public Library and Information Center, and the Minnesota Department of Health Library. MINITEX staff go to these key Twin Cities library facilities, retrieve items from the shelves, and make photo-copies when appropriate. The remaining requests are referred and filled from other MINITEX participating libraries which absorb the cost of retrieving the materials.

In F.Y. 1992, the MINITEX office responded to 283,769 document delivery requests, provided 2,838 periodical exchanges, responded to 2,083 reference questions, provided administrative support and training for 163 libraries using OCLC services, supported the delivery of 25,049 items between libraries using the State University PALS on-line catalog, and provided cost savings to libraries through a cooperative purchasing program. 206,870 requests for documents and 111 libraries using OCLC services were supported by state appropriations. The balance was supported by contracts and fees.

For the 1994-95 Biennium, there are 2 primary issues regarding the direct state appropriations for MINITEX services to academic and state agency libraries:

1. Increasing requests for service. The current response time cannot be maintained at the same

level of funding because libraries are requesting more service from MINITEX. Post-secondary libraries are relying increasingly on resource sharing as they are unable to keep up with the rising costs of journal subscriptions and the increasing demand from their users for higher quality services. The number of document delivery requests from libraries supported through the direct MINITEX appropriation is expected to increase 7% in F.Y. 1993 and 11% in each year of the next biennium. In addition, libraries are requesting MINITEX to take the lead in encouraging coordinated collections development, to enhance delivery systems among libraries (both electronic and courier), and to expand the document delivery system for the sharing of non-print materials (such as, videos, cassettes, and compact disks).

2. Providing salary enhancements and inflationary increases. As a program administered by the University of Minnesota, MINITEX will be subject to University salary and fringe benefit adjustments. This will require either an increase in funding or a decrease in the current level of service

EFFICIENCY MEASURES:

	Actual F.Y. 1988	Actual F.Y. 1990	Actual F.Y. 1992
Document Delivery Requests			
Number of requests	200,885	256,473	283,769
Unit cost per request	\$4.10	\$4.47	\$4.57
Average Cost to Purchase Book	\$39.00	\$42.12	\$43.52 *
Average Cost for Subscription	\$77.93	\$93.45	\$104.36 *
Access to On-Line Shared Cataloging			
Number of libraries	165	164	163
Administrative cost per library	\$1,006	\$1,320	\$1,617
Cooperative Purchasing			
Number of libraries	N/A	90	117
Savings per library	N/A	\$798	\$1,026
Union List of Serials (MULS)			
General Titles Listed	111,251	123,696	132,000 *
Number of Serials Held	326,553	331,281	349,050 *
Unit Cost per Record Holding	\$.36	\$.45	\$.34 *

* Estimates for F.Y. 1992

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
Type of Revenue:	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Dedicated - Special	\$2,453	\$2,767	\$2,719	\$2,719	\$2,719

GRANTS:

None

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: PLANNING & COORDINTN
ACTIVITY: MINITEX LIBRARY

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									

DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS	3,536	3,975	3,927	3,927	3,927		3,927	3,927	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	3,536	3,975	3,927	3,927	3,927		3,927	3,927	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	3,536	3,975	3,927	3,927	3,927		3,927	3,927	
GOV'S INITIATIVES:			FUND						
-----			-----						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<1,208>			<1,208>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			AGN			<2,719>			<2,719>
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						<3,927>			<3,927>
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
GENERAL	1,083	1,208	1,208	1,208	1,208		1,208	1,208	
STATUTORY APPROPRIATIONS:									
AGENCY	2,453	2,767	2,719	2,719	2,719		2,719	2,719	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	3,536	3,975	3,927	3,927	3,927		3,927	3,927	
POSITIONS BY FUND:									

TOTAL POSITIONS									

1994-95 Biennial Budget

BUDGET ACTIVITY: Mission and Quality
PROGRAM: Planning and Coordination
AGENCY: Higher Education Coordinating Board

ACTIVITY DESCRIPTION:

This activity supports the MINNESOTA MILESTONES' goal of, "advanced education and training to make the state a leader in the global economy." It focuses on encouraging a high quality, efficient system of post-secondary education through 2 different avenues.

The first involves assisting and coordinating the efforts of the public post-secondary systems to continue to define and differentiate their respective missions while working cooperatively to provide educational services for students. Key activity is developing the biennial inter-system plan. The 1992 plan will report the status and next steps in mission differentiation, transfer of credits, and many other cooperative efforts.

The second avenue focuses on improving the quality of post-secondary education through the application of the principles of Total Quality Management (TQM) to post-secondary education. TQM has been used extensively by U.S. business and industry in the past decade. It began in the 1950's in Japan under the guidance to W. Edwards Deming, an American statistician credited with turning around post-war Japan. With some adaptations, TQM principles are proving to be useful to public sector and service industries. The criteria used in awarding the U.S. Department of Commerce's Malcolm Baldrige Award embody 7 key principles of TQM - leadership, information analysis, planning, human resource utilization, quality assurance, quality results, and most important, customer satisfaction. To see whether these criteria could be useful to education, the Coordinating Board in partnership with the Minnesota Council for Quality and the Minnesota Academic Excellence Foundation (MAEF), assisted K-12 and post-secondary institutions in piloting the projects with criteria used by businesses competing for the National Malcolm Baldrige Award and/or the Minnesota Quality Award. Plans are to provide additional information and training on use of Baldrige criteria to more post-secondary schools and to establish a Quality in Education Award category with the Minnesota Quality Award.

Immediate clients for these activities are the post-secondary systems and the legislature, but most of the students, citizens and taxpayers of the state are the ultimate beneficiaries.

BUDGET ISSUES:

The agency intends to do the work described and absorb inflationary and salaries increases, within the current funding for this activity.

EFFICIENCY MEASURES:

Mission differentiation, elimination of programs not within the mission of the systems, and greater ease of transfer are some of the goals worked on this past year. Plans are to continue to reduce program duplication and increase the number of students transferring.

Last year, 8 post-secondary institutions were involved in piloting the Baldrige/Minnesota Quality Award criteria. Plans are to work with at least 16 institutions in next 2 years and have an award category for education within the Minnesota Quality Board by 1994.

REVENUE:

No revenue is generated by this activity.

GRANTS:

None

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: PLANNING & COORDINTN
ACTIVITY: QUALITY & MISSION COORD

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	78	51	71	72	71		72	71	
EXPENSES/CONTRACTUAL SRVCS	10	23	17	17	16		17	16	
MISC OPERATING EXPENSES	3	2	7	7	7		7	7	
SUPPLIES/MATERIALS/PARTS			1	1	1		1	1	
SUBTOTAL STATE OPERATIONS	91	76	96	97	95		97	95	
LOCAL ASSISTANCE	140								
TOTAL EXPENDITURES	231	76	96	97	95		97	95	
GOV'S INITIATIVES:			FUND						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<95>			<95>
TOTAL GOV'S INITIATIVES						<95>			<95>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	231	76	96	97	95		97	95	
TOTAL FINANCING	231	76	96	97	95		97	95	
POSITIONS BY FUND:									
GENERAL	1.0	1.0	1.0	1.0	1.0		1.0	1.0	
TOTAL POSITIONS	1.0	1.0	1.0	1.0	1.0		1.0	1.0	

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1994-95 Biennial Budget

BUDGET ACTIVITY: Policy and Program Planning
PROGRAM: Planning and Coordination
AGENCY: Higher Education Coordinating Board

ACTIVITY DESCRIPTION:

The activities of Policy, Planning, and Coordination provide centrally available effective and cost efficient data for policy development and planning, the coordination of activities, and the administration of mandated programs. These activities contribute to the effectiveness and efficiency in meeting Minnesotans' post-secondary education needs through: short-range and long-range planning leading to a sound basis for policy decisions and program actions; maintaining comprehensive databases; and administering state and federally mandated programs. The desired results are coordinated and comprehensive state post-secondary education efforts that meet the changing needs of Minnesotans efficiently and effectively, and which are conducted within a framework of responsible policy based on adequate data, consultation, and planning.

BUDGET ISSUES:

The Coordinating Board is proposing that the contract part of the Post-High School Planning Program (PSPP) be eliminated. When resources are not adequate to cover all the needs, the cost/benefit of this item does not compare favorably with other areas of need. The portion of the PSPP that directly impacts students and their families will be continued.

The Coordinating Board also recommends that the Distance Learning Grants be eliminated and the funds be used as part of a telecommunications initiative which will be presented as an initiative separate from this budget request.

The Coordinating Board also proposes that the fees for the Private Institution Registration (PIR) Program and the Private Trade School (PTS) Licensure Program be increased, with the additional funds being used to cover the administration of those programs.

With these changes, the Coordinating Board feels that it can administer the responsibilities assigned to this activity except for the Minnesota Graduate Follow Up System. This is a new initiative mandated by the 1991 Legislature and will require more resources than the Coordinating Board has available for reallocation. The Coordinating Board will request additional funds for this initiative in a separate request.

EFFICIENCY MEASURES:

During recent legislative sessions, the Coordinating Board has received an increase in reporting, and oversight mandates from the legislature. These mandates focus on licensure/approval and program management and address issues of consumer protection, quality, and cost effectiveness. The expansion of existing and addition of new databases on students, degrees conferred, and job placement are under development. The Division has and, during the current year, is assuming these substantial new mandates without additional staff and financial resources. This is possible only due to the application of computer-based technologies. Studies vary in effort, time, intensity and volume as per mandate, and frequently transcend fiscal years. Listed below are some of the activity measures for these activities.

	ACTUAL F.Y. 1991	ACTUAL F.Y.1992	EST. F.Y. 1993	EST. F.Y. 1994	Est. F.Y. 1995
Studies/Reports Completed	20	20	20	20	20
Private Institution Reports Processed	75	80	80	80	80
Private Trade School Reports Process	0	0	50	55	60
Number of Students Participating in PSPP Survey/Test	20,000	25,000	25,000	27,000	30,000
Information Service	20,000	56,000	56,000	58,000	60,000
Number of Students in Student Record Data Base	250,000	245,000	700,000	1,000,000	1,000,000
Number of Eisenhower Grants Applications	37	30	32	35	35
Processed/Funded	20	23	27	29	29
Number of Federal Community Service Grant Applications	0	0	19	20	25
Processed/Funded	0	0	12	10	10
Number of Midlevel Practitioner and Nurses Continuing Education Grants	0	0	2	2	N/A
Distance Learning Grants Processed	0	3	3	N/A	N/A
Sexual Harassment and Violence Policies Reviewed/Coordination Workshop Held	90	100	125	125	125
Data Bases Maintained	4	5	6	6	7
Data Reports Published	4	5	7	8	11
Number of Task Forces/ Committees Coordinated	10	10	12	12	12
Number of Programs Reviewed	50	56	60	65	70
Number of Site Approval Requests Processed	0	7	40	45	50

1994-95 Biennial Budget

BUDGET ACTIVITY: Policy and Program Planning
PROGRAM: Planning and Coordination
AGENCY: Higher Education Coordinating Board
 (Continuation)

REVENUE:

This activity generates both dedicated and non-dedicated receipts.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Private Trade School Licensure					
Non-dedicated - Gen'l	\$0	\$0	\$26	\$26	\$26
Private Institution Registration					
Dedicated - Special	22	32	25	25	25
Dedicated - Federal	459	631	997	997	997

GRANTS:

1. Title II of the federal Education for Economic Security Act. (Eisenhower Grants).

These grants are intended to enhance the quality of science and mathematics programs, so teachers are better prepared and provides for innovative programs to attract more students to science and mathematics.

2. National and Community Service Act of 1990 (Public Law 101-610, as amended).

These federal grants are intended to motivate students to serve their community and populations who need assistance. The ethic of voluntary community service as a lifelong objective is promoted. If this is successful, the social burden on government is reduced.

3. Grants to post-secondary education providers under the Health Right legislation.

These grants are intended to encourage providers to establish and administer educational opportunities for midlevel practitioners in rural Minnesota, and to develop additional continuing education opportunities for nurses in rural Minnesota.

4. Grants to post-secondary education providers for Distance Learning development activities.

These grants were intended to stimulate the delivery of post-secondary educational services through modern technologies and thereby make post-secondary education more accessible and cost effective. The Board recommends that this be discontinued and the funds be directed to a more comprehensive telecommunications initiative.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: PLANNING & COORDINTN
ACTIVITY: POLICY & PROGRAM PLNG

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	732	736	799	803	810		803	810	
EXPENSES/CONTRACTUAL SRVCS	465	300	353	355	210		355	210	
MISC OPERATING EXPENSES	34	43	104	104	104		104	54	
SUPPLIES/MATERIALS/PARTS	6	8	11	11	11		11	11	
OTHER	5	4	5	5	5		5	5	
SUBTOTAL STATE OPERATIONS	1,242	1,091	1,272	1,278	1,140		1,278	1,090	
LOCAL ASSISTANCE	436	670	1,138	1,138	1,048		1,138	1,048	
TOTAL EXPENDITURES	1,678	1,761	2,410	2,416	2,188		2,416	2,138	
GOV'S INITIATIVES:			FUND						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<1,076>			<1,076>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			HCA			<50>			
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<25>			<25>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			FED			<997>			<997>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			HEC			<40>			<40>
TOTAL GOV'S INITIATIVES						<2,188>			<2,138>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,162	1,061	1,298	1,304	1,076		1,304	1,076	
HEALTH CARE ACCESS			50	50	50		50		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	22	32	25	25	25		25	25	
FEDERAL	459	631	997	997	997		997	997	
HECC LOAN	35	37	40	40	40		40	40	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: PLANNING & COORDINTN
ACTIVITY: POLICY & PROGRAM PLNG

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TOTAL FINANCING	1,678	1,761	2,410	2,416	2,188		2,416	2,138	
POSITIONS BY FUND:									
GENERAL	14.9	14.5	14.0	14.0	14.0		14.0	14.0	
SPECIAL REVENUE			.2	.2	.2		.2	.2	
FEDERAL	.5	.5	.8	.8	.8		.8	.8	
HECC LOAN	.6	.6	.6	.6	.6		.6	.6	
TOTAL POSITIONS	16.0	15.6	15.6	15.6	15.6		15.6	15.6	

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1994-95 Biennial Budget

PROGRAM: Agency Administration
AGENCY: Higher Education Coordinating Board

PROGRAM PURPOSE:

This program (1) provides leadership, direction, supervision, and control of the agency; (2) serves the Board's needs, and assures the effective operation of the Board; and (3) supports the agency's divisions and programs with administrative, fiscal, personnel, office services, data processing, and information management services. This comprehensive management responsibility also involves service to the governor and the legislature, liaison with federal agencies, and the appropriate congressional offices, and relationships with the general public, including the media. Preparation and timely dissemination of reports, proposals, and program analysis are important aspects of the program.

This program supports the Minnesota Milestone theme that "Minnesota will have the advanced education and training to make the state a leader in the global economy. "The Board develops and advocates public policies that will help ensure Minnesota has an accessible, high quality, efficiently operated statewide higher education system. Further, the Board possesses the capacity to monitor progress in achieving this Milestone theme through its data bases on enrollment, transfer, persistence, graduation, and job placement of graduates.

PROSPECTS:

Several factors will affect the Board's work in the coming two years.

1. *Continued Economic Difficulties.*
Continued economic stress on government and individuals makes it increasingly difficult for the state to fund adequately the current higher education system and for many individuals to pursue advanced educational opportunities. In order for the state to fulfill its longstanding goals of access, choice, diversity and efficiency, it will need to continually evaluate existing policies and consider new, creative alternative policies.
2. *Changes in Student Population.*
Minnesota has a shrinking and geographically shifting pool of college-age students. Higher education must continue to be more responsive to an older, more diverse student population.
3. *Federal Policy Changes and Budgets.*
Congress in summer 1992 adopted significant amendments to the federal Higher Education Act. These amendments will affect state financial aid policy because the state coordinates state and federal benefits. The federal legislation is likely to increase responsibility for state oversight of post-secondary institutions.
4. *System, Mission and Program Realignment.*
The 1991 Legislature mandated the merger in 1995 of the technical colleges, community colleges, and state universities. Legislation in 1991 also delineated system missions and required the systems to more closely align programs with the statutory missions. Structural changes will affect the future development of higher education policies and budgets.

5. *Use of New Technologies.*

Rapid development has occurred in the use of telecommunications and instructional technologies. As higher education attempts to maintain access and develop efficiencies in program delivery, it will need to integrate the use of these technologies for instructional and library services.

6. *Focus on Social Issues.*

Federal and state legislation are placing increased responsibility on higher education to address social issues, including the increased success of minority students, sexual harassment and violence, campus crime, racism, and bigotry.

7. *Increase in Regulation.*

The Coordinating Board is receiving increased regulatory responsibility. In addition to registering and approving degrees for private institutions, the Board, as of July 1992, is responsible for the regulation of private career schools, a mandate previously assigned to the Department of Education. The Board in recent years has been assigned increased responsibility in program approval and the approval of sites and centers. Recent federal legislation may increase the Board's regulatory responsibilities.

8. *Need for Increased Collaboration.*

The higher education community alone cannot meet the expectations and demands placed on it. Increased collaboration among higher education systems will be necessary as will increased partnerships between higher education and K-12 education, and between education and the private sector.

9. *Improved Customer Service.*

In order to respond to the needs and demands of an increasingly diverse student population, higher education will have to improve the quality of its services. Higher education systems, institutions, and agencies are attempting to do this by adopting the principles embodied in Total Quality Management. This will involve major cultural changes in the way higher education conducts its business.

10. *Enhancement of Science and Technology Education.*

To enhance the nation's competitiveness in science and technology, improvements are needed in science and math education. Higher education will be expected to take a leadership role.

OUTCOMES:

The Board has made considerable progress in working toward fulfillment of its overall themes and goals. As a result, financial access for students has been enhanced, a solid base of information has been established upon which to base policy decisions, increased coordination and collaboration have occurred, increased attention is being focused on efficiency and program management in higher education, diversity has been improved, and communications have been strengthened. The Board has provided leadership in student financing issues by developing and advocating realistic policy and budget proposals for the State Grant Program, which assists needy students. The Board has coordinated the development of Minnesota positions in the Reauthorization of the federal Higher Education Act. Student loans are available for Minnesota students as a result of the Board's efforts to obtain tax-exempt bonding authority for the Student Educational Loan Fund (SELF) Program and the sale of \$30 million in bonds, which had a Aaa/VMIG1 rating from Moody's Investor Services.

1994-95 Biennial Budget

PROGRAM: Agency Administration
AGENCY: Higher Education Coordinating Board
(Continuation)

Further, the Board has enhanced the administration of the State Grant Program by encouraging additional campuses to work directly with students under the decentralized delivery program, which provides for a more efficient and customer oriented delivery of grants.

To become a central source of information, the Board has enhanced its data base capacity-developing a data base on persistence, transfer, and degrees conferred as well as continuing its collection and reporting of enrollment data and projecting high school graduates.

The Board has increased its leadership in fostering coordination and collaboration among higher education systems and other agencies and organizations. Board staff are working with system representatives in developing plans for a statewide instructional telecommunications network. The Board is working with the seven institutions that participated in piloting the use of the Malcolm Baldrige Award criteria and promoting the use of Total Quality Management by other post-secondary institutions. In response to 1991 legislation, the Board is coordinating the development of a statewide reporting system to identify the job placement and further education of graduates of public and private post-secondary programs. As required by statute, the Board is coordinating the development of policies on sexual harassment and violence and reviewing campus security and training plans. The Board is collaborating with K-12 education, industry, and other partners to improve math and science education and enrollment and is a partner in the state's efforts to obtain a National Science Foundation grant to restructure math and science education. The Board has established a task force to promote collaboration between K-12 and post-secondary representatives on issues of mutual concern, and has convened a panel of people who have been involved in public school reforms and teacher educators. The agency continues to convene and participate in the Intersystem Planning Group (representatives of the public and private post-secondary education systems and sectors) which addresses policy issues of mutual concern. The agency is coordinating the development of an intersystem plan as required by statute.

The Board has elevated efforts to promote efficient management of instructional programs. The Board has coordinated the work to implement legislation requiring the systems to realign programs so that system offerings are consistent with statutory missions. A process for the review of existing programs has been developed. The Board has implemented a process for the review and approval of sites and centers. The Board has promoted the use of telecommunications to deliver instructional programs more efficiently.

The agency has emphasized the benefits of diversity and promoted policies to achieve that diversity. It reviewed and commented and made recommendations on system proposals to enhance cultural diversity on campuses. The Board continues to work with the Minnesota Minority Education Partnership. It has initiated an effort, with some private financial support, to target information about academic and financial planning to parents of color and disadvantaged backgrounds. The agency has provided leadership in promoting community service grants and seeking federal funds for this purpose.

The Board is working on several projects scheduled for completion prior to the end of the 1992-93 biennium. One project involves the collection and summary of data from the public systems on the number of hours faculty devote each week to teaching, advising, research, and other responsibilities. The Board is studying the link between funding and systems missions and achievement by students of system and institution learner outcomes. The Board will review and comment on system plans for their instructional programs, enrollment management, and other initiatives.

Many of the Board's activities stem from 2 studies completed in winter 1991. One is a set of proposals for providing undergraduate and practitioner oriented programs in the metropolitan area. A second is a set of proposals to meet the state's higher education needs to the year 2000. Proposals advocate better use of physical capacity, restructuring, greater efficiencies through stronger program management, elevated commitment to students of color, and improvement of science and technology education. The Board completed a legislative mandate in which it recommended that the Duluth Community College Center and Duluth Technical College merge into one 2-year institution by July 1995.

The Board enhanced its communications by strengthening the program of the Annual Meeting of Education Governing boards and forums, and reaching people throughout Minnesota via telecommunications. The Board has redesigned and is producing a regular newsletter and has established an electronic bulletin board. During the biennium, the Board initiated a new communications program to inform parents about the academic and financial planning necessary for life after high school. Other communications targeted for students and parents have been enhanced.

OBJECTIVES:

During the 1994-95 biennium, the Board will focus on the following themes:

- identifying and analyzing statewide policy issues;
- encouraging the improvement of quality;
- ensuring access and choice;
- increasing attention on efficiency and cost effectiveness;
- fostering greater use of instructional technology; and
- coordinating efforts and projects among organizations.

The Board has identified several strategic initiatives; they involve follow-up action or analysis and the development of recommendations on several issues under consideration.

The Board will pursue actively the implementation of several previously adopted recommendations. They include the review and management of existing programs, instructional telecommunications, restructuring of higher education, minority access and success, science and technology, and justice and safety on campus. The Board also has in progress activity on several issues that may lead to Board action in 1992-93. They include long term transformational change, quality improvement, student financing, workforce development, and higher education planning.

1994-95 Biennial Budget

PROGRAM: Agency Administration
AGENCY: Higher Education Coordinating Board
(Continuation)

PROGRAM PLAN:

The Board's budget request is designed to promote equal educational opportunity for all residents, regardless of their economic background; to elevate attention on quality; promote efficiency and effectiveness; and increase the use of technology; and continue to strengthen its policy and coordination activities.

The Board is requesting an increase of \$63.8 million in the State Grant Program. The request takes into account changes in the national need analysis, the Federal Pell Grant Program, shortcomings in the Living and Miscellaneous Expense Allowance, change in definition of full-time, the economic recession, the enrollment mix, and potential tuition increases.

Further, the Board is proposing an increase of \$500,000 per year in the Child Care Grant Program with reallocations of \$140,000 from the Child Care Innovation Grant Program, \$250,000 from the Dislocated Rural Workers Program, \$40,000 from the Safety Officers' Survivors' Program and new money of \$70,000 per year.

The Board is promoting quality through the implementation of Total Quality Management internally and the promotion of this approach throughout higher education. Improvements in the Board's processes will result in better customer service and operating efficiencies.

The Board is promoting efficiency by implementing a new process for the review of existing higher education instructional programs, encouraging efforts to enhance program management in the higher education systems and institutions, and by regional program planning.

The Board's budget plan proposes to reallocate \$70,000 a year from distance learning grants to a telecommunications initiative. The Board has been coordinating the development of a plan for a statewide instruction-level telecommunications system. The Board is enhancing the use of technology in its own operations as a way to achieve efficiencies.

The Board is promoting structural change in higher education through its policy studies and analysis and advocacy of its recommendations for statewide higher education policy.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: AGENCY ADMINISTRATION

ACTIVITY RESOURCE ALLOCATION:				FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
AGENCY MANAGEMENT	608	519	567	571	650		571	650	
ADMINISTRATIVE SERVICES	2,555	4,590	7,873	7,619	7,602		7,619	7,602	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	3,163	5,109	8,440	8,190	8,252		8,190	8,252	
GOV'S INITIATIVES:			FUND						
=====	=====	=====	=====						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<1,364>			<1,364>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<41>			<41>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			HEC			<6,847>			<6,847>
=====	=====	=====	=====			=====			=====
TOTAL GOV'S INITIATIVES						<8,252>			<8,252>
SOURCES OF FINANCING:									
=====	=====	=====	=====						
DIRECT APPROPRIATIONS:									
GENERAL	1,328	1,190	1,552	1,302	1,364		1,302	1,364	
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	34	47	41	41	41		41	41	
HECC LOAN	1,801	3,872	6,847	6,847	6,847		6,847	6,847	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	3,163	5,109	8,440	8,190	8,252		8,190	8,252	
POSITIONS BY FUND:									
=====	=====	=====	=====						
GENERAL	18.6	18.0	17.5	17.5	17.5		17.5	17.5	
HECC LOAN	11.0	11.0	11.5	11.5	11.5		11.5	11.5	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	29.6	29.0	29.0	29.0	29.0		29.0	29.0	

1994-95 Biennial Budget

BUDGET ACTIVITY: Agency Management
PROGRAM: Agency Administration
AGENCY: Higher Education Coordinating Board

ACTIVITY DESCRIPTION:

The Agency Management Activity provides leadership, direction, and supervision to the agency's 68 FTE staff, controls the activities of the agency, which manages an overall annual budget of approximately \$157 million, and serves the 11 members of the Board by assuring its effective operation.

This comprehensive management responsibility includes developing and accomplishing the agency's management plan, identifying agency priorities, and communicating the results of Board actions and policies.

The agency provides several significant services. It identifies and analyzes emerging higher education policy issues and serves as a catalyst to initiate change through the development of solutions. In doing this, the Board serves as the central source of information and data on higher education issues. The Board, through a variety of activities that involve the systems and institutions, coordinates the development and implementation of policies and promotes the efficient operation of post-secondary education. The Board manages several state and federal mandated higher education programs. The Board provides an independent, long range, state-level perspective.

The Board's primary constituency is the governor and legislature, who represent the students and families of the state. The Board provides several services directly to students and families, including the distribution of student aid funds. An important, but secondary constituency is the higher education community, which includes 4 public systems, 2 private sectors, and 270,000 students. The Board also provides service to a variety of other stakeholders and seeks to foster collaboration and partnerships among those who have a stake in higher education.

BUDGET ISSUES:

In carrying out this activity, a key issue is how to balance increasing demands on the agency's capacity with declining resources. During the past few years, the agency has received increased regulatory authority, added responsibility for coordinating several activities among higher education systems and institutions, and administrative responsibility for several new student assistance programs. The Board, for example, has been given authority to approve or disapprove existing instructional programs, to approve or disapprove sites and centers, and to regulate private, for profit trade schools. The Board has been mandated to coordinate the development of policies on sexual harassment and violence. Examples of new programs are several grant programs to assist nursing students, and several loan repayment programs designed to encourage rural medical practice.

At the same time, the agency has been working to enhance its ability to provide leadership in identifying, analyzing, and advocating statewide policies for higher education.

The Board responds to this challenge by focusing on the efficiency and quality of services. The agency is implementing the principles of Total Quality Management, it is enhancing the development

of its research data bases, it is expanding the decentralization of the State Grant Program, and it is enhancing the use of technology such as through the implementation of desktop publishing. Further, the Board is considering increases in the fee structure for regulated institutions, it is paring some consultant costs, it is seeking some private funds to meet important needs and improve quality, and it is charging for some products and services.

EFFICIENCY MEASURES:

Examples of efficiency measures are number of policy studies completed and system reports that receive the Board's review and comment; number of advisory task forces, and committees convened and coordinated; number of processes examined and improved under Total Quality Management; number of conferences and seminars held on public policy issues; and number of publications prepared and distributed to students and families about academic and financial preparation and cost per unit.

REVENUE:

None

GRANTS:

This activity also promotes minority participation in post-secondary education by assisting the Minnesota Minority Educational Partnership by providing funding for part of its work plan.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: AGENCY ADMINISTRATION
ACTIVITY: AGENCY MANAGEMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									

DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	409	408	433	436	450		436	450	
EXPENSES/CONTRACTUAL SRVCS	125	102	109	110	176		110	176	
MISC OPERATING EXPENSES	103	53	55	55	56		55	56	
SUPPLIES/MATERIALS/PARTS	8	6	8	8	8		8	8	
OTHER	<89>	<100>	<88>	<88>	<88>		<88>	<88>	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	556	469	517	521	602		521	602	
LOCAL ASSISTANCE	52	50	50	50	48		50	48	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	608	519	567	571	650		571	650	
GOV'S INITIATIVES:									
			FUND						
-----			-----						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<650>			<650>
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						<650>			<650>
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
GENERAL	608	519	567	571	650		571	650	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	608	519	567	571	650		571	650	
POSITIONS BY FUND:									

GENERAL	7.0	7.0	7.0	7.0	7.0		7.0	7.0	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	7.0	7.0	7.0	7.0	7.0		7.0	7.0	

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1994-95 Biennial Budget

BUDGET ACTIVITY: Administrative Services
PROGRAM: Agency Administration
AGENCY: Higher Education Coordinating Board

ACTIVITY DESCRIPTION:

This activity provides extensive staff support in the areas of information management, financial management, office and human resource services to assist all agency managers in the implementation and administration of their programs. In addition, the administrative services division directly administers 4 loan repayment programs from processing applications through disbursement and collection, and collects SELF loans that have defaulted, and State Grant overpayments.

The administrative services division provides accounting, budgeting, financial analysis, financial reporting, auditing personnel functions, affirmative action compliance and preparation of agency administrative policy and procedure regulation. Acquisition of all office supplies, services, equipment and furnishings, mail processing, travel management liaison, copy services, contract management, and disbursement and receipt of all funds are administered by this activity.

Services provided by Information Management unit include: analysis, design, programming, maintenance, operation, and staff training for application systems; analysis, design, and programming for statistical analysis; research database administration; interfacing with hardware, software, and service vendors; maintenance of and technical support for minicomputers, personal computers, and communications network; daily computer operations tasks such as printing of reports and backup; maintenance of, training on, and technical support for minicomputer, personal computer, and network office support systems.

BUDGET ISSUES:

With the current budget guidelines, the task of providing the same level of service while absorbing salary increases and other inflationary costs will become more and more difficult. The goal of this activity is to provide sound and efficient fiscal and administrative support to the agency in order to fulfill the needs of the clientele. This will be accomplished through a review process which will evaluate and assess resources available and services to be provided.

The agency is considering a hardware upgrade that would provide for the expansion of the integrated student research database, increase the computer resources available to analyze that data, increase the resources available to other systems while reducing recurring costs (hardware maintenance).

EFFICIENCY MEASURES:

<u>AFFIRMATIVE ACTION</u>	<u>F.Y. 1985</u>	<u>F.Y. 1990</u>	<u>F.Y. 1992</u>
Number of Employees	60	71	68
Number of Women	43	48	46
Number of Minorities	4	4	4
Number of Disabled	0	2	5

AUDITING

	<u>F.Y. 1988</u>	<u>F.Y. 1990</u>	<u>F.Y. 1992</u>
Number of Audits	37	48	29
Dollars Recovered	\$131,000	\$58,000	\$81,000

ACCOUNTING SUPPORT

No. of Payment Transactions	2,617	2,559	2,409
Percent of Payments made within 30 Days	94.7%	99.7%	99.9%

GRADUATED REPAYMENT

<u>INCOME PROTECTION (GRIP)</u>	<u>F.Y. 1988</u>	<u>F.Y. 1990</u>	<u>F.Y. 1992</u>
Number of Participants	27	97	157
Dollar Amount of GRIP Loans Outstanding	\$35,000	\$614,000	\$2,509,000
Number of Accounts Paid per Month	119	556	990

**STUDENT EDUCATIONAL
LOAN FUND (SELF) CLAIMS**

Number of Claims	216	344	485
Dollar Amount of Claims	\$504,994	\$809,542	\$1,419,634
Cumulative No. of Claims	216	856	1,838
No. of Claims in Payment Arrangements	0	437	1,017
No. of Claims Paid In Full	0	56	229
Dollar Amount Collected on Claims	\$9,693	\$194,467	\$602,224

STUDENT LOANS RECEIVABLE

Number of Accounts	NA	50,955	56,018
Total Amount Receivable for all Accounts	NA	\$150,041,136	\$186,611,413
Dollar Amount Collected on Accounts	NA	\$21,004,593	\$23,095,308

Direct Maintenance Costs

	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>
as percentage of Information Management budget			
Hardware	8.2%	9.2%	9.3%
Software	10.3%	11.2%	14.7%

Systems Supported

Software Systems	10	16	19
Personal Computers	7	10	20
Minicomputers	1	1	2

Minicomputer/Service Downtime

	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>
Total Downtime			
due to circumstances within our control	2.0%	1.4%	.5%
All hours	2.0%	1.3%	.3%
Business hours	.7%	.1%	.1%

1994-95 Biennial Budget

BUDGET ACTIVITY: Administrative Services
PROGRAM: Agency Administration
AGENCY: Higher Education Coordinating Board
 (Continuation)

Revenue:

This activity generates dedicated and non-dedicated revenue.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Type of Revenue:					
Optometry & Osteopathy					
Contract Payments, State					
Grant Overpayments, and					
Interest on Late State					
Grant Refunds					
Non-dedicated - Gen'l	\$274	\$705	\$700	\$700	\$700
Photo Copy Charges					
Dedicated - Special	34	47	41	41	41
Dedicated - HECB Loan Fund	20,391	784	31,200	11,800	2,100

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: AGENCY ADMINISTRATION
ACTIVITY: ADMINISTRATIVE SERVICES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	806	842	924	927	930		927	930	
EXPENSES/CONTRACTUAL SRVCS	847	1,133	1,431	1,432	1,423		1,432	1,423	
MISC OPERATING EXPENSES	68	85	92	92	81		92	81	
SUPPLIES/MATERIALS/PARTS	58	55	88	88	88		88	88	
CAPITAL EQUIPMENT	172	82	330	72	72		72	72	
OTHER	604	2,393	5,008	5,008	5,008		5,008	5,008	
SUBTOTAL STATE OPERATIONS	2,555	4,590	7,873	7,619	7,602		7,619	7,602	
TOTAL EXPENDITURES	2,555	4,590	7,873	7,619	7,602		7,619	7,602	
GOV'S INITIATIVES:			FUND						
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			GEN			<714>			<714>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			SR			<41>			<41>
(A) TRANSFER TO CHILDREN & EDUCATION SVCS			HEC			<6,847>			<6,847>
TOTAL GOV'S INITIATIVES						<7,602>			<7,602>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	720	671	985	731	714		731	714	
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	34	47	41	41	41		41	41	
HECC LOAN	1,801	3,872	6,847	6,847	6,847		6,847	6,847	
TOTAL FINANCING	2,555	4,590	7,873	7,619	7,602		7,619	7,602	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD
PROGRAM: AGENCY ADMINISTRATION
ACTIVITY: ADMINISTRATIVE SERVICES

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	11.6	11.0	10.5	10.5	10.5		10.5	10.5	
HECC LOAN	11.0	11.0	11.5	11.5	11.5		11.5	11.5	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	22.6	22.0	22.0	22.0	22.0		22.0	22.0	

1994-95 Biennial Budget

BUDGET ACTIVITY: 0706 Summer Program Scholarship
PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

Citation: M.S. 126.56

ACTIVITY DESCRIPTION:

The Higher Education Coordinating Board (HECB) provides summer scholarships to eligible Minnesota secondary students (Grades 7-12) who attend summer academic programs sponsored by Minnesota post-secondary institutions. The program is designed to:

- encourage students to enrich their learning beyond those academic experiences now provided by their schools;
- provide academic instruction for student enrichment in curricular areas including, but not limited to: communications, humanities, social studies, social science, science, mathematics, computer science, fine or performing arts, and foreign languages;
- provide financial assistance to students of need who are interested in attending summer academic programs sponsored by post-secondary institutions; and
- encourage minority students and students from low income families to participate in summer enrichment programs.

This program addresses 2 of the Minnesota Milestones priorities:

1. to improve the average state score on school achievement tests as a ratio to the national average [Indicator #14] by providing opportunities to expand basic knowledges and skills in academic subject areas through participation in learning experiences that challenge students to apply basic skills to more complex problems and inter-disciplinary problem solving situations; and
2. to reduce the percentage of children who spend 41 or more hours per week watching television or videos [Indicator 10] by expanding their interest in academic subjects through enjoyable and interesting learning activities that challenge them to see relationships between theory and practical applicability to life experiences and to provide a learning environment where options for leisure time activities are presented and encouraged.

BUDGET ISSUES:

The Summer Scholarships for Academic Enrichment Program administered by HECB provides scholarships of up to \$1,000 to eligible junior and senior high school age students who have completed 7th grade, but have not graduated from high school. The scholarship covers tuition and other costs of attendance, such as transportation. An eligible institution must be accredited by the North Central Association of Colleges, offer at least an associate or baccalaureate degree program, and be located in Minnesota.

In order to be eligible for a scholarship, a student must:

- be a Minnesota resident;
- attend an eligible program;
- have completed at least 1 year of secondary school (Grade 7), but not have graduated from high school;
- have earned at least a "B" average during the semester or quarter prior to application in the subject area applicable to the summer program the student wishes to attend; and
- demonstrate need for financial assistance. Financial need is determined by taking into account the costs of attending the program, and household adjusted gross income.

An eligible program must be approved by the State Board of Education (SBE) and must: 1) provide academic instruction for student enrichment in curricular areas including, but not limited to: communications, humanities, social studies, social science, science, mathematics, fine or performing arts, or foreign language; 2) be an in-state program; 3) not be offered for credit to post-secondary students; and 4) not provide remedial instruction.

An advisory committee assists SBE in approving eligible programs and assists HECB in planning, implementing, and evaluating the scholarship program. HECB is responsible for developing and disseminating information about the program. HECB and the SBE determine the time and manner for scholarship applications, awards, and program approval.

All scholarships are awarded by HECB. Each eligible institution sponsoring eligible programs designates a representative responsible for assisting HECB. This representative has responsibility for counseling potential applicants, verifying student eligibility, calculating each student's financial need, transmitting scholarship disbursements to award recipients, and refunding appropriate scholarship monies for students who withdraw or do not attend the program for which funds were awarded. All scholarship applications must be approved by the post-secondary institution sponsoring the eligible program and HECB.

EFFICIENCY MEASURES:

Since 1986, total enrollment in summer academic programs has increased 26% to 791 in the summer of 1992. The proportion of students receiving scholarships has increased from 4.5% in 1986 to 55% in 1992. This increase is primarily due to intensified efforts to improve participation in these summer academic programs by low income and minority students meeting the scholarship eligibility requirements.

Due to the increasing demand for scholarship funds by eligible students, since Summer 1989, a portion of the allocated program funds from the subsequent fiscal year have been utilized to cover program scholarships for students attending programs after June 30th. The \$214,000 per fiscal year program allocation had become insufficient to meet the scholarship demands. In order to discontinue the practice of making scholarship award by utilizing funds from the subsequent fiscal year, the advisory committee decided to modify the income eligibility requirements commencing Summer 1991. For Summer 1992, only students from families with adjusted gross incomes less than \$18,000

1994-95 Biennial Budget

BUDGET ACTIVITY: 0706 Summer Program Scholarship
PROGRAM: 07 Access to Excellence
AGENCY: Education Aids

for the 1991 tax year were eligible for summer scholarship awards. This made it possible to ensure a commitment to fully fund low income and minority students, who would most likely be unable to attend these programs unless they were fully funded.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Summer Program					
Institutions participating	23	26	25	25	25
Programs offered	60	79	60	75	75
Students enrolled	6,627	7,494	7,191	7,500	7,700
Total awards (000s)	\$266.1**	\$212.0	\$212.0	\$214.0	\$214.0
Grant for printing brochures (000s)	\$5.0	\$2.5	\$2.5	\$0	\$0
Average award	\$420	\$491	\$528	\$528	\$528

Scholarship Awards by Income Level:

\$0-19,999*	449	384	397	405	405
\$20,000-27,999	139	38	0	0	0
\$28,000+	<u>42</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total number of awards	634	432	397	405	405

* The income level cut-off for Summer, 1992 was \$0-\$17,999.

** The total amount of awards for the 1990 summer program was funded with \$214,000 from the F.Y. 1990 appropriation (for courses offered in June), and with \$52,100 from the F.Y. 1991 appropriation (for courses offered in July and August).

REVENUE:

None

PROSPECTS:

Increasing interest and participation in the program is due to growing awareness of scholarship availability and the value of such academic experiences by low income and minority families. Improved and intensified marketing techniques by HECB to such groups of students, and students talking to one another about such experiences will necessitate additional scholarship funds even if HECB continues to only fund students with household adjusted gross incomes of less than \$18,000

per year. In addition, the decision to tighten income eligibility requirements due to inadequate program funding has resulted in additional needy students with household adjusted gross incomes between \$18,000 - \$20,000 not being eligible for scholarship assistance.

To meet the needs of students demonstrating financial need who are interested in participating in such worthwhile academic programs would require a funding increase to the Summer Scholarship Program over the annual base funding of \$214,000. However, because of budget constraints, no additional funds are being requested.

GRANTS:

Summer Scholarship for Academic Enrichment M.S. 126.56 - This program provides scholarships to Minnesota secondary students (Grades 7-12) to attend summer academic programs sponsored by Minnesota post-secondary institutions. To be eligible to participate in this program, a student must demonstrate financial need.

UNIVERSITY OF MINNESOTA

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1994-95 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: MINNESOTA, UNIVERSITY OF

<u>PROGRAM</u>	<u>PAGE</u>
INSTRUCTION	A-621
NON-INSTRUCTION	A-635
SPECIAL APPROPRIATIONS, AGRICULTURAL	A-639
Minnesota Agricultural Experiment Station Minnesota Extension Service	
SPECIAL APPROPRIATIONS, HEALTH SCIENCES	A-644
Public Service	
County Papers Hospital Education Offset Rural Physicians Associate Program Veterinary Diagnostic Laboratory	
Research	
Biomedical Engineering Center Human Genetics, Institute of Medical Research	
SPECIAL APPROPRIATIONS, INSTITUTE OF TECHNOLOGY	A-649
Microelectronics Laboratory for Research and Education Minnesota Geological Survey Productivity Center Talented Youth Mathematics Program Underground Space Center	
SPECIAL APPROPRIATIONS, SYSTEM	A-655
Advanced Studies in Biological Process Technology, Institute for Bureau of Business and Economic Research, University of Minnesota, Duluth Bureau of Business and Economic Research, University of Minnesota, Twin Cities General Research Humphrey Forum, The Industrial Relations Education Fund	

1994-95 BIENNIAL BUDGET

PROGRAM STRUCTURE
(continuation)

AGENCY: **MINNESOTA, UNIVERSITY OF**

PROGRAM

PAGE

SPECIAL APPROPRIATIONS, SYSTEM

Intercollegiate Athletics, Women's
James Ford Bell Museum of Natural History
Minnesota Sea Grant College Program
Minnesota Supercomputer Institute
Minority and Disadvantaged Student Graduate Fellowships
Natural Resources Research Institute
Student Loan Matching Program
Urban and Regional Affairs, Center for

LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES

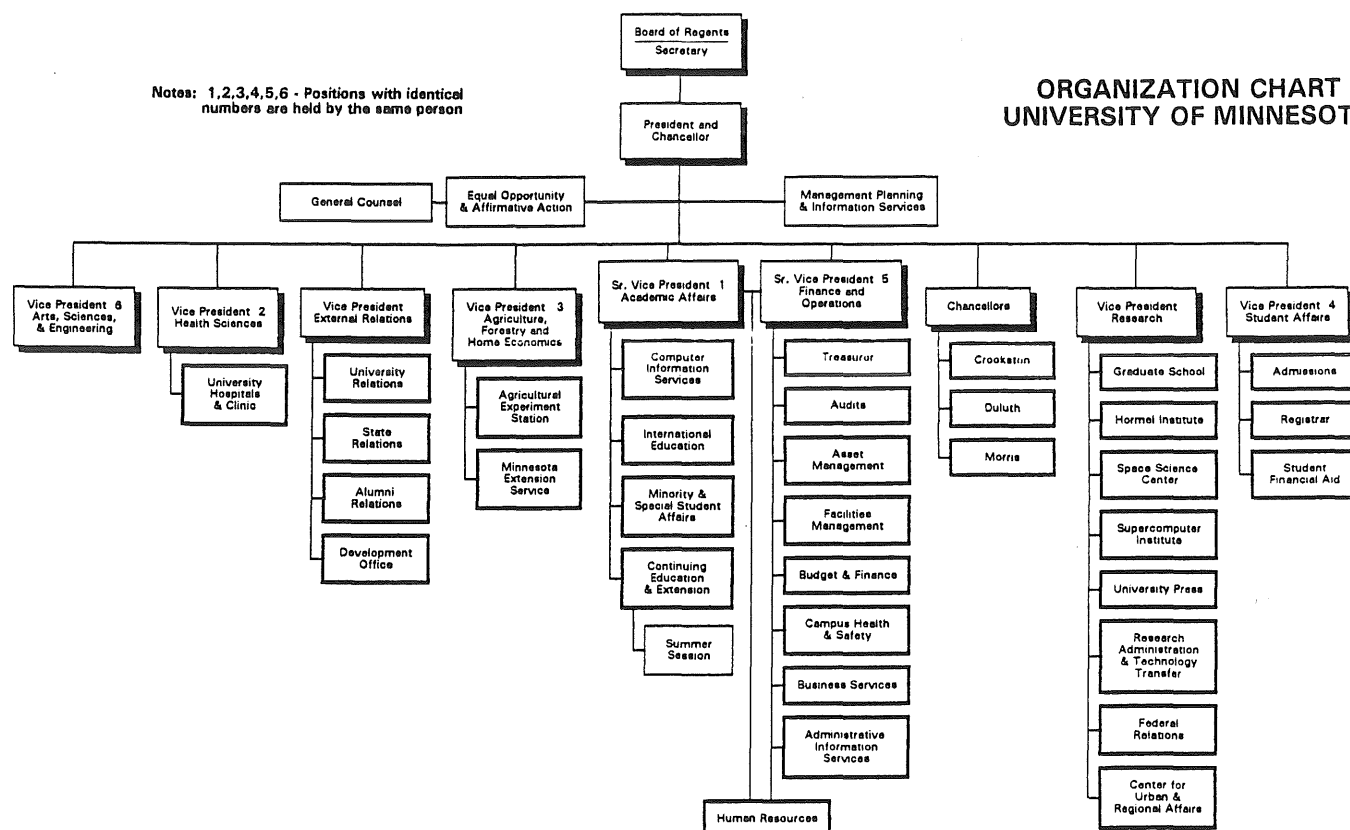
A-669

SPECIAL PROJECTS

A-672

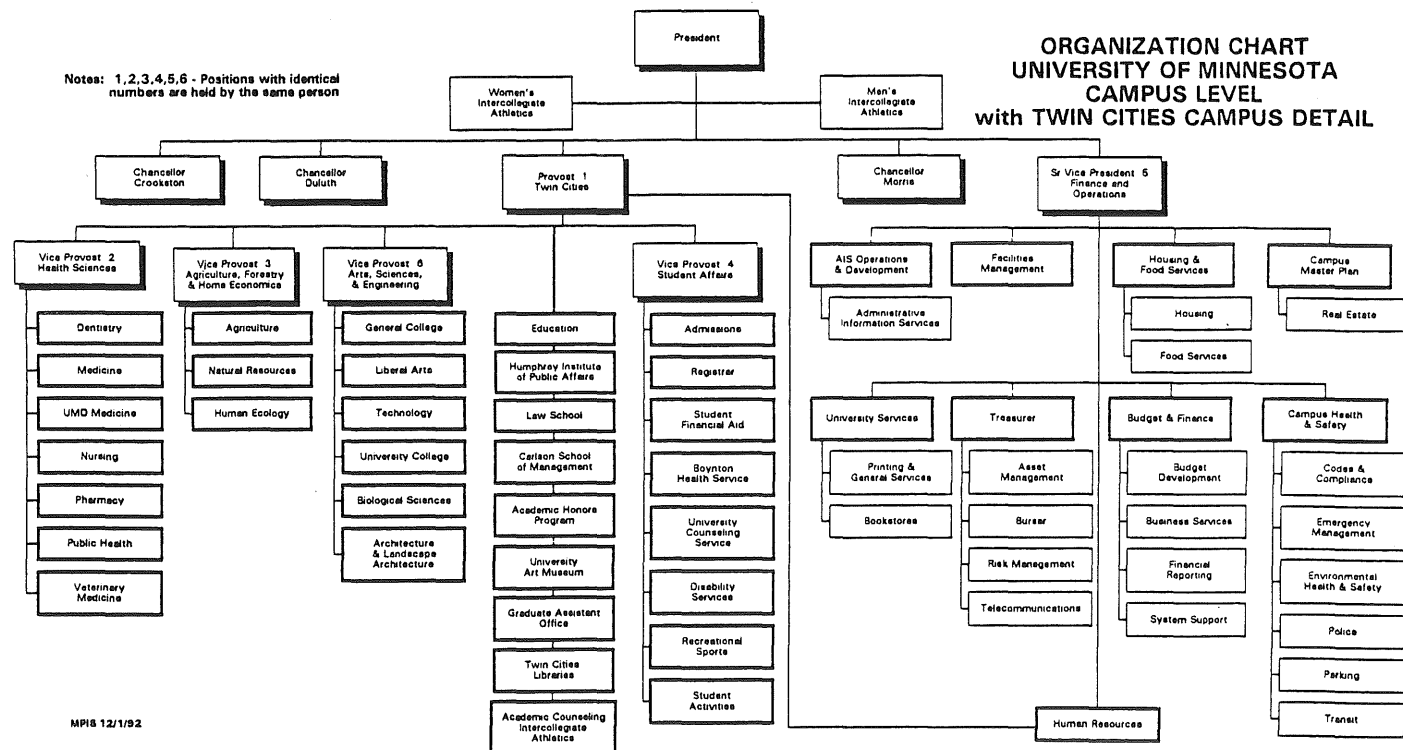
Notes: 1,2,3,4,5,6 - Positions with identical numbers are held by the same person

ORGANIZATION CHART UNIVERSITY OF MINNESOTA



Notes: 1,2,3,4,5,6 - Positions with identical numbers are held by the same person

ORGANIZATION CHART UNIVERSITY OF MINNESOTA CAMPUS LEVEL with TWIN CITIES CAMPUS DETAIL





1994-95 Biennial Budget Agency Budget Brief (\$ in thousands)

Agency: Minnesota, University of

Fund: General

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$435,530	\$435,530	\$871,060
Forecast Adjustments	<u>4,914</u>	<u>3,776</u>	<u>8,690</u>
AGENCY BASE	\$440,444	\$439,306	\$879,750
Inflation Cost Increase	[16,930]	[34,454]	[51,384]
Agency Management Decisions			
Agency Operations:			
Instruction (net)	\$ 9,380	\$19,588	\$28,968
Non-Instruction (net)	4,615	8,892	13,507
Special Appropriations	2,858	5,817	8,675
Health Care Access (Fund 19)	[77]	[157]	[234]
Eliminate ICR Offset	<u>6,500</u>	<u>6,500</u>	<u>13,000</u>
Subtotal	<u>\$23,353</u>	<u>\$40,797</u>	<u>\$64,150</u>
TOTAL AGENCY PLAN (General Fund only)	\$463,797	\$480,103	\$943,900
Governor's Initiatives			
Eliminate Appl. Grad. Subsidy	\$(9,385)	\$(9,385)	\$(18,770)
Graduate Student Financial Aid	4,119	6,359	10,478
Women's Athletics/Gender Equity	400	400	800
Tuition to 43%/45% of Instr. Cost	(10,468)	(18,344)	(28,812)
Transfer to the Department of Children and Education Services	<u>(75)</u>	<u>(75)</u>	<u>(150)</u>
Subtotal	<u>\$(15,409)</u>	<u>\$(21,045)</u>	<u>\$(36,454)</u>
GOVERNOR'S RECOMMENDATION	<u>\$425,035</u>	<u>\$418,261</u>	<u>\$843,296</u>

Brief Explanation of Agency's Overall Actions: The University of Minnesota has elected to meet the challenges of inflation and infrastructure in part by requesting additional funds because the past 2 years have witnessed 27% retrenchment of those funds eligible for retrenchment. In that process nearly 1,000 jobs were eliminated. The schedule below demonstrates the fiscal reality facing the University.

Although there are some other minor adaptive strategies, the equation we will face is essentially this:

	Inflation and Infrastructure Costs
(Minus)	Increase in Tuition Revenue
(Equals)	Necessary Programmatic Adjustment

The following display will indicate some examples of the parameters:

INFLATION & INFRASTRUCTURE, TUITION, CUTBACKS (Biennial Totals Based on Level Funding)

Inflation (3½%/3½%)
and Infrastructure (\$6.5M)

<u>Less Base Adjustment</u>	<u>minus</u>	<u>Tuition</u>	<u>equals</u>	<u>Cutback</u>
\$70.73 million	3½%/3½%	=	\$18.30 million	\$52.43 million
\$70.73 million	5%/5%	=	\$26.27 million	\$44.46 million
\$70.73 million	10%/10%	=	\$53.39 million	\$17.34 million
\$70.73 million	13.1%/13.1%	=	\$70.73 million	\$0 million

Accommodation to Adjusted Base Only

It is impossible--and it would be imprudent--to say precisely how the University would adapt to receiving only the base budget. Announcement of wage or price policies at this time would create expectations and assumed commitments that would adversely affect the University's ability to negotiate and adapt to the actual situation at the conclusion of the legislative session. We can, however, indicate some of the parameters and consequences of actions following a level funding budget.

Internal redirection of resources will continue. Substantial reallocations have already occurred between instruction and non-instruction. The speed and orderliness with which it proceeds will be affected by the funding level received, but proceed it will.

Accommodation to inflation will be necessary; the degree to which it will be unavoidable is presently unknown. We must and will remain competitive for high quality faculty and skilled staff. Salary increases will certainly be necessary. It is inconceivable that the University could freeze salaries for 3 out of 4 years without very serious consequences to competitiveness, equity, or both. Budget increases to meet price rises for non-personnel goods and services can be minimized but not entirely avoided. Supply, expense, and equipment budgets have been steadily eroding for a decade or more. The dimensions of inflationary impact are not now predictable, but they will be real and will have to be faced when the time comes.

Infrastructure costs are unavoidable. We will need an annual base retrenchment of at least \$6 million to meet them in minimal fashion in the face of level appropriations. That will result in severe modification of our internal restructuring plan, delaying badly needed reinvestment of existing resources to improve the quality of education.

Our proposed investment initiatives in Water Research, Children, Youth, and Families, and Distance Learning will be impossible unless at least part of their funding is derived from increased appropriations and unless the salary and inflation adjustments are funded by the state.

Since nearly all of the University's non-state funding is restricted to particular purposes and cannot be used to solve the problems cited above, our adaptive responses to a level budget are limited to price increases (mainly tuition) and additional budget cuts will lead to further erosion of the University's ability to deliver quality services to its publics. Inflationary increases in non-instructional programs should not be funded from tuition. Thus, accommodation to inflation in such activities as research and cooperative extension should be funded by program cuts unless fees for service can be imposed or increased.

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	
2. Impact on Staffing:			
Positions left Vacant or Eliminated	(450.0)	(900.0)	
3. Impact on Revenue Generation:	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
Eliminate ICR Offset	(\$6,500)	(\$6,500)	(\$13,000)

4. Affected Statutes:
None.

5. Governor's Recommendation:

The Governor forwards for the legislature's consideration the University of Minnesota's Agency Plan as presented by the University of Minnesota. The Governor recommends a General Fund biennial appropriation of \$843.3 million, which includes increased funding for graduate need-based financial aid and gender equity programs for women's athletics. In addition, the Governor recommends \$425,000 in F.Y. 1994 from the MN Future Resources Fund for the Minnesota Geological Survey to continue their geological atlas project. The appropriation recommendation also includes reductions for: 1) elimination of state subsidies for practitioner oriented graduate programs; 2) an increase in the percent of instructional cost covered by tuition; 3) the modification of the indirect cost recovery offset process; and 4) a transfer to the Department of Children and Education Services of a portion of the current state subsidy for the preparation of secondary vocational teachers. The Governor does not concur with the University's request for General Fund inflation.

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN

ITEM DESCRIPTION:	FUND	EXPENDITURES			REVENUES		
		FY 1994	FY 1995	BIENNIUM	FY 1994	FY 1995	BIENNIUM
(A) ELIM SUBSIDIES FOR APPLIED GRAD PROGRAMS	GEN	<9,385>	<9,385>	<18,770>			
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING	MET	<425>		<425>			
(A) GRADUATE STUDENT FINANCIAL AID	GEN	4,119	6,359	10,478			
(A) NO GENERAL FUND INFLATION/AGRI SPECIAL	GEN	<1,515>	<3,084>	<4,599>			
(A) NO GENERAL FUND INFLATION/HEALTH SPECIAL	GEN	<583>	<1,186>	<1,769>			
(A) NO GENERAL FUND INFLATION/INSTRUCTION	GEN	<15,272>	<31,480>	<46,752>			
(A) NO GENERAL FUND INFLATION/NON-INSTRUCTION	GEN	<5,008>	<9,792>	<14,800>			
(A) NO GENERAL FUND INFLATION/SYSTEM SPECIAL	GEN	<659>	<1,341>	<2,000>			
(A) NO GENERAL FUND INFLATION/TECH SPECIAL	GEN	<101>	<206>	<307>			
(A) TRANSFER TO DEPT OF CHILDREN & EDUC. SERV	GEN	<75>	<75>	<150>			
(A) TUITION REV INCREASE - PRAC. GRAD PROGRAM	GEN	9,385	9,385	18,770			
(A) TUITION TO 43% & 45% OF INSTRCTNL COST	GEN	<10,468>	<18,344>	<28,812>			
(A) TUITION TO 43/45% - TUITION REVENUE INCR.	GEN	10,468	18,344	28,812			
(A) WOMEN'S ATHLETICS/GENDER EQUITY	GEN	400	400	800			
(P) GOVERNOR'S LCMR ALTERNATIVE FUNDING	MNR	<161>		<161>			
(B) MARCH SUPP/INST OF TECH EQUIPMENT - NR	GEN		12,000	12,000			
(B) MARCH SUPP/PRAC GRAD TUITION RELIEF - NR	GEN	6,257	3,129	9,386			
(B) MARCH SUPP/REDUCED TUITION INTENT	GEN		<7,449>	<7,449>			
(B) MARCH SUPP/REDUCED TUITION INTENT PRAC GRAD	GEN	<6,257>	<3,129>	<9,386>			
(B) MARCH SUPP/TUITION RELIEF - NR	GEN		7,449	7,449			
(B) MARCH SUPP / PRAC GRAD FIN AID - NR	GEN	1,567	1,567	3,134			
(C) NON-POINT SOURCE POLLUTION	MNR	425		425			
TOTAL BY FUND	GEN	<17,127>	<26,838>	<43,965>			
	MET	<425>		<425>			
	MNR	264		264			
TOTAL INVESTMENT INITIATIVES		<17,288>	<26,838>	<44,126>			

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AGENCY: Minnesota, University of

MISSION STATEMENT:

The mission of the University is to serve the people of the state, wherever they may be, through teaching, research, and public service. It also has an additional obligation to contribute as fully as resources permit to the meeting of national and international needs. (Mission and Policy Statement for the University of Minnesota, 7-11-80.)

The University of Minnesota today is one of the nation's most comprehensive universities, because of a decision made early in the state's history. While many states have both a land-grant university and a major research university (Michigan and Iowa, for example), Minnesota combined both missions in 1 institution. The University of Minnesota is both the state's land-grant institution and the state's major research institution—hence the University's size and great diversity of programs.

The state's investment in the University of Minnesota—an efficient investment in 1 institution and in 1 major campus, rather than 2—has returned many dividends, year after year.

There are many hundreds of law firms, medical practices, businesses, and companies throughout the state that have been founded by University graduates, including Medtronic, Rosemount, Inc., and other of the state's largest manufacturers and employers. Many of the plant varieties used by the state's agricultural community were developed by the University of Minnesota and represent an enormous contribution to this important segment of the state's economy. The University's health sciences colleges make up one of the largest and most comprehensive health science units in the nation and include innovative programs on both the Duluth and Twin Cities campuses that are designed to help meet the health care needs of rural Minnesota, as well as the rest of the state.

The University awards more than 10,000 degrees per year, the great majority to state residents. More than 250,000 of the state's citizens are graduates of the University of Minnesota. They live in virtually every town and city throughout the state. They contribute immensely to the state's economy and to its cultural life. They write for the state's newspapers, play in its orchestras, and act on its stages. They are most of the state's doctors and dentists and veterinarians and scientists and engineers. They are many of the state's business and political leaders. Some are lawyers. Some are judges. Some are farmers. Some are educators. Together they help make Minnesota a very good place to live.

A Mission for the Future

The University is confident that over the next decade the state of Minnesota will continue to provide strong financial support. The University recognizes, however, that the resources currently available to the state for support of higher education are severely constrained.

Given these fiscal constraints, the University must make difficult choices and decisions—choices and decisions that are guided by a vision of the University, its mission, the expectations of its constituencies, and its role in the entire educational system.

- The University has a special obligation to provide accessibility to unique undergraduate and graduate educational programs and special regional responsibilities for access to a broad set of educational offerings. The University serves thousands of undergraduate and graduate students each year. The University's students at all levels—undergraduate, professional, graduate—are

at the center of everything else the University does, contributing to and participating in its research and service activities, as well as in its educational programs.

- The University is the land-grant university of the state. As such, its mission is to play a leading role among the higher education institutions in the initiation of appropriate responses to statewide problems in education and economic development. As the state's land-grant institution, the University plays a very special role among the higher education systems as the provider of special services to its citizens. These include programs in agricultural, industrial, and medical technology transfer; statewide extension activities; specialized health care services; continuing education programs; cultural and artistic activities; and collaborative research with industry. The University is, and is expected to be, an integral part of the state's economic development.
- The University is the research university of the state. As such, it is a major national and international resource. It participates in, contributes to, and draws significant human and financial resources from the national and international educational, scholarly, and research communities. As a national and international resource, the University is an important asset to the state and its citizens in our increasingly interdependent world.

Campus Missions

Given the array of public post-secondary education institutions in the state, the University must be true to its own character and restrict its programs to those that provide the best return to the state on its investment. Each of the University's campuses and colleges has an important, but different role to play in the state's higher education system.

The Twin Cities campus ($\pm 37,750$ FYE students) is both the state's largest undergraduate campus and its only comprehensive graduate and professional campus. The Twin Cities colleges serve more than 22,000 FYE undergraduate students, while providing a full range of programs, most of which are available nowhere else in the state, for more than 14,000 FYE graduate and post-baccalaureate professional students. An additional 18,000 students take courses in the evening through Continuing Education and Extension. The University of Minnesota, Twin Cities, is the state's premier campus, with scholarship, research, and creative activities that are recognized internationally, and with a broad range of extension, service, and technology transfer efforts in all parts of the state.

The Duluth campus ($\pm 6,750$ FYE students) serves the educational needs of the northeastern part of the state, while attracting students from all parts of the state. The University of Minnesota, Duluth, is a medium-sized campus, with a firm liberal arts core that serves as the foundation for a variety of baccalaureate degree programs, outreach offerings, and selected postbaccalaureate professional and graduate degree programs. The campus makes a vital contribution to meeting the cultural and educational needs of the region.

The Morris campus ($\pm 1,950$ FYE students) is a small liberal arts college that is recognized nationally for the quality of its programs.

The Crookston campus (± 850 FYE students) served the state well as a 2-year institution for many years, but in recent years its costs per student have risen to unacceptably high levels, as interest in its traditional agricultural programs has declined. The University of Minnesota, Crookston, must become a 4-year campus, offering unique baccalaureate programs, if it is to remain as a cost-effective component of Minnesota's higher education system.

Investing in the Future

Over the last 5 years, the University of Minnesota has taken a number of significant actions to define more clearly its place in the higher education system. By agreement with the legislature, we have

AGENCY: Minnesota, University of
(Continuation)

reduced undergraduate enrollment by approximately 6,000 FYE (full year equivalent) students on the Twin Cities campus—including significant reductions in areas such as education and management, where there is considerable program duplication throughout the state—and we have made the difficult decision to close the Waseca campus, as part of an ambitious Reallocation and Restructuring Plan designed to increase the efficiency, effectiveness, and quality of the University's programs.

Current economic conditions impose fiscal constraints on both the private and public sectors. In the private sector, these constraints have resulted in significant reallocation and reorganization in almost every industry. In the public sector, the federal government, almost every state, and most counties and cities are confronted by difficult and painful budgetary choices. These include the choice faced at all times by every government at every level: the choice between investment in the future—in higher education, for example—versus the allocation of resources to address present-day needs.

It is most likely that the next decade will be marked by a significant restructuring of the state's higher education systems. This will require very difficult decisions. The University of Minnesota is only one element of the rich, broad, and diverse higher education system of the state, and as difficult decisions are made, it is essential that we discharge our appropriate role in a cooperative manner within the entire higher education system.

It is just as essential, however, that the University assert its unique role and mission within the public higher education system—in most areas of graduate education, in research, and in public service—and its particular role in such broad programmatic areas as agriculture, natural resources, architecture, law, engineering, and the health science professions. It is within this context and in recognition of the need to continue investing in the future that the University welcomes the major themes and objectives of Minnesota Milestones.

MINNESOTA MILESTONES:

The University of Minnesota is organized by academic disciplines into departments and colleges that span the breadth of human learning and address directly the themes and objectives of Minnesota Milestones. The University looks forward to working with other institutions state-wide and with the people of Minnesota in meeting these objectives.

"A Caring and Secure Community"—people want to live in neighborhoods and communities where they and their families are physically and emotionally secure.

The University has a long history of activities designed to sustain and strengthen human communities. The Minnesota Extension Service, the Center for Urban and Regional Affairs, and the Department of Family Social Science are just 3 of the many University programs focused on community building, with a particular emphasis on families and children. Two years ago the University created the Consortium on Children, Youth, and Families in order to coordinate more effectively a broad array of programs and activities working under this general theme. In some areas, 4-H for example, our programs serve the people of Minnesota directly. Our major objective, however, is to provide the research necessary to improve the delivery of services by other institutions at the city, county, and state level. Our efforts to increase the diversity of the University's faculty, staff, and students recognize the important need to build communities that respect and include different cultures. This is also why "multiculturalism" is one of the required themes of the new liberal education requirements for the Twin Cities campus. Our Rural Physician

Associates Program and various programs in the School of Public Health are designed to insure that all of the state's communities, no matter how small or where located, will receive the basic health care necessary for a healthy life.

"Our Surroundings"—Minnesotans hope for an attractive, healthy, and sustainable natural world.

The College of Agriculture and the Minnesota Geological Survey (MGS) are 2 of the oldest extant units of the University, reflecting both the state's and the University's concern with our unique natural resources. The College of Agriculture, the MGS, the College of Natural Resources, and the Natural Resources Research Institute are the units on which the state depends for research on the utilization and sustenance of the natural environment. Water—whether in aquifers, streams, rivers, or lakes—is a principal concern of these units and others such as the Sea Grant program and the Gray Freshwater Biological Institute. Protecting our natural surroundings requires more than the research of experts. All of the state's citizens must learn to respect the environment that sustains them. That is why "Environmental Awareness" is another of the required themes of the new liberal education requirements for undergraduate students on the Twin Cities campus.

"A Prosperous People"—People want a state where all can attain a livelihood and many can prosper.

The University of Minnesota is a major contributor to the state's economy. Historically, no state assisted or state supported institution has had a more profound impact on the state's businesses and industries, whether in agriculture, mining, manufacturing, or service industries such as health care, architecture, and law. Through such programs as Minitex (the inter-library loan program based at the University), Minnesota Project Outreach (a database of University research), and various initiatives of the Minnesota Extension Service, we are committed to expanding our services and research to all regions of the state via telecommunications.

(Also see the section on "The University of Minnesota and the State's Economy" at the end of this narrative.)

"Learning"—People want Minnesotans of all ages to be able to develop their talents to their fullest potential.

The objective of the University's instructional programs at the undergraduate, graduate, and post-baccalaureate professional levels is to provide the educated citizenry and the educated workforce on which Minnesota's future depends. Education is the key to the state's future, just as it has been the major shaping force of the state's past. Through the K-12 Initiative the University is committed to serving K-12 teachers more effectively. The University will continue to be a major supplier of Ph.D.—holding faculty for the state's community colleges, state universities, and private colleges. We already have one of the largest continuing education divisions in the nation, providing both credit and non-credit opportunities for individuals at all levels to continue their education and improve their knowledge and skills.

Through the Undergraduate Initiative, the University has been working to strengthen its undergraduate programs. The key indicators (milestones) are retention and graduation rates, and we accept the challenge of increasing our 5th year graduation rate to 43%.

We the People—Minnesotans want governments and political processes that are responsive, cost-effective, and able to solve problems.

The University's Humphrey Institute of Public Affairs and the College of Liberal Arts Department of Political Science are the major units within the state for research on politics and government. The Humphrey Institute also provides a major forum for a continuing dialogue on how to strengthen the political process and improve the effectiveness of government at all levels. The University is a major research base for state agencies, and the University is working to strengthen our historical ties

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AGENCY: Minnesota, University of
(Continuation)

with such state agencies and departments as Transportation and Natural Resources. We are particularly concerned that our undergraduate students are well prepared for leadership roles in an increasingly interdependent world. That is why "citizen ethics" and "international perspective" are required themes of the new liberal education requirements for the Twin Cities campus.

CLIMATE:

Over the course of the 1992-93 biennium the University's direct state appropriations have been reduced from the F.Y. 1991 base level by \$42.9 million. For F.Y. 1993, the University's direct state appropriations are \$27.2 million (5.9%) less than the F.Y. 1991 base level. Tuition revenues have been increased in F.Y. 1993 by \$34.2 million (25.0%) over the F.Y. 1991 base level. Even so, the projected, resulting resource base for F.Y. 1993 was \$42.1 million less than projected expenditures. For this reason the University has undertaken program reductions totaling \$42.1 million and resulting in the reduction of more than 1,000 positions. The situation is summarized in the table below.

1992-93 BIENNIAL O&M AND STATE SPECIAL RESOURCES AND EXPENDITURES

	Dollars in Thousands			
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1992-93
Resources				
1990-91 Appropriations Base	\$462,515	\$462,515	\$462,515	\$925,030
Other Appropriations and Adjustments	(4,960)	(674)	(109)	(783)
1991 Legislative Reduction	--	(15,730)	(11,439)	(27,169)
1992 Legislative Reduction	--	--	(15,713)	(15,713)
Total Reduction from 1990-91 Level	--	(15,730)	(27,152)	(42,882)
Actual Appropriations	457,555	446,112	435,254	881,366
Other Income	6,433	7,885	6,064	13,949
1990-91 Tuition Base	139,721	139,721	139,721	279,442
Addition to 1990-91 Tuition	--	12,277	31,218	43,495
ICR Offset	6,500	6,500	6,500	13,000
LCMR	2,417	1,995	3,809	5,804
Total Resources	\$612,626	\$614,490	\$622,566	\$1,237,056
Budgeted Expenditures				
Base Forward	\$579,102	\$612,626	\$619,241	\$1,231,867
Salary & Other Increases	33,524	6,615	45,456	52,071
Subtotal	612,626	619,241	664,697	1,283,938
Non Recurring Reductions	--	(4,751)	--	--
Recurring Reductions	--	--	(42,131)	(42,131)
Total Budgeted Expenditures	\$612,626	\$614,490	\$622,566	\$1,237,056

The University has had an essentially flat budget for 3 years in a row, with increases in tuition offsetting reductions in direct state appropriations, but not by nearly enough to fund increases in the University's costs. The level of resources available in F.Y. 1993 is essentially unchanged from F.Y. 1991, increased by 1.6% only because of significant increases in tuition. During this time period, by even the most conservative estimate, our costs have increased by at least 6%. It is for this reason that programs were reduced by \$42.1 million, and these reductions were over and above the reductions being undertaken in the Reallocation and Restructuring Plan, which included the closing of the Waseca campus. As a consequence of the \$42.1 million in programmatic reductions, the core of the University is smaller.

Continued erosion of the University's direct state appropriations can only result in additional programmatic reductions, forcing the layoff of more employees, and additional tuition increases that threaten financial accessibility for many students.

Preserving Intellectual Resources

In the next decade a significant percentage of the nation's faculty will retire. At the University of Minnesota, 600 faculty members will retire in just the next 6 years—nearly 20% of the University's total faculty—including many of its most distinguished members. Throughout all of higher education, the competition for new faculty will be acute. It is essential that the University of Minnesota do whatever is necessary to ensure that it is competitive in retaining current faculty members and recruiting new faculty members, because the excellence of the University's faculty—its intellectual capital—is its greatest asset and strength.

Preservation of the quality of the University's faculty and staff must be its highest priority. This is true for any organization, but is a greater problem for a research university than for others. Top research scholars are both scarce and eagerly sought after in a national market; so are the talented technicians that contribute their unique skills to the work. It is not just the University's research that benefits from preserving faculty quality. That quality is equally important to the instructional program that we are tailoring especially to take advantage of the University's unique resources in research. Faculty quality also sustains the technology transfer that strengthens the state's economic and social development and assists in sustaining its natural resource base. The University must maintain salary and fringe benefits at levels comparable to other research universities.

The most direct steps that the University can take to retain its strong faculty are to maintain salary and fringe benefits at levels comparable to other research universities, and to provide the support that the faculty need to do their work effectively—support staff, equipment, library collections, laboratories, and other facilities.

Preserving Capital Resources

For nearly 150 years, the citizens of the state have made large investments in the University's infrastructure, concentrating their resources efficiently in an institution that is both the state's land-grant institution and its major research institution. This infrastructure includes:

- one of the largest physical plants in the world, of any institution, public or private;
- one of the largest libraries in the world, with many specialized research collections—a library that loans more books to other institutions than any other library in the nation, including the Library of Congress;
- research laboratories, built with state, federal, and private funds, that house some of the world's most sophisticated equipment and instrumentation;

1994-95 Biennial Budget

AGENCY: Minnesota, University of (Continuation)

- computer and supercomputer resources that are among the most sophisticated and advanced in the world;
- the facilities of the Agricultural Experiment Station and the branch stations in Crookston, Grand Rapids, Lamberton, Morris, Rosemount, and Waseca;
- the University of Minnesota Hospital and Clinic.

These resources are an integral part of the state's infrastructure. For decades repair and maintenance expenditures have been inadequate to maintain quality of an aging physical plant. Although the legislature and the University have recognized the problem with increased allocations, we are not keeping pace with the growth of the problem. While the University is not alone in this regard, our situation is exacerbated by an older plant and more expensive programs than other institutions in the state.

The University has more than 22,000,000 gross square feet of space. At today's replacement cost, this amounts to a capital investment of \$3 billion or more. In 1991 the University completed a survey of its buildings that showed a deferred maintenance backlog totaling more than \$300 million. The result of this survey is consistent with many other estimates based on the amount, age, and type of building construction.

AGENCY BUDGET PLAN:

The University's budget plan for the 1994-95 biennium is consistent with the University's planning efforts over the past decade and with the University's priorities. Even in these difficult times, we must continue to invest in the University's future. Institutions that face today's challenges and make the difficult decisions necessary to preserve the quality of both their intellectual and physical resources will fare well and prosper, even in times of fiscal constraint. The University of Minnesota is committed to deal responsibly with today's problems and to take the steps necessary to ensure a strong and vigorous future for the University and for the state and its citizens.

Priorities

The University cannot rely only on the strategic allocation of new resources as the means of making needed investments in high-priority programs. It was in recognition of this fact--and of the necessity to make programmatic changes--that the University developed the Reallocation and Restructuring Plan approved by the Board of Regents in March 1991.

As a consequence of this \$58 million, 5-year plan, \$20 million will be reallocated among collegiate and administrative units, while an additional \$38 million will be reallocated within these units. The plan is based on major programmatic changes and the infusion of new resources into colleges that provide most of the University's undergraduate instruction, principally the College of Liberal Arts (\$4.5 million), the Institute of Technology (\$3.0 million), the University of Minnesota, Duluth (\$1.0 million), and the University of Minnesota, Morris (\$0.5 million). An additional \$7.5 million will support a variety of system-wide initiatives. Much of the funding freed for investment in academic programs is obtained from large reductions in the University's central administration and central service units.

Even with the difficult financial circumstances that the University faced in F.Y. 1992 and F.Y. 1993, the first \$9.5 million was transferred among collegiate units. Even in difficult times, the University has continued to invest in its future by reinvigorating and improving the quality of its undergraduate programs, by safeguarding the quality of its faculty and staff, and by remaining a place of open and equal opportunity for all members of society. Over the course of the 1994-95 biennium the plan will go forward, with an additional \$9.0 million being transferred among collegiate units in order to strengthen the University's highest priority programs.

The University will continue to address its programmatic priorities through internal reallocation, but it cannot address 2 other needs without additional state funds. Without additional funds to cover increased costs due to inflation (including salary increases) and additional funds to provide critical repairs to the University's physical facilities, the University's quality and effectiveness will be jeopardized. These are the University's priorities for additional funds.

1. Accommodation to inflation will be necessary and is the University's highest priority. The University must and will remain competitive for high quality faculty and skilled staff. Salary increases will certainly be necessary. It is inconceivable that the University could freeze salaries for 3 out of 4 years without very serious consequences to competitiveness, equity, or both. Budget increases to meet price rises for non-personnel goods and services can be minimized but not entirely avoided. Supply, expense, and equipment budgets have been steadily eroded for a decade or more.

2. Protection of the state's investment in the University's physical assets must be given the second highest priority. To continue to defer maintenance of the University's physical plant is to neglect capital resources that have been provided by past generations of Minnesotans, while at the same time borrowing from future generations. Approximately \$100 million of the \$300 million deferred maintenance problem identified in the 1991 survey was for required work to the University's steam plant. That has been addressed, leaving \$200 million of required work on other University facilities. Of this need, more than \$50 million has been identified as "critical." A need is classified as critical only if a component has already failed and repair has not been done, or if the repair is temporary.

Through a combination of internal reallocation and the additional funds requested to maintain salaries at competitive levels and to address deferred maintenance needs at an accelerated pace, the University can maintain and improve its base of existing instructional and non-instructional programs (see program narratives). In addition the University seeks funding for 3 investment initiatives: 1) Distance Learning, 2) Children, Youth, and Families, and 3) Lake Superior/Water Resources (see initiative narratives).

The University of Minnesota and the State's Economy

The University of Minnesota plays a unique and important role in the state's economy. A schematic chart depicting the projected annual fund flow through the University of Minnesota and resources and outcomes is provided on the following page. As shown in the chart, the University's projected funding for F.Y. 1993 of more than \$1.5 billion per year is derived from 5 major sources:

1. Direct State Appropriations (O&M and Special)	\$435M	27.7%
2. Federal Funds	230M	14.6%
3. Private and Other Funds	197M	12.6%
4. Hospital Revenue	318M	20.2%
5. Tuition Revenue	172M	10.9%
6. Auxiliary Enterprises (i.e. Parking, Housing)	<u>220M</u>	14.0%
Subtotal Non-State	\$1,137M	
TOTAL	\$1,572M	

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AGENCY: Minnesota, University of
(Continuation)

All of the University's funding of more than \$1 billion from non-state sources depends on the base of state support.

The University employs approximately 34,000 people in full- and part-time positions (24,436 FTE). Approximately 2/3 of the University's employees are supported with non-state funds, a growth of 48% over the past 16 years. By contrast, state-funded employees increased by 0.4% over the same period.

The University's mission is to produce an educated citizenry and a trained and educated workforce, to contribute through research and scholarly activity to the knowledge-base on which society depends, and to put new knowledge to use through a variety of service, outreach, and technology transfer activities. The economic impact of all of the University's programs and activities, while not an end itself, is tremendous.

By the most conservative estimate, the University's direct economic activity (\$1,572M, 34,000 jobs) produces an additional \$523M and more than 13,000 jobs in indirect economic activity. The annual indirect economic activity results from the purchase of goods and services by the University from the larger community. The direct and indirect economic activity generated by the University annually produces \$125 million in annual tax revenue for the state (i.e. more than 25% of the University's direct state appropriation of \$435 million).

All of the institutions that the state assists generate annual direct and indirect economic activity that produces annual tax revenues. The difference in the University's case is the significant component of direct economic activity that derives from non-state fund sources (e.g. federal research grants).

The University's support from non-state sources is very much dependent on the core base of state support. It is because of the state's investment that federal agencies, private companies, and individuals are also willing to invest. None of this non-state support is provided as a substitute for state support. It is provided in addition to state support, and it is provided only because of the state support that the University receives. The University knows of no investment of state funds that returns more for every dollar of state funds invested, in addition to making possible the provision of quality instructional and other services--services that represent an additional long-term investment in the state's future.

As important as the annual tax revenue generated by the University's annual direct and indirect economic activity is, this revenue is just a small part of the tax revenue that the state now derives annually from the University's contribution to the state's economy over time.

The state's investments in the University of Minnesota 10 years ago, 20 years ago, 30 years ago, 40 years ago, and so on continue to pay dividends today. The companies that the University has helped to start and the products that it has developed, including many of the plant varieties used in the important agricultural sector of the state's economy, provide economic activity that produces annual tax revenues for the state that are many times the University's annual appropriation.

The University does not "pay for itself" in the sense of generating new economic activity each year that produce tax revenues in excess of the University's state funding. That would be a kind of economic perpetual motion that no institution could claim. But certainly the University does "pay

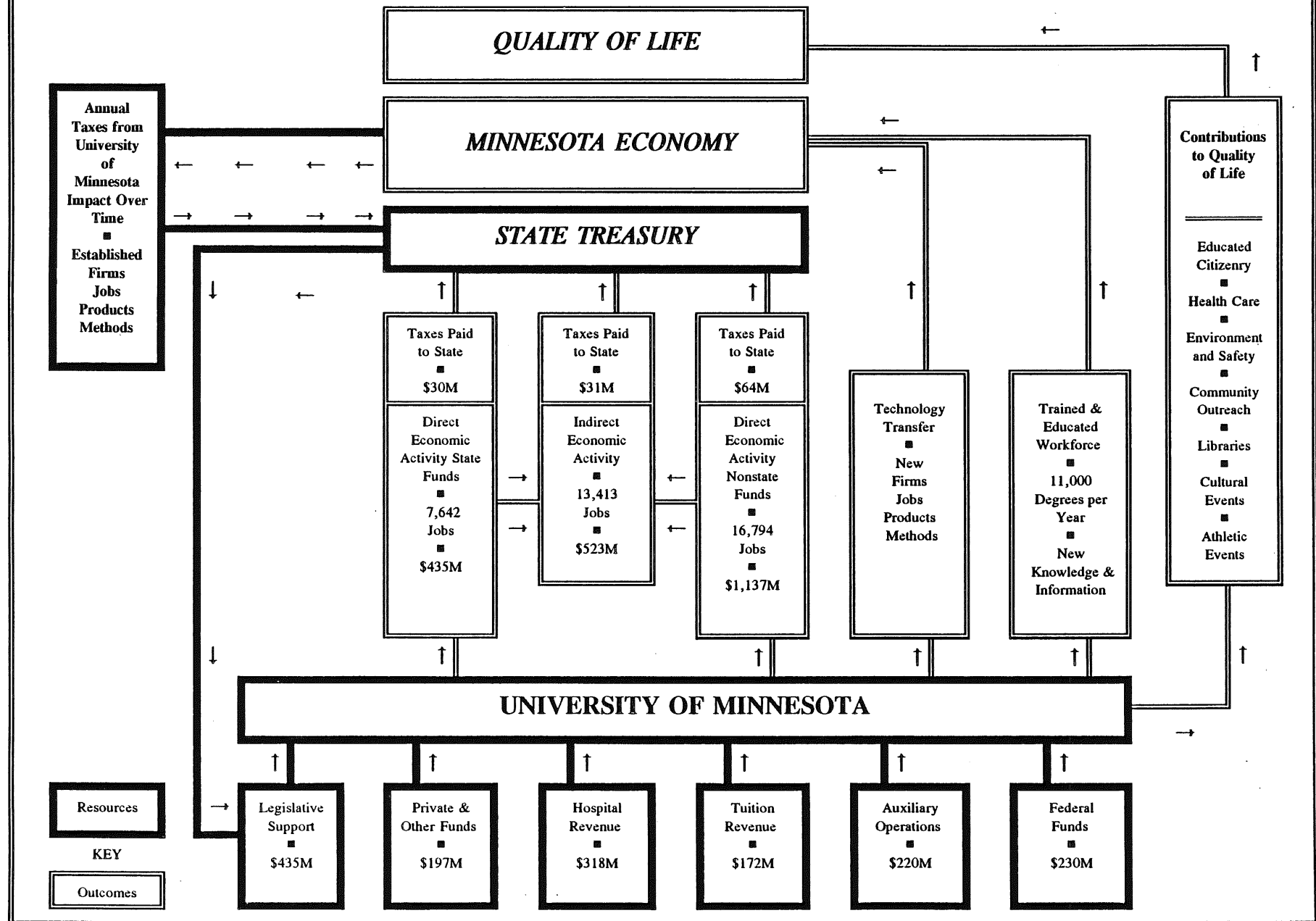
for itself" when one considers the University as an investment over time and considers current tax revenues from University-sponsored or University-assisted activities that may have taken place years ago. The state should expect such a return from its investment in the University; that is why the state supports a major research university with a land-grant mission.

The exact return on the state's investment over time is essentially unknowable, in part because the University should not claim full credit for the work of University-educated entrepreneurs and professionals who were greatly assisted by the University, but whose own talents and energies are the principal reasons for their success. The more important question is whether the state will continue to make this investment, so that 10 or 20 or 30 years from now the state is benefitting from what it invests in the University during the 1994-95 biennium.

GOVERNOR'S RECOMMENDATION:

The Governor forwards for the legislature's consideration the University of Minnesota's Agency Plan as presented by the University of Minnesota. The Governor recommends a General Fund biennial appropriation of \$843.3 million, which includes increased funding for graduate need-based financial aid and gender equity programs for women's athletics. The appropriation recommendation also includes reductions for: 1) elimination of state subsidies for practitioner oriented graduate programs; 2) an increase in the percent of instructional cost covered by tuition; 3) the modification of the indirect cost recovery offset process; and 4) a transfer to the Department of Children and Education Services of a portion of the current state subsidy for the preparation of secondary vocational teachers. The Governor does not concur with the University's request for General Fund inflation.

UNIVERSITY OF MINNESOTA ECONOMIC FLOW MODEL: RESOURCES AND OUTCOMES



1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN

PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
INSTRUCTION	397,768	410,000	423,068	423,068	445,856	430,509	423,068	460,498	440,943
NON-INSTRUCTION	123,441	119,750	115,188	116,488	121,573	122,251	116,488	126,437	124,571
AGRICULTURE SPECIAL	44,954	43,685	42,203	43,297	44,812	43,297	43,297	46,381	43,297
HEALTH SCIENCE SPECIAL	18,122	17,153	15,987	16,658	17,241	16,658	16,658	17,844	16,658
TECHNOLOGY SPECIAL	3,896	2,879	3,559	2,891	2,992	2,891	2,891	3,097	2,891
SYSTEM SPECIALS	21,439	18,710	18,536	18,831	19,490	19,231	18,831	20,172	19,231
LCMR/MN RESOURCES	2,417	1,995	3,809		586	425			
SPECIAL PROJECTS	589	318	216						
TOTAL EXPENDITURES BY PROGRAM	612,626	614,490	622,566	621,233	652,550	635,262	621,233	674,429	647,591
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					425				
GENERAL	457,555	446,112	433,054	435,530	463,798	432,860	435,530	480,103	442,406
MN RESOURCES	2,417	1,995	3,809		161	425			
HEALTH CARE ACCESS			2,200	2,200	2,277	2,277	2,200	2,357	2,357
STATUTORY APPROPRIATIONS:									
GENERAL	152,654	166,383	183,503	183,503	185,889	199,700	183,503	191,969	202,828
TOTAL FINANCING	612,626	614,490	622,566	621,233	652,550	635,262	621,233	674,429	647,591
POSITIONS BY FUND:									
TOTAL POSITIONS									

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: UNIVERSITY OF MINN

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 94	F.Y. 95	F.Y. 94	F.Y. 95	F.Y. 94	F.Y. 95	F.Y. 94	F.Y. 95
F.Y. 93 FUNDING LEVEL	622,566	622,566	616,557	616,557	6,009	6,009		
TECHNICAL ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<2,976>	<2,976>	833	833	<3,809>	<3,809>		
BASE TRANSFER (BTWN AGENCIES)	343	343	343	343				
INSURANCE PREMIUM HOLIDAY	1,300	1,300	1,300	1,300				
SUBTOTAL TECH. ADJ.	<1,333>	<1,333>	2,476	2,476	<3,809>	<3,809>		
CURRENT SPENDING	621,233	621,233	619,033	619,033	2,200	2,200		
FORECAST ADJUSTMENTS								
ACF ENROLLMENT ADJUSTMENTS	7,516	5,950	7,516	5,950				
SUBTOTAL FORECAST ADJ.	7,516	5,950	7,516	5,950				
AGENCY BASE	628,749	627,183	626,549	624,983	2,200	2,200		

AGENCY: Minnesota, University of

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RECONCILIATION OF
F.Y. 1993 TO BASE LEVEL

		F.Y. 1993	Base Level (Dollars in Thousands) F.Y. 1994	F.Y. 1995
Instruction:				
Appropriation - O & M		\$254,949		
Restructuring & Reallocation		9,660		
Income		<u>\$172,262</u>	<u>\$172,262</u>	
Intent Tuition	\$123,720			
Additional Tuition	47,219			
Other Income	1,323			
Transfer to Non-Instruction		(2,961)		
Graduate School Offset	(600)			
Health Sciences Offset	(1,000)			
Reciprocity Offset	(1,361)			
Reductions - 1992 session		(10,842)		
F.Y. 1993 Instruction - O & M			423,068	\$423,068
Base Adjustments				
ACF Adjustment			7,516	5,950
Base Level Instruction			430,584	429,018
Non-Instruction:				
Appropriation - O & M		115,231		
Health Care Access		2,200		
Restructuring & Reallocation		(9,660)		
Intent Income		11,241		
Transfer from Instruction		2,961		
Graduate School Offset	600			
Health Sciences Offset	1,000			
Reciprocity Offset	1,361			
Reductions		(6,785)		
- 1991 session	(437)			
- 1992 session	(4,871)			
- Premium Holiday	(1,477)			
F.Y. 1993 Non-Instruction			115,188	115,188
Appropriation - Specials		85,192		
Carryforward		(1,049)		
Reductions - 1991 and 1992 sessions		(3,858)		
F.Y. 1993 Non-Instruction - Specials			80,285	80,285
Appropriation - LCMR Non Recurring		3,809		
- Farmer Lender Mediation Non Recurring		216		
Base Adjustments				
Carryforward (Specials)			1,049	1,049
Premium Holiday restoration (O & M)			1,300	1,300
Natural Resources Transfer (Specials)			343	343
Base Level Non-Instruction			198,165	198,165
Base Level Total		\$622,566	\$628,749	\$627,183

ALLOCATION OF SUPPORT EXPENDITURES TO PRIMARY PROGRAMS
F.Y. 1991 EXPENDITURES
(ALL STATE FUNDS)
(DOLLARS IN THOUSANDS)

Campus	Primary Programs				Support Programs				Total
	Instruction	Research	Public Service	Other	Academic Support	Student Support	Institutional Support	Physical Plant	
Twin Cities	\$238,872.4	\$63,192.9	\$39,976.5	\$3,131.0	\$36,530.5	\$14,396.7	\$12,001.5	\$70,346.0	\$478,447.5
Duluth	27,630.0	3,764.1	552.0	893.2	3,800.1	2,485.1	2,990.7	8,126.0	50,241.1
Morris	5,634.1	46.4	5.2	347.4	1,040.8	1,580.4	2,024.8	2,081.1	12,760.2
Crookston	2,889.0	30.6	102.6	247.1	758.1	619.8	846.1	1,689.4	7,182.7
Waseca	2,836.1	7.3	13.9	.0	856.2	993.1	707.4	1,453.9	6,867.8
System-wide	.0	.0	.0	22,418.7	1,883.6	1,180.6	28,637.9	.0	54,120.7
TOTAL	\$277,861.6	\$67,041.3	\$40,650.2	\$20,037.4	\$44,869.2	\$21,255.6	\$47,208.3	\$83,696.5	\$609,620.1⁽¹⁾
Physical Plant	\$32,423.0	\$27,930.7	\$4,310.4	\$183.1	\$8,694.8	\$1,817.3	\$8,337.1	\$(83,696.5)	\$.0
Institutional Support ⁽¹⁾	18,587.7	17,823.5	13,266.9	3,408.7	1,484.4	974.3	(55,545.4)	.0	.0
Student Support	22,763.2	1,284.0	.0	.0	.0	(24,047.2)	.0	.0	.0
Academic Support ⁽¹⁾	46,133.8	6,684.8	2,229.8	.0	(55,048.4)	.0	.0	.0	.0
TOTAL	\$397,769.2	\$120,764.4	\$60,457.3	\$30,629.2	\$.0	\$.0	\$.0	\$.0	\$609,620.1⁽²⁾

⁽¹⁾ Allocated to programs.

⁽²⁾ Does not include LCMR and Special Projects.

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PROGRAM: Instruction
AGENCY: Minnesota, University of

PROGRAM PURPOSE:

The University's mission statement reflects the 3-fold mission of a land-grant university: instruction, research, and public service. The University's objective is to strengthen its unique role and mission within the public higher education system, in most areas of graduate education (and all areas of Ph.D. level education), in research, and in public service, while providing quality undergraduate programs. What makes the University of Minnesota a university rather than a research institute is in its instructional mission--special kinds of instruction that can be offered only by faculty who are simultaneously advancing the frontiers of knowledge and applying that knowledge in the service of the state. The University serves thousands of undergraduate and graduate students each year. These students are at the center of everything the University does, contributing to and participating in its research and service activities, as well as in its instructional programs, which are grounded in the research, scholarly, artistic, and service activities of the faculty and given social purpose by the University's land-grant mission.

The University has a special obligation to provide accessibility to unique undergraduate and graduate educational programs and special regional responsibilities for access to a broad set of educational offerings.

PROSPECTS:

The state's current financial circumstances exacerbate the funding problem with which all of Minnesota's public higher education institutions have struggled during the past decade.

- Minnesota is among the top states in education appropriations per students, ranking 17th in F.Y. 1991, about 5% above the national average, but down 14.3% in constant dollars over the past 13 years.
- However, Minnesota remains among the bottom states in higher education appropriations per student relative to tax revenues per capita, ranking 43rd in 1990-91, 10% below the average and the trend has been downward.

The apparent anomaly is because Minnesota is most fortunate to have a far greater percentage of its population participating in higher education than most other states.

The number of campuses compounds the effect of low funding per student; Minnesota provides its public education through small campuses, which generally means high administrative costs. Based on a recent study, Minnesota has an unusually large number of public post-secondary campuses for its population--63, which translates into over 14 campuses for each million residents. Only Alaska, North Dakota and Wyoming, each sparsely populated, has more public campuses per resident. California, with the highest number of campuses (136) has 4.7 per million residents, Wisconsin has 8.8 per million, Iowa 7.4, Illinois 5.2. The average for the entire country is 6.3.

As a consequence, even though Minnesota has an unusually high level of enrollment in post-secondary institutions, the average enrollment on each Minnesota campus is low: 3,100, which ranks 44th of 51 (50 states and the District of Columbia). California, by contrast, has an average campus size of 12,500; Wisconsin has 5,700, Iowa has 5,300, Illinois 7,700; the average nationally is 6,500.

The declining expenditures per student are not consistent with the state's overall commitment to higher education and the contribution higher education makes to the state's economy and quality of life. It is essential that the state--educators and policy makers alike--commit to maintaining and restoring the quality of its higher education systems--by wiser allocation of resources where possible, by increased funding per student where necessary. The higher education systems must work to provide better articulation and sharper mission differentiation among systems, and to guard against further expansion in the number of institutions. They must also work to prepare for the faculty shortage that will become increasingly severe by the middle of the 1990s. As the preeminent provider of faculty to all of higher education in the state, public and private, the University of Minnesota will be of central importance in addressing that impending shortage. The state should also consider the advantages of merging some institutions, eliminating some programs, and improving interstate cooperation in the region through long-term agreements. The University started the state's discussion of mission differentiation in the mid 1980s, and is prepared to work with other systems to identify further changes to make post-secondary education more effective.

One of the ways in which low funding per student is reflected in the operation of the higher education system is in financial aid. The state has a policy under which students are expected to provide half of their college cost (through work and student loans), and the student's family--to the extent that they can afford it--the other half. For low-income families, state funds will fill in the gap between what the family can afford, what the federal government provides, and the total obligation for 50% of the expense of going to school.

However, the state allocation for financial aid is not adequate to finance this level of funding; the solution adopted is to lower the funding per student "recognized" by the state, leaving student, the institution they attend, and their families to make up the difference.

Minnesota's enrollment is high relative to its population and its high school graduates; its state funding is high compared to other states, but that high funding is absorbed by its high enrollment, so that funding per student is below average, and falling relative to other states. Access is high both in number of campuses (probably leading to high administrative cost) and number of students served; but the access for low-income students is limited by financial aid and falls short of the state's own calculated need level.

The picture is clear. There is little doubt that quality in post-secondary education has been sacrificed for quantity, and the situation has worsened over the 1992-93 biennium.

OUTCOMES:

The Undergraduate Initiative

The "undergraduate initiative" at the University of Minnesota is aimed specifically at improving the quality of instruction and service to undergraduates. Class sizes have been brought down; availability of classes has been improved; efforts are underway to improve advising; more resources have been made available to improve the effectiveness of large section instruction.

1994-95 Biennial Budget

PROGRAM: Instruction
AGENCY: Minnesota, University of
 (Continuation)

Instructional improvement/actions to date:

	(Dollars in Thousands)	
	Annual	Students
	<u>Expenditures</u>	<u>Affected</u>
Admissions	\$ 250	5,000
Teaching Assistant Training	150	24,500
Large Class Improvement	800	10,000
Course Access	600	6,000
Classroom and study renovations	800	All Undergraduates
Advising	500	All Undergraduates
Instructional equipment	2,000	All Undergraduates
Undergraduate Research Opportunities	420	350
Totals	\$5,000	

Retention rates have been improving steadily, especially first year retention, and, as that trend works its way through the system, we will eventually see improvements in the University's graduation rate.

Retention Rates for Entering Freshman

<u>Class of</u>	<u>After 1 Year</u>	<u>After 2 Years</u>	<u>After 3 Years</u>	<u>After 4 Years</u>
1982	74.8%	58.6%	52.5%	47.4%
1983	73.7%	59.9%	53.8%	48.9%
1984	75.5%	60.2%	53.3%	48.1%
1985	76.2%	61.5%	53.4%	49.4%
1986	77.1%	61.0%	54.7%	49.8%
1987	78.2%	63.3%	57.8%	52.4%
Improvement 1982-87	4.6%	8.0%	10.1%	10.6%

First year retention for the class entering in 1982 (all campuses) was 74.8%; for the class entering in 1987, it was 78.2%, an improvement of 4.6%. The improvement in second year retention between the classes of 1982 and 1987 was 8.0%. Third year retention improved by 10.1%, and fourth year retention improved by 10.6%.

The University is committed to improving retention and graduation rates. It must be emphasized, however, that the University of Minnesota does graduate thousands of students each year. In F.Y. 1991, the University awarded more than 11,000 degrees. The Twin Cities campus awarded more than 9,200 degrees. Over the past 10 years, the University of Minnesota has graduated more than

100,000 students. More than 250,000 of the state's citizens are graduates of the University of Minnesota, living in virtually every town and city and contributing immensely to the state's economy and to its cultural life. The state depends on an infrastructure of professionals, in medicine, dentistry, law, public health, engineering, and many other areas, and most of these individuals in the state are graduates of the University of Minnesota.

Enrollment Management

Over the period F.Y. 1987 through F.Y. 1993, the University of Minnesota will have reduced its undergraduate FYE enrollment by approximately 6,000 students. This reduction is being undertaken in accordance with an agreement negotiated with the legislature in 1987 (Laws of Minnesota for 1987, Ch. 401, Sec. 6, Subd., p. 3232). Under the terms of this agreement, the University agreed to lower its regular undergraduate FYE system enrollment by approximately 6,000 FYE students (16%), to 31,600. The legislature in return agreed to remove the University for this period of time from the average cost funding formula that tied the University's instructional funding to enrollment. The objective was to improve the University's funding, as measured on a cost per FYE student basis; funding would remain constant (or increase), while enrollment was reduced. A secondary objective was to reduce the ratio of undergraduate students to graduate students to below 3/1, as is common in most research universities.

The University will achieve its enrollment reduction targets and objectives. Undergraduate FYE enrollment will be reduced to the level of 31,600 FYE students. Graduate and professional/graduate professional FYE enrollments will be increased from F.Y. 1987 levels by more than 1,600 students. The ratio of undergraduate to graduate students will be reduced from more than 3.5 in F.Y. 1987 to less than 2.75 in F.Y. 1993.

As the University has reduced its undergraduate enrollment, it has worked towards targets that called for a decrease in undergraduate enrollment in some Twin Cities colleges and an increase in undergraduate enrollment in other Twin Cities colleges, while enrollment on the coordinate campuses was to be held constant or decreased modestly. Undergraduate enrollment has been reduced in those Twin Cities colleges where such a reduction was planned and where virtually all of the reduction has been concentrated (e.g. Liberal Arts, Technology, Management, General College, Education, Human Ecology). Enrollment has been increased in Twin Cities colleges where an increase was desired (e.g. Agriculture, Natural Resources, Biological Sciences). The reduction in enrollment in Management, Education, and General College was a consequence of significant changes in the missions of these units that were designed to reduce excessive programmatic duplication within the state's higher education system. The reduction in enrollment in the College of Liberal Arts and the Institute of Technology, together with the additional funds provided these units in the Reallocation and Restructuring Plan, has resulted in significantly improved funding levels for the University's two largest colleges.

Preparation Requirements

The quality of education is substantially improved when all students come better prepared to enter into collegiate level course work. The University's new preparation requirements in English, mathematics, science, foreign language and social studies have been in effect for 2 years. Of freshmen admitted in Fall 1992, 80% of students at the University of Minnesota, Morris, 70% of students at the University of Minnesota, Duluth, and 75% of students on the Twin Cities campus satisfied all of the requirements.

PROGRAM: Instruction
AGENCY: Minnesota, University of
 (Continuation)

The overall ability of the new freshman admitted in Fall 1991, as measured by high school rank, was also higher than in previous years. The average high school rank percentile of students admitted on all campuses was 67.7 in Fall 1987 and was 72.4 in Fall 1992. This improvement is due to a variety of factors, including the new preparation requirements, which have been widely accepted and endorsed by high schools throughout the state. The State University System has also adopted these requirements, which will serve to further impress on high schools throughout the state the importance of following a rigorous high school program.

Improving Ease of Transfer

Policies regarding the transfer of students into the University and policies regarding the transfer of students among the University's colleges and campuses are of great importance.

While the vast majority of students make the transition from 1 institution to another without encountering any serious difficulties in transferring their credit, the representatives of the 4 public post-secondary systems, led by the chief academic officers, have been working collaboratively to develop and implement 3 initiatives designed to ease the transfer of students from 1 public post-secondary system to another. These initiatives are: 1) The Minnesota Transfer Curriculum, 2) Minnesota Standards and Procedures for Transfer, and 3) Minnesota Articulation Councils. Staff, faculty and administrative representatives have been involved in this process. Supported by President Hasselmo and the Chancellors of the 3 other systems, these initiatives are in various stages of development.

The many students each year who transfer within the University from 1 college or campus to another (intracampus transfer students) are also potentially at risk of encountering transfer problems. Several agreements to help students transfer within the University have been approved by all colleges and campuses and became fully operational in the Fall of 1992.

We believe that we have made tremendous progress, both within the University and across the state, in addressing important issues affecting transfer students. We will continue to work both within the University and with the other systems to resolve these issues.

Diversity

Providing programmatic access to University programs to increase diversity is a continuing priority. Both in the central admissions office and in the colleges, our efforts to recruit students of color have been successful. Of new freshmen students admitted to the Twin Cities campus in Fall 1992, 17.8% were students of color. Students of color represented 10.1% of all students on the Twin Cities campus in F. Y. 1992 and 8.9% of all University students, up from 6.2% in F.Y. 1988, bringing us closer to the objective of 10% minority enrollment by Fall 1994. It is important that our efforts to increase minority enrollment take place within the larger context of our overall recruiting, admissions, and retention efforts.

Financial Aid

Providing financial access to University programs is a continuing priority. The University has given high priority to raising funds for scholarships and fellowships, and the effort has been successful in increasing the University's endowed and annual scholarship funds. Over the past 2 years the amount of private scholarship and fellowship funds raised has doubled, from \$4.4 million in F.Y. 1990 to \$9.7 million in F.Y. 1992. Even so, the University's scholarships and fellowships cover just a small percentage of students' educational costs (5% for undergraduate students, 7% for graduate students, 8% for professional students). Support from other sources such as Pell Grants and the State Grant-in-Aid Program have not kept pace.

OBJECTIVES:

The University's objectives for the 1994-95 biennium reflects a vision of the University that remains true to the University's mission. It is consistent with the University's planning efforts over the past decade and with the University's priorities. Even in these difficult times, we must continue to invest in the University's future. Institutions that face today's challenges and make the difficult decisions necessary to preserve the quality of both their intellectual and physical resources will fare well and prosper, even in times of fiscal constraint. The University of Minnesota is committed to deal responsibly with today's problems and to take the steps necessary to ensure a strong and vigorous future for the University and for the state and its citizens.

PROGRAM PLAN:

Enrollment Management

In order to preserve funding per student at current levels and to provide appropriate facilities and support, the University's undergraduate enrollment for the period F.Y. 1994 through F.Y. 1998 will be maintained at the approximate level of 31,600 F.YE students. The University's graduate and professional/graduate professional enrollments will be maintained at the approximate projected F.Y. 1993 levels of 7,250 and 6,850 F.YE students respectively. The University's recruitment, admissions, and retention strategies at the undergraduate, graduate, and professional/graduate professional levels will be designed to provide headcount enrollments that will maintain these F.YE enrollments.

Our enrollment management plan is based both on an analysis of internal University factors and also on our analysis of the state-wide higher education enterprise. We believe that the plan is responsive to the needs of the people of Minnesota. The plan does not propose any significant change in the University's market share vis a vis other public and private institutions. The University will be able to increase the enrollment of new freshman students without increasing its overall undergraduate enrollment for several years, and the proposed increase in the enrollment of new freshman students over the next 2 years will parallel the projected increase in high school graduates over this period. The enrollment plan assumes no significant change in the distribution of enrollment among the state's higher education institutions and no significant shift in the University's market share.

Reallocation and Restructuring Plan

The University will continue to implement the Reallocation and Restructuring Plan, making needed investments in its undergraduate programs and in colleges such as the College of Liberal Arts and the Institute of Technology, which serves the largest number of both undergraduate and graduate

1994-95 Biennial Budget

PROGRAM: Instruction
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(Continuation)

students. Certain components of the plan have already been accelerated (e.g. increased funding for the University of Minnesota, Morris) and other components will be accelerated, whenever possible.

University of Minnesota, Crookston

Over the past year, the University has considered 3 basic options for the Crookston campus. We have considered continuing to operate the Crookston campus as a 2-year institution; we have considered closing the campus, as we decided to do with the Waseca campus; and we have undertaken a study on the expansion of the Crookston campus to a 4-year institution. These options have been evaluated within the context of the needs of northwestern Minnesota, the state's higher education system—including the roles and capacity of the other educational institutions in this region of the state—and the University's mission. We have decided that it is essential to continue the University's presence in northwestern Minnesota and the University of Minnesota, Crookston should become a 4-year campus serving northwestern Minnesota, with appropriate baccalaureate programs in selected professional and technical areas. As a 4-year campus, the University of Minnesota, Crookston can play an important role in this region of the state, without either duplicating or jeopardizing the programs of the other institutions in this region.

On a programmatic basis and on a cost per student basis, Crookston, as a 2-year campus, is duplicative of other available programs and too expensive to operate. During the past decade, 2-year programs in northwestern Minnesota have been significantly expanded, thus undercutting the uniqueness of the original role and mission of the Crookston campus; lowered demand has significantly increased the cost per student. The cost per student could be reduced and more effective use of existing resources could be achieved if the campus operated as a 4-year institution. Our studies indicate that the marginal increase in tuition revenues would cover the ongoing operational costs of an expanded 4-year program.

As a "polytechnic" 4-year institution, Crookston will provide a unique, and needed, form of higher education instruction closely tied with the complementary 2-year programs of the Technical College System. Moreover, it is believed that the planned 4-year programs at Crookston may become exemplars of the strengthening and upgrading of vocational-technical education in contradistinction to the liberal arts education emphasized by most higher education programs.

Intersystem Cooperation

The University will continue to cooperate fully with the other higher education systems working towards the following objectives:

- improved access to baccalaureate level programs in the Twin Cities Metropolitan area;
- better coordination of graduate programs at the master's degree level;
- improved planning regarding state investment in sophisticated resources (e.g. specialized laboratories and library collections);

- improved coordination of lower division education and of general education requirements, easing the transfer of students among the state's campuses;
- improved coordination of continuing education offerings;
- the improvement and increased utilization of telecommunications networks.

The University, in cooperation with the other higher education systems in the state, must afford students appropriate access to higher education. Collectively and in a planned way, through recruitment, admissions, and coordinated transfer policies and goals, the post-secondary systems must ensure that students are admitted to and enrolled in programs that will satisfy their aspirations and challenge their abilities. It is important that all of the state's public institutions encourage students to choose the educational option that will offer them the greatest challenge and the greatest chance of success. It is equally important that the state's higher education policies and financial aid program are designed to encourage this overall objective.

GOVERNOR'S RECOMMENDATION:

In order to achieve a fully funded and enhanced state grant program in the current fiscal environment, it is necessary to restructure the higher education funding system to provide more resources directly to students, rather than institutions.

The Governor recommends an alternative funding level for Instruction of \$430.5 million in F.Y. 1994 and \$428.9 million in F.Y. 1995. This recommendation includes increases in the percent of instructional cost covered by tuition from the current 33% to 43% in F.Y. 1994 and 45% in F.Y. 1995 and an elimination of state subsidies for practitioner oriented graduate programs.

This proposal accomplishes restructuring by reducing the direct state institutional support for the four public higher education systems and returning ALL that state funding to public higher education students in the form of increased state financial aid assistance. For the average family with an income under \$45,000, tuition increases resulting from this proposal will be more than offset by an increase in grant awards and consequently, the net real cost to the student and family will decrease.

In addition, an elimination of state subsidies for practitioner oriented graduate programs is included in this reallocation plan. The types of graduate programs included under the definition of practitioner oriented are Master of Business Administration, Master of Education, Master of Public Affairs, etc. The state's priority for subsidizing graduate students must focus first on research oriented graduate work rather than on those programs established and designed for those individuals already in the workplace coming back to enhance their own professional skills and abilities. The elimination of this subsidy allows for the redirecting of funds to meet the needs of increased state grant awards to private college students.

The Governor also recommends the transfer of \$75,000 per year from the state subsidy to secondary vocational teacher training programs to provide funding for staff development contracts by the newly created Youth Apprenticeship program to be coordinated by the Career Preparation Division of the Department of Children and Education Services. Staff development activities of the Career Preparation Division will be contracted out to higher education institutions meeting specific standards for the training of youth apprenticeship instructors. The University of Minnesota expends approximately \$1.0 million per year on the preparation of secondary vocational teachers.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: University of Minnesota
PROGRAM: Instruction

ITEM TITLE: Governor's Supplemental Recommendations

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund				
- State Operations	\$6,257	\$22,578	\$-0-	\$-0-

Statutory Change? Yes ☐ No ☒

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following non-recurring supplemental appropriations for the University of Minnesota:

1. Tuition Relief

The Governor's biennial budget proposal recommended changing the state's approach to financing higher education by concentrating more resources on grants to students, and less on direct payments to institutions. The Governor continues to believe that funding students rather than systems is the best way of allocating higher education dollars. With the additional forecast General Fund revenues, however, comes an opportunity for more gradual movement toward this policy goal. To soften the effects of potential tuition increases, the Governor recommends non-recurring appropriations of \$6.3 million in F.Y. 1994 and \$10.6 million in F.Y. 1995 to the University of Minnesota as follows:

- Tuition relief for practitioner-oriented graduate students; \$6.3 million in F.Y. 1994 and \$3.1 million in F.Y. 1995.

These funds may be used by the University to reduce the tuition increases that would result from making these programs self-supporting in F.Y. 1994. Under this recommendation, these programs are expected to be self-supporting by F.Y. 1996.

- Additional tuition relief for graduate and undergraduate students in F.Y. 1995; \$7.4 million in F.Y. 1995.

This appropriation is available to keep F.Y. 1995 tuition rates at F.Y. 1994 levels in all programs except practitioner-oriented graduate programs. The Governor recommends that

these appropriations be reduced dollar-for-dollar for tuition rate increases above F.Y. 1994 levels.

2. Institute of Technology - Equipment

To enable the Institute of Technology to purchase additional equipment for instruction and research, the Governor recommends a one-time appropriation in F.Y. 1995 of \$12.0 million.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN
PROGRAM: INSTRUCTION

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
INSTRUCTION OF MINN	397,768	410,000	423,068	423,068	445,856	430,509	423,068	460,498	440,943
TOTAL EXPENDITURES BY ACTIVITY	397,768	410,000	423,068	423,068	445,856	430,509	423,068	460,498	440,943
GOV'S INITIATIVES:			FUND						
(A) ELIM SUBSIDIES FOR APPLIED GRAD PROGRAMS			GEN			<9,385>			<9,385>
(A) TUITION TO 43% & 45% OF INSTRCTNL COST			GEN			<10,468>			<18,344>
(A) TUITION TO 43/45% - TUITION REVENUE INCR.			GEN			10,468			18,344
(A) TRANSFER TO DEPT OF CHILDREN & EDUC. SERV			GEN			<75>			<75>
(A) NO GENERAL FUND INFLATION/INSTRUCTION			GEN			<15,272>			<31,480>
(A) TUITION REV INCREASE - PRAC. GRAD PROGRAM			GEN			9,385			9,385
(B) MARCH SUPP/PRAC GRAD TUITION RELIEF - NR			GEN			6,257			3,129
(B) MARCH SUPP/TUITION RELIEF - NR			GEN						7,449
(B) MARCH SUPP/INST OF TECH EQUIPMENT - NR			GEN						12,000
(B) MARCH SUPP/REDUCED TUITION INTENT PRAC GRAD			GEN			<6,257>			<3,129>
(B) MARCH SUPP/REDUCED TUITION INTENT			GEN						<7,449>
TOTAL GOV'S INITIATIVES						<15,347>			<19,555>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	257,067	256,719	250,806	250,806	265,101	242,050	250,806	274,170	249,356
STATUTORY APPROPRIATIONS:									
GENERAL	140,701	153,281	172,262	172,262	180,755	188,459	172,262	186,328	191,587
TOTAL FINANCING	397,768	410,000	423,068	423,068	445,856	430,509	423,068	460,498	440,943
POSITIONS BY FUND:									
TOTAL POSITIONS									

**AVERAGE COST FUNDING MATRIX
FUNDED @ 67%**

	F.Y. 1991 Expenditures	Actual F.Y. 1991 FYE	Actual F.Y. 1992 FYE	Estimated F.Y. 1993 FYE	Budgeted Spending Plan F.Y. 1993	Additional Tuition Deduction	(1) Estimation Adjustment	Allowable Spending Plan Per Formula	Adjusted Cell Values	Instructional Funding (Based on 2-year lagged FYE)	
										F.Y. 1994	F.Y. 1995
Lower Division											
Regular Session	\$94,877.7	17,899	16,377	15,300	\$104,545.3	\$(8,941.0)		\$95,604.3	\$5,341	\$87,474.9	\$81,722.7
Upper Division											
Regular Session	116,910.7	15,347	15,245	14,443	123,743.2	(10,582.8)		113,160.4	7,374	112,410.5	106,496.9
Graduate											
All Sessions	72,492.5	8,438	8,777	8,666	69,849.7	(5,973.7)	\$(1,365.0)	62,510.9	7,408	65,022.3	64,200.0
Professional											
All Sessions	79,016.9	6,056	6,170	6,189	85,587.5	(7,319.6)	368.2	78,636.0	12,985	80,116.3	80,363.0
Lower Division											
CEE & SS	7,610.6	2,144	2,341	2,164	7,604.7	(650.4)	(316.4)	6,637.9	3,096	7,246.6	6,698.6
Upper Division											
CEE & SS	16,174.1	3,037	3,356	3,223	16,503.3	(1,411.4)	847.9	15,939.8	5,249	17,614.1	16,916.0
Totals	\$387,082.5	52,921	52,266	49,985	\$407,833.7	\$(34,878.9)	\$(465.4)	\$372,489.4	\$7,039	\$369,884.8	\$356,397.3

(1) Correction of F.Y. 1991 FYE estimate used for funding 1992-93 biennial budget

Base Year Spending Plan

\$(372,954.8) **\$(372,954.8)**

Gross ACF Adjustment

(3,070.0) **(16,557.5)**

Capped Sells

8,879.3 **20,545.1**

Other Cells

\$5,809.3 **\$3,987.6**

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AVERAGE COST FUNDING MATRIX
FUNDED @ 32%

	F.Y. 1991 Expenditures	Actual F.Y. 1991 FYE	Actual F.Y. 1992 FYE	Estimated F.Y. 1993 FYE	Budgeted Spending Plan F.Y. 1993	Additional Tuition Deduction	(1) Estimation Adjustment	Allowable Spending Plan Per Formula	Adjusted Cell Values	Instructional Funding (Based on 2-year lagged FYE)	
										F.Y. 1994	F.Y. 1995
Lower Division											
Regular Session	\$47.5	9	10	8	\$53.1	\$(4.5)		\$48.6	\$5,427	\$53.4	\$42.2
Upper Division											
Regular Session											
Graduate											
All Sessions											
Professional											
All Sessions											
Lower Division											
CEE & SS	1,561.9	440	578	633	2,226.3	(190.4)	\$6.4	2,042.3	4,642	2,684.7	2,940.0
Upper Division											
CEE & SS	639.1	120	173	173	885.8	(75.8)		810.1	6,751	1,167.9	1,167.9
Totals	\$2,248.4	569	761	814	\$3,165.3	\$(270.7)	\$6.4	\$2,901.0	\$5,099	\$3,906.0	\$4,150.0
										Base Year Spending Plan	
											<u>\$(2,894.6)</u>
										Gross ACF Adjustment	
											(1,011.4)
										Capped Sells	<u>6.4</u>
										Other Cells	<u>\$1,261.9</u>

(1) Correction of F.Y. 1991 FYE estimate used for
funding 1992-93 biennial budget

AVERAGE COST FUNDING MATRIX
FUNDED @ 0%

	F.Y. 1991 Expenditures	Actual F.Y. 1991 FYE	Actual F.Y. 1992 FYE	Estimated F.Y. 1993 FYE	Budgeted Spending Plan F.Y. 1993	Additional Tuition Deduction	(1) Estimation Adjustment	Allowable Spending Plan Per Formula	Adjusted Cell Values	Instructional Funding (Based on 2-year lagged FYE)	
										F.Y. 1994	F.Y. 1995
Lower Division											
Regular Session	\$4,303.6	812	757	851	\$5,814.8	\$(5,814.8)	\$(401.1)	\$(401.1)		\$(401.1)	\$(401.1)
Upper Division											
Regular Session	4,047.4	531	531	730	6,254.4	(6,254.4)	1,101.7	1,101.7		1,101.7	1,101.7
Graduate											
All Sessions											
Professional											
All Sessions											
Lower Division											
CEE & SS											
Upper Division											
CEE & SS											
Totals	\$8,351.1	1,343	1,288	1,581	\$12,069.2	\$(12,069.2)	\$700.6	\$700.6	\$522	\$700.6	\$700.6
										Base Year Spending Plan	
										<u>.0</u>	<u>.0</u>
										Gross ACF Adjustment	
										<u>\$700.6</u>	<u>\$700.6</u>
										Capped Sells	
										<u>\$700.6</u>	<u>\$700.6</u>
										Other Cells	
										<u>\$700.6</u>	<u>\$700.6</u>

(1) Correction of F.Y. 1991 FYE estimate used for funding 1992-93 biennial budget

AGENCY: Minnesota, University of

1994-95 Biennial Budget

HEADCOUNT ENROLLMENTS
TENTH DAY OF INSTRUCTION, FALL TERM

	1990 <u>Actual</u>	1991 <u>Actual</u>	1992 <u>Actual</u>	1993 <u>Planned</u>	1994 <u>Planned</u>
Twin Cities					
Other than Health Sciences					
Agriculture	751	858	901	950	1,000
Architecture & Landscape Architecture	253	269	237	278	280
Biological Sciences	323	380	418	378	380
Education	1,846	1,358	1,275	1,586	1,578
General College	2,121	1,866	1,783	1,575	1,550
Graduate School	8,300	8,603	8,505	8,785	8,785
Human Ecology	1,099	925	799	929	954
Law	788	832	788	830	830
Liberal Arts	15,705	14,503	13,486	14,071	14,181
Management	964	897	836	922	952
Natural Resources	437	525	575	538	544
Technology	4,614	4,532	4,514	4,560	4,635
University College	127	147	179	152	153
Health Sciences					
Dentistry	326	300	312	320	318
Dental Hygiene	48	51	67	60	60
Medical School	1,959	1,964	1,999	1,950	1,950
Medical Technology	73	76	64	82	83
Mortuary Science	68	52	70	55	55
Nursing	182	205	215	217	226
Occupational Therapy	68	71	72	76	76
Pharmacy	343	331	338	350	350
Physical Therapy	60	60	59	65	65
Public Health	264	243	233	262	261
Veterinary Medicine	253	267	294	250	250
Duluth					
Business & Economics	1,521	1,455	1,357	1,552	1,554
Education & Human Services Professions	1,350	1,335	1,310	1,319	1,320
Fine Arts	348	368	370	354	355
Graduate School	250	268	337	244	244
Liberal Arts	2,451	2,329	2,225	2,414	2,464
Medicine	99	100	107	100	100
Science and Engineering	1,904	1,915	1,943	1,965	1,967
Morris	2,021	1,915	1,923	1,918	1,919
Crookston	1,336	1,336	1,352	1,297	1,293
Waseca	1,042	550	51	0	0
TOTAL-"REGULAR" TERMS	53,294	50,886	48,994	50,404	50,732
Duluth	2,416	2,374	2,089	2,100	2,100
Independent Study	1,597	1,536	1,726	1,725	1,725
Morris	146	132	187	175	175
Rochester	217	305	184	200	200
Twin Cities	17,011	17,884	17,678	16,670	16,670
Total CEE	21,387	22,231	21,864	20,870	20,870
GRAND TOTAL	74,681	73,117	70,858	71,274	71,602

**FULL YEAR EQUIVALENT STUDENTS
BY INSTRUCTIONAL UNIT AND LEVEL OF INSTRUCTION**

	F.Y. 1991 <u>Actual</u>	F.Y. 1992 <u>Actual</u>	F.Y. 1993 <u>Projected</u>	F.Y. 1994 <u>Planned</u>	F.Y. 1995 <u>Planned</u>
Twin Cities					
Agriculture					
Lower Division	355	330	315	363	367
Upper Division	322	397	400	337	341
Graduate	271	321	305	292	292
Total	948	1,048	1,020	992	1,000
Architecture & Landscape Architecture					
Lower Division	114	94	100	108	108
Upper Division	196	199	200	211	213
Graduate	65	67	65	65	65
Total	375	360	365	384	386
Biological Sciences					
Lower Division	530	522	484	497	500
Upper Division	393	459	419	406	409
Graduate	241	242	243	249	249
Total	1,164	1,223	1,146	1,152	1,158
Dentistry					
Lower Division	17	17	20	21	21
Upper Division	29	21	30	37	37
Professional & Graduate Professional	511	482	519	507	504
Total	557	520	569	565	562
Education					
Lower Division	295	261	274	257	258
Upper Division	1,008	806	765	722	721
Graduate	1,190	1,369	1,352	1,370	1,370
Total	2,493	2,436	2,391	2,349	2,349
General College					
Lower Division	899	832	793	698	690
Upper Division	34	24	24	25	25
Graduate	2	4	3	1	1
Total	935	860	820	724	716
Human Ecology					
Lower Division	241	197	188	220	222
Upper Division	416	465	433	373	379
Graduate	291	258	272	297	297
Total	948	920	893	890	898

**FULL YEAR EQUIVALENT STUDENTS
BY INSTRUCTIONAL UNIT AND LEVEL OF INSTRUCTION**

	F.Y. 1991 <u>Actual</u>	F.Y. 1992 <u>Actual</u>	F.Y. 1993 <u>Projected</u>	F.Y. 1994 <u>Planned</u>	F.Y. 1995 <u>Planned</u>
Twin Cities					
Humphrey Institute					
Upper Division	23	5	5	23	23
Graduate	126	143	141	149	149
Total	149	148	146	172	172
Law					
Upper Division					
Professional & Graduate Professinoal	768	789	786	810	810
Total	768	789	786	810	810
Liberal Arts					
Lower Division	6,295	5,675	5,421	5,789	5,824
Upper Division	6,181	6,166	5,896	5,672	5,712
Graduate	1,722	1,858	1,835	1,774	1,774
Total	14,198	13,699	13,152	13,235	13,310
Management					
Lower Division	288	262	251	267	270
Upper Division	840	739	704	810	826
Graduate	1,147	1,217	1,206	1,152	1,152
Total	2,275	2,218	2,161	2,229	2,248
Medical School					
Lower Division	20	19	18	18	19
Upper Division	142	138	130	132	132
Professional & Graduate Professional	3,768	3,902	3,806	3,797	3,798
Total	3,930	4,059	3,954	3,947	3,949
Mortuary Science					
Upper Division	54	42	40	44	44
Natural Resources					
Lower Division	38	39	38	43	44
Upper Division	103	130	125	122	123
Graduate	61	59	58	62	62
Total	202	228	221	227	229
Nursing					
Lower Division	4	5	5	4	4
Upper Division	139	166	170	165	172
Graduate	87	93	92	114	114
Total	230	264	267	283	290

**FULL YEAR EQUIVALENT STUDENTS
BY INSTRUCTIONAL UNIT AND LEVEL OF INSTRUCTION**

	<u>F.Y. 1991</u> <u>Actual</u>	<u>F.Y. 1992</u> <u>Actual</u>	<u>F.Y. 1993</u> <u>Projected</u>	<u>F.Y. 1994</u> <u>Planned</u>	<u>F.Y. 1995</u> <u>Planned</u>
Twin Cities					
Pharmacy					
Lower Division	1	1	1	1	1
Upper Division					
Professional & Graduate Professional	321	317	356	331	331
Total	322	318	357	332	332
Public Health					
Lower Division					
Upper Division	65	95	95	55	56
Graduate	549	548	540	552	552
Total	614	643	635	607	608
Technology					
Lower Division	2,869	2,746	2,607	2,712	2,736
Upper Division	2,774	2,744	2,598	2,707	2,744
Graduate	1,420	1,466	1,447	1,543	1,543
Total	7,063	6,956	6,652	6,962	7,023
Veterinary Medicine					
Lower Division	1	1	1	1	1
Upper Division	20	20	20	20	21
Professional & Graduate Professional	457	453	487	455	455
Total	478	474	508	476	477
Unattached					
Lower Division	25	15	20	23	23
Upper Division	23	13	20	22	23
Graduate	4	4	3	3	3
Total	52	32	43	48	49
Duluth					
Business & Economics					
Lower Division	366	304	297	370	372
Upper Division	396	411	402	401	402
Graduate	16	18	21	16	16
Total	778	733	720	787	790
Education & Human Service Professions					
Lower Division	409	364	356	408	410
Upper Division	598	564	551	589	592
Graduate	126	152	178	123	123
Total	1,133	1,080	1,085	1,120	1,125

FULL YEAR EQUIVALENT STUDENTS
BY INSTRUCTIONAL UNIT AND LEVEL OF INSTRUCTION

	F.Y. 1991 <u>Actual</u>	F.Y. 1992 <u>Actual</u>	F.Y. 1993 <u>Projected</u>	F.Y. 1994 <u>Planned</u>	F.Y. 1995 <u>Planned</u>
Duluth					
Fine Arts					
Lower Division	527	495	484	530	534
Upper Division	126	141	138	126	128
Graduate	9	7	8	8	8
Total	662	643	630	664	670
Liberal Arts					
Lower Division	1,290	1,236	1,238	1,287	1,298
Upper Division	747	802	799	740	749
Graduate	15	17	21	14	14
Total	2,052	2,055	2,058	2,041	2,061
Medicine					
Lower Division	13	16	16	13	13
Upper Division	6	0	0	6	6
Professional & Graduate Professional	192	186	185	194	195
Total	211	202	201	213	214
Science & Engineering					
Lower Division	1,195	1,196	1,168	1,207	1,213
Upper Division	607	655	640	622	623
Graduate	72	81	95	70	70
Total	1,874	1,932	1,903	1,899	1,906
Unattached					
Lower Division	37	31	30	37	37
Upper Division	21	19	20	20	20
Total	58	50	50	57	57
Morris					
Lower Division	1,203	1,189	1,195	1,142	1,142
Upper Division	744	691	694	706	707
Total	1,947	1,880	1,889	1,848	1,849
Crookston					
Technical	871	866	839	846	843
Waseca					
Technical	790	431		0	0
SUBTOTAL	48,131	47,109	45,501	45,903	46,125

**FULL YEAR EQUIVALENT STUDENTS
BY INSTRUCTIONAL UNIT AND LEVEL OF INSTRUCTION**

	<u>F.Y. 1991</u> <u>Actual</u>	<u>F.Y. 1992</u> <u>Actual</u>	<u>F.Y. 1993</u> <u>Projected</u>	<u>F.Y. 1994</u> <u>Planned</u>	<u>F.Y. 1995</u> <u>Planned</u>
Continuing Education & Extension					
Lower Division	2,158	2,444	2,346	2,126	2,126
Upper Division	2,243	2,705	2,613	2,209	2,209
Graduate	455	266	219	455	455
Total	4,856	5,415	5,178	4,790	4,790
Summer Session					
Lower Division	426	475	451	419	419
Upper Division	914	824	783	898	898
Graduate	506	492	467	506	506
Total	1,846	1,791	1,701	1,823	1,823
GRAND TOTAL	54,833	54,315	52,380	52,516	52,738
Summary by Level - Without SS & CEE					
Lower Division	17,032	15,847	15,320	16,016	16,107
Upper Division	16,007	15,912	15,318	15,093	15,228
Graduate	7,414	7,924	7,885	7,854	7,854
Professional & Graduate Professional	6,017	6,129	6,139	6,094	6,093
Technical	1,661	1,297	839	846	843
SUBTOTAL	48,131	47,109	45,501	45,903	46,125
Summary by Level - Total					
Lower Division	19,616	18,766	18,117	18,561	18,652
Upper Division	19,164	19,441	18,714	18,200	18,335
Graduate	8,375	8,682	8,571	8,815	8,815
Professional & Graduate Professional	6,017	6,129	6,139	6,094	6,093
Technical	1,661	1,297	839	846	843
GRAND TOTAL	54,833	54,315	52,380	52,516	52,738

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1994-95 Biennial Budget

PROGRAM: Non-Instruction
AGENCY: Minnesota, University of

PROGRAM PURPOSE:

Good teaching and good learning depend ultimately on research, both basic and applied. Research is essential to the University's ability to serve society. As a land-grant institution, the University of Minnesota has a lasting obligation to serve society by extending its teaching and research beyond the campus, applying its knowledge to the solution of problems--problems of people, of public bodies, and of industry and agriculture.

RESEARCH:

Purpose

- To maintain the University's competitive position in obtaining research grants for Minnesota.

The research activity of the faculty powers the graduate teaching enterprise, provides the unique spark that makes the undergraduate experience at a research, land-grant University distinctive, and generates the knowledge that is behind technology transfer and other outreach activities. As much of the research enterprise is financed from outside resources through a competitive process, it is essential that the University have the internal funding available to support its participation in this competition. That internal funding has come primarily from indirect cost recovery (ICR) funds returned to the University by the state.

"ICR" is a term that defies short explanations, but in its simplest terms it means money paid by the sponsor of a research grant to reimburse a University for such costs as utilities, space upkeep, processing the business paperwork, and maintaining support services like libraries and computing. For both Research and Public Service, the state general fund provides support for non-instruction activities as indirect cost.

For the most part, those indirect costs are already part of the University's state appropriation. Several years ago, most of the ICR income was deducted (offset) from the total state appropriation to the University, in effect reimbursing the state for those kinds of basic expenditures. Over the past several years, the Minnesota legislature has increased the proportion of this income that the University is allowed to keep, with the understanding that the money would be used as an incentive. That investment has paid off, with continuing increases in the non-state research money that the University has been able to attract.

Prospects

The success that the University has enjoyed has largely been due to the efforts of a skilled, imaginative and hard-working faculty. It is, however, becoming necessary for the University to make a direct investment from its own funds both to be successful in national competition and to provide space to carry out the research. In order to continue this successful program of growth in research activities, it is necessary to invest additional funds. There are 4 specific needs.

1. The federal government is increasingly asking universities to share costs on research projects, particularly those that are major grants for the establishment of new research centers. For example, the University contributes \$1,000,000 per year toward the costs of the Interfacial Engineering

Research Center, as a condition for National Science Foundation funding. It is committed to contributing \$750,000 per year for the High Performance Computing Center; and there are a number of proposals pending with major cost-sharing commitments. This is an effective use of University research money, because there is typically a return of \$3 to \$5 from the federal government for every \$1 invested. In addition to the research center contributions, grants for research equipment--the major source of funds for this purpose--typically call for matches of 30% to 50%. The University needs funding to compete successfully for research grants and research equipment; indirect cost recovery funds returned to the University are the principal source of such funds.

2. It is often necessary for the University to provide seed money to start important new areas of research. Besides this need for seed money for individual investigators, proposals for large projects that bring \$5,000,000 or more into the University are generally team efforts that are expensive to prepare. For example, the proposal that led to the award of the contract for the High Performance Computing Center cost over \$100,000 to prepare. Funds are also needed to set up new faculty so that they can start their research programs, and to facilitate the initial development of new ideas and prepare expensive proposals. Again, ICR funds are the principal source for these initiatives.

3. For the last 2 biennia, the University has not been provided funding to maintain its new space. Maintenance and upkeep of research space can be paid only from research funds; ICR funds need to be made available for that purpose.

4. The University must now provide 1/3 of the debt service cost for new construction. To the extent that a new building is used for sponsored research, it is appropriate that the University share be taken from its ICR funds, if available. For example, if a new building is to be used 30% for teaching and 70% for sponsored research, it would be appropriate that 70% of the University's one-third share of the debt service be paid from ICR funds.

Outcomes

With the support of the legislature, the University has had a remarkable record of increasing its research funds from grants and contracts awarded, while facing tough competition. From 1980 to 1985 funding grew by 50%, from \$97,000,000 to \$146,000,000. Over the next 7 years, the increase was almost 90%, to \$273,000,000. Most of the growth of the past 5 years has in fact come since 1987. In 1987 the University received \$154,000,000. The figure rose to \$178,000,000 in 1988, to \$205,000,000 in 1989, and was up again to \$275,000,000 in 1990 helped significantly by a very large contract to the High Performance Computing Center. Its 1987 funding came from 1,991 grants and contracts awarded of the 3,021 proposals submitted; its 1992 funding came from 3,141 awards of the 4,200 proposals submitted.

The most important pay-off of research projects is the knowledge gained; that is, after all, why a sponsor awards a grant or contract. It is knowledge to be shared in up-to-date teaching and outreach; it is often knowledge that leads to new processes, new products, new businesses, new treatments, and new public policies. However, there are also very important secondary effects on the Minnesota economy. By conservative estimates, \$275,000,000 in grants and contracts translates into 6,000 to 7,300 Minnesota jobs--most of which would be jobs in some other state if the University of Minnesota had not been so successful in attracting research support in a highly competitive climate. And, the economic effects don't stop with those 6,000 to 7,300 salaries; most of those dollars stay in circulation in the state and local economies with important multiplier effects.

During 1990, the university ranked 7th nationally (3rd among public institutions) in the procurement of external research support.

PROGRAM: Non-Instruction
AGENCY: Minnesota, University of
 (Continuation)

Objectives

Because research monies from the Federal Government will become increasingly difficult to get over the next 5 years, continuation of the recent rate of growth is unlikely, particularly from the very high base established by the University's extraordinary success in 1990. Nevertheless, the University proposes to use as an outcome measure the total new awards from sponsored research, and commits to continuing to increase that total in an amount at least equal to the additional indirect cost recovery funds returned.

Program Plan

To support the infrastructure necessary to continue the growth of research and public service effort, the University proposes to internally reallocate at least \$6.5 million of its annual budget to these purposes. In addition, we are requesting the release of the remaining \$6.5 million offset against the appropriation to be used for deferred maintenance of research related space.

PUBLIC SERVICE:

Purpose

- To provide outreach programs and services that stimulate economic and social development.

The University has long been a national leader in the development and transfer of technology to strengthen the economy and the society of which it is a part. The best known cases are in agriculture and other programs funded by state specials, discussed separately below.

Even apart from programs funded by state specials, outreach programs are generated from nearly every college of the institution and serve the people of Minnesota in a practical way where they live and work. Continuing education and extension programs and the Minnesota Extension Service educate youth and adults to help them earn a living, cope with problems and develop into leaders. The Institute of Technology and the Health Sciences develop new technologies for Minnesota industry (e.g., the Productivity Center faculty are working one-on-one with industry representatives to provide solutions to technology-based productivity problems); University Hospital and other health science programs help provide the urgent health care needs of many with no means to pay and for residents of Greater Minnesota who have difficulty obtaining care locally; the Humphrey Institute and the College of Architecture and Landscape Architecture provide assistance with planning and community building; and the University Art Museum and the Bell Museum provide travelling exhibits visited by 200,000 Minnesotans each year. In dozens of other examples, individual faculty members fulfill the outreach mission directly within the community by serving as resource persons and sources of information related to the disciplines in their units.

An additional and important purpose of outreach and public service is that it is a major vehicle for gathering public input into the University's agenda. Through outreach and service activities, there is opportunity for faculty to interact directly with citizens in the state and bring those interactions back to the institution for better teaching and research.

Prospects

Particularly in the area of library materials, costs are continuing to rise. Real available resources continue to fall. Demand for service is constant or rising.

The external funding environment is of increasing concern; the prospect for the coming biennium, given pressures to control the federal deficit, is bleak. Federal science agencies are likely to face stringent budgetary restrictions in the coming biennium; as a result, those programs which depend on federal funds and which typically obtain several dollars of federal funding with each dollar of state "seed" funding provided, may face a lower yield. The results, however, will still be well worth the investment.

Outcomes

The University has made important strides in expanding the number of patents applied for and received (41 received in F.Y. 1989), the number of new processes licensed (about 20 per year) and in developing a system of communication to link faculty expertise with organizations outside the University (e.g., Minnesota Project Outreach, jointly funded by the University, the Greater Minnesota Corporation and the Minnesota Department of Trade and Economic Development).

The Minnesota Extension Service (MES) (outlined more fully in the section on state specials) continues to serve as the University's state-wide network for outreach efforts. In partnership with all 87 Minnesota counties the MES is building on its traditional roots in agriculture and changing to become a means of outreach delivery for many of the University's other disciplines.

Loans from University Libraries to other libraries have increased by 45% from 123,000 to 180,000 over the past 5 years. During this 5-year period, the University Libraries led the nation in providing such access to its collections. An estimated 60% of these loans were to libraries within Minnesota; many of the additional loans were to neighboring states.

Among other notable technology transfer programs, by F.Y. 1993 the Microelectronics Laboratory for Research and Education will have a full-functioning fabrication line for specialized silicon computer chips, in addition to the fabrication facilities already established. The new facility will be used for industrial collaboration, as well as education and faculty research. In general, the University's technology transfer and outreach programs are developing well and can be projected to provide increasingly effective services to the state.

Objectives

One of the new areas of outreach emphasis within the University is Children, Youth and Families. Research information and education that addresses issues like child abuse, family economic stability and teen suicide and depression is desperately needed by Minnesota families and communities. The newly organized All University-Community Consortium on Children, Youth and Families will facilitate coordination of faculty and units and promote collaboration between the University and the community. Several examples of projects ready to go but dependent upon resources are listed elsewhere in this document.

1994-95 Biennial Budget

PROGRAM: Non-Instruction
AGENCY: Minnesota, University of
(Continuation)

Program Plan

We continue to reinvest the proceeds from patenting and licensing in further research and technology transfer.

Assistance to the Children, Youth, and Families consortium and the initiation of unifying research on water, with particular emphasis on Lake Superior, have been proposed as investment initiatives. Further support for the indirect costs of research and public service is discussed above under Research Program Plan.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding the activities in this program at levels of \$120.7 million in F.Y. 1994 and \$123.0 million in F.Y. 1995. This recommendation includes funding for a graduate and professional student need-based financial aid program. The proposed increase of instructional cost covered by tuition will affect all students, including graduate and professional students who are not eligible for aid under the Minnesota State Grant Program. In order to assist these students with the likely increase in tuition, the Governor is proposing a \$10.5 million pool of need-based financial aid for research discipline graduate and professional students attending the University of Minnesota. The University will receive the state funding as a special appropriation and will be given the flexibility to utilize the dollars for this purpose as best suits the needs of U of M research discipline graduate and professional students.

The Governor also recommends discontinuing the practice of offsetting indirect cost recovery (ICR) money from the University of Minnesota's General Fund appropriation. In the current biennium, the state reduces the UM state appropriation by \$6.5 million each year as an offset of federal ICR funds received by the University. However, due to the extremely tight fiscal condition of the state, the Governor recommends a permanent reduction of \$6.5 million each year of the biennium to the University's Non-Instruction appropriation. The University currently transfers \$6.5 million each year from its ICR fund to its O & M general operations fund to replace the \$6.5 million offset in state appropriations. The Governor recommends the continuation of this practice. In addition, the Governor recommends providing flexibility to the U of M by requiring no restrictions on the use of these funds. The current legislative policy is to restrict the use of any ICR money to direct support of research or financing of support activities directly contributing to the receipt of ICR money.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN
PROGRAM: NON-INSTRUCTION

				FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
ACTIVITY RESOURCE ALLOCATION:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
NON-INSTRUCTION	123,441	119,750	115,188	116,488	121,573	122,251	116,488	126,437	124,571
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	123,441	119,750	115,188	116,488	121,573	122,251	116,488	126,437	124,571
=====									
GOV'S INITIATIVES:			FUND						
=====			=====						
(A) GRADUATE STUDENT FINANCIAL AID			GEN			4,119			6,359
(A) NO GENERAL FUND INFLATION/NON-INSTRUCTION			GEN			<5,008>			<9,792>
(B) MARCH SUPP / PRAC GRAD FIN AID - NR			GEN			1,567			1,567
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						678			<1,866>
=====									
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	111,488	106,648	101,747	103,047	114,162	108,733	103,047	118,439	110,973
HEALTH CARE ACCESS			2,200	2,200	2,277	2,277	2,200	2,357	2,357
STATUTORY APPROPRIATIONS:									
GENERAL	11,953	13,102	11,241	11,241	5,134	11,241	11,241	5,641	11,241
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	123,441	119,750	115,188	116,488	121,573	122,251	116,488	126,437	124,571
=====									
POSITIONS BY FUND:									
=====									
TOTAL POSITIONS									
=====									

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: University of Minnesota
PROGRAM: Non-Instruction

ITEM TITLE: Governor's Supplemental Recommendation

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$1,567	\$1,567	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a non-recurring appropriation of \$1.6 million each year to enable the University to establish a need-based financial aid program for students currently enrolled in practitioner-oriented graduate programs.

1994-95 Biennial Budget

PROGRAM: Special Appropriations, Agricultural
AGENCY: Minnesota, University of

PROGRAM PURPOSE:

This special appropriation is the result of the action taken by the 1989 legislature to combine the specials for the Minnesota Agricultural Experiment Station (MAES) and the Minnesota Extension Service (MES). MAES and MES are long-standing legislative specials within the University of Minnesota budget. MAES and MES have an impressive history of helping fulfill the land-grant mission of the University of Minnesota. That the University of Minnesota recognizes this significant role for MAES and MES was illustrated by the fact that they were the only specials targeted for increased funding in the 1988 document, Academic Priorities.

This special appropriation provides core support for units of the Institute of Agriculture, Forestry, and Home Economics; 60% of the faculty members in the 3 major colleges of the Institute (Agriculture, Natural Resources and Human Ecology) are paid by the state special. Through the unique land-grant partnership with federal, state, and local funding, MAES and MES conduct mission-oriented research and relevant, research-based informal education that is sharply focused on the issues facing Minnesotans where they live and work.

PROSPECTS:

	Requested Appropriation Dollars in Thousands			F.Y. 1994-95 Biennium
	F.Y. 1993	F.Y. 1994	F.Y. 1995	
Agricultural Experiment Station	\$25,938	\$27,331	\$28,296	\$55,627
Minnesota Extension Service*	16,265	17,481	18,085	35,566
TOTAL	\$42,203	\$44,812	\$46,381	\$91,193

* Includes transfer from Department of Natural Resources of \$343,000.

MINNESOTA AGRICULTURAL EXPERIMENT STATION (MAES)

Purpose

The Minnesota Agricultural Experiment Station organizes and supports research that provides the science and technology to support a highly diversified production, processing, marketing, and distribution system that produces an abundant supply of high-quality biological products, including food, fiber, and forest products. Significant research focuses on family and community life, human nutrition and interactions, recreation and tourism, sustainable management and protection of our natural resource base, and enhancement of overall environmental quality in Minnesota. Consistent with the University of Minnesota's land-grant mission, the research conducted by MAES scientists is integrated with academic programs and the extension delivery program.

This legislative special provides core funding support for scientists in over 30 departments across the colleges of Agriculture, Human Ecology, Natural Resources, Veterinary Medicine, and

Biological Sciences, plus a few scientists in other colleges. Station scientists conduct applied research at St. Paul, Rosemount, the branch stations at Grand Rapids, Crookston, Morris, Lamberton, and Waseca, the Cloquet Forestry Center, the Minnesota Landscape Arboretum, the Horticultural Research Center, and numerous cooperative "off-station" sites.

The basic and applied research of scientists supported by the MAES address each of the Minnesota Milestones themes by directly or indirectly applying to all or most of each theme's goals.

- "A Caring and Secure Community." Research efforts focusing on children and families, healthy living, community development, and social responsibility.
- "Our Surroundings." Research programs addressing a wide range of issues involving the physical, biological, and social environment, as well as outdoor recreational and economic resources.
- "A Prosperous People." Significant research is directed at economic sustainability for individuals, families, farms, businesses, and communities.
- "Learning." Virtually every MAES project involves graduate students and/or postdoctoral scientists. These activities continually supply creative and innovative scientists for current needs, as well as those needs in the future. Research conducted by MAE scientists is linked directly to the teaching and outreach programs of our colleges and the Minnesota Extension Service, as well as to demonstration sites at the branch experiment stations and other locations.
- "We the People." MAES scientists research and evaluate various public policy alternatives.

Prospects

Agriculture and forestry will continue as the backbone of Minnesota's economic base. Continuing support for basic and applied research in support of profitable production, processing, and distribution in an environmentally and socially acceptable manner is critical to maintaining Minnesota's competitive advantage. Additionally, significant issues, such as aging, youth and families, human nutrition and health, housing, aquaculture, recycling, economic vitality of communities, integrated resource management, environmental concerns, and other issues facing Minnesotans require research conducted by MAES-supported scientists.

Funding is a critical issue facing the MAES. This state special represents core funding support (55%), for the work of the MAES. Nearly 90% of the MAES budget supports faculty and staff payroll and fringe benefits. Good research requires a long-term effort and financial commitment. As core funding is reduced, more and more research dollars have to come from short-term "soft" funding sources. This makes it more difficult to maintain an appropriate blend of basic and applied research in the appropriate areas.

New demands and exciting new challenges do not lessen the necessity of on-going maintenance research. Agriculture and natural resources involve biological and, consequently, dynamic processes. Continued research and development is necessary even for well-established commodities such as trees, corn, and cattle. However, opportunities exist for expanded basic and applied research in many areas such as biological controls, alternative crops, value-added products, utilization, sustainability, economic development, youth and families, biodiversity, resource assessment, recycling, water quality, and public policy. The economic and social returns from investing in these research efforts are tremendous.

1994-95 Biennial Budget

PROGRAM: Special Appropriations, Agricultural
AGENCY: Minnesota, University of
(Continuation)

Outcomes

For F.Y. 1991, the core funding provided to the MAES by this state special (\$33.5 million) leveraged an additional \$5.7 million in federal CSRS (appropriated) funds, \$3.6 million in other federal research funds, and \$12.4 million in other non-federal research grants and funds. These combined funds supported (full year equivalents) 190 scientists, 315 professional support personnel, 233 technical support personnel, and 290 clerical personnel. These scientists worked on 399 research projects and reported their research findings in 1,560 published papers. Some selected examples of outcomes of these projects include:

- Disease-resistant varieties of barley, oats, wheat, soybeans, corn, sweet corn, alfalfa, potatoes, peas, parsnips, radishes, wild rice, aspen, and pine. Development of such disease resistant varieties is the most economical and environmentally sound method of disease management;
- Modification of microorganisms used to produce fermented dairy products, such as cheese and yogurt, to enhance quality and eliminate costly manufacturing problems and defects;
- Reducing the energy consumption of homes in a manner that enhances the quality of indoor living environments and the sustainability of the building structures themselves, thereby reducing environmental degradation and energy use and strengthening local economies;
- Immuno reproduction techniques that have increased egg production 20 to 25 % in turkeys;
- Continuing research leading to the production of biodegradable plastics from lignin and corn starch;
- Research results on higher order thinking skills are being widely distributed and utilized in courses, presentations, and publications;
- The development and release of 118 new varieties of 20 different crops;
- Technologies resulting in Minnesota's rank as the leading state in the production of oriented strand board, a widely used substitute for plywood in building construction;
- Development of measures and programs for premarital enrichment programs;
- Modified forest practices designed to improve habitat for the ruffed grouse, an important game bird;
- Moving the planting date for corn 10 days earlier over the past 20 years, resulting in annual productivity increases of 36 million bushels worth about \$80 million;
- Wood drying technologies resulting in significant economic and environmental advantages;
- The development of child support guidelines that more accurately reflect the economic consequences of divorce for Minnesota families;

- Comprehensive computer-based forest planning models that facilitate simultaneous strategic and operational planning in forest management;
- Post-harvest technologies that reduce losses and improve quality in stored crops, increasing the net value of crops by about \$60 million per year;
- The development of over 50 forest tree seed orchards that now provide genetically improved seed for all state nurseries. The benefits will be a 5-8% increase in forest stand growth.

Objectives

High-quality basic and applied research requires a long-term commitment in effort and funding. Likewise, objectives for quality research must be long range. Some MAES objectives include:

- Continued research support for the state's basic industries, with resources targeted on the most compelling opportunities;
- Further incorporation of interdisciplinary and system-based approaches in research;
- Developing increased regional cooperation among land-grant universities;
- Focusing more on value-added production and processing practices;
- Providing more research emphasis on issues related to children, youth, and families;
- Increasing emphasis on research related to analytical and modeling techniques;
- Forging new institutional relationships that reach beyond traditional college boundaries;
- Utilizing the MAES research base and faculty expertise to contribute to the development and analysis of state policy.

Program Plan

This plan depends upon no further erosion of state support through this special appropriation and also assumes stable federal appropriations. The MAES will continue to pursue aggressively research funding from non-appropriated sources, such as federal, state, industry, and private grants, gifts, and contracts. The Station will also continue to extend available resources by utilizing centers or center concepts that encourage interdisciplinary groups of faculty to address research opportunities. Examples include the Center for Agricultural Impacts on Groundwater Quality; the Center for Alternative Plant and Animal Products; the Center for Natural Resource Management and Policy; the Minnesota Institute for Sustainable Agriculture; the All-University/Community Consortium on Children, Youth, and Families; and the Aquaculture Center.

The MAES will continue to develop and expand cooperative efforts with other land-grant institutions to maintain quality research while reducing competition and duplication. Significant collaborative efforts are already in place and expanding with the University of Wisconsin, North Dakota State University, and South Dakota State University.

During a time of increasing national and international competition, growing consumer, environmental, and social demands, and ever more complex and interrelated issues, science and technology development offers the most promising—and by far the most cost effective—method for finding solutions to existing problems and creating new opportunities for our farms, families, businesses, and communities.

1994-95 Biennial Budget

PROGRAM: Special Appropriations, Agricultural
AGENCY: Minnesota, University of
(Continuation)

MINNESOTA EXTENSION SERVICE (MES)

Purpose

The Minnesota Extension Service is a major outreach arm of the University of Minnesota. MES offers relevant, research-based, non-formal education to people of all ages throughout the state. The MES mission, newly restated, is: "to involve people in improving the quality of life and enhancing the economy and the environment through education, applied research, and the resources of the University of Minnesota." MES, with its direct linkage with research and unique cooperation with county, state, federal, and private partners, has been a trusted educational resource for Minnesotans since 1909.

MES extends the University to the people by: 1) a network of faculty in every county, providing fast, easy access, expedited by a state-wide computer and satellite down-link system; 2) providing practical, research-based information; and, 3) proved preventive education that helps people address underlying causes of problems through awareness of alternatives and teaching the skills to make informed choices. This educational system is further extended by over 50,000 volunteers and by collaborative relationships with other agencies and organizations--schools, churches, human services, local governments--to ensure that individual and community educational needs are identified, prioritized, and met.

MES educational programs, through a long-standing focus on people and the central issues that affect them, correspond closely to all 5 Minnesota Milestone themes. Some selected examples include:

- "A Caring and Secure Community." A high priority initiative in "youth and families at risk," in concert with the All-University/Community Consortium on Children, Youth, and Families.
- "Our Surroundings." A major water quality research and education initiative and several environmental and waste management programs for youth and adults.
- "A Prosperous People." Continuing priority emphasis on educational programs to maintain competitive agricultural and forestry sectors, emphasis on revitalizing rural communities, business retention and expansion, tourism, and hospitality programs.
- "Learning." The fundamental purpose for MES programs. For example, the MES food safety and quality initiative teaches critical thinking skills to consumers and to agencies who work with them.
- "We the People." A long history of developing leadership programs such as MI/LEAD (Minnesota/Iowa Leadership in Extension for Agricultural Development, FCL (Family Community Leadership, YOUTHLEAD, and others.

Prospects

Clearly, the need for MES educational programs continues. The central issues MES addresses are: environment and natural resources; human development; community leadership; and economic development. Numerous programs are planned and carried out in each of these areas in response

to significant concerns identified in counties and communities.

MES's ability to respond quickly is one of its significant strengths. To meet ongoing and increasingly complex educational challenges, MES is currently restructuring, based on its strategic plan *Focus on People*. The plan calls for broadening access to University resources to respond to the increasingly diverse educational needs of MES clientele, and for streamlining and consolidating administrative and structural components to maintain a local presence throughout the state. Changing demographics and increasing disparities in economic and social advantages will present increasingly difficult challenges to the design, delivery, and support of MES programs.

Funding continues to be critically important for MES to fulfill its mission. Federal appropriations provide a diminishing proportion of the operating budget. State appropriations have attempted to keep up, and in F.Y. 1992, for the first time in MES's 80-year history, county partners, in spite of their fiscal restraints, provided a larger share of the MES budget than federal appropriations.

The net result has been continuing reallocation and retrenchment. In the past 10 years, MES retrenched over 80 full-time positions and began fiscal year 1993 with an additional 10% reduction in full-time faculty and staff, totaling 57 positions.

Outcomes

MES educational programs are looked upon as a national model for addressing innovatively a broad range of issues facing Minnesotans. These issues emerge from an assessment and prioritization of needs conducted in each of the 87 counties, in each of the 18 MES clusters of counties, and by state extension faculty and staff. Six issues were placed at the top of the MES agenda for F.Y. 1992: Water Quality; Youth and Families at Risk; Revitalizing Minnesota Communities; Waste Management; Sustainable Agriculture; and Food Safety and Quality. Some examples of outcomes include:

- In 1991, MES reached over 1 million Minnesotans with educational programs and information.
- State-wide water quality educational programs designed to help people adopt practices to balance economic considerations with concern for the environment.
- The development of a state-wide Dairy Initiatives program designed to enhance quality of dairy farm life, improve farm profitability, strengthen national competitiveness, and increase vitality of rural communities.
- In concert with the All-University/Community Consortium on Children, Youth, and Families, MES programs address critical educational opportunities on issues such as poverty and nutrition, substance abuse, teen pregnancy, child care, parenting skills, teen stress, and depression.
- Revitalization of rural Minnesota communities through effective Project Future, Business Retention and Expansion (BRE), and tourism programs.
- National models of educational programs addressing waste management and recycling, resulting in tangible reduction in the amount of waste generated by Minnesotans.
- Educational programs utilizing Integrated Pest Management and other environmentally conscious management practices lead to a more sustainable agriculture.
- Educational programs for food producers, processors and handlers, and consumers result in greater understanding and critical thinking skills relating to food safety and quality.

1994-95 Biennial Budget

PROGRAM: Special Appropriations, Agricultural
AGENCY: Minnesota, University of
(Continuation)

Objectives

MES programs of the future will continue to be directed and defined by the changing issues facing Minnesotans and the role they expect their land-grant university to play in helping them deal with those issues. Some objectives include:

- More alliances and increased collaboration within and outside of the University.
- More emphasis on interdisciplinary and collaborative educational programming.
- Continuing emphasis in response to on-going demands for traditional programming in agriculture, youth, and family concerns.
- Responsiveness to changing priorities and issues.
- Responsiveness to changing demographics and increasing disparities in economic well-being.

Program Plan

This plan depends on stable state support through this special appropriation, stable federal appropriations, and continuing strong support from our 87 county partners. MES will continue to pursue aggressively additional funding from non-appropriated resources, such as federal, state, industry, and private grants, gifts, and contracts. MES will continue to extend available resources through county clustering (in which extension educators serve several counties through subject matter specializations); through multi-disciplinary issue teams addressing major concerns such as water quality, youth and families at risk, community revitalization, and others; and by utilizing centers or center concepts that encourage interdisciplinary groups of faculty to address specific educational opportunities. Examples include the Tourism Center, the Center for Alternative Plant and Animal Products, the All-University/Community Consortium on Children, Youth, and Families, the Minnesota Institute for Sustainable Agriculture, the Center for Farm Financial Management, and the Center for Agricultural Impacts on Groundwater Quality.

During these times of increasingly intensified social and economic change, MES stands out as the most effective and efficient organization to provide timely, cost-effective, research-based, educational programs focused on helping people address the increasingly complex issues affecting their lives and well-being.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a level of state funding equal to the current spending level for the Agriculture Special.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN
PROGRAM: AGRICULTURE SPECIAL

				FY 1994			FY 1995		
			Est.						
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
AGRICULTURE SPECIAL	44,954	43,685	42,203	43,297	44,812	43,297	43,297	46,381	43,297
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	44,954	43,685	42,203	43,297	44,812	43,297	43,297	46,381	43,297
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
GOV'S INITIATIVES:			FUND						
=====			=====						
(A) NO GENERAL FUND INFLATION/AGRI SPECIAL			GEN			<1,515>			<3,084>
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						<1,515>			<3,084>
=====									
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	44,954	43,685	42,203	43,297	44,812	43,297	43,297	46,381	43,297
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	44,954	43,685	42,203	43,297	44,812	43,297	43,297	46,381	43,297
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									
=====									
TOTAL POSITIONS									
=====									

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1994-95 Biennial Budget

PROGRAM: Special Appropriations, Health Sciences
AGENCY: Minnesota, University of

PROGRAM PURPOSE:

The 7 Health Sciences Special Appropriations have a common relationship to the several Minnesota Milestone themes as follows:

"A Caring and Secure Community." Because of the basic and applied research discoveries and resulting innovations, Minnesotans will have the best possible chance for a healthy life.

"Our Surroundings." These findings pertain not only within the Health Sciences units, but also to other units such as Fisheries and Wildlife, Cell Biology, Genetics, and Animal Sciences. Collaborating projects and initiatives focus upon such wide ranging topics as the growth and disease resistance of sports fish, examples being walleye and northern pike, and also commercial fishing, all of which create opportunities to enjoy Minnesota's outdoor recreation resources.

"A Prosperous People." As a consequence of innovative techniques, new businesses and industries through far reaching technology transfer and licensing of patents across many disciplines contribute toward an economy that creates and shares wealth.

"Learning." Taken together the Health Sciences Specials complement the undergraduate, graduate, and professional training of some 4,000 students each year at various levels through 7 different collegiate structures. Important to the quality of these educational experiences, and accessible to Minnesotans, is state-of-the-art scientific equipment and physical plant that seeks to enhance the total learning atmosphere. Through these opportunities, Minnesotans can take advantage of advanced education and training, recognized universally as the key factor in facilitating progress toward leadership in a global economy.

PROSPECTS:

	Requested Appropriation Dollars in Thousands			
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1994-95 Biennium
County Papers	\$ 311	\$ 335	\$ 347	\$ 683
Hospital Education Offset	10,184	10,983	11,368	22,351
Rural Physicians Associate Program	767	827	856	1,682
Veterinary Diagnostic Laboratory	1,658	1,788	1,850	3,638
Biomedical Engineering Center	302	326	337	663
Human Genetics Institute	571	615	637	1,252
Medical Research	2,194	2,367	2,450	4,816
TOTAL	\$15,987	\$17,241	\$17,844	\$35,085

COUNTY PAPERS

Purpose

The purpose of this appropriation is to assist counties in paying for medical care for indigent patients in the University Hospital and Clinic. Origins of this go back to the early 1900s when University Hospital was the only tertiary care referral facility for the State. Over the years, with the emergence of a variety of federal and state supported social assistance programs, there has been a decline in the number of patients referred and treated under this program.

Prospects

As a result of declining use in recent years, as well as budget reductions, the legislative appropriation has been reduced to a level that no longer meets the demand. The need to provide medical care to the indigent patients who do not qualify under other programs will continue.

Outcomes

Because of excellent patient care facilities as part of an academic health center, University Hospital and Clinic has the facilities and staff to deal with unique and difficult cases.

Objectives

As a State-supported institution, the Hospital is obligated to accept county-referred patients even though matching available resources with the demands from the counties is difficult.

Program Plan

For the past several years, referrals have increased to make the costs of providing care exceed available appropriations. The Hospital absorbs annual costs of approximately \$300,000 per year. This experience is expected to continue. The Hospital will continue to work closely with county social service agencies to review referrals in order to keep losses at manageable levels.

HOSPITAL EDUCATION OFFSET

Purpose

The University Hospital and Clinic forms the core of a complex academic medical center that—in addition to the delivery of patient care—provides extensive teaching and logistical support for research programs. Training is available for more than 4,000 students enrolled in a variety of Health Sciences programs, including advanced graduate residencies and postgraduate medical education. Operating a medical center within an academic Health Sciences setting requires resource-intensive programs and services generally not found in traditional community hospitals.

In addition, the University Hospital and Clinic serves as a regional and national resource and referral center. Since additional costs of operating an academic medical center cannot be fully recovered from patient charges, the state of Minnesota has long recognized this need in the form of a special appropriation to support some of the costs.

Prospects

In today's highly competitive health care delivery market, an increasing emphasis must be on reducing costs and promoting efficiency. Third-party payers are no longer willing to pay for expenditures not directly related to patient care. Over many years, as the education programs have developed, the Health Sciences have provided students with the most effective clinical resources possible.

Outcomes

The funds offset costs associated with education programs in many disciplines: nursing, pharmacy, public health, dentistry, veterinary medicine and medicine—including several allied health programs and residencies—as well as programs that because of low volumes of service, specialized needs, or a developmental nature. These programs are essential to the broad academic mission of the Health Sciences in its role as a leading academic health center.

PROGRAM: Special Appropriations, Health Sciences
AGENCY: Minnesota, University of
(Continuation)

Objectives

To remain economically viable, the Hospital cannot assume burdens associated with education and research costs. The State Special funds appropriated to the Health Sciences are in recognition of resources provided across the entire spectrum of more than 4,000 students through all levels of training--Undergraduate, Allied Health, Graduate, Professional, Postdoctoral and Residency.

Program Plan

This State Special is a general, non-designated special appropriation fund available for teaching and logistics in support for research, from the perspectives of the individual Health Sciences deans, designed to provide clinical training opportunities for students under the Health Sciences umbrella--Nursing, Pharmacy, Dentistry, Public Health, Medicine and Veterinary Medicine. The Health Sciences from its academic health center vantage point, seek to provide input and direction to the deans in maximizing effectiveness of clinical training, utilizing the University Hospital and Clinic and what is available elsewhere.

RURAL PHYSICIANS ASSOCIATE PROGRAM (RPAP)

Purpose

The Rural Physicians Associate Program was established by the 1970 legislature in response to a shortage of family physicians in greater Minnesota. Its purpose is to provide third-year medical students an opportunity to spend 9 months of their clinical training--living, learning, and working--in a non-metropolitan medical practice.

Prospects

It is clear that providing quality care to rural Minnesota continues to be a major problem. RPAP seeks to attract needed primary care physicians to outstate Minnesota.

Outcomes

Since its inception, RPAP has enrolled 675 medical students for outstate Minnesota practices. Of these, 62% have returned to practices in Minnesota with nearly 72% going into Family Practice and 78% going to communities of 50,000 population or less. More than half practice in towns of 15,000 or less. A 1992 U.S. News & World Report survey of medical school deans gave a ranking of #3 in the country to the Minnesota RPAP program.

Objectives

Medical students who spend 1 year of their clinical training in a rural setting often choose a primary care specialty upon graduation. In addition, many choose non-metropolitan locations. Studies indicate that outstate training results in an increased interest in medical students for non-metropolitan Minnesota. These factors taken together result in more physicians being attracted to rural Minnesota.

Program Plan

Efforts are underway to increase the enrollment to 40 from the present base of 33. In addition, there are efforts to increase the numbers of non-metropolitan community faculty who serve as hosts for the students.

VETERINARY DIAGNOSTIC LABORATORY

Purpose

The Veterinary Diagnostic Laboratory was instituted to help prevent loss from disease in the state's livestock, poultry, companion animals, and wildlife by identifying the cause of animal disease. The Laboratory also helps to protect human health by identifying animal diseases transmissible to humans through animal contact or through foods of animal origin. As the official laboratory of the Minnesota Board of Animal Health, it is very important in the state's animal disease control and eradication program.

Prospects

In disease detection and monitoring, the laboratory expects to receive more than 40,000 animal specimens each year, requiring a total of about 500,000 analytical procedures. Results, reported promptly to owners and attending veterinarians, are maintained in a database information system necessary for the Minnesota Board of Health. Indications of any diseases readily transmitted to humans, such as salmonellosis and psittacosis, are brought to the attention of the appropriate health authorities.

Outcomes

In F.Y. 1992, 42,800 animal specimens were received, that resulting in about 475,000 laboratory procedures performed. These were from all counties of Minnesota. The results were reported according to established protocols. This information is made available to the scientific community and the public by the Minnesota Agricultural Experiment Station through the publication *Animal Health In Minnesota*.

Objectives

The Laboratory will continue to provide services related to the food animal industries, companion animals, and wildlife, utilizing current and emerging technology. With direction from the Minnesota Board of Health, we will also continue to identify and monitor health hazards to humans, a major responsibility.

Program Plan

Opportunities to begin using some new technologies have resulted from the addition of some highly functional laboratory space in 1992. Requests for cytogenetic testing of animals is expected to increase. This increase in volume will be provided through collaboration with other University departments and not by adding staff to the Laboratory.

1994-95 Biennial Budget

PROGRAM: Special Appropriations, Health Sciences
AGENCY: Minnesota, University of
(Continuation)

RESEARCH

BIOMEDICAL ENGINEERING CENTER

Purpose

The Biomedical Engineering Center is an interdisciplinary focal point for education, research and technology transfer in biomedical engineering that seeks to continue Minnesota's long tradition of excellence in the field and to cooperate with Minnesota's large and vibrant medical device industry.

Prospects

Implantable medical devices are now used by more than 11 million Americans, and this use is expected to grow. Academic and industry leaders acknowledge the wealth of technologies—cardiac pacemakers, artificial heart valves, intraocular lens implants for cataract surgery, vascular grafts, and orthopedic implants—all of which need further development based upon sound training in interdisciplinary studies such as Biomedical Engineering. Graduates from Minnesota training programs are increasingly attractive to employers in the 1990s.

Outcomes

Through the use of State Special funds, a national implant retrieval program to monitor the safety and viability of implanted medical devices is being developed. This is important for corporations, health care providers, investigators, and regulatory agencies such as the FDA, which established regulations in 1992 requiring manufacturers and hospitals to track medical devices used in patients. A technology transfer program involving 300 biomedical engineering companies nationwide has been established in which information about faculty research activities and expertise is provided with ongoing transactions managed on a data base. Graduate fellowships for qualified Ph.D. students are now available under a new Director of Graduate Studies, an important effort toward the guidance of future leaders in biomedical engineering, many of whom will work in Minnesota.

Objectives

Objectives include an increase in medical implant evaluations, additional tracking for medical implants, greater interaction with industry, additional patenting and licensing of peptide-based hybrid materials, and revision of the graduate curriculum to include tissue engineering, biomaterials and biointerfacial science, and biomedical imaging.

Program Plan

The Center is moving into an expanded phase in research, technology transfer, and service missions. Continued funding support will result in achieving an improved economic well-being, as well as increased health and safety.

HUMAN GENETICS, INSTITUTE OF

Purpose

The primary goal of the Institute of Human Genetics is to increase knowledge and train scientists in areas of structure, function, and expression of human chromosomes and genes to prevent, diagnose, and ultimately correct inborn and acquired genetic disorders, including cancer and heart disease.

Prospects

In addition to the above focus, the efforts funded by the State Special also extend to diabetes, cystic fibrosis, Huntington's Disease, muscular dystrophy, leukemia, and bone marrow transplants. Recruitment for the Martin Lenz Harrison Chair in Developmental Genetics is underway which ultimately will result in 2 or 3 additional faculty in Medical Oncology and Genetic Epidemiology, further strengthening the program.

Outcomes

A facilities remodeling program now contributes in many ways to the development of the Institute's Microchemical Facility, established in response to the need for sophisticated instrumentation in biomedical research. With State Special support, the project has resulted in the development of the Molecular Genetics Laboratory that became one of the first clinical laboratories to develop and utilize gene probes in monitoring bone marrow rejection in patients having bone marrow transplants.

Objectives

A major goal is to establish gene transfer techniques for use in clinical settings. There are plans to establish a recombinant DNA laboratory, a virus/vector facility, and 2 additional laboratories. A University Master's program in genetic counseling has been established, with course requirements developed. A transgenic mouse facility is being developed to establish the involvement of genes in cancer, heart, and neurological disease.

Program Plan

While the Institute has progressed in planned and phased manner, continued development is needed. Funding from the State Special has provided a core around which state, federal, and a variety of non-governmental agencies have contributed. The investigative work underwritten by the State Special is the present basis of an application to the National Cancer Institute for an ECOG cancer gene reference laboratory to study genetic mechanisms of myeloma, lymphoma, and leukemia. ECOG is a consortium that includes some 50 university hospitals and research institutions and provides support for a cancer diagnostic program in the University's Institute of Human Genetics.

MEDICAL RESEARCH

Purpose

The Medical Research Special consists of 5 separate subprograms or titles—Psychiatry, Neurological Disease Research, Environmental Pathology Laboratory, Medical and Cancer Research and Health Services Research. Although diverse in nature, their common purpose is support of the research mission of the University in health areas.

1994-95 Biennial Budget

PROGRAM: Special Appropriations, Health Sciences
AGENCY: Minnesota, University of
(Continuation)

Prospects

President Bush has declared the 1990s as the "Decade of the Brain," and neuroscience research is one of the Medical School's top priorities. The Psychiatry Special has over the years contributed to basic and applied understanding in this high-priority area. Closely related is Neurological Disease Research involving the brain, spinal cord, nerves, and muscles. Development of expertise to combat Alzheimer's disease, Multiple Sclerosis, and Parkinson's Disease are of current interest. Environmental Pathology is noteworthy in vital efforts to identify human disease of environmental and occupational origin. The Medical and Cancer Special provides small grants to new and developing investigators, getting them into position to seek larger outside sponsored funding. Health Services Research conducts policy research—reviewing organization, financing, and delivery of health services—to make health care delivery effective and efficient. Across all these areas, there is much innovation going on, and much of it is based upon both the early and the continuing work in these program areas.

Outcomes

In all instances, there is a need to extend the present frontiers of knowledge and expertise through Health Sciences coordinated efforts. Training programs that follow the latest findings are a fact of life. Students at advanced levels are sought after for the expertise they have obtained. In the arena of national competition for funds, the State Special funding has become a successful base effort for many of the programs.

Objectives

Health Services Research is a good example of Health Sciences leveraging state funds to attract outside funding. In this instance, there are 40 outside dollars brought in from contracts and grants for every dollar of State Special funds. The objectives of the Medical Research State Special are continuously reviewed and updated.

Program Plan

The Medical Research Special seeks to continue the efforts over many years that have resulted not only in advances in the individual subject areas, but as a financing mechanism characterized by unusual leverage. This initiative has been very important and is expected to continue in this manner. There is no shortage of needs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a state level of funding equal to the current spending level for the Health Science Special.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN
PROGRAM: HEALTH SCIENCE SPECIAL

				FY 1994			FY 1995		
			Est.	Current	Agency	Governor	Current	Agency	Governor
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Spending	Plan	Recomm.	Spending	Plan	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
HEALTH SCIENCE SPECIAL	18,122	17,153	15,987	16,658	17,241	16,658	16,658	17,844	16,658
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	18,122	17,153	15,987	16,658	17,241	16,658	16,658	17,844	16,658
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
GOV'S INITIATIVES:			FUND						
=====			=====						
(A) NO GENERAL FUND INFLATION/HEALTH SPECIAL			GEN			<583>			<1,186>
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						<583>			<1,186>
=====									
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	18,122	17,153	15,987	16,658	17,241	16,658	16,658	17,844	16,658
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	18,122	17,153	15,987	16,658	17,241	16,658	16,658	17,844	16,658
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									
=====									
TOTAL POSITIONS									
=====									

1994-95 Biennial Budget

PROGRAM: Special Appropriations, Institute of Technology
AGENCY: Minnesota, University of

PROGRAM PURPOSE:

The 1989 legislature consolidated those State Specials administered by the University of Minnesota Institute of Technology into a single program appropriation in support of special technological purposes deemed of great interest to the state.

PROSPECTS:

	Requested Appropriation Dollars in Thousands			F.Y. 1994-95 Biennium
	F.Y. 1993	F.Y. 1994	F.Y. 1995	
Microelectronics Laboratory for Research and Education	\$ 800	\$ 824	\$ 853	\$1,677
Minnesota Geological Survey	1,093	1,128	1,168	2,296
Productivity Center	400	412	427	839
Talented Youth Mathematics Program	321	333	347	680
Technology Special Projects*	705	50	52	102
Underground Space Center	240	245	250	495
TOTAL	\$3,559	\$2,992	\$3,097	\$6,089

* Previously funded MRRC.

MICROELECTRONICS LABORATORY FOR RESEARCH AND EDUCATION (MLRE)

Purpose

The Microelectronics Laboratory for Research and Education, part of the Institute of Technology, is the focal point for microelectronics and related activities at the University. The mission of MLRE is threefold: provide students a strong, diverse education in microelectronics; support a comprehensive agenda of microelectronics research, and facilitate mutually beneficial collaborations with industry.

MLRE has a long-term objective of maintaining and expanding a strong microelectronics industry in the state, by transferring technology to new and existing businesses.

The Microelectronics Laboratory for Research and Education addresses 2 goals of the Minnesota Milestones. The "Learning" goal states that Minnesotans will have advanced education and training to make the state a leader in the global economy. Through MLRE's state-of-the-art laboratory, students have access to the facilities necessary for education and training in areas related to microelectronics. Not only do students obtain skills that are needed for international competition, the research performed in this facility also creates new knowledge in this technology important field. The "Prosperous People" Milestone, "Minnesota's rank in telecommunications technology" (#53) is addressed by the creation of new technologies from which advanced communications systems may evolve. In addition, MLRE also promotes new microelectronics based industries and businesses in the State and provides technology transfer to these and existing businesses involved in microelectronics.

(Since January 1991, the Center for Microelectronics and Information Sciences (MEIS) and its management function have been subsumed into MLRE).

Prospects

All the University's teaching and research in microelectronics and its manufacturing occurs in MLRE. Since the laboratory became operational in early 1990, activities have been growing as more faculty, students, and businesses use the facility for teaching and research. Continued service requires that the laboratory remain one of the best-equipped university centers in the country; thus, continued state support is essential.

MLRE is collaborating with the Center for X-Ray Lithography at the University of Wisconsin-Madison, and the possibility of further collaboration with other universities will be explored.

Several industrial companies, both large and small, such as 3M, Motorola, Non Volatile Electronics and Cross Technology, presently work with MLRE, and other industrial support is expected in the future.

Outcomes

1. Research. MLRE is now setting up a silicon process line to demonstrate that the facility has the capability and equipment to fabricate integrated circuits (chips). With this line in place, MLRE will be in a strong position to seek research funding and set up collaborative educational programs with regional universities and colleges.

Future systems in communications and data transfer will involve devices and circuits that are faster than current technology capabilities. Several new materials that are being investigated may provide the basis for these advanced systems. An alloy of silicon and germanium has generated great interest, because existing semiconductor fabrication technology based on silicon could be used. MLRE is developing processes for the fabrication of new transistors based on silicon-germanium, including special techniques for the deposition of the single-crystal thin films of this alloy. Circuits based on this new alloy will allow silicon-based technology to be used for new applications, such as high frequency communications. Another group of materials being worked with is based on high quality thin films in gallium-arsenide, indium phosphide, and associated compounds. High frequency and microwave devices and circuits, lasers, and optical components built with these materials are used in satellite and microwave communications, and in various kinds of radar and optical fiber communication systems. MLRE has established techniques for depositing and processing these materials to obtain devices and circuits.

Advances in device and circuit technology are accomplished primarily by making existing devices and circuits smaller. Within the next decade, device sizes will reach the nanometer scale (1 billionth of a meter), resulting in nano-devices. These nano-devices are designed to work with new theoretical constraints that become important at these small dimensions. In collaboration with the Electrical Engineering Department, MLRE is involved in the development and fabrication of these new nano-device structures.

2. Education. Several courses both in Electrical and Mechanical Engineering that use the laboratory have been developed, and these are running to capacity at this time.

3. Collaboration. MLRE has established good working relationships with the University of Wisconsin-Madison, and with several companies, to our mutual benefit. The MLRE Industrial Affiliates program now has 3 members, with additional members likely.

1994-95 Biennial Budget

PROGRAM: Special Appropriations, Institute of Technology
AGENCY: Minnesota, University of
(Continuation)

4. Facilities. The facility is a 3,000 square foot Class 10 clean room, and is among the top 5 academic laboratories in the country. It has capabilities for depositing single crystal films and fabricating devices and circuits including: 1) semiconductor thin film single crystal growth of silicon-germanium, gallium arsenide (GaAs), indium phosphide (InP), and associated compounds; pattern formation of lines as small as 0.15 mm; deposited of metals and dielectrics; complete processing capabilities for transistor and circuit fabrication.

The laboratory has process lines for producing silicon-based and GaAs/InP-based materials, devices, and circuits, as well as optoelectronics devices and circuits.

The usage of the Laboratory has shown considerable growth over the past 2 years, with a 40% increase in faculty and a 48% increase in student users. Industrial users have increased from none to 5 in the current year.

Objectives

The major objectives for the next biennium are: 1) maintain and improve the Laboratory to achieve the goals of our education and research mission at the University of Minnesota. To facilitate these goals, MLRE will be replacing obsolete equipment as a matter of priority; 2) expand our collaboration as a Microelectronics Center with local and national industry, and regional universities.

The Laboratory is supported by an \$800,000 State Special from the Minnesota legislature and an additional maintenance grant of \$107,000 from the University. The fees from internal and external users for the current year are projected at \$200,000. To achieve our mission, we request continuing funding at the current level.

MINNESOTA GEOLOGICAL SURVEY (MGS)

Purpose

The Minnesota Geological Survey is the state's primary geological center, conducting basic and applied research on Minnesota geology, providing outreach services to the public, and training undergraduate and graduate students in practical earth sciences work for professional careers in the earth sciences.

This program contributes to 3 Milestones themes. For "Our Surroundings," MGS research on geologic history helps Minnesotans appreciate the state's rich geologic heritage ("Minnesotans will act to protect and enhance the natural world") and provides technical assistance in environmental geology ("improve quality of air, water and earth.") For "A Prosperous People," MGS geological mapping promotes the state's mineral economy, and provides information essential to preventing expensive degradation of our groundwater resources. For the "Learning" Milestone ("advanced training and education for economic leadership"), MGS helps assure that Minnesotans have access to sound, unbiased earth sciences information and promotes public education about environmental geology.

Prospects

1) Scientific research and data interpretation. The Survey's primary mission is geological mapping

to elucidate the state's 3-dimensional geologic framework, to understand its evolution in geologic time, and to translate the results to practical applications for decision makers and the public. It is the University's outreach unit devoted to supplying earth sciences research for growing state needs in water management, environmental geology and economic development of natural resources.

2) Technical assistance to local and state agencies and the general public. Given Minnesota's commitment to maintaining environmental quality, protecting ground-water supplies, and sustaining urban and rural development, the demand for sound, unbiased geotechnical information will continue to increase. MGS personnel answer public inquiries about geology and water wells; help people to interpret and use geological information in their local areas; produce and distribute popular and technical maps and publications about the rocks, fossils, ground-water, minerals, landscape, and geologic history of the state.

Outcomes

- Completion of a regional hydrogeologic assessment of the Anoka Sand Plain, a heavily used surficial aquifer system within Chisago, Sherburne, Isanti and Anoka counties.
- Completion state-wide of the leading high-resolution aeromagnetic survey in the nation; using these new geophysical data, completion of new geologic maps of complex bedrock geology that have subsequently stimulated mineral industry exploration in the mapped areas.
- Major new work in mineralogy and paleogeographic interpretations significant to geochemical controls on manganese distribution.
- Computer systems upgraded with installation of ARCINFO, a data base for Geographic Information System (GIS) interface with state and local agencies; progressive integration into MGS map-making capability.
- 15,000 water well logs added to MGS County Well Index (computer data base); total data base now 160,000 logs, 45,000 of which have been field verified by MGS.
- Detailed geotechnical reviews of 76 local water plans, 21 of which were reviewed in F.Y. 1992.
- Detailed geologic atlas for Ramsey County, providing essential geological information for urban and urbanizing areas.
- Responded to 3,200 inquiries for geological information and interpretation for water wells.
- Conducted Workshops at Winona State and Mankato State Universities, training county government staff in computer use of water well geological information.
- Technical adviser to WCCO-TV for school science program "Go 4 Rocks."

Objectives

Major new mapping and interpretation of east-central Minnesota bedrock geology using computer enhancement of geophysical data.

Major reinterpretation of Minnesota manganese-bearing rocks, in light of new discoveries on mineralogy and lithology.

Complete geologic atlases for Rice, Fillmore and Stearns Counties, and regional geologic assessments for Red River area and Southwestern Minnesota.

1994-95 Biennial Budget

PROGRAM: Special Appropriations, Institute of Technology
AGENCY: Minnesota, University of
(Continuation)

Improve accessibility of GIS products on work station and personal computers; development of improved graphical display of geological information to make it more understandable for non-geologists.

Complete reviews of the 11 remaining local water plans, assist counties with revisions and updates of previously approved plans.

Respond to 3,500 calls per year regarding water-well and environmental geology questions.

Train 15 undergraduate student employees per year in geotechnical jobs at MGS (geological field work, water-well interpretation, computer data use and GIS for earth science applications).

Program Plan

This plan assumes continuation of the current Dean's Allocation (\$1,090,000 per year) from the State Special Appropriation. Also assumed is a continuation of base level support from the Mineral Diversification Program and the DNR-Waters base (established in Groundwater Protection Act of 1989) for the county geologic atlas and regional assessment programs.

It assumes the \$425,000 LCMR recommendation for Environmental and Natural Resources Trust Fund (47% cut from 1992-93 level) for augmentation of the atlas/assessment programs above base; however, no new starts on atlases or assessments can be made at this reduced funding level; only existing projects can be continued and completed.

PRODUCTIVITY CENTER

Purpose

The Productivity Center objective is to support education, research, and technology transfer of new concepts that improve design and manufacturing productivity. The focus of the center is on advanced methods of design and manufacture, including computer based design and visualization methodologies, material processing, robotics, sensors and control systems, factory automation, and allied topics. In order to promote these, the Productivity Center also encourages collaborative activity between the University and industry.

This program contributes directly to 2 Minnesota Milestone themes. Within the "Learning" theme, the Productivity Center is directly concerned with the goal of ensuring that "Minnesotans will have the advanced education and training to make the state a leader in the global economy." Indicators include the creation of new knowledge. Within the second Milestone theme, "A Prosperous People," the Productivity Center contributes to the goal of "Minnesota will have sustained, above-average economic growth that is consistent with environmental protection." Indicators here are related to the transfer of technology. For both goals, results are measured by publications, licensed patents, and the number of students who have taken courses in advanced design and manufacturing methods.

Prospects

- Fueled by technology developed in Twin Cities industries during and shortly after the last world war, Minnesota developed a vigorous electrical, mechanical, and electronic machine building industry. These industries, scientific and medical instruments, tool and die, and aerospace machining, provided a basis for a strong industrial economy in Minnesota.
- The failures of the nation's manufacturing industry to invest in new production processes and to take advantage of new approaches to reduce the concept-to-market lead-time have accelerated the loss of competitiveness of U.S. manufacturing.
- While Japan and other countries continue to seek higher production efficiencies and manufacturing economies, U.S. industry invests little in new technology. Use of advanced manufacturing technologies has thus far received less emphasis in the U.S. manufacturing industrial base. Minnesota, despite its technological and entrepreneurial vigor, is not immune to these national trends.
- Manufacturing is a \$20 billion business that represents 21% of Minnesota's gross state product. This represents the single largest component of Minnesota's GSP. Approximately 398,000 are employed in manufacturing (1990), with exports reaching \$5.8 billion. However, 84% of the 8,700 manufacturers in Minnesota have fewer than 50 employees.
- The Productivity Center, founded in 1983 with legislative appropriation as a State Special, is pursuing the long-term needs of this industry.
- Providing students with hands-on experience with advanced methodologies is costly, but necessary. Our graduating students represent a primary vehicle for effecting technology transfer.

Outcomes

1. Instructional Programs. Student enrollment in 24 advanced courses related to design, manufacturing, and robotics was 1,152 in F.Y. 1992. In the 1991-92 academic year, 2 new courses were developed and offered, Plasma Aided Manufacturing and Computer-Aided Product Realization. The latter received major start-up funding from the Productivity Center.
2. Research Programs. Development of the laboratory resources has led to substantial growth in sponsored research funding. In F.Y. 1993, research on new design and manufacturing related technologies will exceed \$1,600,000 (not including the state special allocation of \$400,000).
3. Facilities. Over the years, the State Special funding has allowed us to develop 3 specialized laboratories: 1) the Computer-Aided Design Laboratory, 2) the Robotics Laboratory, and 3) the Materials Processing Laboratory. Several major acquisitions were made in F.Y. 1992 to update the equipment in the Materials Processing Laboratory and to start a Metrology Laboratory. Each of these laboratories serve both instructional and research needs.
4. Interactions with Industry. The Productivity Center serves as an intermediary between industry and faculty. The Productivity Center helped Minnesota Technology Inc. formulate a successful proposal to establish the new Upper Midwest Manufacturing Technology Center. This new independent center, jointly funded by the state and the U.S. Department of Commerce \$26 million over 6 years), will provide services to small manufacturers in the region. The Productivity Center is a partner in this new endeavor.
5. Technology Transfer. In collaboration with ORTTA, Productivity Center faculty actively pursue

1994-95 Biennial Budget

PROGRAM: Special Appropriations, Institute of Technology
AGENCY: Minnesota, University of
(Continuation)

copyrighted software and method and apparatus patents in order to fulfill industry's need for proprietary solutions, processes, and processing systems. Six patents have been issued and 2 are pending.

Objectives

- Develop more collaborative programs with Minnesota industry, focusing on long-term technical problems.
- Attract additional funding to support work on advanced design and manufacturing methodologies.
- In collaboration with the new Upper Midwest Manufacturing Technology Center 1) develop new mechanisms for improving technology transfer of concepts developed at the University and 2) investigate new initiatives to provide both technology assistance on new advanced techniques and access to research facilities to small manufacturing concerns.
- Continue to update Productivity Center Laboratories so that students receive and training on state-of-the-art equipment.

Program Plan

Given no change in current funding levels, our plans are to reallocate resources from the support of graduate students working on focused research projects to the support of personnel who can bring in new funds, develop collaborative programs across disciplinary boundaries, and develop improved relationships with industry and the national laboratories.

TALENTED YOUTH MATHEMATICS PROGRAM (TYMP)

Purpose

The University of Minnesota Talented Youth Mathematics Program is an intense and accelerated program for very talented mathematics students in grades 5-12, operated by the School of Mathematics at the University of Minnesota. Talented students in grades 4-8, identified by the home schools, are invited to participate in a qualifying examination. Of 1,400-1,750 students who test annually, 120-130 are invited to participate in the Twin Cities program, and 40-50 are invited to the various outreach sites. These students attend a 2-hour class 1 afternoon each week, after school, for 30 weeks, with 5-10 hours of homework. The high school component is taught by outstanding certified high school mathematics teachers and college-age teaching assistants. High school mathematics credit is granted for completion.

During the next 4 years (the college component), the students study calculus, linear algebra, differential equations, and advanced topics. The students who successfully complete the courses will earn 8-10 University of Minnesota undergraduate mathematics credits in calculus each year, and pay 50% of the tuition and book costs. Need-based scholarships are available.

The Talented Youth Mathematics Program will address to Minnesota Milestones "Learning" goal

that Minnesotans will have the advanced education and training to make the state a leader in the global economy. TYMP fosters a positive learning environment and encourages acquisition of the skills necessary to compete internationally for highly talented young students.

Prospects

Despite reduced funding in F.Y. 1992 and level funding in F.Y. 1993, continued external support, primarily by The Bush Foundation, has enabled enrollment and class coverage to grow. Record enrollments are anticipated at all levels, especially in the calculus component. A new 6th year class in upper division mathematics is now firmly established.

TYMP will continue its efforts to deal with issues of equity and enrichment. A new technology-based alternative course, addressing different learning styles and backgrounds and intended to encourage greater participation by underrepresented and economically disadvantaged groups, was initiated in F.Y. 1992. This successful pilot program will be expanded to several classes in F.Y. 1993. Current funding is from private sources, including the Gray and General Mills Foundations, 3M, Honeywell and EDS. Matching funds from the state and other sources will be necessary to maintain these courses in F.Y. 1994 and F.Y. 1995.

Outcomes

The F.Y. 1992 TYMP had 461 students—355 in 16 classes (10 at the high school level and 6 at the college level) in the Twin Cities and 106 students in 4 high school and 4 college-level classes in outreach projects located at St. Cloud, Duluth/Iron Range, and Rochester. These students came from 156 different public schools and 29 private schools. After 14 years this program is strongly supported by the local school districts. Student performance and retention increases each year.

TYMP has expanded its program to deal with issues of equity and enrichment with support from foundations and federal grants. TYMP has obtained a 5 year grant from The Bush Foundation to increase the number of girls participating in the program. By 1991, the testing population was typically 42%-45% female, and the entering class was typically 40% female, an 83% increase over the preintervention program statistics. Retention rates from the first 2 years in TYMP are now equal for girls and boys, and retention rates in calculus are increasing for female students. In addition, with support from the National Science Foundation's Young Scholars Program, extensive 3-week commuter summer institutes are also offered. This provides enrichment opportunities, career exploration, and personal teacher-student contact for girls and underrepresented students who will enter TYMP in the fall.

Minority participation is also being increased. 241 minority students (14%) participated in the 1991 Twin Cities qualifying tests, the highest level in 15 years.

Objectives

1. Increase participation of females in TYMP calculus: 1988:2; 1989:9; 1990:8; 1991:17.
2. Increase participation of students of color/economically disadvantaged in TYMP. Alternative courses enrollment—1991: 20.

Program Plan

The state special provides 48% of the program's funding; 32% comes from private donors, foundations, and federal grants. These funds provide many of the new services in counseling, support, and enrichment. The state special is critical in providing core support, which then enables soft funding to address the particular interests of the funding courses.

1994-95 Biennial Budget

PROGRAM: Special Appropriations, Institute of Technology
AGENCY: Minnesota, University of
(Continuation)

With current F.Y. 1993 funding maintained in F.Y. 1994, and anticipating the same number of classes as in F.Y. 1992 (24), it would be necessary to consider cutting classes or class size to maintain program quality. Because of the program's commitment to provide a complete cycle of courses once a student starts, the likely candidates would be 2 Algebra classes (1 Twin Cities and 1 outreach), or limiting enrollment in the Twin Cities and outreach calculus I class. Anticipating current enrollment levels, this could result in a reduction of 40-50 students, or a program population decrease of 8%-11%.

UNDERGROUND SPACE CENTER

Purpose

The purpose of the Underground Space Center is to assist in the planning and appropriate development of underground facilities in Minnesota and elsewhere in the nation and the world. By utilizing underground facilities, surface land can be preserved or reclaimed, while permitting the improvement or expansion of the utility/transportation infrastructure necessary to support a high standard of living. Underground facilities can also provide opportunities for energy conservation, as well as a high level of safety and security from natural and human-caused disasters.

The appropriate use of underground space and the activities of the Underground Space Center thus touch on 4 of the Minnesota Milestones: "Our Surroundings" - all goals; "A Caring and Secure Community" - safety; "A Prosperous People" - transportation networks; "Learning" - advanced education and training.

Prospects

Many countries around the world and many large urban areas (including the Twin Cities) are facing a number of challenging physical and social trends: an increasing population; a pressing need for new or improved infrastructure; an increasing reluctance to allow the deterioration of existing environments for new development; and generally increasing costs of natural resources. These land use, development, and resource issues are present in both rural and urban areas. The Center is well positioned to play an important role in the development of technologies and planning guidelines for the wise and cost-effective use of our underground resources in response to these dilemmas.

Outcomes

The following information indicates the Center's effectiveness and the needs it fulfills.

- **Research.** Since its formation in 1977, the Underground Space Center has successfully completed over 50 projects with a total funding value of nearly \$10 million from a base of just \$2 million. Approximately 70% of this funding originated from private, national, or international sources—in other words, non-state sources. A high-quality research and support staff (11 persons) is engaged in this work. As a result of the Center's activities, the Department of Civil and Mineral Engineering is the only University of Minnesota program to receive a professorship endowed by a foreign corporation. The Center is also a model for comparable centers now under way in Japan, China, India, and several European countries.
- **Educational/Outreach/Public Service.** The Center contributes significantly to the teaching mission at the University. Of the students advised and/or supported by the Center in F.Y. 1992, 3 Ph.D. students and 2 M.S. students graduated. Center staff also teach University

courses at both the graduate and undergraduate levels. Outreach and public service have been a central component of the center's operation.

- **Application to Minnesota.** Center research also directly benefits Minnesotans. For example, the Center's Foundation Test Facility (FTF) project is providing much-needed experimental data for improving building foundation practices in our state. Additional examples include a new project that is investigating the congestion impacts of utility installation beneath streets and a recently completed project on station design issues and potential cost savings for underground light-rail transit stations in the Twin Cities geology. Center involvement in the state's low income weatherization program has helped raise average energy savings in a pilot study of 200 homes from 9% to 18%.

Objectives

The Center's long-term objectives are as follows:

1. Solidify its international position as a leading center for the study of problems related to the utilization of underground space.
2. Continue to apply the results of the center's research to important Minnesota problems.

Specific objectives for the F.Y. 1994-95 biennium are:

1. Pursue the establishment of a research program for underground space utilization research at the national and international level.
2. Increase the proportion of transportation/utility infrastructure-related research in the Center from less than 10% of research activities in the F.Y. 1992-93 biennium to more than 20% in the F.Y. 1994-95 biennium.

Program Plan

The Center has been progressively altering its operating strategy for several years to cope with declining resources while increasing its activities. The state special funding for the Center has not kept pace with inflation over the past several years, placing a considerable strain on the research and support staff of the Center. The pursuit of research support for the general mission of the Center from non-state sources is seen as the key to enabling the Center to grow and provide a greater benefit to the University and the state. Over its 15-year history, the Center has raised \$4 in research income for every \$1 in base support. The current request is for the same state special base support as in F.Y. 1992.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a level of state funding equal to the current spending level for the Technology Special.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN
PROGRAM: TECHNOLOGY SPECIAL

				FY 1994			FY 1995		
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TECHNOLOGY SPECIAL	3,896	2,879	3,559	2,891	2,992	2,891	2,891	3,097	2,891
TOTAL EXPENDITURES BY ACTIVITY	3,896	2,879	3,559	2,891	2,992	2,891	2,891	3,097	2,891
GOV'S INITIATIVES:			FUND						
(A) NO GENERAL FUND INFLATION/TECH SPECIAL			GEN			<101>			<206>
TOTAL GOV'S INITIATIVES						<101>			<206>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	3,896	2,879	3,559	2,891	2,992	2,891	2,891	3,097	2,891
TOTAL FINANCING	3,896	2,879	3,559	2,891	2,992	2,891	2,891	3,097	2,891
POSITIONS BY FUND:									
TOTAL POSITIONS									

1994-95 Biennial Budget

PROGRAM: Special Appropriations, System
AGENCY: Minnesota, University of

PROGRAM PURPOSE:

The 1989 legislature combined 26 State Special appropriations into 4. This program is an aggregation of those special appropriations that could not reasonably be assigned to the Agricultural, Health Sciences, or Technology Specials. Its components represent a variety of purposes discussed below.

PROSPECTS:

	Requested Appropriation Dollars in Thousands			F.Y. 1994-95 Biennium
	F.Y. 1993	F.Y. 1994	F.Y. 1995	
Advanced Studies in Biological Process Technology Institute	\$ 963	\$ 1,012	\$ 1,047	\$ 2,059
Bureau of Business and Economics and Economic Research, Duluth*				
Bureau of Business and Economics and Economic Research, Twin Cities*				
General Research	2,158	2,269	2,349	4,618
Humphrey Forum	118	124	128	252
Industrial Relations Education Fund	819	861	892	1,753
Intercollegiate Athletics, Women	3,339	3,511	3,633	7,144
James Ford Bell Museum of Natural History*				
Minnesota Sea Grant College Program	336	354	366	720
Minnesota Supercomputer Institute	7,875	8,280	8,570	16,850
Minority and Disadvantaged Student Graduate Fellowships	61	64	66	130
Natural Resources Research Institute	2,511	2,640	2,733	5,373
Student Loan Matching Program	356	375	388	763
Urban and Regional Affairs Center*				
TOTAL	\$18,536	\$19,490	\$20,172	\$39,662

* Included in General Research

ADVANCED STUDIES IN BIOLOGICAL PROCESS TECHNOLOGY, INSTITUTE FOR (BPTI)

Purpose

The Institute for Advanced Studies in Biological Process Technology is a cross-disciplinary campus-wide program with a 3-fold mission: research, graduate training, and service to the developing Minnesota biotechnology industry. This State Special appropriation supports 5 faculty salaries, the graduate programs, the operation of the core research facilities for fermentation, and remodeling. Over the past 7 years, the Institute has hired 5 faculty, established collaborative research and development projects with Minnesota companies, and remodeled space for large scale fermentation,

cell culture, and protein production, and isolation facilities. These unique facilities do not exist anywhere else in Minnesota and are available to all faculty as well as industrial scientists. Many State biotechnology-related companies and over 40 faculty from many colleges also use BPTI facilities for research support.

The BPTI administers the Microbial Engineering Graduate Program (MicE), which combines training and retraining of industrial scientists and engineers in biochemical engineering, microbiology, and molecular biology. This is 1 of only a few programs in this country that combine chemical engineering and advanced biology to train grad for the biotechnology industry. This special appropriation provides partial support for 12 Microbial Engineering students each year. The BPTI also administers a major graduate training grant funded by the National Institutes of Health (NIH), supporting 12 predoctoral students each year in various disciplines across the University related to biotechnology. The indicators used to measure progress toward goals are not part of Minnesota Milestones.

Prospects

Because of the expanded interest in the Institute as a service to the developing state biotechnology industry, the founding Director has stepped down. He will continue at the Institute, carrying out research, supervising the core fermentation facilities, and teaching. A new full-time Director is needed. An interim Director has been appointed by the BPTI Advisory Committee.

1. Hire a new full-time Director.
2. Complete building of the Institute.
 - Remodel old, unused faculty laboratory space in Snyder Hall on the St. Paul campus.
 - In order to attract a new Director, 1 additional faculty member is desirable with research interests related to either: 1) the separation of biological molecules, 2) biopolymers, 3) biocatalysis, or 4) physiology of microorganisms of industrial interest. This position cannot be funded within the present budget; thus, other sources of support will need to be found if the position is to be created.
3. Expand collaborations among faculty and with Minnesota biotechnology-related industries.
 - Expand publication and distribution of the BPTI newsletter to Minnesota companies, increase the number of research symposia, short courses, and collaborative research and development contracts with State biotechnology industries.
 - Improve campus-wide coordination of the teaching, graduate training, and service provided to faculty and Minnesota companies by the BPTI core research facilities.
4. Increase grant and contract support from non-State sources to reduce the level of State Special support to one third of the total budget.

1994-95 Biennial Budget

PROGRAM: Special Appropriations, System
AGENCY: Minnesota, University of
(Continuation)

Outcomes

1. Hire a new Director. Attracting a new full-time Director with a national reputation should be completed by the end of the first year of this biennium. This will result in attracting new resources from outside of the University to continue to build the BPTI. Hiring of the new Director will be coordinated with a thorough self-study of the past accomplishments and effectiveness of the Institute, in comparison with other biotechnology-related programs in other states.

2. Remodeling of laboratory space is currently in progress and should be completed by the end of the first year of the biennium in order to provide space for the new Director and additional faculty.

3. Expand collaborations among faculty and with Minnesota industries. Better coordinate faculty activities by regular meetings of the BPTI Advisory Committee, the Deans of the various colleges responsible for biotechnology-related research and teaching. Expand BPTI staff activities for frequent publication of the newsletter. Improve the operation of the core research facilities in order to provide service to more Minnesota industries.

In previous years, a significant number of the graduates from the Institute have been hired by Minnesota firms such as 3M, Cargill, IncStar, and QualiTech. This will increase significantly with recent expansion of existing biotechnology-related state industries and as technologies developed at the BPTI are licensed by existing companies or new companies are created. The BPTI has been instrumental in creation of the Minnesota Biotechnology Association, a State industrial trade association for biotechnology-related companies that has 35 corporate members. The BPTI will continue to foster its development as an aide to creation of a strong Minnesota biotechnology industry.

Many Minnesota companies collaborate with the Institute on research and development projects. These include: 3M, the Blandin Foundation, Biotrol, General Mills, Land O'Lakes, Endotronics, Molecular Genetics, Ecolab, Applied Membrane Technology, DCI, Pillsbury, R & D Systems, Rosemount, Solvay Animal Health, Bepex, the Agricultural Utilization Research Institute of the Greater Minnesota Corporation, and the Upper Minnesota Valley Regional Development Commission. In addition, research collaborations have been established with numerous companies outside the State, and in Europe, Asia, and Japan.

4. Increase non-State grant support. The Institute attracts over \$1,250,000 per year in federal and industrial research contracts, industrial fellowships, and equipment donations. State support currently amounts to approximately 40% of its budget. Outside support has increased each year as new faculty have been hired and new biotechnology-related companies are established in Minnesota. This support is expected to continue to increase as more Minnesota industries learn about the research programs, short courses, facilities, and symposia offered by the Institute.

Objectives

1. Complete renovation of faculty laboratory space for molecular biology and process technology research.

2. Hire a new Director.

3. Hire 1 additional faculty member if additional funds can be found.

4. Increase outside support from grants and contracts in order to reduce the percentage of State support to approximately 1/3 of the total budget.

Program Plan

The above objectives will be met starting with: 1) completion of renovation of laboratory space; and 2) a rigorous self-study of the past accomplishments of the BPTI in comparison to other cross-disciplinary biotechnology programs at major State supported research Universities. This study is currently being done by the interim Director in anticipation of attracting a new Director. It is anticipated that in order to attract a new Director with the skills and national reputation needed to continue to build the Institute, at least 1 new faculty position will be needed. Support for the interim Director, the new Director, and the additional faculty to be hired by the new Director will come from reallocation of existing resources. The specific campus-wide reallocation plan is still being formulated. It is crucial that the current base of support be augmented by other funds for the next biennium in order to complete the renovation of space needed for the existing faculty and to attract a new Director.

BUREAU OF BUSINESS AND ECONOMIC RESEARCH (BBER)
University of Minnesota, Duluth

Purpose

Established in 1968, the Bureau of Business and Economic Research has 3 major missions. First, it serves the region and the state in collection and dissemination of information regarding Duluth, Northeastern Minnesota, and the state economy. Second, it acts as the research arm of the Center for Economic Development to identify and help treat important business and economic problems and opportunities in the region. Third, the BBER is a catalyst to generate research activity of the faculty, staff, and students of the University of Minnesota, Duluth, School of Business and Economics. This program will help promote "prosperous people" by helping to promote new industries and businesses.

Prospects

1. Development of an understanding of the regional differences in the state's economy.

- Northeastern Minnesota's economy is driven by 4 major industries: taconite, timber, transportation, and tourism.
- In 1986 the regional economy of northeastern Minnesota had an unemployment rate of 9.7% of its labor force, in comparison to 4.3% at the state level.

2. Developing research on the regional economy to promote regional growth and diversity.

- Research on changing the economic base of a region.
- Research on redevelopment of regional economies.
- Research on impact of new and expanding industries.

Outcomes

The Bureau provides information through its publications, consulting work on specific regional business projects, and its position as a catalyst to spur academic research within the School of Business and Economics. The Bureau's publications include:

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Duluth Business Indicators (DBI), a reliable monthly source for a precise measure of Northeastern Minnesota's economy, distributed to more than 1,000 subscribers for more than 28 years.

Selected Economic Data for Duluth and Northeastern Minnesota, an annual publication providing long-term economic data for Duluth and Northeastern Minnesota.

Other publications include: annual forecast issue of the DBI, a quarterly construction report, a monthly Duluth Tourist Index, Retail Sales Report, and the Bank Deposit Report. Bureau research has resulted in more than 300 working papers dealing with specialized national, state and regional economic business problems. This research was instrumental in establishing the UMD Natural Resources Research Institute, the Lake Superior Paper Company, and the expansion of the Blandin Paper Company. Conservatively, this research helped to establish over 2,300 area wide jobs over the last decade. The unemployment rate has fallen from 9.7% in 1986 to 7.5% in 1992—or from nearly twice the national average to about the national average.

Objectives

The Bureau's focus on helping the region expand and diversify its economy will continue. This effort requires the development of new economic data on new and expanding industries (i.e. tourism, research and medical services). The Bureau is striving to expand its data analysis activity to include a regional business index along with a regional tourism index. In addition, applied faculty research on regional and individual firm economic problems continues to be critical to provide an understanding of the region's developmental problems. The Bureau will attempt to add an average of 15 papers per year to the working paper series.

Program Plan

The Bureau will continue to provide the Duluth Business Indicator, the Selected Economic Data, the Tourist Index, the Forecast, and the Working Paper Series. The objective of this research is to track Minnesota and Northeastern Minnesota economies. This research will highlight development opportunities and potential regional weaknesses. This plan assumes that our portion of the state special is approximately \$50,000.

BUREAU OF BUSINESS AND ECONOMIC RESEARCH (BBER), Twin Cities

Purpose

The Bureau of Business and Economic Research has existed since the 1950s and supports research in business and economics that contributes to 3 Minnesota Milestones. By generating knowledge useful to the organizations and economy of the Twin Cities region and the State of Minnesota, research supported by the Bureau contributes to "A Prosperous People." Projects supported by Bureau funds have addressed, for example, labor-management relations, the management of innovation and change, and customer satisfaction. The findings have direct implications for regional businesses. The inclusion of non-profit organizations serving the community's special needs in the scope of topics addressed by the Bureau extends its contributions to a second theme, "A Caring and

Secure Community." The collection of projects supported by the Bureau allows the creation and transfer of knowledge that enhances the "Learning" of citizens and students.

Bureau funds play an important role as "seed money" to attract external funding from federal agencies and private sources. These funds also serve as the basis for matching money in the public-private partnership between the Carlson School and private organizations. Bureau funds are an important source of support to young faculty members in helping them establish their research programs and, therefore, play an important role in recruiting and retaining talented faculty members.

Prospects

Funding from public and private agencies/organizations increasingly requires evidence of preliminary progress on a research project as a basis for a favorable funding decision. The "seed money" role of Bureau funds is more important than ever.

The recently completed strategic plan of the Carlson School sharpens its focus on delivering actionable research findings to the Minnesota business community. Therefore, the immediate impact of Bureau-supported research on local organizations will intensify. However, the diminishing amount of Bureau funds constrains the school's ability to pursue this aspect of its strategic plan.

Outcomes

Various outcomes over the past few years can be attributed to Bureau support: 1) Approximately 15 projects/faculty members have been supported each year. The ability to provide such support has enabled the school to recruit and retain faculty members and further their research programs. This support has been an important source of morale in the face of declining resources elsewhere. 2) The school realized a 15% increase in the amount of external funding between F.Y. 1991 and F.Y. 1992. 3) Three major conferences with significant participation from the business community have been held over the past 18 months. Each conference included presentations of research supported by the Bureau. 4) A formal program called "Nexus" was established in which faculty present relevant research supported by Bureau funds to undergraduate and graduate students.

Objectives

1. The school seeks to sustain an annual increase of at least 10% in external research funds. Priority will be given to projects with favorable prospects for ultimate external support.
2. A long-term objective of the school is to increase its dissemination of useful research findings to Minnesota organizations. Bureau support will require the investigator to show dissemination plans.

Plan

The 5-year strategic plan of the Carlson School includes 9 goals. Two of the imperatives are: 1) Conduct high quality research that addresses problems of the management profession and advances scientific knowledge in the disciplines. 2) Establish closer linkages with the management community and be a visible force for change within the management community.

As noted in the previous section, these 2 goals will guide the use of Bureau funds and serve as the basis for internal reallocation of other resources. The specific nature of the reallocation will be determined during F.Y. 1993 and should serve to further enhance the contribution of the Bureau to the relevant Minnesota Milestones. Bureau funds will be central to the school's ability to achieve its goals.

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GENERAL RESEARCH

Purpose

The General Research Fund was initiated by a legislative appropriation over 50 years ago to encourage the research, scholarship, and artistic productivity of the permanent faculty at the University. It can be thought of as an investment by the State in the vitality of the faculty, helping them to initiate new projects and helping them bridge gaps in external funding of their programs. In these areas, the General Research Fund is the most important source of University support to the faculty and is one of the programs most appreciated by the faculty for the encouragement of their scholarship and research. This fund is also used to solve short-term fiscal crises and cover special, temporary needs. It is highly successful in leveraging funding from external sources.

This fund is helping to enhance advanced education and training, as well as promoting the generation of new knowledge and concepts vitally important to a highly technological industrial base competing in a global economy. Such contributions are essential to maintaining and strengthening the economic base on which our state depends for its excellent quality of life. Further, the personnel trained in programs supported by this fund and the knowledge generated by them will help us preserve the natural world we depend on for our lives.

Prospects

The General Research Fund has not kept pace with need, even though the University has supplemented it with other funds. The research enterprise has grown faster than state support; while at the same time there is growing difficulty in obtaining funds, especially for new faculty, and greater uncertainty in the continuity of funding once it is obtained. If the health of research programs is to be maintained, permitting the University faculty to compete in an increasingly tight funding environment, the support structure provided to the faculty must be maintained and, if possible, improved to fill the gaps in non-state support.

Outcomes

A respected faculty committee approved 219 Grants-in-Aid of Research, Artistry and Scholarship in F.Y. 1992 out of the 372 proposals received. High likelihood of receiving future external funding as a result of these grants is a primary criterion used in making these awards.

Many faculty members credit this fund with the initiation of successful programs that have brought in much larger external support. It enables faculty whose programs are temporarily cut off from external funds, an increasingly common occurrence, to retain their trained personnel during the hiatus, hereby avoiding a lengthy rebuilding effort when they are again funded. In areas where external funding is difficult to obtain, such as the arts and humanities, this source of support helps the faculty obtain scholarly materials and assistance. Through this fund, equipment that could not be acquired by a single investigator is made available as a common facility used by several, enhancing the work of many.

The research enterprise at the University has grown rapidly over the last several years, bringing

resources into the State and improving the health of the University and the State. While this should be attributed primarily to the excellence of the faculty, the General Research Fund and Research Support Funds from the indirect cost recovery (used for the start-up expenses of new faculty and matching funds for proposals) are 2 supporting factors of great importance. These funds are the venture capital required for a successful research enterprise.

Objectives

Output in terms of meritorious projects that can be funded and brought to a satisfactory conclusion is directly proportional to the funds available. The average awards are at least 30% too small at present, and the number of awards to individual faculty members is somewhat too low. Exciting interdisciplinary work is being performed by groups, and funds to encourage such activities are sorely needed.

Program Plan

The program is working well and has a high degree of support from the whole University community. However, current funding levels do not meet the needs of existing programs, let alone new initiatives that could be promising investments. Increased University support in such areas as equipment purchases, research workshops, and special proposal preparation costs would greatly increase the strength and visibility of the research enterprise and increase its competitiveness for grants and contracts.

HUMPHREY FORUM, THE

Purpose

The Humphrey Forum is a teaching program and exhibit of 20th century history and politics at the Hubert H. Humphrey Institute of Public Affairs. Its purpose is to link the University, the Humphrey Institute, Minnesota's schools, community groups, and individuals in promoting active and thoughtful citizenship. The Forum's program of public events, workshops, and publications emphasizes the importance and effectiveness of each individual's participation in government and public life.

Prospects

The Forum's audience has grown in numbers and diversity each year since it opened in November 1989. School and community groups return for new programs after their first visit. The Forum has formed partnerships with organizations to sponsor community service projects, adult education programs, and civic activities. Program evaluations remain enthusiastic.

Outcomes

More than 22,000 visitors, including students and teachers from more than 200 elementary and secondary schools, attended public programs, special events, seminars, and tours at the Humphrey Forum in 1992. College and university classes from Augsburg, Macalester, Hamline, Bethel, and the University regularly schedule sessions at the Forum.

Nineteenth Avenue, our newspaper for young students, is used in 1,000 classrooms around the state. Video Voices, our television program of current affairs produced by high school students, is cablecast weekly.

Collaborations with the Star Tribune, Hmong American Partnership, Upward Bound, YMCA, League of Women Voters, Project 120, Institute for International Study, Elderhostel, Minnesota Historical Society, Minnesota Study Circle Network, Minnesota Department of Education,

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Minneapolis Television Network, and other groups bring a diverse and growing audience to the Forum and to the University.

Objectives

By June 1995, we will increase school group visits by 20% and paid subscriptions to Nineteenth Avenue by 50%. The number of adult visitors will increase by 20% through additional collaborations with community groups. We will continue to develop and strengthen our partnerships with the Minnesota cable television networks, newspapers (including neighborhood and rural weeklies), and public affairs radio programming. We will secure outside funding of \$40,000 per year (supplementing our legislative appropriation) to allow expansion of the program.

Program Plan

Requests for Forum programs and publications continue to increase. Our present staff (1 full-time and 2 part-time contract staff) needs help responding to growing demand. In order to meet demand for Forum programs and publications, efforts will be made to add 2 full-time staff members by June 1995.

INDUSTRIAL RELATIONS EDUCATION FUND (IREF)

Purpose

The Industrial Relations Education Fund supports a broad range of research and training outreach activities servicing diverse groups in industrial, employee, and labor relations: employers, union leaders and activists, arbitrators, mediators, academics, and public officials. In particular, it funds 2 outreach programs of the Industrial Relations Center: the Employer Education Service (EES), and the Labor Education Service (LES).

EES and LES initiatives strive to maintain and build Minnesota's economy by facilitating the fair and productive use of the state's most valuable resource--its work force. Initiated in 1945, these community outreach activities represent the commitment of the University of Minnesota to provide a transfer of knowledge through programs targeted at the working people of Minnesota within its mission as a land-grant institution. Moreover, these service components strive to advance equitable standards for labor and management relations to bring about industrial and workplace fairness in the state. Not surprisingly, the founding principles and objectives resonate favorably with many of the workplace fairness goals and themes now articulated in the Minnesota Milestones Inventory: to help maintain a reasonable standard of living; strengthen the middle class and improve the status of the poor; maintain safe, friendly, caring communities; and advance the economic climate of the state.

EES and LES offer non-traditional educational choices to aid labor and management, dispute settlement professionals, legislators, scholars, and public administrators in understanding their rights and responsibilities under existing conditions, practices, policies, and state and federal laws. Their education, training, and applied research activities publicize and explain the ever-changing employment, legal, and public policy shifts that affect employment relationships. EES and LES

offer classes, seminars, workshops, and other programs highlighting such issues as performance and productivity improvement, collective bargaining, dispute settlement, employment issues for women and minorities, basic supervisory and steward training, workers compensation, and unemployment insurance. And, while meeting the training and education needs of labor and management respectively, LES and EES also bring together the state's labor and management communities to discuss ways to enhance their mutual welfare.

Prospects

1. Addressing the Issues of Labor and Management Cooperation. For almost 50 years, the IREF has been a principal guiding force for cooperation, mediation, and accommodation in the sometimes fractious relationship between labor and management in Minnesota. Programs and initiatives have provided consistent and up-to-date information, approaches, and technical support to Minnesota employers, union leaders, and public officials in labor-management, employment and labor law, policy, and practice. The activities of EES and LES will continue to provide cutting edge instruction and exploration to those directly involved in these issues and the economic activities of the state.

2. Promoting Positive Change. Educational activities funded by the IREF cover a wide variety of traditional and emerging subjects, reflecting the changing landscape of employer-employee relations in the state (e.g., health care cost containment, labor-management cooperation committees), while research and planning to address the emerging issues of workforce diversity, sexual harassment, Total Quality Management (TQM), the Americans with Disabilities Act, and ISO 9000 reflect the scope of change prominent in program development.

Program offerings currently cover subjects such as: performance and productivity improvement; collective bargaining; dispute settlement; compensation and benefits; updates in labor and employment law; comparable work; employment issues for women and minorities; sexual harassment law and policies; workers compensation and unemployment insurance; affirmative action; Occupational Safety and Health Administration; the Employee Retirement Income Security Act; and the Fair Labor Standards Act.

3. Ensuring Industrial Peace for the Citizens of Minnesota. Labor and management practitioners who fail to keep pace with issues, law, and practice quickly become ineffective, and the organizations they represent often lose their competitive edge. For these reasons, more than 11,000 Minnesotans participate annually in IREF conferences, seminars, and printed materials. Their needs require that the IRC outreach programs keep ahead of the field, while also developing innovative ways of sharing information and perspectives with these non-traditional students. Through the activities of the Labor Education Service Telecommunications Project (LESTP), thousands of working men and women, as well as managers and others, keep informed about the latest issues in labor-management relations by way of weekly cablecast programs.

Outcomes

During F.Y. 1992, the LES reached 6,124 non-traditional students through a variety of conferences and classes, including the non-credit courses of the Union Leadership Academy (ULA). The ULA attracts union leaders and activists to the Twin Cities campuses on an ongoing basis, and provides graduates with a certificate of completion. LES outreach outcomes in F.Y. 1992 can be broken down as follows:

■ Union Leadership Academy on Campus	25 courses	277 students
■ Conferences/seminars/training/presentations in metro area	189 offerings	5,266 students
■ Conferences/seminars/training/presentations in outstate Minnesota	29 offerings	581 students

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In addition, the telecommunications unit of LES reached out to a potential audience of 290,000 working people and others, through weekly cablecasts of "Minnesota at Work" on Metro Cable Channel 6. During F.Y. 1992, LESTP produced 26 ½ programs for the series, 16 of which were original productions. LESTP staff also produced an additional 8 educational and informational tapes for particular use in classrooms, meetings, and at home.

During F.Y. 1992, the EES conducted 217 programs, seminars, conferences, workshops, and special training events that attracted 5,609 non-traditional participants from 1,000 businesses and organizations throughout the state. All EES programs are non-credit; participants receive Continuing Education Units (CEUs) upon completion. Approximately 900 people enrolled in the 6 EES certificate programs, and 300 completed all requirements for their respective programs. EES outreach outcomes for F.Y. 1992 can be illustrated by the following breakdown:

■ Public	157 programs	2,928 participants
■ In-House	50 programs	1,764 participants
■ Breakfast With Experts	10 programs	917 participants

Together, EES and LES served 11,733 non-traditional students in Minnesota during F.Y. 1992, drawing many of them to the Minneapolis and St. Paul campuses of the University.

Objectives

Specific objectives of EES and LES reflect a commitment to remain on the cutting edge of issues and changes in industrial, employment and labor relations. Outreach plans anticipate new developments in relation to the changing demographics of the workforce, the pressures of the globalization of the economy, and the need to expand the delivery of information and ideas. LES and EES have identified opportunities to broaden and widen the reach of services to respond to these developments and to bring new outreach dimensions to the community. The resulting long-term objectives we propose share important principles with the themes and goals of the Minnesota Milestones Inventory. Of prime importance to each is an eagerness to embrace cultural diversity and an intention to grow in that process. For LES and EES it is time to include, on a consistent basis, programs particular to the needs of peoples of color and less served corporate and worker communities. Similarly, the increasing integration of the North American economies signals new opportunities and new issues for training, instruction, and guidance for both the corporate and labor side of the economic equation.

Non-traditional student constituencies will continue to be served through time-honored as well as innovative offerings. This would result in a qualitative broadening of service to the community, both in number and diversity. The F.Y. 1994-95 objectives are:

1. To foster linkages between Canadian, Mexican, and United States businesses and workers, and to provide program materials to illuminate, explain and interpret a variety of issues created by the trend toward increased economic integration. The new programs will help "people thrown into temporary economic hardship...regain their independence," promote decentralized decision-making, and "accommodate community participation," and help workers and others "believe their

participation in government is meaningful." Such efforts will contribute to a climate of care and thoughtfulness that will facilitate Minnesota's leadership in the global economy.

2. To establish new programs to reach out to workers and managers within diverse cultures and groups with education and training in a variety of workplace issues. Along with women, people of color—Black, Hispanic, Asian, Native American—represent the fastest growing segments of the working population, yet they have been traditionally under-served. By creating new initiatives to help rectify this imbalance, the IREF expects to reach 300 new students through classroom offerings in the F.Y. 1994-95 biennium, and 2,000 more through conferences and other events. Beyond this practical outcome, however, is the contribution these initiatives will make toward a climate of "respect and value" for all people and toward the expansion of middle class economic well-being into communities of color. To accomplish this objective and to reflect a good faith commitment to these goals, a professional educator will need to be hired for development and execution of this objective.

3. To develop programming around work-related issues suitable for Minnesota Public Television and to secure broadcast arrangements with Channels 2 and 17. This ultimately translates into a larger number of people receiving information on topics that enhance their understanding of labor-management relations. The position of Public Television Video Coordinator will need to be added to accomplish this objective.

4. To develop programs to educate and train managers and workers in the subject areas of sexual harassment and workplace diversity issues as mandated by state law.

5. To aid in the establishment of a Labor and Higher Education Council that would serve as a network for identifying, promoting, and facilitating education and training options for dislocated workers and managers who lose their jobs through plant or business relocation.

6. To expand metropolitan and outstate program offerings, by 15%, with special attention to government and non-profit agencies, working women, executives, managers, support staff, and labor representatives.

Program Plan

Fewer resources are not an option for IREF programs to remain vital and viable and meet the growing challenges and opportunities of the 1990s and beyond. Program plans start with the assumption of continuation of the current budget appropriation from the Legislature and Central Administration. Experimental initiatives toward a restructured fee system for classes and other activities have been implemented. Revenues generated by these initiatives will be used to offset the cuts in funding sustained in F.Y. 1992-93. This strategy has the potential of providing an inconsistent and volatile source of soft monies. Labor organizations, union members, and small business owners/managers have very different training fund capabilities. Some can afford increased tuition and others cannot. Providing educational services only to those who can afford them undermines the historical IREF mission and further hinders several Minnesota Milestone themes. Further, corporate or research grant sponsorship is unrealistic. In light of these factors, a continued commitment to the working taxpayers of this state, to workplace harmony and an attractive economic climate, and to the land-grant mission of the University, suggests little alternative than the need for full LES funding and continued partial EES funding through state appropriation.

INTERCOLLEGIATE ATHLETICS, WOMEN'S

Purpose

To provide opportunities for women that are equal to men in intercollegiate athletics at the University of Minnesota; to provide financial accommodation for the university to meet the mandates to comply with Title IX federal regulations. This program contributes to 2 Minnesota Milestone

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themes: "Learning," because life lessons are learned through participation in athletics, and "A Caring and Secure Community" because opportunities for women in athletics enriches the cultural and recreational life of the community. These opportunities for women, that have long been enjoyed by men only, symbolize the values of diversity and treatment of women on our campus.

Prospects

In order to increase participation (a component of gender equity) women's soccer will be added as a 10th sport in F.Y. 1994. Nine other sports (comprised of basketball, cross country, golf, gymnastics, softball, swimming and diving, tennis, track and field and volleyball) compete in the Big Ten Conference and National Collegiate Athletic Association (NCAA) Division I. The qualitative component of all sports needs to be addressed relative to Title IX and gender equity. Thirdly, the percentage increase in inflation and tuition are short- and long-term factors as are inflationary costs in officiating, travel and conference membership. Lastly, of future impact will be necessary facility upgrades.

Outcomes

Provided opportunities for 170-190 women student-athletes in both F.Y. 1992 and F.Y. 1993 and made some progress towards Title IX.

Provided necessary support services towards quality experience including academic advising and counseling, athletic training/medical treatment, supervision and rehabilitation, athletic scholarship development/fund raising, sports information services, promotions, marketing and public relations, event management/ticket sales, weight training and conditioning, educational seminars/programs for student-athletes, community service programming and administrative support.

Over-achieved academic excellence with 58% achieving a grade point average of 3.0 or above in F.Y. 1992 and a graduate rate 40% higher than the university student rate.

Athletically achieved first top 10 finish in NCAA championship by swimming and diving in 1992, cross country placed 17th at NCAA championship in 1991, and in F.Y. 1991 softball, swimming and diving and outdoor track and field finished in the top 20 nationally. Six of 9 teams finished in the upper division of the Big Ten Conference in F.Y. 1992.

Provided Public Service through outreach to youth and community through sports camps, clinics, community service and public outreach in excess of 4,500 interactions.

Objectives

- Achieve national ranking for teams (3 in F.Y. 1994, 4 in F.Y. 1995), and place within top half of the Big Ten Conference (6 in F.Y. 1994, 6 in F.Y. 1995).
- Achieve academic excellence by maintaining more than 50% of student-athletes with grade point averages (GPAs) of 3.0 and above and maintain graduation rates.

- Community service by interactions by student-athletes and staff through speaking, team projects, sports camps, clinics to 4,500 youth and community members in F.Y. 1994 and 5,000 in F.Y. 1995.
- Increase visibility of women's athletics through 20th anniversary celebration and hosting of women's basketball Final Four.
- Increase annual fund raising to \$200,000 per year and increase corporate commitments.

JAMES FORD BELL MUSEUM OF NATURAL HISTORY

Purpose

The Bell Museum of Natural History (MNH) has 2 subdivision, Comparative Biology and Public Programs. The mission of Public Programs, which includes Public Education and Public Exhibits, is to provide education to all sectors of the public regarding nature, its values to humankind, and an understanding of biological processes and the scientific method.

This program contributes directly to 3 Milestone themes. Under the first, "A Caring and Secure Community," MNH educates the public in ways so that: "families will provide a stable environment for their children; and Minnesotans will be healthy." Indicators under this first theme and for the other 2 Milestone themes are participation in and public responses to: Guided Educational Tours of the MNH; the JASON Project; the Touch and See Room; In-state and National Traveling Exhibits; Imprint (a quarterly publication); Wildlife Information Service; Professional Development Workshops for teachers, interpretive naturalists, and other professionals; non-credit Workshops and Field Trips; overnight and weeklong Educational Programs for children and their families; Schott Learning Kits for children; Discovery Sundays; the Bell Lectures in Natural History; sponsorship and participation in graduate student seminars; and short-courses offered through Extension Classes. MNH is a Minnesota leader in meeting all 5 goals of the second theme, "Our Surroundings." Through its programs "Minnesotans will act to protect and enhance their environment. We will improve the quality of the air, water and earth; Minnesota's environment will support a rich diversity of plant and animal life. We will have opportunities to enjoy our outdoor recreation resources; and, Minnesotans will enhance the beauty of our surroundings." Under the third theme, "Learning," MNH contributes through all of its programs: "Minnesotans will excel in basic skills; and, Minnesotans will have the advanced education and training to make the state a leader in the global economy." Additional indicators for this third theme are grants, research programs, and publications written by the curators of MNH.

Prospects

1. Environmental Quality and Policy.

- Habitat degradation in Minnesota and throughout the world is an issue central to the quality of our lives. Through its educational programs, MNH makes an ongoing and significant contribution toward increasing public awareness about wise habitat management and what constitutes a healthy natural environment.
- Minnesota has a broad diversity of habitats that contain many common species, but also many that are rare, threatened, or endangered, such as the Peregrine Falcon. The programs of MNH help the public understand the complexities of natural communities, the interdependencies of all species in a community, and the need to conserve natural habitats so as to save both common and rare species.

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2. Systematics and Evolutionary Relationships.

- University museums of natural history play an integral role in determining the evolutionary relationships among organisms. Systematists carry out this function, and today they use the modern methods of molecular biology to examine the evolutionary relationships among species through the study of their genes. The MNH is a state and national leader in this effort.
- The identification of species and their evolutionary relationships provides the essential baseline data for studies in conservation biology. Through the research programs of its academic curatorial positions, the MNH plays a central role in supporting the state and national research effort in conservation biology.
- Because the DNA of genes can be isolated from tissues that have been preserved in different ways, including the dried skin of museum specimens, museums are now the repositories of invaluable scientific material. That is, genes now can be isolated from specimens of species that are extinct if specimens of them have been preserved in museums. Furthermore, preserved specimens of species that are now rare or endangered can be used for evolutionary studies instead of collecting more individuals of these species, thereby reducing pressure on them.

Outcomes

Regarding Public Programs, the principal measure of outcomes of the Bell Museum of Natural History is the size of its membership and the attendance figures for each of its functions and programs. Additional outcomes are the number of grants received and the number of dollars donated by individuals and corporations.

1. The "Friends of the Bell Museum" program maintains up-to-date information on each of its categories of membership. MNH has 152 life members, and 1,731 family and individual memberships, excluding the 128 paid members who will be integrated from the American Museum of Wildlife Art membership.
2. Attendance and information service figures for F.Y. 1992 totaled almost 700,000 contacts: Guided Educational Tours (24,000 school children), Touch and See Room (43,000), JASON Project (6,500 children, grades K-12 from about 100 schools), Wildlife Information Service (3,500 calls), Professional Development Workshops (300), Field Trips, Summer Camp-ins, and Special Education Programs (2,800), Traveling Exhibits (estimated at 600,000 viewers), and individual paid admissions (19,000).
3. A grant for \$105,000 was received from the Schott Foundation for the production of learning kits.
4. Approximately \$115,000 was raised each year from individuals and corporations in support of the JASON Project.

Comparative Biology outcomes are measured by scientific papers and books published, number of

specimens added to the computerized records of the museum's collections, scientific specimens prepared and acquired through exchanges, grants awarded, research projects completed, number of graduate students receiving advanced degrees, and dollars received in support of the Breckenridge Chair in Ornithology.

1. All data for the 40,000 specimens in the bird collection and the 16,400 specimens in the mammal collection were computerized in F.Y. 1992.
2. The 5 academic curators published 6 scientific papers, 1 book chapter, 1 review, and 2 books.
3. Specimen preparation has been curtailed prior to the move of all collections to new facilities on the St. Paul Campus.
4. Final support for the endowed chair reached \$750,000, and MNH was successful in attracting and hiring Dr. Robert M. Zink, an internationally respected systematist, for the position.
5. Grants totalling \$209,956 were received by the academic curators of MNH.
6. Twenty graduate students were advised, 4 of whom received their Ph.D. degrees.

Objectives

1. Increased attendance. We expect Guided Educational Tours, Touch and See Room, and individual admissions figures to increase by a minimum of 5%. The JASON Project will be in its third year, and its attendance should increase by about 54% with the addition of other program elements. The other programs (Field Trips, Camp-ins, Special Education Programs) are at maximum capacity, given the resources we now have.
2. Traveling exhibits. A major renovation of exhibit hall space is planned. This will include the preparation of a series of larger traveling exhibits that will significantly increase our exposure to the outstate and nationwide audience. Here we expect to increase viewer participation by 50-100%, bringing the total to one million per year. Initially, this expansion will be financed by private and corporate donations.

MINNESOTA SEA GRANT COLLEGE PROGRAM

Purpose

Sea Grant programs exist to preserve and enhance our nation's ocean, coastal, and Great Lakes resources. Following the Land-Grant model, Sea Grant addresses these needs through research, education, and outreach/technology transfer. Minnesota Sea Grant supports research directly; outreach is subcontracted to the Minnesota Extension Service. Extension faculty work in Duluth and the Twin Cities.

Sea Grant contributes to the Minnesota Milestone theme, "Our Surroundings." Sea Grant demonstrates respect for the "Natural World" through an intensive, peer-reviewed environmental research program, and an Extension-based outreach program dedicated to technology transfer.

Sea Grant is the only University of Minnesota organization supporting a combination of research, educational, and extension programs on the sustainable use of Lake Superior. Subjects have included: 1) assisting the state's emerging aquaculture industry, 2) preventing the spread of zebra mussels and other exotic species into Lake Superior, 3) developing new techniques to clean up pollution, 4) improving genetic engineering of fish, 5) researching contaminants in the lake and its fish, 6) helping Minnesota businesses be more competitive, especially in charter fishing, and

1994-95 Biennial Budget

PROGRAM: Special Appropriations, System
AGENCY: Minnesota, University of
(Continuation)

tourism, and 7) making Great Lakes ports, harbors, agribusiness, and shipping competitive with those on both coasts.

Prospects

1. Lake Superior Fisheries. Sea Lamprey are making a comeback in the Great Lakes and the European ruffe is expanding its range in Lake Superior. Sea Grant is studying new control options for both of these exotic pest species. To maximize the potential for aquaculture in cold climates, Sea Grant encourages the study of fish genetics.

2. Natural Products. Eurasian watermilfoil is a problem in Minnesota waters. Sea Grant supports research into identifying and enhancing natural milfoil controls. Persistent toxic pollutants continue to plague some Minnesota waters. Sea Grant supports research into the use of ammonia-oxidizing bacteria to break down these compounds.

3. Coastal and Environmental Processes. Sea Grant supports studies that look at the underlying processes of contaminant cycling in Lake Superior, as well as the relationship between the atmosphere and the presence of contaminants in the water column.

4. Economics and Policy. New partnerships must be created to solve complex environmental problems. Sea Grant studies the process of coalition-building for wise water management.

5. Education. Sea Grant offers support to graduate-level research assistants engaged in Sea Grant projects, and to American Indian undergraduates majoring in research-related resource management fields (through the American Indians in Marine Science program).

6. Communication and Extension. Communicating complex research information to technical experts and to the general public is a primary activity of Sea Grant. Communications are facilitated through workshops, fact sheets, news releases, personal contacts, and involvement in coalitions and networks with other organizations.

7. Management and Development. Sea Grant offers researchers a place to turn for funds so that there can be immediate response to research opportunities as they present themselves. Small grants for items such as ship time and preliminary research help ensure timeliness and flexibility.

Outcomes

Through research, education, and extension, Sea Grant continues to work to serve the needs of: 1) State agencies, including the DNR and the PCA; 2) International groups, such as the International Joint Commission and the Great Lakes Fishery Commission; 3) Federal agencies, such as the Environmental Protection Agency (EPA); and 4) Emerging industries reliant upon Minnesota's aquatic resources.

Objectives

The effectiveness of Sea Grant is measured by its products and their usefulness to the groups Sea Grant seeks to assist.

Products include but are not limited to: published research findings to better manage and eventually solve problems of Lake Superior's fisheries; technical refinements in fisheries management; development of expression vectors for gene transfer into fish; development of natural controls for exotic species; continued assistance to American Indian students interested in natural resource management; and development of the biochronology of Lake Superior lake trout.

Program Plan

Minnesota Sea Grant has integrated its extension function into the re-structured Minnesota Extension Service. Our placement of extension faculty in academic departments and extension specialists in regional clusters will increase the delivery of extension programs to target audiences with an overall reduction in administrative costs. Sea Grant research administration is now decentralized in departmental units, further reducing administrative costs and enabling a larger proportion of the budget to be allocated to research and education. New procedures have been implemented to provide access to pass-through funding from non-traditional federal sources and to make traditional funding available to the Minnesota program on a competitive basis. We expect Sea Grant's program to experience moderate increases during the F.Y. 1994-95 funding cycle, in spite of level funding for the national program.

MINNESOTA SUPERCOMPUTER INSTITUTE (MSI)

Purpose

The Minnesota Supercomputer Institute is an interdisciplinary research program spanning all campuses and colleges of the University of Minnesota. The mission of the MSI is supercomputer research.

MSI promotes its mission in several ways.

1. MSI supports supercomputer research carried out using the supercomputers and other resources of the Minnesota Supercomputer Center, Inc. (MSCI). MSI both purchases and allocates these resources to researchers at the University of Minnesota and other accredited post-secondary educational institutions in the State of Minnesota.

2. MSI purchases, maintains, and manages additional resources that complement the supercomputer and support resources of MSCI and provides these to MSI researchers to create a more favorable supercomputing environment.

3. MSI supports visits to the University of Minnesota for the purpose of supercomputing research and symposia.

4. MSI promotes the interchange of ideas in the field of supercomputing research, including the dissemination of results of research accomplished with its resources, technology transfer, and University/Industry collaboration.

5. MSI provides educational services related to supercomputing and provides an interdisciplinary focus for undergraduate and graduate education related to supercomputing and scientific computing.

6. MSI provides a focal point for collaborative research on supercomputing within the University and the state.

1994-95 Biennial Budget

PROGRAM: Special Appropriations, System
AGENCY: Minnesota, University of
(Continuation)

Prospects

1. A scheduled technology upgrade to the Cray Y-MP series of computers will open new research frontiers.
2. Increasingly successful interaction with the Army High Performance Computing Research Center has the potential to increase Minnesota's prominence in federally funded programs.
3. The MSI Undergraduate Intern Program is increasingly successful. Steps for improving it further have been initiated.
4. A new graduate program in scientific computation is underway and is a national leader in this area. Committee work on further enhancing this program is underway.

Outcomes

Non-State funding in support of supercomputer research is as follows:

<u>Date of Survey</u>	<u>Annualized Amount</u>
Spring 1990	\$24,577,642
Spring 1991	29,299,437
Winter 1992	31,468,869

The number of research reports disseminated in the University of Minnesota Supercomputer Institute Research Report Series each of the last 3 years is as follows:

<u>Year</u>	<u>Number of Reports</u>
1989	221
1990	251
1991	359

As a result of the activity, MSI is generally recognized as the leading academic supercomputer institute in the nation.

Objectives

Our objective is to increase research quality and competitiveness, expand instructional and advanced education programs, achieve improved integration of research and educational goals, and support more effectively faculty research in supercomputer research.

A specific objective in the first area concerns improved technical support for faculty and students to facilitate taking full advantage of the supercomputer technology upgrade. Emphasis on improved technology transfer activities is planned.

Program Plan

The program has been moved from the office of Academic Affairs to the office of the Vice President for Research. This will assist us in merging our research and educational objectives.

We are committed to maintaining accountability and efficiency.

MINORITY & DISADVANTAGED STUDENT GRADUATE FELLOWSHIPS

Purpose

The Minority and Disadvantaged Student Graduate Fellowship Program seeks to recruit, retain, and graduate minority and disadvantaged students in graduate programs at the University of Minnesota, especially in those programs where they are underrepresented (science, mathematics, and engineering).

This program contributes to 3 Minnesota Milestone themes. Within the first them, "A Caring and Secure Community," the program encourages Minnesotans of color and disadvantaged students to participate in the community of scholars and receive graduate degrees at the University of Minnesota. Encouraging participation of people of color and disadvantaged students also contributes to the "We The People" theme by reflecting the state's diverse population. The program also contributes to a third theme, "Learning" by making an advanced education affordable for Minnesotans of color and disadvantaged students. The indicator of achieving our goals in these themes are the number of Minnesotans receiving fellowships.

Prospects

The demographic pattern of society in the United States in general and Minnesota society in particular is changing. Sometime in the beginning of the 21st century, people of color will be in the majority in this country. It is essential that the faculty and students of United States universities strive to reflect the society that they serve. An opportunity to achieve this goal will occur in the mid-1990s when universities replace many retiring faculty members. All academic disciplines will be affected, but especially those in science, engineering and mathematics. The task facing universities is to replace those faculty and to give special encouragement to people of color and disadvantaged students.

Outcomes

This program permits the University to attract talented minority and disadvantaged students and leverage its funds against internal and external sources of funding (Graduate School funds, graduate assistantships, and fellowships). Using this leveraging technique, the Graduate School used its 1990 special appropriation of \$61,800 to contribute to the support of 8 minority and disadvantaged students. By 1992, the Program permitted the University to support, totally or in part, 12 minority or disadvantaged students from Minnesota.

Objectives

In 1989, the University entered 2 new fellowship programs (Graduate Education or Minorities and the National Physical Science Consortium for Women and Minorities). In 1992, it also joined the National Consortium for Educational Access. In 1992, the University applied for and received from the U.S. Department of Education 10 Patricia Roberts Harris Fellowships (\$10,000 stipend plus tuition and fees) for underrepresented students. The University also entered into relationships with 3 Historically Black Institutions. One of the goals of these relationships is to increase the number of African-American graduate students in science, mathematics, and engineering at the University of Minnesota. By using Minority and Disadvantaged Graduate Student Fellowships to leverage

1994-95 Biennial Budget

PROGRAM: Special Appropriations, System
AGENCY: Minnesota, University of
 (Continuation)

internal and external funding sources, the Program permits the University to continue to be proactive in identifying, recruiting, and supporting minority and disadvantaged students.

NATURAL RESOURCES RESEARCH INSTITUTE (NRRI)

Purpose

Several factors led to establishment of the Natural Resources Research Institute almost a decade ago, including: 1) loss of jobs in Northeastern Minnesota, due to the decline of the taconite industry; 2) realization that economic diversification was needed in natural resource dependent regions of Minnesota; and 3) recognition that quality of life was also dependent on understanding and maintaining Minnesota's unique natural environment. Thus, from its inception, NRRI's mission has been: "To foster economic development of Minnesota's natural resources in an environmentally sound manner to promote private sector employment." NRRI's mission very closely reflects the themes and goals of Minnesota Milestones, particularly those relating to "A Prosperous People; Our Surroundings; and Learning." In fact, NRRI represents a unique results oriented model for helping Minnesota achieve Milestone goals focused on a "diversified" economy with "means to a reasonable standard of living," and a "new respect for the environment based on deeper understanding of our role in the natural world." These Milestone goals are being accomplished in the context of NRRI as a Milestone "learning hub" for students, and as a model for the University of Minnesota's land-grant and sea grant research and outreach missions that are envisioned by Milestones as a means to "drive the state's technological economy."

Prospects

As a relatively new institution, NRRI's staffing infrastructure, and operating strategies are now largely in place. This, coupled with the timeliness of its mission and consequent demand for services, has resulted in a number of prospects including: 1) the opportunity to use its new wood pilot facilities to help industry develop business potential based on new wood products; 2) the challenge of helping the taconite industry remain competitive, based on improved processes for lower cost and higher quality pellets, and at the same time helping to develop a vision for the future of this very important segment of the economy; 3) the growing opportunity for developing environmental businesses, in areas such as using mineral beneficiation techniques for soils clean-up, developing models to predict the behavior of chemicals, and developing environmental products based on peat; 4) the opportunity to obtain federal grants for research to improve our knowledge of wetlands, upland forests, lakes and streams; 5) the prospect of continuing its business development role to assist start-up and expansions for small companies.

Outcomes

Two recent studies by consultants give some insights into accomplishments of NRRI. In 1 analysis, a consultant has concluded that NRRI has been responsible for creating 315 new jobs and 157 spinoff jobs. The expected lifetime benefit of these jobs is projects to be \$87 million. In a second study, a survey of 123 clients of the NRRI Business Group attributed the Institute with creating an average of 3.4 new jobs per company and retaining 5.0 jobs per company. With regard to the

environment, NRRI's research, reflected by yearly output of nearly 50 peer reviewed publications, has steadily increased to where the Institute is a major source of new knowledge regarding Minnesota's resources needed to resolve issues and develop natural resource management scenarios.

	<u>F.Y. 1988</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>
Ratio of NRRI total budget (including grants and contracts) to state operating special	2.0	3.1	3.8
Estimate of jobs (created/retained) based on client survey			84/123

	<u>F.Y. 1989</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>
Number of publications (peer reviewed papers/technical reports)	18/16	36/25	46/17
Number of new or improved processes introduced to industry			10

Objectives

NRRI will carry out a full slate of projects focused on its 3 major goals including: 1) near-term economic development efforts to promote private sector job creation and retention; 2) applied research in focused natural resource areas to develop products, processes, and services that will benefit Minnesota; and 3) research that will improve the knowledge base required for sound future economic and environmental decisions.

Program Plan

The plan assumes continuation of the NRRI State Special Appropriation at the F.Y. 1993 level. NRRI will be unable to accommodate additional growth that has been characteristic of the Institute due to opportunity and demand (i.e., a market) for its services. Thus, growth in grant and contract income from federal, state and industry sources will moderate and perhaps decrease slightly.

STUDENT LOAN MATCHING PROGRAM

Purpose

The University of Minnesota provides matching funds for 5 federal student assistance programs. Included are the U.S. Department of Education's Federal Supplemental Education Opportunity Grant (SEOG), the Federal Perkins Loan Program, the Community Service Learning portion of the Federal College Work Study (CWS) program, and the U.S. Department of Health and Human Services' Nursing Student Loan Program (NSL) and Loans for Disadvantaged Students (LDS) program.

These programs form the core of campus-based federal financial aid programs, because individual educational institutions are charged with awarding the funds. These awards are considered advantageous to students in that they represent grant funds that do not require repayment, loans at subsidized interest rates, or loans where accrual of interest is delayed or deferred.

During the current biennium the University System will receive approximately \$11.5 million in federal funds from these programs. In order to be eligible for these funds the University must provide \$1.1 million in matching funds.

1994-95 Biennial Budget

PROGRAM: Special Appropriations, System
AGENCY: Minnesota, University of
(Continuation)

Prospects

Recent action by Congress has established new matching requirements for the SEOG, Perkins Loan program, and CWS. The non-federal SEOG match will rise from 15% in F.Y. 1992 to 25% beginning 7-1-93 (F.Y. 1994), with no increase in F.Y. 1995. The Perkins non-federal match will increase from 1/9th to 15% beginning 7-1-92 (F.Y. 1994) and then to 25% for F.Y. 1995. The CWS non-federal match will be reduced from 30% in F.Y. 1993 to 25% in F.Y. 1994 and beyond. In the past participating employers supplied the CWS match; however, beginning in F.Y. 1994 institutions will be required to allocate at least 5% of their CWS funds to Community Service Learning and to provide 60% of the employer match for students working under this program. The Health and Human Services non-federal matches remain at 1/9th.

At the same time that the institutional matching requirements are increasing, concurrent changes in the federal statutes will also broaden the eligibility requirements, resulting in a greater number of students competing for approximately the same amount of funding. Further, a preliminary analysis of the financial impact of Congress' recent reauthorization of the Higher Education Act suggests that the cost to the State Grant Program on the Twin Cities Campus of the University of Minnesota could possibly double in the coming biennium assuming no changes in the state formula or costs of education. It is very likely that the legislature will reclaim the \$2 million in contingency funding for the Minnesota Higher Education Coordinating Board currently appropriated to the University.

Outcomes

Annually over \$118 million from all federal, state, University, and outside sources is disbursed to students on the Twin Cities campus to help pay educational costs. While the percentages of undergraduates qualified for federal financial aid may vary slightly between system campuses, it is estimated that as many as 45% of all undergraduate students are eligible for some sort of financial assistance.

Approximately 4,000 students on the Twin Cities campus receive funding from these programs. Awards are largely made to students determined to have the highest financial need. With the exception of the College Work Study program, the last 5 years have seen a decline in the numbers of students served, due to increasing costs and the absence of any increase in funding.

Objectives

The objective of this program continues to be to maximize the amount of federal funding available to the University of Minnesota for student financial aid and to maintain a base of money available to the most needy students. In order to achieve this objective, the University's match will need to increase from \$362,100 to \$1.2 million annually as a result of the changes outlined in the discussion of program prospects. Although the institution has been able to address the shortfall in funding experienced this biennium through reallocation of unexpended balances from other programs funded by this special and the use of prior year balances in this program, the magnitude of projected increases makes it unlikely that these strategies will provide sufficient funding to meet the program's objectives during the F.Y. 1994-95 biennium.

Despite the increased matching requirements anticipated, these remain attractive programs for the investment of state appropriations, since they will result in at least \$3 in additional revenue for every \$1 appropriated. If the federal match requirements are funded to the full amount allowable, the federal funding for these programs is projected to increase by 15%, and the total amount available to students will increase by approximately 24%.

Program Plan

Assuming no increase in the total amount awarded to the State Special that funds this program the University will be required to make compensating reductions in other programs funded by the System Special in order to maximize federal financial aid funding. However, even in the event that this program is fully funded, student financial aid from every source continues to lag behind increasing costs. In order for the University of Minnesota to remain competitive with other private and public institutions in attracting students and improve its retention and graduation rates, it will need to intensify current efforts to encourage private giving for gifts and grants and better coordinate existing financial aid resources within the institution in order to meet a greater percentage of financial need than is currently possible.

URBAN AND REGIONAL AFFAIRS, CENTER FOR (CURA)

Purpose

The Center for Urban and Regional Affairs was established to help focus University attention on the broad range of urban-related issues and problems confronting the people and communities of Minnesota. CURA encourages and supports University faculty and graduate students who work on research projects and applied technical assistance programs growing out of the major issues in the state. Because of CURA's unique mission, virtually all of its projects and programs over the years have been relevant to each of the goals developed through the Minnesota Milestones Project, with particular emphasis on a caring community, our natural surroundings, a prosperous people, and effective learning. In addition, CURA's projects are carried out in conjunction with and frequently with matching support from persons, agencies or community groups outside the University, often from the public sector.

Prospects

The urban-related issues confronting the people and communities of Minnesota change and CURA's programs adjust accordingly. The Minnesota Milestones Project has identified many of the issues that CURA's research and technical assistance programs will address over the next two years: children living in poverty; family stability; improvement of air, water, and soil quality; state-wide community economic development; the deteriorating economic condition of the poor; analysis and rapid communication of information; and improved efficiency in government.

Outcomes

The emphases in CURA's programs change as community problems and needs change. Examples of major recent research projects include protecting groundwater from well-head pollution, studying the state-wide supply and demand for nurses, analyzing the processing of sexual assault cases in the legal system, and estimating the impact of the free-trade agreement on Minnesota's economy. Typically, CURA will be involved in more than 300 projects in a biennium: some large; some small; some involving research that is both basic and applied; some primarily technical assistance. Many are faculty research projects, and most include graduate students and are done in cooperation with communities, agencies, or organizations throughout the state. Last year, CURA projects involved 111 faculty from 56 units across the University, 225 graduate students from 35 units, 15 state agencies, 30 local agencies, and 51 nonprofit organizations.

1994-95 Biennial Budget

PROGRAM: Special Appropriations, System
AGENCY: Minnesota, University of
(Continuation)

Most CURA projects result in reports, many in widely-circulated publications, including the "CURA Reporter."

Objectives

CURA's objective for F.Y. 1994-95 is to continue to encourage and support research projects and technical assistance programs by University faculty and graduate students that are focused on the major urban-related issues facing the people and communities of Minnesota.

These projects and programs will number approximately 300 and will involve more than 100 faculty and 200 graduate students from more than 35 units across the University. The projects and programs will be carried out in conjunction with approximately 10 state agencies, 20 local agencies, and 45 nonprofit organizations.

These projects and programs help inform or directly assist those affected by and dealing with the issues of community well-being, environmental quality, economic development, and effective government.

CURA's long-term objective is to continue to help strengthen the contribution of University faculty and graduate students to the well-being of the people and communities of Minnesota.

Program Plan

During the past few years, base budget cuts (or lack of increases), coupled with increased costs have reduced the number of projects and programs CURA can support. These reductions have been accommodated by reallocating resources internally and shifting support to the most pressing issues and problems the state faces as conditions change. In addition, efforts to secure external support have been increased, but maintaining the base support is critical, because it represents the major means by which the University has been able to address the wide range of issues facing the state—including those identified in the Minnesota Milestones Project.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a level of state funding equal to the current spending level for the System Special with an increase of \$400,000 per year for gender equity efforts in the Women's Intercollegiate Athletics program. Gender equity in collegiate athletics has long been a problem for higher education institutions. To assist the University of Minnesota in its gender equity efforts, the Governor recommends that the sales tax revenues collected on athletic event ticket sales, estimated at the U of M to be \$400,000 per year, be redirected back to the system in a like amount as an increase to the Women's Intercollegiate Athletics special.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN
PROGRAM: SYSTEM SPECIALS

				FY 1994			FY 1995		
			Est.						
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SYSTEM SPECIALS	21,439	18,710	18,536	18,831	19,490	19,231	18,831	20,172	19,231
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	21,439	18,710	18,536	18,831	19,490	19,231	18,831	20,172	19,231
=====									
GOV'S INITIATIVES:			FUND						
=====			=====						
(A) WOMEN'S ATHLETICS/GENDER EQUITY			GEN			400			400
(A) NO GENERAL FUND INFLATION/SYSTEM SPECIAL			GEN			<659>			<1,341>
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						<259>			<941>
=====									
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	21,439	18,710	18,536	18,831	19,490	19,231	18,831	20,172	19,231
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	21,439	18,710	18,536	18,831	19,490	19,231	18,831	20,172	19,231
=====									
POSITIONS BY FUND:									
=====									
TOTAL POSITIONS									
=====									

1994-95 Biennial Budget

PROGRAM: Minnesota Resources, Legislative Commission on

AGENCY: Minnesota, University of

PROGRAM PURPOSE:

Provide research and public service support in accordance with legislative initiatives in the areas of recreation, water, education, agriculture, forestry, fisheries, wildlife, land management, minerals, waste, and energy.

PROGRAM PLAN:

LCMR Project Funding

County Geologic Atlas and Groundwater Sensitivity Mapping

This project will expand production of county geologic atlases, regional geologic assessments, and create a new atlas services office.

Dollars in Thousands

F.Y. 1994

Recommended funding.

\$425,000

The Ecology of Minnesota Book

This project will provide in book format a comprehensive overview of Minnesota's natural environment. Information will be presented in full-color graphics at a level appropriate to the high school and college student and the general public.

Dollars in Thousands

F.Y. 1994

Recommended funding.

\$ 51,000

Urban Community Gardening Program

This project is to provide gardening information and technical assistance. This is a cooperative venture with Minnesota State Horticulture Society and the Self Reliance Center.

Dollars in Thousands

F.Y. 1994

Recommended funding.

\$110,000

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN
PROGRAM: LCMR/MN RESOURCES

				FY 1994			FY 1995		
			Est.						
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
LCMR/MN RESOURCES	2,417	1,995	3,809		586	425			
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	2,417	1,995	3,809		586	425			
GOV'S INITIATIVES:			FUND						
=====			=====						
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MET			<425>			
(A) NON-POINT SOURCE POLLUTION			MNR			425			
(P) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<161>			
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						<161>			
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					425				
MN RESOURCES	2,417	1,995	3,809		161	425			
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	2,417	1,995	3,809		586	425			
POSITIONS BY FUND:									
=====									
TOTAL POSITIONS									

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F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: University of Minnesota
PROGRAM:
ACTIVITY: Minnesota Geological Survey

ITEM TITLE: Non-Point Source Pollution

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
MN Future Resources Fund	\$425	\$-0-	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$425,000 from the Minnesota Future Resources Fund to the University of Minnesota to continue their geological atlas project. The appropriation will allow the MGS to complete the Southwestern and Red River Regional Hydrogeologic Assessments, complete county geologic atlases for Rice, Fillmore, and Stearns Counties, and to provide technical advisory services and training to county personnel. The Governor recommends this appropriation be available in either year of the biennium.

The Legislative Commission on Minnesota Resources (LCMR) recommended an appropriation of an identical amount for this purpose. This project is part of a broader, long-standing effort to respond to state, regional, county, and local needs for accelerated production of geologic and hydrologic information essential to the wise use of Minnesota's natural resources. The Governor endorses this recommendation and finds it consistent with and important to his effort to reduce in non-point source pollution.

PROGRAM OUTCOMES:

This project will have the following program outcomes:

1. The Regional Hydrogeologic Assessments generate a computerized subsurface database, a map of surficial geology, an interpretation of the glacial stratigraphy, and analysis of hydrogeology and geologic sensitivity. The data will be available to local decision makers for managing and planning.
2. The county atlases provide the geologic and hydrogeologic information in a readily accessible mode at the local level for planning and resources decision making. The maps and interpretations become instructional aids for environmental and resource education. Expansion of the atlas program into Stearns County will develop the approach for handling large, complex counties.

3. The Minnesota Geologic Survey will provide technical advisory services and training to local personnel to help them maximize use of published atlases, and concentrate on meeting mapping deadlines.

LONG-TERM IMPACT:

The true test of the long-term benefit of this program is the extent to which geologic and hydrologic information is disseminated to, and used by, resource planners and decision makers at the state, regional, and local levels.

1994-95 Biennial Budget

PROGRAM: Special Appropriations, Special Projects
AGENCY: Minnesota, University of

PROGRAM PURPOSE:

The following projects have received legislative support in prior years covering a variety of specific interests. Most of these projects were funded by actions taken in other "money" committees. The nature of these projects are non-recurring and will not be featured in the biennial base for F.Y. 1994-95.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN
PROGRAM: SPECIAL PROJECTS

				FY 1994			FY 1995		
			Est.	Current	Agency	Governor	Current	Agency	Governor
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Spending	Plan	Recomm.	Spending	Plan	Recomm.
SPECIAL PROJECTS	589	318	216						
TOTAL EXPENDITURES BY ACTIVITY	589	318	216						
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	589	318	216						
TOTAL FINANCING	589	318	216						
POSITIONS BY FUND:									
TOTAL POSITIONS									

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HIGHER EDUCATION BOARD

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED BOARD

ITEM DESCRIPTION:	FUND	EXPENDITURES			REVENUES		
		FY 1994	FY 1995	BIENNIUM	FY 1994	FY 1995	BIENNIUM
(A) FUND OPERATIONS FOR 1994-95	GEN	910	1,017	1,927			
TOTAL BY FUND	GEN	910	1,017	1,927			
TOTAL INVESTMENT INITIATIVES		910	1,017	1,927			

1994-95 Biennial Budget

AGENCY: Higher Education Board

MISSION STATEMENT:

The mission of the Minnesota Higher Education Board for this biennium is to complete the planning for the merging of the services, budget, and administration of the State University, Community College, and Technical College systems.

By the start of F.Y. 1995 these systems will be united administratively into 1 system governed by the HEB.

To achieve this end, the Higher Education Board and its staff will develop plans for a flexible, responsive, and efficient organizational structure; consolidated and enhanced student services; and integrated and improved academic programs. It will also review human resource needs and clarify functions of the bargaining units of the 3 systems, design a united financing and accounting system; review facility needs, usage, and availability; review current quality improvement programs and develop quality improvement strategies for the future; and plan information systems for the merged system.

To fulfill these goals and its legislative mandate, the specific functions of the Higher Education Board during the F.Y. 1994-95 biennium are:

1. To hire Chancellor and staff.
2. To propose a new administrative structure for the merged systems and establish the procedure for the transfer of powers from the existing boards to the Higher Education Board.
3. To prepare the F.Y. 1996-97 biennial budget for the merged systems.
4. To facilitate and support the formation of a Technical College Faculty bargaining unit and assign Technical College employees to appropriate bargaining units.
5. To prepare a plan whereby all appropriate bargaining units will come under the authority of the Higher Education Board.
6. To develop a plan whereby the property of all 3 systems will come under the authority State of Minnesota and the Higher Education Board. Particular emphasis must be given to the property of the Technical Colleges, which are currently part of local, regional or intermediate boards of education.
7. To secure appropriate legal services in the planning and implementation of the merger issues.
8. To work with the Commissioner of Finance in developing a single accounting system.
9. To prepare for negotiation of employee contracts for F.Y. 1996-97. These negotiations may begin on or after July 1, 1995.

MINNESOTA MILESTONES:

Although the Higher Education Board is currently a planning agency, the merged system which it is planning will support the Milestone themes of "A Prosperous People," "Learning," and "We, the People" including the specific goals, "Minnesotans will have the advanced education and training to make the state a leader in the global economy," and "Government in Minnesota will be cost-efficient and services will be designed to meet the needs of the people who use them." The merged system will contribute to these themes by:

1. Providing post-secondary education to over 60% of the state's post-secondary enrollees, thereby contributing mightily to the economic and human resources of the state.
2. Improving the efficiency by which post-secondary education will be delivered to the rural and urban residents of Minnesota by uniting some services at the state and regional levels.
3. Facilitating and encouraging most decision-making in higher education at the local and regional level while setting guidelines that will ensure uniform quality of service to the residents of the state.
4. Bringing together 3 of the state's higher education systems to further differentiate curricula and service both within the current systems and among regional institutions now in different systems.

The merged system will also contribute to specific goals of the Milestone themes, "A Caring and Secure Community" and "Our Surroundings." The Higher Education Board's institutions are frequently the last educational institutions through which mature, adult citizens are educated in the state. The merged system will continue to contribute significantly to the cultural and recreational life of the communities in which campuses are located and to the state as a whole. The campuses also provide education and training of the adults of the state regarding the preservation of the environment and the rational and intelligent use of natural resources.

CLIMATE:

The following environmental factors are shaping the development of the new Higher Education Board and its policies:

1. The Legislature has mandated the merger of the Technical Colleges, the Community Colleges, and the State Universities.
2. The rapid technological and knowledge-based changes of the last decade of this century require new or improved educational systems, educational methods, academic programs, and student services to prepare Minnesota residents for the 21st century.
3. As the demand for state resources becomes more competitive, the need for greater efficiency while improving quality of service, continues for all of higher education. The merger of the 3 systems can facilitate continuous quality improvement and greater efficiency in the merged system.
4. To remain productive in the 21st century, Minnesota residents are now enrolling in record numbers at Minnesota's post-secondary institutions. That number is expected to increase as both first time enrollees and students returning for additional or different knowledge and skills compete for knowledge-based jobs. For the economic and social development of the state, the Higher Education Board must seek to provide geographic and economic access to post-secondary education to the adult citizens of the state.

1994-95 Biennial Budget

AGENCY: Higher Education Board
(Continuation)

5. As education becomes a continuous life-time process, the need for careful documentation of student knowledge and accomplishments is a reasonable expectation of the student and the state. Merging the 3 systems provides the vehicle for furthering these efforts.

AGENCY BUDGET PLAN:

Merging 3 of Minnesota's public post-secondary institutions is a complex task. For many of the issues needing attention the expertise and knowledge currently resides within the offices of the 3 systems, and duplicating that expertise would be redundant and wasteful. This request is designed to avoid creating a major new bureaucracy and instead builds on what currently exists.

The new Board needs a chancellor and staff who can work with the Board to set the structure and policies of the merged system, but it must also bring together the knowledge and the expertise of the current systems to effectuate the merger. This budget request includes funds for a chancellor, 4 professional positions, clerical staff, legal services, technical services, and office operators. The request represents the bare minimum needed to accomplish the legislative mandate. The merger plans can be completed *only with the cooperation and collaboration of the staffs of the current systems*. It is the intent of the Board to enlist the direct assistance of the staff of the 3 existing systems as much as possible to carry out the details of the merger planning and implementation. When the merger is completed, the staffing of the Higher Education Board will include the functions now performed by each of the current system offices.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$910.0 for F.Y. 1994 and \$1,017 for F.Y. 1995 for the Higher Education Board to accomplish its legislative mandate.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED BOARD
PROGRAM: HIGHER ED BOARD

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
HIGHER ED BOARD		162	440			910			1,017
TOTAL EXPENDITURES BY ACTIVITY		162	440			910			1,017
GOV'S INITIATIVES:			FUND						
(A) FUND OPERATIONS FOR 1994-95			GEN			910			1,017
TOTAL GOV'S INITIATIVES						910			1,017
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL		162	440			910			1,017
TOTAL FINANCING		162	440			910			1,017

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: HIGHER ED BOARD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 94	F.Y. 95	F.Y. 94	F.Y. 95	F.Y. 94	F.Y. 95	F.Y. 94	F.Y. 95
F.Y. 93 FUNDING LEVEL	440	440	440	440				
TECHNICAL ADJUSTMENTS								
LAC APPROPRIATIONS	<440>	<440>	<440>	<440>				
SUBTOTAL TECH. ADJ.	<440>	<440>	<440>	<440>				
CURRENT SPENDING								
AGENCY BASE								

COMMUNITY COLLEGE SYSTEM

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1994-95 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: MINNESOTA COMMUNITY COLLEGE SYSTEM

PROGRAM

PAGE

INSTRUCTION

A-689

NON-INSTRUCTION

A-693

1994-95 Biennial Budget Agency Budget Brief (\$ in thousands)

Agency: Community College System

Fund: General

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>FY 94-95</u>
CURRENT SPENDING LEVEL	<u>\$93,974</u>	<u>\$93,974</u>	<u>\$187,948</u>
Forecast Adjustments	<u>\$95,722</u> <u>(805)</u>	<u>\$95,722</u> <u>2,520</u>	<u>\$191,444</u> <u>1,715</u>
AGENCY BASE	<u>\$93,169</u>	<u>\$96,494</u>	<u>\$189,663</u>
Projected Cost Increases	<u>\$94,917</u> <u>\$5,298</u>	<u>\$98,242</u> <u>\$10,698</u>	<u>\$193,159</u> <u>\$15,996</u>
Agency Management Decisions			
Agency Operations:			
Reallocations apportioned among campuses, hire less part-time staff, raise tuition	<u>\$(5,298)</u>	<u>\$(10,698)</u>	<u>\$(15,996)</u>
Subtotal	<u>\$(5,298)</u>	<u>\$(10,698)</u>	<u>\$(15,996)</u>
TOTAL AGENCY PLAN	<u>\$93,169</u> <u>\$94,917</u>	<u>\$96,494</u> <u>\$98,242</u>	<u>\$189,663</u> <u>\$193,159</u>
Governor's Initiatives:			
Tuition to 43% in F.Y. 1994 & 45% in F.Y. 1995 of Instr. Cost	<u>(2,708)</u> <u>(4,184)</u>	<u>(7,821)</u> <u>(8,099)</u>	<u>(11,529)</u> <u>(12,283)</u>
Small Business Development Centers Transfer	<u>(40)</u>	<u>(40)</u>	<u>(80)</u>
GOVERNOR'S RECOMMENDATION	<u>\$89,421</u> <u>\$90,693</u>	<u>\$88,633</u> <u>\$90,103</u>	<u>\$178,054</u> <u>\$180,796</u>

Brief Explanation of Agency's Overall Actions:

Any increase in the costs of non-personnel (other operating) due to inflation would have to be absorbed by the twenty-one campuses and the system office. The dollars available would purchase less supplies, materials and equipment. These would be the third and fourth years of this practice. The much larger projected costs of compensation increases could be addressed by:

- Calculating full entitlement to all campuses, but each allocation would be reduced proportionately to balance the budget. The individual campus would then reduce their spending level in ways unique to their environment.
- Hiring less part-time instructional staff. This would result in fewer and larger classes with lower numbers of students being served.

- Increasing tuition - an approximate 8.5% increase each year would provide the necessary funds. Setting tuition rates based on compensation increases has many negative implications, one of the most obvious is the faculty/student relationship.

A combination of a tuition increase, a systemwide reduction in allocations, and less part-time hirings would be the most likely scenario.

2. Agency Proposed Initiatives

- Expansion and Quality Enhancement of Developmental Education Services
\$1,186,000 for the biennium to fund expansion of developmental offerings, reducing the need to draw resources from other programs to meet increasing remedial demands. Funding request is primarily for additional instructors to serve an added 238 FYE students in F.Y. 1994 and 200 FYE in F.Y. 1995.
- Library Improvement - Supporting Instructional Quality
\$1,500,000 for the biennium to for additional library acquisitions to reduce student need to borrow from other systems' library collections. An additional \$310,000 is requested to complete implementation of Phase II of the PALS system (circulation component).
- Campus safety - Develop and implement plans to improve security
The 1992 Crime Bill directed each higher education system to evaluate security and provide to the Legislature by March 15, 1993, comprehensive plans that ensure adequate campus protection against crime. The Board's report may include a funding request to effectuate any approved enhancements.

3. Governor's Recommendations:

The Governor recommends an alternative direct general fund biennial appropriation of \$178,180,000 \$178,260,000. This recommendation includes the following changes from the agency plan:

- Realignment of higher education subsidies from institutional spending to direct student grants in the amount of ~~\$11,529,000~~ \$12,283,000 for the biennium, proposing a change in the percent of instructional cost covered by tuition to 43% in F.Y. 1994 and 45% in F.Y. 1995 (See detailed discussion in Introduction section of this volume).
- A Small Business Development Centers initiative to centralize administration and attain greater efficiency and stability for the program - biennial transfer of \$80,000 to the Department of Trade and Economic Development.

Revised 3-4-93

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1994-1995 BIENNIAL BUDGET
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: COMMUNITY COLLEGE BD

ITEM DESCRIPTION:	FUND	EXPENDITURES			REVENUES		
		FY 1994	FY 1995	BIENNIUM	FY 1994	FY 1995	BIENNIUM
(A) TUITION TO 43%/45% - APPR REDUCTION	GEN	<4,184>	<8,099>	<12,283>			
(A) TUITION TO 43%/45% - INCREASED TUIT REV	GEN	4,184	8,099	12,283			
(P) MARCH SUPP/ADDL TUITION RELIEF - NR	GEN		4,112	4,112			
(P) MARCH SUPP/REDUCED TUITION INTENT	GEN		<4,112>	<4,112>			
(P) STATE REINVEST IN SBDC'S TO DTED	GEN	<40>	<40>	<80>			
TOTAL BY FUND	GEN	<40>	<40>	<80>			
TOTAL INVESTMENT INITIATIVES		<40>	<40>	<80>			

AGENCY: Minnesota Community College System

MISSION STATEMENT:

The mission of the Minnesota Community College System is to provide high quality teaching and learning in accessible, affordable and supportive settings. Minnesota's community colleges are committed to building the productivity of the state by recognizing the dignity and worth of each individual and helping each student succeed to full potential. Our purpose is to provide the best possible teaching to develop in students the critical reasoning skills necessary for success in a changing, technology-based, multi-cultural world. In carrying out this mission, community colleges will meet the unique educational needs of communities and the overall economic needs of the state.

This mission will provide:

- Comprehensive courses and programs, including general education, associate degree programs in the liberal arts and sciences that are transferable to 4-year colleges and universities, and joint programs with technical colleges.
- Occupational preparation, enabling students to acquire skills and knowledge leading to employment or transfer to 4-year colleges and universities.
- Developmental education, enhancing students' skills in reading, writing and mathematics to improve their success in college programs.
- Continuing education, providing credit and non-credit classes and workshops for professional advancement, retraining and upgrading of skills addressing present and emerging needs of employees and employers.
- Community services, providing cultural forums and lifelong learning opportunities for all citizens.
- Student support services, including counseling, advising, financial aid, assessment of basic skills and child care, and a range of student life programs that serve the diverse makeup of student bodies.

To carry out this mission, the Community College System has adopted "A Plan to Serve," which focuses our efforts on 3 major thrusts:

The first is to insure that constituencies and customers understand this mission and the services available from community colleges. The second is to provide the highest possible level of quality in all aspects of community college operations. The third is an emphasis on developing cooperative partnerships to more effectively leverage limited resources and to maximize services and options for students.

MINNESOTA MILESTONES:

The Minnesota Community College System is committed to the purposes and goals of Minnesota Milestones and, specifically, the goals, "Minnesotans will have the advanced education and training to make the state a leader in the global economy," and "Minnesotans will excel in basic academic skills." As our name states, our colleges are designed to serve their communities. And as our mission statement notes, we serve our communities in a variety of ways, all of which are intended to educate. In these ways, we are important agents for achieving the Milestones vision - a caring and secure community, a healthy and attractive environment, a prosperous and educated people, and a responsive and efficient public sector.

The Minnesota Community College System (MCCS) is also committed to the Milestones approach of establishing a series of goals and indicators against which progress and performance can be measured. The MCCS participated actively in the Quality Assessment initiative beginning in 1987. From that effort evolved the Student Success Model, which introduced assessment testing, improved counseling and advising, expanded and improved developmental education programs, and expanded research capacity. In recent years, the MCCS has continued to increase its capabilities for collecting and analyzing the appropriate data necessary to determine progress in achieving its mission, in serving students, and in justifying the investment of public resources.

More recently, the Community College System has volunteered to serve as a pilot project under the direction of the Commission on Reform and Efficiency (CORE). The purpose of the pilot is to:

- test the applicability of performance based budgeting in a higher education setting.
- test the availability of necessary data
- test the development of meaningful performance measures

This pilot project is currently underway and producing quality indicators that go considerably beyond those included in Milestones.

To date, over 20 indicators have been identified as potential measures of performance. Full implementation of this performance measurement system is expected to take 2 to 4 years. This pilot project is discussed in more detail under Outcomes in the Instruction Program section, and a more detailed summary of the CORE pilot project is available in a final report and backup materials.

CLIMATE:

Several critical factors are interrelating to shape the public policy issues facing the Community Colleges and higher education in Minnesota.

Participation in Higher Education

Minnesota has the highest high school graduation rate and nearly the highest participation rate in post-secondary education in the country. The increase in post-secondary participation has been gradually occurring for the past decade. But public policy, particularly public financing of post-secondary education, has not fully addressed this phenomenon.

Minnesota is a geographically large state with roughly half the population concentrated in the 7-county metro area and the other half dispersed widely throughout the remaining 80 counties. This geographic and demographic pattern creates unique challenges for providing access to quality post-secondary education. The 7 large community colleges in the metro area and Rochester operate much more cost effectively than their smaller Greater Minnesota counterparts which do not benefit from the same economies of scale. Nevertheless, if reasonable access is to be provided, especially for place-bound adults, it will be necessary to maintain smaller operations in key locations throughout the state. Even at somewhat higher cost levels, the smaller colleges continue to operate at levels considerably more efficient than those in other sectors.

Minnesotans have been very willing to support higher education. In 1989-90, the people of Minnesota ranked 8th in the nation in taxpayer support per capita.

But the higher proportion of the state's population participating in post-secondary education (approximately 4th in the nation) requires that these dollars be spread over a very large number of students. As a result, state support per student in Minnesota ranks 17th nationally and is just above the national average, based on the most appropriate source of comparative data on state support for post-secondary education (State Profiles: Financing Public Higher Education 1978 to 1991, Research Associates of Washington, September 1991).

Increased Participation Equals Diversity

Increasing participation in higher education in Minnesota come from 2 groups. First there has been

AGENCY: Minnesota Community College System
(Continuation)

a significant increase in the percentage of high school graduates going on to college, off-setting the impact of the declining number of total recent high school graduates. That trend is now reversing as the number of graduates again begins to increase. In addition, community colleges in particular, have had a great increase in the participation of non-traditional students, principally older students and women.

The practical impact of this change in participation, in addition to the increase in sheer numbers, is the increasing diversity these new students represent. This diversity requires support services to provide these students, many of whom did not anticipate or adequately prepare for their participation in post-secondary education, with a quality education. They often require additional assessment, counseling and advising, developmental/remedial assistance, study skills help, financial aid guidance and assistance, peer support, and child care.

In addition to the diversity represented by non-traditional and less well prepared students, the Community College System is also committed to affirmative action throughout its operations. The System has for many years placed a strong emphasis on multi-cultural issues. In 1990, a 5 year cultural-diversity initiative began, aimed at increasing minority student enrollment and faculty and staff hiring, improving minority student retention, diversifying the curriculum, and improving the climate of campuses to make them more accepting and hospitable environments. Again, these diversity initiatives have serious resource implications.

The Changing Work Force

A major reason for the increasing participation in higher education is the realization by Minnesotans that the world of work is changing. Individuals and businesses are recognizing that post-secondary education and continuing, life-long education are critical for both personal success and also to build and maintain an effective work force.

Current demographic trends, in particular the aging of the baby boom generation, will have an important impact on the state's work force in the future. According to various economic reports, the rate of growth in the labor force is expected to slow down significantly over the next several years. In addition, the work force is aging. The proportion of young, inexperienced workers is shrinking while the proportion of older workers is growing. As the nature of work changes because of technology, product innovations, and foreign and domestic competition, there will be a greater emphasis on retraining an existing work force. Minnesota will need this pool of workers, operating at their highest potential, if it is going to compete in this new economic environment.

Focus Efforts in the 4 Year Universities

The social and economic changes facing Minnesota in turn are impacting the missions and organization of the higher education enterprise.

The University of Minnesota is continuing to implement its strategic plan, "Access to Excellence," to focus its mission and devote more resources to improving the quality of its programs. This plan entails reducing undergraduate enrollments, increasing preparation standards, shifting some enrollments from lower to upper division, and increasing the share of resources to upper division and graduate programs. In the process, the Community Colleges are expected to prepare more lower division students with a solid foundation for transfer to upper division work at the University.

More recently, the State University System has unveiled its plan, "Q7," which includes some similar goals—increasing preparation standards, limiting enrollment to the level of state funding, and

redirecting resources to ensure quality. Again, a shift in undergraduate emphasis to upper division programs is based on the premise that Community Colleges will serve the lower division needs of many Minnesota students.

The success of both "Access to Excellence" and "Q7" are dependent on a quality Community College System.

This new relationship raises critical policy issues:

- Will state funding be available to maintain an open admissions policy for Community Colleges to insure access for all qualified Minnesotans?
- Will there be sufficient program opportunities available at the upper division level to accommodate Community College students who are ready to transfer?
- Should the state adopt an explicit policy with clear incentives to direct more students to community colleges for their lower division course work?

Enrollment Growth and Lagging Funding

A dominant factor affecting Minnesota's Community College's remains record high enrollments during a period when significant enrollment decline was predicted across higher education. Enrollments (FYE) have increased 45% since 1984 in the Community Colleges.

The state's post-secondary education funding methodology since 1983 has been based on the assumption of enrollment decline. Funding is provided based on enrollments from 2 years earlier. The record-breaking enrollment growth in the Community Colleges was not recognized in the formula until marginal funding was provided in the 1988 legislature for enrollment in the most recent 2 years. The funding base was further eroded in 1992 when funding for Post-secondary Education Options students and many off-campus students was reduced from average cost to marginal cost.

In spite of that adjustment, funding has continued to lag behind enrollment. From 1984 through 1991, the Community Colleges have educated over 20,000 full year equivalent students with no or only partial state appropriation. The fact that funding has not kept pace with the combined effects of increasing participation, growing enrollments and student diversity has made management and innovation in the Community Colleges a significant challenge.

Internal Reallocation

In recent years, the system budget has been seriously constrained by several factors:

- Collective bargaining salary settlements that have consistently exceeded inflation allowances.
- Two year lagged funding during a period of dramatic growth.
- Increasing student diversity (non-traditional, part-time, minority, under-prepared) requiring additional services.
- Numerous costly but unfunded state and federal mandates.
- The requirement to contribute one-third of the cost of debt service.
- Reductions in funding for various student categories, such as post-secondary options, off-campus and non-resident/non-reciprocity students.
- Unstable funding patterns in which appropriations are made, then cut back after budget allocation decisions have been made.

As a result of these unfunded cost areas, the system has been forced to make numerous internal reallocation and/or de-allocation decisions. Capital maintenance where feasible has been deferred. Spending on discretionary items such as equipment, library acquisitions and supplies has been curtailed. Class sizes have grown. Less course sections have been offered. Student support services have not kept pace. Administration has become smaller.

However, in spite of these cutbacks, the system also internally reallocated funds to accomplish higher priority goals. These have included:

AGENCY: Minnesota Community College System
(Continuation)

- the Cultural Diversity Initiative
- the Student Success Model
- the restructuring and upgrading of the information system
- the implementation of Alternative Delivery Systems, such as 2 very interactive courses

Merger

The 1991 Legislature mandated the merger of the Community College, Technical College, and State University Systems on 7-1-95. The specific implications of this mandate remain unclear at this time. The extent of changes to the organization and operation of the 3 systems will depend on decisions yet to be made. Nevertheless, the MCCS is committed to participating fully and cooperatively to assist the Higher Education Board in planning for a merger that will provide for the post-secondary needs of the people of Minnesota.

The merger will require extensive effort on the part of system and college staff during the upcoming biennium. To partly offset the resource impact of these responsibilities, it will be necessary to limit new mandates and to review existing mandates to determine if some lesser priority duties can be reduced or eliminated.

AGENCY BUDGET PLAN:

This biennial budget request is developed according to the statutory funding guidelines and the System's strategic planning process and in cooperation with the other public post-secondary systems and the Higher Education Board.

Base Funding

The Community College System's base funding request is calculated according to the average cost funding methodology. This method bases funding on the enrollment level of 2 years earlier. This "2 year lag" policy was designed to accommodate anticipated enrollment decline, a phenomenon which has not occurred in the Community College System.

On the contrary, in the period from 1984 to 1991, Community College head count enrollments have increased 51%, and full year equivalent enrollments increased 45%. The result has been a chronic lag in per student appropriations and a serious threat to the quality of the instruction and services offered to students.

To partially make up for this lag, it has been necessary to increase tuition rates beyond the rate of inflation and beyond the 33% assumption in the average cost funding policy. As a result, tuition now accounts for nearly 40% of the cost of instruction for community college students.

In spite of this increasing contribution by students, the dollars available per community college student have dropped significantly. In inflation adjusted dollars, the amount available per student has dropped from \$4,132 in 1985 to \$3,756 in 1992-93, signalling a serious threat to educational quality.

Inflation Impact

In earlier years, budget practices recognized the impact of inflationary increases on operating costs. After the average cost per student was determined, an inflation factor was applied to provide the resources necessary for cost-of-living changes on salaries, equipment, library acquisitions, utilities, etc.

The current budget guidelines do not include provision for an inflation increase. In preparing the base funding request, no inflation factor has been applied. However, if the Department of Finance guideline of 3.5% per year is applied to the base funding request, it would generate an appropriation of \$16 million. Accommodating a reasonable inflation increase through internal reallocation is not possible without drastically reducing or eliminating basic educational services.

Successive record enrollment increases over the past decade coupled with a funding formula that fails to keep pace with actual enrollment has already forced the System to reallocate internally to a severe degree. Employee bargaining units will expect reasonable cost-of-living increases, and to ignore this inevitable cost is highly unrealistic.

The higher education systems have all experienced the pressures of providing compensation increases to employees when no funding was appropriated in the current biennium. Community College system employees, as a result of collective bargaining agreements with the state of Minnesota, received salary and benefit increases in the current 2 year period costing \$11.1 million.

For these reasons, a request is made that a reasonable inflation factor be applied to both personnel and non-personnel costs within the base funding appropriation or that limits be placed on the collective bargaining process to prevent salary and benefit decisions from exceeding available resources.

New Funding Request

In light of the state's revenue shortfall, the Community College System is significantly limiting its request for new dollars in the next biennium. There are, however, a number of serious funding issues which will be difficult to address without new resources. This request limits itself to 2 significant instructional areas, developmental education and library resources.

In addition, there are numerous program areas which require cooperative efforts by the higher education systems. As a result, the 4 public systems have agreed to jointly request new funding in 2 areas: distance learning, and planning for improved information and library services.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an alternative direct general fund biennial appropriation of \$178,054,000 ~~\$180,796,000~~. This recommendation includes the following changes from the agency plan:

- Realignment of higher education subsidies from institutional spending to direct student grants in the amount of \$11,529,000 ~~\$12,283,000~~ for the biennium, proposing a change in the percent of instructional cost covered by tuition to 43% in F.Y. 1994 and 45% in F.Y. 1995 (See detailed discussion in Introduction section of this volume).
- A Small Business Development Centers initiative to centralize administration and attain greater efficiency and stability for the program - biennial transfer of \$80,000 to the Department of Trade and Economic Development.

MINNESOTA COMMUNITY COLLEGE SYSTEM
Reconciliation of FY 1993 Spending
To FY 1994 & 1995 Same Level

	FY 1994			FY 1995			Biennial		
	-----			-----			-----		
	Instruction	Non-Instruction	Total	Instruction	Non-Instruction	Total	Instruction	Non-Instruction	Total
1 FY 93 Direct Appropriation - FY 91 Leg	89,962	10,785	100,747	89,962	10,785	100,747	179,924	21,570	201,494
2 FY 92 Carryforward to FY 93	14,228	52	14,280	14,228	52	14,280	28,456	104	28,560
3 FY 93 App. Reductions - FY 92 Leg	(3,153)	(350)	(3,503)	(3,153)	(350)	(3,503)	(6,306)	(700)	(7,006)
4 FY 93 Intent Tuition/Receipts	47,902	3,800	51,702	47,902	3,800	51,702	95,804	7,600	103,404
5 FY 93 Intent Tuition Reduct. - FY 92 Leg	(1,605)		(1,605)	(1,605)		(1,605)	(3,210)	0	(3,210)
6 Excess Tuition/Receipts	9,415	8,056	17,471	9,415	8,056	17,471	18,830	16,112	34,942
7 Transfers Out	(2,009)	(12)	(2,021)	(2,009)	(12)	(2,021)	(4,018)	(24)	(4,042)
8 Governor's Veto		(50)	(50)		(50)	(50)	0	(100)	(100)
9 FY 1993 Base - All State Funds	154,740	22,281	177,021	154,740	22,281	177,021	309,480	44,562	354,042
10 FY 93 Enrollment Est. Adj. Full Fndg	2,124		2,124	2,124		2,124	4,248	0	4,248
11 FY 93 Enrollment Est. Adj. Marg. Fndg	(1,781)		(1,781)	(1,781)		(1,781)	(3,562)	0	(3,562)
12 Adjust Out Excess Receipts	(9,415)		(9,415)	(9,415)		(9,415)	(18,830)	0	(18,830)
13 Adjust Out Carryforward	(14,228)	(52)	(14,280)	(14,228)	(52)	(14,280)	(28,456)	(104)	(28,560)
14 Deduct FY 93 MCF Adj.	(5,493)		(5,493)	(5,493)		(5,493)	(10,986)	0	(10,986)
15 Adjust Transfers Out	1,903		1,903	1,903		1,903	3,806	0	3,806
16 FY 94/95 ACF Adj. - Full Fndg	(795)		(795)	5,181		5,181	4,386	0	4,386
17 FY 94/95 ACF Adj. Marg. Fndg	(170)		(170)	(297)		(297)	(467)	0	(467)
18 L92, C513 Stabilization	965		965			0	965	0	965
19 TOTAL. SAME LEVEL FUNDING	127,850	22,229	150,079	132,734	22,229	154,963	260,584	44,458	305,042
	=====	=====	=====	=====	=====	=====	=====	=====	=====

SYSTEM : Minnesota Community College System

ALLOCATION OF INDIRECT COSTS - F.Y. 1991

Primary Programs			Support Programs				Total
Instruc- tional	Community Service	Other General Fund	Academic Support	Student Support	Institu- tional Support	Physical Plant	
Direct Costs							
64,339	4,552	12,237	18,761	14,263	24,292	13,825	152,269

Allocation of Indirect Costs from Support Programs to Primary Programs

64,781	4,581		(1,208)	(918)	(1,564)	(890)	Community Services
		811	(214)	(163)	(277)	(158)	Financial Aids
		968	(255)	(194)	(330)	(188)	Intercoll. Athletics
			(17,084)	(12,988)	(22,121)	(12,589)	Instruction
	(2,332)	2,332					Flow Thru Receipts (Community Services)
129,120	6,801	16,348	0	0	0	0	152,269

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: COMMUNITY COLLEGE BD

PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
INSTRUCTION	127,362	133,202	154,740	141,009	140,256	140,256	141,009	143,580	143,580
NON-INSTRUCTION	23,149	22,289	22,281	22,281	22,230	22,190	22,281	22,230	22,190
OFF BUDGET	12,025	18,355	22,218	22,218	22,218	22,218	22,218	22,218	22,218
TOTAL EXPENDITURES BY PROGRAM	162,536	173,846	199,239	185,508	184,704	184,664	185,508	188,028	187,988
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	92,595	95,389	109,453	95,722	94,917	90,693	95,722	98,242	94,215
STATUTORY APPROPRIATIONS:									
GENERAL	57,916	60,102	67,568	67,568	67,569	71,753	67,568	67,568	71,555
SPECIAL REVENUE	199	343	573	573	573	573	573	573	573
FEDERAL	5,128	5,578	7,784	7,784	7,784	7,784	7,784	7,784	7,784
AGENCY	5,884	6,152	6,894	6,894	6,894	6,894	6,894	6,894	6,894
COMM COLLEGE SUPP		5,618	6,000	6,000	6,000	6,000	6,000	6,000	6,000
GIFTS AND DEPOSITS	814	661	961	961	961	961	961	961	961
ENDOWMENT		3	6	6	6	6	6	6	6
TOTAL FINANCING	162,536	173,846	199,239	185,508	184,704	184,664	185,508	188,028	187,988
POSITIONS BY FUND:									
GENERAL	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
SPECIAL REVENUE	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
FEDERAL	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0
AGENCY	470.0	470.0	470.0	470.0	470.0	470.0	470.0	470.0	470.0
GIFTS AND DEPOSITS	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0
ENDOWMENT	290.0	290.0	290.0	290.0	290.0	290.0	290.0	290.0	290.0
TOTAL POSITIONS	1,246.0	1,246.0	1,246.0	1,246.0	1,246.0	1,246.0	1,246.0	1,246.0	1,246.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: COMMUNITY COLLEGE BD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	199,239	199,239	177,021	177,021	14,434	14,434	7,784	7,784
TECHNICAL ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<14,228>	<14,228>	<14,228>	<14,228>				
INSURANCE PREMIUM HOLIDAY	481	481	481	481				
PLANT MANAGEMENT REBATES	16	16	16	16				
SUBTOTAL TECH. ADJ.	<13,731>	<13,731>	<13,731>	<13,731>				
CURRENT SPENDING	185,508	185,508	163,290	163,290	14,434	14,434	7,784	7,784
FORECAST ADJUSTMENTS								
LEG-DIRECTED ADJUSTMENTS	2,663	1,698	2,663	1,698				
ACF ENROLLMENT ADJUSTMENTS	<6,458>	<609>	<6,458>	<609>				
DED STAT APPROP SPENDING	2,991	1,431	2,991	1,431				
SUBTOTAL FORECAST ADJ.	<804>	2,520	<804>	2,520				
AGENCY BASE	184,704	188,028	162,486	165,810	14,434	14,434	7,784	7,784

1994-95 Biennial Budget

PROGRAM: Instruction
AGENCY: Community College System

PROGRAM PURPOSE:

The primary purpose of this program is to offer quality instruction at the lower division (freshman and sophomore) level which is geographically and financially accessible to state residents who are high school graduates (holders of diplomas or equivalency certificates), responsive to the educational needs of students and the state, and conducive to students gaining and/or maintaining employment opportunities, as well as opportunities for educational advancement beyond the lower division level.

Funding for this program includes the direct costs related to instruction, as well as applicable indirect costs. Indirect costs include such areas as academic support (e.g., libraries), student support (e.g., counseling), institutional support (e.g., general administration) and physical plant (e.g., maintenance). The legislative intent relative to tuition is calculated as a portion of instructional costs. This program accounts for approximately 90% of the Community College System operating budget.

PROSPECTS

Maintaining Access With Quality

Minnesota's Community Colleges have always been open-door institutions, providing access to higher education for people across Minnesota. Minnesotans have taken advantage of this opportunity in record numbers over the past decade. But state funding has not kept pace, straining the ability to insure quality across all aspects of community college operations and access across a reasonable geographic spectrum.

The University of Minnesota and the State University System have both embarked on efforts to focus their missions and to redirect spending. If the Community Colleges are to continue to assist in these initiatives by accepting more lower division students, funding must recognize enrollment growth. Indeed, given the relatively lower per student cost of community colleges, serious consideration should be given to a state policy to shift more lower division enrollment to community colleges.

Building a Strong Work Force

If the Minnesota economy is to grow and meet the challenges of international competition, we must continue to build a strong work force. Community Colleges provide the major gateway to the various options for higher education across the state. Students desiring a 4 year program in a public or private institution can receive lower division course work with increasingly improved credit transfer procedures. Occupational programs that are designed in a "career ladder" mode allow students to prepare for direct entry into the work force and still maintain options for transfer into the next level of post-secondary programs. The availability of general education courses to complement occupational studies allow students to develop the critical thinking, communication, and computation skills needed in today's work force. Community colleges are an important economic development tool for the state and should be recognized as an investment in the state's economy.

The Transition to a Merged System

Current law will result in the merger of the Community College, Technical College and State University Systems under a single new governing board in 1995. The specific structural, programmatic and cost implications of this transition are not yet known and will depend on various

decisions still to be made. The potential for some costs and for some savings exists. Regardless, the transition to a merged system will require considerable involvement by system staff.

Enrollment Trends

As the pool of high school graduates again begins to grow and as technology and economic changes continue to require lifelong knowledge and skill updating, there is no reason to expect community college enrollment to decrease. To the contrary, continuing growth is likely, although it will probably not be at the dramatic rates of the past decade.

The chart below displays the full year equivalent (FYE) enrollment growth for the last several years and notes the number of FYE students which generated full funding as opposed to those generating partial or no state funding. As the chart reveals, a significant percent of the enrollment each year has been under funded. In total for the 6 year period, over 23,000 FYE students were educated with less than full funding.

Fiscal Year	Actual FYE	% Increase From Prev. Year	Fully Funded FYE	Partial Or Unfunded FYE	% Not Fully Funded
1987	25,495	5.2%	23,265	2,230	8.8%
1988	27,592	8.2%	24,237	3,355	12.7%
1989	30,350	10.0%	25,337	5,013	16.5%
1990	32,860	8.3%	27,592	4,634	14.1%
1991	33,938	3.3%	30,199	3,739	11.0%
1992	33,614	-1.0%	29,338	4,276	12.7%

Dollars per Student

As community college enrollments have grown, state appropriations have clearly not kept pace. The result is that the dollars available per student have been dropping steadily. From F.Y. 1985 until F.Y. 1993, the inflation adjusted dollars per student have declined from \$4,132 to \$3,756 in the Community College System. This drop has occurred despite significant tuition increases that consistently exceeded inflation rates. This is an extremely disturbing trend which has serious ramifications relative to the quality of education that can be provided into the future.

Tuition Trends

To make up for the inability of state funding to keep pace with enrollment growth, inflationary pressures and quality demands, students have been required to provide an increasing share of the cost of their instruction. While state policy implies that students will pay 33% of the cost of instruction, community college students have been exceeding that standard for years and now pay nearly 40%. These increases have made Minnesota's tuition rate one of the highest in the nation for many years. This trend raises important questions about the impact of high student costs on access and affordability.

OUTCOMES

As noted previously, the Community College System has volunteered to serve as a pilot project in performance based budgeting in cooperation with the Commission on Reform and Efficiency (CORE). This pilot project is resulting in the refinement of a series of over 20 potential performance indicators. It must be stressed that this is a developmental process. Full implementation is expected to take 2 to 4 years. The length of time required for complete development depends in part on the availability of sufficient resources to carry out the extensive research, computerization,

PROGRAM: Instruction
 AGENCY: Community College System
 (Continuation)

and data gathering that this approach requires. The complexity of the task is also explained in more detail below.

In spite of the complexities, as well as limited resources, the Community College System has continued to work in the current biennium to improve its ability to measure student outcomes and to provide clearer evidence of the quality of the Community College enterprise in Minnesota.

What has become clear is that performance must be measured first and foremost in the context of the goals of individual students. The best available evidence shows that roughly half of Minnesota Community College students enroll with the intention of completing a 2 year degree program and transferring to a 4 year institution. But many of these students for a variety of personal reasons will make the decision to transfer before they have completed the entire associate degree program. Thus failure to graduate is not necessarily a negative outcome. To the contrary, for an individual who enters a community college with self doubts about his or her abilities to handle collegiate studies, an early transfer may signal increased confidence, a very positive outcome.

In addition to students intending to transfer, another approximately 25 % attend a community college seeking a 2 year program that prepares them to go immediately to work in such areas as nursing and allied health fields, various business positions, data processing, or law enforcement.

The remaining one-quarter of Community College students have a variety of diverse, individual educational objectives. Many are simply taking a course or a few courses to improve their opportunities for career advancement or to prepare for a career change. Some of these students already hold baccalaureate degrees but wish to strengthen themselves in a particular area. And many people, often non-traditional age students, did not consider themselves college-bound earlier in their lives but now believe a college education is important to their personal and economic well being. They come to community colleges to "try their hand" at post-secondary education.

For each of these groups, the measure of success is different. Students intending to transfer to a 4-year institution can be evaluated on whether or not they successfully completed their associate degree program, on the successful transfer of their community college credits, on their comparative grade point average at the 4-year institution, and on their successful completion of a baccalaureate degree program over a reasonable period of time. Tracking these outcomes often requires considerable cooperation with the 4-year institutions.

If students come with the goal of entering the work force upon completion of an associate degree, the outcome measures are different. The success rate for nursing programs, for example, can be judged on the basis of those students who pass the national licensure examination, the job placement record of nursing graduates, and the satisfaction of both graduates and their employers with the education provided.

For the remaining quarter of the students who do not fit neatly into the 2 categories above, the measurement of success is much more difficult and will continue to be difficult. Their goals are diverse and often changing as they progress through their courses. Thus they present a major challenge for measuring the extent to which they achieved their educational plans.

A key element in the Community College System's effort to improve its ability to measure student outcomes is the Student Success Model. Through the mandatory assessment of basic skills for incoming students, the educational goals of individual students can be identified and baseline

academic skill levels determined. And through the student outcomes tracking, research and follow-up activities, the various appropriate measures of success can be monitored, relative to student objectives.

Given this background, the following lists a number of the categories in which specific performance indicators are under development: enrollment demographics, student performance on assessment test, retention rates, graduation rates, GPAs of transfer students, placement of occupational program graduates, scores on occupational licensing exams, performance in college level courses following developmental courses, student satisfaction, ratios of students to workstations, and percent of workstations that meet current technology standards.

It must be noted that these indicators are most useful for internal administrative and management decisionmaking, as opposed to general appropriations purposes. Also, indicators should not be viewed in isolation, but must be considered in the context of overall budgetary, human resource, enrollment and demographic, and other policy factors.

Instructional Funding Matrixes

Based on a F.Y. 1991 cost study actual direct instructional costs were determined for each of the community college's 26 categories. Indirect costs were allocated to each program, resulting in fully allocated program costs. The number of student credit hours earned in each program, divided by 45, resulted in the number of FYE students in each program. In order to establish high, medium and low cost programs or "cells," the fully allocated program costs were divided by the FYE in each program, resulting in an average program cost per FYE. The 8 highest cost programs became the "high cost cell," the next 9 highest cost became the "medium cost cell," and the remaining 9 programs became the "low cost cell." Each of these cells contain the total FYE of the 8 or 9 programs, the total of the fully allocated costs of the 9 programs, and an average cost per FYE (the cell value).

The 1991 legislation provided marginal funding for Post Secondary Enrollment Options (PSEO) students and for certain categories of off-campus enrollments. Data was collected to identify the programs containing these enrollments, and they were subtracted from the cost study by program. The costs per FYE were also subtracted and placed into separate matrixes. The 1991 legislation did not provide state funds for non-resident, non reciprocity students. The FYE and costs were subtracted from the cost study on a proportionate basis. The remaining enrollment and costs represent the fully-funded students. Each of the 3 matrixes (fully-funded, PSEO, and off-campus) were adjusted to the 1993 legislative intent, following average cost funding methodology and instructions from the Department of Finance. The results of this process are the F.Y. 1993 average costs displayed in matrixes on pages that follow.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an alternative direct General Fund biennial appropriation of \$157,288,000 \$160,130,000 for the instructional program. This recommendation is based in a realignment of higher education subsidies from instructional spending to direct student grants in the amount of \$11,529,000 \$12,283,000 for the biennium, and an increase in the percent of instructional costs funded from tuition from 33 % to 43 % in F.Y. 1994 to 45 % in F.Y. 1995.

PROGRAM: Instruction
AGENCY: Minnesota Community College System

1994-95 Biennial Budget

Instructional Funding Matrixes

		F.Y. 1994			F.Y. 1995		
	F.Y. 1993 Average Cost	Funded Average Cost	F.Y. 1992 FYE Enrollment	Funded Instruct. Expendit.	Funded Average Cost	F.Y. 1993 FYE Enrollment	Funded Instruct. Expendit.
Fully Funded Enrollment							
High Cost	\$5,999	\$5,818	2,732	\$16,388	\$5,999	2,858	\$17,144
Medium Cost	\$4,018	\$3,897	10,946	\$43,975	\$4,018	11,504	\$46,217
Low Cost	\$3,545	\$3,439	17,043	\$60,424	\$3,545	17,883	\$63,402
Total			30,721	\$120,787		32,245	\$126,763
Off Campus Marginally Funded Enrollment							
High Cost	\$4,114	\$4,114	35	\$144	\$4,114	35	\$144
Medium Cost	\$2,755	\$2,755	395	\$1,088	\$2,755	395	\$1,088
Low Cost	\$2,431	\$2,431	542	\$1,318	\$2,431	542	\$1,318
Total			972	\$2,550		972	\$2,550
P.S.E.O. Marginally Funded Enrollment							
High Cost	\$4,131	\$4,131	28	\$115	\$4,131	27	\$111
Medium Cost	\$2,767	\$2,767	644	\$1,783	\$2,767	621	\$1,719
Low Cost	\$2,442	\$2,442	676	\$1,650	\$2,442	652	\$1,591
Total			1,348	\$3,548		1,300	\$3,421

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: COMMUNITY COLLEGE BD
PROGRAM: INSTRUCTION

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
INSTRUCTION	127,362	133,202	154,740	141,009	140,256	140,256	141,009	143,580	143,580
TOTAL EXPENDITURES BY ACTIVITY	127,362	133,202	154,740	141,009	140,256	140,256	141,009	143,580	143,580
GOV'S INITIATIVES:			FUND						
(A) TUITION TO 43%/45% - APPR REDUCTION			GEN			<4,184>			<8,099>
(A) TUITION TO 43%/45% - INCREASED TUIT REV			GEN			4,184			8,099
(P) MARCH SUPP/ADDL TUITION RELIEF - NR			GEN						4,112
(P) MARCH SUPP/REDUCED TUITION INTENT			GEN						<4,112>
TOTAL GOV'S INITIATIVES									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	82,249	84,655	99,029	85,298	84,544	80,360	85,298	87,869	83,882
STATUTORY APPROPRIATIONS:									
GENERAL	45,113	48,547	55,711	55,711	55,712	59,896	55,711	55,711	59,698
TOTAL FINANCING	127,362	133,202	154,740	141,009	140,256	140,256	141,009	143,580	143,580
POSITIONS BY FUND:									
TOTAL POSITIONS									

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Community College System
PROGRAM: Instruction

ITEM TITLE: Governor's Supplemental Recommendations

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$-0-	\$4,112	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a non-recurring supplemental appropriation to the Community Colleges System Instruction program in the amount of \$4,112,000 in F.Y. 1995.

The Governor's biennial budget proposal recommends changing the state's approach to financing higher education by concentrating more resources on grants to students, and less on direct payments to institutions. The Governor continues to believe that funding students rather than systems is the best way of allocating higher education dollars. With the additional forecast General Fund revenues, however, comes an opportunity for more gradual movement toward this policy goal.

To soften the effects of potential tuition increases for students, the Governor recommends a non-recurring appropriation of \$4,112,000 in F.Y. 1995. This additional tuition relief is expected to maintain F.Y. 1995 tuition rates at F.Y. 1994 levels in all programs. The Governor recommends that this appropriation be reduced dollar-for-dollar in tuition increases above the F.Y. 1994 levels.

1994-95 Biennial Budget

PROGRAM: Non-Instruction
AGENCY: Community College System

PROGRAM PURPOSE:

Under the average cost funding methodology, the Non-Instruction Program generally includes activities not directly related to credit-granting instruction. Community services, intercollegiate athletics, financial aids, and other miscellaneous receipts are the general categories included as non-instructional. The common element in these activities is that, under the methodology, spending authority for these areas is not used to determine assumptions about tuition revenues.

The various activities in this program are described briefly as follows:

Community Services: To provide quality non-credit instructional and cultural and extra-curricular opportunities, and services to the citizens of Minnesota that are geographically and financially accessible, responsive to state and/or local needs, serve the continuing education requirements of various professional groups, and foster community use of the facilities of the System's colleges.

Financial Aids: To provide needy students with the financial assistance necessary to attend college through 3 specific programs: college work-study, national direct student loans (Perkins Loans), and supplemental educational opportunity grants (SEOG). This activity provides the state matching dollars required to receive the federal funds.

Intercollegiate Athletics: To provide a program of intercollegiate athletics which contributes to the educational experience of men and women in the following areas: basketball, football, wrestling, softball, golf, tennis, hockey, volleyball and track. This activity provides only the staffing portion of the athletics programs. All other costs are covered by student fees.

Other Miscellaneous: This "catch-all" includes "flow-through" receipts. "Flow-through" receipts include application and late fees paid by students and numerous other minor categories of receipts. The fees "flow-through" because, if not collected, the corresponding expenditure is not made. No state appropriation is involved.

It should be noted that the calculation of indirect costs in the first 3 areas is done on a simple and arbitrary formula basis and may not represent actual costs for those programs.

PROSPECTS

No significant change is anticipated in this program.

OUTCOMES AND OBJECTIVES FOR 1994-95

This program contains several disparate activities assigned to it in the initial development of the average cost funding methodology.

Community Services programs are expected to continue at the present level. Fees for non-credit offerings may need to increase if they are to continue.

Two of the 3 financial aid programs, work study and SEOG, have had the state matching increase recently or are seeing it happen now. The work study matching contribution increased from 20% to 30% in F.Y. 1991. The SEOG match went from 0% to 10% in F.Y. 1991 and increases to 15% in F.Y. 1992. Without new dollars, the only way to accommodate the increased matching costs is to reduce the number of students served.

Intercollegiate Athletics programs are undergoing some changes as a result of a major System review of campus student life programs and funding. New System policies on Student Life programs emphasize achieving a balance in student activities between academic and non-academic, those aimed at traditional as well as non-traditional students, and those serving men as well as women.

PROGRAM PLAN

Maintain current levels.

REVENUE:

This program generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l					
Dedicated - Special	12,802	11,554	11,857	11,857	11,857

GOVERNOR'S RECOMMENDATION:

A Small Business Development Centers initiative to centralize administration and attain greater efficiency and stability for the program - biennial transfer of \$80,000 to the Department of Trade and Economic Development.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: COMMUNITY COLLEGE BD
PROGRAM: NON-INSTRUCTION

				FY 1994			FY 1995		
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
NON-INSTRUCTION	23,149	22,289	22,281	22,281	22,230	22,190	22,281	22,230	22,190
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	23,149	22,289	22,281	22,281	22,230	22,190	22,281	22,230	22,190
GOV'S INITIATIVES:			FUND						
=====			=====						
(P) STATE REINVEST IN SBDC'S TO DTED			GEN			<40>			<40>
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						<40>			<40>
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	10,346	10,734	10,424	10,424	10,373	10,333	10,424	10,373	10,333
STATUTORY APPROPRIATIONS:									
GENERAL	12,803	11,555	11,857	11,857	11,857	11,857	11,857	11,857	11,857
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	23,149	22,289	22,281	22,281	22,230	22,190	22,281	22,230	22,190

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Community College System
PROGRAM: Non-Instruction

ITEM TITLE: Small Business Development Centers

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$(40)	\$(40)	\$(40)	\$(40)

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial reduction to the general fund appropriation for Instruction in the amount of \$80,000 to redirect resources devoted to the administration of the Small Business Development Centers.

These funds would instead be appropriated to the Department of Trade and Economic Development, the agency that currently coordinates the federal cash match grant program, while higher education systems presently provide the match.

By M.S. 116J.68(n) the Department of Trade and Economic Development (DTED) administers the network of federally-created small business development centers in Minnesota. Federal law (15 USC 648) requires that the majority of service sites be at institutions of higher education. Of twenty-four sites in Minnesota, twenty are located at institutions of higher education: five of which are in the Community College System.

The state receives \$1.3 million each calendar year which must be matched dollar-for-dollar with non-federal monies. Fifty percent of that match must be in cash. This arrangement puts these funds at risk of cutbacks due to institution funding concerns with resultant loss of federal funds.

With DTED administration of the program:

- Service delivery can be improved by coordinating the program objectives with the department objective of fulfilling creating a business environment that stimulates new business creation and innovation.
- Program quality can be improved and consistently administered with a stable funding source not at risk of policy and resource choices determined by individual centers.

- Participating institutions of higher education can focus on raising additional funds from the local community to meet local needs.

- The program will continue to be subjective to rigorous outcome-based performance measures.

By assumption of the costs and funding for this program, DTED accomplishes the following:

- Improves its regional service delivery in a cost-effective manner.
- Preserves local service delivery sites responsive to local needs.
- Ensures an existing base of providers for any new business assistance initiatives which may result from state or federal action.
- Eliminates current uncertainty surrounding program funding and future levels of assistance.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: COMMUNITY COLLEGE BD
PROGRAM: OFF BUDGET

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
OFF BUDGET	12,025	18,355	22,218	22,218	22,218	22,218	22,218	22,218	22,218
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	12,025	18,355	22,218	22,218	22,218	22,218	22,218	22,218	22,218
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									

STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	199	343	573	573	573	573	573	573	573
FEDERAL	5,128	5,578	7,784	7,784	7,784	7,784	7,784	7,784	7,784
AGENCY	5,884	6,152	6,894	6,894	6,894	6,894	6,894	6,894	6,894
COMM COLLEGE SUPP		5,618	6,000	6,000	6,000	6,000	6,000	6,000	6,000
GIFTS AND DEPOSITS	814	661	961	961	961	961	961	961	961
ENDOWMENT		3	6	6	6	6	6	6	6
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	12,025	18,355	22,218	22,218	22,218	22,218	22,218	22,218	22,218
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

SPECIAL REVENUE	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
FEDERAL	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0
AGENCY	470.0	470.0	470.0	470.0	470.0	470.0	470.0	470.0	470.0
GIFTS AND DEPOSITS	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0
ENDOWMENT	290.0	290.0	290.0	290.0	290.0	290.0	290.0	290.0	290.0
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	1,240.0	1,240.0	1,240.0	1,240.0	1,240.0	1,240.0	1,240.0	1,240.0	1,240.0

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STATE UNIVERSITY SYSTEM

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1994-95 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: **MINNESOTA STATE UNIVERSITY SYSTEM**

PROGRAM

Instruction

Non-Instruction

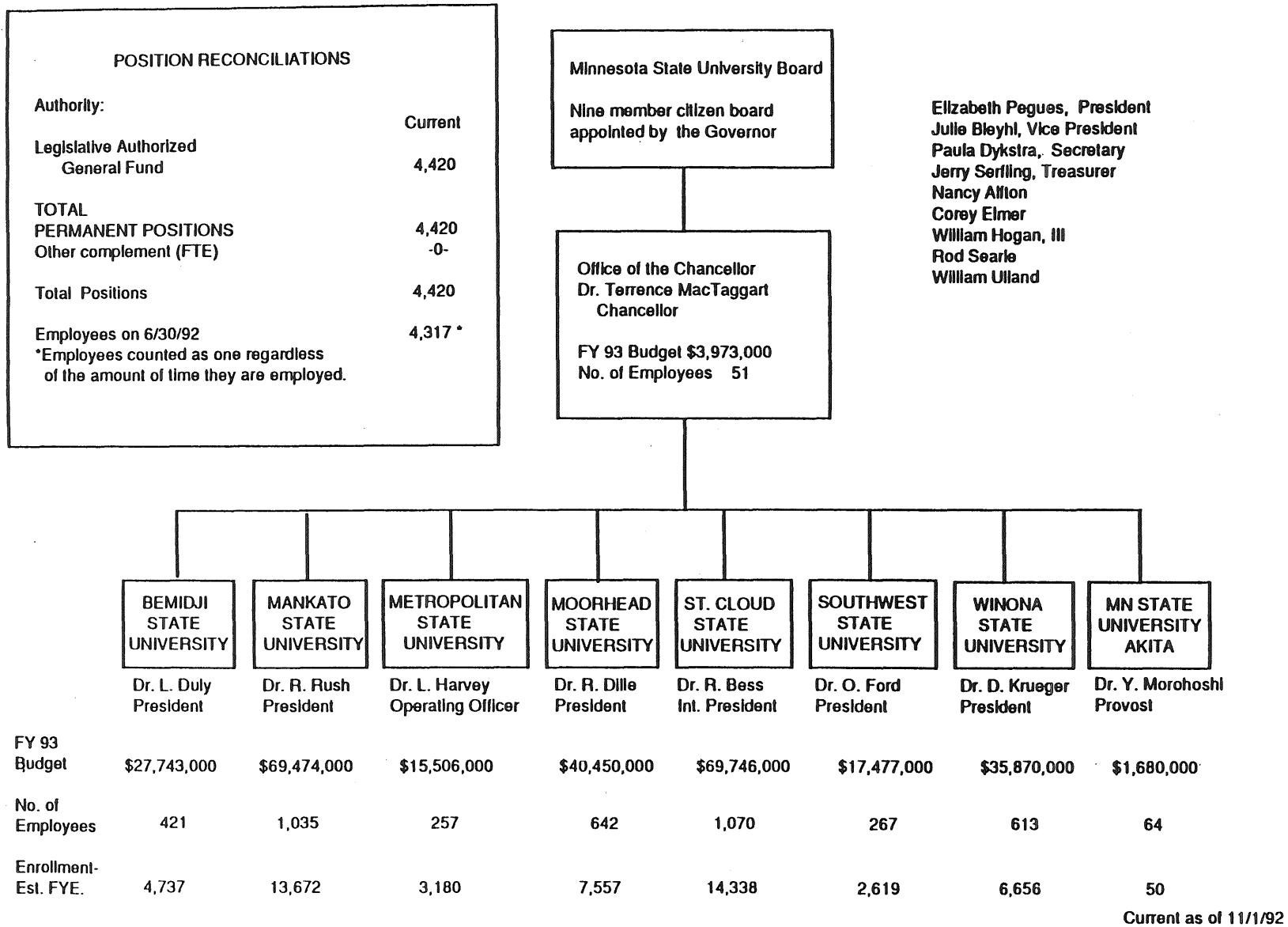
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MINNESOTA STATE UNIVERSITY SYSTEM ORGANIZATIONAL CHART



1994-95 Biennial Budget Agency Budget Brief (\$ in thousands)

Agency: Minnesota State University System

Fund: General

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING LEVEL	\$172,804	\$172,804	\$345,608
Forecast Adjustments	<u>1,589</u>	<u>(1,998)</u>	<u>(399)</u>
AGENCY BASE	\$174,393	\$170,816	\$345,209
Projected Cost Increases	<u>\$9,697</u>	<u>\$19,257</u>	<u>\$29,956</u>
Agency Management Decisions			
Agency Operations:			
Reallocations apportioned			
among campuses	\$(1,752)	\$(3,480)	\$(5,232)
Chancellor's Office	<u>(61)</u>	<u>(121)</u>	<u>(182)</u>
Subtotal	<u>\$(1,813)</u>	<u>\$(3,601)</u>	<u>\$(5,414)</u>
Governor's Initiatives:			
Athletic program Equity	\$40	\$40	\$80
Eliminate Subsidies to Applied Grads	(7,603)	(7,481)	(15,084)
Reduce Sec. Voc/Tech training subsidy	(75)	(75)	(150)
Tuition to 43%-45%	(10,893)	(15,012)	(25,905)
Small Business Development Centers	(260)	(260)	(520)
GOVERNOR'S RECOMMENDATION	<u>\$155,602</u>	<u>\$148,028</u>	<u>\$303,630</u>

Brief Explanation of Agency's Overall Actions:

If the state negotiates employee agreements at levels which are consistent with the severe budget deficit, compensation costs need not increase by 3.5%. If this approach were taken to limit salary increases, the system would only have to accommodate the inflation on non-payroll related costs.

The System's budget plan is designed to stabilize costs and work through the recession by maintaining enrollment and program offerings at the current level, negotiating only very limited salary increases. The system's plan is founded on the principle of equity in dealing with all constituencies by controlling tuition costs, minimizing job loss and maintaining the quality of instructional programs. The system would in the next biennium stabilize costs and forego raising tuition except to offset impacts of any unfunded inflationary increases or further reductions in the appropriation. In effect, the inflationary cost of negotiated agreements will be limited to tuition increases and staff reduction. Any salary increases that are not matched by appropriations would be mainly offset by corresponding tuition increases and funding reductions for the staffing categories which benefited from the unfunded increase.

In undertaking such a non-inflationary approach, it might be advisable for the state to consider establishing criteria or guidelines for a special early separation program. This could take the form of offering for a short period a package of unique incentives to encourage senior employees to separate from state employment.

2. Agency Proposed Initiatives

- Coordination of library collection development.
\$2,300,000 to restructure delivery of services, centralizing of specialized print materials, expanded utilization of electronic archive search and retrieval capabilities among campuses.
- Continue development of the Winona State University Center - Rochester
\$2,900,000 for the biennium to continue updating programs in the computer and health-related fields, offsetting unfunded costs of operation and debt service.
- Campus safety - Develop and implement plans to improve security
The 1992 Crime Bill directed each higher education system to evaluate security and provide to the Legislature by March 15, 1993, comprehensive plans that ensure adequate campus protection against crime. The Board's report will include a funding request for approved enhancements. Preliminary estimates are \$2,145,000 for the biennium.

3. Governor's Recommendation:

The Governor recommends a direct General Fund biennial appropriation of \$303,630,000. This recommendation includes the following changes from the base level:

- Realignment of higher education subsidies from institutional spending to direct student grants in the amount of \$25,905,000 for the biennium, and an increase in the percent of instructional costs funded with tuition to 43% in F.Y. 1994 and 45% in F.Y. 1995.
- A reduction of \$15,084,000 from the elimination of subsidies for practitioner-oriented graduate programs.
- A transfer of \$520,000 to the Department of Trade and Economic Development for Small Business Development Centers in order to centralize administration and attain greater efficiency and stability for the program.
- An increase of \$80,000 in F.Y. 1994-95 for gender equity in athletics.
- Moving \$150,000 from SUS vocational instructor preparation programs to staff development activities for the proposed youth apprenticeship program in the new Department of Children and Education Services.

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: STATE UNIVERSITY BD

ITEM DESCRIPTION:	FUND	EXPENDITURES			REVENUES		
		FY 1994	FY 1995	BIENNIUM	FY 1994	FY 1995	BIENNIUM
(A) ATHLETIC PROGRAM EQUITY	GEN	40	40	80			
(A) ELIMINATE SUBSIDIES APPLIED GRAD PROG	GEN	<7,603>	<7,481>	<15,084>			
(A) INCREASED TUIT REV - PRACT. GRAD PROGRAMS	GEN	7,603	7,481	15,084			
(A) REDUCE SEC VOC TEACHER TRN SUBSIDY	GEN	<75>	<75>	<150>			
(A) TUITION TO 43%/45% - APPROP REDUCTION	GEN	<10,893>	<15,012>	<25,905>			
(A) TUITION TO 43%/45% - INCREASED TUIT REV	GEN	10,893	15,012	25,905			
(P) MARCH SUPP/ADDL TUITION RELIEF - NR	GEN		2,867	2,867			
(P) MARCH SUPP/PRAC GRAD TUITION RELIEF - NR	GEN	5,169	2,470	7,639			
(P) MARCH SUPP/REDUCE TUITION INTENT PRAC GRAD	GEN	<5,169>	<2,470>	<7,639>			
(P) MARCH SUPP/REDUCE TUITION INTENT-ADDL RELIEF	GEN		<2,867>	<2,867>			
(P) MARCH SUPP/PRAC GRAD FIN AID - NR	GEN	1,231	1,231	2,462			
(P) STATE REINVESTMENT IN SBDOS TO DTED	GEN	<260>	<260>	<520>			
TOTAL BY FUND	GEN	936	936	1,872			
TOTAL INVESTMENT INITIATIVES		936	936	1,872			

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1994-95 Biennial Budget

AGENCY: Minnesota State University System

MISSION STATEMENT:

Minnesota's State Universities were established in the mid 1800s as normal schools to prepare teachers for the many new grade schools that were being opened across the state. The impulse of this movement was deeply democratic and designed to provide the benefits of education to all Americans. During this century, as these schools evolved into colleges and then comprehensive state universities, their missions became broader and more complex.

The mission of the Minnesota State Universities today is to provide the citizens of the state with a quality education which:

- cultivates a capacity for critical thinking,
- insures readiness for purposeful careers,
- fosters global awareness,
- confers scientific and quantitative literacy,
- encourages responsible citizenship, and
- instills the importance of values.

The Universities offer a comprehensive range of baccalaureate and selected master's degree programs in the liberal and fine arts, business, natural sciences, engineering, social and behavioral sciences, health sciences, education and many other areas.

In recent years, the Minnesota State University Board has placed increased emphasis on the development of international programs to provide students with expanded opportunities to gain an understanding of global issues. This new emphasis has resulted in the development of overseas study programs in such countries as England, Denmark, China, France, Germany and most recently in the development of a campus in Akita, Japan.

A total of 60,500 students enrolled at State Universities in the fall of 1992; for budget purposes that number translates to 52,809 Full Year Equivalent (FYE) students for F.Y. 1993.

The actual and projected FYE totals for the 5 year period 1991 through 1995 are summarized below.

	Actual F.Y. 1991	Actual F.Y. 1992	Projected F.Y. 1993	Projected F.Y. 1994	Projected F.Y. 1995
Bemidji	4,800	4,748	4,737	4,676	4,607
Mankato	14,502	14,265	13,672	13,341	12,851
Metropolitan	2,870	3,135	3,180	3,243	3,308
Moorhead	8,207	7,930	7,557	7,336	7,174
St. Cloud	14,873	14,554	14,338	14,100	14,100
Southwest	2,648	2,584	2,619	2,574	2,618
Winona	6,832	6,597	6,656	6,699	6,657
Akita	59	41	50	50	50
	54,791	53,854	52,809	52,019	51,365

MINNESOTA MILESTONES:

The work of the Minnesota State University System directly supports the major Minnesota Milestone "Learning" goal, "Minnesotans will have the advanced education and training to make the state a leader in the global economy," and indirectly "A Vision for Minnesota's Future" and "A Prosperous People". The System contributes to these goals by:

- educating citizens of the state so that they will have the economic means to maintain a reasonable standard of living;
- providing Minnesotans with the skills for lifelong learning and good citizenship; and
- offering, for those people who wish to pursue advanced education and training, the opportunity to help make the state a leader in the global economy.

The Minnesota State University System along with the University of Minnesota, the Community College System and the Technical College System provides public access to advanced education in the state. Along with the Private Colleges and the Private Trade Schools, Minnesotans have 100 possible institutional alternatives when choosing to pursue education after they graduate from high school.

The indicators that tie to the Milestone themes mentioned above will be discussed in the context of the program outcomes.

CLIMATE:

Social, Economic and Demographic Change-

One of the more important revelations of the 1990 census was Minnesota's growth in population, the highest rate of population growth in the 12-state Midwest region. The state now has 4.38 million residents, an increase of 7.3% over the past 10 years. Minnesota's nonwhite and hispanic populations account for roughly one-third of the state's population growth, this despite the fact that the minority population base in Minnesota is still small in relative terms when compared to most other states (6.3% versus 24.4% nationally). In the last 10 years, minority enrollment in the state's K-12 system has almost doubled and now comprises close to 10% of the total school population. In the Minneapolis school district, minority enrollment grew during the last decade from less than 33% to more than 53%. In St. Paul, minority enrollment now exceeds 45%.

The workforce of the new century is going to be made up, in ever increasing proportions, of people of color. Currently, the state is not well positioned to provide this next generation of workers with the tools they will need for success. This does not bode well for the economic future of the citizens of the state, be they young or old.

The census also revealed that the shift in population from rural parts of the state to urban centers continues, most especially to the seven county metro area. While these demographic trends are expected to persist, the economic contribution of the non-metropolitan area to the overall vitality of the state remains of great importance. Agriculture, wood products, mining, tourism and the recent concentration of manufacturing and retail businesses in regional centers, when taken together are an important part of the state's economy. Development along the I-94 corridor between Minneapolis and St. Cloud is changing the character of the landscape and the relationship between those cities and the smaller communities between. Likewise, Rochester, which continues to build upon its health care technology and manufacturing base, is becoming a leader for change in the upper Midwest.

1994-95 Biennial Budget

AGENCY: Minnesota State University System
(Continuation)

Minnesota's current educational policy does not adequately address these changes. Failure to do so will carry a stiff price for those that come after us. It is estimated, for example, that Minnesota pays about \$40,000 per year to keep one person in prison - about 3 times the current cost of providing a 4-year undergraduate education at one of the State Universities. This is one reason why the budget for corrections has increased 58% in inflation adjusted dollars since 1983, while funding of K-12 and higher education has grown by 12%. The concern is that our society as a whole has lost its bearings; we are at the point where choices about priorities must be made. Only wise choices will enable the state to avoid the social problems that are plaguing urban centers in other parts of the country and which are beginning to emerge in Minnesota.

Quality of Education -

In 1990 the Minnesota State University Board recognized the need to improve the quality of the education and services it provides to the state and its citizens. To that end it named a 17 member Commission to take a critical look at the enterprise with an eye on striking a balance between a historic commitment to access and today's need to improve quality. Members represented a broad range of perspectives including those of corporate executives, labor leaders, farmers, public school teachers, former legislators, civil rights' advocates, foundation officers, and recent graduates of the universities.

The Commission helped provide direction for the System and the individual universities to redefine their goals by proposing indicators of a high quality education. These goals can be achieved by the end of the decade if they are kept clearly in focus by management and if resources are targeted toward their implementation. The indicators anticipate what students graduating from the State Universities should know and be able to do if they are to be prepared to serve themselves, their families, their communities and the state.

To the Commission, "quality" means:

- Students Who Come Prepared For College
- Graduates Who Can Think Critically And Solve Problems
- Graduates Who Have A Global Vision
- Graduates Who Have A Multicultural Perspective
- Graduates Who Are Scientifically and Quantitatively Literate
- Graduates Who Are Prepared To Be Responsible Citizens
- Graduates Who Are Ready For The World Of Work

The Increasing Demand for Higher Education -

Despite the current recession, Minnesotans are heavy consumers of postsecondary education. The

state boasts the second highest high school graduation rate in the nation at 84.9%, and with 85% of high school graduates enrolling in some form of postsecondary education within 5 years of graduation, the state has one of the highest participation rates in the country. Although some may believe this is a major expense, others view higher education as an essential investment. Many companies that locate in Minnesota do so because of the highly educated work force.

Although at one time predicted to decline, enrollment over the past 8 years at the State Universities has increased by 12,069 FYE or 29%. Adults returning to earn a baccalaureate or an advanced degree and others needing to update their knowledge and skills, as well as recent high school graduates, contributed to this unexpected, extraordinary growth. The downsizing of the University of Minnesota/Twin Cities, which cut thousands of undergraduate students, also has contributed to increased student demand at State Universities. In F.Y. 1993 an estimated 52,809 FYE students are attending the State Universities. It is expected that higher admissions standards and smaller high school graduating classes will result in slightly lower enrollments through 1996. But as the numbers of high school graduates begin to rise in the second half of the decade, enrollment is expected to begin growing again. The underlying cause of this growth, as numerous surveys have shown, will be more and more Minnesota citizens believing a college education is essential to their being able to earn an adequate income. As the cost of education increases in other states, many more of these students are choosing to attend a State University closer to home. Only 76% of Minnesota high school graduates who attend postsecondary institutions do so in Minnesota. In Iowa, Wisconsin and Illinois the rate is over 90% according to the Chronicle of Higher Education.

Rising Cost of Student Tuition and Decline in Access to Financial Aid -

The combination of higher tuition, small state grants, relatively low student wages, and more expensive borrowing have put great strain on the families of State University students. Students are working more hours and borrowing more at higher interest rates in order to make ends meet. Any significant increase in such costs as tuition or fees could hinder the State Universities from carrying out their mission effectively by reducing access and damaging quality.

Since 1983 the cost of tuition for undergraduate students attending a Minnesota State University has increased 240% from \$17.65 to \$42.35 a credit hour. When measured in constant dollars (CPI), tuition has grown by over 67%.

While tuition rates have outpaced inflation, a recent analysis by the Higher Education Coordinating Board (HECB) indicates that the amount of state-funded education grants awarded to State University students declined from \$10.8 million of total awards in F.Y. 1987 to \$6.8 million in F.Y. 1990. Moreover, the average award decreased by \$132 from \$808 to \$676. This is contrary to what was intended in 1984 when Average Cost Funding (ACF) was adopted and appropriations for the state scholarship and grant program were increased by over \$14 million to offset the major tuition increases at public post-secondary institutions.

To makeup for the decline in state financial aid, Minnesota State University students have increasingly relied on loans to finance their education. From 1986 to 1990, students increased their borrowing from the State Student Educational Loan Fund (SELF) program from just over \$2 million to \$13.6 million. State University students borrowed 40% of the dollars in this program, more than the University of Minnesota, the community colleges, the technical colleges, and the proprietary schools combined. These loans require that students begin paying interest immediately upon disbursement of the loan. Although the SELF loan provides needed funds to students, it is difficult for a student to budget for because interest rates change quarterly. It also features expensive requirements such as a \$1,000 minimum loan and a co-signature. After taking out 4 SELF loans, the program maximum, a student's interest payments would be more than their tuition.

1994-95 Biennial Budget

AGENCY: Minnesota State University System (Continuation)

While participation in the relatively expensive SELF program has increased, the availability of the more desirable federal loan fund - the Guaranteed Student Loan Program (GSL) - has actually declined for State University students. This loan program, also known as the Stafford Student Loan program, is favored by students because principle interest payments are delayed until after a student has finalized his/her education. In F.Y. 1981, over 16,400 loans were made to Minnesota State University students totalling \$29 million. By F.Y. 1989, the number of State University loans was reduced to 14,654 and total volume was reduced to just over \$25 million. During the same period, loan volume at the University of Minnesota increased over \$4 million. Federal Stafford (GSL) loans also could become even more scarce for State University students because changes in the federal law raise loan maximums significantly. This could lead to more dollars going to students at more expensive institutions and fewer to State University students.

Maintaining the Investment in the Physical Plant -

Over the years, the legislature has placed high priority on assuring that state-owned buildings on the State University campuses are safe and in good repair. The current excellent state of the physical plant is in part due to the employees of the System, dedicated individuals who take pride in maintaining these facilities.

Four years ago, a method for projecting repair and replacement funding, the so-called Bariether formula, was proposed by the Department of Finance and accepted by the House and Senate divisions of appropriations and finance. Because of insufficient revenue and the relative importance of building repair and replacement among the many demands for state dollars, the Legislature has been able to fund the formula at only 33% of the full value. For the State Universities this provided \$2,500,000 in F.Y. 1993.

Our experience in maintaining the 99 state-owned buildings (6.4 million gross square feet) on our campuses, plus the 56 residence halls, student union and food service structures (3.8 million square feet) operated by the Revenue Fund, has taught us that the current level of state funding is not sufficient to properly care for the physical plant. Because of the lack of funds, many necessary projects have had to be carried over 3, 4, and 5 years. For the state-owned buildings, only 25% of the \$10.6 million in proposed projects could be authorized this year.

With almost 6.5 million gross square feet (GSF), the current state appropriation provides the equivalent of \$0.39 per GSF for repair and replacement projects for state-owned buildings on our campuses. Some of these buildings are approaching their 80th "birthday"; many buildings are 40 years or older. By comparison, the board authorized expenditures of almost \$4.9 million for repair and replacement projects for the 56 structures with over 3.8 million gross square feet that are operated on a fully self-supporting basis by the System's Revenue Fund. The System spends more than three times as much (\$1.29 per gross square foot) on the self-supported facilities than the legislature appropriates (\$0.39 per gross square foot) for state-owned buildings.

Proposed Merger of Minnesota State University System, Community Colleges, and Technical Colleges -

Passage of the bill merging three of the four public systems by the legislature in 1991 raises long term fiscal issues that should be addressed in the state's budget planning. While we lack the foresight to know whether the benefits cited by proponents or the problems cited by critics will be realized, it is clear that there is an insufficient understanding of the fiscal implications of combining the Technical Colleges, Community Colleges and State Universities. If the merger is to proceed in an orderly manner with implementation in July 1995, policy makers need to have a 6 year financial forecast in hand well before the end of the 1993 legislative session.

It can be expected that the governance structure adopted by the Higher Education Board will influence the role and function of the central management of the System. Initially, it is reasonable to assume that the cost of managing the merged system will be somewhat less than the sum of the cost of the 3 existing systems. This could change and thought needs to be given to the on-going relationship between the new Board and each of the 60 campuses with their diverse missions and constituencies. The State University Board, with responsibility for 7 campuses, and the Community College Board, with 18 campuses, relate to their respective institutions with direct knowledge and understanding of issues. Because of the sheer scope of its activities in the merged system, it will probably not be possible for the Higher Education Board to gain a similar familiarity with the issues, personnel and campuses. For that reason, prompt attention should be given to defining how the Board would govern in order to avoid a potential drift toward the development of a large, central, administrative staff. The gradual growth of a central staff over a period of time is not inevitable, but avoiding it will require a management philosophy and structure that intentionally moves authority and responsibility to the individual institutions. Whatever is done, the long-term cost of system-level management needs to be projected.

Of substantially greater importance to the overall cost of implementing the merger of the three systems is how personnel costs are controlled. Typically compensation, including salary and fringe benefits, accounts for between 80% and 85% of the overall operating budget of a college or university. In the Community College and State University Systems, a master contract covers all of the faculty in the respective systems. Compensation and workload for Technical College faculty are covered by contracts with individual schools or joint districts. Adding the Technical College clerical, technical and mid-management employees to existing state-wide bargaining units will affect costs. If, as many predict, there will be pressure to migrate faculty salaries, benefits, workloads, vacations, sick leave, and the many other elements of the collective bargaining agreements to include the most favorable provisions of the contracts now in force, the cost implications need to be understood. For these reasons it is necessary, as a part of planning statutory changes, to develop a strategy to prevent a material escalation of operating costs.

AGENCY BUDGET PLAN:

The economics of higher education are linked to a relatively limited number of variables. Short of a breakthrough in how knowledge, insights and skills are taught and learned, the number of students enrolled, the fee charged students (tuition), the average size of classes (student/teacher ratio), the time required for completion and the level of state support are the elements that, in combination, most directly influence the operating costs of a college or university.

The budget planning assumption by the Department of Finance that requires that all components of state government to prepare a plan for "absorbing" 3.5% in annual inflation costs has the effect of reducing the System's spending capacity by \$29 million over the next biennium. From our analysis of the fiscal operation of the universities, it is apparent that the introduction of further operating economies and cutting back on such things as the purchase of expendables will not come close to yielding the level of savings required. By way of example, the System's total annual spending for fuel and utilities is approximately \$9.8 million, for all supplies it is \$11.4 million, and for equipment

1994-95 Biennial Budget

AGENCY: Minnesota State University System
(Continuation)

\$9.6 million. Looking at it another way, \$29 million is about equal to the entire biennial operating budget of some of the smaller university campuses.

A reduction of \$29 million is so large that it can only be addressed through changes in the primary expense and revenue categories. Clearly the generation of this amount of savings will have a major impact on student enrollment, the programs offered by the Universities and the cost of attendance. By way of illustration, tuition would have to increase 31 % over the biennium to fully offset the loss of \$29 million. By the second year, a student would pay on average approximately \$2,564 in annual tuition, an increase of \$600. If the \$29 million were to be covered exclusively by reducing enrollment, it would be necessary to cut back the number of students admitted to State Universities by approximately 8,800 FYE students. Like many of the service industries in the private sector, higher education is a labor intensive enterprise. Savings achieved by reducing enrollment will mainly come from cut backs in spending for salaries and fringe benefits. These categories account for about 81 % of the System's budget. Enrolling fewer students would result in the elimination of 615 unclassified faculty and staff positions. Additionally it is estimated that 336 classified positions would need to be cut.

From the foregoing illustrations of a \$29 million reduction in the System's spending capacity, it is apparent that student access, the quality of programs, and the number of course sections available to enrolled students will be materially affected. Similar cuts by the other public post-secondary systems would substantially reduce the overall educational opportunities available to Minnesota citizens.

Even if it were operationally and politically practical to increase tuition by \$600 or lop off almost 8,800 students and 950 employees, one must ask whether that would be a smart thing to do absent some clear direction from the Governor or the Legislature for reshaping higher education. We think not, particularly before comparing the inflation assumption with other options for resolving the projected state budget deficit.

In working through alternatives for preparing the System's budget plan, it was important for us to recognize that the \$29 million cost of inflation is not real money but only an estimate. The dollars have not been spent nor do they need to be. More importantly, it is not essential that salaries be increased by 3.5 % each year of the biennium. Likewise, it is not carved in stone that the cost of goods and services will rise 3.5 % - even if they did, that would represent just \$5.4 million of the \$29 million. Why is it necessary that we buy into an assumption which would require major changes in the scope and cost of educational services provided citizens? As yet no good answer to this question has been put forward.

It needs to be clear that leadership can make choices - it can elect to significantly scale back important state services and support significant increases in compensation and benefits or it can choose to control the cost of salary adjustments so that the agencies and the systems will be able to make more manageable and less disruptive reductions.

The alternative approach, which we believe is more reasonable given the budget assumptions established by the Department of Finance, would have the leadership direct the state to negotiate employee agreements at levels which are consistent with the severe budget deficit. This would

permit services to be retained, money saved, and all or many state employees who would otherwise lose their jobs to continue working and contributing to the economy. The students and the taxpayers, many of whom now find themselves unemployed and in need of retraining, would not have to confront the additional economic barrier of substantially higher tuition. Should the economy improve or the legislature adopt different budget assumptions which will materially reduce the effect of the deficit, and allow all funding of salary increments all such increases should be fully funded by appropriation. Thus, the effect would not be passed on to the workforce through layoffs or to students through unreasonably higher tuition.

In light of our reexamination of the options available for addressing the cost of inflation, the System's budget plan is designed to stabilize costs and work through the recession by maintaining enrollment and program offerings at approximately the current level and negotiating only very limited salary increases. Longterm, the downside of this strategy would be to lessen the universities' competitiveness. The System's plan is founded on the principle of equity in dealing with all constituencies by controlling tuition costs, job loss and maintaining the quality of instructional programs.

The System would, in the next biennium, stabilize costs and forego raising tuition except to offset the cost of any unfunded salary increases or a further reduction in the base appropriation. In effect the inflationary cost of negotiated agreements will be linked to tuition increases and staff reductions. Any salary increases that are not matched by appropriation would be mainly offset by corresponding tuition increases and funding reductions for staffing categories which benefited from the unfunded increase.

In undertaking such a non-inflationary approach it might be advisable for the state to consider establishing criteria or guidelines for a special early separation program. This could take the form of offering, for a short period, a package of unique incentives to encourage senior employees to separate from state employment.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a direct General Fund biennial appropriation of \$303,630,000. This recommendation includes the following changes from the base level:

- Realignment of higher education subsidies from institutional spending to direct student grants in the amount of \$25,905,000 for the biennium, and an increase in the percent of instructional costs funded with tuition to 43 % in F.Y. 1994 and 45 % in F.Y. 1995.
- A reduction of \$15,084,000 from the elimination of subsidies for practitioner-oriented graduate programs.
- A transfer of \$520,000 to the Department of Trade and Economic Development for Small Business Development Centers in order to centralize administration and attain greater efficiency and stability for the program.
- An increase of \$80,000 in F.Y. 1994-95 for gender equity in athletics.
- Moving \$150,000 from SUS vocational instructor preparation programs to staff development activities for the proposed youth apprenticeship program in the new Department of Children and Education Services.

Reconciliation of F.Y. 1993 Spending to F.Y. 1994/95 Base Level
Dollars in Thousands (137,467 = 137)

SYSTEM: MINNESOTA STATE UNIVERSITY SYSTEM

ITEM	F.Y. 1994			F.Y. 1995			BIENNIAL		
	INST.	NON INST.	TOTAL	INST.	NON INST.	TOTAL	INST.	NON INST.	TOTAL
F.Y. 1993 DIRECT APPROPRIATION	165875	13791	179666	165875	13791	179666	331750	27582	359332
F.Y. 1992 CARRYFORWARD	24033	225	24258	24033	225	24258	48066	450	48516
F.Y. 1993 APPR REDUCT (1992 LEG)	-5981	1967	-4014	-5981	1967	-4014	-11962	3934	-8028
LEGISLATIVE INTENT RECEIPTS	83042	568	83610	83042	568	83610	166084	1136	167220
LEG INTENT RECEIPTS (1992 LEG)	-3019	0	-3019	-3019	0	-3019	-6038	0	-6038
EXCESS TUITION/RECEIPTS	23275	11513	34788	23275	11513	34788	46550	23026	69576
TECHNICAL ADJUSTMENT	-1157	1157	0	-1157	1157	0	-2314	2314	0
TRANSFERS OUT	-1391	-86	-1477	-1391	-86	-1477	-2782	-172	-2954
	0	0	0	0	0	0	0	0	0
F.Y. 1993 BASE-ALL STATE FUNDS	284677	29135	313812	284677	29135	313812	569354	58270	627624
F.Y. 1991 ESTIMATE ADJUST - FULL	-5766	0	-5766	-5766	0	-5766	-11532	0	-11532
F.Y. 1991 EST. ADJUST - MARGINAL	644	0	644	644	0	644	1288	0	1288
ADJUST OUT EXCESS TUITION	-23275	0	-23275	-23275	0	-23275	-46550	0	-46550
ADJUST OUT CARRYFORWARD	-24033	-225	-24258	-24033	-225	-24258	-48066	-450	-48516
ADJ FOR FYE CHG 91/92/93 - FULL	-1062	0	-1062	-6404	0	-6404	-7466	0	-7466
ADJ FYE CHG 91/92/93 - MARGINAL	-993	0	-993	-990	0	-990	-1983	0	-1983
ADJUST TRANSFERS OUT	1242	77	1319	1242	77	1319	2484	154	2638
NON-RECURRING INCOME	0	-2335	-2335	0	-2335	-2335	0	-4670	-4670
STABILIZATION RIDER	8927	0	8927	8927	0	8927	17854	0	17854
TOTAL SAME LEVEL FUNDING	240361	26652	267013	235022	26652	261674	475383	53304	528687

ALLOCATION OF SUPPORT EXPENDITURES TO PRIMARY PROGRAMS
1994-95 BIENNIAL BUDGET
POST SECONDARY EDUCATION
AVERAGE COST FUNDING - ALLOCATION SUMMARY
(Dollars in Thousands: 137,495 = 137)

MINNESOTA STATE UNIVERSITY SYSTEM - F.Y. 1 1991

	[- - - - - PRIMARY PROGRAMS - - - - -]					[- - - - - SUPPORT PROGRAMS - - - - -]			
Direct Costs	Instruction & Dept. Research	Separately Budgeted Research	Public Service	Other	Academic Support	Student Support	Institution Support	Physical Plant	Total
Akita	596	0	0	0	0	0	0	0	596
Bemidji	13,848	0	96	552	3,013	1,348	3,343	3,855	26,055
Mankato	36,761	252	1,167	1,618	8,762	3,606	7,952	5,740	65,858
Metropolitan	4,038	16	0	9	3,105	1,506	2,993	1,477	13,144
Moorhead	22,056	35	325	828	3,573	2,241	5,402	4,216	38,676
St. Cloud	40,002	497	330	789	6,958	4,344	5,709	6,365	64,994
Southwest	8,240	43	106	1,475	1,487	409	3,178	2,213	17,151
Winona	19,700	226	73	559	3,683	1,956	5,372	3,489	35,058
Chancellor's Office					793	87	3,497	130	4,507
TOTAL	145,241	1,069	2,097	5,830	31,374	15,497	37,446	27,485	266,039
Support Cost Allocations									
Physical Plant	16,734	123	242	672	3,614	1,786	4,314	(27,484)	0
Sub-total	161,975	1,191	2,339	6,501	34,986	17,283	41,762	0	266,039
Institutional Support	30,161	222	436	1,211	6,515	3,218	(41,762)		0
Sub-total	192,136	1,413	2,775	7,712	41,501	20,501	0	0	266,039
Student Support	16,043	118	232	644	3,465	(20,501)	0	0	0
Sub-total	208,178	1,531	3,006	8,356	44,966	0	0	0	266,038
Academic Support	42,343	311	612	1,700	(44,966)	0	0	0	0
FULLY ALLOCATED COSTS	250,521	1,842	3,618	10,056	0	0	0	0	266,038

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: STATE UNIVERSITY BD

				FY 1994			FY 1995		
			Est.	Current	Agency	Governor	Current	Agency	Governor
PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Spending	Plan	Recomm.	Spending	Plan	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
INSTRUCTION	248,745	253,949	283,374	260,247	260,228	260,153	260,247	255,287	255,212
NON-INSTRUCTION	26,842	27,357	29,135	26,633	26,654	27,665	26,633	26,654	27,665
OFF-BUDGET	24,906	23,788	26,119	25,957	25,957	25,957	25,957	25,957	25,957
MINNESOTA RESOURCES/LCMR	291	151	195	128	128	128	128	128	128
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY PROGRAM	300,784	305,245	338,823	312,965	312,967	313,903	312,965	308,026	308,962
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
GENERAL	174,196	170,918	198,221	172,804	174,393	162,002	172,804	170,816	154,596
MN RESOURCES	233	6	67						
STATUTORY APPROPRIATIONS:									
ENVIRONMENT TRUST		138	162						
GENERAL	101,391	110,388	114,288	114,076	112,489	125,816	114,076	111,125	128,281
STATE GOVT SPEC REV	58	145	128	128	128	128	128	128	128
FEDERAL	4,584	4,780	4,061	4,061	4,061	4,061	4,061	4,061	4,061
AGENCY	16,794	14,623	18,357	18,357	18,357	18,357	18,357	18,357	18,357
GIFTS AND DEPOSITS	3,528	4,211	3,539	3,539	3,539	3,539	3,539	3,539	3,539
STATE UNIV SUPP		36							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	300,784	305,245	338,823	312,965	312,967	313,903	312,965	308,026	308,962
POSITIONS BY FUND:									

GENERAL	83.0	86.0	86.0	86.0	86.0	86.0	86.0	86.0	86.0
ENDOWMENT	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	1,183.0	1,186.0	1,186.0	1,186.0	1,186.0	1,186.0	1,186.0	1,186.0	1,186.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: STATE UNIVERSITY BD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	338,823	338,823	312,509	312,509	22,253	22,253	4,061	4,061
TECHNICAL ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<24,257>	<24,257>	<24,257>	<24,257>				
NON-RECURRING EXPENDITURES	<2,335>	<2,335>	<2,335>	<2,335>				
LCMR-FUNDED PROJECTS	<229>	<229>			<229>	<229>		
INSURANCE PREMIUM HOLIDAY	963	963	963	963				
SUBTOTAL TECH. ADJ.	<25,858>	<25,858>	<25,629>	<25,629>	<229>	<229>		
CURRENT SPENDING	312,965	312,965	286,880	286,880	22,024	22,024	4,061	4,061
FORECAST ADJUSTMENTS								
LEG-DIRECTED ADJUSTMENTS	4,161	4,161	4,161	4,161				
ACF ENROLLMENT ADJUSTMENTS	<2,055>	<7,394>	<2,055>	<7,394>				
DED STAT APPROP SPENDING	<2,104>	<1,706>	<2,104>	<1,706>				
SUBTOTAL FORECAST ADJ.	2	<4,939>	2	<4,939>				
AGENCY BASE	312,967	308,026	286,882	281,941	22,024	22,024	4,061	4,061

1994-95 Biennial Budget

PROGRAM: Instruction
AGENCY: Minnesota State University

PROGRAM PURPOSE:

The primary purpose of this program is to provide undergraduate and graduate instruction to students enrolled in academic programs leading to formal degrees or certificates. (Instructional services designed to expand job-related skills and general knowledge that are offered in response to identified needs and do not lead to a degree or certificate are included under the non-instruction program.)

PROSPECTS:

The world's most productive societies increasingly consider the education of their citizens as an investment in the future rather than an expense in the current year. Likewise, the strategy of the State of Minnesota has been to strengthen its position in the nation by maintaining a high level of participation in quality educational programs. It is clear that for the well-being of the individual and the state there is no better hedge against the rigors of a challenging and uncertain future than a good education that instills flexibility, knowledge, wisdom, and caring.

OUTCOMES/OBJECTIVES:

QUALITY PLANNING AND PROGRESS

The Minnesota State University Board made a long-term commitment in 1989 to improving the quality of the educational experience offered to its students. As part of that commitment, known as Q-7, the State Universities are increasingly working on ways to identify and measure improved quality. This approach is consistent with objectives proposed in the Governor's commission report entitled "At the Crossroads: Higher Education in Minnesota," which emphasized establishing objectives and defining outcomes to measure progress.

The indicators of educational effectiveness that are listed below directly relate to the goals of Q-7 and university and System plans to achieve them. These goals have been articulated by each university in 2-, 5-, and 10-year plans. Some of the following outcomes and objectives, therefore, reflect areas of on-going activity for which data is routinely collected and analyzed as well as progress toward the priority Q-7 goal which each university has selected and begun to implement. Others reflect new goals, stated as outcomes to which the State Universities are committed and for which no existing, baseline data is available. By 1995, these will be expanded to include 2 additional Q-7 goals selected by each university. In total, the following measures provide both a look backward to what we have accomplished and intend to improve continuously and a look forward to improvements that the State Universities expect to achieve and measure.

REALLOCATION TO IMPROVE INSTRUCTION

- **OBJECTIVE:** Reallocate dollars to increase support for the basic underpinnings of instruction (e.g., library holdings and instructional equipment) in order to reach national standards (example: the American Library Association's 5% of total budget benchmark for library expenditures)

OUTCOME: Percent of System and institutional expenditures devoted to the instructional infrastructure, including library holdings and instructional equipment

INVESTMENT IN EMPLOYEE DEVELOPMENT

- **OBJECTIVE:** Increase the percentage of total System and university dollars allocated and/or reallocated to support on-going employee education and development and the number of employees involved

OUTCOME: Percent of System and institutional budgets expended for faculty and staff education, training, and development activities

	F.Y. 1993 Estimate	F.Y. 1995 Goal
Bemidji	1.69%	7.69%
Mankato	2.62%	3.0%
Metropolitan	3.7%	4.5%
Moorhead	2.7%	3.0%
St. Cloud	2.0%	3.0%
Southwest	5.4%	6.0%
Winona	5.2%	7.0%
System	4.0%	6.0%

PREPARATION OF ENTERING STUDENTS

- **OBJECTIVE:** Increase the percentage of students entering from high school who meet or exceed the preparation pattern defined in the policy adopted by the Minnesota State University Board in May, 1991

OUTCOME: Percent of new freshmen entering the state universities who have completed core academic courses in high school

	F.Y. 1989	F.Y. 1992	F.Y. 1995 Goal
English, 4 yrs.	86%	86%	95%
Math, 3 yrs.	79%	84%	90%
Science, 3 yrs.	61%	68%	85%
Soc. Studies, 3 yrs.	87%	90%	95%
World Lang., 2 yrs.	52%	63%	75%

QUALITY OF THE EDUCATIONAL EXPERIENCE

- **OBJECTIVE:** Increase the percentage of graduates who have completed a senior project or other capstone experience

OUTCOME: Demonstrated progress by each university toward achievement of its priority Q-7 goal

	F.Y. 1993	F.Y. 1995 Goal
Bemidji	68%	73%
Mankato	31%	35%
Metropolitan	20%	90%
Moorhead	58%	67%
St. Cloud	40%	60%
Southwest	40%	70%
Winona	67%	85%

1994-95 Biennial Budget

PROGRAM: Instruction
AGENCY: Minnesota State University
(Continuation)

- OBJECTIVE: Improve the ability of students to access and retrieve information electronically by at least 10% by F.Y. 1995

OUTCOME: Demonstrated progress toward implementation of the goals and recommendations of the Library of the Future Report

EXTERNAL EVALUATION OF QUALITY

- OBJECTIVE: Increase the proportion of alumni of state universities who indicate that their education prepared them to successfully participate as citizens and as productive members of the workforce on stratified surveys of graduates, conducted by each university in conjunction with Minnesota State University Board procedures for the review of existing programs (Chancellor's Procedure APP-1).

OUTCOME: Alumni satisfaction with the quality of their educational experience at a Minnesota State University

- OBJECTIVE: Increase the proportion of employers who indicate satisfaction with state university graduates on surveys conducted by each university

OUTCOME: Employer satisfaction with the competence and effectiveness of State University graduates

- OBJECTIVE: Maintain or increase the number of accreditable Minnesota state university academic programs awarded national accreditation

OUTCOME: The number of programs with national accreditation

	<u>F.Y. 1992</u>	<u>F.Y. 1995 Goals</u>
Bemidji	5	5
Mankato	15	16
Metropolitan	1	1
Moorhead	7	8
St. Cloud	14	14
Southwest	3	5
Winona	5	7

MANAGEMENT OF RESOURCES FOR QUALITY INITIATIVES

- OBJECTIVE: Increase the percentage of the total System budget allocated and/or reallocated in support of Q-7 quality initiatives

OUTCOME: Percent of the total System budget reallocated in support of Q-7 initiatives

	<u>F.Y. 1993 Actual</u>	<u>F.Y. 1995 Goal</u>
System Budget	1%	2%

IMPROVED RETENTION AND DEGREE COMPLETION

- OBJECTIVE: Improve the rate at which students return to a Minnesota State University immediately following completion of the freshman year

OUTCOME: Rate of retention, freshman to sophomore year

<u>F.Y. 1984</u>	<u>F.Y. 1986</u>	<u>F.Y. 1988</u>	<u>F.Y. 1990</u>	<u>F.Y. 1995 Goal</u>
70.2%	70.6%	72.5%	70.4%	75%

- OBJECTIVE: Improve the rate at which students persist at a Minnesota State University to completion of a baccalaureate degree

OUTCOME: Percent of students starting as freshmen at a Minnesota State University who complete a baccalaureate degree within 6 years

<u>F.Y. 91</u>	<u>F.Y. 1995 Goal</u>
43.4%	48.0%

- OBJECTIVE: Improve the rate at which students who complete a baccalaureate degree do so in less than 6 years

OUTCOME: Percent of new entering freshmen who complete a baccalaureate degree who do so within 6 years

	<u>F.Y. 1992</u>	<u>F.Y. 1995 Goal</u>
4 years	27%	32%
5 years	54%	60%
6 years	19%	8%

INSTRUCTIONAL FUNDING MATRIX: (dollars in thousands)

Based on a F.Y. 1991 cost study, actual direct instructional costs are determined for each of the System's 31 program categories. Indirect costs were allocated to each of the programs, resulting in fully allocated program costs. The number of student credit hours earned in each program, divided by 45 for undergraduate or 30 for graduate, result in the number of full-year equivalent (FYE) students in each program. In order to identify the high, medium and low cost programs, the fully allocated program costs were divided by the FYE in each program, resulting in an average program cost per FYE.

Under Average Cost Funding (ACF), the budget for instruction is determined by multiplying the enrollment of 2 years prior to the budget year by the average program cost per FYE. The funding

1994-95 Biennial Budget

PROGRAM: Instruction
AGENCY: Minnesota State University
 (Continuation)

mechanism is intended to reflect cost patterns within level of instruction. Following are 2 matrices that display the calculation for "regular" or fully funded enrollment and "non-regular" or marginally funded enrollment.

Regular Enrollment

	FY 91 FYE Cost	FY 94 FYE Cost	FY 92 FYE	Total Expend.	FY 95 Cost	FY 93 FYE	Total Expend.
LOWER DIVISION							
Low Range	\$3,348	\$3,455	8,357	\$28,873	\$3,455	8,137	\$28,113
Mid Range	4,187	4,321	11,208	48,425	4,321	10,756	46,474
High Range	4,893	5,049	7,757	39,167	5,049	7,462	37,675
UPPER DIVISION							
Low Range	4,308	4,445	9,220	40,984	4,445	9,178	40,799
Mid Range	5,412	5,584	6,760	37,746	5,584	6,813	38,044
High Range	8,493	8,763	2,468	21,631	8,763	2,367	20,743
GRADUATE							
Low Range	3,077	3,175	1,436	4,559	3,175	1,364	4,330
Mid Range	5,191	5,356	1,628	8,722	5,356	1,618	8,664
High Range	7,304	7,536	737	5,555	7,536	727	5,481
			49,571	\$235,663		48,422	\$230,321

Non-Regular Enrollment

	F.Y. 1994				F.Y. 1995		
	FY 91 FYE Cost	FY 94 FYE Cost	FY 92 FYE	Total Expend.	FY 95 Cost	FY 93 FYE	Total Expend.
LOWER DIVISION							
Low Range	\$3,348	\$2,263	292	\$ 662	\$2,263	296	\$ 670
Mid Range	4,187	2,853	392	1,118	2,853	392	1,117
High Range	4,893	3,339	272	906	3,339	271	907
UPPER DIVISION							
Low Range	4,308	2,924	237	694	2,924	238	696
Mid Range	5,412	3,671	174	639	3,671	177	649
High Range	8,493	5,851	64	372	5,851	61	359
GRADUATE							
Low Range	3,077	2,081	35	73	2,081	33	69
Mid Range	5,191	3,561	40	141	3,561	39	140
High Range	7,304	5,261	18	94	5,261	18	93
			1,524	\$4,698		1,526	\$4,701

PROGRAM PLAN:

As indicated in the agency narrative, higher education is a labor intensive enterprise - 81% of the total operating budget is consumed by salary and fringe benefits. Of that, 61% is committed to instructional support. While many would prefer it otherwise, the fact is that there have been no theoretical or technical breakthroughs that will materially reduce the cost of educating a student without adversely affecting the quality of instruction. Recognizing this and in the absence of direction from the legislature or the Governor indicating that the System should alter its basic mission, this budget plan is designed to maintain the current level of per student funding for instruction.

The executive branch is encouraged to pursue its plan to reinvent state government. One need not look very far to find some interesting opportunities. Much of the current structure of vertically integrated divisions and enterprises dates back to the 1939 reorganization of state government. The resulting centralized authority successfully dealt with the prevailing problems of waste and corruption. The question that should now be addressed is whether such a highly centralized model is still the best approach to managing a vastly changed state government in a much different environment. Do the numerous reviews, confirmations, approvals, and mandated services make government more efficient, flexible, and responsive or do they increase costs and cause unnecessary delays? More importantly, are individuals who are the best qualified and closest to the "action" making the decisions? Whatever the benefits of the present structure, if the state is to make significant gains in controlling costs and improving performance, decision making authority will need to be more closely linked to responsibility for results.

In our judgment, the relationship between the higher education systems and perhaps all state agencies and the Departments of Administration and Employee Relations should be substantially changed and made more market driven. Under the proposed model, operational decisions would be made by the systems and agencies consistent with available resources, established priorities, and knowledge of the needs of the constituencies that they serve.

Consistent with this proposal, the System requests that the authority and responsibility for the functions currently performed for the state universities by the Departments of Administration and Employee Relations be transferred to the State University Board. If the Board is to be held accountable for the effectiveness of the universities, it should have the authority to control and manage day-to-day operations in the most cost-effective manner and in turn be responsible for the results. This is not currently the case.

Under this proposal, the System would have the option of either buying services from the Departments of Employee Relations and Administration, providing them internally, or purchasing them from external third parties depending on cost, timeliness, and quality. Compliance with state statutes and regulations would be confirmed through an expanded internal audit program.

Costs associated with this change would be funded from the savings that would accrue to the Departments of Administration and Employee Relations as operations are transferred to the System and the departments' workloads reduced. A portion of these savings would be appropriated for use by the state universities. It is estimated that \$783,328 would be reallocated from the Department of Administration and \$854,150 from the Department of Employee Relations. These amounts are based on the 1992 statewide cost allocation analysis prepared by the Department of Finance.

In summary, the budget plan for the instructional program component provides for control of unfunded inflationary costs, reduction in supplies and equipment expenditures, the reallocation of funds from non-instruction and lower priority activities to instruction, and re-engineering of the way state government itself provides services to achieve operating economies.

1994-95 Biennial Budget

PROGRAM: Instruction
AGENCY: Minnesota State University
(Continuation)

Beyond the program plan for addressing the projected cost of inflation, there are additional initiatives which offer the potential of long-term efficiencies and savings in return for modest, up front investments. Included are projects that would provide for:

Coordination of Library Collection Development

This initiative for restructuring the way library services are delivered will, over time, reduce the cost of book acquisition, improve and increase the range of information sources available to students and faculty, and provide access to information throughout the State University System. The proposed work plan is consistent with the findings of a task force that recently studied how academic libraries should be organized and designed in the future.

Implementation of the proposal would take 2 forms:

- Copies of specialized print materials would be assigned to a central collection and circulated among the university libraries. Control of the collection would be managed through the System's automated catalog and circulation system. The needs of faculty and students in more specialized studies would be met by the universities coordinating their collection development. It would be agreed that a particular university library will acquire materials on a particular topic; others would not collect special materials in that subject. When students at a state university that hasn't collected in a special area need materials, they would be transferred either electronically or physically. If transferred physically, they would remain at that location until requested elsewhere. Over time this approach would reduce duplication of holdings, make for more efficient use of the collection and provide students and faculty access to a more extensive and up-to-date range of materials.
- Efficiencies would also be realized by moving information electronically instead of by print. Electronic bibliographies and databases are currently in everyday use around the world, and electronically transmitted texts are available by subscription. The challenge is acquiring the materials in electronic formats and securing the equipment needed to access them.

This initiative would fund the first phase of the conversion to electronic transmission of information, including purchase of equipment for accessing, using, and distributing information electronically; subscribing to electronic databases; and linking campus buildings to the library and with one another. Cost is estimated at \$1.15 million in each fiscal year.

Winona State University Center - Rochester

To meet the demand for access to baccalaureate level programs in the Rochester area, Winona State University joined with Rochester Community College a decade ago to offer a coordinated 2+2 degree program. Rochester Community College provides the freshman and sophomore years and Winona State the junior and senior years. Cost savings are realized through use of the existing academic and administrative services of the 2 institutions. This collaboration has provided an effective way of offering baccalaureate education at a cost substantially lower than would be required to establish a new state university or University of Minnesota campus.

In 1984, \$2.85 million was appropriated for construction of the Winona State University Center on the Community College campus. With the new facility, enrollment at the Center grew to more than 600 FYE students. Sixteen programs related to Rochester's unique needs have been introduced.

In 1991 when the facilities in Rochester once again were nearing capacity, the legislature appropriated \$17 million for construction of a new University Center. The Rochester higher education consortium, which joins Winona State University, Rochester Community College, and the University of Minnesota with 5 other public and private institutions, is unique in the state of Minnesota and perhaps in the nation. The structure provides greater efficiency, less duplication and overall lower costs.

Funding for operation of the Rochester Center has not kept pace with the demand for service and the expanded physical plant which requires the university to provide a subsidy to:

- offset the \$1,210,000 that is required in excess of the appropriation and revenue actually received for operating the Rochester Center.
- support the increased costs of debt service and operation for the new University Center building in the amount of \$245,000 per year.

Investment in the continued development of the Rochester Center will allow the university to continue to update programs in the computer and health-related fields and will provide for the reallocation of funds for more effective use of the new University Center. The allocation of a small portion of the savings realized from avoiding the cost of having to establish another free-standing college or university campus will ensure that Winona State University has sufficient resources to provide the upper division and graduate programs needed in the Rochester area. Costs are estimated at \$1.45 million each year.

Campus Safety

The growth in violent crime on the nation's campuses has prompted new state and federal legislative action. Public concern over crime in general and a number of tragic incidents that have recently occurred on college campuses in the state prompted legislators and the Governor to adopt an Omnibus Anti-Crime bill last year. Motivated by the need to increase physical safety of students and avoid potential financial liability, the law requires public and private institutions to develop and implement plans to improve campus security and provide mandatory training for faculty, students and staff on violence and sexual harassment.

Although 6 of 7 state universities are located in cities with populations below 50,000, not one of the campuses is immune from violent crime and resources to combat it are not adequate. When the base budgets for the four public higher education systems were set with the establishment of Average Cost Funding in 1984, campus security staffing at state universities was largely comprised of work-study students armed with flashlights. In the last decade, security requirements have changed dramatically.

To understand the change that has occurred, it is useful to compare the activity level of a security operation at Mankato State with the State Capital complex, which is located in an area with a population exceeding 2 million. The Capitol Complex Security Force has experienced 2 physical confrontations in the last 17 years. At Mankato State University during the last year, the security operation has dealt with 26 instances of physical confrontation. In addition, during that same one year period, security officers at this university handled 397 automotive and personal accidents, 10 bomb threats, 15 sex offenses, 166 incidents of vandalism, 249 thefts and 14 arsons. In the year ending on 7-1-92, the Mankato State University campus dispatch center, staffed by students, received and responded to a total of 10,218 calls for service.

1994-95 Biennial Budget

PROGRAM: Instruction
AGENCY: Minnesota State University
(Continuation)

Our goal is to reduce incidents of sexual and non-sexual violence and assault to zero and to achieve a reduction in all other types of incidents. Students, faculty, and staff are entitled to a safe and secure environment.

Preliminary estimates of the cost of heightening security sufficiently to meet the requirements set forth in law and to provide a safe learning environment are estimated at a minimum of about \$40 per student in F.Y. 1994 and then \$20 per student thereafter. Final figures will be available upon the completion of the mandated university campus security plans, which will be made available to the legislature on or before 3-15-93.

Inter-System Initiatives

In addition to the preceding initiatives, the System is pledged to collaborate with the Minnesota Technical Colleges, Minnesota Community Colleges, and the University of Minnesota in implementing 4 programs during the next biennium which are designed to improve access to quality education. These include:

- expand the delivery of courses, programs, and library materials from 1 system of post-secondary education to another using technology at 2 pilot sites in Greater Minnesota (the Northeast quadrant and Southcentral Minnesota) in F.Y. 1995 and to plan collaboratively for expanded delivery statewide.

F.Y. 1994, \$686,000

F.Y. 1995, \$457,000

- to improve services to students with disabilities and reduce the cost of compliance with federal legislation by establishing a common framework to identify individual and collective initiatives.

No funds requested

- to manage the information explosion by learning how to support off-campus learners more efficiently and effectively in the pilot projects, manage distribution and access, coordinate purchases, build a central collegiate library repository.

F.Y. 1994, \$50,000

F.Y. 1995, \$50,000

- improve information on higher education and careers to potential students in the Twin Cities.

No funds requested

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following changes to the General Fund appropriation base for Instruction:

- Realignment of higher education subsidies from institutional spending to direct student grants in the amount of \$25,905,000 for the biennium and an increase in the percent of instructional costs funded with tuition to 43% in F.Y. 1994 and 45% in F.Y. 1995.
- A reduction of \$15,084,000 from elimination of subsidies for practitioner oriented graduate programs.
- Moving \$150,000 from SUS vocational instructor preparation programs to staff development activities for the proposed Youth Apprenticeship Program in the new Department of Children and Education Services.

Minnesota State University System
Full Year Equivalent (FYE) Enrollment
Actual/Estimated

	Academic Year		Summer Session		TOTAL				Academic Year		Summer Session		TOTAL			
	Under	Grad	Under	Grad	Under	Grad			Under	Grad	Under	Grad	Under	Grad		
Bemidji	Grad	Grad	Grad	Grad	Grad	Grad	Grand		Grad	Grad	Grad	Grad	Grad	Grad	Grand	
1991	4,207	178	249	166	4,456	344	4,800	1991	12,960	746	864	303	13,824	1,049	14,873	
1992	4,208	155	274	111	4,482	266	4,748	1992	12,602	743	944	265	13,546	1,008	14,554	
1993	4,223	144	277	93	4,500	237	4,737	1993	12,471	750	855	262	13,326	1,012	14,338	
1994	4,162	144	277	93	4,439	237	4,676	1994	12,261	750	829	260	13,090	1,010	14,100	
1995	4,093	144	277	93	4,370	237	4,607	1995	12,268	750	822	260	13,090	1,010	14,100	
1996	4,072	144	277	93	4,349	237	4,586	1996	12,268	750	822	260	13,090	1,010	14,100	
1997	4,073	144	277	93	4,350	237	4,587	1997	12,268	750	822	260	13,090	1,010	14,100	
1998	4,093	144	277	93	4,370	237	4,607	1998	12,268	750	822	260	13,090	1,010	14,100	
1999	4,129	144	277	93	4,406	237	4,643	1999	12,268	750	822	260	13,090	1,010	14,100	
Mankato								Southwest								
1991	11,927	1,308	831	436	12,758	1,744	14,502	1991	2,525	0	121	2	2,646	2	2,648	
1992	11,752	1,298	820	395	12,572	1,693	14,265	1992	2,459	0	124	1	2,583	1	2,584	
1993	11,238	1,213	818	403	12,056	1,616	13,672	1993	2,495	0	118	6	2,613	6	2,619	
1994	10,904	1,255	790	392	11,694	1,646	13,341	1994	2,449	0	119	6	2,569	6	2,574	
1995	10,438	1,255	767	392	11,204	1,646	12,851	1995	2,493	0	119	6	2,613	6	2,618	
1996	10,271	1,255	756	392	11,027	1,646	12,673	1996	2,543	0	119	6	2,662	6	2,668	
1997	10,409	1,255	764	392	11,173	1,646	12,820	1997	2,593	0	119	6	2,712	6	2,718	
1998	10,552	1,255	776	392	11,328	1,646	12,974	1998	2,643	0	119	6	2,762	6	2,768	
1999	10,631	1,255	781	392	11,412	1,646	13,058	1999	2,693	0	119	6	2,812	6	2,818	
Metropolitan								Winona								
1991	2,275	163	411	21	2,686	184	2,870	1991	5,974	329	391	138	6,365	467	6,832	
1992	2,474	160	474	27	2,948	187	3,135	1992	5,797	289	387	124	6,184	413	6,597	
1993	2,522	149	483	26	3,005	175	3,180	1993	5,856	315	384	101	6,240	416	6,656	
1994	2,571	152	493	27	3,064	179	3,243	1994	5,891	317	387	103	6,279	420	6,699	
1995	2,623	155	503	27	3,125	183	3,308	1995	5,849	318	387	103	6,236	421	6,657	
1996	2,675	152	513	28	3,188	180	3,368	1996	5,861	319	387	103	6,248	421	6,669	
1997	2,729	155	523	28	3,252	183	3,435	1997	5,861	319	387	103	6,248	421	6,669	
1998	2,783	158	534	29	3,317	187	3,504	1998	5,861	319	387	103	6,248	421	6,669	
1999	2,839	161	544	30	3,383	191	3,574	1999	5,861	319	387	103	6,248	421	6,669	
Moorhead								System Total *								
1991	7,436	266	419	86	7,855	352	8,207	1991	47,363	2,990	3,286	1,152	50,649	4,142	54,791	
1992	7,185	245	419	81	7,604	326	7,930	1992	46,518	2,890	3,442	1,004	49,960	3,894	53,854	
1993	6,822	268	398	69	7,220	337	7,557	1993	45,677	2,839	3,333	960	49,010	3,799	52,809	
1994	6,611	258	398	69	7,009	327	7,336	1994	44,900	2,876	3,293	949	48,194	3,825	52,019	
1995	6,459	248	398	69	6,857	317	7,174	1995	44,273	2,870	3,273	949	47,546	3,819	51,365	
1996	6,385	228	398	69	6,783	297	7,080	1996	44,125	2,847	3,272	950	47,397	3,797	51,194	
1997	6,387	228	398	69	6,785	297	7,082	1997	44,369	2,850	3,291	950	47,660	3,801	51,460	
1998	6,413	228	398	69	6,811	297	7,108	1998	44,663	2,853	3,313	951	47,976	3,804	51,780	
1999	6,483	228	398	69	6,881	297	7,178	1999	44,954	2,856	3,329	951	48,282	3,808	52,090	

* Includes Akita FYE - 59 In FY 91, 41 In FY 92 and 50 In FY 93-99.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: STATE UNIVERSITY BD
PROGRAM: INSTRUCTION

ACTIVITY RESOURCE ALLOCATION:				FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
INSTRUCTION	248,745	253,949	283,374	260,247	260,228	260,153	260,247	255,287	255,212
TOTAL EXPENDITURES BY ACTIVITY	248,745	253,949	283,374	260,247	260,228	260,153	260,247	255,287	255,212
GOV'S INITIATIVES:	FUND								
(A) ELIMINATE SUBSIDIES APPLIED GRAD PROG			GEN			<7,603>			<7,481>
(A) TUITION TO 43%/45% - APPROP REDUCTION			GEN			<10,893>			<15,012>
(A) TUITION TO 43%/45% - INCREASED TUIT REV			GEN			10,893			15,012
(A) REDUCE SEC VOC TEACHER TRN SUBSIDY			GEN			<75>			<75>
(A) INCREASED TUIT REV - PRACT. GRAD PROGRAMS			GEN			7,603			7,481
(P) MARCH SUPP/PRAC GRAD TUITION RELIEF - NR			GEN			5,169			2,470
(P) MARCH SUPP/REDUCE TUITION INTENT PRAC GRAD			GEN			<5,169>			<2,470>
(P) MARCH SUPP/ADDL TUITION RELIEF - NR			GEN						2,867
(P) MARCH SUPP/REDUCE TUITION INTENT-ADDL RELIEF - NR			GEN						<2,867>
TOTAL GOV'S INITIATIVES						<75>			<75>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	159,239	158,121	181,379	158,252	159,820	146,418	158,252	156,243	139,012
STATUTORY APPROPRIATIONS:									
GENERAL	89,506	95,828	101,995	101,995	100,408	113,735	101,995	99,044	116,200
TOTAL FINANCING	248,745	253,949	283,374	260,247	260,228	260,153	260,247	255,287	255,212
POSITIONS BY FUND:									
GENERAL	83.0	86.0	86.0	86.0	86.0	86.0	86.0	86.0	86.0
TOTAL POSITIONS	83.0	86.0	86.0	86.0	86.0	86.0	86.0	86.0	86.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: State University System
PROGRAM: Instruction

ITEM TITLE: Governor's Supplemental Recommendations

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$5,169	\$5,337	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following non-recurring supplemental appropriations for the State University System Instruction program: \$5,169,000 in F.Y. 1994 and \$5,337,000 in F.Y. 1995.

The Governor's biennial budget proposal recommends changing the state's approach to financing higher education by concentrating more resources on grants to students, and less on direct payments to institutions. The Governor continues to believe that funding students rather than systems is the best way of allocating higher education dollars. With the additional forecast General Fund revenues, however, comes an opportunity for more gradual movement toward this policy goal.

To soften the effects of potential tuition increases for practitioner graduate students, the Governor recommends non-recurring appropriations of \$5,169,000 in F.Y. 1994 and \$2,470,000 in F.Y. 1995. These funds may be used by the State Universities to reduce tuition increases from making these programs self-supporting in F.Y. 1994. Under this recommendation, these programs are still expected to be self-supporting by F.Y. 1996.

In addition, the Governor recommends additional tuition relief for the State Universities in the amount of \$2,867,000 in F.Y. 1995. These funds are expected to maintain F.Y. 1995 tuition rates at F.Y. 1994 levels in all programs except practitioner-oriented graduate programs. The Governor recommends that this appropriation be reduced dollar-for-dollar in tuition increases above the F.Y. 1994 levels.

1994-95 Biennial Budget

PROGRAM: Non-Instruction
AGENCY: Minnesota State University System

PROGRAM PURPOSE:

As the title indicates, the program designated Non-Instruction includes those activities which do not support the offering of instruction for which academic credit is granted. Two functions, research and public service, have been a part of the historic mission of the State Universities and are, for the purpose of this budget, defined as non-instruction. The program also includes a mix of other budget categories not recognized elsewhere such as student financial aid, intercollegiate athletics, non-allocation income and state grants.

PROSPECTS AND OUTCOMES:

Separately Budgeted Research - The research undertaken by the Minnesota State Universities is intended to:

- Strengthen the instructional program by providing students and faculty with the opportunity to apply theoretical concepts to practical problems.
- Contribute to the economic vitality of the state and the regions in which each university is located by supporting business and industry through the transfer of technology and development of management services.

Many of the research projects link classroom instruction with the work of meeting the needs of local industry. Examples include biotechnology at Mankato, St. Cloud's electrical engineering program, and the composite materials program at Winona. Applied research projects in these and other programs have both instructional and non-instructional purposes. The vast majority of research conducted by the universities is funded by external grants, and only a relatively small amount of appropriated dollars are committed to that purpose. In total approximately \$1.1 million is directly allocated for faculty research activities.

Because baccalaureate and master's degree level instruction is the primary mission of the State Universities, research historically has not been emphasized. More recently, as the universities have assumed a greater role in the economic development of their regions, applied research and technical assistance have grown in importance.

In 1987, the Minnesota State University Board approved the development of Minnesota SURE Access, a systemwide mechanism through which the professional and physical resources of the System were applied to meet the needs of Minnesota businesses and communities. Utilizing an electronic catalogue of more than 700 faculty profiles as well as descriptions of the physical resources that are available, SURE Access has responded to more than 1,300 requests for assistance since 1988. Because the System now lacks sufficient funds to continue maintaining the database and providing the service, SURE Access has been transferred to Minnesota Technology, Inc. (MTI) and incorporated into its university resources database. Through this cooperation with MTI, the Minnesota State Universities can continue to make the knowledge and talents of their faculty available while focusing scarce resources on their primary mission.

Public Service -

Since being established in the 1850s, the State Universities have served as regional centers of learning, culture, recreation, and business/technical assistance. They offer non-credit courses, regional planning assistance, reference and speaker services, facilities for meetings, radio/television programs, special events, and assistance to local units of government, including school districts.

Traditionally, the universities' public service activities are primarily by-products of the programs conducted by academic departments and student support services. As such, appropriated funds are not generally budgeted specifically for this purpose. Speakers and artists brought to the campuses to enrich the intellectual and cultural environment for students also provide communities with special informational and performance opportunities at no additional cost to the institution or the state.

Likewise, the State University Board's Cultural Diversity initiative, designed to make the campus environments more reflective of society in general by increasing the diversity of the student body, faculty, and curriculum at each university, provides the schools and citizens in the surrounding community with multicultural experiences. Supported through internal allocations and some external funding in the form of grants, the Cultural Diversity initiative offers significant opportunities to bring each university and its host community together to meet the challenges of our global society.

Additionally, the universities maintain relationships with business, industry and government in countless forms ranging from student internships to organized economic assistance. Small Business Development Centers (SBDC) operate at five Minnesota State Universities (Mankato, Moorhead, St. Cloud, Southwest, and Winona), as do federally funded Small Business Institutes (Bemidji, Mankato, Moorhead, St. Cloud and Winona). These centers aid businesses, industries, and individuals by providing training, counseling, research, business and marketing assistance, and resource materials.

Financial Aid -

This activity provides matching funds for the grant, loan and work study awards that are made to students who need help in paying their educational costs. The expenditures are entirely for monies paid or loaned to students through the campus-based financial aid programs. Financial aid or loan programs under the fiscal control of other agencies or lending institutions are excluded, as are salaries paid to student employees of the Universities.

The matching component of the financial aid function consists of the following:

Grant -	Supplemental Educational Opportunity Grant (SEOG)
Work Opportunity -	Federal Work Study Program State Work Study Program Perkins Student Loan

In F.Y. 1991 the number of recipients of aid awards were:

SEOG	5,268
Perkins Loan	3,887
Federal Work Study	3,284
State Work Study	1,500

1994-95 Biennial Budget

PROGRAM: Non-Instruction
AGENCY: (Continuation)

The Higher Education Re-authorization Act recently passed by the Congress has the effect of shifting a greater share of the net cost for funding federal grant and loan programs to the state. During the first year of the biennium, the State University System's matching share for the Perkins Loan and SEOG programs will increase from 10% to 15% and 25% respectively. The match for Federal Work Study will be cut back from 30% to 25%. The System's share of the match for the Perkins Loan will increase again in the second year from 15% to 25% of the total cost.

Based on the current levels of financial aid awards, it is projected that the changed matching levels for the federal programs will cost the System an additional \$372,000 in the first year of the biennium and \$772,000 more in the second, a total of almost \$1,200,000 that must be diverted from the operation of the universities.

The Legislature appropriates funds for the State Work Study Program to the Higher Education Coordinating Board (HECB), which in turn transfers an allotment to the State University System each year. These funds are not reflected here—only the money appropriated to the State University System that is used to match the HECB grant is shown.

Intercollegiate Athletics - This program is intended to provide as many students as possible with a broad range of opportunities to participate in competitive sports. In 1991, 2,609 students participated in intercollegiate athletics including 1,858 men and 751 women. On a system-wide basis, 4.8% of the students participated in some form of intercollegiate athletics.

Moorhead State University men captured the Northern Intercollegiate Conference championships in cross-country, indoor track and outdoor track, and won the NAIA District 13 cross-country title. The University also sent athletes to NAIA National meets in cross-country, wrestling, indoor track and outdoor track. MSU women won the Northern Sun conference and NAIA District 13 cross-country titles and sent qualified women to NAIA National meets in cross-country, indoor track and outdoor track.

St. Cloud State University's baseball team won the conference title and advanced to NCAA regional. The women's tennis team won the NCC title, and the men's tennis team tied for the NCC title.

In 1991 a total of \$8.4 million was spent in the direct support of athletics. M&E funds provided \$4.7 million of that amount. The sources of income for the remaining \$3.7 million were student activity fee income, team revenues, and funds raised by the teams themselves or external organizations such as booster clubs or chambers of commerce. Equity in athletic programs has been a long-time priority of the Minnesota State University Board as evidenced by the funding provided for men's and women's sports. Systemwide, \$3,183 was expended from all sources for each male athlete and \$3,497 for each female participant.

State Grants/Non-Allocation Income - Two budget categories that in previous bienniums were treated as "off budget" are now included in order to maintain continuity with the state's revenue forecasts.

State Grants consist of payments received from other units of state government. The grants consist of payments from a cross-section of state departments including DNR, Human Services, Agriculture and others for services provided by the universities and represent about \$1.7 million per year.

Non-Allocation Income primarily represents revenue received for the direct cost of child care, library fines, summer workshops, graduation funds, conferences, etc. for a total of \$10.1 million in F.Y. 1991.

Funds associated with State Grants and Non-Allocation Income are treated as miscellaneous receipts and not included in the Average Cost Funding (ACF) computation.

PROGRAM PLAN:

While there are some opportunities to reduce costs, the potential for achieving substantial savings from this program are relatively limited, as it represents just 10% of the System's total expenditures.

The direct cost of separately budgeted research in F.Y. 1991 accounts for \$1.1 million or .4% of overall System spending. Reductions would be counter-productive as this component of the program supports regional economic development and provides students with valuable "hands on" learning experiences. Financial aid expenditures at \$1.1 million consist of the matching funds for the Federal Work Study Program, the State Work Study Program, Perkins Student Loan and the Supplemental Opportunity Grants, as indicated previously. Before these expenditures are reduced, a shift in priorities away from student financial aid should be first directed by the Governor and legislature.

There are some aspects of the public service functions of this program, particularly special courses for working adults, that could be reduced with a possible savings. Scaling back or eliminating assistance to small business development might also yield a savings. Likewise, support for intercollegiate athletics and university development programs can, over a period of time, be reduced by shifting support for these activities to other sources of revenue and public contributions.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following changes to base level funding for the non-instructional program:

- An increase of \$80,000 in F.Y. 1994-95 to fund gender equity for athletics.
- A transfer of \$520,000 for Small Business Development Centers in order to centralize administration in the Department of Trade and Economic Development and attain greater efficiency and stability for the program.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: STATE UNIVERSITY BD
PROGRAM: NON-INSTRUCTION

ACTIVITY RESOURCE ALLOCATION:	FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====
NON-INSTRUCTION	26,842	27,357	29,135	26,633	26,654	27,665
=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	26,842	27,357	29,135	26,633	26,654	27,665
=====	=====	=====	=====	=====	=====	=====
GOV'S INITIATIVES:	FUND					
=====	=====			=====		
(A) ATHLETIC PROGRAM EQUITY			GEN			40
(P) STATE REINVESTMENT IN SBDOS TO DTED			GEN			<260>
(P) MARCH SUPP/PRAC GRAD FIN AID - NR			GEN			1,231
=====	=====			=====		
TOTAL GOV'S INITIATIVES					1,011	1,011
=====	=====			=====		
SOURCES OF FINANCING:						
=====	=====			=====		
DIRECT APPROPRIATIONS:						
GENERAL	14,957	12,797	16,842	14,552	14,573	15,584
STATUTORY APPROPRIATIONS:						
GENERAL	11,885	14,560	12,293	12,081	12,081	12,081
=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	26,842	27,357	29,135	26,633	26,654	27,665
=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:						
=====	=====			=====		
TOTAL POSITIONS						

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: State University System
PROGRAM: Non-Instruction

ITEM TITLE: Governor's Supplemental Recommendations

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$1,231	\$1,231	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following non-recurring supplemental appropriations for the State University System Non-Instruction program: \$1,231,000 in F.Y. 1994 and \$1,231,000 in F.Y. 1995. The recommended appropriations are to enable the State University System to establish a need-based financial aid program for students *currently* enrolled in practitioner-oriented graduate programs.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: State University System
PROGRAM: Non-Instruction

ITEM TITLE: Small Business Development Centers

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$(260)	\$(260)	\$(260)	\$(260)

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial reduction to the general fund appropriation for Non-Instruction in the amount of \$520,000 to redirect resources devoted to the administration of the Small Business Development Centers.

These funds would instead be appropriated to the Department of Trade and Economic Development, the agency that currently coordinates the federal cash match grant program.

By M.S. 116J.68(n) the Department of Trade and Economic Development (DTED) administers the network of federally-created small business development centers in Minnesota. Federal law (15 USC 648) requires that the majority of service sites be at institutions of higher education. Of twenty-four sites in Minnesota, twenty are located at institutions of higher education: five of which are in the State University System.

The state receives \$1.3 million each calendar year which must be matched dollar-for-dollar with non-federal monies. Fifty percent of that match must be in cash. This arrangement puts these funds at risk of cutbacks due to institution funding concerns with resultant loss of federal funds.

With DTED administration of the program:

- Service delivery can be improved by coordinating the program objectives with the department objective of fulfilling creating a business environment that stimulates new business creation and innovation.
- Participating institutions of higher education can focus on raising additional funds from the local community to meet local needs.

- The program will continue to be subjective to rigorous outcome-based performance measures.

By assumption of the costs and funding for this program, DTED improves its regional service delivery in a cost-effective manner, preserves local service delivery sites responsive to local needs, and eliminates current uncertainty surrounding program funding and levels of effort.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: State University System
PROGRAM: Non-Instruction

ITEM TITLE: Promoting Gender Equity in Athletics Funding

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
General Fund				
- Non-Instruction	\$40	\$40	\$40	\$40
Revenues: (\$000s)				
-	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a direct general fund biennial appropriation increase of \$80,000 to provide additional funds in support of womens' athletic programs at the State Universities.

The Governor's recommended funding is equal to estimated F.Y. 1993 state sales taxes collected by the Department of Revenue from gate receipts for athletic events at the State Universities. This amount is proposed as the basis from which to develop the initial and ongoing appropriation level, but is not intended to create a dedication of those *specific* receipts into the future.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: STATE UNIVERSITY BD
PROGRAM: OFF-BUDGET

				FY 1994			FY 1995		
			Est.						
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
OFF-BUDGET	24,906	23,788	26,119	25,957	25,957	25,957	25,957	25,957	25,957
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	24,906	23,788	26,119	25,957	25,957	25,957	25,957	25,957	25,957
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									

STATUTORY APPROPRIATIONS:									
ENVIRONMENT TRUST		138	162						
FEDERAL	4,584	4,780	4,061	4,061	4,061	4,061	4,061	4,061	4,061
AGENCY	16,794	14,623	18,357	18,357	18,357	18,357	18,357	18,357	18,357
GIFTS AND DEPOSITS	3,528	4,211	3,539	3,539	3,539	3,539	3,539	3,539	3,539
STATE UNIV SUPP		36							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	24,906	23,788	26,119	25,957	25,957	25,957	25,957	25,957	25,957

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: STATE UNIVERSITY BD
PROGRAM: MINNESOTA RESOURCES/LCMR

				FY 1994			FY 1995		
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
MINNESOTA RESOURCES/LCMR	291	151	195	128	128	128	128	128	128
TOTAL EXPENDITURES BY ACTIVITY	291	151	195	128	128	128	128	128	128
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
MN RESOURCES	233	6	67						
STATUTORY APPROPRIATIONS:									
STATE GOVT SPEC REV	58	145	128	128	128	128	128	128	128
TOTAL FINANCING	291	151	195	128	128	128	128	128	128

TECHNICAL COLLEGE SYSTEM

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1994 - 1995 BIENNIAL BUDGET

PROGRAM STRUCTURE

Agency: **TECHNICAL COLLEGE SYSTEM**

PROGRAM

Instruction

Non-Instruction

State Council

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MINNESOTA TECHNICAL COLLEGE SYSTEM

ORGANIZATIONAL CHART 1-1-93

STATE BOARD OF
TECHNICAL COLLEGES

SYSTEM OFFICE
Carole Johnson, Chancellor

Consolidated Regional
Colleges

Regional College Boards

1. Albert Lea/Mankato
 - Albert Lea
 - Mankato
2. Brainerd/Staples
 - Brainerd
 - Staples
3. Hutchinson/Willmar
 - Hutchinson
 - Willmar
4. Northwest
 - Bemidji
 - Detroit Lakes
 - East Grand Forks
 - Moorhead
 - Thief River Falls
 - Wadena
5. Range
 - Eveleth
 - Hibbing
6. Red Wing/Winona
 - Red Wing
 - Winona
7. Riverland
 - Austin
 - Faribault
 - Rochester
8. Southwestern
 - Canby
 - Granite Falls
 - Jackson
 - Pipestone

Intermediate District
Colleges

Intermediate Boards

9. Dakota County
10. Hennepin
 - Brooklyn Park
 - Eden Prairie
11. Northeast Metro

Independent School
District Colleges

K-12 Boards

12. Alexandria
13. Anoka
14. Duluth
15. Minneapolis
16. Pine
17. St. Cloud
18. St. Paul

11 Member Citizens Board Appointed by Governor

Robert Cahlander, First Congressional District; Joan "Jody" Olson, Second Congressional District; Gary Mohrenweiser, Third Congressional District; Billeigh Riser, Fourth Congressional District; James C. Bernstein, Fifth Congressional District; Terance "Terry" Smith, Sixth Congressional District; Doug Knowlton, Seventh Congressional District; Muriel S. Abram, Eighth Congressional District; F.B. Daniel, (At Large); Donna Anderson, Chair (At Large); Robin Mochinski, Student Representative

1994-95 Biennial Budget Agency Budget Brief (\$ in thousands)

Agency: Minnesota Technical College System

Fund: General

1. Summary of Agency Actions

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$150,222	\$150,181	\$318,403
	\$159,224	\$159,183	\$318,407
Forecast Adjustments	4,156	2,843	7,999
	<u>3,669</u>	<u>3,202</u>	<u>6,871</u>
AGENCY BASE	\$162,278	\$162,024	\$326,402
	\$162,893	\$162,385	\$325,278
Projected Cost Increases	7,829	15,875	23,704
Agency Management Decisions:			
Agency Operations			
Reduction in Staff			
Approx. 122 positions systemwide	(5,480)	(11,113)	(16,593)
Savings from Coring of Courses, Program Alignment, TQM Assistance Project, Other spending reductions	(2,349)	(4,762)	(7,111)
Subtotal	<u>\$ (7,829)</u>	<u>\$ (15,875)</u>	<u>\$ (23,704)</u>
TOTAL AGENCY PLAN	\$162,278	\$162,024	\$326,402
	\$162,893	\$162,385	\$325,278
Governor's Initiatives			
Eliminate part of Extension subsidy	\$(16,500)	\$(16,500)	\$(33,000)
Tuition Increase from 27% to 34% to 36%	(42,982)	(47,611)	(21,592)
	<u>(6,692)</u>	<u>(13,997)</u>	<u>(20,689)</u>
State Reinvestment in SBDC's to DTED	(200)	(200)	(400)
Subtotal	<u>\$ (23,392)</u>	<u>\$ (30,697)</u>	<u>\$ (54,089)</u>
GOVERNOR'S RECOMMENDATION	\$132,696	\$128,713	\$261,409
	\$139,501	\$131,688	\$271,189

2. Brief Explanation of Agency Plan

Assuming cost increases of 3.5% each year of the coming biennium, the Board will make significant reallocations among institutions. Eighteen colleges negotiate separately with collective bargaining units, and costs of those settlements are beyond the scope of Board control.

The Board has approved 4 initiatives as investments in instructional capabilities and quality, and which the System contends would enhance long-run effectiveness and efficiency in delivery of educational services:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
Staff Development	1,000	1,000	2,000
Supplemental Services	664	1,171	1,835
Instructional Technology	2,500	2,500	5,000
Northwest College ITV	300	300	600

3. Governor's Recommendation:

The Governor recommends the following:

a) Reallocation of state resources from institutional subsidy to direct student aid. The recommendation increases the portion of instructional costs funded with tuition from the current 27% to 36% by F.Y. 1995. This will decrease the system biennial subsidy by \$21,592,000 \$20,689,000. These revenues will be used to meet financial aid program costs resulting from federal changes, and to address inadequacies in the current aid program.

b) Reallocation of \$33,000,000 from the Extension program in fiscal years 1994-95 to fund changes in the student grant programs, and to establish Education and Training accounts for low income children. The \$6,800,000 in funding remaining in the extension program is intended for continuing high priority programs for emergency medical training, firefighting, and home health care.

c) Centralizing the administration of Small Business Development Centers (SBDC) within the Department of Trade and Economic Development. F.Y. 1993 expenditure levels within the higher education systems for this program are to be transferred to DTED.

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: TECHNICAL COLLEGE

ITEM DESCRIPTION:	FUND	EXPENDITURES			REVENUES		
		FY 1994	FY 1995	BIENNIUM	FY 1994	FY 1995	BIENNIUM
(A) REDUCE EXTENSION/SHORT COURSE SUBSIDY	GEN	<16,500>	<16,500>	<33,000>			
(A) TUITION TO 34%/36% - APPROP REDUCTION	GEN	<6,692>	<13,997>	<20,689>			
(A) TUITION TO 34%/36% - INCREASED TUIT REV	GEN	10,785	14,564	25,349			
(P) INCREASE EXTENSION/SHORT COURSE FEES	GEN	16,500	16,500	33,000			
(P) MARCH SUPP/ADDL TUITION RELIEF - NR	GEN		8,844	8,844			
(P) MARCH SUPP/ADDL TUITION RELIEF - NR	GEN		<8,844>	<8,844>			
(P) MARCH SUPP/EXTENSION FEE RELIEF - NR	GEN	14,000	8,250	22,250			
(P) MARCH SUPP/REDUCE EXTENSION FEE INTENT - NR	GEN	<14,000>	<8,250>	<22,250>			
(P) MARCH SUPP/REG ENROLL-REDUCE TUITION INTENT -	GEN	<5,678>	<6,180>	<11,858>			
(P) MARCH SUPP/REGULAR ENROLL TUITION RELIEF - NR	GEN	5,678	6,180	11,858			
(P) STATE REINVEST IN SBDGS TO DTED	GEN	<200>	<200>	<400>			
TOTAL BY FUND	GEN	3,893	367	4,260			
TOTAL INVESTMENT INITIATIVES		3,893	367	4,260			

AGENCY: Minnesota Technical College System

MISSION STATEMENT:

Minnesota operates a post secondary technical education system with eighteen colleges at thirty-four campuses.

In August 1992, the State Board of Technical Colleges reaffirmed our system's purpose with the adoption of the following mission statement:

The Minnesota Technical College System provides technical education and skills training for careers requiring other than a baccalaureate for entry and for career enhancement in a changing work place.

To meet the current and ever changing needs of our customers, we offer technical instruction in several packages:

- Diploma programs in more than 270 occupational areas
- 229 AAS Degree programs
- Certificates of Proficiency
- Certificates of Advanced Technical Specialization
- Hour Based Courses
- Customized Training

Governance of the system is at two levels. All statewide decisions affecting the system are the responsibility of the State Board. Management of the day-to-day operations, including employment, budgeting, and local policy, is the responsibility of locally elected boards. As of July 1, 1992, there were seven colleges managed by elementary/secondary boards, three by intermediate school boards, and eight by regional joint district boards.

VISION AND GOALS:

Within the framework of our mission, our vision is:

By 2001, the Minnesota Technical College System will be recognized as the preferred provider of education for employment essential to the economic vitality of Minnesota.

Five long term goals, along with related short term goals, are guiding the system towards attainment of its vision. Each long term goal is tied to specific customer groups. They are:

LONG TERM GOALS:

1.0 Exceed Customer Expectations

VOICE OF CUSTOMER:

Students
Business, Industry,
Agriculture & Labor

2.0 Expand and Improve
Staff Development

3.0 Focus and Strengthen
Relationships and
Build Partnerships

4.0 Improve Effective Use
of Resources

5.0 Increase Diversity of
Students and Staff

Staff of Technical Colleges
Staff of System Office

State and Federal
Policy Makers, Business
and Industry, Advisory
Groups, Higher Education
Systems, K-12 Education,
Economic Development
Agencies, Other Local,
State and Federal Agencies

Students, Taxpayers, State
and Federal Policy Makers

Students, Staff of
Technical Colleges,
Staff of System Office

OUTCOMES AND MEASUREMENTS:

Performance indicators for each of the long term goals have been identified. The indicators reflect the priorities of our quality strategic plan and incorporate the expectations outlined in Minnesota Milestones.

The Milestones document specifically identified placement of graduates as an indicator for our system in achieving the goal "Minnesotans will have the advanced education and training to make the state a leader in the global economy." The system's long term goals are also responsive to other goals in Milestones:

We will welcome, respect and value people of all cultures, races and ethnic backgrounds.

Rural areas and small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work.

Minnesotans will excel in basic academic skills.

People with disabilities have the opportunity to participate in society.

1.0 Exceed Customer Expectations:

The Minnesota Technical College System is dedicated to improving customer satisfaction. Areas which need improvement can be identified through measurements of satisfaction.

Indicator: Related Placement

With a mission of Education for Employment, there is an expectation that our students will be able to obtain employment, in a related occupation, after completion of a training program. Currently,

1994-95 Biennial Budget

AGENCY: Minnesota Technical College System
(Continuation)

job titles and duties of employed graduates are reported to the State Board, where staff determine if the job is related to the graduate's program of study.

Baseline Data: Class of 1989 Class of 1990

Related Placement 84% 85%

Target: Ninety-five percent of graduates are employed in an occupation related to their training.

	1995	2000	2005	2010
	87%	91%	93%	95%

Indicator: Graduate Satisfaction

As part of the follow-up process, twenty-five percent of graduates are randomly sampled to respond to two statements:

1. My training was important for my getting a job.
2. I was satisfied with my training program.

The responses are given on a four point scale, ranging from strongly agree to strongly disagree.

Baseline Data:	Class of 1989		Class of 1990	
	Stmt 1	Stmt 2	Stmt 1	Stmt 2
Strongly agree	43.1	32.4	39.3	30.6
Agree	49.9	58.9	53.8	61.3
Disagree	6.2	7.0	6.1	6.9
Strongly Disagree	.8	1.6	.9	1.2

Target: Sixty percent of employed graduates strongly agree that their training was important in obtaining a job and fifty percent of graduates strongly agree that they were satisfied with their training program.

	1995	2000	2005	2010
Statement 1	45	50	55	60
Statement 2	35	40	45	50

Additional indicators for this goal would focus on measuring satisfaction ratings of key products and services by other customer groups.

2.0 Expand and Improve Staff Development:

All personnel shall have the opportunity to maintain, improve and expand work skills within an organizational climate that supports and encourages personal growth.

Indicator: Return to Industry Internship Program

Our faculty internship program was developed based on a recommendation from the High Technology Council. Since its initiation in 1987, more than 1,011 instructors have completed internships with more than 912 companies. The internships are usually three weeks in length. One way to measure this program is to ask the participants about their experiences.

Baseline: Percent of participating faculty willing to repeat internship process.

F.Y. 1989

95%

Percent of participating companies willing to provide another internship.

F.Y. 1989

99%

Target: 100% of participating companies are willing to provide an internship opportunity for another instructor. 100% of participating faculty want to repeat the internship experience.

F.Y. 1993

F.Y. 1995

Companies	99%	100%
Faculty	97%	100%

Indicator: When evaluating any staff development experience, it's important to measure the application of new knowledge to current processes. With the internship program, the application can be measured by changes to curriculum taught. The participants from the 1988 and 1989 internships were randomly sampled to determine what changes to curriculum were made based on internship experiences.

Baseline: Percent of participating faculty that modified curriculum.

1989

96%

Target: 100% of participating faculty will modify curriculum as a result of internship experience.

1992	1995	2000	2005
97%	98%	99%	100%

1994-95 Biennial Budget

AGENCY: Minnesota Technical College System
(Continuation)

Additional indicators for this goal would focus on employees' satisfaction with commitment to staff development and management's satisfaction with an increase in staff performance directly related to training.

3.0 Focus & Strengthen Relationships and Build Partnerships:

A collaborative activity might be classified as either a relationship or partnership depending on its characteristics. Relationships are generally more informal, are mutually beneficial and interdependent, and evolve into a shared support system. Partnerships are more formal relationships, often with responsibilities defined in a written document, and outcomes outlined and evaluated.

Indicator: Tech Prep - Partnerships with K-12 system.

One of our primary partnerships with K-12 is in the area of Technology Preparation (Tech Prep). This federally funded initiative is aimed at students in the last two years of high school and the first two years of post secondary education, and opens pathways leading to skilled employment or further education in technical fields. Tech Prep is intended to provide a viable alternative to traditional college preparation programs for the "forgotten half" of students whose learning styles and interests are better served in an applied learning context.

Baseline: Number of school districts participating in tech prep partnerships with technical colleges.

<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
88	245

Target: To increase the number of school districts participating in tech prep partnerships with technical colleges.

<u>F.Y. 1995</u>	<u>F.Y. 2000</u>	<u>F.Y. 2005</u>
255	343	430

Indicator: Mission Delineation Agreement - Partnership with other Higher Ed Systems

In 1985, the legislature requested that public higher education missions be differentiated. In 1991, the legislature required the Higher Education Advisory Council (HEAC) to review system programs to ascertain that offerings inconsistent with mission be eliminated or transferred in a timely manner.

While progress has occurred since 1983, work clearly remains, especially with sub-baccalaureate programs. The report from HEAC clearly identifies issues to be resolved.

Baseline: Number of Technical College system programs not compliant with mission delineation agreement.

F.Y. 1992

3

Target: The number of technical college programs not consistent with the mission delineation agreement will be 0.

F.Y. 1993

0

Additional indicators for this goal would focus on transfer agreements with other higher ed institutions and on partnerships with Jobs and Training.

4.0 Improve Effective Use of Resources:

Effective use of resources can be defined by the highest quality of products and services provided with an efficient use of resources. Staff, facilities, equipment, money, and alumni are some of the key resources available to the system.

Indicator: Administrative Costs

A major directive of Campaign 2001 was to improve the efficiency and effectiveness of colleges' operations. In response, the number of administrative units has been reduced from thirty to eighteen. The next phase is for the new regional colleges to review all functions with a focus on streamlining and consolidating processes. One indicator of this would be a reduction in resources used for administration and operations.

<u>Baseline:</u>	<u>F.Y. 1991</u> <u>Admin Costs</u> <u>as % of total</u>
	14.28%

Target: The percent of expenditures for administrative costs will be reduced and the funds will be reallocated to direct services to students.

<u>F.Y. 1993</u>	<u>F.Y. 1996</u>
13%	12%

Indicator: An expanded network for telecommunications and the resulting increase in use will facilitate a more effective use of resources. For instruction, efficiency needs to be balanced with the appropriateness of this delivery method for student learning styles and the content of instruction to be delivered. Within this balance, the number of courses shared among multiple technical colleges can be increased.

Baseline: College campuses with telecommunication capability and number of shared courses

1994-95 Biennial Budget

AGENCY: Minnesota Technical College System
(Continuation)

	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>
Campuses	11	14	21
Courses			134

Target: All technical college campuses will be connected through telecommunications network and number of courses appropriately delivered through telecommunications will increase.

	<u>F.Y. 1993</u>	<u>F.Y. 1995</u>
Campuses	29	34
Courses	165	190

Additional indicators for this goal would focus on facility usage and instructional capacity.

5.0 Increase Diversity of Students and Staff:

Our system believes in the statement of John Mercer, State Council, that diversity is a value of inclusiveness rather than exclusiveness. Within that value, all participants have a contribution to make to the whole and there is an awareness and respect for differences; racial, ethnic, gender, disability or lifestyle.

Indicator: One benchmark against which to measure the diversity of the system's enrollment is the population of the state.

Baseline:

Population Group	1990	1990
	<u>Minnesota</u>	<u>Technical Colleges</u>
Race/Ethnicity	6.9%	7.7%
Female	50.9%	48.52%
People with Disabilities	10.2%	5.73%
Limited English Proficient	.9%	2.38%

Target: The percent of targeted groups of students within the technical colleges will reflect the population makeup of Minnesota.

	<u>1995</u>	<u>2000</u>
Female	49.5%	50.9%
People with disabilities	8.4%	10.2%

Indicator: Another measurement of diversity is the placement rate of target groups as compared to the placement rate of all graduates.

Baseline:

	<u>Class of 1990</u>
All graduates	85%
People of Color	74%
Female	85%
People with Disabilities	81%
Limited English Proficient	76%
Non-traditional students	86%

Target: The placement rate of target groups will meet or exceed the placement rate average of all graduates.

	<u>1995</u>	<u>2000</u>	<u>2005</u>	<u>2010</u>
All graduates	87%	91%	93%	95%
Target groups	86%	89%	92%	95%

Reallocation Alternatives: As this biennium approaches and the outlook for sustained state resources is dim, the greatest challenge for our system is the continuation of high quality instruction and services to our customers with fewer resources.

Elimination of services, reduced offerings and increased tuition are inevitable. The degree to which each must be done will depend on the ingenuity of the system to attain the third long term goal of improving the effective use of resources.

The guidelines for this biennial budget directed agencies to project a 3.5% inflationary increase for each year of the biennium. Since all staff contracts at the colleges are negotiated by local boards, it's more difficult to assess the reality. The joint districts will also have the uncertainty of negotiating contracts of two or more districts into one. All of these factors, plus the appropriation reductions that occurred in the last two years, are causing financial strain throughout the system. There have been initiatives started to help alleviate the financial crisis and refocus our energies on quality instruction and services. A program alignment process is currently being piloted in the southern region of the state. The process, involving faculty from specific program areas such as Accounting, Auto Mechanics, Practical Nursing, centers around the analysis of occupational demand and current supply of trained workers being provided through our colleges. Reports and recommendations from the three pilots will be reviewed in January - February.

A second process that colleges are implementing is the coring of courses. Coring is a locally initiated process that identifies courses taught in more than one program and develops a combined delivery for greater efficiency.

Another current initiative in the system is the Total Quality Management (TQM) Assistance Project. On site consultation is available to help the leadership of colleges develop a strategic plan based on the principles and practices of TQM. This will result in documentation and review of all processes and should identify opportunities for colleges to improve services and the efficiency of processes.

1994-95 Biennial Budget

AGENCY: Minnesota Technical College System
(Continuation)

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following:

- a) Reallocation of state resources from institutional subsidy to direct student aid. The recommendation increases the portion of instructional costs funded with tuition from the current 27% to 36% by F.Y. 1995. This will decrease the system biennial subsidy by \$31,593,000 \$20,689,000. These revenues will be used to meet financial aid program costs resulting from federal changes, and to address inadequacies in the current aid program.
- b) Reallocation \$33,000,000 from the Extension program in fiscal years 1994-95 to fund changes in the student grant programs, and to establish Education and Training accounts for low income children. The \$6,800,000 in funding remaining in the extension program is intended for continuing high priority programs for emergency medical training, firefighting, and home health care.
- c) Centralizing the administration of Small Business Development Centers (SBDC) within the Department of Trade and Economic Development. FY-1993 expenditure levels within the higher education systems on this program are to be transferred to DTED.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: TECHNICAL COLLEGE

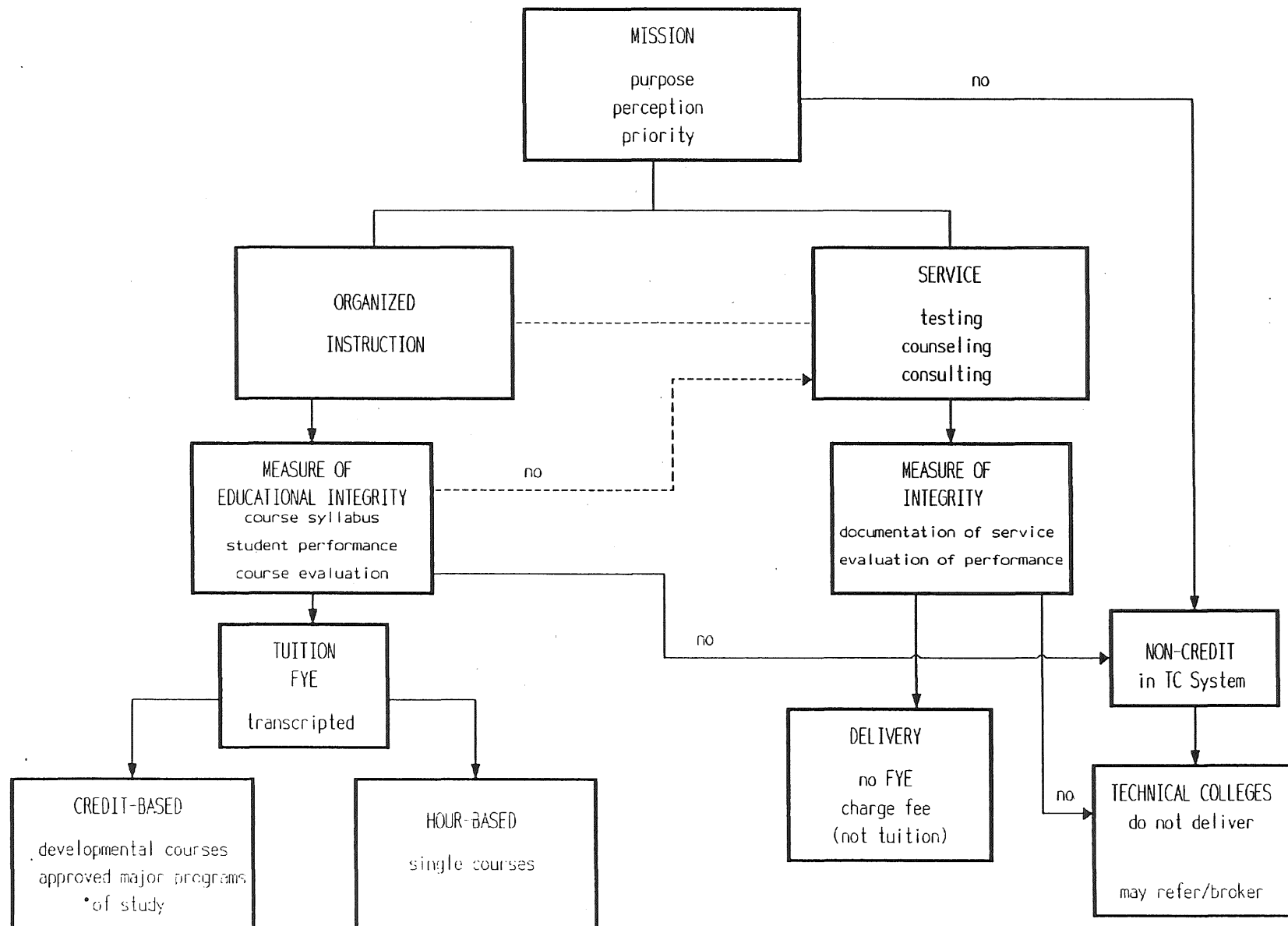
PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
INSTRUCTION	228,474	231,871	229,749	226,878	231,945	236,038	226,878	231,279	231,846
NON-INSTRUCTION	6,814	2,213	1,448	1,399	1,399	1,199	1,358	1,358	1,158
STATE COUNCIL	111	119	122	99	99	99	99	99	99
OTHER TECHNICAL COLLEGE	20,914	21,620	23,879	23,879	23,879	23,879	23,879	23,879	23,879
OTHER STATE COUNCIL	134	172	188	188	188	188	188	188	188
TOTAL EXPENDITURES BY PROGRAM	256,447	255,995	255,386	252,443	257,510	261,403	252,402	256,803	257,170
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	170,212	166,036	162,167	159,224	162,893	159,179	159,183	162,385	154,962
STATUTORY APPROPRIATIONS:									
GENERAL	65,187	68,167	69,152	69,152	70,550	78,157	69,152	70,351	78,141
SPECIAL REVENUE	140	186	116	116	116	116	116	116	116
FEDERAL	20,770	20,912	23,014	23,014	23,014	23,014	23,014	23,014	23,014
AGENCY	138	694	937	937	937	937	937	937	937
TOTAL FINANCING	256,447	255,995	255,386	252,443	257,510	261,403	252,402	256,803	257,170
POSITIONS BY FUND:									
GENERAL	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
FEDERAL	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
TOTAL POSITIONS	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: TECHNICAL COLLEGE

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	255,386	255,386	231,319	231,319	1,053	1,053	23,014	23,014
TECHNICAL ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<2,997>	<2,997>	<2,997>	<2,997>				
NON-RECURRING EXPENDITURES	<49>	<90>	<49>	<90>				
BASE TRANSFER (BTWN FUNDS)	72	72	72	72				
INSURANCE PREMIUM HOLIDAY	14	14	14	14				
PLANT MANAGEMENT REBATES	17	17	17	17				
SUBTOTAL TECH. ADJ.	<2,943>	<2,984>	<2,943>	<2,984>				
CURRENT SPENDING	252,443	252,402	228,376	228,335	1,053	1,053	23,014	23,014
FORECAST ADJUSTMENTS								
LEG-DIRECTED ADJUSTMENTS	4,198	4,972	4,198	4,972				
ACF ENROLLMENT ADJUSTMENTS	264	<774>	264	<774>				
EDUC AIDS 85/15 ADJUSTMENT	605	203	605	203				
SUBTOTAL FORECAST ADJ.	5,067	4,401	5,067	4,401				
AGENCY BASE	257,510	256,803	233,443	232,736	1,053	1,053	23,014	23,014

COURSES/SERVICES DECISIONMAKING PROCESS



1994-95 Biennial Budget

PROGRAM: Instruction
AGENCY: Minnesota Technical College System

The instructional program consists of 2 major components, regular instruction and extension instruction. Each will be described separately below.

REGULAR INSTRUCTION:

The purpose of the regular instruction activity is to provide classroom and laboratory credit based instruction to students seeking entry into an occupation or seeking career enhancement. Courses are offered in more than 270 occupational areas through eighteen colleges at associated campuses, centers, and sites. Funds provided in the program are used for salaries and benefits, supplies, equipment, facilities, student services and college administrative costs. Also included are the administrative expenditures for management of the system.

Enrollment: As shown in Table I, full year equivalent enrollments in credit based instruction have remained stable over the last several years, when the enrollments from the conversion of hour based to credit based are considered. Colleges have reviewed content of hour based instruction and are converting courses to credit if similar content exists within a diploma or degree program for consistency of curriculum and to improve transferability of credits. While FYE's have stabilized, the headcount is continuing to increase at a rapid pace. As evidenced in Table 2, the headcount has increased by 55% over the last four years. Many factors can contribute to changes in enrollment: student choice, costs of education, and the economy. A combination of the higher costs of obtaining an education and the current economy contribute significantly to the increase in headcount numbers. As workers are displaced and unable to secure different employment, they are turning and returning to technical education for entirely new skills or up-skilling of current ones. Many of our students cannot afford to attend college full time. They have responsibilities outside of school that force them to carry fewer credits thereby stretching the costs over a longer period of time.

TABLE 1
 Technical College Enrollment
 Full Year Equivalent
 Credit Based FYE

	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992
Albert Lea/Mankato	1,782	1,991	2,028	1,909
Alexandria	1,826	1,680	1,772	1,840
Anoka	1,640	1,577	1,482	1,561
Brainerd/Staples	1,559	1,553	1,581	1,509
Dakota County	1,813	1,472	1,513	1,545
Duluth	1,130	1,169	1,130	1,304
Hennepin	2,610	2,621	2,794	2,942
Hutchinson/Willmar	2,143	2,066	2,004	1,987
Minneapolis	1,937	1,973	1,827	1,764
Northeast Metro	1,539	1,691	1,614	1,533
Northwest	4,315	4,388	4,854	4,838

	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992
Pine	318	411	395	431
Range	900	923	959	1,089
Red Wing/Winona	1,010	1,113	1,199	1,299
Riverland	2,236	2,152	2,427	2,158
St. Cloud	1,527	1,389	1,510	1,544
St. Paul	2,411	2,349	2,363	2,576
Southwestern	1,689	1,608	1,560	1,612
Total	32,385	32,126	33,012	33,441

TABLE 2
 Technical College Enrollment
 Credit Based Head Count

	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992
Albert Lea/Mankato	2,131	3,167	3,652	4,361
Alexandria	2,040	2,395	1,948	2,144
Anoka	2,335	2,470	2,662	2,868
Brainerd/Staples	1,917	2,031	2,560	3,039
Dakota County	2,357	2,530	3,572	4,290
Duluth	2,066	2,171	2,252	3,928
Hennepin	6,584	6,633	9,371	13,065
Hutchinson/Willmar	2,856	3,425	3,749	4,230
Minneapolis	3,380	3,869	2,811	3,245
Northeast Metro	3,351	3,613	3,684	3,785
Northwest	5,224	7,279	6,879	7,987
Pine	426	892	1,094	1,225
Range	1,447	1,219	1,300	2,552
Red Wing/Winona	1,153	1,440	2,092	3,611
Riverland	3,971	4,337	4,560	3,622
St. Cloud	2,038	2,074	2,284	2,911
St. Paul	3,489	2,955	4,412	5,762
Southwestern	1,841	2,037	1,701	2,756
Total	48,606	54,537	60,583	75,381

Tuition: Tuition at Technical Colleges was free to students under age 21 until the 1978-79 school year. Legislative decisions in 1976 adopted a tuition requirement of \$2.00 per day for residents and \$5.00 per day for non-residents. A lot has changed since the first tuition amount was computed and today students pay \$35.95 per credit or approximately \$1,618 per year for a full-time student. With each biennium, student tuition is becoming a larger share of total revenue; a trend that is of great concern to our system. We have made a concerted effort to restrain the increases in tuition. Table 3 shows the history of tuition since it was initiated into our system in 1979.

1994-95 Biennial Budget

PROGRAM: Instruction
AGENCY: Minnesota Technical College System
(Continuation)

TABLE 3
Technical College Tuition

<u>Year</u>	<u>Resident Rate</u>	<u>Total</u>
F.Y. 1979	\$2.00/day \$360/academic year	\$11,357,600
F.Y. 1980	\$2.13 / \$384	\$11,712,500
F.Y. 1981	\$2.13 / \$384	\$12,769,800
F.Y. 1982	\$2.50 / \$450	\$15,461,100
F.Y. 1983	\$3.20 / \$576	\$19,066,200
F.Y. 1984	\$4.44 / \$777	\$25,436,100
F.Y. 1985	\$5.60 / \$980	\$37,945,400
F.Y. 1986	\$6.11 / \$1070	\$40,774,600
F.Y. 1987	\$6.66 / \$1,166	\$45,079,978
F.Y. 1988	\$7.26 / \$1,271	\$52,355,000

F.Y. 1989	\$29.00 / credit \$1271/academic year	\$54,434,127
F.Y. 1990	\$31.00/ \$1,395	\$58,107,121
F.Y. 1991	\$33.25/ \$1,496	\$63,594,481
F.Y. 1992	\$34.45/ \$1,550	\$66,954,163
F.Y. 1993	\$35.95/ \$1,618	\$68,158,105

Average Cost Funding Matrix: Legislative policy adopted in 1983 outlined the procedures for determining base level requests for instructional programs in all post secondary education systems. The 1991 legislature adapted those procedures to treat certain enrollments differently. For our system, the non-resident/non-reciprocity enrollments were excluded and those from the Post Secondary Enrollment Options (PSEO) programs were funded at marginal cost rather than within

the ACF matrix. The other major exclusion from ACF methodology was the extension enrollments. The funding for this activity was put in a line item and will be addressed outside of average cost funding.

The 252 instructional cost centers have been grouped into high, medium, and low cost cells, according to the actual instructional costs, as reported through the Uniform Financial Accounting and Reporting System (UFARS). Table 4 provides the cell values and FYE counts used in the budget process. In accordance with ACF methodology, the cell values have been determined by dividing the fully allocated expenditures for each program by the FYE in each program.

TABLE 4
Average Cost Funding Matrix

	F.Y. 1994			F.Y. 1995		
<u>CELL</u>	<u>CELL VALUE</u>	<u>FYE</u>	<u>EXPEN</u>	<u>CELL VALUE</u>	<u>FYE</u>	<u>EXPEN</u>
LOW	4,971	17,622	87,595,458	4,971	17,675	87,858,917
MED	6,264	11,541	72,293,379	6,264	11,381	71,291,131
HIGH	8,334	<u>3,137</u>	<u>26,145,300</u>	8,334	<u>3,131</u>	<u>26,095,293</u>
TOTAL		32,300	186,034,137		32,187	185,245,342

State level administrative costs within the system have been included as part of the support cost to each program.

Federal funds have been provided to the system through various programs since 1917. Because the average cost funding methodology applies only to state funding, federal expenditures were deducted from the cells and are reported separately within the non-instructional program level activity.

System Investments:

While reductions are inevitable, investments in innovation are crucial. The needs of business and industry are in constant change and we must be in a position to be responsive to our customers. We must consistently evaluate whether what we do is what our customers need. We must refine the priorities of the system.

1. Staff Development

In our organization, the most valuable resource is our staff. As an educational system, we strongly believe in the benefits of employee development and the upgrading of skills. Even as financial resources have diminished, the commitment to the return to industry program for faculty has remained constant. We need, though, to expand efforts to provide opportunities for new learning experiences to all system staff. Learning will be focused on enhancing job performance and the continuous improvement of processes. For this purpose, we are requesting one million dollars for each year of the biennium.

2. Supplemental Services

With an open admissions policy, the Technical College System serves many segments of the population. Some students require supplemental services to enable them to succeed in their

1994-95 Biennial Budget

PROGRAM: Instruction
AGENCY: Minnesota Technical College System
(Continuation)

educational goals. Examples of supplemental services include case management, tutoring, learning adaptation, note-taking, interpreter, environmental or curriculum modification, orientation and mobility and transition assistance. These services have, in the past, been supported through state funds and federal funds received through the Carl Perkins Act. With the new act of 1990, a revised approach was taken to the distribution of Carl Perkins funds between secondary vocational education and post secondary technical colleges. The two governing boards negotiated the split of funds. This resulted in fewer resources for our system to meet an increasing demand for supplemental services. We are requesting state funding to replace the loss of federal funds for Supplemental Services. This amount is projected to be \$664,000 in F.Y. 1994 and \$1,171,000 in F.Y. 1995.

3. Instructional Technology

Our system has made strides in the area of instructional technology. For example, St. Paul Technical College has a learning lab using computer assisted instruction to support developmental learning. Southwestern's Jackson campus has incorporated computer learning into its Electronics program. While these are a start, there is enormous potential for greater enhancement of the quality and scope of learning through advanced technology. The integration of high technology into instructional processes is essential to keep our students, and the businesses where they're employed, successful and competitive in local, national, or global marketplaces. Our vision is to focus available technology in campus "instructional commons" areas accessible to and integrated into all major programs of study. We are requesting \$2.5 million each year of the biennium for this investment in our students' future. The funding will enable our system to acquire essential hardware and software and to train current staff in its use.

4. Base Adjustment

The 1992 Legislature appropriated \$300,000 for the initiation of Interactive Telecommunications (ITV) at the six campuses of Northwest Technical College. We are requesting that this amount, \$300,000 each year, be incorporated into the instructional base to support the continuation of a ten year lease for this activity. The ITV capability will facilitate the consolidation of processes throughout the new joint technical college.

Intersystem Collaborative Investments

The four public post secondary systems have jointly developed investment proposals for the following:

1. Distance Learning

Purpose is to expand the delivery of courses and programs offered in one system of public higher education to another, using technology. The plan includes pilot projects in north central and northwestern Minnesota and in southeastern Minnesota, with Rochester at the hub. Request is for \$1.75 million for the biennium.

2. Disabilities

Purpose is to develop collaborative efforts for the implementation of state and federal mandates. This effort will be pursued within existing budgets.

3. Managing the Information Explosion

This is a request for planning money of \$50,000 each year to develop an integrated library resource.

4. Student Access and Success

Purpose is to develop joint efforts to assure students an effective and efficient use of public higher education. May include efforts in areas of transfer, student advising, and financial aids. This effort will be pursued within existing budgets.

EXTENSION INSTRUCTION:

Within the mission of education for employment, the Technical College System has several options for its customers. The focus of preparing students for career entry is done primarily through credit based courses leading to diplomas, certificates, and degrees. The second focus of career enhancement in an ever changing workplace is offered primarily through credit based certificates of advanced specialization and through hour based courses. The hour based courses, historically referred to as extension, are part of our Custom Services.

Prior to the restructuring of programs into credit courses, all instruction was provided in an hour based format. At that time, any courses offered at a non-traditional time or place were done through Custom Services. Also, there were employer demands for technical content outside of the current approved programs. Custom Services was the only solution to meet these customer demands.

During the 1991-92 year, an extensive review of hour based offerings was done at each campus. This review was done in a collaborative manner by system office staff and college staff responsible for instruction. The course decision process shown in chart A was explained. The course offerings of each college were evaluated against this decision process. Any course with content determined to be outside of our mission was cancelled or if already scheduled, no FYE was counted. Based in part on these reviews, the State Board is instituting course standards for all instructional offerings.

Hour based courses are offered in the following categories of instruction: Agriculture, Marketing, Health, Human Development, Service, Business and Office, Technical, and Trade and Industrial. All content has an occupational focus. Some examples of offerings include training for Firefighters, Emergency Medical Services, Home Health Aides, and School Food Service Staff.

While some of the courses are open and advertised to the public, the main activity of Custom Services is in working directly with business and industry to assess technical training needs for their employees and develop a customized approach to meeting those needs. Training needs of companies center around two fundamental goals: to improve quality and productivity through upskilling of current employees and to instruct employees in the use of new technologies and processes.

The companies with which we work are diverse. They are large, small, competitive globally, or community based. The companies vary in products; goods or services. They vary significantly in the degree to which technologies are central to their operations. Despite differences, their goals in

1994-95 Biennial Budget

PROGRAM: Instruction
AGENCY: Minnesota Technical College System
(Continuation)

working with the technical colleges are very similar. Our goal is to provide education that enables employees to remain current and find opportunities for advancement in work that is fulfilling, meaningful and important to the livelihood of Minnesota's business climate and the economic vitality of all regions of the state.

Enrollment in hour based activities is shown in Chart B.

Chart B

	F.Y. 1989		F.Y. 1990		F.Y. 1991		F.Y. 1992	
	FYE	HDCT	FYE	HDCT	FYE	HDCT	FYE	HDCT
Albert Lea/Mankato	310	32,217	307	39,085	317	41,245	186	37,682
Alexandria	168	23,416	150	27,682	159	25,312	116	9,790
Anoka	203	12,894	385	27,790	518	43,273	465	61,190
Brainerd/Staples	350	48,367	406	71,236	343	44,129	153	32,660
Dakota County	424	28,447	352	29,774	342	24,815	258	29,500
Duluth	202	7,598	174	9,008	219	10,865	126	16,516
Hennepin	1,377	101,338	1,847	133,462	1,630	139,679	1,011	125,430
Hutchinson/Willmar	320	32,286	354	36,818	407	48,089	216	56,288
Minneapolis	350	24,456	312	15,554	155	5,575	134	7,392
Northeast Metro	416	11,920	259	13,072	248	8,376	210	8,820
Northwest	968	79,716	996	90,691	901	91,026	645	118,320
Pine	94	5,163	157	7,606	126	8,285	61	4,790
Range	180	33,912	225	35,218	258	37,318	208	51,700
Red Wing/Winona	216	13,854	181	21,752	151	17,046	102	22,668
Riverland	396	58,861	388	53,548	438	60,477	265	96,380
St. Cloud	202	13,190	181	10,627	304	23,818	154	20,620
St. Paul	916	37,696	964	40,806	838	35,622	390	25,532
Southwestern	<u>723</u>	<u>86,495</u>	<u>761</u>	<u>97,026</u>	<u>761</u>	<u>95,483</u>	<u>456</u>	<u>101,458</u>
Total	7,815	651,826	8,402	760,755	8,115	760,433	5,156	826,736

The decrease in FYE between F.Y. 1991 and F.Y. 1992 can be broken down into three areas.

1. Mission Appropriateness

More than 1,700 FYEs were reduced based on the review of course content and its appropriateness to our mission. The largest reduction occurred in Early Childhood and Family Education. We feel this activity is more appropriate to the Community Education departments of school districts. Our focus will continue in the context of balancing work and family.

2. Conversion to Credit

Colleges are reviewing content of hour based courses to determine if similar content is currently

being offered for credit. If content is similar, course should be offered in a consistent format. An example of this is training for Nurse Assistants. Because the curriculum is prescribed, all colleges will offer the courses in a credit based format.

3. Normal Variance

This area of our operation can normally vary significantly from year to year. This is due to the variance in companies training needs and the variance in companies served.

Chart C indicates the expenditures, both direct and indirect, of all hour based activity and the sources of revenue used to support them.

Chart C

Expenditures for Hour Based Activities:

		<u>Fund 14</u>	<u>Fund 11</u>
F.Y. 1991	Direct Instruction	\$22,768	
	Direct Support	6,363	
	Indirect Support	—	\$16,477
	Total	\$29,131	\$16,477

The accounting system used by our system segregates the direct instruction and direct support costs within Fund 14. The indirect support costs for all instruction are reported in a different fund. The indirect support costs are allocated to cost centers based on total FYEs.

Revenue for Hour Based Activities

		<u>Fund 14</u>
F.Y. 1991	Tuition	\$15,472
	Fees	295
	Resale	847
	Other Local	1,056
	State	8,648
	Other State	1,198
	Federal	795
	Other Federal	<u>742</u>
	Total	\$29,053

Outcomes

The focal point of Custom Services is customer needs. The most important performance indicator is customer satisfaction. We will be developing a process to collect systemwide data on customer satisfaction. Measures could include numbers of businesses requesting additional training from our system; repeat customers, and customer evaluations of training and its impact on the business.

1994-95 Biennial Budget

PROGRAM: Instruction
AGENCY: Minnesota Technical College System
(Continuation)

Funding Concerns

Serving our business customers in a quality manner requires the establishment of a relationship built on trust. An assessment of employees' current skill levels and the desired levels determined by managers needs to be done. This takes time and resources, often with no immediate FYE generation. To be effective, this important first step must be done. In this area, especially, funding should be based on defined outcomes rather than FYEs alone.

We want our colleges to provide all services within a seamless delivery. Some of our business customers want their employees to earn credits; some want instruction in an hour based format; some want both. Colleges should meet these customer expectations without a separate set of processes for each. A team of system staff has designed a vision for this seamless delivery. The current budget process does separate these activities for funding purposes. To promote and facilitate seamlessness, we request that all instructional activity be funded within the same process and base.

GOVERNOR'S RECOMMENDATION:

The Governor recommends:

a) Reallocation of state resources from institutional subsidy to direct student aid. The recommendation increases the portion of instructional costs funded with tuition from the current 27% to 36% by F.Y. 1995. This will decrease the system biennial subsidy by ~~\$21,593,000~~ \$20,689,000. These revenues will be used to meet financial aid program costs resulting from federal changes and to address inadequacies in the current aid program.

b) Reallocation of \$33,000,000 from the Extension program in F.Y.s 1994-95 to fund changes in the student grant programs, and to establish Education and Training accounts for low income children. The \$6,800,000 in funding remaining in the extension program is intended for continuing high priority programs for emergency medical training, firefighting, and home health care.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Technical Colleges System
 PROGRAM: Instruction
 ITEM TITLE: Governor's Supplemental Recommendations

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund				
- State Operations	\$19,678	\$23,274	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following non-recurring supplemental appropriations for the Technical Colleges Instruction program: \$19,678,000 in F.Y. 1994 and \$23,274,000 in F.Y. 1995.

Tuition/Fees Relief

The Governor's biennial budget proposal recommends changing the state's approach to financing higher education by concentrating more resources on grants to students, and less on direct payments to institutions. The Governor continues to believe that funding students rather than systems is the best way of allocating higher education dollars. With the additional forecast General Fund revenues, however, comes an opportunity for more gradual movement toward this policy goal.

To soften the effects of potential fee increases for particular Extension Program students, the Governor recommends non-recurring appropriations of \$14,000,000 in F.Y. 1994 and \$8,250,000 in F.Y. 1995. These funds may be used by the Technical Colleges Board to reduce tuition increases that would result from making these programs self-supporting in F.Y. 1994. Under this recommendation, these programs are still expected to be self-supporting by F.Y. 1996.

In conjunction, the Governor recommends that:

- No additional continuing education courses be converted to credit bearing status.
- The Legislative Auditor, in cooperation with the Executive Branch, conduct a study to determine the extent to which higher education systems have converted continuing education or extension activities to credit-bearing status, and evaluate the appropriateness of the conversions.
- All courses or programs offered exclusively for employees of a business, and not open to

public enrollment, become self-supporting and not be counted in enrollment figures that determine state formula funding.

In addition, the Governor recommends additional tuition relief for the Technical Colleges in the amount of \$5,678,000 in F.Y. 1994 and \$6,180,000 in F.Y. 1995. These funds are expected to be utilized to phase-in the Governor's recommended increases in programs other than practitioner-oriented, employer-customized or "recreational" extension programs. The Governor recommends that this appropriation be reduced dollar-for-dollar in tuition increases above the levels estimated in the January budget submission.

In addition, the Governor recommends tuition relief in F.Y. 1995 of \$8,844,000 for non-extension enrollments in order to maintain tuition levels in the second year at F.Y. 1994 levels. The effect is to postpone for one year the movement to a 36% tuition/instructional cost ratio expectation for credit-based enrollments.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: TECHNICAL COLLEGE
PROGRAM: INSTRUCTION

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
INSTRUCTION	228,474	231,871	229,749	226,878	231,945	236,038	226,878	231,279	231,846
TOTAL EXPENDITURES BY ACTIVITY	228,474	231,871	229,749	226,878	231,945	236,038	226,878	231,279	231,846
GOV'S INITIATIVES:	FUND								
(A) REDUCE EXTENSION/SHORT COURSE SUBSIDY			GEN			<16,500>			<16,500>
(A) TUITION TO 34%/36% - APPROP REDUCTION			GEN			<6,692>			<13,997>
(A) TUITION TO 34%/36% - INCREASED TUIT REV			GEN			10,785			14,564
(P) INCREASE EXTENSION/SHORT COURSE FEES			GEN			16,500			16,500
(P) MARCH SUPP/EXTENSION FEE RELIEF - NR			GEN			14,000			8,250
(P) MARCH SUPP/REDUCE EXTENSION FEE INTENT - NR			GEN			<14,000>			<8,250>
(P) MARCH SUPP/REGULAR ENROLL TUITION RELIEF - NR			GEN			5,678			6,180
(P) MARCH SUPP/REG ENROLL-REDUCE TUITION INTENT - NR			GEN			<5,678>			<6,180>
(P) MARCH SUPP/ADDL TUITION RELIEF - NR			GEN						8,844
(P) MARCH SUPP/ADDL TUITION RELIEF - NR			GEN						<8,844>
TOTAL GOV'S INITIATIVES						4,093			567
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	163,887	163,924	160,598	157,727	161,396	157,882	157,727	160,929	153,706
STATUTORY APPROPRIATIONS:									
GENERAL	64,587	67,947	69,151	69,151	70,549	78,156	69,151	70,350	78,140
TOTAL FINANCING	228,474	231,871	229,749	226,878	231,945	236,038	226,878	231,279	231,846
POSITIONS BY FUND:									
TOTAL POSITIONS									

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TECHNICAL COLLEGE
PROGRAM: INSTRUCTION

				FY 1994			FY 1995		
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
INSTRUCTION	228,474	231,871	229,749	226,876	232,577	232,577	226,876	232,248	232,248
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	228,474	231,871	229,749	226,876	232,577	232,577	226,876	232,248	232,248
=====									
GOV'S INITIATIVES:			FUND						
=====			=====						
(A) REDUCE EXTENSION/SHORT COURSE SUBSIDY			GEN			<16,500>			<16,500>
(A) TUITION TO 34%/36% - APPROP REDUCTION			GEN			<13,982>			<17,611>
(A) TUITION TO 34%/36% - INCREASED TUIT REV			GEN			13,982			17,611
(P) INCREASE EXTENSION/SHORT COURSE FEES			GEN			16,500			16,500
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES									
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	163,887	163,924	160,598	157,725	161,881	131,399	157,725	161,568	127,457
STATUTORY APPROPRIATIONS:									
GENERAL	64,587	67,947	69,151	69,151	70,696	101,178	69,151	70,680	104,791
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	228,474	231,871	229,749	226,876	232,577	232,577	226,876	232,248	232,248

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1994-95 Biennial Budget

PROGRAM: Non-Instruction
AGENCY: Minnesota Technical College System

PROGRAM PURPOSE:

The non-instructional program contains the system resources not provided in the instructional program. In the Technical College System, these activities are a small portion of the overall operation and the amount of resources allocated to non-instruction is decreasing each year due to the type of activities. According to the Average Cost Funding methodology, these resources are not computed in the instructional base allocation and therefore do not require tuition support from students.

Activities in the non-instruction program are: 1) debt service, 2) financial aid work study, 3) F.I.R.E. Research Center, and 4) Federal Funding.

1. Debt Service

To retire the debt service bonds issued before 1-1-79, according to the legislature payment schedule.

State funds are needed to provide debt service payments to local school districts for Technical College buildings financed with local district bonds issued before 1-1-79. These funds support the state share of bond payments. For construction occurring after 1979, all Technical Colleges are required to levy for 15% of the total of the construction costs, with the state assuming the remaining 85% of costs. Debt service aid cannot be claimed for bonds issued after 1-1-79, and consequently will eventually phase out in 1999.

The amount of debt service aid remaining to be paid is listed in Table 6.

TABLE 6
Technical College Debt Service

	<u>Total</u>	<u>Local</u>	<u>State</u>
F.Y. 1991	\$4,471,104	\$1,209,578	\$3,261,526
F.Y. 1992	1,412,846	355,854	1,056,992
F.Y. 1993	655,264	144,378	510,886
F.Y. 1994	578,057	115,877	462,180
F.Y. 1995	533,300	112,243	421,057
F.Y. 1996	401,030	84,674	316,356
F.Y. 1997	105,925	0	105,925
F.Y. 1998	100,463	0	100,463
F.Y. 1999	0	0	0

2. Financial Aids (Work Study)

This activity exists to provide qualified students with the opportunity to earn additional financial resources while attending a post-secondary program.

Students are able to work in Technical College supervised work study jobs. Federal and state funds are available for the program under a matching requirement formula. State funds are requested for the system share. Each Technical College submits a request for their total program costs. System funds are requested for 30% of the total state work study, 25% of federal work study allocation, and 25% of Supplemental Educational Opportunity Grants (SEOG). If a student worker is employed in an off-campus position, the non-profit organization employer must contribute the appropriate matching amount.

<u>F.Y. 1991</u>	<u>State</u>	<u>Federal</u>
Students receiving work study	1,566	1,077,754
Work study awarded	3,136	2,039,732

3. F.I.R.E. Research Center

The Fire Information Research & Education (F.I.R.E.) Center is the state's leading provider of fire protection education and information. Through the use of its specialized research library, the staff gives guidance on fire-related questions of technology, policy and economics to state and municipal officials, the fire service community, legal representatives and the public.

The F.I.R.E. Center has the state's singular library of this nature, quality and scope. In addition to printed documents and videotapes, the F.I.R.E. Center participates in several electronic networks which access resources worldwide. Each year it responds to more than 2,000 inquiries and requests for information. Questions which cannot be answered immediately are researched and responded to quickly, usually within three working days. Recurring questions and problems are addressed through monographs which are compilations of appropriate standards, laws and suggested procedures.

4. Federal Funding

The State Board of Technical Colleges receives funds authorized by the Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990. The purpose of the Perkins Act is to make the United States more competitive in the world economy by developing more fully the academic and occupational skills of all segments of the population. This purpose will principally be achieved through concentrating resources on improving educational programs leading to occupational training and retraining skill competencies needed to work in a technologically advanced society.

As a requirement to receive the Carl Perkins dollars, the State Board had to perform a statewide assessment focusing on the quality of our programs. Using a task force comprised of Technical College staff, ten potential measures of quality were established.

1994-95 Biennial Budget

PROGRAM: Non-Instruction
AGENCY: Minnesota Technical College System
(Continuation)

Performance Standards & Measures for Technical College System Programs

1. Number and percent of special populations enrolled by college (A)
 2. Number and percent of special populations enrolled by program (A)
 3. Graduate satisfaction (SA)
 4. Related employment (SA)
 5. Related employment by special populations (SA)
 6. Retention (A)
 -
 7. Industry based accountability (OC)
 8. Graduate grades (OC)
 9. Graduate grades by special populations (OC)
 -
 10. Pre/Post (AS)
- A = access
SA = student achievement
AS = academic skills
OC = occupational competencies

The following is the schedule for implementation: F.Y. 1992, measures were identified and 6 measures piloted; F.Y. 1993, 6 measures implemented and 3 measures piloted; F.Y. 1994, 9 measures implemented and 1 measure piloted; F.Y. 1995, 10 measures implemented.

While receipt of federal funding mandated this activity, the benefit to the Technical Colleges in gathering and analyzing this data is crucial for current and future decision-making.

The amount of funds received through the Carl D. Perkins Act for F.Y. 1992 was \$17,334,046. Funds have been split between secondary and post-secondary according to a formula approved by both the State Board of Education and the State Board of Technical Colleges.

A second source of federal funds available to the State Board is through the Job Training Partnership Act (P.L. 97-300). This program provides for job training opportunities in vocational programs throughout Minnesota. The Technical College System qualifies for funds by offering educational services to students who are defined as economically disadvantaged. Secondary programs and other post-secondary systems, including private sector institutions, are also eligible to receive federal funds under this law. Use of funds is determined by the Governor's Job Training Council, which coordinates their decisions with the state Job Training Office.

PERFORMANCE:

Performance in the non-instructional area is measured with several criteria, each designed for the individual component. For example, debt service payments in the system are paid according to the schedule outlined in the bond sales of local colleges. Each of these payments was made to the colleges on time and they in turn paid the financial institution.

Work study funds were available to colleges during the previous biennium in an amount sufficient to meet the programs matching requirements.

Outcomes and objectives of the F.I.R.E. Center for the 1994-95 biennium include:

1. The F.I.R.E. Center will continue to provide a level of service which exceeds customer expectations.
2. The F.I.R.E. Center library will continue to acquire and catalogue new material as it becomes available by subscribing to 128 periodicals and purchasing 250 volumes.
3. The F.I.R.E. Center will continue to publish at least three monographs per year to meet needs as they arise.
4. The F.I.R.E. Center will continue to publish a quarterly newsletter and columns which highlight emerging fire-related issues, trends, regulations and requirements.
5. The F.I.R.E. Center will continue to maintain relationships with client groups and national organizations to better understand and anticipate client needs.

Federal Funds are available to the State Board acting as the sole state agency for distribution to the Department of Education and the Technical Colleges. The use of these funds is audited each year according to a state plan approved by the State Board of Education and the State Board of Technical Colleges. The legislature also comments on the state plan each year.

PROSPECTS:

The amount of funding in the non-instructional area is decreasing each year primarily due to the reducing debt service payments. Payments in this area will end in 1999, but are reduced in this current biennium. Other items in the non-instructional area are historically based, and will be case funded. Federal funding depends on the Congressional appropriation and the allocation for the next biennium is projected at the same level as F.Y. 1992. The currently approved methods for splitting the funding between secondary and post secondary results in fewer resources for our system. This will cause a reduction of services in Technical Colleges if the post-secondary amount continues to decline.

PLAN:

Resources in the non-instructional area are allocated according to the rules of the specific category. Fewer funds are requested than in the previous biennium, because the base is reducing. The reduction in base is part of the spending plan approved by the State Board.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding of \$1,198,000 in F.Y. 1994 and \$1,157,000 in F.Y. 1995. This represents a reduction to the agency plan levels of \$200,000 each year due to a transfer in funding for the Small Business Development Centers (SBDC's) from higher education institutions to the Department of Trade and Economic Development. This initiative presents no net funding impact for the Technical Colleges or the SBDC program.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: TECHNICAL COLLEGE
PROGRAM: NON-INSTRUCTION

				FY 1994			FY 1995		
			Est.						
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
NON-INSTRUCTION	6,814	2,213	1,448	1,399	1,399	1,199	1,358	1,358	1,158
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	6,814	2,213	1,448	1,399	1,399	1,199	1,358	1,358	1,158
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
GOV'S INITIATIVES:			FUND						
=====			=====						
(P) STATE REINVEST IN SBDGS TO DTED			GEN			<200>			<200>
=====			=====			=====			=====
TOTAL GOV'S INITIATIVES						<200>			<200>
=====									
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	6,214	1,993	1,447	1,398	1,398	1,198	1,357	1,357	1,157
STATUTORY APPROPRIATIONS:									
GENERAL	600	220	1	1	1	1	1	1	1
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	6,814	2,213	1,448	1,399	1,399	1,199	1,358	1,358	1,158
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Technical Colleges System
PROGRAM: Non-Instruction

ITEM TITLE: Small Business Development Centers

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$(200)	\$(200)	\$(200)	\$(200)

Revenues: (\$000s)

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial reduction to the general fund appropriation for Non-Instruction in the amount of \$400,000 to redirect resources devoted to the administration of the Small Business Development Centers.

These funds would instead be appropriated to the Department of Trade and Economic Development (DTED), the agency that currently coordinates the federal cash match grant program, while higher education systems presently provide the match.

By M.S. 116J.68(n) the Department of Trade and Economic Development administers the network of federally-created small business development centers in Minnesota. Federal law (15 USC 648) requires that the majority of service sites be at institutions of higher education. Of 24 sites in Minnesota, 20 are located at institutions of higher education: 9 of which are in the Technical College System.

The state receives \$1.3 million each calendar year which must be matched dollar-for-dollar with non-federal monies. Fifty percent of that match must be in cash.

With DTED administration of the program:

- Service delivery can be improved by coordinating the program objectives with the department objective of creating a business environment that stimulates new business creation and innovation.

- Program quality can be improved and consistently administered with a stable funding source not at risk of policy and resource choices determined by individual centers.
- Participating institutions of higher education can focus on raising additional funds from the local community to meet local needs.
- The program will continue to be subjective to rigorous outcome-based performance measures.

By assumption of the costs and funding for this program, DTED improves its regional service delivery in a cost-effective manner, preserves local service delivery sites responsive to local needs, ensures and existing base of providers for any new business assistance initiatives which may result from state or federal action, and eliminate current uncertainty surrounding program funding and levels of effort.

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1994-95 Biennial Budget

PROGRAM: State Council on Vocational Technical Education
AGENCY: Minnesota Technical College System

PROGRAM PURPOSE:

The mission of the State Council on Vocational Technical Education is to advance the quality of secondary and post secondary vocational technical education through program evaluations, policy research, and dissemination of its recommendations for continuous improvement.

The Council was initially established in 1969 in response to the federal Vocational Education Amendments of 1968 so the state could receive federal vocational education dollars. The legislature established the Council as a state agency in 1985 and charged it to carry out the duties of state councils as prescribed by the Carl D. Perkins Vocational Education Act and "such other purposes as may be necessary to improve vocational technical education." At the same time, the legislature directed the State Board of Technical Colleges to serve as the Council's fiscal agent.

Recently authorized through F.Y. 1996, the Perkins Act left the provisions regarding state councils essentially untouched except to expand their responsibilities, including the mandate for a comprehensive report on the state's vocational education delivery system once every two years.

The Council has 13 members appointed by the Governor to 4-year terms. Persons representative of the private-sector interests of agriculture, business, industry, and labor constitute the majority of the membership. The Council also includes representation of secondary and post secondary institutions, career guidance and counseling organizations, special education, and special populations. The Council elects its president from the private-sector representatives and appoints its executive director.

The Council advises the State Board of Education and the State Board of Technical Colleges on policies and programs to improve the quality and delivery of vocational education in Minnesota's high schools and technical colleges. To meet specific mandates of the Perkins Act, the Council participates in the development of the annual state plan for vocational technical education and reviews and comments on the completed document. The Council also conducts a biennial evaluation of the coordination of programs funded under the Perkins Act and the Job Training Partnership Act (JTPA).

In addition, the Council conducts research and offers recommendations on a range of issues, including program improvement, notably the restructuring of secondary vocational education; curricular integration of vocational, general, and academic education; education-to-employment transitions; linkages between high school and post secondary institutions; business-education partnerships; continuous curricular development and the effective operations of program advisory committees; access, equality, and cultural diversity; and services to traditionally underserved populations, including persons with disabilities.

The mission of the Council is directly related to the following Minnesota milestones:

- People thrown into temporary economic hardship will regain their independence.

- All families and households will have the economic means to maintain a reasonable standard of living.
- The economic means to a reasonable standard of living will be obtainable in all parts of the state.
- Minnesotans will have the skills for lifelong learning and good citizenship.
- Minnesotans will have the advanced education and training to make the state a leader in global education.

OUTCOMES AND OBJECTIVES:

The Council is a policy development and analysis body making its work somewhat difficult to correlate directly with traditionally quantifiable measures such as student enrollments or graduation rates. However, the work of the Council does impact directly education in Minnesota by providing timely and relevant policy analysis, consultation, and development. This is accomplished by tailoring activities and projects to the information and consulting needs of specific and identified customers such as the State Board of Technical Colleges, the State Board of Education, Minnesota Planning, the Governor's Office, and the Minnesota Legislature, as well representatives from the private economic interests of agriculture, business, industry, and labor. In order to measure the timeliness and effectiveness of these efforts, the Council will expand the use of interviews, evaluations, and other processes to determine customer satisfaction with its products and services. The Council's work can also be measured by whether it meets timelines for report submission established by state and federal law.

PERFORMANCE:

During the 1991-92 biennium, the Council developed reports and made recommendations on specific aspects of the state plans developed during that period and completed a biennial Perkins-JTPA evaluation with findings and recommendations to improve program coordination. The Council also studied issues and concerns related to:

- (a) cultural diversity,
- (b) vocational education services in correctional institutions,
- (c) the effectiveness of the request for proposal process (RFP) to distribute Perkins and JTPA funds,
- (d) education and employment transitions,
- (e) public and private partnerships,
- (f) curricular review and development,
- (g) the development of learner goals for technology competence, and
- (h) the restructuring of secondary vocational education and of the schools as a whole.

The latter two projects directly complimented legislative initiatives to restructure the schools and to develop a learner outcome-based system.

1994-95 Biennial Budget

PROGRAM: State Council on Vocational Technical Education
AGENCY: Minnesota Technical College System
(Continuation)

The 1991 legislature directed the Council to establish a Task Force on Education and Employment Transitions. This task force consisting of ten representatives of Minnesota's community and private sector interests as well as representatives of elementary, secondary, and post-secondary public and private education, job training, and human services, was charged with developing models for administrative and legislative action that facilitate education and employment transitions. These models along with the final task force report are due the legislature on January 15, 1993.

The Council's effective advisory committees project addressed the outcome-based education initiative for the high schools as well as the technical college movement to restructure programs from a clock-hour to a course-credit base. The project is directed toward the continuous improvement of their industry-based program advisory committees to achieve an industry-prescribed- and-validated curricula. For all practical purposes, the effective advisory committees project is two projects—one for the high schools and the other for the technical colleges.

The effective advisory committees project has four primary components:

- (a) advisory committee evaluations, producing reports with findings and recommendations for each technical college campus,
- (b) resource materials development, with field testing currently in process for a leadership guide and a manual for curriculum review and development (both developed with task forces representative of the colleges and schools);
- (c) workshops, seminars, and other technical assistance provided upon request for teachers and other staff members, cabinets of college presidents and superintendents, school board members, and advisory committee members, and
- (d) policy development, including review upon request of system and college policies.

To collect and disseminate information on policy questions and practices regarding vocational technical education in the state, the Council conducts town meetings and forums at which the general public, students, and education leadership are invited to address the Council. The yearly Council Roundtable focuses on new and emerging issues in vocational technical education, the most recent addressing Total Quality Management in post-secondary education. The Council publishes a quarterly newsletter as one means of disseminating its work and to address a variety of educational issues.

PROSPECTS:

New and emerging public policy priorities regarding education and economic competitiveness present the Council with a wide range of issues and concerns to which it will direct its attention as it carries out its state and federal mandates. Among these is the continuing need to create and foster programs

that build strong business-education partnerships, produce and sustain a high skilled work force, and promote economic growth.

The issues of providing clear processes and pathways for transition from one level of education to another and from education to employment for students and workers from all backgrounds and abilities continues to grow. The quality movement is steadily promoting new measures and processes for the way schools and colleges are managed as well as the content and delivery of instruction. The movement clearly presents the opportunity to address the question of what would have to change and what would be gained by implementing the principles of quality in elementary, secondary, and post-secondary education.

At the same time, the on-going need to keep the curricula current in the technical colleges and to improve working relationships between education and business heightens the significance of the Council's effective advisory committees project as well as its information gathering and disseminating activities, the majority of which involve the public as a whole and especially the private sector interests of agriculture, business, industry, and labor.

Several other trends and developments appear to hold a significant impact on the Council's work during the next few years. Implementation of the recently-reauthorized Perkins Act presents new challenges, particularly with the focus on tech prep, program performance standards, and improved coordination among programs to meet a range of education and training needs. Statutory directives to consult on the development of the state plan, to conduct the Perkins-JTPA evaluations, to evaluate correctional education programs, and to conduct a comprehensive biennial report on the state's vocational education delivery system will require a major commitment of the Council.

Continuing demands for new ways to teach and manage the public schools will keep reform issues before the Council — issues of restructuring secondary vocational education and of integrating academic, general, and vocational curricula in particular.

PLAN:

The Council will continue the effective advisory committees project. This includes the development and distribution of guides for curriculum review and development as well as providing support for the implementation of the principles in these guides. It also includes the development and distribution of leadership guides for the creation and use of general and program advisory committees in the technical colleges and high schools. In addition, the Council will provide professional development opportunities for staff at technical colleges and high schools to learn how to apply these principles to their own programs.

The Council will continue to promote the implementation of technology competence learner goals, career planning and development programs, and models for education and employment transitions.

This will include making presentations on the reports to interested parties as well as assisting agencies to learn about and apply the principles.

Other research and projects will include studies of vocational education opportunities available to Southeast Asian and Native American populations in Minnesota, business and education partnerships, restructuring secondary vocational education, and integrating academic, general, and vocational curricula in the high schools. These continuing efforts represent several years of work, some of which have been directly reflected in legislative initiatives.

1994-95 Biennial Budget

PROGRAM: State Council on Vocational Technical Education

AGENCY: Minnesota Technical College System

(Continuation)

The Council will carry out key federal mandates in a timely fashion including providing consultation on the development of the state plan and conducting the Perkins-JTPA and correctional education evaluations. The goals of these reports is to address clearly issues that will identify areas to encourage the continuous improvement of job training, vocational technical education, and correctional education. The overall goal of the Council's work is to contribute the development and improvement of educational programs to meet the economic and lifelong learning needs of Minnesotans as members of a global economy.

The work of the Council is labor intensive. The staff is 3.5 FTE including an executive director, research analyst, secretary, and student worker. Student interns augment the Council's research and evaluation activities. The Council staff and interns will strive to continuously improve the processes they use to make their work more efficient and effective.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the plan for the State Council on Vocational Technical Education.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: TECHNICAL COLLEGE
PROGRAM: STATE COUNCIL

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
STATE COUNCIL	111	119	122	99	99	99	99	99	99
TOTAL EXPENDITURES BY ACTIVITY	111	119	122	99	99	99	99	99	99
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	111	119	122	99	99	99	99	99	99
TOTAL FINANCING	111	119	122	99	99	99	99	99	99

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: TECHNICAL COLLEGE
PROGRAM: OTHER TECHNICAL COLLEGE

				FY 1994			FY 1995		
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
OTHER TECHNICAL COLLEGE	20,914	21,620	23,879	23,879	23,879	23,879	23,879	23,879	23,879
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	20,914	21,620	23,879	23,879	23,879	23,879	23,879	23,879	23,879
SOURCES OF FINANCING:									
=====									
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	130	158	88	88	88	88	88	88	88
FEDERAL	20,646	20,768	22,854	22,854	22,854	22,854	22,854	22,854	22,854
AGENCY	138	694	937	937	937	937	937	937	937
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	20,914	21,620	23,879	23,879	23,879	23,879	23,879	23,879	23,879

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TECHNICAL COLLEGE
PROGRAM: OTHER STATE COUNCIL

				FY 1994			FY 1995		
			Est.						
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
OTHER STATE COUNCIL	134	172	188	188	188	188	188	188	188
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	134	172	188	188	188	188	188	188	188
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====									
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	10	28	28	28	28	28	28	28	28
FEDERAL	124	144	160	160	160	160	160	160	160
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	134	172	188	188	188	188	188	188	188

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MAYO FOUNDATION

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1994-95 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: MAYO FOUNDATION

PROGRAM

Mayo Medical School

Family Medicine Residency Program

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**1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Mayo Foundation

Fund: General

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$956	\$956	\$1,912
Forecast Adjustments	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
AGENCY BASE	\$956	\$956	\$1,912
Inflation Cost Increases			
Agency Management Decisions			
Agency Operations:			
N/A			
Grants:			
Mayo Medical School	\$(178)	\$(208)	\$(386)
Family Medicine Residency Program	<u>30</u>	<u>61</u>	<u>91</u>
Subtotal	<u>\$(148)</u>	<u>\$(147)</u>	<u>\$(295)</u>
TOTAL AGENCY PLAN	\$808	\$809	\$1,617
GOVERNOR'S RECOMMENDATION	\$808	\$809	\$1,617

2. Impact on Staffing:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Positions left Vacant	0.0	0.0

3. Impact on Revenue Generation:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
<u>Agency Plan</u>	\$-0-	\$-0-	\$-0-
<u>Governor's Initiatives</u>	\$-0-	\$-0-	\$-0-

4. Affected Statutes:

None.

5. Governor's Recommendation:

With the exception of the Mayo Foundation's request for an inflation adjustment, the Governor concurs with the agency's plan for funding levels and number of capitation grants in each of the two programs.

Brief Explanation of Agency's Overall Actions:

The need for more family medicine physicians has greatly increased in the U.S. Earlier this year, Mayo Foundation asked the Family Medicine Residency Program to increase the number of residents in its three-year program. To help accomplish this goal, Mayo Foundation proposes a redistribution of state grant monies between its two programs. Mayo Medical School will reduce the number of funded student positions from 69 in F.Y. 1993 to 51 in F.Y. 1994 and to 48 in F.Y. 1995. The Family Medicine Residency Program proposes an increase in the number of residents from 18 in F.Y. 1993 to 20 in F.Y. 1994 and to 22 in F.Y. 1995. The goal is to reach 24 residents in F.Y. 1996.

Mayo Foundation requests the addition of 3.5% inflation rate for the operational costs of the two programs. This would result in an increase of \$28,000 in F.Y. 1994 (over 1993 base) and \$58,000 in F.Y. 1995 (over 1993 base) for a total increase of \$86,000.

1994-95 Biennial Budget

AGENCY: Mayo Foundation

MISSION STATEMENT:

Mayo Foundation is a nonprofit, charitable corporation best described as a private trust for public purposes. Mayo aspires to provide the best medical care through practice, education and research in a unified, multi-campus system.

Mayo pledges to conduct its interdependent programs of medical care, research and education in keeping with the highest standards of ethics and quality. Fundamental to this pledge is the absolute need to combine the science and art of medicine and technology with personalized care. Excellence in all endeavors with respect for the individual--both patient and employee--is the primary goal.

MINNESOTA MILESTONES:

The work of Mayo Foundation supports a Minnesota Milestones theme "A Caring and Secure Community," and the goal, "Minnesotans will be healthy." Mayo Foundation contributes to these themes through:

- Comprehensive and compassionate patient care through an integrated, multi-specialty group practice.
- Superior biomedical research to attain new knowledge with broad clinical interactions.
- Scholarly educational programs to teach and train medical and scientific professionals for national, state and Mayo needs and to be a health information resource for the public.

CLIMATE:

The clinical practices, education and research of Mayo Foundation are driven by the following institutional principles:

1. To honor the commitment that "the needs of the patient come first."
2. To be local, regional, national and international in service.
3. To emphasize access for patients who may most benefit from Mayo's practice characteristics.
4. To be a unified, integrated medical system in multiple locations offering the Mayo style of group practice, research and education.
5. To recruit and retain outstanding people to work as a team in an interdisciplinary setting.
6. To respect the individual contributions of each member of the Mayo family and to reaffirm the importance of "continuing interest by every member of the staff in the professional progress of every other member."

7. To promote cultural diversity and equality of opportunity within the Mayo family.
8. To serve appropriately those patients whose financial circumstances indicate that payment of normal charges would be a difficult burden.
9. To be a leader in conducting our activities in a manner which protects, conserves, and reuses natural resources.
10. To consider resource allocation at Mayo within the perspective of a system rather than its individual entities.
11. To conduct our activities in a manner that permits a financial return sufficient to meet present and future requirements, both operational and capital, for its programs in practice, education and research.
12. To measure success in terms of quality and not quantity; service and not self-serving; financial security and not accumulated wealth; system in contract to individual entity.

Mayo does not:

1. Aspire to grow to be the largest medical system.
2. Aspire to create geographically separate groups functioning independently.
3. Have as an objective to maximize profit--any financial surplus is viewed as a means to an end (the accomplishment of our mission), not an end in itself.

AGENCY BUDGET PLAN:

Mayo Foundation requests state funding for partial support of two higher education programs: Mayo Medical School and Mayo Family Practice Residency Program. Mayo Medical School is an undergraduate Medical School preparing students to enter graduate training and residency programs. The Mayo Family Practice Residency Program trains family physicians who provide comprehensive medical care to patients of all ages. With the exception of state support for Minnesota students to attend MMS and funding for 18 Family Medicine residency positions, education programs are funded by Mayo Foundation. This support from Mayo will total more than \$67 million in 1992.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan for funding levels and number of capitation grants in each of the 2 programs.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: MAYO MEDICAL SCH

				FY 1994			FY 1995		
			Est.						
PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
MAYO MEDICAL SCHOOL	777	662	682	682	504	504	682	474	474
FAMILY PRACTICE	291	274	274	274	304	304	274	335	335
TOTAL EXPENDITURES BY PROGRAM	1,068	936	956	956	808	808	956	809	809
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,068	936	956	956	808	808	956	809	809
TOTAL FINANCING	1,068	936	956	956	808	808	956	809	809
POSITIONS BY FUND:									
TOTAL POSITIONS									

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1994-95 Biennial Budget

PROGRAM: Mayo Medical School
AGENCY: Mayo Foundation

PROGRAM PURPOSE:

Mayo Medical School contributes to 2 Milestones themes: "A Caring and Secure Community," and "Learning." This program works with 2 goals: "Minnesotans will be healthy" and "Minnesotans will have the advanced education and training to make the state a leader in the global economy."

Mayo Medical School annually enrolls 42 students in 3 related medical degree programs:

- M.D. program
- MD-PhD program
- MD-OMS program

The small class size facilitates a personalized course of instruction characterized by extensive clinical interaction and the integration of basic and clinical sciences throughout all segments of the curriculum.

Patient contact begins early in the first year and increases commensurate with student progress. The integration of basic and clinical sciences occurs in a manner that strengthens basic science concepts; stresses the patient orientation appropriate for an undergraduate medical school; and utilizes a variety of active, problem-oriented, faculty- guided and self learning techniques to aid student comprehension.

The mission of Mayo Medical School is:

- To enroll outstanding students and to offer them a curriculum designed to foster their individual strengths and talents and to take full advantage of the unique integrated research, education, and practice resources of Mayo Foundation.
- To provide an intellectually stimulating environment where the small class size and large faculty of practicing physicians, scientific investigators, and educators unite to promote the scientific and humanitarian practice of medicine.
- To produce knowledgeable and compassionate physicians and scientists who have the skills and desire for lifelong learning.

Mayo Medical School (MMS) celebrates it's 20th anniversary in 1992. Emphasis is given to the primary care disciplines of general internal medicine, family medicine, pediatrics, and obstetrics/gynecology in an effort to encourage students to select one of these fields when making career choices. As part of their education, each MMS student lives with a family practice physician who is in private practice in this region to experience first-hand the challenges and rewards of primary care medicine. Of the 546 students graduating from MMS 1976-89, 234 or 43% have chosen to practice in Minnesota. Another 34 graduates practice in states contiguous to Minnesota. Of the 234 graduates working in Minnesota, 128 (55%) are practicing in the fields of internal medicine, family medicine, pediatrics, or obstetrics/gynecology.

	Practice Locations Chosen, Classes of 1976-1989	Residency Training Locations Chosen, Classes for 1990-92
--	---	--

Practicing in:		
Minnesota	234	67
Wisconsin	20	8
North/South Dakota	14	-
Total	268	75
Percent	49%	65%

PROSPECTS:

No changes are anticipated for Mayo Medical School funding for the next biennium.

OUTCOMES:

Following is a listing of Mayo Medical School's outcome measures. The mechanism for data collection is in parentheses. Because this is the first measurement process to be conducted, these outcomes and measurements will be evaluated and revised.

1. In recognition of Mayo Medical School's being a national undergraduate medical school, students enrolled in MMS will represent a broad geography and wide range of colleges and universities. (Enrollment records)
2. In recognition of the high quality of MMS applicants and the need for a strong foundation in the sciences, the average scores for each class enrolled in MMS will exceed national norms for science GPA and MCAT. (Premedical science grade point average (GPAs) and Medical College Admissions Test (MCAT) scores)
3. In recognition of the limitations of sole reliance upon cognitive attributes in the selection of future physicians, all students enrolled in MMS will have demonstrated attributes which may include: personal achievements indicating leadership ability; contributions to community and civic activities; evidence of strong motivation and compassion; involvement in research and medical service; and ability for productive interaction with fellow students. (Non-test attributes of enrollees)
4. In recognition of the desire to enrich the Mayo community by increasing cultural and ethnic diversity, and to meet future health care needs, underrepresented minority students will be actively recruited and will be enrolled in MMS at a level that exceeds the national norm. (Enrollment data)
5. In recognition of the importance of superior teaching and the contribution of faculty development, all faculty will be regarded as effective teachers. (Students' evaluations of faculty)
6. In recognition of the importance of clinical and procedural skills, in addition to a cognitive knowledge base, all students graduating from MMS will have demonstrated achievement of those core clinical and procedural skills defined by MMS faculty. (Clinical skills performance of students and residents)

1994-95 Biennial Budget

PROGRAM: Mayo Medical School
AGENCY: Mayo Foundation
(Continuation)

7. In recognition of the opportunity provided by MMS's research semester, all students graduating from MMS will have completed a biomedical research project and, within one year of graduation, at least 80% of students will have presented their work at a professional meeting and/or have had their work published. (Mayo Medical School research-related publication and travel statistics)
8. In recognition of the attributes and skills achieved in part through the research semester, at least 50% of MMS graduates will have published 1 or more scientific papers, in addition to their MMS research project, within 5 years of graduation. (Publication records)
9. In recognition of the single pathway to licensure, all students enrolled in MMS will pass United States Medical Licensure Examination Steps 1, 2, and 3 and achieve licensure one year post-graduation. On average, MMS students will achieve scores that are higher than the national norm. [National achievement test results (assuming that passing U.S. Medical Licensure Examination Steps 1,2,3 = achieving licensure)]
10. In recognition of the financial support programs of MMS and the debt burden of MMS students—which for the Class of 1992 averaged \$42,400 per student—there will be a reduction in the average debt, beginning with the Class of 1993. (Average debt level for class)
11. In recognition of the importance of student counselling and the balance between specialty choice, program location, and perceived quality of training, students graduating from Mayo Medical School will be:
 - 100% successful in obtaining a PGY-1 (residency) position in the specialty of their choice;
 - 90% successful in obtaining the first, second, or third choice of a program within that specialty; and
 - 90% "very satisfied" with their counseling and their result in the match.(A. Residency MATCH results/PGY-1 positions. B. Student satisfaction with their counseling)
12. In recognition of the individual strengths and talents of our students, the specialties chosen will reflect the unique integrated multidisciplinary group practice at Mayo and the national imperative to produce more primary care physicians. (Medical specialty choices of graduates)
13. In recognition of the goal for graduates to achieve competency in medical practice, all eligible MMS graduates will have obtained American Board of Medical Specialties (ABMS) certification. (Specialty certification)

14. In recognition of the goal for graduates to achieve leadership roles in education, graduates of MMS will have achieved academic rank in a higher percentage than the national norm. (Academic/research appointments)
15. In recognition of the goal to prepare students to assume leadership roles, all MMS graduates—within 10 years of graduation—will be serving or will have served on local, hospital, state, national, or specialty professional committees. (Information about graduates' leadership roles)
16. In recognition of the goal to prepare students to assume leadership roles, all MMS graduates will be actively involved in community service. (Information about graduates' community service)

OBJECTIVES:

During the 1994-95 biennium, Mayo Medical School will collect outcome data and establish acceptable criteria for each outcome. Revisions in outcomes and goals will then be made. Also during this time period, the newly revised 4-year curriculum will be implemented and evaluated.

BUDGET ISSUES:

Capitation provided by the state is solely used to provide grants to Minnesota resident medical school students. In 1992-93, each of the 69 Minnesota students received a grant of \$9,875. It is proposed that in F.Y. 1994 and 1995, Minnesota resident students continue to receive the \$9,875 grant. To achieve this with the 5% base reduction, the number of funded student portions would decrease to 51 in F.Y. 1994 and 48 in F.Y. 1995.

PROGRAM PLAN:

Mayo Foundation requests that an average of 15 Minnesota residents in each of four medical classes (for a total of 60 per year) have the opportunity of receiving partial financial support of their medical education at Mayo.

The cost per student per year to provide a medical school education at Mayo is approximately \$43,000. About 69% of this is borne by Mayo Foundation. For Minnesotans the tuition/fee is reduced because of state capitation. Tuition/fees have been set for 1993-94 at \$9,600 for "residents" (a 3% increase over 1992-93) and \$19,800 for "nonresidents" (a 3% increase over 1992-93).

Projected Capitation for Minnesota Students*

	<u>Fresh.</u>	<u>Soph.</u>	<u>Jr.</u>	<u>Sr.</u>	<u>Total</u>	<u>Per Student</u> <u>Capitation</u>	<u>Total</u> <u>Capitation</u>
F.Y. 1993-94	12	11	10	18	51	\$9,875	\$504,000
F.Y. 1994-95	12	12	14	10	48	\$9,875	\$474,000

* The number of students enrolled each year varies because of late enrollment decisions, leaves of absence, withdrawals, and absence during the junior year to pursue the combined MD/PhD program. Mayo requests that this appropriation provide capitation for an average of 15 Minnesota residents in each of the 4 classes at MMS and that the appropriation may be transferred between years within the biennium to accommodate enrollment fluctuations.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: MAYO MEDICAL SCH
PROGRAM: MAYO MEDICAL SCHOOL

				FY 1994			FY 1995		
			Est.						
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
MAYO MEDICAL SCHOOL	777	662	682	682	504	504	682	474	474
TOTAL EXPENDITURES BY ACTIVITY	777	662	682	682	504	504	682	474	474
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	777	662	682	682	504	504	682	474	474
TOTAL FINANCING	777	662	682	682	504	504	682	474	474
POSITIONS BY FUND:									
TOTAL POSITIONS									

1994-95 Biennial Budget

PROGRAM: Family Medicine Residency Program
AGENCY: Mayo Foundation

PROGRAM PURPOSE:

The Mayo Graduate School of Medicine established the 3-year graduate medical residency program in the specialty of family practice in 1978. The mission of the Mayo Foundation Family Practice Residency has been to train family physicians who will provide personal, comprehensive care for persons of all ages. The training program prepares the prospective family physician for primary care practice in all settings of practice, with special emphasis on rural or smaller communities. The Family Medicine Residency Program contributes to two Minnesota Milestones themes: "A Caring and Secure Community," and "Learning." This program works with two goals: "Minnesotans will be healthy," and "Minnesota will have the advanced education and training to make the state a leader in global economy."

The Family Practice Clinic is a vital element in the residents' training. Residents spend a major portion of their training providing ambulatory primary care in this environment which stresses prevention and continuity of care. Mayo's Family Practice Clinic is located in Kasson, Minnesota, a rural community in Dodge County of approximately 3,200 people. The clinic delivers primary care services to a rural area with a drawing population of close to 18,000. The past 2 years 31,475 and 32,115 patients respectively were seen in the Kasson office. The residents and Mayo Clinic Family Medicine consultants also deliver care to migrant workers at Blooming Prairie as part of their public health experience. Other resident activities include providing sport physicals to local high schools, give talks to high schools, public health nurses, and ambulance crews. They also volunteer to work at camps for children with chronic illnesses.

PROSPECTS:

The Department has current plans which will have an impact on program goals including a plan with even greater emphasis on rural practice involving a small community with no current medical provider.

OUTCOMES:

The residency has been extremely successful in recruiting excellent medical school graduates who have filled all the positions in the 15 entering classes. Fifty-three percent of these graduates are currently practicing in Minnesota (69% of the last 2 graduating classes are practicing in Minnesota). Twenty-eight percent of the graduating residents are practicing in rural Minnesota. Mayo Foundation has an affiliated family practice program at St. Francis Hospital in La Crosse with 21 of its graduating residents practicing in Minnesota with 32% of them practicing in rural Minnesota. The Foundation has given financial and educational support for this program. In the past, Mayo Family Medicine residents have scored well above the national average on the American Board of Family Practice In-Training examination.

OBJECTIVES:

It is the goal of the Department to have 60% of its graduating residents remaining in Minnesota to practice with 35% practicing in rural Minnesota.

BUDGET ISSUES:

Monies budgeted for the plan will be used for partial funding of resident stipends.

EFFICIENCY MEASURES:

A major goal of the residency program has been to train physicians who will provide efficient, cost-effective, high-quality medical care for all populations. It is clear from our studies that the best way to improve this care is by changes in the medical system of practice. To this end we have ongoing projects in the development of clinical strategies. This is a multidisciplinary project in which we define the most cost-effective approach to management of various clinical problems such as cancer of the breast, coronary heart disease, depression and low back pain. We have also instituted system changes to improve the provision of preventive services to elderly patients. These programs will eventually reduce health costs while maintaining high-quality care.

PROGRAM PLAN:

Mayo Foundation has been extremely supportive of the residency program and has requested that the Department of Family Medicine develop plans for expansion of the program. As of the writing of this document, the plan is to expand from 18 to 24 residents by F.Y. 1996 (2 additional residents per year between F.Y. 1994-1996).

Projected Capitation for Family Medicine Residents:

	<u>Residents</u>	<u>Per Resident Capitation</u>	<u>Total Capitation</u>
F.Y. 1994	20	\$15,222	\$304,000
F.Y. 1995	22	\$15,222	\$335,000

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: MAYO MEDICAL SCH
PROGRAM: FAMILY PRACTICE

				FY 1994			FY 1995		
			Est.						
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
FAMILY PRACTICE	291	274	274	274	304	304	274	335	335
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	291	274	274	274	304	304	274	335	335
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	291	274	274	274	304	304	274	335	335
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	291	274	274	274	304	304	274	335	335
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									
=====									
TOTAL POSITIONS									
=====									

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HIGHER EDUCATION FACILITIES AUTHORITY

1994-95 Biennial Budget

AGENCY: Higher Education Facilities Authority

MISSION STATEMENT:

The Higher Education Facilities Authority (hereafter called the Authority) was created to assist Minnesota non-profit, non sectarian institutions of higher education in the construction, financing and refinancing of facilities at a lower interest rate than might otherwise be available to them. Beginning in F.Y. 1988, the legislature also asked that the Authority finance projects at public higher education institutions. The Authority has access to capital improvement funds only through borrowing. The facilities built by the Authority must be financed from tax-exempt revenue bonds sold by the Authority. In turn, the Authority enters into agreements whereby an institution pays an amount needed to retire the incurred debt. Since the Authority is an agency of the state, the interest paid by the Authority to the bondholders is tax-exempt. The use of the financing arrangements for facility construction made possible by the existence of the Authority is entirely voluntary. Currently, the Authority has \$350 million of bonding authority.

This activity receives no state appropriation. The Authority has been self-supporting since its inception in 1971, and intends to continue in that manner. The dollars shown on the activity fiscal summary reflect only salaries and benefits for the 3 staff positions of the Authority. The Authority pays its salaries and benefits through the state payroll system. It is this portion (i.e., the payroll portion) of the Authority's budget which appears in this submission.

The Authority's policies, procedures, regulations and approval of bonding projects are made by a board composed of 10 members, 8 of which are appointed by the Governor. The remaining 2 are ex-officio members; namely, the executive director of the Higher Education Coordinating Board and the president of the Minnesota Private College Council. The Authority provides the following services:

- investigates the eligibility of an institution as well as each proposed project;
- coordinates with the institution, the Authority's bond counsel and financial consultants the development of legal and financial documents necessary for a bond issue;
- keeps records and audits the accounts involved to ensure that the trustees are handling all accounts properly; and
- manages the investment accounts of the general bond reserve.

MINNESOTA MILESTONES:

The Authority supports the education milestones. It is increasingly important that the academic institutions have access to affordable financing for capital improvements. For Minnesota to stay in the forefront of academic excellence, it is vital that institutions seek to meet the changing needs of students with facilities that offer the technological advances that are currently available.

CLIMATE:

It is evident that colleges and universities in Minnesota will be in need of financing programs, such as the Authority's program, for financing building projects and purchasing new equipment.

Technological Advances: Advanced technology is dramatically changing the way information is disseminated, stored and retrieved. This technology has forever changed the college library, the business office, development office, registrar and admissions offices. The computer has become an invaluable tool for teaching in most academic disciplines, and telecommunications systems are rapidly transforming campus instructional and administrative systems.

Obsolete Building Replacement: Any major renovation requires the entire building to be brought up to the standards of the local building codes. Replacement rather than renovation is the only solution where there is wide spread use of asbestos, obsolete or worn out electrical and plumbing systems, or if existing structures are not energy efficient and are not accessible to the handicapped.

Deferred Maintenance: Nationwide studies show that a crisis exists among higher education institutions. These studies report accumulated deferred maintenance needs in excess of \$60 billion. Minnesota private colleges are proportionately facing this problem. The massive building programs of the 1950s and 1960s have created a deferred maintenance problem for the 1990s.

Refinancing Options: The present economic climate, which has lowered interest rates, has made refinancing of existing debt attractive to many institutions. Debt that was issued in the early 1980s at a comparably high interest rate is now being refinanced at a much lower rate thereby saving money in interest cost.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED FAC AUTH
PROGRAM: HIGHER EDUC FAC AUTHR

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
HIGHER EDUC FAC AUTHR	142	148	158	158	161	161	158	164	164
TOTAL EXPENDITURES BY ACTIVITY	142	148	158	158	161	161	158	164	164
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE AGENCY	142	148	158	158	161	161	158	164	164
TOTAL FINANCING	142	148	158	158	161	161	158	164	164
POSITIONS BY FUND:									
SPECIAL REVENUE AGENCY	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL POSITIONS	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: HIGHER ED FAC AUTH

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 94	F.Y. 95	F.Y. 94	F.Y. 95	F.Y. 94	F.Y. 95	F.Y. 94	F.Y. 95
F.Y. 93 FUNDING LEVEL	158	158			158	158		
CURRENT SPENDING	158	158			158	158		
FORECAST ADJUSTMENTS								
ANNUALIZING NEW PROG COSTS	3	6			3	6		
SUBTOTAL FORECAST ADJ.	3	6			3	6		
AGENCY BASE	161	164			161	164		