

STATE OF MINNESOTA
DETAILED BIENNIAL BUDGET PROPOSAL
1979 - 81
FOR

EDUCATION AIDS



PRESENTED BY GOVERNOR ALBERT H. QUIE
TO THE SEVENTY-FIRST LEGISLATURE

AGENCY: EDUCATION AID

1979-81 BIENNIAL BUDGET
PROGRAM STRUCTURE

GOVERNOR'S RECOMMENDATION
GENERAL
FUND ONLY
F.Y. 1980 F.Y. 1981

<u>PROGRAMS</u>	<u>ACTIVITIES</u>			<u>Page</u>
01 FOUNDATION AID	01 Foundation Aid	\$ 633,331.0	\$ 637,261.0	C-0105
	02 Primary Grade Instructional Improvement Program	8,900.0	60,200.0	C-0109
	03 Sparsity Aid	1,500.0	1,500.0	C-0109
	04 State Paid Agricultural Tax Credit	-0-	-0-	C-0108
	PROGRAM TOTAL	\$ 643,731.0	\$ 698,961.0	
02 TRANSPORTATION AID	01 Pupil Transportation Aid	\$ 85,138.0	\$ 88,502.0	C-0112
	02 Driver Education - Federal	-0-	-0-	C-0113
	PROGRAM TOTAL	\$ 85,138.0	\$ 88,502.0	
03 SPECIAL AND COMPENSATORY EDUCATION AIDS	01 Special Education Aids - State	\$ 83,920.8	\$ 96,498.0	C-0115
	02 Special Education Aids - Federal	-0-	-0-	C-0116
	03 Education of Disadvantaged Children (ESEA Title I)	-0-	-0-	C-0119
	04 Bilingual/Bicultural Education Aids	1,000.0	-0-	C-0121
	05 Local District Staff Development Aids	900.0	-0-	C-0123
	PROGRAM TOTAL	\$ 85,820.8	\$ 96,498.0	
04 COMMUNITY AND ADULT EDUCATION AID PROGRAMS	01 Community Education Aid - State	\$ 1,770.0	\$ 1,850.0	C-0127
	02 Adult Continuing Education - State	829.0	971.0	C-0127
	03 General Education Development Testing - State	88.0	96.8	C-0128
	04 Adult Basic Education Aid - Federal	-0-	-0-	C-0128
	PROGRAM TOTAL	\$ 2,687.0	\$ 2,917.8	
05 VOCATIONAL EDUCATION AID	01 Post-Secondary Vocational Foundation Aid	\$ 59,926.1	\$ 69,832.0	C-0131
	02 Post-Secondary Vocational Categorical Aid - State	6,409.8	5,568.1	C-0131
	03 Post-Secondary Vocational Categorical Aid - Federal	-0-	-0-	C-0131
	04 Post-Secondary Vocational Capital Expenditures Aid	9,500.0	8,500.0	C-0131
	05 Post-Secondary Debt Service	7,733.8	7,737.6	C-0131
	06 Post-Secondary Vocational Deficit	-0-	-0-	C-0131
	07 Adult Vocational - State	6,578.9	7,015.7	C-0133
	08 Adult Vocational - Federal	-0-	-0-	C-0134
	09 Veterans Farm Coop Training	1,050.0	975.0	C-0134
	10 Secondary Vocational Aid - State	21,174.3	22,789.5	C-0135
	11 Secondary Vocational Aid - Federal	-0-	-0-	C-0135

		F.Y. 1980	F.Y. 1981	Page
	12 Vocational Special Needs	\$ 1,829.3	\$ 2,012.2	C-0135
	13 Vocational Education Program Improvement and Training - Federal			
	14 Supplemental Vocational Education Assistance - CETA	-0-	-0-	C-0137
	15 Vocational Education Construction	-0-	-0-	C-0138
	16 Vocational Jobs Program	500.0	-0-	C-0139
	PROGRAM TOTAL	\$ 114,702.2	\$ 124,430.1	
	01 Career Study Centers	\$ -0-	-0-	C-0141
	02 Declining Valuation Aid	-0-	-0-	C-0141
	03 Educational Cooperative Service Unit - General	977.0	1,015.0	C-0141
	04 Education Cooperative Service Unit - Planning Evaluation and Reporting	-0-	-0-	C-0141
	05 Task Force Planning	-0-	-0-	C-0142
	06 Aid for Extraordinary Tax Delinquency	-0-	-0-	C-0142
	07 Capital Expenditure Equalization Aid	194.9	144.5	C-0142
	08 Eligible Teacher Program	-0-	-0-	C-0143
06 MISCELLANEOUS PROVISIONS	09 Emergency Aid	400.0	-0-	C-0143
	10 Gross Earnings Aid	-0-	-0-	C-0143
	11 Preschool Health Screening	1,375.0	1,790.0	C-0143
	12 Child Nutrition Aid - State	3,993.9	4,333.4	C-0144
	13 Child Nutrition Aid - Federal	-0-	-0-	C-0144
	14 Service Demonstration Center	-0-	-0-	C-0145
	15 Capital and Debt Service Loans	-0-	-0-	C-0145
	16 Discontinued State and Federal Aids	-0-	-0-	C-0146
	17 Library Learning Resources - Federal	-0-	-0-	C-0146
	18 Secondary Basic Skills Improvement Program	500.0	500.0	C-0147
	PROGRAM TOTAL	\$ 7,440.8	\$ 7,782.9	
07 PUBLIC LIBRARIES	01 Public Libraries - State	\$ 3,591.3	\$ 3,614.3	C-0149
	02 Public Libraries - Federal	-0-	-0-	C-0150
	PROGRAM TOTAL	\$ 3,591.3	\$ 3,614.3	
08 COUNCIL ON QUALITY EDUCATION	01 Early Childhood and Family Education	\$ 777.0	\$ 1,027.0	C-0153
	02 Innovative Education Aid - State	-0-	-0-	C-0153
	03 Innovative Education Aid - Federal	-0-	-0-	C-0154
	04 State Initiated Research and Development Aid	650.0	650.0	C-0154
	PROGRAM TOTAL	\$ 1,427.0	\$ 1,677.0	
09 TEACHER MOBILITY INCENTIVE PROGRAMS	01 Teachers Mobility	\$ 850.0	\$ 850.0	C-0161
	PROGRAM TOTAL	\$ 850.0	\$ 1,050.0	

(EDUCATION AID)

PROGRAM STRUCTURE (continued)

		<u>F.Y. 1980</u>	<u>F.Y. 1981</u>	<u>Page</u>
10 NONPUBLIC PUPIL AID _____	01 Nonpublic Pupil Aid (Open and Standing Account)	\$ -0-	\$ -0-	C-0163
	02 Non-Sectarian Aid	<u>28.1</u>	<u>30.3</u>	C-0163
	PROGRAM TOTAL	\$ <u>28.1</u>	\$ <u>30.3</u>	
11 DATA PROCESSING AND COMMUNICATIONS AIDS _____	01 Student Instruction Telecommunication	\$ 1,269.6	\$ 1,455.3	C-0166
	02 Management Information Systems - Telecommunications	800.0	1,100.0	C-0166
	03 Regional Support	2,400.0	2,600.0	C-0166
	04 Regional Conversion Aid	<u>940.0</u>	<u>410.0</u>	C-0167
	PROGRAM TOTAL	\$ 5,409.6	\$ 5,565.3	
12 RETIREMENT AIDS _____				
	PROGRAM TOTAL	<u>-0-</u>	<u>-0-</u>	C-0169
	AGENCY TOTAL	<u>\$950,825.8</u>	<u>\$1,031,028.7</u>	

Pursuant to provisions of M.S. Sec. 16A.095, there are submitted herewith estimates and other information for your use in the preparation of the proposed budget for the biennium beginning July 1, 1979 and ending June 30, 1981.



Agency Head

1/14/79
Date

BUDGET PURPOSE:

A Department of Education Aids was established for the 1980-81 biennial budget cycle. The budget for this activity includes all the state and federal aids for Elementary - Secondary and Vocational Education. In previous biennial budgets, the state aids were presented in the agency operations budget. It was difficult for a reader to separate the school aid information from the program administration information. This document describes all state and federal dollars which flow through the Department of Education to local school districts. A detailed description of the purpose and operation of each aid category is included in the budget narrative.

This budget also includes a heading labeled "Current Statutory Authorization," for each aid category. The Current Statutory Authorization for each aid is defined as the state revenue which would be required to operate the existing formula, if the 1979 and 1980 legislatures did not change the manner in which aids are paid. Changes in conditions which will affect the amount of revenue required, for example enrollment or tax valuation, have been included in the base prior computing the "Current Statutory Authorization." Other categories of state aids which are not affected by enrollment, etc., and are line-item appropriations with no specific formula, have been provided with the F.Y. 1979 level of appropriation for F.Y. 1980 and 1981. The heading "Current Statutory Authorization," was designed to take the place of an "Agency Request," in the Department of Education Aids budget.

BUDGET OPERATION:

Article XIII, Section 1 of the Constitution of the state of Minnesota states: "... it is the duty of the Legislature to establish a general and uniform system of public schools." The Legislature has established a public school system and delegated the direct control of it to locally elected school boards. Educational programs are provided for over 800,000 public school and 92,000 nonpublic school pupils, 33,000 post-secondary vocational students, 250,000 adult vocational students, and over 3 million adults in community education programs. To support the elementary, secondary, and post-secondary vocational education system, the Legislature provides about \$1 billion annually in state revenue. In addition, local districts levy about \$500 million each year for local school operations. State revenue for school districts totals some 35% of the state's budget -- a tremendous commitment by legislators, the Governor, and citizens of Minnesota.

BUDGET OPERATION: (cont.)

The Department of Education is responsible for distribution of state aids to the 438 school districts, 60 secondary vocational cooperative centers, 33 area vocational-technical institutes, 9 educational cooperative service units, and 7 elementary, secondary and vocational computer regions.

Distribution formulas for school aids are developed by the Legislature and outlined in the Minnesota Statutes. The formula for basic foundation aid was designed during a special session of the 1971 Legislature. The 1971 law made a substantial change in the philosophy and method of financing elementary and secondary schools. The Legislature shifted the primary responsibility for raising operating revenue from the local property tax to state income and sales taxes. This change required approximately \$300 million in new state revenues and raised the percentage of state support for school operating costs from 43% to 70%. The law also placed limitations on the power (or authority) of a local board to increase property taxes without a local referendum. The effect of the 1971 reform was to reduce reliance on local property wealth to finance educational programs and provide a measure of property tax equity for low property value school districts.

The foundation aid concept is based on the assumption that every child is entitled to equal educational opportunities. The aid formula standardizes per pupil education revenues, eliminates differences due to variations of property wealth among districts, and determines the state share of district operating revenues.

The Legislature guarantees each school district operating revenue of \$1,095 per pupil unit in 1978-79. Pupil units are computed by weighting kindergarten students at .5, elementary at 1.0, and secondary at 1.4. Each district levies 28 tax mills times the Equalized Assessed Valuation and the state provides the additional revenue to allow \$1,095 per pupil unit. Since 1971, each Legislature has amended the foundation aid program to improve the distribution of revenues and allow for changes in tax values, enrollments, and educational needs. The basic aid program, however, remains intact and is a national model of school finance reform.

Foundation aid is the major source of revenue for school districts, but the state also provides aid for student transportation, handicapped children, and vocational programs. These categorical aids total about \$400 million annually. Their purpose is to insure equal opportunity for all students regardless of differences among school districts.

Transportation aid insures that school districts which transport large percentages of students will not be forced to use operating revenue to do so. The same is true for districts offering services for handicapped or vocational students.

BUDGET OPERATION: (cont.)

Each categorical aid has its own formula designed by the legislature. Transportation aids are paid for each eligible pupil transported; special education and vocational education aids are based on a percentage of staff salaries.

School districts also receive aids from property tax relief programs designed to help citizens pay real estate taxes. These aids include the school portion of the income adjusted homestead credit program and the agricultural tax credit. They are paid by the state to the school district as a portion of the local mill effort, and sometimes are not considered as state support. State revenue for these property tax relief programs totals about \$150 million annually.

Considering all sources of state aid (foundation, categorical and tax relief), the percentage of state support has remained at 70% from F.Y. 1972 through 1979. Changes in Legislative priorities, redirection of revenue to categorical aids, declines in student enrollment, and property value increases have caused some shifts in the proportion of revenues for each aid category. The largest percent increases have been in the categorical aids, with special education appropriations showing a 270% increase since F.Y. 1973. Declining enrollments and increases in local property valuations have allowed the state to finance the basic foundation program with proportionally less state revenue. The net effect of categorical aid increases, tax relief aids and declining student enrollments, has maintained state support at about the 70% level for school operating costs.

Several major Legislative programs which affect local district operations and planning are currently underway including the local district Educational Planning Task Force (EPTF), Planning, Evaluating and Reporting (PER). These educational planning processes are producing excellent financial and programmatic data for local school districts to utilize in making decisions concerning their programs.

GOVERNOR'S RECOMMENDATION:

Economic pressures for F.Y. 1980-81 can be expected to be difficult. However, expression of the people indicate that the remedies to these economic realities must not be allowed to result in a reduction in the equality of public education.

Adequately funding education, historically has been a high priority of the people of Minnesota and this budget proposal carries forward that tradition. The Governor's recommendations focus on 2 major concepts. The first is to adequately fund Minnesota's educational financing formulas to allow for inflationary increases and thus enable school districts to maintain the current level of programs and services. The second

GOVERNOR'S RECOMMENDATION: (cont.)

major concept is to direct significant resources for improving the instructional quality in the primary grades. Adoption of this budget by the legislature will allow Minnesota to maintain the level of programs which have gained National recognition while continuing the tradition of finding solutions to difficult educational problems.

Research indicates that primary grades benefit most directly from a concentration of additional resources. The Governor will recommend a significant increase in the resources available to primary students by an increase in the pupil weighting system for kindergarten through third grade. Concentrating these resources will allow school boards to reduce class size and improve the method of instruction. Inservice teacher training, improving parent-teacher communication, and new instructional materials will be key elements in the Governor's Primary Grade Instructional Improvement Program. The State Board of Education will monitor class sizes and evaluate student performance.

Minnesota has historically funded the education system on a per pupil basis. Since the major reform of 1971, the state has experienced a large decline in pupils together with rapidly spiraling inflation. These changing conditions have affected our school finance formulas and have caused the need to re-examine the present aid structure to determine what new alternatives may be available. To receive recommendations, the Governor will establish an Education Finance Policy Task Force in the first year of the biennium. Parents, civic leaders, teachers, school administrators, school board members and other educational professionals will be asked to serve on the Task Force and make recommendations concerning the future needs of Minnesota's school districts.

The Governor recommends a 7% per year increase in the foundation aid available to local school districts. This will allow districts spending level of \$1,172 per pupil unit in F.Y. 1980 and \$1,254 per pupil unit in F.Y. 1981. The Governor is also recommending a 1 mill reduction in the required local maintenance levy.

The Governor also recommends the development of a special school aid for districts which are necessarily small in pupil size and an unreasonable travel distance from the nearest school district neighbor. This sparsity aid will go to approximately 70 to 80 school districts in Minnesota. Sparsity aid will allow districts to maintain their instructional programs as fixed costs assume a greater proportion of their expenditures.

Increases in the cost of pupil transportation will be provided by the Governor's recommendation for an 8% increase in the allowable cost per pupil transported for each year of the biennium. The Governor also recommends moving the base year of school district transportation computation from the 1975-76 school year to the 1977-78 school year.

The Governor recommends continuing the present formula for special education aids which will allow for full service for the handicapped by the end of the biennium. The Governor also recommends maintaining the current level of appropriation for the Indian Language and Culture Aid and the Bilingual/Bicultural State Aid with those programs being reviewed at the end of F.Y. 1980.

GOVERNOR'S RECOMMENDATION: (cont.)

This budget will allow for approximately 50 additional school districts to participate in community education programs and will allow the state to continue to provide free testing to adults wishing to complete a high school general education development program.

A 14% increase in the operational revenues available to Minnesota AVTI's will be recommended in this budget. The combination of Foundation Aid, Categorical Aid, Student Tuition and Local Levies will provide funding for approximately 32,000 students in Average Daily Membership. The Governor will also recommend a 7% per year increase in student tuition rates at the AVTI's. This is consistent with the overall higher education policy adopted by the Governor for the 1980-81 biennium and will amount to approximately \$25 per year for a resident student. The Governor also recommends increasing the capital expenditure and equipment aid at the AVTI's in order to avoid the need for massive replacement of equipment in future bienniums.

Both adult vocational and secondary vocational aids should receive increases in appropriation necessary to finance the existing formulas without a proration of the revenue to local districts. The Governor recommends an inflationary increase for the vocational handicapped special needs program and also is recommending a growth factor in this new aid category. The Governor also recommends the development of a new program to be made available to industries or businesses wishing to expand in Minnesota and needing vocational training for their employees. The State Board of Education would be able to establish programs in the 33 vocational institutes in order that Minnesota remain competitive with other states which are offering job programs for industries looking to relocate.

The Governor recommends an inflationary increase for the Educational Cooperative Service Units in Minnesota and also the creation of a new Planning and Evaluation Technical Assistance Aid to be provided to each of the ECSU's. This aid is necessary to allow the ECSU to maintain its current level of services offered to local districts since legislation for PER and Educational Planning Task Forces expires at the end of this current biennium.

Pre-school Health Screening Physicals have proven to be effective in early detection of health problems and the Governor recommends an increase in the reimbursement from \$23 to \$25 per child in F.Y. 1980 and \$30 in F.Y. 1981.

The Governor will be recommending a new program to improve the basic language arts skills with a emphasis on reading at the secondary level. Funds would be allocated to the State Board of Education to provide technical assistance on a regional basis to public and nonpublic school districts. Implementation of the basic skills program should be patterned after the Minnesota Right-to-Read model.

GOVERNOR'S RECOMMENDATION: (cont.)

Minnesota Public Libraries with low property tax bases will benefit from the Governor's recommendation to modify the existing public library formula and allow those districts to receive additional revenues. This increase will allow counties where the adjusted valuation per capita is below the state average to maintain their present level of library services.

The Governor will recommend an increase in the Early Childhood and Family Education Pilot Projects from the present 22 program sites to 40 program sites for each year of the 1980-81 biennium. Revenue for the increase will be provided in part from a shift in ESEA Title IV-C Innovation and Strengthening funds. The Governor will also recommend the development of a state initiated research and development aid. This aid will allow the State Board of Education to pursue educational research studies that are designed by the legislature, the Governor, or other state agencies.

The Governor recommends continuing the present formula for Teacher Mobility Incentives and will allow for anticipated growth in the number of teachers that utilize the opportunities for early retirement, 5-year leave of absence and the part-time teaching alternative.

For Nonpublic pupil aid the Governor anticipates the expenditure of approximately \$6.5 million for the 1980-81 biennium. This appropriation will be paid from an open and standing account made to the Department of Finance. The Governor also recommends the continuation of the Nonsectarian Nonpublic School Aid which will provide instructional materials for students attending eligible nonpublic schools in addition to textbooks and standardized tests.

The Governor recommends maintaining the present level of growth in the Data Processing and Communication Aids. This appropriation will allow Minnesota to maintain the policy of state funded telephone line charges necessary for student instructional computer operations. The recommendation will also allow for an increased number of districts utilizing the management information system for data reporting requirements.

Appropriations for the 1980-81 biennium represent a \$224.4 million increase over the 1978-79 biennium. This does not include approximately \$10 million in additional revenue that will be required for improvements in the Teachers Retirement Association, plus the added state obligation for retirement benefits of new teachers in the Primary Grade Instructional Improvement Program. These appropriations are made to the Department of Finance "Open and Standing" account and bring the total increase for education to \$234.4 million for the 1980-81 biennium.

The Governor's recommendations utilize a 7% inflationary increase for each year of the biennium which will allow the present level of programs and services to continue. These recommendations represent a total Elementary-Secondary Vocational program which will keep Minnesota as a National leader in education.

AGENCY FISCAL SUMMARY - BIENNIAL BUDGET

AGENCY: EDUCATION AIDS

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1977	ACTUAL F.Y. 1978	ESTIMATED F.Y. 1979	CURRENT STATUTORY AUTHORIZATION		GOVERNOR'S RECOMMENDATION	
				F.Y. 1980	F.Y. 1981	F.Y. 1980	F.Y. 1981
EXPENDITURES BY PROGRAM:							
FOUNDATION AID	607,855.5	609,230.3	641,701.0	634,227.6	595,179.7	659,731.0	714,961.0
TRANSPORTATION AID	67,103.4	75,115.0	80,010.0	74,935.4	70,465.7	85,138.0	88,502.0
SPEC & COMPENSATORY ED AID	84,461.4	108,706.9	130,587.9	133,648.8	145,328.0	133,798.8	144,478.0
COMMUNITY & ADULT AIDS	3,372.8	3,476.7	3,991.3	4,290.3	4,441.3	4,298.3	4,529.1
VOCATIONAL EDUCATION AID	111,154.0	114,705.6	111,540.8	122,867.4	130,887.7	127,774.2	138,404.2
MISC PROVISIONS	44,326.7	53,109.9	45,393.3	52,355.8	55,569.4	52,992.8	56,659.4
PUBLIC LIBRARIES	3,045.5	3,139.8	3,641.1	3,641.1	3,641.1	4,722.8	4,745.8
COUNCIL ON QUALITY ED	3,279.2	3,384.1	3,900.2	3,900.2	3,900.2	5,263.2	5,263.2
TEACHER MOBILITY		19.4	580.6	850.0	1,050.0	850.0	1,050.0
NON-PUBLIC PUPIL AID			26.0	28.1	30.3	28.1	30.3
DATA PROCESSING & COMM AIDS	874.6	2,848.5	3,390.4	5,409.6	5,565.3	5,409.6	5,565.3
TOTAL	925,473.1	973,736.2	1024,762.6	1036,154.3	1016,058.7	1080,006.8	1164,188.3
EXPENDITURES BY CATEGORY:							
PERSONAL SERVICES							
EXPENSES & CONTR SVCS							
SUPPLIES & MATERIALS							
EQUIPMENT							
REAL PROPERTY							
DEBT SERVICES							
CLAIMS, GRANTS, ETC.	920,718.8	966,603.8	1024,762.6	1036,154.3	1016,058.7	1080,006.8	1164,188.3
OTHER EXP ITEMS	4,754.3	7,132.4					
* CHANGE RQST - ALL CATEGORIES							
TOTAL EXPENDITURES	925,473.1	973,736.2	1024,762.6	1036,154.3	1016,058.7	1080,006.8	1164,188.3
SOURCE OF FINANCING:							
DIRECT APPROPRIATIONS			1,757,443.60			1,981,854.50	
GENERAL FUND	815,534.1	852,144.5	905,299.1	906,973.3	882,899.1	950,825.8	1031,028.7
STATE AIRPORTS	3.3						
DEDICATED APPROPRIATIONS							
ENDOWMENT SCHOOL	15,267.5	15,375.8	16,000.0	16,000.0	16,000.0	16,000.0	16,000.0
BOND PROCEEDS	4,751.9	7,132.4					
REVOLVING	20.0	.5	20.0	20.0	20.0	20.0	20.0
FEDERAL	89,896.3	99,083.0	103,443.5	113,161.0	117,139.6	113,161.0	117,139.6
TOTAL FINANCING	925,473.1	973,736.2	1024,762.6	1036,154.3	1016,058.7	1080,006.8	1164,188.3
POSITIONS BY FUND:							
TOTAL POSITIONS							

01 FOUNDATION AID

PURPOSE:

To ensure an adequate amount of operating revenue per pupil unit and to limit the necessary property tax effort in districts.

OPERATION:

1. Regular Year Foundation Aid

The basic formula for determining the amount of foundation aid to a district is as follows:

$$\text{Aid} = \left(\frac{\text{total}}{\text{pupil units}} \times \frac{\text{formula}}{\text{allowance}} \right) - \left(\frac{\text{basic mainte-}}{\text{nance levy}} \right)$$

$$1978\text{-}79 \text{ Aid} = \left(\frac{78\text{-}79 \text{ total}}{\text{pupil units}} \times \$1,095 \right) - (.027 \times 1976 \text{ EARC})$$

Formula Allowance (foundation base)

The foundation aid base provides the general operating revenue and is computed as the "average" expenditure per pupil unit in the state. It was established in 1970-71 at \$663 (the state median) and has been increased for inflation each year thereafter.

The foundation bases for 1972-73 through 1978-79 are shown in Table 1-1.

TABLE 1-1
FORMULA ALLOWANCES FOR MINNESOTA SCHOOL DISTRICTS

School Year	Formula Allowance
1972-73	\$ 750
1973-74	788
1974-75	825
1975-76	900
1976-77	960
1977-78	1,030
1978-79	1,095

The foundation aid allowances for F.Y. 1980 and F.Y. 1981 are \$1,155 and \$1,220 under existing legislation.

OPERATION: (cont.)

2. Required Local Levy

Each local school district is required to make a local property tax levy in order for full participation in the foundation program. If a district certifies less than 95% of the permitted levy, the district will receive only the same proportion of foundation aid as the district certified of the permitted levy.

The state has several property tax aids which reduce the required local levy.

The main payments to districts for these "aid-in-lieu-of-taxes" are Homestead Credit, Agricultural Mill Rate Differential Credit, Taconite Tax Aids, and Attached Machinery Aid.

Each local levy limit is based on a mill rate multiplied times the adjusted assessed valuation (also referred to as EARC). The EARC for each school district is the valuation as assessed by the County Auditor's Office, adjusted by the Department of Revenue commensurate with recent sales. The required local mill levy is shown in Table 1-2.

TABLE 1-2
REQUIRED BASIC MAINTENANCE LEVY

School Year	EARC Mill Rate	Tax Year/ Payable Rate	EARC Value
1976-1977	29	1975/payable 1976	1974
1977-1978	29	1976/payable 1977	1975
1978-1979	28	1977/payable 1978	1976
1979-1980	27	1978/payable 1979	1977
1980-1981	Not specified in law		

3. Pupil Units

There are 4 kinds of pupil units: a. weighted Average Daily Membership (ADM) pupil units, b. support pupil units, c. fast growth pupil units, and d. Aid to Families with Dependent Children (AFDC) pupil units. The estimated total pupil units for 1977-78 school year is 1,055,977.

01 FOUNDATION AID (cont.)

OPERATION: (cont.)

a. Weighted ADM Pupil Units - (Also called "actual pupil units")

These are pupil units computed as weighted average daily memberships. ADM is the average number of students in membership throughout the year. The grade level ADM's are weighted as:

Kindergarten (half-day attendance)	0.5
Elementary (grades 1-6)	1.0
Secondary (grades 7-12)	1.4

b. Support Pupil Units - (Also called "declining units")

These are extra pupil units provided if a district declined in ADM pupil units from the previous year. A district receives units equal to the greater of:

- 1) 6/10 of the difference in ADM pupil units between the previous year and the current year, or
- 2) The difference between the average of the ADM pupil units for the current year, the 2 prior years and 25% of the third prior year (3¼ year average).

c. Fast Growth Pupil Units

These extra units are provided for districts with rapid growth to help with the cost of hiring, new textbooks and equipment, etc. If a district increased in ADM pupil units over the previous year by at least 2%, then it will receive extra pupil units per each increased ADM pupil units as follows:

<u>Percentage Increase in ADM Units</u>	<u>Fast Growth Units per Increased Units</u>
Equal to 2.0%	0.2
Greater than 2.0, but equal to or less than 3.0	0.3
Greater than 3.0, but equal to or less than 4.0	0.4
Greater than 4.0	0.5

OPERATION: (cont.)

d. AFDC Pupil Units

These are provided to contribute to the extra cost of serving disadvantaged students. The statistic used to gauge the extent of disadvantaged students is the proportion of students for who AFDC is paid by the Department of Welfare. The proportion computed is the ratio of the number of such students to the number of ADM pupil units. Additional pupil units are assigned depending on the proportion and the total number. The number of extra pupil units per AFDC student is given according to the following schedule:

<u>AFDC Proportion</u>	<u>Pupil Units per AFDC Pupil</u>
Less than .06	0.5
Equal to or greater than .06, but less than .07	0.6
Equal to or greater than .07, but less than .08	0.7
Equal to or greater than .08, but less than .09	0.8
Equal to or greater than .09, but less than .10	0.9
Equal to or greater than .10, but less than .11	1.0
Equal to or greater than .11	1.1

Total Pupil Units

The grand total pupil units is then utilized to compute the foundation aid.

4. Subtractions from Foundation Aid

- a. Deduction from Foundation Aid of monies from permanent school fund - As stipulated in M.S. 124.09, the School Endowment Fund (earnings of the Permanent School Fund, which consists mostly of real property) is apportioned yearly to all districts on the basis of the previous year's average daily membership. However, as stipulated in M.S. 124.212, Subd. 4 and 5, the amounts paid are subtracted from foundation aid or other aids as necessary, to obtain the subtraction. The result is that the School Endowment Fund does not increase revenues to a district, but does reduce the foundation aid appropriation required. The amount of endowment was \$15,273,038.04 in 1977-78 and is estimated to increase slightly in 1978-79.
- b. County Apportionment Deduction - Beginning with the 1977-78 school year, subtractions are made from foundation aid for revenues received by the districts for apportionment of county receipts to school districts as listed in M.S. 124.10 (liquor license fees, fines, estrays, etc.). The subtraction is being phased in over a 6 year period, such that the entirety of the county apportionment will be subtracted in 1982-83.

01 FOUNDATION AID (cont.)

OPERATION: (cont.)

- c. Gross Earnings Refund - Pursuant to M.S. 124.28 districts receive funds because at least 20% of the property value in the district is exempt from local taxes. The amount of this refund is then subtracted in part (not to exceed 50%) from foundation aid with the remaining portion being subtracted from the districts permitted levy limitations.
- d. Armed Forces Land Aid - Pursuant to M.S. 124.25 - districts receive aid for pupils residing on nontaxable land under control of the armed forces. The foundation aid and permitted levy limitations of such districts are then reduced as above. The final payment of this aid was made for the 1976-77 school year.
- e. Pupil on University of Minnesota Land Aid - Pursuant to M.S. 124.25 districts receive aid for pupils who reside on nontaxable land owned by the University of Minnesota. The foundation aid and permitted levy limitations are then reduced as above. The final payment of this aid was made for the 1976-77 school year.
- f. Aid in Lieu of Non-Taxable Land - Pursuant to M.S. 124.30 districts receive aid when 40% or more of the total land area is exempt from real property taxes. The foundation aid and permitted levy limitations of such districts are then reduced as above. The final payment of this aid was made for the 1976-77 school year.
- g. Airport Aid - Pursuant to M.S. 360.133 and M.S. 360.135 districts receive aid for nontaxable land which is part of an airport. The foundation aid and permitted levy limitations of such districts are then reduced as above. The final payment of this aid was made for the 1976-77 school year.
- h. Taconite Revenue - Pursuant to M.S. 294.21 to M.S. 294.28 and parts of Chapter 298 districts receive revenue from various taconite taxes. The foundation aid and permitted levy limitations of these districts are then reduced. For years prior to the 1977-78 school year the reductions were computed as above. Currently, reductions are first made from the levy with a maximum of 50% of the taconite receipts being subtracted from the permitted levy limitations with the remainder being taken from foundation aid.
- i. Audit adjustments - Pursuant to M.S. 124.14 the pupil counts of at least 25 districts are audited each year. Foundation aids are then adjusted in accordance with the auditor's findings.

OPERATION: (cont.)

j. Extraordinary Tax Delinquency Aid

Subtractions from foundation aid for F.Y. 1977 and 1978 are shown in Table 1-3.

TABLE 1-3
SUBTRACTIONS FROM FOUNDATION AID

	F.Y. 1977	F.Y. 1978
Endowment	\$15,171,110	\$15,273,038
County Apportionment	NA	1,910,952
Gross Earnings Refund	393,690	437,163
Armed Forces Land Aid	82,132	20,810
Pupils of University of Minnesota Land Aid	29,639	16,483
Aid in Lieu of Non-Taxable Land	81,891	43,110
Airport Aid	53,136	26,571
Taconite Revenues	5,749,565	6,666,050
Audit Adjustments	134,916	77,655
	\$21,696,083	\$24,471,837

5. Summer School Foundation Aid

Minnesota law allows foundation aid to be paid to districts for summer school classes "at a proportionate rate for foundation aids paid for the preceding regular school year, provided that no district shall receive aid for programs under this section in an amount greater than its actual expenditures for these programs." Thus, the department pays, per full-time-equivalent pupil units, an amount equal to the average foundation aid per pupil unit of the previous year - up to the amount of the actual cost. Expenditures for summer school programs are provided in Table 1-4.

TABLE 1-4
SUMMER SCHOOL PROGRAMS

	F.Y. 1977	F.Y. 1978
Number of Districts	277	288
Enrollments		
Elementary	82,428	101,590
Secondary	58,607	57,202
Expenditures	\$10,332,154	\$11,990,485
Aid	\$7,732,571	\$8,840,995

PROGRAM: FOUNDATION AID 01
(Continuation)
Agency: EDUCATION AID

1979-81 Biennial Budget

01 FOUNDATION AID (cont.)

OPERATION: (cont.)

6. Shared Time Foundation Aid

Minnesota law provides foundation aid to be paid to districts for pupils who attend public schools on a part time basis while otherwise attending private schools. "Foundation Aid for shared time pupils shall equal the amount which would accrue if shared time pupil units, counted pursuant to section 124.17, subdivision 1, clauses 1) and 2), were added to the district's total pupil units used in determining its foundation aid." Thus, shared time aid is equal to shared time Full Time Employees (FTE) pupil units times the district's formula allowance. The number of districts offering shared time programs is shown in Table 1-5.

TABLE 1-5
SHARED TIME PROGRAMS

<u>Year</u>	<u>Number of Districts</u>	<u>FTE Pupil Units</u>	<u>Aid</u>
1975-76	91	1510.89	\$1,324,968
1976-77	97	1681.63	\$1,551,118
1977-78 (Estimated)	109	1716.15	\$1,755,941

7. Abatement Aid

Minnesota provides additional aid to school districts to replace a portion of the net revenue loss during the preceding year as a result of abatements or changes in the assessed valuation of the district after taxes have been spread by the county auditor.

To be eligible for an abatement adjustment, a school district's net revenue loss due to abatements during the preceding year must exceed \$1 per pupil unit. The amount of abatement aid is equal to the net revenue loss times the ratio of the sum of the basic maintenance, transportation, and Area Vocational-Technical Institute maintenance levy limits to the total maximum levy limit in the preceding October pursuant to M.S. 275.125. The amount of this abatement aid is to be deducted from the amount of the abatement levy authorized by M.S. 275.48.

This aid will be paid for the first time in F.Y. 1980. Data for payment will be collected in February, 1979; thus data necessary for the F.Y. 1980 payment has not yet been collected.

8. State Aid Computation

The actual state appropriation required to finance the elementary secondary formula is determined through the following calculations:

OPERATION: (cont.)

	<u>F.Y. 1977</u>	<u>F.Y. 1978</u>	<u>ESTIMATED F.Y. 1979</u>
Foundation Aid 90% Advance	\$551,256,326	\$554,192,814	\$580,900,428
Less Endowment Fund	15,171,110	15,273,038	15,600,000
Less prior year adjustments (including unsubtracted cate- goricals)	<u>3,395,243</u>	<u>3,395,620</u>	<u>3,700,000</u>
	\$532,689,973	\$535,524,156	\$561,600,428
Prior Year Final Foundation Aid	\$ 47,559,781	\$ 47,649,953	\$ 53,250,237
Summer School Foundation Aid	7,732,571	8,840,995	8,850,000
Shared Time Foundation Aid	<u>1,619,996</u>	<u>1,839,398</u>	<u>2,000,000</u>
TOTAL	\$589,602,291	\$593,854,502	\$625,700,665

04 STATE PAID AGRICULTURAL TAX CREDIT

PURPOSE:

State aid is available to assist agricultural landowners in the payment of real estate taxes for school purposes. The amount of the credit is determined by the legislature each session.

OPERATION:

The aid is computed by the Department of Revenue and paid by the Department of Education as a component of foundation aid. School districts which contain agricultural lands or other real estate devoted to temporary and seasonal residential occupancy for recreational purposes receive state aid equivalent in amount to the money that would be produced by applying an ad valorem tax rate of 15 mills on the agricultural property receiving homestead credit, and 10 mills on all other agricultural lands and all real estate devoted to temporary and seasonal residential occupancy.

The property tax levies against these properties then reflect the appropriate reductions in the mill rates. The payments are made twice each year, on July 15 and November 15.

The amount paid in 1977-78 was \$29,501,557 and in 1978-79 is \$35,161,902. Future amounts are difficult to estimate, but at present are \$38,052,000 for 1979-80, and \$44,140,00 for 1980-81.

PROGRAM: FOUNDATION AID 01

(Continuation)

Agency: EDUCATION AID

1979-81 Biennial Budget

GOVERNOR'S RECOMMENDATION:

01 FOUNDATION AID

The Governor recommends a 7% per year increase in the Foundation Aid available to local school districts. This increase would allow districts a spending level of \$1,172 per pupil unit in F.Y. 1980 and \$1,254 per pupil unit in F.Y. 1981. A 7% increase in Foundation Aid will allow districts to keep pace with inflation and continue to offer educational programs and services. The appropriation necessary to provide a 7% increase in Foundation Aid (including summer school appropriations) is \$633,331.0 for F.Y. 1980 and \$637,261.0 in F.Y. 1981. The required local property tax levy for F.Y. 1980 has been established at 27 EARC mills and that levy was authorized in October of 1978. The Governor recommends a 1 EARC mill reduction in the required school district maintenance levy. The 26 EARC mill levy will provide a 1 mill property tax reduction and increase the percentage of state support for school district operations. The EARC for F.Y. 1981 was computed by assuming a 12.6% growth factor which was the percentage increase in the previous year.

02 PRIMARY GRADE INSTRUCTIONAL IMPROVEMENT PROGRAM

A 7% increase in operational revenues provided in the basic foundation aid program, will allow school districts to maintain their present level of educational programs and services in a period of rapidly escalating inflation and declining enrollment. Despite the economic pressures, we cannot lose sight of the goal to improve the quality of Minnesota education. Research indicates that primary grades benefit most directly from a concentration of additional resources. While the research is not conclusive on what constitutes optimum class size for quality instruction, there is evidence that smaller classes are important to increased pupil achievement in the early primary grades. Research also suggests the importance of an emphasis on special teaching methods in order to improve the quality of instruction.

The Governor recommends a significant increase in the resources available for the primary grades, kindergarten through third grade. Concentrating these resources in the primary grades will allow school boards to reduce the class size and to improve the method of instruction. Revenue for this program will be provided by increasing the pupil weighting in kindergarten from the present .5 to .6 and elementary from 1.0 to 1.2 for grades 1, 2, and 3. The Governor's proposal will allow approximately 25 school districts to begin earning the additional pupil weighting in F.Y. 1980 with the remainder of the state operational by the end of the biennium. Starting with a pilot program in F.Y. 1980 will allow the State Board of Education to monitor, evaluate, and make recommendations concerning their continuance.

Key elements of the Governor's plan include an in-service training program for primary grade teachers and administrators. Summer workshops for the pilot programs will provide participating staff with new and innovative individualized instruction techniques to be utilized in smaller class settings. These workshops will be duplicated state-wide for participating teachers in the following summer. A second key element in the Governor's proposal will provide resources to allow teachers to establish closer relations with the parents and the home. Workshops conducted in F.Y. 1980 in the local district with staff from the Department of Education, Educational Cooperative Service Units or other

02 PRIMARY GRADE INSTRUCTIONAL IMPROVEMENT PROGRAM (cont.)

appropriate agency will provide teachers with the necessary skills to improve parent-teacher communication. School districts can begin a Primary Grade parent-teacher communication program before the end of the 1979-80 school year. A final element in the Governor's proposal is a provision for additional instructional materials designed to meet the program's objectives.

The State Board of Education will be given specific responsibilities for design, implementation, and evaluation of the primary grade instructional improvement program. Department of Education staff, together with regional staff at the Educational Cooperative Service Units, will be able to provide leadership and monitor class size and student performance.

Appropriations for F.Y. 1980 include \$8,900.0 which will provide a minimum of 25 pilot program sites. This appropriation will provide workshops for approximately 2000 staff in the 25 pilot sites and anticipates the employment of approximately 450 new staff. The Governor anticipates that the pilot projects will serve approximately 40,000 primary students in the first year of the biennium. Appropriations for F.Y. 1981 are \$60,200.0. This appropriation will allow for the increase in pupil weighting, the summer workshop in-service training program for participating kindergarten through third grade teachers and administrators, additional time for improving teacher-parent communication, resources for new instructional materials, and staff complement for the Department of Education in each year of the biennium.

Implementation of this program will allow local school boards to direct educational resources to the primary grades where research has shown it will have the greatest educational impact. Reduction of class size in these grades is a desired goal of the Governor's program. However, the Governor does not favor a state mandated class size limitation. Furthermore, in order for the Governor's program to have maximum effect, a reduction in class size must be accompanied by utilization of appropriate instructional methods. Improving parent-teacher communication in the primary grades, together with new instructional materials, will provide a balanced approach to the major task of improving the quality of education in Minnesota.

03 SPARSITY AID

The Governor recommends legislative development of the special school aid for those districts which are necessarily small in pupil size and an unreasonable travel distance from their nearest school district neighbor. Minnesota has approximately 70 to 80 districts that would qualify for this type of sparsity aid. The present Minnesota school finance formula does not recognize the problems of small and isolated school districts. Since most of the districts are experiencing severe declining enrollment, they are forced to eliminate instructional programs as fixed costs assume a greater proportion of their expenditures. Recommendations from the Department of Education outlined several alternative formulas and the Governor recommends an appropriation of \$1,500.0 for each year of the biennium. This level of funding will allow those small and isolated districts to maintain their present level of programs and services.

04 STATE PAID AGRICULTURAL TAX CREDIT

Revenue for the State Paid Agricultural Tax Credit will be provided as part of the Governor's overall tax bill. Therefore, no Governor's recommendation will appear in this budget.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: FOUNDATION AID

AGENCY: EDUCATION AIDS

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1977	ACTUAL F.Y. 1978	ESTIMATED F.Y. 1979	CURRENT STATUTORY AUTHORIZATION		GOVERNOR'S RECOMMENDATION	
				F.Y. 1980	F.Y. 1981	F.Y. 1980	F.Y. 1981
EXPENDITURES BY ACTIVITY:							
FOUNDATION AID	607,855.5	609,230.3	641,701.0	634,227.6	595,179.7	649,331.0	653,261.0
PRIMARY INSTRU. IMPROV.PGM						8,900.0	60,200.0
SPARSITY AID						1,500.0	1,500.0
TOTAL	607,855.5	609,230.3	641,701.0	634,227.6	595,179.7	659,731.0	714,961.0
EXPENDITURES BY CATEGORY:							
PERSONAL SERVICES							
EXPENSES & CONTR SVCS							
SUPPLIES & MATERIALS							
EQUIPMENT							
REAL PROPERTY							
DEBT SERVICES							
CLAIMS, GRANTS, ETC.	607,855.5	609,230.3	641,701.0	634,227.6	595,179.7	659,731.0	714,961.0
OTHER EXP ITEMS							
* CHANGE RQST - ALL CATEGORIES							
TOTAL EXPENDITURES	607,855.5	609,230.3	641,701.0	634,227.6	595,179.7	659,731.0	714,961.0
SOURCE OF FINANCING:							
DIRECT APPROPRIATIONS							
GENERAL FUND	592,588.0	593,854.5	625,701.0	618,227.6	579,179.7	643,731.0	698,961.0
DEDICATED APPROPRIATIONS							
ENDOWMENT SCHOOL	15,267.5	15,375.8	16,000.0	16,000.0	16,000.0	16,000.0	16,000.0
TOTAL FINANCING	607,855.5	609,230.3	641,701.0	634,227.6	595,179.7	659,731.0	714,961.0
POSITIONS BY FUND:							
TOTAL POSITIONS							

Subtract
this out

PROGRAM: TRANSPORTATION AID 02
Agency: EDUCATION AID

1979-81 Biennial Budget

01 PUPIL TRANSPORTATION AID

PURPOSE:

To provide school districts with monies to finance the transportation of eligible pupils to and from school and between school buildings as authorized by law.

OPERATION:

A school district's maximum funding for pupil transportation operations is determined by a formula which is based on the district's historical cost per pupil transported (in the 1975-76 school year), a cost escalator set by law to allow for annual price increases, and the number of pupils transported. State aid is provided for various aid categories or transportation services that are authorized by statute. Following is a brief description of each transportation aid category.

- Regular To and From School. One round trip per day between home and school during the regular school year is authorized for nonhandicapped pupils who are eligible in that they are enrolled in grade K-12 and reside 1 mile or more from the assigned school.
- Summer School. One round trip per day between home and school during an approved summer session is authorized for nonhandicapped pupils who are eligible in that they are enrolled in grade K-12 and reside 1 mile or more from the assigned school.
- Secondary Vocational Center. Transportation of secondary pupils between the assigned school and a state board approved secondary vocational center for vocational classes.
- Handicapped. One round trip per day between home and the location of special education classes for handicapped pupils.
- Board and Lodging. Costs of board and lodging of pupils are authorized when it is determined by the local school board that board and lodging is more feasible or efficient than providing daily transportation services. The pupils that are board and lodged are primarily handicapped pupils.
- Shared-Time Regular. Transportation of nonhandicapped nonpublic pupils between the nonpublic school and a public school for shared-time regular classes.
- Shared-Time Special Education. Transportation of handicapped nonpublic pupils between the nonpublic school and a public school for shared-time special education classes.

OPERATION: (cont.)

- Between School Buildings. Transportation of pupils between school buildings within the district for instructional purposes in programs approved by the Commissioner of Education.
- Between Home and Board and Lodging Facility. Up to 9 pupil round trips per year between home and the board and lodging facility where the pupil is placed. The majority of this transportation involves handicapped pupils residing at the State Deaf and Braille Schools at Faribault.

The above aid categories comprise the basic transportation aid formula. This formula includes a provision directed at equalizing the financing of pupil transportation; a basic 1 mill transportation levy is prescribed for each school district. The balance of authorized transportation operating costs are to be paid by the state within the maximum entitlement previously described.

In addition, the following transportation aids are provided outside the basic formula:

- Excess Handicapped Aid. For districts with handicapped transportation or board and lodging costs in excess of the basic formula maximum, an additional state aid is available. The first 10% of excess cost must be paid by the district from local funds. Any further excess cost is financed with 80% state aid and 20% local funds. The state aid is subject to proration if there is a limited appropriation for this aid.
- Inter-district Transportation. Transportation aid is authorized beginning in 1978-79 for transportation of pupils attending 1) approved academic classes offered jointly by 2 or more districts, or 2) approved secondary vocational classes offered jointly by 2 or more districts which are not offered at a State Board approved secondary vocational center. State aid is authorized for 50% of actual transportation cost not to exceed \$100 per pupil. The state aid is subject to proration if there is limited appropriation for this aid.
- Bus Depreciation Aid. The cost of new or newly acquired school buses is financed by state depreciation aid and a transportation bus levy. Under an 8 year schedule, depreciation aid is paid annually in an amount equal to 12 1/2% of the original net cost of a district's eligible bus fleet. The amount of the annual transportation bus levy is limited to the net cost of new buses that is in excess of depreciation aid received.

Adjustments to the 1975-76 base cost per pupil transported are specifically authorized by statute to allow a district's aid entitlement to be adjusted for changes in transportation programs and costs resulting from alterations in school district boundaries, change in the ownership of the school bus fleet, and the opening or closing of school buildings. The number of such adjustments to date has been minimal with relatively minor impact on state aid liability.

01 PUPIL TRANSPORTATION AID (cont.)

OPERATION: (cont.)

Prior year adjustments to aid are made for changes in pupils transported and transportation cost data that are submitted by districts on amended transportation reports.

02 DRIVER EDUCATION - FEDERAL

PURPOSE:

Federal funds are available to improve the level of safety for children who are transported in school buses. The program is designed to bring Minnesota into compliance with Highway Safety Program Standard #17, Pupil Transportation Safety. It is funded under P.L. 89-564 (National Highway Safety Act). The federal funding for this program comes to the Department of Education via a grant from the State Department of Public Safety.

OPERATION:

The major portion of these federal funds are used to provide school bus driver training workshops. The Traffic and Safety Centers at St. Cloud and Mankato State Universities are conducting on-site workshops under grants from the Department of Education. Workshops are available to school district and contractor drivers free of charge. In F.Y. 1978, approximately 3,370 school bus drivers received training. Training is provided for school bus mechanics. Funds are available, on a matching basis, to school districts and school bus contractors for the purchase of safety training materials.

GOVERNOR'S RECOMMENDATION:

01 PUPIL TRANSPORTATION AID

The Governor recommends an appropriation of \$85,138.0 in F.Y. 1980 and \$88,502.0 in F.Y. 1981 for Pupil Transportation. This increase of \$18,515.0 over the 1978-79 biennium includes an 8% per year increase in allowable expenditure per pupil transported. This recommendation recognizes the projected high inflationary price increases in equipment and energy related items. The appropriation will also help eliminate the necessity

GOVERNOR'S RECOMMENDATION: (cont.)

01 PUPIL TRANSPORTATION AID (cont.)

of school districts utilizing general operation funds to pay for pupil transportation. The Governor also recommends moving the base year computation from the 1975-76 school year to the 1977-78 school year. Changing the base year of computation will allow each school district to recompute their base cost and allow for special circumstances in that school district. The Governor anticipates that the "842" school finance research study under the direction of the Department of Education will recommend additional changes in the transportation aid formula. These recommendations should receive a very high priority by the 1979 state legislature.

02 DRIVER EDUCATION - FEDERAL

This activity is supported entirely from federal grants.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: TRANSPORTATION AID

AGENCY: EDUCATION AIDS

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1977	ACTUAL F.Y. 1978	ESTIMATED F.Y. 1979	CURRENT STATUTORY AUTHORIZATION		GOVERNOR'S RECOMMENDATION	
				F.Y. 1980	F.Y. 1981	F.Y. 1980	F.Y. 1981
EXPENDITURES BY ACTIVITY:							
TRANSPORTATION AID	67,103.4	75,115.0	80,010.0	74,935.4	70,465.7	85,138.0	88,502.0
TOTAL	67,103.4	75,115.0	80,010.0	74,935.4	70,465.7	85,138.0	88,502.0
EXPENDITURES BY CATEGORY:							
PERSONAL SERVICES							
EXPENSES & CONTR SVCS							
SUPPLIES & MATERIALS							
EQUIPMENT							
REAL PROPERTY							
DEBT SERVICES							
CLAIMS, GRANTS, ETC.	67,103.4	75,115.0	80,010.0	74,935.4	70,465.7	85,138.0	88,502.0
OTHER EXP ITEMS							
* CHANGE RQST - ALL CATEGORIES							
TOTAL EXPENDITURES	67,103.4	75,115.0	80,010.0	74,935.4	70,465.7	85,138.0	88,502.0
SOURCE OF FINANCING:							
DIRECT APPROPRIATIONS							
GENERAL FUND	67,103.4	75,115.0	80,010.0	74,935.4	70,465.7	85,138.0	88,502.0
DEDICATED APPROPRIATIONS							
TOTAL FINANCING	67,103.4	75,115.0	80,010.0	74,935.4	70,465.7	85,138.0	88,502.0
POSITIONS BY FUND:							
TOTAL POSITIONS							

01 SPECIAL EDUCATION AIDS - STATE

PURPOSE: State special education aid is available to school districts for providing education services to handicapped children as defined in M.S. 120.03 and 120.17.

OPERATION: Minnesota law provides local districts with financial aid for a number of categories of expenditures.

1. Aid for Salaries of Essential Personnel (M.S. 124.32, subd. 1).

The state provides for 69% of the salary of essential personnel but will not exceed a \$12,000 payment for a full time employee. In addition, the state will pay 5% times the total salary costs in recognition of the increased administrative requirements associated with special education. There is no dollar limit on the 5% payment. Aid is not paid on the fringe benefit costs of the personnel employed. Essential personnel are defined as special education teachers, supervisors, directors, and support personnel such as social workers, psychologists, management aides, braillists, etc. Department approval of the programs, personnel, and budget are required by the legislature. Table 3-1 indicates the number of full time equivalent staff by disability category.

TABLE 3-1
SPECIAL EDUCATION FULL TIME EQUIVALENT (FTE) STAFF
RECEIVING STATE SPECIAL EDUCATION AID

Disability or Type	FTE Staff 1977	FTE Staff 1978	Estimated FTE Staff 1979	Estimated FTE Staff 1980	Estimated FTE Staff 1981
Speech	737	737	737	737	737
Educable Mentally Retarded	1,169	1,195	1,214	1,238	1,262
Trainable Mentally Retarded	1,394	1,441	1,447	1,455	1,470
Physically Handicapped	325	338	344	352	365
Hearing Impaired	219	212	216	220	229
Visually Impaired	56	57	57	59	61
Special Learning and Behavior (SLBP)	2,808	2,901	2,948	3,093	3,238
Home and Hospital	216	236	236	236	236
Preschool	180	265	270	278	291
Subtotal	7,104	7,382	7,469	7,668	7,889

OPERATION: (cont.)

TABLE 3-1 (cont.)

Other Essential Personnel	FTE Staff 1977	FTE Staff 1978	Estimated FTE Staff 1979	Estimated FTE Staff 1980	Estimated FTE Staff 1981
Directors	113	113	115	115	115
Social Workers	288	315	328	341	354
Social Worker Aides	45	50	54	59	63
Psychologists	211	223	235	247	259
Vocational Teachers	65	73	23	23	23
Regional Consultants	8	8	8	8	8
Subtotal	730	782	763	793	822
TOTAL FTE STAFF	7,834	8,164	8,232	8,461	8,711

(Includes Professional and ParaProfessional Staff)

2. Aid for Supplies and Equipment (M.S. 124.32, subd. 2).

Aid is paid on special supplies and equipment needed for the instruction of handicapped children at the rate of 50% of the cost not to exceed on the average \$50 per pupil served. This aid is limited to only those extra supplies and equipment above that provided nonhandicapped pupils or the extra supplies and equipment required because the pupils cannot be programmed with the nonhandicapped pupils.

3. Aid for Contracted Services (M.S. 124.32, subd. 1b).

School districts are authorized to purchase services for handicapped pupils from public and private agencies other than Minnesota public schools. When districts choose this option, aid is paid on the basis of 60% of the difference between the contracted cost and the foundation aid formula allowance for the child.

4. Aid for Residential Placements (M.S. 124.32, subd. 5).

A number of handicapped children are placed by child placement agencies in private or public residential facilities. In such cases, the school district in which the residential facility is located is required to provide the educational program for the child and bill the costs of the program to the child's district of residence which is the district where the child's parent's reside. The district of residence

PROGRAM: SPECIAL AND COMPENSATORY EDUCATION AIDS 03
(Continuation)
Agency: EDUCATION AID

1979-81 Biennial Budget

01 SPECIAL EDUCATION AIDS - STATE (cont.)

OPERATION: (cont.)

receives the foundation aid for the child and also receives the special education aid which is paid at the rate of 60% of the difference between the tuition cost and the foundation aid formula allowance for the child.

5. Special Pupil Aid (M.S. 124.32, subd. 6).

In cases where a student's parental rights have been terminated or whose parents do not reside within the state of Minnesota, the department is authorized to pay the full costs of a child residing in a public or private residential facility. The law allows aid to be paid to cover the remaining costs of educating such child after all other state aids have been deducted.

6. Summer School Special Education Aid (M.S. 124.32, subd. 10).

Minnesota law authorizes a proportionate amount of aid to be paid for special education programs conducted during the summer. The type of services eligible for aid are similar to the services provided during the regular school term. The aid, however, is prorated consistent with the reduced school term and reduced expenditures. Program and budget approval is required by the department.

02 SPECIAL EDUCATION AIDS - FEDERAL

Education for the Handicapped Act, Title VI-B Grants (P.L. 94-142)

PURPOSE: The purpose of the federal program is to expand and improve special education services to handicapped children, aged 3 to 21.

OPERATION: Prior to F.Y. 1978, project proposals were solicited from local school districts. Projects were reviewed on a competitive basis and awards were made to the projects selected by a formal review process. The funds were used to initiate needed services and gradually withdrawn over a 3 year period of time with the assumption that the services would continue to be supported by local and state funds.

The statute for this program changed effective with F.Y. 1978. The major changes that resulted from the new legislation are listed below:

OPERATION: (cont.)

- a. The legislation established priorities for the use of the funds. The first priority for the use of the funds is for out-of-school handicapped children. The second priority for the use of the funds is for improving services for the severely handicapped pupils. The funds may not be used for any other purpose until the local districts can demonstrate that there is no further need for funds for the required priorities.
- b. Local school districts receive funds on an entitlement rather than a competitive basis. The school district entitlement is based upon the number of handicapped pupils served by the district during the prior fiscal year. The state is required to flow-through at least 75% of the state grant as entitlement to the local school districts. The remaining 25% of the funds may be used for state initiated projects designed to equalize services throughout the state and for state administration of the program. State administration costs may not exceed 5% of the state grant.
- c. The level of federal funding is scheduled to increase substantially if appropriations are consistent with the authorizations provided in the act.
- d. The new federal law contains detailed requirements for assuring procedural safeguards, opportunities for mainstreaming, and non-discriminatory testing. The state must submit an annual plan demonstrating compliance with these requirements.
- e. In order to be eligible to receive funds, local districts must have an entitlement of at least \$7,500 based upon the number of handicapped pupils served. However, districts are encouraged to submit consolidated applications through special education cooperatives to access the entitlement funds. The consolidated application procedure was effective in F.Y. 1978 with all districts in the state qualifying for an entitlement by one or the other procedures.

Education for the Handicapped Act, Title VI-B Early Childhood (P.L. 94-142)

PURPOSE: The purpose of this federal grant is to initiate and improve special education services for preschool handicapped children, aged 3 through 5.

OPERATION: This new federal program was initiated for the first time in F.Y. 1978. The amount of funds available to the state is based upon the number of handicapped pupils aged 3 through 5 served by the state in the prior fiscal year. The federal authorization for this grant is \$300 per child served, however, the appropriation limited the grant to \$44 per pupil in F.Y. 1978. Minnesota served 5,786 pupils aged 3 through 5 and received \$253,000 in F.Y. 1978.

In order to receive the funds from this program, the department was required to submit a state plan. The plan provided for employing 8 preschool consultants to serve the entire state. Of the 8 consultants, 5 were employed by the Educational Cooperative Service Units and 3 were employed by individual districts. In addition to the consultants, the project supports 1 professional and 1 clerical position in the department for purposes of leadership and project direction. The major objectives of the project are:

Agency: EDUCATION AID

02 SPECIAL EDUCATION AIDS - FEDERAL (cont.)

OPERATION: (cont.)

1. Provide technical assistance to local school districts on programming for preschool handicapped.
2. Provide in-service training for preschool staff.
3. Develop and recommend state standards for programs for preschool handicapped children.

It is anticipated that the need for regional preschool consultants should terminate by F.Y. 1980. The funds would then be available to redistribute and equalize opportunities for preschool handicapped children throughout the state.

Education for the Handicapped Act, Title VI-C, Deaf - Blind

PURPOSE: The purpose of this federal program is to initiate and improve educational services for deaf/blind children in the state.

OPERATION: This program is a 6 state regional project with the State of Michigan serving as the host state. The regional office is responsible for general administration of the project and provides technical assistance to each state in programming for deaf/blind children. Funds received by the states are used to identify deaf/blind children and to supplement educational services for these children.

The project supports a professional position with the State Services for the Blind for purposes of identifying and placement of deaf/blind children. The position also serves as a liaison between the educational program and the parents of the children. Remaining funds are used to provide supplemental services for 3 programs designed to serve deaf/blind children, in 1) St. Paul Public Schools, 2) Brainerd State Hospital, and 3) the Minnesota Braille and Sight Saving School. The department is responsible for administering the funds and for the general supervision of projects conducted within the state.

Education for the Handicapped Act, Title VI-C, Early Childhood

PURPOSE: The purpose of this federal program is to establish an inventory of all state and federal services for preschool handicapped children, aged 0 through 5; recommend program standards for children, aged 0 through 2; and develop inter-agency agreements for the coordination of the services.

OPERATION: The department received a 2 year grant for F.Y. 1978-79 to accomplish the purposes stated above. The State Department of Education, Health, Public Welfare, and the State Planning Agency all have responsibilities for preschool handicapped children. In addition, the federally supported Head Start programs serve preschool handicapped children. The project supports a full time professional position in the depart-

OPERATION: (cont.)

ment to coordinate activities of all agencies involved, with the goal of developing inter-agency agreements for the coordination of the services provided. Information is being gathered on all the services provided by each of the agencies and the sources of funding available to each agency. The project is also developing and recommending state program standards for preschool handicapped children with emphasis on programs for children aged 0 through aged 2. It is anticipated that this project will terminate August 31, 1979.

Federal Projects Expired in Fiscal Year 1977 or 1978

Three federal projects expired in fiscal year 1977 or 1978 and with no plans for renewal during the next biennium. The projects are listed below with a very brief description of each:

1. Education for the Handicapped Act, Title VI-C, UNISTAP

A collaborative effort between the University of Minnesota, the Minneapolis School District, and State Department of Education to develop a model preschool project for handicapped children aged 0 through 5 expired in F.Y. 1977. The project was implemented and disseminated nation-wide as an exemplary program. The program, however, is being continued by the Minneapolis district supported by state and local funds.

2. Education for the Handicapped Act, Title VI-C, Regional Resource Center (R.R.C.)

The State of Wisconsin hosted a federal project in which Minnesota participated. Funds from this project were used to develop and distribute public information materials on the rights of educational handicapped children. The project terminated in F.Y. 1977.

3. Education for the Handicapped Act, Title VI-F, Area Learning Resource Center (ALRC) 027

This federal regional project was hosted by the State of Michigan. Funds were used to develop or purchase instruction materials and conduct workshops on the use of instructional materials. The project terminated in F.Y. 1977.

03 EDUCATION OF DISADVANTAGED CHILDREN (ESEA TITLE I)

Elementary Secondary Education Act, Title I Part A -

PURPOSE: The purpose of the Title I program is to raise the basic reading and mathematics performance of disadvantaged school-aged children to a level commensurate with their age mates. Disadvantaged students are those whose basic skill performance is substantially below grade level. Title I funds are allocated to districts using data on the number of school-aged children in low-income families.

PROGRAM: SPECIAL AND COMPENSATORY EDUCATION AIDS 03

1979-81 Biennial Budget

(Continuation)

Agency: EDUCATION AID

03 EDUCATION OF DISADVANTAGED CHILDREN (ESEA TITLE I) (cont.)

PURPOSE: (cont.)

The department is responsible for a) determining local district allocations and disbursing funds based on an approvable project which is consistent with federal regulations and state guidelines, b) collecting local evaluation data and preparing the required state reports to the Office of Education (OE), c) monitoring ongoing projects for effectiveness and compliance, d) providing leadership and assistance to improve local management on demand and through regularly scheduled school visits.

OPERATION: Allocations for Title I are computed by the department through a formula which considers the following categories:

1. Census count of "poor" children (1969 income level). (Called Census)
2. Aids for Dependent Children (AFDC) in families whose constellation were paid more than the poverty level, F.Y. 1979 - \$516 for the month of October X 0.666. (Called 2/3 AFDC)
3. Foster children by district of school attendance. (Called Foster)
4. Neglected and delinquent children in local institutions. (Called N & D)

The sum of all 4 types of children, hereafter called formula children, are divided into the total grant award to the State to compute an average dollar value for each child. The dividend is multiplied by the number of formula children in each school district. Districts which because of small numbers of formula children receive less than 85% of their previous years award are protected by a "floor" section in the law. These floor districts reduce the allocation to the other districts in the county in which they are located.

Minnesota Title I ESEA F.Y. Allocation = Allocation Per Formula Child
 "Census" + 1/3 AFDC + Foster + N&D
 (Formula Children)

Floor formula

$$\frac{\text{Allocation for District}}{85\% \text{ of Previous Years Allocation}} = 1 \pm$$

If 1+ the districts allocation is established.

If 1- the districts allocation must be increased to meet the 85% level.

OPERATION: (cont.)

All Minnesota districts are eligible to receive Title I-A funds through F.Y. 1979 (438 districts). Since 1977 all but 2 districts have participated. The new law may include some restrictions which would affect Minnesota districts.

Title I grant awards to the state for F.Y. 1977 to F.Y. 1981 estimates are shown in Table 3-2.

TABLE 3-2
STATE GRANT AWARDS

	<u>F.Y. 1977</u>	<u>F.Y. 1978</u>	<u>F.Y. 1979</u>	<u>F.Y. 1980</u>	<u>F.Y. 1981</u>
Title I-A	\$24,286,000	\$28,857,000	\$34,242,000	\$36,000,000	\$36,000,000
Title I-B	3,040,000	3,599,000	--	--	--
Low Rent Housing	--	460,000	541,000	Unknown	Unknown

Funds allocated to Title I programs serve approximately 60,000 students each year as shown in Table 3-3.

TABLE 3-3
UNDULICATED COUNT OF PARTICIPANTS

	A + B 1977	A + B 1978	Regular School Year A Only 1979	A Only 1980	A Only 1981
Pre-Kindergarten	335	117	100	--	--
Kindergarten	5,275	5,266	4,700	4,000	4,000
1	10,762	9,536			
2	10,577	10,625	28,800	27,000	24,250
3	9,329	9,934			
4	7,239	8,308			
5	5,662	6,125	20,000	20,000	20,000
6	5,639	5,800			
7	2,625	2,212			
8	2,301	2,162	5,000	5,500	6,000
9	499	482			
10	203	117			
11	181	73	400	500	750
12	48	43			
	60,673	60,801	59,000	55,000	55,000
Summer School	3,576	3,500	3,500	3,500	3,500

03 EDUCATION OF DISADVANTAGED CHILDREN (ESEA TITLE I) (cont.)

OPERATION: (cont.)

1978 - Approximately 4,000 children served with Title I-B (F.Y. 1976 funding).

1978 - Approximately 8,000 children served with Title I-B 1977 + 1978 funding.

1979 - Approximately 2,500 children served with residue of 1978 funding.

Staff employed by school districts to serve eligible Title I students are shown in Table 3-4. In F.Y. 1977 there were approximately 3,400 FTE staff.

TABLE 3-4
 NUMBER OF STAFF AND FULL TIME EQUIVALENT (FTE)
 EMPLOYED WITH TITLE I FUNDS

	<u>F.Y. 1977</u>	<u>F.Y. 1978</u>	<u>Estimated F.Y. 1979</u>	<u>Estimated F.Y. 1980</u>	<u>Estimated F.Y. 1981</u>
<u>Teachers</u>					
Regular School Year					
Head Count	1,948	1,940	--	--	--
FTE	1,685.2	1,527.6	1,600	1,640	1,700
Summer School					
Head Count	361	360	350	NA	NA
<u>All Other Professionals</u>					
Regular School Year					
Head Count	324	291	--	--	--
FTE	129.6	79.9	300	300	300
Summer School					
Head Count	27	28	20	NA	NA
<u>Instructor Aides</u>					
Regular School Year					
Head Count	2,581	2,362	--	--	--
FTE	1,460.7	1,392.2	1,400	1,400	1,300
Summer School					
Head Count	213	225	225	NA	NA

OPERATION: (cont.)

TABLE 3-4 (cont.)

	<u>F.Y. 1977</u>	<u>F.Y. 1978</u>	<u>Estimated F.Y. 1979</u>	<u>Estimated F.Y. 1980</u>	<u>Estimated F.Y. 1981</u>
<u>Clerical</u>					
Regular School Year					
Head Count	181	128	--	--	--
FTE	98.2	68.4	125	125	125
Summer School					
Head Count	25	28	25	NA	NA
<u>All Other Nonprofessionals</u>					
Regular School Year					
Head Count	59	94	--	--	--
FTE	32.1	45.6	80	80	80
Summer School					
Head Count	19	21	20	NA	NA
<u>TOTALS</u>					
Regular School Year					
Head Count	4,912	4,815	--	--	--
FTE	3,405.8	3,113.1	3,505	3,545	3,805
Summer School					
Head Count	645	662	640	NA	NA

Elementary Secondary Education Act, Title I - Part B

PURPOSE: The purpose of Part B was to provide funding, in addition to Part A, to those states whose expenditures for education were significantly above a national "effort index" developed by the United States Office of Education. These funds were made available to school districts whose Part A entitlements did not allow them to serve all of their educationally disadvantaged children.

OPERATION: Funds were approved on a project basis. All other federal requirements for Part A were adhered to in the operation and management of the program.

In addition to the Title I part B program 11 school districts in Minnesota are entitled to make application for low income housing funds. Seven of those districts do not elect to apply as the amount available to them is miniscule. The 4 districts which do apply encumber 98.8% of all the funds available to Minnesota schools. Though school districts may not receive any of these funds until the Title I director has approved a special project which conforms to Part A requirements, funds are sent directly to the school district from Washington. No administrative funds are provided to the Department for the low income housing program.

PROGRAM: SPECIAL AND COMPENSATORY EDUCATION AIDS 03
(Continuation)
Agency: EDUCATION AID

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03 EDUCATION OF DISADVANTAGED CHILDREN (ESEA TITLE I) (cont.)

Elementary Secondary Education Act, Title I - Migrant Education

PURPOSE: The Migrant Education Programs provide educational opportunities to the children of migrant agricultural workers during their residence in Minnesota. Utilizing the personnel and facilities of local school districts, educational programs are designed and Implemented for approximately 3,500 migrant children ranging in age from 5 to 17 years whose low economic status and migratory life style have resulted in educational achievement levels which are below nonmigrant age mates. Programs include academic instruction, enrichment activities, nutrition and transportation services, and health care.

Most of the programs take place in the Red River Valley, West-Central and Southeast regions. Participants in the programs come from approximately 20 different states with 88-90% claiming Texas as their home state.

OPERATION: Aid to districts conducting Migrant Education projects is determined by past fiscal experience, number of students served, and program activity. Generally, projects having larger numbers of participants will have proportionately larger allocations. Programs are available to migrants who are currently working or who have settled out of the migrant stream within the past 5 years.

Emphasis is placed on communication skills, math, and cultural enrichment activities which may include field trips. Funds may be used for equipment, materials and supplies, salaries, consultant fees, honorariums, and costs for parent involvement activities, staff preservice and inservice training.

The migrant program is mainly a summer school activity and is conducted independent of any other summer school operated by local school districts. The programs generate foundation and transportation aids and to date have not utilized any other state aids.

The following Table provides an analysis of the number and age of participants.

TABLE 3-5
MIGRANT EDUCATION PARTICIPANTS

AGE	F.Y. 1977	F.Y. 1978	F.Y. 1979*	F.Y. 1980*	F.Y. 1981*
5	10	73	73	73	73
6	218	232	232	232	232
7	290	236	236	236	236
8	224	259	259	259	259
9	252	224	224	224	224
10	236	238	238	238	238
11	220	219	219	219	219

OPERATION: (cont.)

TABLE 3-5 (cont.)

AGE	F.Y. 1977	F.Y. 1978	F.Y. 1979*	F.Y. 1980*	F.Y. 1981*
12	161	152	152	152	152
13	67	122	122	122	122
14	25	86	86	86	86
15	17	63	63	63	63
16	7	47	47	47	47
17	7	32	32	32	32
	1,734	1,983	1,983	1,983	1,983

* These are projected estimates only, subject to change caused by changing labor needs due to technological advancements in the sugar beet industry and crop demand.

The number of school districts providing migrant programs in F.Y. 1977 to F.Y. 1981 are shown in the following Table.

Number of districts receiving migrant funds by year.

1977	1978	1979	1980	1981
17	19	20	20	20

Elementary Secondary Education Act, Title I, (P.L. 89-750), Corrections

PURPOSE: This federal program is designed to supplement the educational programs for youth placed in state correctional institutions under the supervision of the commissioner of corrections.

OPERATION: Funds for this program are based upon the number of youth assigned to state correctional institutions for whom the state provided an educational program during the prior fiscal year. The funds must be used to supplement the basic educational program for the youth under 21 years of age. Funds support 1 professional position in the Department of Corrections. Remaining funds are used to provide grants to the state correction institutions, including Red Wing, Sauk Centre, and St. Cloud. The Department of Education is responsible for administering the program with both Corrections and Education, responsible for project review, monitoring, and technical assistance.

Elementary Secondary Education Act, Title I, (P.L. 89-313), Handicapped

PURPOSE: This program is designed to supplement the educational program for handicapped children in state operated schools and state institutions or hospitals.

03 EDUCATION OF DISADVANTAGED CHILDREN (ESEA TITLE I) (cont.)

Elementary Secondary Education Act, Title I, (P.L. 89-313), Handicapped (cont.)

OPERATION: A federal grant to the state is based upon the number of handicapped children enrolled in state schools and state hospitals. Minnesota schools which qualify are the School for the Deaf and the School for the Blind as well as the mentally retarded and emotionally disturbed children residing in the state hospitals located at Faribault, Rochester, Willmar, Brainerd, Cambridge, Fergus Falls, and Moose Lake. Local school districts responsible for the education of the children residing in the state hospitals and the two state schools submit proposals to the Department for review and approval. The projects must be designed to provide supplementary services rather than basic services. The federal law defines basic services as the responsibility of the state. Children who are eligible for funds under this program are not eligible for funds under Education for the Handicapped Act, Title VI-B. The Department is responsible for the administration of the program including program review and on-site monitoring.

04 BILINGUAL/BICULTURAL EDUCATION AIDS

Bilingual/Bicultural State Aid

PURPOSE: This program assures the availability of appropriate educational opportunities for students whose primary language in the home is other than English and/or whose cultural heritage is so significantly different as to require unique educational consideration. The activity is assisting a) 5 pilot bilingual education programs and b) 80 schools with Indochinese students.

OPERATION: Bilingual Pilot Program -

Applications were submitted by school districts to the Department of Education, Bilingual Education. The Bilingual Education Advisory Task Force reviewed and made recommendations on all applications. The number of languages involved, the number of students involved, program models as well as personnel were a major factor in determining the amount of funding. The location of the pilot projects are as follows:

St. Paul School District
Minneapolis School District
Farmington School District
Crookston School District
Red Lake School District, Ponemah Community

The number of students with limited English language skills which participated in the program are shown in the following table.

OPERATION: (cont.)

<u>F.Y. 1977</u>	<u>F.Y. 1978</u>	<u>F.Y. 1979</u>	<u>F.Y. 1980</u>	<u>F.Y. 1981</u>
NA	525	525	600	600

A summary of the Bilingual Bicultural programs:

1. The St. Paul Bilingual Program is serving students K-12. Language components include Spanish, Vietnamese and Hmong.
2. The Minneapolis Bilingual Program is serving students K-12. Language components include Spanish, Vietnamese, Cambodian, Persian, Arabic and Korean.
3. The Crookston Bilingual Program is serving students K-6. The language component is Spanish. The Crookston program is also serving, on a shared time basis, students from the nonpublic school.
4. The Farmington Bilingual Program is serving students K-12. The language component is Vietnamese.
5. The Red Lake Bilingual Program is serving students K-6. The language component is Ojibway. The students are from the Ponemah Community where tribal traditions and native language have been maintained.

The 5 pilot projects have assessed each student individually through a language assessment test to determine language fluency in their native language and English. They were also assessed through teacher observation and achievement tests. The students are receiving, to the extent necessary, instruction in their primary language in academic areas with formal instruction in English as a second language. Instructors who speak the native language as well as English have been employed to work collaborately with regular classroom teachers and teachers of English as a second language. Instruction is being given in the history, culture and heritage of the children of limited English speaking ability as well as in the history and culture of the United States.

Indian Language and Culture - State

PURPOSE: Minnesota Law provides state revenues to insure adequate education for American Indian students through the establishment of pilot programs in American Indian Language and Culture. Specific objectives of the program are: 1) to make the curriculum more relevant to the needs, interests and cultural heritage of American Indian pupils; 2) to provide positive reinforcement of the self-image of American Indian pupils; and 3) to develop intercultural awareness among pupils, parents and staff.

OPERATION: There are 11 pilot projects located throughout Minnesota. Six are located on or near reservations, 4 are urban and 1 is in the Iron Range area.

The types of students to be served in the programs are shown in the following table.

PROGRAM: SPECIAL AND COMPENSATORY EDUCATION AIDS 03
(Continuation)
Agency: EDUCATION AID

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04 BILINGUAL/BICULTURAL EDUCATION AIDS (cont.)

OPERATION: (cont.)

INDIAN BILINGUAL-BICULTURAL PROGRAMS

	<u>Pre-school</u>	<u>Elementary</u>	<u>Secondary</u>
1. Minneapolis Public Schools		542	43
2. Duluth	63	317	308
3. Red Lake	192	487	402
4. Coleraine, Grand Rapids, Nashwauk-Keewatin, Hibbing	19	179	50
5. Nett Lake		114	
6. Granite Falls/Morton	8	39	30
7. Heart of the Earth Survival School	19	66	44
8. Waubun		129	
9. Red School House		82	68
10. Cass Lake/Bug O Nay Ge Shig	47	318	185
11. Pine Point Experimental School	<u>44</u>	<u>80</u>	<u>54</u>
	392	2,353	1,184

Minnesota law requires the amounts of grants to be determined with the "advice and counsel" of the State Advisory Task Force on American Indian Language and Culture Education. The Task Force considers; need, numbers of students, feasibility of plans, degree to which the planned program met the extent of legislation and cost effectiveness.

After preliminary approval the final recommendations are authorized by the State Board of Education.

Indian Bilingual-Bicultural programs which are representative of the types of general projects are as follows:

OPERATION (cont.)

Azhegiwe Bimadiziwin is a cooperative effort between the Cass Lake Public School District and Bug O Nay Ge Shig School. The programs' components include Ojibwe language and culture curriculum development, a tutorial program for students needing assistance in basic skills areas, and a camp experience to expose students to the traditional life style of the Ojibwe people.

Inter-District Language and Culture Enrichment Program, a combined project in the Coleraine, Nashwauk-Keewatin, Hibbing and Grand Rapids School Districts, featured a 2 week intensive cultural and language instruction session in 3 buildings, for grade level K-8.

The Dakota Project, which serves the Granite Falls and Morton School Districts, will provide seminars and group meetings for parents and students, curriculum modification to include Dakota history and culture, teaching of Dakota language in elementary and secondary schools, and in-service training for teachers.

Nett Lake and Orr Schools' Ojibwe Language and Culture Project is conducted jointly between Nett Lake Elementary and Orr High Schools and includes classes in Ojibwe language, culture, history, arts, and crafts.

The Pine Point Experimental School Project will focus on Ojibwe language instruction and cultural enrichment activities.

Indian Summer '78 was a summer project conducted by the Waubun School District at the White Earth Elementary School. The project focused on youngsters K-6 and included instruction in Ojibwe language as well as cultural enrichment activities.

Project Be-Da-Bun (A New Day) in the Red Lake School District is designed to address 3 areas of need: sensori-motor and early reading activities for pre-school children in Red Lake and Ponemak, publication of Ojibwe story books for use in grades pre-school through 6, and publication of a Red Lake history book for use in the junior and senior high schools in Red Lake.

The Duluth Bicultural Program includes an American Indian pre-school program to provide 3-5 year olds with an awareness of their culture and heritage as well as Indian studies classes for junior and senior high school.

The Traditional Arts and Curriculum Project at Heart of the Earth Survival School is a twelve-month program to provide students instruction in the "living" arts of the Ojibwe people and to develop a traditional arts curriculum package utilizing traditional arts activities.

The Indian Language and Culture Program at Minneapolis Public Schools will include the following areas: classes in Ojibwe and Dakota language, mini courses in Indian culture, material development, inservices for other projects; and material adaption for use in the Center School.

(Continuation)

Agency: EDUCATION AID

04 BILINGUAL/BICULTURAL EDUCATION AIDS (cont.)OPERATION: (cont.)

The Red School House's American Indian Language and Culture Education Program Pilot Project in St. Paul will develop a tribal language and cultural studies program to serve 3 of the tribal groups in the areas - Ojibwe, Dakota, and Winnebago.

Johnson O'Malley State Fund

PURPOSE: The 1978 Minnesota legislature appropriated \$348,000 to the Legislative Advisory Commission to become available to 5 Independent School districts with substantial Indian enrollment of the loss of Johnson O'Malley Basic Support monies, and whose financial constraints were projected to become more severe with the total phase-out of Johnson O'Malley basic support in school year 1978-79.

OPERATION: The 1978 Minnesota legislature appropriated \$348,000 to the Legislative Advisory Commission for replacing Federal Johnson O'Malley funds in the event Congress eliminated their program. Of the total sum of \$348,000, \$141,000 was specified for Pine Point Experimental School; \$25,000 for Independent School District Number 166; \$38,000 for Independent School District Number 432; \$36,000 for Independent School District 435; and \$108,000 for Independent School District Number 707.

Southeast Asian - State Aid

PURPOSE: The 1976 legislature provided a limited amount of funds for Southeast Asian refugee children from Vietnam, Cambodia, Laos, and Thailand.

OPERATION: The Commissioner reviewed and approved applications from local school districts eligible to receive aid. Aids were calculated at an amount not to exceed \$40 per Southeast Asian child served. Any child for which English was a second language was eligible for the state aid.

Indo-Chinese Refugees - Federal

PURPOSE: All revenue for these programs are federal dollars appropriated by Public Law 94.405, Indochinese Refugee Children Assistance Act. This law was to terminate on 9-30-79, however, Congress has reauthorized it for 3 more years. Children eligible to be served will be those having arrived in the United States after 1-1-77. The funding will not be available until F.Y. 1980. During F.Y. 1976-77, \$447,000 was appropriated to school districts. Funds were not appropriated for F.Y. 1977-78 and F.Y. 1978-79. The Department of Health, Education and Welfare approved unobligated funds to be carried over and used in F.Y. 1977-78 and F.Y. 1978-79.

The amount of grants going to a district was based on a formula:

1. \$300 per child for the first 100 Indochinese refugee aged 5 to 17 enrolled in the schools of the school district, or for the number of such children comprising 1% of the agency's total enrollment, whichever is less; and
2. \$600 for each such child in excess of 100 or in excess of a number of such children comprising 1% of the agency's total enrollment, as the case may be.
3. The new formula to be used for the F.Y. 1980 appropriations will be \$450 per child, maximum.

Districts did not receive aid in F.Y. 1977 - F.Y. 1978. Approximately 940 Minnesota students were served during F.Y. 1977-78 and 79 with funds that were carried over from F.Y. 1976 - 1977. The department estimates that approximately 300 students will be served by the reauthorized P.L. 94.405 Indochinese Refugee Childrens Act in F.Y. 1980.

05 LOCAL DISTRICT STAFF DEVELOPMENT AIDSState In-Service Training Programs

PURPOSE: This program provided funds for inservice training for regular classroom teachers and principals on techniques for the education of handicapped pupils.

PROGRAM: SPECIAL AND COMPENSATORY EDUCATION AIDS 03
(Continuation)
Agency: EDUCATION AID

1979-81 Biennial Budget

05 LOCAL DISTRICT STAFF DEVELOPMENT AIDS (cont.)

State In-Service Training Programs (cont.)

OPERATION: The legislature provided \$1,500,000 to initiate local projects funded on a competitive basis during the 1977-79 biennium. Eleven projects involving 233 districts were approved by the State Board of Education for funding in F.Y. 1978. Thirty-eight projects involving 274 districts were funded in F.Y. 1979. The training was conducted through a series of workshops in which instructors were employed to make presentations to the participating teachers and principals. Also, a limited portion of the fund was used to disseminate instructional materials which were useful in accomplishing the learning objectives. Because there is a continuing need to provide funds for inservice training during the 1980-81 biennium, the Department has developed a plan to make federal funds available for this purpose. However, the amount of federal funds available are limited and would only be able to support this activity at a greatly reduced level.

Education for the Handicapped Aid, Title VI-D, Teacher Training - Federal

PURPOSE: The purpose of this federal program is to assist states in providing training for special education staff and parents of handicapped children. This contrasts with the state inservice training program which is designed only for regular classroom teachers and principals.

OPERATION: In order to participate in the program the Department must submit 3 year plans together with annual revisions for the use of the funds. Funds have been used primarily to provide inservice training to teachers, parents, supervisors and administrators of programs for handicapped children. The inservice training is conducted by the Department on both a statewide and regional basis according to the needs for the training. Funds are used to pay for instructional costs and to defray costs of the participants in the training program. Some of the funds are also being used to assist staff at the state School for the Deaf and the School for the Blind, to meet state licensure requirements. The Department is responsible for operation of the program and the general supervision of funds.

GOVERNOR'S RECOMMENDATION:

01 SPECIAL EDUCATION AIDS - STATE

The Governor recommends an appropriation of \$83,920.8 in F.Y. 1980 and \$96,498.0 in F.Y. 1981 for state special education aids. This level of appropriation will allow the state to maintain the present special education formula and to achieve a full service goal by the end of F.Y. 1981. The Governor's recommendation anticipates the expenditure of \$4,206.5 in F.Y. 1980 and \$4,681.0 in F.Y. 1981 for summer school programs for the handicapped. The Governor also anticipates the expenditure of \$600.0 in F.Y. 1980 and \$600.0 in F.Y. 1981 for residential facilities aid. The Governor's recommendation does not include a \$350.0 per fiscal year appropriation for vocational adjustment counselors (VAC's). In previous biennia, local school districts used special education aid funds to support local VAC's. This support, in turn, was used by the division of vocational rehabilitation as "third party" match to earn federal vocational rehabilitation fund. Appropriations for vocational adjustment counselors will be made in the Department of Economics Security administrative budget.

02 SPECIAL EDUCATION AIDS - FEDERAL

This activity is supported entirely from federal grants.

03 EDUCATION OF DISADVANTAGED CHILDREN (ESEA TITLE I)

This activity is supported entirely from federal grants.

04 BILINGUAL/BICULTURAL EDUCATION AIDS

Bilingual/Bicultural State Aid

The Governor recommends \$400.0 for F.Y. 1980 to continue those pilot programs which were operational in the previous biennium. The Governor recommends that the programs be reviewed at the end of F.Y. 1980 to determine the need for funding in F.Y. 1981.

Indian Language and Culture - State

The Governor recommends an appropriation of \$600.0 for F.Y. 1980 to continue those pilot programs which were operational in the previous biennium. The Governor recommends that the programs be reviewed at the end of F.Y. 1980 to determine the need for funding in F.Y. 1981.

PROGRAM: SPECIAL AND COMPENSATORY EDUCATION AIDS 03

1979-81 Biennial Budget

(Continuation)

Agency: EDUCATION AID

GOVERNOR'S RECOMMENDATION: (cont.)

04 BILINGUAL/BICULTURAL EDUCATION AIDS (cont.)

Johnson O'Malley State Fund

The legislature appropriated revenue for the 1978-79 school year with the condition that this program not be continued. Therefore, no Governor's recommendation is necessary.

Southeast Asian - State Aid

This activity was discontinued after F.Y. 1977 and no Governor's recommendation is necessary.

Indochinese Refugees - Federal

This activity is supported entirely from federal grants.

05 LOCAL DISTRICT STAFF DEVELOPMENT AIDS

State In-Service Training Program

The Governor recommends an appropriation of \$900.0 to be available for the F.Y. 1980-81 biennium. This represents a decrease of \$600.0 over the previous biennium and anticipates the expenditure of approximately \$600.0 in federal funds which will support the present level of in-service training.

Education for the Handicapped Aid Title IV-D Teacher Training - Federal

This activity is supported entirely from federal grants.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: SPEC & COMPENSATORY ED AID

AGENCY: EDUCATION AIDS

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1977	ACTUAL F.Y. 1978	ESTIMATED F.Y. 1979	CURRENT STATUTORY AUTHORIZATION		GOVERNOR'S RECOMMENDATION	
				F.Y. 1980	F.Y. 1981	F.Y. 1980	F.Y. 1981
EXPENDITURES BY ACTIVITY:						(84,242)	(90,308)
SPECIAL EDUC AIDS - STATE	51,650.3	65,225.0	80,577.0	84,270.8	96,848.0	83,920.8	96,498.0
SPECIAL EDUC AIDS - FEDERAL	2,005.6	6,318.2	10,231.3	10,231.3	10,231.3	10,231.3	10,231.3
EDUC OF DISADVANTAGED CHILD - Title I	30,685.0	36,133.3	37,583.4	37,597.9	37,599.9	37,597.9	37,599.9
BILIN-BICULT EDUCATION AIDS	32.7	539.8*	1,205.2	648.8	648.8	1,148.8*	148.8*
LOCAL DIST STAFF DEVEL AIDS	87.8	490.6	991.0	900.0		900.0	
TOTAL	84,461.4	108,706.9	130,587.9	133,648.8	145,328.0	133,798.8	144,478.0
EXPENDITURES BY CATEGORY:							
PERSONAL SERVICES							
EXPENSES & CONTR SVCS							
SUPPLIES & MATERIALS							
EQUIPMENT							
REAL PROPERTY							
DEBT SERVICES							
CLAIMS, GRANTS, ETC.	84,461.4	108,706.9	130,587.9	133,648.8	145,328.0	133,798.8	144,478.0
OTHER EXP ITEMS							
* CHANGE RQST - ALL CATEGORIES							
TOTAL EXPENDITURES	84,461.4	108,706.9	130,587.9	133,648.8	145,328.0	133,798.8	144,478.0
SOURCE OF FINANCING:							
DIRECT APPROPRIATIONS							
GENERAL FUND	51,770.8	65,844.2	82,773.2	85,670.8	97,348.0	85,820.8	96,498.0
DEDICATED APPROPRIATIONS							
FEDERAL	32,690.6	42,862.7	47,814.7	47,978.0	47,980.0	47,978.0	47,980.0
TOTAL FINANCING	84,461.4	108,706.9	130,587.9	133,648.8	145,328.0	133,798.8	144,478.0
POSITIONS BY FUND:							
TOTAL POSITIONS							

01 COMMUNITY EDUCATION AID - STATE

PURPOSE:

Community education aids are provided to local school districts to develop and maintain community service programs. Community service programs offer adults the opportunity to utilize school facilities and participate in activities and classes.

OPERATION:

Each district wishing to offer a community service program and be eligible for state aids and a local property tax levy must appoint a local citizen advisory committee and develop a local district plan. Districts are then authorized to levy \$2 per capita which provides local program funds.

Those districts levying at least \$1 per capita are also provided with a state aid of 50 cents per capita. The revenue is used exclusively for community service programs. Most programs charge a local fee, ranging from \$5 to \$15 per participant depending on the program and materials needed.

Growth in the number of districts participating in community service programs will increase an estimated 29% in the 5 year period 1977 to 1981 (see Table 4-1).

TABLE 4-1
DISTRICTS OFFERING COMMUNITY SERVICE PROGRAMS

F.Y. 1977	F.Y. 1978	F.Y. 1979	F.Y. 1980	F.Y. 1981
249	265	291	320	350

The number of adults participating in community service programs is estimated to increase by 14% in the 5 year period from F.Y. 1977 to F.Y. 1981 as shown in Table 4-2.

01 COMMUNITY EDUCATION AID - STATE (cont.)

OPERATION: (cont.)

TABLE 4-2
CITIZEN PARTICIPATION IN COMMUNITY SERVICE PROGRAMS

F.Y. 1977	F.Y. 1978	F.Y. 1979	F.Y. 1980	F.Y. 1981
870,000	900,000	930,000	960,000	990,000

Program offerings are determined by each local advisory committee, and include recreational, enrichment, academic, and cultural activities for all age groups.

02 ADULT CONTINUING EDUCATION - STATE

PURPOSE:

Adults who for numerous reasons have not earned a high school diploma or an equivalency certificate, may enroll in programs leading to graduation. Programs are designed to prepare an adult student for either a diploma or to take the General Education Development (GED) test.

OPERATION:

Local districts participating in the adult continuing education program employ necessary licensed staff and are reimbursed by the state for 90% of salary costs, however, the state will not provide over \$8,000 per full time staff. The programs are generally offered during the evening.

Participants are allowed to choose either the GED preparative curriculum or the high school diploma curriculum. GED courses generally consist of remedial reading, English, math and social studies. The adult high school diploma program emphasizes English and social studies.

The number of participants is estimated to increase by 19% from F.Y. 1977 to F.Y. 1981 as shown in Table 4-3.

02 ADULT CONTINUING EDUCATION - STATE (cont.)

OPERATION: (cont.)

TABLE 4-3
PARTICIPATION IN ADULT CONTINUING PROGRAMS

	F.Y. 1977	F.Y. 1978	F.Y. 1979	F.Y. 1980	F.Y. 1981
General Education Development	4,800	5,100	5,300	5,400	
High School Diploma	1,600	1,700	1,800	2,000	
Total	6,400	6,900	7,100	7,600	

The number of staff utilized to teach adult continuing education programs is estimated to increase from 342 in F.Y. 1977 to 600 in F.Y. 1981 as shown in Table 4-4.

TABLE 4-4
ADULT CONTINUING EDUCATION INSTRUCTORS - FTE

F.Y. 1977	F.Y. 1978	F.Y. 1979	F.Y. 1980	F.Y. 1981
342	401	533	565	600

Programs are offered in approximately 100 districts each year as shown in Table 4-5. Statistics indicate 80% of the adults choose the GED curriculum.

TABLE 4-5
DISTRICTS OFFERING ADULT CONTINUING EDUCATION PROGRAMS

F.Y. 1977	F.Y. 1978	F.Y. 1979	F.Y. 1980	F.Y. 1981
67	84	87	100	115

03 GENERAL EDUCATION DEVELOPMENT TESTING - STATE

PURPOSE:

Minnesota provides testing to any eligible adult wishing to obtain a high school equivalency certificate. Testing is provided with no fee to the adult for either the testing procedure or the actual test instrument.

OPERATION:

The state provides General Education Development (GED) testing at 49 designated testing centers. Centers are located in vocational schools, community colleges and school districts. Minnesota law allows the department to reimburse designated local testing programs for the rental of GED tests from the American Council on Education. Each test battery includes 5 basic tests and takes 5 hours to complete. In 1978, 8,397 adults utilized 1 to 5 tests, 6,072 adults utilized all 5 tests, and 2,325 adults retested or utilized 1 test.

Expenditures for the program include test rental at \$8 per battery of 5 tests and salary of testing personnel at from \$8 to \$10 per hour.

04 ADULT BASIC EDUCATION AID - FEDERAL

PURPOSE:

Federal financial aid is available to assist local school districts in operating basic skills programs for adults. The programs are designed to enable all adults to acquire basic skills, continue their education to at least a secondary level, and to provide training that will enable them to become more employable and productive.

OPERATION:

Each year local districts apply to the department for funding. Funds allocated by the department may be utilized for salary of essential personnel, equipment, supplies and materials. Federal rules allow for a 90% reimbursement for program costs, however, not more than 5% may be spent on state administration, at least 10% must be spent on teacher training and special projects, and a maximum of 20% may be spent for secondary programs. Districts offering a program in the previous fiscal year are given first priority under federal rule. Second priority for funding is for all remaining districts on a funds available basis. Prorating of funds below the 90% reimbursement level is not allowed.

PROGRAM: COMMUNITY AND ADULT EDUCATION AID PROGRAMS 04
(Continuation)
Agency: EDUCATION AID

1979-81 Biennial Budget

04 ADULT BASIC EDUCATION AID - FEDERAL (cont.)

OPERATION: (cont.)

The federal allocation of approximately \$1.5 million allows the operation of 55 to 65 programs as shown in Table 4-6.

TABLE 4-6
FEDERAL ADULT BASIC EDUCATION PROGRAMS

<u>F.Y. 1977</u>	<u>F.Y. 1978</u>	<u>F.Y. 1979</u>	<u>F.Y. 1980</u>	<u>F.Y. 1981</u>
55	60	65	75	80

Programs are designed with an emphasis on curriculum for the nonreader, or where English is a second language. Approximately 65% of the funds are allocated to programs where the adults have an educational status below eighth grade. An additional 20% of the resources are provided for adults with educational status between grades 8-12.

GOVERNOR'S RECOMMENDATION:

01 COMMUNITY EDUCATION AID - STATE

The Governor recommends an appropriation of \$1,770.0 for F.Y. 1980 and \$1,850.0 for F.Y. 1981. This appropriation will allow for approximately 50 additional school districts to participate in community education programs.

02 ADULT CONTINUING EDUCATION - STATE

The Governor recommends \$829.0 in F.Y. 1980 and \$971.0 in F.Y. 1981 for this activity. This increase of approximately 50% for the biennium will allow Minnesota school districts to provide programs for adults wishing to return and finish a high school degree, without a proration of the reimbursement to the local district. Revenues for the 1978-79 school year were not sufficient to allow full funding of the 90% salary formula. The Governor's recommendation will also allow for some anticipated program growth in Adult Continuing Education.

GOVERNOR'S RECOMMENDATION: (cont.)

03 GENERAL EDUCATION DEVELOPMENT TESTING - STATE

The Governor recommends an appropriation of \$88.0 for F.Y. 1980 and \$96.8 for F.Y. 1981 for this activity. The Governor will be seeking a legislative change in the amount of reimbursement allowed for local district testing from the present \$10 per battery of GED tests to \$12 per test battery. The rental price of GED tests has recently been raised by \$2. This increase will allow Minnesota to continue the policy of free testing to adults wishing to complete the high school program.

04 ADULT BASIC EDUCATION AID - FEDERAL

This activity is supported entirely from federal grants.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: COMMUNITY & ADULT AIDS

AGENCY: EDUCATION AIDS

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1977	ACTUAL F.Y. 1978	ESTIMATED F.Y. 1979	CURRENT STATUTORY AUTHORIZATION		GOVERNOR'S RECOMMENDATION	
				F.Y. 1980	F.Y. 1981	F.Y. 1980	F.Y. 1981
EXPENDITURES BY ACTIVITY:							
COMMUNITY EDUCATION AID	1,550.7	1,635.0	1,700.0	1,770.0	1,850.0	1,770.0	1,850.0
ADULT EDUCATION AID - STATE	502.4	594.0	600.0	829.0	900.0	829.0	971.0
GED REIMBURSEMENT	60.3	65.4	80.0	80.0	80.0	88.0	96.8
ADULT EDUCATION AID - FED	1,259.4	1,182.3	1,611.3	1,611.3	1,611.3	1,611.3	1,611.3
TOTAL	3,372.8	3,476.7	3,991.3	4,290.3	4,441.3	4,298.3	4,529.1
EXPENDITURES BY CATEGORY:							
PERSONAL SERVICES							
EXPENSES & CONTR SVCS							
SUPPLIES & MATERIALS							
EQUIPMENT							
REAL PROPERTY							
DEBT SERVICES							
CLAIMS, GRANTS, ETC.	3,372.8	3,476.7	3,991.3	4,290.3	4,441.3	4,298.3	4,529.1
OTHER EXP ITEMS							
* CHANGE RQST - ALL CATEGORIES							
TOTAL EXPENDITURES	3,372.8	3,476.7	3,991.3	4,290.3	4,441.3	4,298.3	4,529.1
SOURCE OF FINANCING:							
DIRECT APPROPRIATIONS							
GENERAL FUND	2,113.4	2,294.4	2,380.0	2,679.0	2,830.0	2,687.0	2,917.8
DEDICATED APPROPRIATIONS							
FEDERAL	1,259.4	1,182.3	1,611.3	1,611.3	1,611.3	1,611.3	1,611.3
TOTAL FINANCING	3,372.8	3,476.7	3,991.3	4,290.3	4,441.3	4,298.3	4,529.1
POSITIONS BY FUND:							
TOTAL POSITIONS							

01 POST-SECONDARY VOCATIONAL FOUNDATION AID

PURPOSE:

Post-Secondary Vocational Foundation Aid is the primary means by which the operations of the 33 Minnesota Area Vocational-Technical Institutes (AVTI) are funded.

The basic elements of all instructional programs are paid for by this fund. Such items as instructor's salaries, instructional supplies and materials, repair and replacement of instructional equipment are provided through foundation aid. In addition, all or a portion of the support service functions are funded through foundation aid. These are the necessary items that permit the instructional programs to function. The costs of administering the AVTI, the utilities that heat and light the building and the student personnel services that assist the student in entering and successfully completing the training are also wholly or in part met through this fund.

Graduates of vocational programs are served through the receipt of specific skill training. This training makes them readily employable and provides greatly enhanced long term prospects for future advancement. Many of these people would be otherwise employed in nonskilled occupations and would therefore suffer the worst effects of shifts in the economy and changing technology.

OPERATION:

Each of the 33 AVTI's is operated by the local school board which administers the K-12 school district. The local board is responsible for budget, programs and staff considerations.

Foundation aids are allocated to the AVTI's in accordance with M.S. 124.562. This statute currently provides for the sum of \$2,240 per average daily membership (ADM) less the amount of tuition received to be paid to the AVTI. One ADM is calculated to be 1 student attending classes 6 hours per day for 175 days or 1,050 hours of instruction. In addition to the foundation aids and tuition receipts, each AVTI was required to levy (1 Equalization Aid Review Committee (EARC) mill for all districts except Minneapolis, St. Paul, #916, #917, and #287 which levied .5 EARC mill) for general operations. The yield from the local mill levy was subtracted from the foundation aids payable to the district. In addition, each district was allowed a discretionary levy of from .5 to 3 EARC mills depending on the AVTI, for general operations. The 1977 legislature eliminated the discretionary levy for AVTI's and the 1978 legislature eliminated the required levy for AVTI's. In F.Y. 1979 those districts wishing to levy the general operations levy will have their foundation aids reduced by the amount of the local levy.

The budget process for AVTI's is outlined in M.S. 124.561, and requires each district to prepare a budget proposal for the State Board for Vocational Education by January 1 of each year. The State Board is required to approve the budgets prior to June 1 and after a consolidated public hearing conducted to discuss the distribution of state aids.

OPERATION: (cont.)

During the budget process, the AVTI submits a projected budget for each instructional program which lists all expected expense and income items and the number of students expected to enroll. Using the length of the program, this number of students is converted to ADM's. The total number of ADM's for all programs are aggregated and foundation aid is paid monthly upon this projection. There are times when adjustments to this figure can be made to reflect actual changes prior to the final adjustment payment.

02 POST-SECONDARY VOCATIONAL CATEGORICAL AID - STATE

PURPOSE:

Post-Secondary Vocational Categorical Aid is allocated to Area Vocational-Technical Institute's (AVTI's) that conduct high cost programs which require funding in addition to the amounts available from Post-Secondary Vocational Foundation Aid. The AVTI system operates instructional programs which are needed to provide certain specific skills that employers require. Because of regulations imposed by licensure boards, specified ratios of instructors to students are required to meet certification standards. In many of the health occupations areas, the clinical phase of instruction is limited to a ratio of 10 students per instructor. These limitations have the side effect of increasing per student instructional costs to an amount that exceeds the per student foundation aid.

Programs for the handicapped and economically disadvantaged students require a low ratio of instructors to students to provide effective instruction. Remedial programs in reading, writing and mathematics are increasingly needed to prepare students who have skill deficiencies in these areas so that they can effectively utilize the training that is offered.

OPERATION:

Each of the 33 AVTI's is required to submit a categorical aid request as part of the budget process. During the budget review process, the projected costs of operating the AVTI for the next fiscal year are calculated. The costs of operating vocational instruction programs and support services functions are compared to the projected receipt of funds. Any excess costs for these items exclusive of capital expenditure items such as equipment, site improvement/remodeling and construction, is funded through allocation of available Categorical Aid Funds.

03 POST-SECONDARY VOCATIONAL CATEGORICAL AID - FEDERAL

PURPOSE:

By legislative action, all federal funds for vocational education that are not dedicated to specific purposes are to be used as categorical aid for post-secondary vocational education. These funds are used in the same way as state funds for post-secondary categorical aid.

PROGRAM: VOCATIONAL EDUCATION AID 05
(Continuation)
Agency: EDUCATION AID

1979-81 Biennial Budget

03 POST-SECONDARY VOCATIONAL CATEGORICAL AID - FEDERAL (cont.)

OPERATION:

Funds are appropriated in the exact same way as state categorical aids.

04 POST-SECONDARY VOCATIONAL CAPITAL EXPENDITURES AID

PURPOSE:

Post-Secondary Vocational Capital Expenditure Aid is allocated to Area Vocational-Technical Institutes (AVTI) for the purpose of improving or repairing school sites, the purchase of equipment and the repair or improvement of buildings or permanent attached fixtures.

This fund provides the resources for purchase of large items of instructional equipment that are necessary to assure that students are not trained on obsolete equipment. Where many major end items of equipment are used in a class, a rational system of equipment replacement based upon the projected useful life of the item is established. This system then provides equipment that is current to industry standards and avoids excessive maintenance costs that are associated with obsolete equipment.

Capital Expenditure Aid also provides the funds for repair of the physical plant or any improvements necessitated by instructional or safety requirements. Periodic scheduled maintenance and repair of the physical plant maintains the large capital investment in good operating condition at a cost which is far less than major rehabilitation.

OPERATION:

During the budget review process, all budget items are reviewed and various expenditure areas are reduced as necessary. If the costs of operating the AVTI are projected to exceed the amounts available from Post-Secondary Vocational Foundation Aid, such items as would be eligible under law for Post-Secondary Vocational Capital Expenditure Aid would be funded from this source. No excess cost items eligible for Vocational Categorical Aid would receive Vocational Capital Expenditure Aid.

05 POST-SECONDARY DEBT SERVICE

PURPOSE:

Within the statutory provisions that originally allowed for the designation of post-secondary vocational education districts and the building of facilities, state funds were provided for the payment of bonded indebtedness. Originally the state paid a percentage of debt service equal to that of the percentage of nondistrict resident students in attendance during the fiscal year. This aid continues at the present time maintaining the state obligation of the original legislation.

05 POST-SECONDARY DEBT SERVICE (cont.)

OPERATION:

Aid Determination: The percentage of state aid is determined by a 3 year average of non-district resident students. By legislation the percentage determined will continue until all bonds are retired.

06 POST-SECONDARY VOCATIONAL DEFICIT

PURPOSE:

When the post-secondary vocational funding formula was changed from "reimbursement" to a "current basis", several districts were operating in debt. This debt occurred under the reimbursement process whereby it was necessary for them to borrow money to start programs, with reimbursement funds not available until the following year. Providing aids on a "current year" basis eliminated the problem of districts having to finance the first year program costs and thus operating a deficit account. The legislature appropriated funds to eliminate the operating debt outstanding as of 7-30-76.

OPERATION:

The legislature designed a payment schedule to eliminate the deficit account. The amount distributed to the several Area Vocational-Technical Institute's (AVTI's) was determined by their fund balance as of 7-30-76. Table 5-1 shows the distribution of this aid:

TABLE 5-1 AREA VOCATIONAL-TECHNICAL INSTITUTES DEFICIT PAYMENT SCHEDULE						
INSTITUTE	TOTAL DEFICIT	F.Y. 1977	LOCAL SHARE F.Y. 1978	F.Y. 1979	STATE SHARE F.Y. 1977	F.Y. 1978
Dakota County	\$ 384,808	\$ 34,000	\$ 81,442	-0-	\$ 134,683	\$ 134,683
East Grand Forks	342,012	36,021	15,280	-0-	145,355	145,355
Hutchinson	359,582	43,332	64,542	-0-	125,854	125,854
Minneapolis	1,058,847	305,065	12,588	-0-	370,597	370,596
Staples	647,983	30,000	41,682	\$25,514	275,393	275,393
Willmar	<u>391,555</u>	<u>28,443</u>	<u>89,023</u>	<u>-0-</u>	<u>137,004</u>	<u>137,004</u>
TOTAL	\$3,184,787	\$476,862	\$304,558	\$25,514	\$1,188,926	\$1,188,925

07 ADULT VOCATIONAL - STATE

PURPOSE:

Adult Vocational training programs are provided to persons who wish to learn or improve skills necessary to enjoy a better economic status and job satisfaction. Many of these persons are of low economic status and the programs allow them access to training which might otherwise be unavailable. The State of Minnesota benefits through increased productivity and increased taxes paid from the clientele. 221,352 persons benefited from this program in F.Y. 1978.

OPERATION:

Aid provided for Adult Vocational Programs is distributed through Area Vocational-Technical Institutes, Secondary Vocational Centers, and local school districts. Programs are initiated by school districts at the request of employees and employers to update skills needed in employment. Table 5-2 lists the enrollment and type of programs offered through Adult Vocational.

TABLE 5-2
ADULT VOCATIONAL ENROLLMENT BY PROGRAM AREA

	<u>F.Y. 1977</u>	<u>F.Y. 1978</u>	<u>Estimated F.Y. 1979</u>	<u>Estimated F.Y. 1980</u>	<u>Estimated F.Y. 1981</u>
Agriculture	25,678	28,731	30,000	32,000	34,000
Distributive Education	10,623	10,899	11,000	11,500	12,000
Health	12,609	16,695	18,000	20,000	22,000
Consumer Home	29,584	39,518	42,000	45,000	47,000
Occupational Home Economics	8,482	15,231	17,000	19,000	20,000
Business and Office	17,086	19,793	21,000	22,000	23,000
Trade and Industrial & Technical	52,980	51,003	58,000	60,000	62,000
Special Program Rescue & Fire Instruction	<u>35,384</u>	<u>39,482</u>	<u>41,000</u>	<u>43,000</u>	<u>43,000</u>
	192,426	221,352	238,000	251,500	263,000

OPERATION: (cont.)

State Aid to local districts is calculated on the basis of 75% of the approved instructors salary and 50% of approved necessary instructor travel between instructional sites. The balance of the program cost is provided by the local district mainly through participant fees. Table 5-3 shows the allocation of revenues to various categories of programs.

TABLE 5-3
ADULT VOCATIONAL PROGRAMS
F.Y. 1978 STATE AID REIMBURSEMENT BY PROGRAMS &
PERCENTAGE OF TOTAL

	<u>Reimbursement</u>	<u>Percentage</u>
Administration	\$ 583,456	12.8
Agriculture	1,738,833	38.0
Business & Office	333,483	7.3
Distributive Education	205,503	4.5
Health	188,816	4.2
Consumer Homemaking	301,485	6.6
Occupational Home Economics	150,264	3.3
Trade and Industrial & Technical	<u>1,041,332</u>	<u>23.3</u>
	\$4,543,172	100%

Adult Vocational Aid was provided in F.Y. 1978 to local school districts consisting of 355 full-time instructors and 4,077 part-time instructors in the following areas: Agriculture, Distributive Education, Health Occupations, Consumer Homemaking, Occupational Home Economics, Business and Office Occupations, and Trade and Industrial and Technical Occupations. Table 5-4 lists the total enrollment and number of adult vocational staff.

PROGRAM: VOCATIONAL EDUCATION AID 05

1979-81 Biennial Budget

(Continuation)

Agency: EDUCATION AID

07 ADULT VOCATIONAL - STATE (cont.)

OPERATION: (cont.)

TABLE 5-4
ADULT VOCATIONAL PROGRAMS
ENROLLMENT & NUMBER OF INSTRUCTORS

	<u>F.Y. 1977</u>	<u>F.Y. 1978</u>	<u>Estimated F.Y. 1979</u>	<u>Estimated F.Y. 1980</u>	<u>Estimated F.Y. 1981</u>
Enrollment	192,426	221,352	238,000	251,500	263,000
Full-time Instructor	311	355	370	380	400
Part-time Instructor	3,886	4,077	4,200	4,300	4,400

The Department of Education is required by statute to provide related training for 6,000 apprentices. State statute also requires that approximately 10,000 nursing assistants employed by nursing homes annually receive 30 hours of training in programs supervised by the State Department of Education.

The Emergency Medical Technician (EMT) Program for Ambulance attendants has been funded 100% by federal grants since 1975. F.Y. 1979 will be that last year of funding for this program and additional state funds will be necessary to continue this program. The EMT program has provided training to volunteer ambulance service statewide and has the support of the Minnesota Fire Chiefs Association, State Department of Transportation, and the State Department of Health.

08 ADULT VOCATIONAL - FEDERAL

PURPOSE:

As a part of the federal funding for vocational education, a special appropriation is made for consumer homemaking.

OPERATION:

At least one-third of the federal appropriation must be used to fund special programs in distressed areas (areas of low social and economic levels). The matching on these funds is only 10% from the local districts. These special programs are run independently of the regular adult vocational programs.

09 VETERANS FARM COOP TRAINING

PURPOSE:

This program allows eligible veterans the opportunity to obtain management and technical training skills necessary for modern farm management. The state program supports the Federal Veterans' Readjustment Benefits Act of 1966 (P.L. 89-358).

OPERATION:

Farm management programs offered to veterans are reimbursed by the state for 75% of the licensed instructor's salary and 50% of instructors travel. The balance of the program costs are paid in the form of tuition by the veteran, (25% of salary and 50% of travel). Veterans in the program are eligible to earn G.I. bill benefits while enrolled in the program. The number of full-time equivalent staff providing programs are shown in Table 5-5:

TABLE 5-5
ADULT VOCATIONAL
VETERAN'S FARM MANAGEMENT PROGRAMS

	<u>F.Y. 1977</u>	<u>F.Y. 1978</u>	<u>F.Y. 1979</u>	<u>F.Y. 1980</u>	<u>F.Y. 1981</u>
Full-time Equivalent Instructors	155	152	75	65	35

The number of eligible veterans participating in the program are shown in Table 5-6:

TABLE 5-6
VETERAN'S FARM MANAGEMENT PARTICIPANTS

	<u>F.Y. 1977</u>	<u>F.Y. 1978</u>	<u>F.Y. 1979</u>	<u>F.Y. 1980</u>	<u>F.Y. 1981</u>
Enrollment	3,925	3,605	1,500	800	600

10 SECONDARY VOCATIONAL AID - STATE

PURPOSE:

A state categorical aid is available to school districts offering secondary vocational programs. The incentive aid is necessary to support the high cost of vocational programs. Vocational programs at the secondary level offer students the opportunity for career exploration in various alternative areas.

PROGRAM: VOCATIONAL EDUCATION AID 05
(Continuation)
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10 SECONDARY VOCATIONAL AID - STATE (cont.)

OPERATION:

Local school districts are paid categorical aid at the rate of up to 50% for the salaries of essential licensed instructional personnel assigned to approved vocational education programs, and at the rate of up to 50% for instructionally related travel and lease or purchase of equipment needed to develop occupational competencies. A local school district is also eligible for categorical aid at the rate of up to 50% for a licensed vocational administrator at a ratio of 1 full-time equivalent administrator per 15 vocational instructional staff or 1/2 time administrator per 10 instructional staff.

At the present time, 420 school districts in Minnesota have access to vocational education programs, as shown in Table 5-6. Approximately 85% of the senior high school students in grades 10-12 have 4 or more vocational choices available in the following occupational fields: agriculture/agribusiness and natural resources occupations, business and office occupations, health and environmental occupations, homemaking occupations, industrial occupations, marketing and distribution occupations, service occupations, work experience disadvantaged and other forms of community-based vocational education experiences.

TABLE 5-6
DISTRICTS ORDERING SECONDARY VOCATIONAL PROGRAMS

<u>1976-77</u>	<u>1977-78</u>	<u>1978-79</u>	<u>1979-80</u>	<u>1980-81</u>
420	420	420	420	420

Vocational categorical aid has enabled school districts to cooperatively plan together through the establishment of cooperative centers so that districts can continue to have access to a variety of vocational programs, retain vocational programs that are high cost and promote the work ethic philosophy within the secondary curriculum. Increased cost of educating a student in vocational education is attributed to the following: 1) small class size due to health and safety requirements, 2) larger specialized space requirements, 3) equipment investment, 4) higher salaries for technically competent staff, 5) specialized supplies, 6) remaining technically current with business and industry, 7) providing for advisory committees and meeting the accountability and evaluation requirements. The method of instruction also affects the cost of vocational education. This is due to the utilization of instructional staff when students are involved in community-based experiences, related transportation costs, and when the instructional program is involved in activities at a special project site.

OPERATION: (cont.)

The number of students enrolled in secondary vocational education is as follows:

<u>1976-77</u>	<u>1977-78</u>	<u>1978-79</u>	<u>1979-80</u>	<u>1980-81</u>
167,662	170,492	173,901	177,377	180,926

The number of licensed vocational instructors employed by local school districts whose salaries are reimbursed with secondary categorical aid is as follows:

<u>1976-77</u>	<u>1977-78</u>	<u>1978-79</u>	<u>1979-80</u>	<u>1980-81</u>
3,132	3,278	3,343	3,410	3,478

11 SECONDARY VOCATIONAL AID - FEDERAL

PURPOSE:

As a part of the consumer homemaking federal appropriation, an amount not to exceed two-thirds is to be used to strengthen and improve secondary consumer homemaking programs.

OPERATION:

Funds are allocated to local districts for the specified purpose on a grant basis.

12 VOCATIONAL SPECIAL NEEDS

PURPOSE:

There are 3 types of special needs aids available to school districts. These programs are designed to help handicapped and disadvantaged students develop vocational skills.

OPERATION:

Secondary Work Experience Handicapped - State and Federal. This program is community-based and allows the student to work in the community, a portion of the day. Students receive instruction in employability skills a minimum of 250 minutes a week and are placed and coordinated by the instructor on the job at least 10 hours a week.

Secondary Support Program - State and Federal. This program is designed to assist handicapped students to succeed in regular vocational programs. A support service manager working with instructors identifies students who are having difficulties in their vocational programs and then arrange for the students to either be tutored in the classroom or receive additional help from their classroom teacher or teachers. The tutoring or the additional classroom teacher help is individualized so as the student may keep up with the rest of the class.

PROGRAM: VOCATIONAL EDUCATION AID 05
(Continuation)
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12 VOCATIONAL SPECIAL NEEDS (cont.)

OPERATION: (cont.)

Post Secondary Support Program - Federal. This program is designed to assist handicapped and disadvantaged students succeed in regular vocational programs. Students receive support services including deaf interpreters, tutors, skills assessment and "English as a second language" services. A program of minority recruitment is also provided.

13 VOCATIONAL EDUCATION PROGRAM IMPROVEMENT AND TRAINING - FEDERAL

PURPOSE:

In order to improve the quality and quantity of vocational-technical education, federal funds are provided under Public Law 94-482. The use of these funds are restricted within the Federal Act and cannot be used for the purpose of supporting on-going instructional programs. For the purpose of management the aids are divided into 2 general aids:

1. The first aid is for vocational research, exemplary programs, curriculum development, student follow-up and sex equity programs. Separately, these activities address the following needs: 1) Research programs/projects are initiated to improve the efficiency and effectiveness of vocational education programs; with the outcome of providing data and information useful to local and state education agency staff. 2) Exemplary/innovative projects are necessary to field test promising vocational education practices and procedures. 3) Curriculum development activities are designed to improve existing curriculum materials and prepare new curriculum materials for new and emerging job fields, such as energy. 4) Follow-up projects provide feedback needed for program improvement and accountability purposes. 5) Sex equity projects support activities which show promise of overcoming sex bias and sex stereotyping in vocational education and expand the career choices of women.

The 5 areas encompassed in this program (research, exemplary and innovative, curriculum development, follow-up, and sex equity) are outside the normal scope of activities for which public educational agencies have responsibility.

2. The second aid program is for the purpose of in-service teacher training. The change in the nature of work and jobs require that vocational schools and institutions which provide job training and retraining develop a continuing program renewal program. The labor market pressures which force program renewal also demand changes for the personnel engaged in these programs. The State of Minnesota Personnel Licensing Placement Section, has reported that 3,010 vocational license renewals were made in 1976-77 which indicates a substantial number of people will be seeking professional upgrading within the next 5 years. It must be noted that most of these licensure applicants do not hold education degrees. They are hired from business and industry because of their proficiency in a trade; therefore, their in-service teacher education is of a critical nature that must be delivered to them rapidly.

PURPOSE: (cont.)

Another important consideration in planning staff development is to recognize the high turnover rate among vocational educators. During 1976-77, 1,266 vocational personnel applied for initial vocational licenses. A University of Minnesota study revealed that a 15% turnover rate is projected for the next 5 years.

Since the efficiency of vocational programs is dependent upon the efficiency of teachers, the state department of education distributes specially earmarked federal program improvement monies for the pre-servicing and in-servicing of professional staff.

Funds are utilized to stimulate 6 state universities; the University of Minnesota, Minneapolis and University of Minnesota, Duluth to offer in-service education in the form of courses, workshops, conferences, seminars, individual consultations, follow-up of first and second year teachers and industrial training. The federal flow-through dollars, expended on an excess-cost basis through the universities. The actual vocational in-service education costs are shared by the state agency, the universities, and the participants themselves.

Participants include approximately 10,000 teachers, administrators, and support staff working at 33 Area Vocational-Technical Institutes, 59 vocational centers, 15 community colleges and 400 high schools presently holding or working toward vocational licensure.

OPERATION:

Management of these aids is coterminous with the Program Improvement and Information Section, Division of Vocational-Technical Education. The basic source of funds for these activities is Public Law 94-482, Section 130. Money under this section may be used by the discretion of the State Board for the following purposes:

1. Program Improvement: Research Coordinating Unit; Research, Exemplary and Innovative Programs; Curriculum Development.
2. Guidance and Counseling information (student follow-up).
3. Vocational Education Personnel training.
4. Grants to overcome sex bias and sex stereotyping.
5. State Administration of the 5-year State Plan and Annual Program Planning.

(Continuation)

Agency: EDUCATION AID

13 VOCATIONAL EDUCATION PROGRAM IMPROVEMENT AND TRAINING - FEDERAL (cont.)

OPERATION: (cont.)

The distribution of funds within these areas is determined by the State Board with the exception of 20% of available monies must be expended in item 2 above. The amount of funds available for this purpose is determined on a per capita basis in a federal appropriation to all states. The United States Office of Education annually provides mechanisms to apply for additional funds in this regard on a competitive basis. Such funds are dedicated to specific purposes. Applications for such funds are regularly prepared, however, in all instances, such requests are made on behalf of local school districts such that the funds become flow-through within the Department of Education.

The distribution of funds between the 2 major areas is made in the biennial budget presentation by the State Board to the Legislature. Funds expended in the area of research, exemplary, curriculum development, follow-up and sex equity programs are determined by priorities which are established by a state-wide committee appointed by the State Board of Vocational Education. The committee consists of representatives from secondary-post-secondary education personnel as well as governmental agencies, business, industry and the lay public. Funds that flow-through to the University of Minnesota or the state universities or local educational agencies are handled through reimbursement contracts. All funds that go to independent agencies go through the state contract procedures including competitive bidding. Funds for in-service teacher education are determined through negotiations with each university on an annual basis. The amount is dependent upon the number of teachers in their service region as well as the availability of staff. Needs assessment to determine specific delivery programs are conducted by each university as well as at the state level.

14 SUPPLEMENTAL VOCATIONAL EDUCATION ASSISTANCE - CETA

PURPOSE:

The Comprehensive Employment and Training Act (CETA) provides job training and employment opportunities for economically disadvantaged, unemployed and underemployed persons. The Act assures that training and other services lead to maximum employment opportunities and enhance self-sufficiency by establishing a flexible and decentralized system of federal, state and local programs. Federal grants to the Governor provide financial assistance through the Minnesota Vocational Education Board, for vocational services in areas served by prime sponsors.

A prime sponsor is responsible for implementing the state CETA programs and involving Community Based Organizations in the development of local CETA plans. Minnesota has 10 prime sponsor areas which were established in accordance with the Federal Act in 1971. Prime sponsors must serve a minimum population of 100,000 and may be a county, municipality or group of counties. Areas which would not otherwise qualify as a prime sponsor because of population are labeled as "balance of the state", and are administered through the Governor's office.

PURPOSE: (cont.)

Funds are used to support individuals enrolled in vocational education programs to develop new careers and opportunities for career advancement. Funds are provided for tuition, books, supplies and equipment for CETA trainees in 185 different institutions. Funds are provided for training allowances through the Department of Economic Security. School districts receive funds for counseling services, basic education, pre-vocational services, assessment, transportation and other services of CETA clients.

Prime sponsors establish priorities for clients to be served. Through Vocational Education Title I CETA, approximately 3,000 individuals received services. Population served under CETA is: 81% economically disadvantaged, 21 years and younger 49%, women 46%, 45 years and older 12%, minorities 11%, and veterans 11%.

During vocational training, up to 104 weeks of tuition is paid, books, supplies and supportive service covering child care and related expenses such as transportation and medical care are provided. Placement is provided in unsubsidized employment and where necessary into public service employment.

OPERATION:

Public Law 93-203, Comprehensive Employment and Training Act, provides federal funds to the United States Department of Labor for training programs. Through a special grant to the Governor, funds are transferred to the State Board for Vocational-Technical Education to provide vocational services for clients of Minnesota's 10 prime sponsors. Through a negotiated nonfinancial agreement, a prime sponsor may request a variety of vocational services. Options may include: basic education, tutoring, counseling, assessment, vocational training administrative costs, equipment purchases, job placement and supportive services. Agreements, as well as administrative costs are negotiated each fiscal year. They may be amended during the year. Funds appropriated for CETA grants are shown in Table 5-7:

TABLE 5-7
CETA GRANTS TO PRIME SPONSORS

Prime Sponsor Area	1975-77	1978	First Quarter 1979*	1980-81
Balance of State	1,374,992	443,243	82,925	**
Dakota County	100,049	34,989	5,831	**
Duluth	114,862	35,128	6,575	**
Hennepin	124,449	103,457	22,307	**
Minneapolis	219,330	236,765	40,321	**
Urban Consortium	853,977	NA	NA	NA
Quad Counties	78,441	84,085	23,770	**
Ramsey County	124,684	44,808	7,518	**
Region III	239,186	72,330	14,764	**
Rural CEP	476,689	156,000	29,751	**
St. Paul	385,913	142,170	24,168	**

* Appropriation not passed for F.Y. 1979

** Subject to approval of new CETA legislation

PROGRAM: VOCATIONAL EDUCATION AID 05
(Continuation)
Agency: EDUCATION AID

1979-81 Biennial Budget

14 SUPPLEMENTAL VOCATIONAL EDUCATION ASSISTANCE - CETA (cont.)

OPERATION: (cont.)

In F.Y. 1979, 185 institutions participated in CETA programs including area vocational-technical institutes, community colleges, universities, private colleges, private trades and business schools and assessment programs. Approximately 3,000 individuals were served in vocational education.

15 VOCATIONAL EDUCATION CONSTRUCTION

PURPOSE:

State support to the post-secondary vocational education program includes funds provided through direct appropriation and state bonding to assist districts in constructing post-secondary vocational facilities. Historically the state has provided in many instances 50% matching funds for building additions to Area Vocational-Technical Institutes. Prior to F.Y. 1973, all matching funds for this purpose were only from federal monies. It should be noted that the local portion of the cost of construction is also reimbursed at a high percentage when bonds are utilized.

OPERATION:

Building expansion requests including the request for funds are received by the State Board for Vocational Education annually. Requests are prioritized based on criteria including present utilization of facilities, adequacy of existing facilities, health and safety, impact on surrounding institutions and enrollment projects. Recent legislation has required the construction requests to be analyzed in the "Review and Comment" procedure. Each proposal is examined for various criteria including economic and educational advisability. Results of the review and comments are published in the local media prior to any bond referendum. These priorities are then submitted for review by the Governor and the Legislature for consideration. All building requests in excess of \$150,000 must be approved by the Legislature.

GOVERNOR'S RECOMMENDATION:

01 POST-SECONDARY VOCATIONAL FOUNDATION AID

The Governor recommends a 7% increase in the formula allowance for Average Daily Membership in the Post-Secondary Vocational Institutes. This increase will provide \$2,400 in F.Y. 1980 and \$2,565 in F.Y. 1981, for each student in average daily membership. The

GOVERNOR'S RECOMMENDATION: (cont.)

01 POST-SECONDARY VOCATIONAL FOUNDATION AID (cont.)

Governor estimates approximately 32,000 ADM's for F.Y. 1980 and 32,500 ADM's for F.Y. 1981. The Governor also recommends a 7% per year increase in student tuition rates at the AVTI's. This is consistent with the overall higher education policy adopted by the Governor for the 1980-81 biennium and will amount to approximately \$25 per year for a resident student. The appropriation necessary to finance the Foundation Aid for F.Y. 1980 is \$59,926.1 and \$69,832.0 in F.Y. 1981. This recommendation assumes a local levy in F.Y. 1980 of \$4,493.1 and \$0 in F.Y. 1981. It is not possible at this date to determine the number of AVTI's which will authorize the optional local levy in F.Y. 1981. This recommendation also assumes the transfer of federal categorical aids in F.Y. 1980 of \$6,254.9 and in F.Y. 1981, \$6,886.4. The appropriation for foundation aid also assumes tuition receipts for F.Y. 1980 of \$12,416.8 and for F.Y. 1981, \$13,479.2.

02 POST-SECONDARY VOCATIONAL CATEGORICAL AID - STATE

The Governor recommends an appropriation of \$6,409.8 in F.Y. 1980 and \$5,568.1 in F.Y. 1981. The amount in F.Y. 1981 is less than the recommendation for F.Y. 1980, due to the anticipated increase in Federal Post-Secondary Categorical Aid. This appropriation will provide revenue to operate programs which have above average expenditures. The combination of Foundation Aid plus Categorical Aids, including tuition and local levies, will provide the 33 AVTI's with operational revenues for the biennium of approximately \$185,000.0 which represents an approximate \$23,000.0 increase for the biennium.

03 POST-SECONDARY VOCATIONAL CATEGORICAL AID - FEDERAL

This activity is supported entirely from federal grants. However, the Governor anticipates the expenditure of \$6,254.9 in F.Y. 1980 and \$6,886.4 in F.Y. 1981 to be added to the state categorical aid appropriation.

04 POST-SECONDARY VOCATIONAL CAPITAL EXPENDITURES AID

The Governor recommends an appropriation of \$9,500.0 in F.Y. 1980 and \$8,500.0 in F.Y. 1981 for AVTI Capital Equipment Expenditures. Funding the capital expenditures aid at this level of increase will avoid the need for massive replacement of equipment in future bienniums.

05 POST-SECONDARY DEBT SERVICE

The Governor recommends a Post-Secondary Debt Service appropriation for F.Y. 1980 of \$7,733.8 and F.Y. 1981 \$7,737.6 to continue the retirement of Debt Service Bonds.

(Continuation)

Agency: EDUCATION AID

GOVERNOR'S RECOMMENDATION: (cont.)06 POST-SECONDARY VOCATIONAL DEFICIT

The deficit payment for converting post-secondary vocational funding from a reimbursement to a current basis formula will not require an appropriation for the 1980-81 biennium, and no Governor's recommendation is necessary.

07 ADULT VOCATIONAL - STATE

The Governor recommends an appropriation of \$6,578.9 in F.Y. 1980 and \$7,015.7 in F.Y. 1981. This represents a \$3,644.6 increase over the 1978-79 biennium. This appropriation will adequately fund the programs that are anticipated in the 1980-81 biennium without prorating the reimbursement to local school districts.

08 ADULT VOCATIONAL - FEDERAL

This activity is supported entirely by Federal grants.

09 VETERANS FARM COOP TRAINING

The Governor recommends an appropriation of \$1,050.0 in F.Y. 1980 and \$975.0 in F.Y. 1981. This appropriation is approximately \$923.0 less than the previous biennium due to the fact that the number of eligible veterans has declined.

10 SECONDARY VOCATIONAL AID - STATE

The Governor recommends an appropriation of \$21,174.3 in F.Y. 1980 and \$22,789.5 in F.Y. 1981. This level of appropriation will be sufficient to finance the 50% salary and equipment formula without a proration of the reimbursement. The formula had been prorated at approximately 42% of salary during the current biennium and this appropriation will allow funding at the level authorized by the legislature.

11 SECONDARY VOCATIONAL AID - FEDERAL

This activity is supported entirely by Federal grants.

12 VOCATIONAL SPECIAL NEEDS

The Governor recommends an increase of 7% for each year of the biennium and also allows for a 3% growth factor for the state portion of the special needs programs. Recommendations for this aid are \$1,829.3 in F.Y. 1980 and \$2,012.2 in F.Y. 1981. The remainder of the special needs revenue is federally funded and no Governor's recommendation is necessary.

13 VOCATIONAL EDUCATION PROGRAM IMPROVEMENT AND TRAINING - FEDERAL

This activity is supported entirely by Federal grants.

GOVERNOR'S RECOMMENDATION: (cont.)14 SUPPLEMENTAL VOCATIONAL EDUCATION ASSISTANCE - CETA

This activity is supported entirely by Federal grants.

15 VOCATIONAL EDUCATION CONSTRUCTION

The Governor's recommendations will be provided to the legislature in the capital budget request.

16 VOCATIONAL JOBS PROGRAM

The Governor recommends an appropriation of \$500.0 for the biennium, be made available to industries or businesses wishing to expand in Minnesota and needing vocational training for their employees. Industry would be able to apply to the State Board of Education for funding to establish a training program which would meet their needs and allow them to maintain or expand their operation in Minnesota. The State Board of Education would request release of the funds from the Legislative Advisory Committee. The flexibility offered by this program is necessary to allow Minnesota to compete with other states which are offering job training programs for industries looking to relocate. Programs would be operated under the direction of the 33 vocational institutes throughout Minnesota.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: VOCATIONAL EDUCATION AID

AGENCY: EDUCATION AIDS

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1977	ACTUAL F.Y. 1978	ESTIMATED F.Y. 1979	CURRENT STATUTORY AUTHORIZATION		GOVERNOR'S RECOMMENDATION	
				F.Y. 1980	F.Y. 1981	F.Y. 1980	F.Y. 1981
EXPENDITURES BY ACTIVITY:							
POST-SECONDARY VOC FOUND	50,800.0	57,831.3	54,100.0	59,312.7	64,623.4	59,926.1	69,832.0
POST-SEC VOC CATEG - STATE	10,425.0	7,668.0	7,645.0	6,476.3	6,476.3	6,409.8	5,568.1
POST-SEC VOC CATEG - FED	4,551.9	4,151.8	4,755.0	6,254.9	6,886.4	6,254.9	6,886.4
POST-SECONDARY VOC CAP EXP	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	9,500.0	8,500.0
POST-SECONDARY VOC DEBT SER	6,927.0	7,608.4	7,814.9	7,733.8	7,737.6	7,733.8	7,737.6
POST-SECONDARY VOC DEFICIT	1,191.1	1,188.9					
ADULT VOC AID - STATE	3,946.6	4,500.0	5,450.0	6,578.9	7,015.7	6,578.9	7,015.7
ADULT VOC AID - FEDERAL	1,248.7	1,913.7	717.4	439.1	439.1	439.1	439.1
VETS FARM COOP TRNG	1,053.9	1,729.7	1,218.2	1,050.0	975.0	1,050.0	975.0
SECON VOC AID - STATE AID	13,633.9	16,000.0	16,200.0	20,980.7	22,422.6	21,174.3	22,789.5
SECONDARY VOC AID - FED	3,354.4	284.9	297.0	297.0	297.0	297.0	297.0
VOC SPECIAL NEEDS	3,749.2	2,711.2*	4,339.7*	4,740.4	5,011.0	4,906.7*	5,360.2*
VOC ED PROG IMPROVE & TRNG <i>Fed</i>	937.7	1,093.8	1,223.4	1,223.4	1,223.4	1,223.4	1,223.4
VOC ED CETA	1,469.3	1,900.6	1,780.2	1,780.2	1,780.2	1,780.2	1,780.2
VOC ED CONSTRUCTION	1,865.3	123.3					
VOCATIONAL JOBS-PROGRAM						500.0	
TOTAL	111,154.0	114,705.6	111,540.8	122,867.4	130,887.7	127,774.2	138,404.2
EXPENDITURES BY CATEGORY:							
PERSONAL SERVICES							
EXPENSES & CONTR SVCS							
SUPPLIES & MATERIALS							
EQUIPMENT							
REAL PROPERTY							
DEBT SERVICES							
CLAIMS, GRANTS, ETC.	111,154.0	114,705.6	111,540.8	122,867.4	130,887.7	127,774.2	138,404.2
OTHER EXP ITEMS							
* CHANGE RQST - ALL CATEGORIES							
TOTAL EXPENDITURES	111,154.0	114,705.6	111,540.8	122,867.4	130,887.7	127,774.2	138,404.2
SOURCE OF FINANCING:							
DIRECT APPROPRIATIONS							
GENERAL FUND	93,977.5	102,526.3	100,091.1	109,795.4	116,913.6	114,702.2	124,430.1
DEDICATED APPROPRIATIONS							
FEDERAL	17,176.5	12,179.3	11,449.7	13,072.0	13,974.1	13,072.0	13,974.1
TOTAL FINANCING	111,154.0	114,705.6	111,540.8	122,867.4	130,887.7	127,774.2	138,404.2
POSITIONS BY FUND:							
TOTAL POSITIONS							

01 CAREER STUDY CENTERS

PURPOSE:

Independent School District 625 (St. Paul), operates an alternative education program for potential dropouts. The legislature appropriated funds to assist St. Paul in the operation of the program. Work study and career preparation are the key objectives of the program.

OPERATION:

The Career Study program is divided between 2 centers. Center I serves approximately 85 secondary students, and Center II serves approximately 115 secondary students. The program was started in 1970 with a combination of federal and private grant funds. The district is required by law to transfer the entire foundation aid formula allowance for each student in order to receive the state funds.

02 DECLINING VALUATION AID

PURPOSE:

To provide additional aid to school districts whose auditor's assessed valuation declines by more than 8% a year.

OPERATION:

In 1975 the entire law was repealed (Laws 1975, Chapter 432, Section 98) effective after the 1975-76 year. However, the 1977 Legislature provided specific appropriations to 4 school districts for 3 additional years to "replace and phase out" aids the districts would have received under the law (Laws 1977, Chapter 447, Article VI, Section 15). Appropriations for the aid are as follows:

<u>F.Y. 1977</u>	<u>F.Y. 1978</u>	<u>F.Y. 1979</u>
\$320,000	\$160,000	\$80,000

The 4 districts are located in St. Louis County (Number 694 Buhl, Number 699 Gilbert, Number 703 Mt. Iron, and Number 706 Virginia.)

03 EDUCATIONAL COOPERATIVE SERVICE UNIT - GENERAL

PURPOSE:

The primary purpose of an Educational Cooperative Service Unit (ECSU) is to perform educational planning on a regional basis and to help in meeting educational needs of children when this can be done by an ECSU better than by an individual district. To

PURPOSE: (Contd.)

accomplish these purposes the State of Minnesota provides financial support to the ECSU to cover basic administrative costs. Financial support for programs is provided by participating school districts, with private, and federal financial effort supplementing as appropriate and available.

OPERATION:

There are 9 ECSU units operational in Minnesota. During the biennium 1978-79 each ECSU was appropriated \$45,450 per year except region 11 (Metro area) which received \$90,900 due to high enrollment and regions 6 and 8 (Southwest area) which remain combined and pool their resources so they receive a total of \$90,900.

Basic state support for an ECSU is utilized to pay administrative costs. These include the directors' salary, secretarial and bookkeeping support, rent, office equipment, administrative travel, telephone, etc. Beyond this, however, the range of services provided by the ECSU units is extensive and must be supported from other funding sources. These include:

Instructional services such as inservice workshops and support for curriculum revision; Media services including film libraries and equipment repair; Special Education services including Title I support, mainstreaming support and special education cooperatives; and Administrative services, computer services and cooperative purchasing.

It is difficult to accurately summarize budget expenditures in the different program areas because, except for administrative costs, funds come from many different sources. Also, in certain instances (i.e. cooperative purchasing), the ECSU only serves as a fiscal agent.

In 1977-78 the ECSU's distributed about \$4,000,000 in services to local districts. Nearly 50% of this was for special education services but not all ECSU units provide these services. A preponderance of this was spent in 2 ECSU units. The next largest category of spending was administrative services (approximately 20% of money spent in this area) and all ECSU units did participate in these endeavors. Media services was another large area of expenditure, nearing 15% of money spent, but again all ECSU units did not participate in these services. Instructional services accounted for about 10% of the expenditures.

It should be noted that these are estimates of expenditures because some ECSU units are not totally operational. Their services might take a very different pattern in the coming years.

04 EDUCATION COOPERATIVE SERVICE UNIT - PLANNING EVALUATING AND REPORTING

PURPOSE:

Each Education Cooperative Service Unit (ECSU) received funds to provide technical assistance to local school districts as the districts develop goals and educational

PROGRAM: MISCELLANEOUS PROVISIONS 06
(Continuation)
Agency: EDUCATION AID

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04 EDUCATION COOPERATIVE SERVICE UNIT - PLANNING EVALUATING AND REPORTING: (Contd.)

PURPOSE: (Contd.)

plans. Local goals are established by each district as a requirement of Section 123.742, commonly called P.E.R., (planning - evaluating - and reporting).

OPERATION:

Minnesota has 9 ECSU regions, all receiving a grant of \$10,000 per year for providing technical assistance. Region 11 (metro area) received an allocation of \$20,000 per year in recognition of the large number of pupils served.

All ECSU's have professional staff who provide PER technical assistance. Staff have conducted workshops and conferences on specific topics as well as consultant help with individual districts. In specific cases the ECSU may contract with consultants to provide technical assistance.

05 TASK FORCE PLANNING

PURPOSE:

Minnesota law requires each local district to develop a local educational plan and to join an area-wide Educational Planning Task Force. The task force is responsible for completing an area educational plan. The Educational Cooperative Service Unit (ECSU) is the fiscal agent for the grant money provided to support this planning effort.

OPERATION:

For the biennium 1978-79 each ECSU distributed \$35,000 per year for the support of the activities of the Planning Task Force in that area. Eight of the 9 ECSU units received this amount, the remaining ECSU unit, which encompasses regions 6 and 8 (Southwest area), received 70,000 per year because it is in reality 2 planning areas operating under 1 ECSU unit.

Each local district is responsible for developing a district educational plan by December of 1978. These plans are then forwarded to the Area Planning Task Force for review and comment.

The Area Task Forces are charged with 3 major functions:

- a. Assess progress of the local district planning process and provide inter-district communications.
- b. To provide a "review and comment" on each local Task Force Plan that is to be provided them on December 1, 1978.

OPERATION: (Contd.)

- c. To write an Area Task Force Plan by June 1, 1979.

06 AID FOR EXTRAORDINARY TAX DELINQUENCY

PURPOSE:

To provide additional aid to school districts that have experienced an excessive delinquency in real property tax proceeds from the general school purpose levy.

OPERATION:

To be eligible a district must have certified the maximum basic and excess maintenance levies, and the tax delinquency must exceed 2 1/2% of the product of the foundation formula allowance times total pupil units. The amount of the state payment is equal to the amount by which the tax delinquency exceeds the 2 1/2% figure. Data on the program are shown in the following table.

	<u>F.Y. 1977</u>	<u>F.Y. 1978</u>
Number of Districts	2	1
Amount	\$209,603	\$107,856

The loans are repaid by deducting the amount from the district's foundation aid. In 1978-79, \$15,753.88 will be deducted from the foundation aid of Hopkins, Independent School District 274. This is the total amount which the district was loaned in 1977-78.

The other district which has received loans is Eden Prairie, Independent School District 272. They have not as yet been subject to the repayment procedure.

07 CAPITAL EXPENDITURE EQUALIZATION AID

PURPOSE:

To equalize on a per pupil unit basis the ability of districts to raise funds for capital expenditure purposes.

OPERATION:

In order to be considered eligible for aid a district must levy the maximum permissible levy for capital expenditure purposes (10 mills). If this levy does not generate the amount of revenue guaranteed on a per pupil unit basis then the aid is computed as follows:

1. For districts without fast growth pupil units:

$$\text{Aid} = (\text{Total Pupil Units} \times \$75.00) - (10 \text{ mills} \times \text{EARC})$$

(Continuation)

Agency: EDUCATION AID

07 CAPITAL EXPENDITURE EQUALIZATION AID: (Contd.)

OPERATION: (Contd.)

2. For districts with fast growth pupil units:

Aid = (Total Pupil Units x \$80.00)-(10 mills x EARC)

The aid earned is then entered into the district capital outlay fund from which it can be used to purchase such things as buildings, land, and equipment. Data on the Aid program are shown in the following table.

	<u>F.Y. 1977</u>	<u>F.Y. 1978</u>	<u>F.Y. 1979</u>
Number of Districts*	**	34	20
Aid	**	\$476,504.39	\$306,254.85

* An additional 6 districts in F.Y. 1978 and 5 districts in F.Y. 1979 would have been eligible for aid but failed to levy the required maximum.

** This aid was created by the 1977 Legislature and the first payments were made for the 1977-78 school year.

08 ELIGIBLE TEACHER PROGRAM

PURPOSE:

The 1975 legislature created a program designed to, 1) assist expanding school districts to hire experienced teachers so as to have better experience balance, and 2) to assist teachers placed on unrequested leave to obtain reemployment.

OPERATION:

This program was initially funded in the 1975 Session, but was discontinued for new teachers the next session. Since teachers were eligible for 3 years of funding, payments have been made in the 1976-77, 1977-78, and 1978-79 school years for the initial set of teachers. Teachers who were placed on unrequested leave due to financial reasons were eligible for the program. Districts could obtain state aid for the purpose of hiring the teachers if they had not themselves placed teachers on unrequested leave.

The amount of aid was equal to a percentage of the difference between the actual salary of the hired teacher (dependent on training and experience) and the district's starting salary for a teacher with only a Bachelor of Arts. The first year percentage was 80%, second 60%, and third 40%. Approximately 35 teachers participated in the program with an average of \$1,362 in compensation to the districts per teacher in 1977-78.

09 EMERGENCY AID

PURPOSE:

To provide special financial assistance to school districts in emergency situation.

OPERATION:

The State Board of Education is provided with an appropriation which it may distribute to school districts which by reason of physical calamity are unable to maintain its schools in compliance with minimum standards established by the State Board. Prior to the 1977-78 school year, the aid could also be paid for reason high tax delinquency or excessive debt, or a combination thereof, or by other justifiable cause. There is no way to estimate the claims against this aid, since it relates to physical calamities.

10 GROSS EARNINGS AID

PURPOSE:

To provide additional revenue to school districts in which property is exempt from real property taxation because the property is taxed under the provisions of the gross earnings tax law.

OPERATION:

To be eligible, a district must have 20% or more of the value of real properties taxed under the provisions of the gross earnings tax law, and an assessed valuation of less than \$9,000 per pupil unit in average daily membership. The amount of the state payment is equal to the amount that would be produced by a tax on the exempt property at 3 times the current tax rate for school purposes in the district, up to a maximum of 160 mills. The number of districts eligible for this aid is shown in the following table.

	<u>F.Y. 1977</u>	<u>F.Y. 1978</u>	<u>F.Y. 1979</u>
Number of Districts	7	5	5
Amount	\$891,442	\$300,000	\$300,000

The gross earnings aid law is repealed effective July 1, 1979.

11 PRESCHOOL HEALTH SCREENING

PURPOSE:

To assist parents and communities in improving the health of Minnesota children and in planning educational and health programs by providing early detection of children's health and developmental problems to reduce later need or costly care, minimize their physical and educational handicaps, and aid in their rehabilitation.

PROGRAM: MISCELLANEOUS PROVISIONS 06

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(Continuation)

Agency: EDUCATION AID

11 PRESCHOOL HEALTH SCREENING: (Contd.)

OPERATION:

The law provides reimbursement to local school boards of the cost of administering the program, not to exceed \$13 per child screened in F.Y. 1978 and \$23 per child screened in F.Y. 1979.

All school districts are required by law to participate.

In F.Y. 1978, approximately 46,000 children were screened under this program. It is anticipated this will increase to 50,000 in F.Y. 1979 and approximately 55,000 thereafter.

F.Y. 1978 was the first year of the program. It is anticipated that, as parents become better informed of the program, participation will increase. Minnesota resident live births in 1975 totaled 56,463 and is rising slightly each year, which sets an automatic limit on the number of children eligible for the service.

12 CHILD NUTRITION AID - STATE

PURPOSE:

State funds are required in order to meet matching requirements of the United States Department of Agriculture Food and Nutrition Service National School Lunch Program. Minnesota receives approximately \$42,000,000 annually in federal aids for school lunch programs. The state is also responsible for storage and handling of \$12,000,000 United States Department of Agriculture (USDA) donated commodities.

OPERATION:

State funds are provided at the rate of 4 cents multiplied by the number of Type A lunches served to paying students. Paragraph 210.6 of the USDA Regulations requires each state to match each federal dollar of cash-for-food assistance with 3 dollars of funds from sources within the state. The regulations also require that 10% of these state matching funds must come from state revenues appropriated or specifically utilized for program purposes (other than salaries and administrative expenses at the state level). The anticipated amount of state funding required to maintain eligibility in the federal program is shown in the following table.

OPERATION: (Contd.)

F.Y. - 1980

F.Y. 1979 Section 4 federal funds paid for all lunches including free and reduced	\$14,146,000
Times assistance need rate factor	<u>300%</u>
Total \$3 for \$1 matching requirement	42,438,000
Times state revenue matching percent	<u>10%</u>
Total state revenue matching required	<u>\$ 4,243,800</u>

F.Y. - 1981

F.Y. 1980 Section 4 federal funds paid for all lunches including free and reduced	\$15,277,680
Times assistance need rate factor	<u>300%</u>
Total \$3 for \$1 matching requirement	45,833,040
Times state revenue matching percent	<u>10%</u>
Total state revenue matching required	<u>\$ 4,583,304</u>

The aid requested for handling and storage of USDA commodities is paid to various warehouses in the state who handle and store the USDA commodities. Storage of the commodities amounts to approximately \$600,000 each year. The Federal Government purchases the commodities and pays for transportation from the point of origin to one of the designated warehouses. The school districts pay for the transportation from the warehouse to their designated point of delivery.

13 CHILD NUTRITION AID - FEDERAL

PURPOSE:

The purpose of this program is to distribute \$42,000,000 of federal grants-in-aid and \$3,500,000 of state grants in order to encourage the domestic consumption of nutritious agricultural commodities and other food by more than 575,000 children and adults in 3,200 public and private schools, summer camps, child care agencies, institutions and recreational sites. In addition, \$12,000,000 of United States Department of Agriculture donated commodities are annually allocated and distributed to 2,750 program sites. The department establishes reporting requirements and provides administrative assistance, and guidance to clientele by direct on-site monitoring of program activity and telephone

PROGRAM: MISCELLANEOUS PROVISIONS 06
(Continuation)
Agency: EDUCATION AID

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13 CHILD NUTRITION AID - FEDERAL: (Contd.)

PURPOSE: (Contd.)

and written communication in order to insure proper and equitable distribution of grants-in-aid and to enable clientele to achieve program goals and comply with regulation requirements.

OPERATION:

National School Lunch Program - Federal funds available for general cash-for-food assistance are allocated in an amount determined by multiplying the number of Type A lunches served each fiscal year in schools under agreement with the State Agency by the national average payment per lunch. Federal funds available for special cash assistance (free and reduced lunches) are determined by multiplying the number of free and reduced price Type A lunches served each fiscal year by the special cash assistance factor or factors for free and reduced price lunches prescribed by the United States Secretary of Agriculture for use in such fiscal year. Public Law 93-150 mandates that the United States Secretary of Agriculture must prescribe on July 1 and on January 1 of each fiscal year semi-annual adjustments in national average rates of reimbursement for general cash-for-food assistance, and rates for special cash assistance, that must reflect changes in the cost of food away from home.

The average daily participation (ADP) of students eating the Type A lunch, and the number of lunches for which the aid is paid are as follows:

	<u>F.Y. 1977</u>	<u>F.Y. 1978</u>	<u>F.Y. 1979</u>	<u>Estimated F.Y. 1980</u>	<u>Estimated F.Y. 1981</u>
Average Daily Participation	550,000	537,000	531,400	526,000	521,000
Total Lunches Served Students	96.1 mill.	94.0 mill.	93.0 mill.	92.1 mill.	91.2 mill.
Number Lunches State Aid is Paid	76,420,800*	71,200,000	70,680,000	70,000,000	69,309,091
Rate Per Lunch	.015	.04**	.04**	.05	.055
Total Aid Paid	\$1,146,312*	\$2,848,000	\$2,827,200	\$3,500,000	\$3,812,000

OPERATION: (Contd.)

* In F.Y. 1977, State Aid was paid at the rate of \$.015 on all student lunches (including free and reduced) until the appropriated funds (\$1,146,312) were exhausted.

** In F.Y. 1978, and F.Y. 1979, State Aid was paid at the rate of \$.04 per each paid lunch; no State Aid was paid on free and reduced lunches.

14 SERVICE DEMONSTRATION CENTER

PURPOSE:

The goal of this project is to develop, demonstrate, and evaluate individualized computer based instructional activities which, when combined with activities not directly controlled by a computer, will constitute a comprehensive multi-sensory reading/language arts program on the secondary level for individuals who are learning disabled.

OPERATION:

The Minnesota Learning Disabilities Consortium, established in 1976, comprises the Minnesota Department of Education, Independent School Districts 191 and 279, and Control Data Corporation. Members of the consortium have jointly developed a reading/language arts curriculum which is delivered by Control Data's PLATO computer-based education system. Computer terminals with keyboards, touch sensitive display screen and audio capability have been installed in 2 junior high resource rooms. The intent of using the PLATO system is to intensify existing instructional programs by expanding the present instructional resource, increasing the amount of individualized attention each student receives and providing additional information and assistance to the teacher for making instructional decisions.

15 CAPITAL AND DEBT SERVICE LOANS

PURPOSE:

Minnesota has a loan program for school districts which have capital and bonding costs beyond their immediate financial ability. Most districts can bond for the entire cost of new building construction and pay the related bond redemption costs on a current basis. State loans spread out these costs so that the local taxes for these purposes can be held to a reasonable maximum level.

OPERATION:

The state treasury maintains a "maximum effort school loan fund." The School Loan committee authorizes capital and debt service loans to be paid from that fund and the school districts repay principal and interest on their loans to that fund. Debt service loans are made to districts in which the amount of the loan is used to reduce the excessive local levy. Capital loans are made to districts that have demonstrated the need for new facilities. Capital loans for eligible districts may be recommended by the State Board of Education to the School Loan committee. There are 10 districts with capital loans, 3 of which also have debt service loans.

PROGRAM: MISCELLANEOUS PROVISIONS 06
(Continuation)
Agency: EDUCATION AID

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16 DISCONTINUED STATE AND FEDERAL AIDS

A number of state and federal programs have been discontinued during F.Y. 1977 to F.Y. 1979. These include:

1. Exempt Land - discontinued F.Y. 1977
2. Airport Land - discontinued F.Y. 1977
3. Non-Taxable Areas - discontinued F.Y. 1977
4. Flexible School Year Planning Grants - discontinued F.Y. 1977
5. Weather Gauge Program - discontinued F.Y. 1977
6. Future Farmers of America Game Birds
7. Equipment Utilization - UPGL Ex. Prop.
8. Indian Education - Consortium TL4 Workshop

17 LIBRARY LEARNING RESOURCES - FEDERAL

PURPOSE:

Federal aid is available under Elementary-Secondary Education Act (ESEA), Title IV-B, to local school districts on a per pupil entitlement for the purchase of library, audio-visual, instructional equipment, and guidance and counseling.

OPERATION:

All school districts are eligible for Title IV-B funds after an annual application to the Commissioner.

The formula for distribution of revenues is outlined in Federal rules and the state plan approved by the Title IV advisory council. The basic entitlement amounts to approximately \$2.50 per pupil plus some additional allocations for special characteristics, tax effort, and sparsity.

GOVERNOR'S RECOMMENDATION:

01 CAREER STUDY CENTERS

The Governor recommends that the alternative Career Study Center program operated by the St. Paul School District be converted from state to local funds as anticipated by the legislature.

GOVERNOR'S RECOMMENDATION: (Contd.)

02 DECLINING VALUATION AID

This aid has been repealed and no Governor's recommendation is necessary.

03 EDUCATIONAL COOPERATIVE SERVICE UNIT - GENERAL

The Governor recommends an inflationary increase of 7% for each year of the 1980-81 biennium for general operations of the Educational Cooperative Service Units. The Governor recommends an appropriation of \$537.0 in F.Y. 1980 and \$575.0 for F.Y. 1981.

The Governor also recommends the creation of a new Planning and Evaluation Technical Assistance aid of \$40.0 to be provided to each of the ECSU units, with the Metro and Southwest West-Central ECSU receiving double that amount. The Planning and Evaluation Technical Assistance aid is necessary to allow the Educational Cooperative Service Unit to maintain the current level of services offered to local districts. Recent legislative requirements for financial planning and program Planning, Evaluating and Reporting have required each local district to complete financial and program plans. The ECSU's have proven over the last 2 years to be a substantial positive factor in the development and coordination of regional education planning. Since the legislation for PER and Educational Planning Task Forces expires at the end of this biennium, the Governor's recommendation for a Planning and Evaluation Technical Assistance aid will allow the ECSU to continue providing local public school districts with assistance in long range planning and to establish a common data base for decision making at the local and regional level. The Governor recommends an appropriation of \$440.0 for each year of the biennium.

04 EDUCATION COOPERATIVE SERVICE UNIT - PLANNING, EVALUATING AND REPORTING

Present law anticipates the elimination of ECSU technical assistance to local districts for Planning, Evaluating and Reporting. The Governor's recommendation is to continue this function within the Planning and Evaluation Technical Assistance aid, discussed in the General ECSU appropriation.

05 TASK FORCE PLANNING

Present law anticipates the elimination of the Task Force Planning aid at the end of this current biennium. The Governor recommends a program for continuing the educational planning task force function at the ECSU regional level by the development of a Planning and Evaluation Technical Assistance aid described in the General ECSU appropriation.

PROGRAM: MISCELLANEOUS PROVISIONS 06
(Continuation)
Agency: EDUCATION AID

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GOVERNOR'S RECOMMENDATION: (Contd.)

06 AID FOR EXTRAORDINARY TAX DELINQUENCY

In F.Y. 1978, only 1 district was eligible for this state aid. Consequently, the Governor recommends discontinuing this aid.

07 CAPITAL EXPENDITURE EQUALIZATION AID

The Governor recommends an appropriation of \$339.4 for the 1979-81 biennium.

08 ELIGIBLE TEACHER PROGRAM

Legislation has eliminated this activity and no Governor's recommendation is necessary.

09 EMERGENCY AID

The Governor recommends an appropriation of \$400.0 for the 1979-81 biennium to be distributed by the state board for school districts experiencing physical calamities.

10 GROSS EARNINGS AID

Legislation has repealed the Gross Earnings Aid provision and no Governor's recommendation is necessary.

11 PRESCHOOL HEALTH SCREENING

The Governor recommends an increase from \$23 per child screened in 1979 to \$25 per child in 1980 and \$30 per child in 1981. The additional revenue will allow for inflationary increases in the cost of the health screening physical, and amount to \$1,375.0 in F.Y. 1980 and \$1,790.0 in F.Y. 1981.

12 CHILD NUTRITION AID - STATE

The Governor recommends an appropriation of \$3,415.1 for F.Y. 1980 and \$3,667.8 for F.Y. 1981. This appropriation is in response to an increase in federal USDA nutrition aids and represents an anticipated \$250.0 per fiscal year in local district soft match revenue. The Governor also recommends an appropriation of \$578.8 in F.Y. 1980 and \$665.5 in F.Y. 1981 for food storage and transportation costs.

GOVERNOR'S RECOMMENDATION: (Contd.)

13 CHILD NUTRITION AID - FEDERAL

This activity is supported entirely from Federal grants.

14 SERVICE DEMONSTRATION CENTER

This activity is supported entirely from Federal grants, and the expenditures are listed in the agency budget.

15 CAPITAL AND DEBT SERVICE LOANS

Funds for this activity are available through transfers in the State Loan Account, and no Governor's recommendation is necessary.

16 DISCONTINUED STATE AND FEDERAL AIDS

These activities are supported entirely from federal grants.

17 LIBRARY LEARNING RESOURCES - FEDERAL

This activity is supported entirely from federal grants.

18 SECONDARY BASIC SKILLS IMPROVEMENT PROGRAM

The Governor recommends the development of a Basic Language Arts Skills Program which will address reading, speaking and writing skills at all instructional levels with a special emphasis on reading improvement at the secondary level. Funds would be allocated to the State Board of Education to provide technical assistance on a regional basis to public and nonpublic school districts. Implementation of a Basic Skills Program should be patterned after the Minnesota Right-to-Read model which has proven to be very effective. The State Board of Education should utilize the Educational Cooperative Service Units for regional coordination and support in implementing the Secondary Basic Skills improvement program. The Governor recommends an appropriation of \$500.0 for each year of the biennium for this activity.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: MISC PROVISIONS

AGENCY: EDUCATION AIDS

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1977	ACTUAL F.Y. 1978	ESTIMATED F.Y. 1979	CURRENT STATUTORY AUTHORIZATION		GOVERNOR'S RECOMMENDATION	
				F.Y. 1980	F.Y. 1981	F.Y. 1980	F.Y. 1981
EXPENDITURES BY ACTIVITY:							
CAREER STUDY CENTERS	90.0	100.0	100.0				
DECLINING VALUATION	320.0	160.0	80.0				
ECSU - PER	58.4	120.0	80.0				
ECSU - GENERAL	409.1	500.0	500.0	500.0	500.0	977.0	1,015.0
TASK FORCE PLNG		350.0	350.0				
EXTRAORDINARY TAX DELIQ	278.6	108.5	200.0	200.0	200.0		
CAPITAL EXPEND EQUAL		476.5	306.2	194.9	144.5	194.9	144.5
ELIGIBLE TEACHER PROGRAM	75.2	47.7	36.8				
EMERGENCY AID	244.2		30.0	400.0		400.0	
GROSS EARNINGS AID	891.4	300.0	300.0				
PRESCHOOL HEALTH SCREENING		800.0	1,035.0	1,265.0	1,265.0	1,375.0	1,790.0
CHILD NUTRITION AID - STATE	1,511.7	3,243.9*	3,371.8*	4,263.9	4,603.4	4,013.9*	4,353.4*
CHILD NUTRITION AID - FED	31,311.7	36,975.5	36,000.0	42,438.0	45,833.0	42,438.0	45,833.0
SCHOOL LOANS	4,751.9	7,132.4					
DISCONTND STATE OR FED AIDS	822.1						
LIBRARY LEARNING RSCRS-FED	3,562.4	2,795.4	3,003.5	3,094.0	3,023.5	3,094.0	3,023.5
SECON.BASIC SKILLS IMPROV.						500.0	500.0
TOTAL	44,326.7	53,109.9	45,393.3	52,355.8	55,569.4	52,992.8	56,659.4
EXPENDITURES BY CATEGORY:							
PERSONAL SERVICES							
EXPENSES & CONTR SVCS							
SUPPLIES & MATERIALS							
EQUIPMENT							
REAL PROPERTY							
DEBT SERVICES							
CLAIMS, GRANTS, ETC.	39,574.8	45,977.5	45,393.3	52,355.8	55,569.4	52,992.8	56,659.4
OTHER EXP ITEMS	4,751.9	7,132.4					
* CHANGE RQST - ALL CATEGORIES							
TOTAL EXPENDITURES	44,326.7	53,109.9	45,393.3	52,355.8	55,569.4	52,992.8	56,659.4
SOURCE OF FINANCING:							
DIRECT APPROPRIATIONS							
GENERAL FUND	4,146.1	6,206.1	6,369.8	6,803.8	6,692.9	7,440.8	7,782.9
STATE AIRPORTS	3.3						
DEDICATED APPROPRIATIONS							
BOND PROCEEDS	4,751.9	7,132.4					
REVOLVING	20.0	.5	20.0	20.0	20.0	20.0	20.0
FEDERAL	35,405.4	39,770.9	39,003.5	45,532.0	48,856.5	45,532.0	48,856.5
TOTAL FINANCING	44,326.7	53,109.9	45,393.3	52,355.8	55,569.4	52,992.8	56,659.4
POSITIONS BY FUND:							
TOTAL POSITIONS							

01 PUBLIC LIBRARIES - STATE

PURPOSE:

The public library grant program promotes, encourages and assists in the development of adequate public library services for every Minnesotan. Grants are provided for establishment of public library services for citizens in areas presently without such services, for development of multicounty regional library systems to strengthen and improve public library services, for statewide activities of interlibrary cooperation to facilitate sharing of resources and reference information, for innovative and experimental projects to improve library services, and for strengthening library services in institutions of the Department of Corrections and Department of Welfare. State funds and Federal Library Services and Construction Act funds (20 USC 351 et seq., 1970) are used for these grants.

OPERATION:

The public library grant program assists in funding public library services in 117 public library jurisdictions and 346 library service outlets (including branch libraries and bookmobiles). The 13 regional library systems, shown in Table 7-1, provide county-wide library service to 71 counties. There are 21 city libraries in 10 additional counties affiliated with regional library systems. The 13 regional library systems serve a total population of 3,587,255, constituting 94.3% of Minnesota's population.

TABLE 7-1
MINNESOTA REGIONAL LIBRARY SYSTEMS

Arrowhead Library System
Population 307,096

Carlton County
Cook County
Itasca County
Koochiching County
Lake County
Lake of the Woods County
St. Louis County

Crow River Regional Library
Population 77,868

Kandiyohi County
McLeod County
Meeker County

East Central Regional Library
Population 86,037

Aitkin County
Chisago County
Isanti County
Kanabec County
Mille Lacs County
Pine County

Great River Regional Library
Population 206,787

Benton County
Morrison County
Sherburne County
Stearns County
Todd County
Wright County

Kitchigami Regional Library
Population 87,683

Beltrami County
Cass County
Crow Wing County
Wadena County

Lake Agassiz Regional Library
Population 112,016

Becker County
Clay County
Norman County
Polk County

Metropolitan Library Service Agency
Population 1,871,613

Anoka County
Carver County
Dakota County
Hennepin County
Ramsey County
Scott County
Washington County

Northwest Regional Library
Population 50,136

Kittson County
Marshall County
Pennington County
Red Lake County
Roseau County

Viking Library System
Population 93,206

Douglas County
Grant County
Otter Tail County
Stevens County

Plum Creek Library System
Population 98,927

Jackson County
Lyon County
Nobles County
Redwood County
Rock County

Southeastern Libraries Cooperating
Population 341,922

Freeborn County
Goodhue County
Mower County
Olmsted County
Rice County
Steele County
Wabasha County
Winona County

Traverse de Sioux Library System
Population 208,744

Blue Earth County
Faribault County
LeSueur County
Martin County
Nicollet County
Sibley County
Waseca County
Watsonwan County

Western Plains Library System
Population 45,220

Big Stone County
Chippewa County
Lac Qui Parle County
Yellow Medicine County

PROGRAM: PUBLIC LIBRARIES 07
(Continuation)
Agency: EDUCATION, DEPARTMENT OF

1979-81 Biennial Budget

OPERATION: (Contd.)

01 PUBLIC LIBRARIES - STATE (Contd.)

OPERATION:

The Minnesota state public library grant program is administered under Laws of 1978, ch. 546, rules established in 5 MCAR § 1.0800 - 1.0804, the federal Library Services and Construction Act as amended (20 USC 351 et seq., 1970) and its accompanying Federal Regulations. State law establishes the purposes of the grant program, categories of grants, minimum levels of local support for eligibility, and the F.Y. 1979 formula for Regional Library Basic System Support. Rules establish procedures for grant applications, eligibility criteria and the formula for Establishment Grants.

There are 2 types of state-federal grants and 4 types of federal grants in the public library grant program. Numbers and total amounts for each type of grant are shown in Table 7-2.

TABLE 7-2
PUBLIC LIBRARY AIDS

Type of AID (Grants)	F.Y. 1977		F.Y. 1978		Estimated F.Y. 1979	
	State	Federal	State	Federal	State	Federal
Establishment Grants for Regional Public Library Systems:						
Number of Grants		12		11		6
Expenditures		306,488		205,876		77,111
Regional Library Basic System Support Grants:						
Number of Grants	12	12	13	13	13	13
Expenditures	1,946,393	557,399	2,063,664	633,194	2,463,664	800,125
Grants to Improve Library Services at Welfare & Correction Institutions						
Number of Grants		4		3		3
Expenditures		64,774		49,265		49,265
Grants for Inter-Library Exchange						
Number of Grants	1	1	1	2	1	1
Expenditures	71,336	48,664	86,336	75,514	86,336	48,664
Special Project Grants						
Number of Grants		8		8		8
Expenditures		83,855		84,322		85,000

TABLE 7-2
PUBLIC LIBRARY AIDS (Contd.)

Type of AID (Grants)	F.Y. 1977		F.Y. 1978		Estimated F.Y. 1979	
	State	Federal	State	Federal	State	Federal
Other Special Grants						
Number of Grants		2		2		1
Expenditures		31,358		12,896		5,000
Total						
Number of Grants	13	39	14	39	14	32
Expenditures	2,017,729	1,092,538	2,150,000	1,061,067	2,550,000	1,065,165

1. Regional Library Basic System Support Grants are made to regional library systems to assist them in developing and performing ongoing cooperative services. Amounts of grants for F.Y. 1979 are determined by a formula in state law. The formula allots 60% of available funds to the systems in an equal amount per capita, 15% of available funds in an equal amount per square mile, a \$35,000 base grant to each system, and remaining funds prorated among systems serving counties where the adjusted valuation per capita falls below the state average adjusted valuation per capita. Regional Library Basic System Support Grants are made from federal and state funds.
2. Grants for interlibrary cooperation encourage sharing of library resources among all types of libraries. Presently one state level function is funded by such a grant from state and federal funds. Under an agreement with the Minnesota Higher Education Coordinating Board, services of the Minnesota Interlibrary Telecommunications Exchange (MINITEX) are available to public libraries. Included are access to and delivery of materials in academic libraries, provision of teletype communications equipment, back up reference information service and a computerized list of journals in Minnesota libraries.

02 PUBLIC LIBRARIES - FEDERAL

PURPOSE:

The federal Library Services and Construction Act provides funds to assist the states in extending and improving public library services; improving library services for physically handicapped, institutionalized, disadvantaged, bilingual and elderly persons; strengthening the state library administrative agency, strengthening major urban resource libraries and promoting cooperation among all types of libraries.

OPERATION:

A basic allotment is made to each state, and any funds remaining are distributed proportionately to the states on a population basis. Funds must be matched (50/50) and maintenance of effort is required.

02 PUBLIC LIBRARIES - FEDERAL (Contd.)

OPERATION: (Contd.)

Federal funds are to be used within the state for purposes identified in the act and in the state's 5 year long range plan for library development. The amount of federal funds assigned to each of the grant categories in order to accomplish these purposes is determined at the state level. Because the amount of federal funds available varies from year to year and the allotment often is not known until well into the state fiscal year due to delays in the federal appropriations process, the federal funds in Minnesota are used primarily for programs of limited duration or for capital outlay expenditures.

Grants made from Federal funds are as follows:

1. Establishment Grants are made to regional library systems to extend public library services to counties previously without such services. Funds are used for materials, equipment and personnel needed to provide library services in the newly participating county. Amounts of Establishment Grants are determined by a formula in state rule. The formula allots \$1 per capita and \$10 per square mile for the first year of county participation, and \$.50 per capita and \$5 per square mile for the second year of county participation. Establishment Grants are made from federal funds.
2. Grants to improve library services in institutions operated by the Department of Welfare and the Department of Corrections are made from federal funds. The amounts of these grants, which have remained the same for several biennia, are based on project applications submitted by the departments. These federal funds supplement state funds for institutional library service and provide services which otherwise could not be provided.
3. Special Grants are made from federal funds for innovative and experimental library services projects of limited duration. Amounts of individual grants are determined by project applications submitted under procedures established in state rule.
4. Other Special Grants are made from federal funds for other activities which strengthen and improve library services and carry a special priority as determined by the State Board of Education. Examples of such grants are support of bookmobile services to residents of the White Earth Indian Reservation and administrative services for the Minnesota Governor's Pre-White House Conference on Library and Information Services. Amounts of individual grants are determined by project applications submitted under procedures established in state rule.

GOVERNOR'S RECOMMENDATION:

01 PUBLIC LIBRARIES - STATE

The Governor recommends modifying the existing Public Library formula to place a greater emphasis on the equalization of revenues to all regional public library systems. An appropriation of \$3,591.3 in F.Y. 1980 and \$3,614.3 in F.Y. 1981 will provide assistance to counties where adjusted assessed valuation per capita is below the state average. The Governor anticipates the continued use of federal Library Services Construction Act Title-I funds in the present formula.

02 PUBLIC LIBRARIES - FEDERAL

This activity is supported entirely from Federal grants.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: PUBLIC LIBRARIES

AGENCY: EDUCATION AIDS

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1977	ACTUAL F.Y. 1978	ESTIMATED F.Y. 1979	CURRENT STATUTORY AUTHORIZATION		GOVERNOR'S RECOMMENDATION	
				F.Y. 1980	F.Y. 1981	F.Y. 1980	F.Y. 1981
EXPENDITURES BY ACTIVITY:							
PUBLIC LIBRARIES - STATE	1,971.7	2,063.7	2,550.0	2,509.6	2,509.6	3,591.3	3,614.3
PUBLIC LIBRARIES - FEDERAL	1,073.8	1,076.1	1,091.1	1,131.5	1,131.5	1,131.5	1,131.5
TOTAL	3,045.5	3,139.8	3,641.1	3,641.1	3,641.1	4,722.8	4,745.8
EXPENDITURES BY CATEGORY:							
PERSONAL SERVICES							
EXPENSES & CONTR SVCS							
SUPPLIES & MATERIALS							
EQUIPMENT							
REAL PROPERTY							
DEBT SERVICES							
CLAIMS, GRANTS, ETC.	3,045.5	3,139.8	3,641.1	3,641.1	3,641.1	4,722.8	4,745.8
OTHER EXP ITEMS							
* CHANGE RQST - ALL CATEGORIES							
TOTAL EXPENDITURES	3,045.5	3,139.8	3,641.1	3,641.1	3,641.1	4,722.8	4,745.8
SOURCE OF FINANCING:							
DIRECT APPROPRIATIONS							
GENERAL FUND	1,971.7	2,063.7	2,550.0	2,509.6	2,509.6	3,591.3	3,614.3
DEDICATED APPROPRIATIONS							
FEDERAL	1,073.8	1,076.1	1,091.1	1,131.5	1,131.5	1,131.5	1,131.5
TOTAL FINANCING	3,045.5	3,139.8	3,641.1	3,641.1	3,641.1	4,722.8	4,745.8
POSITIONS BY FUND:							
TOTAL POSITIONS							

01 EARLY CHILDHOOD AND FAMILY EDUCATION

PURPOSE:

Early Childhood and Family Education aids are available to school districts on a competitive basis to provide comprehensive educational support services to families of children aged birth to kindergarten. These services include: parent education group discussions, home visits to isolated families, developmental play groups for children conducted during parent activities, health screening for infants and toddlers, resource libraries of toys and books, monthly newsletters to parents, and preparenting education for secondary students. The programs also serve to help families obtain services available from other agencies in the community by making referrals, and providing a neighborhood location where information is available.

OPERATION:

Since the inception of legislation (1974) for Early Childhood and Family Education (ECFE), local programs have received funds through negotiated grants. Each local program initially submits a proposal detailing the services it would provide, and the budget estimated for delivery of those services. The proposals are reviewed competitively by Council on Quality Education (CQE) and its ECFE Advisory Task Force. Final approval is by the State Board of Education.

Currently, 5 programs are funded in cities of the first class, (1977 legislation limits each school district to 2 programs), 8 in metropolitan suburbs, and 9 outside the 7 county metropolitan area.

Several general objectives are shared by all programs, and include the following:

- to engage the interest and talents of parents in recognizing and meeting the physical and emotional needs of young children and in fostering cognitive and creative growth;
- to promote healthy self-concepts among children, and improve parenting skills of adults;
- to inform parents about alternative approaches to child rearing;
- to offer parents a chance to share skills, techniques, and ideas with their peers; and
- to provide creative learning experiences for both parents and children.

Detailed information on the 22 Early Childhood and Family Education programs is contained in Table 8-1. Service components are coded in this manner:

OPERATION: (cont.)

- 1 - center-based family education
- 2 - home-based family education
- 3 - center-based child development activities
- 4 - early health screening
- 5 - resource libraries
- 6 - preparenting education for adolescents

02 INNOVATIVE EDUCATION AID - STATE

PURPOSE:

The Council on Quality Education (CQE) was established by the legislature to administer a source of state funds to help local school districts develop innovative and cost-effective educational ideas. Since that time, and including F.Y. 1978, CQE has provided more than 80 grants to local educational agencies in the state.

The council's membership includes 9 lay citizens appointed by the Governor--1 for each congressional district, 1 member at large; and 8 appointees of various educational organizations.

OPERATION:

In CQE's program of Grants for Innovative/Cost-Effective (I/CE) Projects, local educational agencies are notified they can submit 2 page "Preliminary Proposals" to initiate projects. The council votes to select those preliminary proposals with the most promise. Authors then receive technical assistance to further develop their ideas into "Full Proposals." Six evaluation criteria are used: innovativeness, cost-effectiveness, feasibility, significance, replicability, and documentability. All full proposal authors are interviewed by the council to amplify understanding of the written proposal. The council then votes on which proposals to recommend for final approval to the State Board of Education. The State Board may reject funding for a project, but cannot redirect funds into a grant not recommended by CQE.

I/CE projects are eligible for up to 3 years of CQE grant support. There is no preliminary proposal required for projects requesting continuation. CQE has not established a dollar limit for the amount of a grant. They inform applicants of the average dollar range of I/CE grants. Projects requesting more than \$100,000 per year will require extensive documentation. To date, the largest I/CE grant has been \$85,000, with the average at \$25-30,000.

To facilitate adoption of successful innovations in other locations, CQE accepts applications, for replication mini-grants, allowing a maximum of \$2,000 for 1 year. A single-page application is reviewed mainly by staff, ratified by the council, and similarly approved by the State Board of Education.

PROGRAM: COUNCIL ON QUALITY EDUCATION 08
(Continuation)
Agency: EDUCATION AID

1979-81 Biennial Budget

02 INNOVATIVE EDUCATION AID - STATE (cont.)

OPERATION: (cont.)

The 1971 enabling legislation for CQE contains a variety of suggested (but not required) emphases for these projects:

- a. Effective utilization of community personnel and resources;
- b. Developing model personnel policies and procedures, and new staffing concepts, such as differentiated staffing;
- c. Assessment and evaluation of education programs;
- d. Developing a management and unit of instructional objectives design which will provide accountability by relating time and dollars to the amount of learning produced;
- e. Determining responsibilities to be assumed by schools exclusively or concurrently with other agencies or individuals;
- f. Effective dissemination of educational information;
- g. Developing new knowledge about learning and teaching;
- h. Model programs and innovation to increase equality of educational opportunities;
- i. Developing model educational programs as alternatives to existing educational practices and curricula; and
- j. Research and testing of new concepts of educational efficiency, effectiveness, and cost benefits.

Data in table 8-2 show the CQE-I/CE pilot projects funded in F.Y. 1977-79 and those which CQE anticipates funding in F.Y. 1980-81.

03 INNOVATIVE EDUCATION AID - FEDERAL

PURPOSE:

The Federal government provides aid under Title IV, Part C, to promote educational change concepts in local school districts. The program funds approximately 124 programs in 50 school districts. The categories of programs include curriculum development, administration and staff development and special education.

OPERATION:

The Title IV, Part C program (formerly Title III) was established in 1965 to provide grants to school districts for the purpose of testing innovative and exemplary solutions to educational problems or needs. Submitted proposals are reviewed competitively through a reader review process and the Title IV Advisory Council. Projects are eligible for up to 3 years of developmental funding and, if validated, for additional technical assistance funding.

Currently, 124 projects are being funded throughout the state. The Title IV Council has separated the grants into 3 general areas - developmental (47 projects), replication (60 projects), and validated (17 projects). No project funding limits are described in federal law but the current range is from \$2,765 to \$90,000.

GOVERNOR'S RECOMMENDATION

01 EARLY CHILDHOOD AND FAMILY EDUCATION

The Governor recommends an increase in the Early Childhood and Family Education Pilot Projects from the present 22 program sites to 40 program sites for each year of the 1980-81 biennium. Chapter 793 of the Minnesota Session Laws 1978 directs the Department of Education to reallocate ESEA Title IV-C Innovation and Strengthening funds formerly used as administrative funds for grants to local districts. This legislative requirement directs \$713.0 of federal Title IV-C revenue in F.Y. 1980 and \$463.0 in federal revenue in F.Y. 1981 to the Early Childhood and Family Education Grant Program. The Governor recommends a state appropriation of \$777.0 in F.Y. 1980 and \$1,027.0 in F.Y. 1981. The sum of the state and federal appropriations for Early Childhood and Family Education is \$1,490.0 for each year of the biennium. Shifting federal funds into the Early Childhood and Family Education Grant Program will allow an approximate doubling of the number of pilot projects while the state appropriation for F.Y. 1980 is the same as F.Y. 1979 and the appropriation for F.Y. 1981 represents an increase of \$253.0.

02 INNOVATIVE EDUCATION AID - STATE

Chapter 793 of the 1978 Minnesota Session Laws directs the Department of Education to reallocate ESEA Title IV-C Innovation and Strengthening funds formerly used as administrative funds for grants for local districts. In compliance with this legislative direction the Governor recommends a \$0 appropriation in state funds for both years of the 1980-81 biennium. This recommendation is made with the anticipation of \$650.0 in federal funds being applied to this program for each year of the biennium. Grants will be administered under this program in exactly the same manner as the 1978-79 biennium, however, the source of funding will be federal ESEA Title IV-C funding.

03 INNOVATIVE EDUCATION AID - FEDERAL

This activity is supported entirely from federal grants.

04 STATE INITIATED RESEARCH AND DEVELOPMENT AID

The Governor recommends establishment of a new program which will provide the State Board of Education with \$650.0 in both years of the biennium for state initiated research and development. The purpose of this aid is to allow the State Board flexibility in design and funding of educational policy research studies. Legislative limitations in the law creating the Council on Quality Education limit their ability fund research proposals initiated by the state agency, other state agencies, the Governor's office, or the legislature. This aid would retain a significant state investment in educational research while Chapter 793 of the Minnesota Session Laws, 1978, directs the Governor to reallocate federal discretionary funds for the Council on Quality Education and this budget recommends a \$0 state appropriation for the Council on Quality Education.

TABLE 8-1
 CQE EARLY CHILDHOOD AND FAMILY EDUCATION
 PROGRAMS, GRANTS AND SERVICE COMPONENTS:
 F.Y. 1977-81

LOCATION	ORIGINAL FUNDING YEAR	TITLE	GRANTS					SERVICE COMPONENTS OFFERED*
			ACTUAL		EXPECTED			
			F.Y. 1977	F.Y. 1978	F.Y. 1979	F.Y. 1980	F.Y. 1981	
Minneapolis	75	Very Important People	51,628	41,422	47,352	52,087	57,296	1, 2, 3, 5
Rochester	75	PAIR: Parents are Important in Rochester	44,481	40,452	40,042	44,046	48,451	1, 2, 3, 4, 5
St. Paul	75	Dayton's Bluff Area Alternatives in ECCE	67,367	51,013	54,893	60,382	66,420	1, 3, 4, 5, 6
South St. Paul	75	Family Focus	34,190	31,700	38,480	42,328	46,561	1, 3, 5, 6
Staples	75	RFD: Rural Family Development	37,690	34,946	37,875	41,663	45,829	1, 2, 3, 4, 5, 6
Backus	76	Early Childhood Development Program	34,661	32,576	32,718	35,990	39,589	1, 2, 3, 4, 5, 6
Bloomington	76	Parent & Child: Growing Two-gether	48,090	40,371	45,713	50,284	55,312	1, 3, 4, 5, 6
Lewiston	76	Bringing the School to the Community	25,047	27,324	28,333	31,166	34,283	1, 2, 3, 4, 5, 6
Mankato	76	The Parent, the Child, the School - Together	48,414	40,296	43,166	47,483	52,231	1, 2, 3, 5, 6
Minneapolis	76	Powderhorn Parent Program	46,765	43,608	40,093	44,102	48,512	1, 3, 5, 6
Mounds View	76	PACT: Parents & Children Together	46,123	44,025	48,629	53,492	58,841	1, 3, 4, 5, 6
Robbinsdale	76	Parent - Child Center	20,502	18,343	17,816	19,598	21,558	1, 3, 4, 5, 6
White Bear Lake	77	Cooperative Neighborhood Early Childhood Education Center	34,722	33,827	37,163	40,879	44,967	1, 2, 3, 5, 6

*These may vary from year to year depending on the needs of the local community.

PROGRAM: COUNCIL ON QUALITY EDUCATION 08
 (Continuation)
 Agency: EDUCATION AID

1979-81 Biennial Budget

TABLE 8-1 (cont.)

LOCATION	ORIGINAL FUNDING YEAR	TITLE	GRANTS					SERVICE COMPONENTS OFFERED*
			ACTUAL		EXPECTED			
			F.Y. 1977	F.Y. 1978	F.Y. 1979	F.Y. 1980	F.Y. 1981	
Aitkin	78	COPE: Child Oriented Parent Education	-	24,005	27,345	30,080	33,088	1, 3, 5
Bloomington	78	Cedarcrest Family Nurture Center	-	38,166	47,887	52,676	57,944	1, 3, 5, 6
Duluth	78	Parents of Young Children	-	25,772	28,089	30,898	33,988	1, 3, 4, 5
Fairmont	78	ILM: I Like Myself Program	-	36,187	73,031	47,334	52,067	1, 2, 3, 4, 5, 6
Littlefork	78	CAPP: Child and Parent Program	-	19,945	28,417	31,259	34,385	1, 2, 3, 5, 6
Osseo	78	PEPP: Parent Education Preschool Program	-	8,326	12,895	14,185	15,604	1, 3, 4, 5
St. Charles	78	Children and Parents in the Early Years	-	29,689	20,729	22,802	25,082	1, 3, 5, 6
St. Louis Park	78	Time Out	-	37,272	38,515	42,367	46,604	1, 3, 4, 5, 6
St. Paul	78	Learning Circle	-	31,743	41,844	76,028	50,631	1, 3, 5
20 New Programs to be Determined			-	-	-	816,020	896,140	to be determined

*These may vary from year to year depending on the needs of the local community.

(Continuation)

Agency: EDUCATION AID

TABLE 8-2
CQE INNOVATIVE PROJECTS, GRANTS
AND APPLICABILITY TO LEGISLATIVE/COST-EFFECTIVENESS
INDICATORS: F.Y. 1977-81¹

LOCATION	TITLE	GRANTS					LEGISLATIVE EMPHASIS
		ACTUAL		EXPECTED			
		F.Y. 1977	F.Y. 1978	F.Y. 1979	F.Y. 1980	F.Y. 1981	
Becker-Clay Special Education Coop- erative	Tutors for the Talented	27,721	30,553	30,889	-	-	a, e, h
Brainerd	Operation: Pre-Teen	-	-	9,615	10,000	10,500	a, f, j
Brooklyn Center	Declining Enrollment - Community Involvement	-	12,093	10,130	11,500	-	a, c, g, j
Burnsville	Minnesota Humanities Institute	30,001	36,339	-	-	-	f, h, i
Clinton	Rural Studies Program	-	-	43,345	44,000	45,000	f, h, i
Duluth	Anishinabe Reading Materials	36,866	42,513	-	-	-	a, f, h, i
Duluth	Recreational Activities for the Handicapped	-	14,750	13,000	14,000	-	a, e, h
Edina	Programming for the High- Potential Student	30,600	30,400	30,000	-	-	f, i
Fairmont	Computerized Science Education for the Deaf	6,143	-	-	-	-	g, h, i
Hibbing	Individualized Health Education	-	10,480	11,036	12,000	-	f, i

¹Table excludes mini-grants awarded to other districts to assist with replication of these projects.

PROGRAM: COUNCIL ON QUALITY EDUCATION 08
 (Continuation)
 Agency: EDUCATION AID

1979-81 Biennial Budget

TABLE 8-2 (cont.)

LOCATION	TITLE	GRANTS					LEGISLATIVE EMPHASIS
		ACTUAL		EXPECTED			
		F.Y. 1977	F.Y. 1978	F.Y. 1979	F.Y. 1980	F.Y. 1981	
Hinckley	10-District Environmental Education Consortium	26,098	28,729	2,000 ²	-	-	a, e, i
Lakefield	Space Science Involvement, Development & Disseminating	-	5,148	6,066	6,500	-	a, f, i
Littlefork	Academic Equity for Rural Schools	-	-	85,573	86,000	87,000	b, c, d, h, j
Luverne	The Southwest Minnesota Consortium Project	11,710	19,946	2,000 ²	-	-	f, i, j
Mahtomedi	Reducing Sex-Role Stereotyping	16,457	-	-	-	-	b, c, f, h, i
Minneapolis	Cultural Focus Project	-	20,633	26,000	30,000	-	a, d, h, i
Minneapolis	Gifted Students - Yellow Brick Road	-	-	27,309	29,000	30,000	i
Minneapolis	Kindergarten Parents' Workshop	-	2,552	-	-	-	a
Minneapolis	Study of Futures in the Elementary Classroom	-	5,375	6,760	7,000	-	i
Minneapolis	Supplemental Guidance for Native Americans	29,065	45,000	53,240	-	-	a, b, h
Minneapolis/St. Paul	Computer-Generated Math Materials	25,000	30,096	2,000 ²	-	-	d, f, i, j
Morris	Teaching Philosophy and Critical Reasoning Skills	-	11,100	21,325	22,000	-	e, f
Nett Lake	Native American Cultural Enrichment	28,950	-	-	-	-	a, e, h

²Designates a dissemination grant awarded to help a previously funded project inform potential adopters about its innovation.

(Continuation)

Agency: EDUCATION AID

TABLE 8-2 (cont.)

LOCATION	TITLE	GRANTS					LEGISLATIVE EMPHASIS
		ACTUAL		EXPECTED			
		F.Y. 1977	F.Y. 1978	F.Y. 1979	F.Y. 1980	F.Y. 1981	
Ortonville	Mini-C In-House Computers	-	-	35,000	36,000	37,000	g, j
Red Wing	Planning, Programming, Budgeting, Evaluation Systems and the Classroom Teacher	9,045	5,295	2,000 ⁴	-	-	c, d, j
Robbinsdale	Essential Social Studies Skills	-	6,480	9,822	10,000	-	c, d
Rochester	Minnesota Issues Project	-	47,379	54,407	55,000	-	a, f, i
Spring Lake Park	Improved Background in Mathematics	-	-	29,505	30,000	31,000	f, h
St. Paul	Computer-Assisted German Instruction	17,500	30,429	29,566	-	-	d, i, j
St. Paul	Native American Cultural Resource Center	-	29,148	30,862	32,000	-	a, f, h
St. Paul	Primary Basic Experiences Curriculum	13,500	12,100	-	-	-	c, i, j
St. Paul	The Minnesota Student Exchange	15,005	-	-	-	-	a, i
SW/WC ECSU	Cooperation in Art Programs	43,040	-	-	-	-	f, h
SW/WC ECSU	Reading Resource Center Materials Exchange	16,300	-	-	-	-	f, i, j
SW/WC ECSU	Sharing Staff	-	30,990	48,737	50,000	-	b, h, j
Tower	Math Curriculum Development	-	-	17,287	18,000	19,000	f, i
Watertown	Living in Harmony with Nature	16,614	7,820	700	-	-	g, i
Willmar	Adaptation of Instructional Materials by Senior Citizens	8,400	6,420	2,000	-	-	a, e

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: COUNCIL ON QUALITY ED

AGENCY: EDUCATION AIDS

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1977	ACTUAL F.Y. 1978	ESTIMATED F.Y. 1979	CURRENT STATUTORY AUTHORIZATION		GOVERNOR'S RECOMMENDATION	
				F.Y. 1980	F.Y. 1981	F.Y. 1980	F.Y. 1981
EXPENDITURES BY ACTIVITY:							
EARLY CHILD & FAMILY ED	519.5	774.0	777.0	64.0	314.0	777.0	1,027.0
INNOVATION EDUC AID - STATE	469.1	598.4	650.0			1,500 offed	650 offed
INNOVATION EDUC AID - FED	2,290.6	2,011.7	2,473.2	3,836.2	3,586.2	3,836.2	3,586.2
STATE INITIATED R & D						650.0	650.0
TOTAL	3,279.2	3,384.1	3,900.2	3,900.2	3,900.2	5,263.2	5,263.2
EXPENDITURES BY CATEGORY:							
PERSONAL SERVICES							
EXPENSES & CONTR SVCS							
SUPPLIES & MATERIALS							
EQUIPMENT							
REAL PROPERTY							
DEBT SERVICES							
CLAIMS, GRANTS, ETC.	3,276.8	3,384.1	3,900.2	3,900.2	3,900.2	5,263.2	5,263.2
OTHER EXP ITEMS	2.4						
* CHANGE RQST - ALL CATEGORIES							
TOTAL EXPENDITURES	3,279.2	3,384.1	3,900.2	3,900.2	3,900.2	5,263.2	5,263.2
SOURCE OF FINANCING:							
DIRECT APPROPRIATIONS							
GENERAL FUND	988.6	1,372.4	1,427.0	64.0	314.0	1,427.0	1,677.0
DEDICATED APPROPRIATIONS							
FEDERAL	2,290.6	2,011.7	2,473.2	3,836.2	3,586.2	3,836.2	3,586.2
TOTAL FINANCING	3,279.2	3,384.1	3,900.2	3,900.2	3,900.2	5,263.2	5,263.2
POSITIONS BY FUND:							
TOTAL POSITIONS							

PURPOSE:

To provide teachers with incentives to retire early or explore another profession.

OPERATION:

Part-Time Teaching.

Under this program, teachers with 20 years of experience may work part-time and continue to earn the same service credit toward retirement as though they were teaching full-time. The state expenditure is for the employer contribution to the teacher retirement association on a salary amount equal to the difference between the actual part-time salary and the full-time salary.

For the 1978-79 year, 27 teachers from 19 school districts are participating in this program. Sixteen of the teachers, or 59%, are male. Nine of the teachers, or 33%, were part-time teachers before entering this program. The average salary for the full-time teaching assignment is \$18,641. The average years of experience is 24.6 years. The average part-time teaching assignment is .50 time.

Extended Leave of Absence.

Under this program, teachers with 10 years of experience may request an extended leave for a period of 3 to 5 years during which time they may continue to earn service credit toward retirement and continue their seniority and contract rights as though they were teaching full-time. The state expenditure is for the employer contribution to the teacher retirement association based on the teacher's salary for the year immediately preceding the extended leave.

For the 1978-79 year, 132 teachers from 74 school districts are participating in this program. Eighty of the teachers, or 61%, are male. The average full-time salary before going on extended leave is \$18,335. The average years of experience is 15.3 years.

Thirty, or 40%, of the 74 districts are located in the 7-county metropolitan area. Sixty-four, or 48%, of the 132 teachers are from these 30 districts. Nine of the districts, with 9 participating teachers, have less than 300 secondary enrollment.

Early Retirement Incentive Grants.

Under this program, teachers who are at least age 55 and have 15 years experience may receive an incentive grant from the school district based on a schedule set forth in law. The state expenditure is for reimbursement to the school district of 25% of the specified grant amount.

OPERATION: (Contd.)

For the 1977-78 year, 129 teachers from 59 school districts participated in this program. Forty-six of the teachers, or 36%, are male. Eighty-nine, or 70%, of the participants were 60 years of age or older. Thirty-eight, or 30%, were 62 years old. The average full-time salary of the participants is \$18,681. The average years of experience is 28.7 years.

Fifteen, or 25%, of the 59 districts are located in the 7-county metropolitan area. Forty-nine, or 38%, of the 129 teachers are from these 15 districts. Five of the districts, with 5 participating teachers, have less than 300 secondary enrollment.

Statistics on the 3 program options are shown in Table 9-1.

TABLE 9-1
TEACHER MOBILITY INCENTIVE PROGRAMS

	F.Y. 1978	F.Y. 1979
<u>Part-Time Teaching</u>		
Number of participants	-	12
Average expenditure	-	781.67 Estimated
Total expenditure	-	9,380.00 Estimated
<u>Extended Leave</u>		
Number of participants	-	12
Average expenditure	-	-0-
Total expenditure	-	-0-
<u>Early Retirement</u>		
Number of participants	52	129
Average expenditure	372.84	1,096.64
Total expenditure	<u>19,387.50</u>	<u>141,467.00</u>
Grand Total Expenditure	\$19,387.50	150,847.00

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$850.0 for F.Y. 1980 and \$1,050.0 for F.Y. 1981. Expenditures for the Teacher Mobility Incentive Programs have increased over the previous biennium as more teachers become aware of the opportunities for early retirement, 5 year leave of absense, and the part-time teaching alternative.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: TEACHER MOBILITY

AGENCY: EDUCATION AIDS

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1977	ACTUAL F.Y. 1978	ESTIMATED F.Y. 1979	CURRENT STATUTORY AUTHORIZATION		GOVERNOR'S RECOMMENDATION	
				F.Y. 1980	F.Y. 1981	F.Y. 1980	F.Y. 1981
EXPENDITURES BY ACTIVITY:							
TEACHER MOBILITY		19.4	580.6	850.0	1,050.0	850.0	1,050.0
TOTAL		19.4	580.6	850.0	1,050.0	850.0	1,050.0
EXPENDITURES BY CATEGORY:							
PERSONAL SERVICES							
EXPENSES & CONTR SVCS							
SUPPLIES & MATERIALS							
EQUIPMENT							
REAL PROPERTY							
DEBT SERVICES							
CLAIMS, GRANTS, ETC.		19.4	580.6	850.0	1,050.0	850.0	1,050.0
OTHER EXP ITEMS							
* CHANGE RQST - ALL CATEGORIES							
TOTAL EXPENDITURES		19.4	580.6	850.0	1,050.0	850.0	1,050.0
SOURCE OF FINANCING:							
DIRECT APPROPRIATIONS							
GENERAL FUND		19.4	580.6	850.0	1,050.0	850.0	1,050.0
DEDICATED APPROPRIATIONS							
TOTAL FINANCING		19.4	580.6	850.0	1,050.0	850.0	1,050.0
POSITIONS BY FUND:							
TOTAL POSITIONS							

01 NONPUBLIC PUPIL AID - (OPEN AND STANDING STATE ACCOUNT)

PURPOSE:

To provide for distribution of educational aids such as textbooks, standardized tests and pupil support services to all nonpublic students in Minnesota.

OPERATION:

The 1978 session changed the aid computation; therefore the new textbook and text aid for all private school students has been calculated for only 1978-79 school year. This is equal to the 1976-77 public expenditure per pupil and is \$16.73.

The same is true of health aid, and is equal to \$10.85, the 1976-77 public average.

1. Textbook and Standardized Test Aid - Allocation for the 1978-79 school year is \$16.73 per pupil (kindergarten weighted at .5). This is equal to the 1976-77 average expenditure per pupil by the public districts. Private school students (or parents) sign forms requesting texts; the private school makes application to public school district; public school district orders texts and tests and applies for reimbursement from state after purchase. Texts must be non-sectarian. The number of pupils for which aid was claimed in F.Y. 1977 to 1981 estimated is shown in Table 10-1.
2. Health Aids - Allocation for 1978-79 is \$10.85 per pupil (kindergarten weighted .5). This is equal to the 1976-77 average expenditure of public districts which offered health services. Services are restricted to those offered to public students in each district. Students (or parents) sign requests for services; private school requests services of public district; public district formulates services to be offered on public or neutral site and reports to department; department advances 90% of budget and has 10% adjustment payment.
3. Guidance and Counseling Aids - Not to be implemented until 1979-80. Allocation not yet computed, but equal to average expenditure per secondary pupil in public districts offering such services (available for secondary pupils only). Pupils (or parents) sign request forms; nonpublic school applies for services from public district; public district submits budget to department; department advances 90% of budget and has 10% adjustment payment. Services must be provided on public or neutral site, and are restricted to those offered public students in district.
4. Aid to Public School Districts for Administering Nonpublic Sectarian Aids - Public school district is provided an aid equal to the lessor of actual cost, or 5% of allocations provided under 1-3 above, for the cost of providing service.

OPERATION: (cont.)

TABLE 10-1
NUMBER OF PUPILS CLAIMING NONPUBLIC AIDS (1978 LAW)

	F.Y. 1977	F.Y. 1978	Estimated F.Y. 1979	Estimated F.Y. 1980	Estimated F.Y. 1981
Textbook	0*	0*	60,000	60,000	60,000
Health	0	0	22,500	23,000	23,500
Guidance	0	0	13,000	13,000	13,000

*Previous law not comparable

02 NON-SECTARIAN AID

PURPOSE:

To provide instructional materials for students attending eligible nonpublic schools in addition to the textbook and standardized test aid available under M.S. 123.933. (This aid is authorized under M.S. 123.938).

OPERATION:

Eligible students are those who attend nonpublic schools which are non-sectarian enroll fewer than 200 pupils, and whose primary purpose is not to provide programs to preschool children.

Instructional materials provided includes school library and audio-visual materials and instructional supplies aside from the textbooks and tests provided by M.S. 123.938.

The first year for this aid is 1978-79. Initial applications for 1978-79 indicate aid for 16 schools and 546.5 students. With the rate per pupil of \$47.14, the projected expenditure in 1978-79 is \$25,762.01.

GOVERNOR'S RECOMMENDATION:

01 NONPUBLIC PUPIL AID (OPEN AND STANDING ACCOUNT)

Recommendations for this activity are not necessary because the appropriation is made to an open and standing account. However, it is anticipated that an expenditure of approximately \$6.5 million for 1980-81 biennium will be necessary. Present law allows reimbursement for textbooks, health services, and guidance and counseling services offered to nonpublic students.

02 NON-SECTARIAN AID

The Governor recommends an appropriation of \$28.1 in F.Y. 1980 and \$30.3 in F.Y. 1981. This appropriation will provide instructional materials for students attending eligible non-public schools in addition to the textbooks and standardized test aid.

17.01
11.49 Health
* 51.87 Guidance + Counseling
7-12

not open + standing 123.937

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: NON-PUBLIC PUPIL AID

AGENCY: EDUCATION AIDS

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1977	ACTUAL F.Y. 1978	ESTIMATED F.Y. 1979	CURRENT STATUTORY AUTHORIZATION		GOVERNOR'S RECOMMENDATION	
				F.Y. 1980	F.Y. 1981	F.Y. 1980	F.Y. 1981
EXPENDITURES BY ACTIVITY:							
NON-SECTARIAN AID			26.0	28.1	30.3	28.1	30.3
TOTAL			26.0	28.1	30.3	28.1	30.3
EXPENDITURES BY CATEGORY:							
PERSONAL SERVICES							
EXPENSES & CONTR SVCS							
SUPPLIES & MATERIALS							
EQUIPMENT							
REAL PROPERTY							
DEBT SERVICES							
CLAIMS, GRANTS, ETC.			26.0	28.1	30.3	28.1	30.3
OTHER EXP ITEMS							
* CHANGE RQST - ALL CATEGORIES							
TOTAL EXPENDITURES			26.0	28.1	30.3	28.1	30.3
SOURCE OF FINANCING:							
DIRECT APPROPRIATIONS							
GENERAL FUND			26.0	28.1	30.3	28.1	30.3
DEDICATED APPROPRIATIONS							
TOTAL FINANCING			26.0	28.1	30.3	28.1	30.3
POSITIONS BY FUND:							
TOTAL POSITIONS							

01 STUDENT INSTRUCTION TELECOMMUNICATION

PURPOSE:

The purpose of this aid is to provide funds for operating a state-wide telecommunications network which will link the local school district to a computer. The legislature has supported this activity in the last two bienniums in order to provide equal access to Computer Assisted Instruction (CAI) for all students in Minnesota.

Computer Assisted Instruction provides the classroom teacher with the latest educational technology, thereby enhancing the classroom learning process and providing for greater opportunity to individualize instruction. Because of costs and duplication of effort, it is not feasible or desirable for each school to have its own computer. Therefore, the Minnesota Education Computer Consortium (MECC) was formed as a joint powers organization in order to provide those kinds of computer services efficiently.

OPERATION:

The telecommunications network consists of local and long-distance telephone lines which link the school district to a multiplexor. The multiplexor receives, analyzes, and re-transmits data to the central computer via high speed telephone lines. Data from the computer are transmitted to the school district in the reverse fashion.

Funds from this aid pay for the cost of the long-distance telephone lines from the school district to the multiplexors and from the multiplexors to the central computer. It also pays for the equipment (modems) which are necessary to translate the signal from the computer terminal to the telephone line and reverse.

02 MANAGEMENT INFORMATION SYSTEMS - TELECOMMUNICATIONS

PURPOSE:

Each school district in Minnesota is required to meet certain data reporting requirements such as the Uniform Financial Accounting and Reporting System (UFARS). In order to insure full participation in the Elementary, Secondary and Vocational Information System (ESV-IS), the legislature approved and funded a communications plan which equalizes opportunity for all school districts to participate by funding the telecommunications costs.

02 MANAGEMENT INFORMATION SYSTEMS - TELECOMMUNICATIONS (cont.)

PURPOSE: (cont.)

This linkage between the school district and the host computer site is made via local and long distance telephone lines and uses modems to translate the data from the computer terminal to the computer processor and reverse. This aid also pays for equipment (modems) at the school district site, and modems at the regional center.

OPERATION:

There are 7 regional centers which provide communication service to 438 local school districts.

These centers utilize the communications network of approximately 100 independent Minnesota telephone companies. In order to insure equal access to the regional computer regardless of school district size or geographic location, the state has assumed the telecommunications costs. Approximately 70% of the local school districts will be operational for the 1980-81 biennium.

03 REGIONAL SUPPORT

PURPOSE:

The purpose of this aid is to provide technical assistance at the regional level in order that school districts can operate more effectively and provide accurate data for state-wide use. The legislature, the department of education, the federal government, researchers, and interested citizens need accurate information from local school districts. The data base compiled by the department of education can be assessed directly by the legislature for research purposes.

In order to insure uniform data collection, the legislature has adopted the UFARS which, because of its complexity, is not able to be handled by using conventional manual accounting procedures. As a result, the ESV-IS was developed to assist districts in implementing the UFARS program.

(Continuation)

Agency: EDUCATION AID

03 REGIONAL SUPPORT (cont.)OPERATION:

The ESV-IS operates in 7 regional centers whose staff and equipment provides services to local school districts. Using a computer based data processing system in some instances causes additional costs to the local school district, particularly the smaller and more rural districts, since they do not share in the efficiencies available through volume transaction processing.

The local school districts pay a fee for the actual data processing incurred by their school's operations. During the 1980 - 1981 biennium, these funds will be dispensed to each region to compensate for its cost of providing technical assistance to local school districts. The state will provide a base of \$165,000 to each region to cover the cost of the director's office and for professional staff resource persons and their overhead. In addition, each region will receive an additional amount prorated according to the size of region in relation to all the other regions. Augmenting these funds will be the fees paid by the local school districts and income earned by selling specific services to the local school districts. The state appropriation is approximately 25% of the actual cost and the local fees provide 75% of the cost.

04 REGIONAL CONVERSION AIDPURPOSE:

This aid is to provide funds to the regional center to pay for costs of training and assisting schools in converting to the ESV-IS.

During the next biennium, the majority of the school districts in the state will be converting their schools to the ESV-IS. To convert to the ESV-IS requires a district to take existing and historical files and coding them into the computer. This causes a dual cost for the school district since they must maintain their current operations, and also run parallel processing on the computer until they are fully trained and assured that their history and current data files are accurate.

04 REGIONAL CONVERSION AID (cont.)OPERATION:

During the 1979-80 and 1980-81 school years, it is anticipated that 279 school districts will utilize the finance system, 283 school districts will utilize the personnel payroll system, and 105 districts will begin using the student system. The conversion schedule allows \$1,000 for each school district which begins using 1 of the systems and 60% for each student in those schools. It is anticipated there will be 478,000 students on the finance system, 509,000 on the personnel payroll system, and 180,000 on the student system.

GOVERNOR'S RECOMMENDATION:01 STUDENT INSTRUCTION TELECOMMUNICATION

The Governor recommends an appropriation of \$1,269.6 in F.Y. 1980 and \$1,455.3 in F.Y. 1981. This appropriation will allow all local districts to receive state funding of the long distance telephone line charges necessary for student instructional computer operation.

02 MANAGEMENT INFORMATION SYSTEMS - TELECOMMUNICATIONS

The Governor recommends an appropriation of \$800.0 in F.Y. 1980 and \$1,100.0 in F.Y. 1981. The appropriation will allow for an increased number of districts utilizing the management information system for data reporting requirements in the UFARS system.

03 REGIONAL SUPPORT

The Governor recommends an appropriation of \$2,400.0 in F.Y. 1980 and \$2,600.0 in F.Y. 1981 for this activity. This level of appropriation is necessary to support the increased number of school districts utilizing the ESV-IS system.

04 REGIONAL CONVERSION AID

The Governor recommends an appropriation of \$940.0 in F.Y. 1980 and \$410.0 in F.Y. 1981 for this activity. The recommended level of appropriation for F.Y. 1981 is less than F.Y. 1980 due to the fact that the majority of the school districts in Minnesota have converted their schools to the ESV-IS system.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: DATA PROCESSING & COMM AIDS

AGENCY: EDUCATION AIDS

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1977	ACTUAL F.Y. 1978	ESTIMATED F.Y. 1979	CURRENT STATUTORY AUTHORIZATION		GOVERNOR'S RECOMMENDATION	
				F.Y. 1980	F.Y. 1981	F.Y. 1980	F.Y. 1981
EXPENDITURES BY ACTIVITY:							
INSTRUC. TELECOMMUNICATIONS <i>12 App.</i>	701.0	1,080.3	1,296.6	1,269.6	1,455.3	1,269.6	1,455.3
REGIONAL SUBSIDIES	173.6	1,768.2	2,093.8	4,140.0	4,110.0	4,140.0	4,110.0
TOTAL	874.6	2,848.5	3,390.4	5,409.6	5,565.3	5,409.6	5,565.3
EXPENDITURES BY CATEGORY:							
PERSONAL SERVICES							
EXPENSES & CONTR SVCS							
SUPPLIES & MATERIALS							
EQUIPMENT							
REAL PROPERTY							
DEBT SERVICES							
CLAIMS, GRANTS, ETC.	874.6	2,848.5	3,390.4	5,409.6	5,565.3	5,409.6	5,565.3
OTHER EXP ITEMS							
* CHANGE RQST - ALL CATEGORIES							
TOTAL EXPENDITURES	874.6	2,848.5	3,390.4	5,409.6	5,565.3	5,409.6	5,565.3
SOURCE OF FINANCING:							
DIRECT APPROPRIATIONS							
GENERAL FUND	874.6	2,848.5	3,390.4	5,409.6	5,565.3	5,409.6	5,565.3
DEDICATED APPROPRIATIONS							
TOTAL FINANCING	874.6	2,848.5	3,390.4	5,409.6	5,565.3	5,409.6	5,565.3
POSITIONS BY FUND:							
TOTAL POSITIONS							

\$1,221,600
\$1,371,300

PURPOSE:

The purpose of this program is to provide financing of employer contributions toward social security retirement benefits and retirement programs in Minnesota's 4 teacher's retirement associations for nonfederally funded professional employees in local public school districts.

OPERATION:

The funds for this program are paid to the retirement associations and the Social Security Administration from open and standing appropriations made to the Department of Finance. Rates of contribution (as a percent of salary) are shown in Table 12-1 for the teacher's retirement associations (TRA) and for social security for F.Y. 1977 to F.Y. 1981.

TABLE 12-1 TEACHERS RETIREMENT ASSOCIATION					
	F.Y. 1977	F.Y. 1978	F.Y. 1979	F.Y. 1980	F.Y. 1981
State Contribution for Employees not covered by Social Security (Basic Plan) as % of salary	10.5%	11.0%	11.0%	11.0%	11.0%
State Contribution for Employees covered by Social Security (Co-ordinated Plan) as % of salary					
To TRA	6.5%	7.0%	7.0%	7.0%	7.0%
To Social Security (on Salaries not exceeding)	5.85% (maximum salary of \$15,300)	5.95% (maximum salary of \$16,500)	6.09% (maximum salary of \$17,700)	6.13% (maximum salary of \$22,900)	6.39% (maximum salary of \$25,900)
To Both on salaries less than maximum	12.35%	12.95%	13.09%	13.13%	13.39%

OPERATION: (cont.)

Historical costs of the program for F.Y. 1977 and F.Y. 1978 and projections of costs for F.Y. 1979 - F.Y. 1980 are shown in Table 12-2. It should be noted that the dollars reflected in this table are not added into the agency summary sheet contained in this document, since the appropriation is not made to the Department of Education. They are shown in this document only to provide the reader with a more comprehensive view of the state funds allocated as aids to local public education.

TABLE 12-2 EMPLOYER CONTRIBUTION COSTS FROM THE GENERAL FUND					
	F.Y. 1977	F.Y. 1978	F.Y. 1979	F.Y. 1980	F.Y. 1981
TRA - Statewide	53,013,376	57,973,795	62,877,613	67,084,101	71,498,908
TRA - First Class Cities	17,454,900	900,000	15,000,000	16,000,000	17,100,000
Social Security	35,903,824	38,663,006	43,000,000	46,500,000	58,850,000
	106,372,100	110,536,801	120,877,613	129,584,101	147,448,908

GOVERNOR'S RECOMMENDATION:

Revenue for the employer contributions toward social security and retirement benefits are provided from an open and standing account payable by the State Department of Finance. Therefore, no Governor's recommendations are necessary in this agency budget.