

## Agency Purpose

The Minnesota Department of Education's (MDE) mission is to improve educational achievement by establishing clear standards, measuring performance, assisting educators, and increasing opportunities for lifelong learning.

MDE strives to be an innovative education agency, assisting schools, families, and other education providers with exemplary services that result in high academic achievement for all students, pre-kindergarten to grade 12, and adult learners.

Every learner will have access to a high-quality education that promotes his or her development to full potential through an outstanding Minnesota education system that is a world leader.

## Core Functions

MDE focuses on four primary goals.

*Improve Achievement for all Students:* Raise overall student achievement levels and close the achievement gap that currently exists among students of color and students with disabilities by implementing standards, research-based best practices, measuring progress with statewide assessments, and promoting lifelong learning.

*Enhance Teacher Quality:* Improve teacher quality in Minnesota by implementing initiatives to increase the number of highly trained teachers, enhance teacher preparation, improve teacher retention in high-needs schools, and provide ongoing professional development.

*Expand Education Options for Students and Families:* Ensure that programs offering education options to families support quality schools and continuous improvement in student achievement. Create new choices to better meet the educational needs of all children, especially students from low-income families, students of color, students with disabilities, and students who are English language learners.

*Implement Education Finance Reform and Enhance Accountability:* Encourage improved financial management of school districts and charter schools, make the system more understandable and accountable to the public, implement performance-based pay linked to student achievement gains, and enhance accountability for student learning through a comprehensive data system.

## Operations

### *Office of Academic Excellence and Innovations*

The Office of Academic Excellence is responsible for academic standards development, high school improvement activities, Indian education programs, school choice, charter schools, supplemental services programs, library development, the Faribault Library for the Blind, and school administrator and teacher licensing.

### *Office of Finance, Compliance and Special Education*

The Office of Finance, Compliance and Special Education is responsible for calculating and distributing state aid to school districts and calculating school district property tax levy limitations, special education policy and compliance, food and nutrition programs for schools and child and adult care food programs, and adult basic education.

### *Office of Accountability and Improvement*

The Office of Accountability and Improvement is responsible for statewide testing, federal education programs and funding, school improvement, professional development for educators, early childhood education, and research and evaluation.

## At A Glance

### MDE Customers (FY 2007):

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

### Annual K-12 School Funding (FY 2006):

- ◆ State - \$6.3 billion or 69.7% of total funding
- ◆ Local - \$2.1 billion or 23.7% of total funding
- ◆ Federal - \$0.9 billion or 6.6% of total funding

In addition, the duties and activities described above, MDE provides services and assistance to students, teachers, parents, and school districts in the following areas:

- ◆ Academic Standards and High School Improvement
- ◆ Adult and Career Education and Service-Learning
- ◆ Assessment and Testing
- ◆ Compliance and Assistance
- ◆ Early Learning Services
- ◆ English Language Learners/Limited English Proficiency (LEP)
- ◆ Food and Nutrition Service
- ◆ Library Development and Services
- ◆ No Child Left Behind (NCLB) Consolidated Federal Programs
- ◆ Educator Licensing and Teacher Quality
- ◆ Safe and Healthy Learners
- ◆ School Choice
- ◆ School Finance
- ◆ School Technology
- ◆ Special Education

### **Budget**

MDE will administer over \$6 billion in state and federal funding for preK-12 and adult and career education funding. In addition, MDE will calculate over \$1.5 billion of annual property tax levy limitations.

### **Contact**

Agency Contact: (651) 582-8200  
Department of Education Web Site: [education.state.mn.us](http://education.state.mn.us)

Minnesota Department of Education  
1500 Highway 36 West  
Roseville, Minnesota 55113-4266

For information on how this agency measures whether it is meeting statewide goals, please refer to [www.departmentresults.state.mn.us](http://www.departmentresults.state.mn.us)

Dollars in Thousands

	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	6,867,094	6,484,760	6,485,010	6,484,760	12,969,770
<b>Forecast Base</b>	<b>6,867,094</b>	<b>6,462,891</b>	<b>6,497,378</b>	<b>6,448,501</b>	<b>12,945,879</b>
Change		(21,869)	12,368	(36,259)	(23,891)
% Biennial Change from 2006-07					-2.9%
<b>State Government Spec Revenue</b>					
Current Appropriation	96	96	96	96	192
<b>Forecast Base</b>	<b>96</b>	<b>96</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change		0	(96)	(96)	(192)
% Biennial Change from 2006-07					-100%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	6,857,892	6,475,315	6,497,278	6,448,401	12,945,679
<b>Statutory Appropriations</b>					
Misc Special Revenue	11,060	10,023	8,625	8,598	17,223
Endowment School	21,099	24,046	24,668	25,286	49,954
Federal	587,350	649,342	669,558	669,467	1,339,025
Miscellaneous Agency	3,175	3,338	3,074	3,074	6,148
Gift	462	579	134	125	259
<b>Total</b>	<b>7,481,038</b>	<b>7,162,643</b>	<b>7,203,337</b>	<b>7,154,951</b>	<b>14,358,288</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	31,744	37,321	37,543	38,243	75,786
Other Operating Expenses	38,329	62,984	53,960	52,769	106,729
Payments To Individuals	3,606	4,459	3,591	3,581	7,172
Local Assistance	7,407,023	7,057,527	7,107,994	7,060,109	14,168,103
Other Financial Transactions	336	352	352	352	704
Transfers	0	0	(103)	(103)	(206)
<b>Total</b>	<b>7,481,038</b>	<b>7,162,643</b>	<b>7,203,337</b>	<b>7,154,951</b>	<b>14,358,288</b>
<b><u>Expenditures by Program</u></b>					
General Education	5,849,419	5,490,708	5,512,793	5,461,682	10,974,475
Other General Programs	39,421	40,006	40,528	39,943	80,471
Choice Programs	101,222	115,413	127,470	128,606	256,076
Indian Programs	6,488	6,326	6,476	6,643	13,119
Innovation & Accountability	8,210	14,592	10,210	10,210	20,420
Spec Student & Teacher Prgs	198,591	222,445	234,812	231,912	466,724
Special Education	847,633	817,911	819,172	819,367	1,638,539
Facilities & Technology	52,100	41,681	41,542	37,712	79,254
Nutrition Programs	190,036	197,210	206,190	214,778	420,968
Library Programs	15,063	15,527	14,573	14,573	29,146
Early Childhood & Fam Support	52,051	55,891	57,712	58,833	116,545
Community Ed & Prevention	2,845	2,733	2,080	1,578	3,658
Self Sufficiency & Lifelong Lr	44,980	48,739	46,420	46,671	93,091
Dept Of Education Operations	68,412	89,820	83,359	82,443	165,802
Discontinued Programs	4,567	3,641	0	0	0
<b>Total</b>	<b>7,481,038</b>	<b>7,162,643</b>	<b>7,203,337</b>	<b>7,154,951</b>	<b>14,358,288</b>
<b>Full-Time Equivalents (FTE)</b>	<b>402.7</b>	<b>474.0</b>	<b>473.5</b>	<b>470.0</b>	

**Budget Activities**

- ⇒ General Education
- ⇒ K-12 Education Shifts (information only)
- ⇒ Referendum Tax Replacement

DEPT OF EDUCATION  
 Program: GENERAL EDUCATION

Program Summary

*Dollars in Thousands*

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	5,828,353	5,480,942	5,480,942	5,480,942	10,961,884
<b>Technical Adjustments</b>					
End-of-session Estimate			(9,406)	(68,899)	(78,305)
November Forecast Adjustment		(19,803)	16,589	24,353	40,942
<b>Forecast Base</b>	<b>5,828,353</b>	<b>5,461,139</b>	<b>5,488,125</b>	<b>5,436,396</b>	<b>10,924,521</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	5,828,320	5,466,662	5,488,125	5,436,396	10,924,521
<b>Statutory Appropriations</b>					
Endowment School	21,099	24,046	24,668	25,286	49,954
<b>Total</b>	<b>5,849,419</b>	<b>5,490,708</b>	<b>5,512,793</b>	<b>5,461,682</b>	<b>10,974,475</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	5,849,419	5,490,708	5,512,793	5,461,682	10,974,475
<b>Total</b>	<b>5,849,419</b>	<b>5,490,708</b>	<b>5,512,793</b>	<b>5,461,682</b>	<b>10,974,475</b>
<b><u>Expenditures by Activity</u></b>					
General Education	5,840,250	5,482,004	5,504,089	5,452,978	10,957,067
Referendum Tax Replacement	9,169	8,704	8,704	8,704	17,408
<b>Total</b>	<b>5,849,419</b>	<b>5,490,708</b>	<b>5,512,793</b>	<b>5,461,682</b>	<b>10,974,475</b>

**Activity Description**

**Citation:** M.S. 122A.415; 122A.61; 123A.27; 123B.05; 126C; 127A.51; 127A.47

General education is the largest single item of state general fund spending and also the largest resource available to school districts. The following is a description of the purposes, uses, history, and measures of general education as a funding source for school finance, as well as a detailed explanation of the component parts that make up total funding.

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

- ⇒ **Adequate and equitable core funding for students** – General education revenue provides sufficient funding to ensure that each student receives an adequate education (excluding unique needs funded through categorical programs). This includes a large base of funding on a uniform per pupil basis and additional revenues for variations in 1) the cost of delivering equivalent educational programs and services to students; and 2) the cost of programs to meet the unique needs of different student populations.
- ⇒ **Equity for taxpayers** – Core educational programs are funded primarily by the state with proceeds from uniform statewide taxes. Discretionary programs and services are funded with local operating referendum levies, which are equalized by the state to enable participation by districts with low tax base.
- ⇒ **Efficient use of resources** – This program encourages school districts to provide programs and services efficiently by allocating resources based on uniform formulas applied to demographic and economic factors that are beyond local control and by giving districts flexibility in the use of funds.
- ⇒ **Limited local control** – The referendum levy permits local school districts to raise limited additional revenues, with voter approval, to supplement state allocations.
- ⇒ **Facilitate state priorities** – This program encourages the development of programs and services identified as priorities by the state, such as class size reduction, alternative teacher compensation, staff development, gifted and talented programs, and basic skills.
- ⇒ **Stability** – This program provides stable funding to ensure continuity of programs for students and stability in tax rates for taxpayers.

**Activity at a Glance**

Estimates for FY 2007

- ◆ 824,653 pre-kindergarten through grade 12 students average daily membership (ADM)
- ◆ 340 school districts and 132 charter schools
- ◆ \$5.5 billion in state aid and \$0.7 billion in levies
- ◆ \$7,556 average general education revenue per student
- ◆ \$4,974 basic education formula allowance per adjusted marginal cost pupil unit

**Population Served**

General education revenue is provided for all public school students in kindergarten through grade 12 and for pre-kindergarten students with disabilities. In addition to students attending schools operated by school districts, this includes charter school students, students in grades 11 and 12 attending Minnesota higher education institutions under the Post-Secondary Enrollment Options (PSEO) program, students enrolled in private, nonsectarian schools that have contracted with a public school district to provide educational services (contract alternative), and students attending public schools on a part-time basis while also attending nonpublic schools (shared time).

The following table shows the estimated state total number of students served in FY 2007 by grade level grouping and program type. The student counts shown are average daily membership (ADM) or the average number of students enrolled throughout the school year.

# DEPT OF EDUCATION

**Program: GENERAL EDUCATION**

**Activity: GENERAL EDUCATION**

Narrative

	<u>Regular District</u>	<u>Charter School</u>	<u>PSEO College</u>	<u>Contract Alternative</u>	<u>Shared Time</u>	<u>Total ADM</u>
Disabled Pre-K	6,143	3	-0-	-0-	5	6,156
Disabled Kndgrtn	4,018	45	-0-	2	21	4,086
Regular Kndgrtn	51,697	2,372	-0-	40	14	54,123
Grades 1-3	173,538	5,969	-0-	104	137	179,748
Grades 4-6	173,921	4,893	-0-	77	206	179,097
Grades 7-12	<u>385,767</u>	<u>10,204</u>	<u>3,443</u>	<u>1,752</u>	<u>277</u>	<u>401,443</u>
TOTAL ADM	795,084	23,486	3,443	1,975	665	824,653

Historical and projected ADM state totals and historical ADM by school district are available on the Division of Program Finance web site.

## Services Provided

General education revenue is the primary source of general operating funds for school districts and charter schools. In FY 2007, it accounts for 84% of school district general fund state aid and levy revenues.

- ⇒ Programs supported by general education revenue include regular instruction, vocational instruction, special education, instructional support services, pupil support services, operations, and maintenance of school facilities, pupil transportation, district and school administration, district support services, and capital expenditures.
- ⇒ The School District Profiles report, available on the Minnesota Department of Education (MDE) web site, provides a breakdown of FY 2005 operating expenditures for each school district and charter school, as well as regional and state totals.

Most general education revenue is unrestricted, and can be used for any school operating purpose. Exceptions are as follows:

- ⇒ *Class-size reduction* (M.S. 126C.12). The additional basic revenue generated by the portion of the pupil unit weight for regular kindergarten students exceeding 0.5 and the portion of the pupil unit weight for students in grades one to six exceeding 1.0 is reserved for class-size reduction, beginning with kindergarten through grade three.
- ⇒ *Alternative teacher compensation (Q Comp)* (M.S. 122A.415). This revenue must be used for alternative teacher professional pay systems.
- ⇒ *Staff development* (M.S. 122A.61). An amount equal to 2% of basic revenue (\$99.48 per pupil unit in FY 2007) must be reserved for staff development. This requirement is waived for school districts in statutory operating debt and may be waived by a majority vote of the school board and the teachers in any district.
- ⇒ *Gifted and talented* (M.S. 126C.10, Subd. 2b). This revenue must be used for gifted and talented programs.
- ⇒ *Basic skills* (M.S. 126C.15). This revenue, which includes compensatory education revenue and limited English proficiency (LEP) revenue, must be used to meet the educational needs of students who enroll under-prepared to learn and whose progress toward meeting state or local content or achievement standards is below the level that is appropriate for learners of their age. Compensatory revenue must be allocated to the buildings where the children generating the revenue are served; however, an amount up to 5% of the prior year's revenue may be allocated according to a local plan approved by the commissioner.
- ⇒ *Operating capital* (M.S. 126C.10, Subd. 13, 14). This revenue must be used for facilities, equipment, or for personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and software.

### Historical Perspective

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

- ⇒ Initiated in FY 1989, the general education program replaced the foundation program and numerous categorical programs, including teacher retirement aid, summer program aid and levy, gifted and talented aid, arts education aid, chemical dependency aid, programs of excellence grants, and the liability insurance levy.
- ⇒ In FY 1994, FY 1995, and FY 2000, the pupil weighting factors for regular kindergarten and elementary students were increased to provide additional funding for elementary class-size reduction.
- ⇒ Beginning in FY 1997, funding for regular transportation and operating capital is included in the general education program.
- ⇒ Beginning in FY 1998, compensatory education revenue is computed using building-level free and reduced-price lunch counts, instead of district-level Aid to Families with Dependent Children (AFDC) counts.
- ⇒ Beginning in FY 2000, additional funding is provided for districts with declining enrollments through the use of "marginal cost" pupil units, which reflect a mix of current and prior-year data. Also beginning in FY 2000, LEP program revenue is included in the general education program.
- ⇒ Beginning in FY 2001, district cooperation revenue was rolled into the general education formula, increasing the formula allowance by \$67. Also beginning in FY 2001, LEP revenue is converted from an expenditure-based to an enrollment-based formula.
- ⇒ Beginning in FY 2003, the general education levy is eliminated and the general education formula is fully funded by the state. In addition, \$415 per pupil unit was transferred from referendum revenue to the general education formula.
- ⇒ Beginning in FY 2004, two new components were added to general education revenue; extended time revenue and transition revenue. Except for the computation of extended time revenue, ADM is limited to 1.0 for each pupil.
- ⇒ Beginning in FY 2005, levy components were added to operating capital revenue, equity revenue, and transition revenue.
- ⇒ Beginning in FY 2006, two new components were added to general education revenue: alternative teacher compensation (Q Comp) revenue and gifted and talented revenue.

Additional information on the history of Minnesota School Finance is available on the Division of Program Finance web site.

### Key Measures

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

- ⇒ *Growth in revenue per ADM.* The following table shows the change in general education revenue per ADM from FY 2002 through FY 2007 in current and constant (2006) dollars. Between FY 2002 and FY 2007, general education revenue per ADM increased by 23.2%. After adjusting for inflation using the consumer price index (CPI), the increase was 8.1%.



**DEPT OF EDUCATION**

**Program: GENERAL EDUCATION**

**Activity: GENERAL EDUCATION**

Narrative

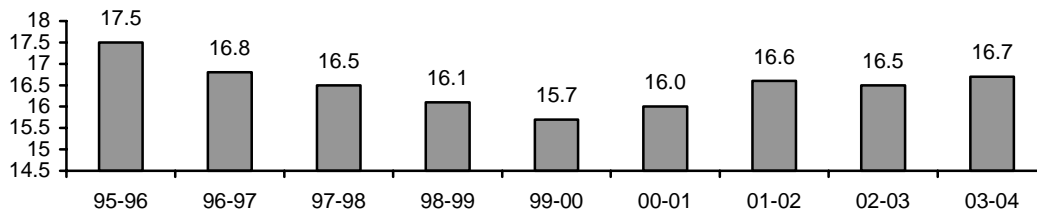
**General Education Revenue per ADM, FY 2002 - FY 2007**  
Including Operating Referendum Revenue

	Revenue per ADM Current Dollars		Revenue per ADM Constant (2006) Dollars	
	Amount	Cumulative % Change	Amount	Cumulative % Change
2002	6,135	N/A	6,852	N/A
2003	6,484	5.7%	7,085	3.4%
2004	6,633	8.1%	7,093	3.5%
2005	6,762	10.2%	7,020	2.5%
2006	7,068	15.2%	7,068	3.2%
2007	7,556	23.2%	7,408	8.1%

Includes revenues and pupils for PSEO college, shared time, and contract alternative adjustments.

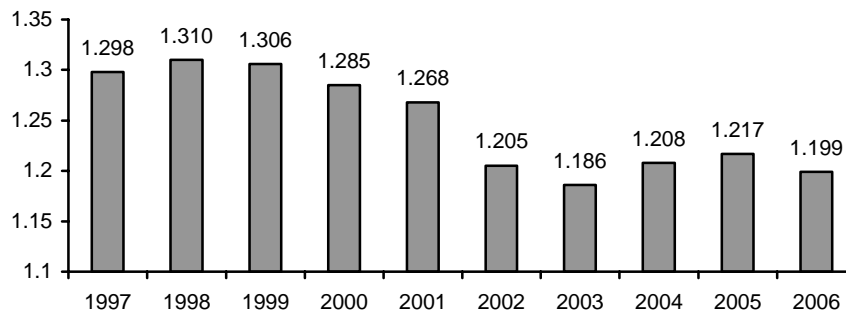
⇒ *Pupil – staff ratios.* Compensation for teachers and other district staff constitutes the districts' largest operating cost. The graph shows the ratio of ADM pupils to licensed instructional staff. From FY 1996 to FY 2000 the ratio decreased. Since then, the ratio has increased but remains lower that it was in the mid-1990s.

**Pupils : Instructional Staff**



⇒ *Disparity in revenue per pupil unit.* M.S. 127A.51 requires the department to report annually on the disparity in general education revenue per pupil unit, as measured by the ratio of the 95th percentile to the 5th percentile of general education revenue per pupil unit. According to this measure, the disparity in general education revenue per pupil unit has decreased significantly since the late 1990s.

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



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⇒ *Student achievement.* State assessments provide teachers and school administrators with information about the academic status of all students. Information is available on the department's web site for all state assessments given on a regular basis to students in Minnesota. The below shows the percentage of students exhibiting proficiency in reading and math based on Minnesota comprehensive assessments. The shaded areas represent years in which no tests were administered.

## Percentage of Students Achieving Proficiency on the Minnesota Comprehensive Assessments

### Mathematics

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Grade 3	65.1%	71.5%	70.5%	77.5%
Grade 5	70.2%	74.9%	74.3%	80.1%
Grade 7			66.6%	75.8%
Grade 11			70.0%	71.9%

### Reading

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Grade 3	66.1%	72.4%	73.3%	78.4%
Grade 5	74.8%	76.8%	76.1%	80.7%
Grade 7			69.8%	74.2%
Grade 10			77.9%	81.2%

⇒ *Other measures.* Except for the portion of revenue attributable to compensatory revenue, which must be passed through to each school site, each local school board determines how to allocate the general education revenue among school sites and programs subject to certain legislative restrictions. Information on school performance and school district spending can be found on the department's website.

## Activity Funding

- ⇒ Funding is based primarily on the ADM of students in pre-kindergarten through grade 12. ADM is computed by dividing the sum of the number of students enrolled each school day (student membership) by the number of days school is in session.
- ⇒ Except for the computation of extended time revenue, ADM is limited to 1.0 for each pupil beginning FY 2004.
- ⇒ ADM in excess of 1.0, not to exceed an additional 0.2 ADM per pupil, is used only to compute extended time revenue for students in learning year programs.
- ⇒ To reflect cost differences, the ADM is weighted by grade level to determine the number of pupil units:

Disabled Pre-K	1.250	Grades 1 - 3	1.115
Disabled Kindergarten	1.000	Grades 4 - 6	1.060
Regular Kindergarten	0.557	Grades 7 - 12	1.300

⇒ Most revenues are computed using adjusted marginal cost pupil units (AMCPU). "Adjusted" means that the resident pupil units have been adjusted by adding the pupil units generated by nonresident students served in the district under alternative attendance programs such as open enrollment and subtracting the pupil units generated by resident students served in another district under an alternative attendance program. "Marginal cost" means that pupil units are computed using a mix of current and prior year data, recognizing that school districts have fixed costs that do not decline in direct proportion to enrollment decline. AMCPU equals the greater of the adjusted pupil units for the current year or 77% of the adjusted pupil units for the current year plus 23% of the adjusted pupil units for the prior year.

General education revenue includes several components, as shown in the table below. Referendum revenue is funded with a mix of local property taxes, state referendum equalization aid, and state tax base replacement aid. Operating capital revenue, alternative teacher compensation revenue, equity revenue, and transition revenue are also funded with a mix of state aid and local property taxes. All other components are funded entirely with state aid.

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Program: GENERAL EDUCATION

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Narrative

Spreadsheets showing general education revenue by component for FY 2002 through FY 2007 for individual districts and the state are available on the Division of Program Finance web site at district revenue FY 2002 through FY 2007. Detailed spreadsheets showing the calculation of each revenue component for each school district and charter school for each fiscal year are also available on the Division of Program Finance web site.

## General Education Revenue by Component – FY 2007 (est.)

	<u>Number of Districts</u>	<u>Number of Charter Schools</u>	<u>Amount (Millions)</u>	<u>Percent of Total</u>
1. Basic	342	125	\$ 4,721.3	75.8%
2. Extended Time	118	6	55.8	0.9%
3. Gifted and Talented	342	104	8.5	0.1%
4. Basic Skills:				
a) Compensatory	342	121	316.4	5.1%
b) LEP	209	50	30.5	0.5%
c) LEP Concentration	209	50	7.9	0.1%
5. Sparsity	85	125	19.7	0.3%
6. Transportation Sparsity	342	125	59.7	1.0%
7. Training & Experience	121	125	4.8	0.1%
8. Operating Capital	342	125	193.2	3.1%
9. Alternative Teacher Compensation	20	4	93.8	1.5%
10. Equity	342	125	94.6	1.5%
11. Transition	204	48	30.5	0.5%
12. Alternative Attendance Adjust.	251	125	(1.0)	0.0%
13. Misc. Adjustments				
a) Pension Adjustment	342	125	(47.1)	(0.8%)
b) PSEO-College	N/A	N/A	21.4	0.3%
c) Shared Time	N/A	N/A	3.7	0.1%
d) Contract Alternative	N/A	N/A	14.1	0.2%
e) Online Learning	<u>N/A</u>	<u>N/A</u>	<u>0.6</u>	<u>0.0%</u>
SUBTOTAL	343	125	5,628.4	90.4%
14. Operating Referendum	<u>302</u>	<u>0</u>	<u>597.4</u>	<u>9.6%</u>
GRAND TOTAL REVENUE	343	125	\$6,225.8	100.0%

**DETAIL OF REVENUE COMPONENTS.** For FY 2006 and later, the components of general education revenue are as follows:

### Basic Revenue

- ⇒ Basic revenue provides all districts with a uniform allocation per pupil unit.
- ⇒ Basic revenue for a district equals the product of the district's AMCPU times the formula allowance established in law.
- ⇒ The formula allowance for FY 2007 and later is \$4,974.
- ⇒ The change in the formula allowance is not a reliable indicator of the growth in school district revenue per student over time because of several factors, including changes in pupil weights, changes in formulas for allocating additional pupil units to districts with declining enrollment, transfers of various funding programs into or out of the general education formula, offsets to the formula for changes in other funding components, and changes in other funding components.

## DEPT OF EDUCATION

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Narrative

### Extended Time Revenue

- ⇒ Extended time revenue provides districts with additional revenue to fund extended day, extended week, summer school, and other programming authorized under the learning year program.
- ⇒ Extended time revenue for a district equals the product of the district's extended time marginal cost pupil units times \$4,601. The extended time allowance does not automatically increase with increases to the basic formula allowance.

### Gifted and Talented

- ⇒ Gifted and talented revenue provides school districts and charter schools with \$4 per pupil unit for FY 2006 and \$9 per pupil unit for FY 2007 and later for identifying gifted and talented students, providing education programs for these students or providing staff development for teachers to best meet the needs of these students.

### Basic Skills Revenue

Basic skills revenue includes compensatory revenue and LEP revenue:

*Compensatory Revenue* is based on the concentration of poverty in a school building.

- ⇒ A site's compensatory revenue for each eligible pupil increases as the concentration of eligible pupils at the site increases. The maximum compensatory funding per free-lunch pupil is 60% of the formula allowance minus \$415 in sites where the free lunch count plus 1/2 of the reduced-price lunch count is 80% or more of the total enrollment. Funding is based on the October 1 count for the prior school year.

*LEP Revenue* is based on the number and concentration of LEP students enrolled in the district. There are two components to LEP revenue: regular LEP revenue and concentration aid.

- ⇒ For districts and charter schools with at least one LEP ADM student, regular LEP revenue equals \$700 times the greater of 20 or the marginal cost number of LEP ADM pupils enrolled in the district (greater of current year count or 77% of current year plus 23% of prior year).
- ⇒ LEP concentration aid provides additional funding of \$250 times the LEP ADM, times the lesser of one or the ratio of the district's LEP concentration percent to 11.5%.

To be eligible for LEP funding, a student must have generated fewer than five years of ADM in Minnesota public schools and must be served in an LEP program during the current fiscal year. An LEP pupil ceases to generate revenue in the school year following the school year in which the pupil attains the state cut-off score on the Test of Emerging Academic English (TEAE). This test is designed to provide information about how well students with limited English language proficiency are learning academic English required for achievement of the high state standards in reading and writing.

### Sparsity Revenue

- ⇒ This revenue funds the added costs of operating small schools that are too isolated to reduce costs by cooperating or consolidating. The smaller the enrollment, the greater the potential sparsity revenue per student. The greater the isolation, the greater the portion of potential revenue that is paid. Sparsity revenue is calculated on a school-by-school basis.
- ⇒ Separate formulas are used for elementary schools and secondary schools.

For a secondary school to generate sparsity revenue, it must have a secondary ADM (grades 7-12) less than 400, and an isolation index greater than 23. The isolation index equals the square root of 55% of the attendance area of the school district, plus the distance to the nearest other high school. The isolation index approximates the longest travel distance that would be necessary after consolidation.

For an elementary school to generate sparsity revenue, it must have an elementary ADM (grades K-6) less than 140 and be located at least 19 miles from the nearest other elementary school.

**Transportation Sparsity Revenue**

⇒ This revenue funds the added cost of pupil transportation in areas with low population density, supplementing the 4.85% of basic revenue (\$241 per pupil unit in FY 2007), provided to all districts for transportation purposes. The transportation sparsity allowance for a district increases as the number of pupil units per square mile decreases.

**Training and Experience (T & E) Revenue**

⇒ This revenue adjusts for cost variations associated with differences in the training and experience of the faculty. Faculty employed by the district in 1996-97 and the current year are counted at their 1996-97 levy of training and experience. Faculty hired by the district after 1996-97 are counted at the lowest step on the salary schedule. The revenue phases out as faculty employed by the district in 1996-97 retire or otherwise leave the employment of the district.

**Operating Capital Revenue**

⇒ This revenue, which is reserved for facilities and equipment purposes, equals \$173 per pupil unit, plus an adjustment of up to \$50 per pupil unit, based on the average age of the district's buildings.

⇒ In order to receive operating capital revenue, school districts must levy for this purpose beginning in FY 2005. The levy is spread based on the net tax capacity (NTC) of the district.

⇒ The local levy share of operating capital revenue equals the lesser of the revenue or the product of the revenue times the ratio of the district's adjusted net tax capacity (ANTC) per AMCPU to \$10,700.

**Alternative Teacher Compensation (Q Comp) Revenue**

⇒ School districts, charter schools, the Perpich Center for Arts Education, and multi-district integration collaboratives with an approved alternative teacher professional pay system are eligible to receive up to \$260 per pupil enrolled at participating sites for implementation of the alternative teacher professional pay system. Participating school districts receive basic state aid of \$190 per pupil and are authorized to make an equalized levy of up to \$70 per pupil. Other participating units receive an amount equal to the average per pupil revenue of participating school districts, all in the form of state aid. For FY 2007 and later, funding will allow participation of districts and schools making up 48% of the state's total enrollment.

**Equity Revenue**

⇒ This formula provides additional revenue targeted primarily to districts with referendum revenue per pupil unit below the 95<sup>th</sup> percentile for the region where the district is located (metro or rural).

⇒ For qualifying districts with no referendum levy, the initial revenue allowance is \$13 per pupil unit.

⇒ For qualifying districts with a referendum levy, the initial revenue allowance is \$13 plus an amount up to \$75 per pupil unit, depending on how far the district's referendum revenue per pupil unit is below the 95<sup>th</sup> percentile (sliding scale).

⇒ Districts with referendum revenue per pupil unit below 10% of the state average receive additional equity revenue equal to the difference between 10% of the state average and the district's referendum revenue per pupil unit.

⇒ For districts in the seven county metro area, the equity revenue as computed above is increased by 25%.

⇒ Minneapolis, St. Paul, and Duluth are not eligible for the components of equity revenue described above.

⇒ Beginning in FY 2007, all districts below the regional 95<sup>th</sup> percentile (including Minneapolis, St. Paul, and Duluth) are eligible for an additional \$46 per pupil unit of equity revenue and districts at or above the 95<sup>th</sup> percentile are eligible for an additional \$23 per pupil unit.

⇒ School districts must levy to receive equity revenue. The levy is spread based on the referendum market value (RMV) of property, which excludes seasonal recreational cabin property and agriculture land (the house, garage, and one acre of farm properties are taxable).

⇒ Equity revenue is equalized by state aid at the same rate as Tier 1 referendum equalization.

⇒ The local levy share of equity revenue equals the lesser of the revenue or the product of the revenue times the ratio of the district's RMV per resident marginal costs pupil unit to \$476,000.

**Transition Revenue**

- ⇒ Transition revenue was added in FY 2004 to mitigate the loss of general education revenue that districts experienced from changes in the calculation of compensatory and LEP revenue and the effect of changes in pupil accounting.
- ⇒ Transition revenue guarantees that a district's FY 2004 general revenue per old formula AMCPU, excluding referendum revenue and alternative attendance adjustments, will not be less than the lesser of 1) the district's FY 2003 general education revenue per old formula AMCPU, excluding referendum revenue and alternative attendance adjustments, or 2) the district's old formula FY 2004 general education revenue per old formula AMCPU (before FY 2004 implementation of 1.0 ADM limit), excluding referendum revenue and alternative attendance adjustments (as computed using Minnesota Statutes 2002).
- ⇒ A district's transition allowance equals the FY 2004 transition allowance per old formula pupil unit times the ratio of the old formula pupil units to the new formula pupil units. Transition allowance is not recalculated after FY 2004.
- ⇒ Beginning in FY 2006, districts that received general education revenue in FY 2004 for pupils enrolled in pre-kindergarten programs receive additional transition revenue based on 4% of the revenue generated by the enrollment of those students in FY 2004. The additional revenue must be reserved for pre-kindergarten programs.
- ⇒ School districts must levy to receive transition revenue. The levy is also spread based on the RMV of property.
- ⇒ Transition revenue is equalized by state aid at the same rate as Tier 1 referendum equalization and equity revenue.

**Alternative Attendance Adjustment**

- ⇒ Referendum equalization aid follows the student to the nonresident district or charter school the student attends. The resident district loses the aid generated by the student.
- ⇒ If the student enrolls in another school district, that district's aid is increased by the nonresident district's referendum equalization aid per pupil unit.
- ⇒ If the student enrolls in a charter school, the charter school's aid is increased by the amount subtracted from the aid paid to the resident district.

**Miscellaneous Adjustments to General Education Revenue**

- ⇒ *Post-Secondary Enrollment Options (PSEO) Aid* is paid to Minnesota higher education institutions for courses taken by 11th and 12th grade students for high school credit. For institutions granting quarter credit, the reimbursement per credit hour is 88% of the formula allowance times 1.3 and divided by 45. For institutions granting semester credit, the reimbursement per credit hour is 88% of the formula allowance times 1.3 and divided by 30. Additional information on this program can be found on the department's web site.
- ⇒ *Contract Alternative Aid* is paid to districts for students eligible to participate in the graduation incentives program who enroll in nonpublic, nonsectarian schools that have contracted with the serving school district to provide education services.
- ⇒ *Shared Time Aid* is paid to districts for students who attend public schools on a part-time basis while also attending private schools. Revenue for shared time pupils equals their full-time equivalent pupil units times the formula allowance.
- ⇒ *Pension Adjustment* is an adjustment to general education aid to offset the impact of certain changes in employer contribution rates for members of the Teachers Retirement Association (TRA) and the Public Employees Retirement Association (PERA). General education aid is reduced by an amount equal to 2.34% of the FY 1997 salaries for TRA members and is increased by an amount equal to 0.7% of FY 1997 salaries for PERA members. In addition to these adjustments, an adjustment is made for a 1984 PERA rate change. The adjustment will be reduced beginning in FY 2008 by 0.5% of FY 2007 TRA salaries to offset an increase in the TRA employer contribution rate.

**Referendum Revenue**

- ⇒ A school board may increase its revenue for general education, beyond the level otherwise provided by state law, by obtaining approval from district voters for a referendum levy.
- ⇒ A district's gross referendum revenue equals the allowance per resident marginal cost pupil unit specified on the ballot times the school district's resident marginal cost pupil units.
- ⇒ A district's referendum allowance per pupil unit may not exceed the greater of: 1) 26% of the formula allowance adjusted for inflation (\$1,411 in FY 2007); or 2) 117.7% of the district's referendum allowance in FY 1994 adjusted for inflation minus \$215. The referendum allowance cap does not apply to districts receiving sparsity revenue.
- ⇒ School districts receiving referendum revenue make an additional levy for this purpose. The levy is spread based on the referendum market value of property, which excludes seasonal recreational cabin property and agricultural land (the house, garage and one acre of farm properties are taxable).
- ⇒ The state funds a portion of referendum revenue with referendum equalization aid and tax base replacement aid. Beginning in FY 2003, a two-tiered referendum equalization formula is used. For the first \$600 of revenue per pupil unit (\$700 beginning in FY 2008), the local levy share equals the lesser of the revenue or the product of the revenue times the ratio of the district's RMV per resident marginal cost pupil unit to \$476,000. For revenue over \$600 per pupil unit, up to the referendum allowance cap, the local levy share equals the lesser of the revenue or the product of the revenue times the ratio of the district's RMV per resident marginal cost pupil unit to \$270,000. For districts qualifying for sparsity revenue, the referendum allowance cap does not apply and the full referendum revenue over \$600 per pupil unit is eligible for equalization using the \$270,000 equalizing factor.
- ⇒ For districts with an FY 2002 referendum allowance levy exceeding \$415, the state pays tax base replacement aid equal to the portion of the district's referendum levy for taxes payable in 2002 attributable to the portion of the referendum allowance exceeding \$415 levied against seasonal recreational cabin property and agricultural land. Because tax base replacement aid is subtracted from referendum equalization aid, in FY 2007, it provides a net reduction in taxes only for 30 school districts where the tax base replacement aid exceeds the referendum equalization aid. Tax base replacement aid remains in effect each year that a district's current referendum authority exceeds its FY 2002 referendum authority over \$415 per pupil unit.

**Replacements of General Education Revenue**

A district's general education aid is reduced by the amount that it receives from the following sources:

- ⇒ *School Endowment Fund*. This fund is apportioned twice a year to all districts on the basis of the previous year's ADM (M.S.127A.33). The school endowment fund distributes investment earnings transferred to it from the permanent school fund. The principal of the permanent school fund, which must remain perpetual and inviolate, has been generated by land sales, mining royalties, timber sales, lakeshore and other leases, and other miscellaneous sources.
- ⇒ *County Apportionment Deduction*. School districts receive revenue from the apportionment of certain county receipts (M.S. 127A.34 ). This revenue is derived from penalties on real estate taxes, taxes on transmission and distribution lines, liquor license fees, fines, and other sources.
- ⇒ *Taconite Aid*. Certain districts may receive a small portion of their general education revenue from various taconite taxes (M.S. 294.21-294.28; M.S. Chapter 298 ). Taconite receipts of a school district for a fiscal year exceeding the amount needed to offset the taconite levy limitation reduction recognized for that fiscal year are subtracted from general education aid under M.S. 126C.21, Subd. 4.

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8868, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

DEPT OF EDUCATION  
 Program: GENERAL EDUCATION  
 Activity: GENERAL EDUCATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		November Forecast		Biennium 2008-09
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Program Appropriation	5,257,798	5,472,238	5,472,238	5,472,238	10,944,476
2 Tax Shift Buyback Appropriation	252,367				
3 Aid Payment Buyback	305,199				
4 Technical Adjustments					
a. End of Session Estimate			(9,406)	(68,899)	(78,305)
b. Open Appropriation	3,789	5,955			
c. November Forecast		(19,803)	16,589	24,353	40,942
d. Cancellation	(2)	(432)			
5 Forecast Base	<b>5,819,151</b>	<b>5,457,958</b>	<b>5,479,421</b>	<b>5,427,692</b>	<b>10,907,113</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
6 Statutory Formula Aid	5,382,179	5,556,762	5,551,093	5,495,467	11,046,560
7 Statutory Excess/(Shortfall)					
8 Appropriated Entitlement	5,382,179	5,556,762	5,551,093	5,495,467	11,046,560
9 Adjustments					
a. TRA Adjustment	(46,808)	(46,994)	(31,973)	(32,119)	(64,092)
b. Endowment Adjustment	(21,099)	(24,046)	(24,668)	(25,286)	(49,954)
d. County Apportionment	(15,243)	(14,670)	(14,670)	(14,670)	(29,340)
e. Other Adjustments including Taconite	(850)	(971)	(1,226)	(1,500)	(2,726)
10 State Aid Current Law	<b>5,298,179</b>	<b>5,470,081</b>	<b>5,478,556</b>	<b>5,421,892</b>	<b>10,900,448</b>
<i>plus</i>					
<b>LEVY</b>					
<b>Levy</b>					
11 Local Levy Current Law	501,016	682,226	762,853	891,705	1,654,558
<i>equals</i>					
<b>REVENUE</b>					
12 Current Law Revenue (State Aid & Levy)	5,799,195	6,152,307	6,241,409	6,313,597	12,555,006
13 Other State and Local Revenue					
a. School Endowment (state)	21,099	24,046	24,668	25,286	49,954
b. County Apportionment (local)	15,243	14,670	14,670	14,670	29,340
c. Taconite (local)	1,268	971	1,226	1,500	2,726
14 Total All Sources Current Law	<b>5,836,805</b>	<b>6,191,994</b>	<b>6,281,973</b>	<b>6,355,053</b>	<b>12,637,026</b>
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	787,978	519,803	531,494	530,629	1,062,123
Transfer per M.S. 127A.41					
Current Year (90%)	5,031,175	4,938,587	4,947,927	4,897,063	9,844,990
Cancellation - Prior Year	(2)	(432)			
<b>Total State Aid - General Fund</b>	<b>5,819,151</b>	<b>5,457,958</b>	<b>5,479,421</b>	<b>5,427,692</b>	<b>10,907,113</b>
<b>Other State Funding Sources</b>					
School Endowment Fund	21,099	24,046	24,668	25,286	49,954



**Activity Description**

**Citation:** M.S. 123B.75, Subd.5; M.S. 16A.152, Subd. 2

These accounting mechanisms have helped balance the state's budget and lessen cuts in education programs during periods of state budget crisis.

**Population Served**

This activity benefits the state and its citizens by allowing the state to balance the state budget without making severe cuts in education aid. Districts benefit from certain provisions of the law that allow districts to preserve fund balances created by historic early recognition of the specific levies including referendum, health benefits, reemployment, and career-technical levies.

**Activity at a Glance**

- ◆ Most recent Aid Payment Shift yielded \$629.1 million in state budget savings.
- ◆ Most recent Property Tax Recognition Shift yielded \$251.5 million in state budget savings.
- ◆ Both shifts were fully bought back with appropriations totaling nearly \$1.1 billion in FY 2005-06.

**History**

*Aid Payment Shift*

Since most school revenue is tied to the number and characteristics of students served by the district, there is general agreement that a portion of the funding should be held back until final student data is available.

$$\mathbf{90\% \text{ Current Year Entitlement} + 10\% \text{ Adjusted Prior Year Entitlement} = \text{School District Appropriation}}$$

The consensus is that a 10% hold back is prudent. However, during FY 2004 this hold back (or shift) reached 20% in order to help the state balance its budget.

**Recent Use of Aid Payment Shift**

Time Period	Changes in Aid Payment Percentages	State Budget (Savings)/Costs <sup>1</sup> \$ in millions
2002 Legislative Session	90/10 to 83/17	(\$438.0)
2003 Legislative Session	83/17 to 80/20	(\$191.1)
November 2004 Forecast	80/20 to 81.9/18.1	\$117.9
February 2005 Forecast	81.9/18.1 to 84.3/15.7	\$150.1
November 2005 Forecast	84.3/15.7 to 90/10	\$370.4

*Property Tax Recognition Shift*

While property taxes are paid on a calendar year basis, school districts operate on a fiscal year that runs from July 1 to June 30. The first half of the property taxes payable for the calendar year are due in May and the second half are due in October or November.

$$\mathbf{May\ 15^{th} \text{ Payment} + October\ 15^{th} \text{ Payment} = Levy}$$

Prior to FY 1983, all of the school districts' May property tax collections were held and recognized as revenue in the following fiscal year, beginning July 1. Beginning in FY 1983, the revenue recognition policy was changed so that a portion of the spring proceeds was recognized as revenue in the fiscal year of collection. The shift provision was structured to be revenue neutral to school districts by adjusting state aid payments by the difference between the current year's early levy recognition amount and the previous year's early levy recognition amount. This accounting change provided the state with one-time savings in state aid appropriations, without reducing the overall revenue recognized by a school district.

<sup>1</sup> Savings do not equal costs because underlying funding formulas were increased beginning in FY 2006. This made the aid payment shift buy back more expensive.

**DEPT OF EDUCATION****Program: GENERAL EDUCATION****Activity: K-12 EDUCATION SHIFTS (info only)**

Narrative

In the period FY 1983-1993, the state experienced savings of \$775.7 million resulting from this revenue shift. This amount was appropriated by the state over a six-year period beginning in FY 1994 to repay school districts the revenue neutral portion of the shift that had previously been reduced from state aid payments.

Beginning in FY 2004, the revenue recognition policy was reinstated to again provide the state with one-time appropriation savings. To emphasize the importance of buying back the shift when the state's financial health improved, a statute was adopted that automatically appropriated positive forecast balances to shift repayment (M.S. 16A.152, Subd. 2). In FY 2006, the state again repaid the revenue neutral portion of the tax shift with appropriations totaling \$424.2 million.

**Recent Use of Property Tax Recognition Shift**

<b>Time Period</b>	<b>Changes in Early Recognition Percentages</b>	<b>State Budget (Savings)/Costs<sup>2</sup> \$ in millions</b>
2003 Legislative Session	0 <sup>3</sup> to 48.6	(\$251.5)
November 2005 Forecast	48.6 to 10.8	\$330.7
February 2006 Forecast	10.8 <sup>4</sup> to 0	\$93.5

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8566, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

<sup>2</sup> Savings do not equal costs because property tax levies grew significantly while the shift was in place. This generated additional savings for the state, but also increased the cost of the property tax recognition shift buy back.

<sup>3</sup> This number does not include the historical 31% shift in referendum levies or those levies subject to 100% shift. An amount equal to 31% of the referendum levy certified in 2000 is recognized early each year to prevent school district revenue and fund balance losses that would have occurred when the state bought back \$415 in referendum levy for FY 2003. The continued early recognition of other specified levies such as reemployment, health benefits and insurance, and career and technical levies matches the timing of revenue recognition to district expenditures.

<sup>4</sup> This figure was subsequently adjusted to 15.1% because the November 2005 Forecast assumed a referendum growth recapture rate that was too high. The 15.1% shift was never actually implemented because the February 2006 Forecast provided enough funding to fully buy back the shift.

**Activity Description**

**Citation:** M.S. 126C.17, Subd. 7a

Referendum tax base replacement aid (TBRA) ensures that the removal of agricultural land and seasonal recreational cabin properties from the referendum tax base beginning with taxes payable in 2002 will not increase tax burdens for other taxpayers in a district.

**Activity at a Glance**

- ◆ FY 2007 state aid entitlement estimated at \$8,704,000
- ◆ 128 districts participating
- ◆ Average aid amount per district of \$68,000

**Population Served**

Referendum tax base replacement aid provides property tax relief to property owners who would otherwise have experienced tax increases as a result of the removal of farmland and seasonal recreational cabin property from referendum market value. All else being equal, the removal of these properties from the referendum tax base would have increased tax burdens on other taxpayers in a school district.

**Services Provided**

School districts do not receive additional revenue as a result of this aid.

**Key Measures**

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Number of participating districts	130	130	128	128	128

**Activity Funding**

The referendum tax base replacement aid for a district equals the amount of the FY 2002 referendum levy attributable to the portion of the referendum allowance exceeding \$415 per pupil unit that was levied against agricultural land and seasonal recreational cabin properties. In any year that a district's referendum allowance per pupil is less than the base year amount, the district's tax base replacement aid will be proportionately reduced for that year.

Referendum tax base replacement aid is subtracted from referendum equalization aid otherwise due the school district. Referendum equalization aid was increased at the same time that TBRA was created. For most districts, referendum equalization aid provides the tax relief that TBRA was intended to provide. For a small number of districts with significant tax base loss, TBRA reduces property taxes as well as referendum equalization aid. In FY 2007 it provides a net reduction in property taxes for 28 of the 128 participating school districts where tax base replacement aid exceeds the referendum equalization aid. Forty districts are projected to receive a net reduction in property tax under this activity by FY 2009.

The total amount of tax base replacement aid is essentially constant from year to year. However, referendum equalization aid is decreasing in many districts since tax bases usually increase faster than pupil counts. As a result, an increasing portion of TBRA is serving to reduce levy authority rather than equalization aid.

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8868, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

**DEPT OF EDUCATION**

**Program: GENERAL EDUCATION**

**Activity: GENERAL EDUCATION Aid  
Referendum Tax Replacement Aid**

**Budget Activity Summary**

*Dollars in Thousands*

	Current		November Forecast		Biennium 2008-09
	FY 2006	FY 2007	FY 2008	FY 2009	FY2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Appropriation Excluding Buyback	8,704				
2 Aid Payment Buyback	496				
3 Total Current Appropriation	9,200	8,704	8,704	8,704	17,408
a. Cancellation	(31)				
4 Forecast Base	<b>9,169</b>	<b>8,704</b>	<b>8,704</b>	<b>8,704</b>	<b>17,408</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID State Aid</b>					
5 Statutory Formula Aid	8,673	8,704	8,704	8,704	17,408
6 Statutory Excess/(Shortfall)	31				0
7 Appropriated Entitlement	8,704	8,704	8,704	8,704	17,408
8 Adjustments					
a. Cancellation	(31)				
9 State Aid Entitlement Current Law	8,673	8,704	8,704	8,704	17,408
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	1,366	870	870	870	1,740
Current Year (90%)	7,834	7,834	7,834	7,834	15,668
Cancellation	(31)				
<b>Total State Aid - General Fund</b>	<b>9,169</b>	<b>8,704</b>	<b>8,704</b>	<b>8,704</b>	<b>17,408</b>

**Budget Activities**

- ⇒ Enrollment Options Transportation
- ⇒ Abatement Revenue
- ⇒ Consolidation Transition
- ⇒ Nonpublic Pupil Aid
- ⇒ Nonpublic Transportation
- ⇒ Special Provisions for Selected Districts
- ⇒ Compensatory Pilot Grants
- ⇒ Miscellaneous Levies
- ⇒ State Paid Property Tax Credits (information only)

DEPT OF EDUCATION

Program: OTHER GENERAL PROGRAMS

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	39,943	40,729	40,729	40,729	81,458
<b>Technical Adjustments</b>					
Current Law Base Change			(84)	(137)	(221)
End-of-session Estimate			840	147	987
November Forecast Adjustment		(723)	(957)	(796)	(1,753)
<b>Forecast Base</b>	<b>39,943</b>	<b>40,006</b>	<b>40,528</b>	<b>39,943</b>	<b>80,471</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	39,421	40,006	40,528	39,943	80,471
<b>Total</b>	<b>39,421</b>	<b>40,006</b>	<b>40,528</b>	<b>39,943</b>	<b>80,471</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	39,421	40,006	40,528	39,943	80,471
<b>Total</b>	<b>39,421</b>	<b>40,006</b>	<b>40,528</b>	<b>39,943</b>	<b>80,471</b>
<b><u>Expenditures by Activity</u></b>					
Enrollment Options Transportat	72	85	88	90	178
Abatement Revenue	909	764	829	654	1,483
Consolidation Transition	0	388	565	214	779
Nonpublic Pupil Aid	15,201	15,991	16,408	16,717	33,125
Nonpublic Transportation	21,091	20,491	20,435	20,118	40,553
Special Provisions	50	187	103	50	153
Compensatory Pilot Grants	2,098	2,100	2,100	2,100	4,200
<b>Total</b>	<b>39,421</b>	<b>40,006</b>	<b>40,528</b>	<b>39,943</b>	<b>80,471</b>

**Activity Description**

**Citation:** M.S. 124D.03; 124D.09; 124D.10

This state aid program helps low-income students participate in the post-secondary enrollment options (PSEO), school district enrollment options (SDEO), and charter schools (CS) programs by providing state aid to school districts that reimburse families for transportation expenses associated with these programs (see Student Choice/Tax Incentives narrative for more information).

**Activity at a Glance**

FY 2005

- ◆ 143 students served
- ◆ \$297 average reimbursement

**Population Served**

Low-income students participating in PSEO, SDEO, and CS programs are served by this program.

**Services Provided**

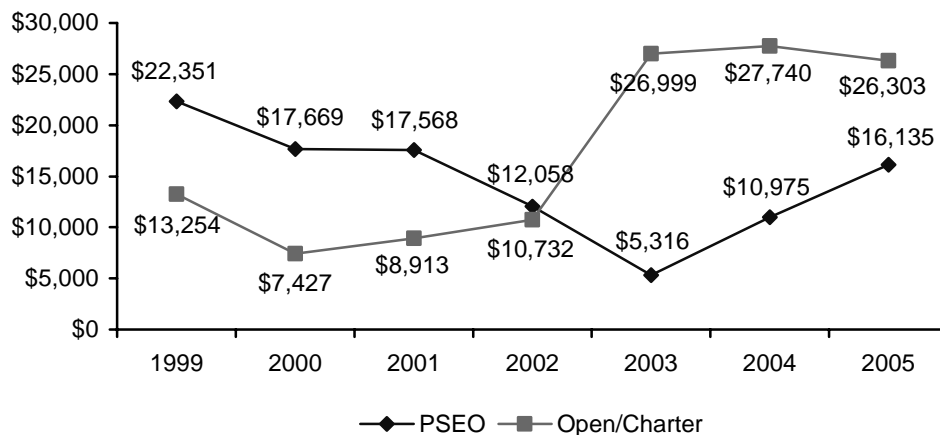
State aid is paid to school districts to reimburse transportation costs to families whose income is at or below the federal poverty income guideline level.

Some students, because of disabilities, cannot participate in this program unless they receive district-provided transportation services. For disabled students participating in open enrollment, districts may be required to travel beyond district boundaries to transport the students. Some charter schools, even though they elected to use district-provided transportation, may be required to transport nonresident students with disabilities within those students' resident districts. In all these cases, these potentially high cost transportation services are not authorized for state special education transportation aid. This program assures that disabled students of low-income families will not be discouraged from participating in options programs due to high cost transportation.

**Historical Perspective**

Beginning in FY 1999, the program was expanded to allow PSEO mileage reimbursement to students attending nonpublic schools (including home schools).

**Aid Amounts to School Districts**



In FY 2003, the post-secondary enrollment options transportation reimbursement declined from the previous year because of the temporary decline in both participating districts and qualifying families. Since 2003, the rate of both had steadily increased. Also in FY 2003, the open enrollment/charter school transportation reimbursement was impacted by a dramatic increase in the number of families participating from 66 in 2002 to 168.

## DEPT OF EDUCATION

**Program:** OTHER GENERAL PROGRAMS

**Activity:** ENROLLMENT OPTIONS TRANSPORTATION

Narrative

### Key Measures

All families of students meeting eligibility are reimbursed by school districts.

### Activity Funding

The mileage reimbursement rate is set at \$0.15 per mile and is limited to 250 miles per week. There is an exception to the 250 miles per week limit in the PSEO program if the nearest post-secondary institution is more than 25 miles from the student's home or high school. School districts and post-secondary institutions receive notification of this program on an annual basis. Students/families provide their own transportation in this program. PSEO students apply for reimbursement through their resident districts (or the post-secondary institutions, if nonpublic). Open enrollment students submit their applications to the enrolling districts. Charter school students apply to their charter schools.

The low eligibility threshold for this program (100% of federal poverty guidelines) excludes many students that qualify for other poverty-based measures (e.g., free and reduced priced lunch).

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8480, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).



**DEPT OF EDUCATION**

**Program: GENERAL EDUCATION**

**Activity: OTHER GENERAL PROGRAMS**  
**Enrollment Options Transprotation**

Budget Activity Summary

*Dollars in Thousands*

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	FY2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	55	55	55	55	110
a. Transfer per M.S. 127A.41	17				
b. November Forecast Adjustment		30	33	35	68
2 Forecast Base	<b>72</b>	<b>85</b>	<b>88</b>	<b>90</b>	<b>178</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID State Aid</b>					
3 Statutory Formula Aid	72	85	88	90	178
4 Statutory Excess/(Shortfall)	(17)	(30)			0
5 Appropriated Entitlement	55	55	88	90	178
6 Adjustments					
a. Transfer per M.S. 127A.41	17				
b. Supplemental Appropriation		30			
7 State Aid Entitlement Current Law	<b>72</b>	<b>85</b>	<b>88</b>	<b>90</b>	<b>178</b>
<b>Appropriations Basis for State Aid</b>					
Transfer per M.S. 127A.41	17				
Current Year	55	85	88	90	178
Cancellation					
<b>Total State Aid - General Fund</b>	<b>72</b>	<b>85</b>	<b>88</b>	<b>90</b>	<b>178</b>

**Activity Description**

**Citation:** M.S. 126C.46; 127A.49, Subd.2

This state aid and local levy program maintains equity for students and taxpayers by replacing revenue to which the district was entitled but did not receive due to abatements.<sup>1</sup> The objective is to replace the revenue in the same proportion of aid and levy as the original entitlement.

**Activity at a Glance**

In calendar year 2005, the following occurred in this program:

◆ Taxes Abated	\$6.0 million
◆ Abatement Aid	\$0.7 million
◆ Abatement Levy	\$5.3 million
◆ Number of Districts Impacted	218

**Population Served**

All eligible school districts in Minnesota participate in this program.

**Services Provided**

Abatement revenue is provided to school districts to prevent permanent revenue losses. The amount of abatement revenue for a school district is determined from data on net revenue losses as certified by the county auditors.

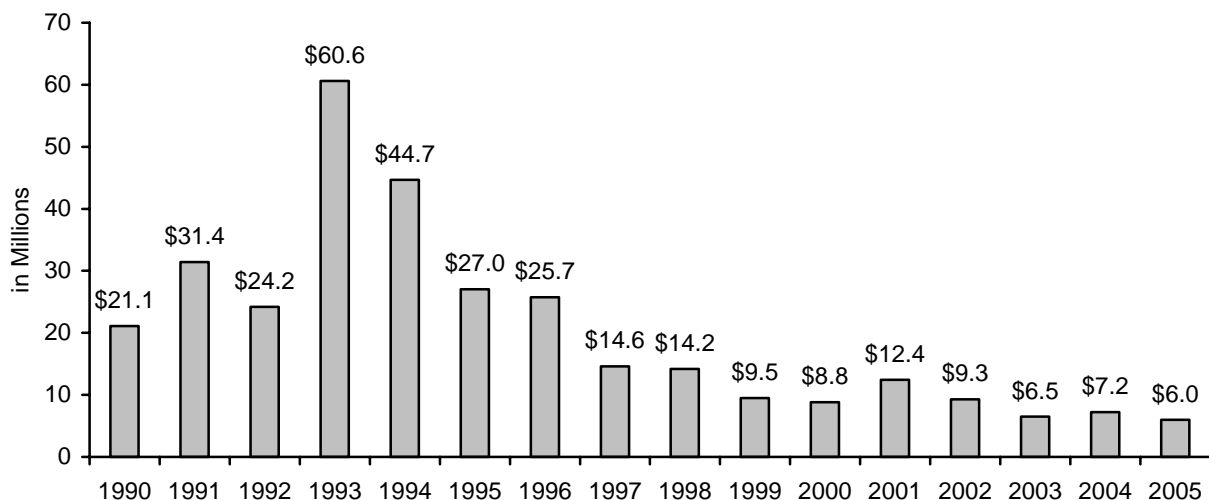
**Historical Perspective**

Funding for abatement revenue began in the late 1970s and was expanded in 1993 to include interest paid by the district on abatement refunds.

**Key Measures**

- ⇒ A total of 218 school districts receive abatement revenue in FY 2007 for taxes abated in calendar 2005.
- ⇒ The following graph shows the amount of school taxes abated each year since 1990. These amounts would be permanent losses to school district budgets without the abatement revenue formula.

**Net Schools Taxes Abated**



In the early 1990s due to economic conditions and a large unanticipated increase in commercial and industrial court ordered tax abatements, dramatic increases in net school taxes abated occurred.

<sup>1</sup> Court-ordered net reductions in the tax capacity of the district after taxes have been spread by the county auditor.

**Activity Funding**

Net revenue loss due to abatements is replaced with state aid and levy authority. The intent is to pay approximately the same amount in abatement aid as would have been paid to the district in general education and other equalized aids if the adjusted net tax capacity could have been adjusted to the lower level.

In general, school taxes abated in one calendar year are reported to the state in the following calendar year and included in the levy certified in the fall of that year for taxes payable in the next calendar year. For example, school taxes abated in 2005 are reported in the spring of 2006 and included on the 2006 payable 2007 levy.

A district may levy a year early for the net revenue loss incurred during the first six months of the calendar year (advance abatement levy) or choose to spread the levy over two years (three years with approval of the commissioner).

A district's aid entitlement is equal to its revenue loss multiplied by the ratio of: 1) the amount certified by the district in equalized referendum, health and safety, community education levies, and early childhood family education for which the district received corresponding state aid in the second preceding year, to 2) the district's total certified levy in the third preceding fall, plus or minus auditor's adjustments.

Abatement levy authority is the total of the three following components:

- ◆ the net revenue loss minus abatement aid after any proration is deducted,
- ◆ the net revenue loss for the first six months of the following calendar year, less any amount certified for the first six months of the prior calendar year, and
- ◆ an amount for any interest paid by the district on abatement refunds.

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8566, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

DEPT OF EDUCATION

Program: GENERAL EDUCATION

Activity: Other General Education Programs  
Abatement

Budget Activity Summary

*Dollars in Thousands*

		Current		November Forecast		Biennium
		FY 2006	FY 2007	FY 2008	FY 2009	FY2008-09
<b>Direct Appropriations by Fund</b>						
<b>General Fund</b>						
	1	861				
	2	48				
	3	909	1,026	1,026	1,026	2,052
	a.			184	(195)	(11)
	b.		(262)	(381)	(177)	(558)
	4	909	764	829	654	1,483
<b>District Revenue Summary (Entitlement Basis)</b>						
<b>AID</b>						
<b>State Aid</b>						
	5	802	760	836	634	1,470
	6		291			0
	7	802	1,051	836	634	1,470
	8					
	a.		(291)			
	9	802	760	836	634	1,470
<i>plus</i>						
<b>LEVY</b>						
<b>Levy</b>						
	10	6,415	5,344	4,681	5,237	9,918
<i>equals</i>						
<b>REVENUE</b>						
	11	7,217	6,104	5,517	5,871	11,388
<b>Appropriations Basis for State Aid</b>						
		187	80	76	83	159
		722	684	753	571	1,324
	<b>Total State Aid - General Fund</b>	<b>909</b>	<b>764</b>	<b>829</b>	<b>654</b>	<b>1,483</b>

**Activity Description**

**Citation:** M.S. 123A.485

This state aid program supports districts that have recently consolidated by providing funds for one-time reorganization costs.

**Activity at a Glance**

For FY 2007, two sets of consolidations occurred.

- ◆ Plainview (806) and Elgin-Millville (810)
- ◆ Russell (418), Tyler (409), and Ruthton (584)

**Population Served**

Students and communities in eligible districts are served by this activity.

**Services Provided**

Voluntary school district reorganizations help to expand programs and services to students and families in greater Minnesota at a lower cost. This program provides an incentive for district consolidation and addresses some of the one-time costs associated with district consolidation. This program provides an alternative means of dealing with fiscal issues, such as staff reduction and operational debt reduction that often prevent permanent school district reorganization. Revenue may be used to cover district costs for early retirement incentives granted by the district under M.S. 123A.48, Subd. 23; to reduce operating debt as defined in M.S. 123B.82; to enhance learning opportunities; and to cover reorganization expenses.

A school district is eligible for revenue if it has reorganized under M.S. 123A.48 after 06-04-1994 and has not received cooperation and combination revenue for at least six years. M.S. 123A.48 provides for the process of school consolidation, including approval procedures and timelines.

**Historical Perspective**

This program was enacted by the 1994 legislature. This revenue replaced the cooperation and combination (C & C) revenue and transition and severance levies for consolidating districts.

**Key Measures**

While there are financial implications to consolidation, the primary reason for districts to consolidate is to address the academic needs of students. School districts that have consolidated through this program have reported that the consolidation has provided additional opportunities to meet student academic needs, increased efficiency in district operations, and improved the likelihood of long-term financial health of the newly formed district. The potential cost efficiencies that could be attributed to this program vary by district due to the unique financial, operating, and facility characteristics of the combining districts.

For example, Jackson Country Central, Independent School District 2895, was formed by consolidation of two existing districts in FY 2001. On a per student measure, expenditures for the new district decreased by 22% for district support services, 11% for pupil support services, and 15% for operations and maintenance costs when compared to the sum of previous year expenditures for the two districts that combined. The savings were primarily due to the closing of the Sioux Valley school site.

**Activity Funding**

This program is funded with state aid and a local property tax levy. State aid is equal to \$200 times the resident pupil units in the first year after consolidation and \$100 times the resident pupil units in the second year after consolidation. A maximum of 1,500 pupil units may be counted for the purpose of aid calculation. If consolidation transition aid is not sufficient to cover the eligible district costs, school districts may levy the difference, spreading the levy over up to three years.

**School District Consolidations**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
First Year of Consolidation	2	3	2	0	0	0	0	2
Second Year of Consolidations	3	2	3	2	0	0	0	0

**DEPT OF EDUCATION**

**Program: OTHER GENERAL PROGRAMS**

**Activity: CONSOLIDATION TRANSITION**

Narrative

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8757, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

**DEPT OF EDUCATION**

**Program: GENERAL EDUCATION**

Activity: Other General Education Programs  
Consolidation Transition

Budget Activity Summary

*Dollars in Thousands*

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09 FY2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	0	527	527	527	1,054
a. End of Session Estimate			245	(69)	176
b. November Forecast Adjustment		(139)	(207)	(244)	(451)
<b>2 Forecast Base</b>	<b>0</b>	<b>388</b>	<b>565</b>	<b>214</b>	<b>779</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID State Aid</b>					
3 Statutory Formula Aid	0	431	580	173	753
4 Statutory Excess/(Shortfall)		154			0
5 Appropriated Entitlement	0	585	580	173	753
6 Adjustments					
a. Appropriation Reduction		(154)			
<b>7 State Aid Entitlement Current Law</b>	<b>0</b>	<b>431</b>	<b>580</b>	<b>173</b>	<b>753</b>
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	0	0	43	58	101
Current Year (90%)	0	388	522	156	678
<b>Total State Aid - General Fund</b>	<b>0</b>	<b>388</b>	<b>565</b>	<b>214</b>	<b>779</b>

**Activity Description**

**Citation:** M.S. 123B.40; 123B.41; 123B.42; 123B.43; 123B.44; 123B.445; 123B.45; 123B.46; 123B.47; 123B.48.

This state aid program provides every pupil in the state with equitable access to secular study materials and pupil support services.

**Population Served**

Services are provided to Minnesota students attending nonpublic schools including home schools.

**Services Provided**

Funding is allocated to public school districts for the benefit of nonpublic school students and not directly to nonpublic schools.

School districts are reimbursed for the costs of the educational materials loaned to the nonpublic pupil (textbooks, individualized instructional materials, and standardized tests) or for the costs of providing support services (health services and secondary guidance and counseling services) to the nonpublic pupil. School districts receive additional funds to cover administrative costs. This amount is equal to 5% of their total aid reimbursement amount.

**Activity at a Glance**

- ◆ Number of students participating (FY 2006)
  - ⇒ Text Book/Materials 84,000
  - ⇒ Health Services 79,000
  - ⇒ Guidance and Counseling 28,700
- ◆ Percentage of nonpublic students participating in program (FY 2006)
  - ⇒ Text Book/Materials 90%
  - ⇒ Health Services 83%
  - ⇒ Guidance and Counseling 87% (grades 7-12)
- ◆ FY 2006 rates per nonpublic pupil
  - ⇒ Text Book/Materials \$66.23
  - ⇒ Health Services \$49.69
  - ⇒ Guidance and Counseling \$167.59
- ◆ All nonpublic students requesting materials and/or services by the statutory deadline have been and are being accommodated.

There are three basic categories of nonpublic pupil aid supporting the following services.

*Textbooks, Individualized Instructional Materials, and Standardized Tests*

⇒ Public school districts, upon formal request, must provide nonpublic pupils with instructional materials that are secular, neutral, nonideological, and not able to be diverted to religious use. These items are loaned to the nonpublic pupil and remain the property of the district.

*Health Services*

⇒ Public school districts, upon formal request, provide nonpublic pupils with student health services provided to public pupils. Health services may be provided to nonpublic students at a public school, a neutral site, the nonpublic school, or any other suitable location.

*Guidance and Counseling Services*

⇒ Public school districts, upon formal request, provide nonpublic secondary pupils with guidance and counseling services provided to public secondary pupils. This does not include guidance or counseling in the planning or selection of particular courses or classroom activities of the nonpublic school. Eligible services must be provided either at the public school, the nonpublic school, or a neutral site.

**Key Measures**

*Textbooks, Individualized Instructional Materials, and Standardized Tests*

⇒ The percentage of nonpublic school pupils participating in this category increased slightly from 89% in FY 1990 to 90% in FY 2006.

*Health Services*

⇒ The percentage of nonpublic school pupils participating in this category decreased from 88% in FY 1990 to 84% in FY 2006.



*Guidance and Counseling Services*

⇒ The percentage of nonpublic secondary school pupils participating in this category increased from 76% in FY 1990 to 87% in FY 2006.

**Activity Funding**

Nonpublic pupil aid is funded exclusively with state funds.

*Textbooks, Individualized Instructional Materials, and Standardized Tests*

⇒ The districts are reimbursed for the cost of purchasing and distributing eligible materials. This is calculated as an amount equal to the statewide average expenditure per public school pupil for similar materials in the second preceding school year, adjusted by the percent of increase in the general education formula allowance from the second preceding school year to the current school year, multiplied by the number of nonpublic pupils served. For purposes of this formula, kindergarten pupils are weighted at 0.5. For FY 2006, the maximum per pupil rate for textbooks is \$66.23.

*Health Services*

⇒ Each participating district is reimbursed for the cost of providing these services up to an amount equal to the statewide average expenditure per public school pupil for similar services in the second preceding school year, times the number of nonpublic pupils served.

⇒ For FY 2006, the maximum per pupil rate for health services is \$49.69.

*Guidance and Counseling Services*

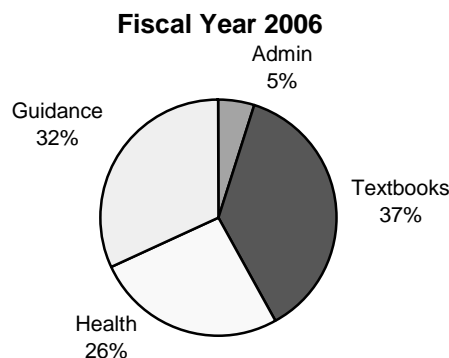
⇒ Each participating district is reimbursed for the cost incurred in providing eligible services up to an amount equal to the statewide average expenditure per public secondary pupil for similar services in the second preceding school year, times the number of nonpublic secondary pupils served.

⇒ For FY 2006, the maximum per pupil rate for guidance and counseling is \$167.59.

*Administration*

⇒ A district may claim and receive an additional amount equal to 5% of the district's aid for administrative costs.

The chart below provides a breakdown of estimated nonpublic pupil aid for FY 2006. Money is allocated based on the number of participating nonpublic students and actual program expenditures.



**Contact**

Additional information is available from the MDE, Division of Program Finance, (651) 582-8858, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/Miscellaneous\\_Revenue/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/Miscellaneous_Revenue/index.html).

**DEPT OF EDUCATION**

**Program: GENERAL EDUCATION**

Activity: Other General Education Programs  
Nonpublic Pupil Aid

Budget Activity Summary

*Dollars in Thousands*

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	FY2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Appropriation Excluding Buyback	14,574				
2 Aid Payment Buyback	884				
3 Total Current Appropriation	15,458	15,991	15,991	15,991	31,982
a. End of Session Estimate			417	726	1,143
b. Transfer per M.S. 127A.41	(257)				
4 Forecast Base	<b>15,201</b>	<b>15,991</b>	<b>16,408</b>	<b>16,717</b>	<b>33,125</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID State Aid</b>					
5 Statutory Formula Aid	14,847	16,089	16,444	16,747	33,191
6 Statutory Excess/(Shortfall)	257				0
7 Appropriated Entitlement	15,104	16,089	16,444	16,747	33,191
8 Adjustments					
a. Transfer per M.S. 127A.41	(257)				
9 State Aid Entitlement Current Law	14,847	16,089	16,444	16,747	33,191
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	1,864	1,510	1,608	1,644	3,252
Current Year (90%)	13,594	14,481	14,800	15,073	29,873
Transfer per M.S. 127A.41	(257)				0
<b>Total State Aid - General Fund</b>	<b>15,201</b>	<b>15,991</b>	<b>16,408</b>	<b>16,717</b>	<b>33,125</b>

# DEPT OF EDUCATION

Program: OTHER GENERAL PROGRAMS

Activity: NONPUBLIC TRANSPORTATION

Narrative

## Activity Description

**Citation:** M.S. 123B.92, Subd. 9, 123B.84, 123B.85, 123B.86 and 123B.87.

This program ensures that nonpublic school students receive the same level of transportation services as public school students receive and that the school districts are able to provide this transportation without significant cross-subsidy from the district's general fund.

## Activity at a Glance

FY 2005

- ◆ 65,192 nonpublic students were transported to and from schools
- ◆ 216 districts transported students

## Population Served

Minnesota students attending nonpublic schools are provided transportation services.

## Services Provided

School districts must provide equal transportation within the district for public and nonpublic school students. This means that the district where a non-disabled pupil resides must provide transportation for the nonpublic pupil within the district in like manner as that provided to the public school student residing in the district. If the district transports nonpublic students to a school in another district because there is not a suitable nonpublic school located within the district, the nonpublic school or the parents pay the cost of transportation outside the district boundaries.

Public schools must also provide nonpublic school pupils with transportation within the district boundaries between the private school and public school or neutral site for health and secondary guidance and counseling services provided to nonpublic school pupils. The public school district must also transport nonpublic school students on late activity bus routes if it provides that service for public school students.

## Key Measures

Since FY 1997, funding for the transportation of nonpublic students has been calculated using a separate formula based on average second prior year costs and the number of current year nonpublic students transported. The following table shows the number of nonpublic students transported to and from school.

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
Nonpublic Enrollment	88,502	89,680	91,682	89,944	88,203	86,914	85,065
Percentage Transported Nonpublic Students	80.14%	80.96%	78.82%	76.36%	77.45%	75.01%	75.01%
Transported	70,929	72,606	72,266	68,677	68,315	65,192	63,805

## Activity Funding

Nonpublic transportation aid equals the sum of the following two items:

- ⇒ For regular and excess transportation, an amount equal to the product of the district's actual cost per public and nonpublic pupil transported in the regular and excess categories for the second preceding year, times the number of nonpublic pupils receiving regular or excess transportation in the current year, times the ratio of the formula allowance for the current year to the formula allowance for the second preceding year.
- ⇒ For non-regular (e.g., shared time, support services) and late activity transportation, an amount equal to the product of the district's actual cost in the second preceding year, times the ratio of the formula allowance for the current school year to the formula allowance for the second preceding year.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**DEPT OF EDUCATION**

**Program: OTHER GENERAL PROGRAMS**

**Activity: NONPUBLIC TRANSPORTATION**

Narrative

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8480, at [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

DEPT OF EDUCATION

Program: GENERAL EDUCATION

Activity: Other General Education Programs  
Nonpublic Pupil Transportation

Budget Activity Summary

Dollars in Thousands

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09 FY2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Appropriation Excluding Buyback	20,142				
2 Aid Payment Buyback	1,229				
3 Total Current Appropriation	21,371	20,843	20,843	20,843	41,686
a. End of Session Estimate			(6)	(315)	(321)
b. November Forecast Adjustment		(352)	(402)	(410)	(812)
c. Cancellation	(106)				
d. Transfer per M.S. 127A.41	(174)				0
4 Forecast Base	21,091	20,491	20,435	20,118	40,553
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	19,827	20,534	20,424	20,084	40,508
6 Statutory Excess/(Shortfall)	280	391			0
7 Appropriated Entitlement	20,107	20,925	20,424	20,084	40,508
8 Adjustments					
a. Cancellation	(106)				
b. Appropriation Reduction		(391)			
c. Transfer per M.S. 127A.41	(174)				
9 State Aid Entitlement Current Law	19,827	20,534	20,424	20,084	40,508
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	3,274	2,010	2,053	2,042	4,095
Current Year (90%)	18,097	18,481	18,382	18,076	36,457
Transfer per M.S. 127A.41	(174)				
Cancellation	(106)				
<b>Total State Aid - General Fund</b>	<b>21,091</b>	<b>20,491</b>	<b>20,435</b>	<b>20,118</b>	<b>40,553</b>

**Activity Description**

These programs address specific and unique financial circumstances for the impacted district.

**Population Served**

All students and communities in selected school districts benefit from this funding.

**One-Room Schoolhouse**

Citation: Laws 2005 1<sup>st</sup> Special Session, Chapter 5, Article 1, Section 54, Subd. 9

This program provides additional revenue to the Warroad school district to assist with expenses related to the Angle Inlet school. This program was implemented in FY 1995 for the Warroad school district to open and operate a one-room schoolhouse at Angle Inlet. This program provides aid of \$50,000 in each year.

**Rocori Grant**

Citation: Laws 2006, Chapter 282, Article 5, Section 5

The grant is for a continuation of district activities that were developed in concert with the Rocori school district's federal School Emergency Response to Violence, or Project SERV, grant. The state grant may be used to continue the district's recovery efforts, and uses include:

- ◆ an academic program and impact of tragedy or program assessment of educational adequacy;
- ◆ an organizational analysis;
- ◆ a strategic planning overview;
- ◆ a district assessment survey;
- ◆ continued recovery support;
- ◆ staff development initiatives; and
- ◆ any other activities developed in response to the federal Project SERV grant.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8851.

**Activity at a Glance**

Target Districts

- ◆ Warroad School District Independent School District 660 – Angle Inlet
- ◆ Rocori Independent School District 750

DEPT OF EDUCATION  
 Program: OTHER GENERAL PROGRAMS  
 Activity: SPECIAL PROVISIONS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	50	187	187	187	374
<b>Technical Adjustments</b>					
Current Law Base Change			(84)	(137)	(221)
<b>Forecast Base</b>	<b>50</b>	<b>187</b>	<b>103</b>	<b>50</b>	<b>153</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	50	187	103	50	153
<b>Total</b>	<b>50</b>	<b>187</b>	<b>103</b>	<b>50</b>	<b>153</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	50	187	103	50	153
<b>Total</b>	<b>50</b>	<b>187</b>	<b>103</b>	<b>50</b>	<b>153</b>

**Activity Description**

**Citation:** Laws 2005 1<sup>st</sup> Special Session, Chapter 5, Article 1, Section 50

This pilot program provides grant funding and allows school districts to allocate compensatory revenue received under M.S. 126C.10, Subd. 3, and the grants among their school buildings according to each building's school performance measures. Other districts must allocate at least 95% of their compensatory revenue to the building where the students generating the revenue are served.

**Activity at a Glance**

Districts that received funding in FY 2006

◆ Anoka Hennepin	\$1,500,000
◆ Osseo	\$210,000
◆ Robbinsdale	\$160,000
◆ Rochester	\$165,000
◆ South Washington	\$65,000

**Population Served**

This pilot program is limited to five school districts listed in law.

**Services Provided**

School districts participating are required to submit to the commissioner an application and board-approved plan that includes the following information.

- ⇒ Identification of the test results that will be used to assess student performance.
- ⇒ Description of the method the district will use to distribute the compensatory revenue.
- ⇒ Summarization of the evaluation procedure the district will use to determine if the redistribution of compensatory revenue results in an improvement of measurable student performance.

If any of the funds are not awarded the commissioner is allowed to increase the grant amounts to any of the remaining districts.

The pilot program requires a report to the legislature by 2-1-08 about the effectiveness of the program.

**Key Measures**

Required school district reports and data will be used to determine if the compensatory redistribution pilot program results in an improvement of student services and performance. As of the time of writing this data was not yet available.

**Contact**

Additional information is available from the Minnesota Department of Education, School Improvement, (651) 582-8655, [http://education.state.mn.us/mde/Accountability\\_Programs/index.html](http://education.state.mn.us/mde/Accountability_Programs/index.html).



DEPT OF EDUCATION

Program: OTHER GENERAL PROGRAMS

Activity: COMPENSATORY PILOT GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	2,100	2,100	2,100	2,100	4,200
<b>Forecast Base</b>	<b>2,100</b>	<b>2,100</b>	<b>2,100</b>	<b>2,100</b>	<b>4,200</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	2,098	2,100	2,100	2,100	4,200
<b>Total</b>	<b>2,098</b>	<b>2,100</b>	<b>2,100</b>	<b>2,100</b>	<b>4,200</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	2,098	2,100	2,100	2,100	4,200
<b>Total</b>	<b>2,098</b>	<b>2,100</b>	<b>2,100</b>	<b>2,100</b>	<b>4,200</b>

**Activity Description**

**Citation:** See individual activities.

The following state programs currently exist to provide additional local property tax levy revenue to school districts to fund specific obligations of the district's General Fund. School districts must meet statutory requirements for each levy program. Local school boards must annually approve each levy authority.

**Activity at a Glance**

◆ Number of current levy programs 20

- ⇒ *Reemployment Insurance Levy* (M.S. 126C.43, Subd. 2). A school district may levy for the district's obligations for unemployment insurance under M.S. 268.052, Subd. 1 and for job placement services offered to employees who may become eligible for benefits under M.S. 268.085. For taxes payable in 2004 and 2005, this levy was limited to 90% of costs exceeding \$10 times the district's adjusted marginal cost pupil units.
- ⇒ *Operating Debt Levy* (Laws of 1984, Chapter 463, Article 6, Section 15 and Laws of 1999, Chapter 241, Article 1, Section 2). Under special legislation, certain districts have authority to levy for past operating debt.
- ⇒ *Judgment Levy* (M.S. 126C.43, Subd. 3). A school district may levy for the district's obligations for judgments against the district, including interest costs.
- ⇒ *Health Benefit Levy* (M.S. 126C.41, Subd. 2). A school district may levy for the district's obligations under the collective bargaining agreement in effect on 3-30-1992 for health insurance and unreimbursed medical expenses of employees who retired before 7-1-1992. The district levy authority may not exceed \$600,000. The levy is limited to the costs for the current fiscal year.
- ⇒ *Additional Retirement Levy* (M.S. 126C.41 Subd. 3). Beginning in 1991, the Minneapolis school district may levy an additional amount required for contributions to the Teacher Retirement Association fund as a result of the maximum dollar amount limitation on state contributions to the fund. The Minneapolis and St. Paul school districts may also levy for the increased costs of Teachers Retirement Association contributions due to changes in the contribution rates since 1992 and for supplemental contributions they have been required to make since 1998.
- ⇒ *Minneapolis Health Insurance Subsidy Levy* (M.S. 126C.41, Subd. 4). The Minneapolis school district may levy 0.10% of the district's adjusted net tax capacity to subsidize health insurance costs for retired teachers who were basic members of the Minneapolis Teachers Retirement Fund Association, who retired before 5-01-1974, and who are not eligible to receive the hospital insurance benefits of the federal Medicare program without payment of a monthly premium.
- ⇒ *St. Paul Severance Levy* (M.S. 126C.41, Subd. 5). The St. Paul school district may levy 0.34% of the district's adjusted net tax capacity to pay for severance costs.
- ⇒ *Safe Schools Levy* (M.S. 126C.44). A school district may levy up to \$27 times the district's adjusted marginal cost pupil units to provide a drug abuse prevention program in the elementary schools, to provide liaison services in the schools, to provide a gang resistance education program in the schools, to pay the costs for security on school property, and/or pay for other crime prevention, drug abuse, student and staff safety, and violence prevention measures taken by the school district.
- ⇒ *Ice Arena Levy* (M.S. 126C.45). A school district that operates and maintains an ice arena may levy for the net operational costs of the ice arena for the previous fiscal year. Starting with taxes payable in 2004, this levy is limited to 90% of net operational costs. The school district must demonstrate that it will offer equal access for male and female students.
- ⇒ *Reorganization Operating Debt Levy* (M.S. 123A.73, Subd. 9 and M.S. 123B.82). A school district that reorganizes under consolidation or dissolution and attachment may levy to retire the net negative undesignated fund balance in the operating funds. The levy may be spread over a period up to five years.
- ⇒ *Severance Levies* (M.S. 123A.30, Subd. 6; M.S. 123A.73, Subd. 12; M.S. 123A.444; M.S. 124D.05, Subd. 3). A school district that reorganizes under dissolution and attachment may levy the costs of severance pay or early retirement incentives for licensed and nonlicensed employees who resign or retire early as a result of the reorganization. A school district with a secondary agreement with another district must pay severance to licensed employees placed on unrequested leave and may levy for the expenses.

## DEPT OF EDUCATION

Program: OTHER GENERAL PROGRAMS

Activity: MISCELLANEOUS LEVIES

Narrative

- ⇒ *Consolidation Retirement Levies* (M.S. 123A.485, Subd. 2). For a school district that consolidates under 123A.48, consolidation transition aid is equal to a maximum of \$200 per resident pupil unit for the first year of consolidation and \$100 per resident pupil unit for the second year of consolidation. If the cost of the early retirement incentives offered by the district under M.S. 123A.48, Subd. 23, exceeds the amount of consolidation transition aid, the district may levy for the difference for a period not to exceed three years.
- ⇒ *Consolidation/Transition Levies* (M.S. 123A.41, Subd. 4, M.S. 123A.76). The board(s) of districts combining or combined under M.S. 123.37, Subd. 2, may levy over three years or less for costs directly related to the transition from cooperation to combination. These costs must be approved by the commissioner and may be costs of negotiations, administrative expenses, and new athletic or band uniforms. The board of a school district that has had all or a portion of a dissolved district attached to previous district boundaries may levy in the year the dissolution and attachment are effective for commissioner approved costs of negotiations and administrative expenses.
- ⇒ *Swimming Pool Levy* (M.S. 126C.455). Each year, a school district with its home office located in a county that has (i) a population density of 10 or fewer persons per square mile according to the 2000 census of population; (ii) an international border; and (iii) more than one school district within its boundaries, may levy for the net operational costs of a swimming pool. The levy may not exceed the net actual costs of operation of the swimming pool for the previous year.
- ⇒ *Career and Technical Education Levy* (M.S. 126C.457 and M.S. 124D.4531). Through the Pay 2007 levy cycle, a district may levy an amount equal to the district's FY 2001 entitlement for Career and Technical Education or \$10,000, whichever is greater. The 2005 legislature reestablished a formula-based career and technical education levy beginning in the Pay 2008 levy certification process. Districts with programs and budgets approved by Minnesota Department of Education (MDE) will qualify for a levy equal to the lesser of \$80 times district ADM in grades 10-12 or 25% of approved expenditures. A hold harmless provision guarantees the levy limit will not be less than the lesser of previous year levy or 100% of approved expenditures. Districts will recognize the entire levy in the same fiscal year it is certified.
- ⇒ *Economic Development Abatement Levy* (M.S. 469.1812 through M.S. 469.1815). The governing body of a political subdivision may grant an abatement of the taxes imposed by the political subdivision on a parcel of property, or defer the payments of the taxes and abate the interest and penalty that otherwise would apply, if: 1) it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the political subdivision of the proposed agreement or intends the abatement to phase in a property tax increase; and 2) it finds that doing so is in the public interest. The political subdivision must add to its levy amount for the current year the total estimated amount of all current year abatements granted. No abatement aid is generated for these abatements.
- ⇒ *Lost Interest Earnings Levy* (Laws of 2001, First Special Session, Chapter 6, Article 1, Section 53, as amended by Laws of 2002, Chapter 377, Article 5, Section 5). Districts may levy for the reduction in estimated net interest earnings attributable to the repeal of the general education levy, as calculated by the MDE. This levy expires after taxes payable 2006.
- ⇒ *Tree Growth Replacement Levy* (M.S. 126C.445). Districts may levy an amount not to exceed its tree growth revenue for taxes payable in 2001.
- ⇒ *Carpenter Bus* (Laws of Minnesota, 2005 First Special Session, Chapter 5, Article 1, Section 49). A school district may levy \$30,000 times the number of Carpenter school buses in its fleet as of 1-1-03, that have been determined to have potentially defective welds and are subject to limitations imposed by the Department of Public Safety. The levy authority may be spread over five years, taxes payable 2006 through 2010.
- ⇒ *Administrative Services* (M.S. 123A.12). If an administrative position is discontinued in a district as a result of the purchase of administrative services from another district, the district may levy for costs of retirement incentives or severance pay or other costs related to the discontinuance of that position.

Minnesota school districts will generate revenue to the extent needed for various general fund obligations, thereby contributing to their overall financial health. School districts will not need to allocate general education formula funding to these identified costs.

# DEPT OF EDUCATION

Program: OTHER GENERAL PROGRAMS

Activity: MISCELLANEOUS LEVIES

Narrative

## Activity Funding

The following table shows certified levy amounts and number of school districts participating in each program.

	FY 2002 00 PAY 01	FY 2003 01 PAY 02	FY 2004 02 PAY 03	FY 2005 03 PAY 04	FY 2006 04 PAY 05	FY 2007 05 PAY 06
1. Reemployment Ins.	\$1,989.4	\$3,775.2	\$8,251.1	\$3,333.5	\$3,201.6	\$9,420.6
# of Districts	114	155	184	92	123	282
2. Operating Debt	593.1	502.9	525.4	174.1	175.7	187.7
# of Districts	16	11	11	2	1	1
3. Judgment Levy	451.8	494.9	185.7	87.0	85.5	1,740.8
# of Districts	11	12	8	4	3	17
4. Health Benefit	3,625.4	4,071.4	4,278.7	3,319.9	2,674.8	3,338.8
# of Districts	72	42	30	25	19	21
5. Additional Retirement	8,391.3	9,168.1	9,649.4	9,885.0	10,354.4	10,735.1
# of Districts	2	2	2	2	2	2
6. Mpls. Health Ins.	-0-	261.9	291.5	323.3	355.1	389.8
7. St. Paul Severance	525.9	433.3	662.2	777.9	834.3	911.9
8. Safe Schools Levy <sup>(1)</sup>	9,984.5	10,065.9	27,615.2	24,395.1	24,196.1	24,055.1
# of Districts	263	275	309	309	315	314
9. Ice Arena Levy	608.4	751.4	840.1	747.2	742.5	895.2
# of Districts	8	9	10	9	11	10
10. Reorg. Oper. Debt	705.4	378.1	378.1	212.4	196.1	-0-
# of Districts	7	5	5	3	2	-0-
11. Severance Levies	1,330.7	866.0	621.3	630.1	668.3	316.8
# of Districts	8	8	6	6	7	4
12. Consol/Retirement	-0-	-0-	-0-	-0-	-0-	-0-
# of Districts	-0-	-0-	-0-	-0-	-0-	-0-
13. Consol/Transition	-0-	-0-	-0-	-0-	-0-	-0-
# of Districts	-0-	-0-	-0-	-0-	-0-	-0-
14. Swimming Pool <sup>(2)</sup>	-0-	411.7	383.4	424.2	457.0	508.5
# of Districts	-0-	4	4	4	4	4
15. Career and Technical <sup>(2)</sup>	-0-	12,498.0	12,620.3	12,505.7	12,678.2	12,689.2
# of Districts	-0-	292	312	305	308	310
16. Econ. Dev. Abatement <sup>(2)</sup>	-0-	353.0	299.6	395.5	413.7	491.6
# of Districts	-0-	5	5	8	7	7
17. Lost Interest Earnings <sup>(3)</sup>	-0-	-0-	2,994.2	2,992.8	2,987.7	2,975.1
# of Districts	-0-	-0-	337	339	336	333
18. Tree Growth <sup>(3)</sup>	-0-	-0-	631.5	630.2	618.0	620.8
# of Districts	-0-	-0-	48	47	46	46
19. Adm. Services <sup>(4)</sup>	-0-	-0-	-0-	-0-	-0-	-0-
# of Districts	-0-	-0-	-0-	-0-	-0-	-0-
20. Carpenter Buses <sup>(4)</sup>	-0-	-0-	-0-	-0-	-0-	3,205.4
# of Districts	-0-	-0-	-0-	-0-	-0-	36

(1) Renamed Safe Schools Levy for Pay 2003

(2) New Levy for Pay 2002

(3) New levy for Pay 2003

(4) New levy for pay 2006

## Contact

Additional information is available from the Minnesota Department of Education, Division of Program Division, (651) 582-8566, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

**Activity Description**

**Citation:** M.S. 273.123; M.S. 273.1398; M.S. 273.1384; M.S. 469.170; M.S. 469.171.

**Information Only**

Property tax credits and aids calculated by the Department of Revenue provide a vehicle for property tax reform or relief for targeted real property classes. The effect of these state paid property tax credits and aids is to shift a portion of property tax burden for education from property owners to the state.

**Activity at a Glance**

- ◆ six credit programs in FY 2007
- ◆ \$74 million total credits FY 2007

**Population Served**

All school districts in the state receive some form of state paid property tax credits. The number and the amount of state paid tax credits that districts and property tax owners in the district receive is dependent upon the local conditions.

**Activity Funding**

Current property tax credit and aid programs paid to school districts by the Minnesota Department of Education (MDE) reduce property taxes paid by property owners in one of two ways:

Programs reducing the property tax rate applied to the property value to calculate property tax.

⇒ *Disparity Reduction Aid* provides relief to high tax rate areas. The Department of Revenue calculates a reduction to the initial tax rate to reduce the rate as much as 10%.

Programs providing a reduction to the calculated property tax (listed in the order applied to the tax).

⇒ *Disaster Credit* provides relief to homesteads located in declared disaster or emergency areas.

⇒ *Agricultural Preserves Credit* provides relief to owners of agricultural property in the seven county metropolitan area.

⇒ *Disparity Reduction Credit* provides relief to apartments, commercial, industrial, and public utilities in economically depressed areas located at Minnesota borders designated as enterprise zones.

⇒ *Residential Homestead Market Value Credit*, implemented in 2002, provides relief to residential homestead property, including the house, garage, one acre of land for farm homesteads, and certain resort homesteads. The credit is computed as 0.4% of the first \$76,000 market value of each homestead property. The maximum credit is \$304 and is phased out at a rate of .09% of the value over \$76,000.

⇒ *Agricultural Land Market Value Credit*, implemented in 2002, provides relief to agricultural homestead property, excluding the house, garage, and one acre. The credit is computed as 0.3% of the first \$115,000 market value of each homestead property. The maximum credit is \$345 and is phased out at a rate of .05% of the value over \$115,000 with a maximum reduction of \$115.

In addition to the property tax relief aids and credits listed above, school districts may receive others paid by the county, including power line credit, county conservation credit, and taconite homestead credit. Taconite homestead credit targets Iron Range homeowners with a credit of either 66% or 57%, depending on characteristics of the mining industry within the school district. The 66% credit has a maximum of \$315.10 per property. The 57% credit has a maximum of \$289.80 per property.

**Activity Funding**

Open appropriations are provided for the following aids and credits paid to school districts by MDE. The amounts include credits and aids for mobile home properties. The property tax credit expenditures are reported in the Department of Revenue budget.

**DEPT OF EDUCATION****Program: OTHER GENERAL PROGRAMS****Activity: STATE PAID PROPERTY TAX CREDITS (info only)**

Narrative

**State Paid Property Tax Credits**

	Dollars in Thousands					
	FY 2002 00 Pay 01	FY 2003 01 Pay 02	FY 2004 02 Pay 03	FY 2005 03 Pay 04	FY 2006 04 Pay 05	FY 2007 05 Pay 06
Disparity Reduction Aid	\$10,398	\$7,802	\$8,432	\$8,927	\$8,127	\$7,983
Disaster Credit	9	2	19	-0-	-0-	-0-
Agricultural Preserves Credit	163	288	110	-0-	-0-	61
Disparity Reduction Credit	1,433	259	439	710	644	798
Homestead Market Value Credit	N/A	69,468	69,007	64,741	59,208	58,964
Agric Homestead Market Value Credit	N/A	3,853	5,879	5,209	5,296	5,597
Education Homestead Credit	405,887	* 806	* 111	N/A	N/A	N/A
Education Agricultural Credit	55,116	N/A	N/A	N/A	N/A	N/A
HACA	17,199	N/A	N/A	N/A	N/A	N/A
Enterprise Zone Credit	1	N/A	N/A	N/A	N/A	N/A
<b>TOTAL</b>	<b>\$490,206</b>	<b>\$82,478</b>	<b>\$83,997</b>	<b>\$79,587</b>	<b>\$73,275</b>	<b>\$73,403</b>
Prior Year Adjustment	17	-0-	128	95	125	365
<b>Adjusted TOTAL</b>	<b>\$490,223</b>	<b>\$82,478</b>	<b>\$84,125</b>	<b>\$79,682</b>	<b>\$73,400</b>	<b>\$73,768</b>

\*Prior year adjustments

*Source: Tax Research Division, Department of Revenue, 1-23-06*

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available the MDE, Division of Program Finance, (651) 582-8566, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

**Budget Activities**

- ⇒ Charter School Lease Aid
- ⇒ Charter School Start-Up Aid
- ⇒ Integration Revenue
- ⇒ Magnet School Grants
- ⇒ Magnet School Start-Up Aid
- ⇒ Interdistrict Desegregation Transportation

DEPT OF EDUCATION  
 Program: CHOICE PROGRAMS

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	92,808	99,442	99,442	99,442	198,884
<b>Technical Adjustments</b>					
End-of-session Estimate			3,267	8,142	11,409
November Forecast Adjustment		(3,029)	2,761	4,022	6,783
<b>Forecast Base</b>	<b>92,808</b>	<b>96,413</b>	<b>105,470</b>	<b>111,606</b>	<b>217,076</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	91,996	96,413	105,470	111,606	217,076
<b>Statutory Appropriations</b>					
Federal	9,226	19,000	22,000	17,000	39,000
<b>Total</b>	<b>101,222</b>	<b>115,413</b>	<b>127,470</b>	<b>128,606</b>	<b>256,076</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	101,222	115,413	127,470	128,606	256,076
<b>Total</b>	<b>101,222</b>	<b>115,413</b>	<b>127,470</b>	<b>128,606</b>	<b>256,076</b>
<b><u>Expenditures by Activity</u></b>					
Charter School Lease	25,060	35,799	40,915	40,270	81,185
Charter School Start Up	10,479	13,289	14,888	15,161	30,049
Integration Revenue	58,901	57,945	61,941	61,654	123,595
Magnet School Grants	750	750	750	750	1,500
Interdistrict Deseg Transp	6,032	7,630	8,976	10,771	19,747
<b>Total</b>	<b>101,222</b>	<b>115,413</b>	<b>127,470</b>	<b>128,606</b>	<b>256,076</b>



# DEPT OF EDUCATION

**Program:** CHOICE PROGRAMS

**Activity:** CHARTER SCHOOL LEASE AID

Narrative

## Activity Description

**Citation:** M.S. 124D.11, Subd. 4; Elementary and Secondary Education Act of 1965, as amended, Title V Part B, Subpart 1.20, U.S.C. 8061-8067

This program provides funding to charter schools to access appropriate facilities for instructional purposes.

## Population Served

Charter schools and enrolled students are served by the aid program

## Activity at a Glance

- ◆ There are currently 132 charter schools in Minnesota (FY 2007)

Estimated Activity (FY 2006 data)

◆ Pupil units (PU) served	23,229
◆ Lease aid per PU (max)	\$1,200
◆ Average gross aid per PU	\$1,053.43

## Services Provided

This program provides funding to charter schools to access appropriate facilities for instructional purposes. Charter schools may apply to the commissioner to receive additional funding for lease costs, after having determined that the total operating capital revenue under M.S. 126C.10, Subd. 13 is insufficient for their capital financial needs.

## Historical Perspective

This program began in FY 1998 with 25 of 27 charter schools receiving aid; 123 of 125 schools received lease aid in FY 2006.

FY 1998 and FY 1999 lease aid was limited to 80% of the actual net lease costs. The maximum aid per pupil unit (PU) increased from \$416 in FY 1998 to \$440 in FY 1999, to \$1,500 in FY 2000 through FY 2003, and to \$1,200 in FY 2004 (except for schools that were grandfathered in at a higher level).

## Key Measures

### Charter School Lease Aid Statistics

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	Estimate <u>FY 2006</u>
Eligible Lease Cost	\$7,882,451	\$12,443,440	\$14,275,979	\$17,833,442	\$21,120,184	\$23,589,096	\$29,156,329
PU Served	8,397	10,381	11,480	13,856	15,889	19,524	23,226
Average Lease Cost Per PU	\$938.72	\$1,198.67	\$1,243.55	\$1,287.05	\$1,329.23	\$1,208.21	\$1,255.00
Max Aid Per PU	\$1,500	\$1,500	\$1,500	\$1,500	\$1,200	\$1,200	\$1,200
Total Gross Aid	\$6,904,968	\$10,705,174	\$12,620,780	\$15,625,004	\$17,542,645	\$20,634,020	\$24,466,963
Average Aid/PU	822.31	1,031.23	1,099.37	1,127.67	1,104.07	1,056.85	1,053.43

## Activity Funding

The commissioner reviews lease aid applications and denies or approves based on

- ◆ the reasonableness of the price based on current market conditions;
- ◆ the appropriateness of the proposed lease in the context of the space needs and financial circumstances of the charter school; and
- ◆ conformity of the lease to the laws and rules of the state of Minnesota.

## DEPT OF EDUCATION

Program: CHOICE PROGRAMS

Activity: CHARTER SCHOOL LEASE AID

Narrative

Aid is limited to the lesser of

- ◆ 90% of actual net lease costs, or
- ◆ the product of the charter school's PU served for the current year times the greater of \$1,200 or the charter school's building lease aid per pupil unit served for FY 2003 (35 charter schools have a grandfather allowance greater than \$1,200).<sup>1</sup>

Federal funding is available through the Federal Charter School Facilities Incentive Grant Program (CFDA 84.282). This program supports the planning, development, and initial implementation of charter schools. In Minnesota, federal funds are used for a competitive grant initiative for charter school facilities.

### Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8801, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html). Information about charter school laws, school formation, and operation is available at [http://education.state.mn.us/mde/Academic\\_Excellence/School\\_Choice/Public\\_School\\_Choice/Charter\\_Schools/index.html](http://education.state.mn.us/mde/Academic_Excellence/School_Choice/Public_School_Choice/Charter_Schools/index.html).

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<sup>1</sup> Because M.S. 126C.05, Subd. 14, requires that pupil units be adjusted to reflect any change for the relative weighting by grade level or category of special assistance, the grandfather allowance based on FY 2003 was calculated to reflect the change in pupil unit weighting that occurred in FY 2004.

**DEPT OF EDUCATION**

**Program: EDUCATION EXCELLENCE**

Activity: Choice Programs  
Charter School Lease

Budget Activity Summary

*Dollars in Thousands*

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	FY2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Appropriation Excluding Buyback	23,834				
2 Aid Payment Buyback	1,497				
3 Total Current Appropriation	25,331	27,806	27,806	27,806	55,612
a. End of Session Estimate			3,820	7,984	11,804
b. November Forecast Adjustment		(7)	289	480	769
d. Cancellation	(302)				
4 Forecast Base	<b>25,029</b>	<b>27,799</b>	<b>31,915</b>	<b>36,270</b>	<b>68,185</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>	<b>State Aid</b>				
5 Statutory Formula Aid	24,318	28,152	32,333	36,707	69,040
6 Statutory Excess/(Shortfall)	302	7			0
7 Appropriated Entitlement	24,620	28,159	32,333	36,707	69,040
8 Adjustments					
a. Cancellation	(302)				
c. Appropriation Reduction		(7)			
9 State Aid Entitlement Current Law	24,318	28,152	32,333	36,707	69,040
10 Other Revenue					
a. Federal	31	8,000	9,000	4,000	13,000
11 Total All Sources Current Law	24,349	36,152	41,333	40,707	82,040
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	3,324	2,462	2,815	3,233	6,048
Current Year (90%)	22,141	25,337	29,100	33,037	62,137
Cancellation Prior Year Account	(151)				
Cancellation Current Year Account	(285)				
<b>Total State Aid - General Fund</b>	<b>25,029</b>	<b>27,799</b>	<b>31,915</b>	<b>36,270</b>	<b>68,185</b>

**Activity Description**

**State Citation:** M.S. 124D.11, Subd. 8

**Federal Citation:** Elementary and Secondary Education Act of 1965; Title V, Part B, Subpart 1 - Charter Schools Program (CSP); CFDA 84.282A

The state and federal funded programs provide start-up funding for charter schools. State funding is available for the first two years of operation and federal funding is available for three years (typically one year for planning and the first two years of operations). Federal funding is provided as grants to assist charter schools in specific start-up activities.

**Activity at a Glance**

- ◆ There are currently 132 charter schools in Minnesota (FY 2007)
- ◆ Number of charter schools receiving funding (FY 2006 data)
 

State start-up	23
Federal start-up	65

**Population Served**

This program serves charter school organizers, charter schools, students, and their parents.

**Services Provided**

State funds for start-up of charter schools provide funding for the costs associated with start-up.

Federal funds may be used for the following purposes

- ◆ Planning and Implementation
  - ⇒ For planning, program design, and initial implementation of new charter schools.
- ◆ Dissemination
  - ⇒ To fund proposals from eligible high quality charter schools that will support activities to open new public schools, including public charter schools, or share charter schools' best practices with other public schools.

**Key Measures**

This table represents charter schools receiving state and federal funding. Since federal funding is available for three years and state funding is available for two years, the schools are counted more than once.

**Charter Schools Receiving Start-Up Revenue**

	<u>FY</u> <u>1998</u>	<u>FY</u> <u>1999</u>	<u>FY</u> <u>2000</u>	<u>FY</u> <u>2001</u>	<u>FY</u> <u>2002</u>	<u>FY</u> <u>2003</u>	<u>FY</u> <u>2004</u>	<u>FY</u> <u>2005</u>	<u>FY</u> <u>2006</u>
State	11	20	28	32	26	20	11	-0-*	23
Federal	39	47	53	48	40	37	54	70	65

\*No appropriation for state start-up aid was provided for schools opening in FY 2005.

**Activity Funding**

The state funded start-up aid is available for two years and for each year equals the greater of \$50,000 per charter school or \$500 times the charter school's pupil units for that year. All charter schools receive this funding for their first two years of operation.

To Qualify for federal start-up awards, schools must meet the following eligibility requirements.

- ⇒ Planning and implementation grants: Newly approved public charter schools.
- ⇒ Dissemination grants: Successful charter schools that have been in operation for three consecutive years. Demonstration of a successful charter school includes substantial improvement of student achievement, high levels of parent satisfaction and the management and leadership necessary to overcome initial start-up problems and establish a thriving, financially viable charter school.

## DEPT OF EDUCATION

**Program:** CHOICE PROGRAMS

**Activity:** CHARTER SCHOOL START-UP

Narrative

Subgrants are awarded for a total period of up to 36 months; up to 18 months of the period may be used for planning and program design, and up to 24 months of which may be used for the initial implementation of a charter school. High-quality charter schools in their fourth or subsequent year of operation are eligible to receive one dissemination grant for a period of up to two years.

Federal planning and implementation maximum amount per school is \$540,000, distributed over 36 months. This is usually divided into three periods:

- ◆ Pre-operational planning - \$180,000
- ◆ First year of implementation - \$180,000
- ◆ Second year of implementation - \$180,000

Minnesota's dissemination grants have ranged from \$50,000 to \$300,000 per year. There is no specified maximum amount.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the Minnesota Department of Education, School Choice and Innovation Division, (651) 582-8217. Information about charter school laws, school formation, and operation is available at [http://education.state.mn.us/mde/Academic\\_Excellence/School\\_Choice/Public\\_School\\_Choice/Charter\\_Schools/index.html](http://education.state.mn.us/mde/Academic_Excellence/School_Choice/Public_School_Choice/Charter_Schools/index.html).

DEPT OF EDUCATION

Program: EDUCATION EXCELLENCE

Activity: Choice Programs  
Charter School Startup Aid

Budget Activity Summary

Dollars in Thousands

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09 FY2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Appropriation Excluding Buyback	1,197				
2 Aid Payment Buyback	94				
3 Total Current Appropriation	1,291	2,347	2,347	2,347	4,694
a. End of Session Estimate			(653)	(736)	(1,389)
b. November Forecast Adjustment		(58)	194	550	744
c. Cancellation	(7)				
4 Forecast Base	1,284	2,289	1,888	2,161	4,049
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	1,427	2,384	1,833	2,197	4,030
6 Statutory Excess/(Shortfall)	7	64			0
7 Appropriated Entitlement	1,434	2,448	1,833	2,197	4,030
8 Adjustments					
a. Cancellation	(7)				
b. Appropriation Reduction		(64)			
9 State Aid Entitlement Current Law	1,427	2,384	1,833	2,197	4,030
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	0	143	238	183	421
Current Year (90%)	1,291	2,146	1,650	1,978	3,628
Cancellation	(7)				
<b>Total State Aid - General Fund</b>	<b>1,284</b>	<b>2,289</b>	<b>1,888</b>	<b>2,161</b>	<b>4,049</b>

**Activity Description**

Citation: M.S. 124D.86

The purpose of this state aid and local levy program is to promote voluntary racial integration, increase learning opportunities, and close the academic achievement gap between learners living in high concentrations of poverty and their peers through programs established under an integration plan mandated by state rules or under court order.

**Population Served**

All students attending public schools receiving integration revenue are served by this program.

**Services Provided**

In conjunction with other programs focused on preparing integrated educational environments, this program helps achieve these goals:

- ◆ to increase the number of students enrolled in schools that offer an integrated educational environment;
- ◆ to promote opportunities to close achievement gaps relative to the progress that districts are making on their own;
- ◆ to create welcoming and encouraging school environments for children and families of color; and
- ◆ to increase experience and exposure to racial, ethnic, and cultural diversity for students, staff, and communities.

Integration revenue may be used for

- ◆ additional operating costs for magnet/specialty schools or other methods used to achieve school district integration;
- ◆ integration transportation costs (see Interdistrict Desegregation Transportation budget narrative);
- ◆ staff development costs for preparing teachers to work with diverse populations in an integrated setting;
- ◆ development and implementation of strategies to meet the needs of diverse populations of students in an integrated setting; and
- ◆ supplemental support services for unique student needs in integrated schools.

Under State Board of Education Rule 3535 (Desegregation Rule), an integration plan is required in two instances. *Racially identified school within a district.*

⇒ When the percentage of protected students in a school exceeds the percent of protected students in the district and grade levels served by the school by 20 percentage points or more. In this case, the integration plan must specify how the district will increase opportunities for interracial contact between students in the building with other students in the same district.

*Racially identified school district.*

⇒ When the percentage of protected students in a district exceeds the percent of protected students in any contiguous district by 20 percentage points or more. In this case, the integration plan must specify how the district will increase opportunities for interracial contact between students in the district and, students in the contiguous districts.

Protected students means students are identified in the general racial categories of African/Black Americans, Asia/Pacific Americans, Chicano/Latino Americans, American Indian/Alaskan Native, and multiracial students self-identify or are identified as having origins in more than one of the categories or as having origins in one of the categories and in the category of Caucasian.

**Activity at a Glance**

- ◆ District participation has increased from 53 districts in FY 2003 to 93 districts in FY 2007.
- ◆ Integration plans are designed to provide voluntary strategies to reduce the racial isolation of school districts from their neighboring districts or to reduce racial isolation across schools within a single district.

**Historical Perspective**

The Duluth, Minneapolis, and St. Paul school districts currently operate under authority of Rule 3535 and have had approved integration plans in place since the 1970s. In FY 2000, 19 more districts operated under authority of Rule 3535. Effective FY 2002, districts that were not required to implement a integration plan under the State Board of Education Rule are eligible for integration revenue if they voluntarily participate in a multidistrict integration collaborative.

**School District Participation**

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Minneapolis, St. Paul, Duluth	3	3	3	3	3
Racially isolated districts (excluding Minneapolis and St. Paul)	11	13	17	19	22
Districts with greater than 15% protected class but not isolated or with racially identified schools	9	10	11	12	13
Districts with less than 15% protected class who are required to implement an integration plan per rule or are a member of an interdistrict integration collaborative	<u>30</u>	<u>36</u>	<u>49</u>	<u>51</u>	<u>55</u>
<b>Total</b>	<b>53</b>	<b>62</b>	<b>80</b>	<b>91</b>	<b>93</b>
Pupil Units (adjusted)	412,493	399,689	465,955	*459,553	*499,568
*Estimated					

It is anticipated that growing concentrations of students of color in both urban core districts and in southwestern Minnesota will continue. The desegregation rule requires greater collaboration among more districts in addressing integration issues.

**Key Measures**

- ⇒ Students and parents in racially identified school districts and school sites have a variety of school choice options that provide opportunities for increased interracial interaction and improved educational opportunities.
- ⇒ School districts and school sites participating in the integration program create educational programs and services that address specific educational needs of protected students in the context of an integrated learning environment and that contribute towards increased student achievement and success.
- ⇒ School districts and school sites participating in the integration program create educational programs and services that increase cultural and racial understanding.
- ⇒ Magnet programs and schools attract students through the creation of schools and programs with high interest and learning opportunities that promote cultural/racial understanding and provide greater racial balance.

**Activity Funding**

This program is funded with a combination of state aid and a local property tax levy. The percent of revenue from state aid has ranged from 54% in FY 1999 to 78% for several of the years covered, with the balance coming from local taxpayers. Currently, state aid is 70% of revenue. Unlike most levies, for cities of the first class and for FY 2001 the entire amount levied is recognized as revenue in the fiscal year in which the levy is certified. Effective FY 2002 for other than cities of the first class, the revenue is recognized in the fiscal year following the levy.

Each eligible district must submit a proposed budget for approval by the Minnesota Department of Education (MDE) detailing the costs of implementing the integration plan. At the end of the school year the district reports the actual expenditures related to implementation of the plan. For FY 2000 and later years, the maximum integration revenue for eligible districts other than Minneapolis, St. Paul, and Duluth (and for increases over the FY 2000 funding level for these three districts) is the lesser of the cost of implementing the district's plan or the statute-defined rate times the adjusted pupil units. Current statutory rates are provided below.



**DEPT OF EDUCATION****Program: CHOICE PROGRAMS****Activity: INTEGRATION REVENUE**

Narrative

**Minneapolis**

- ◆ \$445 plus an additional levy amount of \$35 per adjusted pupil unit

**St. Paul**

- ◆ \$445

**Duluth**

- ◆ \$206

**Other eligible districts**

- ◆ \$92/\$129 per adjusted pupil unit for districts, other than Minneapolis, St. Paul, or Duluth, that must implement a plan under State Rule 3535.0100 to 3535.0180. Districts with more than 15% protected student enrollment are eligible for \$129 per adjusted pupil unit. Other districts, including noncontiguous districts and voluntary districts are eligible for \$92 per adjusted pupil units. Districts receive the lesser of the actual cost of implementation of the approved plan \$129 per adjusted pupil unit.

Effective FY 2001, districts other than cities of the first class may generate alternative attendance integration aid by providing a budget for approval and reporting related expenditures. The state aid is equal to the lesser of the cost of the plan or the state aid portion of the revenue amount generated by residents of Minneapolis, St. Paul, or Duluth.

The following table summarizes the trends in integration revenue since FY 2000.

**Total Integration Revenue By District**

Dollars in Thousands

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Est. FY 2006</u>
Duluth	\$ 2,974	\$ 2,918	\$ 2,841	\$ 2,722	\$ 2,593	\$ 2,444	\$ 2,422
Minneapolis	29,873	30,390	30,259	23,906	22,645	24,465	20,236
St. Paul	23,265	23,517	23,282	23,136	21,533	20,983	21,156
Other Districts	<u>238</u>	<u>11,303</u>	<u>24,147</u>	<u>27,393</u>	<u>30,946</u>	<u>29,063</u>	<u>36,823</u>
STATE TOTALS	\$56,350	\$68,128	\$80,529	\$77,157	\$77,717	\$76,955	\$80,637

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Choice Programs and Services, (651) 582-8586, [http://education.state.mn.us/mde/Academic\\_Excellence/School\\_Choice/index.html](http://education.state.mn.us/mde/Academic_Excellence/School_Choice/index.html).

DEPT OF EDUCATION

Program: EDUCATION EXCELLENCE

Activity: Choice Programs  
Integration Revenue

Budget Activity Summary

Dollars in Thousands

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Appropriation Excluding Buyback	56,073				
2 Aid Payment Buyback	3,331				
3 Total Current Appropriation	59,404	58,405	58,405	58,405	116,810
a. End of Session Estimate			(650)	(1,542)	(2,192)
b. November Forecast Adjustment		(460)	4,186	4,791	8,977
c. Transfer per M.S. 127A.41	(503)				
4 Forecast Base	<b>58,901</b>	<b>57,945</b>	<b>61,941</b>	<b>61,654</b>	<b>123,595</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>	<b>State Aid</b>				
5 Statutory Formula Aid	56,006	58,105	62,367	61,575	123,942
6 Statutory Excess/(Shortfall)	503	511			0
7 Appropriated Entitlement	56,509	58,616	62,367	61,575	123,942
8 Adjustments					
a. Transfer per M.S. 127A.41	(503)				
b. Appropriation Reduction		(511)			
9 State Aid Entitlement Current Law	56,006	58,105	62,367	61,575	123,942
<i>plus</i>					
<b>LEVY</b>	<b>Levy</b>				
10 Local Levy Current Law	25,145	25,908	27,674	27,280	54,954
<i>equals</i>					
<b>REVENUE</b>	81,151	84,013	90,041	88,855	178,896
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	8,545	5,650	5,811	6,237	12,047
Current Year (90%)	50,859	52,295	56,130	55,418	111,548
Transfer per M.S. 127A.41	(503)				
<b>Total State Aid - General Fund</b>	<b>58,901</b>	<b>57,945</b>	<b>61,941</b>	<b>61,654</b>	<b>123,595</b>

**Activity Description**

**Citation:** M.S. 124D.871

The purpose of this state grant program is to provide funding for school districts and charter schools for specific magnet school projects that promote the development of programs and services for students at magnet schools that further the purpose of desegregation/integration.

**Activity at a Glance**

- ◆ 14 projects funded in FY 2006 – FY 2007 (eight in Twin Cities, six in greater Minnesota).
- ◆ Communities and school districts statewide wishing to provide integrated learning opportunities to students are able to apply for this competitive grant.

**Population Served**

Districts, students, and parents in participating programs or projects are the primary population served.

Minnesota’s minority population is projected to increase 52% between the years 2000 and 2015. Minnesota’s public schools invest in integration programs and activities to meet the needs of their increasingly diverse students but also to prepare both majority and minority students to succeed in a global marketplace.

**Services Provided**

Magnet schools and program grants are competitively available statewide for the development of integrated learning environments. Following is a list of costs eligible for the funding.

- ◆ salaries for teachers who provide instruction or services to students in a magnet school or magnet program
- ◆ salaries for education paraprofessionals who assist teachers in providing instruction or services to students in a magnet school or magnet program
- ◆ equipment, equipment maintenance contracts, materials, supplies, and other property needed to operate a magnet school or magnet program
- ◆ minor remodeling needed to operate a magnet school or magnet program
- ◆ transportation for all field trips that are part of a magnet school or magnet program curriculum
- ◆ program planning and staff curriculum development for a magnet school or magnet program
- ◆ disseminating information on magnet schools and magnet programs
- ◆ indirect costs calculated according to the state statutory formula governing indirect costs

**Key Measures**

Since 1994, performance indicators have been: 1) to improve student achievement by using multiple strategies, and; 2) to develop and operate schools and programs that offer welcoming and encouraging learning environments for students from diverse populations. The magnet school grants provided the start-up funds necessary to launch programs that can now be funded with integration revenue.

**Activity Funding**

Magnet schools and program grants are awarded for planning, developing, and operating magnet school programs that provide integrated learning environments. Public schools, charter schools, and joint powers boards are eligible recipients.

**Funding History**

District	Dollars in Thousands								
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
WMEP Interdistrict Downtown	\$ 525.0	\$ 150.0	\$ 185.0						
WMEP FAIR School	88.0	425.0					100.0		
WMEP Professional Development Center	99.0	60.0							
Tri-District School	525.0	100.0							
Project Common Ground	220.0	225.0							
5 District Project		150.0							

# DEPT OF EDUCATION

## Program: CHOICE PROGRAMS

### Activity: MAGNET SCHOOL GRANTS

Narrative

Dollars in Thousands

District	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Crosswinds East Metro		412.0							
Anoka Hennepin Magnet School Study		130.0							
Twin Cities Academy		48.0							
Minneapolis Established Learning Center		50.0							
Wayzata Public Schools			322.0						
Albert Lea Public Schools			15.0						
St Louis Park			90.0	102.0				41.6	
Rochester			315.0						
WMEP Coordination	44.0								
WMEP SW School									
Willmar Area Project	60.0			202.0	150.0				
East Metro District 6067			823.0						
Chisholm				46.0					
Waseca					100.0				
WMEP Education Program					100.0				
Twin Cities International Elementary					8.4	16.0	13.0	12.6	10.0
Osseo					73.6				
NW Suburban Desegregation					27.2				
Madelia									
Ely					31.6	90.0			
East Metro					144.1				
Anoka Hennepin Magnet School					99.5	85.4	70.0		
West St. Paul ISD 197						70.0	47.0	100.0	100.0
Bemidi-Central								80.0	90.0
Duluth-Lincoln Park							94.0	50.0	
Duluth-Lowell								90.0	
Robbinsdale						63.0	70.0	60.0	
Minneapolis-Edison & Northup						97.0	239.0	215.2	167.0
High School for the Recording Arts						30.0			
White Bear Lake						27.0			
Bemidji-J.W. Smith									60.0
Duluth-Woodland MS									60.0
South Washington County-Spanish Immersion									90.0
Richfield-Spanish Immersion Magnet									78.0
Duluth-Nettleton									90.0
St Paul						100.0	117.0	100.0	
<b>Totals</b>	<b>\$1,561.0</b>	<b>\$1,750.0</b>	<b>\$1,750.0</b>	<b>\$ 350.0</b>	<b>\$ 734.4</b>	<b>\$ 578.4</b>	<b>\$ 750.0</b>	<b>\$ 749.4</b>	<b>\$ 745.0</b>

### Contact

Additional information is available from the Minnesota Department of Education, Division of Choice Programs and Services, (651) 582-8586, [http://education.state.mn.us/mde/Academic\\_Excellence/School\\_Choice/index.html](http://education.state.mn.us/mde/Academic_Excellence/School_Choice/index.html).

DEPT OF EDUCATION  
 Program: CHOICE PROGRAMS  
 Activity: MAGNET SCHOOL GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	750	750	750	750	1,500
<b>Forecast Base</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>1,500</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	750	750	750	750	1,500
<b>Total</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>1,500</b>
 <b><u>Expenditures by Category</u></b>					
Local Assistance	750	750	750	750	1,500
<b>Total</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>1,500</b>

**Activity Description**

**Citation:** 124D.88, Subd. 4

The purpose of this aid program is to provide additional funds for magnet schools for their first two years of operation to address expenses associated with start-up activities.

**Activity at a Glance**

- ◆ Two magnet schools have received this grant since FY 2001
- ◆ The funds help magnet schools with start-up costs for two years

**Population Served**

Magnet schools in their first two years of operation are eligible to participate in this program. During the first two years of a metropolitan magnet school's operation, the school is eligible for aid to pay for start-up costs and additional operating costs.

**Services Provided**

In conjunction with other programs focused on preparing integrated educational environments, this program helps achieve these goals:

- ◆ to increase the number of students enrolled in schools that offer an integrated education environment;
- ◆ to promote opportunities to close achievement gaps; and
- ◆ to increase experience and exposure to racial, ethnic, and cultural diversity for students, staff, and communities.

Metropolitan magnet schools have strategies to:

- ◆ close achievement gaps between learners from economically disadvantaged families and their peers;
- ◆ create a sense of belonging for students and families in diverse school settings;
- ◆ create multicultural exchanges for teachers and students;
- ◆ create prototype schools that model interdistrict cooperation and collaboration;
- ◆ create curricula expertise and delivery system improvements;
- ◆ provide professional development related to understanding diversity;
- ◆ create a community of learners whose achievements are enhanced by diversity; and
- ◆ provide programming themes such as environmental sciences or the arts to attract students.

**Key Measures**

Two schools received start-up funding in FY 2001-03

- ⇒ **Fine Arts Interdisciplinary Resource (FAIR) Magnet School** is for students in grades four thru eight. FAIR school is one of two schools created by the West Metro Education Program (WMEP) to provide intercultural learning opportunities for students from Minneapolis and surrounding suburban school districts. The learning opportunities at FAIR school focus on three major areas: intercultural learning, fine arts performance, and academic excellence.
- ⇒ **Crosswinds Arts and Science Magnet School** is a program of the East Metro Integration District. The school supports a year round 45/15 calendar. The Crosswinds academic program integrates arts and science into all subject areas and emphasizes hands-on, group work to help students understand the connections between what they are learning and the real world.

The two integration collaborative districts that have received magnet school start-up grants show a diverse population. The Crosswinds Arts and Science Magnet School has a racial mix of 58% white and 42% minority/protected students. The FAIR Magnet School has a racial mix of 70% white and 30% minority/protected students. The percentage of protected students in the two magnet school is less than Minneapolis or St. Paul that have protected students in excess of 71%. However, the schools have a greater percentage of protected students than most of the other member districts of the two integration collaboratives, indicating a successful mix of students served.

**DEPT OF EDUCATION****Program: CHOICE PROGRAMS****Activity: MAGNET SCHOOL START-UP AID**

Narrative

**Activity Funding**

Metropolitan magnet school start-up cost grant formula is based on \$500 times the magnet school's pupil units served for that year. In the last seven years, two schools have qualified for aid in the first two years of operation.

	Dollars in Thousands						
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004*</u>	<u>FY 2005*</u>	<u>FY 2006*</u>
WMEP FAIR School	N/A	\$250	\$324	-0-	-0-	-0-	-0-
East Metro Crosswinds Middle	N/A	-0-	\$129	\$212	-0-	-0-	-0-

\*No schools qualified in FY 2004-06.

In addition to the start-up funding, M.S. 124D.88 provides authority for a metropolitan magnet school capital facility grant program for the purpose of promoting integrated education for students in prekindergarten through grade 12, for the seven-county metropolitan area. The grant money must be used only to design, acquire, construct, expand, remodel, improve, furnish, or equip the building or site of a magnet school facility. Application processes and procedures are state in statute. No school districts or collaboratives have applied for this grant program in recent years.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8811, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

DEPT OF EDUCATION

Program: EDUCATION EXCELLENCE

Activity: Choice Programs  
Magnet School Startup Grants

Budget Activity Summary

*Dollars in Thousands*

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	0	0	0	177	177
a. End of Session Estimate				(177)	(177)
2 Forecast Base	0	0	0	0	0
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
3 Statutory Formula Aid	0	0	0	0	0
4 Statutory Excess/(Shortfall)					0
5 Appropriated Entitlement	0	0	0	0	0
6 Adjustments					
7 State Aid Entitlement Current Law	0	0	0	0	0
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	0	0	0	0	0
Current Year (90%)	0	0	0	0	0
<b>Total State Aid - General Fund</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



**Activity Description**

**Citation:** M.S. 124D.87

The purpose of this state aid program is to promote interdistrict desegregation and integration programs among school districts by providing state aid to cover unreimbursed student transportation costs. This program helps achieve these goals:

- ◆ to provide transportation services so that more children and families are able to participate in schools and/or programs that offer an integrated educational environment;
- ◆ to provide access to schools and programs that help close achievement gaps between learners from economically disadvantaged families and their peers;
- ◆ to create a welcoming and encouraging school environments for children and families of color; and
- ◆ to increase experience and exposure to racial, ethnic, and cultural diversity for students, staff, and communities.

**Activity at a Glance**

- ◆ In FY 2005, over 4,000 students were transported to and from interdistrict desegregation or integration schools and the Choice Is Yours (CIY) program at a cost of \$6.6 million.
- ◆ Other students were transported to a program or event at a cost of \$271,640 in FY 2005.

**Population Served**

This program serves public school students attending interdistrict desegregation or integration schools or programs and low-income Minneapolis students attending suburban districts under the CIY program.

**Services Provided**

Transportation is provided between the student’s home or school and the interdistrict program or school. School districts have entered into joint powers agreements to develop desegregation/integration programs and/or schools. Existing programs include the Metropolitan Learning Alliance School (6065), the East Metro Integration District (6067), West Metropolitan Education Program District (WMEP) (6069), and the North West Suburban Integration School District (6078). Other programs exist to promote desegregation/integration, including Project Common Ground and the Five-District Integration Project in the metropolitan area and numerous other programs in greater Minnesota.

**Key Measures**

Both the number of districts and the number of students participating has increased over time as shown in the table below. A large portion of the increase is attributable to the collaborative Choice Is Yours program. Students transported under this program numbered 500 in FY 2003 and are expected to increase to 2,500 in FY 2006.

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Number of Districts	17	19	23	23	28	33
Number of Students Transported	1,232	1,527	2,206	3,322	3,725	4,036

**Activity Funding**

The state aid equals the difference between the transportation costs and the portion of general education revenue attributable to transportation generated by the participating students.

From FY 1996 through FY 2001, the state aids were first directed to districts providing transportation for interdistrict integration programs. Excess funds were available to fund costs of providing transportation of open-enrolled students whose enrollment contributed to integration. Beginning in FY 2002, funding is available on an equal basis for both interdistrict magnet programs and open enrolled students contributing to integration.

Effective with FY 2002 expenditures, the formula for this program is changed from a current funding basis formula to a reimbursement basis formula. Districts receive the reimbursement for actual costs. Districts qualifying for aid in the prior year are required to recognize the revenue in the year earned.

# DEPT OF EDUCATION

**Program:** CHOICE PROGRAMS

**Activity:** INTERDISTRICT DESEG TRANSP

Narrative

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## **Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8480.

DEPT OF EDUCATION

Program: EDUCATION EXCELLENCE

Activity: Choice Programs

Interdistrict Desegregation Transportation

Budget Activity Summary

*Dollars in Thousands*

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	6,032	10,134	10,134	10,134	20,268
a. End of Session Estimate			750	2,259	3,009
b. November Forecast Adjustment		(2,504)	(1,908)	(1,622)	(3,530)
2 Forecast Base	<b>6,032</b>	<b>7,630</b>	<b>8,976</b>	<b>10,771</b>	<b>19,747</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
3 Statutory Formula Aid	6,032	7,630	8,976	10,771	19,747
4 Statutory Excess/(Shortfall)		2,504			0
5 Appropriated Entitlement	6,032	10,134	8,976	10,771	19,747
6 Adjustments					
c. Appropriation Reduction		(2,504)			
7 State Aid Entitlement Current Law	6,032	7,630	8,976	10,771	19,747
<b>Appropriations Basis for State Aid</b>					
Current Year	6,032	7,630	8,976	10,771	19,747
<b>Total State Aid - General Fund</b>	<b>6,032</b>	<b>7,630</b>	<b>8,976</b>	<b>10,771</b>	<b>19,747</b>

**Budget Activities**

- ⇒ Success for the Future
- ⇒ Indian Scholarships
- ⇒ Indian Teacher Preparation Grants
- ⇒ Tribal Contract Schools
- ⇒ Early Childhood Programs at Tribal Schools

DEPT OF EDUCATION  
 Program: INDIAN PROGRAMS

Program Summary

*Dollars in Thousands*

	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	6,711	6,627	6,627	6,627	13,254
<b>Technical Adjustments</b>					
End-of-session Estimate			100	203	303
November Forecast Adjustment		(301)	(251)	(187)	(438)
<b>Forecast Base</b>	<b>6,711</b>	<b>6,326</b>	<b>6,476</b>	<b>6,643</b>	<b>13,119</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	6,488	6,326	6,476	6,643	13,119
<b>Total</b>	<b>6,488</b>	<b>6,326</b>	<b>6,476</b>	<b>6,643</b>	<b>13,119</b>
<b><u>Expenditures by Category</u></b>					
Payments To Individuals	1,867	1,875	1,875	1,875	3,750
Local Assistance	4,621	4,451	4,601	4,768	9,369
<b>Total</b>	<b>6,488</b>	<b>6,326</b>	<b>6,476</b>	<b>6,643</b>	<b>13,119</b>
<b><u>Expenditures by Activity</u></b>					
Success For The Future	2,239	2,137	2,137	2,137	4,274
Indian Scholarships	1,867	1,875	1,875	1,875	3,750
Indian Teacher Prep Grants	190	190	190	190	380
Tribal Contract Schools	2,124	2,056	2,206	2,373	4,579
Early Childhood Prgs At Tribal	68	68	68	68	136
<b>Total</b>	<b>6,488</b>	<b>6,326</b>	<b>6,476</b>	<b>6,643</b>	<b>13,119</b>

**Activity Description**

**Citation:** 124D.81

Success for the future is a state grant program that combines and expands the best features of three discontinued grant programs. This grant program provides funding to grantees that develop comprehensive and collaborative plans to support academic achievement, decrease the dropout rate and improve the school climate in a culturally appropriate manner for American Indian students.

**Activity at a Glance**

- ◆ 31 grants funded for six years with annual renewal of funds
- ◆ 8,950 American Indian students served

**Population Served**

- ⇒ Twenty-eight public school districts and three tribal schools receive success for the future grant funds.
- ⇒ American Indian student population served: rrbn - 4,834; rural/reservation 4,711.

**Services Provided**

Success for the future collaborative programs provide the following program services to increase student achievement and lower the dropout rates:

- ◆ targeted retention programs,
- ◆ academic and counseling services,
- ◆ advocacy and liaison services,
- ◆ innovative curriculum based on technology, and
- ◆ best practices in teaching for American Indian students.

**Key Measures**

*Decrease the dropout rate and increase student graduation rates for American Indian students.*

- ⇒ School districts that are funded by success for the future are able to provide programs that reduce dropout rates and increase graduation rates for American Indian students. Districts that participate in the program experience a 2% lower dropout rate and higher graduation rates for American Indian students than in districts not served. The Minnesota Department of Education (MDE) is currently developing a five year evaluation of the program. Data should be available January 2007.

**Activity Funding**

The grants are awarded for a six-year period with a biennial renewal process.

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
Number of Grants Funded	30	30	30	31	31
Number of Applicants	46	46	46	46	46
Percent of Applicants Funded	65%	65%	65%	67%	67%
Number of Participating Indian	9,454	7,778	10,527	8,950	8,950
Number of Indian Students in					
School/Districts Statewide	17,145	17,479	17,667	17,574	17,397
Percent Served	55.1%	44.5%	59.6%	50.9%	51.4%

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes. Numbers of students served has declined because programs have chosen to work with a smaller group of students so they can better focus on the activities.

**Contact**

Additional information is available from the MDE, Indian Education Division, (651) 582-8831, [http://education.state.mn.us/mde/Academic\\_Excellence/Indian\\_Education/index.html](http://education.state.mn.us/mde/Academic_Excellence/Indian_Education/index.html).

DEPT OF EDUCATION

Program: EDUCATION EXCELLENCE

Activity: Indian Programs  
Success for the Future

Budget Activity Summary

*Dollars in Thousands*

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	FY2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Appropriation Excluding Buyback	2,118				
2 Aid Payment Buyback	122				
3 Total Current Appropriation	2,240	2,137	2,137	2,137	4,274
a. Cancellation	(1)				
4 Forecast Base	<b>2,239</b>	<b>2,137</b>	<b>2,137</b>	<b>2,137</b>	<b>4,274</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	2,136	2,137	2,137	2,137	4,274
6 Statutory Excess/(Shortfall)	1				0
7 Appropriated Entitlement	2,137	2,137	2,137	2,137	4,274
8 Adjustments					
a. Cancellation	(1)				
9 State Aid Entitlement Current Law	2,136	2,137	2,137	2,137	4,274
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	316	213	213	213	426
Cancellation	(1)				
Current Year (90%)	1,924	1,924	1,924	1,924	3,848
<b>Total State Aid - General Fund</b>	<b>2,239</b>	<b>2,137</b>	<b>2,137</b>	<b>2,137</b>	<b>4,274</b>

**Activity Description**

**Citation:** M.S. 124D.84

The state funded Minnesota Indian scholarship program (MISP) promotes partnerships between state government and tribal government to provide need-based, financial assistance to American Indian students who would otherwise not have the opportunity to attend a post-secondary institution.

**Population Served**

American Indians residing in and attending Minnesota higher education institutions and who meet the following scholarship eligibility criteria can apply. The student must

- ◆ be accepted by a higher education institution,
- ◆ be eligible for federal financial aid, and
- ◆ meet the definition of American Indian.

**Services Provided**

The MISP works with tribal governments and higher education institutions to provide scholarships for eligible American Indian students. MISP awards are:

- ◆ granted to students based on policies and procedures as adopted by the Minnesota Department of Education (MDE);
- ◆ based upon the unmet need as shown by the higher education institutions recommended budget with the cost shared by tribal nations; and
- ◆ restricted to American Indian students of one-fourth or more American Indian ancestry, residing in Minnesota, and enrolled in an accredited Minnesota post-secondary institution.

**Historical Perspective**

This program was enacted in 1955 to encourage American Indians to attend post-secondary institutions. At that time, fewer than 10 American Indian students attended post-secondary institutions in Minnesota. In 2005, the MISP funded 731 American Indians enrolled in post-secondary institutions.

**Key Measures**

*Increase educational opportunities for American Indian students.*

<u>Students Funded</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>Est.</u>
Undergraduate Students	895	773	761	811	696	710	710
Graduate Students	40	27	33	31	37	40	40

**Activity Funding**

- ⇒ Since 1990, the MISP has provided scholarship assistance to approximately 800 eligible students per year.
- ⇒ Increased cost of attendance and decreased Pell grant eligibility prompted an average grant increase to \$4,000 per year.
- ⇒ The Office of Indian Education and MDE are networking to provide more expedited and cost effective service for all involved institutions and agencies.

**Contact**

Additional information is available from the MDE, Indian Education Division, (651) 582-8831, [http://education.state.mn.us/mde/Academic\\_Excellence/Indian\\_Education/index.html](http://education.state.mn.us/mde/Academic_Excellence/Indian_Education/index.html).

**Activity at a Glance**

- ◆ Scholarships provided to eligible American Indian students based on needs determined by the federal financial needs assessment process.
- ◆ An average of 800 students are funded each year.
- ◆ Average student award is approximately \$4,000 per year.
- ◆ An average of 150 students graduate per year from certificate and technical programs, two-year, four-year, and graduate degree programs.



DEPT OF EDUCATION  
 Program: INDIAN PROGRAMS  
 Activity: INDIAN SCHOLARSHIPS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	1,875	1,875	1,875	1,875	3,750
<b>Forecast Base</b>	<b>1,875</b>	<b>1,875</b>	<b>1,875</b>	<b>1,875</b>	<b>3,750</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	1,867	1,875	1,875	1,875	3,750
<b>Total</b>	<b>1,867</b>	<b>1,875</b>	<b>1,875</b>	<b>1,875</b>	<b>3,750</b>
 <b><u>Expenditures by Category</u></b>					
Payments To Individuals	1,867	1,875	1,875	1,875	3,750
<b>Total</b>	<b>1,867</b>	<b>1,875</b>	<b>1,875</b>	<b>1,875</b>	<b>3,750</b>

**Activity Description**

**Citation:** M.S. 122A.63

The state funded Indian Teacher Preparation Grant program assists American Indian people to become teachers and provides additional education for American Indian teachers. This program provides a source of certified American Indian teachers to specific school districts with significant concentrations of American Indian students.

**Population Served**

Eligible American Indian students attending one of the four colleges or universities eligible to receive grants can apply for assistance through this program.

An American Indian person who meets one of the following criteria is eligible to participate in the program:

- ◆ a student who intends to become a teacher and is enrolled in one of the post-secondary institutions receiving grants;
- ◆ a teacher aide who intends to become a teacher and who is employed by a district receiving a joint grant; or
- ◆ a licensed employee of a district receiving a joint grant who is enrolled in a master of education degree program.

**Services Provided**

This program provides grants and loans to American Indian students who have the potential to complete a teacher-training program and have demonstrated a financial need. The student receives funding in the form of grants and loans. Loans are forgiven through service at the participating school district.

**Historical Perspective**

This program began in 1979 as a result of a collaborative effort between the state, tribal governments, public school districts, and post-secondary institutions.

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
Number of Eligible Institutions	4	4	4	4	4	4
Number of New Participants Receiving Funding	25	21	25	25	23	24
Number of Graduates	6	4	7	8	3	2

Individuals participating in the program range from teachers working on additional licensure programs to undergraduate students ranging from sophomore second-semester students through seniors. Typical education students require four and half to five years to complete post-secondary programs and receive licensure. In addition, because of financial and other issues, it is not uncommon for many students to take longer to complete their post-secondary education.

**Key Measures**

In conjunction with other programs focused on preparing a multicultural teacher workforce, this program helps achieve these goals:

- ◆ to diversify Minnesota's teaching staff to better reflect the children and families in our public schools;
- ◆ to increase cultural awareness among teaching staff and administration;
- ◆ to create a welcoming and understanding school environments for minority children and families; and

**Activity at a Glance**

These grants assist American Indian students to become teachers and assist American Indian teachers to gain additional education or certification.

- ◆ Grants are awarded to Augsburg College in collaboration with Minneapolis and St. Paul Public Schools, Bemidji State University in collaboration with Red Lake Public School, Moorhead Public Schools, and the University of Minnesota-Duluth in collaboration with Duluth Public Schools.
- ◆ The grants support approximately 24 students per year.

# DEPT OF EDUCATION

**Program:** INDIAN PROGRAMS

**Activity:** INDIAN TEACHER PREP GRANTS

Narrative

◆ to increase experience and exposure to a diversity of teachers for all of Minnesota's students.

⇒ There have been 50 graduates of the program since its inception.

⇒ A total of 80 American Indians have participated or are participating in the program to date.

## Activity Funding

Grant awards are made by the agency based on applications from project sites specified in the legislation. Payments are made either to the school district or the post-secondary institution, as determined by agreement.

### Grant Summary:

Funding to each of these partnerships is constant through FY 2006.

### Indian Teacher Preparation Grants

	Dollars in Thousands
	<u>FY 2006</u>
Bemidji State University and Red Lake School District sites	\$ 40
Moorhead State University and White Earth Nation sites	40
U of M-Duluth and Duluth School District sites	70
Augsburg College and Minneapolis and St. Paul School Districts' sites	<u>40</u>
<b>TOTAL</b>	<b>\$190</b>

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the MDE, Indian Education Division, (651) 582-8831, [http://education.state.mn.us/mde/Academic\\_Excellence/Indian\\_Education/index.html](http://education.state.mn.us/mde/Academic_Excellence/Indian_Education/index.html).

DEPT OF EDUCATION

Program: INDIAN PROGRAMS

Activity: INDIAN TEACHER PREP GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	190	190	190	190	380
<b>Forecast Base</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>380</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	190	190	190	190	380
<b>Total</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>380</b>
 <b><u>Expenditures by Category</u></b>					
Local Assistance	190	190	190	190	380
<b>Total</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>380</b>

**Activity Description****Citation:** M.S. 124D.83

This state aid program provides funding to promote equal education opportunity for students enrolled in tribal contract schools (as compared to public schools) by providing state funds to schools based on the difference between the amount of aid provided by the federal government and the state per pupil aid.

**Activity at a Glance**

FY 2005

- ◆ 912 American Indian students attend the four contract/grant schools in Minnesota.

**Population Served**

Annually, each American Indian-controlled tribal contract or grant school authorized by the United States Code Title 25, Section 450F, that is located on a reservation within the state is eligible to receive tribal contract aid provided that the school

- ◆ plans, conducts, and administers an education program that complies with the requirements of either chapter 124 and chapters 120, 121, 122, 123, 124A, 124C, 125, 126, 129, and 268A or Code of Federal Regulations Title 25, Sections 31.0 to 45.80; and
- ◆ complies with all other state statutes governing independent school districts or their equivalent in the Code of Federal Regulations, Title 25.

Eligibility is limited to the four tribal schools in the state.

- ◆ Bug-O-Nay-Ge-Shig School, Leech Lake
- ◆ Circle of Life School, White Earth
- ◆ Nay Ah Shing School, Mille Lacs
- ◆ Ojibwe School, Fond du Lac

**Services Provided**

The funds are placed in the schools' operating budget to provide general education services and are not specifically set aside to meet any legislated goals.

The tribal schools report student data on Minnesota Automated Reporting Student System (MARSS) and have adopted graduation standards and state testing according to their comprehensive education plans. They also test students to be in compliance with No Child Left Behind, Title I and Bureau of Indian Affairs regulations.

**Key Measures**

The appropriation is for the schools' general fund for educational services. In October 2004, yearly report cards for each school were collected and baseline data compiled as to graduation standards, retention rate, and test scores. The Minnesota Department of Education (MDE) is currently working with the U.S. Department of Interior, Bureau of Indian Affairs, and the four tribal governments regarding assessment and data distribution.

**Activity Funding**

State aid is calculated by:

- ◆ multiplying the formula allowance under M.S. 126C.10, Subd. 2 minus \$170 times the actual pupil units in average daily membership and the number of pupils for the current school year;
- ◆ adding compensatory revenue based on compensation revenue pupil units times the formula allowance minus \$300;
- ◆ subtracting the amount of money allotted to the school by the federal government through the Indian School Equalization Program of the Bureau of Indian Affairs;
- ◆ dividing the result in clause (3) by the sum of the actual pupil units in average daily membership plus the tribal contract compensation revenue pupil units; then,
- ◆ multiplying the sum of the actual pupil units in average daily membership plus the tribal contract compensation revenue pupil units by the lesser of \$1,500 or the result in clause (4).

**DEPT OF EDUCATION****Program: INDIAN PROGRAMS****Activity: TRIBAL CONTRACT SCHOOLS**

Narrative

**Funding Per School**

Dollars in Thousands

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	Est.
Bug-O-Nay-Ge-Shig	\$636.8	\$702.9	\$712.3	\$721.9	\$727.8	\$727.8	
Circle of Life	215.6	306.3	307.1	280.9	282.3	282.3	
Nay Ah Shing	630.3	315.3	584.7	425.9	495.1	495.1	
Fond du Lac	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	
<b>Total</b>	\$1,482.7	\$1,324.5	\$1,604.1	\$1,428.7	\$1,505.2	\$1,505.2	

Federal aid to the tribal schools is based on school attendance during the fall count week, therefore, the schools do not receive federal funding for students transferring to the tribal school after that time. Although the schools receive state aid for students transferring midyear based on average daily membership, the amount does not make up for federal funding lost.

Fond du Lac has not participated in recent years because of a service agreement with the Cloquet School District that is annually negotiated. It is possible in future years that Fond du Lac would choose to participate in this program.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the MDE, Indian Education Division, (651) 582-8831, [http://education.state.mn.us/mde/Academic\\_Excellence/Indian\\_Education/index.html](http://education.state.mn.us/mde/Academic_Excellence/Indian_Education/index.html).

DEPT OF EDUCATION

Program: EDUCATION EXCELLENCE

Activity: Indian Programs  
Tribal Contract Schools

Budget Activity Summary

Dollars in Thousands

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	FY2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Appropriation Excluding Buyback	2,200				
2 Aid Payment Buyback	138				
3 Total Current Appropriation	2,338	2,357	2,357	2,357	4,714
a. End of Session Estimate			100	203	303
b. November Forecast Adjustment		(301)	(251)	(187)	(438)
c. Cancellation	(214)				
4 Forecast Base	2,124	2,056	2,206	2,373	4,579
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	1,997	2,038	2,225	2,390	4,615
6 Statutory Excess/(Shortfall)	214	335			0
7 Appropriated Entitlement	2,211	2,373	2,225	2,390	4,615
8 Adjustments					
a. Cancellation	(214)				
b. Appropriation Reduction		(335)			
9 State Aid Entitlement Current Law	1,997	2,038	2,225	2,390	4,615
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	348	221	203	222	425
Current Year (90%)	1,797	1,835	2,003	2,151	4,154
Cancellation	(21)				
<b>Total State Aid - General Fund</b>	<b>2,124</b>	<b>2,056</b>	<b>2,206</b>	<b>2,373</b>	<b>4,579</b>

**Activity Description**

**Citation:** M.S. 124D.83, Subd. 4

This state aid program provides funding to four eligible tribal schools to enhance the ability of American Indian parents to provide for their children's optimal learning and development through education and support that emphasizes cultural values and learning from birth to kindergarten age.

**Population Served**

Parents and children in the communities served by the Bug-O-Nay-Ge-Shig School in Leech Lake, Circle of Life School in White Earth, Fond du Lac Ojibwa School in Cloquet, and Nay Ah Shing School in Mille Lacs participate in this program.

**Activity at a Glance**

These programs provide support to four tribal early childhood family education (ECFE) programs to promote parental involvement using culturally based curriculum to support families and achieve program goals.

- ◆ 2,200 students served
- ◆ Program sites: Bug-O-Nay-Ge-Shig School in Leech Lake, Circle of Life in White Earth, Fond du Lac Ojibwa in Cloquet, and Nay Ah Shing in Mille Lacs

The program provides an opportunity for tribal contract schools to establish and maintain early childhood family development programming that emphasizes cultural values and learning.

**Services Provided**

The programs use culturally appropriate materials and strategies to deliver the basic ECFE program, with an added emphasis on preserving American Indian culture.

The programs require the direct presence and substantial involvement of the children's parents and may include any or all of the following education services:

- ◆ programs to educate parents about the physical and mental development of the children;
- ◆ programs to enhance parents' skills in providing for their children's learning and development;
- ◆ learning experiences for children and parents;
- ◆ activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;
- ◆ activities and materials designed to encourage self-esteem, skills, and behaviors that prevent sexual and other interpersonal violence;
- ◆ educational materials which may be borrowed for home use;
- ◆ home visits or center-based activities; and
- ◆ other programs or activities to improve the health, development, and school-readiness of children.

**Key Measures**

*Increase educational opportunities for American Indian children and their families.*

The Indian Education office will provide one training per school using the "Positive Indian Parenting" curriculum and will collect student and family data on the sites implementation of the curriculum. The Minnesota Department of Education (MDE) is currently working with the U.S. Department of Interior, Bureau of Indian Affairs, and the four tribal governments regarding assessment and data distribution.

**Activity Funding**

The processes for funding were revised in 2001 to more accurately represent the pre-kindergarten child count at the participating tribal schools.

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
Fond du Lac	\$21,760	\$21,760	\$9,584	\$9,584	\$9,584	\$9,584	\$9,584
Circle of Life	19,424	19,924	18,233	18,233	18,233	18,233	18,233
Bug-O-Nay-Ge-Shig	32,164	32,164	26,271	26,271	26,271	26,271	26,271
Nay Ah Shing	6,256	6,256	13,909	13,909	13,909	13,909	13,909
<b>TOTAL</b>	<b>\$79,604</b>	<b>\$80,104</b>	<b>\$67,997</b>	<b>\$67,997</b>	<b>\$67,997</b>	<b>\$67,997</b>	<b>\$67,997</b>



## DEPT OF EDUCATION

**Program:** INDIAN PROGRAMS

**Activity:** EARLY CHILDHOOD PRGS AT TRIBAL

Narrative

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### **Contact**

Additional information is available from the MDE, Indian Education Division, (651) 582-8831, [http://education.state.mn.us/mde/Academic\\_Excellence/Indian\\_Education/index.html](http://education.state.mn.us/mde/Academic_Excellence/Indian_Education/index.html).

DEPT OF EDUCATION

Program: INDIAN PROGRAMS

Activity: EARLY CHILDHOOD PRGS AT TRIBAL

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	68	68	68	68	136
<b>Forecast Base</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>136</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	68	68	68	68	136
<b>Total</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>136</b>
 <b><u>Expenditures by Category</u></b>					
Local Assistance	68	68	68	68	136
<b>Total</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>136</b>

**Budget Activities**

- ⇒ Statewide Testing
- ⇒ Best Practices

DEPT OF EDUCATION

Program: INNOVATION & ACCOUNTABILITY

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	11,460	11,410	11,410	11,410	22,820
<b>Technical Adjustments</b>					
Current Law Base Change			(1,200)	(1,200)	(2,400)
<b>Forecast Base</b>	<b>11,460</b>	<b>11,410</b>	<b>10,210</b>	<b>10,210</b>	<b>20,420</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	8,210	14,592	10,210	10,210	20,420
<b>Total</b>	<b>8,210</b>	<b>14,592</b>	<b>10,210</b>	<b>10,210</b>	<b>20,420</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	7,492	13,659	9,376	9,376	18,752
Local Assistance	718	933	834	834	1,668
<b>Total</b>	<b>8,210</b>	<b>14,592</b>	<b>10,210</b>	<b>10,210</b>	<b>20,420</b>
<b><u>Expenditures by Activity</u></b>					
State Wide Testing	7,528	12,932	9,000	9,000	18,000
Best Practices	682	1,660	1,210	1,210	2,420
<b>Total</b>	<b>8,210</b>	<b>14,592</b>	<b>10,210</b>	<b>10,210</b>	<b>20,420</b>

**Activity Description**

**Citation:** M.S.120B.30, M.S. 124D.59

Federal Citations: ESEA 1965, Title VI, Part A, Subpart I, Section 6111, P.L. 107-110 and Section 6112, P.L. 107-220

These programs support improvements in teaching and learning with statewide testing in reading and mathematics in grades three thru eight, grade 10 (reading); and grade 11 (mathematics); science in grades five, eight, and high school; limited English proficiency (LEP) in grades K-12; and special education in grades three thru eight and high school.

**Population Served**

These programs serve all citizens of Minnesota and other interested parties by providing test results of students in grades three thru eight, 10, and 11 in reading and mathematics, as well as specialized assessments for LEP students in grades K-12, and special education students in grades three thru eight, 10, and 11. All students attending public schools in Minnesota must participate in this program. Private schools may choose to participate.

**Activity at a Glance**

- ◆ Provides 61 different tests for various grade levels and content areas – MCA-II, GRAD component of MCA-II, BST, MN Writes!, TEAE, MTELL, MN SOLOM, TEALS, ALT.
- ◆ Serves approximately 64,000 students per grade, grades K-12.
- ◆ Serves approximately 58,000 LEP students, grades K-12.
- ◆ Develops an LEP-specialized math test (MTELL).
- ◆ Develops a special education evaluation (MAAC).
- ◆ Encourages nonpublic and private schools may choose to participate.

**Services Provided**

Statewide testing provides data and information across all schools in order to inform parents, teachers, and the public on the achievement of students against the Minnesota Academic Standards, or other standards for special populations, as measured by the following.

- ⇒ **Minnesota Comprehensive Assessments-Series II (MCA)**, designed to measure students achievement in reading and mathematics of the Minnesota Academic Standards.
- ⇒ **Graduation Required Assessment for Diploma Component of the MCA-II (GRAD)**, designated to serve as the retest opportunity for students who do not pass on their first attempt of the high school MCA-II.
- ⇒ **Basic Skills Test (BST)**, graduation tests in reading, mathematics, and writing which are now being retired in place of the more rigorous MCA-II in high school, but continue to be offered to students who began under that assessment.
- ⇒ **Minnesota Writes! (MN Writes!)**, a developmental assessment given in grade six to provide elementary and middle level teachers with information about their students' writing skills.
- ⇒ **Test of Emerging Academic English (TEAE)**, designed to provide information about how well students with limited English proficiency are learning academic English as described in the state's English language learner (ELL) standards.
- ⇒ **Mathematics Test for English Language Learners (MTELL)**, a sheltered-English mathematics test for English language learners to make valid inferences about the math skills of this special population.
- ⇒ **Minnesota Student Oral Language Observation Matrix (MN SOLOM)**, a listening and speaking evaluation that classroom teachers complete for EFF students in K-12.
- ⇒ **Test of Emerging Academic English: Listening and Speaking (TEAELS)**, a computer-delivered listening and speaking test scheduled to replace the MN SOLOM.
- ⇒ **Minnesota Alternative Assessment (ALT)**, an evaluation of students who are most severely cognitively challenged in terms for skills based on the Minnesota Academic Standards.

All these tests, with the exception of the writing test in grade six (MN Writes!), are required assessments under No Child Left Behind (NCLB) or Minnesota statute.

To comply with the Standards for Educational and Psychological Testing and to fulfill federal and state requirements, statewide testing also conducts the following activities with additional assessment vendors.

- ◆ **Quality Control Review**, an analysis of test results by an independent, third-party audit vendor to confirm that scores and results have been correctly assigned;
- ◆ **Standard Setting**, an industry standard practice used for tests like the MCA-II to determine the passing scores for students; and
- ◆ **Alignment Studies**, an NCLB-required, independent review of the state's assessments to ensure that the tests are measuring the content and skills of the standards.

**Historical Perspective**

In FY 1997, the legislature enacted the Statewide Testing Law that required comprehensive assessments correlated with the Graduation Rule's High Standards in third, fifth, and eighth grades, and an unspecified high school grade. The third and fifth grade MCA tests were first given in all public schools in the spring of 1998. The 10<sup>th</sup> grade MCA reading test and 11<sup>th</sup> grade MCA mathematics test were first given in all public schools in the spring of 2004. Districts administer the tests during a three-week window each spring.

Beginning with the 2005-06 school year, all students are tested in grades three thru eight and high school in reading and mathematics. Students who entered grade eight in 2005 or after must pass the MCA-II in reading or mathematics in high school to satisfy their state-level graduation assessment. Students in grade eight prior to 2005 satisfy this requirement using the BST. Other specialized assessments fulfill other federal requirements and supplement the assessment system for special populations.

**Key Measures**

- ⇒ The results of MCA-II are used in the statewide accountability program to provide information about the progress of all students, including LEP students. Test results, together with other quantitative and qualitative indicators, are used to identify schools in need of improvement and schools that are distinguished in their use of best curricular and instructional practices.
- ⇒ From the first year that each test was given (i.e., 2002 for grades three and five; 2004 for grades seven, 10, and 11) until 2005, students demonstrated proficiency in greater numbers. In mathematics, the state documented an 8.26% increase on average across grades. In reading, the state had a 6.5% average increase across grades.
- ⇒ Additional information regarding test data is available on the Minnesota Department of Education (MDE) web site. Individual district data is available through the school report cards on the MDE web site.
- ⇒ State assessments provide teachers and school administrators with information about the academic status of all students. Information is available on the department's website for all state assessments given on a regular basis to students in Minnesota. The below shows the percentage of students exhibiting proficiency in reading and math based on Minnesota comprehensive assessments. The shaded areas represent years in which no tests were administered.

**Percentage of Students  
Achieving Proficiency on the Minnesota Comprehensive Assessments**

Mathematics

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Grade 3	65.1%	71.5%	70.5%	77.5%
Grade 5	70.2%	74.9%	74.3%	80.1%
Grade 7			66.6%	75.8%
Grade 11			70.0%	71.9%

Reading

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Grade 3	66.1%	72.4%	73.3%	78.4%
Grade 5	74.8%	76.8%	76.1%	80.7%
Grade 7			69.8%	74.2%
Grade 10			77.9%	81.2%

**DEPT OF EDUCATION****Program: INNOVATION & ACCOUNTABILITY****Activity: STATEWIDE TESTING**

Narrative

**Activity Funding**

The funding supports contract vendors to supply test development, administration, test scoring, performance level indicators, quality control review, and alignment studies. To meet all the current requirements of the state's testing statutes and federal regulations under NCLB, there are 61 different tests or evaluations, testing approximately 828,303 students. Both state and federal funds are being used to fulfill these requirements.

Appropriations from state and federal funds for the past five years.

	Dollars in Thousands				
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
Minnesota	-0-	-0-	\$ 8,989	\$ 9,154	\$ 7,616
NCLB	<u>\$6,734</u>	<u>\$6,910</u>	<u>6,928</u>	<u>7,038</u>	<u>7,038</u>
<b>TOTAL</b>	<b>\$7,734</b>	<b>\$6,910</b>	<b>\$15,917</b>	<b>\$16,192</b>	<b>\$14,654</b>

**Contact**

Additional information is available from the MDE, Assessment and Testing, (651) 582-1611, [http://education.state.mn.us/mde/Accountability\\_Programs/Assessment\\_and\\_Testing/index.html](http://education.state.mn.us/mde/Accountability_Programs/Assessment_and_Testing/index.html).

DEPT OF EDUCATION  
 Program: INNOVATION & ACCOUNTABILITY  
 Activity: STATE WIDE TESTING

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	10,200	10,200	10,200	10,200	20,400
<b>Technical Adjustments</b>					
Current Law Base Change			(1,200)	(1,200)	(2,400)
<b>Forecast Base</b>	<b>10,200</b>	<b>10,200</b>	<b>9,000</b>	<b>9,000</b>	<b>18,000</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	7,528	12,932	9,000	9,000	18,000
<b>Total</b>	<b>7,528</b>	<b>12,932</b>	<b>9,000</b>	<b>9,000</b>	<b>18,000</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	7,492	12,932	9,000	9,000	18,000
Local Assistance	36	0	0	0	0
<b>Total</b>	<b>7,528</b>	<b>12,932</b>	<b>9,000</b>	<b>9,000</b>	<b>18,000</b>



**Activity Description**

**Citation:** Laws 2005 First Special Session, Chapter 5, Article 2, Section 84, Subd. 21

This state funded grant program provides funding to organizations to promote research-based proven practices in the education community with the goal of improving teacher, administrator, and student proficiency and success.

**Activity at a Glance**

- ◆ 11 grants were awarded to schools, districts, and educational organizations in FY 2005 through a competitive grant process.
- ◆ Beginning in FY 2006, six grant recipients were specified in session law.

**Population Served**

This program serves teachers, school leaders, students, and communities through grantee programming.

**Services Provided**

Examples of the services provided by FY 2007 grantees include the following:

- ⇒ Development of mentoring programs that stimulate greater involvement of underrepresented segments of citizens in science through competitions, awards, scholarships, and youth services.
- ⇒ Maintenance and development of enrichment and college preparatory programs to assist at-risk students to pass the basic standards tests, graduate from high school, and pursue postsecondary opportunities.
- ⇒ Maintenance and expansion of the Minnesota Resource Center's Comprehensive Training Program for education professionals helping children master basic reading and math skills.
- ⇒ Development of support for teaching, learning, and student achievement in the study of humanities by providing professional development seminars, workshops, conferences, technical support, and content resources for instruction.

**Key Measures**

Each grantee provides annual reports to the Minnesota Department of Education (MDE) including grant expenditures and results of best practices programming based on grantee goals.

An example is a grant to New Visions School for funding of the Minnesota Learning Resource Center that has, as its major goal, helping underachieving students significantly increase reading and academic performance. The grantee has disseminated a curriculum named the Stimulating Maturity through Accelerated Reading Training (SMART)/Boost-UP that integrates brain stimulation activities into existing curriculum. Public schools that participate in the program receive teacher training, follow-up, on-site mentoring in the implementation of the program. In FY 2006, 78 Minnesota teachers were trained and 1,906 schools were served by the Minnesota Resouce Learning Center.

**Activity Funding**

Prior to FY 2006, grant awards were made on a competitive basis. Beginning in FY 2006, the legislature provided grants to specific organizations listed below.

	<u>FY 2006</u>	<u>FY 2007</u>
Minnesota Humanities Commission (M.S. 138.911)	\$ 400,000	\$ 400,000
Minnesota Historical Society	150,000	150,000
A Chance to Grow/New Visions	160,000	160,000
Principals' Leadership Institutes (M.S. 122A.74)	400,000	400,000
Schools Mentoring Schools (one-time) (M.S. 122A.628)	50,000	-0-
Quantum Opportunities Program	<u>100,000</u>	<u>100,000</u>
<b>Total</b>	<b>\$1,260,000</b>	<b>\$1,210,000</b>

The amounts in the narrative may differ when compared to the fiscal summary due to timing of state fiscal year-end close and carry forward authority for the Schools Mentoring Schools Program.

**DEPT OF EDUCATION**

**Program: INNOVATION & ACCOUNTABILITY**

**Activity: BEST PRACTICES**

Narrative

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Academic Standards and High School Improvement, (651) 582-8751.

DEPT OF EDUCATION  
 Program: INNOVATION & ACCOUNTABILITY  
 Activity: BEST PRACTICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	1,260	1,210	1,210	1,210	2,420
<b>Forecast Base</b>	<b>1,260</b>	<b>1,210</b>	<b>1,210</b>	<b>1,210</b>	<b>2,420</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	682	1,660	1,210	1,210	2,420
<b>Total</b>	<b>682</b>	<b>1,660</b>	<b>1,210</b>	<b>1,210</b>	<b>2,420</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	0	727	376	376	752
Local Assistance	682	933	834	834	1,668
<b>Total</b>	<b>682</b>	<b>1,660</b>	<b>1,210</b>	<b>1,210</b>	<b>2,420</b>

**Budget Activities**

- ⇒ First Grade Preparedness
- ⇒ Advanced Placement/International Baccalaureate
- ⇒ Collaborative Urban Educator
- ⇒ Youthworks
- ⇒ Student Organizations
- ⇒ Get Ready, Get Credit – CLEP
- ⇒ Get Ready, Get Credit – EPAS
- ⇒ Site Based Governance Grants
- ⇒ Student Choice/Tax Incentives (information only)
- ⇒ No Child Left Behind Programs
- ⇒ Miscellaneous Federal Programs

DEPT OF EDUCATION

Program: SPEC STUDENT & TEACHER PRGS

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	15,807	16,382	16,632	16,382	33,014
<b>Technical Adjustments</b>					
One-time Appropriations			(250)	0	(250)
<b>Forecast Base</b>	<b>15,807</b>	<b>16,382</b>	<b>16,382</b>	<b>16,382</b>	<b>32,764</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	14,026	18,167	16,382	16,382	32,764
<b>Statutory Appropriations</b>					
Federal	184,565	204,278	218,430	215,530	433,960
<b>Total</b>	<b>198,591</b>	<b>222,445</b>	<b>234,812</b>	<b>231,912</b>	<b>466,724</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	125	225	243	75	318
Other Operating Expenses	1,157	1,576	1,254	985	2,239
Payments To Individuals	1,488	2,345	1,660	1,650	3,310
Local Assistance	195,821	218,299	231,655	229,202	460,857
<b>Total</b>	<b>198,591</b>	<b>222,445</b>	<b>234,812</b>	<b>231,912</b>	<b>466,724</b>
<b><u>Expenditures by Activity</u></b>					
First Grade Preparedness	7,250	7,250	7,250	7,250	14,500
Advanced Placement/lb	3,074	5,926	4,500	4,500	9,000
Collaborative Urban Educator	403	653	528	528	1,056
Youthworks	900	900	900	900	1,800
Student Organizations	710	744	725	725	1,450
Get Ready, Get Credits-Clep	825	1,650	1,650	1,650	3,300
Get Ready, Get Credits-Epas	829	829	829	829	1,658
Nclb Programs	174,388	193,649	196,048	195,408	391,456
Miscellaneous Federal Programs	10,177	10,629	22,382	20,122	42,504
Site Based Governance Grants	35	215	0	0	0
<b>Total</b>	<b>198,591</b>	<b>222,445</b>	<b>234,812</b>	<b>231,912</b>	<b>466,724</b>
<b>Full-Time Equivalent (FTE)</b>	<b>1.8</b>	<b>3.1</b>	<b>3.1</b>	<b>3.1</b>	

**Activity Description**

**Citation:** M.S. 124D.081

This state aid program ensures that children in the state's highest poverty schools have the opportunity before first grade to develop the skills and abilities necessary to learn to read and succeed in school.

**Activity at a Glance**

- ◆ 66 sites funded in FY 2006
- ◆ Over 3,731 kindergarten students and 630 pre-kindergarten children served in FY 2006

**Population Served**

Four and five year old students attending eligible schools participate in this program.

**Services Provided**

A school site must offer a full day, every day kindergarten program to participating children who are five years of age or older, a program for participating children who are four years old, or a combination of both. The program may offer, as an option to families, home visits as appropriate. The school board of a qualifying school site is required to approve a plan to provide extended day services to serve as many children as possible.

**Historical Perspective**

This program was created by the 1996 legislature and school year 1996-97 was the first year of operation. In the first year of operation, \$3 million was distributed to 36 sites statewide. For the 2005-06 school year, \$7.25 million was distributed to 66 sites.

**Historical Number of Sites Funded by First Grade Preparedness (FGP) Program**

	FY 2001 <u>\$7.1 million</u>	FY 2002 <u>\$7.1 million</u>	FY 2003 <u>\$7.2 million</u>	FY 2004 <u>\$7.2 million</u>	FY 2005 <u>\$7.2 Million</u>	FY 2006 <u>\$7.2 Million</u>
St. Paul	12	13	13	15	14	13
Minneapolis	17	16	14	16	18	17
Suburbs	13	13	11	13	13	12
Greater Minnesota	<u>29</u>	<u>29</u>	<u>28</u>	<u>29</u>	<u>25</u>	<u>27</u>
<b>TOTAL</b>	<b>71</b>	<b>71</b>	<b>66</b>	<b>73</b>	<b>70</b>	<b>66</b>

**Key Measures**

- ⇒ Approximately two-thirds of the kindergarten children participating in this program received proficient ratings on 29 of the 41 indicators on a formal assessment instrument. This finding suggests that FGP children are demonstrating skills, behaviors, and knowledge in areas of social development, language and literacy, and mathematical thinking that will support their transition to first grade.
- ⇒ Approximately 75% of the kindergarten children received higher ratings on all 41 indicators from the fall to the spring assessment. Most of the children rated not proficient in the fall demonstrated improvement by spring.
- ⇒ 90% of the children for whom first grade teacher assessments were obtained were assessed as doing well or making adequate adjustment to first grade.
- ⇒ 96% of the parents responding to the survey felt their child was prepared for their next level in school.
- ⇒ Approximately 75% of the parents indicated their child had changed in ways important to school success.

Spring 2000 was the first time that students who participated in FGP all-day everyday kindergarten took the third grade Minnesota Comprehensive Assessments (MCAs). Of the 18 metro and greater Minnesota schools that participated in FGP in 1996-97, 12 schools showed significant growth from spring 1999 to spring 2000 in third grade reading scores. Nine schools showed growth from spring 2000 to spring 2001. All showed significant gains over the baseline scores of spring 1999. Three of the schools had enrollments of fewer than 10 students and those scores were not reported. Student mobility in the St. Paul and Minneapolis areas is so high that it is not possible to attribute any gains in these schools solely to FGP programs.

## DEPT OF EDUCATION

Program: SPEC STUDENT & TEACHER PRGS

Activity: FIRST GRADE PREPAREDNESS

Narrative

### Activity Funding

This program is funded entirely with state aid. For the purposes of distribution, the state is divided into four areas; Minneapolis, St. Paul, suburban metro, and greater Minnesota. Each area receives 25% of the allocation. Schools in each area are ranked from highest to lowest based on the percent of students eligible for free or reduced price lunch. Funds are distributed in rank order in each area based on the number of five year-olds attending kindergarten from the previous October 1 times 0.53 times the general education formula allowance. Once a school site is included in the program, it remains eligible to continue in the program in later years, unless the site's poverty level falls below the state average for elementary schools. Funds may be used for start-up costs for new sites as well as for teacher salaries, fringe benefits, staff development, and parent involvement.

This revenue must supplement and not replace compensatory revenue that the districts use for the same or similar purposes. The revenue may only be used for FGP programs at qualifying sites.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the MDE, Early Learning Services at (651) 582-8397, [http://education.state.mn.us/mde/Learning\\_Support/Early\\_Learning\\_Services/index.html](http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html).

DEPT OF EDUCATION

Program: SPEC STUDENT & TEACHER PRGS

Activity: FIRST GRADE PREPAREDNESS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	7,250	7,250	7,250	7,250	14,500
<b>Forecast Base</b>	<b>7,250</b>	<b>7,250</b>	<b>7,250</b>	<b>7,250</b>	<b>14,500</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	7,250	7,250	7,250	7,250	14,500
<b>Total</b>	<b>7,250</b>	<b>7,250</b>	<b>7,250</b>	<b>7,250</b>	<b>14,500</b>
 <b><u>Expenditures by Category</u></b>					
Local Assistance	7,250	7,250	7,250	7,250	14,500
<b>Total</b>	<b>7,250</b>	<b>7,250</b>	<b>7,250</b>	<b>7,250</b>	<b>14,500</b>



**Activity Description**

**Citation:** M.S. 120B.13.

This state program provides financial incentives for schools to begin or expand their Advanced Placement (AP) and International Baccalaureate (IB) programs and to promote rigorous, challenging courses of study as part of the regular offerings for students in secondary schools by providing funding for teacher training and student exam fees.

**Population Served**

Public and nonpublic schools and students participating in the AP and IB programs are served by these programs. In FY 2005, 227 public schools and 43 nonpublic schools participated in the Advanced Placement programs and 11 schools provided the International Baccalaureate programs.

**Services Provided**

These programs provide an opportunity for high school students to be better prepared for college and to earn college credit and/or advanced standing, thus saving students and their parent's time and money during post-secondary education. These programs provide increased academic rigor, offer sound curricular design, accountability, comprehensive external assessment, feedback to students and teachers, and the opportunity for high school students to compete academically on a global level.

Most of Minnesota's public and private colleges and universities have credit awarding policies for AP and IB course credits for exams taken by students. Colleges and universities of the Minnesota State Colleges and Universities system must award, and the University of Minnesota and private postsecondary institutions are encouraged to award, college credit to high school students who receive a score of three or higher on an advanced placement examination or four or higher on the international baccalaureate program examination.

Schools have benefited from an AP or IB program in that it revitalizes teachers and departments and indicates to the public that the school values intellectual achievement and academic excellence.

The AP and IB programs provide financial incentives to support the following two program components:

- ◆ **Teacher Training and Support**
  - ⇒ Scholarships are available for public and nonpublic schoolteachers to train teachers to initiate or improve AP and/or IB courses.
  - ⇒ The state appropriation may be used to pay a portion of the costs associated for the required AP and IB training of teachers in districts providing these programs.
  
- ◆ **Student Examination Fees**
  - ⇒ Approximately 75% of student exam fee subsidies are paid for public and nonpublic students taking AP and/or IB exams. Students or schools are responsible for the remaining exam costs. All exam fees are paid for students from low-income families.
  - ⇒ The AP program receives 75% of the appropriation each year and the IB program receives 25% of the appropriation. The department, in consultation with the AP and IB advisory boards, determines the amounts of the expenditures each year for examination fees and training and support for each program.

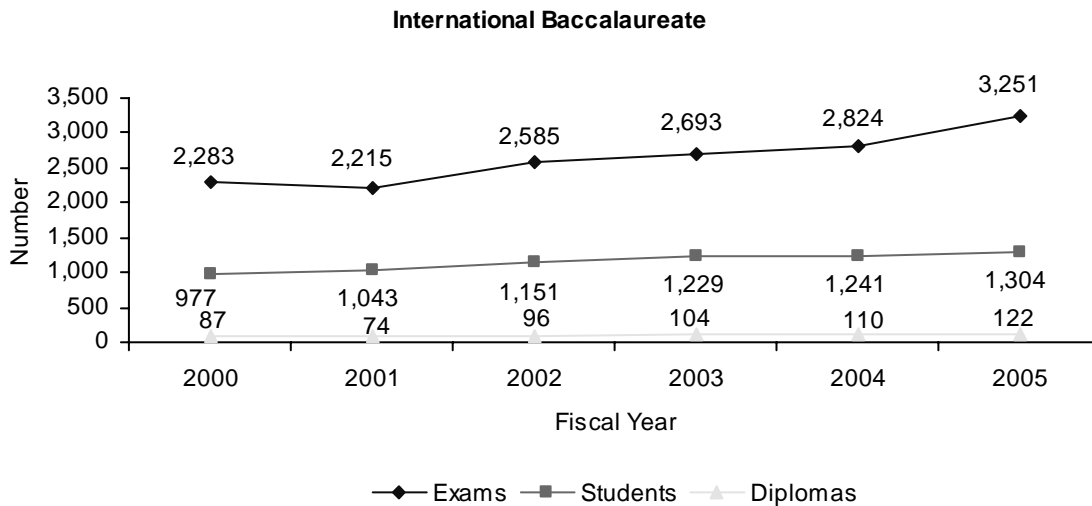
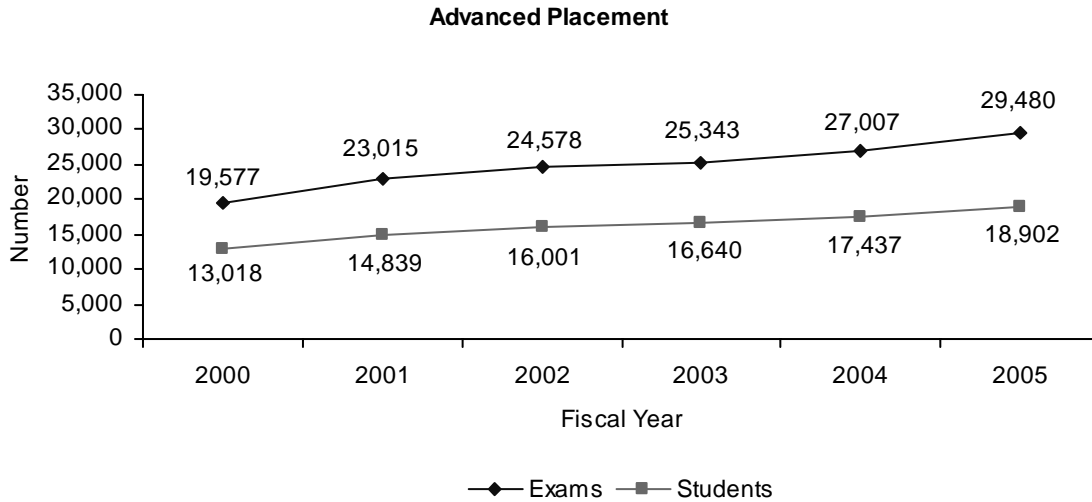
**Activity at a Glance**

FY 2005

- ◆ 270 AP schools, including 43 nonpublic schools participated
- ◆ 11 IB schools participated
- ◆ 18,902 AP students took 29,480 exams
- ◆ 1,304 IB students took 3,251 exams
- ◆ 1,267 low-income students took 1,883 exams
- ◆ 318 AP teachers attended in-depth training
- ◆ 67 IB teachers attended in-depth training

**Key Measures**

*The number of AP and IB students testing and the number of exams taken will increase each year.*



*The number of minority students participating in these programs and taking exams will increase each year.*

**Advanced Placement**

Based on FY 2005 data

- ⇒ Students of color represent 14% of all Minnesota students tested in AP in FY 2005.
- ⇒ Low income students represent 5% of students testing and take 5% of the exams.

**International Baccalaureate**

Based on FY 2005 data

- ⇒ Students of color represent 20% of all Minnesota students tested in IB.
- ⇒ Low income students represent 19% of students testing and take 15% of the exams.

# DEPT OF EDUCATION

**Program:** SPEC STUDENT & TEACHER PRGS

**Activity:** ADVANCED PLACEMENT/IB

Narrative

*Teachers providing AP and IB programs are adequately trained.*

## Advanced Placement

Based on FY 2005 data

- ⇒ A total of 318 teachers participated in week-long summer training institutes: 164 at Carleton College, 130 at Augsburg, and 24 out-of-state.
- ⇒ 411 teachers participated in follow-up training.

## International Baccalaureate

Based on FY 2005 data

- ⇒ 67 teachers participate in week-long summer training institutes in various places throughout the United States and Canada.
- ⇒ 48 teachers participated in follow-up training.

## Activity Funding

	Dollars in Thousands					
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Teacher Training	\$ 229.0	\$ 388.0	\$ 244.0	\$ 225.0	\$ 187.2	\$ 253.7
Student Exam Subsidies	<u>1,225.0</u>	<u>1,914.0</u>	<u>905.0</u>	<u>1,626.0</u>	<u>356.4</u>	<u>407.1</u>
Total	\$1,461.0	\$2,302.0	\$1,149.0	\$1,851.0	\$ 543.6	\$ 714.4

## Contact

Additional information is available from the MDE, Academic Standards and High School Improvement, (651) 582-8848.

DEPT OF EDUCATION

Program: SPEC STUDENT & TEACHER PRGS

Activity: ADVANCED PLACEMENT/IB

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	4,500	4,500	4,500	4,500	9,000
<b>Forecast Base</b>	<b>4,500</b>	<b>4,500</b>	<b>4,500</b>	<b>4,500</b>	<b>9,000</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	3,074	5,926	4,500	4,500	9,000
<b>Total</b>	<b>3,074</b>	<b>5,926</b>	<b>4,500</b>	<b>4,500</b>	<b>9,000</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	3,074	5,926	4,500	4,500	9,000
<b>Total</b>	<b>3,074</b>	<b>5,926</b>	<b>4,500</b>	<b>4,500</b>	<b>9,000</b>

# DEPT OF EDUCATION

**Program:** SPEC STUDENT & TEACHER PRGS

**Activity:** COLLABORATIVE URBAN EDUCATOR

Narrative

## Activity Description

**Citation:** First Special Session Laws 2005, Chapter 5, Article 2, Section 84, Subd. 15

The collaborative urban educator program supports educator training and recruitment programs. This program addresses the need to recruit and train educators prepared to meet the educational needs of the urban school and a diverse student population.

The collaborative urban educator program funds three programs: the Southeast Asian Teacher program at Concordia University, St. Paul; the collaborative urban educator program at the University of St. Thomas; and the Center for Excellence in Urban Teaching at Hamline University. Grant recipients collaborate and provide services to both urban and non-urban school districts.

## Activity at a Glance

	<u>FY 2006</u>	<u>FY 2007</u>
◆ Concordia University	\$210,000	\$210,000
◆ St. Thomas University	\$159,000	\$159,000
◆ Hamline University	\$159,000	\$159,000

## Population Served

All students benefit from the recruitment and training of school district teachers and staff, enabling school districts to meet the educational needs of a diverse student population.

## Services Provided

The Center for Excellence in Urban Teaching at Hamline University provides tailored professional development to school districts including: Effectively Engaging Urban Learners, Strategies to Increase Teacher Effectiveness: Teaching Diverse Urban Learners; Cultural Conversations, and Barriers to Instruction. In FY 2006, 50 emerging teachers of color participated through the urban scholars tutoring program in after school reading tutoring to low-income students in metro area schools. The adventures in urban teaching seminar lecture series had 126 participants in 2006 and approximately 1,600 since 1997. Also in FY 2006, the certificate in urban teaching program had 26 teachers enrolled. Since 1977, 825 teachers have taken one or more classes with 40 teachers receiving certificates. In the onsite professional development program, over 10,000 participants from more than 45 districts, schools, and community organizations have received training since the program's inception.

The Collaborative Urban Educator Project at the University of St. Thomas prepares experienced, broadly educated persons from underrepresented populations or persons with cultural or experiential backgrounds in urban settings for the challenges of special education teaching in urban and first tier suburban areas. Currently, 23 students are enrolled in the program. Since 1992, over 300 teachers have completed licensure programs through this program. Collaborative urban educators (CUE) program alumni are currently teaching in 112 schools in Minnesota. In-service programs have impacted more than 460 teachers and administrators. More than 145 CUE alumni have completed master's degrees, education specialists, and doctoral programs.

The Southeast Asia Teacher (SEAT) Licensure Program at Concordia University, St. Paul, is a bachelor's degree completion program for individuals currently employed in Minnesota school districts as paraprofessional, education assistants, and teaching assistants who are seeking teacher licensure. Since 1998, 160 students have entered the program, 81 graduated, 42 are teaching in Minnesota schools, and 38 students have licensure pending. 92% of SEAT program graduates are either teaching or in the process of completing their licensure requirements, 80% of the students entering the program have graduated or are engaged in completing their degree, and of the SEAT graduates currently teaching, 94% are teaching in Minnesota schools.

## Key Measures

- ⇒ The collaborative urban educator program provides professional development to school district staff enhancing skills and abilities to meet the educational needs of urban learners and a diverse student population.
- ⇒ The collaborative urban educator program recruits and prepares underrepresented populations, persons with cultural or experiential backgrounds in urban settings and individuals currently employed in school districts as paraprofessionals or education assistants for Minnesota teacher licensure.

**DEPT OF EDUCATION**

**Program:** SPEC STUDENT & TEACHER PRGS

**Activity:** COLLABORATIVE URBAN EDUCATOR

Narrative

**Activity Funding**

Grants are provided to the post-secondary institutions as detailed in "Activity at a Glance" above.

**Contact**

Additional information is available from the MDE, Division of Choice and Services (651) 582-8616.

DEPT OF EDUCATION

Program: SPEC STUDENT & TEACHER PRGS

Activity: COLLABORATIVE URBAN EDUCATOR

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	528	528	528	528	1,056
<b>Forecast Base</b>	<b>528</b>	<b>528</b>	<b>528</b>	<b>528</b>	<b>1,056</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	403	653	528	528	1,056
<b>Total</b>	<b>403</b>	<b>653</b>	<b>528</b>	<b>528</b>	<b>1,056</b>
 <b><u>Expenditures by Category</u></b>					
Local Assistance	403	653	528	528	1,056
<b>Total</b>	<b>403</b>	<b>653</b>	<b>528</b>	<b>528</b>	<b>1,056</b>

**Activity Description**

**Citation:** M.S. 124D.36 to M.S. 124D.45  
Federal Citation: National and Community Service Trust Act 1993

Youthworks funding provides the required local match for federal AmeriCorps dollars. ServeMinnesota is the statutorily designated recipient of funding for the AmeriCorps program, often referred to as the domestic Peace Corps. AmeriCorps involves people in one to two years of sustained service to meet community needs and make Minnesota better.

<b><u>Activity at a Glance</u></b>
◆ 15 AmeriCorps programs are serving rural and urban communities and will mobilize more than 650 Youthworks-AmeriCorps members.

**Population Served**

This program serves students in schools and nonprofit organizations throughout Minnesota.

**Services Provided**

Youthworks members strengthen Minnesota communities by providing direct service in four priority areas: education, the environment, meeting unmet human needs, and public safety. This state program complements the federal AmeriCorps program and provides funding for youth to provide communities with a wide variety of services. The services provided by students can range from mentoring and tutoring, service-learning activities, mediation services to decrease violence, park safety, construction and rehabilitation of homes, environmental projects, and other community service projects.

Youthworks host agencies are educational institutions and local, state, and national nonprofit organizations. The Youthworks activity is part of a coordinated effort of federal and state activities related to the implementation of a unified state plan for national and community service.

**Historical Perspective**

ServeMinnesota began in 1994 as the Minnesota Commission on National and Community Service. In 2002, the Minnesota legislature approved the organization becoming a 501(c)3 nonprofit so that the private sector could also participate as a partner in increasing service opportunities for Minnesotans. A governor-appointed board of directors leads ServeMinnesota. ServeMinnesota, through its Youthworks-AmeriCorps programs, mobilizes Minnesotans to solve the state's biggest problems through service and volunteerism.

**Key Measures**

In 2006, 10 Youthworks-AmeriCorps programs served 39 Minnesota counties. Members provided services addressing community needs such as teaching children to read, building affordable housing, supporting seniors and people with disabilities to live independently, and conserving the environment. Activities included:

- |                         |                            |                    |
|-------------------------|----------------------------|--------------------|
| Volunteer Mobilization  | Educational Achievement    | Tutoring           |
| Minnesota Teacher Corps | Mentoring                  | After School       |
| Service-Learning        | AmeriCorps Promise Fellows | Affordable Housing |
| Family Stability        | Environment                | Disaster Response  |
| Workforce Development   |                            |                    |

In FY 2005, 565 full-time AmeriCorps members provided 1.2 million hours of service at an estimated value of \$24 million. For each dollar of state investment in this program more than \$26 was returned in services to communities throughout the state. Federal funds cover 85% of the costs associated with each AmeriCorps member and cover 100% of the federal AmeriCorps scholarships earned by each AmeriCorps member.



**Activity Funding**

State funds are used by local Minnesota programs to meet the local match required to access federal funds. Members earn federal education awards upon completing service. Federal scholarships help alumni to attend college, receive vocational training, or repay student loans. For many alumni, an education award provides access to education that had previously been unattainable and provides a significant investment in Minnesota's workforce.

Youthworks-AmeriCorps members receive modest compensation while serving.

For full-time service (1,700 hours/year)

- ◆ modest living allowance (\$10,900)
- ◆ health care
- ◆ childcare if qualified
- ◆ training and experience
- ◆ post-service education award of \$4,725 which may be used toward higher education and vocational training costs or to repay college loans

For part-time service (900 hours/year)

- ◆ modest living allowance (\$5,450)
- ◆ training and experience
- ◆ post-service education award of \$2,501 which may be used toward higher education and vocational training costs or to repay college loans

**Contact**

Additional information is available from ServeMinnesota, (612) 333-7740.

DEPT OF EDUCATION  
 Program: SPEC STUDENT & TEACHER PRGS  
 Activity: YOUTHWORKS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	900	900	900	900	1,800
<b>Forecast Base</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>1,800</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	900	900	900	900	1,800
<b>Total</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>1,800</b>
 <b><u>Expenditures by Category</u></b>					
Local Assistance	900	900	900	900	1,800
<b>Total</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>1,800</b>

**Activity Description**

**Citation:** M.S.124D.34 and M.S. 124D.355

The Minnesota Foundation for Student Organizations promotes career and technical education student organizations and applied leadership opportunities in Minnesota public schools and post-secondary institutions through public-private partnerships. Student organizations funded through the foundation integrate classroom, workplace, and community experiences into curriculum areas and educational experiences. The foundation was established by the legislature in 1996 and is directed by a 23 member foundation board formed in January 1998.

**Population Served**

The foundation funds both secondary and post-secondary career and technical student organizations that are operated as co-curricular activities in conjunction with state-approved career and technical education programs.

**Services Provided**

The Minnesota Foundation for Student Organizations (MFSO) promotes and supports career and technical student organizations as they work to provide student opportunities for leadership, personal development, community service and career preparation. The MFSO serves as the body for coordinating joint activities and outreach among its member student organizations. The foundation holds the organizations to the following performance indicators.

- ⇒ Provide a strong base to develop leadership, teamwork, citizenship, and interpersonal skills.
- ⇒ Implement rigorous standards for skills and applied learning experiences.
- ⇒ Conduct collaborative projects with community, labor, business and industry, parents, government, and educational institutions.
- ⇒ Provide a structure, motivation, and support for students to take primary responsibility for their own success.
- ⇒ Provide opportunities for students to prepare for leadership roles in business, community, and family.
- ⇒ Provide opportunities for diverse learners to accomplish common goals.
- ⇒ Promote a balance between work and family, personal, group and career skills.

**Activity at a Glance**

Career and technical education student organization supported by the Minnesota Foundation for Student Organizations include:

- ◆ Business Professionals of America (BPA)
- ◆ DECA – an Association of Marketing Students
- ◆ Delta Epsilon Chi – an Association of Marketing Students
- ◆ FFA – Agricultural Education
- ◆ Family, Career, and Community Leaders of America (FCCLA)
- ◆ Home Economics Related Occupations (HERO)
- ◆ Health Occupations Students of America (HOSA)
- ◆ Postsecondary Agricultural Students (PAS)
- ◆ SkillsUSA – VICA (Trade and Industrial Education)

**Key Measures**

**Total Participating in Career Technical Student Organizations**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
BPA High School	1,651	1,421	1,350	1,387
BPA Post-Secondary	236	240	251	244
DECA High School	2,083	2,106	2,202	2,654
DECA Post-Secondary	1,221	1,229	1,367	1,197
FFA High School	5,240	6,104	6,606	6,553
PAS Post-Secondary	203	156	186	184
FCCLA High School	1,578	1,322	1,383	1,383
HOSA High School	643	702	755	755
HERO	447	451	449	421
SKILLS-VICA High School	1,026	615	614	625
SKILLS-VICA Post-Secondary	<u>1,148</u>	<u>1,521</u>	<u>1,659</u>	<u>1,425</u>
<b>Total Participation</b>	<b>15,476</b>	<b>15,867</b>	<b>16,822</b>	<b>16,828</b>

## DEPT OF EDUCATION

Program: SPEC STUDENT & TEACHER PRGS

Activity: STUDENT ORGANIZATIONS

Narrative

### Activity Funding

\$625,000 is appropriated annually for the operation of the foundation and for distribution to the member organizations. At least 80% is distributed to member organizations on a formula basis.

The board is charged with finding outside sources of support to supplement state funding.

### Contact

Additional information is available from the Minnesota Foundation for Student Organizations, (651) 582-8322.

DEPT OF EDUCATION

Program: SPEC STUDENT & TEACHER PRGS

Activity: STUDENT ORGANIZATIONS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	725	725	725	725	1,450
<b>Forecast Base</b>	<b>725</b>	<b>725</b>	<b>725</b>	<b>725</b>	<b>1,450</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	710	744	725	725	1,450
<b>Total</b>	<b>710</b>	<b>744</b>	<b>725</b>	<b>725</b>	<b>1,450</b>
 <b><u>Expenditures by Category</u></b>					
Total Compensation	13	19	19	19	38
Other Operating Expenses	92	106	106	106	212
Local Assistance	605	619	600	600	1,200
<b>Total</b>	<b>710</b>	<b>744</b>	<b>725</b>	<b>725</b>	<b>1,450</b>
 <b>Full-Time Equivalent (FTE)</b>	 <b>0.2</b>	 <b>0.2</b>	 <b>0.2</b>	 <b>0.2</b>	

**Activity Description**

Citation: M.S. 120B.131

College level examination program (CLEP) is one component of the state aid program, *Get Ready, Get Credit*, which is aimed at preparing high school students for post-secondary education options. CLEP provides opportunities for high school students to receive college credit for successful completion of CLEP exams. This program, offered by the College Board, provides students with the opportunity to demonstrate college-level achievement through a program of examinations of undergraduate college courses. CLEP is dedicated to helping students accelerate their college degree and advance to more challenging courses more quickly. CLEP improves affordability for underserved groups who find it increasingly challenging to meet rising college costs.

**Activity at a Glance**

- ◆ Funds testing fees for high school students seeking post-secondary credit.

**Population Served**

Public and nonpublic high school students participating in CLEP are served by this program. CLEP allows students to earn college credit in subject areas where there are no Advanced Placement (AP) exams or courses offered. CLEP is also beneficial to students who cannot participate in other college-level programs due to cost or geographic barriers.

**Services Provided**

FY 2006 was the first year for state funding for this program. The Minnesota Department of Education (MDE) provided information about CLEP during 13 workshops offered throughout Minnesota this past spring. The information described the process for students to participate in the program and the opportunity for high school students to receive college credit from a Minnesota post-secondary institution. Subject areas in which students may earn credit include the following.

- ◆ composition and literature
- ◆ mathematics
- ◆ science
- ◆ history and social sciences
- ◆ foreign languages
- ◆ business

CLEP exams test mastery of college-level materials acquired in a variety of ways, such as through general academic instruction, significant independent study, or extracurricular work. Students demonstrate their mastery by earning a particular score on the CLEP test for that subject area. Students who participate in CLEP must present appropriate forms, fees, and identification to one of 14 Minnesota college testing centers or in states adjacent to Minnesota. The 90 minute exam is computer-based, scored immediately, and results are sent to the College Board for a transcript.

Approximately 2,900 colleges and universities across the country grant credit or advanced standing for successful completion of CLEP exams. All Minnesota State Colleges and Universities (MnSCU) institutions will grant undergraduate credit for students who achieve the required satisfactory scores on CLEP exams.

The state will cover the cost of up to six exam fees for students up to a capped level. Students or districts must pay the cost of the administration fee to the college testing center. Districts may cover the exam fees or allow the fee to be paid by the parents or guardian of the student for more than six exams or in the event the state appropriation does not cover the exam. Priority is given to provide payment of exam fees for low income students.

**Key Measures**

*Students will have increased opportunities to obtain college and university credit while attending high school.*

⇒ MDE's goal is student reimbursement for 5,000 CLEP tests in FY 2007 and 7,500 in FY 2008.

**DEPT OF EDUCATION**

**Program: SPEC STUDENT & TEACHER PRGS**

**Activity: GET READY, GET CREDIT-CLEP**

Narrative

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Academic Standards and High School Improvement, (651) 582-8751.

DEPT OF EDUCATION

Program: SPEC STUDENT & TEACHER PRGS

Activity: GET READY, GET CREDITS-CLEP

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	825	1,650	1,650	1,650	3,300
<b>Forecast Base</b>	<b>825</b>	<b>1,650</b>	<b>1,650</b>	<b>1,650</b>	<b>3,300</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	825	1,650	1,650	1,650	3,300
<b>Total</b>	<b>825</b>	<b>1,650</b>	<b>1,650</b>	<b>1,650</b>	<b>3,300</b>
 <b><u>Expenditures by Category</u></b>					
Payments To Individuals	825	1,650	1,650	1,650	3,300
<b>Total</b>	<b>825</b>	<b>1,650</b>	<b>1,650</b>	<b>1,650</b>	<b>3,300</b>



**Activity Description****Citation:** M.S. 120B.128

This state aid program, *Get Ready, Get Credit – EPAS* is aimed at preparing high school students for post-secondary education options through the Educational Planning and Assessment System (EPAS) program.

**Population Served**

School districts and charter schools voluntarily participate in the EPAS program funded by the state. The Assessment and Comprehensive Testing (ACT) EPAS system provides a longitudinal, systematic approach to educational and career planning, assessment, instructional support, and evaluation. The system focuses on higher-order thinking skills students develop in grades K-12 that are important for success both during and after high school. The EPAS achievement assessment includes English, reading, mathematics, science, and components on planning.

**Services Provided**

FY 2006 was the first year for state funding for this program. MDE, in conjunction with districts and schools, will provide ACT Explore assessment for students in grade eight and the ACT Plan assessment for students in grade 10 to assess individual student academic strengths and weaknesses, academic achievement and progress, higher order thinking skills, and college readiness. The state funds the cost of these two assessments for Minnesota students.

These assessments are linked to the ACT assessment for college admission and will allow students, teachers, schools, and parents to determine college readiness earlier than the junior or senior year in high school. In addition, the ACT assessments will allow for linkage to the state accountability system (Minnesota Comprehensive Assessments-II) and will help determine preparedness at an even earlier grade.

**Historical Perspective**

This program was first available with statewide funding in 2005-06. During this year, 89,648 students participated in these assessments. This number was higher than anticipated. The Minnesota Department of Education (MDE) expects participation to increase during the 2006-07 school year because the late legislative session did not allow all interested schools to participate. Also, MDE expects increased awareness after the first year of this program.

**Key Measures**

*Increase student access and participation in EPAS assessment opportunities.*

⇒ Student participation will increase in succeeding years.

**Activity Funding**

Legislation charges the department with making the Explore and Plan assessments available to Minnesota school districts. The funding for this activity pays ACT for the fees of school districts participating in these assessments. The state receives a group rate from ACT to have students participate in bulk. The fees are for the ordering, production, administration, and reporting of the Explore and Plan assessments.

**Contact**

Additional information is available from the MDE, Assessment and Testing, (651) 582-8841, [http://education.state.mn.us/mde/Accountability\\_Programs/Assessment\\_and\\_Testing/Assessments/EPAS/index.html](http://education.state.mn.us/mde/Accountability_Programs/Assessment_and_Testing/Assessments/EPAS/index.html).

**Activity at a Glance**

In FY 2006:

- ◆ 36,676 – 8<sup>th</sup> graders participated in Explore assessment.
- ◆ 52,972 – 10<sup>th</sup> graders participated in Plan assessment.

DEPT OF EDUCATION

Program: SPEC STUDENT & TEACHER PRGS

Activity: GET READY, GET CREDITS-EPAS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	829	829	829	829	1,658
<b>Forecast Base</b>	<b>829</b>	<b>829</b>	<b>829</b>	<b>829</b>	<b>1,658</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	829	829	829	829	1,658
<b>Total</b>	<b>829</b>	<b>829</b>	<b>829</b>	<b>829</b>	<b>1,658</b>
 <b><u>Expenditures by Category</u></b>					
Other Operating Expenses	829	829	829	829	1,658
<b>Total</b>	<b>829</b>	<b>829</b>	<b>829</b>	<b>829</b>	<b>1,658</b>

**Activity Description**

**Information Only**

The purpose of these state programs is to provide learners with access to a wide range of educational opportunities by allowing them to choose a school or educational program either in or outside of their resident district. Learners and their families must play an active role in determining educational goals, the student's needs and interests, and the school's ability to provide an appropriate educational experience.

**Population Served**

All students in Minnesota are eligible for one or more of these options.

**Services Provided**

Minnesota's choice programs include the following:

**Online Learning (OLL)** (M.S. 124D.095) allows public school students to access OLL courses offered by a state-approved OLL program in another district, charter school, or joint powers district. This program replaced the prior distance learning law in FY 2004.

- ⇒ Students can take up to 12 semester OLL courses, or the equivalent, each year while remaining enrolled in their original public school.
- ⇒ The enrolling school must award academic credit for the completed OLL course(s).
- ⇒ Limited state funding follows the student to the OLL program.

	<u>FY 2004</u>	<u>FY 2005</u>	<u>Est.</u> <u>FY 2006</u>
Number of Approved Programs	15	22	25
Students Accessing OLL Courses	67	160	315
Number of OLL Courses Completed	197	327	911

**Open Enrollment** (M.S. 124D.03) allows all public school-eligible pupils to apply to attend a school outside their resident district.

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Est.</u> <u>FY 2006</u>
Open Enrolled Students	24,161	26,227	28,077	30,102	33,235	36,334	39,289	40,000

Students who open enroll to more than one school district are counted only once.

**Charter Schools** (M.S. 124D.10) are public schools designed to meet one or more of the following purposes:

- ◆ improve individual learning;
- ◆ increase learning opportunities;
- ◆ use different and innovative teaching methods;
- ◆ measure learning results using innovative forms of measurement;
- ◆ establish new forms of accountability for schools; or
- ◆ create new professional opportunities for teachers, including the opportunity to be responsible for a learning program at the school site.

Charter schools are exempt from some state statutes and rules governing school districts.

<u>Activity at a Glance</u>	
In FY 2006	
◆ Over 225,000 students participated in various choice programs	
◆ Families claiming	
⇒ Education Tax Credits	58,593
⇒ Average Amount (2004)	\$256
◆ Families claiming	
⇒ Education Tax Deductions	231,484
⇒ Average Amount (2004)	\$1,197

# DEPT OF EDUCATION

## Program: SPEC STUDENT & TEACHER PRGS

Activity: STUDENT CHOICE/TAX INCENTIVES (info only)

Narrative

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Est. FY 2006
Enrolled Students (ADM)	4,901	7,756	9,383	10,190	12,122	13,948	17,121	20,524
Number of Charter Schools	38	53	64	68	78	88	102	125

Average daily membership (ADM) through FY 2002 represents uncapped ADM. For FY 2003 ADM capped at 1.5 ADM. For FY 2004 and FY 2005 ADM capped at 1.0 ADM. For FY 2006, it is the charter school's estimates of their ADM capped at 1.0.

**Learning Year Programs** (M.S. 124D.128) extend the educational program from the traditional nine-month calendar to a 12-month calendar. Students can accelerate their educational program allowing them to either graduate early or to make up courses. A learning year program may begin after the close of the regular school year in June. The program may be for students in one or more grade levels K-12. A continual learning plan must be developed for each student. For FY 2004, the calculation of students in this program changed. FY 2006 data is estimated and will change as more information is reflected by Minnesota Department of Education (MDE) from school districts.

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Est. FY 2006
Pupil Units	3,762	7,023	6,830	7,550	7,916	10,683	11,408	11,790
Sites	19	27	22	18	21	16	14	15

The pupil units include those generated by state-approved alternative attendance programs (SAAPs). The site count does not include SAAP's, refer below.

**Post-Secondary Enrollment Options** (M.S. 124D.09) allows high school juniors and seniors (both public and nonpublic, including home-schooled) to take courses at eligible Minnesota post-secondary institutions. Students must meet the post-secondary institution's admissions requirements.

- ⇒ The program provides students with a greater variety of class offerings and an opportunity to pursue more challenging course work.
- ⇒ The tuition, fees, and required textbooks are provided at no cost to students.
- ⇒ The student earns secondary credit when courses are completed and earns post-secondary credit if they continue at a post-secondary institution that accepts those credit transfers after high school graduation.

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Est. FY 2006
Students Participating	7,115	7,147	7,098	7,211	7,546	7,169	7,458	7,483

**State Approved Alternative Programs** (M.S. 123A.05, 123A.06, 123A.08, 126C.05, Subd. 15, 124D.128, 124D.68, 124D.69) There are three categories of state approved alternative program's: area learning centers (ALC), alternative learning programs (ALP), and contracted alternatives. ALCs offer a wider array of options/services (K-12), including the requirement to have a daytime school within a school or separate site program for middle level students. In contrast, ALPs can designate what grades they want to serve. Contracted alternatives are nonpublic, nonsectarian schools that have contracted with the serving school district to provide educational services (M.S. 124D.68, Subd. 3).

State approved alternative programs are designed for students who need a different approach or are experiencing difficulty in the traditional school. Instruction is designed to meet the student's individual learning style needs and includes applied academics, school-to-work, computerized instruction, and service learning.

Overview of state approved alternative programs.

- ⇒ Depending on the district, students kindergarten through age 21 can access alternative programming on a part/full-time basis.

# DEPT OF EDUCATION

## Program: SPEC STUDENT & TEACHER PRGS

Activity: STUDENT CHOICE/TAX INCENTIVES (info only)

Narrative

- ⇒ ALCs must offer programming for the entire year (for ALPs this is an option) with the availability of extended day/year programming. This is referred to as learning year.
- ⇒ Whereas ALCs, by statute, have to give students the option of receiving their diploma from their district of residence or the district in which the center is located (M.S.123A.06, Subd. 4), an ALP can choose to solely award the diploma from the district where it is located.
- ⇒ A school district may establish an ALC by itself or in cooperation with other districts, other agencies, foundations, partnerships, etc. Except for a district located in a city of the first class, an ALC must serve the geographic region of at least two districts.
- ⇒ Independent study is a delivery option for students age 16 and older. This option allows students to complete up to 75% of their coursework off site.
- ⇒ Aid and revenue are based on the total number of hours of educational programming for pupils in average daily membership for each fiscal year, up to a maximum of 1.2 ADM per student.
- ⇒ Financially, there is no distinction between an ALP and ALC.

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Est. FY 2006
State Approved Alternative Programs	148	152	155	157	159	159	159	159
Students Served	101,666	119,973	136,792	146,369	146,285	137,626	145,911	146,000
Sites	340	359	396	436	475	482	477	502

**Tax Credits** (M.S. 290.0674) were enacted by the 1997 legislature and first took effect for 1998.

- ⇒ Families with school-age children and incomes at or below \$37,500 per year may qualify for a tax credit of up to \$1,000 per child (\$2,000 per family) to reimburse them for certain educational expenses, including tutoring, academic summer camps, enrichment programs, textbooks and instructional materials, home computer hardware, educational software, and some expenses associated with individual schools.
- ⇒ Parents of any child educated publicly, privately, or at home may qualify for education tax credits.

Tax Year	Tax Credits		Average Amount
	Amount Claimed (000's)	Number of Claimants	
1998	\$14,348	38,766	\$370
1999	\$21,373	57,962	\$369
2000	\$21,329	55,941	\$381
2001	\$19,247	56,414	\$343
2002	\$15,851	60,411	\$262
2003	\$15,888	61,259	\$259
2004	\$14,990	58,593	\$256

Source: Minnesota Department of Revenue, Tax Research Division, July 2006

Additional information is available from the Minnesota Department of Revenue web site:  
<http://www.taxes.state.mn.us>.

**Tax Deductions** (M.S. 290.01, subd. 19b) were first enacted in 1955 and were modified by the 1997 legislature. They are available to all families, regardless of income and regardless of whether they itemize on their tax returns. This deduction can be used for certain educational expenses, including tutoring, academic summer camps, enrichment programs, textbooks and instructional materials, home computer hardware, educational software, and some expenses associated with individual schools.

## DEPT OF EDUCATION

Program: SPEC STUDENT & TEACHER PRGS

Activity: STUDENT CHOICE/TAX INCENTIVES (info only)

Narrative

⇒ In 1997, deductions for each dependent child in kindergarten through sixth grade were increased from a maximum deduction of \$650 to \$1,625; deductions for each dependent child in grades seven to 12 increased from a maximum of \$1,000 to \$2,500.

<u>Tax Year</u>	<u>Tax Deductions Amount Claimed (000's)</u>	<u>Number of Claimants</u>	<u>Average Amount</u>
1998	\$165,677	150,588	\$1,100
1999	\$203,476	188,752	\$1,078
2000	\$236,815	209,224	\$1,132
2001	\$242,841	210,458	\$1,154
2002	\$261,298	224,251	\$1,165
2003	\$268,002	224,169	\$1,196
2004	\$277,038	231,484	\$1,197

Source: Minnesota Department of Revenue, Tax Research Division, July 2006

Additional information is available from the Minnesota Department of Revenue Web site:  
<http://www.taxes.state.mn.us>.

### Contact

Additional information is available from the Minnesota Department of Education, School Choice Programs and Services, (651) 582-8586.

**Activity Description**

The No Child Left Behind Act of 2001 (NCLB) provides funding for various federal programs in Minnesota that are designed to improve student achievement in America's public schools. With the passage of No Child Left Behind, Congress reauthorized the Elementary and Secondary Education Act (ESEA), the principal federal law affecting education from kindergarten through high school. The purpose of NCLB is to increase accountability for results; emphasis on doing what works based on scientific research; expand parental options; and expand local control and flexibility.

**Activity at a Glance**

- ◆ NCLB is a national commitment to ensure that all children receive a high quality education so that no child is left behind.
- ◆ Between 2002 and 2004, Minnesota students narrowed the achievement gaps in math and reading between minority/poor students and white students by 3-5%.

The following programs are funded by NCLB in Minnesota. Funding information is displayed on a federal fiscal year basis. Program descriptions exclude discontinued federal programs and programs that are directly awarded and paid by the federal government to eligible Minnesota school districts and organizations.

**Title I Grants to LEAs (Local Education Agencies) (CFDA 84.010)**

Elementary and Secondary Education Act of 1965, as amended, Title 1, Part A.

Title I of the Improving America's Schools Act is the largest of the federal compensatory education programs. Almost every district in the state qualifies for Title I funds and Title I services are in approximately 90% of the state's elementary schools. More than 110,185 public and nonpublic students participate in Title I programs annually. There are several parts to Title I: Basic Grants, Concentration Grants, Targeted Assistance, Education Finance Incentive Grants, Accountability Grants, Grants for Neglected or Delinquent Institutions, NCLB grants, and Capital Expenses.

Minnesota's share of the national appropriation is based on the number of low-income children counted during the 2000 census. The Minnesota Department of Education (MDE) adjusts these entitlements to provide the required set-asides for administration, school support teams, low-performing schools, and charter schools.

Specific objectives of the Title I basic grants to local education agencies (LEAs) are

- ◆ to align Title I evaluation measures with the state student achievement and system performance measures;
- ◆ to identify and serve students who are most at-risk of not meeting our state content and performance standards;
- ◆ to increase success in the regular classroom through coordination of supplemental services with classroom instruction and curriculum;
- ◆ to provide for the involvement of parents in the education of their children;
- ◆ to provide intensive and sustained staff development; and
- ◆ to coordinate with state and federal programs to maximize the services available for at-risk students and to increase the number of students receiving services.

**Migrant Education (CFDA 84.011)**

Elementary and Secondary Education Act of 1965, Title I, Part C, as amended. 20 U.S.C. 6391 et seq.

The specific purposes of the migrant education program are:

- ◆ to ensure that migratory children are provided with appropriate educational services (including support services) that address their special needs in a coordinated and efficient manner;
- ◆ to ensure that migratory children have the opportunity to meet the same state content and performance standards that all children are expected to meet;
- ◆ to prepare migratory children to make a successful transition to post-secondary education or employment by supporting high-quality educational programs to help them overcome educational disruption, cultural and language barriers, social isolation, various health-related problems, and other factors; and
- ◆ to ensure that migratory children benefit from state and local systemic reform.

**Neglected and Delinquent (CFDA 84.013)**

Elementary and Secondary Education Act of 1965, Title I, Part D, as amended. 20 U.S.C. 6431 et seq.

The specific purposes of the neglected and delinquent programs include:

- ◆ to provide supplementary instruction to students, ages five-21, who are neglected and have been placed in a locally operated residential institution for such students;
- ◆ to improve educational services to neglected or delinquent children and youth so that such children and youth have the opportunity to meet the same challenging state content and performance standards that all children will be expected to meet;
- ◆ to provide the targeted population the services needed to make a successful transition from institutionalization to further schooling and employment; and
- ◆ to prevent at risk youth from dropping out and to provide dropouts and youth returning from institutions with a support system to ensure continued education.

**Safe and Drug-Free Schools and Communities State Grants (CFDA 84.186)**

Elementary and Secondary Education Act, 2001, Title IV, Part A, Subpart 1, as amended 20 U.S.C. 7111-7118

Safe and drug-free schools provide resources to school districts and charter schools through a formula allocation to assist and support programs to prevent violence in and around schools and to provide the illegal use of alcohol, tobacco, and other drugs. Specifically the law focuses on:

- ◆ supporting researched-based drug abuse and violence prevention and education programs that involve parents and are coordinated with related community efforts and resource programs;
- ◆ providing resources to schools to establish, operate, and improve programs of violence and drug abuse prevention, early intervention, rehabilitation referral, and education for elementary and secondary students; and
- ◆ providing resources to community-based organizations for programs of violence and drug abuse prevention and education, early intervention, and rehabilitation referral for school dropouts and other high-risk youth.

**Even Start Family Literacy Programs (CFDA 84.213)**

Elementary and Secondary Education Act of 1965, Title I, Part B, Subpart 3, as amended. 20 U.S.C. 6362.

Even start is the early childhood and family literacy initiative of the Title I program. The state's allocation for even start is determined by the amount of the basic and concentration funds the state receives. Funds are distributed to districts on a competitive basis; grants are awarded for four years. Currently there are 14 even start programs in Minnesota. In FY 2005, 577 children and 437 adults participated.

Specific objectives of the even start family literacy programs are:

- ◆ to improve the academic achievement by integrating early childhood education and adult education for parents into a unified program;
- ◆ to create a new range of services through cooperative projects that build on existing community resources; and
- ◆ to assist children and adults from low-income families in breaking the cycle of illiteracy and poverty.

**21<sup>st</sup> Century Community Learning Centers (CFDA 84.287)**

Elementary and Secondary Education Act of 1965, as amended, Title IV Part B.

The program funds after school programs to help K-12 students attending low performing schools or schools with concentrations of families in poverty improve their academic achievement. Programs provide academic and cultural enrichment activities, tutoring, art, music, recreation, and other programs that are designed to reinforce academic instruction. Funds are distributed through an open competition.

**Innovative Education Program Strategies (CFDA 84.298)**

Elementary and Secondary Education Act of 1965, Title V, as amended, 20 U.S.C. 7301-7373.

This program provides funding to assist state and local education agencies in the reform of elementary and secondary education.



## DEPT OF EDUCATION

Program: SPEC STUDENT & TEACHER PRGS

Activity: NO CHILD LEFT BEHIND PROGRAMS

Narrative

### **Education Technology State Grants (Enhancing Education Through Technology) (CFDA 84.318)**

Elementary and Secondary Education Act of 1965, as amended, Title II, Part D, Subparts I and 2, as amended. Provides funding on a formula basis to states to:

- ◆ improve student academic achievement through the use of technology in schools,
- ◆ assist all students in becoming technologically literate by the end of eighth grade, and
- ◆ encourage the effective integration of technology with teacher training and curriculum development to establish research-based instructional methods.

### **Comprehensive School Reform (CFDA 84.332)**

Elementary and Secondary Education Act of 1965, Title I, Part E, Section 1502 as amended.

The program funds grants for financial incentive to schools that need to substantially improve student achievement, particularly Title I schools, to implement comprehensive school reform programs that are based on reliable research and effective practices, and include an emphasis on basic academics and parental involvement. These programs are intended to stimulate school-wide change covering virtually all aspects of school operations, rather than piecemeal, fragmented approach to reform. To be considered comprehensive, a program must integrate, in a coherent manner, nine specific components listed in the legislation. Through supporting comprehensive school reform, the program aims to enable all children in the schools served, particularly low-achieving children, to meet challenging state content and student performance standards. Funding for this program was not included for FY 2006.

### **Reading First (Title 1, Part B) (CFDA 84.357)**

Elementary and Secondary Education Act of 1965, as amended, Title I, Part B, Subpart 1.

The reading first program replaced reading excellence in FY 2002. The reading first program is a federal education program aimed at improving K-3 reading instruction through the use of effective, research-based strategies, and methods. This program allows the state to make competitive sub-grants to school districts meeting specific eligibility criteria identified in the authorizing legislation. Grantees will use program funds to: 1) provide preschool-age children with high-quality oral language and literature-rich environments; 2) provide professional development that is based on scientifically based reading research knowledge of early language and reading development; 3) identify and provide activities and instructional materials that are based on scientifically based reading research; 4) acquire, provide training for, and implement screening reading assessments or other appropriate measures based on scientifically based reading research; and 5) integrate instructional materials, activities, tools, and measures into the programs offered.

### **Rural and Low-Income Schools Grant (CFDA 84.358)**

Elementary and Secondary Education Act of 1965, Title VI, Part B, as amended.

This new program is designed to help rural districts that may lack the personnel and resources to compete effectively for federal competitive grants. It is also designed to assist rural districts that often receive federal grant allocations in amounts that are too small to be effective in meeting their intended purposes. This program serves a very small number of rural districts with high concentrations of poverty that are not eligible for small, rural school achievement grants from the U.S. Department of Education.

### **English Language Acquisition Grants for Limited English Proficient Students (CFDA 84.365)**

Elementary and Secondary Education Act as amended, Title III, Part A, Sections 3101-3129.

This new program consolidates the 13 bilingual and immigrant education programs into a formula grant program and significantly increases flexibility and accountability. Minnesota previously received funds under the Title VII Emergency Immigrant program, while districts applied directly to the U.S. Department of Education for grants under other programs. This program maintains the current focus on assisting school districts in teaching English to limited English proficient students and in helping these students meet the same challenging state standards required of all other students. Some of the funds may be reserved to serve districts significantly impacted by the needs of immigrant students.

# DEPT OF EDUCATION

**Program: SPEC STUDENT & TEACHER PRGS**

**Activity: NO CHILD LEFT BEHIND PROGRAMS**

Narrative

**Math and Science Partnership (CFDA 84.366)**

Elementary and Secondary Education Act of 1965, as amended, Title II, Part B.

The purpose of this program is to improve the academic achievement of students in mathematics and science through projects that support partnerships of organizations representing preschool through higher education. These projects promote strong teaching methods based on scientifically based research and technology into the curriculum.

**Improving Teacher Quality (CFDA 84.367)**

Higher Education Act of 1965, Title III, Part A, P.L. 105-244.

This program provides funding to improve student achievement by improving the quality of current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities; hold institutions of high education accountable for preparing teachers who have the necessary teaching skills and are highly competent in the academic content areas in which the teacher plan to teach, such as mathematics, science, English, foreign language, history, economics, arts, civics government, and geography; including training effective uses of technology in the classroom; and recruit highly qualified individuals, including individuals from other occupations, into the teacher force.

**Improving Academic Achievement Accountability, Grants for State Assessments (CFDA 84.369)**

Elementary and Secondary Education Act of 1965, as amended, Title VI, Part A, Subpart I, Public Law 107-110.

This program supports:

- ◆ the development of the additional state assessments and standards required by Section 1111(b) of the federal ESEA, as amended; or
- ◆ the administration of the assessments required by Section 1111(b) or to carry out other activities related to ensuring that the state's schools and local education agencies are held accountable for results.

**No Child Left Behind Act of 2001  
Federal Awards by Federal Fiscal Year  
Source: U.S. Department of Education**

Funds in this table include both grant funds and administrative funds awarded for expenditure over a 27 month period. Actual state expenditures will differ from the amounts awarded due to the timing of the distribution of grants and state and federal fiscal year reporting requirements.

Dollars in Thousands

CFDA	Title of Program	FFY 2002	FFY 2003	FFY 2004	FFY 2005	estimate FFY 2006
84.010	Title One	\$112,964.6	\$117,728.4	\$105,427.8	\$108,585.3	\$108,432.7
84.011	State Agency Program-Migrant	2,397.8	2,375.7	2,376.2	2,363.1	2,338.9
84.013	State Agency Program-Neglected and Delinquent	184.1	198.7	171.6	154.9	159.9
84.186	Safe and Drug Free Schools and Communities Grants	5,924.9	5,924.9	5,924.9	5,903.1	4,649.2
84.213	Even Start	2,417.8	2,109.7	1,691.0	1,648.2	731.0
84.287	21 <sup>st</sup> Century Community Learning Centers	3,323.4	5,909.9	9,220.5	7,375.5	7,813.3
84.298	State Grants for Innovative Programs	6,612.6	6,569.6	4,888.8	3,221.3	1,607.4
84.318	Educational Technology State Grants	6,594.3	6,055.4	5,017.5	3,900.5	2,161.9
84.332	Comprehensive School Reform (Title I)	2,671.1	2,664.2	2,397.5	1,728.8	-0-
84.357	Reading First State Grants	10,000.6	9,566.7	8,279.3	8,948.2	8,850.9

# DEPT OF EDUCATION

**Program: SPEC STUDENT & TEACHER PRGS**

**Activity: NO CHILD LEFT BEHIND PROGRAMS**

Narrative

Dollars in Thousands

CFDA	Title of Program	FFY 2002	FFY 2003	FFY 2004	FFY 2005	estimate FFY 2006
84.358	Rural and Low-Income Schools Program	175.6	121.6	-0-	106.4	105.4
84.365	Language Acquisition State Grants	4,505.8	5,289.5	6,108.7	6,595.3	7,030.0
84.366	Mathematics and Science Partnerships	-0-	931.3	1,168.0	1,492.3	1,492.9
84.367	Improving Teacher Quality State Grants	38,404.0	38,871.0	37,901.6	37,960.9	37,552.9
84.369	State Assessments*	6,734.0	6,909.8	6,927.7	7,037.7	7,037.8
Discontinued Programs - These NCLB federal funds are shown under Discontinued Programs.						
84.340	Funds for the Improvement of Education-Comprehensive School Reform	1,305.0	1,296.6	1,239.1	-0-	-0-
84.184	State Grants for Community Service for Expelled or Suspended Students	617.9	613.7	-0-	-0-	-0-
Federal direct aid – these funds are directly awarded and paid by the federal government to eligible Minnesota school districts and organizations. These NCLB funds do not flow through MDE.						
84.358	Small Rural Schools Achievement Program	2,647.4	2,537.9	2,782.9	2,775.8	2,738.3
	Impact Aid (Basic, Disabilities, Construction)	11,528.5	11,980.6	13,637.9	13,729.3	14,498.3
84.060	Indian Education-Grants to Local Education Entities	3,561.9	3,458.7	3,281.3	3,244.3	3,249.9
<b>Total NCLB Act of 2001</b>		<b>\$222,571.3</b>	<b>\$231,113.9</b>	<b>\$218,442.3</b>	<b>\$216,770.9</b>	<b>\$210,450.7</b>

\*These funds are included in the Statewide Testing narrative. These funds are not included in the State Fiscal Expenditure page for this narrative.

## Contact

Additional information is available from the MDE, No Child Left Behind Programs, (651) 582-8784, [http://education.state.mn.us/mde/Accountability\\_Programs/No\\_Child\\_Left\\_Behind\\_Programs/index.html](http://education.state.mn.us/mde/Accountability_Programs/No_Child_Left_Behind_Programs/index.html).

DEPT OF EDUCATION

Program: SPEC STUDENT & TEACHER PRGS

Activity: NCLB PROGRAMS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Expenditures by Fund</u></b>					
Statutory Appropriations					
Federal	174,388	193,649	196,048	195,408	391,456
<b>Total</b>	<b>174,388</b>	<b>193,649</b>	<b>196,048</b>	<b>195,408</b>	<b>391,456</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	174,388	193,649	196,048	195,408	391,456
<b>Total</b>	<b>174,388</b>	<b>193,649</b>	<b>196,048</b>	<b>195,408</b>	<b>391,456</b>

**Activity Description**

This budget activity summarizes major federal programs that fund activities throughout Minnesota.

**Career and Technical Education – Basic Grants to States (CFDA 84.048)**

Carl D. Perkins Career and Technical Education Improvement Act of 2006

The purpose of this grant program is to develop more fully the academic, career, and technical skills of secondary and post-secondary students who elect to enroll in vocational and technical programs.

This program is subject to administrative matching and non-supplanting requirements.

**Activity at a Glance**

Major federal programs in the activity are:

- ◆ Career and Technical Education Basic Grants – Carl Perkins
- ◆ Byrd Honors Scholarship Program
- ◆ Homeless Children
- ◆ Foreign Language Assistance
- ◆ Teacher Quality Enhancement Grants
- ◆ Voluntary School Choice
- ◆ Cooperative Agreements to Support Comprehensive School Health Programs
- ◆ Learn and Serve America

**Byrd Honors Scholarship Program (CFDA 84.185)**

Higher Education Act of 1965, Title IV, Part A, Subpart 6 as amended, 20 U.S.C. 107d-31-1070d-41.

The purpose of the Byrd Honors Scholarship Program is to provide scholarships for study at institutions of higher education to outstanding high school graduates who show promise of continued excellence, in an effort to recognize and promote student excellence and achievement.

**Homeless Children (CFDA 84.185)**

McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.

This program provides funding to ensure that homeless children and youth have equal access to the same free, appropriate public education as other children; to provide activities for and services to ensure that these children enroll in, attend, and achieve success in school; to establish or designate an office in each state education agency for the coordination of education of homeless children and youth; to develop and implement programs for school personnel to heighten awareness of specific problems of homeless children and youth; and to provide grants to school districts.

**Foreign Language Assistance (CFDA 84.293)**

Elementary and Secondary Education Act of 1965, as amended, Title V, Part D, subpart 9. 20 U.S.C. 7259 - 7259(b).

To support innovative model programs of foreign language study in public elementary and secondary schools. Projects must be designed to support innovative model programs of foreign language study in elementary and secondary schools. Projects must show the promise of being continued beyond the grant period. Not less than three-fourths of the appropriation must be used for elementary level projects. This program is subject to non-supplanting requirements and must use a restricted indirect cost rate which is referenced under 34 CFR 76.564-76.569.

**Teacher Quality Enhancement Grants (CFDA 84.336)**

Higher Education Act of 1965, Title II, Part A, Public Law 105-244

To improve student achievement; improve the quality of the current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities; hold institutions of higher education accountable for preparing teachers who have the necessary teaching skills and are highly competent in the academic content areas in which the teachers plan to teach, such as mathematics, science, English, foreign language, history, economics, art, civics, government, and geography, including training in the effective uses of technology in the classroom; and recruit highly qualified individuals, including individuals from other occupations, into the teaching force.

## DEPT OF EDUCATION

**Program:** SPEC STUDENT & TEACHER PRGS

**Activity:** MISCELLANEOUS FEDERAL PROGRAMS

Narrative

### **Teacher Incentive Fund Grants (CFDA 84.374)**

Elementary and Secondary Education Act, as amended, Title V, Part D, Subpart 1, PL 107-110.

MDE has applied for a federal Teacher Incentive Fund grant that will fund grants to schools to support programs that develop and implement performance-based teacher and principal compensation systems in high-need schools. The Federal Office of Elementary and Secondary Education will award grants in January, 2007. While receipt of the grant is not certain, an estimated amount of \$14 million is included in the MDE budget at this time.

### **Voluntary School Choice (CFDA 84.361)**

Elementary and Secondary Education Act, as amended, Title V, Part B, Subpart 3, 20 U.S.C. 7225-7225g.

This grant program supports efforts to establish or expand programs of public school choice for parents and their children. Minnesota was awarded the grant beginning in FY 2002 to expand the Choice is Yours program. The Choice is Yours program, developed by the 2000 settlement of the National Association for the Advancement of Colored People (NAACP) versus state of Minnesota, allows Minneapolis students who qualify for free or reduced price lunch priority access and transportation to Minneapolis magnet schools and identified suburban schools. The grant enhances the Choice is Yours program by expanding outreach, transportation, and academic support.

### **Cooperative Agreements to Support Comprehensive School Health Programs (CFDA 93.938)**

Public Health Service Act, Section 301(a) and 311 (b) (c), as amended; 42 U.S.C. 241 (a), as amended; 42 U.S.C. 243 (b). To support the development and implementation of effective health education for human immunodeficiency virus (HIV) and other important health problems for school-age populations (elementary through college-age youth, parents, and relevant school, health, and education personnel). Cooperative Agreement funds may be used to support personnel, their training and travel, and to purchase supplies and services for planning, organizing and conducting activities directly related to the objectives of this program. This program helps integrating HIV education within a more coordinated school health program; disseminating information about accessibility, availability, and quality of educational strategies, materials, and curricula to local education agencies and schools; and providing technical assistance to local school districts and schools in implementing HIV education. Special efforts are made to reach minority youth, youth in high-risk situations, and youth with special education needs.

### **Learn and Serve America (CFDA 94.004)**

National and Community Service Act of 1990, as amended.

The goal of Minnesota's Service Learning program is to strengthen service learning efforts and promote the healthy development of youth and our communities. The focus is to increase the civic and literacy skills of youths particularly from disadvantaged situations by engaging them in state and local service learning programs, on project review and steering committees, and as presenters at conferences. Organizations utilize adult volunteers and work with teachers to increase their ability to use service learning as an instructional tool through curriculum building and teacher and administrator training. Partnerships with other education and community-based organizations leverage funding for greater efficiency and will facilitate resource sharing. Service learning will be further integrated into the Minnesota academic standards during future revision cycles and will be included as part of the state's high school reform efforts so that even more students have the opportunity to be engaged and involved with service learning.

**DEPT OF EDUCATION****Program: SPEC STUDENT & TEACHER PRGS****Activity: MISCELLANEOUS FEDERAL PROGRAMS**

Narrative

**Miscellaneous Federal Programs**

FFY = Federal Fiscal Year Allocation

<u>CFDA</u>	<u>Name</u>	<u>FFY2002</u>	<u>FFY2003</u>	<u>FFY2004</u>	<u>FFY2005</u>	<u>FFY2006</u>
84.048	Vocational Education Basic Grants- Carl Perkins	\$6,609.9	\$6,532.7	\$6,545.5	\$6,640.6	\$6,144.5
84.185	Byrd Honors Scholarships	\$721.5	\$718.5	\$694.5	\$690.0	\$688.5
84.196	Homeless Children	\$545.9	\$521.4	\$549.0	\$512.1	\$518.7
84.293	Foreign Language Assistance	-0-	-0-	-0-	\$280.0	-0-
84.336A	Teacher Quality Enhancement Grants	-0-	\$2,622.6	\$2,715.0	\$2,844.6	-0-
84.361	Voluntary School Choice	\$3,000.0	\$2,298.4	\$2,240.6	\$2,240.6	-0-
93.938	Comprehensive School Health Program	-0-	-0-	\$275.9	\$254.2	\$314.2
94.004	Learn and Serve America	<u>\$293.5</u>	<u>\$294.2</u>	<u>\$287.3</u>	<u>\$281.6</u>	<u>\$238.0</u>
<b>TOTAL</b>		<b>\$11,170.8</b>	<b>\$12,987.8</b>	<b>\$13,307.8</b>	<b>\$13,743.7</b>	<b>\$7,903.9</b>

Federal funds awarded may be distributed over a 27-month period. Actual state expenditures will differ from the amounts awarded due to the timing of the distribution of grants and state and federal fiscal year reporting requirements.

Amounts in the narrative may differ when compared to the fiscal summary due to timing of state fiscal year-end closing and forecast changes.

**Contact**

Additional information is available on the Catalog of Federal Domestic Assistance's web site at: [http://12.46.245.173/pls/portal30!/CATALOG.AGY\\_PROGRAM\\_LIST\\_RPT.show](http://12.46.245.173/pls/portal30!/CATALOG.AGY_PROGRAM_LIST_RPT.show).

DEPT OF EDUCATION

Program: SPEC STUDENT & TEACHER PRGS

Activity: MISCELLANEOUS FEDERAL PROGRAMS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Expenditures by Fund</u></b>					
Statutory Appropriations					
Federal	10,177	10,629	22,382	20,122	42,504
<b>Total</b>	<b>10,177</b>	<b>10,629</b>	<b>22,382</b>	<b>20,122</b>	<b>42,504</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	112	206	224	56	280
Other Operating Expenses	236	641	319	50	369
Payments To Individuals	663	695	10	0	10
Local Assistance	9,166	9,087	21,829	20,016	41,845
<b>Total</b>	<b>10,177</b>	<b>10,629</b>	<b>22,382</b>	<b>20,122</b>	<b>42,504</b>
<b>Full-Time Equivalent (FTE)</b>	<b>1.6</b>	<b>2.9</b>	<b>2.9</b>	<b>2.9</b>	



**Activity Description**

**Citation:** Laws 2005 First Special Session, Chapter 5, Article 2, Section.84, Subd.20; M.S. 123B.04

This one-time appropriation provides planning and implementation for grants to up to five school sites and school boards that have reached preliminary board approval or entered into school site decision-making agreements under M.S. 123B.04.

**Activity at a Glance**

FY 2006

- ◆ Russell - Tyler - Ruthton Middle School (ISD 418) received a \$50,000 grant

**Population Served**

Program participation in the grant program is limited to five school districts.

**Services Provided**

Funding is provided to school sites and the governing school district board to support a school site decision-making team that governs, manages, and controls the school, based on agreement as to the level of powers, duties, responsibilities, and authority to be delegated by the school board to the school site team.

The agreement may include:

- ◆ an achievement contract;
- ◆ a mechanism to allow principals, site leadership team, or other persons having general control and supervision of the school, to make decisions regarding how financial and personnel resources are best allocated at the site and from whom goods or services are purchased;
- ◆ a mechanism to implement parental involvement programs and to provide for effective parental communication and feedback on this involvement at the site level;
- ◆ a provision that would allow the team to determine who is hired into licensed and nonlicensed positions;
- ◆ a provision that would allow teachers to choose the principal or other person having general control;
- ◆ an amount of revenue allocated to the site; and
- ◆ any other powers and duties determined appropriate by the board.

The composition of the site based decision-making team may include the principal, teachers, employees, or students, or parents of students at the school.

Approved agreements must be filed with the commissioner. If a school board denies a request or the school site and school board fail to reach an agreement to enter into a school site management agreement, the school board shall provide a copy of the request and the reasons for its denial to the commissioner.

**Activity Funding**

To participate in the site based decision-making program under M.S. 123B.04, upon the request of 60% of the licensed employees of a site or a school site decision-making team, the school board must enter into discussions to reach an agreement concerning the governance, management, or control of the school. A school site decision-making team may include the school principal, teachers in the school or their designee, other employees in the school, representatives of pupils in the school, or other members in the community.

In FY 2006, Russell Independent School District (ISD) 418 participated in this program. The Russell-Tyler-Ruthton Middle School was awarded a \$50,000 grant.

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Academic Standards and High School Improvement, (651) 582-8751.

DEPT OF EDUCATION

Program: SPEC STUDENT & TEACHER PRGS

Activity: SITE BASED GOVERNANCE GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	250	0	250	0	250
<b>Technical Adjustments</b>					
One-time Appropriations			(250)	0	(250)
<b>Forecast Base</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	35	215	0	0	0
<b>Total</b>	<b>35</b>	<b>215</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	35	215	0	0	0
<b>Total</b>	<b>35</b>	<b>215</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Budget Activities**

- ⇒ Regular Special Education
- ⇒ Special Education Excess Costs
- ⇒ Children with Disabilities
- ⇒ Travel for Home-Based Services
- ⇒ Transition Disabled Students
- ⇒ Court Placed Special Education Revenue
- ⇒ Out of State Tuition
- ⇒ Other Federal Special Education Programs

DEPT OF EDUCATION  
 Program: SPECIAL EDUCATION

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	677,259	643,359	643,359	643,359	1,286,718
<b>Technical Adjustments</b>					
End-of-session Estimate			377	592	969
November Forecast Adjustment		1,357	1,512	1,492	3,004
<b>Forecast Base</b>	<b>677,259</b>	<b>644,716</b>	<b>645,248</b>	<b>645,443</b>	<b>1,290,691</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	678,142	644,716	645,248	645,443	1,290,691
<b>Statutory Appropriations</b>					
Federal	169,491	173,195	173,924	173,924	347,848
<b>Total</b>	<b>847,633</b>	<b>817,911</b>	<b>819,172</b>	<b>819,367</b>	<b>1,638,539</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	137	475	475	475	950
Local Assistance	847,496	817,436	818,697	818,892	1,637,589
<b>Total</b>	<b>847,633</b>	<b>817,911</b>	<b>819,172</b>	<b>819,367</b>	<b>1,638,539</b>
<b><u>Expenditures by Activity</u></b>					
Regular Special Education	728,847	701,644	702,815	702,815	1,405,630
Excess Costs-Sped	106,453	104,333	104,700	104,700	209,400
Children With Disabilities	1,529	1,409	1,536	1,727	3,263
Travel For Home-Based Services	225	222	237	248	485
Transition Disabled Students	9,312	8,806	8,796	8,787	17,583
Court Placed Sped Revenue	48	70	72	74	146
Out Of State Tuition	406	250	250	250	500
Other Federal Sped Programs	813	1,177	766	766	1,532
<b>Total</b>	<b>847,633</b>	<b>817,911</b>	<b>819,172</b>	<b>819,367</b>	<b>1,638,539</b>

**Activity Description**

**Citation:** M.S. 125A.02; 125A.03; 125A.53; 125A.75; 125A.76; 125A.78; 125A.79

**Federal Citation:** P.L. 108-446 IDEA

Special education-regular is a state aid program that provides specially designed instruction and related services for children and youth with disabilities ages birth - 21. Districts also receive additional federal Individual Disability Education Act (IDEA) funds to be used in the delivery of special education services.

**Population Served**

As shown in the following table, in FY 2005, Minnesota provided special education services to 118,530 children and youth, ages birth through 21. The following table shows the number of special education students by age and disability, as of 12-01-2004.

**Activity at a Glance**

Special Education services, revenue, and expenditures for FY 2005:

- ◆ 118,530 students ages birth - 21 receiving services.
- ◆ 23,383 full-time equivalent professional and paraprofessional staff employed.
- ◆ \$552 million paid to districts.
- ◆ \$156 million federal funds allocated to school districts.

**FY 2005 Unduplicated Child Count by Disability and Age Group as of 12-01-2004**

<u>Disability</u>	Preschool	K-12	Ages	<u>Total</u>
	<u>Ages B-4</u>	<u>Ages 5-18</u>	<u>19-21</u>	
1. Speech Language Impaired	2,854	18,948	35	21,837
2. Developmental Cognitive Disability-Mild-Moderate	29	6,652	588	7,269
3. Developmental Cognitive Disability-Severe-Profound	8	2,062	320	2,390
4. Physically Impaired	65	1,597	59	1,721
5. Deaf and Hard of Hearing	206	1,967	54	2,227
6. Blind and Visually Impaired	61	373	10	444
7. Specific Learning Disabilities	5	34,681	486	35,172
8. Emotional and Behavioral Disorders	37	16,483	368	16,888
9. Autism Spectrum Disorder	618	6,483	206	7,307
10. Deaf Blind	5	49	6	60
11. Other Health Disabilities	36	11,340	174	11,550
12. Traumatic Brain Injury	13	413	24	450
13. Developmentally Delayed (Early Childhood Special Education)	6,529	4,286	0	10,815
14. Severely Multiply Impaired	8	368	24	400
<b>Total</b>	<b>10,474</b>	<b>105,702</b>	<b>2,354</b>	<b>118,530</b>

Students become eligible for special education services by meeting specific state eligibility requirements under one or more of 14 disability categories.

Students must meet two general criteria to be eligible for special education services: 1) be found eligible through a multi-disciplinary assessment; and 2) be in need of specially designed instruction and related services. The eligibility criteria for each disability are defined in the State Education Rules 3525.1325 through 3525.1352.

The following table shows the number of special education students by education setting as of 12-01-2004:

**Unduplicated Child Count by Setting  
as of 12-1- 2004 (Birth - 21)**

<u>Setting Ages 3-21</u>	<u>Total</u>
Regular Class	66,582
Resource Room two times or more per day	29,786
Separate Class	10,423
Public Separate Day School	6,128
Private Separate Day School	264
Public Residential School	823
Private Residential School	1,177
Hospital or Homebound	308
<b>Subtotal Ages three-21</b>	<b>115,491</b>
<u>Settings Ages Birth - two</u>	
Early Childhood Setting or Home-based	261
Part-time EC Setting Home or Itinerant	120
Early Childhood Sp. Ed. Classroom	2,616
Public Separate Day School	0
Private Separate Day School	0
Public Residential	38
Private Residential	4
<b>Subtotal Ages Birth - two</b>	<b>3,039</b>
<b>TOTAL</b>	<b>118,530</b>

**Services Provided**

Special education instruction and services are governed by state statutes (M.S. 125A.02; M.S. 125A.03; M.S. 125A.75); state education rules (chapter 3525); federal law [P.L. 108-446, Individuals with Disabilities Education Act (IDEA)]; and federal rules (34 CFR 300).

The combination of these laws and rules require the provision of a free appropriate public education (FAPE) for all eligible children and youth with disabilities. FAPE is defined as instruction and services that are:

- ◆ based on categorical eligibility and need as identified in a multi-disciplinary assessment;
- ◆ written into an Individualized Education Plan (IEP), Individualized Family Service Plan (IFSP), or Individualized Interagency Intervention Plan (IIIP); and
- ◆ provided in the least restrictive environment appropriate to the student’s needs and at no cost to parents.

Special education is specially designed instruction that helps students with disabilities achieve results in the general curriculum and make progress toward graduation per individualized goals. The IEP team including parents determine the most appropriate means of delivering the necessary instruction and services to the students.

- ⇒ 289 smaller school districts have formed 38 special education cooperatives to deliver special education programs more cost effectively and efficiently.
- ⇒ In addition, districts can purchase services from service cooperatives, intermediate school districts, and cooperate with formal collaborative organizations such as children’s mental health collaboratives, family service collaboratives, interagency early intervention committees, and community interagency transition committees.

**DEPT OF EDUCATION**

**Program: SPECIAL EDUCATION**

**Activity: REGULAR SPECIAL EDUCATION**

Narrative

The Division of Special Education Policy and the Division of Compliance and Assistance are working with school districts and cooperatives to implement self-assessment procedures known as Continuous Improvement Monitoring Process - Self-Review (CIMP-SR). This process is for children with disabilities birth through 21 and their families and has three major goals:

- ◆ to improve educational results for children and youth with disabilities through the provision of specialized instruction and related services;
- ◆ to improve educational benefit for children and youth with disabilities through the development and implementation of interagency delivery systems; and
- ◆ to assure free and appropriate public education and early intervention services through state and local implementation of required procedures for finding, evaluating, placing, instructing, and supporting children and youth with disabilities.

**Key Measures**

*Significantly increase the performance of students with IEPs on state assessment tests.*

- ◆ Student performance as measured by the Minnesota Basic Skills Test

	Percent Passing		
	2001	2003	2005
All Students with Disabilities			
Basic Skills Test 8 <sup>th</sup> Grade – Reading	37%	42%	49%
Basic Skills Test 8 <sup>th</sup> Grade – Mathematics	30%	30%	33%
Basic Skills Test 10 <sup>th</sup> Grade – Writing*	59%	63%	64%

- ◆ Student performance as measured by the Minnesota Comprehensive Assessment (MCAs)

	Percentage Scoring at Level 2b or Above		Percentage Scoring at Level 3 or higher
	2001	2003	2005
Grade 3 MCA Reading	34%	41%	47%
Grade 3 MCA Mathematics	38%	45%	53%
Grade 5 MCA Reading	38%	44%	47%
Grade 5 MCA Mathematics	35%	46%	52%
Grade 5 MCA Writing	38%	44%	48%

- ◆ Minnesota compared with the nation on key federal indicators

	2005	
	Minnesota	Nationally
Percentage Served Birth Through Age two	1.50%	2.10%
Percentage Served in Regular Classrooms, Ages six-21	60.32%	46.00%
Percentage Served in Segregated Classes, Ages six-21	9.58%	20.00%

- ◆ Special education compared with general education on key federal indicators

	2005	2005
	Spec. Ed.	Gen. Ed.
Special Education Dropout Rate	4.60%	3.17%
Overall Graduation Rate for Special Education Students	81.95%	88.83%

**DEPT OF EDUCATION****Program: SPECIAL EDUCATION****Activity: REGULAR SPECIAL EDUCATION**

Narrative

**Activity Funding**

Special education programs are funded with state special education aids and federal IDEA funds.

**District Special Education Expenditures  
State and Federal**

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Average Cost Per Student	\$8,482	\$8,997	\$9,405	\$9,693	\$10,204
Child Count Birth-21	112,903	114,017	115,904	117,716	118,530
<b>Total Expenditures (Dollars in Thousands)</b>					
Salaries	\$ 652,873	\$ 697,390	\$ 731,125	\$ 754,858	\$ 790,784
Fringe Benefits*	179,540	191,782	201,059	207,586	217,466
Contracted Services	35,207	34,499	33,521	33,934	33,294
Individualized Instructional Supplies and Equipment	8,720	7,397	8,541	6,971	6,875
Federal Funds Used for Instruction (Birth-21)	81,253	94,784	115,805	137,666	161,036
<b>SUBTOTAL for Direct &amp; Related Services</b>	<b>\$ 957,593</b>	<b>\$1,025,852</b>	<b>\$1,090,051</b>	<b>\$1,141,015</b>	<b>\$1,209,455</b>
Transportation**	86,483	94,655	101,030	108,922	119,043
<b>TOTAL Expenditures</b>	<b>\$1,044,076</b>	<b>\$1,120,507</b>	<b>\$1,191,081</b>	<b>\$1,249,937</b>	<b>\$1,328,498</b>
Annual % Change	5.00%	7.32%	6.30%	4.94%	6.29%

\*Estimated based on ratio of salaries for staff from UFARS

\*\*Includes transportation to and from school, between schools and board and lodging UFARS Finance code 723.

Includes birth through 21 (Part C birth through age two). Additional information on Part C pupils is located in the Infants and Toddlers-Part C budget narrative.

**Federal Flow Through Awards to School Districts (Dollars in Thousands)**

Federal Flow Through					
Entitlement Section 611	\$69,021	\$91,769	\$111,133	\$ 129,594	\$150,291
Preschool Incentive					
Entitlement Section 619	5,738	5,738	5,738	5,670	5,696
Preschool Incentive CSPD					
Entitlement Section 619	171	173	177	185	194

**State Special Education Aid:**

Special education aid is based on expenditures in the second prior year (base year). State special education aid for FY 2005 is based on expenditures in FY 2003.

The special education base revenue equals the sum of the following amounts computed using base year data:

- ◆ *Salary* - 68% of the salary of each essential staff providing direct instructional and related services to students;
- ◆ *Supplies and Equipment* - 47% of the cost of supplies and equipment not to exceed an average of \$47 per student with a disability;
- ◆ *Contracted Services* - 52% of the amount of a contract for instruction and services that are supplemental to a district's education program for students with disabilities. 52% of the difference between the amount of the contract and the general education revenue of the district for that pupil for the fraction of the school day the student receives services that are provided in place of services of the district's program; and
- ◆ *Transportation* - 100% of the cost of special transportation services.



## DEPT OF EDUCATION

**Program:** SPECIAL EDUCATION

**Activity:** REGULAR SPECIAL EDUCATION

Narrative

The special education adjusted base revenue equals the base revenue times the ratio of the current year average daily membership (ADM) to the base year ADM. If the special education base revenue for a district equals zero, the special education revenue equals the amount computed above using current year data. A school district's special education revenue equals the state total special education revenue, minus new district revenue, times the ratio of the district's adjusted special education base revenue to the state total adjusted special education base revenue.

The state total special education revenue for FY 2005 was set in state law at \$529.2 million and for FY 2006 and beyond equals the state total special education revenue for the preceding fiscal year times the program growth factor times the greater of one, or the ratio of the state total ADM for the current fiscal year to the state total ADM for the preceding fiscal year. The program growth factor was 1.08 for FY 2002, 1.046 for FY 2003, and 1.0 for FY 2004 and later.

Special education revenue as a percent of adjusted base revenue has declined since FY 2004 due to continued increases in special education expenditures, without a corresponding increase in the state total special education revenue. For FY 2004, special education revenue was 91.9% of adjusted base revenue; that percentage decreased to 87.5% in FY 2005, and is projected to be 84.1% in FY 2006, 79.4% in FY 2007, 75.9% in FY 2008, and 72.3% in FY 2009.

For FY 1999 and earlier, state special education revenue was funded with a combination of state aid and property tax levies. Beginning in FY 2000, the state formula is funded entirely with state aid.

### **Federal IDEA (Individuals with Disabilities Education Act) Funds:**

IDEA Part B funds are allocated using a formula that includes a base amount, with the remainder of the funds distributed using poverty and enrollment figures of all students reported on MARSS (Minnesota Automated Reporting System).

The base amount is determined by the 12-1-1998 count of students with disabilities for Section 611 (ages three - 21) and the 12-1-1996 count of students with disabilities for Section 619 (ages three - five). If a district has a resident student/s attending a new or significantly expanded (by more than 10%) charter school, the base amount is redistributed among the school district and the affected charter school/s using December 1 child count of students with disabilities for the year when the school opens or significantly expands.

The federal law requires that the state and local school districts maintain effort from one year to the next. Total state aid and individual district state-local expenditures may not be decreased from the current year to the subsequent year, except under specific circumstances. Districts cannot supplant state and local expenditures for special education with federal funds. Federal funds are intended to expand and improve education services to individuals with disabilities.

Because of the maintenance of effort requirements of IDEA, districts have generally paid for related services staff, supplies, equipment, and tuition agreements with federal funds. Federal funds can be used to pay for a wider range of eligible special education costs than state special education aids. The two aid packages are compatible and provide a complete package for local school districts.

For FY 2005, the Minnesota Department of Education (MDE) flowed 89.8% of the federal funds to local education agencies. The department retains 1.9% of the funds for administration costs and approximately 8.3% for statewide set aside programs to implement Minnesota's State Improvement Plan and for technical assistance, training, and monitoring.

Special education revenue, together with the general education revenue earned by students with disabilities for the time they are enrolled in special education programs, does not reimburse all of the expenses that districts incur for special education programs. Information on special education cross-subsidies is available at [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/Special\\_Education/Cross\\_Subsidy\\_Report/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/Special_Education/Cross_Subsidy_Report/index.html).

## DEPT OF EDUCATION

**Program:** SPECIAL EDUCATION

**Activity:** REGULAR SPECIAL EDUCATION

Narrative

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### **Contact**

Additional information is available from the MDE, Special Education Policy, (651) 582-8397, [http://education.state.mn.us/mde/Learning\\_Support/Special\\_Education/index.html](http://education.state.mn.us/mde/Learning_Support/Special_Education/index.html).

DEPT OF EDUCATION  
 Program: Special Programs  
 Activity: Special Education

Budget Activity Summary

*Dollars in Thousands*

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	FY2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Appropriation Excluding Buyback	529,344				
2 Aid Payment Buyback	30,141				
3 Total Current Appropriation	559,485	528,106	528,106	528,106	1,056,212
a. End of Session Estimate			(138)	(138)	(276)
b. November Forecast Adjustment		1,520	1,689	1,689	3,378
c. Transfer per M.S. 127A.41	684				
4 Forecast Base	<b>560,169</b>	<b>529,626</b>	<b>529,657</b>	<b>529,657</b>	<b>1,059,314</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	530,025	529,657	529,657	529,657	1,059,314
6 Statutory Excess/(Shortfall)	(684)	(1,689)			0
7 Appropriated Entitlement	529,341	527,968	529,657	529,657	1,059,314
8 Adjustments					
a. Excess Funds Transferred In/(Out)	684				
b. Supplemental Appropriation		1,689			
9 State Aid Entitlement Current Law	530,025	529,657	529,657	529,657	1,059,314
10 Other Revenue					
a. Federal	168,678	172,018	173,158	173,158	346,316
11 Total All Sources Current Law	698,703	701,675	702,815	702,815	1,405,630
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	83,078	52,934	52,965	52,965	105,930
Current Year (90%)	476,407	476,692	476,692	476,692	953,384
Transfer per M.S. 124A.41	684				
<b>Total State Aid - General Fund</b>	<b>560,169</b>	<b>529,626</b>	<b>529,657</b>	<b>529,657</b>	<b>1,059,314</b>

**Activity Description****Citation:** M.S. 125A.79

This state aid program provides school districts with assistance for unreimbursed costs of special education and related services. These costs have traditionally been subsidized by the General Fund.

**Population Served**

All public schools in Minnesota whose unreimbursed special education costs exceed the funding threshold as defined by the aid formula receive state aid.

**Services Provided**

Special education excess cost aid promotes adequacy and equity in the general education program. Specifically, this activity helps students with a disability access free and appropriate public education without requiring school districts to subsidize special education costs excessively from general operating funds.

In small school districts, the unreimbursed costs of serving a few high cost students can have a severe impact on the district's General Fund. High concentrations of special education students can create similar problems in larger school districts. The special education excess cost aid provides a safety net to mitigate the impact of unreimbursed special education costs on school district General Fund.

**Historical Perspective**

- ⇒ Since FY 1996, the total state special education revenue has been set in law or has been the result of a formula. The growth in initial special education excess cost revenue between FY 1996 and FY 2005 is largely attributable to faster growth in special education expenditures than in state total special education revenue during this period.
- ⇒ Beginning in FY 1999, transportation funding for students with a disability was rolled into the special education formula and the excess cost of transporting these students was included in the excess cost formula.
- ⇒ Beginning in FY 2000, the revenue was increased from 70% to 75% of excess costs and the threshold to qualify for revenue was reduced from 5.7% to 4.4% of general education revenue. The threshold was reduced to 4.36% beginning in FY 2001.
- ⇒ Beginning in FY 2002, the state total excess cost aid has been set in law.

**Key Measures**

Key indicators and measures for special education programs are available in the Special Education - Regular budget narrative.

**Activity Funding**

For FY 2002 and later years, a district's special education excess cost aid equals the greater of

- ◆ 75% of the difference between the district's unreimbursed special education cost and 4.36% of the district's general revenue; or
- ◆ 70% of the difference between the increase in the district's unreimbursed special education cost between the base and the current year and 1.6% of the district's general revenue.

The state total excess cost aid equals \$91.8 million in FY 2005, \$103.6 million in FY 2006, and \$104.7 million in FY 2007. Beginning in FY 2008, the state total excess cost aid equals the greater of one or the product of the state total excess cost aid in the previous year, times the program growth factor, times the greater of one or the ratio of the state total average daily membership (ADM) in the current year to the state total ADM in the previous year.

**Activity at a Glance**

Excess cost aid provides a "safety net" for districts that experience high costs for special education services which are not reimbursed by regular special education aid.

- ◆ \$91.7 million in entitlements to Minnesota districts in FY 2005.
- ◆ 307 districts received excess cost aid in FY 2005.

**DEPT OF EDUCATION****Program: SPECIAL EDUCATION****Activity: SPECIAL EDUCATION EXCESS COSTS**

Narrative

The program growth factors established by the legislature equal 1.044 for FY 2002, 1.02 for FY 2003, and 1.00 for FY 2004 and later. A district's initial excess cost aid is computed using the current formula. A district's actual excess cost aid equals its initial entitlement times the ratio of the state target for excess cost aid to the state total initial excess cost aid. Actual excess cost aid on a percent of initial excess cost aid has declined since FY 2004 due to continual increases in special education expenditures without a corresponding increase in the state total special education – regular or excess cost aid, from 82.6% in FY 2004 to 63.7% in FY 2005, and is projected to be 60.5% in FY 2006, 52.1% in FY 2007, 44.1% in FY 2008, and 38.9% in FY 2009. A substantial portion of this reduction is attributable to a decline in the share of special education expenditures funded through the special education – regular program, which spill over into the excess cost formula.

Excess cost aid targets a portion of special education funding increases to districts with the greatest excess cost as a percentage of total general revenue. By considering the overall impact of unreimbursed special education costs on a district's general fund budget, this program is more effective in addressing excess costs than narrower programs such as the court placement and tuition revenue programs.

The table below shows the state total amount of excess cost revenue for FY 1995 through FY 2005 and the numbers of districts participating in the program each year:

**Special Education Excess Cost Revenue**

Dollars in Millions

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	Est. <u>FY 2006</u>	Est. <u>FY 2007</u>
Total Revenue	\$71.8	\$88.1	\$90.8	\$92.1	\$92.1	\$91.8	\$103.6	\$104.70
Number of Districts	272	299	283	273	319	307	307	307

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the MDE, Division of Program Finance, (651) 582-8810, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/Special\\_Education/Excess\\_Cost\\_Projection\\_Models/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/Special_Education/Excess_Cost_Projection_Models/index.html).

DEPT OF EDUCATION

Program: Special Programs

Activity: Special Education – Excess Costs

Budget Activity Summary

*Dollars in Thousands*

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Appropriation Excluding Buyback	102,083				
2 Aid Payment Buyback	4,370				
3 Total Current Appropriation	106,453	104,333	104,333	104,333	208,666
a. End of Session Estimate			367	367	734
b. November Forecast Adjustment					0
c. February Forecast Adjustment					0
4 Forecast Base	<b>106,453</b>	<b>104,333</b>	<b>104,700</b>	<b>104,700</b>	<b>209,400</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>	<b>State Aid</b>				
5 Statutory Formula Aid	103,600	104,700	104,700	104,700	209,400
6 Statutory Excess/(Shortfall)					0
7 Appropriated Entitlement	103,600	104,700	104,700	104,700	209,400
8 Adjustments					
9 State Aid Entitlement Current Law	103,600	104,700	104,700	104,700	209,400
<b>Appropriations Basis for State Aid</b>					
Prior Year	37,455	34,602	34,969	34,969	69,938
Current Year	68,998	69,731	69,731	69,731	139,462
<b>Total State Aid - General Fund</b>	<b>106,453</b>	<b>104,333</b>	<b>104,700</b>	<b>104,700</b>	<b>209,400</b>

**Activity Description**

Citation: M.S. 125A.75, Subd. 3

This state aid program provides funding for individuals who are placed under care in a state institution, a licensed residential facility, or foster facility for whom no district of residence can be determined.

**Population Served**

Districts that serve individuals described above receive full payment for net education costs for students with and without disabilities who are served.

**Services Provided**

This activity ensures that individuals who are placed in a residential facility and for whom no district of residence can be determined receive a free and appropriate education. Pupils are eligible if no district of residence can be determined because:

- ◆ parental rights have been terminated by court order;
- ◆ parents or guardian is not living within the state;
- ◆ no other district of residence can be established; or
- ◆ the parent or guardian having legal custody of the child is an inmate of a Minnesota correctional facility or is a resident of a halfway house under the supervision of the commissioner of Corrections.

Special education programs and services are specially designed to benefit individuals with disabilities whose educational needs range from academic or behavior support to self-care skills, independent living skills, or preparation of employment in the community. Students without disabilities are also eligible for this aid if they are eligible as noted above. This aid is for the costs of education and not for the costs associated with the care and treatment of the students.

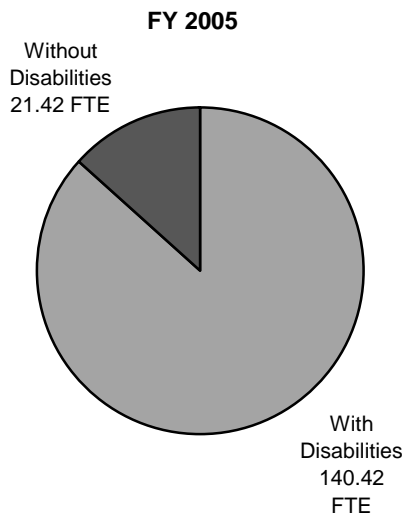
Students eligible for this aid must be placed where the regular education program at the facility is approved according to section M.S. 125A.515.

**Activity at a Glance**

FY 2005

- ◆ 97 students without disabilities were placed
- ◆ 292 students with disabilities were placed
- ◆ \$1,467,929.67 was reimbursed to school districts in FY 2006

**Number of Full-Time Equivalent (FTE) Students Placed**



**Historical Perspective**

This program began in the 1970s to include education costs for students with disabilities. The law was amended in 1999 to include all students, those with and without disabilities, as eligible for aid if they meet the criteria stated above.

**Activity Funding**

The aid equals 100% of the net costs of educating these individuals, including transportation costs, a proportionate amount of capital expenditures, and debt service, minus the sum of basic general education revenue, special education aid, transportation aid, and any other aid earned on behalf of the child.

The students without disabilities have an average placement of 39 days while the students with a disability have an average placement of 84 days. In FY 2005, the average cost for a full-time equivalent student without a disability was \$13,638.26 while it was \$15,138.32 for a student with a disability.

The aid is paid as a reimbursement in the year following the year the services are provided.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8840, [http://education.state.mn.us/html/intro\\_support\\_special\\_ed.htm](http://education.state.mn.us/html/intro_support_special_ed.htm).



DEPT OF EDUCATION

Program: Special Programs

Activity: Children with Disabilities

Budget Activity Summary

Budget Activity Summary

*Dollars in Thousands*

		Current		November Forecast		Biennium
		FY 2006	FY 2007	FY 2008	FY 2009	2008-09
				FY 2008	FY 2009	FY2008-09
<b><i>Direct Appropriations by Fund</i></b>						
<b>General Fund</b>						
1	Current Appropriation	1,527	1,624	1,624	1,624	3,248
	a. End of Session Estimate			141	346	487
	b. Transfer per M.S. 127A.41	2				
	c. November Forecast Adjustment		(215)	(229)	(243)	(472)
2	<b>Forecast Base</b>	<b>1,529</b>	<b>1,409</b>	<b>1,536</b>	<b>1,727</b>	<b>3,263</b>
<b><i>District Revenue Summary (Entitlement Basis)</i></b>						
<b>AID</b>	<b>State Aid</b>					
3	Statutory Formula Aid	1,529	1,409	1,536	1,727	3,263
4	Statutory Excess/(Shortfall)	(2)	215			0
5	Appropriated Entitlement	1,527	1,624	1,536	1,727	3,263
6	Adjustments					
	b. Transfer per M.S. 127A.41	2				
	c. Appropriation Reduction		(215)			
7	<b>State Aid Entitlement Current Law</b>	<b>1,529</b>	<b>1,409</b>	<b>1,536</b>	<b>1,727</b>	<b>3,263</b>
<b><i>Appropriations Basis for State Aid</i></b>						
	Transfer per M.S. 127A.41	2				
	Current Year	1,527	1,409	1,536	1,727	3,263
	<b>Total State Aid - General Fund</b>	<b>1,529</b>	<b>1,409</b>	<b>1,536</b>	<b>1,727</b>	<b>3,263</b>

Activity Description

Citation: M.S. 125A.75, Subd. 1; P.L. 108-466, Part C

This state aid activity provides funding to assist school districts with travel costs for early childhood special education (ECSE) staff in delivering services to children and their families in home and community early childhood education program settings.

Activity at a Glance

Home-based travel for early childhood special education staff provide services in the home or community-based programs.

- ◆ 10,474 ECSE children served in FY 2005
◆ \$162,081 paid to districts in FY 2005

Population Served

Services are provided to children birth to five years with disabilities and their families who receive services in their homes or in community early childhood settings.

Services Provided

Travel for home-based services assures that all individuals from birth to five years of age with disabilities, and their families, have access to ECSE intervention services. For very young children, services may consist of parent consultation and training, as well as direct services to the child.

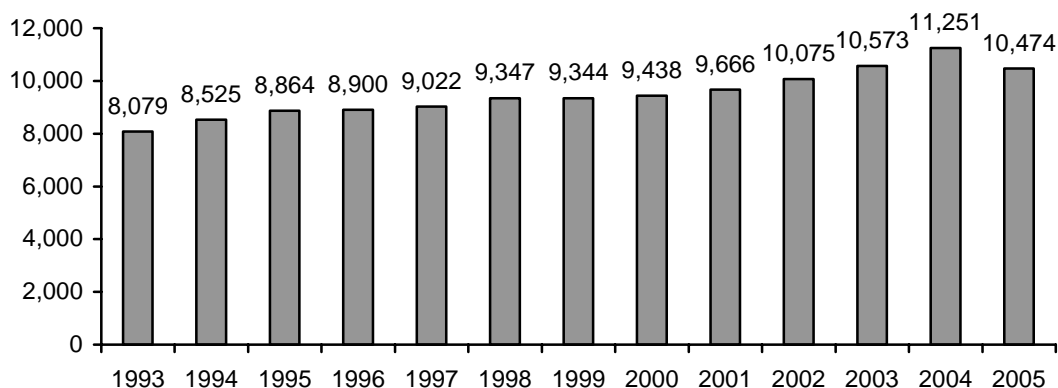
Federal funding under the Individuals with Disabilities Education Act (IDEA), (P.L. 108-466), the Preschool Incentive program (P.L. 108-466, Sec. 619), and the Infants and Toddlers program (P.L. 108-466, Part C) may also be used for this purpose.

Key Measures

=> The number of children, from birth to five years of age, identified as having disabilities and receiving special education services increased from 6,901 in FY 1991 to 10,474 in FY 2005. The majority of these services are provided in the child's home or in a center-based site in the community.

Key indicators and measures for special education programs are available in the Special Education - Regular budget narrative.

Number of Preschool Children (birth through age four) Receiving Special Education Services



## DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: TRAVEL FOR HOME-BASED SERVICES

Narrative

### Activity Funding

Under current law, the state must pay each district one-half of the sum actually expended by a district based on mileage for necessary travel of essential personnel providing home-based or community-based services to children with a disability under age five and their families.

The 2006 legislature clarified that home-based travel aid is calculated based on mileage. Districts cannot claim reimbursement for vehicle purchases or leases under this program.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the Minnesota Department of Education, Division of Special Education Policy, (651) 582-8590, [http://education.state.mn.us/mde/Learning\\_Support/Special\\_Education/index.html](http://education.state.mn.us/mde/Learning_Support/Special_Education/index.html).

DEPT OF EDUCATION

Program: Special Programs

Activity: Home Based Travel

Budget Activity Summary

Dollars in Thousands

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Appropriation Excluding Buyback	187				
2 Aid Payment Buyback	11				
3 Total Current Appropriation	198	195	195	195	390
a. November forecast		27	34	37	71
b. End of Session			8	16	24
c. Transfer per M.S. 124A.41	27				
4 Forecast Base	225	222	237	248	485
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>	<b>State Aid</b>				
5 Statutory Formula Aid	215	226	238	249	487
6 Statutory Excess/(Shortfall)	(27)	(30)			0
7 Appropriated Entitlement	188	196	238	249	487
8 Adjustments					
a. Excess Funds Transferred In/(Out)	27				
b. Supplemental Appropriation		30			
9 State Aid Entitlement Current Law	215	226	238	249	487
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	28	18	22	23	45
Transfer per M.S. 127A.41	27				
Current Year (90%)	170	204	215	225	440
<b>Total State Aid - General Fund</b>	<b>225</b>	<b>222</b>	<b>237</b>	<b>248</b>	<b>485</b>

**Activity Description**

**Citation:** M.S. 124D.454

The transition program for students with disabilities is a state aid program that provides additional funding for transitional career and technical (vocational) experiences/programs that provide career exploration, healthy work attitudes, specific career and academic knowledge, and job skills for students with disabilities.

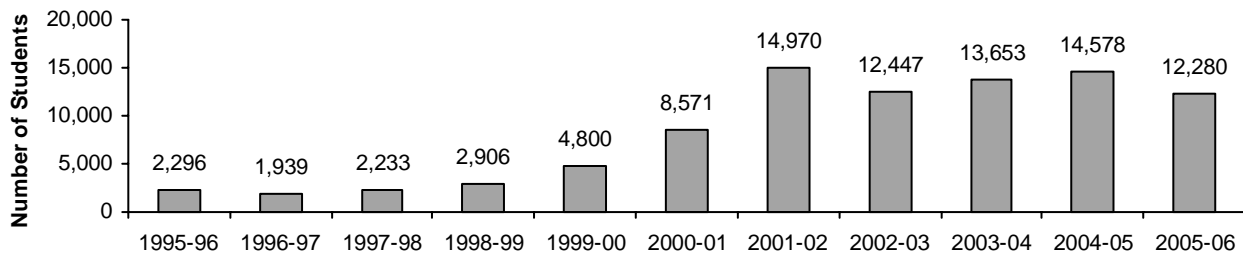
**Population Served**

This program serves students who meet state disability eligibility criteria according to M.S. 125A.02 and who have Individual Education Plans (IEP) that include work-based learning and require extra interventions not provided in regular work-based learning programs.

**Activity at a Glance**

- ◆ More than 12,000 high school students participate.
- ◆ Addresses part of the required elements under federal transition rules.
- ◆ Provides career and technical education opportunities for students whose disabilities merit a separate setting.
- ◆ Most students participate in community-based occupational experiences.

**Disabled Students Participating**



The significant change in participation between the 1999-2000 and 2001-2002 school years is primarily due to an updated data collection system was implemented in 2001 through which school districts gave a more accurate accounting of participation in this program.

**Services Provided**

Examples of special services offered to aid in career and technical student success are assessment of aptitude, abilities, and support needs; interpreters; career assessment; community-based work experience; and technical tutors/paraprofessionals.

This program provides students with disabilities opportunities to:

- ◆ explore career choices;
- ◆ acquire entry-level academic and technical skills for employment;
- ◆ learn problem-solving and communication skills appropriate to the IEP and employment standards;
- ◆ gain experience in the use of equipment that will be used in their chosen fields of study; and
- ◆ gain work experience in a real-world setting.

A student with a disability may be served in his/her district of residence, by cooperative efforts with other districts, through formally organized intermediate districts or cooperatives, or through contracts with community-based organizations. Many students with disabilities meet transition goals through regular career and technical education programs and do not require additional support through the transition disabled program.

Transition disabled programs:

- ◆ are state approved;
- ◆ are taught by appropriately licensed staff;

- ◆ report progress toward federal core indicators of academic and technical skill attainment, program completion, continuation into post-secondary education or employment, and participation in opportunities not traditional for the student's gender;
- ◆ must obtain separate state approval for expenditures on equipment or contracted services and must demonstrate need and effectiveness; and
- ◆ capitalize on the wealth of opportunities available through business/industry or other community-based settings.

### Historical Perspective

In the past, this program has been known as Secondary Vocational-Disabled, Secondary Vocational for Students With Disabilities, and School to Work for Students with Disabilities, and is now known as Transition Programs for Students With Disabilities.

### Key Measures

*Significantly increase the transition from education to employment for students with IEPs.*

⇒ In 2005, districts reported 16,491 students with disabilities participating in career and technical education programs, 13.1% of total career and technical education participants. Approximately, 75% of these students were in transition disabled programs.

### Activity Funding

School districts, intermediate districts, cooperatives, and other educational organizations must have program approval and must use appropriately licensed staff to qualify for program funding. State requirements specify that students with disabilities must be served in state-approved career and technical education programs if students are in employment relationships as part of their school learning experience.

State transition-disabled revenue is based on expenditures in the second prior year (base year). The base revenue resulting from the base year expenditures equals the sum of the following:

- ◆ 68% of salaries of essential personnel providing direct instructional services;
- ◆ 52% of the difference between an approved contract for services and basic revenue for that student for the fraction of the school day the student receives services;
- ◆ 47% of necessary equipment;
- ◆ 47% of teacher travel between instruction sites or to/from community-based learning sites;
- ◆ 47% of supplies not to exceed an average of \$47 per student with a disability;
- ◆ 52% of the contract amount for services by an organization, other than a Minnesota school district or cooperative, that are supplemental to the district education program; and
- ◆ 52% of the contract for vocational evaluation of a student not yet enrolled in 12th grade.

Per current law, the state total revenue equals the state total transition-disabled revenue for the previous year, times a growth factor, times the ratio of state total average daily membership (ADM) for the current year to the state total ADM for the previous year.

The state aid formula includes district expenditures in the second prior year (base year), adjustment for changes in student enrollment, and a statutory state total revenue.

The adjusted base year revenue equals the base revenue times the ratio of the district's ADM for the current year to the district's ADM in the base year. If the district base year revenue is zero, the current year revenue calculation is based on formula percentages applied to current year expenditures.

A school district's transition-disabled revenue equals the state total transition-disabled revenue, less new district revenue, times the ratio of the school district's adjusted base transition-disabled revenue to the state total adjusted base transition-disabled revenue.

**DEPT OF EDUCATION**

**Program: SPECIAL EDUCATION**

**Activity: TRANSITION DISABLED STUDENTS**

Narrative

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, Academic Standards and High School Improvement, Adult and Career Education, (651) 582-8330.

DEPT OF EDUCATION

Program: Special Programs

Activity: Transition for Disabled Students

Budget Activity Summary

Dollars in Thousands

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09 FY2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Appropriation Excluding Buyback	8,799				
2 Aid Payment Buyback	501				
3 Total Current Appropriation	9,300	8,781	8,781	8,781	17,562
a. End of Session Estimate		25	(3)	(3)	(6)
b. November Forecast Adjustment			18	9	27
c. Transfer per M.S. 127A.41	12				
4 Forecast Base	<b>9,312</b>	<b>8,806</b>	<b>8,796</b>	<b>8,787</b>	<b>17,583</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>	<b>State Aid</b>				
5 Statutory Formula Aid	8,812	8,806	8,795	8,786	17,581
6 Statutory Excess/(Shortfall)	(12)	(28)			0
7 Appropriated Entitlement	8,800	8,778	8,795	8,786	17,581
8 Adjustments					
a. Excess Funds Transferred In/(Out)	12				
b. Supplemental Appropriation		28			
9 State Aid Entitlement Current Law	8,812	8,806	8,795	8,786	17,581
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	1,380	880	880	879	1,759
Transfer per M.S. 127A.41	12				
Current Year (90%)	7,920	7,926	7,916	7,908	15,824
<b>Total State Aid - General Fund</b>	<b>9,312</b>	<b>8,806</b>	<b>8,796</b>	<b>8,787</b>	<b>17,583</b>



**Activity Description****Citation:** M.S. 125A.79, Subd. 4

This state aid program provides funding for school districts to pay the costs of providing special education programs to non-Minnesota students with disabilities when the providing school district is unable to collect tuition from the responsible state or agency.

**Activity at a Glance**

FY 2005 cost summary for non-Minnesota residents placed by the courts in Minnesota.

- ◆ Funded costs of 12 students (4.2 ADM)
- ◆ \$46,000 was paid to districts in FY 2006

**Population Served**

Minnesota school districts receive aid that would otherwise be subsidized by the district General Fund.

**Services Provided**

Minnesota school districts providing special education services to court placed nonresident students with disabilities are assured that they will receive revenue for services provided if out-of-state agencies fail to pay tuition bills. In addition to the tuition bills, the district submits to the agency the documentation of the efforts to collect the tuition from the student's resident district and state.

**Key Measures**

In FY 2005, 12 nonresident students (4.2 average daily membership [ADM]) were placed in Minnesota by the courts for services that were not paid by the resident non-Minnesota district or resident state. State aid of \$46,000 was paid in the following year, FY 2006, to reimburse districts for the cost of providing services to these non-resident students.

**Activity Funding**

To be eligible for this revenue, districts must document that they have admittance procedures designed to identify the agency responsible for the education costs and get commitment for payment of tuition from the agency prior to admitting the student into the program.

Beginning in FY 2002, this program was changed to reimburse school districts for prior year eligible costs.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8840.

DEPT OF EDUCATION

Program: Special Programs

Activity: Court Placed Special Education Revenue Budget Activity Summary

*Dollars in Thousands*

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	46	70	70	70	140
a. End of Session Estimate			2	4	6
b. Transfer per M.S. 127A.41	2				
2 Forecast Base	<b>48</b>	<b>70</b>	<b>72</b>	<b>74</b>	<b>146</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
3 Statutory Formula Aid	48	70	72	74	146
4 Statutory Excess/(Shortfall)	(2)				0
5 Appropriated Entitlement	46	70	72	74	146
6 Adjustments					
a. Transfer per M.S. 127A.41	2				
7 State Aid Entitlement Current Law	<b>48</b>	<b>70</b>	<b>72</b>	<b>74</b>	<b>146</b>
<b>Appropriations Basis for State Aid</b>					
Transfer per M.S. 127A.41	2				
Current Year	46	70	72	74	146
<b>Total State Aid - General Fund</b>	<b>48</b>	<b>70</b>	<b>72</b>	<b>74</b>	<b>146</b>

**Activity Description****Citation:** M.S. 125A.79, Subd.8

This state aid program provides education funding for Minnesota resident students placed in care and treatment facilities by court action in a state that does not have a reciprocity agreement.

**Activity at a Glance**

- ◆ 160 students (78.63 average daily membership) were placed out-of-state for care and treatment in FY 2005.

**Population Served**

Districts receive education funding for students placed in care and treatment facilities by court action in a state that does not have a reciprocity agreement.

**Services Provided**

The resident school district submits the balance of the tuition bills, minus the sum of basic general education revenue, special education base revenue, and any other aid earned on behalf of the child to the Minnesota Department of Education for payment.

**Historical Perspective**

This provision was enacted in 1999 to pay the costs of providing special education programs to Minnesota students with disabilities who are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement.

**Key Measures**

In FY 2005, 160 students were placed out-of-state for care and treatment.

**Activity Funding**

The aid revenue provided in statute is calculated by subtracting basic general education revenue, special education base revenue, and any other aid earned on behalf of the child from the tuition bill received by the school district. State aid is paid in the following year to reimburse school districts for the unreimbursed costs of providing special education programs to Minnesota students with disabilities who are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement.

Because data is not readily available prior to the end of the school year, this program was changed to reimburse school districts for eligible prior year costs beginning in FY 2003. FY 2005 program costs are funded in FY 2006.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the MDE, Division of Program Finance, (651) 582-8840, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/Special\\_Education/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/Special_Education/index.html).

DEPT OF EDUCATION  
 Program: SPECIAL EDUCATION  
 Activity: OUT OF STATE TUITION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	250	250	250	250	500
<b>Forecast Base</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>500</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	406	250	250	250	500
<b>Total</b>	<b>406</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>500</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	406	250	250	250	500
<b>Total</b>	<b>406</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>500</b>

**Activity Description**

This budget activity summarizes federal programs for special populations that fund activities throughout Minnesota.

**Special Education - Deaf/Blind P.L. 108-446 IDEA.**

To initiate and improve statewide educational services for children with deaf-blindness from birth to age 22. Technical assistance and staff development specific to deaf/blindness are provided to schools and families throughout Minnesota.

To provide transition services for Minnesota youth and young adults with deaf-blindness as they progress from secondary special education programs to post-secondary education, employment, and community living.

The specific program objectives are the same as stated under Special Education - Regular narrative. Special education programs are designed to prepare individuals with disabilities whose education needs are basic, ranging from self-care skills, to independent living skills, to preparation for sheltered employment, or employment in the community. Some will be prepared for and benefit from the full array of post-secondary education programs available.

**Special Education State Improvement Grant P.L. 108-446 IDEA.**

The State Improvement Grant (SIG) is a five-year grant that was received through a competitive process among states. The purpose of the grant is to bring about systemic change in identified statewide need areas in special education. The grant currently focuses on: 1) facilitating access to general education curriculum and achieving results for children and youth with disabilities; 2) fully implementing a coordinated, multidisciplinary interagency service system for children and youth with disabilities birth through 21 statewide; and 3) ensuring the availability of a qualified special education workforce in all regions and communities of Minnesota.

**Contact**

Additional information is available from the Minnesota Department of Education (651) 582-8397, [http://education.state.mn.us/html/intro\\_support\\_special\\_ed.htm](http://education.state.mn.us/html/intro_support_special_ed.htm).

**Activity at a Glance**

The federal programs in the narrative are:

- ◆ Special Education – Deaf/Blind
- ◆ Special Education State Improvement

DEPT OF EDUCATION  
 Program: SPECIAL EDUCATION  
 Activity: OTHER FEDERAL SPED PROGRAMS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Expenditures by Fund</u></b>					
Statutory Appropriations					
Federal	813	1,177	766	766	1,532
<b>Total</b>	<b>813</b>	<b>1,177</b>	<b>766</b>	<b>766</b>	<b>1,532</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	25	0	0	0	0
Local Assistance	788	1,177	766	766	1,532
<b>Total</b>	<b>813</b>	<b>1,177</b>	<b>766</b>	<b>766</b>	<b>1,532</b>

**Budget Activities**

- ⇒ Health and Safety Revenue
- ⇒ Debt Service Equalization
- ⇒ Alternative Facilities Aid
- ⇒ Telecommunications Access
- ⇒ Deferred Maintenance
- ⇒ Miscellaneous Facility Levies

DEPT OF EDUCATION

Program: FACILITIES & TECHNOLOGY

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	52,166	41,799	41,799	41,799	83,598
<b>Technical Adjustments</b>					
End-of-session Estimate			4,866	552	5,418
November Forecast Adjustment		(118)	(5,123)	(4,639)	(9,762)
<b>Forecast Base</b>	<b>52,166</b>	<b>41,681</b>	<b>41,542</b>	<b>37,712</b>	<b>79,254</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	52,100	41,681	41,542	37,712	79,254
<b>Total</b>	<b>52,100</b>	<b>41,681</b>	<b>41,542</b>	<b>37,712</b>	<b>79,254</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	52,100	41,681	41,542	37,712	79,254
<b>Total</b>	<b>52,100</b>	<b>41,681</b>	<b>41,542</b>	<b>37,712</b>	<b>79,254</b>
<b><u>Expenditures by Activity</u></b>					
Health & Safety Revenue	770	249	190	179	369
Debt Service Equalization	27,193	18,395	14,913	11,784	26,697
Alternative Facilities Aid	20,387	19,287	19,287	19,287	38,574
Telecommunications Access	3,750	3,750	3,750	3,750	7,500
Deferred Maintenance	0	0	3,402	2,712	6,114
<b>Total</b>	<b>52,100</b>	<b>41,681</b>	<b>41,542</b>	<b>37,712</b>	<b>79,254</b>



**Activity Description**

**Citation:** M.S. 123B.57

The Health and Safety program is a state aid and levy program to address facility and grounds issues that impact safety and health concerns.

**Population Served**

School districts with levy authority are eligible to participate in this program.

**Services Provided**

Program revenue may be used to address health and safety issues identified in M.S. 123B.57 in any existing public school building or site. However, the district must own or have contractually agreed to purchase (lease-purchase) any building or facility where program-funded remediations are made. New construction and portable classrooms are not eligible for funding. In addition (with the exception of calamity bonds), revenues cannot be used to make principal and/or interest payments on any other debt instrument.

<u>Activity at a Glance</u>	
FY 2005 (Actual)	
◆ Health and Safety Revenue	\$71,500,804
◆ State Aid	\$1,315,942
◆ Local Levy	\$70,184,862
◆ Number of Districts	323
◆ Expenditure by Project Type (\$ in millions)	
⇒ Indoor Air Quality	\$11.9
⇒ Physical Hazards	\$11.1
⇒ Fire Safety	\$18.4
⇒ Asbestos	\$12.6
⇒ Environment Management	\$12.3
⇒ Hazardous Substance	\$5.2

The program addresses a wide array of areas impacting environments, including the following:

- ◆ asbestos removal or encapsulation;
- ◆ hazardous substance, including provisions for fuel storage repairs, cleanup, or storage tank removal, and lead removal;
- ◆ fire safety, including compliance with state fire marshal orders;
- ◆ environmental health and safety management; and
- ◆ physical hazard control, including indoor air quality.

The program was modified by the 2003 legislature by transferring funding for large projects (over \$500,000 per building) from the health and safety program to the alternative facilities/health and safety program. While these projects are still approved within the existing health and safety system, districts now have the ability to issue bonds or make an annual levy to fund large projects over a longer period of time.

**Historical Perspective**

The predecessor to the program began in 1985 as a hazardous substance removal program. The health and safety program, as it is now known, began in FY 1990 when the hazardous substance revenue program was expanded to include fire and life safety. Major changes to the program since that time have included expansion to cover costs related to:

- ◆ environmental management and physical hazards (FY 1994);
- ◆ the Indoor Air Quality in Schools Act (FY 1990);
- ◆ member district's share of the three intermediate (cooperative) district's health and safety costs (FY 2001); and
- ◆ the alternative facility funding mechanism (FY 2003) .

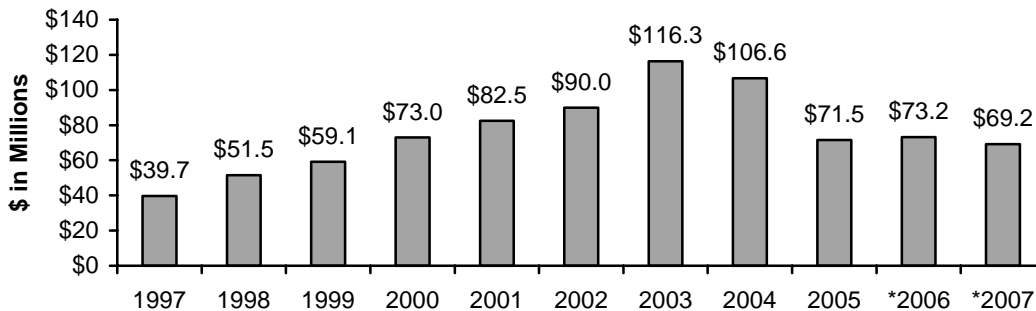
**Key Measures**

The program has facilitated the removal or remediation of a variety of hazards from school facilities. A breakdown of health and safety expenditures by category is provided on the following page.

**Health and Safety Expenditures Categories  
FY 2005 Total: \$71.5 million**



**Health and Safety Expenditures by Fiscal Year**



Total district expenditures for health and safety exceeded the \$100 million mark in FY 2003 and FY 2004. Expenditures declined in FY 2005, primarily due to the transfer of funding for large projects to the alternative facility program/health and safety, rather than within health and safety revenue. For the period FY 2006-09, expenditures are forecast to stabilize at approximately the FY 2005 level.

**Activity Funding**

The formula for annual health and safety revenue is based on cumulative approved hazardous substance/health and safety expenditures for the period 1985-current, less cumulative revenues for the same period. Districts are eligible to receive 100% of approved project costs through a combination of state aid and local property tax levies. For FY 2003 and later, the state and local shares of health and safety revenue are determined using an equalizing factor of \$2,935. The local share equals the product of the revenue times the lesser of one or the ratio of the districts adjusted net tax capacity (ANTC) per adjusted marginal cost pupil unit to \$2,935. State aid equals the annual revenue less local levy. Due to increasing property values and stable equalizing factor, the state aid share of revenue has decreased significantly from FY 2002 to present and most school districts support the program entirely through property tax levies. In FY 2005, the state share equaled approximately 1.8% of revenue.

**DEPT OF EDUCATION**

**Program: FACILITIES & TECHNOLOGY**

**Activity: HEALTH & SAFETY REVENUE**

Narrative

**State-Local Share of Health and Safety Revenue**

	Dollars in Thousands							
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Est.</u> <u>FY 2006</u>	<u>Est.</u> <u>FY 2007</u>	<u>Est.</u> <u>FY 2008</u>	<u>Est.</u> <u>FY 2009</u>
<b>Total Revenue</b>								
Amount	\$80,398	\$116,265	\$106,581	\$71,501	\$73,239	\$69,200	\$70,584	\$71,996
# of Districts	327	323	339	333	330	330	330	330
<b>Levy</b>								
Amount	\$70,440	\$109,045	\$101,815	\$70,185	\$72,558	\$68,885	\$70,339	\$71,787
# of Districts	327	323	339	333	330	330	330	330
<b>State Aid</b>								
Amount	\$9,958	\$7,221	\$4,766	\$1,316	\$681	\$315	\$245	\$209
# of Districts	230	162	116	75	60	55	50	45

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8319, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

DEPT OF EDUCATION

Program: Facilities & Technology

Activity: Health & Safety

Budget Activity Summary

Dollars in Thousands

		Current		November Forecast		Biennium
		FY 2006	FY 2007	FY 2008	FY 2009	2008-09
						FY2008-09
<b>Direct Appropriations by Fund</b>						
<b>General Fund</b>						
1	Appropriation Excluding Buyback	784				
2	Aid Payment Buyback	39				
3	Total Current Appropriation	823	352	352	352	704
	a. End of Session Estimate		(103)	(91)	(133)	(224)
	b. November Forecast Adjustment			(71)	(40)	(111)
	c. Cancellation	(53)				
4	Forecast Base	770	249	190	179	369
<b>District Revenue Summary (Entitlement Basis)</b>						
<b>AID</b>		<b>State Aid</b>				
5	Statutory Formula Aid	627	201	188	178	366
6	Statutory Excess/(Shortfall)	53	114			0
7	Appropriated Entitlement	680	315	188	178	366
8	Adjustments					
	a. Appropriation Reduction		(114)			
	b. Cancellation	(53)				
9	State Aid Entitlement Current Law	627	201	188	178	366
<i>plus</i>						
<b>LEVY</b>		<b>Levy</b>				
10	Local Levy Current Law	63,156	55,279	57,793	58,963	116,756
<i>equals</i>						
<b>REVENUE</b>	11 Current Law Revenue (State Aid & Levy)	63,783	55,480	57,981	59,141	117,122
<b>Appropriations Basis for State Aid</b>						
	Prior Year (15.7%/10%)	211	68	20	18	38
	Current Year (90%)	612	181	170	161	331
	Cancellation	(53)				
	<b>Total State Aid - General Fund</b>	<b>770</b>	<b>249</b>	<b>190</b>	<b>179</b>	<b>369</b>

**Activity Description**

**Citation:** 123B.53; 123B.55

Debt service equalization is a state aid and local levy program that helps to ensure that all school districts, regardless of property wealth, can provide adequate educational facilities for their students. The equalization formula facilitates the betterment and/or expansion of school facilities by providing debt service aid to districts with a low to moderate tax base per pupil unit. Some districts with a relatively high tax base per pupil unit can still qualify for debt service aid if they have a relatively high debt burden.

**Activity at a Glance**

Estimated FY 2007	
◆ Districts having debt levies	290
◆ Districts receiving aid	73
◆ Average amount of aid received by a district	\$248,288
◆ Percentage of eligible debt service revenue paid by state aid	2.5%

School districts must receive approval from a majority of those voting in a school bond referendum before issuing bonds to construct, acquire, or improve school facilities. Exceptions include alternative facilities bonding and special legislation for Minneapolis and St. Paul.

**Population Served**

This program serves all public school students and communities in Minnesota. School districts with a relatively high debt service tax rate and low to moderate tax base per pupil unit may receive aid to offset property owner's tax burden.

**Services Provided**

The debt service program includes several components and is financed through a combination of state aid and local property tax levies. The following table shows the state total revenue and number of districts participating in each component for FY 2007 (taxes payable in 2006)

**Debt Service Revenue Components, FY 2007 - (\$ in Thousands)**

<u>Funding Category</u>	<u>Total Amount</u>	<u>No. of Districts</u>
<i>Aid Eligible Revenue Components</i>		
1. Required Debt Service Levy-Eligible <sup>1</sup>	\$ 648,075	281
2. Maximum Effort Levy Above Required	963	18
3a. Req. Debt Service for Alt. Facilities <sup>2</sup>	45,751	15
3b. Alt. Facilities Annual Levy <sup>2</sup>	46,776	11
4a. Req. Debt Service for Alt. Fac./H&S	15,065	29
4b. Alt. Fac./H&S Annual Levy	4,735	10
5. Energy Conservation	469	68
6. Lease Purchase-Eligible	34,665	5
7. Net Debt Excess-Eligible	(25,160)	117
8. Gross Equalization Revenue <sup>3</sup>	786,338	290
<i>Aid Ineligible Revenue Components</i>		
9. Required Debt Service Levy-Ineligible	20,960	28
10. Additional Maximum Effort Levy	920	12
11. Req. Debt Service Levy for Equipment Bonds	746	6
12. Req. Debt Service for Facilities Bonds	5,706	49
13. Lease Purchase-Ineligible	1,731	3
14. Net Debt Excess-Ineligible	64	8
15. Total Ineligible Revenue	30,128	83

<sup>1</sup> Includes net taconite debt service levy.

<sup>2</sup> Net amount after alternative facilities aid – see Alternative Facilities Bonding narrative

<sup>3</sup> Sum of lines 1, 2, 3a, 3b, 4a, 4b, 5, 6, 7

# DEPT OF EDUCATION

Program: FACILITIES & TECHNOLOGY

Activity: DEBT SERVICE EQUALIZATION

Narrative

## Key Measures

Statewide debt service revenue continues to increase as shown in the table below. The table also illustrates the state/local share of debt service revenue. The unequalized local portion of debt service revenue, 15% of the district's Adjusted Net Tax Capacity (ANTC), makes up the majority of total revenue. The equalized local portion is defined as the local share beyond the 15% of the ANTC.

### Debt Service Revenue

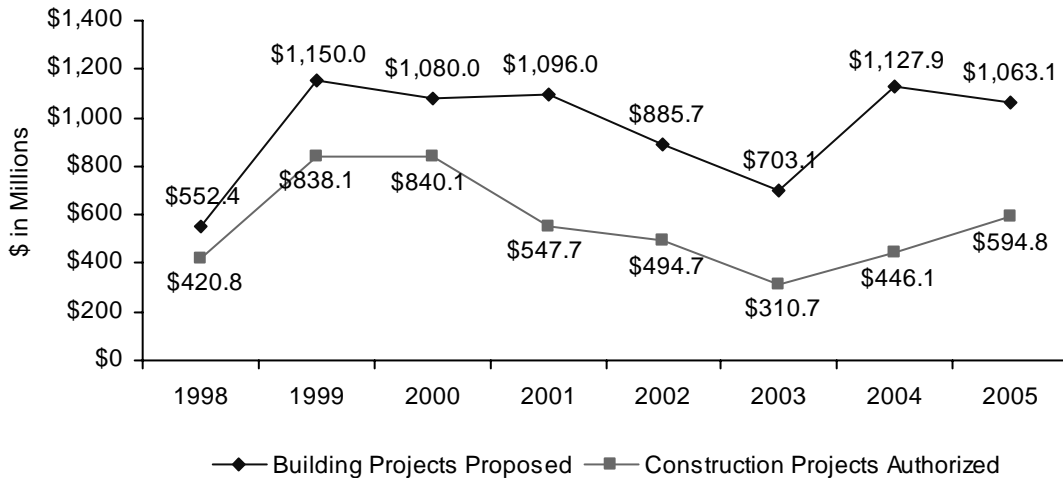
	Dollars in Millions						
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Unequalized Local Portion	\$343.0	\$409.2	\$440.1	\$474.4	\$514.5	\$560.4	\$606.5
Equalized Local Portion	58.1	51.3	66.0	111.0	100.0	127.8	100.9
Debt Service Aid	<u>29.0</u>	<u>25.7</u>	<u>33.0</u>	<u>37.5</u>	<u>29.3</u>	<u>25.1</u>	<u>17.7</u>
TOTAL Debt Service Revenue	\$430.1	\$486.2	\$539.1	\$622.9	\$643.8	\$713.3	\$725.1

- ⇒ Legislative overhaul of the debt service equalization formula was accomplished in 2001. A new two-tiered equalization formula was created to target districts with low to moderate tax bases and/or districts with a relatively high debt burden.
- ⇒ As a result of the new two-tiered equalization formula total debt service aid reversed its downward trend in FY 2003 and FY 2004. In FY 2005, debt service aid again began to fall due to ANTC increases.
- ⇒ In percentage terms, the state's share of eligible debt service revenue decreased from 6.1% in FY 2003 to 2.5% in FY 2007. From FY 2003 to FY 2007, this percentage naturally decreased with increases in tax capacity and an essentially constant debt-equalizing factor.

## Historical Perspective

- ⇒ Historically, facility acquisition and betterment was considered solely a local responsibility and no state aid equalization was provided. In 1992, a debt service equalization program was enacted. In 2001, a second tier was added to the debt service equalization formula to provide targeted tax relief to school districts with eligible debt service revenue exceeding 25% of district ANTC.
- ⇒ The change to the two-tiered debt service equalization formula has led to a noticeable increase in individual bond issue size. Much of this can be ascribed to the new equalization formula in combination with a smaller equalization factor for the health and safety aid program. These two factors provide incentives for districts to seek voter approval for a majority of facility needs in order to maximize debt service aid.
- ⇒ The graph below shows construction trends over the last eight calendar years. The top line on the graph is the total dollars proposed in that calendar year that received a positive review and comment. The bottom line is the dollar amount approved by local voters. FY 1998-2003 includes only facility construction/renovation resulting from bonding elections. FY 2004-2006 includes not only bonding elections, but also alternative facility and capital project referendums subject to review and comment.

**Minnesota School Construction Trends  
Requiring Voter Approval**



**Activity Funding**

**Revenue Components**

**Required Debt Service Levy (M.S. 123B.55; 475.61).**

⇒ A school district must levy for the principal and interest payments on its general obligation bonds, plus an additional 5% to cover potential tax delinquencies, for the following fiscal year. The required debt service levy for all years is established and approved by the local school board at the time that bonds are sold.

**Maximum Effort Debt Service Levy (applies to Capital Loan Districts) (M.S. 126C.63, Subd. 8).**

- ⇒ Districts with an outstanding state capital loan and/or debt service loan must levy for debt service a minimum of 28% or 32% of the latest ANTC (the 32% of ANTC applies only to capital loans issued after 2001; all others are 28%). This amount is referred to as a district's maximum effort.
- ⇒ The maximum effort debt service levy cannot exceed the amount beyond the required debt service levy that is needed to retire all outstanding state loans. If the maximum effort debt service levy is greater than the required debt service levy, then the difference is included in computing debt service aid.
- ⇒ If, after debt service aid is subtracted, the net eligible debt service levy is less than the maximum effort debt service levy, there is an additional maximum effort debt service levy, such that the net eligible debt service levy is not less than maximum effort debt service levy. The additional maximum effort debt service levy is not included in computing debt service equalization aid.

**Required Debt Service Levy for Equipment Bonds (M.S. 123B.61).**

- ⇒ A school district, with the approval of the commissioner and without voter approval, may issue certificates of indebtedness or capital notes to purchase capital equipment. The certificates or notes must be repaid within five years or less.
- ⇒ A school district must annually levy the amount needed to retire the certificates of indebtedness or capital notes. The district's general fund levy is correspondingly reduced by the same amount. As an end result, districts do not receive additional revenue to repay these obligations.

**Required Debt Service Levy for Facilities Bonds (M.S. 123B.62).**

- ⇒ A school district, with the approval of the commissioner and without voter approval, may issue bonds to provide funds for capital improvements to facilities. Issuance of the bonds is subject to a reverse referendum.
- ⇒ A school district must annually levy the amount needed to retire the facility bond or note. The district's general fund levy is correspondingly reduced by the same amount. As an end result, districts do not receive additional revenue to repay these obligations.

**Alternative Facilities Bonding and Levy (M.S. 123B.59, Subd. 1).**

- ⇒ Large school districts with over 1.85 million square feet of space and an average building age of 15 years or older, or over 1.5 million square feet of space and an average building age of 35 years or older, and a 10-year facility plan approved by the commissioner, may issue bonds or annually levy for health and safety, disabled access, and deferred maintenance projects specified in the approved plan.
- ⇒ Debt service levies made under this program are eligible for Tier 1 debt service equalization aid.
- ⇒ See the Alternative Facilities Bonding narrative for more information.

**Alternative Facilities/Health and Safety (M.S. 123B.59, Subd. 1).**

- ⇒ Health and safety projects over \$500,000 per building approved after 2-1-2003 are to be financed by alternative facility bonding or an annual levy.
- ⇒ Levies made under this program are eligible for Tier 1 debt service aid.
- ⇒ See the Alternative Facilities Bonding narrative for more information.

**Energy Conservation (M.S. 126C.40, Subd. 5).**

- ⇒ School districts must levy for the amount needed to repay the annual principal and interest on state energy conservation loans and other loans approved on or before 3-1-1998 under M.S. 216C.37. This levy is included in computing debt service equalization aid.
- ⇒ There is no levy authority for energy conservation loans approved after 3-1-1998. Districts receiving these loans must annually transfer from the General Fund to the debt redemption fund the amount needed to pay the principal and interest on the loans.

**Lease Purchase (M.S. 126C.40, Subd. 2 and 6).**

- ⇒ Eligible school districts must levy the amount needed for payments on lease purchase agreements approved by the commissioner prior to 7-1-1990. In addition, certain districts with a desegregation plan, may levy for lease purchase costs for more recent facility acquisitions. This levy is included in computing debt service equalization aid.
- ⇒ Selected districts have specific lease purchase levy authority that is ineligible for debt service equalization. Districts 622, 833, and 834 levy for the acquisition of the Valley Crossing Elementary School in Woodbury. District 622 has special legislation for a lease purchase levy.

**Debt Excess (M.S. 475.61, Subd. 3).**

- ⇒ The net debt excess in the debt redemption fund, other than for capital loan districts, is certified by the commissioner to the county auditor. The county auditor reduces the debt service levy by the amount of the debt excess certified.
- ⇒ With the approval of the commissioner, some districts may be authorized to retain all or a portion of the debt excess in the debt redemption fund.
- ⇒ Districts with outstanding capital or debt service loans are required to remit the debt excess amount to the commissioner as payment on their capital and/or debt service loans.

**Debt Service Loan (M.S. 126C.68).**

- ⇒ School districts with a very large debt service levy relative to their tax base may qualify for a debt service loan. The amount of the loan reduces the debt service levy of the district.
- ⇒ Districts receiving a debt service loan are required to levy each year an amount at least equal to the maximum effort debt service levy until the loan is retired.



**Gross Equalization Revenue** (M.S. 123B.53, Subd. 1).

- ⇒ For districts without capital loans, the gross equalization revenue equals the sum of the following.
  - ◆ the eligible required debt service levy
  - ◆ the gross annual (pay as you go) alternative facilities levy
  - ◆ the energy conservation levy
  - ◆ the eligible lease purchase levy
- ⇒ For capital loan districts the maximum effort debt service levy applies in addition to the components mentioned above.

**Funding Source****Debt Service Equalization Revenue** (M.S. 123B.53, Subd. 1).

- ⇒ A district's net debt service equalization revenue equals the gross equalization revenue from above, minus the district's unequalized local share (an amount equal to 15% of the district's ANTC).

**Debt Service Equalization Aid** (M.S. 123B.53, Subd. 1).

- ⇒ The current equalization formula has two tiers of equalization. Prior to reaching the first tier, a district must levy 15% of its ANTC. The first tier is defined as 15%-25% of ANTC and the second tier as anything above 25% of ANTC (excluding levies made under the alternative facilities program, which are included in Tier 1 even if the amount exceeds 25%).
- ⇒ Once the eligible debt service revenue by tier has been determined, the equalization factors are applied to each tier. The first tier equalization factor is \$3,200 and the second tier equalization factor is \$8,000. The equalization formula incorporates the equalization factors and is used to determine the levy ratio (or percentage) of eligible revenue in each tier to be paid by local taxpayers. The remaining percentage is paid by state aid.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8319, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

DEPT OF EDUCATION

Program: Facilities & Technology

Activity: Debt Service Equalization

Budget Activity Summary

Dollars in Thousands

		Current		November Forecast		Biennium
		FY 2006	FY 2007	FY 2008	FY 2009	2008-09
						FY2008-09
<b>Direct Appropriations by Fund</b>						
<b>General Fund</b>						
1	Appropriation Excluding Buyback	25,786				
2	Aid Payment Buyback	1,421				
3	Total Current Appropriation	27,207	18,410	18,410	18,410	36,820
	a. End of Session Estimate			1,555	(2,312)	(757)
	b. November Forecast Adjustment		(15)	(5,052)	(4,314)	(9,366)
	d. Cancellation	(13)				0
4	<b>Forecast Base</b>	<b>27,194</b>	<b>18,395</b>	<b>14,913</b>	<b>11,784</b>	<b>26,697</b>
<b>District Revenue Summary (Entitlement Basis)</b>						
<b>AID</b>	<b>State Aid</b>					
5	Statutory Formula Aid	25,044	17,656	14,608	11,471	26,079
6	Statutory Excess/(Shortfall)	13	17			
7	Appropriated Entitlement	25,057	17,673	14,608	11,471	26,079
8	Adjustments					
	a. Appropriation Reduction		(17)			
	b. Cancellation	(13)				
9	<b>State Aid Entitlement Current Law</b>	<b>25,044</b>	<b>17,656</b>	<b>14,608</b>	<b>11,471</b>	<b>26,079</b>
<i>plus</i>						
<b>LEVY</b>	<b>Levy</b>					
10	Local Levy Current Law	569,019	621,090	662,904	699,018	1,361,922
<i>equals</i>						
<b>REVENUE</b>	11 Current Law Revenue (State Aid & Levy)	594,063	638,746	677,512	710,489	1,388,001
<b>Appropriations Basis for State Aid</b>						
	Prior Year (15.7%/10%)	4,654	2,504	1,765	1,460	3,225
	Current Year (90%)	22,552	15,891	13,148	10,324	23,472
	Cancellation	(12)				
	<b>Total State Aid - General Fund</b>	<b>27,194</b>	<b>18,395</b>	<b>14,913</b>	<b>11,784</b>	<b>26,697</b>

**Activity Description**

**Citation:** M.S. 123B.59

The alternative facilities program is a state aid and local levy program that applies to two different groups of school districts. It enables large school districts (1A districts) qualifying under M.S. 123B.59, subd. 1a, to complete deferred maintenance, health and safety, and disabled accessibility projects that cannot be completed with other available funds. For smaller school districts (1B districts) qualifying under M.S. 123B.59, subd. 1b, it provides a method of financing larger scale health and safety projects.

**Activity at a Glance**

**Alt. Facility Districts – 1A**

- ◆ Number of eligible large districts 21
- ◆ Minimum square feet required 1.5 million

**Alt. Facility Districts - 1B**

- ◆ Number of districts participating for FY 2005 (health and safety projects) 19
- ◆ Average annual alternative facility bond Payment (FY 2005) \$354,400

**Population Served**

In 2003, the program was modified to allow all school districts to issue bonds or make a pay-as-you-go levy. However, 1B districts, or districts other than the 21 listed below, are limited to projects of \$500,000 or more per building approved under the health and safety program.

The following districts are currently eligible and participating in the 1A program. Districts that have issued debt under the program are designated with a number one (1). Districts making an annual pay-as-you-go levy are designated with a number two (2). In addition, districts marked with an asterisks (\*) below, receive aid based upon their payable 1997 levy for bonded alternative facility debt and/or aid based upon one-sixth of their payable 1998 pay-as-you-go levy.

Anoka-Hennepin <sup>2*</sup>	Bloomington <sup>1 2*</sup>	Burnsville <sup>2</sup>	Duluth <sup>1 2*</sup>
Minneapolis <sup>1*</sup>	North St. Paul <sup>1</sup>	Osseo <sup>2</sup>	Robbinsdale <sup>1 2*</sup>
Rochester <sup>1 2*</sup>	Rosemount <sup>1 2</sup>	St. Cloud <sup>2</sup>	St. Paul <sup>1*</sup>
South Washington <sup>1 2</sup>	Stillwater <sup>1</sup>	White Bear Lake <sup>1</sup>	Hopkins <sup>1</sup>
Mounds View <sup>1</sup>	Roseville <sup>2</sup>	Minnetonka <sup>1</sup>	Elk River <sup>1</sup>
Lakeville <sup>1</sup>			

1A districts must meet one of the following criteria to be eligible:

- ◆ have at least 1.85 million square feet of space and an average building age of at least 15 years; or
- ◆ have at least 1.5 million square feet of building space and average building age of at least 35 years.

Stillwater has received special legislation allowing the district to participate in this program. FY 2004 was the first year of eligibility for White Bear Lake and Roseville, while Mounds View and Minnetonka became eligible in FY 2005. The three newest members, Elk River, Hopkins, and Lakeville, became eligible in FY 2006.

**Services Provided**

To receive alternative bonding revenue, 1A districts must submit a 10-year facility plan and 1B districts must submit a five-year plan to the Minnesota Department of Education (MDE) for approval. The plan must describe eligible projects and the district's timetable for undertaking them. Once MDE approval is obtained, the district must decide if it will:

- ◆ issue bonds to finance improvements and retire them over time with a debt service levy,
- ◆ make an annual general fund (pay-as-you go) levy to fund projects on an annual basis, or
- ◆ some combination of these two options.

Voter approval is not required to access this revenue. This program is funded by a combination of state aid and local property tax levies. Debt service levies under this program qualify for Tier 1 debt service equalization. In FY 2005, none of the 1A districts and only one of the 1B districts have qualified for debt service aid. For both district types, alternative facilities revenue may not be used for the construction of new facilities or the purchase of portable classrooms.

# DEPT OF EDUCATION

Program: **FACILITIES & TECHNOLOGY**

Activity: **ALTERNATIVE FACILITIES AID**

Narrative

## Historical Perspective

- ⇒ The program was originally enacted by the 1993 legislature. Initially, districts were allowed to apply their health and safety revenue alternatively toward facilities maintenance, health and safety, and disabled access projects.
- ⇒ For FY 1995, eligible districts were allowed to issue bonds and levy for debt service or make an annual pay-as-you-go levy up to the amount of their health and safety revenue for FY 1993.
- ⇒ The 1997 legislature authorized state funding equal to 100% of the districts' annual alternative bonding debt service costs, not to exceed the amount of the debt service levy for taxes payable in 1997.
- ⇒ The 1998 legislature authorized state funding for districts making an annual pay-as-you-go levy equal to one-sixth of the levy for taxes payable in 1998.
- ⇒ Eight districts have been added to the list of eligible districts as a result of 2001 legislative action that includes districts with 1.5 million square feet or more and a building age of at least 35 years.
- ⇒ The 2003 legislature provided limited participation beginning in FY 2005 to all districts for health and safety projects of \$500,000 or more per building.

## Key Measures

The alternative facilities program enables large districts to complete necessary facilities maintenance in a timely manner without the need for voter approval. The program facilitates a long-term approach to building upkeep and is intended to promote cost-effective scheduling of needed repairs. Smaller districts are able to use the program for long-term financing of major health and safety projects, but are not eligible for other portions of the program.

## Activity Funding

District revenue is determined by local school boards. Local decisions are impacted by building conditions, the financial condition of the district, and local property tax impact.

A district's alternative facilities aid for the seven eligible 1A districts is the sum of:

- ◆ 100% of the district's annual debt service costs, not to exceed the amount certified to be levied for those purposes for taxes payable in 1997; and
- ◆ one-sixth of the annual pay-as-you-go levy certified for taxes payable in 1998, not to exceed 100% of the current annual levy.

The table below shows the breakdown of total alternative facility aid and levy by fiscal year for the 21 large (1A) alternative facility districts. Note that the total alternative facility aid includes two components, general alternative facility aid and debt aid on bonded alternative facility debt levy. The general fund alternative facilities levy is reduced for debt service equalization aid.

### Alternative Facilities Revenue – Large (1A) Districts

Dollars in Thousands

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Debt Levy	\$29,533	\$30,267	\$35,963	\$41,628	\$45,751	\$48,496	\$51,891
Debt Aid	16,456	16,456	16,456	16,456	16,456	16,456	16,456
General Fund Levy	38,845	40,151	47,832	53,393	61,776	76,000	84,361
Gen. Alt. Fac. Aid	2,830	2,830	2,830	2,830	2,830	2,830	2,830
Gen. Debt. Eq. Aid	<u>839</u>	<u>88</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL</b>	<b>\$88,503</b>	<b>\$89,792</b>	<b>\$103,081</b>	<b>\$114,307</b>	<b>\$126,813</b>	<b>\$143,782</b>	<b>\$155,538</b>

**DEPT OF EDUCATION****Program: FACILITIES & TECHNOLOGY****Activity: ALTERNATIVE FACILITIES AID**

Narrative

The table below shows the FY 2007 breakdown of aid and levy for the (1B) Alternative Facility/Health and Safety program.

**FY 2007 Alternative Facility/Health and Safety Revenue**

	Dollars in Thousands		
	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Bonded Debt Levy	\$ 4,357	\$ 8,073	\$14,976
Bonded Debt Aid	-0-	-0-	-0-
Pay-As-You-Go Levy	9,828	5,811	4,735
Pay-As-You-Go Debt Service Aid	352	-0-	-0-

Through FY 2007, 29 1B districts have issued bonds to fund eligible projects. An additional 10 1B districts made a pay-as-you-go levy to fund FY 2007 projects.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8319, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

DEPT OF EDUCATION  
 Program: Facilities & Technology  
 Activity: Alternative Facilities

Budget Activity Summary

*Dollars in Thousands*

	Current		November Forecast		Biennium	
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09	
<b>Direct Appropriations by Fund</b>						
<b>General Fund</b>						
1 Appropriation Excluding Buyback	19,287					
2 Aid Payment Buyback	1,100					
3 Total Current Appropriation	20,387	19,287	19,287	19,287	38,574	
4 Forecast Base	<b>20,387</b>	<b>19,287</b>	<b>19,287</b>	<b>19,287</b>	<b>38,574</b>	
<b>District Revenue Summary (Entitlement Basis)</b>						
<b>AID</b>	<b>State Aid</b>					
5 Statutory Formula Aid	19,287	19,287	19,287	19,287	38,574	
6 Statutory Excess/(Shortfall)					0	
7 Appropriated Entitlement	19,287	19,287	19,287	19,287	38,574	
8 Adjustments						
9 State Aid Entitlement Current Law	19,287	19,287	19,287	19,287	38,574	
<i>plus</i>						
<b>LEVY</b>	<b>Levy</b>					
10 Local Levy Current Law	41,628	49,308	61,926	73,683	135,609	
<i>equals</i>						
<b>REVENUE</b>	11 Current Law Revenue (State Aid & Levy)	60,915	68,595	81,213	92,970	174,183
<b>Appropriations Basis for State Aid</b>						
	Prior Year (15.7%/10%)	3,028	1,928	1,928	1,928	3,856
	Current Year (90%)	17,359	17,359	17,359	17,359	34,718
	<b>Total State Aid - General Fund</b>	<b>20,387</b>	<b>19,287</b>	<b>19,287</b>	<b>19,287</b>	<b>38,574</b>

**Activity Description**

**Citation:** M.S. 125B.26

This program provides telecommunication and internet access funding for all public and nonpublic schools in Minnesota.

**Population Served**

All public school districts and charter schools in Minnesota are eligible for participation in this program. Nonpublic schools, excluding home schools, participate in this program by formally requesting participation from the public school district.

**Activity at a Glance**

New program in FY 2006

- ◆ Participation included 283 school districts and 113 nonpublic schools.
- ◆ \$6.6 million in eligible costs after E-rate reported.

**Services Provided**

Costs eligible for reimbursement under this program are limited to the following:

- ◆ ongoing or recurring telecommunications/internet access costs associated with internet access, data lines, and video links providing: a) the equivalent of one data line, video link, or integrated data/video link for each elementary school, middle school, or high school under section 120A.05, subdivisions 9, 11, and 13; or b) the equivalent of one data line or video circuit, or integrated data/video link for each district and ongoing internet access service fees;
- ◆ recurring costs of contractual or vendor-provided maintenance on the school district's wide area network;
- ◆ recurring costs of cooperative, shared arrangements for regional delivery of telecommunications/internet access between school districts, postsecondary institutions, and public libraries; and
- ◆ service provider installation fees for installation of new telecommunications lines or increased bandwidth.

The commissioner has developed criteria for approving costs submitted by organized school districts and charter schools.

**Key Measures**

*Increase participation in this program for funding assistance to provide telecommunications access to students throughout Minnesota.*

- ⇒ 475 school districts and charter schools are eligible to submit costs and 283 participated in 2006.
- ⇒ 510 nonpublic schools are eligible to submit costs and 113 participated in 2006.
- ⇒ Eligible costs for FY 2006 total \$13.5 million before E-rate discounts are subtracted.

**Activity Funding**

To be eligible for aid under this provision, a district or charter school is required to file a federal E-rate application and have a current technology plan on file with the department.

A district, charter school, or nonpublic school is required to submit its actual telecommunications/internet access costs for the previous fiscal year, adjusted for any E-rate revenue received, to the department by August 15 of each year as prescribed by the commissioner. Districts or charter schools that are members of a telecommunications cluster may rely on their cluster to report cost information to the department.

A district or charter school's internet access equity aid equals the district or charter school's approved cost after subtraction of federal E-rate discounts for the previous fiscal year exceeding \$15 times the district's adjusted marginal cost pupil units (AMCPU) for the previous fiscal year. Districts or charter schools that are members of a telecommunication cluster are not subject to the \$15 \* AMCPU reduction in eligible costs.

**Telecommunication Access Grants Participation and Funding**

<b>Organizations Applying for Aid</b>	<b>Number of Applicants</b>	<b>Number of Applicants Receiving Aid</b>
Independent School Districts – no cluster affiliation	53	13
Independent School Districts – with cluster affiliation	229	229
Charter Schools	1	-0-
Nonpublic Schools	108	25

The amount of telecommunications access aid for nonpublic school equals the lesser of: 1) 90% of the nonpublic school's approved cost for the previous fiscal year exceeding \$10 times the number of weighted pupils enrolled at the nonpublic school; or 2) the public school district of residence telecomm access aid per pupil unit multiplied by the number of weighted pupils enrolled at the nonpublic school.

Each year, a district providing services to a nonpublic school may claim up to 5% of the aid determined in the formula for nonpublic students for costs of administering the telecommunication/internet access aid to nonpublic schools.

**Contact**

Additional information is available from the MDE, School Improvement, (651) 582-8827.



DEPT OF EDUCATION  
 Program: FACILITIES & TECHNOLOGY  
 Activity: TELECOMMUNICATIONS ACCESS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	3,750	3,750	3,750	3,750	7,500
<b>Forecast Base</b>	<b>3,750</b>	<b>3,750</b>	<b>3,750</b>	<b>3,750</b>	<b>7,500</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	3,750	3,750	3,750	3,750	7,500
<b>Total</b>	<b>3,750</b>	<b>3,750</b>	<b>3,750</b>	<b>3,750</b>	<b>7,500</b>
 <b><u>Expenditures by Category</u></b>					
Local Assistance	3,750	3,750	3,750	3,750	7,500
<b>Total</b>	<b>3,750</b>	<b>3,750</b>	<b>3,750</b>	<b>3,750</b>	<b>7,500</b>

**Activity Description**

**Citation:** 123B.591

The deferred maintenance revenue program provides additional revenue for facility maintenance to school districts ineligible to participate in the alternative facilities bonding and levy program under M.S. 123B.59, subd. 1(a).

**Activity at a Glance**

- ◆ This program was created to provide smaller districts with a dedicated revenue stream to address facility maintenance issues.
- ◆ FY 2008 is the first year of this program.

**Population Served**

School districts, students, and taxpayers are served through healthy, well-maintained facilities, and through extension of facility life.

**Services Provided**

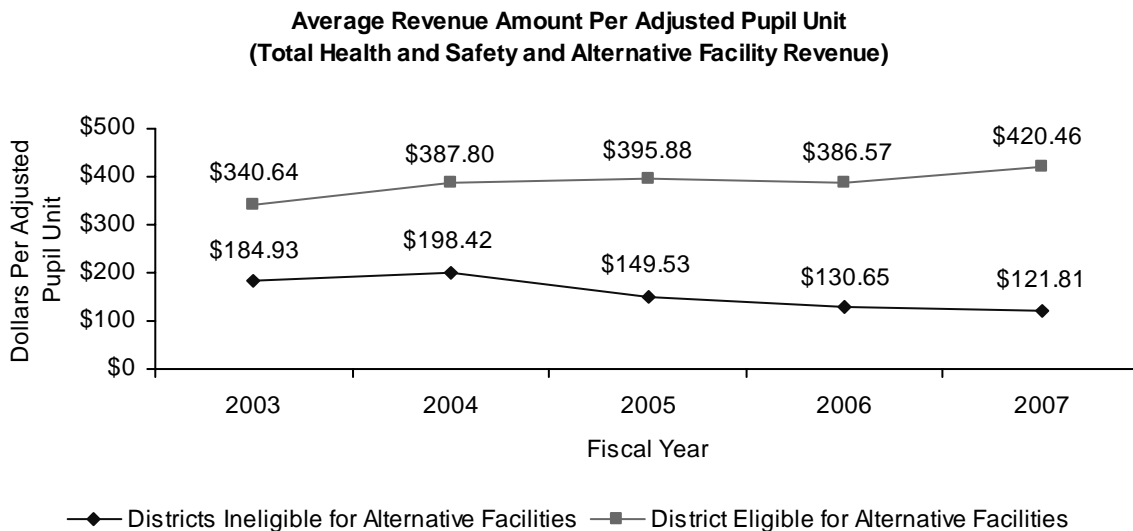
- ⇒ This program provides additional revenue to districts other than the 21 school districts eligible for alternative facilities revenue under M.S. 123B.59, subd. 1(a). Eligible uses of the revenue include health and safety, disabled accessibility, and deferred maintenance projects.
- ⇒ Having a dedicated revenue source for deferred maintenance allows districts to schedule required capital projects essential to extending facility life.

**Historical Perspective**

This program was initiated by the 2005 legislature to address the gap in deferred maintenance funding options.

**Key Measures**

The deferred maintenance program will decrease the level of disparity on a per pupil basis for facility maintenance and upkeep between districts that are eligible for alternative facility revenue and other school districts in the state.



**Activity Funding**

This is an equalized aid and levy program beginning in FY 2008. Formula specifics are provided below. Districts must levy their local share to participate in this program and receive aid, if eligible.

- ⇒ Deferred maintenance revenue for eligible districts equals the product of \$60 times the adjusted marginal cost pupil units for the school year times the lesser of one or the ratio of the district's average age of buildings space to 35 years. Based on forecast estimates, 168 districts will qualify for the full \$60 formula allowance with a total of 319 school districts qualifying for revenue in FY 2008.

**DEPT OF EDUCATION**

**Program: FACILITIES & TECHNOLOGY**

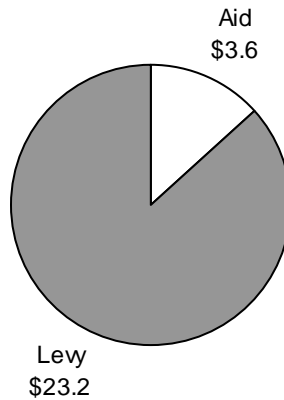
**Activity: DEFERRED MAINTENANCE**

Narrative

- ⇒ Districts may levy an amount not more than the product of the deferred maintenance revenue for the fiscal year times the lesser of one or the ratio of the adjusted net tax capacity per adjusted marginal cost pupil unit to \$5,900.
- ⇒ Deferred maintenance aid equals the deferred maintenance revenue minus the deferred maintenance levy times the ratio of the actual amount levied to the permitted levy.

The deferred maintenance revenue must be maintained in a reserve account within the General Fund. The revenue generated by this program may only be used for expenditures that would be eligible for the alternative facilities bonding and levy program under section 123B.59 subd. 2 paragraph (a), if the district qualified for that revenue under section 123B.59 subdivision 1, paragraph (a).

**Estimated FY 2008 Deferred Maintenance Revenue (Dollars in Millions)**



**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8319, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

DEPT OF EDUCATION

Program: Facilities & Technology

Activity: Deferred Maintenance

Budget Activity Summary

Dollars in Thousands

		Current		November Forecast		Biennium
		FY 2006	FY 2007	FY 2008	FY 2009	2008-09
						FY2008-09
<b>Direct Appropriations by Fund</b>						
<b>General Fund</b>						
1	Current Appropriation	0	0	0	0	0
	a. End of Session Estimate			3,402	2,997	6,399
	b. November Forecast Adjustment				(285)	(285)
2	<b>Forecast Base</b>	<b>0</b>	<b>0</b>	<b>3,402</b>	<b>2,712</b>	<b>6,114</b>
<b>District Revenue Summary (Entitlement Basis)</b>						
<b>AID</b>	<b>State Aid</b>					
	3 Statutory Formula Aid	0	0	3,780	2,593	6,373
	4 Statutory Excess/(Shortfall)					0
	5 Appropriated Entitlement	0	0	3,780	2,593	6,373
	6 Adjustments					
	7 <b>State Aid Entitlement Current Law</b>	0	0	3,780	2,593	6,373
<i>plus</i>						
<b>LEVY</b>	<b>Levy</b>					
	8 Local Levy Current Law	0	0	23,291	24,793	48,084
<i>equals</i>						
<b>REVENUE</b>	9 Current Law Revenue (State Aid & Levy)	0	0	27,071	27,386	54,457
<b>Appropriations Basis for State Aid</b>						
	Prior Year (10%)	0	0	0	378	378
	Current Year (90%)	0	0	3,402	2,334	5,736
	<b>Total State Aid - General Fund</b>	<b>0</b>	<b>0</b>	<b>3,402</b>	<b>2,712</b>	<b>6,114</b>

# DEPT OF EDUCATION

## Program: FACILITIES & TECHNOLOGY

### Activity: MISCELLANEOUS FACILITY LEVIES

Narrative

#### Activity Description

**Citation:** See individual levies.

This budget activity summarizes six miscellaneous facilities/levy programs. The building and land lease levies provide districts with the opportunity to accommodate needs for additional space. The other miscellaneous programs provide districts with levy authority to maintain and enhance the condition of their school buildings. These programs foster the delivery of quality educational services by providing districts with flexible local revenue sources to accommodate changing facility needs.

#### Activity at a Glance

FY 2007	(\$ in Millions)	
	No. of <u>Districts</u>	Amount <u>Levied</u>
◆ Building/Land Lease	203	\$41.30
◆ Capital Projects	19	\$25.30
◆ Coop Bldg Repair	-0-	\$0.00
◆ Disabled Access	11	\$0.50
◆ Specific Legislation	3	\$0.06

#### Population Served

All students in participating districts are served by these programs. Eligible districts with levy authority may participate in these programs.

#### Services Provided

Minnesota school districts will generate additional revenue to the extent needed for various capital expenditure obligations. These programs are funded by local property tax levies.

- ⇒ **Building and Land Lease** (M.S. 126C.40, subd.1). Districts may levy to rent or lease a building or land for instructional purposes, school storage, or furniture repair if the district determines that the total operating capital revenue authorized under section M.S. 126C.10, subd. 13, is insufficient for this purpose. The levy authority and amount must be approved by the commissioner. The levy cannot exceed the net lease amount or \$100 times the weighted resident average daily membership (WADM) unless approved by the commissioner. Some additions to existing schools are funded with proceeds from this levy. Member districts may levy an amount up to the net lease amount or \$25 times the adjusted marginal cost pupil units (AMCPU) for the cost of an intermediate district lease for these same purposes.
- ⇒ **Capital Project Referendum** (M.S. 123B.63). A school district may hold a referendum election to ask voters to increase property taxes for a capital project. All proceeds from the levy must be transferred to the capital project referendum account in the building construction fund or general fund. This program has been used primarily for deferred maintenance and technology improvements.
- ⇒ **Cooperative Building Repair** (M.S. 126C.40, subd. 3). A school district that has a cooperative agreement according to M.S. 123A.30 or 123A.32, subd. 1, may levy for the repair costs, as approved by the Minnesota Department of Education (MDE), of a building located in another district that is a party to the agreement.
- ⇒ **Disabled Access Levy** (M.S. 123B.58). The 1990 federal Americans with Disabilities Act (ADA) facilitates the removal of architectural barriers for persons with disabilities in public schools and enables school districts to modify school buildings based on inspection by the state fire marshal. A school district may levy up to \$300,000 over a time period not to exceed eight years to provide disabled accessibility for all facilities. Some newly consolidated districts have maximum levy authority of \$450,000 or \$600,000. The commissioner must approve the levy amount. For most districts, the eight year time period has expired.
- ⇒ **Special Legislation**. Special legislation provides the following selected districts with additional capital levy for specific purposes.
  - ◆ Independent School District 204, Kasson-Mantorville: Laws 1996, Chapter 412, Article 5, Section 28
  - ◆ Independent School District 319, Nashwauk-Keewatin: Laws 2001 First Special Session, Chapter 5, Article 3, Section 87
  - ◆ Independent School District 2859, Glencoe-Silver Lake: Laws 2005, First Special Session, Chapter 5, Article 4, Section 22

**DEPT OF EDUCATION****Program: FACILITIES & TECHNOLOGY****Activity: MISCELLANEOUS FACILITY LEVIES**

Narrative

**Activity Funding**

The following table shows certified levy amounts and number of school districts participating in each program.

**Miscellaneous Facilities Levies**

Levy Year Fiscal Year	Dollars in Thousands					
	Pay 01 <u>FY 2002</u>	Pay 02 <u>FY 2003</u>	Pay 03 <u>FY 2004</u>	Pay 04 <u>FY 2005</u>	Pay 05 <u>FY 2006</u>	Pay 06 <u>FY 2007</u>
Building Lease	\$31,963.6	\$39,326.1	\$40,959.9	\$37,483.6	\$35,854.6	\$41,277.7
Districts	171	190	187	197	204	203
Capital Project Referendum	2,659.1	7,192.7	10,926.1	13,603.5	21,076.8	25,349.5
Districts	5	8	11	13	17	19
Coop. Building Repair	0	0	0	0	0	0
Districts*	0	0	0	0	0	0
Disabled Access	1,789.2	1,126.2	1,062.5	414.0	326.0	465.6
Districts	26	16	18	9	7	11
Specific Legislation	27.2	439.0	39.0	39.0	39.0	56.0
Districts	2	3	2	2	2	3

\* For this period, no districts elected or qualified for funding.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8801, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

**Budget Activities**

- ⇒ School Lunch
- ⇒ School Breakfast/Milk
- ⇒ Summer Food Replacement Aid
- ⇒ Child and Adult Care Food Program

DEPT OF EDUCATION  
 Program: NUTRITION PROGRAMS

Program Summary

*Dollars in Thousands*

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	14,766	15,585	15,585	15,585	31,170
<b>Technical Adjustments</b>					
End-of-session Estimate			211	425	636
November Forecast Adjustment		106	270	297	567
<b>Forecast Base</b>	<b>14,766</b>	<b>15,691</b>	<b>16,066</b>	<b>16,307</b>	<b>32,373</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	14,694	15,691	16,066	16,307	32,373
<b>Statutory Appropriations</b>					
Misc Special Revenue	3,099	3,190	3,264	3,220	6,484
Federal	172,243	178,329	186,860	195,251	382,111
<b>Total</b>	<b>190,036</b>	<b>197,210</b>	<b>206,190</b>	<b>214,778</b>	<b>420,968</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	190,036	197,210	206,190	214,778	420,968
<b>Total</b>	<b>190,036</b>	<b>197,210</b>	<b>206,190</b>	<b>214,778</b>	<b>420,968</b>
<b><u>Expenditures by Activity</u></b>					
School Lunch	106,709	112,031	116,114	120,801	236,915
School Breakfast/Milk	27,000	28,063	29,027	30,205	59,232
Summer Food Replacement Aid	2,072	2,079	2,974	3,103	6,077
Community Nutrition Programs	54,255	55,037	58,075	60,669	118,744
<b>Total</b>	<b>190,036</b>	<b>197,210</b>	<b>206,190</b>	<b>214,778</b>	<b>420,968</b>



**Activity Description****Citation:** M.S. 124D.111; 124D.118**Federal Authorization:** National School Lunch Act, Child Nutrition Act

The national school lunch program (NSLP) and food distribution program (FDP) safeguard the health and well-being of Minnesota children and help ensure that students are ready to learn by giving them access to a nutritious lunch and improving eating habits through nutrition education. The after-school snack component of the NSLP gives students in after-school programs access to a nutritious snack.

State school lunch funding helps to keep lunch prices affordable. Children from low-income families have access to free or reduced-price school meals.

**Population Served**

Students (pre-kindergarten through high school) in public schools, nonpublic schools, and residential institutions such as group homes and juvenile correctional facilities are served.

**Services Provided**

Student health and learning readiness are improved through daily access to a nutritious school lunch. Students in after-school care programs receive access to a nutritious snack.

School lunch menus are planned according to federal meal pattern guidelines. Commodities such as meat, cheese, poultry, fruits, and vegetables are donated by the U.S. Department of Agriculture (USDA) to contribute to the school lunch menu and support the American farmer.

Students from families with income under 185% of federal poverty guidelines receive free or reduced price meals. Many low-income families are electronically certified for free or reduced price meals based on household data from state agencies, eliminating the need for a paper application.

School lunch programs are supported financially and administratively through:

- ◆ federal and state reimbursements for lunches, and after-school snacks;
- ◆ surveys of school preferences for USDA commodities;
- ◆ notification to schools of students electronically certified for meal benefits, through statewide matching of student enrollment data and human services assistance data;
- ◆ assistance in meeting program requirements and improving the quality of the food service through administrative reviews, development of resource materials, workshops, and technical assistance; and
- ◆ "CLiCS," the Food and Nutrition Service interactive web site which allows schools to meet their application, commodity, and claim requirements online and offers immediate access to program resources.

**Historical Perspective**

The National School Lunch Act created the program in 1946 to improve the national defense in response to young recruits failing physical exams during World War II. By school year 2005-06, 95 million school lunches were being served at almost 700 public school districts, charter schools, private schools, and residential childcare institutions in Minnesota.

**Activity at a Glance**

FY 2006

- ◆ Over 95 million lunches served
- ◆ School lunch participation increased by over one million meals
- ◆ 28.35% of lunches were provided free to students
- ◆ 8.63% of lunches were provided at a reduced cost to students

**Key Measures**

- ⇒ Increase technical assistance to schools to implement and measure school districts wellness policies to support a healthy school nutrition environment. Technical assistance will be provided to all new schools in the school lunch program.
- ⇒ Improve electronic filing of program application from schools renewing their participation in school lunch.
- ⇒ Increase technical assistance to participating schools in lunch programs.

**Activity Funding**

States are required to provide matching funds to participate in the NSLP. The funding provided by the state in FY 2006 allowed the school districts to receive over \$100 million in federal reimbursement and almost \$10 million of state funding, plus \$0.165 per lunch for USDA commodity foods for school lunch programs. Under current law, the state must pay districts participating in the national school lunch program the amount of \$0.105 for each full paid, reduced, and free student lunch served to students in the district.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, (651) 582-8508, [http://education.state.mn.us/mde/Learning\\_Support/FNS/index.html](http://education.state.mn.us/mde/Learning_Support/FNS/index.html).

DEPT OF EDUCATION  
 Program: Nutrition Programs  
 Activity: School Lunch

Budget Activity Summary

*Dollars in Thousands*

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	9,760	10,391	10,391	10,391	20,782
a. Cancellation	(83)				
b. November Forecast Adjustment			125	251	376
2 Forecast Base	<b>9,677</b>	<b>10,391</b>	<b>10,516</b>	<b>10,642</b>	<b>21,158</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
3 Statutory Formula Aid	9,677	10,391	10,516	10,642	21,158
4 Statutory Excess/(Shortfall)	83				0
5 Appropriated Entitlement	9,760	10,391	10,516	10,642	21,158
6 Adjustments					
a. Cancellation	(83)				
7 State Aid Entitlement Current Law	9,677	10,391	10,516	10,642	21,158
8 Other Revenue					
a. Federal	93,933	98,450	102,334	106,939	209,273
b. Dedicated Receipts	3,099	3,190	3,264	3,220	6,484
9 Total All Sources Current Law	106,709	112,031	116,114	120,801	236,915
<b>Appropriations Basis for State Aid</b>					
Current Year	9,760	10,391	10,516	10,642	21,158
Cancellation	(83)				
<b>Total State Aid - General Fund</b>	<b>9,677</b>	<b>10,391</b>	<b>10,516</b>	<b>10,642</b>	<b>21,158</b>

**Activity Description**

**Citation:** 124D.1158; 124D.117

**Federal Authorization:** National School Lunch Act, Child Nutrition Act

Federal and state school breakfast and milk programs help ensure that students are healthy and ready to learn by giving them access to a nutritious breakfast at the start of the school day and providing kindergarten milk programs.

- ⇒ Any school may participate in the school breakfast program.
- ⇒ State funding helps schools keep the price of paid breakfasts affordable and serve free breakfasts to students who qualify under federal program guidelines.
- ⇒ State law requires schools to offer a breakfast program if 33% or more school lunches are served free or at reduced price, unless fewer than 25 students are expected to participate.
- ⇒ The federal special milk program (SMP) provides access to milk, an important source of nutrients including calcium for students who do not have access to school meals (usually kindergarten or pre-kindergarten students). The Minnesota kindergarten milk program (MKMP) provides state funds for kindergarten milk breaks.

**Activity at a Glance**

FY 2006

- ◆ Over 20 million breakfasts served.
- ◆ 57.45% of breakfasts were provided free to students.
- ◆ 12.62% of breakfasts were provided at a reduced rate to students.
- ◆ Over 450 public school districts, charter schools, private, and residential child care institutions participated.

**Population Served**

Students (pre-kindergarten through high school) in public schools, nonpublic schools, and residential institutions such as group homes and juvenile correctional facilities are served.

**Services Provided**

Student health and achievement are improved through daily access to a nutritious school breakfast.

- ⇒ School breakfast menus are planned according to federal meal pattern guidelines.
- ⇒ Students from families with incomes under 185% of federal poverty guidelines receive free or reduced price meals, either upon being electronically certified based on household data from state agencies or upon the household completing an application on paper.

School breakfast programs are supported financially and administratively through

- ◆ federal and state reimbursements for school breakfasts that meet guidelines and servings of milk that meet guidelines;
- ◆ United States Department of Agriculture (USDA) commodity food items (earned through participation in the National School Lunch Program) available for use in school breakfasts;
- ◆ assistance in meeting program requirements and enhancing the quality of the food service provided through administrative reviews, development of resource materials, presentation of workshops, and technical assistance; and
- ◆ “CLiCS,” interactive web site which allows schools to meet their application and claims requirements online and provides immediate access to program resources.

**Historical Perspective**

The federal school breakfast program began in 1966 with a focus on improving the health and school performance of low-income children. State funding began in 1993 with a per-breakfast rate of \$0.051.

**Key Measures**

- ⇒ Continue outreach efforts to increase the number of schools (both public and nonpublic) offering breakfast to students.
- ⇒ Breakfast participation increased 10.3% between 2000 and 2005.

## DEPT OF EDUCATION

Program: NUTRITION PROGRAMS

Activity: SCHOOL BREAKFAST/MILK

Narrative

- ⇒ Improve electronic filing of information from schools for participation in the breakfast program.
- ⇒ Increase technical assistance to participating schools in breakfast program.

### Activity Funding

“Severe need” schools, which serve at least 40% free and reduced price school meals, qualify for the highest rates of federal reimbursement. Each school year, the state reimburses schools for the amount of \$0.55 for each fully paid breakfast and \$0.30 for each reduced price breakfast. State funding is paid at \$0.14 per half pint to districts for milk served to kindergarten students.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the MDE, Food and Nutrition Service, 651-582-8508, [http://education.state.mn.us/mde/Learning\\_Support/FNS/index.html](http://education.state.mn.us/mde/Learning_Support/FNS/index.html).

DEPT OF EDUCATION

Program: Nutrition Programs

Activity: School Breakfast/Milk

Budget Activity Summary

*Dollars in Thousands*

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation	4,856	5,044	5,044	5,044	10,088
c. Transfer per M.S. 127A.41	34				
d. November Forecast Adjustment		106	270	297	567
2 Forecast Base	<b>4,890</b>	<b>5,150</b>	<b>5,400</b>	<b>5,515</b>	<b>10,915</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
3 Statutory Formula Aid	4,890	5,150	5,400	5,515	10,915
4 Statutory Excess/(Shortfall)	(34)	(106)			0
5 Appropriated Entitlement	4,856	5,044	5,400	5,515	10,915
6 Adjustments					
a. Transfer per M.S. 127A.41	34				
b. Supplemental Appropriation		106			
7 State Aid Entitlement Current Law	4,890	5,150	5,400	5,515	10,915
8 Other Revenue					
a. Federal	22,110	22,913	23,627	24,690	48,317
9 Total All Sources Current Law	27,000	28,063	29,027	30,205	59,232
<b>Appropriations Basis for State Aid</b>					
Transfer per M.S. 127A.41	34				
Current Year	4,856	5,150	5,400	5,515	10,915
<b>Total State Aid - General Fund</b>	<b>4,890</b>	<b>5,150</b>	<b>5,400</b>	<b>5,515</b>	<b>10,915</b>

**Activity Description**

**Citation:** 124D.119

**Federal Authorization:** Child Nutrition Act and National School Lunch Act

The summer food service program (SFSP) provides access to nutritious meals to children in low-income areas during the summer when meals are not available. Most SFSP sites provide one or two meals per day, but may provide up to three meals a day. The annual state share of funding is \$150,000.

**Activity at a Glance**

- ◆ Forty sponsors served over 1 million meals during the summer of 2005 at 315 sites.

**Population Served**

The SFSP primarily serves children who participate in organized summer programs at park and community sites and schools in areas where at least 50% of families have income within 185% of federal poverty guidelines. SFSP sponsors include public and private schools, residential summer camps, government units, colleges and universities, as well as nonprofit organizations.

**Services Provided**

- ⇒ Health is improved through access to nutritional meals and snacks.
- ⇒ Menus for healthy meals and snacks are planned according to federal guidelines.
- ⇒ Meals and snacks are provided at no charge to children in low-income areas through the SFSP.

**Historical Perspective**

This program was created by Congress as a part of a larger pilot program in 1968 and became a separate program in 1975. The program was established to ensure that children in low-income areas could continue to receive nutritious meals during school vacations that are comparable to those served under the national school lunch and breakfast programs during the school year.

**Key Measures**

- ⇒ Increase technical assistance to sponsors.
- ⇒ Increase participation. Currently, 2.250 million lunches are served monthly during the school year versus 371,000 in summer food per month.

**Activity Funding**

Federal funds provide 96% of total funding and increase approximately 2% each year. The annual state share of funding is \$150,000.

**Contact**

Additional information is available from the Minnesota Department of Education, (651) 582-8508, [http://education.state.mn.us/mde/Learning\\_Support/FNS/index.html](http://education.state.mn.us/mde/Learning_Support/FNS/index.html).

DEPT OF EDUCATION

Program: NUTRITION PROGRAMS

Activity: SUMMER FOOD REPLACEMENT AID

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	150	150	150	150	300
<b>Forecast Base</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>300</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	127	150	150	150	300
<b>Statutory Appropriations</b>					
Federal	1,945	1,929	2,824	2,953	5,777
<b>Total</b>	<b>2,072</b>	<b>2,079</b>	<b>2,974</b>	<b>3,103</b>	<b>6,077</b>
 <b><u>Expenditures by Category</u></b>					
Local Assistance	2,072	2,079	2,974	3,103	6,077
<b>Total</b>	<b>2,072</b>	<b>2,079</b>	<b>2,974</b>	<b>3,103</b>	<b>6,077</b>



**Activity Description**

**Federal Authorization:** Child Nutrition Act and National School Lunch Act

Child and adult care food programs (CACFP) safeguard the health and well-being of Minnesotans year-round by helping to ensure that young children and older adults receiving organized care services have access to a nutritious diet and improve their eating habits.

**Child and Adult Care Food Program (CACFP)**

The CACFP provides nutritious meals at family child care homes, child care centers, school-age care sites, emergency shelters, adult day care centers, and after-school programs in low-income areas that provide educational or enrichment activities. The federal government provides all funding for the CACFP.

**Population Served**

The CACFP serves 1) children in licensed child care centers and licensed family child care homes, 2) children attending after-school enrichment programs in areas where at least 50% of families have income within 185% of federal poverty guidelines, and 3) adults in licensed adult day care centers.

**Services Provided**

Health is improved through access to nutritional meals and snacks.

- ⇒ Menus for healthy meals and snacks are planned according to federal guidelines.
- ⇒ Most CACFP locations provide meals and snacks at no charge to all enrolled children.

CACFP is supported through

- ◆ federal reimbursement for meals and snacks that meet federal guidelines;
- ◆ federal administrative reimbursements to CACFP sponsors of family child care homes;
- ◆ assistance in meeting program requirements and improving the quality of the food service through administrative reviews, development of resource materials, workshops, and technical assistance; and
- ◆ cash-in-lieu of commodities subsidies to program participants.

**Historical Perspective**

The CACFP was initiated with the federal Child Nutrition Act of 1966. Participation of adult day care centers was added in 1989. A two-tier reimbursement system was instituted for family child care providers under federal welfare reform legislation in 1996. As a result, Minnesota lost about \$1.5 million per month in federal reimbursements for meals served to children since 1997.

**Key Measures**

- ⇒ Increase on-site technical assistance and trainings offered to participants of program to meet federal regulations of programs, i.e., financial accountability, viability, and integrity.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the MDE, Food and Nutrition Service, (651) 582-8508, and at [http://education.state.mn.us/mde/Learning\\_Support/FNS/index.html](http://education.state.mn.us/mde/Learning_Support/FNS/index.html).

**Activity at a Glance**

FY 2006

- ◆ Almost 10,000 family child care homes, 679 child care centers, and 30 adult care centers participate in the CACFP.
- ◆ In a typical month, over five million meals and snacks are served.

DEPT OF EDUCATION

Program: NUTRITION PROGRAMS

Activity: COMMUNITY NUTRITION PROGRAMS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Expenditures by Fund</u></b>					
Statutory Appropriations					
Federal	54,255	55,037	58,075	60,669	118,744
<b>Total</b>	<b>54,255</b>	<b>55,037</b>	<b>58,075</b>	<b>60,669</b>	<b>118,744</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	54,255	55,037	58,075	60,669	118,744
<b>Total</b>	<b>54,255</b>	<b>55,037</b>	<b>58,075</b>	<b>60,669</b>	<b>118,744</b>

**Budget Activities**

- ⇒ Basic Support
- ⇒ Multicounty, Multitype Library
- ⇒ Electronic Library
- ⇒ Regional Library Telecommunications
- ⇒ Miscellaneous Library Programs

DEPT OF EDUCATION  
 Program: LIBRARY PROGRAMS

Program Summary

*Dollars in Thousands*

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	12,180	11,573	11,573	11,573	23,146
<b>Forecast Base</b>	<b>12,180</b>	<b>11,573</b>	<b>11,573</b>	<b>11,573</b>	<b>23,146</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	12,180	11,573	11,573	11,573	23,146
<b>Statutory Appropriations</b>					
Federal	2,883	3,954	3,000	3,000	6,000
<b>Total</b>	<b>15,063</b>	<b>15,527</b>	<b>14,573</b>	<b>14,573</b>	<b>29,146</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	402	616	635	636	1,271
Other Operating Expenses	123	217	130	129	259
Local Assistance	14,538	14,694	13,808	13,808	27,616
<b>Total</b>	<b>15,063</b>	<b>15,527</b>	<b>14,573</b>	<b>14,573</b>	<b>29,146</b>
<b><u>Expenditures by Activity</u></b>					
Basic Support	9,058	8,570	8,570	8,570	17,140
Multicounty, Multitype Library	954	903	903	903	1,806
Electronic Library	900	900	900	900	1,800
Reg Library Telecommunications	1,268	1,200	1,200	1,200	2,400
Federal Library Programs	2,883	3,954	3,000	3,000	6,000
<b>Total</b>	<b>15,063</b>	<b>15,527</b>	<b>14,573</b>	<b>14,573</b>	<b>29,146</b>
<b>Full-Time Equivalents (FTE)</b>	<b>6.7</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>	

**Activity Description**

**Citation:** M.S. 134.31; 134.32;134,34; 134.35; 134.47

Regional library basic system support provides state aid to benefit public libraries for interlibrary resource sharing programs, shared automation, and coordinated services.

**Population Served**

This activity serves Minnesota residents through 12 regional public library systems. Participation in regional public library systems includes all Minnesota counties and serves almost all of the state's residents. These systems are 1) Arrowhead Library System, 2) East Central Regional Library, 3) Great River Regional Library, 4) Kitchigami Regional Library, 5) Lake Agassiz Regional Library, 6) Metropolitan Library Service Agency, 7) Northwest Regional Library, 8) Pioneerland Library System, 9) Plum Creek Library System, 10) Southeastern Libraries Cooperating, 11) Traverse des Sioux Library System, and 12) Viking Library System.

**Activity at a Glance**

- ◆ 12 regional library systems provide services to support 362 public libraries.
- ◆ In FY 2005, approximately 51.1 million items were loaned through public libraries, exhibiting a 16% increase in library usage.
- ◆ Library programs reached 997,715 children and adults.
- ◆ Use of electronic resources surged to over 10 million uses, an increase of 98% in one year.
- ◆ 77% of Minnesota residents have library cards.

**Services Provided**

The public makes heavy use of its libraries for self-sufficiency including financial and business decisions, education, self-development, and personal interests. This activity provides the following services to strengthen the ability of libraries across the state to continue services to citizens:

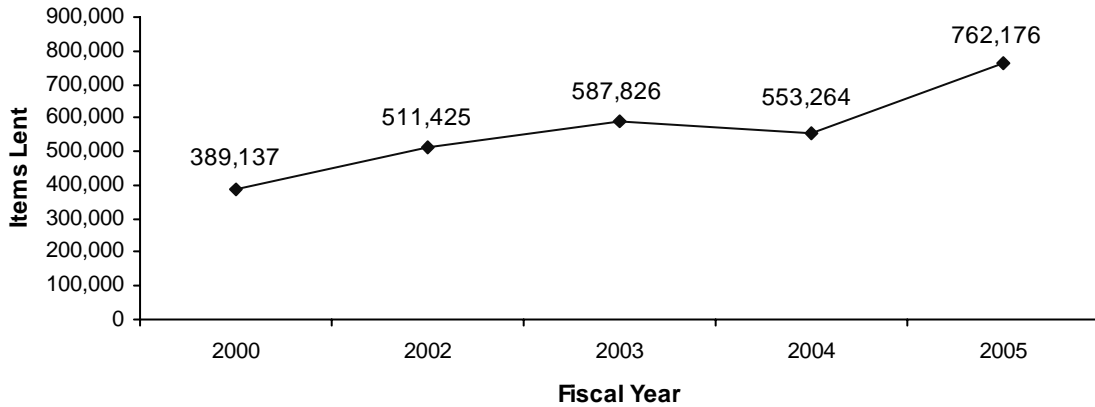
- ◆ provides incentives for counties and cities to work together in regional public library systems extending service to all at the most reasonable cost;
- ◆ distributes funding between cooperating jurisdictions and encourages sharing the library materials within each region and statewide through library-to-library lending and reciprocal borrowing; and
- ◆ maintains and improves the infrastructure for reading and lifelong learning through library programs, materials, and outreach to culturally diverse communities.

**Key Measures**

*Quality library services are available for Minnesotans of all ages.*

- ⇒ In 2005, Minnesota's public libraries ranked 19<sup>th</sup> among the states in per capita expenditures from state and local funding sources. Minnesota's ranking has been fairly consistent over the past several years.
- ⇒ From 2000 to 2004, Minnesota per capita state expenditures for libraries decreased from \$1.88 to \$1.59, a decline of 15.4%. This reflects a national trend where average per capita state expenditures for the same time period declined 13.2%.
- ⇒ Access to public library internet computers has improved. The number of available terminals has increased 75% since 2000.
- ⇒ Centralized, coordinated automation services and technical support ensure stability and equity of resources across regions.
- ⇒ Regional systems operate delivery services to facilitate resource sharing among participating libraries.
- ⇒ Library-to-library requests filled within regional public library systems through interlibrary loan increased 38% in FY 2005.

Inter-Library Loan Materials Provided by Public Libraries to Other Libraries



**Activity Funding**

The basic aid budget activity is funded with state aid distributed by statutory formula using population, area, equalized valuation of property, and a basic amount per system. To qualify for regional library basic system support aid, each participating city and county must meet a minimum level of support based on adjusted net tax capacity. The state appropriation is used to demonstrate state maintenance of effort in order to qualify for the federal library program (Library Services and Technology Act). Local, state, and federal funds are from public funds. The other sources of funds include foundation grants, gifts, and fundraising.

**Contact**

Additional Information is available from the MDE, State Library Services at (651) 582-8251, [http://education.state.mn.us/mde/Learning\\_Support/Library\\_Services\\_and\\_School\\_Technology/index.html](http://education.state.mn.us/mde/Learning_Support/Library_Services_and_School_Technology/index.html).

DEPT OF EDUCATION

Program: Library Programs

Activity: Basic Support for Libraries

Budget Activity Summary

*Dollars in Thousands*

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Appropriation Excluding Buyback	8,570				
2 Aid Payment Buyback	488				
3 Total Current Appropriation	9,058	8,570	8,570	8,570	17,140
4 Forecast Base	<b>9,058</b>	<b>8,570</b>	<b>8,570</b>	<b>8,570</b>	<b>17,140</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	8,570	8,570	8,570	8,570	17,140
6 Statutory Excess/(Shortfall)					0
7 Appropriated Entitlement	8,570	8,570	8,570	8,570	17,140
8 Adjustments					
9 State Aid Entitlement Current Law	8,570	8,570	8,570	8,570	17,140
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	1,345	857	857	857	1,714
Current Year (90%)	7,713	7,713	7,713	7,713	15,426
<b>Total State Aid - General Fund</b>	<b>9,058</b>	<b>8,570</b>	<b>8,570</b>	<b>8,570</b>	<b>17,140</b>

# DEPT OF EDUCATION

Program: LIBRARY PROGRAMS

Activity: MULTICOUNTY, MULTITYPE LIBRARY

Narrative

## Activity Description

Citation: M.S. 134.351; 134.353; 134.354

State aid improves library services through seven multicounty, multitype library cooperation systems serving school, public, academic, and agency libraries within defined multiple county regions.

### Activity at a Glance

- ◆ Encourage and facilitate resource sharing among different types of library programs.
- ◆ Provide training opportunities for teacher-librarians and teachers.

## Population Served

This activity focuses its services on school and special libraries in the state of Minnesota through seven regional multicounty, multitype library cooperation systems. Capacity-building and collaborative sharing of resources between all types of libraries including public and academic are the main strategies used. Currently, 1,891 members with almost 2,200 library outlets of all types in Minnesota work together.

Seven multicounty, multitype library cooperation systems were established in 1980 to facilitate cooperation between libraries not included in the regional public library systems. The systems and numbers of school and special libraries that are members of each system are listed below.

<u>Library System</u>	<u>Academic</u>	<u>Public</u>	<u>School</u>	<u>Special</u>	<u>Totals</u>
Central Minnesota Library Exchange	9	45	205	23	282
Metronet	49	113	380	54	596
North Country Library Cooperative	12	32	107	19	170
Northern Lights Library Network	18	40	202	14	274
Southcentral Minnesota Inter-Library Exchange	6	40	89	16	151
Southeast Library System	13	39	137	17	206
Southwest Area Multicounty Multitype Inter-Library Exchange	<u>8</u>	<u>60</u>	<u>132</u>	<u>12</u>	<u>212</u>
Grand Totals:	115	369	1,252	155	1,891

## Services Provided

This program provides support to improve library services through:

- ◆ developing and implementing strategic plans that address the needs of the region with available library and information resources;
- ◆ providing communication systems among participating libraries;
- ◆ operating and improving delivery services to facilitate resource sharing among participating libraries;
- ◆ assisting with training on and development of electronic resources; and
- ◆ helping with the organization and promotion of opportunities for continued staff development and expertise in new technologies and other services for the public.

## Key Measures

Based upon their strategic plans, each system reports on goals accomplished on an annual basis. The following are examples of accomplishments.

- ⇒ *Central Minnesota Library Exchange*: Encouraging K-12 teachers to use multi-media lesson kits created by the Center for Holocaust and Genocide Education, St. Cloud State University, with lesson plans, videos, and multiple copies age-appropriate books.
- ⇒ *Metronet*: Working with four other library support agencies, sponsored a disaster planning workshop in the eastern and western portions of the Twin Cities metro area attended by 60 library staff.
- ⇒ *North County Library Cooperative*: Cataloging school media center collections to prepare them for joining the regional automation system.
- ⇒ *Northern Lights Library Network*: Creating an electronic catalog that contains 832,000 items from 70 private and public school libraries using No Child Left Behind, Enhancing Education Through Technology grant funds. (Inter-Library Loan (ILL) is not a function of this project.)



## DEPT OF EDUCATION

Program: LIBRARY PROGRAMS

Activity: MULTICOUNTY, MULTITYPE LIBRARY

Narrative

- ⇒ *Southcentral Minnesota Inter-Library Exchange*: Distributing information packets to new and returning school librarians concerning the reference resources of the Electronic Library of Minnesota, SOCRATES E-curriculum, and system services available to them.
- ⇒ *Southeast Library System*: Providing onsite consulting and training for school media specialists and teachers on integration of electronic resources in the curriculum.
- ⇒ *Southwest Area Multicounty Multitype Inter-Library Exchange*: Hosting web pages of 20 members.

### Activity Funding

A formula established by rule sets operating grant awards that allocate 60% of available funds equally among the systems, 20% of available funds in an equal amount per capita, and 20% of available funds in an equal amount per square mile. This aid program is supported totally with state funds.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional Information is available from the MDE, State Library Services, (651) 582-8890, [http://education.state.mn.us/mde/Learning\\_Support/Library\\_Services\\_and\\_School\\_Technology/index.html](http://education.state.mn.us/mde/Learning_Support/Library_Services_and_School_Technology/index.html).

DEPT OF EDUCATION

Program: Library Programs

Activity: Multicounty, Multitype Library Systems

Budget Activity Summary

*Dollars in Thousands*

**Direct Appropriations by Fund**

**General Fund**

- 1 Appropriation Excluding Buyback
- 2 Aid Payment Buyback
- 3 Total Current Appropriation
- 4 **Forecast Base**

Current		November Forecast		Biennium
FY 2006	FY 2007	FY 2008	FY 2009	FY2008-09
903				
51				
954	903	903	903	1,806
<b>954</b>	<b>903</b>	<b>903</b>	<b>903</b>	<b>1,806</b>

**District Revenue Summary (Entitlement Basis)**

**AID**

**State Aid**

- 5 Statutory Formula Aid
- 6 Statutory Excess/(Shortfall)
- 7 Appropriated Entitlement
- 8 Adjustments
- 9 **State Aid Entitlement Current Law**

903	903	903	903	1,806
				0
903	903	903	903	1,806
903	903	903	903	1,806

**Appropriations Basis for State Aid**

- Prior Year (20%/15.7%)
- Current Year (80%/84.3%)

141	90	90	90	180
813	813	813	813	1,626
<b>954</b>	<b>903</b>	<b>903</b>	<b>903</b>	<b>1,806</b>

**Total State Aid - General Fund**

**Activity Description**

**Citation:** Minnesota Session Laws 2005, First Special Session, Chapter 5, Article 6, Section 1, Subd. 4.

This program establishes funding for statewide access to a basic suite of licensed electronic resources.

**Population Served**

Provides access for all Minnesota residents from school, public library, academic library, home, or business. This program ensures basic equity of access to core resources for all residents.

**Services Provided**

Electronic Library of Minnesota (ELM) provides students, parents, teachers, and citizens access to a basic database suite of indexes, full text of articles in magazines and other materials needed for education, health, research, business, and lifelong learning. The electronic library leverages purchasing power for statewide licensing of electronic databases and ensures all students have equitable access to a broad range of electronic resources to assist them in meeting educational standards. Funding enables access to the databases in classrooms, school media centers, public libraries, at work, and from home.

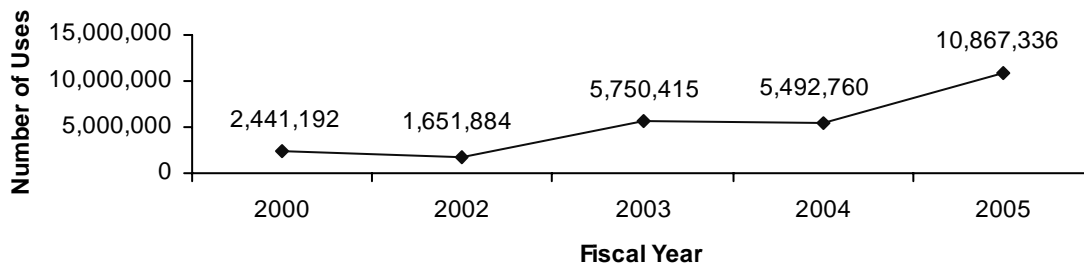
**Activity at a Glance**

- ◆ Statewide licensing of information databases ensures maximized use of tax dollars with statewide impact. As user numbers increase, the cost per use declines.
- ◆ Use of electronic resources has steadily increased across Minnesota, experiencing a 97.8% increase in uses in FY 2005. This represents over 10 million requests. There were 6.8 million ELM searches in FY 2003.
- ◆ Ensures equal access to a core of quality resources by all Minnesota school children regardless of their location.

**Key Measures**

- ⇒ Maintain and support statewide access to electronic resources through an interagency agreement between the Minnesota Department of Education (MDE), State Library Services, and the Office of Higher Education, MINITEX, Library Information Network.
- ⇒ Integrate with and leverage other state, regional, and local resources.
- ⇒ Build upon or support collaboration with all types of libraries and information resource providers.

**Uses of Libraries' Electronic Resources**



**Activity Funding**

Currently, funding for ELM comes through an appropriation to MDE and funding from the Office of Higher Education.

**Contact**

Additional information is available from the MDE, State Library Services, (651) 582-8251, [http://education.state.mn.us/mde/Learning\\_Support/Library\\_Services\\_and\\_School\\_Technology/index.html](http://education.state.mn.us/mde/Learning_Support/Library_Services_and_School_Technology/index.html).

DEPT OF EDUCATION  
 Program: LIBRARY PROGRAMS  
 Activity: ELECTRONIC LIBRARY

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	900	900	900	900	1,800
<b>Forecast Base</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>1,800</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	900	900	900	900	1,800
<b>Total</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>1,800</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	900	900	900	900	1,800
<b>Total</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>1,800</b>

**Activity Description**

Citation: M.S. 134.355

The Regional Library Telecommunications Aid (RLTA) program provides state aid to public libraries for data and video access costs and other related costs to improve or maintain electronic access to the state information infrastructure and to facilitate resource sharing.

**Population Served**

This activity serves Minnesotans statewide through 12 regional public library systems. Participation in regional public library systems includes all Minnesota counties and serves 99.7% of the state's population. These systems are 1) Arrowhead Library System, 2) East Central Regional Library, 3) Great River Regional Library, 4) Kitchigami Regional Library, 5) Lake Agassiz Regional Library, 6) Metropolitan Library Service Agency (MELSA), 7) Northwest Regional Library, 8) Pioneerland Library System, 9) Plum Creek Library System, 10) Southeastern Libraries Cooperating (SELCO), 11) Traverse des Sioux Library System, and 12) Viking Library System.

**Services Provided**

The public uses public libraries for information and self-sufficiency including access to resources for financial business decisions, education, self-development, and personal interests. Libraries are a destination for people to come and use electronic resources. RLTA facilitates optimal access and connections to the statewide electronic infrastructure and supports equity of access to electronic resources. It allows libraries to capitalize on other federal, state, and local investments in electronic access. Among the activities supported through connectivity are:

- ◆ automation activities for cost-effectiveness in resource sharing;
- ◆ connectivity necessary to access licensed online full-text databases provided by state funds allocated to support the ELM;
- ◆ access to the Internet necessary for e-government, job centers, immigration services, tax filing, and other activities requiring use of the internet;
- ◆ interconnectivity and interoperability with school districts, post-secondary education or other governmental agencies;
- ◆ community access to high-speed Internet links; and
- ◆ integration of new technology and training.

**Historical Perspective**

State funding of regional public library systems was established to provide equitable library services across Minnesota. Telecommunications aid supports electronic resource sharing through the most cost-effective means possible. The telecommunications aid program began in 1996 to encourage interconnectivity and more equity of access.

**Key Measures**

*Quality library services are available for Minnesotans of all ages.*

The RLTA program has enabled branch/member libraries of the regional public library systems to expand telecommunications bandwidth and connectivity.

- ⇒ Some regional public library systems have shared T1 lines with public schools for cost savings.
- ⇒ Other systems have experimented with telecommunications technology such as satellite, cable, fiber optics, wireless, and DSL in order to reduce costs.

**Activity at a Glance**

- ◆ 362 public library buildings are served through this program.
- ◆ Bandwidth in regional public library systems has expanded from 164 T1 lines to 187 since 2004.
- ◆ Connectivity and improved bandwidth facilitates resource sharing and access to electronic resources such as the Electronic Library for Minnesota (ELM) and MnLINK.

## DEPT OF EDUCATION

**Program:** LIBRARY PROGRAMS

**Activity:** REG LIBRARY TELECOMMUNICATIONS

Narrative

As a result of improved connectivity, online public access catalogs make more resources available for Minnesotans to borrow or access, with the following results.

- ⇒ Library to library requests filled between public libraries through interlibrary loan increased 38% from 553,264 in 2004 to 762,178 in 2005.
- ⇒ Users of electronic resources in libraries reflects a steady increase, dramatically exhibited by a 98% increase in usage between 2004 (5,492,760 uses) and 2005 (10,867,336 uses).

### Activity Funding

The RLTA budget activity is funded with state aid distributed on a prorated actual cost basis for regional public library system branches/members who meet the aid program criteria. The regional public library systems are required to apply for the federal E-rate program which provides discounts and/or reimbursements to assist eligible schools and libraries to obtain telecommunications and Internet access. The discounts or reimbursements depend upon the level of poverty and the urban/rural status of the population served by the applicant. The E-rate program is an unstable source of funding because federal funding is prorated based on national demand. Telecommunications vendor costs by sites vary considerably across the state. The need for more broadband access continues to increase in order to support more complex internet applications

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the MDE, State Library Services (651) 582-8251, [http://education.state.mn.us/mde/Learning\\_Support/Library\\_Services\\_and\\_School\\_Technology/index.html](http://education.state.mn.us/mde/Learning_Support/Library_Services_and_School_Technology/index.html).

DEPT OF EDUCATION

Program: Library Programs

Activity: Regional Library Telecommunication Aid Budget Activity Summary

Dollars in Thousands

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Appropriation Excluding Buyback	1,200				
2 Aid Payment Buyback	68				
3 Total Current Appropriation	1,268	1,200	1,200	1,200	2,400
4 Forecast Base	<b>1,268</b>	<b>1,200</b>	<b>1,200</b>	<b>1,200</b>	<b>2,400</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	1,200	1,200	1,200	1,200	2,400
6 Statutory Excess/(Shortfall)					0
7 Appropriated Entitlement	1,200	1,200	1,200	1,200	2,400
8 Adjustments					
9 State Aid Entitlement Current Law	1,200	1,200	1,200	1,200	2,400
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	188	120	120	120	240
Current Year (90%)	1,080	1,080	1,080	1,080	2,160
<b>Total State Aid - General Fund</b>	<b>1,268</b>	<b>1,200</b>	<b>1,200</b>	<b>1,200</b>	<b>2,400</b>

**Activity Description****Citation:** 20 US Code 9121-963

The purpose of the federal Library Services and Technology Act (LSTA) program is to improve and enhance services to underserved populations, to build electronic linkages and networks that support library services, and to encourage creative and innovative model programs.

**Activity at a Glance**

- ◆ Federal funding 2006 – \$2,864,372
- ◆ Statewide projects promote efficiencies in resource sharing

**Population Served**

This activity serves the library community statewide through all types of libraries. Enhancement to existing services or increased capacity in programs impacts all residents of Minnesota.

**Services Provided**

The state plan for use of federal funds provides for carrying out state goals and priorities within the following federal purposes:

- ◆ to improve library services through the use of technology;
- ◆ to encourage libraries to establish consortia and share resources;
- ◆ to target library services to persons having difficulty using a library and to underserved urban and rural communities; and
- ◆ to support the development and improvement of library services.

The state uses LSTA funds to carry out enhancement programs and capacity building components in the Minnesota five-year state plan for LSTA, 2003-2007. The federal program requires a state plan for library services including the LSTA plan and goals to accomplish federal purposes.

All libraries which meet the criteria for the program are eligible applicants. The state library agency can fund statewide library initiatives with federal LSTA dollars. Up to a maximum of 4% of the appropriation can be used annually for administration purposes at the state level.

**Key Measures**

In awarding grants, the department considers the following criteria:

- ◆ fulfillment of federal LSTA purposes, the Minnesota five-year LSTA plan goals, activities and measurements, the State Plan for Libraries, and the School Technology State Plan;
- ◆ adherence to Minnesota priority activity requirements as established by the Minnesota State Library Advisory Council in conjunction with the department;
- ◆ integration with and leveraging of other regional and state initiatives;
- ◆ congruence with strategic and technology plans pertinent to the applicant at the local and regional level;
- ◆ outcomes of the proposed project;
- ◆ building upon or supporting collaboration with other libraries and non-library partners; and
- ◆ sustainability of the project after the initial grant.

Goals and activities established under the new Minnesota LSTA Plan – 2003 – 2007.

- ◆ Goal 1A – Target programming for seniors
- ◆ Goal 1B – Target programming for individuals with limited English proficiency
- ◆ Goal 1C – Target programming for individuals with disabilities
- ◆ Goal 1D – Target programming to children living in poverty (0-17)
- ◆ Goal 2A – Technology and infrastructure
- ◆ Goal 2B – Professional development and training
- ◆ Goal 2C – Strategic planning



## DEPT OF EDUCATION

Program: LIBRARY PROGRAMS

Activity: MISC FEDERAL LIBRARY PROGRAMS

Narrative

### Activity Funding

Federal allocations awarded to Minnesota are based on the federal fiscal year calendar beginning on October 1. Each annual federal allocation has a two-year window of opportunity to fully expend the funds.

The LSTA program allotment is matched by the state and is calculated in a formula to include federal LSTA dollars and maintenance of effort from state dollars. The total annual state appropriations for the regional library basic system support program and the multicounty, multitype cooperative systems program currently meet the LSTA maintenance of effort funding requirements. The annual federal LSTA allotment will be reduced if the level of state expenditures for the previous fiscal year is less than the average of the total of such expenditures for the three fiscal years preceding that previous fiscal year.

The state dollars to include maintenance of effort funds must adhere to the federal LSTA goals for funding as set by the federal LSTA program and the state plan.

### Contact

Additional information is available from the MDE, State Library Services, (651) 582-8805, [http://education.state.mn.us/mde/Learning\\_Support/Library\\_Services\\_and\\_School\\_Technology/index.html](http://education.state.mn.us/mde/Learning_Support/Library_Services_and_School_Technology/index.html).

DEPT OF EDUCATION  
 Program: LIBRARY PROGRAMS  
 Activity: FEDERAL LIBRARY PROGRAMS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Expenditures by Fund</u></b>					
Statutory Appropriations					
Federal	2,883	3,954	3,000	3,000	6,000
<b>Total</b>	<b>2,883</b>	<b>3,954</b>	<b>3,000</b>	<b>3,000</b>	<b>6,000</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	402	616	635	636	1,271
Other Operating Expenses	123	217	130	129	259
Local Assistance	2,358	3,121	2,235	2,235	4,470
<b>Total</b>	<b>2,883</b>	<b>3,954</b>	<b>3,000</b>	<b>3,000</b>	<b>6,000</b>
<b>Full-Time Equivalents (FTE)</b>	<b>6.7</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>	

**Budget Activities**

- ⇒ Early Childhood/Family Education
- ⇒ School Readiness
- ⇒ Kindergarten Entrance Assessment
- ⇒ Health and Development Screening
- ⇒ Infants and Toddlers-Part C
- ⇒ Head Start Program
- ⇒ Educate Parents Partnership

DEPT OF EDUCATION

Program: EARLY CHLDHOOD & FAM SUPPORT

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	46,733	49,676	49,676	49,676	99,352
<b>Technical Adjustments</b>					
Current Law Base Change			2,260	3,871	6,131
End-of-session Estimate			909	1,459	2,368
November Forecast Adjustment		(304)	(2,105)	(3,147)	(5,252)
One-time Appropriations			(30)	(30)	(60)
<b>Forecast Base</b>	<b>46,733</b>	<b>49,372</b>	<b>50,710</b>	<b>51,829</b>	<b>102,539</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	46,126	49,490	50,710	51,829	102,539
<b>Statutory Appropriations</b>					
Misc Special Revenue	29	30	30	30	60
Federal	5,896	6,371	6,972	6,974	13,946
<b>Total</b>	<b>52,051</b>	<b>55,891</b>	<b>57,712</b>	<b>58,833</b>	<b>116,545</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	0	99	99	99	198
Other Operating Expenses	61	1,032	345	347	692
Local Assistance	51,990	54,760	57,268	58,387	115,655
<b>Total</b>	<b>52,051</b>	<b>55,891</b>	<b>57,712</b>	<b>58,833</b>	<b>116,545</b>
<b><u>Expenditures by Activity</u></b>					
Early Childhood/Family Educ	15,029	17,712	18,472	18,901	37,373
School Readiness	9,499	9,087	9,095	9,095	18,190
Kindergarten Entrance Exam	0	287	287	287	574
Hlth & Development Screening	2,645	2,933	3,207	3,371	6,578
Infants & Toddlers-Part C	5,896	6,574	7,501	8,029	15,530
Head Start Program	18,982	19,218	19,100	19,100	38,200
New Parent Education	0	80	50	50	100
<b>Total</b>	<b>52,051</b>	<b>55,891</b>	<b>57,712</b>	<b>58,833</b>	<b>116,545</b>
<b>Full-Time Equivalent (FTE)</b>	<b>0.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	

**Activity Description**

**Citation:** M.S. 124D.13; 124D.135; 124D.15

The early childhood family education (ECFE) program is funded by state aid and local levy. The program provides early childhood education, parent-child learning opportunities, and parent education that enhance the ability and skills of parents to promote their children's development.

**Population Served**

All families with children ages birth to kindergarten are eligible for ECFE. ECFE served 125,900 children and 145,600 parents in FY 2005. Expectant parents and family relatives may also participate. The program is administered through local school districts.

**Services Provided**

ECFE programs typically include the following services.

- ◆ parent discussion groups
- ◆ parent-child interaction
- ◆ play and learning activities that promote children's development
- ◆ home visits
- ◆ special events for the entire family
- ◆ information on community resources
- ◆ libraries of books, toys, and other learning materials

If funds are insufficient to provide programs for all children, ECFE is encouraged to emphasize programming for children birth to age three and encourage parents to involve four and five year old children in school readiness programs and other public and nonpublic early learning programs.

**Historical Perspective**

⇒ ECFE pilot programs were established in 1974. In 1984, the legislature made it possible for any school district with a community education program to establish the program. ECFE was offered in all 341 school districts in 2005.

**Key Measures**

*Increase the number of parents receiving the education and the support they need to assist their children's development and learning.*

⇒ In a 1999 study of parents with infants, parents reported that their ECFE participation resulted in improved understanding of how infants learn and develop (83%), how to support their infant's learning and development (81%), improved confidence as a parent (79%), improved understanding and response to their child's behavior (76%), and making connections with other parents (73%).

*Increase the percentage of parents involved in activities at home, school, and in the community related to their children's learning, development, and education.*

⇒ A 2003 study on parent involvement in kindergarten and grade three education comparing former ECFE participants and non-ECFE participants found that ECFE participating parents were more likely to

- ◆ read or tell stories with their child nearly every day (kindergarten-79% compared to 67%; grade three-48% compared to 38%),
- ◆ regularly visit libraries (kindergarten-37% compared to 25%; grade three-31% compared to 20%),
- ◆ volunteer in the classroom (kindergarten-65% compared to 39%; grade three-58% compared to 37%), and

**Activity at a Glance**

FY 2005

- ◆ Over 271,500 children and parents participated.
- ◆ More than 19,700 referrals were made to ECFE from other community programs.
- ◆ 23,500 children were referred to other programs by ECFE.

## DEPT OF EDUCATION

Program: EARLY CHILDHOOD & FAM SUPPORT

Activity: EARLY CHILDHOOD/FAMILY EDUC

Narrative

- ◆ serve on PTA advisory committees or school site councils (kindergarten-20% compared to 6%; grade three-18% compared to 8%).

### Activity Funding

A statutory formula generates annual revenue of \$112 per district resident under the age of five, as reported by the district in its annual 0-4 Census count for the prior year. Statutes fix the amount of annual ECFE revenue from local levies at \$22.135 million and require the department each levy cycle to set a tax rate that will generate this amount of revenue statewide. A district's levy may not exceed its formula revenue; a district with a property tax base that yields a levy less than its formula revenue is entitled to state aid for the amount of the difference. In 2005, 45 districts generated 100% of their revenue from levy.

State aid and local levy comprise three-quarters of the revenue districts generate for ECFE Programs, which includes fees, grants, and revenue from other sources. Statutes require that districts have a "reasonable sliding fee scale" for ECFE, but waive the fee for any participant not able to pay. In FY 2005, districts reported generating more than \$5.8 million in fees, about 13% of total ECFE revenue.

Statutes require school districts to maintain a separate reserve account in the community service fund for ECFE. The ECFE reserve account's average fund balance for the most recent three-year period must not exceed 25% of the prior year's program revenue.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the MDE, Early Learning Services, (651) 582-8397, [http://education.state.mn.us/mde/Learning\\_Support/Early\\_Learning\\_Services/index.html](http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html).

DEPT OF EDUCATION

Program: Early Childhood Family Support

Activity: Early Childhood & Family Education

Budget Activity Summary

Dollars in Thousands

	Current		November Forecast		Biennium	
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09	
<b>Direct Appropriations by Fund</b>						
<b>General Fund</b>						
1 Appropriation Excluding Buyback	14,260					
2 Aid Payment Buyback	845					
3 Total Current Appropriation	15,105	17,792	17,792	17,792	35,584	
a. End of Session Estimate			700	1,132	1,832	
b. Cancellation	(102)				0	
c. Transfer per M.S. 127A.41	(3)					
d. November Forecast Adjustment		(110)	(50)	(53)	(103)	
4 Forecast Base	15,000	17,682	18,442	18,871	37,313	
<b>District Revenue Summary (Entitlement Basis)</b>						
<b>AID</b>	<b>State Aid</b>					
5 Statutory Formula Aid	14,612	18,012	18,490	18,913	37,403	
6 Statutory Excess/(Shortfall)	105	122			0	
7 Appropriated Entitlement	14,717	18,134	18,490	18,913	37,403	
8 Adjustments						
a. Appropriation Reduction		(122)				
b. Cancellation	(102)					
c. Transfer per M.S. 127A.41	(3)					
9 State Aid Entitlement Current Law	14,615	18,012	18,490	18,913	37,403	
<i>plus</i>						
<b>LEVY</b>	<b>Levy</b>					
10 Local Levy Current Law	21,765	21,982	22,067	22,118	44,185	
<i>equals</i>						
<b>REVENUE</b>	11 Current Law Revenue (State Aid & Levy)	36,380	39,994	40,557	41,031	81,588
<b>Appropriations Basis for State Aid</b>						
	Prior Year (15.7%/10%)	1,859	1,471	1,801	1,849	3,650
	Current Year (90%)	13,246	16,211	16,641	17,022	33,663
	Transfer per M.S. 127A.41	(3)				
	Cancellation	(102)				
	<b>Total State Aid - General Fund</b>	<b>15,000</b>	<b>17,682</b>	<b>18,442</b>	<b>18,871</b>	<b>37,313</b>
<b>Additional ECFE Revenue-Fund 200</b>						
	ECFE Partnership-Ucare	29	30	30	30	60

**Activity Description**

**Citation:** M.S. 124D.15; 124D.16

The purpose of the school readiness program is to prepare children to enter kindergarten. The program is administered through local school districts.

**Population Served**

The program serves children age three years to kindergarten entrance.

**Services Provided**

Most school-based classroom programs are two and a half hours in length and vary from one day to five days per week. Other programs models include

- ◆ kindergarten transition classes for children and parents;
- ◆ one or two days of child-only activities added to early childhood family education (ECFE);
- ◆ early childhood special education and school readiness integrated classrooms;
- ◆ coordination of referrals and follow-up to early childhood screening;
- ◆ the addition of parent education and special needs services to preschool and center-based child care programs;
- ◆ staff development and consultation for family child care providers; or
- ◆ comprehensive head start and family literacy/English language learner programs.

Recent additions to the program include the following requirements.

- ⇒ Assessment of child’s cognitive skills at entrance to program and again at program exit to inform parents and improve program.
- ⇒ Provision of comprehensive program content based on early childhood research and professional practice that is focused on children’s cognitive skills and development and prepares children for the transition to kindergarten.

**Historical Perspective**

The school readiness program was established in 1991.

**Key Measures**

- ⇒ Since 1994, the Minnesota Department of Education (MDE) has provided training to early childhood teachers on child assessment in order to measure child progress of participating children. Over 50% of the school districts report using the work sampling system of child assessment.
- ⇒ MDE has assessed the school readiness of a representative sample of kindergarten students in the domains of personal and social development, language and literacy, mathematical thinking, the arts, and physical development. Students who consistently perform the indicators in a domain are rated “proficient;” children who perform them sometimes but inconsistently are rated “in process;” and those who cannot perform them are rated “not yet.”

**Activity at a Glance**

FY 2005

- ◆ 61,523 children and parents participated in the program.
- ◆ Nearly 27,000 referrals were made to and from other community services and programs.
- ◆ Approximately 18,000 children received 30 or more hours per year of services.

**FY 2004 Developmental Assessment Results**

<u>Developmental Domain</u>	<u>Not Yet</u>	<u>In Process</u>	<u>Proficient</u>
Physical Development	2%	41%	57%
Personal and Social Development	9%	44%	47%
The Arts	6%	48%	47%
Language and Literacy	12%	46%	43%
Mathematical Thinking	11%	50%	40%



**Activity Funding**

To be eligible to receive state aid, districts must submit a biennial school readiness plan. Each district receives a portion of the total appropriation to provide readiness activities that prepare children for kindergarten. Districts receive aid equal to the number of eligible four year olds in the district on October 1 for the previous school year times the ratio of 50% of the total school readiness aid for that year to the total number of eligible four year olds reported for the previous school year; plus the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program for the second previous school year times the ratio of 50% of the total school readiness aid for that year to the total number pupils in the state from families eligible for the free or reduced school lunch program for the second previous school year.

Statutes require school districts to maintain a separate reserve account in the Community Service Fund for school readiness. The school readiness reserve account average fund balance for the most recent three-year period must not exceed 25% of the prior year's program revenue. If a district exceeds this limit, the district's state aid entitlement is decreased and the district must fund a portion of program costs with fund balance.

State aid for school readiness has changed little over the past 10 years, and is currently funded at a base level of \$9.095 million per year. FY 2005 formula calculation of state aid provided total aid ranging from \$706 (Cyrus), \$7,561 (Hayfield), \$59,154 (Willmar), \$110,683 (North St. Paul-Maplewood), \$167,439 (Rochester), \$360,692 (Anoka-Hennepin), to \$895,506 (St. Paul) and \$956,503 (Minneapolis). Based on participation of 61,523 children and parents, state aid funded an average of approximately \$146 per participant in FY 2005.

School districts reported financial data that shows school readiness aid provided approximately half of the program's total revenue in FY 2005, while a third came from tuition and fees. Districts must adopt a sliding fee schedule based on family income, but must waive the fee for any participant not able to pay. In addition, districts may receive money or in-kind services from public or private organizations.

**Contact**

Additional information is available from the MDE, Early Learning Services, (651) 582-8397, [http://education.state.mn.us/mde/Learning\\_Support/Early\\_Learning\\_Services/index.html](http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html).

DEPT OF EDUCATION

Program: Early Childhood Family Support

Activity: School Readiness

Budget Activity Summary

*Dollars in Thousands*

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Appropriation Excluding Buyback	9,014				
2 Aid Payment Buyback	514				
3 Total Current Appropriation	9,528	9,020	9,020	9,020	18,040
a. End of Session Estimate		67	67	75	142
b. November Forecast Adjustment			8		8
c. Cancellation	(29)				0
4 Forecast Base	<b>9,499</b>	<b>9,087</b>	<b>9,095</b>	<b>9,095</b>	<b>18,190</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	8,985	9,095	9,095	9,095	18,190
6 Statutory Excess/(Shortfall)	29	(74)			0
7 Appropriated Entitlement	9,014	9,021	9,095	9,095	18,190
8 Adjustments					
a. Supplemental Appropriation		74			
b. Cancellation	(29)				
9 State Aid Entitlement Current Law	8,985	9,095	9,095	9,095	18,190
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	1,415	901	909	909	1,818
Current Year (90%)	8,113	8,186	8,186	8,186	16,372
Cancellation	(29)				
<b>Total State Aid - General Fund</b>	<b>9,499</b>	<b>9,087</b>	<b>9,095</b>	<b>9,095</b>	<b>18,190</b>

**Activity Description**

**Citation:** Laws M.S. 124D.162

This program provides funding for a kindergarten readiness assessment.

**Activity at a Glance**

- ◆ New program created in the 2006 legislative session.

**Population Served**

A representative sample of 10% of incoming kindergarteners are assessed within the first six weeks of school.

**Services Provided**

Kindergarten teachers observe children in the classrooms during the initial six weeks of kindergarten in order to minimize the impact of kindergarten instruction on observational results. Teachers record their observations and submit documentation to the Minnesota Department of Education (MDE) where it is reviewed and forwarded to NCS Pearson for scanning. Results are compiled and given to participating school sites.

Results are used to inform school administrators, teachers, parents, early childhood teachers, child care providers, policymakers, and the public about progress towards the goal of ensuring that children are ready for kindergarten. It is expected that results will be used to plan children's transition from home to school, prepare for teacher conferences, and improve instruction and services to families.

**Activity Funding**

\$287,000 is appropriated each year to implement this program.

**Contact**

Additional information is available from the MDE, Division of Early Learning Services, (651) 582-8397, [http://education.state.mn.us/mde/Learning\\_Support/Early\\_Learning\\_Services/index.html](http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html).

DEPT OF EDUCATION

Program: EARLY CHLDHOOD & FAM SUPPORT

Activity: KINDERGARTEN ENTRANCE EXAM

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	0	287	287	287	574
<b>Forecast Base</b>	<b>0</b>	<b>287</b>	<b>287</b>	<b>287</b>	<b>574</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	0	287	287	287	574
<b>Total</b>	<b>0</b>	<b>287</b>	<b>287</b>	<b>287</b>	<b>574</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	0	99	99	99	198
Other Operating Expenses	0	188	188	188	376
<b>Total</b>	<b>0</b>	<b>287</b>	<b>287</b>	<b>287</b>	<b>574</b>
<b>Full-Time Equivalentents (FTE)</b>	<b>0.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	

**Activity Description**

**Citation:** M.S. 121A.16; 121A. 17; 121A.19

Early childhood health and developmental screening promotes educational readiness and improved health of young children through the early detection of factors that may impede children’s learning, growth, and development.

**Population Served**

Every school board must provide for a mandatory program of early childhood developmental screening for children once before school entrance. A child need not submit to this screening if the child’s health records indicate to the district that the child has received comparable developmental screening from a public or private health care provider. This program targets children who are between three and four years of age. Districts are required to notify each resident family with an eligible child of the availability of the program and the state’s screening requirement.

**Activity at a Glance**

In FY 2005, a total of 58,861 children were screened. This included:

- ◆ 3,879 children served in early childhood special education.
- ◆ 3,949 children referred to the school readiness program.
- ◆ 6,411 families referred to early childhood family education.
- ◆ 1,380 children referred to head start.
- ◆ 410 parents referred to adult education/literacy.

**Services Provided**

A screening program must include the following components: developmental assessments, hearing and vision screening or referral, immunization review and referral, the child’s height and weight, identification of risk factors that may influence learning, an interview with the parent about the child, and referral for assessment, diagnosis, and treatment when potential needs are identified. A district may offer additional components such as nutritional, physical and dental assessments, review of family circumstances that might affect development, blood pressure, laboratory tests, and health history.

A district must provide the parent or guardian of the child screened with a record indicating the month and year the child received screening and the results of the screening.

**Historical Perspective**

The early childhood screening program was established in 1977.

Up until FY 2006, statutes set the targeted age for early childhood screening at between the ages of three and a half and four years. The 2005 legislature lowered the targeted ages to between three and four years and changed the aid formula to provide an incentive to districts to screen children within the targeted age range. The legislature also added the requirement that districts assign a student identification number to each child at the time of screening, or at the time health records are presented documenting a comparable screening by another provider.

**Key Measures**

*Increase the percentage of children who receive referrals and services to address health and developmental concerns.*

- ⇒ In FY 2005, over 24,700 referrals were made for potential health or developmental concerns identified at the time of early childhood health and developmental screening. Note: the Minnesota Department of Education (MDE) has implemented a web-based application for reporting annual aggregated early childhood health and development screening data from school districts, including data on the status of children’s immunizations, hearing, vision, growth, and access to health care coverage.
- ⇒ In FY 2004, MDE translated the early childhood screening parent brochure into 10 languages to facilitate outreach to linguistically diverse families.

# DEPT OF EDUCATION

**Program:** EARLY CHILDHOOD & FAM SUPPORT

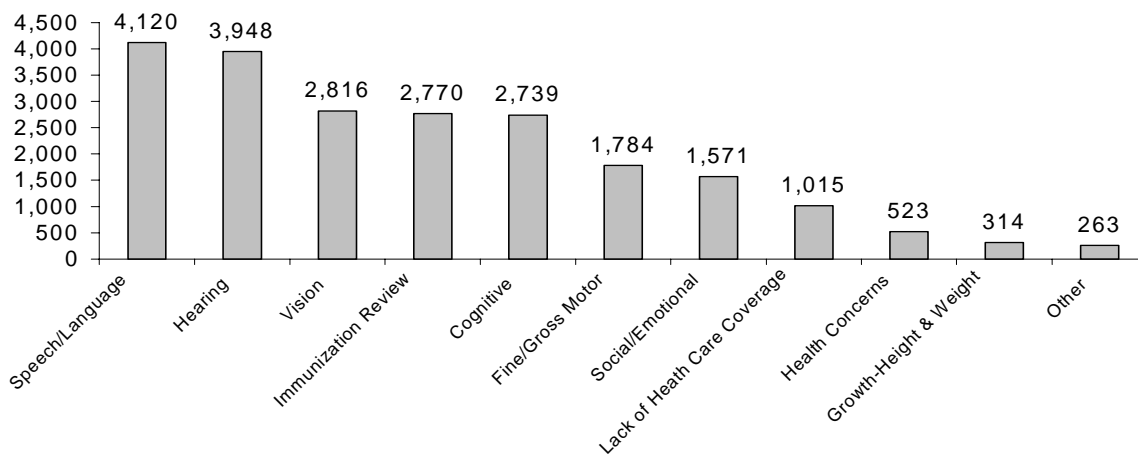
**Activity:** HEALTH & DEVELOPMENT SCREENING

Narrative

*Increased coordination and integrated screening efforts and follow-up process with county health and social services, school districts, and other providers are implemented through the*

- ◆ provision of integrated regional staff development opportunities offered jointly by the Minnesota departments of Education, Health, Human Services, and the state Head Start Collaboration Office;
- ◆ development of common screening forms for early childhood screening, child and teen checkups/EPSTD (early and periodic screening, diagnosis and treatment), and head start; and
- ◆ development of Minnesota child health and developmental screening quality indicators.

**2005: Number of Potential Concerns Identified**



## Activity Funding

Districts receive state aid for every child screened prior to kindergarten entrance or within 30 days after first entering kindergarten. Districts are reimbursed \$50 for each child screened at age three; \$40 for each child screened at age four; and \$30 for each child screened at age five.

Districts may not charge parents a fee for required screening, but they may charge fees for any of the optional screening components. If the amount of state aid is not sufficient, districts may make a permanent transfer from the general fund to pay for costs not covered by early childhood screening aid. Statutes also encourage districts to reduce screening costs by using volunteers, and public or private health care organizations and providers in providing the screening program.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the MDE, Early Learning Services, (651) 582-8397, [http://education.state.mn.us/mde/Learning\\_Support/Early\\_Learning\\_Services/index.html](http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html).

DEPT OF EDUCATION

Program: Early Childhood Family Support

Activity: Health & Developmental Screening

Budget Activity Summary

Dollars in Thousands

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09 FY2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Appropriation Excluding Buyback	2,820				
2 Aid Payment Buyback	180				
3 Total Current Appropriation	3,000	2,997	2,997	2,997	5,994
a. End of Session Estimate		(64)	142	252	394
b. November Forecast			68	122	190
c. Cancellation	(355)				
4 Forecast Base	<b>2,645</b>	<b>2,933</b>	<b>3,207</b>	<b>3,371</b>	<b>6,578</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	2,515	2,939	3,237	3,386	6,623
6 Statutory Excess/(Shortfall)	355	72			0
7 Appropriated Entitlement	2,870	3,011	3,237	3,386	6,623
8 Adjustments					
a. Cancellation	(355)				
b. Appropriation Reduction					
9 State Aid Entitlement Current Law	2,515	3,011	3,237	3,386	6,623
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	417	287	293	323	616
Current Year (90%)	2,583	2,646	2,914	3,048	5,962
Cancellation	(355)				
<b>Total State Aid - General Fund</b>	<b>2,645</b>	<b>2,933</b>	<b>3,207</b>	<b>3,371</b>	<b>6,578</b>

**Activity Description**

**Citation:** M.S.125A.26-125A.48; Part C, IDEA (Individuals with Disabilities Act)

The Part C - Infants and Toddlers Program is a state and federally funded program that provides comprehensive interagency family-centered services to eligible children with disabilities, ages birth to three years, and their families, based upon identified need.

**Population Served**

Eligible infants and toddlers with disabilities birth to age three and their families are served by the program.

**Services Provided**

The program assists and provides funds to the 95 local Interagency Early Intervention Committees (IEICs) through the IEIC annual application planning process. IEICs are responsible for the development, coordination, and implementation of comprehensive local interagency early childhood intervention services for young children with disabilities and their families. IEIC members include representatives of school districts, county human service agencies, county boards, and early childhood family education programs, parents of young children with disabilities under age 12, and health care providers.

Early intervention services are offered in conformity with an individual family services plan (IFSP) and provided in natural environments including the home, child care setting, early childhood special education (ECSE) program, or other early childhood education settings.

Additional components of the Part C state and local system to enhance quality and accountability include:

- ◆ local staff development, opportunities for occupational therapists, ECSE staff, speech pathologists, physical therapists, physicians, nurses, nutritionists, and child care providers;
- ◆ technical assistance to local areas through the Minnesota Technical Assistance for Family Support, Early Hearing Detection and Intervention Network, Project Exceptional for inclusive child care, and the Autism Network;
- ◆ the development of web-based applications to serve as a resource for parents, teachers, and others;
- ◆ the central directory and 800 number which provides parents with referral and resource information;
- ◆ local and state interagency agreements that include procedures for intra- and interagency dispute resolution, complaints, agency roles and responsibilities for child find, services, service coordination, financial commitments, and data collection;
- ◆ due process procedures for families and providers; and
- ◆ coordination with child care providers and other early childhood service providers is used to improve Child Find.

**Historical Perspective**

Minnesota has participated in Part C (formerly Part H), IDEA (Individuals with Disabilities Education Act) since 1987.

The Minnesota Department of Education (MDE), designated by the state as the lead agency, together with the Minnesota Department of Health (MDH); and Department of Human Services (DHS) work together with local IEICs to provide coordinated interagency services and funding for each eligible child and family. The Governor's Interagency Coordinating Council on Early Childhood Intervention (ICC) serves in an advisory role.

**Activity at a Glance**

FY 2005

- ◆ 3,172 Minnesota children and families received services through an individual family services plan.
- ◆ 95 community coordinating committees design comprehensive intervention services for children with disabilities.



# DEPT OF EDUCATION

**Program:** EARLY CHILDHOOD & FAM SUPPORT

**Activity:** INFANTS & TODDLERS-PART C

Narrative

## Key Measures

The percentage of infants and toddlers birth to age three (particularly under one year of age) and their families who have IFSPs is increased and is proportional to the general state population. The goal is to have 2.44% of children in this age range participating in FY 2011.

The number of eligible children, birth to age three, with an IFSP on December 1 of each year has increased from 2,312 in 1993 to 3,209 in 2005.

	Children and Their Families with an IFSP on December 1					
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Number of children and their families participating with IFSPs	2,464	2,540	2,734	2,523	3,039	3,209
Percentage of children participating (est.)	1.26%	1.32%	1.44%	1.28%	1.50%	NA*

\*The percentage of children participating is based upon federal estimates and is provided to the states by the U.S. Department of Education, Office of Special Education Programs. The data for 2005 is not yet available.

## Activity Funding

Minnesota's federal allocation for Part C is based on the number of all children in the cohorts from birth to age three annually.

State funding of \$400,000 is appropriated in FY 2007 for program expansion, and amounts of \$2.660 million and \$4.271 million are included in the appropriation base for FY 2008 and FY 2009, respectively.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

## Contact

Additional information is available from the MDE, Early Learning Services at (651) 582-8397, [http://education.state.mn.us/mde/Learning\\_Support/Early\\_Learning\\_Services/index.html](http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html).

DEPT OF EDUCATION

Program: Early Childhood Family Support

Activity: Infants & Toddlers – Part C

Budget Activity Summary

*Dollars in Thousands*

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09
					FY2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Current Appropriation		400	400	400	800
a. End of Session Estimate			2,260	3,871	6,131
b. November Forecast Adjustment		(197)	(2,131)	(3,216)	(5,347)
2 Forecast Base	0	203	529	1,055	1,584
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
3 Statutory Formula Aid	0	305	641	1,148	1,789
4 Statutory Excess/(Shortfall)		95			0
5 Appropriated Entitlement	0	400	641	1,148	1,789
6 Adjustments					
a. Appropriation Reduction		(197)			
7 State Aid Entitlement Current Law	0	203	641	1,148	1,789
8 Other Revenue					
a. Federal	5,896	6,371	6,972	6,974	13,946
9 Total All Sources Current Law	5,896	6,574	7,613	8,122	15,735
<b>Appropriations Basis for State Aid</b>					
Current Year (90%)		203	427	841	1,268
Prior Year (10%)			102	214	
<b>Total State Aid - General Fund</b>	<b>0</b>	<b>203</b>	<b>529</b>	<b>1,055</b>	<b>1,268</b>

**Activity Description**

**Citation:** M.S. 119A.50-119A.545; 42 U.S.C.9840 et seq.

The head start program promotes school readiness of low-income children by enhancing social and cognitive development through the provision of comprehensive health, educational, nutritional, and other services. Research has shown that families with the highest risk factors gain the most from high quality early childhood programming.

**Activity at a Glance**

In FY 2005

- ◆ 36 head start programs enrolled about 16,800 children; over 2,900 of these children were served with state funds.
- ◆ 14.2% of enrolled children had a diagnosed disability.

**Population Served**

Head start primarily serves three to five year olds from low-income families. Some programs also receive funds to serve infants, toddlers, and pregnant mothers in early head start programs. At least 90% of enrolled children must come from families who are living at or below the federal poverty level or participating in Minnesota Family Investment Program (MFIP). Ten percent of enrollment in head start is reserved for children with diagnosed disabilities. Up to 10% of the children enrolled may be from families that exceed the low-income guidelines. A child in foster care is eligible even if the family income exceeds income guidelines.

About 57% of the enrolled children are at least four years old; about 25% are from families who are English language learners. Approximately 53% have two parents or guardians in the home, 70% have at least one parent working, and 18% have at least one parent in job training or school.

**Services Provided**

Head start provides a comprehensive program including health, nutrition, education, parent involvement, and social services to children and families. Approximately 85% of the enrolled families received one or more services such as assistance with housing and transportation, health and parenting education, adult education, and job training.

Programs operate a center-based, home-based, and/or combination option. Center-based programs must operate a minimum of 3.5 hours per day, four days per week, for 128 days per year supplemented with at least two home visits. Home-based programs must offer a minimum of 32 home visits of 1.5 hours each supplemented with at least 16 group socialization activities per year. In response to changing needs of children and their families, some programs also offer some full-day, full-year services through head start-child care partnerships. Other collaborative partners include public health, early childhood screening, early childhood special education, early childhood family education, school readiness, adult basic education, family literacy, public school kindergarten, and self-sufficiency programs.

Parents work in head start classrooms as volunteers and employees, participate in parent education activities and program governance, and work in partnership with head start staff. Former or current head start parents made up 24% of the staff and 67% of the approximately 28,000 volunteers in 2005.

**Historical Perspective**

Head start began as a federal program in 1965. In 1988, the Minnesota legislature first appropriated state funds. State funded head start programs are required to comply with federal head start requirements.

**Key Measures**

*Increase the percentage of head start programs providing all-day care.*

- ⇒ In FY 2005, 39% of children enrolled in need of full-day and/or full-year child care received these services through head start or early head start.
- ⇒ 29 of 36 head start programs are involved in partnerships to offer full-day child care services.

## DEPT OF EDUCATION

Program: EARLY CHILDHOOD & FAM SUPPORT

Activity: HEAD START PROGRAM

Narrative

*Increase the percentage of children who complete all appropriate medical screenings and examinations within the last twelve months and the percentage of children who receive follow-up services for identified health and developmental needs.*

⇒ In 2005, 86% of all enrolled children completed all medical examinations.

⇒ In 2005, 93% of children with identified health needs received treatment.

### Activity Funding

Federal head start funds flow directly from the federal office to 36 local head start programs (\$84.3 million in FFY 2005 and \$83.5 million in FFY 2006). At least 20% of the total cost of a head start program must come from local resources. In-kind contributions constitute much of this match through volunteer hours and donated space, materials and services. The Minnesota legislature chose to use the existing programs, administrative structure, and program performance standards already in place. State allocation of funds is based equally on the program share of federal head start funds and on the proportion of eligible children in the grantee service area who are not currently being served.

**Minnesota Head Start Collaboration Project** – Minnesota annually receives a \$125,000 federal grant from the head start federal office for the Minnesota Head Start Collaboration Project. The purpose of the grant is to create significant statewide collaboration between head start and local communities in order to meet the challenges of improving services for low-income children and their families.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### Contact

Additional information is available from the MDE, Early Learning Services, (651) 582-8397, [http://education.state.mn.us/mde/Learning\\_Support/Early\\_Learning\\_Services/index.html](http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html).

DEPT OF EDUCATION  
 Program: EARLY CHLDHOOD & FAM SUPPORT  
 Activity: HEAD START PROGRAM

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	19,100	19,100	19,100	19,100	38,200
<b>Forecast Base</b>	<b>19,100</b>	<b>19,100</b>	<b>19,100</b>	<b>19,100</b>	<b>38,200</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	18,982	19,218	19,100	19,100	38,200
<b>Total</b>	<b>18,982</b>	<b>19,218</b>	<b>19,100</b>	<b>19,100</b>	<b>38,200</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	18,982	19,218	19,100	19,100	38,200
<b>Total</b>	<b>18,982</b>	<b>19,218</b>	<b>19,100</b>	<b>19,100</b>	<b>38,200</b>

## DEPT OF EDUCATION

Program: EARLY CHILDHOOD & FAM SUPPORT

Activity: EDUCATE PARENTS PARTNERSHIP

Narrative

### Activity Description

Citation: M.S. 124D.129

The purpose of this program is to work with health care providers and community organizations to provide parent information to parents of newborns at the time of birth.

### Activity at a Glance

- ◆ New program created in the 2006 legislative session.

### Population Served

All parents of newborn children in Minnesota are potential customers of this program.

### Services Provided

The commissioner of the Minnesota Department of Education (MDE) will coordinate a partnership with early childhood organizations, including, but not limited to, early childhood family education, child care resource and referral, and interagency early intervention committees. Parents of newborns will be provided informational materials and contacts for a broad range of subjects prior to hospital discharge. MDE is in the process of developing a web site that will provide information and links to resources on child development, parent education, child care, and consumer safety.

### Activity Funding

\$80,000 was provided in FY 2007 to develop the program. Ongoing funding for this program in FY 2008 and later years is \$50,000.

### Contact

Additional information is available from the MDE, Early Learning Services, (651) 582-8397, [http://education.state.mn.us/mde/Learning\\_Support/Early\\_Learning\\_Services/index.html](http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html).

DEPT OF EDUCATION  
 Program: EARLY CHLDHOOD & FAM SUPPORT  
 Activity: NEW PARENT EDUCATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	0	80	80	80	160
<b>Technical Adjustments</b>					
One-time Appropriations			(30)	(30)	(60)
<b>Forecast Base</b>	<b>0</b>	<b>80</b>	<b>50</b>	<b>50</b>	<b>100</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	0	80	50	50	100
<b>Total</b>	<b>0</b>	<b>80</b>	<b>50</b>	<b>50</b>	<b>100</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	0	80	50	50	100
<b>Total</b>	<b>0</b>	<b>80</b>	<b>50</b>	<b>50</b>	<b>100</b>

**Budget Activities**

- ⇒ Community Education
- ⇒ Adults with Disabilities Program
- ⇒ Hearing Impaired Adults
- ⇒ School Age Care Revenue



DEPT OF EDUCATION

Program: COMMUNITY ED & PREVENTION

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	2,880	2,733	2,733	2,733	5,466
<b>Technical Adjustments</b>					
End-of-session Estimate			(659)	(1,174)	(1,833)
November Forecast Adjustment		0	6	19	25
<b>Forecast Base</b>	<b>2,880</b>	<b>2,733</b>	<b>2,080</b>	<b>1,578</b>	<b>3,658</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	2,845	2,733	2,080	1,578	3,658
<b>Total</b>	<b>2,845</b>	<b>2,733</b>	<b>2,080</b>	<b>1,578</b>	<b>3,658</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	2,845	2,733	2,080	1,578	3,658
<b>Total</b>	<b>2,845</b>	<b>2,733</b>	<b>2,080</b>	<b>1,578</b>	<b>3,658</b>
<b><u>Expenditures by Activity</u></b>					
Community Education	2,009	1,946	1,299	797	2,096
Adults With Disabilities Prog	746	710	710	710	1,420
Hearing Impaired Adults	70	70	70	70	140
School Age Care Revenue	20	7	1	1	2
<b>Total</b>	<b>2,845</b>	<b>2,733</b>	<b>2,080</b>	<b>1,578</b>	<b>3,658</b>

**Activity Description**

**Citation:** M.S. 124D.18; 124D.19; 124D.20

This state aid and local levy program provides funding for community education programs to provide lifelong learning opportunities for all community members and access to school facilities for public use.

**Activity at a Glance**

- ◆ Every Minnesota school district operates a community education program.
- ◆ Programs serve participants of all ages from preschool through senior citizens.

**Population Served**

Every Minnesota school district operates a community education program. Programs serve children and adults of all ages.

**Services Provided**

Community education provides services beyond the regular K-12 program. Programs may include (as specified in M.S. 124D.20, subd. 8)

- ◆ adults with disabilities,
- ◆ adult basic education (ABE),
- ◆ youth development,
- ◆ youth service,
- ◆ early childhood family education (ECFE),
- ◆ school-age care,
- ◆ summer programs for elementary and secondary pupils,
- ◆ youth after-school enrichment programs, and
- ◆ non-vocational, recreational, and leisure activities.

School boards must establish a community education advisory council and, with some exceptions, must employ a licensed community education director.

**Historical Perspective**

State funding for community education began in 1971 to promote the community use of public schools facilities beyond the regular school day.

**Key Measures**

The table below shows reported participants, not including those reported separately under ECFE, ABE, and early childhood screening.

	<b>Numbers in Millions</b>					
	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Participants	1.91	1.95	2.00	2.15	2.54	2.60

**Activity Funding**

The community education revenue formula has three components for FY 2007 and later. All districts receive general revenue equal to \$5.42 times the greater of the district's resident population or 1,335. This formula was set at \$5.95 for FY 2003 and FY 2004, and at \$5.23 for FY 2005 and FY 2006. The general revenue rate for FY 2007 is \$5.42. Districts that have implemented a youth development plan receive youth service revenue of \$1 times the greater of 1,335 or the district's population. Districts that operate a youth after-school enrichment program receive additional revenue of \$1.85 times the greater of 1,335 or the population of the district up to 10,000, plus \$0.43 times the population in excess of 10,000. The community education levy is set at the lesser of a district's total community education revenue or 0.9% times its adjusted net tax capacity (ANTC). A district receives state aid if its tax capacity is not sufficient to generate a levy equal to its formula revenue.

## DEPT OF EDUCATION

**Program:** COMMUNITY ED & PREVENTION

**Activity:** COMMUNITY EDUCATION

Narrative

Fees, federal and private grants, and other local revenue sources provide nearly five times the revenue for community education programs as the statutory formula generates in local levy and state aid. Districts reported nearly \$180 million in revenue from these sources, more than 80% of the total FY 2005 revenue for community education programs, excluding ECFE, school readiness, and ABE.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### **Contact**

Additional information is available from the Minnesota Department of Education, Adult and Career Education, (651) 582-8330.

DEPT OF EDUCATION

Program: Community Education & Prevention

Activity: Community Education

Budget Activity Summary

Dollars in Thousands

		Current		November Forecast		Biennium
		FY 2006	FY 2007	FY 2008	FY 2009	2008-09
						FY2008-09
<b>Direct Appropriations by Fund</b>						
<b>General Fund</b>						
1	Appropriation Excluding Buyback	1,940				
2	Aid Payment Buyback	103				
3	Total Current Appropriation	2,043	1,949	1,949	1,949	3,898
	a. End of Session Estimate			(656)	(1,171)	(1,827)
	b. Cancellation	(34)				0
	c. November Forecast Adjustment		(3)	6	19	25
4	<b>Forecast Base</b>	<b>2,009</b>	<b>1,946</b>	<b>1,299</b>	<b>797</b>	<b>2,096</b>
<b>District Revenue Summary (Entitlement Basis)</b>						
<b>AID</b>						
<b>State Aid</b>						
5	Statutory Formula Aid	1,808	1,957	1,226	749	1,975
6	Statutory Excess/(Shortfall)	34	4			0
7	Appropriated Entitlement	1,842	1,961	1,226	749	1,975
8	Adjustments					
	a. Appropriation Reduction		(4)			
	b. Cancellation	(34)				
9	<b>State Aid Entitlement Current Law</b>	<b>1,808</b>	<b>1,957</b>	<b>1,226</b>	<b>749</b>	<b>1,975</b>
<i>plus</i>						
<b>LEVY</b>						
<b>Levy</b>						
10	Local Levy Current Law	34,523	36,147	37,449	38,577	76,026
<i>equals</i>						
<b>REVENUE</b>	11 Current Law Revenue (State Aid & Levy)	<b>36,331</b>	<b>38,104</b>	<b>38,675</b>	<b>39,326</b>	<b>78,001</b>
<b>Appropriations Basis for State Aid</b>						
	Prior Year (15.7%/10%)	385	184	195	122	317
	Current Year (90%)	1,624	1,762	1,104	675	1,779
	<b>Total State Aid - General Fund</b>	<b>2,009</b>	<b>1,946</b>	<b>1,299</b>	<b>797</b>	<b>2,096</b>

**Activity Description**

Citation: M.S. 124D.56

This state aid and local levy program provides funding to school districts to support activities that integrate adults with disabilities with other people in their community.

**Population Served**

The number of adults with disabilities participating in this program increased from approximately 9,000 in FY 1988 to 39,000 in 1999 and has remained relatively stable since that time.

**Services Provided**

Community education programs locally administer the adults with disabilities program. Thirty of 77 supported school districts are in the seven county metropolitan area. The local programs use the following service strategies to achieve their objectives.

- ◆ services enabling adults to participate in community activities, such as training for community members, one-on-one assistance, Braille and interpreter services
- ◆ classes specifically for adults with disabilities
- ◆ outreach to identify adults needing services
- ◆ activities to increase public awareness of the roles of people with disabilities

**Key Measures**

Local community education teachers work with others to:

- ◆ identify and encourage adults with disabilities to enjoy community life;
- ◆ develop specific learning and leisure time opportunities for those with disabilities;
- ◆ teach community members how to include people with differing abilities; and
- ◆ raise awareness of contributions of people with disabilities.

**Activity Funding**

To be eligible for specific categorical revenue to serve adults with disabilities, a school district's community education program must receive approval from the Minnesota Department of Education (MDE).

The state aid formula provides the lesser of \$30,000 or one-half of the actual expenditures. A district is required to match this aid amount from local sources. A district is permitted to levy the lesser of \$30,000 or the actual expenditures minus the amount of state aid for the program.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the MDE, Academic Standards and High School Improvement/Adult and Career Education section, (651) 582-8330.

**Activity at a Glance**

- ◆ 77 school districts were approved for adults with disabilities program aid in FY 2005. Of these, 73 districts levied a matching amount while four districts operated on an aid only pilot basis.

**DEPT OF EDUCATION**

**Program: Community Education & Prevention**

**Activity: Adults with Disabilities**

**Budget Activity Summary**

*Dollars in Thousands*

		Current		November Forecast		Biennium
		FY 2006	FY 2007	FY 2008	FY 2009	2008-09
						FY2008-09
<b>Direct Appropriations by Fund</b>						
<b>General Fund</b>						
1	Appropriation Excluding Buyback	710				
2	Aid Payment Buyback	40				
3	Total Current Appropriation	750	710	710	710	1,420
a.	Cancellation	(4)				
4	<b>Forecast Base</b>	<b>746</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>1,420</b>
<b>District Revenue Summary (Entitlement Basis)</b>						
<b>AID State Aid</b>						
5	Statutory Formula Aid	710	710	710	710	1,420
6	Statutory Excess/(Shortfall)					0
7	Appropriated Entitlement	710	710	710	710	1,420
8	Adjustments					
9	<b>State Aid Entitlement Current Law</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>1,420</b>
<i>plus</i>						
<b>LEVY Levy</b>						
10	Local Levy Current Law	670	670	670	670	1,340
<i>equals</i>						
<b>REVENUE</b>	11 Current Law Revenue (State Aid & Levy)	1,380	1,380	1,380	1,380	2,760
<b>Appropriations Basis for State Aid</b>						
	Prior Year (15.7%/10%)	111	71	71	71	142
	Current Year (90%)	639	639	639	639	1,278
	Cancellation	(4)				
	<b>Total State Aid - General Fund</b>	<b>746</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>1,420</b>

**Activity Description****Citation:** M.S. 124D.57

This state aid program provides funding to districts and other organizations to assure access to educational opportunities for deaf and hard of hearing adults by paying for interpreter or note-taker services.

**Activity at a Glance**

- ◆ 21 sites received funding under this program in FY 2005 with aid ranging from \$112 to more than \$26,000.

**Population Served**

This program serves deaf and hard of hearing adults participating in adult education classes.

**Services Provided**

This program

- ◆ targets part-time adult students with hearing impairments;
- ◆ provides access to vocational education programs and programs promoting educational growth and development; and
- ◆ enhances and encourages lifelong learning.

Services provided include interpretation and note-taking.

Access to education programs for persons with disabilities is assured by the American with Disabilities Act (ADA). This program provides assistance with the one-time costs of interpreter and note-taker services. The aid allocation is not meant to support all the interpreter services for deaf and hard of hearing adult learners, but to help in unforeseen situations.

**Key Measures**

Approximately 63% of reimbursement requests come from school districts providing adult education. The remaining 37% come from other public and private organizations.

During FY 2005, 21 different agencies received funds, ranging from over \$26,000 for St. Paul College to \$112 for a local school district to interpret a one-time community education class for one adult.

**Activity Funding**

The Minnesota Department of Education (MDE) provides reimbursement of the actual costs of direct services. The cost of providing interpreter services to one person for an activity/program is the same as providing that service to a group of people. The average cost for an hour of American sign language interpretation ranges between \$50 and \$80.

Both public and private agencies providing adult education classes to hearing impaired adults may apply to MDE for reimbursement of the costs of providing interpreting services. Applications for aid are received throughout the year with a single payment made at the end of the year, prorated as necessary to stay within the budgeted amount.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the MDE, Academic Standards and High School Improvement; Adult and Career Education section, (651) 582-8330.

DEPT OF EDUCATION

Program: COMMUNITY ED & PREVENTION

Activity: HEARING IMPAIRED ADULTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	70	70	70	70	140
<b>Forecast Base</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>140</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	70	70	70	70	140
<b>Total</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>140</b>
 <b><u>Expenditures by Category</u></b>					
Local Assistance	70	70	70	70	140
<b>Total</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>140</b>



**Activity Description**

**Citation:** M.S. 124D.19; 124D.22

School age care (SAC) revenue is an equalized levy and aid program that supports the additional costs of providing after school care for children with disabilities or children experiencing family or related problems of a temporary nature.

**Activity at a Glance.**

- ◆ 152 school districts certified levies in FY 2007.

**Population Served**

Services funded by this revenue are only for children with disabilities or who experience problems of a temporary nature and participate in school age care programs.

**Services Provided**

School age care is a program for children from kindergarten through grade six to expand student's learning opportunities when school is not in session. Local school boards must develop the standards for the program, which must include the following components.

- ◆ adult supervised activities while school is not in session
- ◆ parent involvement in program design and direction
- ◆ partnerships with K-12 system and other public, private, or nonprofit entities
- ◆ opportunities for trained secondary school pupils to work with younger children as part of a community service program
- ◆ access to available school facilities when otherwise not in use as part of the operation of the school

**Historical Perspective**

The Minnesota legislature authorized school boards to offer school age care programs in 1989; no levy was authorized or state aid appropriated. In 1992, the legislature authorized school age care revenue to pay for the additional costs of providing school age care to children with a disability or children "experiencing family or related problems of a temporary nature."

The number of districts participating in this revenue program had grown from 79 in FY 1994 to 152 districts in FY 2007.

**Activity Funding**

School age care revenue is equal to the eligible annual additional costs of providing school age care services to children with disabilities or children who are experiencing a temporary family problem. The levy is equalized at a rate of \$2,433 of adjusted net tax capacity per resident pupil unit. That is, districts with a per-pupil tax capacity less than this amount are eligible to receive state aid. Levy authority equals school age care revenue times the lesser of 1.0 or the ratio of the district's per-pupil tax capacity to \$2,433. Aid equals the difference between revenue and levy authority. Most school districts accessing this revenue have tax capacities sufficient to generate 100% of their school age care revenue.

Based on school district financial reporting, approximately 12% of total district revenue for school age care is provided by this revenue program.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the Minnesota Department of Education, Division of Program Finance at (651) 582-8467, [http://education.state.mn.us/mde/Accountability\\_Programs/Program\\_Finance/index.html](http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html).

DEPT OF EDUCATION

Program: Community Education & Prevention

Activity: School Age Care

Budget Activity Summary

Dollars in Thousands

		Current		November Forecast		Biennium
		FY 2006	FY 2007	FY 2008	FY 2009	2008-09
						FY2008-09
<b>Direct Appropriations by Fund</b>						
<b>General Fund</b>						
1	Appropriation Excluding Buyback	16				
2	Aid Payment Buyback	1				
3	Total Current Appropriation	17	4	4	4	8
	a. End of Session Estimate			(3)	(3)	(6)
	b. November Forecast Adjustment		3	0	0	0
	d. Transfer per M.S. 127A.41	3				
2	Forecast Base	20	7	1	1	2
<b>District Revenue Summary (Entitlement Basis)</b>						
<b>AID</b>						
<b>State Aid</b>						
5	Statutory Formula Aid	17	6	1	1	2
6	Statutory Excess/(Shortfall)	(3)	(3)			0
7	Appropriated Entitlement	14	3	1	1	2
8	Adjustments					
	a. Supplemental Appropriation		3			
	b. Transfer per M.S. 127A.41	3				
9	State Aid Entitlement Current Law	17	6	1	1	2
<i>plus</i>						
<b>LEVY</b>						
<b>Levy</b>						
12	Local Levy Current Law	10,880	11,821	13,185	14,503	27,688
<i>equals</i>						
<b>REVENUE</b>	15 Current Law Revenue (State Aid & Levy)	10,897	11,827	13,186	14,504	27,690
<b>Appropriations Basis for State Aid</b>						
	Prior Year (15.7%/10%)	4	1	0	0	0
	Current Year (90%)	13	6	1	1	2
	Transfer per M.S. 127A.41	3				0
	<b>Total State Aid - General Fund</b>	<b>20</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>2</b>

**Budget Activities**

- ⇒ Adult Basic Education
- ⇒ GED Tests
- ⇒ Intensive English for Refugees
- ⇒ Lead Abatement

DEPT OF EDUCATION

Program: SELF SUFFICIENCY & LIFELONG LR

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	38,827	38,015	38,015	38,015	76,030
<b>Technical Adjustments</b>					
End-of-session Estimate			(9)	(13)	(22)
November Forecast Adjustment		946	2,115	3,280	5,395
Program/agency Sunset			0	(1,250)	(1,250)
<b>Forecast Base</b>	<b>38,827</b>	<b>38,961</b>	<b>40,121</b>	<b>40,032</b>	<b>80,153</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	38,521	38,861	40,021	39,932	79,953
<b>Statutory Appropriations</b>					
Misc Special Revenue	1,219	599	599	599	1,198
Federal	5,240	9,279	5,800	6,140	11,940
<b>Total</b>	<b>44,980</b>	<b>48,739</b>	<b>46,420</b>	<b>46,671</b>	<b>93,091</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	9	17	17	17	34
Other Operating Expenses	6	2	2	2	4
Local Assistance	44,965	48,720	46,401	46,652	93,053
<b>Total</b>	<b>44,980</b>	<b>48,739</b>	<b>46,420</b>	<b>46,671</b>	<b>93,091</b>
<b><u>Expenditures by Activity</u></b>					
Adult Basic Education	44,883	47,364	45,045	46,546	91,591
Ged Tests	97	125	125	125	250
Intensive English For Refugees	0	1,250	1,250	0	1,250
<b>Total</b>	<b>44,980</b>	<b>48,739</b>	<b>46,420</b>	<b>46,671</b>	<b>93,091</b>
<b>Full-Time Equivalent (FTE)</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	

**Activity Description**

**Citation:** M.S. 124D.52; 124D.53 ;

**Federal Citation:** Adult Education and Family Literacy Act, Chapter 2, Public Law 105-220, and Workforce Investment Act, Section 503, 20 U.S.C. 1201 et seq. (CFDA 84.002); Workforce Investment Act of 1998, Public Law 105-220, Section 503, 20 U.S.C. 9273; Carl D. Perkins Vocational and Applied Technology Education Amendments of 1998 (Perkins Act), Public Law 105-332, 20 U.S.C. 2301 et seq. (CFDA 17.267); Refugee Act of 1980, Section 412, 94 Stat. 111, 8 U.S.C. 1522, as amended, Public Laws 96-212, 97-363 and 99-605; Refugee Education Assistance Act of 1980, Title V, 94 Stat. 1809, 8 U.S.C. 1522 note, as amended, Public Laws 96-422, 96-424, 97-35, 100-436, 101-166, 101-302, 101-517, and 102-170 (CFDA 93.566); Refugee Act of 1980, Public Law 96-212, Section 412, 94 Stat. 111, 8 U.S.C. 1522, as amended; Refugee Education Assistance Act of 1980, Title V, 94 Stat. 1809, as amended (CFDA 93.576).

**Activity at a Glance**

- ◆ 53 ABE consortia, 500 delivery sites statewide.
- ◆ 1,200 licensed teachers and 3,000 volunteers served over 80,000 students in FY 2006.
- ◆ One out of every 11 diplomas issued in Minnesota during 2006 was a GED or adult high school diploma.
- ◆ 48% of all enrollees were ESL students, 72% were parents, and 18% were unemployed.
- ◆ Research shows that the average GED or adult diploma graduate earns about \$7,000 more per year than a dropout.

This state and federal funded program provides education opportunities for adults who lack basic academic skills and whose low educational levels are barriers to employment, self sufficiency, and post-secondary training.

**Population Served**

Adults are eligible to participate when they are at least 16 years old, are not enrolled in school (formally withdrawn or dropped out), and function below the high school completion level in basic skills. The 2000 U.S. Census reports that 12% of Minnesotans over 25 lack high school equivalency, over 380,000 people. Over 300,000 Minnesota residents are immigrants or refugees in need of basic English skills. Enrollment in English as a Second Language (ESL) programs has doubled in the past five years. During FY 2006, over 38,000 adults enrolled in ESL classes and 48% of all enrollees in adult basic education (ABE) were ESL students. A majority of ESL students are at the lowest literacy levels.

**Services Provided**

ABE program options include the following program types.

- ◆ *GED* (General Education Development diploma) - high school equivalency program
- ◆ *Adult Diploma* - programs for adults leading to a Minnesota high school diploma
- ◆ *English as a Second Language* - for students whose native language is not English
- ◆ *Family Literacy* - features instruction for adults in literacy and parenting, and their children receive education services as well through other funding sources
- ◆ *Basic Skills Education* - for students who need to brush-up on some specific basic skills, such as math or reading (typically related to their employment)
- ◆ *Workforce Preparation* - literacy skills related to students' need to obtain, retain, or improve their employment. Instruction uses work-related content, often delivered at the learner's work site
- ◆ *U.S. Citizenship and Civics* - programs for legal non-citizens and immigrants to attain English and civic knowledge necessary for U.S. citizenship and civic participation

State ABE funding supports individual public school districts or groups of districts (consortia) and other eligible nonprofit providers including community-based organizations and correctional institutions. ABE is provided at over 500 sites located in every Minnesota county, at public schools, workforce centers, community/technical colleges, prisons/jails, libraries, learning centers, tribal centers, and nonprofit organizations. Programs have voluntarily formed ABE consortia (53 administrative units) to maximize efficiency and to share resources.

**DEPT OF EDUCATION****Program: SELF SUFFICIENCY & LIFELONG LR****Activity: ADULT BASIC EDUCATION**

Narrative

**Key Measures**

*Decrease the percentage of Minnesota adults who currently lack basic skills to achieve their educational and economic goals through participation in ABE programs.*

<u>Selected Outcome Results</u>	<u>FY 2000</u>	<u>FY 2006</u>	<u>Percent Change</u>
Enrollment	73,213	79,341	8%
GED's Earned	6,885	6,308	-8%
High School Diplomas Earned	1,102	1,320	20%
Left Public Assistance	145	294	103%
Entered Post-Secondary Education	2,442	4,621	89%
Gained U.S. Citizenship or Civics Skills	884	492	-44%
Able to Assist Children in School	12,221	13,411	10%
Gained or Better Employment	2,621	3,792	45%
Annual Cost Per Learner	\$462	\$546	18%

The state ABE program exceeded its nationally established accountability targets for the past five years. These targets include measurable outcomes of academic level completion, diploma/GED attainment, job placement/retention, and transition to higher education/training.

In December 2005, the federal ABE office conducted a four-day monitoring visit to Minnesota ABE. Their report commended the state on five administrative and programmatic issues and found zero deficiencies in the Minnesota ABE program.

**Activity Funding**

State ABE aid is distributed to approved consortia using a formula as specified in law:

- ◆ base population aid at the greater of \$3,844 or \$1.73 times the census population of the member district; and
- ◆ of the remaining funds available, 84% is distributed based on prior year contact hours, 8% is distributed based on the population of K-12 Limited English Proficient (LEP) students in the member district, and 8% is distributed based on the census population of adults aged 20 and over who do not hold a high school diploma.

Under the state funding formula, two funding caps are in law: 1) programs are held to an 8% or \$10,000 growth cap (the greater of) on contact hour revenue; and 2) programs are held to a gross revenue per contact hour of \$21 per prior year contact hour. The increase in learner contact hours over the past five years and the resulting contact hour revenue generated under the formula are shown in the table below.

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
Contact Hours	4,170,176	4,420,210	4,845,106	4,994,916	5,552,917
% Increase in Contact Hours Over Prior Year	17.4%	6.0%	9.6%	3.1%	11.2%
Contact Hour Revenue Rate Generated for Next Year Funding	\$5.19	\$4.80	\$4.79	\$4.60	\$4.80

Under the federal Adult Education and Family Literacy Act (P.L.105-220), federal funds are received and must be used to coordinate with and supplement other ABE funds. Federal maintenance of effort provisions exist to promote the existing level of state resources.

Incentive Grants-WIA (Workforce Investment Systems) Section 503 funds are used to carry out innovative programs consistent with the purposes of Title I of WIA, Title II of WIA (Adult Education and Family Literacy Act (AEFLA), 20 U.S.C. 9201 et seq.), the Carl D. Perkins Vocational and Applied Technology Education Amendments of 1998 (Public Law 105-332, 20 U.S.C. 2301 et seq.) or a combination of two or more of these

## DEPT OF EDUCATION

**Program:** SELF SUFFICIENCY & LIFELONG LR

**Activity:** ADULT BASIC EDUCATION

Narrative

acts. Funds were used to provide workplace ESL programming for incumbent workers. The Governor's Workforce Development Council manages the award as an economic development and training grant program and the ABE program is a partner in the grant implementation.

Refugee and Immigrant Assistance – state administered program funds are used to reimburse states for assistance provided to refugees, Asylees, Cuban, and Haitian entrants, victims of a severe form of trafficking and certain Amerasians from Viet Nam for resettlement throughout the country, by funding maintenance and medical assistance, and social services for eligible designated population. State agencies may purchase training and services from other providers. Funds were used to provide intensive ESL education services to qualifying students.

Refugee and Immigrant Assistance – discretionary grant funds are used to improve resettlement services for refugees. Funds were used to provide intensive ESL education services to qualifying students.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

### **Contact**

Additional information is available from the Minnesota Department of Education, Adult Education Services, (651) 582-8442.

DEPT OF EDUCATION

Program: Self Sufficiency & Lifelong Learning

Activity: Adult Basic Education

Budget Activity Summary

*Dollars in Thousands*

	Current		November Forecast		Biennium
	FY 2006	FY 2007	FY 2008	FY 2009	2008-09
<b>Direct Appropriations by Fund</b>					
<b>General Fund</b>					
1 Appropriation Excluding Buyback	36,518				
2 Aid Payment Buyback	2,084				
3 Total Current Appropriation	38,602	37,564	37,564	37,564	75,128
a. End of Session Estimate			1,120	2,273	3,393
b. November Forecast		(78)	(38)	(30)	(68)
c. Cancellation	(178)				
4 Forecast Base	<b>38,424</b>	<b>37,486</b>	<b>38,646</b>	<b>39,807</b>	<b>78,453</b>
<b>District Revenue Summary (Entitlement Basis)</b>					
<b>AID</b>					
<b>State Aid</b>					
5 Statutory Formula Aid	36,415	37,591	38,763	39,923	78,686
6 Statutory Excess/(Shortfall)	172	82			0
7 Appropriated Entitlement	36,587	37,673	38,763	39,923	78,686
8 Adjustments					
a. Cancellation	(172)				
b. Appropriation Reduction		(82)			
9 State Aid Entitlement Current Law	36,415	37,591	38,763	39,923	78,686
10 Other Revenue					
a. Federal	5,240	9,279	5,800	6,140	11,940
11 Total All Sources Current Law	41,655	46,870	44,563	46,063	90,626
<b>Appropriations Basis for State Aid</b>					
Prior Year (15.7%/10%)	5,707	3,655	3,759	3,876	7,635
Cancellation (15.7%)	(44)				
Cancellation (90%)	(13)				
Current Year (90%)	32,774	33,832	34,887	35,931	70,817
<b>Total State Aid - General Fund</b>	<b>38,424</b>	<b>37,486</b>	<b>38,646</b>	<b>39,807</b>	<b>78,453</b>



**Activity Description**

Citation: M.S. 124D.55

This state aid program provides increased access for eligible individuals to complete the test of general educational development (GED) by paying a portion of the student's GED testing fees.

**Population Served**

To be eligible to take the GED exam and have the cost subsidized by the state, an individual must meet four criteria

- ◆ be 19 years of age or obtain a waiver from the Minnesota Department of Education (MDE);
- ◆ be a Minnesota resident and have been so for at least 90 days;
- ◆ not be currently enrolled in a program leading to a high school diploma; and
- ◆ not have the testing fee paid by another government agency.

Nearly all GED applicants qualify for GED test financial support.

In Calendar Year 2005

- ⇒ 24.9 years = average age of GED examinee.
- ⇒ 10.3 years = average years of education of GED examinee.
- ⇒ 16-18 year olds accounted for 1,246 of the graduates, 20 % of the total.

**Services Provided**

This budget activity provides supplementary funds to GED testing centers to help offset the cost of GED testing for eligible students. As a result of this subsidy, fees for individual GED examinees are reduced. There are 58 testing centers in Minnesota including nine at state correctional facilities.

The GED examination consists of a battery of five tests that measure major and lasting outcomes associated with a high school education. The five tests (social studies; science; language arts reading; language arts writing; and mathematics) employ a multiple-choice format with the two-part mathematics test also using alternative format questions. The writing skills test requires an essay. Many GED candidates are from low-income backgrounds and cannot afford the full cost of the five-test GED battery.

Successful completion of the GED test battery results in the awarding of a state of Minnesota GED diploma by MDE. A high school diploma or GED is required by many employers and virtually all of Minnesota's post-secondary educational institutions accept the GED as a valid high school credential for admission purposes.

**Historical Perspective**

State funding for the GED testing reimbursement program began in 1992 when the state began to pay the lesser of \$20 or 60% of the fee charged to an eligible individual for the full battery of the GED test.

**Key Measures**

*Provide increased access for eligible individuals to complete the GED test by paying a portion of the student's testing fees.*

- ⇒ GED testing data is reported on a calendar year basis (January through December annually).

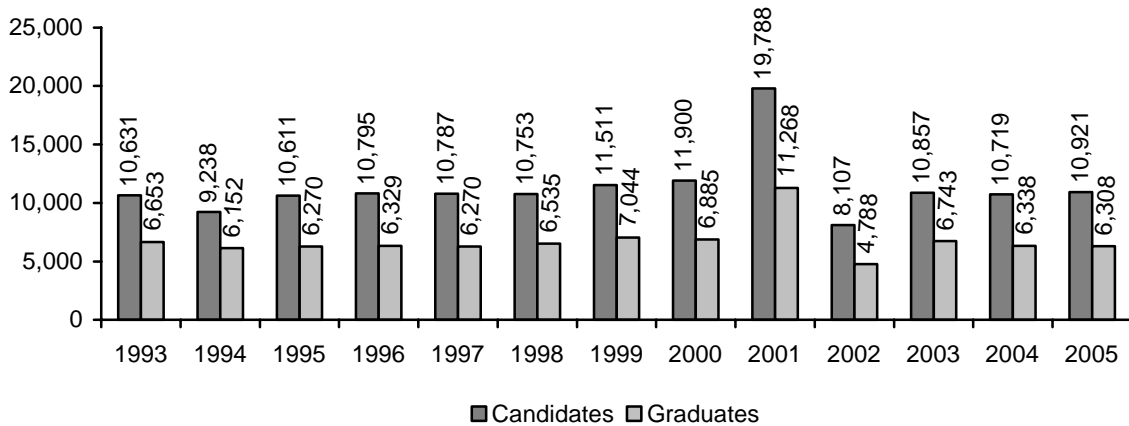
**Activity at a Glance**

- ◆ 58 GED testing centers.
- ◆ In Calendar Year 2005, 10,257 examinees took at least one GED test and 7,650 took all five tests.
- ◆ In 2005, 6,308 adults were granted GED diplomas in Minnesota.
- ◆ Individuals who receive their high school diploma or GED earn about \$7,000 more per year than a dropout.

**Calendar Year 2005 Statistics**

- ⇒ Passing rate in Minnesota is 82 % (Top 10 in US).
- ⇒ In 2005, more than one of 11 high school credentials issued in Minnesota was a GED or adult diploma. A total of 6,308 GEDs and 1,320 adult diplomas were earned.
- ⇒ 44% of examinees wanted a GED to be able to further education; 41% for employment; and 3% for entrance into the military.

**Candidates Taking All or Part of Test  
GED Graduates  
Calendar Year Basis (Jan.-Dec.)**



**Activity Funding**

Currently, the average GED test fee per participant is \$95. In 1992, the state covered \$9 of the total \$15 test fee (60%). In 2006, the state covered \$20 of the \$95 test fee (21%).

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

**Contact**

Additional information is available from the MDE, Adult Learning Services, (651) 582-8442, [http://education.state.mn.us/mde/Learning\\_Support/Adult\\_Basic\\_Education\\_GED/index.html](http://education.state.mn.us/mde/Learning_Support/Adult_Basic_Education_GED/index.html).

DEPT OF EDUCATION

Program: SELF SUFFICIENCY & LIFELONG LR

Activity: GED TESTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	125	125	125	125	250
<b>Forecast Base</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>250</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	97	125	125	125	250
<b>Total</b>	<b>97</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>250</b>
 <b><u>Expenditures by Category</u></b>					
Local Assistance	97	125	125	125	250
<b>Total</b>	<b>97</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>250</b>

**Activity Description**

**Citation:** 2006 Minnesota Session Laws, Chapter 282, Article 2, Section 26 and Section 28, subd. 5.

This program was enacted by the 2006 Minnesota legislature to enable adult basic education (ABE) programs to meet the rapidly expanding needs for English as a Second Language (ESL) services. This program has received a legislative appropriation for two years, FY 2007 and FY 2008.

**Activity at a Glance**

- ◆ FY 2007 is the initial year for the program.
- ◆ Approximately 1,250 students will receive intensive ESL services.
- ◆ ESL services will be delivered statewide in over 75 program sites.

**Population Served**

The eligible populations for this program are Minnesota immigrants and refugees who need English skills in order to attain employment, become self-sufficient, and participate fully in society. According to the 2000 United States Census, over 300,000 Minnesota immigrants and refugees do not speak or read English well.

**Services Provided**

Approved ABE providers will supplement their traditional ESL services by providing

- ◆ increased ESL programming (i.e., more classes, greater intensity);
- ◆ workforce preparation classes for ESL clients; and
- ◆ support services (e.g., child care, transportation, career counseling) to clients enrolled in ESL programs.

**Historical Perspective**

Since 2000, the numbers of adults seeking ESL services from Minnesota ABE providers has more than doubled. Over the same time period, ESL program resources have remained relatively unchanged causing programs to turn away potential ESL students or add them to lengthy waiting lists. With the recent influx of Hmong and Somali refugees into Minnesota, the ABE system has not been able to keep up the demand for ESL services. The establishment of this two-year ESL program will assist Minnesota providers to help meet this demand.

**Key Measures**

Services will be provided under this program will

- ◆ increase ESL participants in adult basic education programs in Minnesota;
- ◆ provide English learning improvement for ESL participants as measured by standardized tests of English; and
- ◆ provide supplemental services for immigrant and refugee ESL participants including transportation and child care.

**Activity Funding**

A total of \$1.25 million has been allocated to this program for each year of the biennium, FY 2007 and FY 2008. After consulting with the ABE field, the Minnesota Department of Education (MDE) implemented an allocation plan which distributes grant funds to eligible ESL providers based upon the providers proportion of FY 2006 ESL participants. During FY 2007, the delivery of these services will occur in approximately 45 ABE consortia at over 75 locations statewide.

**Contact**

Additional information is available from the MDE, Adult Education Services, (651) 582-8442.

DEPT OF EDUCATION

Program: SELF SUFFICIENCY & LIFELONG LR

Activity: INTENSIVE ENGLISH FOR REFUGEES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	0	1,250	1,250	1,250	2,500
<b>Technical Adjustments</b>					
Program/agency Sunset			0	(1,250)	(1,250)
<b>Forecast Base</b>	<b>0</b>	<b>1,250</b>	<b>1,250</b>	<b>0</b>	<b>1,250</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	0	1,250	1,250	0	1,250
<b>Total</b>	<b>0</b>	<b>1,250</b>	<b>1,250</b>	<b>0</b>	<b>1,250</b>
<b><u>Expenditures by Category</u></b>					
Local Assistance	0	1,250	1,250	0	1,250
<b>Total</b>	<b>0</b>	<b>1,250</b>	<b>1,250</b>	<b>0</b>	<b>1,250</b>

## DEPT OF EDUCATION

Program: SELF SUFFICIENCY & LIFELONG LR

Activity: LEAD ABATEMENT

Narrative

### Activity Description

Citation: M.S. 119A.46

The purpose of this program is to reduce the potential for lead poisoning in the homes of children from low-income families.

### Activity at a Glance

- ◆ Administered by the Minnesota Department of Health in FY 2006-07.

### Activity Funding

The commissioners of Education, Health, and the Housing Finance Agency, along with representatives of neighborhood groups, a labor organization, the lead coalition, community action agencies, and the legal aid society award grants to organizations that meet the requirements to provide lead abatement services.

For FY 2006-07, this appropriation was transferred to the Minnesota Department of Health for grant administration.

DEPT OF EDUCATION

Program: SELF SUFFICIENCY & LIFELONG LR

Activity: LEAD ABATEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	100	100	100	100	200
<b>Forecast Base</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>200</b>

### Program Description

Funding for operating programs within the Minnesota Department of Education (MDE) to staff and support the mission, goals, and objectives of MDE is provided for the following operating divisions:

**The Office of Academic Excellence** is responsible for academic standards development, high school improvement activities, Indian education programs, school choice, charter schools, supplemental services programs, library development, the Faribault Library for the Blind, and licensing of school administrators and teachers.

**The Office of Finance, Compliance and Special Education** is responsible for calculating state aid and distributing aid payments to school districts and charter schools; calculating school district property tax levy limitations; providing information technology support for the agency and programs administered; providing policy, management, fiscal and human resource direction and leadership; and compliance monitoring for special education and food and nutrition programs.

**The Office of Accountability and Improvement** is responsible for statewide testing programs, administration of federal education programs (No Child Left Behind), and research and evaluation of educational programs.

### Population Served

In FY 2007, this program directly serves 340 school districts, 132 charter schools, approximately 143,000 licensed teachers, and state public policymakers. All residents of the state are directly or indirectly impacted by services provided by this program. Services are provided to all children enrolled in pre-K-12 education programs. Parents are the beneficiaries of agency services provided to their children. Adult participants in education programs are also served.

### Services Provided

This program provides the infrastructure for services and assistance to students, teachers, parents, and school districts in the following areas:

- ◆ Academic Standards
- ◆ Adult and Career Education and Service-Learning
- ◆ Compliance and Assistance
- ◆ Consolidated Federal Programs
- ◆ Early Learning Services
- ◆ Educator Licensing and Teacher Quality
- ◆ English Language Learners/Limited English Proficiency (LEP)
- ◆ Food and Nutrition Service
- ◆ Indian Education
- ◆ Library Development and Services
- ◆ Research and Assessment
- ◆ Safe and Healthy Learners
- ◆ School Choice
- ◆ School Finance
- ◆ School Improvement
- ◆ School Technology
- ◆ Special Education

### Program at a Glance

FY 2006 general fund budget was approximately \$20.6 million.

Three operating divisions:

- ◆ Office of Academic Excellence
- ◆ Office of Finance, Compliance and Special Education
- ◆ Office of Accountability and Improvement

Oversees, with the assistance of local school boards, the \$6 billion spent annually in support of pre-K through grade 12 education in Minnesota.



**Program Funding**

The program is funded with both state and federal funding, 54% of the funding for this program comes from federal sources and 46% from the state General Fund.

**Contact**

Additional information is available at <http://education.state.mn.us> or at (651) 582-8200.

DEPT OF EDUCATION

Program: DEPT OF EDUCATION OPERATIONS

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	21,997	22,847	22,847	22,847	45,694
<b>Forecast Base</b>	<b>21,997</b>	<b>22,847</b>	<b>22,847</b>	<b>22,847</b>	<b>45,694</b>
<b>State Government Spec Revenue</b>					
Current Appropriation	0	0	0	0	0
<b>Technical Adjustments</b>					
Current Law Base Change			(96)	(96)	(192)
<b>Forecast Base</b>	<b>0</b>	<b>0</b>	<b>(96)</b>	<b>(96)</b>	<b>(192)</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	20,758	24,763	22,847	22,847	45,694
<b>Statutory Appropriations</b>					
Misc Special Revenue	6,257	6,204	4,732	4,749	9,481
Federal	37,760	54,936	52,572	51,648	104,220
Miscellaneous Agency	3,175	3,338	3,074	3,074	6,148
Gift	462	579	134	125	259
<b>Total</b>	<b>68,412</b>	<b>89,820</b>	<b>83,359</b>	<b>82,443</b>	<b>165,802</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	31,208	36,271	36,549	37,416	73,965
Other Operating Expenses	29,307	45,366	42,378	41,455	83,833
Payments To Individuals	251	239	56	56	112
Local Assistance	7,310	7,592	4,127	3,267	7,394
Other Financial Transactions	336	352	352	352	704
Transfers	0	0	(103)	(103)	(206)
<b>Total</b>	<b>68,412</b>	<b>89,820</b>	<b>83,359</b>	<b>82,443</b>	<b>165,802</b>
<b><u>Expenditures by Activity</u></b>					
School Improvement	26,741	38,168	36,251	35,107	71,358
Finance, Complnce & Spec Educ	15,344	20,383	19,150	19,637	38,787
Academic Excllnce & Innovation	8,356	9,662	8,162	8,319	16,481
Administration	16,914	20,293	18,730	18,314	37,044
Pass Through Funding	1,057	1,314	1,066	1,066	2,132
<b>Total</b>	<b>68,412</b>	<b>89,820</b>	<b>83,359</b>	<b>82,443</b>	<b>165,802</b>
<b>Full-Time Equivalents (FTE)</b>	<b>394.0</b>	<b>461.8</b>	<b>461.7</b>	<b>458.2</b>	

Education activities with no expenditures beyond FY 2007 are reporting in this program.

- ⇒ Discontinued State Programs
- ⇒ Discontinued Federal Programs

DEPT OF EDUCATION

Program: DISCONTINUED PROGRAMS

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	5,204	3,641	3,641	3,641	7,282
<b>Technical Adjustments</b>					
One-time Appropriations			(3,641)	(3,641)	(7,282)
<b>Forecast Base</b>	<b>5,204</b>	<b>3,641</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	4,065	3,641	0	0	0
<b>Statutory Appropriations</b>					
Misc Special Revenue	456	0	0	0	0
Federal	46	0	0	0	0
<b>Total</b>	<b>4,567</b>	<b>3,641</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	0	93	0	0	0
Other Operating Expenses	46	657	0	0	0
Local Assistance	4,521	2,891	0	0	0
<b>Total</b>	<b>4,567</b>	<b>3,641</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Activity</u></b>					
State Programs	4,521	3,641	0	0	0
Federal Programs	46	0	0	0	0
<b>Total</b>	<b>4,567</b>	<b>3,641</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Full-Time Equivalent (FTE)</b>	<b>0.0</b>	<b>0.4</b>	<b>0.0</b>	<b>0.0</b>	

**DEPT OF EDUCATION****Program: DISCONTINUED PROGRAMS****Activity: STATE PROGRAMS**

Narrative

Statute requires a report of discontinued/nonrecurring education aids or grants if there is an expenditure in FY 2005, FY 2006, and FY 2007.

<u>Discontinued State Programs</u>	Dollars in Thousands		
	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Special Education Cross Subsidy Reduction	\$11,000		
Declining Pupil Albert Lea	150	75	
Declining Pupil Mesabi East	100	50	
Online Learning	1,153		
Tornado Impact-Yellow Medicine	39		
ISD 682 Roseau Flood	20	10	
District Litigation Cost	108		
NW Online College in High School			50
MN Learning Foundation			1,000
Kindergarten Readiness & Family Support		50	
ABE Transition	413		
Advanced Placement Student Participation			1,000
Character Development			1,500
Scholars of Distinction			25
Chinese Language			250
Waseca Levy #829			316
TIMMS Study			500
One Time Energy Assistance Aid		3,488	
Red Lake Emergency Aid		392	
<b>Total</b>	<b>\$12,983</b>	<b>\$4,065</b>	<b>\$4,641</b>

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end and forecast changes.

DEPT OF EDUCATION  
 Program: DISCONTINUED PROGRAMS  
 Activity: STATE PROGRAMS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	5,204	3,641	3,641	3,641	7,282
<b>Technical Adjustments</b>					
One-time Appropriations			(3,641)	(3,641)	(7,282)
<b>Forecast Base</b>	<b>5,204</b>	<b>3,641</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	4,065	3,641	0	0	0
<b>Statutory Appropriations</b>					
Misc Special Revenue	456	0	0	0	0
<b>Total</b>	<b>4,521</b>	<b>3,641</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	0	93	0	0	0
Other Operating Expenses	0	657	0	0	0
Local Assistance	4,521	2,891	0	0	0
<b>Total</b>	<b>4,521</b>	<b>3,641</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Full-Time Equivalents (FTE)</b>	<b>0.0</b>	<b>0.4</b>	<b>0.0</b>	<b>0.0</b>	

*Dollars in Thousands*

	Actual FY2006	Budgeted FY2007	Current Law		Biennium 2008-09
			FY2008	FY2009	
<b><u>Non Dedicated Revenue:</u></b>					
<b>Departmental Earnings:</b>					
General	1,913	1,804	1,804	1,804	3,608
<b>Other Revenues:</b>					
General	158	0	1	1	2
<b>Total Non-Dedicated Receipts</b>	<b>2,071</b>	<b>1,804</b>	<b>1,805</b>	<b>1,805</b>	<b>3,610</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings:</b>					
Misc Special Revenue	3,323	3,329	3,590	3,783	7,373
<b>Grants:</b>					
Misc Special Revenue	3,188	2,205	1,114	1,114	2,228
Federal	587,062	649,160	669,557	669,467	1,339,024
Miscellaneous Agency	200	200	0	0	0
Gift	150	0	0	0	0
<b>Other Revenues:</b>					
Misc Special Revenue	3,916	3,602	3,766	3,676	7,442
Federal	299	0	0	0	0
Maximum Effort School Loan	2,254	1,000	1,000	1,000	2,000
Miscellaneous Agency	2,986	3,074	3,074	3,074	6,148
Gift	147	136	20	66	86
<b>Other Sources:</b>					
Misc Special Revenue	1	69	2	2	4
Miscellaneous Agency	53	0	0	0	0
Gift	0	50	50	50	100
<b>Total Dedicated Receipts</b>	<b>603,579</b>	<b>662,825</b>	<b>682,173</b>	<b>682,232</b>	<b>1,364,405</b>
<b>Agency Total Revenue</b>	<b>605,650</b>	<b>664,629</b>	<b>683,978</b>	<b>684,037</b>	<b>1,368,015</b>