

1992-93
Proposed
Biennial
Budget



Education Finance

Presented by
GOVERNOR ARNE CARLSON
to the
77th LEGISLATURE
STATE OF MINNESOTA

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EDUCATION AIDS AND FINANCE

MINNESOTA DEPARTMENT OF EDUCATION PROGRAMS

<u>PROGRAMS</u>	<u>ACTIVITIES</u>	<u>PAGE</u>
GENERAL EDUCATION PROGRAM (01)		
	0101 General Education Program (Including Shared Time)	14
	0102 Property Tax Revenue Recognition	29
	0103 Referendum Levy	31
PUPIL TRANSPORTATION PROGRAM (02)		
	0201 Transportation Program	33
	0202 Miscellaneous Transportation Levies	40
	0203 Postsecondary Enrollment Options Transportation	41
	0204 School District Enrollment Options Transportation	43
SPECIAL PROGRAMS (03)		
	0301 Special Education - Regular	46
	0302 Special Education - Special Pupil	59
	0303 Special Education - Summer School	61
	0304 Special Education - Home Based Travel	64
	0305 Special Education - Residential	66
	0306 Limited English Proficiency	68
	0307 Secondary Vocational - Students with Disabilities	71
	0308 Special Education Levy Equalization Aid	77
	0309 Secondary Vocational	79
	0310 Indian Language and Culture	84
	0311 Indian Education (JOM Replacement)	87
	0312 Indian Postsecondary Preparation	89
	0313 Indian Scholarships	92
	0314 Indian Teacher Grants	95
	0315 Tribal Contract Schools	97
	0316 Assurance of Mastery	99
	0317 Individualized Learning and Development	102
	0318 Prevention - Risk Reduction	104

COMMUNITY AND FAMILY EDUCATION (04)**PAGE**

0401	Community Education Program	107
0402	Miscellaneous Community Service Levy	111
0403	Adult Education (Including Contracts)	112
0404	Adults With Disabilities	116
0405	Diploma Opportunities for Adults	119
0406	Hearing Impaired Adults	122
0407	Early Childhood Family Education	124
0408	Early Childhood Developmental Screening	127
0409	School Age Child Care	131
0410	Parent Resource Centers	133
0411	Way To Grow	135
0412	Families Plus	137

EDUCATION FACILITIES/EQUIPMENT (05)

0501	Capital Expenditure - Facilities	140
0502	Capital Expenditure - Equipment	143
0503	Capital Expenditure - Health and Safety	146
0504	Maximum Effort School Loan	149
0505	Desegregation Capital Improvement Grants (Information only)	152
0506	Cooperative Secondary Facilities Grants (Information only)	153
0507	Cooperative Secondary Facilities Severance Levy	155
0508	Miscellaneous Capital Expenditure and Debt Service Levies	156

EDUCATION ORGANIZATION/COOPERATION (06)

0601	Education Districts	159
0602	Secondary Vocational Cooperatives	162
0603	Interdistrict Cooperation Levy	165
0604	Intermediate District Levies	166
0605	Cooperation/Combination	167

ACCESS TO EXCELLENCE (07)

0701	PER Process Aid	171
0702	Restructuring Research and Development	173
0703	Restructuring Assistance	176

0704	Area Learning Centers	178
0705	Arts Planning Grants	181
0706	Summer Program Scholarships (HECB)	183
0707	Outcome-Based Education	186

OTHER EDUCATION PROGRAMS (08)

A. Health, Safety and Nutrition

0801	Tobacco Use Prevention	190
0802	Alcohol-Impaired Driver Education	193
0803	School Lunch Program	196
0804	School Milk Program	199

B. Professional Development

0805	Teacher Centers (Board of Teaching), Also see 0819	201
0806	Alternative Licensure, Mentorship (Board of Teaching)	204
0807	Alternative Licensure, Minority Fellowship (Board of Teaching)	206
0808	Teacher Mentorship	208
0809	Administrator Academy	212
0810	Career Teacher Aid	215
0811	Minority Teacher Incentives	217

C. Miscellaneous Programs

0812	Integration Grants	219
0813	Rule Compliance (Integration) Levy	221
0814	Cooperation Desegregation Grants	222
0815	Nonpublic Pupil Aid	225
0816	Nonpublic Pupil Program Summary (Information only)	228
0817	Abatement Aid and Levy	230
0818	Miscellaneous General Levies	233
0819	Teacher Centers (MDE)	234

MISCELLANEOUS EDUCATION PROVISIONS (09)

0901	Education Policy Matters Not Involving Direct State Appropriations
------	--

PUBLIC LIBRARIES (10)**PAGE**

1001	Libraries - Basic Grants	237
1002	Libraries - Cooperative Grants	241

EDUCATION AGENCY SERVICES (11)**A. Community and Family Education**

1101	GED and Learn to Read on TV	245
1102	Adult Education - Basic Skills Evaluation	248

B. Education Organization/Cooperation

1103	ECSU Administration	250
1104	Regional Management Information Centers	253
1105	ECSU Loans (Cash Flow)	256

C. Expectations, Effectiveness and Technology

1106	State PER Assistance	258
1107	Educational Effectiveness	261
1108	Curriculum and Technology Integration	264

D. Expanded Student Opportunities

1109	Academic Excellence Foundation	267
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E. Education Policy and Research

1110	Commission on Public Education (Legislature)	270
1111	Commission on Minnesota Resources (Legislature)	272

DISCONTINUED/NONRECURRING PROGRAMS (12)

273A

A. Federal Flow-Through Programs

1301	Special Education - Handicapped (EHA, PL 94-142)	276
1302	Special Education - Preschool Incentive	277
1303	Special Education - Infants and Toddlers	278
1304	Special Education - Deaf/Blind	279
1305	Special Education - Handicapped in Residential Facilities - (ECIA) Chapter 1	280
1306	Special Education - Handicapped N/D in Resident Facilities - (ECIA) Chapter 1	281
1307	Special Education - Disadvantaged N/D in Residential Facilities - (ECIA) Chapter 1	282
1308	Educationally Disadvantaged - (ECIA) Chapter 1, Basic Grants	283
1309	Educationally Disadvantaged - (ECIA) Chapter 1, Capital Expense	285
1310	Educationally Disadvantaged - (ECIA) Chapter 1, Program Improvement	286
1311	Migrant Education	287
1312	Transition Program for Refugee Children	288
1313	Emergency Immigrant Education	289
1314	Secondary Vocational - Special Needs	290
1315	Secondary Vocational - Consumer Homemaking	291
1316	Secondary Vocational - Single Parent	292
1317	Secondary Vocational - Sex Equity	293
1318	Secondary Vocational - Student Follow-up	294
1319	Adult Education	295
1320	Drug Free Schools	297
1321	Indian Social Work Aide Training	298
1322	Byrd Honors Scholarship Program	299
1323	Consolidated Federal Programs (Block Grant)	300
1324	Public Library Aid	301
1325	Teacher Inservice Programs - (EESA, Title 2)	303
1326	School Lunch	304
1327	Special Milk	305
1328	School Breakfast	306
1329	Child Care Food	307
1330	Summer Food Service	308

B. Federal Programs (Information only)

1331	AIDS Education	309
1332	Impact Aid	311

MDE EDUCATIONAL SERVICES (14)	<u>PAGE</u>
1401 Curriculum Services	325
1402 Secondary Vocational Education	325
1403 Instructional Design	325
1404 Assessment	325
1405 Educational Leadership, Office of	326
1406 Special Education	326
1407 Unique Learner Needs (Chapter 1, Migrant Education, Limited English)	326
1408 Indian Education	326
1409 Learner Support/Risk Issues	326
1410 Equal Educational Opportunities	326
1411 Education Development	326
1412 Community Education	326
1413 Library Development and Services	327
1414 Minnesota Academic Excellence Foundation	326
 MDE EDUCATIONAL ADMINISTRATION AND FINANCE (15)	
1501 Education Finance and Analysis	334
1502 District Financial Management and Transportation	334
1503 Child Nutrition	334
1504 Monitoring	334
1505 Institutional Approval	334
1506 Personnel Licensing and Placement	334
1507 Board of Teaching	333
1508 State Board of Education	333
1509 Executive Management	334
1510 Education Data Systems	334
1511 Administrative Support Services	334
 STATE RESIDENTIAL ACADEMIES - DEAF/BLIND (16)	 339
 LCMR - ENVIRONMENTAL EDUCATION (17)	 346

(Legislative Commission on Minnesota Resources)

EDUCATION AIDS APPROPRIATIONS

(\$ IN 000s)

Revised as of March 28, 1991

	----- HISTORICAL EXPENDITURES -----			--- GOVERNOR'S RECOMMENDATION ---		
	F.Y.1990	F.Y. 1991	BIENNIUM	F.Y. 1992	F.Y. 1993	BIENNIUM
A. STATE GENERAL FUND						
01 GENERAL EDUCATION PROGRAM						
01 General Education	\$1,225,760	\$1,569,893	\$2,795,653	\$1,617,047	\$1,751,315	\$3,368,362
TOTAL	\$1,225,760	\$1,569,893	\$2,795,653	\$1,617,047	\$1,751,315	\$3,368,362
02 PUPIL TRANSPORTATION PROGRAM						
01 Transportation Program	\$91,979	\$114,157	\$206,136	\$112,964	\$121,819	\$234,783
03 Post Sec Enrollment Options Transp.	50	50	100	72	75	147
04 District Enrollment Options Transp.	50	50	100	25	25	50
TOTAL	\$92,079	\$114,257	\$206,336	\$113,061	\$121,919	\$234,980
03 SPECIAL PROGRAMS						
01 Special Education - Regular	\$160,919	\$165,622	\$326,541	\$167,105	\$165,271	\$332,376
02 Special Education - Special Pupil	324	366	690	395	436	831
03 Special Education - Summer School	5,836	5,766	11,602	4,885	4,800	9,685
04 Special Educ. - Home Based Travel	44	51	95	66	71	137
05 Special Education - Residential	1,398	1,374	2,772	2,315	2,535	4,850
06 Limited English Proficiency	3,359	3,403	6,762	3,727	3,922	7,649
07 Sec Voc-Students with Disabilities	5,294	6,224	11,518	4,690	4,598	9,288
08 Special Educ. Levy Equalization Aid	0	0	0	0	9,495	9,495
09 Secondary Vocational	11,471	11,720	23,191	10,814	11,187	22,001
10 Indian Language & Culture	583	590	1,173	591	590	1,181
11 Indian Education	175	176	351	175	175	350
12 Indian Postsecondary Prep.	857	857	1,714	857	857	1,714
13 Indian Scholarships	1,545	1,619	3,164	1,582	1,582	3,164
14 Indian Teacher Grants	128	150	278	150	150	300
15 Tribal Contract Schools	200	200	400	200	200	400
16 Assurance of Mastery	0	10,582	10,582	12,410	12,784	25,194
17 Individualized Learning & Dev.	0	6,400	6,400	7,803	7,815	15,618
18 Prevention Risk Reduction	0	0	0	1,275	3,115	4,390
TOTAL	\$192,133	\$215,100	\$407,233	\$219,040	\$229,583	\$448,623

EDUCATION AIDS APPROPRIATIONS

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	F.Y.1990	F.Y. 1991	BIENNIUM	F.Y. 1992	F.Y. 1993	BIENNIUM
04 COMMUNITY AND FAMILY EDUCATION						
01 Community Education Program	\$4,905	\$3,591	\$8,496	\$3,462	\$3,508	\$6,970
03 Adult Education	4,818	5,043	9,861	5,074	5,073	10,147
04 Adults with Disabilities	610	670	1,280	670	670	1,340
05 Diploma Opportunities for Adults	1,238	1,573	2,811	1,525	1,592	3,117
06 Hearing Impaired Adults	70	70	140	70	70	140
07 Early Childhood Family Education	9,742	10,262	20,004	12,230	12,425	24,655
08 Early Childhood Dev. Screening	335	1,852	2,187	1,684	1,956	3,640
09 School Age Child Care	0	0	0	0	500	500
10 Parent Resource Centers	0	0	0	100	200	300
11 Way to Grow	0	0	0	1,000	1,000	2,000
12 Families Plus	0	0	0	2,000	2,000	4,000
TOTAL	\$21,718	\$23,061	\$44,779	\$27,815	\$28,994	\$56,809
05 EDUCATION FACILITIES/EQUIPMENT						
01 Capital Expenditure - Facilities	\$33,800	\$67,844	\$101,644	\$72,418	\$71,724	\$144,142
02 Capital Expenditure - Equipment	16,900	33,922	50,822	36,332	36,006	72,338
03 Capital Expend. Health & Safety	8,168	10,796	18,964	11,578	10,427	22,005
04 Maximum Effort School Loan	608	1,183	1,791	0	9,646	9,646
TOTAL	\$59,476	\$113,745	\$173,221	\$120,328	\$127,803	\$248,131
06 EDUCATION ORGANIZATION/COOPERATION						
01 Education Districts	\$4,653	\$3,967	\$8,620	\$2,772	\$2,577	\$5,349
02 Secondary Vocational Cooperatives	495	224	719	165	24	189
05 Cooperation/Combination	0	1,192	1,192	1,347	2,696	4,043
TOTAL	\$5,148	\$5,383	\$10,531	\$4,284	\$5,297	\$9,581

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	----- HISTORICAL EXPENDITURES -----			--- GOVERNOR'S RECOMMENDATION ---		
	F.Y.1990	F.Y. 1991	BIENNIUM	F.Y. 1992	F.Y. 1993	BIENNIUM
07 ACCESS TO EXCELLENCE						
01 PER Process Aid	\$1,038	\$1,046	\$2,084	\$1,038	\$1,054	
02 Restructuring Research & Dev.	278	772	1,050	425	425	850
03 Restructuring Assistance	221	250	471	250	250	500
04 Area Learning Centers	150	150	300	150	150	300
05 Arts Planning Grants	36	40	76	38	38	76
06 Summer Program Scholarships (HECB)	214	214	428	214	214	428
07 Outcome Based Education	0	0	0	2,000	5,200	7,200
TOTAL	\$1,937	\$2,472	\$4,409	\$4,115	\$7,331	\$11,446
08 OTHER EDUCATION PROGRAMS						
01 Tobacco Use Prevention	\$565	\$672	\$1,237	\$100	\$0	\$100
03 School Lunch Program	4,625	4,625	9,250	4,625	4,625	9,250
04 School Milk Program	800	800	1,600	800	800	1,600
05 Teacher Centers (Bd. of Teaching)	91	209	300	150	150	300
06 Alt. Licensure-Mentorship	0	150	150	150	150	300
07 Alt. Licensure-Fellowship Grants	0	50	50	0	100	100
08 Teacher Mentorship	219	281	500	250	250	500
09 Administrator Academy	167	167	334	167	167	334
10 Career Teacher Aid	108	642	750	750	0	750
11 Minority Teacher Incentives	449	551	1,000	1,000	0	1,000
12 Integration Grants	14,944	14,944	29,888	14,944	14,944	29,888
14 Cooperative Desegregation Grants	0	200	200	300	300	600
15 Nonpublic Pupil Aid	7,823	8,847	16,670	8,892	8,892	17,784
17 Abatement Aid	5,111	6,018	11,129	6,018	6,018	12,036
19 Teacher Centers (MDE)	0	0	0	213	250	463
20 Commission on Minority Staffing	0	0	0	75	575	650
TOTAL	\$34,902	\$38,156	\$73,058	\$38,434	\$37,221	\$75,655

EDUCATION AIDS APPROPRIATIONS

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	----- HISTORICAL EXPENDITURES -----			--- GOVERNOR'S RECOMMENDATION ---		
	F.Y.1990	F.Y. 1991	BIENNIUM	F.Y. 1992	F.Y. 1993	BIENNIUM
10 PUBLIC LIBRARIES						
01 Libraries - Basic Grants	\$5,800	\$6,093	\$11,893	\$6,118	\$6,118	\$12,236
02 Libraries - Cooperative Grants	246	256	502	256	256	512
TOTAL	<u>\$6,046</u>	<u>\$6,349</u>	<u>\$12,395</u>	<u>\$6,374</u>	<u>\$6,374</u>	<u>\$12,748</u>
11 EDUCATION AGENCY SERVICES						
01 GED & Learn to Read on TV	\$100	\$100	\$200	\$100	\$100	\$200
02 Adult Ed - Basic Skills Evaluation	0	75	75	75	75	150
03 ECSU Administration	748	748	1,496	748	748	1,496
04 Regional Mgmt. Information Centers	3,411	3,411	6,822	3,411	3,411	
05 ECSU Loans (Cash Flow)	0	500	500	0	0	0
06 State PER Assistance	464	601	1,065	601	601	1,202
07 Educational Effectiveness	598	600	1,198	900	900	1,800
08 Curriculum & Tech. Integration	600	600	1,200	400	400	800
09 Academic Excellence Foundation	124	196	320	160	160	320
10 Commission on Public Education	107	147	254	125	125	250
TOTAL	<u>\$6,152</u>	<u>\$6,978</u>	<u>\$13,130</u>	<u>\$6,520</u>	<u>\$6,520</u>	<u>\$13,040</u>

EDUCATION AIDS APPROPRIATIONS

(\$ IN 000s)

Revised as of March 28, 1991

	----- HISTORICAL EXPENDITURES -----			--- GOVERNOR'S RECOMMENDATION ---		
	F.Y.1990	F.Y. 1991	BIENNIUM	F.Y. 1992	F.Y. 1993	BIENNIUM
12 DISCONTINUED/NONRECURRING PROGRAMS						
01 Exceptional Need	\$420	\$70	\$490			\$0
03 ECFE Program Evaluation	8	17	25			0
04 Targeted Student Survey	0	50	50			0
05 Eval Drug Prevention	0	75	75			0
06 Capital Expenditure - Regular	5,628	0	5,628			0
07 Capital Expend. Hazardous Materials	9	0	9			0
09 Telecommunications Grants	100	240	340			0
10 Telecommunications Grants (Wasioja)	150	0	150			0
11 Communication Link	5	0	5			0
18 Math, Science Task Force	0	100	100			0
19 Leadership Grant (#695)	0	30	30			0
20 Debt Service Grant (#197)	500	0	500			0
21 Operating Debt Grant (#232)	50	0	50			0
22 Liability Insurance (#707)	16	24	40			0
23 Unemployment Comp. (#707)	29	11	40			0
24 ECFE Expanded Program	0	450	450			0
25 Targeted Program Grants	0	400	400			0
26 Summer Hlth Internship Grants	0	100	100			0
TOTAL	<u>\$6,915</u>	<u>\$1,567</u>	<u>\$8,482</u>			<u>\$0</u>
Reduction in Adjusted Net Tax Capacity:				\$14,427	\$2,544	\$16,971
TOTAL STATE GENERAL FUND	<u>\$1,652,266</u>	<u>\$2,096,961</u>	<u>\$3,749,227</u>	<u>\$2,171,445</u>	<u>\$2,324,901</u>	<u>\$4,496,346</u>

Appropriation data shown for F.Y. 1990 and F.Y. 1991 are actual or estimated expenditures during the year, including both prior year adjustment payments and current year payments. For many aid programs the current year payments are based on 85% of the estimated annual aid entitlement for the current year. The final adjustment payments made in the following year are based on 100% of the actual aid entitlement computed using school district end-of-year data, minus the 85% current year payments.

The expenditure amounts shown by program may not equal the direct appropriations provided in law due to cancellations, balances forward, or transfers from programs with excess appropriations to programs with deficient appropriations. The Governor's recommendations for F.Y. 1992 and F.Y. 1993 are also shown on the 85-15% funding basis.

EDUCATION AIDS APPROPRIATIONS

(\$ IN 000s)

Revised as of March 28, 1991

		----- HISTORICAL EXPENDITURES -----			--- GOVERNOR'S RECOMMENDATION ---		
		F.Y.1990	F.Y. 1991	BIENNIUM	F.Y. 1992	F.Y. 1993	BIENNIUM
B. OTHER STATE FUNDS							
MN ENVIRONMENTAL & NAT. RESOURCES TRUST (Fund 03)							
11	EDUCATION AGENCY SERVICES						
	11 Leg. Commission on MN Resources	\$0	\$0	\$0	\$100	\$0	\$100
MINNESOTA RESOURCES (Fund 13)							
11	EDUCATION AGENCY SERVICES						
	11 Leg. Commission on MN Resources	0	0	0	320	0	320
SPECIAL REVENUE (Fund 20)							
08	OTHER EDUCATIONAL PROGRAMS						
	02 Alcohol Impaired Drivers Ed	778	720	1,498	720	720	1,440
	03 School Lunch Program	148	270	418	140	140	280
11	EDUCATION AGENCY SERVICES						
	06 State PER Assistance	12	12	24	12	12	24
	08 Curriculum & Tech. Integration	65	250	315	250	250	500
SCHOOL ENDOWMENT (Fund 21)							
01	GENERAL EDUCATION						
	01 General Education	32,967	30,000	62,967	30,250	30,250	60,500
GIFT (Fund 69)							
03	SPECIAL PROGRAMS						
	13 Indian Scholarships	5	5	10	5	5	10
11	EDUCATION AGENCY SERVICES						
	02 Adult Ed Basic Skills Evaluation	0	38	38	0	0	0
	09 Academic Excellence Foundation	10	80	90	60	75	135
TOTAL OTHER FUNDS		<u>\$33,985</u>	<u>\$31,375</u>	<u>\$65,360</u>	<u>\$31,857</u>	<u>\$31,452</u>	<u>\$63,309</u>

EDUCATION AIDS APPROPRIATIONS

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		----- HISTORICAL EXPENDITURES -----			--- GOVERNOR'S RECOMMENDATION ---		
		F.Y.1990	F.Y. 1991	BIENNIUM	F.Y. 1992	F.Y. 1993	BIENNIUM
C. FEDERAL FUNDS							
12	DISCONTINUED/NONRECURRING PROGRAMS						
39	Remove Barriers for Handicapped	\$86	\$0	\$86			\$0
40	Secondary Voc.-Incarcerated Yth.	56	51	107			0
13	FEDERAL FLOW THROUGH PROGRAMS						
01	Special Educ.-Handicapped	30,720	29,588	60,308	32,000	32,000	64,000
02	Special Educ.-Preschool Incentive	3,769	5,500	9,269	5,500	5,500	11,000
03	Special Educ.-Infants and Toddlers	907	98	1,005	98	98	196
04	Special Educ.-Deaf/Blind	159	189	348	189	189	378
05	Special Educ.-Hndcpd/Residential	171	185	356	185	185	370
06	Special Educ.-Hndcpd N/D Resident.	334	256	590	256	256	512
07	Special Educ.-Disadvantaged N/D	893	886	1,779	886	886	1,772
08	Disadv. (ECIA) Chapter 1 Basic	49,349	54,349	103,698	59,484	64,150	123,634
09	Disadv. (ECIA) Chapter 1 Capital	542	738	1,280	1,000	1,000	2,000
10	Disadv. (ECIA) Chap 1 Prog Impr.	0	130	130	150	150	300
11	Migrant Education	1,825	1,843	3,668	1,843	1,843	3,686
12	Transition Prog.-Refugee Children	476	0	476	0	0	0
13	Emergency Immigrant Education	109	106	215	100	100	200
14	Secondary Voc.-Special Needs	643	594	1,237	594	594	1,188
15	Secondary Voc.-Consumer Homemaking	225	225	450	225	225	450
16	Secondary Voc.-Single Parent	226	224	450	224	224	448
17	Secondary Voc.-Sex Equity	153	114	114	114	114	228
18	Secodnary Voc.-Student Follow-Up	57	64	121	64	64	128
19	Adult Education	1,972	2,194	4,166	2,194	2,194	4,388
20	Drug Free Schools	3,473	6,995	10,468	4,912	4,912	9,824
21	Indian Social Work Aide Training	3	0	3	0	0	0
22	Byrd Honors Scholarship Program	138	134	272	134	134	268
23	Consolidated Fed Prog (Block Grant)	7,049	6,277	13,326	6,161	6,046	12,207
24	Public Library Aid	2,468	2,643	5,111	2,243	2,243	4,486
25	Teacher Inservice Programs	1,908	1,218	3,126	1,218	1,218	2,436
26	School Lunch	42,476	48,264	90,740	50,866	53,272	104,138
27	Special Milk	957	946	1,903	946	946	1,892

EDUCATION AIDS APPROPRIATIONS

(\$ IN 000s)

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	----- HISTORICAL EXPENDITURES -----			--- GOVERNOR'S RECOMMENDATION ---		
	F.Y.1990	F.Y. 1991	BIENNIUM	F.Y. 1992	F.Y. 1993	BIENNIUM
Federal Flow Through Programs continued:						
28 School Breakfast	3,629	4,629	8,258	4,629	4,629	9,258
29 Child Care Food	39,379	40,166	79,545	41,815	43,771	85,586
30 Summer Food Service	1,247	1,189	2,436	1,189	1,189	2,378
TOTAL FEDERAL FUNDS	<u>\$195,399</u>	<u>\$209,795</u>	<u>\$405,194</u>	<u>\$219,219</u>	<u>\$228,132</u>	<u>\$447,351</u>

AGENCY: EDUCATION AIDS

SCHOOL DISTRICT GROSS CERTIFIED LEVIES

(\$ in 000s)

Program Category		----- HISTORICAL LEVIES -----			--- GOVERNOR'S RECOMMENDATION ---		
Calendar Year of Levy		F.Y. 1990 Pay 1989	F.Y. 1991 Pay 1990	BIENNIUM	F.Y. 1992 Pay 1991	F.Y. 1993 Pay 1992	BIENNIUM
01	GENERAL EDUCATION						
	01 General Education	\$1,096,511.3	\$783,030.9	\$1,879,542.2	\$845,541.9	\$935,580.1	\$1,781,122.0
	01 Supplemental	8,242.5	7,185.3	15,427.8	7,500.0	5,450.1	12,950.1
	03 Referendum	162,101.1	218,597.5	380,698.6	273,748.8	319,638.0	593,386.8
	-- Exceptional Need	161.1		161.1			0.0
	-- Limitation Adjustments	(4,920.3)	88.9	(4,831.4)	(4,266.6)	(4,266.6)	(8,533.2)
	TOTAL	\$1,262,095.7	\$1,008,902.6	\$2,270,998.3	\$1,122,524.1	\$1,256,401.6	\$2,378,925.7
02	PUPIL TRANSPORTATION						
	01 Basic	\$70,851.1	\$61,046.1	\$131,897.2	\$66,977.6	\$58,500.0	\$125,477.6
	01 Nonregular	18,575.8	20,685.9	39,261.7	22,765.5	31,573.1	54,338.6
	01 Contracts	7,706.0	8,570.5	16,276.5	6,887.6	7,717.8	14,605.4
	01 Excess	24,181.1	19,464.9	43,646.0	21,937.3	21,998.0	43,935.3
	02 Bus Purchase	6,516.7	8,391.4	14,908.1	8,862.9	9,360.0	18,222.9
	03 Postsecondary			0.0	187.1	187.1	374.2
	-- Limitation Adjustments	(1,483.5)	(4,354.3)	(5,837.8)	79.8	518.1	597.9
	TOTAL	\$126,347.2	\$113,804.5	\$240,151.7	\$127,697.8	\$129,854.1	\$257,551.9
03	SPECIAL PROGRAMS						
	08 Special Education Current Year	\$28,352.9	\$47,590.5	\$75,943.4	\$56,871.8	\$73,137.0	\$130,008.8
	08 Special Education Adjustments	11,806.5	22,904.8	34,711.3	18,498.7	22,637.0	41,135.7
	-- Prevention/Risk Reduction			0.0		1,500.0	1,500.0
	TOTAL	\$40,159.4	\$70,495.3	\$110,654.7	\$75,370.5	\$97,274.0	\$172,644.5
04	COMMUNITY AND FAMILY EDUCATION						
	01 Community Education Basic	\$21,130.5	\$24,657.5	\$45,788.0	\$25,090.7	\$26,104.2	\$51,194.9
	02 Grandfather	658.9	664.8	1,323.7	672.7	672.7	1,345.4
	03 Adult Education Basic	2,529.3	5,096.6	7,625.9	6,342.4	6,860.6	13,203.0
	04 Adults with Disabilities	519.5	614.3	1,133.8	657.2	670.0	1,327.2
	07 Early Childhood Family Education	12,428.8	13,817.7	26,246.5	15,475.8	17,716.1	33,191.9
	-- Limitation Adjustments	(42.8)	129.8	87.0	26.6	346.1	372.7
	TOTAL	\$37,224.2	\$44,980.7	\$82,204.9	\$48,265.4	\$52,369.7	\$100,635.1

SCHOOL DISTRICT GROSS CERTIFIED LEVIES

(\$ in 000s)

Revised as of March 28, 1991

Program Category		----- HISTORICAL LEVIES -----			--- GOVERNOR'S RECOMMENDATION ---		
		F.Y. 1990	F.Y. 1991	BIENNIUM	F.Y. 1992	F.Y. 1993	BIENNIUM
Calendar Year of Levy		Pay 1989	Pay 1990		Pay 1991	Pay 1992	
TOTAL		\$37,224.2	\$44,980.7	\$82,204.9	\$46,781.6	\$51,809.1	\$98,590.7
05	EDUCATION FACILITIES/EQUIPMENT						
	01 Facilities - Capital	\$65,289.8	\$34,397.0	\$99,686.8	\$37,003.1	\$39,737.9	\$76,741.0
	02 Equipment - Capital	33,551.0	17,290.1	50,841.1	18,382.5	19,909.4	38,291.9
	03 Health & Safety	18,340.5	48,567.2	66,907.7	40,381.5	48,600.0	88,981.5
	08 Building Lease	2,395.9	7,209.0	9,604.9	7,839.8	8,300.0	16,139.8
	08 Down Payment		85.0	85.0	928.7	2,710.5	3,639.2
	08 Energy Loan	3,437.6	3,462.2	6,899.8	3,495.3	3,550.0	7,045.3
	08 Coop. Building Repair		51.0	51.0	77.3	77.3	154.6
	08 Basic Debt Levy	152,086.9	159,221.4	311,308.3	177,443.8	193,000.0	370,443.8
	08 Facilities - Debt Service	545.1	272.5	817.6	184.7	184.7	369.4
	08 Equipment - Debt Service		10.7	10.7	251.7	300.0	551.7
	08 Secondary Coop Facilities Debt	314.2	1,292.8	1,607.0	1,291.7	1,211.7	2,503.4
	08 Debt Excess	(13,461.1)	(15,200.0)	(28,661.1)	(13,000.0)	(13,000.0)	(26,000.0)
	-- Program Improvement	28.8		28.8			0.0
	-- Capital #228 (Harmony)		100.0	100.0			0.0
	-- Limitation Adjustments	1,859.2	(3,423.0)	(1,563.8)	(9,579.4)	5,582.2	(3,997.2)
	TOTAL	\$264,387.9	\$253,335.9	\$517,723.8	\$264,700.7	\$310,163.7	\$574,864.4
06	EDUCATION ORGANIZATION/COOPERATION						
	01 Education Districts	\$6,652.9	\$11,265.7	\$17,918.6	\$11,294.5	\$11,872.8	\$23,167.3
	02 Vocational Cooperatives	672.6	1,043.3	1,715.9	1,009.5		1,009.5
	03 Interdistrict Cooperation	3,273.2	2,197.1	5,470.3	1,956.6		1,956.6
	04 Intermediate Districts	16,450.1	16,704.8	33,154.9	17,129.4	14,223.8	31,353.2
	05 Cooperation/Combination		245.7	245.7	422.6	726.6	1,149.2
	05 Coop. Sec. Facility Severance	199.5	200.0	399.5			0.0
	05 Other Coop Severance			0.0	475.4	412.5	887.9
	-- Consolidation			0.0	116.2	117.0	233.2
	-- Limitation Adjustments			0.0		(488.3)	(488.3)
	TOTAL	\$27,248.3	\$31,656.6	\$58,904.9	\$32,404.2	\$26,864.4	\$59,268.6
07	ACCESS TO EXCELLENCE			\$0.0			\$0.0

REVISED 3/28/91

AGENCY: EDUCATION AIDS
 School District Gross Certified Levies

SCHOOL DISTRICT GROSS CERTIFIED LEVIES

(\$ in 000s)

Revised as of March 28, 1991

Program Category

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

--- GOVERNOR'S RECOMMENDATION ---

Calendar Year of Levy		F.Y. 1990 Pay 1989	F.Y. 1991 Pay 1990	BIENNIUM	F.Y. 1992 Pay 1991	F.Y. 1993 Pay 1992	BIENNIUM
08	OTHER EDUCATIONAL PROGRAMS						
	13 Desegregation	\$7,312.7	\$11,618.2	\$18,930.9	\$14,603.5	\$15,267.9	\$29,871.4
	17 Abatement	2,505.4	4,683.4	7,188.8	9,163.4	15,089.5	24,252.9
	18 Minneapolis Retirement	2,360.0	2,159.9	4,519.9	1,959.8	1,759.6	3,719.4
	18 St. Paul Severance	583.5	394.6	978.1	399.0	461.9	860.9
	18 Minneapolis Health Insurance			0.0		80.0	80.0
	18 Unemployment Insurance	3,890.0	4,088.0	7,978.0	4,100.7	4,340.2	8,440.9
	18 Operating Debt	545.6	368.3	913.9	285.0	237.4	522.4
	18 Judgments	1,053.1	1,148.0	2,201.1	291.6	835.7	1,127.3
	18 Audit	10.0	52.1	62.1	20.0	27.4	47.4
	18 Statutory Operating Debt	226.1	188.1	414.2	151.3	129.6	280.9
	19 Teacher Centers			0.0		500.0	500.0
	-- Homestead Credit Adjust-PERA	(3,124.0)	(3,124.0)	(6,248.0)	(3,124.0)	(3,124.0)	(6,248.0)
	-- Program Improvement Grant	371.8		371.8			0.0
	TOTAL	\$15,734.2	\$21,576.6	\$37,310.8	\$27,850.3	\$35,605.2	\$63,455.5
	-- 1989 ANTC Adjustment			0.0		(16,971.0)	(16,971.0)
	GRAND TOTAL	\$1,773,196.9	\$1,544,752.2	\$3,317,949.1	\$1,688,065.1	\$1,879,099.4	\$3,567,164.5

SCHOOL DISTRICT GROSS CERTIFIED LEVIES

(\$ in 000s)

Revised as of March 28, 1991

Program Category	----- HISTORICAL LEVIES -----			--- GOVERNOR'S RECOMMENDATION ---		
	F.Y. 1990 Pay 1989	F.Y. 1991 Pay 1990	BIENNIUM	F.Y. 1992 Pay 1991	F.Y. 1993 Pay 1992	BIENNIUM
Calendar Year of Levy						
SUMMARY BY MAJOR TYPE OF LEVY						
Operating Fund Levies	\$1,507,738.7	\$1,290,305.3	\$2,798,044.0	\$1,421,753.3	\$1,567,354.8	\$2,989,108.1
Nonoperating Fund Levies	265,232.1	254,258.8	\$519,490.9	266,160.5	311,615.0	\$577,775.5
School District Revenue	\$1,772,970.8	\$1,544,564.1	\$3,317,534.9	\$1,687,913.8	\$1,878,969.8	\$3,566,883.6
Statutory Operating Debt	226.1	188.1	414.2	151.3	129.6	280.9
TOTAL LEVIES	\$1,773,196.9	\$1,544,752.2	\$3,317,949.1	\$1,688,065.1	\$1,879,099.4	\$3,567,164.5

NOTE: Levy data shown for F.Y. 1990 and F.Y. 1991 are actual amounts certified by school districts based on district estimates of pupil units, expenditures, and other factors driving levy limitations. Limitation adjustments based on actual data are shown in the year that the adjustments are certified. Levy data shown for F.Y. 1992 are final certified levies with the exception of the debt excess adjustment which is estimated. Levy data shown for F.Y. 1993 are estimated certified levies based on formulas recommended by the Governor, extrapolation of levy trends from recent years, and estimated 1990 adjusted net tax capacities.

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

1 **Program:** 01 General Education Program
Agency: Education Aids **1992-93 Biennial Budget**

PURPOSE:

Impact of revised 1989 adjusted net tax capacity (ANTC) on equalized education aid and levy funding.

The major source of school district revenue comes from equalized aid and levy programs. School district state aid equals program revenue minus the amount of dollars raised by the local levy. The amount raised by the local levy is based on the adjusted net tax capacity of the district.

Property valuation, expressed as net tax capacity (NTC), is computed by applying a property class rate times the assessed market value of the property. To neutralize the effect of different assessment practices among the taxing jurisdictions of the state, a sales ratio, comparing the actual sales price of a property with the assessor's market value of that property, is computed by the Department of Revenue (DOR). The sales ratio is applied to the NTC to obtain the adjusted net tax capacity (ANTC) of a school district.

Four school districts (Minneapolis, Bloomington, Robbinsdale, and Eden Prairie) contested their 1989 sales ratio. Resolution of the issue has resulted in a net decrease of ANTC of approximately \$54 million. In an equalized revenue program, this has significant impact on the computation of aid and levy resulting in a decrease in the amount raised by the authorized levy, and a commensurate increase in state aid.

The programs which are affected by this reduction in ANTC are:

- 0101 General Education
- 0201 Transportation
- 0401 Community Education
- 0407 Early Childhood Family Education
- 0501 Capital Expenditures - Facilities
- 0502 Capital Expenditures - Equipment

The effect of this action increases the FY 1992 aid entitlements for these programs by \$16,971,000 above the March forecast. Since districts have levied for pay 1991 using the previous ANTC, the pay 1992 levies will be adjusted downward to reflect the change in valuation.

GOVERNOR'S RECOMMENDATION:

The Governor recommends changes to the previously recommended funding levels for these activities by the following amounts: (\$ in Thousands)

	Change in Levy <u>Pay 1992</u>	Change in Aid <u>Entitlement</u>	Change in F.Y. 1992 <u>Approp.</u>	Change in F.Y. 1993 <u>Approp.</u>
General Education	\$(14,475)	\$ 14,475	\$ 12,304	\$ 2,171
Transportation	(995)	995	846	149
Basic Community Education	(204)	204	174	30

Capital Expenditure Equipment	(307)	307	261	46
Capital Expenditure Facilities	(614)	614	522	92
Total:	\$(16,971)	\$ 16,971	\$ 14,427	\$ 2,544

The Governor recommends increasing the F.Y. 1992 aid entitlements for the programs by \$16,971.

Based on these entitlements, the Governor recommends increasing the appropriations for these programs by \$14,427 in F.Y. 1992 for F.Y. 1992 and \$2,544 in F.Y. 1993 for F.Y. 1992

GENERAL EDUCATION PROGRAMS (01)

	<u>Page</u>
0101 General Education Program (Including Shared Time)	14
0102 Property Tax Revenue Recognition	29
0103 Referendum Levy	31

GENERAL EDUCATION PROGRAMS

Program: 01 General Education Program
Agency: Education Aids

1992-93 Biennial Budget

0101 GENERAL EDUCATION PROGRAM

Citation: M.S. 124; 124A
MDE Admin: 1501 Education Finance and Analysis
Federal: 1332 Impact Aid

PURPOSE:

To provide Minnesota school districts with general operating revenues, thereby promoting an adequate and equitable system of elementary and secondary education for more than 740,000 students. More specifically, the General Education Program has the following objectives:

■ Equity for students.

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

■ Equity for taxpayers.

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

■ Efficient use of resources.

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

■ Local control.

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

■ Facilitate attainment of state priorities.

While most of the revenues are provided for broad purposes, the General Education formula restricts some of the funds to be used only for the purposes specified in law. These restricted funds may only be used to facilitate attainment of certain programs and services identified as priorities at the state level.

■ Stability for students and taxpayers.

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

DESCRIPTION:

The General Education formula provides school districts with approximately 81% of their general fund revenues. The program ensures that districts receive equivalent revenues per pupil, and that the associated taxes on real property are levied at a rate that is uniform across districts.

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

A. Overview of General Education Revenue.

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

B. The Calculation of Revenue.

The revenue components are:

Revenue prior to adjustment:

1. Basic revenue;
2. Compensatory revenue;
3. Training and Experience (T&E) revenue; and
4. Sparsity revenue.

Adjustments:

5. Supplemental revenue; and
6. Operating Fund Balance Reduction.

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

1. Basic Revenue.

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

a. WADM.

WADM is the primary measure of school district revenue need. It is based on the associated concept of Average Daily Membership (ADM), which equals the aggregate number of student membership days divided by the number of session days. Students are kept in membership until they exit from enrollment or have not been accounted for in 3 weeks.

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

<u>Category of Student</u>	<u>WADMs per ADM</u>
Handicapped pre-kindergarten	1.00
Handicapped kindergarten	1.00
Regular kindergarten	0.50

0101 GENERAL EDUCATION PROGRAM

<u>Category of Student</u>	<u>WADMs per ADM</u>
Elementary (Grades 1-6)	1.00
Secondary (Grades 7-12)	1.35

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

The weight for secondary students has been 1.35 since 1988-89. Prior to that, the secondary weight was 1.40.

b. Formula Allowance.

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

<u>Revenue Year</u>	<u>Formula Allowance</u>	<u>Change from Prior Year</u>
F.Y. 1992	\$ 2,953	\$ 0
F.Y. 1991	2,953	115
F.Y. 1990	2,838	83
F.Y. 1989	2,755	1,030
F.Y. 1988	1,720	

The large increase between F.Y. 1988 and F.Y. 1989 is explained by three factors. First, the decrease in the WADM weight for secondary students reduced the total WADM count, making it possible to increase funding per WADM. Second, a number of categorical aid programs that had existed until F.Y. 1988 were folded into F.Y. 1989 General Education revenue. Third, percentage of total General Education revenue distributed through the basic formula was increased substantially in F.Y. 1989, and the percentage distributed through other formula components (e.g., training and experience) was decreased.

2. Compensatory Revenue.

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

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

Compensatory revenue is provided only to districts where the ratio of AFDC students to WADM is at least 0.06. As this "concentration ratio" increases, the revenue per AFDC pupil also increases, as shown by the following schedule:

<u>Ratio of AFDC Students to WADM</u>	<u>AFDC Pupil Units per AFDC Student</u>
.06 - .0699	0.1
.07 - .0799	0.2
.08 - .0899	0.3
.09 - .0999	0.4
.10 - .1099	0.5
.11 and above	0.6

For example, if a district has an AFDC count of 75 and a WADM of 1,000, it will have:

- a concentration ratio of $75/1,000 = .075$;
- a ratio of 0.2 AFDC pupil units per AFDC student; and
- an AFDC pupil unit total of $75 \times 0.2 = 15$.

3. Training and Experience (T&E) Revenue.

T&E revenue is provided to districts whose teachers have high average levels of graduate training and teaching experience.

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

Once the state average salary schedule is defined, the following calculations are made:

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

Revenue is provided through the following formula:

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

Districts with a T&E index below 1.6 do not receive T&E revenue.

4. Sparsity Revenue.

Sparsity revenue is provided to districts with small schools that are too isolated to reduce costs by cooperating or consolidating. The smaller the enrollment, the greater the potential sparsity revenue per student. The greater the isolation, the greater the portion of potential revenue that is paid.

a. Sparsity Revenue for High Schools.

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

Program: 01 General Education Program
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0101 GENERAL EDUCATION PROGRAM

Extra cost =

formula allowance x
secondary ADM x
(400 - secondary ADM)/(400 + secondary ADM)

The next step is to determine the portion of extra cost that will be funded. This is determined with reference to a high school's isolation index, which equals the square root of 1/2 the area of the school district, plus the distance to the nearest other high school. (If a district is perfectly square and has a high school at its center, the square root of 1/2 the area equals the distance from the high school to the most remote point within the district. If a district has more than one high school, the district's area is divided equally among all high schools.)

The portion of extra cost that is funded is determined by the formula:

Portion = (isolation index - 23)/10 with a minimum of 0 and a maximum of 1.

b. Sparsity Revenue for Elementary Schools.

Sparsity revenue for elementary schools was first provided in F.Y. 1990. It is determined on a school-by-school basis, and provided for schools with an elementary ADM (Kindergarten through Grade 6) less than 140. The extra cost of operating a small school is determined by the formula:

Extra cost = formula allowance x elementary ADM x
(140 - elementary ADM)/(140 + elementary ADM)

If an elementary school is located at least 20 miles from the nearest other elementary school, the entire extra cost is covered by sparsity revenue. If an elementary school is located less than 20 miles from the nearest other elementary school, none of the extra cost is covered.

5. Supplemental Revenue.

Supplemental revenue ensures that a district's revenue per WADM from the above 4 sources will exceed its base F.Y. 1988 revenue per WADM by a designated minimum amount:

Supplemental Revenue =

WADM x [(F.Y. 1988 Revenue)/(F.Y. 1988 WADM) + (minimum increase) -
[(Basic + Compensatory + T&E + Sparsity Revenue)/WADM]]

with a minimum of \$0. For purposes of this calculation:

- F.Y. 1988 Revenue =
Foundation Aid and Levy +
Teacher Retirement Aid +
Chemical Dependency Aid +
Gifted and Talented Aid +
Arts Education Aid +
Summer Program Aid and Levy +
Liability Insurance Levy.

- F.Y. 1988 WADM is based on a secondary weight of 1.35.

Designated minimum increased over F.Y. 1988 revenue are as follows:

F.Y.	Minimum Increase	Change from Prior Year
1992	\$ 258	\$ 0
1991	258	115
1990	143	73
1989	70	

Note that in both F.Y. 1991 and F.Y. 1992, the change in the minimum increase from the prior year equals the change in the formula allowance from the prior year. If supplemental revenue is to be phased out, changes to the minimum increase must be set less than changes to the formula allowance.

6. Operating Fund Balance Reduction.

A reduction to General Education revenue is applied to districts with high balances in the general, transportation, food service, and community service funds. The reduction equals the amount by which the total undesignated balance in these 4 funds exceeds \$600 per pupil unit served, with a maximum reduction of \$150 per WADM.

The fund balance reduction has evolved as follows:

Revenue year:	1990	1991	1992
Based on fund balance as of:	6/30/88	6/30/89	6/30/91
	F.Y. 1988 WADM	F.Y. 1989 Pupil Units Served	F.Y. 1990 Pupil Units Served
Maximum balance = \$600 times the:	(wt. = 1.40)		

The student count has been changed from WADM to pupil units served in response to the needs of districts serving large numbers of students through open enrollment. (WADM is a measure of resident pupil units.) Also, the fund balance date has been changed from the end of the second prior year to the end of the first prior year. This is because 1) the fund balance at the end of the first prior year is a better measure of funding need, and 2) even if the calculation is based on the end of the second prior year, it is necessary to employ estimated rather than actual pupil units.

C. The Calculation of Aids and Levies.

The General Education levy is established in law as a statewide dollar target (\$845 million for F.Y. 1992). This amount is then allocated among districts by calculating a uniform statewide rate. For property taxes levied in 1990 for payment in 1991 to generate revenues for F.Y. 1992, this rate is 26.4% of Adjusted Net Tax Capacity (ANTC). The concept of ANTC is discussed below. The tax rate is subject to minor adjustment, but the tax burden is nevertheless very constant across all districts.

As a result of the funding system:

- All districts make equivalent tax efforts.
- All districts receive equivalent funding per student.

0101 GENERAL EDUCATION PROGRAM

- The greater a district's property wealth per student, the greater the portion of its revenue that is generated by local taxes.

1. Adjusted Net Tax Capacity.

Adjusted Net Tax Capacity is a measure of property valuation that reflects the relative ability of school districts to generate local revenue. It was first used as a basis for property taxes levied in 1989 for payment in 1990 to generate revenues for F.Y. 1991.

The ANTC is determined as follows:

- The Net Tax Capacity (NTC) equals the product of the market value as determined by the tax assessor multiplied by a statutory percentage or "class rate." The percentage of market value varies with the class of property.
- The Adjusted Net Tax Capacity represents the NTC after an adjustment that is determined by a sales ratio study conducted by the Minnesota Department of Revenue.

The sales ratio compares the actual selling price of property to the value assigned by the assessor. Since the typical ratio of assigned value to true market value will vary from assessor to assessor, the NTC prior to the sales ratio adjustment is not an accurate measure of the local ability to generate revenue for schools. The ANTC, however, is an accurate measure.

2. Aid and Levy for General Revenue Before Adjustment.

General Education revenue before adjustment equals the sum of basic, compensatory, T&E, and sparsity revenue. For most districts, the separation of this revenue into aid and levy is:

$$\begin{aligned} \text{Levy} &= \text{Rate} \times \text{ANTC} \\ \text{Aid} &= \text{Revenue} - \text{Levy} \end{aligned}$$

As already noted, the rate for F.Y. 1992 revenue is 26.4% of ANTC. The rate for F.Y. 1991 revenue was 26.3% of ANTC.

If a district's ANTC is extremely high, then the rate times the ANTC may exceed the revenue. In such cases, the district is said to be off the formula, and the above rules do not apply. Districts off the formula generally do not receive any state aid for general revenue purposes. These districts are required to levy for the full amount of General Education revenue, and are also required to make an additional levy for levy equity.

The levy equity amount equals a portion of the amount by which the rate times the ANTC exceeds the revenue. The portion is being increased annually:

Revenue Year	Levy Equity Portion
F.Y. 1989	1/4
F.Y. 1990	1/3
F.Y. 1991	1/2
F.Y. 1992	2/3
F.Y. 1993	5/6

Revenue raised through levy equity is subtracted from state aid. Since districts off the formula do not receive any state aid for general revenue purposes, the subtraction is made from state aids that are not associated with General Education revenue.

3. Aid and Levy for Supplemental Revenue.

The levy for Supplemental revenue equals the total revenue multiplied by the levy ratio. The levy ratio equals General Education revenue before adjustment, divided by the product of the standard General Education levy rate times the ANTC. For districts off the formula, the levy ratio is set equal to 1.

Supplemental aid equals total Supplemental revenue minus the Supplemental levy.

4. Fund Balance Reductions to Aid and Levy.

The General Education levy is reduced by an amount equal to the total reduction for operating fund balance, multiplied by the levy ratio.

General Education aid is reduced by an amount equal to the total reduction for operating fund balance, minus the levy reduction for operating fund balance.

D. Restrictions to Spending General Education Revenues.

General Education revenues are, for the most part, free from spending restrictions. However, certain requirements must be met:

1. The categorical revenues that were folded into the F.Y. 1989 General Education Program are contained in a categorical reserve. Districts must spend at least 2.2% of their Basic revenue (formula allowance times WADM) on one or more of the following programs:

- a. Arts Education;
- b. Chemical Abuse Education;
- c. Gifted and Talented Education;
- d. Interdistrict Cooperation;
- e. Programs of Excellence;
- f. Summer Instructional Programs; and
- g. Exam fees for International Baccalaureate and College Board Advanced Placement Programs.

2. Each year a district must set aside \$10 per WADM for staff development programs.

3. Each year a district must set aside \$5 per WADM for career teacher staff development if it participates in the career teacher program.

4. Districts are no longer required to spend compensatory revenue for compensatory purposes, but they are required to report how compensatory revenue is spent.

E. Replacements of General Education Revenue.

A district's General Education revenue is reduced by the amount that it receives from the following sources:

1. The School Endowment Fund.

The School Endowment Fund is apportioned twice a year to all districts on the basis of the previous year's average daily membership (M.S. 124.09). The School Endowment Fund distributes money that is transferred to it from the Permanent School Fund, which generates revenue from its holdings of real property.

Program: 01 General Education Program
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0101 GENERAL EDUCATION PROGRAM

If a district receives no General Education aid because it is off the formula, the amount it receives from the Endowment School Fund is subtracted from other state aids provided to the district.

2. County Apportionment Deduction.

School districts receive revenue from the apportionment of certain county receipts (M.S. 124.10). This revenue is derived from penalties on real estate taxes, taxes on transmission and distribution lines, liquor license fees, fines, estrays, and other sources.

For districts on the formula, this revenue is deducted from General Education aid. For districts off the formula, it is deducted from the General Education levy.

3. Taconite Aid.

Certain districts receive a portion of the state's revenue from various taconite taxes (M.S. 294.21 - 294.28; 298). The General Education revenue of these districts is reduced by an equal amount. The General Education levy is reduced by a minimum of 50% of the second previous year's taconite receipts. The remaining reduction is taken from General Education aid.

F. Shared-Time General Education Aid.

General Education aid is paid to districts for students who attend public schools on a part-time basis while also attending private schools. Revenue for shared-time pupils equals their full-time-equivalent WADM times the formula allowance. This revenue does not have a levy component; it comes entirely in the form of aid.

G. Enrollment Options Programs.

Minnesota is known nationally for its Enrollment Options (EO) programs. Various methods are used so that funding follows the students.

1. The Postsecondary Enrollment Options (PSEO) program provides opportunities for students in Grades 11 and 12 to participate in state universities, community colleges, technical colleges, and other postsecondary programs.

Secondary students generate General Education revenues as if they were enrolled at a high school full-time, even though they may not actually attend the high school at all. The state transfers a portion of the General Education revenue earned to the postsecondary institution to pay for tuition, books, and fees. If a student attends high school for any length of time, the district is paid its prorated share first; then the postsecondary institution is paid for tuition, books, and fees that accrue there, until the per pupil amount is exhausted. Any amount not needed to pay the postsecondary costs remains with the school district.

2. The School District Enrollment Options (SDEO) program provides students through Grade 12 (up to age 21) opportunities to attend any school district, with the following restrictions:

- a. The district of residence can stop a student from attending elsewhere only if the transfer would interfere with a desegregation plan.
- b. Students who wish to make a transfer must follow a designated schedule for informing their district of residence and applying to the other district.

- c. The other district can deny a transfer on the basis of space limitations or desegregation needs.
- d. Students/parents must provide their own transportation to the border of their district of attendance.

A Uniform Method of Funding (M.S. 124A.036, Subd. 5) provides districts with General Education revenue and capital expenditure revenue for nonhandicapped students who attend programs in a district other than their district of residence. Handicapped students are funded as tuition students. Under the Uniform Method:

- a. School district initial General Education revenue is calculated on the basis of resident WADM.
- b. Adjustments are then made to General Education aid. For each district:

The Minnesota Department of Education determines:

- The WADM generated by students who attend enrollment options programs within the district but who reside elsewhere.
- The WADM generated by students who reside within the district who attend enrollment options programs elsewhere.
- The resulting net change in WADM.

The aid adjustment is determined by multiplying:

- the district's General Education revenue per WADM, exclusive of compensatory revenue, times
- the net change in WADM associated with the enrollment options programs.

3. High School Graduation Incentives Program.

The High School Graduation Incentives (HSGI) program provides opportunities to:

- a. Students under age 21 who have experienced difficulty in the traditional education system; and
- b. Students above age 21 who are economically disadvantaged, and who have completed Grade 10 but have not graduated from high school.

Youth and adult students who participate in HSGI can attend school in a variety of settings:

- a. Area Learning Centers;
- b. Public Alternative Programs;
- c. Private Alternative Programs in nonpublic, nonprofit, nonsectarian schools that have contracts with public school districts (up to age 21 only);
- d. colleges or technical colleges, under the provisions of the Postsecondary Enrollment Options Program; and
- e. traditional schools.

Area Learning Centers (ALCs) offer individualized academic and vocational programs all year long. Often, education programs are available in the late afternoon, evenings and Saturdays. Students choose full-time or part-time schedules.

Alternative programs offer similar programs as ALCs, but often the program scope is less and schedules are not as flexible.

The Uniform Method of Funding is used for HSGI students under age 21. For adults age 21 and over, Adult Graduation Aid provides 65% of the General Education formula allowance times 1.35

0101 GENERAL EDUCATION PROGRAM

times the average daily membership (ADM). No adult may generate more than 2.0 ADM under the program during the course of their enrollment. Participants in PSEO are funded under the separate method explained earlier.

PERFORMANCE:

The General Education formula provides school districts with approximately 81% of their general fund revenues. These revenues are provided through a set of component formulas designed to meet the diverse needs of Minnesota's 432 school districts. This revenue is provided through a combination of state aid and local property tax levies.

■ Equity for students.

Approximately 96% of the revenue provided by the General Education formula is provided in the basic component of the formula. For F.Y. 1991 each district will receive \$2,953 per pupil unit in basic revenue. This provides an equal base of funding for all pupils throughout the state. However, some school districts are faced with higher costs of delivering like services. The formula provides equity for students by providing additional revenues to these districts when the additional costs are beyond the control of the local district.

Additional salary costs relating to the training and experience of teachers is an example of such a cost. Since teacher salaries are based on the level of training and number of years experience, districts with higher numbers of teachers with advanced education and/or more years of experience face higher costs than districts with lower levels of training and experience and the same salary schedule. Districts receive training and experience revenue based on the level of training and experience of their staff irrespective of differences in salary schedules. Additional revenue is provided only to districts with the highest levels of training and experience. For these districts the training and experience revenue funds about 50% of the marginal cost. For districts with lower levels of training and experience, no additional revenue is provided. For F.Y. 1991, 42 districts will receive approximately \$14.5 million in training and experience revenue.

School districts with low enrollment face additional costs per pupil resulting from small class sizes. In some cases these districts are geographically isolated such that it is not practical to improve efficiency by cooperating with neighboring school districts. Sparsity revenue provides additional revenue to districts that are both small and geographically isolated. For F.Y. 1991, 49 districts will receive approximately \$5 million in sparsity revenue.

School districts also face differing costs as a result of differences in the student populations being served. The cost of providing educational services to one group of students may be significantly different than the cost of providing educational services to another group of students. Some of these differences are addressed in the General Education formula while others are addressed by categorical formulas. The General Education formula adjusts for differences in student populations in two ways: 1) grade level weighting, and 2) compensatory revenue.

The General Education formula provides revenues on a per pupil basis. The measure of pupils used is weighted average daily membership (WADM). Each pupil is weighted according to grade level with kindergarten students weighted at 0.5, elementary students weighted at 1.0 and secondary students weighted at 1.35 to reflect the relative differences in cost.

Compensatory revenue provides additional revenue to school districts with high concentrations of students from families receiving Aid to Families with Dependent Children (AFDC) benefits. Districts

receive AFDC pupil units based on the number of AFDC children and the level of concentration. In order to qualify for compensatory revenue, the count of AFDC students must be greater than or equal to 6% of the district's pupil units. For districts with less than 6% concentration, additional revenue is provided. The amount of compensatory revenue per AFDC student increases as the percent of concentration increases. For F.Y. 1991, 125 districts will receive approximately \$65 million in compensatory revenue.

In addition, Minnesota improves equity for students by providing a variety of options for attending programs other than those offered by their local district. These include Open Enrollment, High School Graduation Incentives, Private Alternative Programs and Postsecondary Enrollment Options. These programs allow students greater flexibility in meeting their individual needs by providing greater access to educational programs. When students attend a school district other than the one in which they reside, the General Education revenue is transferred to the district of attendance by reducing the aid of the resident district and increasing the aid of the district providing the education. Local property taxes remain unchanged as a result of attendance option programs.

■ Equity for taxpayers.

In order to receive full General Education revenue, each district must levy a local property tax based on a uniform tax rate. Thus, all districts receive equal revenues, adjusted for cost differences, for an equal local tax effort. Without equalization of tax levies the local taxpayers in districts with lower property wealth would be required to tax at a higher rate to provide equivalent educational programs. For F.Y. 1991, the required local tax rate is 26.3% of adjusted net tax capacity.

For districts where the property values are so high that the required local tax rate would raise more than the General Education revenue (districts "off the formula"), the levy amount in excess of the formula revenue is subtracted from other state aids. This adjustment is called "levy equity" and is being phased in over a 6 year period. Without the levy equity adjustment high property value districts would have a lower tax rate. In F.Y. 1991, 4 districts will be "off the formula".

Districts that receive additional revenues that are not related to cost differences should have higher tax rates. Districts that receive supplemental (hold-harmless) revenue are required to levy an additional local levy. This levy is also equalized such that the additional tax rate is a function of the additional revenue per pupil and not related to property wealth.

■ Efficient use of resources.

The General Education formula promotes efficient use of resources by providing additional revenues only for cost factors that are beyond the control of the school district. The formula provides additional funding for training and experience of teachers but not for differences in locally negotiated salary schedules. Also, the formula provides additional funding for small and geographically isolated districts but does not provide additional revenues to small districts that may be able to improve efficiency through cooperation. School districts cannot increase their General Education revenue simply by deciding to spend more.

The General Education revenue for districts with "excess" fund balances is reduced by 1) the amount the fund balance exceeds \$600 per pupil unit, or 2) \$150 per pupil unit, whichever is less. Thus, districts are required to spend down excess fund balances before they receive access to the full level of General Education revenue.

■ Local control.

The General Education formula is a general purpose formula that allows local school districts to determine how the funds are spent. The districts make choices such as the number of courses offered, level of teacher salaries, and class size. This allows local schools to design an education program to meet the needs and goals of the local community. In cases where there are some restrictions on the use of funds, such as staff development and the categorical reserve, the districts are still provided with a great deal of flexibility.

Program: 01 General Education Program
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0101 GENERAL EDUCATION PROGRAM

- Facilitate attainment of state priorities.

In order to insure the provision of certain programs and services identified as priorities at the state level, the use of a small portion of the General Education revenue is restricted. Districts are required to reserve 2.2% of the basic revenue (\$64.97 per pupil unit in F.Y. 1991) for expenditures on certain categorical programs that formerly received separate funding. In addition, districts are required to reserve \$10 per pupil unit for staff development programs and an additional \$5 per pupil unit if they participate in the career teacher program. Districts are also required to keep separate accounts for the expenditures of compensatory revenue.

- Stability for students and taxpayers.

The General Education formula provides for stability in revenue per pupil unit through use of a hold harmless provision. Supplemental revenue guarantees that all districts will receive at least a minimum increase in revenue per pupil unit over the amount received for F.Y. 1988 from the various revenue formulas that were consolidated into the General Education revenue. This prevents school districts from having to make significant cuts in program as a result of changes in the funding formula. For F.Y. 1991, 66 districts will receive approximately \$12.6 million in supplemental revenue.

In addition, in F.Y. 1989, the first year of the General Education formula, mill rate adjustment aid provided stability for taxpayers. This provision softened the increase in property taxes due to the change in the funding formula. The state reduced tax rate increases that were in excess of 2 mills by providing additional state aid.

The General Education formula is funded from a combination of state and local tax revenues. Use of a variety of tax sources also contributes to the stability for students and taxpayers.

PROSPECTS:

- Level of Funding.

The majority of a school district's general fund revenue is provided through the General Education formula. Thus, it is important that the level of funding provided be adequate to cover the costs of educational programs which should be available to all Minnesota students. Without adequate General Education revenue, districts would need to choose between eliminating programs, increasing class sizes, and/or raising additional revenues through referendum levies. Such actions by school boards may create inequities for both students and taxpayers. Continued growth in use of referendum levies and declines in school district fund balances suggest that the General Education revenue is not covering the costs of the educational programs currently being provided.

To address this problem, the General Education formula should address more fully the cost differences among districts. The compensatory and training and experience components of the formula should be increased substantially with the formulas adjusted to recognize the full range of differences among districts. Existing referendum levies should then be adjusted to reflect this new funding, and state aid provided to equalize the revenue per pupil from these levies. To ensure that all students have access to essentially equal educational programs, an upper limit would be placed on referendum levies.

- Factors requiring increased appropriations.

The number of students in Minnesota public schools is increasing each year and is expected to continue to increase through most of the 1990s. These increases in students create additional need for General Education funding. Total General Education revenue will increase at a faster rate than the amount per pupil.

The F.Y. 1992 appropriation for general education aid will increase as a result of previous legislative action. In the 1989 Special Session, General Education aid was increased significantly by reducing the local levy amount in exchange for lower amounts of Homestead Agricultural Credit Aid (HACA) and Local Government Aid (LGA). This change increased aid entitlements for F.Y. 1991. However, since appropriations are based on an 85% for the current year and 15% for the prior year payment basis, the full impact of this change was not reflected in the F.Y. 1991 appropriation level. Beginning in F.Y. 1992 the final payments will also reflect the increased entitlements. These increases in General Education appropriations should be offset by decreased appropriations for HACA and LGA.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following modifications in the General Education Program:

1. Set the formula allowance for F.Y. 1992 at \$3,050 and the formula allowance for F.Y. 1993 at \$3,050.
2. Beginning in F.Y. 1992, change the secondary pupil weight used in computing weighted average daily membership (WADM) from 1.35 to 1.30 to more closely reflect differences in the average cost of educating secondary and elementary pupils.
3. Beginning in F.Y. 1993, eliminate the \$15 million reduction in general education aid for changes in teacher retirement employer contribution rates. This will simplify the funding system and provide \$15 million of additional revenue for school districts.
4. Beginning in F.Y. 1992, compute AFDC pupil units based on a two year average of AFDC counts to provide more stable funding for compensatory programs.
5. For F.Y. 1992, a district's total Supplemental Revenue equals the district's total F.Y. 1991 Supplemental Revenue to ensure that districts with supplemental revenue receive the same increase in general education revenue for F.Y. 1992 as other districts.
6. Beginning in F.Y. 1992, establish a reserved revenue of \$20 per WADM for elementary teacher preparation time. This portion of a district's basic revenue must be used for elementary teacher preparation time. If the cost of this program is less than \$20 per WADM, a district could use the remaining amount for staff development.
7. Beginning in F.Y. 1993, eliminate the mandatory transfer of general education revenue to the community service fund for teacher retirement employer contributions. This will simplify the funding system and provide districts with greater flexibility in the use of general education revenue.
8. Beginning in F.Y. 1993, a district's minimum allowance for computing Supplemental Revenue equals the district's F.Y. 1992 General Education Revenue per pupil unit, including Supplemental Revenue but excluding Referendum Revenue.

0101 GENERAL EDUCATION PROGRAM

9. Beginning in F.Y. 1993, modify the formula used to compute AFDC pupil units to adjust for the full range of difference in AFDC concentration among districts as follows:

AFDC Pupil Units =
Two Year Average AFDC Count
x 0.6
x Lesser of one or
(AFDC Concentration Percentage/11%)

The AFDC concentration percentage equals the ratio of two year average AFDC count to two year average ADM served, times 100.

This will more closely reflect the variations among districts in need for compensatory services for students whose educational achievement is below the level that is appropriate for students of their age.

10. Beginning in F.Y. 1993, modify the formula used to compute Training and Experience Revenue to adjust for most of the range of difference among districts as follows:

- a. Modify the computation of the training and experience (T&E) index such that an index of 1.0 represents the state average teacher salary rather than the average salary for teachers with a Bachelor's degree and no experience. This will improve the stability of training and experience computations over time.
- b. Change the formula for computing a district's training and experience allowance to the following:

$$\text{T\&E Allowance} = (\text{T\&E Index} - 0.9) \times \$1,200$$

This will more closely reflect the variations among districts in teacher compensation costs associated with differences in training and experience of teachers.

11. Phase-in the increase in Compensatory Revenue and Training & Experience Revenue over 4 years. A district's F.Y. 1993 allowance for Compensatory Revenue and T&E Revenue equals the allowance computed under the previous formula plus 1/4 of the difference between the allowance computed under the recommended formula and the allowance computed under the previous formula.

12. Incorporate the Referendum Levy into the General Education Program as follows:

- a. Convert 1990 Payable 1991 referendum levies to a dollar amount per actual pupil unit.
- b. Referendum Revenue for existing referendum levies equals the converted amount per pupil unit minus the portion of the increase in Compensatory Revenue and T&E Revenue not deducted from the Supplemental Revenue. The allowance would continue for the number of years authorized under current law.
- c. State aid will be provided to equalize the first \$200 per pupil unit of referendum revenue using an equalizing factor of \$3,400 per pupil unit.

- d. A district's Referendum Revenue will be limited to the greater of:

- (i) the amount computed in (b) or
(ii) \$600 per pupil unit plus a cost of living adjustment of up to \$264 for school districts in counties with high cost of living.

This will reduce overall reliance on referendum levies, provide all districts with more equal access to referendum revenue, and reduce variations in referendum tax rates among districts.

13. Set the target for the state total general education levy at \$935.5 million for F.Y. 1993 and at \$998.9 million for F.Y. 1994.

The Governor recommends an aid entitlement of \$1,796,851 for F.Y. 1992 and \$1,828,818 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$1,617,047 in F.Y. 1992 (\$247,303 for F.Y. 1991 and \$1,369,744 for F.Y. 1992), and \$1,751,315 in F.Y. 1993 (\$255,324 for F.Y. 1992 and \$1,495,991 for F.Y. 1993).

Revised as of March 28, 1991

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0101 GENERAL EDUC PROGRAM

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 1,287,925	\$ 1,742,904	\$ 1,742,904	\$ 1,742,904
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Revenue Incr. (Decr.):				
Weighted Avg Daily Memb		9,964	78,355	148,720
AFDC Pupil Units		<4,233>	<1,543>	36
Fund Bal. Subtraction		<830>	3,255	3,310
Levy Decr. (Incr.)				
Basic Levy		8,067		
Supplemental Levy		<61>		
Combination Of Variables	1,308			
B.Legislation Becoming Effective				
Levy Target Amount:				
Basic			<58,443>	<100,014>
Supplemental			<370>	<723>
Levy Equity Phase-In			<139>	<556>
3.CURRENT ENTITLEMENT	1,289,233	1,755,811	1,764,019	1,793,677
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Rev Incr. (Decr.):				
Change WADM Computation			<48,810>	<50,759>
Formula Allow. Increase			83,500	83,528
Change In T&E Formula			<1,412>	22,786
Chng Compensatory Form.				7,469
Supplemental Rev Decr.			<276>	<5,259>
Referendum Decrease				<19,617>
Addtl. Referendum Due To Equalization				18,882

Rev d as of March 28, 1991

EDUCATION A.S - GOVERNOR'S BUDGET
(Dollars in Thousands)

0101 GENERAL EDUC PROGRAM

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC	
			F.Y. 1992	F.Y. 1993
Levy Decr. (Incr.):				
Incr Basic Dollar Target				<13,820>
To Offset Decr. In				
Categorical Levies				
Incr Basic Dollar Target				<32,898>
Due To Decr In Supp.				
& Referendum Levies				
Supplemental Levy Decr.			22	2,280
Reductions To Existing				30,617
Referendums				
Addtl. New Referendums				<8,069>
Due To Equalization				
Levy Incr. For Districts			<192>	
Off The Formula Due To				
Revenue Increase				
Total Policy Changes			32,832	35,140
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			1,796,851	1,828,817
7.APPROPRIATIONS BASIS:				
Current Year	1,053,686	1,392,261	1,369,744	1,495,991
Prior Year	172,073	177,632	247,303	255,324
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	1,225,759	1,569,893	1,617,047	1,751,315
8.LEVY AUTHORITY	1,106,181	787,387	854,515	1,260,760*

(*) Includes \$319,638 of referendum levy folded into the General Education Program

Note: F.Y. 1990 and F.Y. 1991 aid entitlements and appropriations may differ from those identified in Tables 1-1 and 1-2 due to timing of forecast variables.

Program: 01 General Education Program
(Continuation)

1992-93 Biennial Budget

Agency: Education Aids

0101 GENERAL EDUCATION PROGRAM

TABLE 1-1
GENERAL EDUCATION PROGRAM (ANNUAL ENTITLEMENT BASIS)
(\$ in 000s)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>Current Law F.Y. 1992</u>	<u>Current Law F.Y. 1993</u>
I. Pupil Unit and Property Valuation Data					
A. Average Daily Membership (ADM)					
1. Pre-kindergarten	3,812	3,920	3,920	3,920	3,920
2. Kindergarten handicapped	815	879	879	879	879
3. Kindergarten nonhandicapped	61,103	61,164	62,899	61,464	60,720
4. Elementary	341,970	354,100	364,139	373,253	377,634
5. Secondary	<u>315,899</u>	<u>313,275</u>	<u>318,315</u>	<u>329,034</u>	<u>343,538</u>
6. Total ADM	723,598	733,338	750,152	768,550	786,691
B. Weighted Average Daily Membership (WADM)					
1. Total WADM	803,612	812,402	830,112	852,980	876,569
C. AFDC Pupil Units					
1. Student counts	59,357	60,564	60,730	60,730	60,730
2. AFDC pupil units	21,854	22,284	21,836	21,704	21,564
D. Total Pupil Units					
E. Property Valuation					
1. Valuation year	1986	1987	1988	1989	1990
2. AAV (Adjusted Assessed Valuation)	\$ 30,257,784.2	---	---	---	---
3. AGTC (Adjusted Gross Tax Capacity)	---	\$ 3,820,645.1	---	---	---
4. ANTC (Adjusted Net Tax Capacity)	---	---	\$ 2,995,558.1	\$ 3,235,634.7	\$ 3,382,949.5
II. General Education Revenues					
A. Basic Revenue					
1. Formula allowance	\$ 2,755	\$ 2,838	\$ 2,953	\$ 2,953	\$ 2,953
2. Basic revenue (WADM times formula allowance)	2,213,957.8	2,304,820.4	2,451,323.0	2,518,849.6	2,588,509.1
3. Districts	435	435	432	432	432
B. Compensatory Revenue					
1. Amount	60,206.7	63,241.1	64,482.9	64,090.7	63,678.8
2. Districts	---	132	125	122	118
C. Training and Experience Revenue					
1. Amount	15,286.9	14,195.4	14,520.7	14,896.1	15,316.4
2. Districts	34	42	42	42	42
D. Elementary Sparsity Revenue					
1. Amount	---	638.5	636.5	663.3	663.3
2. Districts	---	9	9	9	9

0101 GENERAL EDUCATION PROGRAM

TABLE 1-1 (Contd.)	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	Current Law F.Y. 1993
E. Secondary Sparsity Revenue					
1. Amount	4,282.3	4,399.0	4,588.1	4,511.7	4,410.2
2. Districts	49	51	49	48	47
F. Fund Balance Reduction					
1. Maximum fund balance per pupil units*	600	600	600	600	600
2. Fund balance reduction	4,157.1	6,345.7	7,713.4	3,627.5	3,573.3
3. Districts	93	101	98	63	60
G. General Education Revenue (Excl. Supplemental)					
1. Amount	2,289,576.6	2,380,948.7	2,527,837.7	2,599,383.9	2,669,004.5
2. Districts	435	435	432	432	432
III. General Education Aid and Levy					
A. Initial General Education Levy					
1. Basic tax rate					
a. AAV mills	35.9	----	----	----	----
b. Percent of AGTC	----	29.3	----	----	----
c. Percent of ANTC	----	----	26.3	26.4	26.5
2. Statutory amount to be levied	1,079,800.0	1,100,580.0	N/A	845,000.0	887,000.0
3. Actual levy amount	1,072,511.3	1,099,770.8	783,085.7	848,188.8	890,221.8
4. Districts	435	435	432	432	432
B. Fund Balance Reduction to Levy					
1. Amount	1,849.7	2,712.4	2,850.7	1,307.2	1,351.6
2. Districts	93	101	98	63	60
C. Mill Rate Adjustment Aid					
1. Amount	33,665.5	----	----	----	----
2. Districts	412	----	----	----	----
D. Net General Education Levy					
1. Amount (initial levy minus fund balance reduction and mill rate adjustment aid)	1,036,996.0	1,097,058.4	780,235.0	846,882.2	888,870.2
2. Districts	435	435	432	432	432
E. General Education Aid					
1. Initial aid amount	1,225,549.7	1,295,470.2	1,752,804.4	1,755,430.1	1,783,381.0
2. Fund balance reduction	(2,307.3)	(3,633.3)	(4,862.7)	(2,320.3)	(2,221.7)
3. Mill rate adjustment aid	33,665.5	----	----	----	----
4. Total aid	1,256,907.7	1,291,836.7	1,747,977.7	1,753,109.8	1,781,159.3
5. Districts					
a. Receiving initial aid	435	435	429	428	428
b. Fund balance reductions	90	98	95	62	59
c. Receiving mill rate adjustment aid	412	----	----	----	----
d. Total districts	435	435	429	428	428

* For F.Y. 1989 and F.Y. 1990, Maximum Fund Balance is measured per WADM. Beginning in F.Y. 1991, Maximum Fund Balance is measured per Fund Balance Pupil Unit.

Program: 01 General Education Program
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0101 GENERAL EDUCATION PROGRAM

TABLE 1-1 (Contd.)	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>Current Law F.Y. 1992</u>	<u>Current Law F.Y. 1993</u>
F. Levy Equity Adjustment					
1. Amount off the formula	18,070.4	27,624.7	5,123.1	6,649.8	7,284.8
2. Levy equity adjustment (the amount added to the levy and then subtracted from state categorical aids)	4,327.3	7,946.6	375.0	608.1	1,025.0
3. Districts	12	11	3	4	4
IV. Supplemental Aid and Levy					
A. Supplemental Revenue					
1. Minimum increase per WADM over 1987-1988	70	143	258	258	258
2. Amount	14,359.7	11,882.7	12,701.9	12,991.8	13,556.1
3. Districts	38	72	66	66	67
B. Supplemental Levy					
1. Amount	9,014.3	9,122.6	7,151.5	7,503.0	7,921.2
2. Districts	98	72	66	66	67
C. Supplemental Aid					
1. Amount	5,345.4	2,760.1	5,550.4	5,488.8	5,634.9
2. Districts	98	64	58	63	64
V. Shared Time Aid					
A. FTE Pupil Units	979	910	900	900	900
B. Formula Allowance	2,755	2,838	2,953	2,953	2,953
C. Amount	2,698.3	2,582.6	2,657.7	2,657.7	2,657.7
D. Districts	124	124	124	124	124
VI. Subtractions from Aid					
A. Endowment Fund Earnings	30,916.2	32,966.5	30,000.0	30,000.0	30,000.0
B. Taconite Aid	4,449.7	6,255.5	4,625.2	2,764.1	2,764.1
C. County Apportionment	<u>12,188.9</u>	<u>13,000.0</u>	<u>12,000.0</u>	<u>12,000.0</u>	<u>12,000.0</u>
D. Total Subtractions	47,554.8	52,222.0	46,625.2	44,764.1	44,764.1
VII. Transfer of School District Aid to Postsecondary Institutions for Enrollment Options					
A. Students	5,876	5,861	6,100	6,100	6,100
B. Districts	291	295	310	310	310
C. Amount of Aid Transferred	3,977.1	4,304.0	4,500.0	4,500.0	4,500.0
VIII. Program Totals					
A. Total Program Revenue					
1. Reserved for categoricals	48,707.1	50,714.1	53,929.1	55,414.7	56,947.2
2. Reserved for staff development	8,036.1	8,124.0	8,301.1	8,530.0	8,765.7
3. Unreserved revenue	<u>2,249,891.4</u>	<u>2,336,575.9</u>	<u>2,480,967.1</u>	<u>2,551,088.7</u>	<u>2,619,505.4</u>
4. Total program revenue	2,306,634.6	2,395,414.0	2,543,197.3	2,615,033.4	2,685,218.3

Program: 01 General Education Program
 (Continuation)
 Agency: Education Aids

1992-93 Biennial Budget

0101 GENERAL EDUCATION PROGRAM

TABLE 1-1 (Contd.)	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>Current Law F.Y. 1992</u>	<u>Current Law F.Y. 1993</u>
B. Total Local Levies	1,046,010.3	1,106,181.0	787,386.5	854,385.2	896,791.4
C. Total Aid Entitlement					
1. Gross aid (districts on the formula)	1,264,951.6	1,297,179.6	1,756,185.8	1,761,256.3	1,789,451.9
2. Levy equity adjustment	<u>(4,327.3)</u>	<u>(1,946.6)</u>	<u>(375.0)</u>	<u>(608.1)</u>	<u>(1,025.0)</u>
3. Gross aid before subtractions	1,260,624.3	1,289,233.0	1,755,810.8	1,760,648.2	1,788,426.9
4. Subtractions	<u>(47,554.0)</u>	<u>(52,222.0)</u>	<u>(46,625.2)</u>	<u>(44,764.1)</u>	<u>(44,764.1)</u>
5. Net aid	1,213,070.3	1,237,011.0	1,709,185.6	1,715,884.1	1,743,662.8

Program: 01 General Education Program
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0101 GENERAL EDUCATION PROGRAM

TABLE 1-2
GENERAL EDUCATION PROGRAM (APPROPRIATION ACCOUNT BASIS)
(\$ in 000s)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>Governor's Recommendation</u>	
				<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
I. Prior Year Final Adjustment					
A. Gross Payment					
1. Regular	\$ 150,674.4	\$ 189,883.2	\$ 197,210.6	\$ 263,029.2	\$ 269,185.5
2. Shared time	213.4	408.1	220.0	398.7	402.6
3. Total gross payment	<u>150,887.8</u>	<u>190,291.3</u>	<u>197,430.6</u>	<u>263,427.9</u>	<u>269,588.1</u>
B. Subtractions (Taconite and County Apportionment)	(13,632.6)	(16,284.7)	(18,699.5)	(16,125.2)	(14,264.1)
C. Tax Shift Adjustment	129.0	(1,415.9)	(345.6)	0	0
D. Other Adjustment	<u>0</u>	<u>(517.4)</u>	<u>(752.9)</u>	<u>0</u>	<u>0</u>
E. Net Final Payment	137,384.2	172,073.3	177,632.6	247,302.7	255,324.0
II. Current Year Advance					
A. Gross Payment					
1. Regular	1,072,370.1	1,097,386.5	1,490,498.9	1,525,384.4	1,553,654.8
2. Shared time	2,290.2	2,362.6	2,259.0	2,281.4	2,281.4
3. Total gross payment	<u>1,074,660.3</u>	<u>1,099,749.1</u>	<u>1,492,757.9</u>	<u>1,527,665.8</u>	<u>1,555,936.2</u>
B. Subtractions					
1. Endowment fund	(30,916.2)	(32,966.5)	(30,000.0)	(30,250.0)	(30,250.0)
2. Prior year taconite and county apportionment (not recovered on final payment)	<u>(257.2)</u>	<u>(353.9)</u>	<u>(556.0)</u>	<u>(500.0)</u>	<u>(500.0)</u>
C. Payment after Subtractions	1,043,486.9	1,066,428.7	1,462,201.9	1,496,915.8	1,525,186.2
D. Tax Shift Adjustment	(27,543.2)	(5,600.4)	(54,746.0)	(111,300.0)	(26,300.0)
E. Levy Equity Adjustment	(4,202.5)	(7,142.6)	(375.0)	(402.6)	(1,695.7)
F. TRA Reduction	0	0	(13,723.6)	(14,341.2)	0
G. TIF Admusement	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(1,127.9)</u>	<u>(1,200.0)</u>
H. Net Advance Payment	1,011,741.2	1,053,685.7	1,393,357.3	1,369,744.1	1,495,990.5
III. Total Payments	\$1,149,125.4	\$1,225,759.0	\$1,570,989.9	\$1,617,046.8	\$1,751,314.5

REVISED 3/28/91

0102 PROPERTY TAX REVENUE RECOGNITION

Citation: M.S. 121.904, Subd 4a; 124.14, Subd 6; 124.155
 MDE Admin: 1501 Education Finance and Analysis
 Federal: None

PURPOSE:

To recognize in the fiscal year of receipt, a reasonable portion of the school district share of the spring property tax collections.

The property tax revenue recognition provision is structured such that a change in the levy recognition percent is revenue neutral to school districts, except for the referendum levy. Districts with first time referendum levies will recognize a portion of the levy a year early, while districts levying for the last time will only recognize the balance not recognized the previous year.

The levy recognition percent will automatically be decreased if the state's general fund balance reaches a certain level pursuant to M.S. 16A.1541.

DESCRIPTION:

F.Y. 1983: Prior to F.Y. 1983, all of the school district's spring property tax collections were held and recognized as revenue in the following fiscal year. This policy changed in F.Y. 1983. Legislation provided that in June of each year, beginning in 1983, school districts must recognize as revenue a specified percent of the spread levy payable in the current calendar year. The spread levy for this purpose is defined as the levy amount remaining after subtracting, by school district fund, the relevant amounts of the state paid property tax credits and the amounts of certain excluded levies (debt service, statutory operating debt, bus purchase, unemployment insurance, retirement, and severance, etc.). With this change, a portion of the amount originally levied for the 1983-84 school year was recognized in 1982-83, and the state aids and credits due in 1982-83 for 1982-83 were reduced by the amount of the levy recognition change, excluding the portion of the referendum levy recognition change. For 1982-83, the levy recognition percent was 32%, which resulted in early recognition of \$256.6 million in district levy revenue and a \$240.7 million reduction in aids and credits.

F.Y. 1984: The levy recognition percent continued at 32%. However, the legislation provided that, beginning in 1983-84, state aid payments must be adjusted by the difference between the current year's levy recognition change amount and the previous year's levy recognition change amount. The referendum levy portion of the recognition change amount is excluded from this calculation. The purpose of the aid adjustment is to ensure that district revenue is not affected by the levy recognition change. This adjustment will decrease aid payments if the levy recognition change for the current year is greater than the levy recognition change for the previous year. The adjustment will increase aid payments if the current year levy recognition change is less than the previous year levy recognition change. Any additional amount necessary for the payment of aids for this adjustment is provided by an open and standing appropriation. For 1983-84, the 32% levy recognition change resulted in early recognition of \$291.7 million in district levy revenue and a \$34.4 million net reduction in aids and credits.

F.Y. 1985: Based on the availability of a state general fund balance and the procedure specified in law, the levy recognition percent was reduced to 24%. The lowered levy recognition change amount for 1984-85 resulted in early recognition of \$220.3 million in district levy revenue and a \$69.5 million net payment of additional aid.

F.Y. 1986 and F.Y. 1987: The levy recognition percent was continued at 24%. For 1985-86, the result was early recognition of \$229.8 million in district levy revenue and a \$6.5 million net reduction

in aids and credits. For 1986-87, the result was early recognition of \$246.2 million in district levy revenue and a \$12.9 million net reduction in aids and credits.

F.Y. 1988 and F.Y. 1989: The 1987 Legislature increased the levy recognition percent to 27%. For 1987-88, the result was early recognition of \$295.2 million in district levy revenue and a \$42.1 million net reduction in aids and credits. For 1988-89, the result was early recognition of \$332.4 million in district levy revenue and a \$29.0 million net reduction in aids and credits.

F.Y. 1990 and F.Y. 1991: The 1989 Legislature in special session increased the levy recognition percent to 31%. For 1989-90, the recognition change amount is estimated to be \$365.4 million in district levy revenue and a \$5.9 million net reduction in aids and credits. The Education Districts and Secondary Vocational Cooperatives levies are included for the first time in 1989-90. For 1990-91, the recognition change amount is estimated to be \$425.5 million in district levy revenue and a \$54.7 million net reduction in aids and credits. The large reduction to 1990-91 aids and credits is due to a provision enacted in 1990 which changes the manner in which Homestead and Agricultural Credit Aid (HACA) is allocated to the various district levies...more HACA is allocated to the referendum and debt service levies, and no HACA is allocated to the General Education levy and other major equalized levies.

PERFORMANCE:

By adjusting aid payments to districts only by the year-to-year difference in the levy recognition change amount, the revenue recognized by districts is unchanged except for referendum levy revenue. The levy recognition change provisions result in early recognition of referendum levies.

Also, the levy recognition change provisions can reduce cash flow to school districts because reductions to aid may occur prior to receipt of the local levy proceeds. This may result in increased borrowing or reduced interest income for school districts.

STATISTICS:

Program statistics are shown in Table 1-3.

GOVERNOR'S RECOMMENDATION:

The Governor recommends changing the levy recognition percent from 31% to 37% for both F.Y. 1992 and F.Y. 1993.

Program: 01 General Education Program
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0102 PROPERTY TAX REVENUE RECOGNITION

TABLE 1-3
PROPERTY TAX REVENUE RECOGNITION CHANGE
AND STATE AID ADJUSTMENT (\$ in 000s)

	<u>F.Y. 1983</u>	<u>F.Y. 1984</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990*</u>	<u>F.Y. 1991*</u>	<u>Current Law</u> <u>F.Y. 1992*</u>	<u>F.Y. 1993*</u>
1. Revenue recognition percent	32%	32%	24%	24%	24%	27%	27%	31%	31%	31%	31%
2. Gross revenue recognition change	\$ 260,957	\$ 295,295	\$ 220,808	\$ 230,887	\$ 264,385	\$ 295,624	\$ 339,382	\$ 378,082	\$ 431,488	\$ 471,118	\$ 497,587
3. Less adjustment for certain districts ^a											
Number of districts	6	5	3	4	1	1	6	14 ^b	6	6	6
Amount	(4,402)	(3,624)	(540)	(1,082)	(137)	(450)	(6,950)	(12,713)	(6,000)	(6,000)	(6,000)
4. Adjusted gross revenue recognition change	<u>\$ 256,555</u>	<u>\$ 291,671</u>	<u>\$ 220,268</u>	<u>\$ 229,805</u>	<u>\$ 246,248</u>	<u>\$ 295,174</u>	<u>\$ 332,432</u>	<u>\$ 365,369</u>	<u>\$ 425,488</u>	<u>\$ 465,118</u>	<u>\$ 491,587</u>
5. Less referendum levy recognition change	(15,897)	(16,633)	(14,262)	(16,769)	(20,258)	(27,726)	(34,824)	(60,155)	(65,344)	(84,693)	(104,475)
6. Less desegregation levy recognition change	---	---	(459)	(1,002)	(1,093)	(442)	(1,644)	(3,302)	(3,485)	(3,779)	(3,886)
7. Net recognition change amount for aid adjustment calculation	<u>\$ 240,658</u>	<u>\$ 275,038</u>	<u>\$ 205,547</u>	<u>\$ 212,034</u>	<u>\$ 224,897</u>	<u>\$ 267,006</u>	<u>\$ 295,966</u>	<u>\$ 301,912</u>	<u>\$ 356,659</u>	<u>\$ 376,646</u>	<u>\$ 383,226</u>
8. Aid adjustment calculation:											
a. Prior year recognition change (out)	---	240,658	275,038	205,547	212,034	224,897	267,006	295,966	301,912	356,659	376,646
b. Current year recognition change (in)	240,658	275,038	205,547	212,034	224,897	267,006	295,966	301,912	356,659	376,646	383,226
9. Adjustment to state aids (8a-8b)	<u>\$ (240,658)</u>	<u>\$ (34,380)</u>	<u>\$ 69,491</u>	<u>\$ (6,487)</u>	<u>\$ (12,863)</u>	<u>\$ (42,109)</u>	<u>\$ (28,960)</u>	<u>\$ (5,946)</u>	<u>\$ (54,747)</u>	<u>\$ (19,987)</u>	<u>\$ (6,580)</u>

* Estimated

^a These adjustments occur when a district's gross revenue recognition change amount is greater than its state aids and property tax credits (which are for the fiscal year payable in that fiscal year) plus any referendum levy recognition change. In this case, the district's levy recognition change amount is limited to the lesser amount.

^b The increase in districts for which these adjustments are made is due to Education District and Secondary Vocational Cooperative levies being subject to the levy recognition change provisions for the first time.

Program: 01 General Education Program
Agency: Education Aids

1992-93 Biennial Budget

0103 REFERENDUM LEVY

Citation: M.S. 124A.03, Subd 2
MDE Admin: 1501 Education Finance and Analysis
Federal: None

PURPOSE:

To allow school districts to increase their property taxing authority for general education purposes, beyond the level otherwise provided by state law, by obtaining approval from the voters in the district for a referendum levy. The referendum levy provides districts with a mechanism for raising additional revenue for:

- programs and priorities identified and defined at the local level; and
- cost factors that are not funded through the General Education Program formula and which may be unique to the school district.

DESCRIPTION:

A school board may increase its property taxing authority for general education, beyond the level otherwise provided by state law, by obtaining approval from the voters in the district for a referendum levy. The total referendum revenue that may be raised is equal to the tax capacity rate approved by the voters multiplied by the net tax capacity of the school district.

The referendum election may only be on the first Tuesday after the first Monday in November. The referendum ballot must specify the proposed increase in the tax capacity rate, the approximate number of additional tax dollars that will be generated by this rate in the first year it is levied, and the total number of years that the referendum is to be in effect.

At least 15 days prior to the referendum election, the school district must send a notice to all taxpayers in the district containing:

- a sample ballot; and
- examples of the dollar impact of the referendum on typical taxpayers with various types of property.

A school board can choose to levy any portion of the amount that a referendum authorizes.

PERFORMANCE:

The additional revenue generated by the referendum levy has been increasing for the following reasons:

- The value of property that is subject to a referendum levy has increased. Since the levy is based on the approved tax capacity rate for each district, existing referendum levies have generated additional dollars as property values have increased.
- School districts which previously had no referendum levy authority have passed new referendums.
- Districts with existing referendum authority have passed additional referendum levies to increase their authorized tax rates.
- School boards have chosen to exercise an increasing portion of the levy authority provided by referendum.

STATISTICS:

	F.Y. 1989 87 PAY 88	F.Y. 1990 88 PAY 89	F.Y. 1991 89 PAY 90	Current Law F.Y. 1992 90 PAY 91	Y. 1993 PAY 92
Certified Referendum Levy Amount (000s) Districts	\$ 133,344.2 239	\$ 162,101.1 259	\$ 218,612.5 279	\$ 271,203.1 290	\$ 342,186.0 305
Average Net Tax Capacity Rate		10.1%	12.1%	11.8%	12.8%
Utilized Portion of Authorized Levy	98.3%	95.8%	97.5%	99.1%	99.1%

PROSPECTS:

Although referendums have continued to increase, the rate of increase may decline. Beginning in 1990, all referendum elections must be held on the first Tuesday after the first Monday in November, which may coincide with general election day. This may affect the number of referendums that are approved by the voters. In addition, referendums may only be passed for a limited number of years. This will increase the number of referendum elections required to maintain the same level of referendum authority.

However, there is still considerable potential for increases in both the value of property subject to referendum levy, and the tax rates authorized against this value.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the referendum levy be incorporated into the General Education Program. Existing referendum levies would be converted to a dollar amount per pupil unit, and reduced to offset a portion of recommended increases in compensatory and training & experience revenues. State aid would be provided to equalize the first \$200 per pupil unit of the referendum revenue, and an upper limit would be placed on the amount of referendum revenue per pupil unit. For further information, see Program Budget 0101.

PUPIL TRANSPORTATION (02)

	<u>Page</u>
0201 Transportation Program	33
0202 Miscellaneous Transportation Levies	40
0203 Post-secondary Enrollment Options Transportation	41
0204 School District Enrollment Options Transportation	43

PUPIL TRANSPORTATION

Program: 02 Pupil Transportation Program
Agency: Education Aids

1992-93 Biennial Budget

0201 TRANSPORTATION PROGRAM

Citation: M.S. 124.223; 124.225; 275.125,
Subd 5-5g

MDE Admin: 1502 District Financial Management and Transportation
Federal: None

PURPOSE:

To provide school districts with funds to finance the transportation of eligible pupils to and from school and in other authorized categories of transportation. More specifically, the authorized categories of transportation are as follows:

- Regular;
- Handicapped;
- Between Schools Handicapped;
- Summer Program;
- Board and Lodging;
- To and From Board and Lodging Facility;
- Between Schools Public;
- Between Schools Nonpublic;
- Noon Kindergarten;
- Late Activity;
- Desegregation; and
- Mobility Zone.

DESCRIPTION:

I. Transportation Categories: State aid is provided for 12 categories of pupil transportation service. The 12 categories are grouped into two classes, regular and nonregular. Following is a brief description of each transportation category:

A. Regular - One round trip per day between home and the public or nonpublic school for:
a) nonhandicapped elementary pupils residing 1 mile or more from the assigned school and,
b) nonhandicapped secondary pupils residing 2 miles or more from the assigned school. Pupils who are custodial parents may be transported to and from the site of child care services for the pupil's child if that site is within the attendance area of the school the pupil attends.

B. Nonregular.

1. Handicapped - One round trip per day between home and the public or nonpublic school for handicapped pupils, transportation of pupils between public school buildings for instructional purposes in special education programs, and transportation of nonpublic pupils between the nonpublic school and a public school for shared-time special education classes.
2. Summer program - One round trip per day between home and the public or nonpublic school for: a) elementary pupils residing 1 mile or more from the assigned school and, b) secondary pupils residing 2 miles or more from the assigned school.
3. Board and Lodging - Cost of board and lodging of pupils when it is determined by the local school board that board and lodging is more feasible or efficient than providing daily transportation services. The pupils for which this is done are primarily handicapped pupils.

4. To and From Board and Lodging Facility - Transportation between home and the board and lodging facility where the pupil is placed. The majority of this transportation involves handicapped pupils residing at the State Academies for the Deaf and Blind in Faribault and at a facility in Worthington.
5. During-Day - Transportation of pupils during the school day: a) between public school buildings within the district for instructional purposes, b) to and from State Board of Education approved secondary vocational centers for vocational classes, and c) between schools located in 2 or more districts for cooperative academic and vocational classes.
6. Shared Time - Regular transportation of nonpublic pupils between the nonpublic school and a public school for shared-time classes.
7. Nonpublic Support Services - Transportation of nonpublic pupils between the nonpublic school and a public school or a neutral site for health and/or guidance/counseling services.
8. Noon Kindergarten - Noon transportation to and from school for Kindergarten pupils attending 1/2 day sessions.
9. Late Activity - Late transportation home from school for pupils involved in after school activities.
10. Desegregation - Transportation of pupils to and from schools located outside their normal attendance areas under the provisions of a plan for desegregation mandated by the State Board of Education or under court order.
11. Mobility Zone - Transportation of elementary pupils who move during the year to and from a school in an area designated as a mobility zone.

C. Excess Transportation.

School districts are also permitted to make an excess transportation levy for the cost of transporting secondary pupils living between 1 and 2 miles from school, and for the cost of transportation or related services necessary because of extraordinary traffic hazards.

Authorized expenditures for pupil transportation include fuel and nonfuel operating expenditures and bus depreciation. Table 2-1 shows the number of pupils transported to and from school in each transportation category. Table 2-2 provides a summary of pupil transportation expenditures by object. Expenditures by category of transportation services are shown in Table 2-3. Table 2-4 reviews the formula financing of authorized transportation.

II. Funding Formula: Separate formulas are used to compute a district's funding for regular and nonregular transportation. A district's regular transportation funding equals the district's regular transportation allowance times the number of pupils transported in the regular and desegregation categories. Nonregular transportation funding equals 100% of actual nonregular cost for the current year.

A. Regular Financing - Since F.Y. 1980, regular transportation funding has been calculated through an average cost formula. From F.Y. 1980 until F.Y. 1990, a statistical procedure called multiple regression analysis was used to predict a base year cost per regular category pupil transported. Beginning in F.Y. 1991, a statutory formula is used to compute the predicted base cost. The base year is always the second preceding year. (The base year for F.Y. 1990 was F.Y. 1988.) The predicted base cost reflects the average base year cost per regular category pupil transported for districts with similar density (regular category pupils transported per square mile of the district's area) and other district characteristics.

Since F.Y. 1980, the factors used in the regular transportation funding formula have been revised periodically to provide more comparable funding for similar districts and to strengthen

0201 TRANSPORTATION PROGRAM

incentives for cost control.

Beginning in F.Y. 1991, a district's predicted base cost equals the product of the following:

- 1) the transportation formula allowance, x
- 2) the district's sparsity index raised to the 1/4 power, x
- 3) the district's density index raised to the 35/100 power, x
- 4) the district's contract transportation index raised to the 1/20 power.

The transportation formula allowance is \$406 for the F.Y. 1989 base year and \$421 for the F.Y. 1990 base year. A district's sparsity index equals the greater of 0.005 or the ratio of the square mile area of the school district to the number of weighted pupils transported in the regular and excess transportation categories. A district's density index equals the greater of one or $[2 - (\text{district's sparsity index} \times 20)]$.

A district's contract transportation index equals the greater of one or the product of:

- 1) the district's percentage of regular students transported on vehicles not owned by the district, x
- 2) the lesser of one or the product of the district's sparsity index times 20.

The district's predicted base year cost is adjusted using a statutory "softening" formula. If the district's actual base year cost per pupil transported exceeds the predicted cost, the predicted cost is increased by a percentage of the difference. If the district's actual base year cost per pupil transported is less than the predicted cost, the predicted cost is reduced by a percentage of the difference. The district's predicted base cost as adjusted by the softening formula is then multiplied by an inflation factor to determine the district's regular transportation allowance.

Beginning in F.Y. 1991, the adjusted predicted base cost equals 50% of the actual base year cost per pupil plus 50% of the predicted base cost. However, a district's adjusted predicted base cost may not be less than 80% of the actual base year cost, or more than 110% of actual base year cost.

The adjusted predicted base cost is then increased by an inflation factor to determine the district's regular transportation allowance. For F.Y. 1990, the adjusted predicted base cost (computed using data from F.Y. 1988) was increased by 5.8%. For F.Y. 1991, the adjusted base cost (computed using data from F.Y. 1989) was increased by 5.4%. The district's regular pupil transportation funding equals the regular transportation allowance times the number of pupils transported in the regular and desegregation categories in the current year.

B. Nonregular Transportation Financing - School districts are funded for 100% of their actual current year nonregular transportation costs, less the amount of regular funding received for desegregation transportation, through a combination of state aid and local levy. Nonregular transportation includes the handicapped, summer program, board and lodging, to and from board and lodging facility, during-day, shared-time, and nonpublic support services transportation categories. Beginning in F.Y. 1989, noon Kindergarten, late activity and desegregation transportation are also included as nonregular. Mobility zone transportation was added to the nonregular category beginning in F.Y. 1990.

A district's nonregular transportation levy is computed as follows:

- 1) multiply the amount of the district's nonregular transportation funding that exceeds \$30 times the district's Weighted Average Daily Membership (WADM) pupil unit by 60%;
- 2) subtract the result in clause (1) from the district's total nonregular transportation funding;
- 3) multiply the result in clause (2) by the lesser of one or the ratio of the district's adjusted net tax capacity per WADM pupil unit to \$7,258.

III. Total Formula Funding, Levy Statistics and State Aid: A district's total transportation funding is equal to its regular transportation funding plus its nonregular transportation funding. The basic transportation levy equals the basic transportation tax rate times the district's adjusted tax capacity.

The basic transportation levy for F.Y. 1990 was 1.90% of adjusted gross tax capacity. The basic transportation levy for F.Y. 1991 was 2.04% of adjusted net tax capacity. The basic transportation levy for F.Y. 1992 is 2.07% of adjusted net tax capacity. For F.Y. 1993, the basic transportation tax rate will be the rate that raises \$66.7 million statewide. The contract transportation levy limitation is equal to the difference between the district's actual regular funding and the amount computed for regular funding when the contract transportation factor is excluded from the determination of predicted cost. The effect of the contract levy subtraction is that districts contracting for transportation receive the same amount of state aid as comparable districts that operate district-owned buses. The contract transportation levy provides contracted districts with an additional revenue source equivalent to the bus purchase levy available to districts operating their own buses. In both cases, school districts have levy authority to finance a portion of the capital costs associated with transportation that are not financed through the regular transportation formula.

A district's total transportation aid equals its total formula funding minus the basic, contracted and nonregular transportation levy limits times the ratio of the district's actual levy for basic and nonregular transportation to the district's basic and nonregular levy limitations.

School districts owning school buses or mobile units are required to transfer a portion of their transportation revenue to the reserved fund balance account for bus purchases. For regular school buses, the transfer is equal to 12.5% of the original cost of the vehicle until the original cost is fully amortized.

IV. Other Transportation Levies: In addition to the levies included in the calculation of transportation aid, school districts are permitted to levy for:

- the amount necessary to eliminate any projected deficit in the reserved fund balance account for bus purchases; and
- the added cost of transportation resulting from leasing a school in another district.

These levies generate about \$8.4 million annually for the districts. For further discussion of these levies, see Program Budget 0202.

PERFORMANCE:

All Minnesota school districts provide for transportation of students.

A district's transportation funding is a combination of state aid and local levy. A district's total transportation aid equals its total formula funding minus the basic, contracted and nonregular transportation levy limits. Seventeen districts were off-the-formula in F.Y. 1990 and 12 districts are estimated to be off-the-formula in F.Y. 1991.

Program: 02 Pupil Transportation Program
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0201 TRANSPORTATION PROGRAM

STATISTICS:

TABLE 2-1
PUPILS TRANSPORTED TO AND FROM SCHOOL (000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current F.Y. 1992	Law F.Y. 1993
Regular	501.2	506.0	521.3	537.4	554.3
Desegregation	28.4	31.6	33.2	34.8	36.0
Handicapped	26.2	26.5	27.8	29.1	30.5
Excess transportation	101.0	106.3	109.6	113.2	116.8
Total pupils transported	656.8	670.4	691.9	714.5	737.6
Total gross enrollment (Public and Nonpublic)	855.8	867.9	885.8	905.0	924.5
Percentage of pupils transported	76.7%	77.3%	78.1%	78.9%	79.8%

TABLE 2-2
TRANSPORTATION EXPENDITURE SUMMARY BY OBJECT

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current F.Y. 1992	Law F.Y. 1993
1. Nonfuel operating (000s)	\$174,168.2	\$185,620.3	\$200,826.9	\$218,285.0	\$236,446.3
2. Fuel					
a. Number of gallons (000s)	18,355.8	18,389.5	18,721.9	19,084.5	19,464.1
b. Pump price per gallon	\$ 1.00	\$ 1.08	\$ 1.41	\$ 1.24	\$ 1.24
c. Less federal tax	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)
d. Less average quantity discount	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
e. Average cost per gallon to districts	\$ 0.89	\$ 0.97	\$ 1.30	\$ 1.13	\$ 1.13
f. Total fuel expenditures (000s)	\$ 16,336.7	\$ 17,833.1	\$ 24,338.5	\$ 21,565.5	\$ 21,994.4
3. Bus Depreciation (000s)					
a. Regular school buses	\$ 10,099.8	\$ 10,489.8	\$ 11,320.0	\$ 11,935.7	\$ 12,431.4
b. Mobile units	18.1	11.9	0	0	0
c. Type 3 vehicles	722.0	904.3	1,090.3	1,541.1	2,053.9
d. Reconditioned buses	155.8	101.3	61.0	49.1	37.5
e. Total bus depreciation	\$ 10,995.7	\$ 11,507.3	\$ 12,471.3	\$ 13,525.9	\$ 14,522.8
4. Total expenditures (000s)	\$201,500.6	\$214,960.6	\$237,636.7	\$253,376.5	\$272,963.5

TABLE 2-3
TRANSPORTATION EXPENDITURE SUMMARY
BY CATEGORY (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current F.Y. 1992	Law F.Y. 1993
1. Regular and excess transportation	\$129,607.8	\$133,200.0	\$145,570.9	\$152,625.1	\$162,283.0
2. Nonregular transportation					
a. Desegregation	9,267.8	13,033.0	14,734.5	17,022.0	18,846.2
b. Handicapped	32,528.1	36,067.9	41,895.5	46,271.3	51,999.2
c. Noon Kindergarten	7,002.8	8,240.0	9,029.3	9,446.4	10,038.1
d. Late activity bus	3,620.4	4,155.0	4,559.8	4,764.2	5,060.9
e. Other nonregular	7,888.9	7,962.5	8,519.7	8,827.3	9,278.9
Total nonregular transportation	60,307.9	69,458.4	78,738.8	86,331.2	95,223.3
3. Excess transportation (walkers)	589.2	795.0	855.7	894.2	934.4
4. Bus depreciation	10,995.7	11,507.2	12,471.3	13,526.0	14,522.8
5. Total expenditures	\$201,500.6	\$214,960.6	\$237,636.7	\$253,376.5	\$272,963.5

0201 TRANSPORTATION PROGRAM

TABLE 2-4
FORMULA FUNDING OF AUTHORIZED TRANSPORTATION

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law	
	F.Y. 1987	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
1. Regular transportation funding					
a. Base year	---	---	406	421	421
b. Formula allowance	---	---	406	421	421
c. Inflation factor	1.0410	1.058	1.054	1.036	1.006
d. Average funding per pupil transported	\$ 232.60	\$ 229.71	\$ 240.91	\$ 240.42	\$ 240.41
e. Number of pupils transported	501,650	537,600	554,500	572,200	590,300
f. Regular funding (000s)	\$116,681.8	\$123,490.6	\$133,581.9	\$137,567.7	\$141,916.1
g. Regular desegregation funding	---	---	7,602.2	6,130.8	6,385.2
h. Total regular transportation funding	\$116,681.8	\$123,490.6	\$141,184.1	\$143,698.5	\$148,301.3
2. Nonregular transportation funding (000s)					
a. Nonregular transportation cost	60,201.5	69,458.4	78,738.8	86,311.2	95,223.2
b. Less regular desegregation funding	---	---	7,603.2	6,120.8	6,385.2
c. Total nonregular funding	60,201.5	69,458.4	71,136.6	80,200.4	88,838.1
3. Excess transportation funding (000s)	\$ 21,338.6	\$ 22,872.5	\$ 19,701.2	\$ 20,433.9	\$ 21,246.2
4. Total gross transportation funding (000s)	\$198,221.9	\$215,821.5	\$232,021.9	\$244,332.8	\$258,385.6
5. Levy subtractions (\$ in 000s)					
a. Basic transportation levy					
1. Tax rate					
Mill rate	2.34	---	---	---	---
Percent of tax capacity	---	1.90	2.04	2.07	1.97
Tax capacity measure*	AAV	AGTC	ANTC	ANTC	ANTC
2. Amount	\$ 70,803.2	\$ 72,627.9	\$ 61,420.5	\$ 66,977.2	\$ 66,700.0
b. Contract transportation levy authority	7,905.1	8,686.4	7,036.6	7,654.9	7,639.8
c. Nonregular transportation levy authority	18,077.4	20,790.0	23,291.0	26,395.5	28,998.2
d. Excess transportation levy authority	21,338.6	22,872.5	19,701.2	20,433.9	21,246.2
e. Levy reduction for districts off formula					
1. Number of districts	17	17	10	10	9
2. Amount	(4,692.3)	(4,721.0)	(2,310.1)	(2,085.8)	(1,590.2)
f. Total levy subtraction	\$113,432.0	\$120,255.8	\$109,139.2	\$119,375.7	\$122,994.0

	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
6. State aid entitlement (000s)					
a. Gross state aid entitlement	\$ 84,789.9	\$ 95,565.7	\$122,882.7	\$124,957.1	\$135,391.6
b. Gross aid as percent of funding	42.78%	44.28%	52.96%	51.14%	52.40%
c. Proration, \$ per ADM	0.00	3.24	6.70	0.00	0.00
d. Prorated state aid entitlement	\$ 84,789.9	\$ 93,184.0	\$117,858.2	\$124,957.1	\$135,391.6

7. Reconciliation of expenditures and funding (000s)					
a. Total prorated transportation funding	\$198,221.9	\$213,439.8	\$226,997.4	\$244,332.9	\$258,385.6
b. Total authorized expenditures	201,500.6	214,960.6	237,636.7	253,376.5	272,963.6
c. Prorated funding as percent of expenditures	98.37%	99.29%	95.52%	96.43%	94.66%

* Adjusted Assessed Valuation (AAV); Adjusted Gross Tax Capacity (AGTC); Adjusted Net Tax Capacity (ANTC)

PROSPECTS:

Transportation costs continue to increase due to a variety of factors. The number of pupils transported increases due to growth in enrollments and at the same time the percentage of pupils transported increases. Transportation distances continue to escalate as more districts participate in pairing, cooperation, and consolidation activities. Fuel costs have increased by over 30% in F.Y. 1991 and nonregular costs grow due to program growth and inflation. To meet these demands under the current statutory formula, it is estimated that the state aid entitlement will need to increase by \$7,100,000 for F.Y. 1992 and \$17,534,000 for F.Y. 1993 over the annual base entitlement of \$117,858,000.

Alternatives Considered:

In order to meet the increasing needs of the Pupil Transportation program, MDE identified the following alternatives for consideration given the annual base entitlement:

- Provide levy authority for increased fuel costs.
- Reduce transportation funding as a percentage of expenditures.
- Eliminate funding for selected categories of transportation services, such as between schools, summer program, late activity, or noon kindergarten.
- Fund nonregular transportation on a base year formula similar to the regular transportation formula to encourage efficiency.
- Increase the levy portion of transportation funding to reduce state aid.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following modifications in the pupil transportation aid formula beginning in F.Y. 1992:

1. Set the transportation formula allowance at \$434 for the 1990-91 base year.
2. Set the two-year inflation factors used in computing regular transportation funding at 4.0% for F.Y. 1992 and at 2.0% for F.Y. 1993.
3. Modify the nonregular transportation funding formula as follows:
 - a. Eliminate funding for nonhandicapped summer program, and late activity bus transportation.

REVISED 3/28/91

Program: 02 Pupil Transportation Program
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0201 TRANSPORTATION PROGRAM

- b. For remaining nonregular transportation programs, change revenue from 100% of current year expenditure to 100% of base year expenditure per resident public school pupil in ADM times current year ADM times an inflation factor. For F.Y. 1992, the base year is F.Y. 1991, and the inflation factor is 1.0%. For F.Y. 1993 and after, the base year is the second prior year, and the inflation factor is the same as the inflation factor used to compute regular transportation funding.
 - c. Change the formula used to compute nonregular basic aid from 60% of cost exceeding \$30 times weighted ADM to 50% of cost exceeding \$60 per ADM.
 - d. Change the equalizing factor used to compute the nonregular levy from \$7,258 per weighted ADM to \$8,000 per ADM.
 - e. School districts with an increase of more than 15% in nonregular transportation cost per pupil in ADM between F.Y. 1991 and F.Y. 1992 will qualify for additional nonregular transportation revenue equal to 80% of the increase in excess of 15%. Districts with an increase of more than 30% in nonregular transportation cost per pupil between F.Y. 1991 and F.Y. 1993 will receive additional nonregular transportation revenue equal to 80% of the increase in excess of 30%.
4. Set the target for the state total basic transportation levy at \$60,953,000 for F.Y. 1993 and at \$64,253,000 for F.Y. 1994.

The Governor recommends an aid entitlement of \$112,100 for F.Y. 1992 and \$123,533 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$112,964 in F.Y. 1992 (\$17,679 for F.Y. 1991 and \$95,285 for F.Y. 1992), and \$121,819 in F.Y. 1993 (\$16,815 for F.Y. 1992 and \$105,004 for F.Y. 1993).

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EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0201 TRANSPORTATION PROGR

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 93,184	\$ 117,858	\$ 117,858	\$ 117,858
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Revenue Increases:				
Regular Pupils Transp		684	5,181	9,779
Allowance/Regular Pupil		<1,370>	<1,257>	<1,288>
Nonreg Transp Cost		4,179	10,648	18,000
Levy Decreases:				
Basic Levy		367	<277>	
Contract Levy		<188>	<472>	<382>
Nonregular Levy		<1,305>	<3,446>	<5,698>
Off-Formula Amount		<458>	<625>	<1,102>
Combination Of Variables	2,382			
<u>B.Legislation Becoming Effective</u>				
Basic Levy-Target Amount			<4,912>	<4,912>
3.CURRENT ENTITLEMENT	95,566	119,767	122,698	132,255
4.FUNDING EXCESS/DEFICIENCY	<2,382>	<1,909>		
5.POLICY CHANGES RECOMMENDED				
Revenue Incr. (Decr.):				
Allowance/Reg. Pupil			1,228	3,249
Revised Nonreg. Formula			<10,009>	<14,866>
Nonreg. Excess Formula			1,850	1,400
Levy Decr. (Incr.):				
Basic Levy				5,747
Contract Levy			<36>	<302>
Nonregular Levy			<4,571>	<3,699>
Off-Formula Amount			1,495	169
Nonreg. Excess Levy			<555>	<420>
Total Policy Changes			<10,598>	<8,722>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			112,100	123,533

REVISED 3/28/91

Revised as of March 28, 1991

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0201 TRANSPORTATION PROGR

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
	-----	-----	-----	-----
7.APPROPRIATIONS BASIS:				
Current Year	79,206	100,179	95,285	105,004
Prior Year	12,773	13,978	17,679	16,815
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	91,979	114,157	112,964	121,819
8.LEVY AUTHORITY	120,256	109,139	121,866	120,160

REVISED 3/28/91

0201 TRANSPORTATION PROGRAM

TABLE 2-4
FORMULA FUNDING OF AUTHORIZED TRANSPORTATION

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
1. Regular transportation funding					
a. Base year	F.Y. 1987	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
b. Formula allowance	---	---	406	421	421
c. Inflation factor	1.0410	1.058	1.054	1.036	1.006
d. Average funding per pupil transported	\$ 232.60	\$ 229.71	\$ 240.91	\$ 240.42	\$ 240.41
e. Number of pupils transported	501,650	537,600	554,500	572,200	590,300
f. Regular funding (000s)	\$116,681.8	\$123,490.6	\$133,581.9	\$137,567.7	\$141,916.1
g. Regular desegregation funding	---	---	7,602.2	6,130.8	6,385.2
h. Total regular transportation funding	\$116,681.8	\$123,490.6	\$141,184.1	\$143,698.5	\$148,301.3
2. Nonregular transportation funding (000s)					
a. Nonregular transportation cost	60,201.5	69,458.4	78,738.8	86,311.2	95,223.2
b. Less regular desegregation funding	---	---	7,603.2	6,120.8	6,385.2
c. Total nonregular funding	60,201.5	69,458.4	71,136.6	80,200.4	88,838.1
3. Excess transportation funding (000s)	\$ 21,338.6	\$ 22,872.5	\$ 19,701.2	\$ 20,433.9	\$ 21,246.2
4. Total gross transportation funding (000s)	\$198,221.9	\$215,821.5	\$232,021.9	\$244,332.8	\$258,385.6
5. Levy subtractions (\$ in 000s)					
a. Basic transportation levy					
1. Tax rate					
Mill rate	2.34	---	---	---	---
Percent of tax capacity	---	1.90	2.04	2.07	1.97
Tax capacity measure*	AAV	AGTC	ANTC	ANTC	ANTC
2. Amount	\$ 70,803.2	\$ 72,627.9	\$ 61,420.5	\$ 66,977.2	\$ 66,700.0
b. Contract transportation levy authority	7,905.1	8,686.4	7,036.6	7,654.9	7,639.8
c. Nonregular transportation levy authority	18,077.4	20,790.0	23,291.0	26,395.5	28,998.2
d. Excess transportation levy authority	21,338.6	22,872.5	19,701.2	20,433.9	21,246.2
e. Levy reduction for districts off formula					
1. Number of districts	17	17	10	10	9
2. Amount	(4,692.3)	(4,721.0)	(2,310.1)	(2,085.8)	(1,590.2)
f. Total levy subtraction	\$113,432.0	\$120,255.8	\$109,139.2	\$119,375.7	\$122,994.0

F.Y. 1989 F.Y. 1990 F.Y. 1991 Current Law
F.Y. 1992 F.Y. 1993

6. State aid entitlement (000s)					
a. Gross state aid entitlement	\$ 84,789.9	\$ 95,565.7	\$122,882.7	\$124,957.1	\$135,391.6
b. Gross aid as percent of funding	42.78%	44.28%	52.96%	51.14%	52.40%
c. Proration, \$ per ADM	0.00	3.24	6.70	0.00	0.00
d. Prorated state aid entitlement	\$ 84,789.9	\$ 93,184.0	\$117,858.2	\$124,957.1	\$135,391.6

7. Reconciliation of expenditures and funding (000s)					
a. Total prorated transportation funding	\$198,221.9	\$213,439.8	\$226,997.4	\$244,332.9	\$258,385.6
b. Total authorized expenditures	201,500.6	214,960.6	237,636.7	253,376.5	272,963.6
c. Prorated funding as percent of expenditures	98.37%	99.29%	95.52%	96.43%	94.66%

* Adjusted Assessed Valuation (AAV); Adjusted Gross Tax Capacity (AGTC); Adjusted Net Tax Capacity (ANTC)

PROSPECTS:

Transportation costs continue to increase due to a variety of factors. The number of pupils transported increases due to growth in enrollments and at the same time the percentage of pupils transported increases. Transportation distances continue to escalate as more districts participate in pairing, cooperation, and consolidation activities. Fuel costs have increased by over 30% in F.Y. 1991 and nonregular costs grow due to program growth and inflation. To meet these demands under the current statutory formula, it is estimated that the state aid entitlement will need to increase by \$7,100,000 for F.Y. 1992 and \$17,534,000 for F.Y. 1993 over the annual base entitlement of \$117,858,000.

Alternatives Considered:

In order to meet the increasing needs of the Pupil Transportation program, MDE identified the following alternatives for consideration given the annual base entitlement:

- Provide levy authority for increased fuel costs.
- Reduce transportation funding as a percentage of expenditures.
- Eliminate funding for selected categories of transportation services, such as between schools, summer program, late activity, or noon kindergarten.
- Fund nonregular transportation on a base year formula similar to the regular transportation formula to encourage efficiency.
- Increase the levy portion of transportation funding to reduce state aid.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following modifications in the pupil transportation aid formula beginning in F.Y. 1992:

1. Set the transportation formula allowance at \$438 for the 1990-91 base year.
2. Set the two-year inflation factors used in computing regular transportation funding at 5.0% for F.Y. 1992 and at 2.0% for F.Y. 1993.
3. Modify the nonregular transportation funding formula as follows:
 - a. Eliminate funding for nonhandicapped summer program, nonhandicapped between schools during the day (public and nonpublic), and late activity bus transportation.

Program: 02 Pupil Transportation Program
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0201 TRANSPORTATION PROGRAM

- b. For remaining nonregular transportation programs, change revenue from 100% of current year expenditure to 100% of base year expenditure per resident public school pupil in ADM times current year ADM times an inflation factor. For F.Y. 1992, the base year is F.Y. 1991, and the inflation factor is 1.0%. For F.Y. 1993 and after, the base year is the second prior year, and the inflation factor is the same as the inflation factor used to compute regular transportation funding.
 - c. Change the formula used to compute nonregular basic aid from 60% of cost exceeding \$30 times weighted ADM to 50% of cost exceeding \$60 per ADM.
 - d. Change the equalizing factor used to compute the nonregular levy from \$7,258 per weighted ADM to \$8,000 per ADM.
4. Set the target for the state total basic transportation levy at \$58.5 million for F.Y. 1993 and at \$61.8 million for F.Y. 1994.

The Governor recommends an aid entitlement of \$110,593 for F.Y. 1992 and \$125,306 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$111,684 in F.Y. 1992 (\$17,679 for F.Y. 1991 and \$94,005 for F.Y. 1992), and \$123,099 in F.Y. 1993 (\$16,588 for F.Y. 1992 and \$106,511 for F.Y. 1993).

EDUCATION AID: GOVERNOR'S BUDGET
(Dollars in Thousands)

0201 TRANSPORTATION PROGR

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 93,184	\$ 117,858	\$ 117,858	\$ 117,858
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Revenue Increases:				
Regular Pupils Transp		684	5,181	9,779
Allowance/Regular Pupil		311	<1,671>	<1,667>
Nonreg Transp Cost		5,895	14,958	23,596
Levy Decreases:				
Basic Levy		367	<277>	
Contract Levy		53	<565>	<550>
Nonregular Levy		<1,768>	<4,872>	<7,475>
Off-Formula Amount		<517>	<742>	<1,237>
Combination Of Variables	2,382			
<u>B.Legislation Becoming Effective</u>				
Basic Levy-Target Amount			<4,912>	<4,912>
3.CURRENT ENTITLEMENT	95,566	122,883	124,958	135,392
4.FUNDING EXCESS/DEFICIENCY	<2,382>	<5,025>		
5.POLICY CHANGES RECOMMENDED				
Revenue Incr. (Decr.):				
Allowance/Reg. Pupil			1,768	4,384
Revised Nonreg. Formula			<13,933>	<20,041>
Levy Decr. (Incr.):				
Basic Levy				8,200
Contract Levy			<63>	<374>
Nonregular Levy			<3,783>	<2,575>
Off-Formula Amount			1,646	320
Total Policy Changes			<14,365>	<10,086>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			110,593	125,306

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0201 TRANSPORTATION PROGR

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
	-----	-----	-----	-----
7. APPROPRIATIONS BASIS:				
Current Year	79,206	100,179	94,005	106,511
Prior Year	12,773	13,978	17,679	16,588
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	91,979	114,157	111,684	123,099
8. LEVY AUTHORITY	120,256	109,139	121,981	118,174

0202 MISCELLANEOUS TRANSPORTATION
 LEVIES

Citation: M.S. 275.125, Subd 5a and 5f
 MDE Admin: 1502 District Financial Management and Transportation
 Federal: None

PURPOSE:

To provide school districts with funds for the purchase of pupil transportation vehicles and equipment, and added transportation costs resulting from leasing a school building in another school district.

DESCRIPTION:

Bus Purchase Levy

A school district may levy the amount necessary to eliminate any projected deficit in the reserved fund balance account for bus purchases as of June 30 of the school year beginning in the calendar year following the calendar year the levy is certified. Levy amounts are based on school district estimates.

Leased Facility Levy

When the transportation patterns of a district change as a result of leasing a school building in another district, the district may, upon approval of the Commissioner of Education, levy for any increase in transportation cost above the cost that would occur without the leasing of the school. The amount provided by this levy is deducted from the district's cost data used in computing transportation aid.

PERFORMANCE:

The number of districts requesting bus purchase levy authority has grown in recent years with approximately 200 school districts participating. As the cost of replacing pupil transportation vehicles escalates, the number of dollars requested for bus purchase increases. The total amount of levy authority has risen from \$6,516,700 for F.Y. 1990 to \$8,958,400 for F.Y. 1992.

During F.Y. 1990 and F.Y. 1991, no districts requested leased facility levy authority.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
1. Bus Purchase Levy					
Amount (000s)	\$ 4,463.6	\$ 6,516.7	\$ 8,391.4	\$ 8,958.4	\$ 8,958.4
Number of Districts	156	188	202	189	189
2. Leased Facility Levy					
Amount (000s)	\$ 22.0	\$ 0	\$ 0	\$ 0	\$ 0
Number of Districts	1	0	0	0	0

PROSPECTS:

A large number of districts which own pupil transportation vehicles will continue to utilize the bus purchase levy for funding the purchase of vehicles. The amount of levy authority requested is expected to increase to compensate for the rising cost of school buses and other pupil transportation

As a result of the continuing need for student transportation services, the Minnesota Department of Education (MDE) anticipates full utilization of the funds generated from Miscellaneous Transportation Levies.

GOVERNOR'S RECOMMENDATION:

The Governor recommends continuation of this activity.

Program: 02 Pupil Transportation Program
Agency: Education Aids

1992-93 Biennial Budget

**0203 POSTSECONDARY ENROLLMENT OPTIONS
TRANSPORTATION**

Citation: M.S. 123.3514
MDE Admin: 1502 District Financial Management and Transportation
Federal: None

PURPOSE:

To provide state aid to school districts which reimburse eligible students for transportation expenses incurred while enrolled in the Postsecondary Enrollment Options (PSEO) program. More specifically, the reimbursement is for expenses incurred in travel between the secondary school and the postsecondary institution attended, and eligibility is based on financial need as established under State Board of Education guidelines.

DESCRIPTION:

Upon application to the resident school district, eligible students, their parents or guardians are reimbursed for the expense incurred in travel between the secondary school and the postsecondary institution attended under PSEO.

Eligibility is based on financial need and reimbursement rates established under State Board of Education guidelines. For F.Y. 1991, reimbursement may not exceed the actual cost of transportation or 25.5 cents per mile traveled, whichever is less. Reimbursement also may not exceed an amount equal to 250 miles of travel per week (5 round trips) unless the nearest postsecondary institution is more than 25 miles from the student's resident secondary school. In the latter case, the weekly reimbursement may not exceed an amount equal to the rate of reimbursement multiplied by the actual distance between the secondary school and the closest postsecondary institution multiplied by 10 (i.e., 5 round trips).

PERFORMANCE:

Participation in PSEO has increased to about 5,900 students since its enactment in 1985. In F.Y. 1990, 44 students applied to their districts for transportation aid. Claims submitted to the Minnesota Department of Education (MDE) totaled \$52,823, with the average reimbursement being \$1,200 per student. The total claims exceeded the appropriation by \$2,823, therefore, all claims were not paid in full.

MDE anticipates the appropriations for the current biennium are insufficient to pay all claims.

STATISTICS:

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>Current Law F.Y. 1992</u>	<u>F.Y. 1993</u>
1. Districts submitting claims	22	35	37	39	41
2. Reimbursement rate per mile (cents)	20.5	20.5	25.5	26.0	26.5
3. Students receiving reimbursement	32	44	47	49	51
4. Average claim per student	\$ 968	\$ 1,174	\$ 1,533	\$ 1,641	\$ 1,756
5. Aid entitlement (000s)	\$ 31.0	\$ 52.8	\$ 72.1	\$ 80.4	\$ 89.6

PROSPECTS:

The financial need criteria are based on federal guidelines for family poverty income. As the federal guideline increases, the number of eligible students who qualify for this aid will increase. Any increase in fuel price will also cause the rate of reimbursement to increase. Under current projections of reimbursement criteria and student participation, the aid entitlement is projected to increase by about \$31,000 for F.Y. 1992 and \$40,000 for F.Y. 1993 over the annual base entitlement of \$50,000.

GOVERNOR'S RECOMMENDATION:

The Governor recommends appropriation language to allow the transfer of funds between this activity and the School District Enrollment Options Transportation activity (Program Budget 0204) to better ensure the availability of sufficient funding for these two activities.

The Governor recommends an aid entitlement of \$72 for F.Y. 1992 and \$75 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$72 in F.Y. 1992 and \$75 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0203 POSTSEC OPTIONS TRAN

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 50	\$ 50	\$ 50	\$ 50
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Increase In Participation		22	31	40
& Change In Reimb. Rates				
Combination Of Variables	3			
3.CURRENT ENTITLEMENT	53	72	81	90
4.FUNDING EXCESS/DEFICIENCY	<3>	<22>		
5.POLICY CHANGES RECOMMENDED				
Reimb. Rate Reduced To			<9>	<15>
24.5 Cents Per Mile				
Total Policy Changes			<9>	<15>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			72	75
7.APPROPRIATIONS BASIS:				
Current Year	50	50	72	75
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	50	50	72	75
8.LEVY AUTHORITY				

Program: 02 Pupil Transportation Program
Agency: Education Aids

1992-93 Biennial Budget

0204 SCHOOL DISTRICT ENROLLMENT OPTIONS
TRANSPORTATION

Citation: M.S. 123.3515
MDE Admin: 1502 District Financial Management and Transportation
Federal: None

PURPOSE:

To provide state aid to school districts which reimburse eligible students for transportation expenses incurred while enrolled in the School District Enrollment Options (SDEO) program. More specifically, the reimbursement is for expenses incurred in travel to and from the boundary of the attendance area within the nonresident district attended, and eligibility is based on financial need as established under State Board of Education guidelines.

DESCRIPTION:

Upon application to the nonresident school district, eligible students, their parents or guardians, are reimbursed for the expense incurred in travel to and from the boundary of the attendance area of the school within the nonresident district attended under SDEO.

Eligibility is based on financial need and reimbursement rates established under State Board of Education guidelines. For F.Y. 1991, reimbursement may not exceed the actual cost of transportation or 25.5 cents per mile traveled, whichever is less. Reimbursement also may not exceed an amount equal to 250 miles of travel per week (5 round trips).

PERFORMANCE:

Participation in SDEO has increased to approximately 3,000 students since its enactment in 1987. Beginning in F.Y. 1991, all districts with over 1,000 actual pupil units are required to participate and accept students, unless the district is declared closed or sufficient space is not available.

In F.Y. 1990, 14 students applied to their districts for SDEO transportation aid. Claims to the Minnesota Department of Education (MDE) totaled \$12,315 and the average reimbursement was \$821 per student.

MDE anticipates the appropriations for the current biennium greatly exceed the current funding requirements.

STATISTICS:

	Current Law				
	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
1. Districts submitting claims	2	11	24	25	26
2. Reimbursement rate per mile (cents)	20.5	20.5	25.5	26.0	26.5
3. Students receiving reimbursement	2	14	30	31	32
4. Average claim per student	\$ 180	\$ 629	\$ 821	\$ 878	\$ 923
5. Aid entitlement (000s)	\$ 0.4	\$ 8.8	\$ 24.6	\$ 27.2	\$ 29.6

PROSPECTS:

As participation in SDEO is expected to increase, so is the number of students qualifying for transportation reimbursement. The financial need criteria are based on the federal guidelines for family poverty income, and as these guidelines increase, the number of eligible students who qualify for this aid will increase. Also, any increase in fuel price will cause the rate of reimbursement to increase.

Although the program is experiencing growth, the projected level of entitlement for F.Y. 1992 and F.Y. 1993 is still below the annual base entitlement. Under current projections of reimbursement criteria, and student participation, the aid entitlement is projected to decrease by about \$25,000 for F.Y. 1991, \$22,000 for F.Y. 1992, and by \$20,000 for F.Y. 1993 from the annual base entitlement of \$50,000.

GOVERNOR'S RECOMMENDATION:

The Governor recommends appropriation language to allow the transfer of funds between this activity and the PSEO Transportation activity (Program Budget 0203) to better ensure the availability of sufficient funding for these two activities.

The Governor recommends an aid entitlement of \$25 for F.Y. 1992 and \$25 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$25 in F.Y. 1992 and \$25 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0204 DISTRICT OPTION TRANSPORTATION

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
	-----	-----	-----	-----
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 50	\$ 50	\$ 50	\$ 50
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Less Than Expected Partic		<25>	<22>	<20>
Combination Of Variables	<41>			
3.CURRENT ENTITLEMENT	9	25	28	30
4.FUNDING EXCESS/DEFICIENCY	41	25		
5.POLICY CHANGES RECOMMENDED				
Reimb. Rate Reduced To			<3>	<5>
24.5 Cents Per Mile				
Total Policy Changes			<3>	<5>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			25	25
7.APPROPRIATIONS BASIS:				
Current Year	50	50	25	25
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	50	50	25	25
8.LEVY AUTHORITY				

SPECIAL PROGRAMS (03)

	<u>Page</u>
0301 Special Education - Regular	46
0302 Special Education - Special Pupil	59
0303 Special Education - Summer School	61
0304 Special Education - Home Based Travel	64
0305 Special Education - Residential	66
0306 Limited English Proficiency	68
0307 Secondary Vocational - Students with Disabilities	71
0308 Special Education Levy Equalization Aid	77
0309 Secondary Vocational	79
0310 Indian Language & Culture	84
0311 Indian Education (JOM Replacement)	87
0312 Indian Post-secondary Preparation	89
0313 Indian Scholarships	92
0314 Indian Teacher Grants	95
0315 Tribal Contract Schools	97
0316 Assurance of Mastery	99
0317 Individualized Learning and Development	102
0318 Prevention Risk Reduction	104

SPECIAL PROGRAMS

PROGRAM: 03 Special Programs **1992-93 Biennial Budget**
Agency: Education Aids

0301 SPECIAL EDUCATION - REGULAR

Citation: M.S. 120.03; 120.17; 124.32; 275.125, Subd 8c
MDE Admin: 1406 Special Education
Federal: 1301 Handicapped (EHA, P.L. 94-142)
1302 Preschool Incentive

PURPOSE:

To provide all individuals with disabilities, age 21 and under, a free and appropriate education designed to meet their individual needs. The specific objectives of the state special education program are to assure:

- each school district has a system to seek out and identify individuals with disabilities;
- assessment procedures are appropriate and nondiscriminatory;
- assessment procedures address all areas of suspected disability and that assessments are conducted by a multi-disciplinary team;
- to the extent possible, individuals with disabilities are educated in settings with students who do not have disabilities;
- each student has an Individualized Education Plan (IEP) that has been developed by the child study team, including special and regular educators and the learner's parents;
- a full continuum of services is available to serve individuals with the following disabilities:
 - Autistic
 - Early Childhood Special Education
 - Emotional Behavior Disorder (EBD)
 - Hearing Impaired (HI)
 - Mild-Moderate Mentally Handicapped (MMH)
 - Moderate-Severe Mentally Handicapped (MSMH)
 - Other Health Impaired (OHI)
 - Physically Handicapped (PH)
 - Severely Multiple Handicapped
 - Specific Learning Disabilities (SLD)
 - Speech/Language Impaired
 - Visually Impaired (VI)
- due process procedures are available for individual learners;
- services are provided at no cost to the parent;
- a transition plan is available to assist the individual in the transition from school to postsecondary education, the community and/or employment when exiting the school system.

Special Education services are designed to address the special needs of individuals with disabilities as required under M.S. 120.17 and P.L. 94-142. Learners with disabilities are at significant risk to succeed within the school environment without the specialized services provided through this program.

DESCRIPTION:

Minnesota Statutes Sections 120.03 and 120.17 define the learners with disabilities for which school

districts must provide a continuum of special education services. The costs of providing special education services to children and youth vary depending on the severity of the individual's disability. Some individuals need special services for only a few hours per week, while others, with more severe disabilities may need substantially more services.

The Levels of Service as defined in State Board of Education rules provide for a continuum of services beginning with the individual who has a mild disability to those who have more severe/profound disabilities. Within each disability area, the severity of the handicapping condition can range from mild to severe requiring different levels of service.

Levels of Service:

Level 1: The learner is placed in a regular classroom and does not require special education. This level includes assessment services, monitoring, observation and follow-up.

Level 2: The learner is placed in a regular classroom. Instruction and related services are provided indirectly through the regular teacher, teachers, parents, or other persons who have direct contact with the pupil. The consultation and indirect services include ongoing progress review; cooperative planning; demonstration teaching; modification and adaptation of the curriculum, supportive materials, and equipment; and direct contact with the pupil for monitoring, observation, and follow-up.

Level 3: The learner receives direct instruction from a special education teacher, or related services from a related-services staff member for less than 1/2 of the day. Consultation and indirect services are included.

Level 4: The learner receives direct instruction from a special education teacher for 1/2 day to less than full-time. Consultation and indirect services are included.

Level 5: The learner receives full-time direct instruction from a special education teacher within a district building, day school, or special station or facility. Integrated activities solely for specialization or enrichment, and related services are excluded when determining full-time. Consultation and indirect services are included.

Level 6: The learner is placed in a residential facility and receives direct instruction from a special education teacher. Consultation and indirect services are included.

State Special Education Aid:

Minnesota school districts are required to have appropriate services available to all students who have a handicapping condition and are in need of special education service. State special education aids are provided to assist in supporting the additional costs of these services. Special education aids support 3 broad categories of service to learners with disabilities:

1. Aid for Salaries of Essential Personnel (M.S. 124.32, Subd. 1): Minnesota provides a state payment for the salaries of essential special education personnel. Essential personnel are defined as special education teachers, supervisors, directors, related services and support services personnel such as social workers, psychologists, management aides, interpreters and braillists. Minnesota Department of Education (MDE) approval of programs, personnel, and budgets is required (M.S. 124.32, Subd. 7). The formula for payment of aid for essential personnel for each year is as follows:

F.Y. 1989 -- Lesser of 66% of salary or \$18,400

F.Y. 1990 and F.Y. 1991 -- 60% of salary expenditures of regular school district employees, not to exceed \$16,727 in aid. Full-time employees with salaries in excess of \$27,878 are subject to the \$16,727 aid limitation. Part-time salaries and aid are prorated accordingly.

PROGRAM: 0' Special Programs
(Continued)
Agency: Education Aids

1992-93 Biennial Budget

0301 SPECIAL EDUCATION - REGULAR

Districts are authorized to levy an amount equal to the difference between 66% of salaries paid to essential personnel and the state aid paid for salaries of these personnel. For special education cooperatives and intermediate districts, the levy is made by member districts in an amount equal to their allocated portion of this difference.

2. Aid for Supplies and Equipment (M.S. 124.32, Subd. 2): State aid is provided for the costs of special instructional supplies and equipment necessary to provide special education services to handicapped children. The supplies and equipment are limited to those items which are in addition or supplementary to those items normally provided to pupils in the regular education program. The formula for determining the amount of aid is 47% of the costs of the supplies and equipment, not to exceed an average of \$47 per handicapped pupil served.

3. Aid for Contracted Services (M.S. 124.32, Subd. 1d): School districts are authorized to purchase services for pupils with handicaps from public and private agencies. When districts choose this option, state aid is paid on the basis of 52% of the difference between the contracted cost and the General Education revenue for the pupil.

PERFORMANCE:

Changes in special education over the past several years have been in response to concerns regarding the growth in number of students identified and served within special education programs. In the mid 1980s, the legislature required school districts to either develop criteria for entrance into and exit from special education programs or adopt such criteria developed by MDE. The effect of establishing entrance and exit criteria was a decrease in the number of students identified and served in special education programs over the past two child count years. This occurred even though there has been an increase in the overall student population in the schools and a mandate was implemented to serve students with disabilities beginning at birth.

The following child count statistics show the changing configuration of special education services being provided by the Minnesota public schools:

<u>DISABILITY</u>	<u>Actual F.Y. 1989</u>	<u>Actual F.Y. 1990</u>	<u>Estimated F.Y. 1991</u>
Speech/Language Impaired	17,114	16,606	16,624
Mild-Moderate Mentally Handicapped	7,425	7,218	7,212
Moderate-Severe Mentally Handicapped	3,205	3,120	3,124
Physically Handicapped	1,355	1,331	1,374
Hearing Impaired	1,382	1,446	1,444
Visually Impaired	366	337	348
Specific Learning Disabilities	34,805	32,994	30,508

<u>DISABILITY</u>	<u>Actual F.Y. 1989</u>	<u>Actual F.Y. 1990</u>	<u>Estimated F.Y. 1991</u>
Emotional Behavior Disorder	10,683	11,316	12,133
Autistic	172	176	179
Deaf and Blind	29	21	28
Other Health Impaired	432	507	539
Early Childhood Special Education Totals	<u>5,679</u> 82,647	<u>6,384</u> 81,456	<u>6,743</u> 80,276

STATISTICS:

Program statistics are shown in Tables 3-1 through 3-6.

PROSPECTS:

There has been a decrease in the number of learners with disabilities identified and served in special education programs. From December 1987 to December 1989, there was a decrease of 1,868 students in special education. This decrease averages about 4.2 students per district in Minnesota who are no longer receiving special education services. It can also be assumed that students who may have previously received services in the learning disabilities area may be served under the Assurance of Mastery program. The adoption of statewide entrance and exit criteria for students with disabilities which are scheduled to go into effect in 1991 will also tend to decrease the number of students identified for special education services.

There continues to be an increase of students in the emotionally disturbed category. It is believed that Minnesota is still not at full service in this area. The student/teacher ratio is low for Emotional Behavior Disorders and there are a high number of aides employed. Teacher burnout tends to be high as there were 100 teacher licensure variances issued for the 1989-90 school term in this area.

There is an anticipated increase in the next few years in the number of preschool children exposed to alcohol and other chemicals prior to birth, who will likely require special education services.

MDE believes that the count of students served in special education programs will decline as a result of the implementation of statewide criteria for entrance into special education programs. In addition, the Assurance of Mastery programs may serve to lower the number of students served in special education.

As a result of the increasing funding needs, under the current statutory formula, MDE estimates an additional need in state aid entitlement of \$11,898,000 for F.Y. 1992 and \$16,638,000 for F.Y. 1993 over the annual base entitlement of \$166,644,000.

Alternatives Considered:

In order to meet these increasing needs and to continue current program activities within the annual base entitlement, MDE has identified the following alternative for consideration:

- Reduce the statutory aid formula to the amount that the annual base entitlement will support. Although this may eliminate prorating of the aid, the reduction could mean a reduction in programs and services provided to students. The failure to fund increasing costs will place an additional funding burden on the local district providing programs and services.

PROGRAM: 03 Special Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0301 SPECIAL EDUCATION - REGULAR

GOVERNOR'S RECOMMENDATION:

The Governor recommends increasing Special Education aid and levy funding from the F.Y. 1991 level of \$223,533 to \$233,853 for F.Y. 1992 and \$243,820 for F.Y. 1993. This funding increase will be implemented through the following modifications in the Special Education-Regular funding formula:

1. For F.Y. 1992, change state aid for essential personnel from 60% of salaries not to exceed \$16,727 per full-time equivalent (FTE) employee to 56.4% of salaries not to exceed \$15,700 per FTE employee.
2. Beginning in F.Y. 1993, change state aid for essential personnel to 54.4% of salaries not to exceed \$15,100 per FTE employee.
3. Beginning in F.Y. 1993, provide state aid to equalize the special education levy (see Program Budget 0308).
4. Total aid plus levy revenue for essential personnel would remain at 66% of salaries.

The Governor further recommends that modifications be made in the Pupil Fair Dismissal Act of 1974 and the special education hearing appeal process as follows:

- No pupil shall be completely expelled or excluded from school, but will be offered an alternative such as: special tutoring, homebound instruction, enrollment in an alternative program or other public school or in conjunction with another agency.
- An appeal of the results of a local hearing, by the parent or school board, will be directly to the Court of Appeals. This will eliminate the potential conflict of interest under the present system in which appeals are made to the Commissioner of Education.

The Governor recommends an aid entitlement of \$167,187 for F.Y. 1992 and \$164,933 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$167,105 in F.Y. 1992 (\$24,996 for F.Y. 1991 and \$142,109 for F.Y. 1992) and \$165,271 in F.Y. 1993 (\$25,078 for F.Y. 1992 and \$140,193 for F.Y. 1993).

EDUCATION A - GOVERNOR'S BUDGET
(Dollars in Thousands)

0301 SPECIAL ED - REGULAR

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 161,479	\$ 166,644	\$ 166,644	\$ 166,644
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Revenue Increases:				
Number Of Staff		1,032	4,777	6,866
Avg Salary/FTE Staff		12,691	18,798	26,405
Contracted Services		856	1,020	1,203
Supplies & Equipment		147	226	314
Levy Increases:				
Number Of Staff		<215>	<993>	<1,428>
Avg Salary/FTE Staff		<8,508>	<12,864>	<18,288>
Combination Of Variables	4,170			
3.CURRENT ENTITLEMENT	165,649	172,647	177,608	181,716
4.FUNDING EXCESS/DEFICIENCY	<4,170>	<6,251>*		
5.POLICY CHANGES RECOMMENDED				
Revised Formula:				
Aid Changed To:				
Fy92 - 56.4% Of Salary,			<10,421>	
\$15,700 Cap				
Fy93 - 54.4% Of Salary,				<16,783>
\$15,100 Cap				
Total Policy Changes			<10,421>	<16,783>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			167,187	164,933
7.APPROPRIATIONS BASIS:				
Current Year	137,257	141,400	142,109	140,193
Prior Year	23,074	24,222	24,996	25,078
Transfers (M.S. 124.14)	588			
Total Funding (State General Fund)	160,919	165,622	167,105	165,271
8.LEVY AUTHORITY	47,729	57,137	66,666	78,887

(*) \$6,003 due to change in entitlement plus \$248 appropriation transfer to Special Pupil program

REVISED 3/28/91

PROGRAM: 03 Special Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0301 SPECIAL EDUCATION - REGULAR

TABLE 3-1
UNDUPLICATED CHILD COUNT
STUDENTS WITH DISABILITIES BY AGE AND DISABILITY

DISABILITY Child Count Date	AGE	ACTUAL F.Y. 1986 12/85	ACTUAL F.Y. 1987 12/86	ACTUAL F.Y. 1988 12/87	ACTUAL F.Y. 1989 12/88	ACTUAL F.Y. 1990 12/89	ESTIMATED F.Y. 1991 12/90	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993
1. Speech Language Impaired	0-2	106	188	79	150	156	160	155	158
	3	416	808	512	395	410	413	421	416
	4-5	4,843	4,850	3,404	2,840	2,532	2,459	2,401	2,418
	6-11	11,861	12,038	12,204	12,234	12,018	12,131	12,200	12,311
	12-+21	1,637	1,481	1,557	1,495	1,490	1,461	1,462	1,402
	Total	18,863	19,365	17,756	17,114	16,606	16,624	16,639	16,705
2. Mild-Moderate Mentally Handicapped	0-2	76	192	55	31	1	3	1	2
	3	126	250	50	28	10	6	0	2
	4-5	564	599	206	116	94	106	91	93
	6-11	3,040	3,178	3,021	3,015	3,103	3,111	3,016	3,003
	12-+21	4,859	4,614	4,460	4,235	4,010	3,986	3,903	3,844
	Total	8,665	8,833	7,792	7,425	7,218	7,212	7,011	6,944
3. Moderate-Severe Mentally Handicapped	0-2	46	62	22	11	16	14	17	16
	3	31	99	38	25	11	17	18	19
	4-5	322	298	142	134	97	101	103	103
	6-11	1,141	1,124	1,110	1,062	1,035	982	985	993
	12-+21	2,240	2,248	2,092	1,973	1,961	2,010	1,996	2,013
	Total	3,780	3,831	3,404	3,205	3,120	3,124	3,119	3,144
4. Physically Handicapped	0-2	107	130	46	41	42	63	88	98
	3	61	105	49	29	16	36	41	53
	4-5	211	219	148	126	88	95	108	110
	6-11	624	647	666	700	665	645	690	701
	12-+21	475	455	416	459	520	535	554	573
	Total	1,478	1,556	1,325	1,355	1,331	1,374	1,481	1,535
5. Hearing Impaired	0-2	45	54	58	57	60	61	64	63
	3	54	47	40	34	53	45	50	51
	4-5	146	148	113	115	124	130	133	129
	6-11	624	572	603	666	691	685	715	706
	12-+21	527	521	506	510	518	523	537	531
	Total	1,396	1,342	1,320	1,382	1,446	1,444	1,499	1,480
6. Visually Impaired	0-2	42	38	17	13	15	16	18	17
	3	21	9	15	9	8	8	9	10
	4-5	53	51	30	31	26	25	28	29
	6-11	148	148	141	152	161	158	161	162
	12-+21	154	157	137	161	127	141	135	131
	Total	418	403	340	366	337	348	351	349
7. Specific Learning Disabilities	0-2	49	30	5	2	4	2	0	6
	3	34	35	15	3	2	2	2	1

0301 SPECIAL EDUCATION - REGULAR

Districts are authorized to levy an amount equal to the difference between 66% of salaries paid to essential personnel and the state aid paid for salaries of these personnel. For special education cooperatives and intermediate districts, the levy is made by member districts in an amount equal to their allocated portion of this difference.

2. Aid for Supplies and Equipment (M.S. 124.32, Subd. 2): State aid is provided for the costs of special instructional supplies and equipment necessary to provide special education services to handicapped children. The supplies and equipment are limited to those items which are in addition or supplementary to those items normally provided to pupils in the regular education program. The formula for determining the amount of aid is 47% of the costs of the supplies and equipment, not to exceed an average of \$47 per handicapped pupil served.

3. Aid for Contracted Services (M.S. 124.32, Subd. 1d): School districts are authorized to purchase services for pupils with handicaps from public and private agencies. When districts choose this option, state aid is paid on the basis of 52% of the difference between the contracted cost and the General Education revenue for the pupil.

PERFORMANCE:

Changes in special education over the past several years have been in response to concerns regarding the growth in number of students identified and served within special education programs. In the mid 1980s, the legislature required school districts to either develop criteria for entrance into and exit from special education programs or adopt such criteria developed by MDE. The effect of establishing entrance and exit criteria was a decrease in the number of students identified and served in special education programs over the past two child count years. This occurred even though there has been an increase in the overall student population in the schools and a mandate was implemented to serve students with disabilities beginning at birth.

The following child count statistics show the changing configuration of special education services being provided by the Minnesota public schools:

<u>DISABILITY</u>	<u>Actual F.Y. 1989</u>	<u>Actual F.Y. 1990</u>	<u>Estimated F.Y. 1991</u>
Speech/Language Impaired	17,114	16,606	16,624
Mild-Moderate Mentally Handicapped	7,425	7,218	7,212
Moderate-Severe Mentally Handicapped	3,205	3,120	3,124
Physically Handicapped	1,355	1,331	1,374
Hearing Impaired	1,382	1,446	1,444
Visually Impaired	366	337	348
Specific Learning Disabilities	34,805	32,994	30,508

Emotional Behavior Disorder	10,683	11,316	12,153
Autistic	172	176	179
Deaf and Blind	29	21	28
Other Health Impaired	432	507	539
Early Childhood Special Education	<u>5,679</u>	<u>6,384</u>	<u>6,743</u>
Totals	82,647	81,456	80,276

STATISTICS:

Program statistics are shown in Tables 3-1 through 3-6.

PROSPECTS:

There has been a decrease in the number of learners with disabilities identified and served in special education programs. From December 1987 to December 1989, there was a decrease of 1,868 students in special education. This decrease averages about 4.2 students per district in Minnesota who are no longer receiving special education services. It can also be assumed that students who may have previously received services in the learning disabilities area may be served under the Assurance of Mastery program. The adoption of statewide entrance and exit criteria for students with disabilities which are scheduled to go into effect in 1991 will also tend to decrease the number of students identified for special education services.

There continues to be an increase of students in the emotionally disturbed category. It is believed that Minnesota is still not at full service in this area. The student/teacher ratio is low for Emotional Behavior Disorders and there are a high number of aides employed. Teacher burnout tends to be high as there were 100 teacher licensure variances issued for the 1989-90 school term in this area.

There is an anticipated increase in the next few years in the number of preschool children exposed to alcohol and other chemicals prior to birth, who will likely require special education services.

MDE believes that the count of students served in special education programs will decline as a result of the implementation of statewide criteria for entrance into special education programs. In addition, the Assurance of Mastery programs may serve to lower the number of students served in special education.

As a result of the increasing funding needs, under the current statutory formula, MDE estimates an additional need in state aid entitlement of \$11,898,000 for F.Y. 1992 and \$16,638,000 for F.Y. 1993 over the annual base entitlement of \$166,644,000.

Alternatives Considered:

In order to meet these increasing needs and to continue current program activities within the annual base entitlement, MDE has identified the following alternative for consideration:

- Reduce the statutory aid formula to the amount that the annual base entitlement will support. Although this may eliminate prorating of the aid, the reduction could mean a reduction in programs and services provided to students. The failure to fund increasing costs will place an additional funding burden on the local district providing programs and services.

PROGRAM: 03 Special Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0301 SPECIAL EDUCATION - REGULAR

GOVERNOR'S RECOMMENDATION:

The Governor recommends increasing Special Education aid and levy funding from the F.Y. 1991 level of \$223,533 to \$233,530 for F.Y. 1992 and \$246,065 for F.Y. 1993. This funding increase will be implemented through the following modifications in the Special Education-Regular funding formula:

1. Beginning in F.Y. 1992, change total aid plus levy revenue for essential personnel from 66% to 65% of salaries. School district expenditures must remain at the same level as the previous year to maintain effort as required under P.L. 94-142 unless there is a corresponding reduction in the number of students with disabilities within the district.
2. For F.Y. 1992, change state aid for essential personnel from 60% of salaries not to exceed \$16,727 per full-time equivalent (FTE) employee to 56% of salaries not to exceed \$15,600 per FTE employee.
3. Beginning in F.Y. 1993, change state aid for essential personnel to 54% of salaries not to exceed \$15,000 per FTE employee.
4. Beginning in F.Y. 1993, provide state aid to equalize the special education levy (see Program Budget 0308).

The Governor further recommends that modifications be made in the Pupil Fair Dismissal Act of 1974 and the special education hearing appeal process as follows:

- No pupil shall be completely expelled or excluded from school, but will be offered an alternative such as: special tutoring, homebound instruction, enrollment in an alternative program or other public school or in conjunction with another agency.
- An appeal of the results of a local hearing, by the parent or school board, will be directly to the Court of Appeals. This will eliminate the potential conflict of interest under the present system in which appeals are made to the Commissioner of Education.

The Governor recommends an aid entitlement of \$166,995 for F.Y. 1992 and \$165,245 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$166,942 in F.Y. 1992 (\$24,996 for F.Y. 1991 and \$141,946 for F.Y. 1992) and \$165,508 in F.Y. 1993 (\$25,049 for F.Y. 1992 and \$140,459 for F.Y. 1993).

EDUCATION AIDS - GOVERNOR'S BUDGET
(Doll in Thousands)

0301 SPECIAL ED - REGULAR

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 161,479	\$ 166,644	\$ 166,644	\$ 166,644
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Revenue Increases:				
Number Of Staff		1,032	4,842	6,932
Avg Salary/Fte Staff		12,691	21,815	32,104
Contracted Services		856	1,073	1,304
Supplies & Equipment		147	262	374
Levy Increases:				
Number Of Staff		<215>	<1,007>	<1,441>
Avg Salary/Fte Staff		<8,508>	<15,087>	<22,635>
Combination Of Variables	4,170			
3.CURRENT ENTITLEMENT	165,649	172,647	178,542	183,282
4.FUNDING EXCESS/DEFICIENCY	<4,170>	<6,251>*		
5.POLICY CHANGES RECOMMENDED				
Revised Formula:				
Rev. Reduced To 65% Of				
Salaries, With Aid				
Changed To:				
Fy92 - 56% Of Salary,			<11,547>	
\$15,600 Cap				
Fy93 - 54% Of Salary,				<18,037>
\$15,000 Cap				
Total Policy Changes			<11,547>	<18,037>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			166,995	165,245
7.APPROPRIATIONS BASIS:				
Current Year	137,257	141,400	141,946	140,459
Prior Year	23,074	24,222	24,996	25,049
Transfers (M.S. 124.14)	588			
Total Funding (State General Fund)	160,919	165,622	166,942	165,508
8.LEVY AUTHORITY	47,729	57,137	66,535	80,820

(*) \$6,003 due to change in entitlement plus \$248 appropriation transfer to Special Pupil program

PROGRAM: 03 Special Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0301 SPECIAL EDUCATION - REGULAR

TABLE 3-1
UNDUPLICATED CHILD COUNT
STUDENTS WITH DISABILITIES BY AGE AND DISABILITY

<u>DISABILITY</u>	<u>AGE</u>	<u>ACTUAL</u> <u>F.Y. 1986</u>	<u>ACTUAL</u> <u>F.Y. 1987</u>	<u>ACTUAL</u> <u>F.Y. 1988</u>	<u>ACTUAL</u> <u>F.Y. 1989</u>	<u>ACTUAL</u> <u>F.Y. 1990</u>	<u>ESTIMATED</u> <u>F.Y. 1991</u>	<u>ESTIMATED</u> <u>F.Y. 1992</u>	<u>ESTIMATED</u> <u>F.Y. 1993</u>
Child Count Date		12/85	12/86	12/87	12/88	12/89	12/90		
1. Speech Language Impaired	0-2	106	188	79	150	156	160	155	158
	3	416	808	512	395	410	413	421	416
	4-5	4,843	4,850	3,404	2,840	2,532	2,459	2,401	2,418
	6-11	11,861	12,038	12,204	12,234	12,018	12,131	12,200	12,311
	12-+21	1,637	1,481	1,557	1,495	1,490	1,461	1,462	1,402
	Total	18,863	19,365	17,756	17,114	16,606	16,624	16,639	16,705
2. Mild-Moderate Mentally Handicapped	0-2	76	192	55	31	1	3	1	2
	3	126	250	50	28	10	6	0	2
	4-5	564	599	206	116	94	106	91	93
	6-11	3,040	3,178	3,021	3,015	3,103	3,111	3,016	3,003
	12-+21	4,859	4,614	4,460	4,235	4,010	3,986	3,903	3,844
	Total	8,665	8,833	7,792	7,425	7,218	7,212	7,011	6,944
3. Moderate-Severe Mentally Handicapped	0-2	46	62	22	11	16	14	17	16
	3	31	99	38	25	11	17	18	19
	4-5	322	298	142	134	97	101	103	103
	6-11	1,141	1,124	1,110	1,062	1,035	982	985	993
	12-+21	2,240	2,248	2,092	1,973	1,961	2,010	1,996	2,013
	Total	3,780	3,831	3,404	3,205	3,120	3,124	3,119	3,144
4. Physically Handicapped	0-2	107	130	46	41	42	63	88	98
	3	61	105	49	29	16	36	41	53
	4-5	211	219	148	126	88	95	108	110
	6-11	624	647	666	700	665	645	690	701
	12-+21	475	455	416	459	520	535	554	573
	Total	1,478	1,556	1,325	1,355	1,331	1,374	1,481	1,535
5. Hearing Impaired	0-2	45	54	58	57	60	61	64	63
	3	54	47	40	34	53	45	50	51
	4-5	146	148	113	115	124	130	133	129
	6-11	624	572	603	666	691	685	715	706
	12-+21	527	521	506	510	518	523	537	531
	Total	1,396	1,342	1,320	1,382	1,446	1,444	1,499	1,480
6. Visually Impaired	0-2	42	38	17	13	15	16	18	17
	3	21	9	15	9	8	8	9	10
	4-5	53	51	30	31	26	25	28	29
	6-11	148	148	141	152	161	158	161	162
	12-+21	154	157	137	161	127	141	135	131
	Total	418	403	340	366	337	348	351	349
7. Specific Learning Disabilities	0-2	49	30	5	2	4	2	0	6
	3	34	35		3	2	2	2	1

0301 SPECIAL EDUCATION - REGULAR

TABLE 3-1 (CONT)

DISABILITY	AGE	ACTUAL F.Y. 1986 12/85	ACTUAL F.Y. 1987 12/86	ACTUAL F.Y. 1988 12/87	ACTUAL F.Y. 1989 12/88	ACTUAL F.Y. 1990 12/89	ESTIMATED F.Y. 1991 12/90	ESTIMATED F.Y. 1992	ESTIMATED F.Y. 1993
Child Count Date									
	4-5	795	717	285	118	97	85	72	70
	6-11	16,496	16,702	16,403	16,033	14,857	12,955	12,413	12,133
	12-+21	19,409	19,445	19,273	18,649	18,034	17,464	17,300	17,106
	Total	36,783	36,929	35,981	34,805	32,994	30,508	29,787	29,316
8. Emotional Behavior Disorder	0-2	3	1	1	2	1	2	4	4
	3	13	29	8	1	4	4	7	8
	4-5	251	234	108	87	66	57	69	73
	6-11	2,257	2,492	2,837	3,151	3,585	4,140	4,260	4,301
	12-+21	6,333	6,816	7,200	7,442	7,660	7,950	8,001	8,111
	Total	8,857	9,572	10,154	10,683	11,316	12,153	12,341	12,497
9. Autistic	0-2	1	3	1	3	0	1	1	1
	3	3	5	2	1	5	2	1	1
	4-5	25	29	25	19	15	22	20	21
	6-11	72	75	70	82	82	73	76	77
	12-+21	51	61	65	67	74	81	83	84
	Total	152	173	163	172	176	179	181	184
10. Deaf and Blind	0-2	4	5	4	1	1	1	1	1
	3	1	0	0	5	1	1	1	1
	4-5	3	6	2	2	4	5	6	5
	6-11	3	6	10	12	9	10	11	10
	12-+21	10	5	7	9	6	11	10	11
	Total	21	22	23	29	21	28	29	28
11. Other Health Impaired	0-2	35	54	17	18	10	26	35	37
	3	35	53	15	3	4	11	16	18
	4-5	138	140	43	33	28	31	32	33
	6-11	325	254	215	207	270	268	262	260
	12-+21	319	196	185	171	195	203	202	210
	Total	852	697	475	432	507	539	547	558
12. Early Childhood Special Education*	0-2			539	1,195	1,465	1,540	1,610	1,810
	3			869	1,086	1,290	1,350	1,421	1,522
	4-5			2,815	3,203	3,510	3,750	3,878	4,112
	6-11			368	195	119	103	96	105
	12-+21								
	Total			4,591	5,679	6,384	6,743	7,005	7,549
Totals of All	0-2	514	757	844	1,524	1,771	1,889	1,994	2,207
	3	795	1,440	1,613	1,619	1,814	1,895	1,987	2,102
	4-5	7,351	7,291	7,321	6,824	6,681	6,866	6,941	7,196
	6-11	36,591	37,236	37,648	37,509	36,595	35,261	34,885	34,762
	12-+21	36,014	35,999	35,898	35,171	34,595	34,365	34,183	34,016
	Total	81,265	82,723	83,324	82,647	81,456	80,276	79,990	80,283

* F.Y. 1988 was the first year for this category.

PROGRAM: 03 Special Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0301 SPECIAL EDUCATION - REGULAR

TABLE 3-2
UNDUPLICATED CHILD COUNT BY AGE AND DISABILITY
DECEMBER 1, 1989

AGE AS OF SEPT. 1	SPEECH/ LANG IMPAIRED	MILD MODER HDCPD	MODER SEVERE MEN HDCPD	PHYSIC- ALLY HDCPD	HEARING IMPAIRED	VISUALLY IMPAIRED	SPECIFIC LEARN DISABIL	EMOTION BEHAVIOR DISORDER	DEAF BLIND	OTHER HEALTH IMPAIRED	AUTISTIC	EARLY CHILD SPEC. ED.	TOTAL
0	6	0	2	6	7	2	2	0	0	3	0	246	274
1	6	0	2	16	18	9	2	0	0	2	0	481	536
2	144	1	12	20	35	4	0	1	1	5	0	738	961
3	410	10	11	16	53	8	2	4	1	4	5	1,290	1,814
4	851	7	24	35	51	7	9	15	3	6	9	2,240	3,257
5	1,681	87	73	53	73	19	88	51	1	22	6	1,270	3,424
6	2,402	372	151	109	86	24	618	213	0	34	21	119	4,149
7	2,357	493	150	131	115	29	1,631	393	2	58	13	0	5,372
8	2,552	511	194	117	122	29	2,513	566	2	43	11	0	6,660
9	2,191	573	178	115	123	31	3,146	711	1	57	9	0	7,135
10	1,573	557	192	98	121	28	3,485	817	2	42	9	0	6,924
11	943	597	170	95	125	20	3,461	884	2	36	19	0	6,352
12	539	533	206	91	89	18	3,512	893	3	39	16	0	5,939
13	345	571	195	80	87	17	3,104	1,166	0	35	9	0	5,609
14	214	588	188	80	80	15	3,067	1,417	1	28	5	0	5,683
15	134	565	215	87	75	22	2,638	1,463	1	34	13	0	5,247
16	114	571	181	73	86	19	2,521	1,298	1	30	5	0	4,899
17	91	559	232	51	59	26	2,088	977	0	18	5	0	4,106
18	41	409	259	33	29	9	960	340	0	8	9	0	2,097
19	9	143	248	15	6	1	122	79	0	3	8	0	634
20	3	65	221	9	5	0	19	24	0	0	4	0	350
21	0	6	16	1	1	0	6	3	0	0	0	0	33
+21	0	0	0	0	1	0	0	0	0	0	0	0	1
Totals													
0-4	1,417	18	51	93	164	30	15	20	5	20	14	4,995	6,842
5-11	13,699	3,190	1,108	718	765	180	14,942	3,635	10	292	88	1,389	40,016
12-17	1,437	3,387	1,217	462	476	117	16,930	7,214	6	184	53	0	31,483
5-17	15,136	6,577	2,325	1,180	1,241	297	31,872	10,849	16	476	141	1,389	71,499
0-21+	16,606	7,218	3,120	1,331	1,447	337	32,994	11,315	21	507	176	6,384	81,456

0301 SPECIAL EDUCATION - REGULAR

TABLE 3-3
 UNDUPLICATED CHILD COUNT PERCENT OF STUDENTS
 WITH HANDICAPS BY DISABILITY
 DECEMBER 1, 1989

AGE AS OF SEPT. 1	SPEECH/ LANG IMPAIRED	MILD MODER HDCPD	MODER SEVERE MEN HDCPD	PHYSIC- ALLY HDCPD	HEARING IMPAIRED	VISUALLY IMPAIRED	SPECIFIC LEARN DISABIL	EMOTION BEHAVIOR DISORDER	DEAF BLIND	OTHER HEALTH IMPAIRED	AUTISTIC	EARLY CHILD SPEC. ED.	TOTAL
0	0.007	0.000	0.002	0.007	0.009	0.002	0.002	0.000	0.000	0.004	0.000	0.302	0.335
1	0.007	0.000	0.002	0.020	0.022	0.011	0.002	0.000	0.000	0.002	0.000	0.591	0.657
2	0.177	0.001	0.015	0.025	0.043	0.005	0.000	0.001	0.001	0.006	0.000	0.906	1.180
3	0.503	0.012	0.014	0.020	0.065	0.010	0.002	0.005	0.001	0.005	0.006	1.584	2.227
4	1.045	0.009	0.029	0.043	0.063	0.009	0.011	0.018	0.004	0.007	0.011	2.750	3.999
5	2.064	0.107	0.090	0.065	0.090	0.023	0.108	0.063	0.001	0.027	0.007	1.559	4.204
6	2.949	0.457	0.185	0.134	0.106	0.029	0.759	0.261	0.000	0.042	0.026	0.146	5.094
7	2.894	0.605	0.184	0.161	0.141	0.036	2.002	0.482	0.002	0.071	0.016	0.000	6.594
8	3.133	0.627	0.238	0.144	0.150	0.036	3.085	0.695	0.002	0.053	0.014	0.000	8.177
9	2.690	0.703	0.219	0.141	0.151	0.038	3.862	0.873	0.001	0.070	0.011	0.000	8.759
10	1.931	0.684	0.236	0.120	0.149	0.034	4.278	1.003	0.002	0.052	0.011	0.000	8.500
11	1.158	0.733	0.209	0.117	0.153	0.025	4.249	1.085	0.002	0.044	0.023	0.000	7.798
12	0.662	0.654	0.253	0.112	0.109	0.022	4.312	1.096	0.004	0.048	0.020	0.000	7.292
13	0.424	0.701	0.239	0.098	0.107	0.021	3.811	1.431	0.000	0.043	0.011	0.000	6.886
14	0.263	0.722	0.231	0.098	0.098	0.018	3.765	1.740	0.001	0.034	0.006	0.000	6.976
15	0.165	0.694	0.264	0.107	0.092	0.027	3.239	1.796	0.001	0.042	0.016	0.000	6.443
16	0.140	0.701	0.222	0.090	0.106	0.023	3.095	1.593	0.001	0.037	0.006	0.000	6.014
17	0.112	0.686	0.285	0.063	0.072	0.032	2.563	1.199	0.000	0.022	0.006	0.000	5.040
18	0.050	0.502	0.318	0.041	0.036	0.011	1.179	0.417	0.000	0.010	0.011	0.000	2.575
19	0.011	0.176	0.304	0.018	0.007	0.001	0.150	0.097	0.000	0.004	0.010	0.000	0.778
20	0.004	0.080	0.271	0.011	0.006	0.000	0.023	0.029	0.000	0.000	0.005	0.000	0.429
21	0.000	0.007	0.020	0.001	0.001	0.000	0.007	0.004	0.000	0.000	0.000	0.000	0.040
+21	0.000	0.000	0.000	0.000	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001
Totals													
0-4	1.739	0.022	0.062	0.115	0.202	0.037	0.017	0.024	0.006	0.024	0.017	6.133	8.398
5-11	16.819	3.916	1.361	0.882	0.940	0.221	18.343	4.462	0.010	0.359	0.108	1.705	49.126
12-17	1.766	4.158	1.494	0.568	0.584	0.143	20.785	8.855	0.007	0.226	0.065	0.000	38.651
5-17	18.585	8.074	2.855	1.450	1.524	0.364	39.128	13.317	0.017	0.585	0.173	1.705	87.777
0-21+	20.389	8.861	3.830	1.636	1.777	0.413	40.504	13.888	0.023	0.623	0.216	7.838	99.998

PROGRAM: 03 Special Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0301 SPECIAL EDUCATION - REGULAR

TABLE 3-4
UNDUPLICATED CHILD COUNT PERCENT OF SCHOOL AGE CHILDREN
WITH DISABILITIES TO TOTAL SCHOOL POPULATION
DECEMBER 1, 1989

AGE AS OF SEPT. 1	SPEECH/ LANG IMPAIRED	MILD MODER HDCPD	MODER SEVERE MEN HDCPD	PHYSIC- ALLY HDCPD	HEARING IMPAIRED	VISUALLY IMPAIRED	SPECIFIC LEARN DISABIL	EMOTION BEHAVIOR DISORDER	DEAF BLIND	OTHER HEALTH IMPAIRED	AUTISTIC	EARLY CHILD SPEC. ED.	TOTAL
5	0.207	0.011	0.009	0.007	0.009	0.002	0.011	0.006	0.000	0.003	0.001	0.156	0.422
6	0.295	0.046	0.019	0.013	0.011	0.003	0.076	0.026	0.000	0.004	0.003	0.015	0.511
7	0.290	0.061	0.018	0.016	0.014	0.004	0.200	0.048	0.000	0.007	0.002	0.000	0.660
8	0.314	0.063	0.024	0.014	0.015	0.004	0.309	0.070	0.000	0.005	0.001	0.000	0.819
9	0.269	0.070	0.022	0.014	0.015	0.004	0.387	0.087	0.000	0.007	0.001	0.000	0.876
10	0.193	0.068	0.024	0.012	0.015	0.003	0.428	0.100	0.000	0.005	0.001	0.000	0.849
11	0.116	0.073	0.021	0.012	0.015	0.002	0.425	0.109	0.000	0.004	0.002	0.000	0.779
12	0.066	0.065	0.025	0.011	0.011	0.002	0.431	0.110	0.000	0.005	0.002	0.000	0.728
13	0.042	0.070	0.024	0.010	0.011	0.002	0.381	0.143	0.000	0.004	0.001	0.000	0.688
14	0.026	0.072	0.023	0.010	0.010	0.002	0.377	0.174	0.000	0.003	0.001	0.000	0.698
15	0.016	0.069	0.026	0.011	0.009	0.003	0.324	0.180	0.000	0.004	0.002	0.000	0.644
16	0.014	0.070	0.022	0.009	0.011	0.002	0.310	0.159	0.000	0.004	0.001	0.000	0.602
17	0.011	0.069	0.029	0.006	0.007	0.003	0.257	0.120	0.000	0.002	0.001	0.000	0.505
18	0.005	0.050	0.032	0.004	0.004	0.001	0.118	0.042	0.000	0.001	0.001	0.000	0.258
19	0.001	0.018	0.030	0.002	0.001	0.000	0.015	0.010	0.000	0.000	0.001	0.000	0.078
20	0.000	0.008	0.027	0.001	0.001	0.000	0.002	0.003	0.000	0.000	0.000	0.000	0.042
21	0.000	0.001	0.002	0.000	0.000	0.000	0.001	0.000	0.000	0.000	0.000	0.000	0.004
21+	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Totals													
5-11	1.684	0.392	0.137	0.008	0.094	0.022	1.836	0.446	0.000	0.035	0.011	0.171	4.916
12-17	0.175	0.415	0.149	0.057	0.059	0.014	2.080	0.886	0.000	0.022	0.008	0.000	3.865
5-17	1.859	0.807	0.286	0.145	0.153	0.036	3.916	1.332	0.000	0.057	0.019	0.171	8.781
0-21+	2.040	0.886	0.382	0.163	0.179	0.040	4.053	1.389	0.000	0.060	0.023	0.784	9.999

Percent of students with disabilities receiving Special Education compared to total school population

9.167

0301 SPECIAL EDUCATION - REGULAR

TABLE 3-5
UNDUPLICATED CHILD COUNT BY EDUCATIONAL SETTINGS
DECEMBER 1, 1989

<u>AGE AS OF SEPT. 1</u>	<u>SPEECH/ LANG IMPAIRED</u>	<u>MILD MODER HDCPD</u>	<u>MODER SEVERE MEN HDCPD</u>	<u>PHYSIC- ALLY HDCPD</u>	<u>HEARING IMPAIRED</u>	<u>VISUALLY IMPAIRED</u>	<u>SPECIFIC LEARN DISABIL</u>	<u>EMOTION BEHAVIOR DISORDER</u>	<u>DEAF BLIND</u>	<u>OTHER HEALTH IMPAIRED</u>	<u>AUTISTIC</u>	<u>EARLY CHILD SPEC. ED.</u>	<u>TOTAL</u>
Setting: Regular Class													
0-4	143	0	0	7	3	5	1	2	0	5	0	158	324
5-11	2,002	114	10	199	215	62	1,717	433	0	78	1	123	4,954
12-21+	397	131	4	145	143	51	3,258	800	0	55	0	0	4,984
Totals	2,542	245	14	351	361	118	4,976	1,235	0	138	1	281	10,262
Setting: Regular Class, Half-Time or More													
0-4	587	0	0	13	17	2	9	2	0	6	0	273	909
5-11	11,257	1,649	68	398	387	96	12,313	2,023	4	180	7	223	28,605
12-21+	1,040	1,771	30	271	242	59	13,383	3,652	3	114	4	0	20,569
Totals	12,884	3,420	98	682	646	157	25,705	5,677	7	300	11	496	50,083
Setting: Separate Class, More than Half-Time													
0-4	270	2	3	3	11	3	2	2	0	0	0	472	768
5-11	292	1,148	238	55	86	11	746	582	0	21	17	169	3,365
12-21+	32	1,666	322	43	73	10	1,143	1,019	0	14	16	0	4,338
Totals	594	2,816	563	101	170	24	1,891	1,603	0	35	33	641	8,471
Setting: Separate Class, Full-Time													
0-4	301	12	41	48	80	10	2	12	5	4	10	2,935	3,460
5-11	130	274	678	48	51	7	137	299	4	12	57	842	2,539
12-21+	15	382	1,175	33	32	4	142	545	1	4	38	0	2,371
Totals	446	668	1,894	129	163	21	281	856	10	20	105	3,777	8,370
Setting: Separate School Facility													
0-4	112	3	6	22	50	9	1	2	0	5	3	1,067	1,280
5-11	16	4	100	14	18	1	21	153	0	0	3	32	362
12-21+	5	36	336	13	9		59	876	0	2	10	0	1,346
Totals	133	43	442	49	77	10	81	1,031	0	7	16	1,099	2,988

PROGRAM: 03 Special Programs
 (Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0301 SPECIAL EDUCATION - REGULAR

TABLE 3-5 (CONT.)

<u>AGE AS OF SEPT. 1</u>	<u>SPEECH/ LANG IMPAIRED</u>	<u>MILD MODER HDCPD</u>	<u>MODER SEVERE HDCPD</u>	<u>PHYSIC- ALLY HDCPD</u>	<u>HEARING IMPAIRED</u>	<u>VISUALLY IMPAIRED</u>	<u>SPECIFIC LEARN DISABIL</u>	<u>EMOTION BEHAVIOR DISORDER</u>	<u>DEAF BLIND</u>	<u>OTHER HEALTH IMPAIRED</u>	<u>AUTISTIC</u>	<u>EARLY CHILD SPEC. ED.</u>	<u>TOTAL</u>
Setting: Residential School Facility													
0-4	0	0	1	0	0	1	0	0	0	0	1	18	21
5-11	1	2	13	1	8	2	8	95	2	1	3	0	136
12-21 +	0	21	84	11	19	1	47	653	2	3	5	0	846
Totals	1	23	98	12	27	4	55	748	4	4	9	18	1,003
Setting: Hospital or Homebound													
0-4	4	0	0	0	3	0	0	0	0	0	0	72	79
5-11	1	0	1	3	0	1	0	50	0	0	0	0	56
12-21 +	1	3	10	4	0	2	5	115	0	3	1		144
Totals	6	3	11	7	3	3	5	165	0	3	1	72	279
Total Students Served													81,456

0301 SPECIAL EDUCATION - REGULAR

TABLE 3-6
FULL-TIME EQUIVALENT (FTE STAFF)
BY DISABILITY, BY FUNDING SOURCE
(INCLUDES EMPLOYED AND CONTRACTED STAFF)

	Actual F.Y. 1989	Estimated F.Y. 1990	Estimated F.Y. 1991	Estimated F.Y. 1992	Estimated F.Y. 1993
DISABILITY					
1. Speech Language Impaired					
State	1,031	1,068	1,079	1,099	1,111
Federal	37	41	44	44	44
Total	1,068	1,109	1,123	1,143	1,155
2. Mild-Moderate Mentally Handicapped					
State	1,441	1,435	1,442	1,452	1,452
Federal	26	34	34	34	34
Total	1,467	1,469	1,476	1,486	1,486
3. Moderate-Severe Mentally Handicapped					
State	1,534	1,584	1,604	1,615	1,615
Federal	25	25	33	33	33
Total	1,559	1,609	1,637	1,648	1,648
4. Physically Handicapped					
State	356	370	396	405	405
Federal	26	21	21	21	21
Total	382	391	417	426	426
5. Hearing Impaired					
State	339	369	379	389	389
Federal	11	22	22	22	22
Total	350	391	401	411	411
6. Visually Impaired					
State	81	91	96	100	100
Federal	6	4	8	8	8
Total	87	95	104	108	108
7. Specific Learning Disability					
State	2,745	2,725	2,725	2,725	2,725
Federal	48	47	47	47	47
Total	2,793	2,772	2,772	2,772	2,772
8. Autistic					
State	47	74	79	85	85
Federal	14	11	11	11	11
Total	61	85	90	96	96

	Actual F.Y. 1989	Estimated F.Y. 1990	Estimated F.Y. 1991	Estimated F.Y. 1992	Estimated F.Y. 1993
9. Emotional Behavior Disorder					
State	1,770	1,948	1,997	2,036	2,091
Federal	61	63	65	65	65
Total	1,831	2,011	2,062	2,101	2,156
10. Other Health Impaired					
State	24	21	31	36	36
Federal	1	1	1	1	1
Total	25	22	32	37	37
11. Early Childhood Special Education					
State	896	951	1,008	1,048	1,098
Federal	82	99	108	108	108
Total	978	1,050	1,116	1,156	1,206
12. Other Essential Personnel					
a. Directors/Assistants Directors/Supervisors					
State	184	184	189	189	189
Federal	13	13	13	13	13
Total	197	197	202	202	202
b. Social Workers/Aides					
State	502	494	540	560	560
Federal	22	19	19	19	19
Total	524	513	559	579	579
c. Psychologists					
State	342	361	383	390	390
Federal	49	44	44	44	44
Total	391	405	427	434	434
d. Adapt. Phy. Ed.					
State	224	231	255	275	287
Federal	23	24	25	25	25
Total	247	255	280	300	312
e. Occupational Therapy					
State	154	215	227	240	240
Federal	41	52	57	57	57
Total	195	267	284	297	297
f. Physical Therapy					
State	75	84	94	100	100
Federal	14	15	15	15	15
Total	89	99	109	115	115
g. Other					
State	161	179	181	196	196
Federal	203	235	235	235	235
Total	364	414	416	431	431

PROGRAM: 03 Special Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0301 SPECIAL EDUCATION - REGULAR

	Actual F.Y. 1989	Estimated F.Y. 1990	Estimated F.Y. 1991	Estimated F.Y. 1992	Estimated F.Y. 1993
Other Essential Personnel					
Subtotal					
State	1,642	1,748	1,869	1,950	1,962
Federal	365	402	408	408	408
Total	2,007	2,150	2,277	2,358	2,370
State Totals					
State	11,906	12,385	12,705	12,940	13,069
Federal	702	770	802	802	802
Total	12,608	13,155	13,507	13,742	13,871

TABLE 3-7
DISTRICT EXPENDITURES AND FORMULA FUNDING

(\$ in 000s)	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
1. Personnel					
Number of FTE staff:					
FTE salary above \$27,879	4,631.83	5,353.33	5,991.45	6,521.76	7,223.06
FTE salary below \$27,879	7,142.96	6,856.09	6,558.26	6,261.34	5,688.02
Total FTE staff	11,774.79	12,209.42	12,549.71	12,783.10	12,911.08
Salaries:					
FTE salary above \$27,879	\$162,689.8	\$191,283.5	\$219,246.4	\$244,356.0	\$275,334.9
FTE salary below \$27,879	124,785.1	116,501.4	110,435.5	104,923.9	92,701.0
Total salaries	\$287,474.9	\$307,784.9	\$329,681.9	\$349,279.9	\$368,035.9
Gross personnel aid:					
Aid for staff with FTE salary above \$27,879 (FTE times \$16,727)	\$ 85,225.7*	\$ 89,545.1	\$100,218.9	\$109,089.4	\$120,820.1
Aid for staff with FTE salary below \$27,879 (60% of salary)	\$ 82,358.2*	\$ 69,900.8	\$66,261.3	\$ 62,954.3	\$ 55,620.6
Total gross personnel aid	\$167,583.9	\$159,445.9	\$166,480.2	\$172,043.7	\$176,440.7
2. Contracted Services					
Contracted staff:					
FTE staff	131.3	174.4	155.77	156.9	158.03
Expenditure	\$ 4,578.9	\$ 6,083.2	\$ 5,679.3	\$ 5,994.2	\$ 6,326.6
Gross aid (52% of expenditure)	\$ 2,381.0	\$ 3,163.3	\$ 2,953.2	\$ 3,117.0	\$ 3,289.8
Contracted students:					
Weighted ADM	365.9	310.6	294.1	294.1	294.1
Expenditure	\$ 1,910.0	\$ 1,634.9	\$ 1,716.6	\$ 1,829.7	\$ 1,950.3
Basic revenue deduct	773.6	660.5	644.6	654.2	664.3
Difference	1,136.4	974.4	1,072.0	1,175.5	1,286.0

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Gross aid (52% of difference)	\$ 590.9	\$ 506.7	\$ 557.4	\$ 611.3	\$ 668.7
Total gross contracted services aid	\$ 2,971.9	\$ 3,670.0	\$ 3,510.7	\$ 3,728.2	\$ 3,958.6
3. Supplies and Equipment Expenditure	\$ 5,551.8	\$ 5,435.9	\$ 5,707.7	\$ 5,964.5	\$ 6,232.9
Child count	199,177	204,198	204,502	204,502	204,502
Gross aid (47% of expenditure limited to \$47 per child)	\$ 2,560.6	\$ 2,532.6	\$ 2,655.7	\$ 2,770.0	\$ 2,882.4
4. Totals					
a. Expenditure	\$299,515.6	\$320,938.9	\$342,785.5	\$363,068.4	\$382,545.7
b. Gross state aid	173,116.5	165,648.6	172,646.6	178,542.0	183,281.7
c. Proration factor	0.9145	0.9748	0.9638	1.0	1.0
d. Prorated state aid	158,316.4	161,478.3	166,396.2	178,542.0	183,281.7
5. Levy Authority					
a. Total personnel funding (66% of total salaries)	\$189,733.5	\$203,138.0	\$217,590.1	\$230,524.7	\$242,903.7
b. Prorated personnel aid	153,256.8	155,408.6	160,453.1	172,043.7	176,440.7
c. Levy authority (total personnel funding less prorated aid)	36,476.7	47,729.4	57,137.0	58,481.0	66,463.0
6. Total Funding (4d plus 5c)	\$194,793.1	\$209,207.7	\$223,533.2	\$237,023.0	\$249,744.6

* For F.Y. 1989, the aid formula for essential personnel was the lesser of 66% of salary or \$18,400.

Program: 03 Special Programs
Agency: Education Aids

1992-93 Biennial Budget

0302 SPECIAL EDUCATION - SPECIAL PUPIL

Citation: M.S. 124.32, Subd 6
MDE Admin: 1406 Special Education
Federal: None

PURPOSE:

To assure all special pupils with disabilities, who are placed in residential facilities, a free and appropriate education regardless of economics and family status. Special pupils are those for whom no school district of residence can be determined because parental rights have been terminated by court order, parents do not reside in Minnesota, or no other district residence can be established. More specifically, the objective is to:

- acknowledge and fully fund the additional costs incurred by districts required to provide special education services to special pupils who are placed in a state institution or licensed private residential facility within the district boundaries.

DESCRIPTION:

Special Pupil aid ensures that districts will recover the full educational costs for such pupils when they reside in a public or private residential facility. This aid covers the remaining costs of educating such pupils after all other state aids have been deducted, including the General Education basic revenue, special education aid, transportation aid, and any other aid earned on behalf of the pupil, is deducted from the total cost incurred. The aid is paid as a reimbursement in the year following the year services are provided.

PERFORMANCE:

The number of individuals identified as special pupils has increased over the past few years. However, because of the emphasis to place these individuals in the least restrictive environment, the number placed in residential facilities has been fairly constant. Special education costs for students in residential settings have increased due to inflation and to changes in the General Education formula that result in higher General Education funding for each pupil in the school district. For example, the costs of teacher retirement and social security have been added to the tuition costs causing a substantial increase in billings to the districts.

STATISTICS: (\$ in 000s)

Program Year	F.Y. 1990	F.Y. 1991	Current Law	
	1988-89	1989-90	F.Y. 1992 1990-91	F.Y. 1993 1991-92
Pupils served (weighted (average daily membership)	119	125	128	130
District expenditures	\$ 653	\$ 722	\$ 774	\$ 821
Less state aid deductions	\$ 329	\$ 356	\$ 379	\$ 385
Special pupil aid	\$ 324	\$ 366	\$ 395	\$ 436

PROSPECTS:

The number of special pupils is expected to remain stable. It is important to continue to fully fund this aid program because school districts with residential facilities within their boundaries are required to provide the special education services for these pupils. This can be an excessive burden for

districts with several special pupils in residential facilities because there is no district of residence to assume responsibility for the excess costs.

As a result of the continuing requirement for districts to provide services to special pupils, the Minnesota Department of Education (MDE) anticipates, under the current statutory provisions, an additional need in state aid entitlement of \$237,000 for F.Y. 1992 and \$278,000 for F.Y. 1993 over the annual base entitlement of \$158,000.

Any shortfall within this aid category will be funded with a transfer from the Special Education-Regular program (Program Budget 0301).

GOVERNOR'S RECOMMENDATION:

The Governor recommends continuation of the appropriation language providing for transfer of funds between fiscal years and for transfers from the appropriation for special education aid. School districts in which residential facilities are located may be excessively burdened with high cost students with no district of residence to which costs can be billed. Therefore, the state should continue to assume responsibility for the full educational costs for special pupils.

The Governor recommends an aid entitlement of \$395 for F.Y. 1992 and \$436 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$395 for F.Y. 1992 and \$436 for F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0302 SPEC ED-SPECIAL PUPIL

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 284	\$ 158	\$ 158	\$ 158
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Increase In Participation	40	208	237	278
3.CURRENT ENTITLEMENT	324	366	395	436
4.FUNDING EXCESS/DEFICIENCY	(a)	(b)		
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			395	436
7.APPROPRIATIONS BASIS:				
Current Year	324	366	395	436
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	324	366	395	436
8.LEVY AUTHORITY				

(a) Increase in entitlement was funded by Transfer In of \$40 from F.Y. 1991

(b) Increase in entitlement was funded by Transfer In of \$248 from Special Education - Regular

Program: 03 Special Programs
Agency: Education Aids

1992-93 Biennial Budget

0303 SPECIAL EDUCATION - SUMMER SCHOOL

Citation: M.S. 124.32, Subd 10; M.S. 275.125, Subd 8c
MDE Admin: 1406 Special Education
Federal: 1301 Handicapped (EHA P.L. 94-142)
1302 Preschool Incentive

PURPOSE:

To provide special education aid to school districts for special educational services to children and youth with disabilities attending summer school programs.

P.L. 94-142 and Section 504 of the Vocational Rehabilitation Act of 1973 require extended year programs for students with disabilities when it is anticipated that significant regression of educational gains made during the regular school term will occur during the summer. Summer school programs are permissive for other students with disabilities. Under Section 504, participation in special education programs cannot be limited to students with the most severe disabilities. Each student must be considered according to his/her individual needs regardless of the severity of the disability.

The courts have ruled that students with disabilities who can be expected to show a significant regression in skill levels during extended periods when school is not in session, must be provided a special education program to maintain those skill levels.

DESCRIPTION:

The types of special education services eligible for special education summer school aid are similar, but not limited to, those services provided during the regular school term. The aid is proportionate to the reduced school term. The formulas for calculation of aid are the same as those in effect during the previous regular school term, and reimbursement is made in the school year following the summer school term. Special education summer school aid is available for students with disabilities at all levels of service. Under M.S. 124.32, the following state aids are provided:

- 60% of salaries of essential special education personnel, not to exceed \$16,727 in aid for each full-time equivalent (FTE) employee; and
- 52% of the difference between the amount of the contract and the General Education basic revenue allowance of the district for pupils provided services by contract with an agency other than a school district.

State aid is provided based on applications of programs and budgets submitted for approval by the districts to the Commissioner of Education. If the appropriation is insufficient to fully fund the aid formulas, districts may levy for the difference with a levy in the second year following the deficiency.

A district may levy an amount equal to the difference between 66% of salaries paid to essential personnel and the state aid paid for salaries of these personnel. For special education cooperatives and intermediate districts, the levy is made by member districts in an amount equal to their allocated portion of this difference.

PERFORMANCE:

Participation in summer school programs for students with disabilities has steadily increased over the past several years. During the 1989 summer school term, 35,204 students were served. This count is a duplicated count in which students receiving more than one service are counted under each type of service received. The actual number enrolled in summer school programs would be approximately

1/2 of the duplicated count, although the Minnesota Department of Education (MDE) does not have access to an unduplicated summer count.

Summer school opportunities for students with disabilities are provided either within the school district or the district may contract with other agencies to meet the needs of the student. In smaller districts where there may be only a few students involved, contracting is often cost-effective.

STATISTICS: (\$ in 000s)

	Current Law				
	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
1. Personnel					
Number of FTE Staff:					
FTE salary above \$27,879	87.39	98.80	118.82	132.85	146.84
FTE salary below \$27,879	303.65	293.92	279.69	265.66	251.67
Total FTE staff	391.04	392.72	398.51	398.51	398.51
Salaries:					
FTE salary above \$27,879	\$ 3,217.4	\$ 3,701.0	\$ 4,430.4	\$ 5,052.8	\$ 5,679.7
FTE salary below \$27,879	5,007.6	4,821.5	4,503.2	4,327.5	4,122.7
Total salaries	\$ 8,225.0	\$ 8,522.5	\$ 8,933.6	\$ 9,380.3	\$ 9,802.4
Gross Personnel Aid:					
Aid for staff with FTE salary above \$27,879 (FTE times \$16,727)	\$ 1,608.0*	\$ 1,817.9*	\$ 1,987.5	\$ 2,222.2	\$ 2,456.2
Aid for staff with FTE salary below \$27,879 (60% of salary)	\$ 3,305.0*	\$ 3,182.2*	\$ 2,701.9	\$ 2,596.5	\$ 2,473.6
Total Gross Personnel Aid	\$ 4,913.0	\$ 5,000.1	\$ 4,689.4	\$ 4,818.7	\$ 4,929.8
2. Contracted Services					
Contracted Staff:					
FTE staff	6.39	10.45	9.35	9.35	9.35
Expenditures	\$ 358.7	\$ 434.1	\$ 388.9	\$ 408.4	\$ 426.8
Gross Aid (52% of expenditures)	\$ 186.5	\$ 255.7	\$ 202.3	\$ 212.4	\$ 221.9
Contracted Students:					
Weighted ADM	19.33	4.28	3.53	3.53	3.53
Expenditure	\$ 377.9	\$ 336.5	\$ 281.5	\$ 295.5	\$ 308.8
Basic revenue deduct	0	0	0	0	0
Difference	377.9	336.5	281.5	295.5	308.8
Gross aid (52% of difference)	\$ 196.5	\$ 174.9	\$ 146.4	\$ 153.7	\$ 160.6
Total Gross Contracted Services Aid	\$ 383.0	\$ 430.6	\$ 348.6	\$ 366.0	\$ 382.5
3. Totals					
a. Expenditure	\$ 8,961.6	\$ 9,293.1	\$ 9,604.0	\$10,084.2	\$10,538.0
b. Gross state aid	5,296.0	5,395.2	5,038.0	5,184.7	5,312.3
c. Proration factor	0.9932	1.0	1.0	1.0	1.0

Program: 03 Special Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

4. Total aid plus levy revenue for essential personnel would remain at 66% of salaries.

The Governor recommends an aid entitlement of \$4,885 for F.Y. 1992 and \$4,800 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$4,885 in F.Y. 1992 and \$4,800 in F.Y. 1993.

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>Current Law</u> <u>F.Y. 1992</u>	<u>F.Y. 1993</u>
d. Prorated state aid	5,260.1	5,395.2	5,038.0	5,184.7	5,312.3
4. Levy Authority					
a. Funding percentage	0.66	0.66	0.66	0.66	0.66
b. Total personnel funding (66% of total salaries)	\$ 5,428.5	\$ 5,624.9	\$ 5,896.2	\$ 6,191.0	\$ 6,469.6
c. Prorated personnel aid	4,879.6	5,000.1	4,689.4	4,818.7	4,929.8
d. Levy authority (Total personnel funding less prorated personnel aid)	548.9	624.8	\$ 1,206.8	\$ 1,372.3	\$ 1,539.8
5. Total funding (3d plus 4d)	\$ 5,808.9	\$ 6,020.0	\$ 6,244.8	\$ 6,557.0	\$ 6,852.1

* Special Education Summer School funding is based on the previous year funding formula, therefore, for F.Y. 1989 and F.Y. 1990 the aid formula for essential personnel was the lesser of 66% of salary or \$18,400.

PROSPECTS:

Many students with disabilities are at risk of experiencing significant regression of educational gains made during the regular school term. The summer school programs are extremely important in maintaining and increasing their skills. More than \$700,000 of the appropriation for the 1990 summer program, payable in F.Y. 1991, is anticipated to be excess funds. However, there are data to suggest that students with disabilities who are entitled to extended year services may not be receiving them. As special educators work with more students who have more severe impairments, the identification of students needing extended year services may increase.

For the upcoming biennium, with the projected level of participation in summer programs and the current statutory formula, MDE anticipates a decrease in state aid entitlement of \$581,000 for F.Y. 1992 and \$453,000 for F.Y. 1993 from the annual base entitlement of \$5,766,000.

0303.AID

GOVERNOR'S RECOMMENDATION:

The Governor recommends increasing aid and levy funding for Special Education - Summer School programs from the F.Y. 1991 level of \$6,241 to \$6,550 for F.Y. 1992 and \$6,753 for F.Y. 1993 through the following modifications in the funding formula:

1. For F.Y. 1992, change the state aid for essential personnel from 60% of salaries not to exceed \$16,727 per full-time equivalent (FTE) employee to 56.4% of salaries not to exceed \$15,700 per FTE employee.
2. Beginning in F.Y. 1993, change state aid for essential personnel to 54.4% of salaries not to exceed \$15,100 per FTE employee.
3. Beginning in F.Y. 1993, provide state aid to equalize the special education levy (see Program Budget 0308).

Revised as of March 28, 1991

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0303 SPEC ED-SUMMER SCHOOL

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 5,836	\$ 5,766	\$ 5,766	\$ 5,766
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Revenue Decreases:				
Number Of Staff		<828>	<863>	<863>
Avg Salary/FTE Staff		138	467	659
Contracted Services		<49>	<38>	<27>
Levy Decrease:				
Decrease In Staff		153	159	160
Levy Increase:				
Incr. In Avg Salary/FTE		<142>	<314>	<429>
Combination Of Variables	<441>			
3.CURRENT ENTITLEMENT	5,395	5,038	5,177	5,266
4.FUNDING EXCESS/DEFICIENCY	441	728		
5.POLICY CHANGES RECOMMENDED				
Revised Formula:				
Aid Changed To:				
Fy92 - 56.4% Of Salary,			<292>	
\$15,700 Cap				
Fy93 - 54.4% Of Salary,				<466>
\$15,100 Cap				
Total Policy Changes			<292>	<466>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			4,885	4,800
7.APPROPRIATIONS BASIS:				
Current Year	5,836	5,766	4,885	4,800
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	5,836	5,766	4,885	4,800
8.LEVY AUTHORITY	625	1,203	1,665	1,954

REVISED 3/28/91

Program: 03 Special Programs
Agency: Education Aids 1992-93 Biennial Budget

0304 SPECIAL EDUCATION - HOME-BASED-TRAVEL

Citation: M.S. 124.32, Subd 2b
MDE Admin: 1406 Special Education
Federal: 1301 Handicapped (EHA, P.L. 94-142)
1302 Preschool Incentive
1303 Infants and Toddlers

PURPOSE:

To assure the delivery of special education services to preschool children with disabilities and their families. This is to recognize that:

- early childhood special education programs involve both the child and the family; and
- early childhood special education services may include home and center based sites which require staff travel to the child and family.

DESCRIPTION:

The unique special education needs of preschool learners with disabilities require that services be available in a variety of settings, including the home. Home-based Services Travel assures that direct special education service and/or parent training and consultation can take place in the home if that is the setting which most appropriately meets the child's needs. The state aid provides school districts with 1/2 of their actual expenditures for necessary travel of essential personnel providing home-based services to children under age 5 and their families.

PERFORMANCE:

The home-based travel aid for school district staff was first made available in F.Y. 1987. As the funds appropriated were not fully utilized in the first few years, the appropriation level was reduced. However, as the number of preschool children with disabilities has increased, the funding level has not been sufficient to pay the home-based travel aid in full in the current biennium.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law	
				F.Y. 1992	F.Y. 1993
1. Number of districts	435	433	432	432	432
2. Unduplicated child count (age 0-4)	12/1/88 6,353	12/1/89 6,842	12/1/90 6,992	12/1/91 7,202	12/1/92 7,346
3. Full-time equivalent staff providing services (state and federal)	1,179	1,234	1,259	1,284	1,309
4. District expenditures	\$ 78.9	\$ 112.3	\$ 112.3	\$ 138	\$ 142
5. Aid earned at 50%	\$ 39.4	\$ 56.1	\$ 56.2	\$ 69	\$ 71
6. Proration factor	---	.89	.889	1.0	1.0
7. Prorated state aid	\$ ---	\$ 50	\$ 50	\$ 69	\$ 71

PROSPECTS:

The continuation of services to the preschool disabled child is mandated beginning at birth. The least restrictive environment for the infant and toddler is the child's home. The current transportation system of the public schools cannot appropriately move children with disabilities from their home to the school-based programs. The number of children experiencing fetal alcohol syndrome and the effects of other chemical abuse is increasing with many of these children already at school age. The severity of the disabilities will require additional services. Since the number of preschool children with disabilities is expected to increase in the next several years, the travel costs for the school staff to provide services will also increase.

As the result of increasing funding needs under the current statutory formula, the Minnesota Department of Education (MDE) anticipates an additional need in state aid entitlement of \$19,000 for F.Y. 1992 and \$21,000 for F.Y. 1993 over the annual base entitlement of \$50,000.

Alternatives Considered:

In order to meet these increasing needs within the annual base entitlement, MDE has identified the following alternatives for consideration:

- Reduce the aid reimbursement formula from 1/2 of the sum actually expended by a district for necessary travel of essential personnel providing home-based services to an amount which the annual base entitlement will support.
- Prorate the aid to constrain reimbursement to the annual base entitlement.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the current statutory formula for this activity be continued with no change.

The Governor recommends an aid entitlement of \$69 for F.Y. 1992 and \$71 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$66 in F.Y. 1992 (\$7 for F.Y. 1991 and \$59 for F.Y. 1992), and \$71 in F.Y. 1993 (\$10 for F.Y. 1992 and \$61 for F.Y. 1993).

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0304 SPEC ED-HOME BASED

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 51	\$ 50	\$ 50	\$ 50
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Incr. In Participation		12	19	21
Combination Of Variables	5			
3.CURRENT ENTITLEMENT	56	62	69	71
4.FUNDING EXCESS/DEFICIENCY	<5>	<12>		
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			69	71
7.APPROPRIATIONS BASIS:				
Current Year	43	43	59	61
Prior Year	1	8	7	10
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	44	51	66	71
8.LEVY AUTHORITY				

Program: 03 Special Programs
Agency: Education Aids

1992-93 Biennial Budget

0305 SPECIAL EDUCATION - RESIDENTIAL

Citation: M.S. 124.32, Subd 5 and 10
MDE Admin: 1406 Special Education
Federal: 1305 Hdcp in Residential Facilities (ECIA) Chapter 1
1306 Hdcp N/D in Residential Facilities (ECIA) Chapter 1

PURPOSE:

To assure all students with disabilities, who are placed in approved private or public residential facilities, a free and appropriate education. The state special education residential aid provided to school districts is to help meet the cost of the education services provided to these students in the regular school term or summer.

DESCRIPTION:

A number of children and youth 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 student and bill the costs of the program to the student's district of residence, which is the district where the student's parent resides. The district of residence claims the General Education aid for the student and the special education residential aid. The residential aid is equal to 57% of the difference between the tuition cost and the basic General Education revenue for the student. The aid is paid as a reimbursement in the year following the year services are provided.

PERFORMANCE:

During the period 1980 to 1985, the number of students with disabilities who received services in residential facilities declined as individuals living in state hospitals were moved to community group homes. Since 1985, the number of students served in residential facilities has remained fairly stable. Billings to districts for education services have been increasing due to inflation of operating costs, and to changes in the General Education formula that result in higher General Education funding for each pupil in the school district. For example, the costs of teacher retirement and social security have been added to the tuition costs causing a substantial increase in billings to the districts.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
School districts	227	232	235	235	235
Students (FTE)	953	996	1,003	1,090	1,105
Weighted average daily membership (WADM)	1,118	1,225	1,300	1,355	1,370
District expenditures (000s)	\$ 5,542	\$ 6,870	\$ 7,260	\$ 8,289	\$ 8,960
General education revenue deduction	(1,923)	(3,377)	(3,689)	(4,001)	(4,178)
Difference	\$ 3,619	\$ 3,493	\$ 3,571	\$ 4,288	\$ 4,782
Aid earned = 57% (000s)	\$ 2,063	\$ 1,991	\$ 2,036	\$ 2,444	\$ 2,726
Average expenditure per WADM	\$ 4,957	\$ 5,608	\$ 5,585	\$ 6,117	\$ 6,540
Average program aid per WADM	\$ 1,845	\$ 1,625	\$ 1,566	\$ 1,804	\$ 1,990

PROSPECTS:

An increase in the number of individuals with disabilities who are placed in residential facilities is expected during the upcoming biennium. The majority of students in residential facilities are placed by the courts or by human services agencies. Students with chemical addictions often are placed in residential facilities for varying periods of time. The unduplicated federal child count shows growth in the number of individuals with emotional disabilities who are attending public schools. These are students who often are placed in facilities for short or extended periods of time.

As a result of the increasing cost of providing residential programs, the Minnesota Department of Education (MDE) anticipates, under the current statutory provisions, an additional need in state aid entitlement of \$ 1,070,000 for F.Y. 1992 and \$1,352,000 for F.Y. 1993 over the annual base entitlement of \$1,374,000.

Alternatives Considered:

In order to meet these increasing needs, MDE has identified the following alternatives for consideration given the annual base entitlement:

- School districts are responsible for the educational costs of all resident students with disabilities. Districts often are not involved in placement decisions when other state agencies or courts determine that an out-of-district placement is necessary. Without the additional requested funding, and with rising costs of placements, the residential aids will be prorated more heavily than they are currently, and districts will need to rely more heavily on resources that are designated for all students.
- A number of districts are proposing a change in the way state aid is provided for high cost students with disabilities. The proposal is to eliminate the residential aid category and replace it with a supplemental aid for students whose educational costs exceed by 2 1/2 times the General Education revenue for the student. This would protect districts from catastrophic high costs attributable to students with intensive specialized service needs, and would recognize the district's responsibilities to these students both within the local district as well as in residential facilities.
- Reduce the statutory formula to the amounts that the annual base entitlement will support.

GOVERNOR'S RECOMMENDATION:

The Governor recommends increasing funding for this program from the F.Y. 1991 level of \$1,374 to \$2,315 for F.Y. 1992 and \$2,535 for F.Y. 1993.

The Governor recommends that the current special education residential aid formula be continued with no change.

The Governor recommends an aid entitlement of \$2,315 for F.Y. 1992 and \$2,535 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$2,315 in F.Y. 1992 and \$2,535 in F.Y. 1993.

Revised as of March 28, 1991

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0305 SPEC ED-RESIDENTIAL

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 1,398	\$ 1,374	\$ 1,374	\$ 1,374
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Higher Costs/Billings		1,324	1,792	2,037
Gen Ed Revenue Deduct		<662>	<796>	<820>
Combination Of Variables	593			
3.CURRENT ENTITLEMENT	1,991	2,036	2,370	2,591
4.FUNDING EXCESS/DEFICIENCY	<593>	<662>		
5.POLICY CHANGES RECOMMENDED				
Change General Education			<55>	<56>
Formula Allowance To				
\$3,050 And Secondary				
Pupil Weight To 1.3				
Total Policy Changes			<55>	<56>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			2,315	2,535
7.APPROPRIATIONS BASIS:				
Current Year	1,398	1,374	2,315	2,535
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	1,398	1,374	2,315	2,535
8.LEVY AUTHORITY				

REVISED 3/28/91

Program: 03 Special Programs
Agency: Education Aids

1992-93 Biennial Budget

0306 LIMITED ENGLISH PROFICIENCY

Citation: M.S. 124.273; 126.261-.269; 275.125, Subd 8
MDE Admin: 1407 Unique Learner Needs
Federal: 1312 Transition Program for Refugee Children
1313 Emergency Immigrant Education

PURPOSE:

The Limited English Proficient Education Program provides funding support, technical assistance, and inservice training to school districts serving Limited English Proficient (LEP) students. LEP students remain in the program, learning to speak, read, and write in English, until they are able to participate successfully in the mainstream curriculum. The length of time a student spends in the program depends on the student's age, the level of reading and writing proficiency in the native language, and the amount of education the student had in the native language.

DESCRIPTION:

Two program delivery designs are used to serve LEP students in Minnesota:

1. English as a Second Language (ESL) - Students spend approximately 1-2 hours per day learning English language skills; the remainder of the day is spent in regular class activities.
2. Bilingual Education - Students spend 1-2 hours per day learning English language skills; 1-2 hours being instructed in content areas (math, social studies, science) through the native language; and the remainder of the day in regular class activities. The amount of instruction through the native language decreases as English language skills improve.

For F.Y. 1991, the greatest number of LEP students (about 59%) are taught ESL through an ESL teacher and an ESL pull-out classroom model, about 20% are taught ESL in self-contained classrooms, about 8% in self-contained bilingual classrooms, and about 13% receive tutoring within the mainstream/ESL classroom.

A district's state aid equals the lesser of 61% of salary or \$17,000 for each eligible full-time equivalent (FTE) teacher. A district is eligible to receive funding for 1 FTE teacher for each 45 LEP pupils or a pro rata portion of an FTE teacher for fewer than 45 pupils. Districts with 22 or fewer LEP pupils are eligible to receive funding for 1/2 FTE teacher. A district may levy an amount equal to the difference between 61% of salaries paid to eligible personnel and the state aid paid for salaries of these personnel.

PERFORMANCE:

Traditional assessment instruments used to measure the success of English speaking students are not valid and reliable for LEP students because these instruments ultimately measure English skills which these students do not have. The majority of LEP students do not have a good educational background in their native language.

For F.Y. 1991, approximately 11,700 LEP students receive service in this program. These students speak over 50 different languages. The following data from the 1988-89 school year show the success the program is having with LEP students:

- 674 students were successfully mainstreamed and exited from the LEP program;
- 389 LEP students graduated from high school;

- only 53 students re-entered the program after being exited;
- LEP students in Grades K-3 received an average of 21 months of services through the program;
- LEP students in Grades 4-6 received an average of 20.2 months of service;
- LEP students in Grades 7-9 received an average of 15.7 months of service; and
- LEP students in Grades 10-12 received an average of 16.5 months of service.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
A. LEP Students Served in each Program Design					
1. ESL program students served	7,683	8,682	9,200	9,530	9,875
Number of districts	96	96	98	100	100
2. Bilingual Education Program students served	2,466	2,642	2,690	2,800	2,850
Number of districts	4	4	4	5	5
3. Total students served	10,149	11,324	11,712	12,114	12,530
Total districts	100	100	102	105	105
B. District Expenditures and Formula Funding (\$ in 000s)					
1. Program Totals:					
Number of districts	100	100	102	105	105
LEP enrollment	10,149	11,324	11,712	12,114	12,530
FTE teachers	258.11	279.65	289.41	299.51	309.94
Teacher salaries	\$ 7,314.5	\$ 8,445.7	\$ 9,118.8	\$ 9,801.3	\$ 10,535.2
2. Eligible FTE Teachers:					
FTE salary above \$27,869	105.34	141.08	167.39	181.62	217.61
FTE salary below \$27,869	112.03	102.52	84.27	78.40	51.09
Total eligible FTE teachers	217.37	243.60	251.66	260.02	268.70
3. Eligible Teacher Salaries:					
FTE salary above \$27,869	\$ 3,687.2	\$ 5,107.0	\$ 6,117.5	\$ 6,804.4	\$ 8,136.3
FTE salary below \$27,869	2,600.6	2,438.8	2,023.0	1,938.5	1,254.7
Total eligible salaries	\$ 6,287.8	\$ 7,545.8	\$ 8,140.5	\$ 8,742.9	\$ 9,391.0
4. Total Formula Funding (61% of total eligible salaries)	\$ 3,835.6	\$ 4,602.9	\$ 4,965.7	\$ 5,333.1	\$ 5,728.5
5. Gross State Aid:					
\$17,000 times number of eligible FTE teachers with FTE salary above \$27,869	\$ 1,790.8	\$ 2,398.4	\$ 2,845.6	\$ 3,087.5	\$ 3,699.4
61% of eligible salaries for teachers with FTE salaries below \$27,869	1,586.4	1,487.6	1,234.0	1,182.5	765.4
Total gross state aid	\$ 3,377.2	\$ 3,886.0	\$ 4,079.6	\$ 4,270.0	\$ 4,464.8

Program: 03 Special Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

Based on these entitlements, the Governor recommends an appropriation of \$3,727 in F.Y. 1992 (\$512 for F.Y. 1991 and \$3,215 for F.Y. 1992), and \$3,922 in F.Y. 1993 (\$567 for F.Y. 1992 and \$3,355 for F.Y. 1993).

0306 LIMITED ENGLISH PROFICIENCY

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law	
				F.Y. 1992	F.Y. 1993
6. Proration Factor	.9224	.8525	.8378	1.0	1.0
Prorated state aid	\$ 3,115.2	\$ 3,313.0	\$ 3,417.9	\$ 4,270.0	\$ 4,464.8
7. Levy Authority					
(Total formula funding					
less prorated state aid)	\$ 720.4	\$ 1,289.9	\$ 1,547.7	\$ 1,063.1	\$ 1,263.7

PROSPECTS:

The number of LEP students in Minnesota schools is increasing. Due to the influx of immigrants and the reluctance of many families to use English at home, many students are coming to school with limited English skills. New refugee families, migrant families, adopted children, and other immigrants continue to add to the need of LEP programs.

As a result of increasing enrollments, increases in state aid entitlements of \$852,000 for F.Y. 1992 and \$1,047,000 for F.Y. 1993 over the annual base entitlement of \$3,418,000 are necessary to fully fund entitlements under the current statutory formula.

Alternatives Considered:

In order to meet these increasing needs within the annual base entitlement, MDE has identified the following alternatives for consideration:

- Continue the existing state aid formula and prorate the entitlement to school districts. This would increase the responsibility of providing funding for LEP programs by the local districts.
- Reduce the statutory aid formula to the amounts that the annual base entitlement will support. Although this may eliminate prorating of the aid, it could mean a reduction in programs and services provided to students. The failure to fund increasing costs will place an additional funding burden on the local districts providing programs and services.

GOVERNOR'S RECOMMENDATION:

The Governor recommends increasing aid and levy funding for the LEP program from the F.Y. 1991 level of \$4,966 to \$5,261 for F.Y. 1992 and \$5,592 for F.Y. 1993 through the following modifications in the funding formula:

1. Beginning in F.Y. 1992, change state aid for eligible teachers from 61% of salaries not to exceed \$17,000 per full-time equivalent (FTE) employee to 54.4% of salaries not to exceed \$15,100 per FTE employee
2. Beginning in F.Y. 1993, provide state aid to equalize the special education levy (see Program Budget 0308).
3. Total aid plus levy revenue for eligible teachers would remain at 61% of salaries.

The Governor recommends an aid entitlement of \$3,782 for F.Y. 1992 and \$3,947 for F.Y. 1993.

Revised as of March 28, 1991

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0306 LIMITED ENGLISH PROFICIENCY

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	GOVERNOR'S REC F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 3,313	\$ 3,418	\$ 3,418	\$ 3,418
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Revenue Increases:				
Number Of Staff		622	773	929
Avg Salary/Fte Staff		434	579	753
Levy Increases:				
Number Of Staff		<78>	<97>	<117>
Avg Salary/Fte Staff		<316>	<420>	<544>
Combination Of Variables	573			
3.CURRENT ENTITLEMENT	3,886	4,080	4,253	4,439
4.FUNDING EXCESS/DEFICIENCY	<573>	<662>		
5.POLICY CHANGES RECOMMENDED				
Revised Formula:				
Aid Changed To 54.4% Of			<471>	<492>
Salary, \$15,100 Cap				
Total Policy Changes			<471>	<492>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			3,782	3,947
7.APPROPRIATIONS BASIS:				
Current Year	2,816	2,906	3,215	3,355
Prior Year	454	497	512	567
Transfers (M.S. 124.14)	89			
Total Funding (State General Fund)	3,359	3,403	3,727	3,922
8.LEVY AUTHORITY	1,290	1,548	1,479	1,645

REVISED 3/28/91

Program: 03 Special Programs 1992-93 Biennial Budget
Agency: Education Aids

0307 SECONDARY VOCATIONAL - STUDENTS
WITH DISABILITIES
(Secondary Vocational - Handicapped)

Citation: M.S. 124.574; 275.125, Subd. 8c
MDE Admin: 1402 Secondary Vocational Education
Federal: 1314 Secondary Vocational - Special Needs

PURPOSE:

To provide Vocational Education programs and services to assist and support students with disabilities through the career decision-making process while developing skills, attitudes, and knowledge necessary for a successful transition into the workplace. The specific objectives are to:

- apply basic computational, comprehension, communication, scientific and problem-solving skills in relevant, realistic environments as prescribed in each student's individual education plan (IEP) goals and objectives;
- utilize outcome-based curriculum which may need to be modified to meet the needs of the student and which is relevant to the occupational choice of the student;
- gain experience in the use of technological equipment appropriate for the occupational area chosen;
- acquire entry-level and employability skills prescribed by the IEP to make a successful transition into a chosen occupation; and
- explore potential careers in different occupational areas in order to better prepare students with disabilities for a smooth transition for their postsecondary education endeavors.

The intent of Vocational Education programs and services is to provide educational opportunities for students with disabilities to explore careers, have opportunities to gain specific job skills, and to prepare them for postsecondary education choices.

DESCRIPTION:

Vocational programs and services for students with disabilities are offered by school districts, cooperative centers, intermediate school districts, special education cooperatives, and Educational Cooperative Service Units (ECSUs). These programs and services are established to support student involvement in vocational education as a result of goals and objectives in student IEPs.

State Board of Education rules define the criteria that must be met in order to qualify for this vocational categorical aid. The criteria include appropriate teacher licensure and specific program and service curriculum requirements.

The state aid formula for Secondary Vocational Students with Disabilities funding for vocational education programs and services for F.Y. 1991 is as follows:

- Instructor salary - An amount not to exceed the lesser of 60% of the salary or \$16,727.

A district may levy an amount equal to the difference between 66% of salaries paid to essential personnel and the state aid paid for salaries of these personnel.

- Equipment - 47% of the costs of necessary equipment.

- Supplies - 47% of the costs of necessary supplies not to exceed an average of \$47 per student.
- Travel - 47% of the costs of necessary travel between instructional sites.
- Contracted Services - 52% of necessary contracted services.

These state categorical aids for vocational programs and services are used to support the assurances and initiative provisions of the federal vocational Carl D. Perkins Act entitlements.

PERFORMANCE:

Significant changes have occurred and will continue to occur in the workplace and in family needs. In concert with these changes, individuals with disabilities have been mainstreamed into our schools and within society, and they are in need of functional skills to live and work in our communities. Vocational Education programs and services are involved in providing and modifying curriculum, facilities and equipment in order to provide and supplement instructional programs and services that meet the vocational needs of students with disabilities. Program advisory committees comprised of business and industry representatives, parents and advocates of individuals with disabilities ensure that programs and services are current, appropriate and relevant to the needs of individuals with disabilities.

Vocational assessment activities are provided to determine student abilities, strengths, aptitude, and support needs to succeed in Vocational Education. Teacher inservice is provided by program specialists in cooperation with teacher educators to update local staff on skills necessary for them to provide students with disabilities the vocational skills necessary for transition from secondary education to appropriate postsecondary endeavors. Vocational programs and services are evaluated to ensure program and service quality.

The advent of learner outcomes to provide outcome-based education, including the redesign of instruction, and curriculum integration and staff development activities, is significant to the provision of Vocational Education to students with disabilities. In addition, joint development of goals and objectives in the IEP by vocational and special educators provides further educational planning efforts for students with disabilities.

The state categorical aid funding for vocational students with disabilities is used to support the assurances and initiatives provisions of the federal vocational Carl D. Perkins Act entitlements.

STATISTICS:

Program statistics are shown in Table 3-7

PROSPECTS:

With emphasis on the transition of students with disabilities moving from secondary education to successful living and working in the community, Vocational Education for students with disabilities continues to be successful. Continued cooperation and collaboration with other educational programs and services ensures that students with disabilities gain a valuable and functional education.

Under the current formula, changes in the number of eligible students will result in the following changes in state aid entitlement: a decrease of \$1,389,000 for F.Y. 1992 and a decrease of \$1,271,000 for F.Y. 1993 from the annual base entitlement of \$6,356,000.

MDE anticipates that the count of students served in vocational programs for students with disabilities will decline as a result of the implementation of statewide criteria for entrance into special education programs.

Program: 03 Special Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0307 SECONDARY VOCATIONAL - STUDENTS WITH DISABILITIES
(Secondary Vocational - Handicapped)

Alternatives Considered:

In order to continue program activities in the upcoming biennium, MDE has identified the following alternative for consideration:

- Reduce the statutory aid formula consistent with the projected level of funding needed.

GOVERNOR'S RECOMMENDATION:

The Governor recommends increasing aid and levy funding for this program from the F.Y. 1991 level of \$6,913 to \$7,207 for F.Y. 1992 and \$7,514 for F.Y. 1993 through the following modifications in the Secondary Vocational-Students with Disabilities funding formula:

1. For F.Y. 1992, change state aid for essential licensed personnel from 60% of salaries not to exceed \$16,727 per full-time equivalent (FTE) employee to 56.4% of salaries not to exceed \$15,700 per FTE employee.
2. Beginning in F.Y. 1993, change state aid for essential licensed personnel to 54.4% of salaries not to exceed \$15,100 per FTE employee.
3. Beginning in F.Y. 1993, provide state aid to equalize the secondary vocational handicapped levy (see Program Budget 0308).
4. Total aid plus levy revenue for essential licensed personnel would remain at 66% of salaries.

The Governor recommends an aid entitlement of \$4,660 for F.Y. 1992 and \$4,586 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$4,690 in F.Y. 1992 (\$729 for F.Y. 1991 and \$3,961 for F.Y. 1992), and \$4,598 in F.Y. 1993 (\$699 for F.Y. 1992 and \$3,899 for F.Y. 1993).

Revised as of March 28, 1991

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0307 SEC VOC-DISABILITIES

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	GOVERNOR'S REC F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 5,470	\$ 6,356	\$ 6,356	\$ 6,356
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Revenue Decreases:				
Number Of Staff		<1,722>	<1,662>	<1,602>
Avg Salary/Fte Staff		798	1,005	1,246
Contracted Services		<116>	<114>	<111>
Equipment		<28>	<26>	<25>
Travel		<37>	<37>	<36>
Supplies		<13>	<11>	<10>
Levy Decrease:				
Decrease In Staff		376	363	350
Levy Increase:				
Incr. In Avg Salary/Fte		<758>	<926>	<1,117>
Combination Of Variables	<815>			
3.CURRENT ENTITLEMENT	4,655	4,856	4,948	5,051
4.FUNDING EXCESS/DEFICIENCY	807 *	1,500		
5.POLICY CHANGES RECOMMENDED				
Revised Formula:				
Aid Changed To:				
Fy92 - 56.4% Of Salary,			<287>	
\$15,700 Cap				
Fy93 - 54.4% Of Salary,				<465>
\$15,000 Cap				
Total Policy Changes			<287>	<465>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			4,661	4,586

REVISED 3/28/91

Revised as of March 28, 1991

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0307 SEC VOC-DISABILITIES

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
	-----	-----	-----	-----
7.APPROPRIATIONS BASIS:				
Current Year	4,649	5,403	3,961	3,899
Prior Year	645	821	729	699
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	5,294	6,224	4,690	4,598
8.LEVY AUTHORITY	1,774	2,057	2,546	2,928

(*) \$815 less prior year payments per M.S. 124.14, subd.2

REVISED 3/28/91

0307 SECONDARY VOCATIONAL EDUCATION - STUDENTS WITH DISABILITIES
(Secondary Vocational - Handicapped)

TABLE 3-7
SECONDARY VOCATIONAL - STUDENTS WITH DISABILITIES PROGRAM

	F.Y. 1989		F.Y. 1990		F.Y. 1991		Current Law F.Y. 1992		Current Law F.Y. 1993	
	STUDENTS SERVED	STAFF FTE	STUDENTS SERVED	STAFF FTE	STUDENTS SERVED	STAFF FTE	STUDENTS SERVED	STAFF FTE	STUDENTS SERVED	STAFF FTE
A. Student/Staff Data										
Specialty programs for handicapped	61	9	57	8	59	5	59	5	59	5
Support service facilitator	1,273	39	823	31	712	35	712	35	712	36
Vocational evaluator	330	24	248	20	217	20	217	20	217	20
Work experience coordinator	1,793	156	1,878	163	1,763	175	1,763	178	1,763	180
Technical tutor/supplemental support staff	852	75	1,571	96	1,368	94	1,368	94	1,368	94
Interpreter for the deaf	2	1	45	2	7	1	7	1	7	1
Contracted services										
Total	4,311	304	4,622	320	4,126	330	4,126	333	4,126	336
	SALARY	NONSALARY	SALARY	NONSALARY	SALARY	NONSALARY	SALARY	NONSALARY	SALARY	NONSALARY
B. Expenditure Data (\$ in 000s)										
Specialty programs for handicapped	\$ 254.9	\$ 18.6	\$ 272.0	\$ 21.3	\$ 165.5	\$ 29.8	\$ 174.4	\$ 31.1	\$ 183.8	\$ 32.3
Support service facilitator	1,361.1	80.2	1,194.1	40.9	1,344.6	45.4	1,416.9	47.2	1,492.9	49.1
Vocational evaluator	768.8	52.7	671.0	35.3	653.3	41.0	688.3	42.7	725.3	44.4
Work experience coordinator	5,176.8	208.0	5,905.4	279.0	6,624.8	279.0	6,980.3	290.3	7,355.0	302.1
Technical tutor/supplemental support staff	1,117.1	21.2	1,416.3	23.7	1,395.5	23.4	1,470.4	24.3	1,549.3	25.3
Interpreter for the deaf	10.9	0.6	41.1	0.2	38.0	0.7	40.0	0.7	42.2	0.8
Contracted services										
Total	\$ 8,689.6	\$ 381.3	\$ 9,500.0	\$ 400.4	\$ 10,221.7	\$ 419.3	\$ 10,770.3	\$ 436.3	\$ 11,348.5	\$ 454.0
	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law		F.Y. 1992	F.Y. 1993			
C. District Expenditures and Formula Funding (\$ in 000s)										
1. Personnel										
FTE salary above \$27,879	169.7	215.0	215.0	215.0	215.0					
FTE salary below \$27,879	135.1	105.0	114.6	117.9	121.2					
Total FTE staff	304.8	320.0	329.6	332.9	336.2					
Salaries:										
FTE salary above \$27,879	\$ 6,403.5	\$ 8,000.0	\$ 8,400.0	\$ 8,778.0	\$ 9,173.0					
FTE salary below \$27,879	2,286.1	1,500.0	1,821.7	1,992.4	2,175.6					
Total salaries	8,689.6	9,500.0	10,221.7	10,770.4	11,348.6					
Gross Personnel Aid:										
Aid for staff with FTE salary above \$27,879 (FTE times \$16,727)	3,122.5	3,596.3	3,596.3	3,596.3	3,596.3					

Program: 03 Special Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0307 SECONDARY VOCATIONAL EDUCATION - STUDENTS WITH DISABILITIES
(Secondary Vocational - Handicapped)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Aid for staff with FTE salary below \$27,879 (60% of salary)	1,508.8	900.0	1,093.0	1,195.4	1,305.3
Total gross personnel aid	4,631.3	4,496.3	4,689.3	4,791.7	4,901.6
2. Contracted Services:					
Weighted ADM	24.03	40	40	40	40
Expenditure	\$ 120.1	\$ 126.1	\$ 132.4	\$ 138.4	\$ 144.6
Basic revenue deduct	66.2	69.5	72.0	72.0	72.0
Expenditure less deduct	53.9	56.6	60.4	66.3	72.5
Gross aid (52% of expenditure less deduct)	28.0	29.4	31.4	34.6	37.7
3. Equipment:					
Expenditure	105.8	111.1	116.6	121.9	127.4
Gross aid (47% of expenditure)	49.7	52.2	54.8	57.3	59.9
4. Travel:					
Expenditure	50.4	52.9	54.5	55.1	55.6
Gross aid (47% of expenditure)	23.7	24.9	25.6	25.9	26.1
5. Supplies:					
Expenditure	105.0	110.2	115.7	120.9	126.4
Gross aid (47% of expenditure, limited to \$47 per student)	48.8	51.8	54.4	56.8	59.4
6. Totals:					
a. Expenditure	9,070.9	9,900.4	10,641.1	11,206.7	11,802.6
b. Gross state aid	4,781.6	4,654.6	4,855.6	4,966.2	5,084.8
c. Proration factor	.9222	1.0	1.0	1.0	1.0
d. Prorated state aid	4,409.6	4,654.6	4,855.6	4,966.2	5,084.8
7. Levy Authority:					
a. Total personnel funding (66% of total salaries)	5,735.1	6,270.0	6,746.3	7,108.4	7,490.0
b. Prorated personnel aid	4,271.0	4,496.3	4,689.3	4,791.7	4,901.6
c. Levy authority (total personnel funding less prorated personnel aid)	1,464.2	1,773.7	2,057.0	2,316.7	2,588.4
8. Total funding (6d + 7c)	\$ 5,873.8	\$ 6,428.3	\$ 6,912.6	\$ 7,282.9	\$ 7,673.2

Program: 03 Special Programs
Agency: Education Aids

1992-93 Biennial Budget

0308 SPECIAL EDUCATION LEVY
EQUALIZATION AID

Citation: M.S. 275.125, Subd 8c
MDE Admin: 1501 Education Finance and Analysis
Federal: None

PURPOSE:

To provide levy revenue to school districts to supplement categorical aids for special education, secondary vocational students with disabilities, and limited English proficiency programs, to assure that free appropriate educational services are provided to all eligible handicapped and limited English proficient students.

DESCRIPTION:

A district's levy authority for each fiscal year equals the sum of the following:

1. The difference between 66% of salaries paid to essential special education personnel and the amount of special education aid paid to the district for salaries of these personnel under Program Budget 0301 and 0303 for that fiscal year; plus
2. The difference between 61% of salaries paid to essential limited English proficiency program personnel and the amount of limited English proficiency aid paid to the district for salaries of these personnel under Program Budget 0306 for that fiscal year; plus
3. The difference between 66% of the salaries paid to essential secondary vocational handicapped program personnel and the amount of secondary vocational handicapped aid paid to the district for salaries of these personnel under Program Budget 0307 for that fiscal year.

The levy authority for staff employed by intermediate districts and cooperatives is allocated among the participating school districts and added to the school district's levy authority. School district estimates are used to compute the initial levy for each district. The levy is adjusted 3 years later based on actual data.

PERFORMANCE:

Special education levies increased from \$9.2 million for taxes payable in 1985 to \$75.4 million for taxes payable in 1991 due to two factors:

1. The difference between 66% of salaries and the maximum aid per full-time equivalent (FTE) staff person increased each year due to: a) the maximum aid per FTE changed from the lesser of 66% of salaries up to a cap of \$18,400 for F.Y. 1988 and F.Y. 1989, to the lesser of 60% of salaries up to a cap of \$16,727 for F.Y. 1990 and F.Y. 1991, and b) in the second year during which each of these aid amounts applied, salaries increased with inflation while the maximum aid per FTE remained constant; and
2. The proration of aids has substantially increased the amount of levy authority, beginning with taxes payable in 1988.

The levy authority under current law is projected to increase from \$61.9 million for F.Y. 1991 to \$63.2 million for F.Y. 1992 and \$71.9 million for F.Y. 1993 based on projected full funding of the special education, limited English proficient and secondary vocational handicapped aid formulas in F.Y. 1992 and F.Y. 1993. However, total certified levies are projected to increase from \$75.4 million

for taxes payable in 1991 to \$79.0 million for taxes payable in 1992 due to levy adjustments.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992*	F.Y. 1993*
Levy Authority by Fiscal Year					
Special Education - Regular	\$ 36,476.7	\$ 47,729.4	\$ 57,137.0	\$ 58,481.0	\$ 66,463.0
Special Education - Summer	548.9	624.8	1,206.8	1,372.3	1,539.8
Limited English Proficiency	720.4	1,289.9	1,547.7	1,063.1	1,263.7
Secondary Voc Handicapped	1,464.2	1,773.7	2,057.0	2,316.7	2,588.4
Total Levy Authority	\$ 39,210.2	\$ 51,417.8	\$ 61,948.5	\$ 63,233.1	\$ 71,854.9
	Payable 1988	Payable 1989	Payable 1990	Payable 1991	Payable 1992
Certified Levy by Calendar Year					
Initial Levy Year	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
Initial Levy Amount	\$ 20,504.0	\$ 28,032.6	\$ 47,590.5	\$ 56,873.0	\$ 69,000.0
Levy Adjustment Year	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989	F.Y. 1990
Levy Adjustment Amount	5,399.1	11,453.0	9,556.6	18,498.7	10,036.9
Levy Adjustment Year	---	F.Y. 1986	F.Y. 1990	---	---
Adjustment Amount	---	567.9	13,348.2	---	---
Total Levy Certified	\$ 25,903.1	\$ 40,053.5	\$ 70,495.3	\$ 75,371.7	\$ 79,036.9

* F.Y. 1992 and F.Y. 1993 levies based on 4.5% inflation over F.Y. 1991 each year, continuation of growth trends, and no proration of state aid in F.Y. 1992 or F.Y. 1993.

PROSPECTS:

As a result of salary increases and the continuing need for special education services, the Minnesota Department of Education (MDE) anticipates continued growth of special education levies and full utilization of the funds generated from these levies.

See the individual Program Budgets 0301, 0303, 0306, and 0307 for related discussion and information.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that state aid be provided to equalize the special education levy beginning in F.Y. 1993. This will significantly reduce the variation among school districts in tax rates needed to fund special education programs. The maximum special education levy for a district would equal the product of the district's special education levy revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per pupil unit to \$3,435. The special education levy equalization aid would equal the difference between the levy revenue and the maximum levy. The aid would be reduced proportionately for districts that levy less than the maximum amount.

The Governor recommends an aid entitlement of \$11,170 for F.Y. 1993.

Based on this entitlement, the Governor recommends an appropriation of \$9,495 in F.Y. 1993.

Revised as of March 28, 1991

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0308 SPECIAL EDUCATION LEVY

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$	\$	\$	\$
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT				
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED Equalize Special Ed. Levy Using Equalizing Factor Of \$3,435 Per WADM				11,170
Total Policy Changes				11,170
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)				11,170
7.APPROPRIATIONS BASIS: Current Year Prior Year Transfers (M.S. 124.14)				9,495
Total Funding (State General Fund)				9,495
8.LEVY AUTHORITY				<11,170>

REVISED 3/28/91

Program: 03 Special Programs
Agency: Education Aids

1992-93 Biennial Budget

0309 SECONDARY VOCATIONAL EDUCATION

Citation: M.S. 124.573
MDE Admin: 1402 Secondary Vocational Education
Federal: 1314 Secondary Vocational - Special Needs

PURPOSE:

To increase opportunities for all students in Grades 10-12 to:

- help students make wise career choices, while developing the skills, attitudes, and knowledge necessary to succeed in the workplace;
- acquire entry-level and work readiness skills necessary for earning while continuing to learn;
- explore potential careers in different occupational areas in order to better prepare for postsecondary education or employment;
- apply basic computational, comprehension, communication, scientific, and problem-solving skills in relevant, realistic environments which create an incentive for them to remain in school;
- gain experience in the use of high technology equipment which is utilized in occupational areas;
- learn and reinforce higher order thinking skills through application; and
- utilize outcome-based curriculum relevant to business and industry.

The intent of these programs is to improve curriculum opportunities in a realistic manner that is relevant to the business and industrial practices which our students either are or will be participating in.

DESCRIPTION:

Local Education Agencies (LEA), including school districts, cooperative centers, intermediate districts, and education districts may access state categorical funding through an excess cost formula for providing occupational vocational programs. To qualify for the funding, the LEAs must provide evidence of meeting or exceeding criteria defined in State Board of Education rule. The rule requires the involvement of a program advisory committee to: 1) identify the need for program improvement in the areas of integration, and basic and higher order thinking skills; 2) articulate programs between secondary and postsecondary to assure a nonduplicative sequential transition between the 2 levels; and 3) modernize to upgrade curriculum and instructional support and materials within the program areas.

The state aid is used to provide equitable access and treatment for all students; to redirect curriculum priorities; to assure focus on technical skills, career development, work readiness, and preparation for family roles and technological competencies; and to conduct an evaluation process to insure the relevancy of the vocational programs as they relate to the various occupational areas. The major areas of instruction are: business occupations, health occupations, agricultural occupations, technical occupations, home economics occupations, handicapped, and disadvantaged (at-risk populations are actively solicited for all of these programs).

The excess cost state aid formula provides funding to qualifying districts as follows: 75% of the difference between the approved vocational instructional salaries and 50% of the general education revenue attributable to vocational average daily membership (ADM); and 30% of approved expenditures for: contracted services, travel between instructional sites, professional development

travel, student organization travel, curriculum development activities, and specialized instructional supplies.

PERFORMANCE:

The percentage of students participating in vocational programs over the past few years has remained fairly stable at approximately 11% of the total population of students enrolled in Grades 10-12. This percentage is expected to decline slightly to about 10% in the upcoming biennium.

The establishment of learner outcomes in all vocational education areas is of special significance to the Minnesota Department of Education (MDE) objective of developing outcome-based education, including the integration of basic and higher order thinking skills into all curricula areas, and the articulation of secondary vocational programs with postsecondary vocational programs to ensure a smooth transition between levels and to ensure a sequential programming between secondary and postsecondary in identified occupational areas. The delivery system used by secondary vocational education, that of experiential learning, is of special significance to the MDE objective to provide opportunities for at-risk students, including providing them with career selection and work readiness skills and preparing them for future family roles.

The vocational curriculum review cycle and program evaluation process is in concert with the Planning, Evaluating, and Reporting (PER) process and is an ongoing part of the planning process for all school districts. A minimum of 20% of the districts are reviewed and evaluated each year. This is an effective means for improving curriculum in response to changing business and industry needs, and for providing districts with accountability and increased community involvement that are significant to the improvement of education in Minnesota. Vocational curriculum is directly responsive to business and industry needs through the participation and input of the vocational advisory committees.

Vocational programming is further responsive to student needs through the monitoring of past students by the Minnesota High School Follow-Up Process designed and implemented by secondary vocational education specialists. This follow-up has indicated that historically a minimum of 75% of the high school graduates are in the employment market one year after graduation. (See Program Budget 1318).

STATISTICS:

Program statistics are shown in Table 3-1.

PROSPECTS:

The secondary vocational education categorical aid provides needed incentives for ongoing curriculum development, revision, and evaluation. Direct involvement of community members through local advisory committees is required which helps assure that improvement and restructuring of education will occur through a participatory process. The advisory committee involvement is critical to the success of the restructuring efforts scheduled for the upcoming biennium and beyond. The vocational advisory committee process provides the flexibility to address the integration, articulation, modernization, equitable access, and direction of curriculum priorities as needed both throughout the state and at the local level.

Community, business and industry involvement are crucial to achieve the overall changes required in the restructuring process including the use of learner outcomes to address the needs of both the students and our changing society.

As a result of increasing expenditures and declining enrollments in Secondary Vocational Programs, state aid entitlement under the current statutory formula will require an additional \$2,276,000 for F.Y. 1992 and \$3,501,000 for F.Y. 1993 over the annual base entitlement of \$11,723,000.

Program: 03 Special Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0309 SECONDARY VOCATIONAL EDUCATION

Alternatives Considered:

In order to meet the increasing vocational education needs, MDE identified the following alternatives for consideration given the annual base entitlement:

- Reduce the statutory aid formula to the amount that the annual base entitlement will support. Although this may eliminate proration of the aid, the reduction could mean a reduction in programs and services provided to students. This alternative will decrease the opportunity for at-risk students to participate in a hands-on, relevant educational program, and will make it more difficult for a school district to provide a comprehensive secondary curriculum for students.
- Change the current formula. Use the same components and percentages provided for in current law to generate district revenue for secondary vocational education. Add a levy component to supplement the annual base aid entitlement to reach the computed current law revenue. This would assure program continuation at current funding levels.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following modifications in the Secondary Vocational education aid formula beginning in F.Y. 1992:

1. Change state aid for essential licensed personnel from 75% to 53% of excess costs.
2. Increase state aid for curriculum development, contracted services, staff travel, and specialized instructional supplies from 30% to 40% of approved expenditures.

The Governor recommends an aid entitlement of \$10,653 for F.Y. 1992 and \$11,282 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$10,814 in F.Y. 1992 (\$1,758 for F.Y. 1991 and \$9,056 for F.Y. 1992), and \$11,187 in F.Y. 1993 (\$1,597 for F.Y. 1992 and \$9,590 for F.Y. 1993).

Revised as of March 28, 1991

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0309 SECONDARY VOCATIONAL

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 11,701	\$ 11,723	\$ 11,723	\$ 11,723
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Vocational Salaries		<1,991>	<1,939>	<918>
Vocational ADM		4,491	5,175	4,923
Avg Rev Deduct Per ADM		<1,571>	<1,522>	<1,540>
Nonsalary Expenditures		18	87	160
Combination Of Variables	777			
3.CURRENT ENTITLEMENT	12,478	12,670	13,524	14,348
4.FUNDING EXCESS/DEFICIENCY	<777>	<947>		
5.POLICY CHANGES RECOMMENDED				
Revised Formula:				
Salary Aid At 53%			<3,498>	<3,719>
Nonsalary Aid At 40%			539	564
Secondary Pupil Weight				
At 1.3 & Incr. Gen Ed				
Formula Allowance To:				
Fy1992 - \$3,050			88	
Fy1993 - \$3,050				88
Total Policy Changes			<2,871>	<3,067>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			10,653	11,281
7.APPROPRIATIONS BASIS:				
Current Year	9,946	9,965	9,056	9,590
Prior Year	1,525	1,755	1,758	1,597
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	11,471	11,720	10,814	11,187
8.LEVY AUTHORITY				

REVISED 3/28/91

Program: 03 Special Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0309 SECONDARY VOCATIONAL EDUCATION

TABLE 3-1
SECONDARY VOCATIONAL EDUCATION

	F.Y. 1989		F.Y. 1990		F.Y. 1991		Current Law F.Y. 1992		Current Law F.Y. 1993	
	ADM	STAFF	ADM	STAFF	ADM	STAFF	ADM	STAFF	ADM	STAFF
	SERVED	FTE	SERVED	FTE	SERVED	FTE	SERVED	FTE	SERVED	FTE
1. Student/Staff Data										
Administration/support services	0	97	0	83	0	67	0	63	0	62
Support services	229	31	200	28	338	29	328	29	332	29
WE/CEP	475	34	435	34	384	32	372	32	376	32
Work experience/disadvantaged	1,773	109	1,651	112	1,400	105	1,357	104	1,373	104
Agriculture/agribusiness	2,261	192	2,028	171	1,871	158	1,813	155	1,835	155
Business/Office	3,768	263	3,529	247	3,379	228	3,274	223	3,313	223
Health/Environmental	271	27	246	24	204	23	198	23	200	23
Consumer Homemaking	4,163	286	4,002	268	3,834	252	3,715	245	3,760	245
Service	756	61	879	57	663	54	642	54	650	54
Marketing/Distribution	1,245	73	1,218	67	746	49	723	49	732	49
Trade/Industry	3,805	287	3,684	280	3,490	282	3,384	266	3,420	261
Total ADM, Grades 10-12	18,746	1,460	17,872	1,371	16,309	1,279	15,806	1,243	15,991	1,237

	F.Y. 1989		F.Y. 1990		F.Y. 1991		Current Law F.Y. 1992		Current Law F.Y. 1993	
	SALARY	NON-SALARY	SALARY	NON-SALARY	SALARY	NON-SALARY	SALARY	NON-SALARY	SALARY	NON-SALARY
2. Expenditures (000s)										
Administration/support services	\$ 3,805.1	\$ 129.1	\$ 3,418.7	\$ 256.3	\$ 2,875.6	\$ 361.0	\$ 2,835.7	\$ 377.3	\$ 2,882.6	\$ 394.3
Support services	835.5	32.9	1,098.7	43.8	1,189.7	71.0	1,209.9	74.3	1,260.3	77.6
WE/CEP	1,288.2	25.8	1,372.6	28.4	1,219.6	50.5	1,240.4	52.7	1,292.1	55.1
Work experience/disadvantaged	4,140.9	115.3	4,291.4	132.0	4,080.0	185.3	4,149.3	193.7	4,322.3	202.4
Agriculture/agribusiness	5,616.3	597.8	5,296.6	531.6	5,456.2	864.6	5,548.9	903.5	5,780.3	944.1
Business/Office	8,439.2	511.3	8,371.8	507.5	8,269.3	643.3	8,409.9	672.3	8,760.6	702.5
Health/Environmental	785.7	64.4	687.3	60.1	760.8	92.8	773.8	97.0	806.0	101.4
Consumer Homemaking	8,432.8	632.1	8,404.1	660.8	8,516.5	1,005.9	8,661.2	1,051.1	9,022.4	1,098.4
Service	1,931.1	144.2	1,894.6	177.2	1,969.2	271.1	2,002.7	283.3	2,086.2	296.1
Marketing/Distribution	2,490.3	107.6	2,509.2	97.0	1,912.8	139.6	1,945.3	145.8	2,026.5	152.4
Trade/Industry	9,134.0	951.1	9,368.5	905.1	10,244.2	1,475.3	10,419.1	1,541.6	10,852.9	1,611.0
Total	\$ 46,899.1	\$ 3,311.6	\$ 46,713.5	\$ 3,400.0	\$ 46,493.9	\$ 5,160.4	\$ 47,196.2	\$ 5,392.6	\$ 49,092.2	\$ 5,635.3

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	Current Law F.Y. 1993
3. Aid Entitlement Calculations (\$ in 000s)					
Total Grade 10-12 ADM	161,210	153,752	152,945	154,960	159,909
Total Voc ADM as % of 10-12 ADM	11.63%	11.62%	10.66%	10.20%	10.00%
Secondary vocational ADM	18,746	17,872	16,309	15,806	15,991
Vocational salaries	\$ 46,899.1	\$ 46,713.5	\$ 46,493.9	\$ 47,196.2	\$ 49,092.2
General education revenue deduction:					
Reported vocational WADM	25,307	24,127	22,017	21,338	21,588
Average deduction per WADM	1.4	1.3	1.4	1.4	1.4
Total deduction	\$ 34,798.9	\$ 31,428.9	\$ 31,638.9	\$ 30,662.7	\$ 31,021.5
Excess cost (salaries)	\$ 12,100.2	\$ 15,284.6	\$ 14,855.0	\$ 16,533.5	\$ 18,070.7
Salary aid percent	75%	75%	75%	75%	75%
Salary aid	\$ 9,075.1	\$ 11,463.4	\$ 11,141.2	\$ 12,400.1	\$ 13,553.0

Program 03 Special Programs
 (Continuation)
 Agency Education Aids

1992-93 Biennial Budget

0309 SECONDARY VOCATIONAL EDUCATION

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Travel/other expenditures	\$ 3,311.6	\$ 3,400.0	\$ 5,160.4	\$ 5,392.6	\$ 5,635.3
Other aid percent	30%	30%	30%	30%	30%
Other aid	\$ 993.5	\$ 1,020.0	\$ 1,548.1	\$ 1,617.8	\$ 1,690.6
Other revenue deduct	\$ 103.6	\$ 5.5	\$ 19.5	\$ 19.5	\$ 19.5
Total State aid	\$ 9,965.0	\$ 12,477.9	\$ 12,669.8	\$ 13,998.4	\$ 15,224.1

Program: 03 Special Programs
Agency: Education Aids

1992-93 Biennial Budget

0310 INDIAN LANGUAGE AND CULTURE

Citation: M.S. 126.45 - 126.55
MDE Admin: 1408 Indian Education
Federal: None

PURPOSE:

To improve the quality of education for all students by making the curriculum more relevant to the needs, interest, and cultural heritage of American Indian pupils; providing positive reinforcement of the self-image of American Indian pupils; and developing intercultural awareness among pupils, parents and staff, thereby improving the educational situation of American Indian pupils and enhancing academic achievement potential of students at risk.

The program serves pre-Kindergarten through Grade 12 American Indian students, staff of Grade K-12 schools and districts, and enables all students to gain a better understanding of one aspect of cultural diversity of Minnesota by allowing for the voluntary enrollment of non-Indian students within the funded school or district.

To meet the needs of American Indian pupils, projects may include:

- instruction in American Indian language and culture;
- activities to improve the nature and quality of teaching;
- provision of personal and vocational counseling; and
- development of curriculum that is accurate and relevant to American Indian students, modification of existing curriculum, and modification of instructional methods and administrative procedures.

Eligible applicants include elementary and secondary public schools, and nonsectarian, nonpublic, community, tribal, and alternative schools enrolling American Indian students.

DESCRIPTION:

Grants are awarded on a competitive basis through the submission of proposals which have been developed with maximum involvement of parents of children enrolled in the program. Proposals are reviewed by the American Indian Education Committee whose membership is representative of significant segments of the population of American Indians, and is appointed by the State Board of Education. The Committee makes recommendations to the State Board concerning program approval, modifications, disapproval, and funding level.

The program includes a yearly request for proposal (RFP) cycle, a quarterly progress report by each grantee and an evaluation of each project.

PERFORMANCE:

The State Board of Education restructured/fine-tuned the program selection and application criteria in F.Y. 1985. In F.Y. 1991 the State Board of Education placed a \$50,000 "cap" on individual grant awards which has resulted in the funding of 12 new project sites. The new structured criteria provided for the funding of 63% of eligible applicants in F.Y. 1991, up from 45% in F.Y. 1989.

Seven projects are teaching the Ojibwa and/or Dakota languages and 8 projects are conducting cultural activities in Grade K-9 classes. American Indian curriculum units are being developed by

grants from this program at a faster rate than originally expected, and currently 4 districts are offering their curriculum for distribution to all districts and schools throughout the state. Six project sites are developing curriculum in F.Y. 1991, and there are approximately 85 units developed and in use either in the classroom or in the pilot testing stage.

American Indian Language and Culture Education is providing leadership to school districts in providing for the development of culturally accurate Indian curriculum and by encouraging other districts to adopt the curriculum. To date, 8 districts have formally adopted curriculum developed through this program.

In F.Y. 1991, 9 project sites are offering inter-cultural awareness activities that include voluntary classroom participation by all students, and extra-curricular cultural activities that include parents and community. Inservice training is provided to staff in 7 districts, improving the productivity as well as the quality of performance of district staff. Additionally, 2 projects are conducting research and/or evaluation activities in the continuing effort to improve the quality of education.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
1. Projects funded	13	11	15	15	15
2. Participating Indian students	5,379	5,641	6,365	6,300	6,300
3. Grant award range	\$ 15-69	\$ 8-85	\$ 5-50	\$ 5-50	\$ 5-50
4. Average grant	\$ 45.3	\$ 53.6	\$ 39.3	\$ 40	\$ 40
5. Total expenditure	\$ 581.6	\$ 590.0	\$ 590.0	\$ 590.0	\$ 590.0

PROSPECTS:

Funding restrictions and priorities are being sought through the State Board of Education, such as the "cap" grant award established in F.Y. 1990, in order to introduce additional projects into new areas of the state. Funding restrictions will include, for example, limiting funding criteria to focus on "target" activities allowable by legislation as prioritized and identified by the Statewide American Indian Education Committee. Additional State Board rule changes to be explored through the Committee would restrict the repetitive funding of activities.

The Minnesota Department of Education (MDE) will continue the pursuit of long-range planning in Indian Education for school districts on a voluntary basis. Currently, several school districts are participating voluntarily (Red Lake, Minneapolis, St. Paul, and Duluth). The purpose is to enable the proposal of resources for the unique and special education needs of Indian students, to enable the evaluation and potential of district policies and procedures affecting or impacting the education of Indian learners, and to more effectively coordinate existing school district planning with a consideration of the unique needs of Indian learners.

Alternatives Considered:

In order to meet program needs, MDE identified the following alternatives for consideration given the annual base level of funding:

Seek statutory changes to provide for:

- Mandatory long-range planning in Indian Education by schools and districts. This planning would enhance and increase the ability of the program to meet increasing needs by offering grants for a limited number of years for the purpose of piloting a program which would then be adopted into the district's education plan and/or curriculum by the respective local school board. This will

0310 INDIAN LANGUAGE AND CULTURE

take careful planning and assistance from MDE to districts over a period of years, in the form of inservice and long-range planning development.

- The development and funding of 2-year projects, including carryover of funds within the biennium for a granted project. This would provide the necessary resources and flexibility for school districts to enable projects with significant development activities, to accomplish work in the summer, and to enable greater long-term continuity of project activities. This will promote the transition from "categorical aid" to regular education offerings by the district.
- Funding limits of 3 years per project activity. This alternative will open the program funds to additional new applicants at least every 3 years.

GOVERNOR'S RECOMMENDATION:

The Governor recommends maintaining the F.Y. 1991 level of funding with an aid entitlement of \$590 for F.Y. 1992 and \$590 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$591 in F.Y. 1992 (\$89 for F.Y. 1991 and \$502 for F.Y. 1992), and \$590 in F.Y. 1993 (\$88 for F.Y. 1992 and \$502 for F.Y. 1993).

The Governor further recommends that any unexpended balance in the first year be available in F.Y. 1993. Carryover funds will provide for the availability of summer projects in F.Y. 1992 and increase the number of grants in F.Y. 1993, thereby providing projects in new areas of the state.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0310 INDIAN LANG & CULTURE

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 590	\$ 590	\$ 590	\$ 590
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT	590	590	590	590
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			590	590
7.APPROPRIATIONS BASIS:				
Current Year	501	501	502	502
Prior Year	82	89	89	88
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	583	590	591	590
8.LEVY AUTHORITY				

Program: Special Education
Agency: Education Aids

1992-93 Biennial Budget

0311 INDIAN EDUCATION

Citation: Laws 1989, Chap 329, Art 3, Sec 25, Subd 11
MDE Admin: 1408 Indian Education
Federal: None

PURPOSE:

To provide general support funds to school districts in lieu of funds which are not available from the federal government pursuant to the Johnson-O'Malley Act, P.L. 73-167, or Code of Federal Regulations, Title 25, Section 273.31, or equivalent money from the same or another source.

State funds are available to 6 school districts which have traditionally maintained Indian village elementary schools on Indian reservations, and which have received operational support from the federal Johnson-O'Malley program in addition to federal impact aid.

DESCRIPTION:

The legislature specifies grant amounts which are released to the 6 school districts upon evidence of compliance with requirements identified in the appropriation. The requirements include: evidence of compliance with uniform financial accounting and reporting standards, evidence that the district has conducted a special education needs assessment, and evidence that the district has compiled accurate daily pupil attendance records. Funds can be expended only in the interest of American Indian students.

PERFORMANCE:

All 6 districts eligible for funding demonstrated need and met legislatively mandated criteria. All funds were awarded in F.Y. 1990.

This funding is expended only in the interest of American Indian students. It has supported, for example, the extra costs of operating the Naytahwaush Elementary School, including heat and some building maintenance as well as field trips and supplemental teacher salaries; it also has allowed for the continuation of regular school programs with limited reductions, restrained deficit spending for maintaining the Grand Portage Elementary School, and has supplemented costs for teacher aides and tutors providing services and supplies to students in other schools.

STATISTICS:

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
1. Number of grants	6	6	6	6	6
2. Total expenditure (000s)	\$ 174.8	\$ 174.8	\$ 174.8	\$ 174.8	\$ 174.8

PROSPECTS:

This activity was originally established to replace federal operational support funds for 6 unique Indian schools. The Indian schools continue to operate serving American Indian students in isolated reservation areas in the state.

The Minnesota Department of Education anticipates full utilization of the base funding of \$175,000 per year for F.Y. 1992 and F.Y. 1993.

GOVERNOR'S RECOMMENDATION:

The Governor recommends maintaining the F.Y. 1991 level of funding with an aid entitlement of \$175 for F.Y. 1992 and \$175 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$175 in F.Y. 1992 (\$26 for F.Y. 1991 and \$149 for F.Y. 1992), and \$175 in F.Y. 1993 (\$26 for F.Y. 1992 and \$149 for F.Y. 1993).

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0311 INDIAN EDUCATION

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
	-----	-----	-----	-----
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 176	\$ 175	\$ 175	\$ 175
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Rounding Of Appropriation	<1>			
3.CURRENT ENTITLEMENT	----- 175	----- 175	----- 175	----- 175
4.FUNDING EXCESS/DEFICIENCY	----- 1			
5.POLICY CHANGES RECOMMENDED	-----	-----	-----	-----
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			----- 175	----- 175
7.APPROPRIATIONS BASIS:				
Current Year	149	149	149	149
Prior Year	26	27	26	26
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	----- 175	----- 176	----- 175	----- 175
8.LEVY AUTHORITY				

0312 INDIAN POSTSECONDARY PREPARATION

Citation: M.S. 124.481
MDE Admin: 1408 Indian Education
Federal: None

PURPOSE:

To reduce dropout rates, better prepare American Indian students for enrollment and success in postsecondary education, and provide funding in response to formally identified student needs. The program serves American Indian students in Grades 7-12.

Indian Postsecondary Preparation Programs (PSPP) provides direct student services that are improving productivity and performance in the classroom, and increasing the opportunities for students toward educational achievement and a higher quality of life.

Grants are made to school districts, with distribution in proportion to the geographical distribution of the Indian population of the state, for secondary American students of 1/4 or more Indian ancestry. Participants must have the capability of benefiting from higher education.

Projects may include:

- dropout prevention/improved retention;
- remedial or tutorial services in areas of need, emphasizing college preparation subjects;
- attendance, achievement or graduation incentives;
- high potential/low achievement programs;
- advocacy and liaison services; and
- plans or innovative procedures to reduce alienation or conflicts that may inhibit Indian students from reaching their potential.

PSPP promotes the establishment of cooperative ventures between public schools and postsecondary institutions and local businesses. Parental participation is required toward the development and implementation of these projects by district Parent Advisory Committees. PSPP grantees also promote and support direct parental involvement in classroom, tutoring and extra-curricular activities.

Students served by PSPP are identified at-risk students, who are able to benefit from postsecondary education, and activities offered through PSPP provide direction and leadership for each participant as well as the "avenue" and means to excel academically and pursue higher goals in education. Participation in PSPP increases the student's potential for greater success in postsecondary education as a recipient of the Minnesota Indian Scholarship Program (See Program Budget 0313).

DESCRIPTION:

Grants are awarded on a competitive basis for proposals developed with maximum involvement of parents of children enrolled in the program. Proposals are developed and programs are implemented in direct consultation with parent advisory committees. Proposals are reviewed by the Minnesota Indian Scholarship Committee which is appointed by the State Board of Education to be representative of significant segments of the American Indian population. The committee makes recommendations to the State Board concerning approval, modifications or disapproval, and grant

level.

The program includes a yearly request for proposal (RFP) cycle, a quarterly progress report by each grantee and an evaluation of each project.

PERFORMANCE:

The number of project sites has remained fairly constant, averaging 30 per year over the past 4 years. The 29 projects funded in F.Y. 1991 are serving 2,615 American Indian students, or 50% of the Grade 7-12 Indian student population in Minnesota public schools.

The F.Y. 1991 appropriation is 25% short of meeting the current requests for PSPP services; grants were awarded to 88% of the applicants and the awards were reduced an average of 75% ranging from \$8,500 to \$60,000.

The majority of the projects are providing activities in the area of personal counseling, academic counseling, and career exploration and counseling. Projects also include incentives for academic achievement and/or improved attendance, and advocacy and liaison services, which emphasize parental involvement in their child's education and career or postsecondary planning. Cooperative ventures between public schools and postsecondary institutions and local business firms exist throughout PSPP project sites, involving career planning and role modeling activities.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
1. Projects	32	30	29	28	28
2. Participating Indian students	4,126	2,529	2,615	2,575	2,575
3. Grant range	\$ 6-52	\$ 7-61	\$ 7-60	\$ 7-60	\$ 7-50
4. Average grant	\$ 26.8	\$ 28.5	\$ 29.6	\$ 32	\$ 30
5. Total expenditure	\$ 835.8	\$ 857.0	\$ 857.0	\$ 857.0	\$ 857.0

PROSPECTS:

Funding restrictions and priorities are being sought through the State Board of Education, in order to introduce additional projects into new areas of the state. Funding restrictions will include, for example, limiting funding criteria to focus on "target" activities allowable by legislation as prioritized and identified by the Minnesota Indian Scholarship Committee. Additional State Board rule changes to be explored through the Minnesota Indian Scholarship Committee and the Statewide American Indian Education Committee would restrict the repetitive funding of activities.

The Minnesota Department of Education (MDE) will continue the pursuit of long-range planning in Indian education for school districts on a voluntary basis. Currently, several school districts are participating voluntarily (Red Lake, Minneapolis, St. Paul, and Duluth). The purpose is to enable the proposal of resources for the unique and special education needs of Indian students, to enable the evaluation and potential of district policies and procedures affecting or impacting the education of Indian learners, and to more effectively coordinate existing school district planning with a consideration of the unique needs of Indian learners.

Alternatives Considered:

In order to meet program needs, the MDE identified the following alternatives for consideration given the annual base level of funding:

Program: 03 Special Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0312 INDIAN POSTSECONDARY PREPARATION

- Long-range planning in Indian Education by schools and districts should be mandated in order to enhance and increase the ability of PSPP to meet the needs. Grants would be made for a limited number of years for the purpose of piloting programs that would then be adopted into the district's education plan and/or curriculum by the respective local school board. This will take careful planning and assistance over a period of years, providing inservice to districts in long-range planning development. Additional resources would be needed for MDE Indian Education Section to provide inservice training planning coordination.
- The "target" activities allowable by the legislation should be limited to those that are consistent with the mission and objectives of MDE and are identified as priorities by the Minnesota Indian Scholarship Committee. This may enhance the achievement of specific goals and allow for the funding of additional projects without increasing the base funding. However, limiting activities would neglect many statewide needs of schools and districts; needs that have been identified by the parents and students themselves through formal needs assessments conducted on a regular basis. This alternative provides no assurance that the "targets" or priorities will coincide with the needs identified by the district, and it could leave identified needs unmet.
- Limit funding of each grantee to 3 years per project activity. Then require new proposed activities or the proposal will not be considered. This alternative will open the program funds to additional new applicants at least every 3 years.
- Legislation should allow for the carryover of funds within the biennium for a granted project. This would provide the necessary resources and flexibility for school districts to enable projects with significant development activities, to accomplish work in the summer, and to enable greater long-term continuity of project activities. Currently, summer programs are nearly impossible because of the fiscal year funding cycle. The inclusion of summer extensions could eliminate repeated (second year) funding of the same project serving the same students.

GOVERNOR'S RECOMMENDATION:

The Governor recommends maintaining the F.Y. 1991 level of funding with an aid entitlement of \$857 for F.Y. 1992 and \$857 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$857 in F.Y. 1992 and \$857 in F.Y. 1993.

The Governor further recommends that any unexpended balance in the first year be available in F.Y. 1993. Carryover funds will provide for the availability of summer projects in F.Y. 1992 and increase the ability to fund a greater number of grants in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0312 INDIAN POSTSEC PREP

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	GOVERNOR'S REC F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 857	\$ 857	\$ 857	\$ 857
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT	857	857	857	857
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			857	857
7.APPROPRIATIONS BASIS:				
Current Year	857	857	857	857
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	857	857	857	857
8.LEVY AUTHORITY				

Program: 03 Special Programs
Agency: Education Aids

1992-93 Biennial Budget

0313 INDIAN SCHOLARSHIPS

Citation: M.S. 124.48
MDE Admin: 1408 Indian Education
Federal: No flow through funds. The state scholarship program cooperates with the Federal/Tribal scholarship program to jointly meet the financial needs of American Indian students.

PURPOSE:

To provide need-based financial assistance to American Indian students who, without such assistance, may not be able to pursue postsecondary education and the opportunity to develop their potential. The Minnesota Indian Scholarship Program (MISP) promotes partnerships between state government, tribal governments, and private industry.

DESCRIPTION:

Grants are awarded on the basis of criteria established by the State Board of Education upon recommendation of the Minnesota Indian Scholarship Committee. Eligibility is restricted to American Indian students of 1/4 or more Indian ancestry, in residence in Minnesota, and enrolling in accredited Minnesota postsecondary institutions. Each student's needs and circumstances are reviewed and grants are based on financial need remaining after all other sources of available financial assistance have been applied. Therefore, the state program represents the last resource available for needy Indian students wishing to attend postsecondary education. Payments are made to the postsecondary institution for the benefit of the individual student.

PERFORMANCE:

MISP is developing into an exemplary model of collaboration among state government, tribal government and private industry. All grants awarded by MISP are packaged with Tribal scholarship programs, and MISP continues to receive funds from private foundations and individuals for grants through this program.

The ability to serve students, however, is declining. The number of eligible students being served has dropped from 70% in F.Y. 1988 to 65% in F.Y. 1990. Participation in F.Y. 1991 is projected at 53% and by F.Y. 1993, only 30% of all eligible applicants are projected to receive funds. The Minnesota Indian Scholarship Committee is developing a plan for private fund raising to obtain additional resources to meet the needs of eligible students.

In previous years, given the ability to routinely serve most students who applied and had financial need, the experience for participating students has been a 33% average completion rate in postsecondary education programs. Thirty-one percent of the students in F.Y. 1990 completed either 2 or 4-year programs and graduated. It is expected that 25% will complete their programs in F.Y. 1991. The 414 graduates of F.Y. 1990 were divided equally between 2-year Associate of Arts degree programs and 4-year degree programs. The decline in graduation rates relates primarily to the educational programs in which they enrolled.

The majority of students served are female, average 30 years of age, and qualify for participation in postsecondary education with a General Education Development (GED) test. Nearly 20% of all participants are on Aid to Families with Dependent Children (AFDC).

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
1. Number of recipients	1,503	1,345	1,150	900	650
2. Students denied due to lack of funding	445	732	980	1,230	1,480

PROSPECTS:

MISP is among the most successful programs for Indian Education in Minnesota. Factors affecting the program include increasing demand for financial aid and rising costs of postsecondary education.

The experience over the past 3 years indicates an increasing number of students for which the program cannot provide the unmet financial need. The number of students wanting to participate is growing by 250 students each year. Due to lack of funds, the program was unable to serve 732 students in F.Y. 1990 who had unmet financial need and who were accepted for enrollment in a postsecondary institution. Under the annual base funding level this trend will continue.

Most severely affected are students wanting to enroll in postsecondary education for the first time. The State Board of Education criteria for awarding grants results in priority funding to students formerly enrolled and who continue to make satisfactory academic progress and achievement. The immediate effect has been to reduce the number of new Indian students enrolling in postsecondary education, particularly in one and 2-year degree or training programs.

The longer term effect will be a diminishing of the significant momentum the program has created among American Indians desiring to enter postsecondary education. Given the characteristics of the students, this reduction in program services will affect those who are most in need and who are most able to benefit by enrolling in and completing their postsecondary education program.

The Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$1,582,000 for F.Y. 1992 and \$1,582,000 for F.Y. 1993. In addition, MDE will, through the involvement and efforts of the Minnesota Indian Scholarship Committee, develop a significant private fund raising capacity for the scholarship program. Funds raised will be awarded to students utilizing the same criteria as those for the state funded program. The Committee will make recommendations to the State Board of Education and seek their support and action as needed.

In order to meet rising costs and the reduced ability to serve students in need, MDE has identified the following alternatives for consideration given the annual base level of funding:

- Develop a significant private fund raising capacity for the State Indian Scholarship Program. Funds raised would be awarded to students utilizing the same criteria as those for the state funded program.
- Reduce or eliminate the cost to the student for tuition and fees in public postsecondary institutions, based on income level, in recognition of the unique status of the majority of applicants for this program.
- Provide tuition waivers for American Indian students similar to that required by statute for the University of Minnesota at Morris.

GOVERNOR'S RECOMMENDATION:

The Governor recommends maintaining the F.Y. 1991 level of funding with an aid entitlement of \$1,582 for F.Y. 1992 and \$1,582 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$1,582 in F.Y. 1992 and \$1,582 in F.Y. 1993.

Program 03 Special Programs
(Commission)
Agency: Education Aids

1992-93 Biennial Budget

0313 INDIAN SCHOLARSHIPS

Students receiving these scholarships are also eligible for state grants provided by the Higher Education Coordinating Board and for federal grants.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0313 INDIAN SCHOLARSHIPS

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 1,582	\$ 1,582	\$ 1,582	\$ 1,582
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Refund-Fy90 Scholarships	<37>	37		
3.CURRENT ENTITLEMENT	1,545	1,619	1,582	1,582
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			1,582	1,582
7.APPROPRIATIONS BASIS:				
Current Year	1,545	1,619	1,582	1,582
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	1,545	1,619	1,582	1,582
8.LEVY AUTHORITY				
9.Gift Fund	5	5	5	5

0314 INDIAN TEACHER GRANTS

Citation: Laws 1989, Chap 329, Art 3, Sec 22, and Sec 25,
Subd 15
MDE Admin: 1408 Indian Education
Federal: None

PURPOSE:

To assist American Indian people to become teachers and to provide additional education for American Indian teachers. In addition, this program provides a source of certified American Indian teachers to specific school districts with significant concentrations of American Indian students.

This program provides grants to Indian students who have a demonstrated financial need and have the potential to successfully complete teacher training programs. Grants to students provide for costs of tuition, fees, and books and also provide a maximum monthly stipend for full-time students based on number of dependents. Students who participate in this program are eligible for loan forgiveness if they teach in a Minnesota school district after they graduate.

DESCRIPTION:

Grant awards are made by the State Board of Education based on applications received from project sites specified in the legislation. Currently, project sites include:

1. Red Lake School District and Bemidji State University;
2. White Earth Tribal Council, (which operates the Pine Point School and the Circle of Life School, and Moorhead State University; and
3. Duluth School District and University of Minnesota at Duluth.

The following American Indian people are eligible for scholarships/grants:

- a student who intends to become a teacher and is enrolled in one of the postsecondary institutions receiving a grant;
- a teacher aide who intends to become a teacher and who is employed by a district receiving a joint grant;
- a licensed employee of a district receiving a joint grant who is enrolled in a master of education degree program; and
- a student who, after receiving federal and state financial aid and an Indian Scholarship, has financial needs unmet.

Project applications include all operational plans, management plans, eligibility criteria and grant/loan structures to implement the program designed by the applicant. Student grant applications are approved through the advice and counsel of the Minnesota Indian Scholarship Committee, processed through the Minnesota Indian Scholarship Program Office for eligibility verification and reviewed by the Minnesota Department of Education (MDE) Indian Education Director for final grant approval.

PERFORMANCE:

In the F.Y. 1990-91 biennium, two additional cooperative sites were added to the original site, more than doubling student participation. Students applying numbered about 35 in these 2 years and an average of 45% received loans or grants. Four students graduated in 1990, and 8 are expected to graduate from their respective teaching programs in 1991. One 1990 Bemidji State University

graduate began teaching at the Red Lake School District. Of the 3 graduating from the University of Minnesota Duluth, one is teaching at Duluth Public Schools, one is teaching in the education program at Stillwater Correctional Facility, and one is a substitute teacher in the grade school area.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Students participating	6	16	16	20	20
Students graduated	1	4	8	10	20
Graduates teaching	1	4	8	10	20
Percent of applicants funded	46%	44%	46%	40%	40%
Total expenditure (000s)	\$ 71.0	\$ 128.2	\$ 150.0	\$ 150.0	\$ 150.0

PROSPECTS:

This program is beginning to address a critical shortage of American Indian teachers in Minnesota. Considering the shortcomings in other financial aid programs available to American Indian students, it is expected that need and application for this program will double by F.Y. 1993.

As a result of the increasing participation of American Indians, and the reduction in financial aid programs available to American Indians, MDE anticipates full utilization of the base funding of \$150,000 for F.Y. 1992 and \$150,000 for F.Y. 1993. In addition, MDE will work through the advice and counsel of the Minnesota Indian Scholarship Committee and through action of the State Board of Education to explore private fund raising options or possible funding criteria changes.

Alternatives Considered:

To meet the increased need for American Indian Teacher Scholarships, MDE has identified the following alternatives for consideration given the annual base level of funding:

- Reduce or eliminate the cost to the student for tuition and fees in public postsecondary institutions based on income level in recognition of the unique status of the majority of applicants of this program. Reduction of tuition and fees would allow more funds to be loaned in stipends to students and would allow more Indian students to participate.
- Provide tuition waivers for American Indian students similar to that required by statute for the University of Minnesota Morris. As in the previous alternative, this change would shift tuition and fee support of the students participating in this program to the postsecondary institution.

GOVERNOR'S RECOMMENDATION:

The Governor recommends maintaining the F.Y. 1991 level of funding with an aid entitlement of \$150 for F.Y. 1992 and \$150 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$150 in F.Y. 1992 and \$150 in F.Y. 1993.

The Governor further recommends that any unexpended balance in the first year be available in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0314 INDIAN TEACHER GRANT

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 150	\$ 150	\$ 150	\$ 150
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Combination Of Variables	<22>			
3.CURRENT ENTITLEMENT	128	150	150	150
4.	22			
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			150	150
7.APPROPRIATIONS BASIS:				
Current Year	128	150	150	150
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	128	150	150	150
8.LEVY AUTHORITY				

0315 TRIBAL CONTRACT SCHOOLS

Citation: M.S. 124.86
 MDE Admin: 1408 Indian Education
 Federal: Bureau of Indian Affairs Funding

PURPOSE:

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

DESCRIPTION:

Each year, each American Indian-controlled contract school authorized by the United State Code, title 25, section 450f, that is located on a reservation within the state, is eligible to receive Tribal Contract School Aid subject to the following requirements:

- the school must plan, conduct and administer an education program that complies with the Minnesota Education Code, Chapters 120, 121, 122, 123, 124, 124A, 125, 126, 129, 129A and 129B;
- the school must comply with all other state statutes governing independent school districts; and
- the state Tribal Contract School Aid must be used to supplement and not to replace, the money for American Indian education programs provided by the federal government.

The amount of the aid is derived by the following calculations:

1. Multiplying the formula allowance under M.S. 124A.22, Subd. 2, times the actual pupil units counted in fall count week, but not including those students who receive reimbursement under nonpublic or alternative learning centers aid.
2. Subtract the federal funding received through the Indian School Equalization program of the Bureau of Indian Affairs (BIA) not including the money allotted for contingency funds, school board training, student training, interim maintenance and minor repair, interim administration cost, prekindergarten, and operation and maintenance, and the amount received for private alternative programs.
3. Divide the result in item (2) by the actual pupil units.
4. Multiply the actual pupil units by the lesser of \$1,500 or the result in item (3).

PERFORMANCE:

Presently, 4 schools receive Tribal Contract School Aid. The students who are not Tribal members do not qualify for BIA federal aid. This has two related effects. Each student who does not qualify for federal aid increases the state aid entitlement without an accompanying federal aid deduction. This increases the gross state aid entitlement statewide which, when it exceeds the appropriation, results in proration of the aid. The second effect is distributional. With proration, the aid is redistributed from schools that do not serve students who do not qualify for federal aid, to schools that do serve students who do not qualify for federal aid.

The appropriation was not sufficient to fund the state formula established in law. For F.Y. 1990, the aid was prorated at about 72% and proration is also projected at 72% for F.Y. 1991.

STATISTICS: (\$ in 000s)

	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	1993
1. Number of schools	4	4	4	4
2. Number of pupil units eligible for aid	909	950	950	950
3. Aid Entitlement	\$ 276.1	\$ 276.5	\$ 277.0	\$ 277.0
4. Proration factor	.72	.72	1.0	1.0
5. Prorated aid	\$ 200.0	\$ 200.0	\$ 277.0	\$ 277.0

PROSPECTS:

The Tribal Contract School Aid formula is based on the number of students in attendance during fall count week. Both the state aid and the BIA federal funding formulas do not provide funding for students who choose to enroll and attend school at times other than during fall count week. This causes a financial burden on the Tribal schools because they are serving students for which they receive no aid.

To provide for full funding of the current statutory formula, an increase of \$77,000 for F.Y. 1992 and \$77,000 for F.Y. 1993 is anticipated by the Minnesota Department of Education (MDE) over the annual base aid entitlement of \$200,000.

Alternatives Considered:

In order to meet these increasing needs, MDE has identified the following alternatives for consideration given the annual base entitlement:

- Reduce the state aid funding formula to the amounts that the annual base entitlement will support.
- Seek legislative changes to the state aid funding formula to provide sufficient funds for the Tribal contract schools and to eliminate the need to prorate this aid.
- Seek legislation to modify the High School Graduation Incentives program to provide funding for students who do not qualify for BIA funding, including students who transfer to Tribal contract schools from state public schools after the fall count week.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the state aid funding formula be adjusted as follows to operate this activity within the annual base entitlement:

Change the basis for determining the unadjusted state revenue, which is currently calculated by multiplying pupil units by the General Education formula allowance of \$2,953, to a basis which multiplies pupil units by a Tribal contract school formula allowance of \$2,868.

The Governor recommends an aid entitlement of \$200 for F.Y. 1992 and \$200 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$200 in F.Y. 1992 and \$200 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0315 TRIBAL CONTRACT SCHOOLS

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 200	\$ 200	\$ 200	\$ 200
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Change In Fed. Deduction		55	56	56
Increase In WADM		21	21	21
Combination Of Variables	76			
3.CURRENT ENTITLEMENT	276	276	277	277
4.FUNDING EXCESS/DEFICIENCY	<76>	<76>		
5.POLICY CHANGES RECOMMENDED				
Establish Tribal Contract			<77>	<77>
School Formula Allow.				
Of \$2,868 (In Lieu Of				
Gen Ed Formula Allow.)				
Total Policy Changes			<77>	<77>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			200	200
7.APPROPRIATIONS BASIS:				
Current Year	200	200	200	200
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	200	200	200	200
8.LEVY AUTHORITY				

0316 ASSURANCE OF MASTERY

Citation: M.S. 124.311; 126.67, Subd 3a
MDE Admin: 1404 Assessment
Federal: None

PURPOSE:

In 1986, the legislature enacted M.S. 126.67, Subd. 3a which requires all school districts to conduct programs which assure that students master locally established learner outcomes in Grades K-12. In 1989, M.S. 124.311 was enacted which provided funding on an optional basis to districts for their Assurance of Mastery (AOM) program in Grades K-8.

This optional program for school districts is to assure all students in Grades K-8 have an opportunity to learn and succeed in the general educational program within the usual and customary classroom setting. Parents are involved in the planning of their student's educational program to increase the potential for success. Performance is based on school district established standards and instruction must be different to accommodate differing student needs. More specifically, the objectives of AOM under M.S. 124.311 are to:

- assure that students at risk of failure are identified and served within the regular classroom environment and that responsibility for their education is maintained by their regular classroom teacher. It is expected that this approach will reduce referrals for special education instruction and services;
- focus the effort in one or more grade levels, Kindergarten through Grade 8, to assure early intervention and prevention of later failure and drop-out;
- promote the development of instructional strategies consistent with an outcome-based instructional system. Within such a system it is agreed that all students can learn and succeed. However, students learn in different ways and at different rates. Effective instructional delivery systems will assure that all students are taught in the most efficient way;
- assure that districts not only identify and serve students at risk of failure, but also monitor program effectiveness and report program results to the community and state through the annual Planning, Evaluating, and Reporting (PER) process; and
- assure district commitment to the program by requiring a local district contribution equal to the state matching amount in order to receive state funds. The local revenues must be expended in the same way as the state matching funds.

DESCRIPTION:

In 1986, the legislature enacted M.S. 126.67 Subd. 3a, which is the original Assurance of Mastery legislation requiring school districts to identify students in Kindergarten through Grade 12 not attaining locally established standards in mathematics and communications. In addition, individual remediation plans must be developed, in consultation with parents, for those students identified. This mandate included no additional funding for school districts.

The 1989 Legislature enacted M.S. 124.311 to provide funding to participating districts under certain conditions. The funding is based on a district's Weighted Average Daily Membership (WADM) in Grades K-8 times \$22.50. If a district expends \$22.50 times their Grade K-8 WADM to employ staff to provide direct instructional services to eligible Grade K-8 pupils within the usual and customary classroom, the state then will match the district effort. If the district effort is less than that amount, the state will match the lesser amount.

In order to qualify for the program, districts inform the Minnesota Department of Education (MDE) of their intention to participate and sign a statement of assurances that they will conform with the requirements of the statute.

MDE efforts focus on the provision of technical assistance to districts in the identification and provision of services to these students. Given the diversity of the student populations in Minnesota schools, it does not seem reasonable to establish rules on how a district designs its local program. MDE has taken the position that these programs should be more than basic skills drill and practice instruction. The statute requires that instruction be different, but within the same content as the student was unable to master in the first classroom instruction. Therefore, MDE is asking school districts to design programs which help students learn how to learn, and to assist students in acquiring the necessary conceptual framework to facilitate future learning.

PERFORMANCE:

All but 19 school districts are participating in this optional program. This is a significant endorsement for the concepts and intent of this legislation. Districts have had to redesign their instructional delivery systems and provide a local financial commitment in order to be eligible. Of significant importance in this participation rate is that the U.S. Office of Education and state policy makers approved the use of Chapter 1 federal revenue for the local matching funds.

Approximately 35% of the districts are using Chapter 1 for all of their matching funds, and another 15% are using Chapter 1 for a portion of their match.

About 35% of the districts are using general fund revenue only. The 15% that are using a portion of Chapter 1 funds are also using a portion of general fund revenue. The remaining 15% are using other sources of revenue alone or in combination with general funds.

All but 5% of the participating districts intend to expend up to or above their level of eligibility. Their general belief is that due to their small class sizes, they can accommodate at-risk students within their existing programs.

STATISTICS:

	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
School districts participating	---	413	420	425
Students (WADM)	---	532,550	563,200	576,219
Funding level per WADM	---	\$ 22.50*	\$ 22.50	\$ 22.50
Funding level (000s)	---	\$ 11,674	\$ 12,672	\$ 12,965

* For F.Y. 1991, the first year of this program, some school districts will not spend sufficient local funds to generate full AOM aid. Therefore, state aid to these districts is less than \$22.50 per WADM.

PROSPECTS:

Due to the high initial participation rate, 100% participation is anticipated in future years. With increasing enrollments there will be an increase in funding needs. Increasing enrollments under the present formula allowance of \$22.50 per WADM will require an additional state aid entitlement of \$223,000 for F.Y. 1992 and \$516,000 for F.Y. 1993 over the annual base entitlement of \$12,449,000.

Alternatives Considered:

In order to meet the increasing Grade K-8 enrollment, MDE identified the following alternatives for consideration given the annual base entitlement:

- Prorate the district aid entitlements based on available funds, participation levels, and actual local

Program: 03 Special Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0316 ASSURANCE OF MASTERY

expenditures. Due to funding uncertainty, districts may choose not to participate in this optional program. As a result, the legislative intent to serve these students in need, and to diminish referrals to special education and those related costs, would be impaired.

- Reduce the statutory aid formula to the amount that the annual base entitlement will support. Although this may eliminate prorating of the aid, it could mean a reduction in programs and services provided to students.

GOVERNOR'S RECOMMENDATION:

The Governor recommends modification of the Assurance of Mastery funding formula to weight secondary students in Grades 7 and 8 at 1.3 rather than the current weight of 1.35.

The Governor recommends an aid entitlement of \$12,540 for F.Y. 1992 and \$12,826 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$12,410 in F.Y. 1992 (\$1,751 for F.Y. 1991 and \$10,659 for F.Y. 1992), and \$12,784 in F.Y. 1993 (\$1,881 for F.Y. 1992 and \$10,903 for F.Y. 1993).

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0316 ASSURANCE OF MASTERY

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$	\$ 12,449	\$ 12,449	\$ 12,449
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Incr. (Decr.) In WADM		<142>	223	516
Decr. In Districts Participating		<633>		
<u>B.Legislation Becoming Effective</u>				
3.CURRENT ENTITLEMENT		11,674	12,672	12,965
4.FUNDING EXCESS/DEFICIENCY		775		
5.POLICY CHANGES RECOMMENDED				
1.3 Secondary Pupil Weighting Factor			<132>	<139>
Total Policy Changes			<132>	<139>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			12,540	12,826
7.APPROPRIATIONS BASIS:				
Current Year		10,582	10,659	10,903
Prior Year			1,751	1,881
Transfers (M.S. 124.14)				
Total Funding (State General Fund)		10,582	12,410	12,784
8.LEVY AUTHORITY				

Program: 03 Special Programs
Agency: Education Aids

1992-93 Biennial Budget

0317 INDIVIDUALIZED LEARNING AND DEVELOPMENT

Citation: Laws 1989, Chap 329, Art 3, Sec 16 and 18
MDE Admin: 1403 Instructional Design
Federal: None

PURPOSE:

To help each public school student in Grades K-1 develop socially and emotionally, and in knowledge, skills, and attitudes. More specifically, the objectives of this program are to:

- reduce instructor/learner ratios thereby increasing individual attention given to each student;
- improve program offerings. If Grade K-1 recommended instructor-learner ratios are met, the school district may use remaining funds to improve instruction for any grade level through additional staff, materials, etc.

DESCRIPTION:

The Individualized Learning and Development (ILD) aid is effective beginning in F.Y. 1991. A school district is eligible for state aid if the local school board adopts a district instructor-learner ratio for Grades K-1 and submits it to the Minnesota Department of Education (MDE) by April 15. Eligible districts receive \$62.25 times the Average Daily Membership (ADM) in Grades K-1. A district must not increase the district-wide instructor-learner ratios in Grades 2-8 as a result of reducing instructor-learner ratios in Grades K-1.

A district's curriculum advisory committee, under the Planning, Reporting and Evaluation (PER) law, must develop a district-wide plan to achieve the instructor-learner ratios in Grades K-1 adopted by the school board, and to prepare and use an individualized learning plan for each student in Grades K-1. If the school board determines that the district has achieved and is maintaining the instructor-learner ratios specified by the district's curriculum advisory committee, and has prepared and is using individualized learning plans, the school board must direct the district to use the aid it receives through ILD to improve program offerings throughout the district, or the education district of which the district is a member, based on a plan developed by the district's curriculum advisory committee.

The ILD aid law requires the Commissioner of Education to withhold ILD aid from any district that fails to make a good faith effort to achieve its instructor-learner ratios. It also requires the Commissioner to monitor and evaluate the effectiveness of reduced instructor-learner ratios, individualized learning plans, and efforts to improve program offerings, and to report to the education committees of the legislature before March 1 of each year.

PERFORMANCE:

During F.Y. 1990, the focus was on planning, development of training materials, and training of school district personnel. MDE provided 12 regional workshops to 840 participants where materials, case studies, simulations, and strategies were shared. Three hundred eighty districts and individual schools requested the video tape developed by MDE to help inservice teachers on the intent, benefits and implementation of the ILD program.

Three hundred sixty-six (85%) of the school districts participated in the ILD program in F.Y. 1991. Most districts initially choosing not to participate have reconsidered and now plan to participate in F.Y. 1992.

MDE representatives conducted meetings with superintendents, elementary principals, and teacher leadership groups, to develop strategies that are not excessively burdensome to educators but meet all the expectations of the legislation. MDE reviewed all district applications and will visit 40 on-site locations randomly selected to evaluate development and implementation of funded individualized learning programs. The review of district applications was especially concerned with the certifications and information submitted on the program application. The applications represent recommendations of representative administrators and teachers involved in the program.

Administrative funding was not available for either MDE or districts to monitor or evaluate ILD.

STATISTICS:

	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Total state ADM (Grade K-1)	---	126,811	127,265	125,229
Percent of districts participating	---	85%	100%	100%
Students participating (ADM)	---	114,330	127,265	125,229
Rate per ADM	---	\$ 62.25	\$ 62.25	\$ 62.25
Aid entitlement (000s)	---	\$ 7,117	\$ 7,923	\$ 7,796

PROSPECTS:

This program has extremely enthusiastic supporters, including both MDE and school district staff.

The major criticism of ILD is that it does not include Grades 2-3, which the research indicates is equally strongly affected by reductions in class size. Teachers and administrators are finding that the required individual learning plans provide focus to parent conferences and result in identification of common goals for the student, parents, and instructors. MDE anticipates all districts will participate in the future.

With increasing elementary school enrollment, the current statutory formula allowance of \$62.25 per ADM will require an additional state aid entitlement of \$394,000 for F.Y. 1992 and \$267,000 for F.Y. 1993 over the annual base entitlement of \$7,529,000.

Alternatives Considered:

In order to meet these increasing needs within the annual base entitlement, MDE has identified the following alternative for consideration:

- Reduce the statutory aid formula to the amount that the annual base entitlement will support. Although this may eliminate proration of aid, this change could mean a reduction in programs and services provided to students.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the current Individualized Learning and Development aid formula be continued with no changes.

The Governor recommends an aid entitlement of \$7,923 for F.Y. 1992 and \$7,796 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$7,803 in F.Y. 1992 (\$1,068 for F.Y. 1991 and \$6,735 for F.Y. 1992), and \$7,815 in F.Y. 1993 (\$1,188 for F.Y. 1992 and \$6,627 for F.Y. 1993).

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0317 INDIVID LEARNING & DEVELOPMENT

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$	\$ 7,529	\$ 7,529	\$ 7,529
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Increase In WADM		365	394	267
Decrease In Districts Participating		<777>		
3.CURRENT ENTITLEMENT	-----	7,117	7,923	7,796
4.FUNDING EXCESS/DEFICIENCY		412		
5.POLICY CHANGES RECOMMENDED	-----	-----	-----	-----
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			7,923	7,796
7.APPROPRIATIONS BASIS:				
Current Year		6,400	6,735	6,627
Prior Year			1,068	1,188
Transfers (M.S. 124.14)				
Total Funding (State General Fund)		6,400	7,803	7,815
8.LEVY AUTHORITY				

Program: 03 Special Programs
Agency: Education Aids

1992-93 Biennial Budget

0318 PREVENTION AND RISK REDUCTION

MDE Admin: 1409 Learner Support/Risk Issues
1501 Education Finance and Analysis
Federal: None

PURPOSE:

To establish a funding source for prevention/risk reduction services in elementary schools to address the multiple problems of children, youth and their families. These problems cannot be fully addressed or resolved by the educational system alone. Educators need to reach out for support and assistance from the larger network of community service agencies to address these needs effectively.

PERFORMANCE:

A recent Minnesota Department of Education (MDE) study estimates that over 30% of Minnesota's young people are experiencing personal difficulties of such a proportion that their success in school, family, and community living is placed in jeopardy. Problems facing young people are frequently multifaceted and interrelated. These problems or circumstances include low self-esteem, child abuse, emotional distress, drug abuse, homelessness, depression, and economic deprivation.

The cumulative effects of low achievement, unhealthy and unsafe environments, poor nutrition, and unsound health practices have a profoundly detrimental impact on student learning. Research shows that serious problems in personal and school adjustment are strongly related to the early onset of abuse of alcohol or other drugs, dropping out of school, and teenage pregnancy. Many children and adolescents in our schools are under enormous stress, exacerbated by difficulties at home and in school. Community-based services and case management are in short supply, and coordination of mental health programs with educational and other community social service programs is inadequate. Educators can assist in improving the quality, availability, and the coordination of mental health and other social service programs for students.

PROSPECTS:

Increased financial support is needed to expand mental health prevention and intervention services. As the emotional needs of children continue to rise statewide, professionals are required to spend additional time with students and families. Educators often face the added challenge of assisting children and youth with school as well as nonschool personal difficulties. Meeting with staff from law enforcement, social service, mental health, and other services for young people takes additional time. There are too few staff to manage the range of individual student problems.

Comprehensive prevention and risk reduction services must be a priority if education reform is to be successful. Many Minnesota children and youth come to school each day with personal, family, and social problems that interfere with learning, school attendance, progress toward graduation, and future employability.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that a categorical funding formula be initiated to support a prevention and risk reduction program.

For F.Y. 1992, the revenue would be \$3.70 per pupil unit in Grades K-6, funded entirely with state aid.

Beginning in F.Y. 1993, the revenue would be \$11.98 per pupil unit in Grades K-6. A district's prevention and risk reduction program levy would equal the lesser of its revenue or .047% of

Adjusted Net Tax Capacity. A district's prevention and risk reduction program aid is the difference between its revenue and its levy. If a district does not levy the entire amount, its aid must be reduced in proportion to the actual amount levied.

With this initiative, school districts would submit a prevention plan to address the needs in the district. The plan would address coordination of existing school and community resources. Permitted use of the funds would include increasing the number of student service professionals providing counseling and support services to students and families. It would allow/encourage hiring staff across agencies. Funds would be utilized to supplement existing services and in no case supplant current efforts. Educators will collaborate with the larger network of community service agencies to address these needs effectively. Collaboration will require education and community service agencies to establish joint goals and actions, to pool resources to effectively serve our young people and their parents. A belief in this basic principle is a significant first step toward developing a responsive system in which all learners can and will succeed.

The Governor recommends an aid entitlement of \$1,500 for F.Y. 1992 and \$3,400 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$1,275 in F.Y. 1992 (\$0 for F.Y. 1991 and \$1,275 for F.Y. 1992), and \$3,115 in F.Y. 1993 (\$225 for F.Y. 1992 and \$2,890 for F.Y. 1993).

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0318 PREVENTION RISK REDUCTION

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$	\$	\$	\$
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT	-----	-----	-----	-----
4.FUNDING EXCESS/DEFICIENCY	-----	-----		
5.POLICY CHANGES RECOMMENDED				
New Initiative			1,500	3,400
Total Policy Changes			1,500	3,400
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			1,500	3,400
7.APPROPRIATIONS BASIS:				
Current Year			1,275	2,890
Prior Year				225
Transfers (M.S. 124.14)				
Total Funding (State General Fund)			1,275	3,115
8.LEVY AUTHORITY				1,500

COMMUNITY & FAMILY EDUCATION (04)

	<u>Page</u>
0401 Community Education Program	107
0402 Miscellaneous Community Service Levy	111
0403 Adult Education (Including Contracts)	112
0404 Adults with Disabilities	116
0405 Diploma Opportunities for Adults	119
0406 Hearing Impaired Adults	122
0407 Early Childhood Family Education	124
0408 Early Childhood Developmental Screening	127
0409 School Age Child Care	131
0410 Parent Resource Centers	133
0411 Way To Grow	135
0412 Families Plus	137

COMMUNITY & FAMILY EDUCATION

Program: 04 Community and Family Education
Agency: Education Aids

1992-93 Biennial Budget

0401 COMMUNITY EDUCATION

Citation: M.S. 121.85 - 121.88; 124.2713
MDE Admin: 1412 Community Education
Federal: None

PURPOSE:

The purpose of community education as found in legislation is "to make maximum use of the public schools of Minnesota by the community and to expand utilization by the school of the human resources of the community" (M.S. 121.85). The Community Education program in Minnesota is "an education-based partnership between the community and the formal education system whereby the resources of both are used as available for the continuing growth and betterment of both" (State Board Rule 3530.5500).

Community education enables lifelong learning for Minnesotans of all ages through a process of citizen involvement in identifying community learning needs and learning resources and connecting the two. "Community education, as defined for school districts, includes services rendered by a school district beyond the regular K to 12 program, as recommended by the community education advisory council and approved by the local school board" (State Board Rule 3530.5600).

Community education strives to serve all who reside within the school district, providing opportunities for ongoing community involvement, learning and personal development for all ages. The following processes and activities are among those operating through community education at the local level (as specified in M.S. 124.2713, Subd. 8):

- nonvocational, recreational, and leisure time activities and programs;
- adults with disabilities programs, if the programs and budgets are approved by the Commissioner of Education;
- adult basic education programs;
- summer programs for elementary and secondary pupils;
- implementation of a youth development plan;
- implementation of a youth service program;
- early childhood family education programs; and
- extended day programs.

There is additional categorical funding for 5 of the 8 programs on this list: adults with disabilities, adult basic education, youth development, youth service, and early childhood family education. These categorical revenues are often supplemented by general community education revenue based on a local decision-making process involving the community education advisory council.

Youth development, an optional component of community education, provides an incentive to school districts to plan for and meet the special needs of youth in the community. Youth service, a component of youth development, provides an incentive to develop community service learning opportunities for youth. Both of these programs are funded through the general community education funding formula.

DESCRIPTION:

Revenue for general Community Education and for Youth Development and Youth Service is derived from an equalized aid/levy formula and from fees collected from participants. With the basic program revenue, school district community education advisory councils and local school boards provide the executive leadership necessary to develop and maintain local community education programs. Local community education programs include a wide variety of activities beyond the regular school offerings, including cultural enrichment, athletics, recreation and other community events and services. Processes are employed to strengthen the community and the skills of people who live there.

In addition, local community education programs provide the administrative expertise necessary to support programs for Adults with Disabilities, Adult Basic Education, Early Childhood Family Education (ECFE) and School Aged Childcare. Another program which receives Community Education support in a significant number of locations is the testing and certification of the General Education Development (GED) high school equivalency for adults.

Information on program revenue is shown in the STATISTICS section. In addition to the revenue sources shown, districts may charge participation fees at their discretion for general community education activities. All fees collected must be used for community education.

Program funding is provided in the form of equalized revenue based on the district's population.

A district's total community education revenue is the sum of the district's general community education revenue, youth development plan revenue, and youth service program revenue. Beginning in F.Y. 1991, the general community education revenue for a district equals \$5.95 times the district's population, but not less than \$7,943. The youth development plan revenue for a district with a plan approved by the local school board is 50 cents times the district's population, but not less than \$668. Youth service program revenue for a district that has implemented a youth development plan and a youth service program is 25 cents times the district's population, but not less than \$334. Youth development plan revenue may be used only to implement the youth development plan approved by the school board. Youth service revenue may be used only to provide the youth service program.

To receive the maximum community education revenue, a district must levy an amount equal to the lesser of the maximum revenue or 1.07% of the district's adjusted net tax capacity. A district's maximum community education aid equals the maximum community education revenue minus the maximum community education levy. If a district levies less than the maximum amount, state aid is reduced proportionately.

PERFORMANCE:

Over 97% of Minnesota residents live in school districts which choose to provide community education. More than 67,000 activities were conducted by districts through community education during F.Y. 1990. Over 2.5 million participants of many ages were engaged in educational/cultural, athletic/recreational, and community events offered through general community education. Minnesota is clearly recognized nationally as a leader in community education.

Within the districts, the numbers of participants and activities continues to grow, demonstrating that an ever broader cross section of individuals and groups are becoming involved. An underlying concept among community educators is that of inclusive communities...those which reflect the diversity of residents. Efforts to include economically disadvantaged, at-risk, and disabled populations continue to expand the number of participants in community education.

Approximately 300 community education programs receive funding for youth development and youth service. While funding for youth service is targeted specifically for youth service, youth development funding is designated for initiatives determined locally in youth development plans approved by local school boards. Programs funded include after-school programs for middle and junior high youth, homework helper centers, adult mentors for youth, family resource centers and a wide variety of

0401 COMMUNITY EDUCATION

other programs.

Community education continues to identify local learning needs and involve residents in seeking solutions. Community education develops a reservoir of community leadership, especially as it relates to education and learning. Over the past several years community education has earned a reputation for leadership in educational change. Extended day, parental involvement in the schools, and family literacy programs have developed and are flourishing under the community education umbrella.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	Law F.Y. 1993
A. Educational/cultural enrichment:					
Districts	399	409	420	422	424
Events	30,201	31,409	32,665	33,972	35,330
Participants	536,578	558,041	580,363	603,577	627,720
B. Athletic/recreational skills development:					
Districts	399	409	420	422	424
Events	33,652	32,226	33,515	34,855	36,250
Participants	1,258,553	1,308,895	1,361,251	1,415,700	1,472,329
C. Community events and services:					
Districts	340	348	357	359	360
Events	3,477	3,616	3,761	3,911	4,069
Participants	642,525	669,266	696,037	723,878	752,834
D. GED testing/certification					
Testing centers	55	56	57	58	59
Persons tested	7,183	8,200	8,600	9,000	9,500
Certificates issued	4,391	5,100	5,300	5,600	5,900
Transcripts sent out	3,550	4,000	4,300	4,600	4,900
E. Youth Service:					
Districts	214	296	309	316	325
Participants	30,000	40,000	43,000	46,000	50,000

F. Program Funding

1. Funding Formulas:

General community education revenue					
Allowance per capita	\$ 5.50	\$ 5.75	\$ 5.95	\$ 5.95	\$ 5.95
Minimum per district	\$ 7,342.50	\$ 7,676.25	\$ 7,943.25	\$ 7,943.25	\$ 7,943.25
Youth development revenue					
Allowance per capita	\$.50	\$.50	\$.50	\$.50	\$.50
Minimum per district	\$ 667.50	\$ 667.50	\$ 667.50	\$ 667.50	\$ 667.50

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	Law Y. 1993
Youth service revenue					
Allowance per capita	\$ ---	\$.25	\$.25	\$.25	\$.25
Minimum per district	\$ ---	\$ 333.75	\$ 333.75	\$ 333.75	\$ 333.75
Levy					
Property valuation measure*	AAV	AGTC	AGTC	ANTC	ANTC
Tax rate	.0008	.0070	.0080	.0107	.0107

2. Total Revenue: (\$ in 000s)

General community education					
Amount	\$ 22,275.5	\$ 23,823.4	\$ 25,202.2	\$ 25,583.9	\$ 25,879.0
Number of districts	408	413	420	425	425
Youth development					
Amount	\$ 1,660.6	\$ 1,633.2	\$ 1,910.1	\$ 1,968.2	\$ 2,012.6
Number of districts	187	217	301	310	315
Youth service					
Amount	\$ ---	\$ 766.8	\$ 943.8	\$ 973.4	\$ 995.0
Number of districts	---	194	291	300	305
Total					
Amount	\$ 23,936.1	\$ 26,223.4	\$ 28,056.1	\$ 28,525.5	\$ 28,886.6
Number of districts	408	413	420	425	425

3. Levy:

Certified amount	\$ 20,289.7	\$ 21,130.5	\$ 24,657.5	\$ 25,040.3	\$ 25,529.6
Number of districts	408	413	420	425	425

4. State aid:

Gross aid amount	\$ 3,646.4	\$ 5,092.9	\$ 3,398.6	\$ 3,485.2	\$ 3,357.0
Proration factor	.9576	1.0	.9778	1.0	1.0
Prorated aid amount	\$ 3,491.8	\$ 5,103.0	\$ 3,323.0	\$ 3,485.2	\$ 3,357.0
Number of districts	301	379	293	297	286

* Adjusted Assessed Valuation (AAV); Adjusted Gross Tax Capacity (AGTC); Adjusted Net Tax Capacity (ANTC)

PROSPECTS:

Since the community education program already exists in nearly all school districts, future growth is not expected in terms of increased numbers of districts. Growth will come in the variety of opportunities available locally and in the numbers of districts offering well-rounded programming in community education. Minnesota residents rely on community education processes and programs to meet learning needs in their communities, and this is expected to continue.

As our population ages and diversifies in the years ahead, new types of programs in community education will develop to meet changing demands. The costs per capita for programs and services are expected to increase due to inflation and the costs associated with meeting more diverse needs. Meanwhile, the ability of participants to pay fees will diminish. Increased revenues will be required to meet changing needs and expectations within the districts.

Several exciting and emerging education initiatives operate through community education leadership

Program: 04 Community and Family Education
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0401 COMMUNITY EDUCATION

in Minnesota. Extended day (school age child care), parental involvement in the schools, and family literacy programs do not currently have a categorical funding base of their own. Meanwhile, awareness of the need for programming in these areas continues to grow dramatically, placing pressure on community education to help meet these needs. To operate programs on a strictly fee-for-services basis would deny program and services to those who can most benefit from them.

At the same time, growth in other, funded, component programs is outstripping their funding bases. Community education is often approached to identify or supply additional resources for early childhood family education, programs for adults with disabilities, youth service, and adult basic education. Because these programs truly benefit learners in communities, and because the need for these programs is great, it is difficult for community education to work within the current resource base.

Revenue for general community education, including youth development and youth service, derives from local levy and state aid, 88% from local levy (\$24.7 million), and 12% through state aid (\$3.4 million). In order to continue to meet local needs, funding needs to increase. This can be accomplished either through improved categorical funding for community education component programs, or through improved funding for the general community education revenue base, or through some combination of these funding methods.

As a result of increasing participation, changes in district population, and changes in property valuation, the Minnesota Department of Education (MDE) anticipates, under the current statutory formula, an additional need in state aid entitlement of \$163,000 for F.Y. 1992 and \$34,000 for F.Y. 1993 over the annual base entitlement of \$3,323,000.

Alternatives Considered:

In order to meet these increasing needs within the annual base entitlement, MDE has identified the following alternative for consideration:

- Change the statutory aid formula to the amount that the base level funding will support. Although this may eliminate prorating of the aid, this change could mean a reduction in programs and services provided to communities and learners. If additional funding is not identified, fewer people will be served locally. Most likely, individuals with the greatest needs and least able to pay will not be included in community education processes and programming. New emerging programs which may have the greatest potential for long-term impact on the educational process in Minnesota may never be tried.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following modifications in the Youth Development and Youth Service funding formulas:

1. Beginning in F.Y. 1993, change Youth Development per capita revenue from 50 cents to 44 cents. This recommendation is to provide for increasing district participation and increasing population within the base level funding.
2. Beginning in F.Y. 1993, increase Youth Service per capita revenue from 25 cents to 50 cents. This recommendation is to increase the number of youth involved in community youth service, including youth who are not achieving in traditional education settings.

3. Beginning with taxes payable in 1992, increase the tax rate from 1.07% to 1.085% of adjusted net tax capacity. This recommendation is to fund a portion of the increase provided in Youth Service revenue.

The Governor recommends an aid entitlement of \$3,486 for F.Y. 1992 and \$3,512 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$3,462 in F.Y. 1992 (\$498 for F.Y. 1991 and \$2,964 for F.Y. 1992), and \$3,508 in F.Y. 1993 (\$522 for F.Y. 1992 and \$2,986 for F.Y. 1993).

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0401 COMMUNITY EDUCATION

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	GOVERNOR'S REC F.Y. 1993
	-----	-----	-----	-----
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 5,103	\$ 3,323	\$ 3,323	\$ 3,323
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A. Budget Variables</u>				
Revenue Increases:				
# Distr. Participating			125	125
Pop. Growth & Other		<115>	229	590
Levy Decreases:				
# Distr. Participating			<101>	<101>
Pop. Growth & Other		191	<90>	<580>
Combination Of Variables	<10>			
3.CURRENT ENTITLEMENT	----- 5,093	----- 3,399	----- 3,486	----- 3,357
4.FUNDING EXCESS/DEFICIENCY	10	<76>		
5.POLICY CHANGES RECOMMENDED				
Revenue Increases:				
Revised Formula For Yth				730
Dev. & Yth Service				
Levy Increase:				
Increase Tax Rate To				<575>
1.0852% ANTC				
Total Policy Changes				----- 155
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			3,486	3,512
7.APPROPRIATIONS BASIS:				
Current Year	4,337	2,825	2,964	2,986
Prior Year	516	766	498	522
Transfers (M.S. 124.14)	52			
Total Funding (State General Fund)	----- 4,905	----- 3,591	----- 3,462	----- 3,508
8.LEVY AUTHORITY	21,131	24,658	25,040	26,104

Program: 04 Community and Family Education 1992-93 Biennial Budget
 Agency: Education Aids

0402 MISCELLANEOUS COMMUNITY SERVICE
 LEVY

Citation: M.S. 124.2714
 MDE Admin.: 1501 Education Finance and Analysis
 Federal: None

PURPOSE:

To provide additional revenue for school districts whose maximum community education revenue for F.Y. 1983 exceeded the district's maximum community education revenue for F.Y. 1985.

DESCRIPTION:

Additional levy authority is permitted each year to school districts whose maximum community education revenue for F.Y. 1983 exceeded the district's maximum community education revenue for F.Y. 1985. The amount of additional levy authority an eligible district receives equals its actual difference in revenue between the two years. The additional levy each district receives is the same amount each year. Although each district receives the same amount each year, the state total levy authority varies with the number of eligible districts that continue to provide community education programs.

PERFORMANCE:

The number of districts participating remains stable with 169 districts being granted additional levy authority for F.Y. 1991. Total statewide levy authority is \$672,700 for levies payable in calendar year 1991. Each year eligible districts certify about 98% of the levy authority available.

STATISTICS:

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>Current Law</u> <u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Levy limitation					
Amount (000s)	\$ 683.9	\$ 679.4	\$ 681.5	\$ 672.7	\$ 672.7
Number of districts	170	168	169	165	165
Certified levy					
Amount (000s)	\$ 650.7	\$ 658.9	\$ 664.8	\$ 661.9	\$ 661.9
Number of districts	157	162	163	158	158

PROSPECTS:

A large number of districts which are eligible for the additional levy authority will continue to use the levy as a source of community education revenue.

GOVERNOR'S RECOMMENDATION:

The Governor recommends continuation of this activity.

0403 ADULT BASIC EDUCATION

Citation: M.S. 124.26
MDE Admin: 1412 Community Education
Federal: 1319 Adult Education

PURPOSE:

To provide educational opportunities and risk-reduction support services appropriate for adults whose educational and economic levels are barriers to productive participation in our changing society. More specifically, the objectives are to provide adults with opportunities to:

- master basic academic and learning-to-learn skills;
- find and use appropriate resources in improving basic education skills;
- continue their education to the high school completion level; and
- benefit from continuing education or training to further enhance their employability, productivity, and citizenship.

The intent of the Adult Basic Education (ABE) funding is to help at-risk adult learners deal more effectively with their own and their families' lives by establishing, improving and maintaining a variety of adult learning options.

DESCRIPTION:

State aid and levy authority are available to public school districts, groups of public school districts, other education providers, and support service and resource agencies that submit an annual request for Adult Basic Education (ABE) program design approval and funding to the Minnesota Department of Education (MDE).

ABE aid is equal to 75% of approved salaries of ABE teachers, counselors, coordinators of volunteers, and nonlicensed instructional staff, plus 75% of approved expenditures for benefits, contracted services, supplies and materials.

For taxes payable in 1991 and thereafter, districts that are formal members of an approved ABE program may levy an amount not to exceed the amount raised by a net tax capacity rate of 0.21% times the adjusted net tax capacity of the district for the preceding year.

ABE contracts are available to private nonprofit organizations to provide ABE services that are not offered by a district or that are supplemental to a district's program. No matching funds are required for private nonprofit contracts. Applications for contracts must be approved according to the same criteria used for district programs.

State funded ABE programs under M.S. 124.26 must:

- be available to all adults with basic skills deficiencies who, from any cause, are unable to attend the district's elementary or secondary schools;
- enroll only persons 16 years of age or older who are not enrolled in elementary or secondary school;

- offer appropriate academic instruction that enables all eligible adults to become able to achieve at the secondary school level, or meet the requirements to earn a high school diploma or a secondary school equivalency certificate;
- maintain fiscal accounting and other records in compliance with generally accepted accounting principles and Uniform Financial Accounting and Reporting Standards (UFARS); and
- agree to the assurances including: using monies received solely for the purposes approved in the application; not charging tuition or fees; requesting reimbursement only for unreimbursed expenditures; and maintaining and submitting accurate, timely records and reports.

Application, review, and rating criteria are as follows:

1. How the needs of different levels of learning will be met.
2. For continuing programs, an evaluation of results.
3. Anticipated number and education level of participants.
4. Coordination with other resources and services.
5. Participation in a consortium, if any, and money available from other sources, including consortium members and the ABE levy.
6. Management and program design.
7. Volunteer training and use of volunteers.
8. Staff development services.
9. Program sites and schedules.
10. Program expenditures that qualify for aid.

PERFORMANCE:

Approximately 555,000 Minnesotans between the ages of 18 and 64, according to a 1988 Minnesota Interagency Adult Literacy Policy Group study, are unable to read, write, compute, problem-solve or cope with changing conditions sufficiently to meet the requirements of adult life in Minnesota. Disproportionately represented among the working poor; single parents; welfare recipients; the incarcerated; racial, ethnic and language minorities; displaced workers; the unemployed; and the homeless; these "functionally illiterate" adults often are the parents of at-risk children and youth. They and their children will constitute the majority of the population from which Minnesota's workforce must come in the 21st century.

The ABE programs provide alternative education methods...such as self-directed, group, and experiential learning...to enable educationally disadvantaged adults to address their own literacy and self-sufficiency problems.

More than 53,000 adults seek ABE programs each year because they recognized that their levels of literacy, coping and other basic skills are not sufficiently developed to overcome the barriers to their becoming self-sufficient.

Adults are eligible for ABE when they are at least 16 years old, are not enrolled in school, and function below the high school completion level in basic skills. They need ABE because they lack the levels of proficiency in basic academic, interpersonal, problem-solving, and other self-sufficiency skills and strategies, that are essential for responsible citizenship, productive employment and healthy family relationships.

Fifty-five regional ABE projects, integrating 376 public school districts and 545 other agencies, including correctional facilities, libraries, public and cable television stations, job training agencies, community-based organizations and Indian reservations, are providing individualized learning options in more than 600 sites throughout the state. Adult education options currently being offered include: Family Literacy, Adult Literacy, Workforce Literacy, Literacy Tutoring, English-as-a-Second Language Proficiency, Citizenship Training, Work Readiness, Adult Education for the Homeless, Basic Skills Enhancement, General Education Development (GED) Equivalency Preparation, and Alternative High School Diploma programs.

Program: 04 Community and Family Education
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0403 ADULT BASIC EDUCATION

Enrollment in ABE programs has increased an average of 14% per year for each of the past 4 years as more adults seek to improve their basic skills, earn high school diplomas or GED certificates, master knowledge and skills needed to find or retain employment, help their children in school, and enroll in and benefit from further education or training.

Local ABE projects typically are funded through state aid and contracts, federal grants, and local levy, at 49% of the actual cost of providing ABE, which is less than 1/6 the average General Education pupil unit revenue amount. Local ABE projects typically have lists of at-risk parents and other adults waiting to enroll, and are able to serve less than 8% of the eligible population.

Average annual statistics for the ABE program are as follows: The growth in enrollment has resulted in an increase of ABE services of 13.1% in school districts and 85.1% in other social service agencies. The percentage of adults who remain in the program for at least 12 hours per year has increased 17.4% annually and the number of hours each learner participates has increased 15.6% per year. Total adult participation increased to 53,243 in F.Y. 1990. The percentage of participants who achieve their personal education plan or learning contract goals has increased 22.8% per year to 13,706 in F.Y. 1990. The percentage of participants who are removed from public assistance has increased 32% per year to 2,060 in F.Y. 1990. Efforts to minimize attrition of individuals who leave before completing their goals, has resulted in the dropout rate being reduced by 6% per year.

While the total cost of providing ABE programs has increased 21.6% annually, state ABE aid per learner attendance hour has decreased by 14.3% per year. State aid per learner attendance hour has decreased from \$2.31 in F.Y. 1989 to an estimated \$1.51 in F.Y. 1990.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
A. Number of Projects:	53	54	55	55	56
Districts involved	334	370	376	382	388
Other agencies involved	145	448	545	550	575
Private nonprofit contracts	7	6	7	7	7
Learning sites	591	629	637	661	686
B. Total Enrollment:	43,349	53,253	56,742	63,622	71,344
Percent of total eligible	6.5%	7.9%	8.5%	9.5%	10.6%
English as a second					
Language (all levels)	9,403	12,122	12,032	13,582	15,332
Beginning ABE (0-5)	18,648	14,161	14,937	16,451	18,118
Intermediate ABE (6-8)	10,615	11,466	13,036	14,712	16,604
Adult secondary education (9-12)	13,324	15,483	16,737	18,877	21,290
C. Programming Results:					
Participating 12 hrs. or more	85.4%	85.7%	87.5%	89.3%	91.1%
Completing learning plan or contract	10,548	13,706	15,346	17,183	19,239
Improving basic academic skills	30,038	38,205	43,716	50,021	57,237
Getting off welfare	1,760	2,060	2,233	2,421	2,625
Securing, bettering employment	9,471	9,718	9,815	9,913	10,012
Learning English	6,673	7,718	8,029	8,354	8,691
Enrolling in higher education	3,089	2,945	2,974	3,004	3,034
Earning diploma or GED	4,484	5,250	5,727	6,246	6,813

Current Law
F.Y. 1989 F.Y. 1990 F.Y. 1991 F.Y. 1992 F.Y. 1993

Registering to vote	457	690	697	704	711
Becoming citizens	118	217	250	288	331
Continuing in program	16,764	20,912	23,419	28,881	35,146
D. Leaving before Completing Goals:	22.4%	20.7%	19.2%	16.9%	14.9%
To accept job/promotion	1,692	1,953	2,040	2,131	2,226
To enter higher education	2,550	2,945	2,843	2,745	2,650
For family, childcare problems	1,088	1,314	1,347	1,381	1,416
For transportation problems	339	509	448	395	348
All other reasons	4,030	4,309	4,190	4,074	3,961
E. Program Approval Process (\$ in 000s):					
1. Total operating expenses	\$16,032.8	\$17,313.9	\$20,753.8	\$24,877.2	\$29,819.9
2. State aid & contract & federal grant					
a. Aid/grant/contract budgets	\$12,024.6	\$12,985.4	\$15,565.4	\$18,657.9	\$22,364.9
b. Federal basic grants	\$1,218.1	\$1,921.1	\$2,012.9	\$2,220.4	\$2,220.4
c. Expenditures eligible for state aid	\$10,671.2	\$10,752.3	\$13,049.3	\$15,697.4	\$19,404.4
d. Aid entitlement = 75% (contracts = 100%)	\$8,053.4	\$8,106.5	\$9,849.4	\$11,835.6	\$14,615.8
e. Aid constrained within appropriation	\$4,289.9	\$4,873.0	\$5,073.0	\$5,073.0	\$5,073.0
f. Grant, aid & contract subtotal	\$5,508.0	\$6,794.1	\$7,085.9	\$7,293.4	\$7,293.4
g. Grant & aid percent of ABE total expenses (cannot exceed 90%)	34.4%	39.2%	34.1%	29.3%	24.5%
3. Local funding					
a. Local levy	\$2,205.3	\$2,529.3	\$5,096.6	\$6,077.7	\$6,517.6
b. Other sources	\$8,319.5	\$7,990.5	\$8,571.4	\$11,506.2	\$16,008.9
c. Local funds subtotal	\$10,524.8	\$10,519.8	\$13,667.9	\$17,583.9	\$22,525.5
d. Local percent of total ABE expenses	65.6%	60.8%	65.9%	70.7%	75.5%
F. Descriptive averages:					
1. Participant attendance hours (000s)	1,843.5	2,777.7	3,177.7	4,129.1	5,366.0
2. ABE attendance hours per participant	48.4	56.4	64.0	72.7	82.6
3. FTE participants*	4,337.8	6,535.8	7,476.8	9,715.5	12,625.8
4. Average total cost per attendance hour**	\$9.14	\$9.16	\$9.18	\$9.21	\$9.23
5. Average state ABE aid per attendance hour**	\$4.39	\$4.30	\$4.19	\$4.14	\$4.09
6. Average total cost per FTE participant**	\$3,942.88	\$3,893.06	\$3,903.04	\$3,913.04	\$3,923.07

* A full-time-equivalent adult learner participates for 425 hours per year.

** "Average" costs shown are averages of all local project average costs.

PROSPECTS:

As more policy analysts, welfare reformers and employers, as well as at-risk and educationally disadvantaged adults themselves, recognize the connections between adult literacy and child literacy, worker productivity and self-sufficiency, the demand for ABE continues to grow.

Effective ABE is centered on the interests, schedules and characteristics of the individual adult participants. Because the majority of ABE educators are part-time, many school districts are experiencing difficulties in providing and facilitating participatory, experiential adult learning in

0403 ADULT BASIC EDUCATION

collaboration with all community resources to ABE participants. ABE programs are in need of full-time professional educators who can provide continuity and coordination to better meet needs of at-risk adults. Funding ambiguities and limitations, the elimination of adult refugee education funding, the sunseting of funding for legalized aliens, and the possibility that funding for homeless adults and their families will not be renewed, increase the demands on state and federal ABE funding.

Each year, more than \$3 million must be deleted from the approvable budgets of ABE applicants. To fully fund ABE, under the current formula, would require about \$16.8 million for F.Y. 1991. To fully fund ABE for F.Y. 1992 and F.Y. 1993 would require about \$21.9 and \$29.2 million respectively. Most ABE programs have waiting lists. Few ABE programs are able to provide the intensity of services that welfare reform and refugee participants request.

Alternatives Considered:

In order to meet these increasing needs within the annual base entitlement of \$5,073,000, the Minnesota Department of Education (MDE) identified the following alternatives for consideration:

- Seek statutory changes to amend ABE and related statutes to reduce direct ABE costs by: providing for multi-year ABE program approval; clarifying that adult educators are teachers and that ABE is a Community Education program; providing that state ABE funds may grant to, instead of contracting with private nonprofit agencies; increasing High School Graduation Incentives (HSGI) options for ABE programs and ensuring that HSGI payments follow the learners who generate them; and clarifying that ABE may charge agencies (not learners) for the costs of serving their clients, and may reimburse other agencies for risk-reduction support services.
- Seek statutory changes to stabilize ABE staff retention and program planning by specifying a formula for distributing state ABE funds based on full-time equivalent adult learners similar to the HSGI over age 20 mechanism.

GOVERNOR'S RECOMMENDATION:

To operate this program within the annual base entitlement and provide for program improvements, the Governor recommends the following:

- Multi-year ABE program design approval, with funding in each year contingent upon legislative appropriations.
- Clarification of Adult Basic Education "charge-backs." No tuition or fees should be charged to individuals, but businesses, agencies or other organizations which sponsor an individual or which receive funding directly related to basic skills training may be required to pay tuition and fees equal to the actual cost of instruction.

The Governor recommends an aid entitlement of \$5,073 for F.Y. 1992 and \$5,073 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$5,074 in F.Y. 1992 (\$761 for F.Y. 1991 and \$4,313 for F.Y. 1992), and \$5,073 in F.Y. 1993 (\$760 for F.Y. 1992 and \$4,313 for F.Y. 1993).

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0403 ADULT EDUCATION

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
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1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 4,873	\$ 5,073	\$ 5,073	\$ 5,073
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Incr In Operating Expense		438		
Combination Of Variables	342			
3.CURRENT ENTITLEMENT	5,215	5,511	5,073	5,073
4.FUNDING EXCESS/DEFICIENCY	<342>	<438>		
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			5,073	5,073
7.APPROPRIATIONS BASIS:				
Current Year	4,142	4,312	4,313	4,313
Prior Year	638	731	761	76
Transfers (M.S. 124.14)	38			
Total Funding (State General Fund)	4,818	5,043	5,074	5,073
8.LEVY AUTHORITY	2,821	5,980	6,466	6,861

0404 ADULTS WITH DISABILITIES

Citation: M.S. 121.88, Subd 6-7; 124.2715
MDE Admin: 1412 Community Education
Federal: None

PURPOSE:

Funding is provided to school districts with local community education programs to enable adults with physical and/or developmental disabilities to participate fully in the mainstream of community life. Over 290,000 Minnesotans between the ages of 16 and 65 have limiting disabilities and are not institutionalized. The purpose of this program is the integration of adults with disabilities with others in their community. People with disabilities, who in the past have been nearly invisible in our society, are eager, able and adamant about being part of the mainstream of life.

Specifically supported by this funding are the following:

- services enabling adults to participate fully in community activities including Community Education classes;
- outreach activities to identify adults needing services;
- classes specifically for adults with disabilities;
- activities to enhance the role of people with disabilities in the community;
- activities to increase public awareness of the roles of people with disabilities; and
- other direct and indirect services and activities benefitting adults with disabilities.

Both communities as a whole and persons with disabilities benefit from these programs. As adults with disabilities become integrated in community life and accepted as individuals, communities are strengthened and many individual lives become richer.

DESCRIPTION:

To be eligible for specific categorical revenue to serve adults with disabilities, a Community Education program must receive approval from the Community and Adult Education Section of the Minnesota Department of Education (MDE). A request for approval must include all of the following:

- characteristics of the people to be served;
- description of the program services and activities;
- program budget and amount of aid requested;
- participation by adults with disabilities in developing the program;
- assessment of the needs of adults with disabilities; and
- cooperative efforts with community organizations.

For those programs which receive approval, the state aid formula provides the lesser of \$30,000 or 1/2 the actual expenditures. A program is required to match this aid amount from local sources.

The district is permitted to levy the lesser of \$30,000 or the actual expenditures minus " amount of state aid for the program. If a program is offered by a group of districts, the amount is allocated among the districts in accordance with an agreement submitted to MDE. Other public or private funds may be expended for these programs at the discretion of the local districts.

PERFORMANCE:

The 34 programs operating in 71 school districts are visible and successful, and continue to provide an ever wider variety of services to clients and communities. Over 15,500 people with disabilities participated in these programs in F.Y. 1990. Cooperation with community-based organizations continues to be strong and growing.

Funded programs provide a full range of services to adults with disabilities, including specialized classes, support services for integration into community activities, and public awareness.

Existing programs are in need of additional funding to provide needed services. Of the 34 funded projects, 13 have reached the funding "cap" and cannot receive more state aid or raise more in levy revenue. Yet, there are additional needs in their communities which a \$ 60,000 per project budget cannot meet, even through good networking and cooperation with other agencies.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
A. Funded Programs					
Number of programs funded	31	34	34	34	34
Districts involved	63	67	71	71	71
Other organizations involved	250	305	310	315	317
Number of participants	9,000	15,500	17,000	17,000	17,000
B. Districts Offering Components					
Support services	63	67	71	71	71
Outreach and identification activities	62	66	70	71	71
Classes specifically for adults with disabilities	50	56	69	69	69
Community role enhancement activities	52	56	69	69	70
Public awareness activities	47	54	70	70	70
Other direct and indirect activities	45	50	51	56	60
C. Program Funding (\$ in 000s)					
1. Aid Entitlement					
a. Approved expenditures	\$ 1,016.5	\$ 1,219.9	\$ 1,340.1	\$ 1,340.0	\$ 1,340.0
b. Gross aid @ 50%	508.2	609.9	670.1	670.0	670.0
c. Proration factor	1.000	1.000	1.000	1.000	1.000
d. Prorated state aid	508.2	609.9	670.1	670.0	670.0
2. Local Funds					
a. Levy limit	\$ 544.4	\$ 544.5	\$ 644.2	\$ 670.0	\$ 670.0
b. Certified levy	524.7	519.5	614.3	656.6	656.6
c. Other public and private funds	---	90.4	55.8	13.4	13.4
3. Total Funding (1d plus 2b plus 2c)	\$ 1,032.9	\$ 1,219.9	\$ 1,340.1	\$ 1,340.0	\$ 1,340.0

Program: 04 Community and Family Education
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0404 ADULTS WITH DISABILITIES

PROSPECTS:

Over 296,000 adult Minnesotans living in the community have a limiting disability. The major limitation to growth of programs serving adults with disabilities is the small amount of money allocated for the grants. More applications for funding are submitted than can be supported with the available funds.

With the recent passage of the Federal Americans with Disabilities Act guaranteeing accessibility for employment, transportation, and public accommodations for disabled individuals, interest in this program is expected to increase dramatically. The cost of providing services to adults with disabilities is high, and the funding allocated is minimal. Already the local demands on programs far outweigh the resources available. If no additional program money is identified, growth will slow. Some minimal growth may be achieved through additional networking with other agencies and through learned efficiencies.

The state program was moved from the Council on Quality Education to Community Education in F.Y. 1985 as a pilot program. Funding includes only aid money with no state-level evaluation or technical assistance. The current process for funding has been outgrown, and stands in need of revision. An alternate method of funding new and existing programs is needed which would permit more local levy for approved programs.

As a result of the increasing numbers of adults needing/requesting services, the Minnesota Department of Education (MDE) anticipates increasing funding needs in the Adults with Disabilities program of \$500,000 in F.Y. 1992 and \$750,000 in F.Y. 1993 in addition to the annual base funding of \$670,000.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$670 for F.Y. 1992 and \$670 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$670 in F.Y. 1992 and \$670 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0404 ADULTS W/DISABILITIES

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 610	\$ 670	\$ 670	\$ 670
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT	610	670	670	670
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			670	670
7.APPROPRIATIONS BASIS:				
Current Year	610	670	670	670
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	610	670	670	670
8.LEVY AUTHORITY	545	644	670	670

Program: 04 Community and Family Education **1992-93 Biennial Budget**
Agency: Education Aids

0405 DIPLOMA OPPORTUNITIES FOR ADULTS
 (Adult Graduation Aid)

Citation: M.S. 120.06, Subd 3; 124.17, Subd 2e; 124.261;
 126.22, Subd 2d and 3

MDE Admin: 1409 Learner Support/Risk Issues
Federal: None

PURPOSE:

To provide opportunities for adults age 21 and over, who have not finished high school, to complete their high school education. Those who qualify receive up to two years or the equivalent of free public education towards a high school diploma. Adult Graduation Aid is intended to help economically disadvantaged adults obtain education enabling them to find meaningful employment, thus reducing welfare, correctional, and other social costs. More specifically, the program objectives are to:

- attract and retain individuals in educational programs; and
- provide individuals with more options and opportunities to earn their high school diplomas. Adults may attend area learning centers, public alternative programs, postsecondary institutions, adult basic education programs, and traditional high schools.

DESCRIPTION:

The Diploma Opportunities for Adults program is designed for learners age 21 or older who have less than 14 years of public or nonpublic education, have completed Grade 10 and qualify under one of the following criteria:

- eligible for unemployment benefits or have exhausted the benefits, or
- eligible for or receiving income maintenance or support services, or
- eligible under the displaced homemaker program, state wage subsidy program, or any programs under the Federal Jobs and Training Partnership Act.

Adults without a General Education Development (GED) certificate or a diploma who meet the above eligibility requirements may complete their high school credits. Adult students may enroll in Area Learning Centers; postsecondary courses if eligible through Postsecondary Enrollment Options, Public Alternative Programs, and any public high school (provided that the school board has adopted a resolution approving enrollment of individuals age 21 and over). State funds follow each enrolled adult to the school district and/or postsecondary institution attended.

Free admission is limited to 2 school years or the equivalent, or until the adult completes the courses required for graduation, whichever is less.

Adult high school graduation aid for eligible pupils age 21 and over, equals 65% of the General Education formula allowance times 1.35 times the Average Daily Membership (ADM). Adult Graduation Aid is paid by the state in addition to any other aid to the district. These pupils may not be counted by the district for any other purpose other than Adult Graduation Aid.

PERFORMANCE:

Since the inception of Adult Graduation Aid, gathering information about participation of eligible adults has been the primary focus of Minnesota Department of Education (MDE) activity.

Participation has slowly increased since the law was enacted two years ago. Approximately 25% of the appropriated funds were utilized for the first year for 427 adults. An estimated 50% of available funding will be utilized the second year (F.Y. 1990) for an estimated 890 adults attending 42 education programs. This has been accomplished with a very limited amount of program publicity.

The need to increase participation is a concern which is being addressed. Area Learning Center (ALC) legislation providing that ALCs must educate adult learners has spurred the interest and motivation of educators to seek out and serve this population of adults. The 1990 Legislature increased the weighing of adults in the state aid formula for this program which provides an added incentive for schools to seek out eligible adult learners.

This program is significant to MDE objectives and to the state objectives of creating options and choices for Minnesota learners. Because of this importance, \$15,000 in Federal Block Grant funds has been allocated by MDE in F.Y. 1991 to publicize the Adult Graduation Aid Program along with other choice options to targeted families. This escalated publicity effort, including flyers at food stores, welfare check inserts, and various media releases, is projected to attract more adult learners to this program.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law	
				F.Y. 1992	F.Y. 1993
1. Participants	427	890	1,320	1,740	1,740
2. Average Daily Membership (ADM)	144	291	440	580	580
3. Formula allowance per ADM (65% of the General Education formula allowance x 1.35)	\$ 1,791*	\$ 2,490	\$ 2,591	\$ 2,591	\$ 2,591
4. Aid entitlement (000s)	\$ 258	\$ 724	\$ 1,140	\$ 1,503	\$ 1,503

* For F.Y. 1989, the weighting factor was 1.0.

PROSPECTS:

The number of Minnesota adults eligible for this program is estimated to be over 50,000. This targeted population is difficult to reach through the traditional communication channels used by education agencies. However, through the current communication efforts, enrollment is expected to significantly increase over the next two years. MDE anticipates using more of the base level funding as a result of these increased marketing efforts and greater community awareness of the program.

Under the current statutory formula, MDE anticipates the following need for state aid entitlement: a decrease of \$89,000 for F.Y. 1992 and a decrease of \$89,000 for F.Y. 1993 from the annual base entitlement of \$1,592,000.

Alternatives Considered:

MDE identified the following alternatives for consideration to remain within the annual base entitlement:

- Continue the same funding formula while maintaining current program activities. This would require funding less than the annual base entitlement.
- Continue the same funding formula, but seek statutory change to increase access to the program by eliminating the requirement that participants must have completed Grade 10. This could be done within the annual base entitlement.

0405 DIPLOMA OPPORTUNITIES FOR ADULTS
(Adult Graduation Aid)

- Seek statutory changes to both a) increase the formula allowance per ADM to equal the General Education formula allowance for regular high school students, and b) restrict access to the program. Given an increase in the formula allowance, it would be necessary to restrict access...and thereby decrease ADM...to remain within the annual base entitlement.
- Clarify the intended use of Adult Graduation Aid by school districts by requiring the state aid to accrue to local programs serving eligible adults. This will provide an incentive to programs serving these adults because the funds will not be directed elsewhere in the district. The same level of funds will be utilized, but they will be directed to those programs providing the services.
- Provide that contracts with Adult Basic Education (ABE) are no longer needed. That is, any approved ABE consortium, that has school district members approved as an alternative high school diploma program provider, may collect the full High School Graduation Incentives (HSGI) age 21 and over aid.

GOVERNOR'S RECOMMENDATION:

To effectively operate this program within the annual base entitlement, the Governor recommends that the current funding formula should be continued with the following changes:

- 1) The Grade 10 requirement should be eliminated.
- 2) Program funds should follow the student to the programs that provide the services; school districts should be required to use Adult Graduation Aid for the programs that generate the aid.
- 3) Any adult basic education (ABE) program should be able to serve eligible adults without a contract and receive full state aid.

These changes are intended to better utilize the base level funding. School districts are expected to more actively seek funds to serve eligible adults and, by including ABE programs, districts are expected to access these funds to serve the at-risk population intended to be served.

The Governor recommends an aid entitlement of \$1,592 for F.Y. 1992 and \$1,592 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$1,525 in F.Y. 1992 (\$171 for F.Y. 1991 and \$1,354 for F.Y. 1992), and \$1,592 in F.Y. 1993 (\$238 for F.Y. 1992 and \$1,354 for F.Y. 1993).

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0405 DIPLOMA OPPORTUNITIES

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	GOVERNOR'S REC F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 1,457	\$ 1,592	\$ 1,592	\$ 1,592
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Decr. In Participation		<748>	<479>	<479>
Combination Of Variables	<733>			
<u>B.Legislation Becoming Effective</u>				
Pupil Unit Weight At 1.35		296	390	390
3.CURRENT ENTITLEMENT	724	1,140	1,503	1,503
4.FUNDING EXCESS/DEFICIENCY	733	452		
5.POLICY CHANGES RECOMMENDED				
Eliminate Grade 10			89	89
Eligibility Requirement				
Total Policy Changes			89	89
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			1,592	1,592
7.APPROPRIATIONS BASIS:				
Current Year	1,238	1,354	1,354	1,354
Prior Year		219	171	238
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	1,238	1,573	1,525	1,592
8.LEVY AUTHORITY				

Prog 04 Community and Family Education
Age Education Aids

1992-93 Biennial Budget

0406 HEARING IMPAIRED ADULTS

Citation: M.S. 121.201
MDE Admin: 1406 Special Education
Federal: None

PURPOSE:

To provide for interpreters or notetaker services for adults with hearing impairments to assure equal access to continuing education opportunities. More specifically, this program is targeted for part-time adult students with hearing impairments, provides access to vocational education programs promoting educational growth and development, and enhances and encourages life-long learning.

Individuals with hearing impairments are often under-educated and under-employed when compared to their peers with normal hearing. Therefore, the adult hearing support program provides an opportunity for these individuals to improve their educational skills and their employment and life status.

DESCRIPTION:

Public and private agencies providing adult education classes enrolling adults with hearing impairments may apply to the Minnesota Department of Education (MDE) for reimbursement of the costs of providing the support services. Typically, one interpreter is employed for up to 5 adults with hearing impairments. A notetaker usually provides service to a single student. To the extent funds are available, full reimbursement of the cost of providing the service is made upon approval of the application.

Aid has also been provided to include closed captioning on educational video tapes which benefit a wider audience of individuals with hearing impairments. Aid is not provided to students enrolled in vocational rehabilitation supported programs where other sources of funds are available. Full-time students are not eligible for this aid.

PERFORMANCE:

About 200 public and private agencies providing adult education classes have applied for reimbursement of costs of providing hearing-impaired support services to more than 700 adults. Applications have come more from metropolitan agencies than rural agencies.

STATISTICS:

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>Current Law</u> <u>F.Y. 1992</u>	<u>F.Y. 1993</u>
1. Application for service	71	198*	200	205	215
2. Adults served	648	708	725	750	775
3. Claims funded (000s)	\$ 50	\$ 56	\$ 70	\$ 70	\$ 70

* A new application process provided a more accurate count beginning in this year.

PROSPECTS:

MDE has developed an application form in which the information describing this program has been modified to more closely meet functioning language levels of many adults with hearing impairments. The information has been disseminated to the regional service centers for the hearing impaired and to other agencies. The new application form may increase the demand for services and for program

funds.

As a result of the continuing demand for hearing impaired services, MDE anticipates increased utilization of the base funding of \$70,000 for F.Y. 1992 and \$70,000 for F.Y. 1993.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$70 for F.Y. 1992 and \$70 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$70 in F.Y. 1992 and \$70 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0406 HEARING IMPAIRED ADULTS

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 70	\$ 70	\$ 70	\$ 70
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Combination Of Variables	<14>			
3.CURRENT ENTITLEMENT	56	70	70	70
4.FUNDING EXCESS/DEFICIENCY	14			
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			70	70
7.APPROPRIATIONS BASIS:				
Current Year	70	70	70	70
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	70	70	70	70
8.LEVY AUTHORITY				

0407 EARLY CHILDHOOD FAMILY EDUCATION

Citation: M.S. 121.882; 124.2711; 275.125, Subd 8b
MDE Admin: 1412 Community Education
Federal: None

PURPOSE:

To enhance the ability of parents to provide for their children's optimal learning and development through education and support during the early childhood years, from birth to kindergarten enrollment. The mission of this community-based parent-child program is to maximize the use of available resources to provide cost-effective prevention/risk reduction services for all young children and their families through the cooperation and collaboration of agencies, services, and other community resources. The focus is on strengthening families, recognizing and building upon their strengths to foster self-sufficiency and the well-being of both children and parents.

DESCRIPTION:

A school district must provide a community education program to be eligible to establish and maintain an Early Childhood Family Education (ECFE) program. All children, birth to kindergarten enrollment, and their families residing in the district are eligible to participate. Such programs require the direct presence and substantial involvement of the children's parents and may include any or all of the following:

- programs to educate parents about the physical, mental, and emotional development of children;
- programs to enhance the skills of parents in providing for their children's learning and development;
- learning experiences for children and parents;
- activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;
- educational materials which may be borrowed for home use;
- home visits or center based activities;
- information on related community resources; or
- other programs or activities.

Program funding is provided in the form of guaranteed equalized revenue based on the district's population under 5 years of age.

1. Maximum revenue for F.Y. 1991 and thereafter is equal to \$87.75 times the population (age birth to 4) but not less than \$13,162.50 per district.
2. Levy is equal to the lesser of Maximum Revenue or .54% times Adjusted Net Tax Capacity.
3. Aid is equal to Maximum Revenue minus Levy, with a proportionate reduction in aid for any underlevy.

For F.Y. 1991, the statewide ECFE programs are supported 56% with local levy, 44% state aid.

PERFORMANCE:

Early Childhood Family Education (ECFE) is now offered by 365 school districts. The 175,000 parents and children served in F.Y. 1990 reflect a representative cross section of Minnesota's total population. Continuing outreach efforts are yielding positive results as indicated by a demographic survey conducted statewide in December 1989. The capability of targeting certain populations and serving them more intensively within a universal program makes the program more appealing and acceptable to families historically considered hard to reach; feedback from referring agencies supports this strategy as it also allows children and parents to build social support networks and access positive role models not usually available in programs which limit eligibility to a specific population.

A pilot study on short-term outcomes for parents was initiated in January 1990; preliminary results document positive changes in parent behavior and attitudes. Current evaluation efforts include formative, short-term outcome and cost-analysis studies. Parental feedback indicates that the program is beneficial and valued by participants. Minnesota ECFE has been a part of two recent Harvard Family Research Projects studies; Harvard researchers describe the program as one of the leading programs in the nation, unique for its grassroots, empowering approach and commitment to quality.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
1. Formula Revenue:					
Allowance per capita	\$ 84.50	\$ 84.50*	\$ 87.75	\$ 87.75	\$ 87.75
Minimum per district	\$12,675.00	\$12,675.00	\$13,162.50	\$13,162.50	\$13,162.50
Total revenue (000s)	\$ 20,618.6	\$ 22,387.5	\$ 24,699.6	\$ 25,407.1	\$ 26,122.6
Number of districts	356	364	380	389	389
2. Levy:					
Property valuation measure**	AAV	AGTC	AGTC	ANTC	ANTC
Tax rate	.0005	.0040	.0040	.0054	.0054
Total levy (000s)	\$ 11,642.0	\$ 12,428.8	\$ 13,817.7	\$ 15,055.8	\$ 15,893.1
Number of districts	356	364	380	389	389
3. State Aid:					
Gross aid amount (000s)	\$ 8,976.6	\$ 9,958.7	\$ 10,881.9	\$ 10,351.3	\$ 10,219.5
Proration factor	.9377	1.0	.9694	1.0	1.0
Prorated aid	\$ 8,417.6	\$ 9,958.7	\$ 10,549.0	\$ 10,351.3	\$ 10,219.5
Number of districts	307	347	341	357	357

* For F.Y. 1990 only, an additional nonequalized aid of 95 cents per child age 0-4 is included in the revenue calculations.

** Adjusted Assessed Valuation (AAV); Adjusted Gross Tax Capacity (AGTC); Adjusted Net Tax Capacity (ANTC).

PROSPECTS:

ECFE will assume even greater importance as the education reform movement gains momentum in Minnesota. The evidence is clear; active involvement of parents in a child's learning and development is a key element in the ultimate success of the child and the earlier this process begins, the more effective it is. This is true for all children.

With the ongoing emphasis on outreach to families experiencing a variety of risk factors, programs are faced with growing numbers of families who need more intensive or extensive services than can be provided under the existing state funding formula. As the availability and credibility of the ECFE program grows throughout the state, the expectations and numbers of referrals from coordinating agencies also increase because these kinds of services are not available elsewhere in the community. Program staff have both the ability and desire to work effectively with these families and meet the

Program: 04 Community and Family Education
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

The Governor recommends an aid entitlement of \$12,565 for F.Y. 1992 and \$12,401 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$12,230 in F.Y. 1992 (\$1,549 for F.Y. 1991 and \$10,681 for F.Y. 1992), and \$12,425 in F.Y. 1993 (\$1,884 for F.Y. 1992 and \$10,541 for F.Y. 1993).

0407 EARLY CHILDHOOD FAMILY EDUCATION

growing expectations; additional resources are required to do so. As a result of the increasing demands faced by ECFE programs, large numbers on waiting lists, and referrals by other social services, a new initiative of a minimum of \$6.5 million per year in additional aid and levy funding is required to address current needs.

However, with the current statutory formula, and including changes in the population of children ages 0-4, program participation rates, and property valuation, MDE anticipates an additional need in state aid entitlement of \$25,000 for F.Y. 1992 and a decrease in entitlement of \$107,000 for F.Y. 1993 over the annual base entitlement of \$10,327,000.

Alternatives Considered:

In order to meet these program needs within the annual base entitlement, MDE has identified the following alternatives for consideration:

- Adopt a sliding fee scale for participant fees. Currently, most programs charge some fee although several made a deliberate decision not to because ECFE is viewed as public education comparable to Grades K-12. A suburban program charging the highest fee on a sliding scale has fee income that constitutes 7% of total budget. Fees that are affordable to young families simply cannot generate enough additional revenue. This option has the potential of yielding additional but limited revenue; it would also generate controversy regarding program philosophy and mission.
- Decrease services to stay within current budget. A number of programs have had to do this the last two years; their records clearly indicate that reducing the more intensive and correspondingly more expensive services leads to a disproportionate drop in participation by families considered at risk. The very families for whom early prevention/intervention yields the greatest savings in future remediation costs seldom are able to pay fees and require the more costly services. Cutting services which are known to be cost effective is not a sound option.
- Encourage and assist local programs in seeking grant funding to address specific needs/populations. This is already being done and will continue. Unfortunately, resources available are limited and not evenly distributed.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following modifications in the Early Childhood Family Education funding formula:

1. For F.Y. 1992, increase the maximum revenue from \$87.75 to \$96.50 times the greater of 150 or the number of children under 5 years of age residing in the district.
2. For F.Y. 1993, increase the maximum revenue to \$101.25 times the greater of 150 or the number of children under 5 years of age residing in the district.
3. Beginning with taxes payable in 1992, increase the tax rate from 0.54% to 0.596% of adjusted net tax capacity.

The funding increase is intended to address needs of more at-risk families. Additional resources will be used to effectively meet, through more intensive and extensive strategies than current funding allows, the diverse needs of this growing number of families characterized by a variety of risk factors.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0407 EARLY CHILDHOOD/FAMILY ED

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	GOVERNOR'S REC F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 9,991	\$ 10,327	\$ 10,327	\$ 10,327
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Revenue Increases:				
# Distr. Participating		520	554	675
Increase In Age 0-4 Pop		475	709	964
High % Of Levy Certif.			440	770
Levy Increases:				
# Distr. Participating		<203>	<211>	<412>
Increase In Age 0-4 Pop		<150>	<184>	<248>
High % Of Levy Certif.			<284>	<711>
Tax Capacity Growth		<87>	<999>	<1,145>
Combination Of Variables		<32>		
3.CURRENT ENTITLEMENT	9,959	10,882	10,352	10,220
4.FUNDING EXCESS/DEFICIENCY	32	<555>		
5.POLICY CHANGES RECOMMENDED				
Revised Formula:				
Fy92 - \$96.50/Age 0-4			2,213	
& No Change In Tax Rate				
Fy93 - \$101.25/Age 0-4				2,181
With Increased Tax Rate				
Of 0.596% ANTC				
Total Policy Changes			2,213	2,181
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			12,565	12,401
7.APPROPRIATIONS BASIS:				
Current Year	8,507	8,778	10,681	10,541
Prior Year	1,235	1,484	1,549	1,88
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	9,742	10,262	12,230	12,425
8.LEVY AUTHORITY	12,429	13,818	15,375	17,716

Program: 04 Community and Family Education
Agency: Education Aids

1992-93 Biennial Budget

0408 EARLY CHILDHOOD HEALTH AND
DEVELOPMENTAL SCREENING

Citation: M.S. 123.701 - 123.707
MDE Admin: 1409 Learner Support/Risk Issues
Federal: None

PURPOSE:

To assist parents and communities to improve the educational readiness and health of all young children in Minnesota through early detection of health and developmental barriers to learning, and to assist schools and their communities in planning educational and health programs for their children at risk.

More specifically, the objectives of the program are to:

- detect and seek solutions to conditions that may interfere with young children's growing, developing, and learning, by predicting and preventing problems, minimizing physical and educational barriers, aiding in addressing special needs of individual children, and reducing the later need for costly care;
- establish collaboration with early childhood education programs (ECFE, Special Education, Headstart, for example) to link parents and children with programs that support and improve the health and development of families, to improve the early detection of individual problems, and to aid in the further assessment of problems;
- identify needs of children at age 3 to increase the potential for early intervention and the potential for successful readiness for learning in school;
- establish cooperative arrangements with public and private health providers when planning, providing and evaluating the screening program to reduce gaps and potential duplication of services;
- reduce the expenditure of public education resources by attempting to recover costs from private and public third party reimbursement sources; and
- provide leadership in the development and implementation of effective programs.

Early Childhood Screening (ECS) is an important element in efforts to achieve the national and state education goal of guaranteeing that all students are ready to learn by kindergarten age.

DESCRIPTION:

At ECS, educators and health professionals focus on a child's health and development. All families are linked to school and community programs that promote health and enhance a child's well-being. Using a series of standardized screening instruments and procedures, screeners identify normal aspects while sorting out conditions and situations that require further assessment. Children and families needing further assessment are referred to a variety of school and community services. ECS program staff follow up to insure access to appropriate services.

Minnesota school districts are required to offer the health and developmental screening to each child once prior to school entrance and are encouraged to target 3-year-olds in the restructured program. The number of eligible children fluctuates annually according to the birth rate. Participation is voluntary on the part of parents.

Districts staff ECS with school personnel from general education, special education, and community education programs and/or contracts with community health agencies, and education cooperatives. Local and/or county Interagency Early Intervention Committees assist in planning and reviewing ECS.

The state reimburses school districts for planning, administering and evaluating the program. Incentives in the state aid formula encourage an early transition to the restructured program to be implemented statewide by F.Y. 1994. The present state reimbursement for 4 and 5-year-olds is \$8.15 per child screened. The aid formula for the restructured program is \$30 per child or actual cost, whichever is less.

In the restructured program, districts are also required to make attempts to recover costs from third party (private and public) payers by asking parents for information on their health coverage and submitting forms for reimbursement. A school district may be paid an additional \$4 per child for an attempt to access third party payment.

When the ECS state categorical aid does not meet actual costs, districts draw on Grade K-12 General Education aid, community and special education funds, community resources, and use of volunteers.

PERFORMANCE:

The ECS program has been very effective in screening young children in Minnesota. In most years since its initiation in 1977, 80% of eligible children have been reached in the state. The program has been responsible for identifying hearing problems, nutrition problems, and developmental concerns not previously known to parents. More severe problems are also discovered such as behavior problems, neurological signs of exposure to cocaine, lack of regular health care due to financial problems and family chaos, occasional genetic problems not seen by a physician, and neglect and abuse problems. In many communities, economic and social stresses of families are reflected by the increased needs of children. ECS has also been an opportunity to reinforce positive parenting skills and to focus attention on areas such as accident prevention, diet, behavior management strategies, and encouraging learning activities.

Changes in the ECS law in 1989 require school districts to restructure their programs. New requirements now emphasize earlier identification of children by shifting the focus from 4 year old children to 3 year olds. Restructuring the program also guarantees an accurate, comprehensive picture of a child by expanding the developmental and health areas assessed during screening. Staffing requirements for screening procedures have been upgraded to ensure more precise assessments, replacing paraprofessionals or volunteers for some procedures.

School districts are required to have their restructured program in place by F.Y. 1994. During the upcoming biennium (F.Y. 1992 - F.Y. 1993) both the restructured 3-year-old program and the current 4-year-old program will be operating in the state.

Sixty-one districts designed and implemented the restructured program in F.Y. 1990; an estimated 7,000 children were screened. One-third of the children screened in the restructured programs were three years old representing only 3% of eligible children in this age group. In the remaining districts, 61% or 41,252 of eligible children were screened according to the current program criteria.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law	
	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
1. Current Program					
a. 4-5 year old children:					
Eligible children	73,762	68,000	68,000	66,000	64,000
Percentage participating	62%	60.66%	60%	60%	40%
Number screened	45,732	41,252	40,800	39,600	25,600
Reimbursement rate	\$ 8.15	\$ 8.15	\$ 8.15	\$ 8.15	\$ 8.15
Total reimbursement (000s)	\$ 372.7	\$ 336.2	\$ 332.5	\$ 322.7	\$ 208.6

0408 EARLY CHILDHOOD HEALTH AND DEVELOPMENTAL SCREENING

2. Restructured Program

a. 3 year old children:

Eligible children	68,000	66,000	64,000	62,000
Percentage participating	3%	10%	40%	60%
Number screened	2,190	6,600	25,600	37,200
Reimbursement rate	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
Initial reimbursement amount (000s)	\$ 65.7	\$ 198.0	\$ 768.0	\$ 1,116.0

Percentage of reimbursement from insurance/Medical Assistance (MA)	16%	16%	16%	16%
Amount of reimbursement from insurance/MA (000s)	\$ 10.5	\$ 31.7	\$ 122.9	\$ 178.6
Initial reimbursement less insurance/MA payments (000s)	\$ 55.2	\$ 166.3	\$ 645.1	\$ 937.4

Reimbursement rate for data recovery 35% of number screened	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Cost of data recovery (000s) (rate times number screened)	765	2,310	8,960	13,020
Total screening reimbursement (000s) (initial reimbursement less insurance/MA plus data recovery)	\$ 3.0	\$ 9.3	\$ 35.9	\$ 52.1
	\$ 58.2	\$ 175.6	\$ 681.0	\$ 989.5

b. 4-5 year old children:

Eligible children	68,000	68,000	66,000	64,000
Percentage participating	7%	10%	10%	10%
Number screened	4,950	6,800	6,600	6,400
Reimbursement rate	\$ 8.15	\$ 8.15	\$ 8.15	\$ 8.15
Initial reimbursement amount (000s)	\$ 40.4	\$ 55.4	\$ 53.8	\$ 52.2

Percentage of reimbursement from insurance/MA	10%	10%	15%	15%
Amount of reimbursement from insurance/MA (000s)	\$ 4.0	\$ 5.5	\$ 8.0	\$ 7.8
Initial reimbursement less insurance/MA payments (000s)	\$ 36.4	\$ 49.9	\$ 45.8	\$ 44.4

Reimbursement rate for data recovery 35% of number screened	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Cost of data recovery (000s) (rate times number with insurance/MA)	1,733	2,380	2,310	2,240
Total screening reimbursement (000s) (initial reimbursement less insurance/MA plus data recovery)	\$ 6.9	\$ 9.5	\$ 9.2	\$ 8.9
	---	\$ 43.3	\$ 59.4	\$ 55.0
			\$ 53.3	

c. Total reimbursement for restructured screening of 3-5 year old children (000s) --- \$ 101.5 \$ 235.0 \$ 736.0 \$ 1,042.8

3. Total Reimbursement (000s) \$ 372.7 \$ 437.7 \$ 567.5 \$ 1,058.7 \$ 1,251.4

* Restructured programs not authorized until F.Y. 1990

PROSPECTS:

ECS is the vehicle for guaranteeing that all children in Minnesota are fully equipped to participate in the array of education programs upon entry to school. School districts are required to provide the screening, collaborate with school programs and community agencies, and recover costs through third party reimbursement where possible.

The average cost reported by districts to provide a comprehensive screening for a child is \$60. The state reimbursement is \$8.15 for 4 year olds and older, and \$30 for 3 year olds. Districts assume 1/2 to 3/4 of the costs of the program by drawing on their general funds or other early childhood programs. This excessive fiscal burden produces problems with outreach efforts, reduced standards, and compromised results of ECS. For only 16% of children screened, districts are able to recover costs from third parties...federal and state human service dollars (Medical Assistance/Children's Health Plan) or health insurance companies in the first year of the program.

School districts face serious barriers in recovering costs from third party payors. Best estimates are that private insurance dollars can be accessed for only 15% of children screened, and Medical Assistance/Children's Health Plan could account for another 15% of children screened. Additional problems which exist include: parents refusing to provide information about their health insurance; current state insurance law may limit the accessibility of third party reimbursement; and districts do not have the administrative structure to facilitate cost recovery procedures.

Few school districts have made the voluntary shift to the restructured program, even with the incentives of a higher reimbursement rate for 3 year olds. Under current law, with a sustained per-child reimbursement schedule, the anticipated state aid entitlement is adjusted to reflect slower entry into the program, with a decrease in the base entitlement of \$366,000 for F.Y. 1992 and \$173,000 for F.Y. 1993 from the annual base entitlement of \$1,425,000.

Alternatives Considered:

MDE identified the following alternative for consideration:

- Continue funding at the annual base entitlement level. This alternative does not recognize the escalating ECS costs being absorbed by school districts. The low state reimbursement levels force districts to support this program with funding from other early childhood programs or general funds. This fiscal burden causes problems such as limited outreach, reduced screening standards, and inadequate referrals and follow-up.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following modifications in the Early Childhood Health and Development Screening funding formula:

- For F.Y. 1992, increase the reimbursement rates to \$45 for each 3 year old child screened and \$12.25 for each 4-5 year old child screened. The rate for attempted data recovery increases to \$4.20 per child.

Program: 04 Community and Family Education
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0408 EARLY CHILDHOOD HEALTH AND DEVELOPMENTAL SCREENING

2. For F.Y. 1993, increase the reimbursement rates to \$47.50 for each 3 year old child screened and \$12.85 for each 4-5 year old child screened. The rate for attempted data recovery increases to \$4.50 per child.
3. The Governor recommends up to \$28,000 of the F.Y. 1992 appropriation may be used by MDE for technical assistance to support the increasing number of districts adopting the restructured program. Any unexpended balance does not cancel, but is available for F.Y. 1993.
4. The Governor further recommends that school districts be permitted to engage in cost recovery efforts, rather than being required to access third party reimbursement. State payment to districts would decrease for every child for whom outside funds were obtained.

The Governor recommends an aid entitlement of \$1,875 including \$28 for technical assistance for F.Y. 1992 and \$1,975 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$1,684 in F.Y. 1992 (\$86 for F.Y. 1991 and \$1,598 for F.Y. 1992), and \$1,956 in F.Y. 1993 (\$277 for F.Y. 1992 and \$1,679 for F.Y. 1993).

EDUCATION AID GOVERNOR'S BUDGET
(Dollars in Thousands)

0408 EARLY CHILDHD SCREENING

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 966	\$ 1,425	\$ 1,425	\$ 1,425
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Impl. Of Restructured Pro		<841>	<366>	<173>
Combination Of Variables	<520>			
3.CURRENT ENTITLEMENT	446	584	1,059	1,252
4.FUNDING EXCESS/DEFICIENCY	520*	841		
5.POLICY CHANGES RECOMMENDED				
Revised Formula:				
Fy92-Reimb. Rate Incr.			788	
To \$45 For 3 Yr Olds &				
\$12.25 For 4-5 Yr Olds,				
Not To Exceed Actual				
Cost-Data Recovery Rate				
Of \$4.20 Per Child				
Fy93 - Reimb. Rates Of				723
\$47.50 And \$12.85 Not				
To Exceed Actual Cost -				
Data Recovery Rate At				
\$4.50				
Technical Assistance			28	
Total Policy Changes			816	723
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			1,875	1,975
7.APPROPRIATIONS BASIS:				
Current Year	326	1,731	1,598	1,679
Prior Year	9	121	86	277
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	335	1,852	1,684	1,956
8.LEVY AUTHORITY				

(*) This amount will balance forward, which increases the F.Y. 1991 excess to \$1,361

Program: 04 Community and Family Education
Agency: Education Aids

1992-93 Biennial Budget

0409 SCHOOL AGE CHILD CARE INITIATIVES

Citation: M.S. 121.88, Subd 10
MDE Admin: 1412 Community Education
Federal: 1320 School Age Child Care

PURPOSE:

To promote the growth and further development of quality School Age Child Care (SACC) program options available to families throughout Minnesota. The purpose of SACC is to provide a collaborative program design which promotes the growth and nurturing of competent, productive and responsible school age children, while engaged in a wide variety of enrichment opportunities and play activities before and after the school day or during vacation time.

DESCRIPTION:

This initiative is to focus primarily on staff training and resource development that supports the integration of children with special needs into quality SACC programs. In addition, funding would be used to:

- provide staff training opportunities to meet the increasing challenges in changing families to include parent/education involvement and to integrate children with special needs into the program; and
- provide incentives for low income or sparsely populated areas to start SACC/Extended Day programs.

Funding for program expansion is to be contingent upon collaboration with other public, private, and nonprofit agencies and the adoption of SACC standards, as required of districts in the Community Education statute. The following additions to the statute are needed in order to further support quality programming and quality choices:

- staff training to integrate special needs children into the program;
- opportunities, based upon need, for "homework helper" tutorial assistance;
- availability of adequate and nutritious meals and snacks appropriate to the ages and needs of the children;
- maximum use of facilities and community resources; and
- language which specifies a timeline for the adoption of standards.

In conjunction with this initiative, the Minnesota Department of Education (MDE) will continue to 1) provide assistance to districts interested in starting or expanding SACC programs, 2) promote cooperative relationships, particularly with the Department of Human Services and local child care resource and referral agencies in order to promote quality programs and parental choice and school/community partnerships on the local level, and 3) provide assistance to school districts with the adoption of SACC standards.

Funding for this initiative is to be allocated through a state grant program, beginning in F.Y. 1993. Grants would be available from MDE for:

- Start up funds for school age child care/extended day programs for those areas in which such

funds are not available from other sources.

- Integration of special needs children into school age child care/extended day programs, including in-service training for staff, aides, and other adaptations as needed.

Not more than 10% of the funding may be used by MDE for administration and evaluation of the grants.

PERFORMANCE:

In many of the 135 school districts that do offer SACC/Extended Day programs, it is estimated that fewer than 10% of the children needing the service are enrolled in the programs. This is due to the high level of program fees charged to parents, and to a lack of understanding of the benefits of the program by some communities, educators, and parents.

Because of the high percentage of parents of school age children in the labor force, coupled with heightened community concern for children left alone after school or during summer without adult supervision, these programs are growing rapidly. With this growth, there is a need for resources to provide for training of program staff.

Recent research substantiates the validity of concerns about children and youth left in self-care. Quality SACC programs provide youth with healthy alternatives as a means to prevent substance abuse, school failure, and pregnancy.

PROSPECTS:

Additional funding for the development and growth of SACC/Extended Day programs would provide working parents of school age children in Minnesota with the continuum of child care that their children need following the preschool years, and during a critical time when children are developing social patterns that will influence them in their adulthood. This is a time when families and youth need to be involved in quality environments that enable them to: choose from and interact in a wide variety of activities and enrichment opportunities, model appropriate behavior, learn to interact and socialize in a healthy manner, and be involved with the community after school and during school vacation.

In all district programs, more staff training is needed in order to better meet the growing needs of family-parent involvement in education. In most programs, there are increasing demands to appropriately integrate children with special needs into the program, and yet funding to meet additional costs of staff training or special staff assistants is not available. In many of the programs, transportation resources are needed to meet additional costs of crossing local busing zones.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$500 for F.Y. 1993.

Based on this entitlement, the Governor recommends an appropriation of \$500 in F.Y. 1993.

The Governor further recommends that not more than 10% of the funding be available for MDE administration and evaluation of this activity.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0409 SCHOOL AGE CHILD CARE

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC	
	-----	-----	F.Y. 1992	F.Y. 1993
	-----	-----	-----	-----
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$	\$	\$	\$
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT	-----	-----	-----	-----
4.FUNDING EXCESS/DEFICIENCY	-----	-----		
5.POLICY CHANGES RECOMMENDED				
New Initiative				500
Total Policy Changes				500
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			-----	500
7.APPROPRIATIONS BASIS:				
Current Year				500
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)				500
8.LEVY AUTHORITY				

Program: 04 Community and Family Education
Agency: Education Aids

1992-93 Biennial Budget

Based on these entitlements, the Governor recommends an appropriation of \$100 in F.Y. 1992 and \$200 in F.Y. 1993.

0410 PARENT RESOURCE CENTERS

MDE Admin: 1412 Community Education
Federal: None

PURPOSE:

To provide community resource centers for parents to access information and alternative strategies to assist in meeting various family needs, enhance education planning, and become knowledgeable advocates for their children. These comprehensive Parent Resource Centers will provide a full array of information and will facilitate the delivery of direct services to families that will enable parents to be actively involved in their children's learning. The Centers will also provide a connection for interested community members who want to volunteer to help children and families in a variety of ways. The primary goal of the Parent Resource Centers is to address the multiple needs of families through prevention/risk reduction programs.

DESCRIPTION:

In 1990, legislation directed the Minnesota Department of Education (MDE) to develop parent involvement models and guidelines for local school districts. Parent Resource Centers are an important component of effective models for parent involvement. All parents need a vehicle for learning about educational programs and advocacy for their children; yet, for many families, such vehicles are rare. Parent Resource Centers will reflect the needs of the community or neighborhood in which they are located. Information and assistance on parent involvement, school programs, and statewide enrollment options programs will be available in addition to other resources identified by the neighborhood. Parent education opportunities, a lending library, client meeting areas for collaborating agencies, children's health and developmental screening, home visitor and family literacy programs are some of the possible components of a Center.

Research clearly shows the importance of parent involvement in education. As stress factors continue to grow for families, parent involvement becomes both more difficult and more critical. Children need a more caring community and other resources to have a successful learning experience. The Centers will enable more caring adults to become involved with the children of the community. Through this cooperation and collaboration of residents and agencies, a more effective means of serving all families, especially those considered at-risk, will be created.

Parent Resource Centers will be located in sites that are accessible and nonthreatening to all members of the community. These Centers can be operated and staffed inside or outside the school system, whichever meets the needs of the community. The Centers will be planned jointly by parents, schools, community agencies and organizations, and will collaborate with these entities to ensure that the needs of the children and families are considered. There will be a special effort to reach low income families and other families who often have difficulty obtaining the information they need to assist them in making positive choices for their children. The Centers will also assist parents in providing their children with the support they need to experience success in learning.

Grants will be awarded on a competitive basis. The grant criteria will include: 1) access to successful Community Education and Early Childhood Family Education programs, 2) strong collaboration among educational and noneducational agencies and organizations, and 3) success in working with families experiencing multiple stress factors. In addition, grantees will be encouraged to seek additional outside funds.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$100 for F.Y. 1992 and \$200 for F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0410 PARENT RESOURCE CENTERS

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$	\$	\$	\$
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT	-----	-----	-----	-----
4.FUNDING EXCESS/DEFICIENCY	-----	-----		
5.POLICY CHANGES RECOMMENDED				
New Initiative			100	200
Total Policy Changes			100	200
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			100	200
7.APPROPRIATIONS BASIS:				
Current Year			100	200
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)			100	200
8.LEVY AUTHORITY				

Program: 04 Community and Family Education
Agency: Education Aids

1992-93 Biennial Budget

0411 WAY TO GROW

MDE Admin: 1412 Community Education
Federal: None

PURPOSE:

To promote intellectual, social, emotional/physical development, and school readiness of children pre-birth to age five by coordinating and improving access to community-based and neighborhood-based services that support and assist parents in meeting the health and developmental needs of their children at the earliest possible age.

DESCRIPTION:

Way to Grow is a method of delivering services in a coordinated, extensive, and intensive approach to meet identified community problems. The Way to Grow philosophy acts as a catalyst for local service providers in the assessment of community needs and the efficiency of their delivery system. This philosophy enables service providers to view the community needs in a larger framework.

The components of a Way to Grow/School Readiness program may include and address the following:

- provide services to pregnant women early in their pregnancies, i.e., prenatal care, well-baby care and parenting classes;
- provide neighborhood support systems that target neighborhood concerns;
- work to establish networks and collaborations of existing community-based business and services to enhance programs to the targeted residents;
- develop public-private collaboration to promote the development of culturally specific system of services available to all families; and
- provide support to family prevention and intervention programs needed to address risks of children abuse or neglect.

Community entities using Way to Grow/School Readiness funds to develop neighborhood-based programs are designed around the following service strategies:

- home visitors who link at-risk children and their families with services and advocate for their needs;
- organize coordinated, interdisciplinary resource team of professionals focusing on the needs of families;
- identification and promotion of local resources for families;
- facilitate the expansion of the local service system to address unmet needs; and
- organize neighborhood-based education and training concentrating on early childhood development for parents, primary caregivers, and service providers.

PERFORMANCE:

The 1989 Legislature approved the Way to Grow-School Readiness pilot programs (M.S. 145.926)

and appropriated a total of \$850,000 to the State Planning Agency. In 1990, \$100,000 was appropriated for three grants under M.S. 145.926. These grants were made to eligible applicants located outside the seven-county metropolitan area.

Most of the communities which received Way to Grow funds were well established providers, primarily Early Childhood Family Education programs. With Way to Grow funds, these providers identified several of the most pressing problems facing their community which required more intensive strategies than they could provide with their basic funding. In most cases, problems identified were found at greater numbers in low-income families and low-income neighborhoods. Some Way to Grow programs address community needs through small-scale direct services, but most programs build relationships with other service providers to address identified needs.

Each Way to Grow program has found that it is time consuming and difficult to get long-term service providers to cooperate, coordinate, and collaborate in the provision of services. The collaboration of agencies and their resources takes time to develop; Way to Grow facilitates this development.

STATISTICS:

The selected proposals and grants awarded for F.Y. 1989 and F.Y. 1990 are as follows:

<u>Selected Proposal</u> (\$ in 000s)	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>
Minneapolis Phillips Neighborhood	\$ 350	---
St. Paul Frogtown	250	---
Columbia Heights	250	---
St. Cloud	---	\$ 50
Winona	---	50
Total	\$ 850	\$ 100

PROSPECTS:

The number of families with young children characterized by a variety of risk factors continues to grow faster than the services available for effective prevention and risk reduction. To be most effective in terms of human potential and available public funding, intervention services need to be comprehensive, intensive, and made available as early as possible...preferably on a continuum which begins during pregnancy. Close coordination and collaboration among health, education, and human service providers are required to design and deliver the comprehensive and intensive strategies that are most effective. Way to Grow provides a strong incentive for collaborative efforts to provide resources to address the health, education, and social service needs of young children.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$1,000 for F.Y. 1992 and \$1,000 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$1,000 in F.Y. 1992 and \$1,000 in F.Y. 1993.

EDUCATION AID.) GOVERNOR'S BUDGET
(Dollars in Thousands)

0411 WAY TO GROW

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$	\$	\$	\$
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT	-----	-----	-----	-----
4.FUNDING EXCESS/DEFICIENCY	-----	-----		
5.POLICY CHANGES RECOMMENDED				
New Initiative			1,000	1,000
Total Policy Changes			1,000	1,000
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			1,000	1,000
7.APPROPRIATIONS BASIS:				
Current Year			1,000	1,000
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)			1,000	1,000
8.LEVY AUTHORITY				

Program: 04 Community and Family Education
Agency: Education Aids

1992-93 Biennial Budget

0412 FAMILIES PLUS

Citation:
MDE Admin: 1412 Community Education
Federal: None

PURPOSE:

To provide funding to integrate services at the neighborhood/community level based on a continuum of need, from prevention and support strategies for all families, to intense comprehensive treatment strategies for families with multiple risk factors.

More specifically, the goals of this program are to:

- encourage families with young children to make better use of existing community services;
- help families to build a network of friends, relatives, and community people to support them in raising children;
- expand early identification of physiological and environmental factors which can be deterrents to optimal development;
- identify needed prevention/risk reduction services for families and children;
- raise public awareness about the importance of healthy child development from conception on and about practices that will promote healthy development; and
- provide program with information, technical assistance, and incentives for coordination.

DESCRIPTION:

Families Plus is a vehicle for integrating and building on the experience of the following programs:

- Way to Grow;
- Early Childhood Screening;
- Children's Health Plan and other primary health care;
- Headstart wrap-around program;
- Mentoring programs;
- Youth Service/Development
- educational opportunities for children and parents;
- Parent Resource Centers;
- co-location of service;
- home visits by paraprofessional community residents to link families to services;
- family mutual support networks; and
- parenting education and support.

Families Plus is a family focused, neighborhood/community centered concept. Families Plus programming will be funded through a competitive grant process to community organizations. As part of the overall grant proposal, it will be required that Families Plus be administered by a community council composed of residents, service providers, and representatives of schools, businesses, and civic organizations.

Organizations receiving grants will have a plan with the following program elements:

- Community linkages which provide centralized information, referral, and service coordination.

- A service continuum for families with children age 0 to 21.
- Public education and outreach to gain participation of families and services providers.
- Education and training programs to train paraprofessional and volunteers to offer basic support, education, and referral services to families.
- Research and evaluation to measure effectiveness and implementation of Families Plus and its intended outcomes.

PROSPECTS:

Families Plus is an innovative concept for Minnesota families which provides opportunities for community organizations to integrate provide a wide range of family oriented services that are community-oriented and culturally-appropriate. The Minnesota Department of Education (MDE) and the Minnesota Department of Health and Human Services will jointly provide services and administrative support for this program. MDE will be the lead state agency.

Funding for this program will be provided through state aid of \$2,000,000 per year. In addition, a proposal for federal block grant dollars to match the state funds is anticipated.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$2,000 for F.Y. 1992 and \$2,000 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$2,000 in F.Y. 1992 and \$2,000 in F.Y. 1993.

EDUCATION AID - GOVERNOR'S BUDGET
(Dollars in Thousands)

0412 FAMILIES PLUS

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC	
			F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$	\$	\$	\$
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT				
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
New Initiative			2,000	2,000
Total Policy Changes			2,000	2,000
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			2,000	2,000
7.APPROPRIATIONS BASIS:				
Current Year			2,000	2,000
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)			2,000	2,000
8.LEVY AUTHORITY				

EDUCATION FACILITIES/EQUIPMENT (05)

	<u>Page</u>
0501 Capital Expenditure - Facilities	140
0502 Capital Expenditure - Equipment	143
0503 Capital Expenditure - Health & Safety	146
0504 Maximum Effort School Loan	149
0505 Desegregation Capital Improvement Grants (Information Only)	152
0506 Coop Secondary Facilities Grants (Information Only)	153
0507 Coop Secondary Facilities Severance Levy	155
0508 Miscellaneous Cap Expend & Debt Service Levies	156

EDUCATION FACILITIES/EQUIPMENT

Program: 05 Education Facilities/Equipment
Agency: Education Aids

1992-93 Biennial Budget

0501 CAPITAL EXPENDITURE - FACILITIES

Citation: M.S. 124.243; 124.2442
MDE Admin: 1502 District Financial Management and Transportation
Federal: None

PURPOSE:

To provide revenue to school districts to acquire land, construct buildings, maintain and improve structures, and to acquire certain equipment. The school districts may use Capital Expenditure-Facilities revenue to:

- acquire land for school purposes;
- acquire or construct buildings for school purposes, if approved by the Commissioner of Education according to applicable statutes and rules;
- rent or lease buildings;
- equip, reequip, improve, and repair school sites, buildings, and permanent attached fixtures;
- pay for capital improvements on a surplus school building that is used substantially for a public nonschool purpose;
- eliminate barriers or increase access by handicapped individuals;
- bring school buildings into compliance with the uniform fire code;
- remove or treat asbestos;
- clean up and dispose of PCBs (polychlorinated biphenyls);
- clean up and dispose of fuels, or make repairs related to their storage;
- perform energy audits and to make related improvements;
- improve leased buildings;
- pay special assessments levied against school property (not including service charges);
- pay principal and interest on state loans for energy conservation according to M.S. 116J.37 or loans made under the Northeast Minnesota Economic Protection Trust Fund Act;
- purchase or lease interactive telecommunications equipment; and
- make payments from the Debt Redemption Fund. The school board may, by resolution, transfer money into the Debt Redemption Fund to pay the amounts needed to meet, when due, principal and interest payments from that fund. Each year a district must notify the Minnesota Department of Education (MDE) about the amount of Capital Expenditure-Facilities revenue to be allocated to each fund. MDE will then reduce the debt redemption levy by the amount of the transfer.

DESCRIPTION:

Beginning in F.Y. 1990, a district's maximum Capital Expenditure Facilities revenue equals \$130 times the district's actual (weighted average daily membership) pupil units for the school year.

Capital facilities revenue must be placed in a separate account, and beginning with the 1991-92 school year, will be subject to a fund balance subtraction. Districts with an unreserved capital expenditure facilities fund balance exceeding \$270 per actual pupil unit will incur a dollar-for-dollar reduction in facilities revenue. If a district has \$400 per actual pupil unit in their capital expenditure facilities fund account, it would not receive revenue from this source.

Beginning in F.Y. 1991, a district's maximum levy equals the product of the maximum revenue times the lesser of one or the ratio of the district's adjusted net tax capacity (ANTC) per pupil unit to 100% of the General Education equalizing factor. (The equalizing factor for F.Y. 1992 is \$11,186.) A district's maximum aid equals the maximum revenue minus the maximum levy. If a district levies less than the maximum amount, the state aid is reduced proportionately.

Every school district in Minnesota must adopt or amend a school facilities program by 2/3 vote of the school board before July 1 of each odd-numbered year. The school board must first hold a

hearing, for which 20 days notice is provided in the official newspaper. The program is to include plans for repair and restoration of existing facilities and plans for new construction. It must also include specific plans for correcting health and safety hazards, a schedule of work for the next five years, the estimated costs, and the proposed methods of financing.

School districts are also required to place capital expenditure facilities revenue in a separate account within the capital expenditure fund. The revenue cannot be transferred into any other account or fund, except that a school board may, by resolution, transfer money into the debt redemption fund to pay the amounts needed to meet, when due, principal and interest payments from that fund. In this case, a district must notify MDE of a desire to allocate part or all of this revenue to the debt redemption fund. MDE will then reduce the debt redemption levy by the amount of the transfer.

PERFORMANCE:

Facilities revenue is equalized between state and local sources for each district based on its tax base per pupil unit. Almost all districts levy the maximum, making the tax burden for the facilities levy relatively uniform. F.Y. 1990, 434 districts participated in the Capital Expenditure-Facilities program. For F.Y. 1991, 432 districts participated.

STATISTICS:

	F.Y. 1989*	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Capital Expenditure - Facilities					
A. Program Totals					
1. Revenue					
a. Allowance	---	\$ 130.00	\$ 130.00	\$ 130.00	\$ 130.00
b. Initial amount	---	\$105,464.0	\$107,914.7	\$110,887.4	\$113,954.0
c. Fund balance subtraction	---	---	---	(369.0)	(369.0)
d. Net amount	---	---	---	110,518.4	113,585.0
e. Prorated allowance	---	129.43	128.78	130.00	130.00
d. Prorated amount (000s)	---	\$105,002.2	\$106,906.9	\$110,518.4	\$113,585.0
e. Districts	---	434	432	428	428
2. Levy (\$ in 000s)					
a. Initial levy	---	\$ 65,524.1	\$ 34,429.4	\$ 37,279.2	\$ 39,112.7
b. Fund balance subtraction	---	---	---	(81.0)	(81.0)
c. Net levy	---	---	---	37,198.2	39,031.7
d. Levy adjusted for proration	---	\$ 65,237.2	\$ 34,107.9	\$ 37,198.2	\$ 39,031.7
e. Districts	---	434	432	428	428
3. State Aid (\$ in 000s)					
a. Initial aid	---	\$ 39,939.9	\$ 73,485.3	\$ 73,608.2	\$ 74,841.3
b. Fund balance subtraction	---	---	---	(288.0)	(288.0)
c. Net aid	---	---	---	73,320.2	74,553.3
d. Prorated aid	---	\$ 39,765.0	\$ 72,799.0	\$ 73,320.2	\$ 74,553.3
e. Districts	---	403	428	424	424
B. Debt Redemption Fund (\$ in 000s)					
1. Revenue					
a. Amount	---	\$ 1,123.4	\$ 1,016.9	\$ 940.0	\$ 940.0
b. Districts	---	9	6	6	6
2. Levy					
a. Amount	---	\$ 573.3	\$ 204.6	\$ 184.7	\$ 184.7
b. Districts	---	9	6	6	6

0501 CAPITAL EXPENDITURE - FACILITIES

	F.Y. 1989*	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
3. State aid					
a. Amount	---	\$ 550.1	\$ 812.3	\$ 755.3	\$ 755.3
b. Districts	---	9	6	6	6
C. Capital Expenditure Fund (\$ in 000s)					
1. Revenue					
a. Amount	---	\$103,878.8	\$105,890.0	\$109,578.4	\$112,645.0
b. Districts	---	434	432	432	432
2. Levy					
a. Amount	---	\$ 64,663.9	\$ 33,903.3	\$ 37,013.5	\$ 38,847.0
b. Districts	---	434	432	432	432
3. State Aid					
a. Amount	---	\$ 39,214.9	\$ 71,986.7	\$ 72,564.9	\$ 73,798.0
b. Districts	---	403	432	424	424

* F.Y. 1989 was the last year of the Capital Expenditure - Regular revenue program (see Program Budget 1200, Discontinued/Nonrecurring).

PROSPECTS:

Many Minnesota school buildings are old, obsolete, and pose a serious fire threat, especially in rural areas. Thirty-six percent of school buildings were built before 1940. Sixty-two percent of school buildings are at least 30 years old. Only 8% of the school buildings are less than 10 years old. While safety is the most critical issue for districts with aging buildings, the buildings have other problems: small classrooms; inadequate wiring; inappropriate spaces for special education, art, and industrial arts; and sites that lack athletic fields. Many buildings are inaccessible to handicapped children.

Districts are faced with prospects of replacing aging facilities. The current demand for capital loans greatly exceeds current program funding. As the age of buildings increase and districts are unable to replace old buildings, districts are forced to maintain older inadequate buildings. Maintaining older buildings requires full utilization of all available Capital Expenditure-Facilities revenues.

Primarily because of increases in pupil units MDE anticipates, under the current statutory formula, an additional need in state aid entitlement of \$809,000 for F.Y. 1992 and \$2,042,000 for F.Y. 1993 over the annual base entitlement of \$72,799,000.

Alternatives Considered:

MDE has identified the following alternatives for consideration given the annual base entitlement:

- Reduce the statutory aid formula to the amount that the base level of funding will support. Although this may eliminate prorating of the aid, it has the effect of reducing total revenue by limiting additional levy authority available to districts.
- Maintain the present levy amount. This would require separating the formula from the General Education formula so the aid/levy mix would be independent of the General Education aid/levy

mix. This would require developing a separate equalizing factor for this program.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the current Capital Expenditure - Facilities funding formula be continued with no changes.

The definition of weighted ADM would be modified to weight secondary pupils at 1.3, rather than the current weight of 1.35, to reflect the changes recommended in the General Education Program (see Program Budget 0101).

The Governor recommends an aid entitlement of \$72,350 for F.Y. 1992 and \$71,614 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$72,418 in F.Y. 1992 (\$10,920 for F.Y. 1991 and \$61,498 for F.Y. 1992), and \$71,724 in F.Y. 1993 (\$10,852 for F.Y. 1992 and \$60,872 for F.Y. 1993).

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0501 CAP EXPEND FACILITIES

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 39,765	\$ 72,799	\$ 72,799	\$ 72,799
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Revenue Increases:				
Weighted Avg Daily Memb.		377	3,350	6,417
Fund Balance Subtraction			<369>	<369>
Levy Decreases:				
Prop. Valuation Changes		309		
Fund Balance Subtraction			81	81
Combination Of Variables	175			
<u>B.Legislation Becoming Effective</u>				
Increase In Basic General			<2,541>	<4,375>
Ed Levy Target Amount				
3.CURRENT ENTITLEMENT	39,940	73,485	73,320	74,553
4.FUNDING EXCESS/DEFICIENCY	<175>	<686>		
5.POLICY CHANGES RECOMMENDED				
Revenue (Decrease):				
Change WADM Computation			<2,138>	<2,233>
Levy Decr. (Incr.):				
Change In Equalizing			1,168	<706>
Factor-Gen Ed Plan				
Total Policy Changes			<970>	<2,939>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			72,350	71,614
7.APPROPRIATIONS BASIS:				
Current Year	33,800	61,879	61,498	60,872
Prior Year		5,965	10,920	10,852
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	33,800	67,844	72,418	71,724
8.LEVY AUTHORITY*	65,237	34,108	36,030	39,738

(*) Levy reduced for proration of formula allowance

Program 05 Education Facilities/Equipment
 Ager Education Aids
 1992-93 Biennial Budget
 0502 CAPITAL EXPENDITURE - EQUIPMENT
 Citation: M.S. 124.244
 MDE Admin: 1502 District Financial Management and Transportation
 Federal: None

PURPOSE:

To provide revenue to school districts for the purchase of equipment. The districts may use Capital Expenditure-Equipment revenue to:

- pay capital expenditure equipment-related assessments of any entity formed under a cooperative agreement between two or more districts;
- purchase or lease computers and related materials, copying machines, telecommunications equipment, and other noninstructional equipment;
- purchase or lease equipment for instructional programs;
- purchase textbooks;
- purchase library books; and
- purchase vehicles except those for which a levy is authorized under the Bus Purchase Levy.

DESCRIPTION:

Beginning in F.Y. 1990, a district's maximum revenue equals \$65 times the district's actual (weighted average daily membership) pupil units for the school year.

Beginning in F.Y. 1991, a district's maximum levy equals the product of the maximum revenue times the lesser of one or the ratio of the district's adjusted net tax capacity (ANTC) per actual pupil unit to 100% of the equalizing factor. A district's maximum aid equals the maximum revenue minus the maximum levy. If a district levies less than the maximum amount, the state aid is reduced proportionately. If a district makes a debt service levy for equipment purchases under M.S. 124.2445 (see Program Budget 0508), the capital expenditure equipment levy is reduced by the amount of the debt service equipment levy. Capital expenditure equipment aid is not reduced as a result of this levy reduction.

PERFORMANCE:

Equipment revenue is equalized between state and local sources for each district based on its tax base per pupil unit. Almost all districts levy the maximum, making the tax burden for the equipment levy relatively uniform. For F.Y. 1990, 431 districts participated in this program. The districts certified equipment levies of \$33,551,000. For F.Y. 1991, 431 districts participated in the program. Every eligible district levied the maximum for F.Y. 1991 equipment revenue.

STATISTICS:

	F.Y. 1989*	F.Y. 1990	F.Y. 1991	Current Law	
Capital Expenditure - Equipment				F.Y. 1992	F.Y. 1993
A. Revenue					
1. Allowance	---	\$ 65.00	\$ 65.00	\$ 65.00	\$ 65.00
2. Amount (000s)	---	\$ 52,732.0	\$ 53,957.3	\$ 55,443.7	\$ 56,977.0
3. Prorated allowance	---	\$ 64.71	\$ 64.39	\$ 65.00	\$ 65.00

	F.Y. 1989*	F.Y. 1990	F.Y. 1991	C. F.Y. 1992	Law F.Y. 1993
4. Prorated amount (000s)	---	\$ 52,502.4	\$ 53,452.7	\$ 55,443.7	\$ 56,977.0
5. Debt equipment levy	---	0	10.7	251.7	300.0
6. Net amount	---	\$ 52,502.4	\$ 53,442.0	\$ 55,192.0	\$ 56,677.0
7. Districts	---	431	432	432	432
B. Levy (\$ in 000s)					
1. Initial levy	---	\$ 32,762.0	\$ 17,214.7	\$ 18,639.6	\$ 19,556.4
2. Levy adjusted for proration	---	\$ 32,619.4	\$ 17,053.7	\$ 18,639.6	\$ 19,556.4
3. Debt equipment levy	---	0	10.7	251.7	300.0
4. Net levy	---	\$ 32,619.4	\$ 17,043.0	\$ 18,387.9	\$ 19,256.4
5. Districts	---	431	432	432	432
C. State Aid (\$ in 000s)					
1. Initial aid	---	\$ 19,970.0	\$ 36,742.6	\$ 36,804.1	\$ 37,420.6
2. Prorated aid	---	\$ 19,883.0	\$ 36,399.0	\$ 36,804.1	\$ 37,420.6
3. Districts	---	403	428	428	428

* F.Y. 1989 was the last year of the Capital Expenditure - Regular revenue program (see Program Budget 1200, Discontinued/Nonrecurring).

PROSPECTS:

Equipment revenue is similar in type to Capital Expenditure-Facilities revenue. Since facilities revenue has a \$270 per pupil unit cap, equipment revenue, in order to have a consistent treatment, should also have a cap. Without an equipment cap, the effectiveness of a facilities cap is reduced since equipment expenditures can be charged to the facilities account. The purpose of the cap is to prevent districts from accumulating an excessive reserve.

As a result of increasing pupil units and the continuing need of school districts for Capital Expenditure-Equipment revenue, the Minnesota Department of Education (MDE) anticipates additional need in state aid entitlement of \$405,000 for F.Y. 1992 and \$1,021,000 for F.Y. 1993 over the annual base entitlement of \$36,399,000.

Alternatives Considered:

MDE has identified the following alternatives for consideration given the annual base entitlement:

- Reduce the statutory aid formula to the amount that the base level of funding will support. Although this may eliminate prorating of the aid, it has the effect of reducing total revenue by limiting additional levy authority available to districts.
- Maintain the present levy amount. This would require separating the formula from the General Education formula so the aid/levy mix would be independent of the General Education aid/levy mix. This would require developing a separate equalizing factor for this program.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the current Capital Expenditure - Equipment funding formula be continued with no changes.

The definition of weighted ADM would be modified to weight secondary pupils at 1.3, rather than the current weight of 1.35, to reflect the changes recommended in the General Education Program (see Program Budget 0101).

Program: 05 Education Facilities/Equipment
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0502 CAPITAL EXPENDITURE - EQUIPMENT

The Governor recommends an aid entitlement of \$36,319 for F.Y. 1992 and \$35,951 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$36,332 in F.Y. 1992 (\$5,460 for F.Y. 1991 and \$30,872 for F.Y. 1992), and \$36,006 in F.Y. 1993 (\$5,447 for F.Y. 1992 and \$30,559 for F.Y. 1993).

EDUCATION FUNDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0502 CAP EXPEND EQUIPMENT

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 19,882	\$ 36,399	\$ 36,399	\$ 36,399
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Revenue Increases:				
Weighted Avg Daily Memb.		189	1,675	3,208
Levy Decreases:				
Prop. Valuation Changes		155		
Combination Of Variables	88			
<u>B.Legislation Becoming Effective</u>				
Increase In Basic General			<1,270>	<2,187>
Ed Levy Target Amount				
3.CURRENT ENTITLEMENT	19,970	36,743	36,804	37,420
4.FUNDING EXCESS/DEFICIENCY	<87>	<344>		
5.POLICY CHANGES RECOMMENDED				
Revenue (Decrease):				
Change WADM Computation			<1,069>	<1,116>
Levy Decr. (Incr.):				
Change Equalizing			584	<353>
Factor Per Gen Ed Plan				
Total Policy Changes			<485>	<1,469>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			36,319	35,951
7.APPROPRIATIONS BASIS:				
Current Year	16,900	30,939	30,872	30,559
Prior Year		2,983	5,460	5,447
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	16,900	33,922	36,332	36,006
8.LEVY AUTHORITY*	32,619	17,054	18,055	19,909

(*) Levy reduced for proration of formula allowance

Program: 05 Education Facilities/Equipment
Agency: Education Aids **1992-93 Biennial Budget**

0503 CAPITAL EXPENDITURE - HEALTH AND SAFETY

Citation: M.S. 124.83
MDE Admin: 1502 District Financial Management and Transportation
Federal: None

PURPOSE:

To facilitate the pursuit of an education environment free of recognized hazards, by providing a designated revenue source for proactive and remedial response to health, safety, and environmental risks facing school districts. Specific objectives of the Capital Expenditure-Health and Safety program are to:

- increase district hazard evaluation and compliance planning related to environmental, occupational, fire and life safety, and health regulations;
- define district programs and estimated costs related to health, safety, and environmental risk management.

The intent of the Capital Expenditure-Health and Safety revenue is to provide a fiscal resource that is designated specifically for use toward compliance with federal and state standards and regulations, and the prevention or reduction of hazards in the districts.

DESCRIPTION:

To receive health and safety revenue, a district must submit an application to the Minnesota Department of Education (MDE) for approval by June 1, 13 months preceding the school year in which the health and safety revenue will be attributed. The application must describe and cost out the program adopted by the district school board. This program must include one or more of the following plans:

- Hazardous substance plan - provisions for the removal or encapsulation of asbestos, and asbestos-related repairs, fuel storage repairs, cleanup, or storage tank removal;
- Fire safety plan - removal or repair of a current fire hazard; or
- Life safety plan - removal or repair of life safety hazard.

For F.Y. 1992, the capital expenditure health and safety aid, levy, and revenue is computed as follows:

Revenue = amount approved by MDE

Levy = the lesser of one or $\frac{\text{ANTC/pupil units}}{\$5,304}$

x health and safety revenue

Aid = health and safety revenue - health and safety levy

The amount of health and safety revenue in any given year is equal to the difference of the sum of the district's total health and safety expenditures approved since F.Y. 1985 and the accumulated receipt of health and safety state aid and local levy plus the amount of other federal, state, or local receipts due the district from F.Y. 1985 through the current fiscal year.

Health and safety revenue must not be used for the construction of new facilities or the purchase of portable classrooms. The revenue may not be used for a building or property or part of a building or property used for postsecondary instruction or administration or for a purpose unrelated to elementary and secondary education.

A district's health and safety aid is the difference between its health and safety revenue and its health and safety levy. If a district does not levy the entire amount permitted, health and safety aid is reduced proportionately.

If health and safety aid is prorated due to insufficient appropriations, a district may levy an additional amount equal to the amount not paid due to proration.

PERFORMANCE:

School district compliance with environmental, occupational, fire and life safety, and health regulations has steadily improved since this revenue source was established. Specifically, major strides have been and continue to be made in the following areas: stabilizing and removing asbestos hazards, detection and reduction of lead in drinking water, radon detection, leak testing, spill clean up and replacement of failed or inferior underground storage tanks, fire emergency early warning systems, exiting corridors and egress systems, laboratory safety, and hazardous waste management.

For F.Y. 1991, district needs based on applications are significantly higher than the available state aid; the 1989 payable 1990 health and safety levy was increased by about \$10 million to adjust for aid proration.

STATISTICS: (\$ in 000s)

	F.Y. 1989*	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Levy Authority					
Amount	---	\$ 17,002.4	\$ 39,910.1	\$ 47,800.0	\$47,800.0
Districts	---	202	316	315	315
State Aid					
Amount	---	\$ 7,465.7	\$ 20,741.6	\$ 19,500.0	\$ 19,500.0
Districts	---	178	290	287	287
Total Revenue					
Amount	---	\$ 24,468.1	\$ 60,651.7	\$ 67,300.0	\$ 67,300.0
Districts	---	202	316	315	315

* F.Y. 1989 was the last year of the Capital Expenditure - Hazardous Materials revenue program (see Program Budget 1200, Discontinued/Nonrecurring)

PROSPECTS:

Health and Safety revenue has become a critical element in the ability of districts to assure the school environment is healthy and safe as well as educationally adequate. There is a significant continuing need for ongoing compliance efforts and program maintenance for schools. In addition to the needs now met by current statute, schools continue to be very vocal regarding fiscal obstacles to proactively addressing nonregulated health, safety and environmental risks. Some of the non-regulated areas of risk for which schools would like to receive Health and Safety revenue are: playground hazards, bus loading hazards, boiler system hazards, pool chemical dispensing hazards, and bleacher system hazards. Some of these nonregulated areas of risk, if included, could result in significant increases in total Health and Safety revenue. From a risk management perspective, the potential and experienced loss, including personal injury, in these areas is greater than that of hazards now authorized for Health and Safety revenue. Statute and policy changes are needed to address these issues.

Estimated costs for capital Health and Safety projects are steadily increasing from F.Y. 1989 through

0503 CAPITAL EXPENDITURE - HEALTH AND SAFETY

F.Y. 1992. This is primarily due to federal and state standards that require districts to monitor and upgrade regulated underground storage tanks. To upgrade a 10,000 gallon tank will cost about \$25,000. If, on the average, one tank per school building is to be upgraded between F.Y. 1991 and F.Y. 1998, the cost would be about \$37.5 million (1,500 buildings times \$25,000). It is expected that districts will opt to upgrade storage tanks in the next few years rather than wait until the years closer to the 1998 federal deadlines.

Districts are also expected to increase applications in the future for radon diagnostics and mitigation that is determined necessary by testing results to be received early in 1991. The costs associated with this hazard type could be as much as \$10,000 per building found to have high levels of radon.

Another cost increase item relates to the need to comply with the results of State Fire Marshal inspections mandated by the 1990 Legislature. Significant cost increases, similar to the asbestos projects in previous years, could occur related to projects in the categories of life safety and fire safety.

Under the current statutory formula, the Minnesota Department of Education (MDE) anticipates an additional need for state aid entitlement of \$8,496,000 for F.Y. 1992 and \$8,496,000 for F.Y. 1993 over the annual base entitlement of \$11,004,000.

Alternatives Considered:

MDE has identified the following alternatives for consideration given the annual base entitlement:

- seek a statutory change to lower the equalizing factor used in determining the levy for this program; and
- MDE will prioritize Health and Safety project applications to constrain the level of state aid entitlement.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following modification in the Capital Expenditure - Health and Safety funding formula:

Beginning in F.Y. 1992, change the equalizing factor from \$5,304 to \$3,515. This will result in a retroactive levy adjustment for the payable 1991 levy authority, to be implemented on the payable 1992 levy.

The Governor further recommends that total Health and Safety revenue be limited to \$58,800,000 for F.Y. 1993 by prioritizing health and safety project applications.

The Governor recommends an aid entitlement of \$11,680 for F.Y. 1992 and \$10,205 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$11,578 in F.Y. 1992 (\$1,650 for F.Y. 1991 and \$9,928 for F.Y. 1992), and \$10,427 in F.Y. 1993 (\$1,752 for F.Y. 1992 and \$8,675 for F.Y. 1993).

DATE: 02/09/91

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0503 CAP EXP HLTH & SAFETY

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 9,610	\$ 11,004	\$ 11,004	\$ 11,004
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Revenue Increases:				
Incr. In District Costs		29,525	36,173	36,173
Combination Of Variables	<2,144>			
Levy Increases:				
Incr. In District Costs		<19,787>	<27,677>	<27,677>
& Changes/Tax Capacity				
3.CURRENT ENTITLEMENT	7,466	20,742	19,500	19,500
4.FUNDING EXCESS/DEFICIENCY	2,144	9,738		
5.POLICY CHANGES RECOMMENDED				
Revenue Decrease:				
Rev Limited To \$58.8M				<8,500>
Levy Increase:				
Rev Cap And Change In			<7,820>	<795>
Equalizing Factor From				
\$5,304 To \$3,515				
Total Policy Changes			<7,820>	<9,295>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			11,680	10,205
7.APPROPRIATIONS BASIS:				
Current Year	8,168	9,354	9,928	8,675
Prior Year		1,442	1,650	1,752
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	8,168	10,796	11,578	10,427
8.LEVY AUTHORITY	17,002	49,648	55,620	48,595

Program: 05 Education Facilities/Equipment 1992-93 Biennial Budget
Agency: Education Aids

0504 MAXIMUM EFFORT SCHOOL LOAN

Citation: M.S. 124.36 - 124.477; Laws 1988, Chap 718,
Art 8, Sec 23

MDE Admin: 1502 District Financial Management and Transportation
Federal: None

PURPOSE:

The Maximum Effort School Loan program (MESL) provides the following financial support to school districts through limited use of the state's credit:

- capital bonding needs which are greater than the local property tax base can reasonably support;
- debt service tax relief to districts with a projected high debt service tax rate; and
- state general fund appropriations for payment of principal and interest on state bonds to the extent repayments from the districts are inadequate to make the required state bond fund payments.

The state bonding authority provided in statute is used to raise funds for making loans on favorable terms to school districts. The two types of loans are capital loans for new construction projects and debt service loans to reduce the district levy required for debt service on bonded indebtedness. A district may qualify for either or both types of loans.

DESCRIPTION:

The state bonding authority provided in statute is used to raise funds for making loans on favorable terms to school districts. The two types of loans are capital loans for new construction projects and debt service loans to reduce the district levy required for debt service on bonded indebtedness. A district may qualify for either or both types of loan.

A. Capital Loans.

A state capital loan can be used only for the replacement of facilities which are dangerous to the health and safety of children, or to provide facilities where no adequate facilities exist and such facilities could not be made available through consolidation or leasing. The process and criteria for a school district to receive a capital loan include the following:

1. receive a favorable review and comment for the project from the Commissioner of Education;
2. receive a favorable recommendation from the State Board of Education for a loan;
3. receive approval from the legislature for the loan; and
4. receive approval from the voters in the district for the project.

For qualifying districts, the capital loan is equal to an amount not to exceed the approved building costs plus the district's previously existing bonded indebtedness less 30.5% of the district's adjusted net tax capacity (ANTC).

B. Debt Service Loans.

A school district may obtain a debt service loan from the state if its required debt service levy is at least 10% or \$5,000 greater than the maximum effort debt service levy amount. This is a loan to reduce the amount that a district must levy for debt service.

For qualifying districts, the debt service is equal to the lesser of:

1. the difference between the required debt service levy and the maximum effort debt service levy;

2. 1% of the district's net debt; or
3. the amount requested.

Due to lack of funding, no debt service loans are pending.

C. School District Debt Service Levy.

The required debt service levy for any year is the amount specified in the district bond schedule established and certified at the time the bonds were issued.

Each district having an outstanding capital loan or debt service loan must levy the greater of the maximum effort debt service levy or the required debt service levy less any reduction for a debt service loan. The maximum effort debt service levy is equal to:

1. 20% of the district's ANTC for all new capital loans and debt service loans.
2. 18.42% of the district's ANTC for districts which have not received a debt service loan or capital loan since January 1, 1990; or 17.27% of the district's ANTC for districts that received a capital loan prior to August 1, 1981. (This limitation only applies to District 363, South Koochiching.)
3. The required debt service levy plus an amount approved by the Commissioner of Education to retire the outstanding capital loans within 30 years of the date of issue. (This limitation applies only to District 12, Centennial.)

D. Repayment of Capital and Debt Service Loans.

Any excess balance as of November 20 in the district's debt redemption fund is remitted to the state on or before December 15 of each year. Payments received by the state are used in the following sequence:

1. for interest payments on the debt service loans;
2. for interest payments on the capital loans;
3. for principal payments on the debt service loans; and
4. finally, for principal payments on the capital loans.

Interest on capital loans and debt service loans is due in December of each year. Any unpaid interest is added to the principal of the loan. If the capital loan is not retired within 50 years from the date of issue, it is cancelled and the district's liability ceases.

E. State Bonding Authority.

Legislation in 1990 authorized the sale of \$23 million in new bonds for MESL. This is in addition to all bonds previously authorized for this purpose. The \$23 million is already committed. There are currently 12 school districts with outstanding capital loans and 12 school districts with outstanding debt service loans.

F. State Accounting.

Minnesota Statutes provide a maximum effort school loan fund to account for proceeds from state bond sales and resulting loans and related loan repayments from school districts. The fund is divided into 3 accounts. Minnesota Statutes also provide a general fund account for the state appropriations that are provided to augment school district loan repayments. The accounts are described below:

1. Debt Service Loan Account - This account consists of the proceeds of the sale of any state school loan bonds, and all income from the investment of bond proceeds.
2. Capital Loan Account - This account consists of funds transferred from the debt service loan account which are in excess of the amount required to make debt service loans.
3. Loan Repayment Account - This account receives all principal and interest paid by school districts to the state for debt service or capital loans. Each November 1 and December 1, funds are transferred from the loan repayment account to the school loan bond account in the state bond

Program: 05 Education Facilities/Equipment
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0504 MAXIMUM EFFORT SCHOOL LOAN

fund to pay all principal and interest due on the school loan bonds issued for making debt service or capital loans. If monies are not available in this account to make the required transfers, the state auditor is required to levy a statewide property tax in the amount needed.

The state's cost of administering the maximum effort school loan law, not to exceed \$10,000 per year, is paid out of this account.

4. General Fund Account - This account consists of state general fund appropriations necessary to supplement funds in the loan repayment account. The state appropriations are necessary because of shortfalls in the loan repayment account due to slower school district repayments than needed to meet annual principal and interest requirements on the state school loan bonds. The purpose of these appropriations, which have been provided for the past 5 biennia, is to insure that sufficient money is available in the fund to prevent a statewide property tax levy as would otherwise be required pursuant to M.S., Sec. 124.46, Subd. 3.

PERFORMANCE:

Currently, there are 12 school districts with outstanding capital loans, and 12 districts with outstanding debt service loans. Four new capital loans are pending as a result of approval during the 1990 Legislative session. Presently, there are no debt service loans pending due to lack of funding.

In recent years, the Minnesota Department of Finance has refunded outstanding bonds to take advantage of more favorable interest rates. This procedure has reduced the overall bonding debt, due to the lower interest costs. In addition, the refunding procedure has altered principal and interest schedules such that the state transfer payment requirements for the purposes of making bond payments have been reduced during the F.Y. 1987 - F.Y. 1991 period.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
1. Loans Outstanding					
Capital	\$ 39,892.8	\$ 42,608.3	\$ 50,265.2	\$ 73,565.2	\$ 73,567.7
Debt service	2,065.1	2,065.1	1,956.1	1,195.6	1,195.6
School construction	1,292.0	1,247.0	1,192.0	1,137.0	1,082.0
Interest deficiency	14,712.6	16,358.0	17,188.8	19,582.0	23,557.8
Total outstanding	\$ 57,962.5	\$ 62,278.4	\$ 70,602.1	\$ 95,479.8	\$ 99,403.1
2. Loan Repayment from Schools					
Principal and interest	\$ 1,352.3	\$ 1,652.5	\$ 8,009.9	\$ 1,343.0	\$ 500.0
Investment income	108.1	138.4	286.6	100.7	38.0
Total receipts	\$ 1,460.4	\$ 1,790.9	\$ 8,296.5	\$ 1,443.7	\$ 538.0
3. State Bond Fund Requirement					
Funds on hand	\$ 1,618.9	\$ 1,724.4	\$ 3,156.9	\$ 0.0	\$ 0.0
Investment income	263.0	301.5	238.3	308.7	0.0
Current transfer requirement	2,831.1	2,070.5	3,303.2	5,528.9	0.0
Total requirement (21 months)	\$ 4,713.0	\$ 4,096.4	\$ 6,698.4	\$ 5,837.6	\$ 0.0

	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
4. State Bond Fund Payment					
Current transfer requirement	2,831.1	2,070.5	3,303.2	7,924.5	7,406.3
Less loan repayment transfer	(1,502.9)	(1,462.4)	(2,120.4)	(7,924.5)	(1,555.3)
5. State Appropriation Needed	\$ 1,328.2	\$ 608.1	\$ 1,182.8	\$ 0	\$ 5,851.0

PROSPECTS:

School districts are faced with aging facilities. MESL allows districts to apply for capital loans to replace aging and unsafe buildings while not excessively burdening taxpayers. With additional funding, the debt service provision of the loan program could allow districts with large debt load to establish a healthier finance condition.

MESL provides some equalization for the more extreme cases of need. Funding is presently limited to \$23,000,000 which is not sufficient to fund all approved capital loans or any payable F.Y. 1991 debt service loans.

As a result of the growing need for MESL, the Minnesota Department of Education (MDE) anticipates \$40,800,000 will be necessary to address program needs in the upcoming biennium.

Under the current level of bonding authority and projections for school district repayments, MDE anticipates the following need for state general fund appropriations to meet scheduled bond payments: a decrease of \$3,082,000 for F.Y. 1992 and an increase of \$2,769,000 for F.Y. 1993 over the annual base funding of \$3,082,000.

GOVERNOR'S RECOMMENDATION:

The Governor recommends authorization of Maximum Effort School Loans in F.Y. 1993 totaling \$45,065,000 for estimated debt service loans and capital loans for the following school districts:

District #115	Cass Lake
District #533	Dover-Eyota
District #192	Farmington
District #345	New London-Spicer
District #682	Roseau
District #748	Sartell

Each of the above districts received legislative approval of their capital loan requests during the 1990 legislative session, but none have received funding. In accordance with procedures followed for loans funded in 1990, the Governor recommends that the Commissioner of Education review the project plans and budgets of the above districts and reduce the loan amounts if necessary to ensure optimum cost efficiency.

The Governor further recommends elimination of the statutory requirement directing the Commissioner of Finance to deduct from the proceeds of the bonds, a sum sufficient to pay all interest to become due on such bonds on or before July 1 in the second ensuing year. Instead, the initial interest set-aside should be included with existing debt service obligations funded by district repayments and legislative appropriations from the state general fund.

To meet existing debt service obligations and the additional obligations related to the authorization included in this recommendation, the Governor recommends an aid entitlement of \$0 for F.Y. 1992 and \$9,646 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$0 in F.Y. 1992 and \$9,646 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0504 MAX EFFORT SCHOOL LOAN

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 855	\$ 3,082	\$	\$ 5,166
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Repayments From Districts		<423>		
Delay In Bond Sales-Delay		<1,476>		
In Debt Serv. Payments				
Forecast Adjustment				685
Combination Of Variables	<247>			
3.CURRENT ENTITLEMENT	608	1,183		5,851
4.CANCELLATION	247*	1,899		
5.POLICY CHANGES RECOMMENDED				
Addtl. Obligations For				3,795
Capital Loans To Six				
Districts, And Change				
In Interest Set-Aside				
Provision				
Total Policy Changes				3,795
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)				9,646
7.APPROPRIATIONS BASIS:				
Current Year	608	1.183		9,646
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	608	1,183	0	9,646
8.LEVY AUTHORITY				

(*) This amount will balance forward, which increases the F.Y. 1991 cancellation to \$2,146

Program:	05	Education Facilities/Equipment	1992-93 Biennial Budget
Agency:		Education Aids	
	0505	DESEGREGATION CAPITAL IMPROVEMENT GRANTS (Information Only)	
Citation:		M.S. 124C.55 - 124C.58; Laws 1989, Chap 300, Art 2, Sec 6-10	
MDE Admin:	1410	Equal Educational Opportunities	
Federal:		None	

assistance.

Planning for pilot programs has been funded under the Cooperation Desegregation Grant program involving St. Paul and several suburban school districts, and Minneapolis and several suburban districts (see Program Budget 0814). These cooperative programs call for the movement of students during F.Y. 1993. If these programs are to be implemented, additional facilities will be needed which will require funding. Additional bonding authority would have to be approved by the legislature.

PURPOSE:

To provide facilities and equipment for implementing and operating a desegregation plan approved by the Commissioner of Education.

A shared goal of the State Board of Education, State Board of Teaching, and the Minnesota Department of Education (MDE) is to revise and strengthen policies and rules that promote effective desegregation/integration programs throughout the state. The Commissioner of Education may award grants to eligible school districts for constructing, enlarging or modifying school buildings. It must be determined that the costs are directly related to reducing or eliminating racial balance and are part of a desegregation plan.

Magnet schools, specialty schools, and pairing of schools are very popular methods used to achieve desegregation/integration in schools. Most of the existing school facilities need substantial remodeling and/or improvements to provide quality integrated education. The financial burden of achieving school desegregation/integration must not be solely a local responsibility. The state must assume its share of fiscal responsibility. State bond funds are used for this program.

DESCRIPTION:

School districts which are required to have a comprehensive desegregation plan approved by the Commissioner of Education are eligible to apply for up to 50% of the costs of remodeling or improving a facility which will have an impact on its desegregation plan. Districts unable to meet the 50% match with local funds, including local bond issues as necessary, are not eligible to receive a grant. Currently, Duluth, Minneapolis, and St. Paul are eligible. School districts applying must also comply with the review and comment provisions of M.S. 121.15.

PERFORMANCE:

The 1989 Legislature provided \$2 million in bonding authority to provide funding for this program. State bonds were sold for each year of the current biennium and the following distribution has occurred:

<u>School District</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Duluth	\$ 50,000	\$ 50,000
Minneapolis	522,180	522,180
St. Paul	427,820	427,820
	<u>\$1,000,000</u>	<u>\$1,000,000</u>

PROSPECTS:

The need for methods of maintaining and/or achieving desegregation/integration of schools will continue in both the short-term and long-term. Intradistrict desegregation capital outlay needs will continue to be a fiscal burden for urban school districts. As the state moves forward with interdistrict desegregation/integration plans, greater fiscal demands will be made for capital outlay

0506 COOPERATIVE SECONDARY FACILITIES
GRANTS (Information Only)

Citation: M.S. 124.491-124.495
MDE Admin.: 1502 District Financial Management and Transportation
Federal: None

PURPOSE:

To provide incentives for three or more school districts to cooperatively improve existing, acquire, or build new secondary school facilities. The specific objectives of the Cooperative Secondary Facilities Grant Act (CSFGA) are to:

- promote the development of secondary schools in Greater Minnesota which will provide more equitable and quality programs and services for secondary school students which meet and exceed State Board of Education and local requirements;
- create cooperative school district organizations in Greater Minnesota which will remain more viable in terms of long-term operations;
- improve/replace rural secondary school facilities which are outmoded for educational, health and safety, and operational purposes; and
- accomplish all of the above in a cost-efficient manner.

The intent of this incentive grant program, through funds provided with state bonding authority, is to encourage smaller rural school districts with common needs to improve secondary school facilities, programs, and services through cooperative efforts.

DESCRIPTION:

Interested school districts must meet minimum criteria and prepare a Cooperative Secondary Facilities pilot project grant application. The CSFGA and State Board of Education Rules, Parts 3545.3000 to 3545.3024 govern the application and award process. Criteria and requirements for grant award consideration include the following:

- 3 or more school districts must have a minimum average enrollment of at least 80 students per secondary grade. No applicant district may have more than 1,200 students in Grades K-12;
- the districts must form a joint powers board to govern the proposed cooperative secondary facility;
- an educational plan must be prepared. Features of the plan include the following:
 - a. a statement on the inadequacies of the present secondary facilities;
 - b. timelines for selecting one superintendent for the joint powers district;
 - c. input from professional staff and community members;
 - d. a combined seniority list of secondary teachers;
 - e. optional provisions for early retirement and severance pay for teachers and administrators;
 - f. a detailed description of the improved learning opportunities and expanded course offerings to

be made available to students, and procedures to assess learning outcomes and student performance;

- a positive review and comment under M.S. 121.15 must be received for the proposed project;
- the grant application must be received by the Minnesota Department of Education (MDE) by November 1 or April 15 for grant award consideration January 1, or July 1 respectively; and
- within 90 days of receiving notification of a grant award, the districts must have a referendum on the question of borrowing additional funds for the local share of the proposed secondary facility. A majority of those residents of the joint powers district voting in the affirmative is needed for approval.

Grant applications are reviewed on a competitive basis by MDE staff. All requirements of the law, State Board of Education Rules, and the grant application must be met to qualify for grant award consideration by the Commissioner of Education.

PERFORMANCE:

State bonding authority for \$22 million has been provided for this program. Three groups of school districts have received grant awards under this program since 1987 as follows:

<u>Pilot Project</u>	<u>School Districts</u>	<u>Total Cost</u>	<u>Grant Award</u>
Lac qui Parle Valley	4	\$11,900,000	\$8,000,000
Sibley East	3	11,200,000	8,000,000*
Tri-District Coop	3	10,000,000	6,000,000

* Local referendum failed, cancelling the grant award.

The two grant awards provided through contracts between the state and the joint powers boards have obligated the state for \$14 million. The result of these grants and local efforts is two new secondary schools, one opening in fall 1990, the second scheduled to open in fall 1991.

Each new secondary school will have larger student enrollments and be up-to-date for educational, health and safety, and operational purposes. Seven older, inadequate secondary school facilities ceased operations, enabling the large operational cost savings to be used in a cost-efficient manner to provide more equitable and quality programs and services in the two new secondary facilities. The area secondary schools, with their larger student enrollments and staffs, expanded programs and services, and cost-efficient operations are a significantly more viable, long-term school district organization for the cooperating school districts.

PROSPECTS:

CSFGA provides needed incentives for rural school district efforts to cooperatively improve or replace outmoded secondary school facilities, and to improve programs and services for students in Greater Minnesota. There are a documented large number of inadequate school facilities in Minnesota that need upgrading and replacement. The health and safety hazards in many of these school facilities are serious, and students and staff members are increasingly at risk in using these facilities. These school facilities do not provide an adequate educational environment for teachers to teach and students to learn. The cost of upgrading/replacing all existing school facilities is exorbitant and beyond the ability of Minnesota taxpayers to afford. The only realistic alternative is to selectively upgrade and replace a portion of the existing school facilities through cooperative efforts among school districts. State incentives and assistance to local taxpayers, through CSFGA

Program: 05 Education Facilities/Equipment
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0506 COOPERATIVE SECONDARY FACILITIES GRANTS (Information Only)

or the Maximum Effort School Loan (MESL) program, will encourage and facilitate accomplishing this goal.

With the pending implementation of the Inspection of Public Schools law, (M.S. 121.1502), the need to upgrade/replace existing school facilities will become more visible and the necessity of accessing funds to do so will become of priority importance.

Alternatives Considered:

In order to meet these increasing needs, The Minnesota Department of Education (MDE) identified the following alternatives for consideration:

- Fully fund this program. Because this program provides a cost-efficient means to upgrade/replace many inadequate rural secondary school facilities with fewer adequate facilities, funding of this program is recommended. It should be considered an essential part of any comprehensive approach to upgrade or replace secondary school facilities in Greater Minnesota, while at the same time helping to meet the goal of more equal and equitable educational opportunities for rural students. It also provides another option to the MESL program for groups of cooperating school districts to form a partnership effort with the state.
- Cancel the CSFGA program and more adequately fund MESL. This would channel all cooperative school district efforts where state assistance is sought to MESL. This would limit options for groups of small, rural school districts and they would be competing with individual, larger school districts for capital loan funds.
- Expand the ability of school districts to levy without voter approval for funds to finance ongoing school facilities improvements. Districts would be able to improve and maintain school facilities more adequately, and to better respond to any deficiencies identified through the School Inspection program. This would have the negative effects of perpetuating the existence of many small school facilities in Greater Minnesota with inadequate programs and services for students, and of reducing the incentives to cooperatively upgrade or replace these facilities.

Program: Education Facilities/Equipment 1992-93 Biennial Budget
 Agency: Education Aids

0507 COOPERATIVE SECONDARY FACILITIES -
 SEVERANCE LEVY

Citation: M.S. 124.4945
 MDE Admin: 1501 Education Finance and Analysis
 Federal: None

PURPOSE:

To provide severance pay and early retirement incentives for any teacher who is placed on unrequested leave as a result of a cooperative secondary facility joint powers agreement under M.S. 124.491-.495 (also see Program Budget 0506).

The intent of this optional severance levy is to encourage the cooperating school districts to provide incentives for teachers to retire early, and to provide severance benefits to teachers who are placed on unrequested leave.

DESCRIPTION:

As part of the educational plan required of applicant school districts, a staffing plan which provides for early retirement and severance pay incentives may be developed. After the plan is approved and the grant is awarded, the joint powers board must certify to each participating school district the amount required to fund the district's portion of severance pay and early retirement incentives.

The tax levy certified to each district must be expressed as a percentage that, when applied to the combined Adjusted Net Tax Capacity (ANTC) of all participating school districts, raises the amount necessary to provide severance pay and early retirement incentives. Each participating district will certify to its county auditor the determined percentage of ANTC required to raise its share of the total required amount. The levy may be made over several years.

PERFORMANCE:

Three groups of school districts have received grant awards under the Cooperative Secondary Facilities Grant Act since 1987. Two of the groups passed the necessary local referendum, thus qualifying them to make any severance and early retirement levy, if desired.

The Lac qui Parle Valley group of 4 school districts levied \$200,000 for F.Y. 1990 and \$200,000 for F.Y. 1991. The Tri-District cooperative group of 3 school districts did not use this levy authority.

STATISTICS:

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>Current Law</u>	
				<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Eligible joint power districts	---	1	1	0	0
Participating school districts	---	4	4	0	0
Teachers	---	0	22	0	0
Severance pay/retirement levy (000s)	---	\$ 200	\$ 200	\$ 0	\$ 0

PROSPECTS:

There is a need to encourage small rural school districts with common needs to improve secondary school facilities, programs, and services for students through cooperative efforts. Special levy authority for cooperating districts to provide severance pay and early retirement for teachers who are

placed on unrequested leave as a result of the cooperative agreement will continue to be an important incentive for districts considering this cooperative program.

GOVERNOR'S RECOMMENDATION:

The Governor recommends continuation of this activity.

Program: 05 Education Facilities/Equipment 1992-93 Biennial Budget
Agency: Education Aids

0508 MISCELLANEOUS CAPITAL EXPENDITURE
& DEBT SERVICE LEVIES

Citation: M.S. 124.243, Subd 9; 124.2445; 124.495, Subd 5; 124.82; 275.125, Subd 4, 4a, 11d, 11e, 11f, 12, 12a; 475.61

MDE Admin: 1501 Education Finance and Analysis
Federal: None

PURPOSE:

To provide funds to school districts for various capital expenditure and debt service purposes, including leasing of buildings, energy conservation, building construction down payment, general debt service, purchase of certain equipment, etc. (See DESCRIPTION for specific objectives of these levies).

DESCRIPTION:

A. Capital Expenditure Fund.

1. Building Lease (M.S. 275.125, Subd. 12; Laws 1988, Chap. 718, Art. 8, Sec. 25). For taxes payable in 1987 and earlier years, school districts were permitted to levy for the approved cost of leasing existing school buildings or other buildings for instructional purposes. This levy was repealed by the 1987 Legislature; however, 1988 legislation provided that school districts could make a 1988 payable 1989 levy for the amount the district would have been allowed to levy for taxes payable in 1988, had the authority to levy for this purpose not been repealed.
2. Lease Purchase (M.S. 275.125, Subd. 11d and 11f). For taxes payable in 1990, the lease levy provisions of M.S. 275.125, Subd. 11d were expanded to allow districts to purchase a building and site under an installment purchase agreement, lease purchase agreement, or any other deferred payment agreement authorized under the Installment and Lease Purchase provisions of M.S. 465.71. This provision was repealed by the 1990 Legislature effective for taxes payable in 1991. However, school districts are permitted to continue to levy for agreements approved by the Commissioner of Education prior to July 1, 1990.
3. Energy Conservation (M.S. 275.125, Subd 12a). A school district may annually levy, without the approval of a majority of the voters in the district, the amounts needed to repay the annual principal and interest of energy conservation loans made pursuant to M.S. 116J.37 and M.S. 298.292 to 298.298.
4. Building Construction Down Payment (M.S. 124.82; 275.125, Subd. 4a). A school district may levy the tax rate approved by a majority of the electors voting on the question of providing funds for a down payment for an approved building construction project. A referendum for a project not receiving a positive review and comment by the Commissioner of Education must be approved by at least 60% of the voters at the election. The election must take place no more than 5 years before the estimated commencement date of the project. All proceeds from the levy must be deposited in the capital expenditure fund and transferred to the down payment account in the building construction fund.

B. Debt Redemption Fund.

1. General Debt Service Levy (M.S. 275.125, Subd. 4; 475.61). A school district must levy an amount between 105% and 106% of the amount needed to meet, when due, the principal and interest payments on its general obligations. The general debt service levy may be reduced if the district has an excess amount in the debt redemption fund at the time the levy is certified.

2. Debt Redemption Portion of Facilities Levy (M.S. 124.243, Subd. 9). A school district may allocate a portion of its capital expenditure facilities revenue to the debt redemption fund. The Minnesota Department of Education (MDE) must calculate the aid and levy for each fund and reduce the debt service levy of the district by the amount of the levy allocated to the debt redemption fund. (Also, see Program Budget 0501.)

3. Purchase of Certain Equipment (M.S. 124.2445). A school district must levy an amount between 105% and 106% of the amount needed to pay principal and interest on certificates of indebtedness or capital notes issued to purchase vehicles other than school buses, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes. The issuance of the certificates or notes must be approved by a majority of those voting in a referendum election. The certificates or notes must be payable in not more than 5 years. The district's capital expenditure equipment levy must be reduced by the amount of the debt service levy certified for this purpose.

4. Cooperative Secondary Facilities Levy (M.S. 275.125, Subd. 11d). For taxes payable in 1989, school districts were permitted to levy for the approved cost of renting or leasing buildings for secondary vocational cooperative programs. The proceeds of the levy could not be used for renting or leasing a facility owned by a district or for custodial or other maintenance services. For taxes payable in 1990, this levy was expanded to permit school districts to levy for the approved cost of renting or leasing buildings for any instructional purpose. Additionally, the prohibition against using the proceeds of the levy for renting or leasing a facility owned by a district was eliminated. For taxes payable 1991, the prohibition against using the proceeds of the levy for renting or leasing a facility owned by a district was reinstated.

5. Cooperative Building Repair (M.S. 275.125, Subd. 11e). Beginning with taxes payable in 1990, a school district that has a cooperative agreement according to M.S. 122.535 or 122.541 may levy for the repair costs, as approved by MDE, of a building located in another district that is a party to the agreement.

PERFORMANCE:

The Building Down Payment levies have experienced substantial growth as a result of districts replacing aging facilities and/or adding additional facilities. Growth in the Debt Redemption levies is due to two factors: 1) allocations of capital expenditure facilities revenue to the debt redemption fund are decreasing due to the increased need for repair and maintenance of school buildings, and 2) reductions for excess debt redemption funds are declining as districts experience lower fund balances.

STATISTICS: (\$ in 000s)

	Current Law				
	F.Y. 1989 87 PAY 88	F.Y. 1990 88 PAY 89	F.Y. 1991 89 PAY 90	F.Y. 1992 90 PAY 91	F.Y. 1993 91 PAY 92
A. Capital Expenditure Fund					
1. Building lease					
Amount	\$ 0	\$ 2,395.8	\$ 3,505.4	\$ 3,842.2	\$ 4,100.0
Districts	0	73	67	77	77
2. Lease purchase					
Amount	\$ 0	\$ 0	\$ 3,703.6	\$ 4,109.3	\$ 4,200.0
Districts	0	0	5	10	9
3. Energy conservation					
Amount	\$ 3,322.7	\$ 3,437.6	\$ 3,462.2	\$ 3,495.3	\$ 3,550.0
Districts	118	124	134	143	143

0508 MISCELLANEOUS CAPITAL EXPENDITURE & DEBT SERVICE LEVIES

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law	
	87 PAY 88	88 PAY 89	89 PAY 90	F.Y. 1992 90 PAY 91	F.Y. 1993 91 PAY 92
4. Building down payment					
Amount	\$ 0	\$ 0	\$ 85.0	\$ 903.5	\$ 2,710.5
Districts	0	0	1	4	12
5. Cooperative building repair					
Amount	\$ 0	\$ 0	\$ 51.0	\$ 77.3	\$ 77.3
Districts	0	0	3	5	5
Subtotal Capital Expenditure	\$ 3,322.7	\$ 5,833.4	\$ 10,807.2	\$ 12,427.6	\$ 14,637.8
B. Debt Redemption Fund					
1. General debt service					
Initial amount	\$147,418.9	\$152,089.4	\$159,221.4	\$174,042.8	\$187,184.7
Reduction for facilities levy	0	(545.1)	(272.5)	(184.7)	(184.7)
Reduction for excess	(12,715.2)	(13,602.3)	(16,288.2)	(13,000.0)	(13,000.0)
Net amount	\$134,703.7	\$137,942.0	\$142,660.7	\$160,858.1	\$174,000.0
Districts	285	276	261	252	252
2. Facilities					
Amount	\$ 0	\$ 545.1	\$ 272.5	\$ 184.7	\$ 184.7
Districts	0	9	7	6	6
3. Equipment					
Amount	\$ 0	\$ 0	\$ 10.7	\$ 251.7	\$ 300.0
Districts	0	0	2	6	7
4. Cooperative secondary facilities					
Amount	\$ 0	\$ 314.2	\$ 1,253.2	\$ 1,291.7	\$ 1,211.7
Joint power districts	0	1	2	2	2
Districts	0	4	7	7	7
Subtotal Debt Redemption	\$134,703.7	\$138,801.3	\$144,197.1	\$162,586.2	\$175,696.4
Total Amount	\$138,026.4	\$144,634.7	\$155,004.3	\$175,013.8	\$190,334.2

PROSPECTS:

Miscellaneous Capital Expenditure and Debt Service Levies continue to serve various needs of Minnesota school districts. All funds generated through these levies are anticipated to be fully utilized.

GOVERNOR'S RECOMMENDATION:

The Governor recommends continuation of this activity.

EDUCATION ORGANIZATION/COOPERATION (06)

	<u>Page</u>
0601 Education Districts	159
0602 Secondary Vocational Cooperatives	162
0603 Interdistrict Cooperation Levy	165
0604 Intermediate District Levies	166
0605 Cooperation/Combination	167

EDUCATION ORGANIZATION/COOPERATION

Program: 06 Education Organization/Cooperation
Agency: Education Aids

1992-93 Biennial Budget

0601 EDUCATION DISTRICTS

Citation: M.S. 122.91-122.96; 124.2721
MDE Admin: 1502 District Financial Management and Transportation
Federal: None

PURPOSE:

To increase educational opportunities for students by increasing cooperation and coordination among groups of four or more school districts and postsecondary institutions. The specific objectives of the education districts are to:

- provide expanded programs and services for students in Greater Minnesota through an organizational unit with a larger student base, additional revenue, and the cost efficiencies of cooperative efforts;
- streamline programs and services available through cooperative structures by replacing other cooperative units;
- ensure the involvement of teachers and community members in the development and implementation of the required education district 5 year plan; and
- provide a means for the negotiation of area-wide collective bargaining agreements for teachers in the education district member school districts.

The intent of the Education District law is to provide an organizational unit which can more effectively and efficiently plan, coordinate, and deliver programs and services to students in Greater Minnesota.

DESCRIPTION:

Interested school districts and postsecondary institutions must meet minimum criteria outlined below and prepare an Education District 5-year plan. The plan is submitted to the State Board of Education, whose approval authorizes state aid and levy authority for the Education District. Criteria and requirements for formation of an Education District and approval of the 5-year plan include the following:

- a minimum of 4 school districts with at least 5,000 students average daily membership or at least 2,000 square miles, or 5 or more school districts. Postsecondary institutions can be members and be represented on the Education District board;
- each interested school district must have a local hearing on education district membership, meet and confer with their teacher bargaining representative, and have an affirmative school board vote for membership;
- the 12 mandated program and service areas to be coordinated by an Education District include programs for handicapped pupils, gifted and talented pupils, secondary vocational education, improved learning, community education, early childhood family education, career education, low-incidence academic programs, research-planning-development, health services, library services, and counseling services;
- a common academic calendar must be developed by the education district for its member school districts; and
- an Education District 5-year plan Application for approval must be prepared and submitted by

June 1 to the State Board of Education. Features of the plan include the following:

- a) the plan must give priority to the 12 mandated program and service areas; it must explain how it will increase, not maintain or supplant, educational opportunities for all students;
- b) an emphasis on new, improved, and expanded programs and services in the mandated program and service areas;
- c) optional program areas such as professional development, extended year programs, use of technology, and parent involvement may also be included;
- d) information on the involvement of teachers and community members in the development and implementation of the plan; and
- e) detailed budgets identifying all education district revenues and expenditures.

Each Education District may receive total revenue up to \$60 times the total Weighted Average Daily Membership (WADM) pupil units of the members school districts. Beginning in F.Y. 1992, the Education District levy authority is equal to the lesser of the total revenue or 1.87% times the combined adjusted net tax capacity of all member school districts. The levy is allocated to each school district proportionately based on its share of the tax capacity, and the net property tax levy revenue is transferred to the Education District in June and November. State aid is equal to the total revenue minus the Education District levy. Education District revenue is subject to the property tax recognition shift provisions in the same manner as for school districts.

Education Districts may develop a plan for negotiating collective bargaining agreements for their member school districts. The legislation provides that up to two Education Districts may participate, and if their plan is approved by the state, they would receive additional revenue of \$50 per pupil unit. General Education revenue and referendum levy authority would also be assumed by the Education District.

Education District 5-year plans are reviewed in detail by Minnesota Department of Education (MDE) staff prior to State Board of Education approval consideration. All the requirements of law, and State Board and MDE guidelines must be satisfied for the applicant Education District to receive State Board approval of their plan and levy authority. Updates and significant changes to 5-year plans are also subject to review and State Board approval.

PERFORMANCE:

Thirty-three groups of school districts and postsecondary institutions are operating Education Districts, and have received approval of their 5-year plans. These districts offer cooperative programs serving over 251,000 students in F.Y. 1991. One Education District has received tentative approval from MDE to negotiate a collective bargaining agreement as a unit.

The Education District law has enabled a large number of rural school districts to cooperatively expand and provide more educational opportunities for students, and to develop and implement in-service and staff development programs. This program has also enabled rural school districts to access revenues for cooperative purposes similarly available to intermediate education units in the metropolitan area.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Eligible education districts	---	30	33	33	35
Member school districts	---	220	242	247	264
Pupil units served (WADM)	---	201,329	253,512	276,817	298,651

Program: Education Organization/Cooperation
 (Contir. n)
 Agency: Education Aids

1992-93 Biennial Budget

0601 EDUCATION DISTRICTS

(\$ in 000s)	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Revenue:					
Basic amount	---	\$ 12,079.7	\$ 15,210.7	\$ 16,609.0	\$ 17,919.0
Collective bargaining amount	---	---	---	401.9	410.1
Total revenue	---	\$ 12,079.7	\$ 15,210.7	\$ 17,010.9	\$ 18,329.1
Levy:					
Property valuation measure*	---	AGTC	AGTC	ANTC	ANTC
Tax rate	---	1.10%	1.50%	1.87%	1.87%
Amount	---	\$ 6,662.6	\$ 11,275.3	\$ 11,309.4	\$ 12,481.3
State aid:					
Gross aid	---	\$ 5,417.1	\$ 3,935.4	\$ 5,701.5	\$ 5,847.8
Proration factor	---	1.0	.9402	1.0	1.0
Prorated aid	---	\$ 5,417.1	\$ 3,700.0	\$ 5,701.5	\$ 5,847.8

* Adjusted Gross Tax Capacity (AGTC); Adjusted Net Tax Capacity (ANTC).

PROSPECTS:

Education Districts are able to cooperatively develop and implement programs and services for students and staff in Greater Minnesota in a wide variety of areas. The effects of declining enrollments and budgets, and increasing program and service demands on school districts are well documented. It is increasingly difficult for school districts, particularly smaller, rural districts, to maintain and/or expand learning opportunities for students. Cooperative efforts among and between smaller and larger groups of school districts are necessary if educational opportunities are to be maintained and expanded. The revenue incentives available to Education Districts facilitate the necessary cooperation to achieve these goals. To provide funds to each existing school district to develop and expand programs and services is cost prohibitive. Yet, to not provide a way for districts to improve existing programs and services is unacceptable. Education districts are a realistic means for school districts to organize cooperative efforts, to access revenues, and to accomplish these goals.

With the implementation of outcome-based education and programs for at-risk students, the need of cost-effective means of developing, implementing, and maintaining programs and services through cooperative efforts is significant.

As a result of the need to encourage cooperative school district efforts, the MDE, under the current statutory formula, anticipates an additional need in state aid entitlement of \$1,602,000 for F.Y. 1992 and \$1,748,000 for F.Y. 1993 over the annual base entitlement of \$4,100,000.

Alternatives Considered:

In order to meet these increasing needs, MDE has identified the following alternative for consideration given the annual base entitlement:

- Reduce the Education District revenue formula to the amounts that the annual base entitlement will support.

GOVERNOR'S RECOMMENDATION:

Governor recommends the following modifications in the Education District funding formula beginning in F.Y. 1992:

1. Change total aid plus levy revenue from \$60 times weighted ADM to \$48 times weighted ADM.
2. Modify the definition of weighted ADM to weight secondary pupils at 1.3, rather than the current weight of 1.35, to be consistent with changes recommended in the General Education Program (see Program Budget 0101).
3. Retain the current tax rate (1.87% of adjusted net tax capacity) and the current formula for education district collective bargaining (\$50 times weighted ADM).

The Governor recommends an aid entitlement of \$2,608 for F.Y. 1992 and \$2,570 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$2,772 in F.Y. 1992 (\$555 for F.Y. 1991 and \$2,217 for F.Y. 1992), and \$2,577 in F.Y. 1993 (\$391 for F.Y. 1992 and \$2,186 for F.Y. 1993).

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0601 EDUCATION DISTRICTS

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 5,475	\$ 3,700	\$ 4,100*	\$ 4,100*
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Revenue Incr. (Decr.):				
Incr. In Participation		<1,789>	<391>	919
Levy Decrease (Increase):				
Incr. In Participation		2,024	167	<1,148>
Pupil Units & Tax				
Capacities				
Combination Of Variables	<58>			
B.Legislation Becoming Effective				
Tax Rate Of 1.87% Antc			1,824	1,967
Collective Barg Rev Adj			2	10
3.CURRENT ENTITLEMENT	5,417	3,935	5,702	5,848
4.FUNDING EXCESS/DEFICIENCY	58	<235>		
5.POLICY CHANGES RECOMMENDED				
Revnue (Decreases):				
Change WADM Computation			<342>	<376>
Rev Per Pupil Unit \$48			<3,255>	<3,510>
Levy Decrease			503	609
Total Policy Changes			<3,094>	<3,277>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			2,608	2,571
7.APPROPRIATIONS BASIS:				
Current Year	4,653	3,145	2,217	2,186
Prior Year		822	555	391
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	4,653	3,967	2,772	2,577
8.LEVY AUTHORITY	6,663	11,275	10,806	11,873

(*) Baseline is increased by \$400 for collective bargaining revenue legislation

0602 SECONDARY VOCATIONAL COOPERATIVES

Citation: M.S. 123.351; 124.575
MDE Admin: 1501 Education Finance and Analysis
Federal: None

PURPOSE:

To increase educational opportunities for students by providing vocational and nonvocational programs according to terms of an agreement which entails greater cooperation and coordination of educational programming among school districts.

DESCRIPTION:

Two or more school districts may enter into an agreement to establish a Secondary Vocational Cooperative to provide vocational education and other educational services upon the vote of a majority of the full membership of each of the governing boards of the districts entering into the agreement. Prior to the commencement of the operation of any cooperative, the agreement entered into by participating districts must be approved by the State Board of Education.

In order to receive revenue consisting of state aid and local levy authority, the Secondary Vocational Cooperative must consist of at least 5 school districts, or at least 4 districts with at least 5,000 pupils in average daily membership, or at least 4 districts with a combined area of at least 2,000 square miles. Additionally, the cooperative must provide vocational offerings to any eligible person residing in any participating district, and either special education for the handicapped and disadvantaged or other educational programs agreed upon by the participating districts.

Beginning in F.Y. 1990, each Secondary Vocational Cooperative may receive total revenue up to \$20 times the total Weighted Average Daily Membership (WADM) pupil units of the member school districts. Beginning in F.Y. 1992, the vocational cooperative levy authority is equal to the lesser of the total revenue or 0.78% times the combined adjusted net tax capacity of all member school districts. The levy is allocated to each school district proportionately based on its share of the tax capacity, and the net property tax levy revenue is transferred to the Secondary Vocational Cooperative in June and November. State aid is equal to the total revenue minus the vocational cooperative levy. Secondary Vocational Cooperative revenue is subject to the property tax recognition shift provisions in the same manner as for school districts.

The WADM of school districts that are members of an intermediate district may not be used to obtain revenue under this program. The WADM of a school district may not be used to obtain revenue under both this program and the Education District Revenue program (Program Budget 0601).

PERFORMANCE:

Since F.Y. 1990, the number of Secondary Vocational Cooperatives eligible for revenue has decreased from 8 to 6 cooperatives. The total number of school districts involved has increased from 30 in F.Y. 1990 to 35 in F.Y. 1991, and will decrease to 32 in F.Y. 1992.

Of the Secondary Vocational Cooperatives which receive revenue for F.Y. 1991, 3 are off the formula and receive no state aid through the program.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Eligible secondary vocational cooperatives	---	8	7	6	6
Member school districts	---	30	35	32	32
Pupil units served (WADM)	---	63,749	60,548	60,395	62,159
Total revenue	---	\$ 1,275.0	\$ 1,211.0	\$ 1,207.9	\$ 1,243.2
Levy:					
Property valuation measure*	---	AGTC	AGTC	ANTC	ANTC
Tax rate	---	0.30%	0.60%	0.78%	0.78%
Amount	---	\$ 672.6	\$ 1,051.2	\$ 1,013.9	\$ 1,058.8
State aid:					
Gross aid	---	\$ 602.4	\$ 159.7	\$ 194.0	\$ 184.4
Proration factor	---	.9678	1.0	1.0	1.0
Prorated aid	---	\$ 583.0	\$ 159.7	\$ 194.0	\$ 184.4

* Adjusted Gross Tax Capacity (AGTC); Adjusted Net Tax Capacity (ANTC).

PROSPECTS:

This program provides incentives for new cooperative unit programs and delivery of services. The number of cooperatives is expected to diminish.

With the current statutory formula, and including increases in pupils served and changes in property valuation, an increase in state aid entitlement of \$34,000 for F.Y. 1992 and \$25,000 for F.Y. 1993 over the annual base entitlement of \$160,000 is necessary to fully fund projected entitlements.

Alternatives Considered:

In order to meet the increasing needs of Secondary Vocational Cooperatives, the Minnesota Department of Education (MDE) identified the following alternative for consideration given the annual base entitlement:

- Reduce the statutory formula to the amounts that the annual base entitlement will support.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following modifications in the Secondary Vocational Cooperative funding formula for F.Y. 1992:

1. Change total aid plus levy revenue from \$20 times weighted ADM to \$19.55 times weighted ADM.
2. Modify the definition of weighted ADM to weight secondary pupils at 1.3, rather than the current weight of 1.35, to be consistent with changes recommended in the General Education Program (see Program Budget 0101).
3. Retain the current tax rate (0.78% of adjusted net tax capacity).

The Governor recommends elimination of this activity beginning in F.Y. 1993.

Elimination of this activity will encourage school districts to become involved in comprehensive cooperation programs such as Cooperation and Combination or membership in an Education District.

Program: 06 Education Organization/Cooperation
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0602 SECONDARY VOCATIONAL COOPERATIVES

The Governor recommends an aid entitlement of \$165 for F.Y. 1992.

Based on this entitlement, the Governor recommends an appropriation of \$165 in F.Y. 1992 (\$24 for F.Y. 1991 and \$141 for F.Y. 1992), and \$24 in F.Y. 1993 (\$24 for F.Y. 1992 and \$0 for F.Y. 1993).

EDUCATION AIDS GOVERNOR'S BUDGET
(Dollars Thousands)

0602 SEC VOC COOPERATIVES

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 583	\$ 160	\$ 160	\$ 160
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Revenue Increases:				
Incr. In Participation		44	41	77
Levy Increases:				
Incr. In Participation		<44>	<7>	<52>
Pupil Units/Tax Capac.				
Combination Of Variables	19			
3.CURRENT ENTITLEMENT	602	160	194	185
4.FUNDING EXCESS/DEFICIENCY	<19>			
5.POLICY CHANGES RECOMMENDED				
Revenue (Decreases):				
Change Wadm Computation			<23>	
Rev Per Pupil Unit			<27>	
\$19.55				
Levy Increase			21	
Eliminate This Activity				<185>
Total Policy Changes			<29>	<185>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			165	
7.APPROPRIATIONS BASIS:				
Current Year	495	136	141	
Prior Year		88	24	24
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	495	224	165	24
8.LEVY AUTHORITY	673	1,051	993	

Program: 06 Education Organization/Cooperation 1992-93 Biennial Budget
Agency: Education Aids

0603 INTERDISTRICT COOPERATION LEVY

Citation: M.S. 275.125, Subd 8e
MDE Admin: 1501 Education Finance and Analysis
Federal: None

PURPOSE:

To encourage school districts to cooperate with other districts in increasing or maintaining curriculum offerings in the academic areas of science, mathematics, foreign language, and computer usage, as well as other programs recommended by the State Board of Education.

Beginning in F.Y. 1990, a school district may levy each year for Interdistrict Cooperation if it:

- is a member of an Education District which does not receive revenue under the Education District Revenue program, or
- is not a member of an Education District and has a cooperation agreement with other districts to expand curricular offerings in the above mentioned areas.

This program does not apply to Special School District No. 1, Independent School Districts No. 11, 625, and 709, and districts that are members of an Intermediate School District.

DESCRIPTION:

Eligible school districts may levy for Interdistrict Cooperation. For F.Y. 1990, the maximum revenue is equal to 0.8% times the adjusted gross tax capacity of the district. Beginning in F.Y. 1991, the maximum revenue available to each district is the least of:

- \$50 per weighted average daily membership for the current school year;
- estimated instructional costs to the district of the cooperation plan for the school year in which the levy was attributed; or
- \$50,000.

A school district that is a member of a Secondary Vocational Cooperative may levy for interdistrict cooperation, the difference between the maximum allowable Interdistrict Cooperation revenue and the amount levied for the Secondary Vocational Cooperative.

PERFORMANCE:

For F.Y. 1990, 133 school districts levied \$3.9 million for Interdistrict Cooperation. For F.Y. 1991, 91 districts levied a total of \$2,197,090 for the program. For F.Y. 1992, 81 districts will levy an estimated \$2,006,612 for Interdistrict Cooperation.

Since F.Y. 1989, 242 school districts joined Education Districts, rendering them ineligible to levy for Interdistrict Cooperation. Since F.Y. 1990, an additional 7 districts have discontinued their Interdistrict Cooperation levy to participate in the Cooperation and Combination program.

STATISTICS:

	F.Y. 1989*	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Total levy					
Districts	0	129	91	81	75
Amount	\$ 0	\$3,273,229	\$2,197,090	\$2,006,612	\$1,846,080

* There was no separate levy for F.Y. 1989. For that year, districts were required to reserve a portion of their General Education revenue for interdistrict cooperation.

PROSPECTS:

A continuation of the trend for districts to move from Interdistrict Cooperation to either Education Districts or the Cooperation and Combination program is expected. Of districts levying for Interdistrict Cooperation for F.Y. 1991, an additional 11 districts and 5 districts, respectively, will join Education Districts or enter Cooperation and Combination agreements for F.Y. 1992. This trend of districts discontinuing their Interdistrict Cooperation levy to participate in Education Districts or Cooperation and Combination agreements is expected to continue.

GOVERNOR'S RECOMMENDATION:

The Governor recommends eliminating the Interdistrict Cooperation Levy beginning in F.Y. 1993.

Elimination of this activity will encourage school districts to become more involved in comprehensive cooperation programs such as Cooperation and Combination or membership in an Education District.

0604 INTERMEDIATE DISTRICT LEVIES

Citation: M.S. 136D.27; 136D.74; 136D.87
 MDE Admin: 1501 Education Finance and Analysis
 Federal: None

PURPOSE:

To provide property tax levy funding for special education and secondary vocational education programs provided by Hennepin Technical Intermediate School District No. 287, Northeast Metropolitan Intermediate School District No. 916, and Dakota County Intermediate School District No. 917.

Five-elevenths of the levy must be used for special education, and 6/11 of the levy must be used for secondary vocational education.

DESCRIPTION:

Intermediate school districts may certify levies to fund special education and secondary vocational programs. The certification is made directly to the county auditors of each county in which the intermediate school district is located in the case of No. 916, and through the participating school districts in the case of No. 287 and No. 917.

Beginning in F.Y. 1991 (1989 payable 1990 levy), intermediate districts may levy the greater of:

- 1) the amount of the levy certified for taxes payable in 1989, or
- 2) the lesser of:
 - \$60 times the Average Daily Membership (ADM) for the current year of the participating school districts; or
 - 1.1% of Adjusted Gross Tax Capacity. (The percentage used is converted to 1.43% of Adjusted Net Tax Capacity for F.Y. 1992 and each year thereafter to reflect the statutory change in tax capacity measurements.)

PERFORMANCE:

The 3 intermediate districts levied a total of \$16,450,000 for F.Y. 1990 and \$16,704,800 for F.Y. 1991.

STATISTICS:

	Current Law				
	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
Certified Levies (000s)					
Hennepin Tech No. 287	\$ 8,294.1	\$ 9,189.3	\$ 9,189.3	\$ 9,189.3	\$ 9,189.3
N.E. Metro No. 916	3,813.0	4,219.7	4,376.2	4,481.0	4,642.4
Dakota Co. No. 917	2,586.5	3,041.1	3,139.2	3,459.1	3,616.6
Total	\$ 14,693.7	\$ 16,450.1	\$ 16,704.7	\$ 17,129.4	\$ 17,448.3
Weighted ADM					
Hennepin Tech No. 287	99,714	100,572	102,611	105,788	109,705
N.E. Metro No. 916	70,237	70,763	72,512	74,993	77,374
Dakota Co. No. 917	55,099	57,123	60,096	63,791	67,808
Total	225,050	228,458	235,219	244,572	254,887

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law	
				F.Y. 1992	F.Y. 1993
Total Levy per Weighted ADM					
Hennepin Tech No. 287	\$ 83	\$ 91	\$ 90	\$ 8	\$ 84
N.E. Metro No. 916	54	60	60	60	60
Dakota Co. No. 917	47	53	52	54	53
Total	\$ 65	\$ 72	\$ 71	\$ 70	\$ 68

PROSPECTS:

No additional districts are anticipated to levy under this program. The levy for Intermediate District No. 287 is fixed at the F.Y. 1990 level, while the levies for Intermediate District No. 916 and No. 917 will increase with growth in pupil units and tax base.

As a result of the current need for Intermediate District Levies, the Minnesota Department of Education (MDE) anticipates full utilization of the funding provided by this levy program.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following modifications in the Intermediate District Levy funding formula beginning in F.Y. 1993:

1. Change total levy revenue from the greater of \$60 times weighted ADM or the Pay 1989 levy, to the greater of \$48 times weighted ADM or 5/6 of the Pay 1989 levy.
2. Modify the definition of weighted ADM to weight secondary pupils at 1.3, rather than the current weight of 1.35, to be consistent with changes recommended in the General Education Program (see Program Budget 0101).
3. Retain the current tax rate (1.43% of adjusted net tax capacity).

Program: 06 Education Organization/Cooperation 1992-93 Biennial Budget
Agency: Education Aids

0605 COOPERATION AND COMBINATION

Citation: M.S. 124C.02
MDE Admin: 1502 District Financial Management and Transportation
Federal: None

PURPOSE:

To provide incentives for two or more school districts to improve and expand existing programs and services for students through Cooperation and Combination of the districts. More specifically, the program objectives are to:

- provide significant funding incentives to encourage more long-term, permanent forms of school district reorganization in Greater Minnesota;
- create more viable school districts which will provide more equitable and quality programs and services for rural students, exceeding State Board of Education and local requirements;
- ensure involvement of all staff and the public in the development and implementation of a comprehensive plan for Cooperation and Combination; and
- provide alternative means for dealing with issues which often prevent permanent reorganization, such as school sites and/or new school board formation.

The intent of Cooperation and Combination is to help create more program opportunities for students and cost-effective school districts, and to help convince local school communities that continued cooperation through combination is in the best interest of both students and communities.

DESCRIPTION:

Interested school districts must meet minimum criteria outlined below and prepare a Cooperation and Combination Plan. The plan is submitted to the State Board of Education for review and comment, and the State Board must approve the proposal for Cooperation and Combination revenues to be received. Criteria and requirements for approval of the Cooperation and Combination Plan include the following:

- two or more school districts with 400 or more students in Grades 7-12, or two school districts, both of whom qualify for sparsity revenue, or three or more school districts;
- school boards must pass a resolution to provide at least secondary instruction cooperatively for one or two years, and to combine into one district after cooperating;
- develop a Cooperation and Combination Plan including the following features:
 - a. a description of academic program improvements such as secondary course offerings and the development of learner outcomes;
 - b. a plan to involve school staff and community in the development and implementation of plan, with timelines;
 - c. a plan for a new combined district school board, including election districts and elementary advisory board, if desired;
 - d. procedures to combine teacher and other collective bargaining units, and to select one superintendent;

- e. early retirement, severance pay, and health insurance benefits to be offered to licensed and nonlicensed staff, if desired;
 - f. procedures for a referendum on combining the districts in year one or two of cooperation; and
 - g. estimated Cooperation and Combination revenue budgets for five years.
- a summary of the Cooperation and Combination Plan or any plan modifications with State Board review and comment must be published in local official newspapers;
 - a public referendum on the question of combination must be held in year one or two of cooperation. If the referendum(s) fail or the plan is not implemented, there is a provision for the recapture of Cooperation and Combination revenues received down to the level of \$60 per pupil unit a year;
 - school districts with an approved Cooperation and Combination Plan may receive revenue equal to \$100 per pupil unit served up to a maximum of \$200,000 for the group for each of the first four years of the program. The revenue is equalized at a percentage of the equalizing factor used for the General Education program. The percentage of the equalizing factor used is 100%, 75%, 50%, and 25%, respectively, for the first, second, third, and fourth years of the program. After the fourth year, school districts which are not members of an Education District may levy \$50 per pupil unit served up to \$50,000 for every year thereafter. In addition to the equalized revenue, school districts also receive \$100 per pupil unit served in additional aid in the first year of cooperation and in the first year of combination;
 - the districts levy for Cooperation and Combination revenue, transition expenses, and severance or early retirement incentives as desired; and
 - Cooperation and Combination Plans are reviewed by the Minnesota Department of Education (MDE) staff. All requirements of law and the guidelines of the State Board and MDE must be satisfied for the applicant districts to receive a positive review and comment on their plan, and levy authority for any of the levies.

PERFORMANCE:

Six groups, involving 13 districts, are participating in F.Y. 1991. Three of these groups (6 districts) have passed a combination referendum. Twelve additional groups (29 districts) have received approval of their plans and will receive program funding in F.Y. 1992. This new program has resulted in the encouragement of permanent school district reorganization at a rate not experienced in Minnesota in 20 years. With the revenue incentives, cooperating districts have been able to continue to expand and improve programs and services for youth, making a more attractive rural educational community.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Approved cooperating or combining groups	---	---	6	12	20
Member school districts	---	---	13	29	46
Pupil units served	---	---	8,281	16,676	29,585
Total revenue	---	---	\$ 1,656.2	\$ 2,962.6	\$ 4,779.5
Levy	---	---	\$ 246.3	\$ 420.8	\$ 854.9
State aid	---	---	\$ 1,409.9	\$ 2,541.8	\$ 3,924.6

PROSPECTS:

Cooperation and Combination provides needed incentives for cooperating school districts to

Program: 06 Education Organization/Cooperation
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

COOPERATION AND COMBINATION

voluntarily and permanently reorganize their districts through combination. There is a great need for many small, rural districts to cooperate and combine, and this program provides an attractive alternative to a consolidation or dissolution process. The more equitable and quality programs and services for students which result from such cooperative efforts are well documented. Lacking such cooperation, small districts have great difficulty in maintaining or expanding educational programs and services without burdensome excess levy referendums. Even then, without an adequate student base, programs and services are still limited. The cost of expanding programs and services to provide equal educational opportunities for all students in Greater Minnesota in school districts as presently organized would be prohibitive. The only realistic option is to encourage district reorganization so the inherent program and cost efficiencies of larger districts will make this goal more achievable. The Cooperation and Combination program is accomplishing this goal.

With the expectations for improved educational programs and services, expansion of teacher training, the need of upgrading or replacement of many school facilities, and limited local and state resources, the need for school district reorganization is great.

As a result of the need to provide incentives for districts to participate in district reorganization and in recognition of the improved educational opportunities for students that are a result of Cooperation and Combination efforts, MDE anticipates an additional state aid entitlement of \$1,140,000 for F.Y. 1992 and \$2,523,000 for F.Y. 1993 over the annual base entitlement of \$1,402,000.

Alternatives Considered:

In order to meet these increasing needs, MDE has identified the following alternatives for consideration given the annual base entitlement:

- Fund this program at the base funding level. In less than a year, 29 school districts are participating in this program, and many more have expressed an interest. In terms of voluntary school district reorganization, this program has experienced a rapid and successful start. However, without the incentives included in Cooperation and Combination and without additional funding, school district reorganization would proceed at a much slower rate.
- Mandate school district reorganization. This is attractive from a cost efficiency point of view, but the political cost would likely be high. School communities would lack involvement in the reorganization process that Cooperation and Combination affords. A geographically logical combination is not necessarily the best if community relations are not as they should be. If this must be done because of resource reasons, better to do it over 3-5 years, with school community involvement and choices.

GOVERNOR'S RECOMMENDATION:

The Governor recommends increasing the aid and levy funding for this program from the F.Y. 1991 level of \$1,648 to \$1,660 for F.Y. 1992 and \$3,700 for F.Y. 1993 through the following modifications in the Cooperation and Combination funding formula beginning in F.Y. 1992:

1. For school districts which will combine effective 7-1-91 (ISD's 70, 78, 691, 693, 830, and 913), total equalized aid plus levy revenue remains at \$100 times weighted ADM. For all other districts, change total equalized aid plus levy revenue from \$100 times weighted ADM to \$62 times weighted ADM.

2. For school districts which will combine effective 7-1-91, total additional aid for the first year of combination remains at \$100 times weighted ADM, spread over two years. For all other districts, change total additional aid for the first year of cooperation and the first year of combination from \$100 times weighted ADM to \$62 times weighted ADM, and spread over two years.

3. Modify the definition of weighted ADM to weight secondary pupils at 1.3, rather than the current weight of 1.35, to be consistent with changes recommended in the General Education Program (see Program Budget 0101).

4. Set the equalizing factor for this program at \$10,110 and retain the current percentages of equalizing factor.

The Governor recommends an aid entitlement of \$1,337 for F.Y. 1992 and \$2,936 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$1,347 in F.Y. 1992 (\$210 for F.Y. 1991 and \$1,137 for F.Y. 1992), and \$2,696 in F.Y. 1993 (\$200 for F.Y. 1992 and \$2,496 for F.Y. 1993).

REVISED 3/28/91

Revised as of March 28, 1991

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0605 COOP/COMBINATION

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$	\$ 1,402	\$ 1,402	\$ 1,402
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Revenue Incr. (Decr.):				
Fy91 Participants		9	<364>	<444>
Fy92 New Districts			1,679	1,376
Fy93 New Districts				3,832
Levy Decr. (Incr.):				
Fy91 Participants		<1>	8	<129>
Fy92 New Districts			<183>	<256>
Fy93 New Districts				<409>
3.CURRENT ENTITLEMENT		1,410	2,542	5,372
4.FUNDING EXCESS/DEFICIENCY		<8>		
5.POLICY CHANGES RECOMMENDED				
Revenue (Decreases):				
Change WADM Computation			<61>	<109>
Equalized Rev \$62 Per			<451>	<1,174>
Pupil Unit (Early				
Combinations At \$100)				
Addtl Aid \$62 Per Pupil			<791>	<1,430>
Unit-Spread Over 2 Yrs				
(Early Combinations At				
\$100)				
Levy Decrease			98	277
Total Policy Changes			<1,205>	<2,436>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			1,337	2,936

REVISED 3/28/91

Revised as of March 28, 1991

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0605 COOP/COMBINATION

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
	-----	-----	-----	-----
7. APPROPRIATIONS BASIS:				
Current Year		1,192	1,137	2,496
Prior Year			210	200
Transfers (M.S. 124.14)				
	-----	-----	-----	-----
Total Funding (State General Fund)		1,192	1,347	2,696
	-----	-----	-----	-----
8. LEVY AUTHORITY		246	323	764

ACCESS TO EXCELLENCE (07)

	<u>Page</u>
0701 PER Process Aid	171
0702 Restructuring Research and Development	173
0703 Restructuring Assistance	176
0704 Area Learning Centers	178
0705 Arts Planning Grants	181
0706 Summer Program Scholarships (NECB)	183
0707 Outcome Based Education	186

ACCESS TO EXCELLENCE

Program: 07 Access to Excellence
Agency: Education Aids

1992-93 Biennial Budget

0701 PER PROCESS AID

Citation: M.S. 124.274; 126.661-126.666; 126.67
MDE Admin: 1404 Assessment
Federal: None

PURPOSE:

To increase involvement of the public in the planning, evaluating, and reporting of learning outcomes in the public schools, and to strengthen district processes of curriculum evaluation and improvement. The specific objectives of the Planning, Evaluating, and Reporting (PER) law are to:

- increase community participation in all phases of planning and evaluation of school curricula and learning outcomes, so that school programming and methods of instruction are responsive to the changing needs of district residents, and to the changing requirements of the State Board of Education for curriculum, graduation, and outcome-based education;
- establish district goals and learner outcomes for all subjects, and to communicate these to all residents of the district so as to increase the awareness of available, relevant education opportunities and the expected learning outcomes;
- identify at-risk students who are not achieving district standards, particularly in communications and mathematics, and to design and implement programs of Assurance of Mastery to specifically address the needs of these students;
- establish a curriculum review cycle and program evaluation process to ensure that ongoing development and revision of district curricula occurs, and that the evaluation results are communicated to all district residents and the Minnesota Department of Education (MDE).

The intent of the PER process is to improve curriculum planning, evaluation, and reporting in such a way as to increase community involvement with the schools, improve school/community public relations, and provide a vehicle for sharing information about the accomplishments of public schools with district residents.

DESCRIPTION:

The PER law is a process-oriented approach to public school district program accountability. Each district is to establish a curriculum advisory committee comprised of parents, other community residents principals, teachers, and district support staff, to permit active community participation in all phases of the PER process. For the annual evaluation of programs, districts collect and analyze students performance data and other evaluation results for those subjects under review in the district curriculum review cycle. New state assessment tests are used by districts as a part of the evaluation process as they become available for district administration. Evaluation of the district's testing program is conducted on an alternate year basis. Districts publish and communicate the results of their evaluations to district residents annually and submit a copy of that report to the Commissioner of Education by October 15 of each year.

Districts that complete the process and receive approval from the Commissioner of Education are eligible to receive \$1 times the average daily membership (ADM), but not less than \$1,500 for the applicable school year. This state aid is paid in the year following the year the process is conducted.

PERFORMANCE:

Participation in this program has steadily increased since the law was enacted in 1976, and for F.Y. 1991 all school districts participated. Through the local PER process, all districts have established

curriculum advisory committees, and all districts are developing goals and learner outcomes for all subjects.

The establishment of learner outcomes is of special significance to the MDE objective of developing outcome-based education, including curriculum integration, instructional redesign, and staff development activities for district staff. The Assurance of Mastery programs are of special significance to the MDE objective of providing prevention/risk reduction services for children and youth.

The curriculum review cycle and program evaluation process is now an ongoing part of the planning process in all districts. It is an effective means to improve curriculum in response to changing needs, and also to provide the district accountability and increased community involvement that are so significant to the improvement of education in Minnesota.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Gross state aid	\$ 1,024.7	\$ 1,031.0	\$ 1,046.3	\$ 1,062.2	\$ 1,078.4
Prorated state aid	\$ 1,022.5	\$ 1,031.0	\$ 1,046.0	\$ 1,062.2	\$ 1,078.4
Number of districts	431	431	432	432	432

PROSPECTS:

The PER law provides incentives and a useful hands-on "vehicle" for ongoing curriculum development, revision and evaluation. The direct involvement of community members is required which ensures that decisions relating to the improvement and restructuring of education will occur through a participatory process. Community involvement is critical to the success of the restructuring efforts scheduled for the upcoming biennium and beyond. The PER process also provides the flexibility of implementation needed for local plans and methods that will be designed to achieve the overall changes required in the restructuring of education processes, including the use of learner outcomes.

Due to projected increases in student enrollment in Average Daily Membership (ADM), the projected increase to the annual base entitlement of \$1,046,000 is \$17,000 for F.Y. 1992 and \$33,000 for F.Y. 1993.

Alternatives Considered:

In order to meet these increases, MDE identified the following alternative for consideration:

- Reduce the statutory aid formula to the amount that the annual base entitlement will support. This alternative may have a negative impact on cooperative participation in the program.

GOVERNOR'S RECOMMENDATION:

To operate this program within the annual base entitlement, the Governor recommends a change in the statutory aid formula for F.Y. 1992 and F.Y. 1993 as follows: Change the amount of state aid per ADM from \$1 to 98 cents and lower the minimum aid for districts with fewer than 1,500 ADM to \$1,461.

The Governor recommends an aid entitlement of \$1,038 for F.Y. 1992 and \$1,054 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$1,038 in F.Y. 1992 and \$1,054 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0701 PER PROCESS AID

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 1,038	\$ 1,046	\$ 1,046	\$ 1,046
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Increase In ADM			17	33
Combination Of Variables	<7>			
3.CURRENT ENTITLEMENT	1,031	1,046	1,063	1,079
4.FUNDING EXCESS/DEFICIENCY	7			
5.POLICY CHANGES RECOMMENDED				
Revised Formula-98 Cents			<25>	<25>
Per ADM With Minimum Of				
\$1,461 Per District				
Total Policy Changes			<25>	<25>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			1,038	1,054
7.APPROPRIATIONS BASIS:				
Current Year	1,038	1,046	1,038	1,054
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	1,038	1,046	1,038	1,054
8.LEVY AUTHORITY				

Program: 07 Access to Excellence
Agency: Education Aids

1992-93 Biennial Budget

0702 RESTRUCTURING RESEARCH AND DEVELOPMENT

Citation: M.S. 121.111; Laws 1989, Chap 329, Art 7, Sec 21-23
MDE Admin: 1405 Educational Leadership, Office of
Federal: None

PURPOSE:

To conduct research and development functions which will result in the transformation of education in Minnesota. The Office of Educational Leadership (OEL) through its work with the 10 Research and Development (R&D) sites, develops the competence of school districts, education districts and other educational organizations in the development of policies and practices which maximize the attainment of educational outcomes for all learners. The OEL creates linkages between elementary/secondary schools and the postsecondary system for the creation of new models of teaching and learning. The activities of OEL create changes in the education system which will develop an agenda for youth with the following outcomes:

- increased performance for all youth in developing and utilizing higher level skills and the ability to manage change;
- establishment of values, attitudes and skills for all youth that lead to increased quality and productivity in the society and the work place;
- elimination of the disparity in educational achievement between youth of color and other youth; between youth of low, middle, and high income homes; and between youth from low and high risk homes;
- elimination of the disparity in educational achievement in math, sciences, technologies and leadership between males and females; and
- creation of education sites and an education system which can rapidly change to meet the needs of youth in a society with new and emerging social, economic, and technological priorities.

The intent of this activity is to provide the requisite resources to the 10 R&D sites so that the plan of OEL can be implemented to provide the data which supports the continued transformation of Minnesota education.

DESCRIPTION:

OEL is conducting research in 10 R&D project sites. Each R&D project site has identified specific buildings called learning sites in which the research is conducted and the technical assistance is delivered. The focus of the research is on the processes and practices which will transform Minnesota schools to better meet the emerging needs of students in the 21st century. These sites were selected through a competitive process to represent the demographic, geographic, and degree of knowledge of outcome-based education as reflected in the schools of the state. The sites will be asked to recommit to the work of OEL in F.Y. 1991.

PERFORMANCE:

The transformation of Minnesota schools is a long-term process requiring a minimum of 10 years. The support of this process is provided by this activity through the provision of technical support and evaluation of the process being implemented. Significant progress has been made recently in encouraging and facilitating transformation of Minnesota schools. Identification of the theoretical bases, and the effective processes and practices for the transformation of Minnesota education is

critical to the maintenance of Minnesota's position as a national educational leader and to the success of all learners in the state. These theories and the practices and processes which support them were implemented in the R&D sites as follows:

- 17 outcomes which lead to a transformed educational program were field tested in 10 R&D sites comprised of 36 school buildings in 27 local districts, serving students ages 5-18;
- grants of \$100,000 were awarded to each of the 10 R&D sites to create a leadership team comprised of a central office staff member, the building administrator and 3 to 5 teachers, and to support the training of this team and the requisite staff development of the school staff;
- teams from 9 of the R&D sites participated in a comprehensive 10 day clinical workshop in which the 17 outcomes were implemented in a simulated educational setting using teaching teams and multi-aged groups of students ages 5-15 years; and
- teams from the R&D sites participated in a special workshop for decision-makers on the topic of change and transitions to support the implementation of the organizational and instructional changes which the OEL is creating in the project sites.

As a direct result of the summer clinical workshops, leadership teams have generated a level of enthusiasm for the transformation process. Those teams have also begun implementing the plans which they developed at the clinical workshop. The implementation includes the utilization of new skills, strategies, and practices to change curriculum to outcome-based with modified instructional processes, the increased use of multiple assessment procedures, and new organizational configurations all of which support the development of a personalized learning process for students.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
R&D project sites	10	10	10	10	10
Districts (in sites)	27	27	27	28	28
Buildings (in sites)	35	49	52	53	54
Workshops	0	12	15	15	15
Partnerships	0	1	1	3	3

PROSPECTS:

The OEL provides to the Minnesota Department of Education (MDE), through the R&D sites, the capacity to test the processes involved in the transformation of education which will support the development of learning experiences for all learners, to assess their impact on learners and staff, and to evaluate what works and what does not. The OEL uses the R&D sites to field test the components of the State Plan for the Transformation of Education. These sites provide valuable feedback which allows identification of issues and factors affecting the implementation of theory into practice. Without the R&D sites, dissemination and implementation of research into the public schools would be severely reduced.

Continued support of the 10 R&D sites will allow the OEL to:

- develop and research strategies which assure the establishment of meaningful parental involvement in the learning experiences of Minnesota youth;
- develop and research integrated outcome-based curriculum models which use multiple assessment templates;
- develop and research the impact of partnerships with colleges/universities which lead to the utilization of the characteristics of a transformed education system on teacher and administrator preparation programs;
- develop and research the impact of outcomes for central office staff and superintendents which

0702 RESTRUCTURING RESEARCH AND DEVELOPMENT

will support the changes necessary to transform the education system; and

- create a research referenced data base on the transformation process which can be disseminated to the project sites, Minnesota schools and colleges, and to national and international audiences.

As a result of the increase in restructuring efforts, and the need to expand the dissemination of research results for the R&D sites and to support the implementation of this research into other schools, funding needs are expected to increase by \$200,000 for F.Y. 1992 and \$200,000 for F.Y. 1993 over the annual base funding of \$525,000.

Alternatives Considered:

MDE identified the following alternative for consideration given the base level of funding:

- Expansion of R&D sites will, by design, be limited to only 10 project sites. Research activities in the project sites, the distribution of research findings which support the transformation of the schools of the state, and the creation of partnerships with higher education agencies will be delayed.

The OEL will continue to research the process of transforming Minnesota's education system through the implementation of an outcome-based system of education. Reports will be made to the legislature as required.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease of \$100,000 from the base funding level for each year of the upcoming biennium (total decrease of \$200,000). The \$200,000 is reallocated to Outcome-Based Education (see Agency Budget, Program 14 Educational Services).

The Governor recommends an aid entitlement of \$425 for F.Y. 1992 and \$425 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$425 in F.Y. 1992 and \$425 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0702 RESEARCH & DEVELOPMENT

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 278*	\$ 772	\$ 525	\$ 525
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT	278	772	525	525
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Reallocate To OBE			<100>	<100>
In MDE Agency Budget				
Total Policy Changes			<100>	<100>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			425	425
7.APPROPRIATIONS BASIS:				
Current Year	278	772	425	425
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	278	772	425	425
8.LEVY AUTHORITY				

(*) \$1,050 biennial appropriation less \$772 balance forward to F.Y. 1991

0703 RESTRUCTURING ASSISTANCE

Citation: M.S. 121.111; Laws 1989, Chap 329, Art 7,
Sec 21-23
MDE Admin: 1405 Educational Leadership, Office of
Federal: None

Note: Also see Program Budget 0702, Restructuring Research and Development.

PURPOSE:

To provide technical assistance to Research and Development (R&D) sites through the Office of Educational Leadership (OEL) in the Minnesota Department of Education (MDE). Specifically, these state funds are used for:

- support staff positions (4.0);
- professional services, interchange agreement (the interchange agreement provides funds to use a school district staff member to provide inservice and other professional services in the implementation of restructuring research and development programs);
- grants to school districts in support of clinical workshops; and
- supplies and expenses, including travel, purchased services, and professional-technical services.

OEL has 6 major functions: the transformation of learning sites through exploration and leadership training; the transformation of central offices through exploration and leadership development; networking of staff from learning sites; the provision of technical assistance to varied audiences; the conceptualization of leadership to facilitate the transforming of education; and the development of partnerships among and between all agencies to support children.

DESCRIPTION:

OEL uses the 10 R&D project sites as the location for a comprehensive research and development effort which will transform education in the state of Minnesota. OEL staff provide technical training to project site staff through outcome-based clinical workshops, institutes focused on specific topics, and on-site visitations. The focus of these efforts is the implementation of processes which will provide a data base to support the state's efforts to transform education in Minnesota.

OEL, through its work with the R&D sites, will develop and research:

- new leadership roles for building and central office staff in the process of transformation;
- the effects of partnerships with higher education to develop new preparation programs for teachers and administrators;
- partnerships with other agencies which support children; and
- institutes which focus on specific strategies which respond to the emerging needs of the clients.

PERFORMANCE:

The OEL provides services and technical assistance to develop and support those activities which form the basis for education reform and restructuring in Minnesota. Specifically, OEL has:

- developed and field tested 17 education outcomes using the 10 R&D sites;

- developed criteria and application processes, and awarded \$100,000 to each of the 10 R&D sites to implement research findings; and

- provided clinical workshops at the 10 project sites.

The implementation of research-based and outcome-oriented education includes assisting schools in development of new skills, strategies, and practices to change present curriculum to outcome-based curriculum. OEL assists schools in modifying instructional processes, using multiple assessment procedures, and, if necessary, reorganizing instructional delivery systems as schools implement restructuring concepts and practices.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
R&D project sites	10	10	10	10	10
Districts (in sites)	27	27	27	28	28
Buildings (in sites)	35	49	52	53	54
Workshops	0	12	15	15	15
Partnerships	0	1	1	3	3

PROSPECTS:

The OEL will continue to provide the research and development capacity to evaluate and encourage implementation of processes which will improve instruction and learning for all learners. The need for partnerships between colleges, universities, school districts, private education agencies, and parent groups is expected to continue. As Minnesota continues to strive to make the educational system more learner-oriented and outcome-based, the need for better and more appropriate assessment tools, different leadership styles, and research-based instructional decision-making will continue to be required by the majority of school districts.

To meet the increasing demand for technical assistance in restructuring efforts of schools, additional professional and support staff is necessary. As partnerships increase between colleges and universities, and the need for dissemination of research results from the R&D sites increases, MDE support and services become increasingly more important.

Operating within the annual base funding level will constrain the creation of outcome-based systems in the R&D sites and the dissemination of research results from the sites to local, state, and national audiences. The number of R&D sites will remain constant over the upcoming biennium and the workshops designed to support the processes will decrease in number.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the conversion of the manager position from unclassified to classified, to bring the position into compliance with the Office of Employee Relations Rule 43A.15, Subd. 7. This change will have no fiscal impact.

The Governor further recommends an aid entitlement of \$250 for F.Y. 1992 and \$250 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$250 in F.Y. 1992 and \$250 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0703 R&D TECH ASSISTANCE

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 250	\$ 250	\$ 250	\$ 250
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Combination Of Variables	<29>			
3.CURRENT ENTITLEMENT	221	250	250	250
4.CANCELLATION	29			
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			250	250
7.APPROPRIATIONS BASIS:				
Current Year	221	250	250	250
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	221	250	250	250
8.LEVY AUTHORITY				

0704 AREA LEARNING CENTERS

Citation: M.S. 124C.45 - 124C.49
MDE Admin: 1411 Education Development
Federal: None

PURPOSE:

To encourage school districts to establish and expand alternative methods of education to serve secondary students and adults who are unable to be successful in traditional educational programs.

More specifically, the Area Learning Centers (ALCs):

- provide meaningful learning strategies to better serve the needs of students at risk of academic failure; and
- develop an outcome-based system to better assess student progress of essential outcomes and to provide the basis for developing learning strategies.

DESCRIPTION:

School districts are encouraged to establish an ALC, individually or in cooperation with other organizational entities. Except for districts located in cities of the first class, the ALC must serve two or more school districts and operate a year-round program. Eligible students do not need the consent of the district of residence to enroll. Eligible secondary students (ages 12-20) are those who:

- are chemically dependent;
- are not likely to graduate from traditional programs;
- need assistance with vocational and basic skills;
- can benefit from employment experiences;
- need assistance in transition from school to employment; or
- are referred by a district as being at risk of not graduating.

Adults eligible are those who:

- are dislocated homemakers and workers; or
- need basic educational and social services.

In addition, the ALC may provide programs for elementary and secondary students, not attending the center, to assist them in completing high school. They may also provide services to elementary students referred by a district as being at risk of not graduating.

In F.Y. 1988, districts were invited to submit competitive proposals to expand their programs and establish an ALC. Twenty districts were awarded grants to prepare and submit detailed development plans. Based upon the plans, 4 sites were designated as exemplary area learning centers, and each was awarded an implementation grant in F.Y. 1989. A 2-year, independent evaluation of the program, including an analysis of center costs at the exemplary sites, was completed. The report was submitted to the legislature on February 1, 1990. From this beginning, the ALC program has grown to over 30 sites in F.Y. 1991.

PERFORMANCE:

During the 1989-91 biennium, a competitive grant system existed for both exemplary and designated ALCs, with emphasis on demonstration, replication, and staff inservice activities. Individual grant

awards were limited to \$10,000 annually. The inservice opportunities included improving curriculum; improving skills in teaching methodology; facilitating coordination with other education, social and work experience services; and planning service models for 12-15 year old students and students at the elementary age level. Major emphasis was on the development of learner outcomes in language arts, mathematics, and social studies. Technical assistance was also provided to more than 50 alternative programs in the state.

During the 1991-93 biennium the competitive grant system will continue for designated ALCs (exemplary status ended by law on June 30, 1990), with continuing emphasis on demonstration, replication, and staff inservice activities. Individual grant awards will again be limited to a maximum of \$10,000 annually with major emphasis on learning plan relationship to learner-outcomes; continuation of outcome development, outcome assessment, curriculum development and learning strategy development relative to outcomes; expansion of model program development for middle school and elementary students; other assessed needs; and co-locating opportunities. Technical assistance will be provided to Minnesota alternative programs and regular school programs as appropriate.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Area Learning Centers					
Number designated	18	26	35	40	45
Secondary students served (ages 12-20)	2,675	6,800	8,000	12,000	16,000
Adults served	1,370	1,400	1,800	2,200	2,600
Elementary students served	0	0	50	500	1,000
Funding grants					
Exemplary sites	4	4	0	0	0
Demonstration/replication sites	---	15	26	35	40
Grant expenditure (000s)	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150

PROSPECTS:

Experience shows both a large increase in the number of ALCs designated and the numbers of students served by the centers. Centers are now located in all 3 cities of the first class, many of the surrounding suburbs, and all Greater Minnesota education regions of the state. Distance and transportation problems are factors contributing to the need for additional sites in Greater Minnesota and in a few suburbs.

During the past 3 years, secondary students (ages 16-20) represented the largest population group served by the centers. This trend is projected to continue. It is also projected that there will be a large increase in the number of 12-15 year olds and a modest increase in the number of elementary students being served as centers more fully develop programs for these age groups.

Designated ALCs are projected to increase in number steadily in the upcoming biennium. Student enrollment is expected to more than double as a result of program success and the expansion to services to a broader age-group. Staff size will increase accordingly. The need continues for program focus on improvement of ALCs and alternative education services through demonstration, replication, and program development activities.

Alternatives Considered:

In order to meet the increasing needs of at-risk students, MDE identified the following alternative for consideration given the annual base funding of \$150,000:

- Review and prioritize current activities to remain within the annual base funding level. This would

Program: 07 Access to Excellence
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0704 AREA LEARNING CENTERS

mean a reduction in the amount of individual grants, elimination of the majority of inservice training, and possibly a reduction in the current efforts to address younger at-risk students. The maximum grant award for any one ALC would continue to be \$10,000. All centers would be eligible to apply under the following criteria:

- Demonstration grants would be limited to a maximum of \$2,500 per center to those centers best describing their capability to assist alternative programs and other ALCs in developing the specific program areas required for an ALC by Minnesota Statutes and State Board of Education Rules.
- Program development effort funds would be prorated based on 1) center needs in relation to requirements specified by law or State Board of Education Rules, and 2) previous years of receiving ALC grant funds.
- Staff development funds would be eliminated except as necessary for implementing the program development efforts noted above.
- Funds for current efforts to address elementary at-risk students would be limited to a maximum of 3 centers.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$150 for F.Y. 1992 and \$150 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$150 in F.Y. 1992 and \$150 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0704 AREA LEARNING CENTER

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 150	\$ 150	\$ 150	\$ 150
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT	150	150	150	150
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			150	150
7.APPROPRIATIONS BASIS:				
Current Year	150	150	150	150
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	150	150	150	150
8.LEVY AUTHORITY				

Program: 07 Access to Excellence
Agency: Education Aids

1992-93 Biennial Budget

0705 ARTS PLANNING PROGRAM GRANTS

Citation: M.S. 124C.07; 124C.08
MDE Admin: 1401 Curriculum Services
Federal: None

PURPOSE:

To provide 2-year grants for up to 30 sites each biennium to develop a 5-year school-community plan for arts education in Grades K-12, and to implement the first year of the plan. The specific objectives of the Comprehensive Arts Planning Program (CAPP) are to:

- increase community involvement and participation in long-range planning for improved arts education opportunities for all Minnesota students, Grades K-12;
- encourage arts educators to develop mission statements, program goals, and learner outcomes for at least 6 arts education areas including creative writing, dance, media arts, music, theater, and visual art education; and
- facilitate the development of leadership and organizational skills of committee members.

DESCRIPTION:

Through a competitive application process, Minnesota school districts and communities are selected to participate in CAPP. Upon selection, each site receives a grant to assist in the planning process. All public school districts in the state are eligible to participate in the program. Selection is based on need, commitment, and geographic distribution. State law provides that up to 30 sites may be selected to receive a 2-year grant. The statutory grant amount is \$1,250 per site per year. If grants are awarded to less than 30 sites, the remaining appropriated funds are awarded proportionally to the sites receiving grants.

Participating sites appoint a chairperson and an 8 to 12-member committee consisting of teachers, administrators, school board members, and people from the community. During the first year of the program, site committees enact a thorough planning process which includes evaluation of the current program, an identification of the needs, and a long range plan for improvement. Once a 5-year plan has been submitted, each site receives an additional grant for the second year.

The annual grants to sites support planning efforts. For instance, teachers can be released from teaching responsibilities, mileage and expenses can be paid to community members, etc. The grants, coupled with state leadership and structure, are an important stimulus for program improvement.

PERFORMANCE:

Participation in this program has been consistently strong since its inception 7 years ago. To date 112 school districts have participated in the CAPP process, ranging from large metropolitan districts to small rural ones, including paired or shared districts.

Since this is a 2-year planning grant, the funds are used to establish, organize, and maintain working committees during their first 2 years of existence. The remaining 3 years of the 5-year plan are funded by the local district, community, and/or other sources. Many CAPP sites are able to realize significant accomplishments within their first or second year through their own fund raising abilities.

Examples of accomplishments which CAPP sites have realized include: raising necessary funds to build an auditorium, facilitating the hiring of arts education faculty, identifying district-wide Fine Arts Coordinators, providing leadership in fund raising for arts education resulting in purchase of music

stands, pianos, visual art materials/equipment, theater equipment, and support for field trips and artist residencies.

By taking a leadership role, the CAPP committee is able to improve arts education opportunities for Grade K-12 students, whether in terms of facilities improvement, curricula, supplies, new instructors, or staff development for existing educators.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Number of districts applying	---	45	---	45	---
Number of districts approved	24	30	---	30	---
Approved districts completing plan	---	100%	---	100%	---

PROSPECTS:

All Minnesota students in Grades K-12 should have the opportunity to study and develop proficiency in a variety of arts areas. However, these opportunities often are quite limited or even nonexistent. For instance, quality arts education experiences at the elementary level have been negatively affected since the incorporation of the arts education categorical into the General Education formula in F.Y. 1989. Local CAPP committees have achieved at least partial success in either raising money for improving funding arts education at the elementary level, or by influencing district administrators to reevaluate their views concerning arts education and allocate more money in this area.

With the Planning, Evaluating, and Reporting (PER) process requiring the development of written Grade K-12 curricula in all subject areas, and the emphasis at the state level for the development of learner outcomes for all disciplines, the CAPP process can contribute significantly to the attainment of these objectives. The materials, resources, and technical assistance available through CAPP offer valuable help to districts in their efforts to attain local and Minnesota Department of Education (MDE) goals. This is especially true for districts which are understaffed in arts education areas and which do not offer students a comprehensive arts curriculum.

MDE anticipates full utilization of the base funding of \$38,000 for F.Y. 1992 and \$38,000 for F.Y. 1993.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$38 for F.Y. 1992 and \$38 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$38 in F.Y. 1992 and \$38 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0705 ARTS PLANNING GRANTS

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 38	\$ 38	\$ 38	\$ 38
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Balance Forward	<2>	2		
3.CURRENT ENTITLEMENT	36	40	38	38
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			38	38
7.APPROPRIATIONS BASIS:				
Current Year	36	40	38	38
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	36	40	38	38
8.LEVY AUTHORITY				

Program: 07 Access to Excellence
Agency: Education Aids

 0706 SUMMER PROGRAM SCHOLARSHIPS
 (HECB)

Citation: M.S. 126.56
MDE Admin: None
Federal: None

1992-93 Biennial Budget

PURPOSE:

The Higher Education Coordinating Board (HECB) provides summer scholarships to eligible Minnesota secondary students (Grades 7-12) who attend summer academic programs sponsored by Minnesota postsecondary institutions. The program is designed to:

- encourage students to enrich their learning beyond those academic experiences now provided by their schools;
- provide academic instruction for student enrichment in curricular areas including, but not limited to: communications, humanities, social studies, social science, science, mathematics, fine or performing arts, or foreign language; and
- provide financial assistance to students of need who are interested in attending summer academic programs sponsored by postsecondary institutions.

DESCRIPTION:

The Summer Scholarship for Academic Enrichment program administered by HECB provides scholarships of up to \$1,000 to eligible students who have completed Grade 7, but have not graduated from high school. The scholarship covers tuition and other costs of attendance, such as transportation.

An eligible institution must be accredited by the North Central Association of Colleges, offer at least an associate or baccalaureate degree program, and be located in Minnesota.

In order to be eligible for a scholarship, a student must:

- be a Minnesota resident;
- attend an eligible program;
- have completed at least one year of secondary school (Grade 7), but not have graduated from high school;
- have earned at least a "B" average during the semester or quarter prior to application in the subject area applicable to the summer program the student wishes to attend; and
- demonstrate need for financial assistance. Financial need is determined by taking into account the costs of attending the program, parental Adjusted Gross Income, and the number of dependent children in the family.

An eligible program must be approved by the State Board of Education (SBE) and must: 1) provide academic instruction for student enrichment in curricular areas including, but not limited to: communications, humanities, social studies, social science, science, mathematics, fine or performing arts, or foreign language; 2) be an in-state program 3) not be offered for credit to postsecondary students; and 4) not provide remedial instruction.

An advisory committee assists SBE in approving eligible programs and assists HECB in planning, implementing, and evaluating the scholarship program. HECB is responsible for developing and disseminating information about the program. HECB and the SBE determine the time and manner

for scholarship applications, awards, and program approval.

All scholarships are awarded by HECB. Each eligible institution sponsoring eligible programs designates a representative responsible for assisting HECB. This representative has responsibility for counseling potential applicants, verifying student eligibility, calculating each student's financial need, transmitting scholarship disbursements to award recipients, and refunding appropriate scholarship monies for students who withdraw or do not attend the program for which funds were awarded. All scholarship applications must be approved by the postsecondary institution sponsoring the eligible program and HECB.

PERFORMANCE:

Since 1986, total enrollment in summer programs has increased 19% to 6,627 in the summer of 1990. The proportion of students receiving scholarships has increased from 4.5% in 1986 to 8% in 1990. This increase is the result of greater numbers of students from lower income families meeting eligibility requirements.

In the summer of 1990, 26 postsecondary institutions offered 60 summer enrichment courses. Scholarships were awarded to 634 of students of need, with an average award of \$420 per student. To assure that all applicants received scholarships, rather than on a "first-come first-serve" basis, the HECB provided scholarships from F.Y. 1990 funds for those programs that began in June and July, and used F.Y. 1991 funds after the F.Y. 1990 funds were exhausted for programs that began in July and August. By doing this, the HECB disbursed \$266,000 in scholarships in the summer of 1991, compared to the F.Y. 1991 appropriation of \$214,000.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Summer program	1988	1989	1990	1991	1992
Institutions participating	25	22	23	22	22
Programs offered	45	56	60	56	56
Students enrolled	6,168	6,592	6,627	6,592	6,592
Total awards (000s)	\$ 209.0	\$ 214.0	\$ 266.1*	\$ 214.0	\$ 214.0
Grant for printing brochures (000s)	\$ 5.0	\$ ---	\$ ---	\$ ---	\$ ---
Average award	\$ 377	\$ 378	\$ 420	\$ 337	\$ 337

Scholarship Awards by Income

Level:					
\$0 - 19,999	375	380	449		
\$20 - 27,999	135	153	139		
\$28,000 +	44	33	46		
Total number of awards	554	566	634	634	634

* The total amount of awards for the 1990 summer program is funded with \$214,000 from the F.Y. 1990 appropriation (for courses offered in June), and with \$52,100 from the F.Y. 1991 appropriation (for courses offered in July and August).

PROSPECTS:

Increasing interest and participation in the program is due to growing awareness of the program and its value to students. Increased marketing efforts, particularly to needy and minority students, statutory changes allowing awards to cover all attendance costs rather than only tuition, and increased flexibility in academic eligibility requirements will require additional scholarship funds.

As a result of increased awareness of scholarship availability particularly in minority communities, HECB anticipates increasing funding needs in the Summer Scholarship Program of \$61,000 for F.Y.

Program 07 Access to Excellence
(Commission)
Agency: Education Aids

1992-93 Biennial Budget

0706 SUMMER PROGRAM SCHOLARSHIPS (HECB)

1992 and \$61,000 for F.Y 1993 over the annual base funding of \$214,000.

GOVERNOR'S RECOMMENDATION:

The Governor recommends modification of the income/family size table, used in determining the amount of individual awards, to correspond with base level funding.

The Governor recommends an aid entitlement of \$214 for F.Y. 1992 and \$214 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$214 in F.Y. 1992 and \$214 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0706 SUMMER SCHOLARSHIPS

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 214	\$ 214	\$ 214	\$ 214
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT	214	214	214	214
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			214	214
7.APPROPRIATIONS BASIS:				
Current Year	214	214	214	214
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	214	214	214	214
8.LEVY AUTHORITY				

0707 OUTCOME-BASED EDUCATION STAFF
DEVELOPMENT

PURPOSE:

Outcome-Based Education (OBE) means basing education on outcomes...those specifically stated expectations that students should know or be able to do before they leave school. At the core of OBE are the beliefs that:

- All students can learn if given the time and support to do so.
- Success encourages success.
- Schools control the conditions for success.
- All schools can transform to an outcome-based system if given the time and support to do so.
- Success of some districts will encourage success in others.
- Schools can control the conditions for success if they know how, when, and why for their actions.
- Curriculum (what is learned), instruction (how it is taught), and assessment (what has been learned) be directly aligned to focus on the learner achieving the expected outcomes.

The purpose of this initiative is to provide school sites that have a strong commitment to implementing OBE with the staff development resources necessary to begin successful implementation.

DESCRIPTION:

Outcome-based education, in part, is a process which enhances student learning through acknowledgment of the divergent needs of students and adults. It is accomplished through goal-focused professional growth and empowerment of students, educators, and other school personnel. Instructional restructuring increases collaboration among and between educators, parents, and the community, and incorporates the change process as an integral part of school improvement. For those reasons, this initiative is designed to assist individual sites (schools) with great commitment to outcome-based education instead of a general formula intended to reach all educators. It also recognizes that schools are at different levels in the OBE implementation continuum.

The program would provide assistance for two distinct levels of need. For schools exploring the concept, this program would provide two days of "OBE AWARENESS" staff development for all licensed staff. For those further along, this program would provide up to ten days of staff development and planning time targeted to "OBE IMPLEMENTATION." Most of the costs associated with this staff development initiative would be to pay \$100 per day to teachers who participate in extended year OBE-related staff development and planning activities.

Examples of staff development include:

- 1) Learning what OBE is and how it can most successfully be implemented.
- 2) Developing programs that address individual needs and enhance student opportunities to be actively engaged in productive, cooperative activities that encourage thinking and new ways of learning.
- 3) Incorporating the concept of participatory leadership, staff development, and a positive change environment.
- 4) Involvement in, decision making, and responsibility for: setting goals, determining learner outcomes and desired achievement levels; curriculum; instructional design; monitoring and evaluating programs; hiring, overseeing, and evaluating teachers, school climate; and other management issues.
- 5) Planning for adequate time, resources, support, and facilities required of an effective learning/working environment.
- 6) Planning for teacher leadership training and other ongoing staff development programs.

Participation in this "restructuring instruction" initiative would be voluntary for districts, schools or portions of schools that include at least 150 students. Existing laws, rules, aids, support and assistance would be continued for those schools that do not participate in this new effort. However, for those schools/districts that wish to significantly restructure their instruction, this program would provide increased levels of assistance. Approximately 85 schools at the awareness level and 30 schools at the implementation level would be able to participate the first year and 153 awareness schools and 110 implementation schools would be able to participate the second year.

The commissioner of education would develop selection criteria and determine which schools would participate each year of the program. The Minnesota Department of Education (MDE) will include at least the following criteria:

- 1) Evidence of willingness by district staff and the community to incorporate outcome-based education fully;
- 2) Completion of a Standards and Criteria of OBE Excellence self assessment tool to help develop school priorities;
- 3) To the extent possible, the selected schools will be geographically well distributed with representation from urban, suburban, and rural areas in approximate numbers to their portion of total students.

MDE, along with a committee representing various education, educational research, and business organizations, would be responsible for the developmental activities necessary to determining and defining components of outcome-based education. One developmental activity would be to develop a research-based assessment instrument that would define outcome-based criteria and standards of excellence. Examples of possible criteria include extensive use of learner outcomes, providing multiple instructional models, and using alternative assessment approaches that test difficult-to-measure outcomes. Interested districts/schools would complete this assessment instrument so they could assess and demonstrate their commitment to restructuring or restructuring already taking place, including a local board of education resolution. Schools would submit their willingness to restructure/existing restructure scores to the restructuring committee for possible qualification for restructuring assistance. The committee, after reviewing the scores of interested schools, would develop a qualification score to determine the order in which schools would be eligible for restructuring assistance. Another responsibility of the committee would be to explore implications for teacher education. The biennium funding for the costs associated with developmental activities and maintenance of the committee is estimated to be \$50,000. Special equipment necessary for sites to fully participate in the curriculum, instructional and assessment banks and electronic networks would be provided to each site. Costs of equipment are estimated to be \$5,000 per site.

PROSPECTS:

Schools throughout the country which have implemented outcome-based education have reported their schools to be more effective in dramatically improving student achievement, attendance, grades and self-esteem. Minnesota wants success for all its students. Outcome-based education is a very comprehensive process which can bring success for students.

Minnesota educators indicate they can change to a system of outcome-based education given the time and the staff development support to do so. They want the same success for Minnesota students which has been reported in other OBE sites in the United States.

Often, the methods and materials available to teachers are limiting and fail to meet the needs of our most challenging students, particularly with respect to teaching in a limited structure (lecture, textbook, worksheet). Educators and parents may not be aware of alternatives which may be offered to students. Frequently, teachers desire to try new strategies but may not have the knowledge, tools or time to develop the lessons or individual plans in a quick and efficient manner. Often, the call for change has not been accompanied by concrete, practical staff development and teaching strategies which may be incorporated by classroom teachers. This initiative provides schools that have a strong commitment to implementing OBE with the staff development resources necessary to begin accomplishing that effort.

Program: 07 Access to Excellence
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0707 OUTCOME-BASED EDUCATION STAFF DEVELOPMENT

GOVERNOR'S RECOMMENDATION:

In order to supplement Outcome-Based Education Staff Development during the upcoming biennium, the Governor recommends the following plan of 5 basic components:

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
1. OBE Developmental Team	\$ 50	\$ 0
2. Equipment for Sites	150	550
3. OBE Assistance Support	390	430
4. School Site Awareness Staff		
Development	510	920
5. School Site Implementation	<u>900</u>	<u>3,300</u>
Total	\$ 2,000	\$ 5,200

The Governor recommends an aid entitlement of \$2,000 for F.Y. 1992 and \$5,200 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$2,000 in F.Y. 1992 and \$5,200 in F.Y. 1993.

EDUCATION AIDS GOVERNOR'S BUDGET
(Dollars Thousands)

0707 OBE STAFF DEVELOPMENT

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$	\$	\$	\$
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT				
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
New Initiative			2,000	5,200
Total Policy Changes			2,000	5,200
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			2,000	5,200
7.APPROPRIATIONS BASIS:				
Current Year			2,000	5,200
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)			2,000	5,200
8.LEVY AUTHORITY				

OTHER EDUCATIONAL PROGRAMS (08)

	<u>Page</u>
A. Health, Safety & Nutrition	190
0801 Tobacco Use Prevention	193
0802 Alcohol-Impaired Driver Education	196
0803 School Lunch Program	199
0804 School Milk Program	
B. Professional Development	
0805 Teacher Centers (Bd. of Teaching)	201
0806 Alternative Licensure, Mentorship (Bd. of Teaching)	204
0807 Alternative Licensure, Minority Fellowship (Bd. of Teaching)	206
0808 Teacher Mentorship	208
0809 Administrator Academy	212
0810 Career Teacher Aid	215
0811 Minority Teacher Incentives	217
C. Miscellaneous Programs	
0812 Integration Grants	219
0813 Rule Compliance (Integration) Levy	221
0814 Cooperation Desegregation Grants	222
0815 Nonpublic Pupil Aid	225
0816 Nonpublic Pupil Program Summary (Information Only)	228
0817 Abatement Aid & Levy	230
0818 Miscellaneous General Levies	233
0819 Teacher Centers (MDE)	234

OTHER EDUCATIONAL PROGRAMS

Program: 08 Other Educational Programs
Agency: Education Aids

1992-93 Biennial Budget

0801 TOBACCO USE PREVENTION

Citation: M.S. 124.252
MDE Admin: 1409 Learner Support/Risk Issues
Federal: None

PURPOSE:

To reduce tobacco use rates in Minnesota by assisting school districts to plan, implement, and evaluate effective tobacco use prevention for students in Grades K-12. The specific objectives of this Tobacco Use Prevention program are to:

- establish and disseminate guidelines, including appropriate learner outcomes, for the development of educational programs and policies that will be likely to reduce tobacco use by young people in Minnesota;
- identify the most effective educational programs, methods, and materials for reducing tobacco use by young people based on current research and practice and to disseminate this information to school districts;
- provide inservice training to appropriate school staff responsible for developing and implementing tobacco use prevention programs and policies; and
- evaluate the effectiveness of school-based tobacco use prevention efforts and identify needs for program improvement.

This program is designed to coordinate with other state and local community efforts, as part of the Minnesota Nonsmoking Initiative, to reduce the impact of the single most preventable cause of death in Minnesota. About 4,500 Minnesotans lose their lives each year to diseases directly attributable to smoking. Because 90% of people who smoke begin by the age of 19, school-based prevention efforts are a primary focus of this statewide initiative.

DESCRIPTION:

School districts that offer a program meeting the following criteria for Tobacco Use Prevention programs are eligible to receive state aid:

1. provide inservice training for staff;
2. provide a Grade K-12 continuum of educational programs;
3. provide a targeted intervention for 12-14 year old students based on evaluated curricula;
4. prohibit tobacco use on school premises by minors; and
5. evaluate program results.

Eligible districts receive the greater of \$1,040 or 54 cents per pupil in average daily membership enrolled in public elementary, secondary or technical colleges, or in nonpublic elementary or secondary schools. The Minnesota Department of Education (MDE) reviews applications for aid annually.

PERFORMANCE:

Participation in this program has remained steady since F.Y. 1988 at approximately 97% of all school districts. Guidelines for Grade K-12 Tobacco Use Prevention programs have been developed by MDE and disseminated to all participating districts. These guidelines were incorporated into the 1990 Model Learner Outcomes for Health Education and will be available to all districts in their

health curriculum review cycle.

MDE also developed guidelines for school tobacco policy development and disseminated these through regional workshops and on-site technical assistance. Prior to the beginning of the Tobacco Use Prevention program, only 3 districts had a tobacco-free policy for students, staff and visitors. As of September 1990, 85% of all districts had a tobacco-free policy. Schools report increasing frequency of taking disciplinary actions and requiring educational programs for students who violate tobacco policies. From F.Y. 1986 to F.Y. 1989 the percentage of schools communicating with parents about a tobacco use policy violation increased from 72% to 84%.

Adolescent tobacco use rates in Minnesota have been monitored in statewide surveys since 1986 by the Minnesota Department of Health and the University of Minnesota in cooperation with MDE. Although experimentation with tobacco products by Minnesota students has declined since 1986, regular use of cigarettes did not decline between 1986 and 1989. In 1986, 59% of Grade 9 students reported smoking cigarettes at least once, compared to 56% in 1989. In the 1986 survey, 62% of Grade 9 males reported trying smokeless tobacco compared to 47% in 1989. However, weekly smoking rates, a measure of students who progress from experimentation to regular use, did not decline between 1986 and 1989. The weekly smoking rate for Grade 9 students was 15% in 1986 and 16% in 1989. Weekly use of smokeless tobacco by Grade 9 males declined from 13% in 1986 to 10% in 1989.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
1. Less than 1,926 Average Daily Membership (ADM)					
a. Number of districts	334	325	327	329	331
b. Average daily membership					
Public elementary-secondary	203,699	195,330	196,990	198,445	199,945
Nonpublic elementary-secondary	4,977	4,992	4,992	4,992	4,992
Technical college	410	417	417	417	417
Total ADM	209,086	200,739	202,399	203,854	205,354
c. Aid entitlement (000s)	\$ 347.4	\$ 338.0	\$ 340.1	\$ 342.2	\$ 344.2
2. 1,926 or more ADM					
a. Number of districts	92	92	92	92	92
b. Average daily membership					
Public elementary-secondary	515,196	525,582	537,594	551,422	565,027
Nonpublic elementary-secondary	39,551	37,663	37,663	37,633	37,633
Technical college	37,699	36,186	36,186	36,186	36,186
Total ADM	592,446	599,431	611,443	625,241	638,846
c. Aid entitlement (000s)	\$ 319.9	\$ 323.7	\$ 330.2	\$ 337.6	\$ 345.0
3. Totals					
a. Number of districts	426	417	419	421	423
b. Average daily membership					
Public elementary-secondary	718,895	720,912	734,584	749,867	764,972
Nonpublic elementary-secondary	44,528	42,655	42,655	42,655	42,655
Technical college	38,109	36,603	36,603	36,603	36,603
Total ADM	801,532	800,170	813,842	829,125	844,230
c. Aid entitlement (000s)	\$ 667.3	\$ 661.7	\$ 670.3	\$ 679.8	\$ 689.2

PROSPECTS:

Tobacco Use Prevention, categorical aid provides an important incentive for school districts to address a critical health issue. Significant progress has been made in developing guidelines, training school staff, implementing programs, and decreasing tobacco experimentation rates. However, both

0801 TOBACCO USE PREVENTION

state and national data are discouraging regarding regular tobacco use. Despite increased Tobacco Use Prevention efforts by local schools, the desired outcome of lower tobacco use rates for adolescents in Minnesota has not been reached. This reflects the need for continued emphasis on Tobacco Use Prevention programs and policies in Minnesota schools. This emphasis includes assisting districts to prioritize health-related issues, coordinate school and community efforts, and integrate tobacco use prevention with new and existing health education and prevention/risk reduction efforts.

As a result of increasing enrollments and the continuing need for prevention programs and public awareness of tobacco related health issues, MDE anticipates under the current statutory formula an additional need in state aid entitlement of \$8,000 for F.Y. 1992 and \$18,000 for F.Y. 1993 over the annual base entitlement of \$672,000.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that separate categorical funding for tobacco use prevention be eliminated beginning in F.Y. 1992, and that funding for this purpose be included in the Prevention-Risk Reduction initiative (see Program Budget 0318).

The Governor further recommends an appropriation of \$100 in F.Y. 1992 for the F.Y. 1991 final adjustment payment.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0801 TOBACCO USE PREVENTION

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 665	\$ 672	\$ 672	\$ 672
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
# Districts Participating		<1>	2	2
(Decr.) Increase In Adm		<1>	6	16
Combination Of Variables	<3>			
3.CURRENT ENTITLEMENT	662	670	680	690
4.FUNDING EXCESS/DEFICIENCY	3	2		
5.POLICY CHANGES RECOMMENDED				
Eliminate Categorical Aid			<680>	<690>
& Reallocate Base				
Funding To Prevention				
Risk Reduction				
Total Policy Changes			<680>	<690>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)				
7.APPROPRIATIONS BASIS:				
Current Year	565	572		
Prior Year		100	100	
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	565	672	100	0
8.LEVY AUTHORITY				

0802 ALCOHOL-IMPAIRED DRIVER EDUCATION

Citation: M.S. 171.29, Subd 2, Clause (b) (3)
MDE Admin: 1401 Curriculum Services
Federal: None

PURPOSE:

To increase the number and quality of educational activities stressing the dangers of alcohol-impaired driving. More specifically, the Alcohol-Impaired Driver Education program objectives are to:

- provide schools with technical assistance and leadership in implementing and/or improving quality alcohol-impaired driver education programs;
- implement and support an elementary (Grade K-6) program stressing the dangers of riding with a driver who has used alcohol prior to driving;
- provide local schools with a Driving While Intoxicated (DWI) Demonstration program utilizing a mobile driving simulator to show the effects of driving while under the influence of alcohol;
- assist schools to develop and/or support student activity groups such as SADD, PRIDE, STOPS, Caring Youth, etc.;
- provide grants to schools as an incentive to encourage youth activity groups to plan and conduct alcohol-impaired driver prevention programs; and
- develop and/or provide local schools with current quality alcohol-impaired driver education materials.

Funding for the Alcohol-Impaired Driver Education program is provided by a portion of the driver license reinstatement fee paid by people who have had their license revoked for alcohol-related driving offenses.

DESCRIPTION:

The Alcohol-Impaired Driver Education program enacted in 1986 was first funded in F.Y. 1988. The funds appropriated are provided through a portion of the \$200 driver's license reinstatement fee. Initially set at 25%, the funding was reduced by the 1988 Legislature to 15% of the reinstatement fee collected from drivers who have lost their license because of alcohol-related driving offenses. Then in 1989, the funding was capped with a \$720,000 annual appropriation for F.Y. 1990 and F.Y. 1991. Funds are transferred to the alcohol-impaired driver education account for the Minnesota Department of Education (MDE) by the Minnesota Department of Public Safety.

The State Board of Education guidelines for distribution of the funds include three categories of allowable expenditures:

1. Grants to school districts and postsecondary schools for the following support purposes:
 - a. school staff development including registration fees, travel expenses, substitute instructor pay, etc.;
 - b. purchase and/or development of alcohol-impaired driver education curricula and equipment designed to serve elementary, secondary, and postsecondary students;
 - c. support of student-centered programs such as Students Against Drunk Driving (SADD),

student committees, etc.;

d. community and parent awareness programs; and

e. evaluation of alcohol-impaired driver education programs and/or curricula.

Schools desiring to participate in this grant program must submit an application which includes a policy statement, implementation plan, and expenditure budget.

2. Grants for program development and services. Districts and postsecondary schools may apply for a grant to develop and/or test new and innovative curricular materials, conduct programs which provide a regional or statewide service, or develop and implement innovative approaches to the alcohol-impaired driver problem. Grants to public schools and postsecondary institutions are awarded annually, on a competitive basis, in the amount of \$350.

3. Administration of the program by MDE. This category includes \$100,000 per year for MDE staff positions and related costs.

PERFORMANCE:

To address alcohol-impaired driving, a 4 point program has been implemented based on current educational research which points to the type of program that has the greatest impact on the age group receiving the service:

1. "Kids-Teaching-Kids" elementary (Grade K-6) program which served 110,000 students in 282 elementary schools during F.Y. 1990, and will serve approximately 80,000 students in 200 elementary schools during F.Y. 1991. The program stresses the dangers of riding in an automobile with a driver who has been drinking, and provides students with positive suggestions when faced with the problem.
2. "Taking Charge" student advocacy program which provided direct service to 223 student groups involving 35,000 students during F.Y. 1990, and will service 200 student groups involving approximately 30,000 students during F.Y. 1991. This program assists school district staff and students to form student advocacy groups which conduct alcohol-related driving prevention activities in their local school and community. The program advocacy project also provides statewide coordination services, newsletters, networking, educational materials, and consultant services.
3. "DWI Demonstration" program which served 36,600 students from 244 secondary schools in F.Y. 1990, and will serve approximately 30,000 students from 200 schools in F.Y. 1991. An electronic driving simulator is used to demonstrate the impact of alcohol on driver performance. The demonstrations provide a forum for youth ages 16-24 to discuss the issues associated with drinking and driving, and to help establish a societal norm that makes drinking and driving socially unacceptable.
4. "Dollars for DWI Prevention" provides state grants to local schools to assist youth groups to plan and conduct alcohol-impaired driver prevention programs. During F.Y. 1990, 123 schools received grants of up to \$750 to support their youth activities. During F.Y. 1991, grants of \$350 will be provided to 205 schools. Examples of activities supported by the grants include implementation of peer-to-peer prevention programs, guest speakers, student training, chemical-free awareness events and chemical-free social activities.

Schools in all Minnesota school districts are provided with opportunities to participate in the programs currently being offered. During the 4 years this program has been funded, 90% of the school districts have participated in one or more of the programs.

Program: 08 Other Educational Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0802 ALCOHOL-IMPAIRED DRIVER EDUCATION

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
A. Program Resources					
License revocations in F.Y.*	37,530	38,619	38,500	38,500	38,500
License reinstatement in F.Y. (estimated at 65% of revocations)	24,540	25,102	25,025	25,025	25,025
Reinstatement fee	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200
Total collections (000s)	\$ 4,162.7	\$ 5,020.4	\$ 5,005.0	\$ 5,005.0	\$ 5,005.0
Grant funding level (000s)	\$ 736.2	\$ 720.0	\$ 720.0	\$ 720.0	\$ 720.0
B. Program Expenditures (000s)					
Grants for program support	\$ 1,001.4	\$ 109.6	\$ 71.3	\$ 70.0	\$ 70.0
Grants for program development/services	308.0	564.4	548.7	550.0	550.0
Program administration (MDE)	90.0	104.2	100.0	100.0	100.0
Total expenditures	1,400.4	778.2	720.0	720.0	720.0

* Source: Minnesota Department of Public Safety.

Note: Expenditures exceed funding level in F.Y. 1989 and F.Y. 1990 due to carryover of funds.

PROSPECTS:

There were 368 drivers killed in Minnesota during 1989 and 313 (85%) were tested for the presence of alcohol. The tests showed that 40% of the drivers who were killed were legally intoxicated and 50% tested positive for alcohol. There were 34,562 DWI arrests in 1989. Thirty-two percent of those arrested were under the age of 25. Thirteen percent of the drivers arrested for DWI during 1989 were under the age of 21. The highest incidence of alcohol-related traffic accidents is in the 15-29 age group. During 1989 this group comprised 47% of Minnesota's alcohol-related traffic fatalities and 57% of the alcohol-related injuries.

The Alcohol-Impaired Driver Education program provides an important incentive for school districts to address a critical social issue. Significant progress has been made in developing curriculum, implementing programs, and increasing alcohol awareness. However, state data are still discouraging regarding the number of alcohol-related driving deaths each year. Despite efforts by the schools, the desired outcome of further decreasing alcohol-related driving deaths has not been reached. This reflects a real need for continued emphasis on alcohol education and awareness. This emphasis includes assisting districts to prioritize health-related issues, coordinate school and community efforts, and integrate Alcohol-Impaired Driver Education with existing health care programs and reduction efforts.

Although the program has had success in reaching 90% of school districts and serving over 500,000 students, the level of service and number of schools participating in the various programs has been reduced with each corresponding reduction in funding level. During F.Y. 1990, the Alcohol-Impaired Driver Education program involved over 270,000 students from 700 schools. To reach all schools desiring to participate in the program, it is estimated that funding based on the original 25% of license reinstatement fees would be required.

To operate this program within the base level of funding, the following services and programs will be provided during each year of the upcoming biennium:

- The "Kids-Teaching-Kids" program will involve 200 elementary schools. Only 18% of elementary students will have access to this program.
- The "Taking Charge" student advocacy program will be provided to approximately 200 schools with student groups, such as SADD, Caring Youth, PRIDE, STOPS, etc. This will serve about 36% of the secondary schools.
- The "DWI Demonstration" program will be used at 200 schools. About 18% of the Grade 10-12 students will participate in the program.
- Program improvement grants of \$350 will be provided to approximately 200 schools. The "Dollars for DWI Prevention" program will provide assistance to about 13% of our schools.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$720 for F.Y. 1992 and \$720 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$720 in F.Y. 1992 and \$720 in F.Y. 1993 from the Special Revenue Fund.

The Governor further recommends that MDE be given authority to spend balances in the Alcohol-Impaired Driver Education Account which exceed the amount appropriated in F.Y. 1992 and F.Y. 1993. These balances are due to carryover of greater than anticipated revenues from previous years and could be used to expand services included in this activity.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0802 ALCOHOL IMP DRIVER ED

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 778	\$ 720	\$ 720	\$ 720
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT	778	720	720	720
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			720	720
7.APPROPRIATIONS BASIS:				
Current Year	778	720	720	720
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (Alcohol Impaired Driver Ed Account)	778	720	720	720
8.LEVY AUTHORITY				

Program: 08 Other Educational Programs 1992-93 Biennial Budget
Agency: Education Aids

0803 SCHOOL LUNCH PROGRAM

Citation: M.S. 124.646
MDE Admin: 1503 Child Nutrition
Federal: 1326 School Lunch Program

PURPOSE:

To provide required state matching funds to assure continuation of federal assistance funds for the National School Lunch Program (NSLP) in Minnesota. The specific objectives of the National School Lunch Program are to:

- safeguard the health and well-being of school age children through providing 1/3 of a child's daily recommended dietary allowances;
- provide a model for healthful eating for children to use throughout life;
- provide a nutritious lunch at an affordable charge so maximum learning can be achieved;
- provide educational resources and training to improve methods of managing and delivering school food service;
- provide technical and management assistance to school food authorities so programs operate within regulations in a most cost-effective manner;
- monitor programs for compliance with federal regulations and state laws; and
- help strengthen the agricultural markets for products produced by American farmers through utilization of government commodities.

DESCRIPTION:

The federal government maintains NSLP with state assistance. The Federal Omnibus Reconciliation Act of 1981 established the NSLP State Revenue Matching (SRM) requirement formula at 30% of Section 4 NSLP funds received during school year 1980-81. The state received \$15,415,000 in Section 4 funds in school year 1980-81; therefore, the minimum SRM requirement for school year 1983-84 and subsequent years is fixed at \$4,625,000. If the state fails to meet the SRM requirement for any school year, the federal assistance funds used by the state during that school year are subject to recall and repayment to the U.S. Department of Agriculture (USDA). The state receives approximately \$56 million annually (\$41 in aids and \$15 in commodities) in federal assistance for the NSLP. This match is met by state funding for storage of USDA commodities and by state reimbursement to public and private schools of at least 7.5 cents for each fully paid lunch served.

Warehouse storage and handling costs are paid for commodities which are received from USDA under Section 14 and then distributed to schools. Commodities received include canned goods, frozen and refrigerated items such as meats, poultry, butter, vegetables, fruits, and cheese; and bulk dry storage items such as flour, rice, beans, rolled oats, bulgur, macaroni, etc. The federal government pays for the commodities and the cost of transportation to designated warehouse sites within the state. The state pays for the storage and handling charges at the storage sites. From the warehouses, the commodities are distributed directly to schools, and the school pays for the transportation cost from the warehouse to the school. Warehouse handling and storage charges are determined through a formal bidding process.

A revolving fund has been established under authority in M.S. 121.11, Subd. 14 for the deposit of proceeds from the collection of transportation and distribution charges, and from salvage of foods.

All monies in this revolving fund are annually appropriated for MDE to be used for distribution of commodities to schools.

State general cash assistance is provided on each fully paid lunch served in schools participating in NSLP. The amount of reimbursement per lunch is determined by first subtracting the estimated warehouse storage and handling costs from the total SRM requirement. The remaining amount is then divided by the estimated number of fully paid lunches to be served during the school year, and the result is the reimbursement rate initially paid on each fully paid lunch. At the end of each school year, the rate of reimbursement is increased or decreased based on actual data so that the total state cash assistance, when combined with the warehouse and handling costs, meets the SRM requirement.

PERFORMANCE:

All but three school districts participate in this program. School lunch menus are regularly monitored for compliance with USDA standards during reviews by Minnesota Department of Education (MDE) staff; technical assistance is provided on site to 1/3 of the School Food Authorities (SFAs) annually, and to all SFAs through inservice programs on regulation interpretation and compliance, and on quality program operation. Management assistance is given to all superintendents requesting help.

STATISTICS:

	Current Law				
	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
A. Number of school food authorities					
1. Public school districts**	426	426	426	426	426
2. Private schools	263	259	259	259	259
B. State revenue matching					
1. Total number of lunches served (000s)	76,061	77,112	77,612	78,112	78,612
2. Number of fully paid lunches (000s)	53,464	54,119	54,328	54,678	55,028
3. State reimbursement per fully paid lunch* (cents)	7.68	7.74	7.68	7.64	7.59
4. State cash assistance B1 x B2 (000s)	\$ 4,106	\$ 4,189	\$ 4,175	\$ 4,175	\$ 4,175
5. Warehouse storage, handling, and distribution costs (000s)	\$ 519	\$ 436	\$ 450	\$ 450	\$ 450
6. Total state expenditures to meet SRM requirements (000s)	\$ 4,625	\$ 4,625	\$ 4,625	\$ 4,625	\$ 4,625

* This rate reflects 7.5 cents plus the amount per fully paid lunch required to be allocated for the fiscal year in order to meet the SRM requirement.

** Due to Pairing and Cooperating agreements, not all school districts have individual food service agreements.

PROSPECTS:

The number of fully paid school lunches served has increased; the increase in 1989-90 was over one million meals. If the increase in meals served continues and state funding is not increased, the state reimbursement could drop below the statutory rate of 7.5 cents per fully paid meal and/or the commodity storage costs could not be paid in full. Schools would then be required to pay for commodity storage. Commodity storage cost decreased in 1989-90 by over \$100,000 due to reduced bonus commodities received and to tightly controlled inventory. Commodity costs are never expected to be less than in 1989-90. Also, the federal reimbursement received the last several years for free

0803 SCHOOL LUNCH PROGRAM

and reduced price lunches has not covered the direct costs incurred by many districts to produce the lunches. Additional revenue to cover the cost of the lunches has had to come from the paying student and/or ala carte sales. Charges for lunches range from 40 cents to \$1.80 with a state average of \$1.14.

In F.Y. 1989 and F.Y. 1990, over 80% of the SFAs operated with deficit spending in their school lunch program despite drastic cuts in labor hours, strict menu and portion controls. Factors contributing to the deficits include: pay equity legislation causing salary increases of 10-100%; reduced availability of federal bonus commodities of approximately 6 cents per lunch causing increased local expenditures; additional "chargebacks" of expenditures for materials or services (for example, custodial services, lunchroom supervision, etc.) incurred in other district funds to the Food Service fund; no increase in the state appropriation for the school lunch program since F.Y. 1984 to cover inflation; and, the level of federal reimbursement for each free and reduced price lunch no longer covering the cost of producing the lunch.

Alternatives Considered:

As a result of the increasing demands placed on the district Food Service Fund and the school lunch program, MDE identified the following alternatives (which will each partially help in meeting funding needs) for consideration given the base level of funding:

- Seek statutory change to prohibit the "chargeback" procedure under Uniform Financial Accounting and Reporting Standards (UFARS) which contributes to the cost of the school lunch program.
- Increase the charge to the paying student which historically has resulted in decreased participation. Since 1982-83, student income and federal reimbursement each have increased 43%, but state funding has remained the same.
- Request the Minnesota Department of Agriculture to replace the "bonus" commodities lost through the federal commodity program.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$4,625 for F.Y. 1992 and \$4,625 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$4,625 in F.Y. 1992 and \$4,625 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0803 SCHOOL LUNCH PROGRAM

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 4,625	\$ 4,625	\$ 4,625	\$ 4,625
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT	4,625	4,625	4,625	4,625
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			4,625	4,625
7.APPROPRIATIONS BASIS:				
Current Year	4,625	4,625	4,625	4,625
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	4,625	4,625	4,625	4,625
8.LEVY AUTHORITY				

Program: Other Educational Programs
Agency: Education Aids

1992-93 Biennial Budget

0804 SCHOOL MILK PROGRAM

Citation: M.S. 124.648
MDE Admin: 1503 Child Nutrition
Federal: 1327 Special Milk Program

PURPOSE:

State funds are provided to assure that all Kindergarten children have access to at least one serving of milk each school day in order to improve their health and nutritional status. This program serves children in full day Kindergarten programs, who participate in a breakfast or lunch program, and thus are not eligible to participate in the federal milk program. This state program also is intended to increase milk consumption in Minnesota.

DESCRIPTION:

The School Milk program provides reimbursement to public and private schools participating in the program at 12 cents (average cost in state) for each 1/2 pint of milk served to Kindergarten students. Each School Food Authority (SFA) applying to participate in the program is reimbursed initially at 8 cents per 1/2 pint of milk served based on estimated servings. A final adjustment payment based on actual servings for the year is made bringing the total reimbursement to 12 cents per 1/2 pint of milk served. Program records are reviewed at the time of conducting a school lunch compliance review.

PERFORMANCE:

In F.Y. 1990, 514 public and private SFAs participated in the state program, and of these, 154 public SFAs also participated in the federal milk program. SFAs (279 public) having full day Kindergarten are not eligible to participate in the federal milk program. In F.Y. 1990, the number of children participating in the state program increased and 284,798 more 1/2 pints of milk were served than in F.Y. 1989. No child is required to accept the milk that is provided.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
A. Public Schools					
1. Number of SFAs participating	335	351	340	340	340
2. Number of Kindergarten students	61,103	61,090	61,090	61,090	61,090
3. Number of Kindergarten students participating	46,189	45,847	44,623	44,623	44,623
4. State aid received (000s)	\$ 623	\$ 656	\$ 720	\$ 720	\$ 720
B. Private schools					
1. Number of SFAs participating	156	163	160	160	160
2. Number of Kindergarten students	8,488	8,410	8,939	8,663	8,623
3. Number of Kindergarten students participating	4,258	4,155	4,143	4,143	4,143
4. State aid received (000s)	\$ 63	\$ 64	\$ 70	\$ 70	\$ 70
C. Total state aid (000s)	\$ 688	\$ 722	\$ 790	\$ 790	\$ 790
D. Program administration (000s)	\$ 3	\$ 6	\$ 10	\$ 10	\$ 10
E. Total Kindergarten milk program funds (000s)	\$ 691	\$ 728	\$ 800	\$ 800	\$ 800

PROSPECTS:

Through this state program, SFAs with full day Kindergarten are able to provide a milk serving at no or very little cost to the child. This need will continue. Also, children in pre-school programs could benefit from this program since the federal milk program is not available to pre-school programs. In light of other Child Nutrition needs, the expansion of the School Milk Program to children in pre-school is not being considered at this time. Consideration will again be given to this issue as legislative initiatives are developed for another legislative session.

The Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$800,000 in F.Y. 1992 and \$800,000 in F.Y. 1993.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$800 for F.Y. 1992 and \$800 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$800 in F.Y. 1992 and \$800 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0804 SCHOOL MILK PROGRAM

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 800	\$ 800	\$ 800	\$ 800
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Combination Of Variables	<72>			
3.CURRENT ENTITLEMENT	728	800	800	800
4.FUNDING EXCESS/DEFICIENCY	72			
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			800	800
7.APPROPRIATIONS BASIS:				
Current Year	800	800	800	800
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	800	800	800	800
8.LEVY AUTHORITY				

Program: Other Educational Programs
Agency: Education Aids

1992-93 Biennial Budget

0805 TEACHER CENTERS (Board of Teaching)

Citation: M.S. 124C.41; 125.185, Subd 4; 125.211
MDE Admin: 1507 Board of Teaching
Federal: None

PURPOSE:

To develop plans for establishing and operating teacher centers through grants to public school districts. The functions prescribed in the law to be performed by teacher centers include the following:

- assist teachers, diagnose learning needs, experiment with instructional approaches, assess staff development needs and plans, and teach effective pedagogical approaches;
- develop curricula and materials through application of research and new and improved methods, practices, and techniques;
- provide programs to improve skills of teachers to meet special educational needs of pupils, and to familiarize teachers with research and developments in curriculum formulation and improvement of teaching skills;
- facilitate sharing of resources and methods related to classroom instruction; and
- provide inservice programs.

DESCRIPTION:

Teacher centers provide an opportunity for teachers to be involved in the design and delivery of professional development opportunities. Each teacher center is governed by a policy board representative of elementary teachers, secondary teachers, other teachers, parents, and representatives of school boards, postsecondary education, business, and labor. A majority of the policy board must be teachers. The board develops policy, designates a fiscal agent, adopts a budget, expends funds to accomplish the purpose of the center, and contracts for technical and other assistance.

Grants to teacher centers, under current law, are prescribed through the Minnesota Board of Teaching and an advisory task force. All grant applications must include the approval of the teachers' representatives and the school boards of all participating districts. Districts that had a teacher center application approved by the Board of Teaching and the advisory task force received a grant for planning up to \$75,000. The advisory task force recommended the amount of the planning grant based on the number of teachers to be served by the center. The grant recipient was required to report back to the Board of Teaching about how the proceeds of the grant were used.

PERFORMANCE:

Two teacher center planning grants were awarded in F.Y. 1990, and the centers served from 2 to 15 school districts and from 791 to 3,400 teachers. Grants were also awarded in F.Y. 1990 to 3 existing teacher centers to assist with implementation. These centers serve from 11 to 16 school districts and from 920 to 5,076 teachers. The planning efforts and activities of the 3 initially funded teacher centers demonstrated the effectiveness of teachers, administrators, parents, and community and business leaders in working together to improve methods and systems that assist teachers in better meeting the needs of their learners. Each teacher center as required by law conducted extensive needs assessment, established network systems to assist teachers, provided workshops to enhance teacher leadership skills, and identified mutual staff development needs. Internal evaluations were conducted and results reported to the individual policy boards to assure consistency of activities

with objectives of the legislation.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	1993
Planning grants awarded	3	2	---	---	---
Number of school districts	41	17	17	---	---
Number of teachers	7,685	4,191	4,191	---	---
Implementation grants awarded	---	3	---	---	---
Number of school districts	---	41	41	---	---
Number of teachers	---	7,685	7,685	---	---
Colleges participating in curriculum redesign activities/program evaluation research	---	---	---	26	26
Examiners trained	---	---	---	26	26
Case studies/portfolios completed	---	---	---	30	30

PROSPECTS:

It is expected that plans and operations developed as a result of teacher center grants awarded since F.Y. 1988 will continue with funds from other sources. This program, therefore, is being redirected to better meet teacher education responsibilities of the Board of Teaching. See Program Budget 0819 for the new funding initiative for teacher centers.

M.S. 125.185, Subd. 4, requires the Board of Teaching to provide the leadership to implement the redesign of teacher education to include a research-based, results-oriented curriculum that focuses on the skills teachers need to be effective. In providing leadership, the Board of Teaching will assist all approved teacher education institutions in the redesign of teacher education programs. The major functions of redesigned teacher centers described in the program PURPOSE will become components of teacher education curricula in all Minnesota teacher education institutions. Specific activities will include providing a statewide system of technical assistance to implement research-based and outcome-focused teacher education programs, involving elementary and secondary teaching faculty in schools as partners with college and university faculty in the redesign of teacher education programs, coordinating and disseminating information on research in effective teacher education programs, and coordinating training to implement redesign concepts.

M.S. 125.211 requires the Board of Teaching to evaluate the effectiveness of a variety of teacher education program structures for preparing candidates for the teaching profession. A research design has been developed, which will be implemented as a result of this redirected activity. It will provide a comprehensive database of information regarding the relative impact of various teacher education programs. Implementation phases include institutional/program surveys, case studies, cohort portfolios, and classroom questionnaires and selected observations.

The Board of Teaching anticipates full utilization of the base funding of \$150,000 for F.Y. 1992 and \$150,000 for F.Y. 1993.

GOVERNOR'S RECOMMENDATION:

The Governor recommends redirection of this activity to focus on Teacher Education Curriculum and Evaluation. The Minnesota Board of Teaching will redesign the activity to provide the leadership to implement a research-based, result-oriented teacher education curriculum that focuses on the skills teachers need in order to be effective (M.S. 125.185, Subd. 4) and to evaluate the effectiveness of a variety of teacher education program structures for preparing candidates for entrance into the teaching profession (M.S. 125.211). It is recommended that the Teacher Center Statute (M.S. 124C.41) be amended to provide for the new initiative in Program Budget 0819.

The Governor recommends an aid entitlement of \$150 for F.Y. 1992 and \$150 for F.Y. 1993.

Program: 08 Other Educational Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0805 TEACHER CENTERS (Board of Teaching)

Based on these entitlements, the Governor recommends an appropriation of \$150 in F.Y. 1992 and \$150 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0805 TEACHER CENTERS (BD OF TEACHING)

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 150	\$ 150	\$ 150	\$ 150
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Balance Forward	<59>	59		
<u>B.Legislation Becoming Effective</u>				
3.CURRENT ENTITLEMENT	91	209	150	150
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Redirect This Activity To				
Focus On Teacher Ed,				
Curriculum & Evaluation				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			150	150
7.APPROPRIATIONS BASIS:				
Current Year	91	209	150	150
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	91	209	150	150
8.LEVY AUTHORITY				

Program: 08 Other Educational Programs **1992-93 Biennial Budget**
Agency: Education Aids

0806 ALTERNATIVE LICENSURE, MENTORSHIP
 (Board of Teaching)

Citation: M.S. 125.231
MDE Admin: 1507 Board of Teaching
Federal: None

PURPOSE:

To award mentorship site grants for cooperative ventures between school districts and postsecondary teacher preparation institutions for designing, implementing, and evaluating alternative preparation programs for teacher licensure.

The Alternative Licensure Mentorship program provides an alternative means of preparing people, who might not otherwise seek the preparation needed to be licensed, to become licensed teachers in Minnesota in order to augment the current high quality teacher corps with individuals whose backgrounds are especially relevant in today's classrooms. This program gives experienced individuals an alternative route to acquiring the skills needed to be successful teachers. Implementation of this program enhances the linkages between theory and practice in the preparation of teachers. More specifically, the objectives of this program are to:

- Recruit minorities into teaching. In F.Y. 1989, only 27 of the 3,550 new teachers prepared in Minnesota were minorities.
- Improve the pool of qualified teachers by tapping nontraditional sources for candidates. Although Minnesota does not have a general shortage of teachers, data on issuance of provisional licenses and limited licenses indicate relatively few candidates for certain areas of shortage.
- Improve the preparation of teachers who serve student populations with special needs. Recent studies indicate that nationally the majority of future teachers have limitations in background and abilities to teach in urban or remote rural settings, in multicultural classrooms, or with students presenting serious learning problems. There is a need to attract a more diverse teaching force. Only 6% of the students recently accepted in Minnesota teacher education programs plan to teach in a major urban area; 46% expressed preference for a suburban site. In addition, 73% of admitted applicants are women and nearly all are Caucasian.
- Foster closer relationships between school districts and colleges with teacher preparation programs, thereby promoting a closer link between theory and practice. Such linkages will promote transference of theoretical knowledge into practical skills.

DESCRIPTION:

A school district, group of schools, or an education district in Minnesota that demonstrates a working affiliation with a postsecondary teacher preparation institution is eligible to apply for a grant for designing, implementing, and evaluating an alternative preparation program for teacher licensure. Districts wishing to participate must respond to a request for proposal (RFP). These grants are awarded on a competitive process with only two awarded each year. The program requires an instruction phase which involves intensive preparation of candidates for licensure before assuming responsibility for a classroom. Formal instruction plus coaching during the school year is conducted by a resident mentorship team consisting of administrators, teachers, and postsecondary faculty. The resident mentorship team also provides assessment, supervision, and evaluation of candidates to determine specific needs and to ensure satisfactory completion of the program.

Candidates selected by the districts for this program must have a bachelor's degree, pass an

examination of skills in reading, writing, and mathematics, have been offered a job to teach in a school district approved by the Board of Teaching to offer an alternative preparation licensure program, have a college major in the subject area to be taught or have 5 years of experience in a field related to the subject to be taught, and document successful experiences working with children. The Board of Teaching will issue standard entrance licenses to individuals who successfully complete a school year in an alternative preparation program and who receive a positive recommendation from a resident mentorship team.

PERFORMANCE:

Activities occurring during F.Y. 1991 include convening an advisory task force to make recommendations to the Board of Teaching, planning for preparation of resident mentorship teams, and planning for the instructional phase for candidates who are selected to participate in grant funded alternative preparation licensing programs. In January 1991, the Board of Teaching will award two grants to school districts in cooperation with Minnesota Colleges of Education to design and implement alternative preparation licensing programs.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Mentorship site grants awarded	---	---	2	2	2
Program participants	---	---	50	50	50
Total Cost (000s)	---	---	\$ 150.0	\$ 150.0	\$ 150.0

PROSPECTS:

The alternative preparation licensing law provides needed incentives for experienced individuals in Minnesota to complete alternative preparation licensing programs which provide opportunities for the acquisition of teaching skills. Nationally, 33 states are implementing alternative licensure programs to offer alternative methods for candidates entering the teaching profession.

The Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$150,000 for F.Y. 1992 and \$150,000 for F.Y. 1993.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$150 for F.Y. 1992 and \$150 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$150 in F.Y. 1992 and \$150 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0806 ALT LIC-MENTORSHIP

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$	\$ 150	\$ 150	\$ 150
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT		150	150	150
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			150	150
7.APPROPRIATIONS BASIS:				
Current Year		150	150	150
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)		150	150	150
8.LEVY AUTHORITY				

Program: 08 Other Educational Programs 1992-93 Biennial Budget
Agency: Education Aids

0807 ALTERNATIVE LICENSURE, MINORITY
FELLOWSHIP
(Board of Teaching)

Citation: Laws 1990, Chap 562, Art 7, Sec 22, Subd 3
MDE Admin: 1507 Board of Teaching
Federal: None

PURPOSE:

To recruit minorities into teaching by providing fellowship grants to highly qualified minorities seeking alternative preparation for teacher licensure.

DESCRIPTION:

This program provides fellowship grants to highly qualified minority individuals seeking alternative preparation for licensure under the Alternative Licensure, Mentorship Program (Budget Program 0806). Those who receive fellowship grants must agree to remain as teachers in the district for two years if they satisfactorily complete the alternative preparation program and if their contracts as probationary teachers are renewed.

PERFORMANCE:

Activities of the alternative preparation program are described in Alternative Licensure, Mentorship (Program Budget 0806). Fellowship grants will be awarded to 20 highly qualified minorities seeking alternative preparation for licensure under the Alternative Licensure, Mentorship program.

STATISTICS:

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Fellowship grants awarded	---	---	0	20	40
Total cost (000s)	---	---	\$ 50*	\$ 0	\$ 100

* Funding encumbered in F.Y. 1991 will be expended for the F.Y. 1992 program.

PROSPECTS:

Continued funding of this program is essential to assure that the state has well qualified, professional educators who are able to provide the highest quality education to a diverse, multicultural population.

As a result of the continued need to attract minorities into the teaching profession, the Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$100,000 for F.Y. 1993. No funding is required for F.Y. 1992 because F.Y. 1991 encumbered funding will be expended during F.Y. 1992 for the first year of the program.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$0 for F.Y. 1992 and \$100 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$0 in F.Y. 1992 and \$100 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0807 ALT LIC-MINORITY FELLOWSHIPS

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$	\$ 50	\$ 0	\$ 100
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Appropriation Encumbered		<50>	50	
But Spent On Fy92 Prog				
3.CURRENT ENTITLEMENT	-----	-----	50	100
4.FUNDING EXCESS/DEFICIENCY	-----	-----		
5.POLICY CHANGES RECOMMENDED				
Fy92 Entitlement Funded			<50>	
With Fy91 Encumbered				
Appropriation				
Total Policy Changes			<50>	
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			-----	100
7.APPROPRIATIONS BASIS:				
Current Year		50		100
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)		50	0	100
8.LEVY AUTHORITY				

Program: 08 Other Educational Programs
Agency: Education Aids

1992-93 Biennial Budget

0808 TEACHER ASSISTANCE THROUGH
MENTORSHIP

Citation: M.S. 125.231
MDE Admin: 1403 Instructional Design
Federal: None

PURPOSE:

To examine the needs of probationary teachers who are new to the teaching profession or new to the school district; improve teaching skills/instructional performance; assist probationary teachers to assimilate into the culture of the school/district; promote professional and personal development; and retain highly qualified teachers in the teaching profession. More specifically, the program provides:

- grant funding and services to develop and expand mentoring programs in schools/districts;
- regional/statewide training to support mentoring; and
- information to the legislature on how recommendations for a system of incentives are being implemented at the state and local level to assure that highly capable individuals are being attracted to, retained in, and empowered by the teaching profession.

DESCRIPTION:

A. Grant Funding.

1. Demonstration Sites.

In September of 1987, a task force was named to develop criteria and an application form by which school districts or coalitions of education groups could apply for a mentorship program grant. Eleven sites out of 33 applications were selected to design, develop, implement and evaluate a variety of mentorship models. These sites reflect a variety of coalitions (i.e., districts, higher education institutions, foundations, private sector) and are geographically distributed throughout the state.

The legislation provides specific eligibility criteria for selection of sites. In the grant application, sites are expected to express commitment to and describe procedures for:

- allowing staff participation;
- assessing skills of beginning and mentor teachers;
- providing leadership to the effort;
- cooperating with higher education institutions;
- providing facilities and other resources;
- sharing findings, materials, and techniques with other districts; and
- seeking and obtaining additional funding and assistance from sources such as school districts, postsecondary institutions, foundations, and the private sector.

Additional expectations included attendance at networking meetings and regional and statewide training, documentation of mentoring through logs, dissemination responsibilities and tasks, participation in a formal evaluation process, and completion of a brief year-end report.

The grant funding provided \$500,000 to be allocated to sites throughout the F.Y. 1988-89 biennium. Each district, group of districts, or coalition applied for up to \$50,000 and were required to work with a minimum of 10 probationary teachers (1 - 3 years) within one or more

school districts. During the F.Y. 1990-91 biennium, the demonstration sites received \$10,000 each year for program refinement and dissemination.

Evaluation describing overall program effectiveness and conclusions on the design, development, and implementation of the demonstration site models has been completed by an independent evaluator. Formative data presented in, Minnesota's Teacher Mentorship Program Formative Evaluation Report, was submitted to the legislature in January 1990. Summative data, gathered throughout the second year of implementation, is available in the Teacher Mentorship Program Summative Evaluation Report to be submitted in January 1991.

2. Adoption Sites.

During the F.Y. 1990-91 biennium, districts/coalitions interested in developing a mentoring program for 5 or more beginning teachers, applied for a \$5,000 grant to adopt/adapt exemplary demonstration site components. Funding was available to sites submitting a plan and budget for implementing specific program components. Eighteen sites were selected each year based on the following criteria:

- evidence of staff participation in planning the program;
- an identified process for assessing skills of beginning and mentor teachers and a plan for providing staff development;
- a description of activities supporting the mentoring process;
- provision of leadership to the effort;
- geographical distribution throughout the state;
- evidence of seeking or having obtained additional funding and assistance from sources such as: school districts, postsecondary institutions, foundations, and the private sector.

Additional expectations included attendance at networking meetings and regional and statewide training, documentation of mentoring through logs, participation in informal program evaluation, and completion of a brief year-end report.

3. Regional and Statewide Training.

Regional and statewide training (including workshops, seminars, networking meetings, courses) was available to program leaders, mentors and administrators of the demonstration and adoption sites. The annual conference and some workshops were available to all districts which are starting programs or are interested in learning more about mentoring. These activities are an integral part of program refinement, improvement and dissemination that support local mentoring efforts at demonstration, adoption, and prospective districts/sites. The \$50,000 set aside for the primary purpose of training also included administrative and formal evaluation activities.

B. Recruitment, Empowerment, and Retention of Teachers.

1. Task Force Recommendations.

A second major activity for the teacher mentoring task force involved making recommendations for a system on incentives at the state and local level to assure that highly capable individuals are attracted to and retained in the teaching profession, including ways in which teachers can be empowered through expanding to new and more professional roles.

During the F. Y. 1988-89 biennium, the task force contracted the services of a researcher-writer to review the literature, major education reports, and exemplary school/state efforts in the areas of recruitment, empowerment, and retention of teachers. Following an analysis and summary of the data collected, the task force developed a list of recommendations and incentives for state and local implementation. Members of the task force surveyed their constituencies to determine which priorities they would recommend to the legislature.

The results of the survey can be found in the publication, Recruiting, Empowering, and Training

0808 TEACHER ASSISTANCE THROUGH MENTORSHIP

Teachers: A System of Incentives, which defines the 10 recommendations of greatest priority. State and local incentives are identified for each of the 10 final recommendations. This report was submitted to the legislature in January 1989.

2. Implementation of Recommendations.

In the F.Y. 1990-91 biennium, the task force was requested to report on how the recommendations for recruiting, empowering, and retaining highly capable individuals in the teaching profession are being implemented. The task force is currently in the process of surveying a team of people (i.e., teachers, administrators, staff development coordinator, union representative) from each district to determine the district status/level of involvement and their perception of the extent of importance for each recommendation. These data will be presented in a report, available in January 1991. The report is intended to assist in providing direction for future mentorship program funding and other legislative initiatives.

PERFORMANCE:

The overall helpfulness of the mentoring experience is related to the impact it has on both the probationary teacher's personal development and teaching performance. Probationary teachers who received assistance with their teaching performance also tended to grow in self-confidence. The program's impact on teaching performance in the 11 program demonstration sites was lower than expected by many advocates of teacher mentorship programs.

Mentoring teachers were successful in developing a positive relationship with probationary teachers. They were good role models and showed genuine commitment to probationary teacher success.

There was wide variation in the 11 sites for overall mentor satisfaction with the training and support they received; ratings were much higher in 3 sites and relatively lower in 3 other sites.

The Teacher Mentorship Program is progressing through stages of development, demonstration, evaluation, and dissemination. The task force and program directors have begun the process of developing and implementing a strategic plan for teacher mentoring that focuses on effective implementation strategies and dissemination during the next several years. This plan when fully implemented will:

- indicate the relative priority of the 4 mentoring outcomes;
- define a strategy and allocate state resources for accomplishing greater impact for the outcomes with the highest priority;
- promote selection of mentors who have adequate time for mentoring;
- support ongoing assessment of mentor and mentee needs and an effective plan for responding to their needs;
- design training components for all mentors, with special training and support for mentors who are paired with a mentee in a different building or a mentee who is teaching content that is not similar to the mentor's experience;
- include training designs that will enhance the intended impact on teaching performance; and

- define strategies that are most effective for providing ongoing guidance and support to new mentorship programs.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current F.Y. 1992	F.Y. 1993
A. Demonstration Sites					
1. Grants	11	11	11	11	11
2. Districts	52	52	52	52	52
3. Mentors/Mentees	723	818	798	800	825
4. Expenditures	\$ 390.7	\$ 88.7	\$ 131.3	\$ 110.0	\$ 110.0

B. Adoption Sites

1. Total Districts Involved*	---	32	54	90	120
2. Total Mentors/Mentees	---	577	1,360	1,900	2,550
3. Grants	---	18	18	18	18
4. Districts Funded	---	32	24	30	30
5. Mentors/Mentees Funded	---	577	609	700	750
6. Expenditures	---	\$ 89.5	\$ 90.5	\$ 90.0	\$ 90.0

* Includes continuing programs. Sites do not receive grant funding after first year start-up.

C. Statewide/Regional Training
Costs

---	\$ 41.1	\$ 58.9	\$ 50.0	\$ 50.0
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D. Total Funding

\$ 390.7	\$ 219.3	\$ 280.7	\$ 250.0	\$ 250.0
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PROSPECTS:

The Teacher Mentorship Program is progressing through stages of demonstration site development, expansion through adoption sites, and greater efforts for dissemination of the program. Based on summative program evaluation and recommendations, the program activities and direction need to be amended. The program has done an excellent job of assimilating the new teacher into the district culture, but the mentoring teachers seem less ready to engage in activities that improve the beginning teacher's teaching performance. Consequently, there is need to provide more ongoing training in the aspects of mentoring, coaching, and instruction.

As a result of the data and recommendations from the evaluation report, the teacher mentoring task force goals focus more on instructional effectiveness and program expansion. Therefore, the task force and the Minnesota Department of Education (MDE) recommend:

- Broader implementation of statewide/regional training and greater dissemination of exemplary components for mentoring. This could be achieved through contracting with individuals, districts, regional centers, and colleges and universities for these services. Activities include, but are not limited to: development of training guides, conferences, institutes, site visits, planning and development services, and regional meetings/networking.
- Continued expansion of the program through grant funding to new adoption sites that would start or enhance a current program.

As a result of the continuing need for teacher assistance through mentorship, MDE anticipates full utilization of the base entitlement of \$250,000 for F.Y. 1992 and \$250,000 for F.Y. 1993.

GOVERNOR'S RECOMMENDATION:

The Governor recommends changes to M.S. 125.231 to delete obsolete language and tasks, and to revise or add language that more accurately reflects ongoing operations and activities of the program.

Program: 08 Other Educational Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0808 TEACHER ASSISTANCE THROUGH MENTORSHIP

Following the advice of the Teacher Mentoring Task Force, in response to summative evaluation of the demonstration sites, the Governor recommends that the program focus primarily on: 1) expansion through new adoption sites; 2) provision of effective implementation strategies to program participants who are just getting started; and 3) continued guidance and support for all sites implementing a mentorship program through activities that foster effective mentoring. This will involve eliminating the demonstration sites as currently defined, and moving to contracting with various entities (described in PROSPECTS) that can provide greater ongoing, regional or statewide services. General expectations and criteria for contracted services will be developed by the Teacher Mentoring Task Force.

The Governor recommends an aid entitlement of \$250 for F.Y. 1992 and \$250 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$250 in F.Y. 1992 and \$250 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0808 TEACHER MENTORSHIP

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 250	\$ 250	\$ 250	\$ 250
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Balance Forward	<31>	31		
<u>B.Legislation Becoming Effective</u>				
3.CURRENT ENTITLEMENT	219	281	250	250
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			250	250
7.APPROPRIATIONS BASIS:				
Current Year	219	281	250	250
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	219	281	250	250
8.LEVY AUTHORITY				

Program: 08 Other Educational Programs **1992-93 Biennial Budget**
Agency: Education Aids

0809 ADMINISTRATOR'S ACADEMY

Citation: M.S. 125.241
MDE Admin: 1403 Instructional Design
Federal: No flow-through aid; a matching federal grant of \$143,000 per year has been awarded to the St. Paul School District.

PURPOSE:

To assess and enhance the skills and knowledge of participants so they can provide effective leadership in the direction and supervision of educational efforts. The Administrator's Academy assists practicing administrators at all levels and the Principal's Assessment Center helps people who aspire to be principals. These opportunities focus on creating a positive school environment and enhancing school relationships with the total community in order to promote learning and student achievement.

The goals of the Academy and Assessment Center are to:

- develop and provide transformational leadership training;
- design and provide assessment, training, and practice in areas of educational leadership;
- provide current research data and information in the areas of leadership for change;
- provide recruitment and support for women and minorities in educational leadership; and
- work collaboratively with public, private, and nonprofit organizations to insure a diversity of opportunities for leadership development.

DESCRIPTION:

The Administrator's Academy is funded through an annual state appropriation of \$143,000 and a similar amount of Leadership in Education Administration Development (LEAD) federal money. The St. Paul School District houses the program and provides other kinds of support.

The Principal's Assessment Center receives an annual state appropriation of \$24,000. The University of Minnesota provides a \$56,000 annual subsidy, staff, housing, and other in-kind services.

PERFORMANCE:

The Minnesota Administrator's Academy (MAA) provides administrator assessment, individual professional development plans, current research and data of interest to administrators, and services and resources to help administrators with needs identified in their individual professional development plans. Services are available to any person who serves in an administrative or supervisory capacity in a public or nonpublic elementary or secondary school. In addition, the MAA identifies and serves aspiring administrators with special recruitment efforts directed at women and minorities.

The MAA has supported an array of professional growth opportunities for administrators, mostly in conjunction with state professional organizations, the Principal's Assessment Center, the Humphrey Institute, and other organizations. MAA offers professional development programs, such as Investment in Excellence, publishes a newsletter, and has recruited and oriented a statewide network for mentors of aspiring school administrators. In addition, MAA has developed an electronic bulletin board and a catalog of inservice resources.

The MAA is governed by a 17 member board appointed by the Commissioner of Education and the

St. Paul Superintendent of Schools.

The Principal's Assessment Center utilizes a research-based, tested assessment process to diagnose the skills of aspiring principals. The Assessment Center provides individuals wishing to become principals with validated information about their strengths, weaknesses and a plan prescribing improvement strategies. This process also provides school districts with a means of determining if aspiring principals have a realistic understanding of their strengths and weaknesses when applying for employment.

STATISTICS:

Since the inception of the program in F.Y. 1987, the following represents an accounting of the clients served as of December 1990:

	<u>Participants</u>
1. Transformational Leadership	
"Investment in Excellence"	650
Ideas into Action	74
Education & Public Policy Seminar	132
School-Site Management Workshop	72
Transformational Leadership Conference	60
Academy Awards	125
2. Assessment and Training	
Minnesota Principals Assessment Center	80
Springfield Simulation	40
Leader 1 2 3	24
Individual Professional Growth Plan	Forthcoming*
Mentor Program	98
3. Research and Information	
"Newslead" Publication	4,000
Academy brochures/flyers	3,500
Electronic Catalog	Forthcoming*
4. Recruitment of Women/Minorities	
Summer, 1988 symposium	38
People of Color in Administration	Forthcoming*
Task Force: "Readiness Project"	15
5. Collegial Efforts	
Legislative Report	220
Blandin Proposal	
Cooperative training with MASA, MASSP, MESPA	420

* This is a new program component currently in development.

PROSPECTS:

The MAA and the Principal's Assessment Center is funded through an annual state appropriation of \$167,000. \$143,000 of the appropriation is allocated for MAA which is matched with federal Leadership in Educational Administration Development (LEAD) funds. In addition to state funding, MAA will continue to be funded through the federal LEAD program. This funding and the partnership with the St. Paul Schools provides stability in leadership within the program which enhances long-range planning and implementation of leadership skills into the public schools.

The Principal's Assessment Center is allocated \$24,000 annually in state funds and receives a \$56,000 annual subsidy from the University of Minnesota.

Program: Other Educational Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0809 ADMINISTRATOR'S ACADEMY

GOVERNOR'S RECOMMENDATION:

The Governor recommends continuation of the two components of this activity at the base funding level for each year of the upcoming biennium.

The Governor recommends an aid entitlement of \$167 for F.Y. 1992 and \$167 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$167 in F.Y. 1992 and \$167 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0809 ADMINISTRATOR ACADEMY

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 168	\$ 168	\$ 167	\$ 167
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Rounding Of Appropriation	<1>	<1>		
3.CURRENT ENTITLEMENT	167	167	167	167
4.CANCELLATION	1	1		
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			167	167
7.APPROPRIATIONS BASIS:				
Current Year	167	167	167	167
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	167	167	167	167
8.LEVY AUTHORITY				

Program: Other Educational Programs
Agency: Education Aids

 0810 CAREER TEACHER AID

Citation: M.S. 124.276; 124C.26-.31
MDE Admin: 1411 Education Development
Federal: None

1992-93 Biennial Budget

PURPOSE:

Career teachers are school district employees who choose to take responsibility beyond the regular teaching role in order to maximize the individual growth potential of students by providing overall guidance to the education of individual students from preschool through high school.

More specifically, the objectives of the career teacher program are to:

- offer career teacher programs which emphasize learning and development based on learner outcomes;
- recognize and utilize unique skills that teachers, students, family, and the community have in the teaching process and the learning and development process; and
- provide opportunities for maximum use of teachers, principals, and counselors.

DESCRIPTION:

A task force consisting of 35 members broadly representative of the community advises the Education Development Section of the Minnesota Department of Education (MDE). Legislation in 1990 provides that up to \$5,000 of the appropriation may be used for task force expenses. All common, independent, and special public school districts are eligible to apply for Career Teacher funding. Career Teacher proposals are reviewed by MDE staff and the Task Force. Approved proposals are usually funded for one year. Presently, no limit is placed on the funding request from an individual district.

Funds may be used for compensating Career Teachers for extended time worked during the school year and during the summer vacation. The extended teaching contract of a career teacher is compensated by the district from funds received as Career Teacher Aid (which pays 2/3 of the cost of salary, excluding fringe benefits, beyond the standard teacher contract) and local funds (which pay 1/3 of the cost).

Laws 1990, Chapter 562, Article 7, Section 14, provides that funds available for F.Y. 1991 may be used for the increased district contribution for teachers retirement and social security resulting from the extended contract.

PERFORMANCE:

In March and May of 1990, a total of 16 new programs were recommended to and approved by the State Board of Education. A third round of district applications was due in October 1990. The response to this program has been very strong. However, districts are experiencing difficulties in financing the matching costs of salary and fringe benefits for beyond normal contract time of career teachers. For this reason and because some applications did not meet legal requirements, about 80% of submitted applications were funded and some state funds will go unexpended. Presently, there are 100 career teachers participating in this program from 20 districts.

STATISTICS:

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>Current Law</u> <u>F.Y. 1992</u>	<u>F.Y. 1993</u>
New applications received	---	22	6	25	25
Programs funded	---	16	20	20	20
Career Teachers	---	91	100	100	100

PROSPECTS:

The support of this program is demonstrated through the active participation of the 35 member task force, teachers, and the number of school district applications received.

The Minnesota Department of Education (MDE) anticipates full utilization of the base funding of \$375,000 for F.Y. 1992 and \$375,000 for F.Y. 1993.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$375 for F.Y. 1992 and \$375 for F.Y. 1993.

Based on these entitlements, the Governor recommends a biennial appropriation of \$750 in F.Y. 1992. The Governor further recommends that any unexpended balance in the first year be available in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0810 CAREER TEACHER AID

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 108*	\$ 642	\$ 375	\$ 375
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
District Difficulty In		<223>		
Financing Required				
Local Match				
3.CURRENT ENTITLEMENT	108	419	375	375
4.FUNDING EXCESS/DEFICIENCY		223		
5.POLICY CHANGES RECOMMENDED				
Provide Biennial				
Appropriation				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			375	375
7.APPROPRIATIONS BASIS:				
Current Year	108	642	750	0
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	108	642	750	0
8.LEVY AUTHORITY				

(*) \$750 Biennial appropriation less \$642 balance forward to F.Y. 1991

0811 MINORITY TEACHER INCENTIVES

Citation: Laws 1989, Chap 329, Art 7, Sec 20
 MDE Admin: 1410 Equal Educational Opportunities
 Federal: None

PURPOSE:

To share fiscal responsibility with eligible school districts to employ additional minority teachers. More specifically, the objectives of the Minority Teacher Incentives are to:

- encourage minorities to become educators to serve as role models and demonstrate the importance of learning and education in desegregated/integrated schools;
- encourage minorities to enter the teaching field; and
- provide educational incentives for the growing minority population.

To develop and continue evolution of an educational system for learners which assures that each learner will have the opportunity to value and accept the cultural diversity of humankind is one of the goals of the Minnesota Department of Education (MDE) and the State Board of Education. Another goal is to promote effective and integrated education throughout the state.

DESCRIPTION:

This program provides funding to districts that have a minority enrollment of more than 10% or to districts that have an approved comprehensive desegregation plan. These districts are eligible to receive 1/2 of a teacher's salary, not to exceed \$20,000 per year, if it employs a minority teacher who has not taught in a Minnesota school district during the preceding year. Reimbursements are made for each year of the biennium and according to current law, reimbursements cannot be prorated.

Eligible districts are notified of the procedures and schedule. Application materials detailing the necessary information are provided. All eligible districts submitting valid applications are provided at least one grant. Further grants are prorated in relation to the number of applications received from a district, the size of the student body, and the number of students of color within the student body. Districts receiving reimbursement for staff in the first year will receive second year reimbursement if the eligible staff person has been retained.

PERFORMANCE:

The population of minorities in Minnesota continues to increase. Thirty-four districts currently have 10% or more minority students in their enrollment or have a comprehensive desegregation plan approved by the Commissioner of Education. The minority population in Minneapolis and St. Paul schools is experiencing substantial growth with minority enrollment at 52% and 42% respectively. In Minneapolis, minority enrollment has risen 70% in 15 years while total school enrollment dropped. National statistics indicate a shortage of minorities entering the teaching profession. While Minnesota's minority school enrollment grew 28% between 1983 and 1988, the number of minority teachers increased by only 10%.

Nine districts in F.Y. 1990 and 10 districts in F.Y. 1991 received reimbursement. Of the applications received from 65 minority teachers, 34 were approved and the remaining 31 could not be approved due to insufficient funds. An additional \$700,000 would be needed to fully fund all applicants.

Of the appropriation provided for the current biennium, \$32,000 was used for an independent

contractor to develop a minority recruiting plan for the state.

STATISTICS:

Minority teacher incentive grants were made to the following school districts in the current biennium:

Grants Awarded (\$ in 000s)	F.Y. 1990	F.Y. 1991
St. Paul	\$ 139.7	\$ 149.9
Mahnomen	14.0	14.6
Wauben-Ogema	13.9	17.4
Cloquet	2.7	2.9
Bemidji	10.6	12.0
Red Lake	25.6	28.9
Robbinsdale	15.3	16.7
Duluth	18.1	28.6
Minneapolis	208.7	233.0
Richfield		15.5
Total	\$ 448.6	\$ 519.5

	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Number of grants	9	10	10	10
Total grant amounts	\$ 448.6	\$ 519.5	\$ 500.0	\$ 500.0
Recruitment grants (2)	---	\$ 30.0	---	---
Unallocated funds	---	\$ 1.9	---	---
Total expenditures (000s)	\$ 448.6	\$ 551.4	\$ 500.0	\$ 500.0

PROSPECTS:

Minority teacher shortages continue to exist, and recruiting minority educators for public schools in Minnesota will be extremely competitive. Plans for getting more minority teachers in the classroom must go beyond recruiting as other professions pose serious competition for talented minority professionals. Minnesota must continue to provide financial assistance and incentives to get more minorities in public education. Retaining minorities in public education will also be a challenge for Minnesota. The investment of substantial resources to recruit minorities as teachers and administrators must be protected.

As a result of the continuing need for recruitment of minority teachers, MDE anticipates full utilization of the base funding of \$500,000 for F.Y. 1992 and \$500,000 for F.Y. 1993.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$500 for F.Y. 1992 and \$500 for F.Y. 1993.

Based on these entitlements, the Governor recommends a biennial appropriation of \$1,000 in F.Y. 1992. The Governor further recommends that any unexpended balance in the first year be available in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0811 MINORITY TCHR INCENTIVES

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 449*	\$ 551	\$ 500	\$ 500
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT	449	551	500	500
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED Provide Biennial Appropriation				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			500	500
7.APPROPRIATIONS BASIS:				
Current Year	449	551	1,000	0
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	449	551	1,000	0
8.LEVY AUTHORITY				

(*) \$1,000 Biennial appropriation less \$551 balance forward to F.Y. 1991

0812 INTEGRATION GRANTS

Citation: Laws 1987, Chap 398, Art 6, Sec 18 & 19 Subd 12; Laws 1988, Chap 718, Art 6, Sec 24, Subd 4; Laws 1989, Chap 329, Art 8, Sec 14, Subd 3

MDE Admin: 1410 Equal Educational Opportunities
 Federal: None

PURPOSE:

To provide funding to school districts for additional education costs associated with implementing an approved desegregation plan.

The Minnesota Department of Education (MDE) has established revision and strengthening of policies and rules that promote effective, integrated education throughout the state as one of its 7 goal statements. In partial fulfillment of that mission, the legislature appropriates \$14,944,000 annually for the 3 Minnesota school districts which operate under a desegregation plan approved by the Commissioner of Education. Integration grant funding for Duluth, Minneapolis, and St. Paul is used to:

- assume a portion of operating costs for magnet/specialty schools or other methods used to achieve school district desegregation;
- provide for staff development to prepare teachers to work with population diversity in an integrated setting;
- develop and utilize multicultural/gender fair curriculum in integrated schools; and
- supplement support services for unique student needs in integrated schools.

DESCRIPTION:

The Duluth, Minneapolis, and St. Paul school districts currently operate under authority of State Board of Education Rule 3535 requiring a comprehensive desegregation plan approved by the Commissioner of Education. As part of that plan, the district must take action to desegregate schools by limiting the percentages of minority and majority students in any one school building. The State Board rule requires that no individual school minority enrollment may exceed the school district average minority enrollment by more than 15%.

Eligible districts are determined by maintaining an approved comprehensive desegregation/integration plan. A review of the budgets submitted by eligible districts is completed prior to formal presentation to the State Board of Education. MDE staff critique the proposed budget in relation to the approved comprehensive plan.

PERFORMANCE:

The 3 school districts have established a successful system of magnet schools and other integration programs which have resulted in desegregated schools. As the minority enrollment in each district continues to grow, this becomes an ever more difficult task. Districts use a portion of the integration grant funding for staff development, supplemental support services, and multicultural/gender fair curriculum development costs as they relate to integration activities. The districts have been making a concerted effort to improve the achievement of students with particular emphasis on those in the lower quartile on achievement tests.

The amount awarded to each district is specified in law. Since the districts must report integration

expenditures directly to the legislature, MDE does not collect information on detailed integration grant expenditures. The revenue from this grant program is supplemented by the R compliance Levy provided by law (Program Budget 0813), Cooperative Desegregation Grants (Program Budget 0814), and Minority Teacher Incentives (Program Budget 0811).

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
1. Districts with desegregation plans	3	3	3	3	3
2. Students enrolled:					
Duluth	14,500	14,500	14,500	14,500	14,500
Minneapolis	40,200	40,500	41,000	41,500	42,000
St. Paul	33,100	33,500	34,000	34,500	35,000
3. Percent minority students enrolled:					
Duluth	7%	7%	8%	9%	10%
Minneapolis	47%	50%	52%	54%	56%
St. Paul	39%	40%	42%	44%	46%
4. Grant amount (000s)					
Duluth	\$ 981.9	\$ 1,285.2	\$ 1,285.2	\$ 1,285.2	\$ 1,285.2
Minneapolis	5,950.3	7,382.3	7,382.3	7,382.3	7,382.3
St. Paul	5,081.4	6,276.5	6,276.5	6,276.5	6,276.5
Total	\$ 12,013.6	\$ 14,944.0	\$ 14,944.0	\$ 14,944.0	\$ 14,944.0

PROSPECTS:

Urban school districts continue to experience increases in the percentage of minority student enrollment. The districts must maintain a desegregated school system as required by State Board of Education Rule 3535. This rule does not allow a school building to be more than 15% above the minority enrollment percentage for those grades represented in a building. Maintaining this system places a continuing financial burden upon the 3 participating districts. This will continue until other educational solutions are implemented.

As a result of the continuing need to provide desegregation/integration services, MDE anticipates full utilization of the base funding of \$14,944,000 for F.Y. 1992 and \$14,944,000 for F.Y. 1993.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$14,944 for F.Y. 1992 and \$14,944 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$14,944 in F.Y. 1992 and \$14,944 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0812 INTEGRATION GRANTS

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 14,944	\$ 14,944	\$ 14,944	\$ 14,944
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT	14,944	14,944	14,944	14,944
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			14,944	14,944
7.APPROPRIATIONS BASIS:				
Current Year	14,944	14,944	14,944	14,944
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	14,944	14,944	14,944	14,944
8.LEVY AUTHORITY	7,313	11,618	14,603	15,268

Program Age: 08 Other Educational Programs Education Aids 1992-93 Biennial Budget

Citation: M.S. 275.125, Subd 6e and 6i
MDE Admin: 1410 Equal Educational Opportunities
Federal: None

0813 RULE COMPLIANCE LEVY

PURPOSE:

To provide funding for three Minnesota school districts required to implement a plan for racial desegregation under State Board of Education Rules, parts 3535.0200 to 3535.2200, to enable these districts to implement their desegregation plans.

The revision and strengthening of policies and rules that promote effective, integrated education throughout the state is one of 7 goal statements of the Minnesota Department of Education (MDE). The special tax levies authorized in M.S. 275.125, Subd. 6e and 6i, provide financial support to the Duluth, Minneapolis, and St. Paul school districts for the partial fulfillment of this goal. Proceeds of these levies are used for the purpose of:

- assuming a portion of operating costs for magnet/specialty schools or other methods used to achieve school district desegregation;
- staff development costs which prepare teachers to work with population diversity in an integrated setting;
- development and utilization of multicultural/gender fair curriculum in integrated schools; and
- supplemental support services for unique students' needs in integrated schools.

As a further source of financial support, the 3 districts receive annual grants totaling \$14,944,000 for purposes of integration (see Program Budget 0812).

DESCRIPTION:

Each school district required to implement a comprehensive plan for racial desegregation as approved by the Commissioner of Education is permitted to levy for rule compliance. The revenue from this levy supplements the state aid received by eligible districts through the Integration Grant program (Program Budget 0812), the Cooperative Desegregation Grant program (Program Budget 0814), and the Minority Teacher Incentives program (Program Budget 0811). At present, 3 districts are eligible for the special rule compliance levy. The tax rates permitted for the 3 eligible districts have varied over time. Unlike most levies, the entire amount levied is recognized as revenue in the fiscal year in which the levy is certified. This levy is not considered in computing the aid reduction for the tax levy revenue recognition change under M.S. 124.155.

The specific tax rates and amounts raised by the districts are shown in the following table:

RULE COMPLIANCE LEVY TAX RATES AND AMOUNTS

Levy Year	Revenue Recognition Year	Eligible School Districts	Maximum Tax Rates
1984 Pay 1985	1984-85	Mpls., St. Paul, Duluth	1 mill
1985 Pay 1986	1985-86	Mpls., St. Paul, Duluth	1 mill
1986 Pay 1987	1986-87	Mpls., St. Paul, Duluth	1 mill
1987 Pay 1988	1987-88	St. Paul	1 mill

Levy Year	Revenue Recognition Year	Eligible School Districts	Maximum Tax Rates
1988 Pay 1989	1988-89	St. Paul	2 mills ^a
		Mpls., Duluth	1 mill ^b
1989 Pay 1990	1989-90	St. Paul	1.6% AGTC
		Mpls., Duluth	0.8% AGTC
1990 Pay 1991	1990-91	St. Paul	3.0% ANTC
		Mpls., Duluth	2.0% ANTC

^a converted to 1.6% of adjusted gross tax capacity

^b converted to 0.8% of adjusted gross tax capacity

PERFORMANCE:

The 3 school districts have established a successful system of magnet schools and other programs which have resulted in desegregated schools. However, as the minority enrollment in each district continues to grow, desegregation becomes an ever more difficult task. In conjunction with desegregation efforts, the districts also are making a concerted effort to improve the achievement of students, with particular emphasis on those in the lower quartile on achievement tests.

Since the inception of the special levy authority, the 3 districts levied the maximum amount. The levy for F.Y. 1989 was \$5,300,000 higher than the levy for F.Y. 1988 due to a one mill increase provided to each school district. The levy increase for F.Y. 1990 and F.Y. 1991 is due to increasing tax capacities.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992*	F.Y. 1993*
Levy amount (000s)					
Minneapolis	\$ 3,177	\$ 7,012	\$ 7,720	\$ 8,071	\$ 8,439
St. Paul	3,837	3,943	6,312	6,599	6,899
Duluth	299	664	572	598	625
Total	\$ 7,313	\$ 11,618	\$ 14,603	\$ 15,268	\$ 15,963

* Calculations based on estimated adjusted net tax capacity

PROSPECTS:

Urban school districts continue to experience increases in the percentage of minority student enrollment. The districts must maintain a desegregated school system as required by Minnesota Rule 3535. This rule does not allow a school building to be more than 15% above the minority enrollment percentage for those grades represented in a building.

To maintain the current system of integration, and to limit the continuing financial burden on the school districts, additional revenues are needed. Additional funding should be provided for the Integration Grant Program (Program Budget 0812) in recognition of increasing operating expenses, costs of expansion of magnet programs, and costs of interdistrict desegregation programs of the participating school districts.

GOVERNOR'S RECOMMENDATION:

The Governor recommends continuation of this activity. The purposes for which the proceeds of these levies are used will continue to be reviewed by MDE to determine that the levies support effective desegregation/integration plans.

Program: 08 Other Educational Programs
Agency: Education Aids

1992-93 Biennial Budget

0814 COOPERATIVE DESEGREGATION GRANTS

Citation: Laws 1990, Chap 562, Art 7, Sec 24, Subd 2
MDE Admin: 1410 Equal Educational Opportunities
Federal: None

PURPOSE:

To establish a voluntary approach to achieve the goal of having interdistrict programs that are desegregated/integrated with major emphasis on quality education.

The revision and strengthening of policies and rules that promote effective, integrated education throughout the state is one of the Minnesota Department of Education (MDE) goal statements. Another goal of MDE is to develop and continue the evaluation of a flexible system for learners at all levels which assures that each learner will have the opportunity to value, understand and accept the cultural diversity of humankind.

In partial fulfillment of these goals, MDE allots \$200,000 in grants to eligible school districts in F.Y. 1991 for the purpose of:

- developing pilot interdistrict cooperative programs to reduce segregation as defined in Minnesota Rules, part 3535.0200, subpart 4;
- preparing for the possible voluntary transfer of students between districts beginning with the 1991-92 school year; and
- providing a learning environment that emphasizes quality integrated education so that learners will be prepared to live and work in a culturally diverse world society.

Districts receiving grants are required to submit a report on their activities, including recommendations to the Commissioner of Education by December 1, 1990. The Commissioner must report on the program to the education committees of the legislature by February 1, 1991.

DESCRIPTION:

To obtain a cooperative desegregation grant, an eligible school district submits an application to the Commissioner of Education. To be eligible, the district must be required to submit a desegregation plan under Minnesota Rules, part 3535.0600, and must have the assistance of at least one adjacent district that is not required to submit a plan.

The application must contain a plan for activities such as staff development, curriculum development, student leadership, student services, teacher and student exchanges, interdistrict meetings, and orientation for school boards, parents and the community. Activities in the plan must be implemented before possible student transfers occur. The result of this planning and orientation will be integrated school and education alternatives in which the students of cooperating districts will have opportunity to voluntarily participate.

PERFORMANCE:

Metropolitan area schools have been discussing interdistrict cooperative activities since 1988. Transitional activities such as school board orientation and awareness, multicultural gender fair curriculum, teacher exchanges, and minority recruitment have been initiated on a limited basis. Prior to 1990, there was no legislation for interdistrict cooperative desegregation education programs.

The 1990 law recognizes the need to maintain desegregated schools in Minneapolis, St. Paul, and to

integrate suburban schools. Minority enrollment during 1990-91 in Minneapolis and St. Paul is 52% and 42% respectively. This represents an increase of 2-3% per year. Without assistance from adjacent districts, Minneapolis and St. Paul run the risk of seeing their schools resegregated. Districts participating with Minneapolis are Brooklyn Center, Edina, Richfield, Robbinsdale, and St. Louis Park. Districts participating with St. Paul are Mounds View, North St. Paul/Maplewood, Roseville and South St. Paul.

With the cooperative desegregation grant funds, Minneapolis and St. Paul are currently planning for quality integrated programs with neighboring districts or risk seeing minority enrollments extending far beyond 50%. The transitional activities or readiness programs are being implemented before major movement of students occurs.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Number of grants	---	---	2	2	2
Number of districts cooperating	---	---	11	11	11
Total amount of grants (000s)	---	---	\$ 200.0	\$ 200.0	\$ 200.0

PROSPECTS:

The demand from Minneapolis and St. Paul for assistance from adjacent districts for desegregation is expected to continue to grow. Minnesota began this program as a pilot program to explore the willingness and feasibility of implementing an integration plan which involves suburban school districts. Since this initial pilot was established, several other suburban school districts have expressed interest in becoming part of the consortia and participants have requested a more extensive range of activities. The \$200,000 base funding (F.Y. 1991) is pilot funding. Moving to the implementation stage with full funding is estimated at \$5,000,000 for F.Y. 1992 and \$5,000,000 for F.Y. 1993.

Alternatives Considered:

MDE has identified the following alternatives for consideration given the base level of funding:

- Continue the current program activities at the base level of \$200,000 per year. However, failure of this and other desegregation efforts may result in federal court intervention with the potential for a very high cost to the state.
- Seek an increase to the base level funding to permit additional suburban school districts to join the established consortia and to heighten preparedness of school personnel for interdistrict cooperation.
- Seek statutory changes to allow all districts participating in the Cooperative Desegregation Program to levy an additional 1% of adjusted net tax capacity. Use of this additional funding would be limited to both intradistrict and interdistrict integration efforts and programs.

A proposal is to be received from each of the eligible recipients. The recipient must have an approved comprehensive desegregation/integration plan. The proposal will describe by activity, goal, objective, and outcome the implementation of plans developed in the previous biennium. Each activity will be designated in an accompanying budget.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in funding of \$100 per year to support additional cooperative desegregation activities in the metropolitan area.

The Governor recommends an aid entitlement of \$300 for F.Y. 1992 and \$300 for F.Y. 1993.

0814 COOPERATIVE DESEGREGATION GRANTS

Based on these entitlements, the Governor recommends an appropriation of \$300 in F.Y. 1992 and \$300 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0814 COOP DESEG GRANTS

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$	\$ 200	\$ 200	\$ 200
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT		200	200	200
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Expand This Activity			100	100
Total Policy Changes			100	100
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			300	300
7.APPROPRIATIONS BASIS:				
Current Year		200	300	300
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)		200	300	300
8.LEVY AUTHORITY				

0815 NONPUBLIC PUPIL AID

Citation: M.S. 123.931-.947
MDE Admin: 1501 Education Finance and Analysis
Federal: None

PURPOSE:

To provide every school pupil in the state, equitable access to secular study materials and pupil support services that complement the program of study the pupil regularly attends. This furthers the goal of assuring freedom of choice in education to all Minnesota pupils and their parents.

Specifically, program funds are used to reimburse school districts for the costs incurred in obtaining the educational materials that are loaned to the nonpublic pupil (textbooks, individualized instructional materials, and standardized tests) or for the costs incurred in providing pupil support services (health services and secondary guidance and counseling services) to the nonpublic pupil. Districts are provided an additional 5% of the reimbursed amount to offset the cost of administering the program.

DESCRIPTION:

There are three basic categories of nonpublic pupil aid provided under Minnesota law:

1. Textbooks, Individualized Instructional Materials, and Standardized Tests. Public school districts, upon formal request, must make available to nonpublic pupils, instructional materials that are secular, neutral, nonideological and not able to be diverted to religious use. Items purchased are loaned to the nonpublic pupil and remain the property of the district.

The districts are reimbursed the cost of purchase and distribution of eligible materials up to an amount equal to the statewide average expenditure per public school pupil for similar materials in the second preceding school year, adjusted by the percent of increase in the General Education formula allowance from the second preceding school year to the current school year, multiplied by the number of nonpublic pupils served, with Kindergarten pupils weighted at 0.5. (Note: For F.Y. 1989 and F.Y. 1990, the inflator was set by law at 7.5% due to the extraordinary increase in the formula allowance resulting from the change to the General Education revenue program).

The formula for computing the per pupil rate is as follows for F.Y. 1993:

F.Y. 1993 F.Y. 1991 Avg. Expend.
Per Pupil = per Public Pupil x $\frac{\text{F.Y. 1993 Gen'l Ed. Form. Allow.}}{\text{F.Y. 1991 Gen'l Ed. Form. Allow.}}$
Rate for like materials

2. Health Services. Public school districts, upon formal request, must make available to nonpublic pupils, the student health services provided to public pupils. Health services may be provided to nonpublic students at a public school, a neutral site, the nonpublic school, or any other suitable location.

Each participating district is reimbursed for the cost of providing these services up to an amount equal to the statewide average expenditure per public school pupil for similar services in the second preceding school year, times the number of nonpublic pupils served, with Kindergarten pupils weighted at 0.5.

3. Guidance and Counseling Services. Public school districts, upon formal request, must make available to nonpublic secondary pupils, the guidance and counseling services provided to public secondary pupils, except guidance or counseling in the planning or selection of particular courses

or classroom activities of the nonpublic school. Eligible services must be provided either at the public school or at a neutral site. Each participating district is reimbursed for the cost incurred in providing eligible services up to an amount equal to the statewide average expenditure per public secondary pupil for similar services in the second preceding school year, times the number of nonpublic secondary pupils served.

In addition to the three aid reimbursement components described above, school districts are provided an amount equal to 5% of their total aid reimbursement amount to offset the cost of administering the program.

PERFORMANCE:

All nonpublic students requesting materials or services by the statutory deadline date have been and are being accommodated. Although enrollment in the organized nonpublic schools is declining, the percentage of these students participating in the Nonpublic Pupil Aid program continues to increase slightly. However, the number of pupils being instructed by parents in a home school that are requesting to participate in the program is increasing significantly. In F.Y. 1989 there were 345 home schools in the program..in F.Y. 1991 there are 984 home schools. Together, these factors are tending to stabilize the number of pupils participating in the program.

The per pupil rates for reimbursing district costs continue to rise. Rates for the current year are based on district expenditures in the second prior year for similar materials and services in the public schools. The increase in materials expenditures is driven primarily by district spending patterns and the inflationary increase in materials costs. The increase in support service expenditures is primarily due to the increase in personnel costs resulting from district labor contract negotiations.

For F.Y. 1989, the aid reimbursement for 175 districts (13 had home schools only) totaled \$7,418,831. For F.Y. 1991, 203 districts (31 with home schools only) have an estimated entitlement of \$8,892,000 in state aid.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
1. Textbooks, individualized instructional materials and standardized tests					
a. Nonpublic Grade K-12 enrollment statewide*	80,472	79,853	79,531	79,269	79,389
b. Districts participating	175	182	200	220	240
c. Pupils requesting services*	71,504	70,774	71,269	72,737	74,141
d. State aid rate per pupil unit	\$ 58.72	\$ 61.95	\$ 64.35	\$ 61.69	\$ 64.08
e. Maximum aid entitlement (000s) (c times d)	\$ 4,198.7	\$ 4,384.4	\$ 4,586.2	\$ 4,487.1	\$ 4,751.0
f. Entitlement per district expenditure (000s)	\$ 4,042.3	\$ 4,242.7	\$ 4,586.2	\$ 4,487.1	\$ 4,751.0
g. Average aid per pupil unit (f divided by c)	\$ 56.53	\$ 59.95	\$ 64.35	\$ 61.69	\$ 64.08
2. Health services					
a. Nonpublic Grade K-12 enrollment statewide*	80,472	79,853	79,531	79,269	79,389
b. Districts participating	167	166	179	210	230
c. Pupils requesting services*	71,015	70,417	70,322	70,866	71,498
d. State aid rate per pupil unit	\$ 20.22	\$ 22.02	\$ 24.77	\$ 27.81	\$ 31.28
e. Maximum aid entitlement (000s) (c times d)	\$ 1,435.9	\$ 1,550.6	\$ 1,741.9	\$ 1,970.8	\$ 2,236.5
f. Entitlement per district expenditure (000s)	\$ 1,217.0	\$ 1,287.0	\$ 1,593.8	\$ 1,970.8	\$ 2,236.5

Program: 08 Other Educational Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

0815 NONPUBLIC PUPIL AID

	Current Law				
	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
g. Average aid per pupil unit (f divided by c)	\$ 17.14	\$ 18.28	\$ 22.66	\$ 27.81	\$ 31.28
3. Guidance & Counseling					
a. Nonpublic secondary enrollment statewide*	25,979	25,408	25,130	24,924	25,028
b. Districts participating	86	88	101	115	115
c. Pupils requesting services*	19,220	19,429	19,807	20,488	21,336
d. State aid rate per pupil unit	\$ 108.40	\$ 113.85	\$ 122.53	\$ 137.14	\$ 147.59
e. Maximum aid entitlement (000s) (c times d)	\$ 2,083.4	\$ 2,212.0	\$ 2,427.0	\$ 2,809.7	\$ 3,149.0
f. Entitlement per district expenditure (000s)	\$ 1,844.0	\$ 1,946.7	\$ 2,288.6	\$ 2,809.7	\$ 3,149.0
g. Average aid per pupil unit (f divided by e)	\$ 95.94	\$ 100.20	\$ 115.55	\$ 137.14	\$ 147.59
4. Total Aid Entitlement (000s)					
a. Services and materials	\$ 7,103.3	\$ 7,476.4	\$ 8,468.6	\$ 9,267.6	\$10,136.5
b. Administrative costs	\$ 315.5	\$ 373.8	\$ 423.4	\$ 463.4	\$ 506.8
c. Total funding requirement	\$ 7,418.8	\$ 7,850.2	\$ 8,892.0	\$9,731.0	\$10,643.3

* Expressed in pupil units (K=0.5, Grades 1-12=1.0)

PROSPECTS:

Despite the projected decline in nonpublic enrollment in the organized nonpublic schools, overall program participation is projected to remain the same for the reasons stated in the PERFORMANCE section. The primary effect of the increase in number of home school pupils in the program will be an increase in requests for educational materials. Since per pupil rates are statutorily based on second prior year district expenditures, program funding requirements for the upcoming biennium are projected to continue to increase.

Under current statutory provisions, the increasing expenditures for program requirements will require increases in state aid entitlements of \$839,000 for F.Y. 1992 and \$1,751,000 for F.Y. 1993 over the annual base entitlement of \$8,892,000.

Alternatives Considered:

In order to meet these increasing needs within the annual base entitlement, the Minnesota Department of Education (MDE) has identified the following alternatives for consideration:

- Seek statutory change to reduce the nonpublic per pupil reimbursement rates to a percentage of the average statewide expenditures per public school pupil.
- Seek statutory change to limit the eligible program components to individualized educational materials and secondary guidance and counseling services (i.e., eliminate the health services component).

- Prorate the nonpublic per pupil reimbursement rates so that the total aid reimbursement is funded within the annual base entitlement level. Based on current projections, this factor would be about 91.3% for F.Y. 1992 and about 83.5% for F.Y. 1993.
- Seek legislative action to increase the annual base entitlement through direct appropriations to the amounts necessary to meet the projected requirements.
- Seek legislative change to provide an open appropriation to fund the aid entitlements for this program.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the per pupil reimbursement rates in the three program components be computed as provided in statute and then changed by the Commissioner of Education to the amounts that the annual base entitlement will support. It is estimated that the rates will be changed to 91.3% of the statutory rates for F.Y. 1992, and to 83.5% for F.Y. 1993.

The Governor recommends an aid entitlement of \$8,892 for F.Y. 1992 and \$8,892 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$8,892 in F.Y. 1992 (\$1,333 for F.Y. 1991 and \$7,559 for F.Y. 1992), and \$8,892 in F.Y. 1993 (\$1,333 for F.Y. 1992 and \$7,559 for F.Y. 1993).

EDUCATION AID - GOVERNOR'S BUDGET
(Dollars in Thousands)

0815 NONPUBLIC PUPIL AID

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 8,583	\$ 8,892	\$ 8,892	\$ 8,892
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Incr. Rates - Base Pupils			630	1,296
Incr. Pupils - Base Rates			195	426
Incr Rates For Incr Pupil			14	29
Combination Of Variables	<733>			
3.CURRENT ENTITLEMENT	7,850	8,892	9,731	10,643
4.FUNDING EXCESS/DEFICIENCY	733			
5.POLICY CHANGES RECOMMENDED				
Admin. Constraint Of				
Statutory Reimb. Rates:				
91.3% Of Fy1992 Rates			<839>	<1,751>
83.5% Of Fy1993 Rates				
Total Policy Changes			<839>	<1,751>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			8,892	8,892
7.APPROPRIATIONS BASIS:				
Current Year	7,295	7,559	7,559	7,559
Prior Year	528	1,288	1,333	1,333
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	7,823	8,847	8,892	8,892
8.LEVY AUTHORITY				

Program: 08 Other Educational Programs 1992-93 Biennial Budget
Agency: Education Aids

0816 NONPUBLIC PUPIL PROGRAM SUMMARY
(Information Only)

Citation: M.S. 123.246; 123.76 - 123.79; 123.931 - 123.947; 124.252; 124.646; 124.648;
124A.034; 126.031 and 290.001

MDE Admin: 1501 Education Finance and Analysis
Federal: Various

PURPOSE:

To consolidate information on state and federal funding for services to nonpublic pupils and staff.

In Minnesota, nonpublic pupils and staff receive services under 11 programs. For purposes of discussion, these programs are categorized by state or federal funding source. The state funded programs include programs that provide either state aid or state income tax deductions. Additional information for each program is provided in the appropriate program budget narrative.

DESCRIPTION:

State Programs:

1. Nonpublic Pupil Aid (M.S. 123.931-123.947; also see Program Budget 0815)

School districts are required to provide every school pupil in the state equitable access to secular study materials and pupil support services that complement the program of study the pupil regularly attends.

Under this program, districts are reimbursed for the costs incurred in obtaining the educational materials that are loaned to the nonpublic pupil or for the costs incurred in providing pupil support services to the nonpublic pupil. The maximum reimbursement is limited to an amount equal to the statewide average expenditure per public pupil in the second prior school year multiplied by the number of nonpublic pupils served. A 2 year inflation adjustment is included in the rate for the textbook, individualized instructional materials and standardized tests component. Districts are provided an additional 5% of the reimbursed amount to offset the cost of administering the program. School districts are not required to expend an amount for nonpublic pupils which exceeds the amount of the state aid payments.

2. Shared Time Program (M.S. 124A.034; also see Program Budget 0101)

Nonpublic school pupils may be admitted by school districts to public school programs for part of the school day. These pupils earn a shared-time portion of General Education aid for the district.

School districts are required to provide special education programs for handicapped children. These programs must be made available to handicapped nonpublic school pupils, and the district receives a shared-time portion of General Education aid for these pupils.

3. Transportation Program (M.S. 123.76-123.79; also see Program Budget 0201)

School districts are required to provide "equal transportation" to nonpublic school pupils. This means that the district within which a nonhandicapped pupil resides must provide transportation for the nonpublic pupil within the district in like manner as that provided to the public school student residing in the district. Public schools are also permitted to transport nonpublic school pupils to regular shared-time programs and must transport handicapped nonpublic school pupils to and from the facility where special education is provided. Public schools must also provide

nonpublic school pupils with transportation within the district boundaries between the private school and public school or neutral site for the purpose of receiving health and secondary guidance and counseling services provided to nonpublic school pupils.

4. Tobacco Use Prevention Program (M.S. 124.252; also see Program Budget 0801)

Each school district with a tobacco use prevention program based on the criteria in state law, is eligible for state aid. The funds are provided to districts for in-service training for school staff, prevention programs including curriculum materials, community and parent awareness, and evaluation of curriculum and programs. If the district program includes the participation of nonpublic school pupils, staff, or parents, district funding is increased accordingly.

5. School Lunch Program (M.S. 124.646; also see Program Budget 0803)

State funds are used to meet matching requirements of the United States Department of Agriculture National School Lunch Program.

6. School Milk Program (M.S. 124.648; also see Program Budget 0804)

State funds are provided to schools to pay, in part or in total, the cost of serving 1/2 pint of milk per day to kindergarten students. Eligibility is coordinated with the federal school milk program.

7. State Income Tax Deductions (M.S. 290.001)

Taxpayers who itemize deductions may deduct from gross income the amounts they spend for tuition, secular textbooks, and transportation of dependents attending public or nonpublic elementary or secondary schools in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin. The maximum deductions are \$650 per dependent in Grades K-6 and \$1,000 per dependent in Grades 7-12.

Federal Programs:

1. School Lunch Act and Child Nutrition Act (see Program Budgets 1326-1330)

The state receives federal funds from the United States Department of Agriculture to provide better nutrition for students.

2. Block Grant (also see Program Budget 1323)

The Federal Block Grant program replaced several smaller categorical grant programs. Federal funds are available to schools to support educational program improvement in 6 targeted areas.

3. Teacher Inservice (also see Program Budget 1325)

Title 2 of the Elementary and Secondary Education Act (P.L. 98-377), and the Math & Science Act (P.L. 100-297) provide funds to school districts for training and retraining of teachers to improve instruction in the areas of mathematics and science. Nonpublic school teachers must be ensured equitable participation in the program.

4. Educationally Disadvantaged (ECIA) Chapter 1, Capital Expense (also see Program Budget 1309)

The state receives federal funds to encourage the participation of nonpublic students in Chapter 1, which provides supplemental services to educationally disadvantaged students who live in areas of high concentrations of poverty.

0816 NONPUBLIC PUPIL PROGRAM SUMMARY
(Information Only)

STATISTICS:

NONPUBLIC PUPIL PROGRAM FUNDING ESTIMATES UNDER CURRENT LAW
(\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
A. State Programs					
1. Nonpublic Public Aids					
Texts/Instructional materials	\$ 4,042.3	\$ 4,242.7	\$ 4,586.2	\$ 4,487.1	\$ 4,751.0
Health services	1,217.0	1,287.0	1,593.8	1,970.8	2,236.5
Guidance/Counseling services	1,844.0	1,946.7	2,288.6	2,809.7	3,149.0
Administration	315.5	373.8	423.4	463.4	506.8
Total	\$ 7,418.8	\$ 7,850.2	\$ 8,892.0	\$ 9,731.0	\$10,643.3
2. Shared-time Program	\$ 2,698.3	\$ 2,582.6	\$ 2,657.7	\$ 2,657.7	\$ 2,657.7
3. Pupil Transportation	\$14,767.2	\$13,945.7	\$14,720.0	\$14,063.3	\$14,228.9
4. Tobacco Use Prevention	24.0	23.4	23.2	23.1	23.0
5. School Lunch Program	267.7	270.9	284.4	284.4	284.4
6. School Milk Program	63.3	64.6	64.6	64.6	64.6
7. State Income Tax Deduction*	2,400.0	2,500.0	2,700.0	2,900.0	3,000.0
State Total	\$27,639.3	\$27,237.4	\$29,341.9	\$29,724.1	\$30,901.9
B. Federal Programs					
1. School Lunch Act and Child Nutrition Act	3,839.0	4,690.0	4,925.0	4,925.0	4,925.0
2. Block Grant	680.7	609.6	570.3	570.0	570.0
3. Teacher Inservice	106.0	148.8	148.8	148.8	148.8
4. Educationally Disadvantaged Chapter 1	---	567.7	738.0	1,000.0	1,000.0
Federal Total	\$ 4,625.7	\$ 6,016.1	\$ 6,382.1	\$ 6,643.8	\$ 6,643.8
GRAND TOTAL	\$32,265.0	\$33,253.5	\$35,724.0	\$36,367.9	\$37,545.7
C. Nonpublic Pupils	85,065	84,188	84,000	83,600	83,700

* This is not a state funding estimate. Rather, it is an estimate of the amount of tax revenue that would be realized if the deduction for Grade K-12 education expenses was not in effect. The amounts include both public and nonpublic data. The total amount is shown because no information is available to determine the amount that is attributable to nonpublic students.

Program: 08 Other Educational Program
Agency: Education Aids

1992-93 Biennial Budget

0817 ABATEMENT AID AND LEVY

Citation: M.S. 124.214, Subd 2; 275.48
MDE Admin: 1501 Education Finance and Analysis
Federal: None

PURPOSE:

To replace the net revenue loss incurred by school districts as a result of court-ordered abatements or net reductions in the tax capacity of the district after taxes have been spread by the county auditor. Part of the net revenue loss is replaced with state aid, and part is replaced with levy authority. The intent is to pay approximately the same amount in abatement aid as would have been paid to the district in general education, transportation, community education, and capital expenditure aid, if the adjusted net tax capacity could have been adjusted to the lower level.

DESCRIPTION:

The entitlement for abatement aid is determined from data on net revenue losses as certified by the county auditors. A district's aid entitlement is equal to its net revenue loss multiplied by the ratio of: a) the amount certified by the district in equalized general education, transportation, community education and capital expenditure levies for which it receives corresponding state aid to, b) its total certified levy in the preceding fall, pursuant to M.S. 124, 124A and 275.125, plus or minus auditor's adjustments. The amount of the abatement aid is deducted from the amount of the district's abatement levy authorized in M.S. 275.48.

The net revenue loss incurred by districts in calendar years 1984 and 1985 increased substantially due to reductions in the assessed value of railroad property as a result of Soo Line Railroad Company vs. Commissioner of Revenue and related litigation. In these cases, the assessed valuation of railroad property for assessment years 1981, 1982, and 1983 was reduced pursuant to a federal law which prohibits taxing districts from assessing railroad property at a higher percentage of true market value than other property.

The State Commissioner of Revenue reimbursed school districts in F.Y. 1985 for the revenue loss incurred as a result of reductions in the valuation of railroad property for assessment years 1981 and 1982, minus \$1 per actual pupil unit. The State Commissioner of Revenue reimbursed school districts in F.Y. 1986 for the revenue loss incurred as a result of reductions in the valuation of railroad property for assessment year 1983, minus \$1 per actual pupil unit.

The railroad aid payments are deducted from the abatement aid and levy authority of school districts. Due to the size and timing of the railroad aid payments, a portion of the railroad aid has not yet been deducted. The railroad aid balance to be recovered is carried forward each year, and deducted from current year abatement aid and levy authority.

PERFORMANCE:

For F.Y. 1989, the abatement funding authority for 305 school districts totaled \$8,624,247 in both aid and levy. For F.Y. 1991, the total abatement funding is estimated to be \$16,030,820 for 339 districts. The abatement funding program is successful in correcting, over a period of time, for net revenue losses of the districts. Since abatements are not evenly distributed across districts, those districts with disproportionately large abatements would experience disproportionately large reductions in revenue without the abatement funding program. For F.Y. 1991, the estimated reduction in revenue for districts would range from \$0 per pupil unit to \$183 per pupil unit without the abatement program. Since abatements occur after taxes have been spread by the county auditor, loss of abatement revenue could result in district budgetary and cash flow difficulties. The abatement funding program cannot effectively correct for these difficulties on a timely basis because of the lag

in providing the state aid and additional levy authority. However, there is some offset of the immediate cash flow problem if a district has recurring aid and levy revenue under this program.

The current appropriation is insufficient to fully fund the abatement aid entitlement; the aid proration is at 60.5% for F.Y. 1991.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
1. Total Abatement Funding					
a. Calendar year	1987	1988	1989	1990	1991
b. Net reduction in school taxes	\$ 8,725.4	\$10,915.3	\$16,061.8	\$21,141.9	\$23,142.0
c. Railroad aid balance to be recovered	277.7	176.5	110.1	79.1	59.3
d. Railroad aid subtraction - Current year	101.2	66.4	31.0	19.8	14.8
e. Railroad aid balance carried forward (1c less 1d)	176.5	110.1	79.1	59.3	44.5
f. Total abatement funding (1b less 1d)	\$ 8,624.2	\$10,848.9	\$16,030.8	\$21,122.1	\$23,127.2
g. Number of districts	305	322	339	339	339
2. Abatement Aid Entitlement by Fund					
a. General fund	\$ 4,910.8	\$ 5,289.0	\$ 8,340.9	\$10,990.0	\$12,033.2
b. Transportation fund	405.5	402.7	658.8	868.0	950.4
c. Community service fund	103.6	71.5	115.4	152.0	166.5
d. Capital expenditure fund	142.1	337.0	832.0	1,096.2	1,200.3
e. Total gross abatement aid	\$ 5,562.0	\$ 6,100.2	\$ 9,947.1	\$13,106.2	\$14,350.4
f. Proration factor	1.0	.9857	.6050	1.0	1.0
g. Total prorated abatement aid	\$ 5,562.0	\$ 6,012.9	\$ 6,018.0	\$13,106.2	\$14,350.4
h. Percent of total funding	64.49%	55.42%	37.54%	37.51%	37.50%
i. Number of districts	296	312	334	334	334
3. Abatement Levy Authority by Fund (after aid proration)					
a. General fund	\$ 1,673.1	\$ 3,295.4	\$ 7,235.9	\$ 5,193.2	\$ 5,685.9
b. Transportation fund	219.7	313.2	699.6	578.9	633.9
c. Community service fund	102.6	154.4	387.1	449.9	492.7
d. Capital expenditure fund	335.3	406.3	670.3	450.2	492.9
e. General debt service fund	629.4	651.0	1,008.9	1,329.3	1,455.5
f. TC debt service fund*	12.1	10.6	3.7	4.8	5.3
g. TC other funds*	90.0	5.1	7.3	9.6	10.6
h. Total abatement levy	\$ 3,062.3	\$ 4,836.0	\$10,012.8	\$ 8,015.9	\$ 8,776.8
i. Number of districts	305	322	339	339	339

* Technical colleges

PROSPECTS:

Abatement funding will continue to be needed by school districts. Each year there are court-ordered abatements or net reductions in the tax capacity of districts after taxes have been spread by the county auditor. Under the current statutory provisions, the Minnesota Department of Education (MDE) anticipates an additional need in state aid entitlement of \$7,089,000 for F.Y. 1992 and \$8,333,000 for F.Y. 1993 over the annual base entitlement of \$6,018,000. Fully funding this program recognizes that the factors contributing to the need for abatement aid are beyond the control of the districts, and is consistent with the stated purpose of the program.

0817 ABATEMENT AID AND LEVY

Alternatives Considered:

In order to meet these increasing needs within the annual base entitlement, MDE has identified the following alternative for consideration:

- Continue the practice of prorating the aid and allowing districts to levy the difference between the prorated amount and the total aid due. This does create further cash-flow problems for the districts because of the additional year delay in receiving the levy revenue. Also, this levy for the shortfall in aid contributes to a disparity in tax rates among the affected districts.

The F.Y. 1991 aid is being prorated at 60.5%, with the remaining revenue loss to districts being authorized in the subsequent levy. The needed levels of entitlement are difficult to estimate for this aid, however, it is anticipated that even greater proration (at 42-46%) may occur in F.Y. 1992 and F.Y. 1993.

GOVERNOR'S RECOMMENDATION:

The Governor recommends no changes to the Abatement Aid and Levy funding formula for the upcoming biennium. State aid would be prorated and the levy would be increased to offset the proration.

The Governor recommends an aid entitlement of \$6,018 for F.Y. 1992 and \$6,018 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$6,018 in F.Y. 1992 (\$902 for F.Y. 1991 and \$5,116 for F.Y. 1992), and \$6,018 in F.Y. 1993 (\$902 for F.Y. 1992 and \$5,116 for F.Y. 1993).

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0817 ABATEMENT AID

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 6,013	\$ 6,018	\$ 6,018	\$ 6,018
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Revenue Increases:				
Reduction In School Tax		6,902	11,982	13,982
Railrd Aid Subtraction		<1>	10	16
Levy Increase:				
Reduction In School Tax		<2,972>	<4,903>	<5,665>
Combination Of Variables	87			
3.CURRENT ENTITLEMENT	6,100	9,947	13,107	14,351
4.FUNDING EXCESS/DEFICIENCY	<87>	<3,929>		
5.POLICY CHANGES RECOMMENDED				
Proration Of Aid With A			<7,089>	<8,333>
Levy Increase				
Total Policy Changes			<7,089>	<8,333>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			6,018	6,018
7.APPROPRIATIONS BASIS:				
Current Year	5,111	5,116	5,116	5,116
Prior Year		902	902	902
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	5,111	6,018	6,018	6,018
8.LEVY AUTHORITY	4,836	10,013	15,104	17,109

0818 MISCELLANEOUS GENERAL LEVIES

Citation: M.S. 275.125, Subd 4, 6a, 6h, 9a, 9b;
Laws 1989, Chap 329, Art 13, Sec 18

MDE Admin: 1501 Education Finance and Analysis
Federal: None

PURPOSE:

To provide additional property tax levy revenue to school districts to fund obligations of the district general fund, including unemployment insurance, past operating debt, the cost of judgments, state audits, and retirement, health insurance and severance for certain districts.

DESCRIPTION:

1. Unemployment Insurance (M.S. 275.125, Subd. 4). A school district may levy the amounts necessary to pay the district's obligations for unemployment insurance under M.S. 268.06, Subd. 25, and for job placement services offered to employees who may become eligible for benefits under M.S. 268.08.
2. Statutory Operating Debt (M.S. 275.125, Subd. 9a). A school district must levy the lesser of:
 - a. 1.66% of the adjusted net tax capacity of the district; or
 - b. the amount needed to retire the district's statutory operating debt as of June 30, 1977.
3. Operating Debt (M.S. 275.125, Subd. 9b). A school district may levy the lesser of:
 - a. 1.85% of the adjusted net tax capacity of the district (4.21% for I.S.D. 712, Buhl-Mountain Iron); or
 - b. the greater of: the amount needed to retire the deficit in the district's operating funds as of June 30, 1983, not to exceed the district's state aid reductions in F.Y. 1983; or the amount needed to retire the deficit in the district's general fund as of June 30, 1985.
4. Judgment (M.S. 275.125, Subd. 4). A school district may levy the amounts necessary to pay the district's obligations for judgments under M.S. 127.05, including interest.
5. State Audit (M.S. 275.125, Subd. 4). A school district may levy the amounts necessary to pay the district's obligations for postaudits by the state auditor under M.S. 6.62, if the audit is performed at the discretion of the state auditor pursuant to M.S. 6.51, or if the audit has been requested through a petition by eligible voters pursuant to M.S. 6.54. A school district may not levy for postaudits requested by the school board under M.S. 6.55.
6. Minneapolis Civil Service Retirement (M.S. 275.125, Subd. 6a). The Minneapolis school district may levy the amount levied for retirement in 1978, reduced each year by 10% of the difference between the amount levied for retirement in 1971 and the amount levied for retirement in 1975.
7. Minneapolis Health Insurance Subsidy (M.S. 275.125, Subd. 6h). The Minneapolis school district may levy 0.10% of the district's adjusted net tax capacity to subsidize health insurance costs for retired teachers who were basic members of the Minneapolis Teachers Retirement Fund Association, who retired before May 1, 1974, and who are not eligible to receive the hospital insurance benefits of the federal Medicare program without payment of a monthly premium.
8. St. Paul Severance (see Laws 1989, Chapter 329, Article 13, Section 18). The St. Paul school district may levy 0.21% of the district's adjusted net tax capacity.

PERFORMANCE:

For F.Y. 1991, 212 school districts levied \$4.1 million for unemployment insurance; 10 districts levied \$1.1 million for judgments; and 3 districts levied about \$52,000 for state audits. The levy for statutory operating debt has been reduced from \$4 million for F.Y. 1989 to about \$188,000 for F.Y. 1991. The levy for operating debt has been reduced from \$1.2 million to about \$368,000 for the same period.

STATISTICS: (\$ in 000s)

	F.Y. 1989 87 PAY 88	F.Y. 1990 88 PAY 89	F.Y. 1991 89 PAY 90	Current Law F.Y. 1992 90 PAY 91	F.Y. 1993 91 PAY 92
1. Unemployment Insurance					
Amount	\$ 3,751.5	\$ 3,890.0	\$ 4,088.0	\$ 4,185.3	\$ 4,340.2
Districts	190	188	212	208	215
2. Statutory Operating Debt					
Amount	\$ 4,032.8	\$ 226.1	\$ 188.1	\$ 151.3	\$ 129.6
Districts	13	11	10	9	6
3. Operating Debt					
Amount	\$ 1,240.3	\$ 545.6	\$ 368.3	\$ 285.0	\$ 237.4
Districts	43	33	19	16	12
4. Judgment					
Amount	\$ 48.4	\$ 1,053.1	\$ 1,148.0	\$ 306.1	\$ 835.7
Districts	8	12	10	8	10
5. State Audit					
Amount	\$ 2.5	\$ 10.0	\$ 52.1	\$ 20.0	\$ 27.4
Districts	1	1	3	1	2
6. Minneapolis Retirement					
Amount	\$ 2,560.1	\$ 2,360.0	\$ 2,159.9	\$ 1,959.7	\$ 1,759.6
7. Minneapolis Health Insurance					
Amount	619.2	0	0	0	80.0
8. St. Paul Severance					
Amount	550.8	583.5	394.6	399.0	461.9
Total Amount	\$12,805.6	\$ 8,668.3	\$ 8,399.0	\$ 7,306.4	7,871.8

PROSPECTS:

The Miscellaneous General Levies continue to serve varied needs for Minnesota School Districts. All funds generated through these levies are anticipated to be fully utilized.

GOVERNOR'S RECOMMENDATION:

The Governor recommends continuation of this activity.

Program: 08 Other Educational Programs
Agency: Education Aids

1992-93 Biennial Budget

0819 TEACHER CENTERS (MDE)

Citation: M.S. 124C.41
MDE Admin: 1401 Curriculum Services
Federal: None

PURPOSE:

To provide operational funding for five teacher centers which received a planning grant from the Minnesota Board of Teaching. The intent of this initiative is to provide funding for the implementation of plans developed under the Board of Teaching teacher center program, and for operation of the teacher centers. This funding proposal will allow continuation of activities prescribed in M.S. 124C.41 and is necessitated by the redirection of the current teacher center planning funds by the Board of Teaching to teacher education curriculum and evaluation. (See Program Budget 0805).

DESCRIPTION:

Grants to teacher centers, under current law, are prescribed through the Board of Teaching and an advisory task force. All grant applications must include the approval of the teachers' representatives and the school boards of all participating districts. Districts that had a teacher center application approved by the Board of Teaching and the advisory task force received a grant for planning up to \$75,000. The advisory task force recommended the amount of the planning grant based on the number of teachers to be served by the center. The grant recipient was required to report back to the Board of Teaching about how the proceeds of the grant were used.

PERFORMANCE:

Five teacher centers have established operating plans since F.Y. 1988. The five teacher centers are comprised of 81 school districts with 13,787 teachers. The centers serve from 2 to 37 school districts and 900 to 3,660 teachers.

Teacher centers provide an opportunity for teachers to learn with and from each other. Teacher centers provide an arena where collegial practice and intellectual function of teaching can be learned and deepened, since it is with colleagues that reflection is made possible. The centers provide a variety of services and activities where teachers can create and discuss ideas, elicit new teaching strategies and thinking skills, engage in problem solving techniques, and participate in peer coaching. The centers allow well-trained, creative educators, additional staff development opportunities which focuses on the multiple perspectives of teaching through action research, workshops, seminars, and publications.

PROSPECTS:

The teacher centers have established operational plans, programs, and publications but do not have funds available for continued operations. Without operational funds, the teacher centers will have to close.

An equalized aid and levy for teacher centers is needed to provide funding for teacher centers established according to M.S. 124C.41, Subd. 1 through 5.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that a categorical funding formula be initiated to provide operational support for Teacher Centers with plans approved by the Minnesota Board of Teaching.

Beginning in F.Y. 1992, the maximum revenue for each eligible Center will equal the greater of \$30 times the number of full-time equivalent (FTE) teachers in school districts that are members of the Center, or \$75,000. Total revenue for a Center may not exceed \$300,000. Revenue will be allocated among member districts based on the number of FTE teachers in each member district. A district's maximum Teacher Center levy will equal the product of the district's revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per pupil unit to \$7,400. The state aid would equal the difference between the maximum revenue and the maximum levy. A district may use an appropriation from the district's general fund in-lieu-of a levy to fund its participation in a Teacher Center. The state aid will be paid directly to the Teacher Center, and member school districts will be required to transfer levy receipts to the Center by June 20 and November 30 of each year. In 1991, an eligible district may certify a levy for F.Y. 1992 and F.Y. 1993.

The Governor also recommends that M.S. 124C.41 be modified to transfer responsibility for the Teacher Centers from the Board of Teaching to the Department of Education.

The Governor recommends an aid entitlement of \$250 for F.Y. 1992 and \$250 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$213 in F.Y. 1992 for F.Y. 1992, and \$250 in F.Y. 1993 (\$37 for F.Y. 1992 and \$213 for F.Y. 1993).

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

0819 TEACHER CENTERS (MDE)

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$	\$	\$	\$
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT				
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
New Initiative			250	250
Total Policy Changes			250	250
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			250	250
7.APPROPRIATIONS BASIS:				
Current Year			213	213
Prior Year				37
Transfers (M.S. 124.14)				
Total Funding (State General Fund)			213	250
8.LEVY AUTHORITY			250	250

Program: 08 Other Educational Programs
Agency: Education Aids

1992-93 Biennial Budget

0820 COMMISSION ON MINORITY STAFFING

PURPOSE:

To establish a Commission on Minority Staffing and to provide funding beginning in F.Y.1993 for a program or programs to increase the number of minority professionals working in a variety of capacities with elementary and secondary students.

BACKGROUND:

Of the 1988-1989 graduates from Minnesota teacher preparation programs, 27 were people of color. That figure represents less than 1% of the teachers produced in Minnesota that year. According to recent Department of Education figures, only 1.5% of the state of Minnesota's K-12 professional teaching staff is comprised of people of color, while children of color comprise 8.5% of the student population. Recent trends indicate the obvious shortage of minority teachers is not improving, and, according to most projections, will worsen.

Increasingly it has become the task of school districts to actively search for qualified minority staff. Among the many efforts at recruitment, there are several programs of limited scope and participation experimenting with various strategies to bring more minority faculty into elementary and secondary schools. These programs include ones operated by the University of Minnesota, Bemidji State University, the St. Paul Public Schools, the Minneapolis Public Schools, and others.

GOVERNOR'S RECOMMENDATION:

Beginning in F.Y. 1992, the Governor recommends establishing a 7 member Commission on Minority Staffing, with 4 members appointed by the Governor, 1 member appointed by the Board of Teaching, 1 member appointed by the State Board of Education, and 1 member appointed by the Higher Education Coordinating Board. During F.Y. 1992, the Commission on Minority Staffing will be charged with identifying and evaluating various strategies to effectively increase the number of minority professionals working with elementary and secondary students in a variety of capacities. In addition, the Commission will make recommendations on how to link effective programs currently operating in school districts and post-secondary institutions with each other, and with other programs or strategies recommended by the Commission. The Commission will also set quantitative goals to ensure long term results as well as immediate results in improving minority staffing in Minnesota schools.

The Commission's recommendations should be available for consideration by the Legislature in February, 1992, with project funding beginning in F.Y. 1993.

The Governor recommends that:

- \$75.0 in F.Y.1992 be appropriated to the Department of Education to be used by the Commission to support its development of recommendations; and
- \$575.0 in F.Y.1993 be appropriated to support programs or policies recommended by the Commission.

PUBLIC LIBRARIES (10)

	<u>Page</u>
1001 Libraries - Basic Grants	237
1002 Libraries - Cooperation Grants	241

PUBLIC LIBRARIES

Program: 10 Public Libraries
Agency: Education Aids

1992-93 Biennial Budget

1001 LIBRARIES - BASIC GRANTS

Citation: M.S. 134.30 - 134.36
MDE Admin: 1413 Library Development and Services
Federal: 1324 Public Library Aid

PURPOSE:

To promote, encourage, and assist in the provision of public library services for every Minnesotan. Public libraries provide self-directed educational opportunities for learners of all ages. Grants are provided for development and operation of regional public library systems to strengthen and improve public library services, and for statewide interlibrary loan and reference information services. Specific objectives of the program include:

- providing incentives for counties and cities to work together in regional public library systems, thereby improving and extending services to users at the most reasonable possible cost;
- promoting reading and use of library materials and use of information resources;
- sharing library materials within each region and statewide through interlibrary loan systems and reciprocal borrowing; and
- strengthening library materials collections to better meet the needs of the public.

DESCRIPTION:

The state-funded public library grant program consists of two types of grants established in state law. These grants are Regional Library Basic System Support and Interlibrary Exchange Grants.

State law requires that a regional public library system, to be eligible for a Regional Library Basic System Support Grant, must consist of at least 3 counties and must be designated by the State Board of Education as the appropriate agency to strengthen, improve, and promote public library services in the participating area. State law also requires that each governmental unit participating in a regional public library system must meet minimum levels of local support requirements and maintenance of effort. The minimum level of local support required by statute is .41% of the net tax capacity, or a per capita amount, whichever is less. The method of calculating the per capita amount is established in statute. The per capita amount is \$3.76 in 1991; it is increased each year by 1/2 of the percentage of increase of the adjusted net tax capacity statewide. To maintain effort, a participating governmental unit must provide, for operating purposes, for public library services, at least the dollar amount provided in the preceding year.

Eligibility criteria for Regional Library Basic System Support are contained in Rules of the State Board of Education, Parts 3530.00200 - 3530.0700, and Parts 3530.0900 - 3530.1000. These rules establish application procedures and deadlines, amendment procedures and assurances by applicants. They require that the regional public library system employ a chief administrative officer who has had at least 2 years of public library administrative experience and has received the master's degree in library science from a library education program accredited by the American Library Association. The rules also require that the systems prepare, in each even numbered year, a 5-year long-range plan of service.

The formula for Regional Library Basic System Support Grants, as amended by the 1985 Legislature, is contained in M.S. 134.35. The formula allots 60% of available funds to the system in an equal amount per capita, 15% of available funds in an equal amount per square mile, 7.5% of available funds in an equal amount to each system, and 17.5% of available funds prorated among systems serving counties where the adjusted net tax capacity per capita falls below that state average adjusted

net tax capacity per capita. Regional Library Basic Support Grants are made from federal and state funds.

Systems use these grant funds to operate public library services. In some systems, some of the funds are paid to participating public libraries for services they provide for the system, and in some systems, grants are provided to local participating libraries to strengthen and improve their services.

The Interlibrary Exchange Grant is paid to the Minnesota Higher Education Coordinating Board (HECB) to provide the services of the Minnesota Interlibrary Telecommunications Exchange (MINITEX) to public libraries. The amount of the grant is determined annually in negotiation with HECB, and is based on MINITEX costs for providing projected levels of services. Services provided are interlibrary loan from the University of Minnesota Libraries and other academic and government agency libraries, inclusion of public library holdings in the computerized Minnesota Union List of Serials, back up reference service for answering reference questions which the local library lacks in materials to answer, and access to the computerized cataloging services as of the Online Computer Library Center (OCLC).

The 12 regional public library systems and the counties they serve are shown in Table 10-1.

TABLE 10-1
MINNESOTA REGIONAL PUBLIC LIBRARY SYSTEMS

Arrowhead Library System

Population 333,704

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

Great River Regional Library

Population 267,767

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

East Central Regional Library

Population 112,560

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

Kitchigami Regional Library

Population 104,347

Beltrami County
Cass County
Crow Wing County
Hubbard County
Wadena County

Lake Agassiz Regional Library

Population 127,019

Becker County
Clay County
Clearwater County
Mahnommen County
Norman County
Polk County
Wilkin County

Southeastern Libraries Cooperating

Population 392,352

Dodge County
Fillmore County
Freeborn County
Goodhue County
Houston County
Mower County
Olmsted County
Rice County
Steele County
Wabasha County

1001 LIBRARIES - BASIC GRANTS

Metropolitan Library Service Agency
Population 1,985,860

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

Northwest Regional Library
Population 53,002

Kittson County
Marshall County
Pennington County
Red Lake County
Roseau County

Pioneerland Library System
Population 130,036

Big Stone County
Chippewa County
Kandiyohi County
Lac Qui Parle County
McLeod County
Meeker County
Renville County
Swift County
Yellow Medicine County

Traverse des Sioux Library System
Population 221,980

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

Viking Library System
Population 115,468

Douglas County
Grant County
Otter Tail County
Pope County
Stevens County
Traverse County

Plum Creek Library System
Population 107,113

Cottonwood County
Jackson County
Lincoln County
Lyon County
Murray County
Nobles County
Pipestone County
Redwood County
Rock County
Winona County

PERFORMANCE:

All Minnesotans have access to public library service. As of January 1, 1990 all 87 Minnesota counties are providing financial support for public library service and are participating in a regional public library system. Under M.S. 134.31, Subd. 4, public libraries provide annual reports to the Minnesota Department of Education (MDE) showing receipts, expenditures, service, and use of services for the fiscal year ending during the preceding calendar year.

Since regional, county, and city public library boards do not have the power to tax, they receive local appropriations from county boards of commissioners and city councils. In the 6 consolidated regional public library systems, these local funds along with state and federal aid funds are expended for operating public library services. In the 6 federated regional public library systems, most local funds are provided to county and city libraries for their operations. The federated regional public library systems expend state and federal funds, and those local funds received under service contracts, for operation of cooperative services such as bookmobile service, interlibrary loan, delivery of materials, collection development, and centralized purchasing.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
1. State Grants (\$ in 000s)					
a. Regional library basic support grants					
Number of grants	12	12	12	12	12
Expenditures	\$ 4,690	\$ 5,626	\$ 5,768	\$ 5,768	\$ 5,768
b. Grants for interlibrary exchange					
Number of grants	1	1	1	1	1
Expenditures	\$ 285	\$ 320	\$ 350	\$ 350	\$ 350
Total number of grants	13	13	13	13	13
Total Expenditures	\$ 4,975	\$ 5,946	\$ 6,118	\$ 6,118	\$ 6,118
2. Public Library Services (000s)					
a. Interlibrary loan requests processed through Public Library Access Network (PLANET) and Minnesota Interlibrary Telecommunications Exchange (MINITEX)	72.0	72.5	77.5	82.5	87.5
b. Interlibrary loan requests supplied by regional systems (Calendar Year)	130	152	178	185	194
c. Items in public library collections (Calendar Year)	17,066	17,300	16,900	17,200	17,500
d. Items loaned by public libraries (Calendar Year)	33,880	35,020	36,938	38,785	40,724
e. Interregional reciprocal borrowing	206	242	250	260	270

PROSPECTS:

Since 1980, use of Minnesota public libraries is steadily increasing. There has been a 51% increase in the number of items loaned in the past decade. In recent years, growth in loans of materials to persons who live outside regional service areas indicates a growing need for services for working commuters, vacationers and others who live near regional library boundaries.

As a result of increasing usage and public awareness of the public library systems, the MDE anticipates increasing funding needs in the Public Library - Basic Grants program of \$582,000 for F.Y. 1992 and \$582,000 for F.Y. 1993 in addition to the annual base funding of \$6,118,000.

Alternatives Considered:

MDE identified the following alternative for consideration if funding is continued at the base level:

- In order to partially meet increasing needs and to continue current activities within the annual base funding, public libraries could review current operations and services, and prioritize the allocation of base funding in areas of significant need. This could mean, for example, a reduction of basic services.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$6,118 for F.Y. 1992 and \$6,118 for F.Y. 1993.

Program: 10 Public Libraries
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

1001 LIBRARIES - BASIC GRANTS

Based on these entitlements, the Governor recommends an appropriation of \$6,118 in F.Y. 1992 (\$917 for F.Y. 1991 and \$5,201 for F.Y. 1992), and \$6,118 in F.Y. 1993 (\$917 for F.Y. 1992 and \$5,201 for F.Y. 1993).

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

1001 LIBRARIES-BASIC GRANTS

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 5,946	\$ 6,118	\$ 6,118	\$ 6,118
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT	5,946	6,118	6,118	6,118
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			6,118	6,118
7.APPROPRIATIONS BASIS:				
Current Year	5,054	5,201	5,201	5,201
Prior Year	746	892	917	917
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	5,800	6,093	6,118	6,118
8.LEVY AUTHORITY				

Program: 10 Public Libraries
 Agency: Education Aids

1992-93 Biennial Budget

1002 LIBRARIES - COOPERATION GRANTS

Citation: M.S. 134.351 - 134.354
 MDE Admin: 1413 Library Development and Services
 Federal: None

PURPOSE:

To encourage academic, public, school, and special libraries to share resources, engage in cooperative planning, develop communications systems, delivery systems and data bases, and engage in any other cooperative activities identified by participants as needed. Through multicounty multitype systems, libraries of all types work together to develop cooperative programs that strengthen the services each participating library can offer to its users. These systems bring together the materials and information services to support all levels of education in Minnesota, and facilitate information access for all Minnesotans. Specific objectives of the program include:

- developing regionwide long-range plans for cooperative services among all types of libraries;
- developing and operating mechanisms for sharing of resources among participating libraries;
- developing and operating systems for communication among participating libraries;
- developing and operating systems for delivery of materials and information among participating libraries; and
- encouraging the development of machine-readable bibliographic databases that will support information sharing.

DESCRIPTION:

Each multicounty multitype library system develops and operates services specific to the needs of its area. All systems are operating programs which allow participating libraries to extend and improve the services they provide to users at a cost lower than would be possible if each library were operating independently. Examples of services are interlibrary loan, conversion of information in library card catalogs into machine-readable bibliographic databases, delivery of library materials among libraries, and cooperative staff development programs.

Operating grants are used by multicounty multitype library system to initiate, operate, or contract for services. Operating grants are awarded using a formula established in State Board of Education rule which allocates 60% of available funds equally among the systems, 20% of available funds in an equal amount per capita, and 20% of available funds in an equal amount per square mile.

State law empowers the State Board of Education to approve the establishment of multitype library systems and their geographic boundaries. To join a system, a participating library signs an organizational agreement providing for: 1) sharing of library resources, 2) long range planning, 3) development of a delivery system among libraries, 4) development of bibliographic databases, and 5) a communication system among libraries. State law requires that each multitype library system file an annual report with the Minnesota Department of Education (MDE) on projects conducted with grant funds. State rules establish grant application procedures. They also require each system to file a 5-year long-range plan. Public libraries participating in a multitype library system also are required to participate in their regional public library system.

The 7 multicounty multitype library systems operating in Minnesota and the numbers of participants are identified in Table 10-2.

TABLE 10-2
 MULTICOUNTY MULTITYPE LIBRARY SYSTEMS

Central Minnesota Libraries Exchange

Office: St. Cloud
 Number of Participants: 114
 Academic 9
 Public 2
 School 82
 Special 21

Metronet

Office: St. Paul
 Number of Participants: 154
 Academic 26
 Public 13
 School 44
 Special 74

North County Library Cooperative

Office: Virginia
 Number of Participants: 90
 Academic 8
 Public 30
 School 35
 Special 17

Northern Lights Library Network

Office: Alexandria
 Number of Participants: 148
 Academic 13
 Public 15
 School 103
 Special 17

Southcentral Minnesota Interlibrary Exchange

Office: Mankato
 Number of Participants: 83
 Academic 6
 Public 13
 School 50
 Special 14

Southeast Library System

Office: Rochester
 Number of Participants: 92
 Academic 10
 Public 28
 School 45
 Special 9

Southwest Area Multicounty Multitype

Interlibrary Exchange
 Office: Marshall
 Number of Participants: 104
 Academic 5
 Public 13
 School 75
 Special 11

PERFORMANCE:

Seven multicounty multitype library systems covering the entire state have been established under provisions of M.S. 134.351. There are 785 libraries of all types participating, serving most Minnesotans in their communities, educational institutions, and places of work.

Participation in multicounty multitype library systems has increased steadily since the program began in 1979. In F.Y. 1991, users of 1,762 library outlets, including individual school library media centers, branch libraries and bookmobiles, benefit from cooperative services of multicounty multitype library systems.

The multitype library systems provide mechanisms for sharing library materials and information among college and university libraries, public libraries, school library media centers, and special libraries such as corporate libraries, law libraries, health sciences libraries, and government libraries. Each year, the number of items loaned from one library to another increases significantly. Library personnel also improve their knowledge and skills through participation in workshops conducted by multitype library systems.

The only direct interlibrary loan service available to school library media centers is through multitype library systems. The systems provide information resources to support the needs of faculty and students. Resource sharing systems benefit students, and are especially helpful to students in alternative, postsecondary enrollment options, and open enrollment programs.

1002 LIBRARIES - COOPERATION GRANTS

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
1. Multicounty multitype grants					
a. Number of grants	7	7	7	7	7
b. Expenditures (000s)	\$ 221.5	\$ 247	\$ 256	\$ 256	\$ 256
2. Participating libraries	718	737	785	790	795
3. Service outlets	1,554	1,712	1,762	1,770	1,775
4. Multitype systems operating or contracting for selected cooperative services:					
a. Promotion of reading	7	7	7	7	7
b. Interlibrary loan	6	6	6	6	6
c. Delivery system for interlibrary loan	6	6	6	6	6
d. Reference information services	6	6	6	6	6
e. Continuing education workshops	7	7	7	7	7
f. Access to online databases	6	6	6	6	6
g. Access to electronic mail system	7	2	4	5	7
h. Directory of participants	7	7	7	7	7

PROSPECTS:

The demand for library services continues to grow. As communities actively encourage new businesses and develop strategies for economic growth, the cooperative library system provides access to information not only statewide but also from libraries nationally. As education restructuring in public schools continues, curriculum changes require research. The cooperative library system allows schools access to materials at other libraries. In addition, many postsecondary institutions are offering off-campus instruction in communities. The cooperative library system provides access to research and reference materials.

The increase in participation of libraries in multitype library systems indicates acceptance and recognition of benefits that result through collaboration. The multitype library system offers a low cost method by which libraries are able to increase services to their communities. Libraries collaborating in this program will continue to expand their interlibrary system, reference information systems, and delivery services, and there will be additional efforts to initiate electronic mail systems for increased communication among participants.

As a result of increased usage and public awareness of the cooperative library system, the Minnesota Department of Education (MDE) anticipates increasing funding needs in the Library - Cooperation Grants program of \$100,000 for F.Y. 1992 and \$100,000 for F.Y. 1993 in addition to the annual base funding of \$256,000.

Alternatives Considered:

MDE identified the following alternative for consideration given the annual base level of funding:

- Cooperative Library Systems could review current operations and services, and prioritize the use

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$256 for F.Y. 1992 and \$256 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$256 in F.Y. 1992 (\$38 for F.Y. 1991 and \$218 for F.Y. 1992), and \$256 in F.Y. 1993 (\$38 for F.Y. 1992 and \$218 for F.Y. 1993).

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

1002 LIBRARIES-COOP GRANT

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 251	\$ 256	\$ 256	\$ 256
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT	251	256	256	256
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			256	256
7.APPROPRIATIONS BASIS:				
Current Year	213	218	218	218
Prior Year	33	38	38	38
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	246	256	256	256
8.LEVY AUTHORITY				

EDUCATION AGENCY SERVICES (11)

	<u>Page</u>
A. Community and Family Education	
1101 GED and Learn to Read on TV	245
1102 Adult Education - Basic Skills Evaluation	248
B. Education Organization/Cooperation	
1103 ECSU Administration	250
1104 Regional Management Information Centers	253
1105 ECSU Loans (Cash Flow)	256
C. Expectations, Effectiveness and Technology	
1106 State PER Assistance	258
1107 Educational Effectiveness	261
1108 Curriculum and Technology Integration	264
D. Expanded Student Opportunities	
1109 Academic Excellence Foundation	267
E. Education Policy Research	
1110 Commission on Public Education (Legislature)	270
1111 Commission on Minnesota Resources	272

EDUCATION AGENCY SERVICES

Program: 11 Education Agency Services **1992-93 Biennial Budget**
Agency: Education Aids

 1101 ADULT GED AND LEARN TO READ ON TV

Citation: Laws 1989, Chap 329, Art 4, Sec 17, Subd 9
MDE Admin: 1412 Community Education
Federal: None

PURPOSE:

To provide funds to televise, publicize, and coordinate the General Education Development (GED) on TV series and the Learn to Read (LTR) series statewide in Minnesota. Television is a vehicle to bring learning programs into homes, libraries, community colleges, technical colleges, nonprofit organizations, correctional facilities and hospitals to reach a broader population of older youth and adults in need of literacy skills. More specifically, this funding supports:

- cost of broadcasting on public television;
- publicity about GED on TV and the Learn to Read series; and
- coordination activities to manage and operate the series.

DESCRIPTION:

In 1988, a volunteer task force comprised of adult basic skills specialists organized to develop a needs assessment for GED televised learning programs in Minnesota. The task force has continued to provide leadership in the use of GED on TV series and the added Learn to Read series. The task force identified the need to have an agency coordinate the efforts of televised learning programs. The Minnesota Department of Education (MDE), in cooperation with the Literacy Training Network, developed the statewide program.

In January 1989, the 44-part Kentucky GED on TV series was broadcast on all 6 public television stations in Minnesota. This series was again broadcast in January 1990, and the LTR 30-part series was added to the same public television stations with a similar timetable. The LTR series is designed to improve reading skills of adults who read at the Grade 4 level or below. In January 1991, 1992, and 1993, the GED on TV and Learn to Read series will again be broadcast on the 6 public television stations in Minnesota. In addition, cable companies are being encouraged to tape and rebroadcast these programs. Public libraries, Adult Basic Education programs, work readiness programs, and correctional facilities and hospitals with closed circuit television will be supplied with tapes, workbooks, and tabloids for both series to use as instructional tools.

Publicity is established to create awareness of GED on TV and Learn to Read broadcasts through well-designed and well-executed communications that reach the target audience. Publicity informs adults that GED and LTR programs are being broadcast statewide on public and cable television stations, and that workbooks and program assistance are available. Publicity is in the form of newspaper articles, advertisements, community posters, payroll inserts, radio public service announcements, and primetime advertisements on commercial TV stations that are carried statewide. A public service announcement advertising the Learn to Read series has been developed and is in use in 1990.

PERFORMANCE:

Originally funding was for the GED on TV series, however, with the wide visibility of GED on TV, the need arose for programs for individuals with reading levels of Grade 4 and below. Thus, the Learn to Read series was promoted and included in the broadcast schedules. An evaluation survey

was completed in F.Y. 1990 on the GED on TV and the Learn to Read series. The survey indicated that 68% of the viewing audience participates in the program at home by viewing it on public television or cable networks. Thirty-two percent of the viewing audience participate by viewing the tapes in the classroom or library. One-third of the viewers complete their GED examination by participating in this program. Close to 100% of the viewing audience believe the series is a valuable learning method.

From 1989 to 1991, more than 4,000 GED workbook sets and 104 sets of tapes have been ordered for use in 26 libraries and with 65 basic skills learning centers (community colleges, technical colleges, nonprofit organizations, correctional facilities and hospitals). Also, over 3,700 Learn to Read tabloids and 100 sets of tapes have been ordered for use by 73 basic skills providers.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
A. Program Expenditures (000s)					
GED					
Broadcast fees	\$ 18.7	\$ 19.0	\$ 19.2	\$ 19.5	\$ 19.7
License fees	---	5.7	---	---	18.0
Workbooks, manuals, tapes	29.6	18.6	25.3	25.5	25.5
Total	\$ 48.3	\$ 43.3	\$ 44.5	\$ 45.0	\$ 63.2
Learn to Read					
Broadcast fees	\$ 4.5	\$ 13.0	\$ 13.1	\$ 13.2	\$ 13.3
License fees	1.2	6.0	6.0	6.0	6.0
Workbooks, manuals, tapes	3.7	2.6	5.0	5.0	5.0
Total	\$ 9.4	\$ 21.6	\$ 24.1	\$ 24.2	\$ 24.3
Promotion and related services	\$ 41.0	\$ 35.0	\$ 31.4	\$ 30.8	\$ 12.5
Total Expenditures	\$ 98.7	\$ 99.9	\$ 100.0	\$ 100.0	\$ 100.0
B. Program Delivery					
GED on TV					
Television Broadcast stations					
Public broadcast systems	6	6	6	6	6
Cable television stations	---	8	8	8	8
Learning centers*	50	53	55	60	65
Public libraries*	30	41	49	60	65
Manuals, workbooks, tapes	1,625	1,195	1,422	1,547	1,698
Learn to Read on TV					
Television Broadcast stations					
Public broadcast systems	2	6	6	6	6
Cable television stations	8	8	8	8	8
Learning centers*	2	70	60	60	60
Manuals, workbooks, tapes	200	2,358	1,342	1,300	1,300

* Numbers of learning centers and libraries represent additional sites added each year.

PROSPECTS:

The number of literacy agencies involved in the GED on TV program has grown significantly in 3 years of programming which reflects the growing number of participants interested in this type of instructional methodology. As the televised instructional programming becomes more visible and successfully used by the target population, the need for more tapes, workbooks, tabloids, teacher training, number of broadcast hours, number of cable TV stations participating, and the need to provide better broadcast time becomes necessary. Due to the rapid growth experienced and the

1101 ADULT GED AND LEARN TO READ ON TV

positive learning climate that is generated by these programs, services have increased every year within the original funding framework and there are increasing requests for teaching materials and teacher training activities.

An additional evaluation is needed to determine how this program is used by the general population in their homes. Additional information needs to be gathered on the overall use of televised instructional methodology and cost effectiveness of this type of programming. Presently, MDE is receiving no funding for administrative or technical support for this program. Lack of staff support has diminished program effectiveness.

As a result of increasing numbers of learners participating, and increasing needs for publicity and for technical and administrative assistance, MDE anticipates increasing funding needs of \$10,000 for F.Y. 1992 and \$21,000 for F.Y. 1993 in addition to the annual base funding of \$100,000.

GOVERNOR'S RECOMMENDATION:

To operate this program and provide technical and administrative assistance within the annual base funding level, the Governor recommends appropriation language to allow 10% of program funding to be used for technical and administrative assistance. This will allow MDE staff to review promotion expenditures to evaluate whether the techniques used are successful in recruiting an audience, and to develop and conduct an evaluation of the GED and Learn to Read on TV programs.

The Governor recommends and aid entitlement of \$100 for F.Y. 1992 and \$100 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$100 in F.Y. 1992 and \$100 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

1101 GED & LEARN TO READ ON TV

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 100	\$ 100	\$ 100	\$ 100
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT	100	100	100	100
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			100	100
7.APPROPRIATIONS BASIS:				
Current Year	100	100	100	100
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	100	100	100	100
8.LEVY AUTHORITY				

1102 ADULT EDUCATION-BASIC SKILLS
 EVALUATION

Citation: Laws 1989, Chap 329, Art 4, Sec 19, Subd 7
 MDE Admin: 1412 Community Education
 Federal: 1319 Adult Education

PURPOSE:

To provide for an external evaluation of basic skills programs for Minnesota adults, with the objective of improving adult learning. Appropriation language specifies that the Minnesota Department of Education (MDE) must contract with an organization not connected with the basic skills delivery system to conduct the evaluation.

DESCRIPTION:

Appropriation language requires that MDE contract with an outside agency to conduct a basic skills evaluation. Use of the \$75,000 appropriation in F.Y. 1990 and F.Y. 1991 is contingent on receipt of \$1 from private sources for each \$2 of the state appropriation.

PERFORMANCE:

Use of the state appropriation was contingent on the receipt of \$1 from private sources for each \$2 of the state appropriation. With advice and consent of an advisory committee representing all basic skills delivery systems, including community education, community colleges, technical colleges, private nonprofit agencies, community-based organizations, and volunteer literacy tutoring groups, a Request for Proposal (RFP) was prepared in January 1989 and an evaluation contractor was selected in March 1989.

The evaluation was designed to be implemented in 3 stages. Stage I identified the different types of adult learners, what was being taught, criteria used by different institutions providing the services, and the procedures and test instruments used in evaluating student placement and student achievement. Stage I surveyed learners, instructors, and administrators in basic skills programs and state-level policy makers and administrators in the various delivery systems.

The survey discovered a wide variety of goals, practices, definitions, funding conditions, and data which made comparisons difficult. Because of these differences, recommendations presented in Stage I are still being discussed. The appropriation for F.Y. 1990 was unused. For F.Y. 1991, the appropriation may also go unexpended.

Stage II was initially envisioned to be the refining and pilot testing of an evaluation model developed with the data collected in Stage I. Because of the lack of agreement on the basic skills criteria, the advisory committee is currently reviewing goals and objectives of Stage II before continuing with the basic skills evaluation. Stage III is intended to be actual implementation of the model.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Persons Surveyed					
Program Directors	26	0	0	100	25
Instructors	0	0	0	500	300
Learners	300	0	0	2,000	15,000

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Survey & Evaluation Funding (000s)					
State sources	\$ 47	\$ 0	\$ 75	\$ 75	\$ 75
Private sources	23	0	0	0	0
Total	\$ 70	\$ 0	\$ 75	\$ 75	\$ 75

PROSPECTS:

A statewide evaluation is crucial to improving the quality and availability of opportunities appropriate for adults needing basic skills. The goal of establishing a statewide evaluation model that could better identify learner and program characteristics and progress still is being pursued. Adult Basic Education (ABE) project personnel currently are refining learner-centered assessment procedures and definitions of learner functional levels. A more useful evaluation model will be based on successful existing learning practices and on assessment procedures being developed as part of successful adult learning, and will focus on a distinct definition of adult basic skills programming and participants. Continued evaluation will allow programs, services, and their providers to more efficiently identify and serve the adults needing basic skills in Minnesota.

A team of ABE professionals, with the assistance of an evaluation consultant, will develop a new Request for Proposal (RFP) for Stages II and III of the Adult Basic Education Evaluation that focuses on ABE and complies with state and federal evaluation needs. The RFP will seek to 1) develop and pilot a participatory, learner-centered evaluation design that can be incorporated into the ongoing adult learning/teaching process, and 2) develop procedures for profiling and categorizing types of adult learners, kinds of adult learning options, and varieties of personal learner outcomes.

Other teams of adult educators will continue to develop, and to assist other adult education practitioners to practice using, participatory adult assessment procedures. They also will work with Adult Literacy Research Center experts to integrate and systematize all these activities. Federally funded ABE staff development activities will help ensure that the evaluation model is both useful and used.

An alternative is to delete the requirement that matching funds must accrue from private sources and allow for use of supplemental funds from the Federal Adult Education Act. Supplementing the state basic skills evaluation with federal ABE monies would allow for the development of a comprehensive statewide ABE evaluation that would be useful for program improvement and staff development without the need for additional staff.

MDE anticipates full utilization of the base level funding of \$75,000 for F.Y. 1992 and \$75,000 for F.Y. 1993.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$75 for F.Y. 1992 and \$75 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$75 in F.Y. 1992 and \$75 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

1102 AD ED-BASIC SKILL EV

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 75	\$ 75	\$ 75	\$ 75
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Lack Of Matching Funds		<75>		
3.CURRENT ENTITLEMENT		75	75	75
4.CANCELLATION	75			
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			75	75
7.APPROPRIATIONS BASIS:				
Current Year	0	75	75	75
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	0	75	75	75
8.LEVY AUTHORITY				

1103 ECSU ADMINISTRATION

Citation: M.S. 123.58
 MDE Admin: 1509 Executive Management
 Federal: None

PURPOSE:

The statutory purpose of the Educational Cooperative Service Units (ECSUs) is to perform educational planning on a regional basis, and to assist in meeting specific educational needs of students in participating school districts which can be better provided by an ECSU than by the individual districts.

Since 1975, ECSUs have evolved to fulfill two essential purposes:

- meet specific regional needs of member school districts, as determined by those districts; and
- efficiently administer numerous state and federal programs, resulting in demonstrable cost savings.

DESCRIPTION:

Ten ECSUs are established by law with boundaries that coincide with the Governor's planning regions. School districts in regions 6 and 8, however, elected to cooperate as one unit, now known as the Southwest and West Central ECSU.

Each ECSU is governed by a board of directors composed of school board members from participating school districts. Membership in an ECSU is voluntary and member districts may withdraw at any time. (In Region 11, all school districts must participate in planning activities through the ECSU, though no decisions are binding on participating districts.) Therefore, each ECSU must provide programs and services which demonstrate effective use of local school district resources.

The ECSUs currently serve all of the Grade K-12 school districts in Minnesota, providing over 45 programs and services to school districts in response to divergent local needs throughout the state. Several programs, however, are provided by nearly all ECSUs, including the following:

1. Planning, evaluating, and reporting (PER) coordination;
2. Insurance and Risk Management;
3. Environmental Health and Safety;
4. Film loans and media services;
5. Drug-free schools (federal);
6. AIDS prevention staff training;
7. Cooperative purchasing;
8. Math-science education staff training (federal);
9. Technology assistance; and
10. Special education (federal and state).

Annually, each ECSU must conduct a needs assessment, which is used to gauge the services most needed by school districts in each region. In addition, ECSUs must prepare annual plans, identifying programs suggested for implementation in the next school year and into the future. They also prepare annual evaluation reports on the effectiveness of programs that were provided each year. The annual plans and the annual evaluation reports must be submitted to public school districts, nonpublic school administrative units, and the State Board of Education.

ECSUs are ultimately accountable to local school districts, since districts have the right to decline or withdraw membership. Nonpublic Grade K-12 schools and public and private colleges may also become members. This structure of direct accountability assures that each ECSU is providing services which efficiently use education resources and which are seen as responsive to local needs.

State aid from this program provides \$748,000 annually in basic administrative support for each ECSU. Allocations of this aid are set in appropriation law, which also calls for the Minnesota Department of Education (MDE) to review each ECSU annual plan prior to making payments. Seven ECSUs receive \$68,000 each, while 2 ECSUs (the Metropolitan ECSU in Region 11 and the Southwest and West Central ECSU in Regions 6 and 8) are allocated \$136,000 each. Beyond this basic state support, the majority of ECSU funding derives from various local, state, and federal sources.

PERFORMANCE:

The decisions of school districts and state administrators to use the ECSUs in seeking more efficient use of public resources have resulted in significant cost savings in programs and services including staff development, insurance, health and safety, media services and cooperative purchasing.

During F.Y. 1990, 60,000 teachers, administrators and other education personnel participated in numerous staff development opportunities sponsored by ECSUs. Comparing the average ECSU workshop fees to commercial rates shows that districts saved approximately \$1.8 million. The ECSU administered Regional Comprehensive System of Personnel Development, which provides staff development for special and regular education staff as well as parents, achieves program objectives in an efficient manner. For example, educators and parents recently attended workshops for fees ranging from as low as \$5 per person, whereas the commercial rates for comparable workshops are \$65.

Approximately \$2.4 million is saved annually by district participation in ECSU group health insurance programs. The ECSU agreement with the current insurance provider has achieved a 4% savings for participating districts. Annually, nearly \$69 million in premiums are paid through ECSU health insurance programs.

ECSUs also helped districts through a partnership with MDE in developing health and safety management plans relating to asbestos identification and removal. According to figures developed by MDE, when comparing Minnesota rates to rates in surrounding states, this program resulted in savings to participating districts of approximately \$6.9 million.

Six ECSUs provided media and cooperative purchasing services requested by their member districts. It is estimated that use of media services saved districts about \$1.3 million in F.Y. 1990. Savings achieved through cooperative purchasing are estimated to be about \$1.8 million annually.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
ECSU Membership/Programs					
Public school districts	425	431	435	435	435
Nonpublic schools, colleges, and other agencies	116	119	120	173	176
Common programs and services (those offered in 6 or more ECSUs)	34	36	36	32	32
Unique programs and services	58	61	61	61	65

Program: 11 Education Agency Services
 (Continuation)
 Agency: Education Aids

1992-93 Biennial Budget

1103 ECSU ADMINISTRATION

ECSU Funding Sources (000s)	Current Law				
	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
State					
Administrative Grant	\$ 748	\$ 748	\$ 748	\$ 748	\$ 748
Grants or Aids	<u>2,745</u>	<u>2,874</u>	<u>2,547</u>	<u>5,340</u>	<u>5,492</u>
Subtotal	\$ 3,493	\$ 3,622	\$ 3,295	\$ 6,088	\$ 6,240
Federal (direct or from state)	\$ 4,588	\$ 4,684	\$ 4,110	\$ 4,497	\$ 4,524
School districts					
Service fees, dues memberships	\$ 6,798	\$ 7,042	\$ 6,744	\$ 7,561	\$ 7,790
Flow-through (e.g., cooperative purchasing)	<u>6,478</u>	<u>6,729</u>	<u>5,381</u>	<u>11,107</u>	<u>12,645</u>
Subtotal	\$ 13,276	\$ 13,771	\$ 12,125	\$ 18,668	\$ 20,435
Other (e.g., private grants and sale or rental of equipment)	<u>3,721</u>	<u>3,955</u>	<u>3,830</u>	<u>893</u>	<u>953</u>
Grand Total	\$ 25,078	\$ 26,032	\$ 23,360	\$ 30,146	\$ 32,152

PROSPECTS:

In recent years, both state and federal laws have tended to emphasize more direct delivery of various programs which support school instruction. This tendency is based on the belief that regional units are in the best position to implement programs in a way that complement local characteristics. Recent examples of state programs which have been successfully implemented through ECSUs include the following:

- the Minnesota Educational Effectiveness Program (MEEP);
- Planning, Evaluating, and Reporting (PER); and
- AIDS disease prevention.

As intermediate education units, operating between MDE and the school districts, ECSUs seem ideally suited to serve in this role as direct provider. This emphasis on direct delivery will, therefore, involve continued expansion of programs administered through Minnesota's intermediate education units -- ECSUs.

MDE anticipates full utilization of the base funding of \$748,000 for F.Y. 1992 and \$748,000 for F.Y. 1993.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$748 for F.Y. 1992 and \$748 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$748 in F.Y. 1992 (\$112 for F.Y. 1991 and \$636 for F.Y. 1992), and \$748 in F.Y. 1993 (\$112 for F.Y. 1992 and \$636 for F.Y. 1993).

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

1103 ECSU ADMINISTRATION

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 749	\$ 748	\$ 748	\$ 748
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Rounding Of Appropriation	<1>			
3.CURRENT ENTITLEMENT	748	748	748	748
4.CANCELLATION	1			
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			748	748
7.APPROPRIATIONS BASIS:				
Current Year	636	636	636	636
Prior Year	112	112	112	112
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	748	748	748	748
8.LEVY AUTHORITY				

Program: 11 Education Agency Services
Agency: Education Aids

1992-93 Biennial Budget

1104 REGIONAL MANAGEMENT INFORMATION CENTERS

Citation: M.S. 121.935, Subd 5
MDE Admin: 1510 Education Data Systems
Federal: None

PURPOSE:

To provide a stable environment in which school districts will have adequate and appropriate computer-based management systems from which essential data can be extracted for state-level decision makers. More specifically, this aid includes:

- regional and district computer systems for reporting essential finance, personnel/payroll, and student records;
- transmission to the state of edited data by each region for all member districts; and
- regional training of district staff for changing state reporting requirements.

DESCRIPTION:

There are seven Elementary Secondary Vocational (ESV) Regional Computer Centers organized in Minnesota. Each year when a center's annual plan and budget are approved pursuant to M.S. 121.935, Subd. 3, the center receives an annual grant for regional reporting. In determining the amount of the subsidy grant, the State Board of Education considers the following:

- a) the number of students affiliated with the center;
- b) the number of districts affiliated with the center;
- c) fixed and overhead costs in operating the center and reporting subsystems;
- d) variable costs incurred due to number of districts served and the number of subsystems implemented;
- e) services provided to districts to meet reporting requirements;
- f) costs of meeting reporting requirements for districts using alternative management information systems; and
- g) the number of districts affiliated with the regional management information center in relation to the geographic area occupied by those districts.

A software services delegation agreement with ESV Region VI (METRO II) for the modification, enhancement, and maintenance of the statewide ESV-IS software systems for finance, personnel/payroll, and student services, is executed yearly under the provisions of M.S. 121.933. Task definition and prioritization under this agreement are determined by the ESV-IS Management Teams, whose membership is composed of representatives from each region specializing in the three application areas of finance, personnel/payroll, and student services.

PERFORMANCE:

School districts are mandated to comply with the Uniform Financial Accounting Reporting Standards (UFARS) by using the Elementary Secondary Vocational Finance System (ESV-FIN) or another approved finance system meeting UFARS standards. All financial data from the districts is processed by ESV Regional Computer Centers where it is edited, summarized, and transmitted to the Minnesota Department of Education (MDE).

In addition, many other services and systems are provided to districts. Included among these other services are personnel/payroll and student reporting services, which are available to member districts

through use of the Elementary Secondary Vocational Personnel/Payroll system (ESV-PPS) and the Elementary Secondary Vocational Student Services System (ESV-SSS) or other systems. The use of ESV-PPS and ESV-SSS or other systems by districts is voluntary.

Beginning in fall 1991, each district will capture, maintain, and report essential data elements for each student (35 elements) and each school (14 elements) by spring 1992. This process will replace approximately 14 manually completed paper forms and help correct problems with aid payments and their audit trail.

To provide uniformity and control over the development, modification, and maintenance of the computer software, the state annually provides \$356,000 to make necessary changes to continue operation of the computer programs for the finance, personnel/payroll, and student systems. These changes are made by METRO II (ESV Region VI) under contract with MDE and are then distributed and used in the 7 regional centers or school districts.

School districts have the option to access the mainframe computer via terminals or to access the mainframe computer using a microcomputer to perform first level editing, or to use authorized micro/minicomputer-based finance systems that meet local needs and facilitate state reporting.

The 1990 Legislature passed permissive legislation allowing for the creation of a "center for districts with alternative systems." The ESV Computer Council will review and recommend State Board of Education action on proposals for creation of an eighth region.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
1. School districts using MIS systems					
ESV-FIN	404	398	398	393	388
Alternative FIN	32	38	38	43	48
ESV-PPS	349	369	396	396	396
ESV-SSS	86	136	140	145	150
2. ESV-IS computer program modifications by system					
ESV-FIN	153	168	150	150	150
ESV-PPS	141	158	140	140	140
ESV-SSS	168	178	160	160	160
3. Percent of school districts completing UFARS reporting	100%	100%	100%	100%	100%
4. Percent of school districts completing detail student reporting	0	0	0	100%	100%
5. Percent of ESV regional total funding supported by state appropriation held at \$3,055,000	19%	17%	17%	16%	16%

PROSPECTS:

The last few years have not produced a great increase in district use of alternative systems. The implementation of the student reporting will cause both an increase in district use of regional systems and district operated computers.

Responsibility to fund the ESV Regional Computer Centers is split between school districts and

1104 REGIONAL MANAGEMENT INFORMATION CENTERS

MDE. The state was to provide 50% of the cost of operating the mandated ESV-FIN. This level of support was a compromise recommendation to the legislature by the ESV Computer Council following meetings with school superintendents, MDE staff, and legislative staff who concluded that \$3.4 million was the state's 50% share of ESV-FIN in F.Y. 1985. At \$3,055,000, the annual level of support since F.Y. 1987 has never achieved the 50% level and has never received an inflationary increase as have most other aid programs. (An annual 5% increase over the past two biennia would have resulted in a state subsidy in F.Y. 1991 of \$3,713,000 for the Regions and \$432,000 for software maintenance). Therefore, the state subsidy of the Regions has decreased as a percentage of total ESV Region funding, with funding by member districts increasing proportionately. The current level of state funding provides 17% of region funding. Absent any increase in the state share, this percentage will continue to decline in the upcoming biennium.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$3,411 for F.Y. 1992 and \$3,411 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$3,411 in F.Y. 1992 and \$3,411 in F.Y. 1993

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

1104 REG MGMT INFO CENTER

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 3,411	\$ 3,411	\$ 3,411	\$ 3,411
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
3.CURRENT ENTITLEMENT	3,411	3,411	3,411	3,411
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			3,411	3,411
7.APPROPRIATIONS BASIS:				
Current Year	3,411	3,411	3,411	3,411
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	3,411	3,411	3,411	3,411
8.LEVY AUTHORITY				

1105 ECSU LOANS

Citation: Laws 1989, Chap 329, Art 11, Sec 12 & Sec 15,
Subd 14

MDE Admin: 1502 District Financial Management and Transportation
Federal:

PURPOSE:

To provide an account from which Educational Cooperative Service Units (ECSUs) may borrow for cash flow needs. Cash flow shortages occur when the receipt of federal, state, or local payments due the ECSUs are delayed or do not coincide with the necessary spending pattern of the ECSUs.

DESCRIPTION:

A \$500,000 account is available for ECSUs to borrow from in the event they experience temporary cash flow shortages. This loan account was created because ECSUs have no statutory authority to borrow using any other method. To apply for a cash flow loan, ECSUs must submit a request and a cash flow statement to the Minnesota Department of Education (MDE). The loan must be repaid by June 30 of the fiscal year in which it is received.

PERFORMANCE:

No loans were made to ECSUs during F.Y. 1990. This program has not been used in the current biennium because ECSUs have had sufficient cash available to meet any shortages in certain programs.

PROSPECTS:

Several ECSUs have inquired about the use of the program if payments from local districts are untimely. However, the amount available for loan is insufficient to meet the cash flow needs of all the ECSUs. With the ability to borrow internally from cash balances to meet shortages, it is not anticipated that ECSUs will make use of this loan program.

GOVERNOR'S RECOMMENDATION:

Due to no anticipated use of ECSU Loan funds, the Governor recommends elimination of this activity.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

1105 ECSU LOANS-CASH FLOW

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 500	\$ 500	\$ 500	\$
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
No Participation	<500>			
3.CURRENT ENTITLEMENT		500	500	
4.CANCELLATION	500	500*		
5.POLICY CHANGES RECOMMENDED				
Eliminate This Activity			<500>	
Total Policy Changes			<500>	
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)				
7.APPROPRIATIONS BASIS:				
Current Year		500		
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	0	500	0	0
8.LEVY AUTHORITY				

(*) Payback of F.Y. 1991 loans would cancel to the state general fund

1106 STATE PER ASSISTANCE

Citation: M.S. 126.664; Laws 1987, Chap 398, Art 8, Sec 21
MDE Admin: 1404 Assessment
Federal: None

PURPOSE:

To provide leadership, coordination, training, and technical assistance for all aspects of the Planning, Evaluating, and Reporting (PER) process to facilitate systematic local school district educational improvement in the areas of curriculum and instruction, as well as to provide for public involvement and accountability at the local district level. Specifically, this program provides:

- staffing for and coordination with the operation of the State Curriculum Advisory Committee (SCAC);
- developing model learner outcomes documents with identified essential learner outcomes which provide curriculum leadership as well as basis for assessment activities;
- providing measurement and evaluation services to local districts through the Local Assessment Program;
- developing and training local educators on the use of the Itembank (MIDEBANK) which allows local districts to customize evaluation measures to local curricula;
- providing training and on-site technical assistance to local districts on all aspects of PER; and
- administering all aspects of PER and Assurance of Mastery.

DESCRIPTION:

The implementation of state assistance in the PER process requires considerable coordination between activities at the state and local levels. The PER process at the local level generally involves: 1) leadership from a local PER committee; 2) development and implementation of curriculum goals and outcomes; 3) assessment and evaluation of the needs and strengths in curriculum and instructional practice, based upon student performance and other information; 4) planning for and implementing needed changes in curriculum and instruction; and 5) reporting results within local districts with a copy of the report submitted to the state.

At the state level, the process involves: 1) statewide leadership from SCAC; 2) development and dissemination of Model Learners Outcomes and Essential Learner Outcomes; 3) development of measures and provisions of service through the Local Assessment (Piggyback) and Itembank Programs; 4) workshops and onsite technical assistance on all aspects of PER provided by Minnesota Department of Education (MDE) staff and regional PER facilitators; and 5) review and feedback on all PER reports used for distribution of state aid payments.

Revolving funds have been established under authority in M.S. 126.67, Subd. 6 for deposit of proceeds from two sources: a) charges for additional testing and evaluation of students beyond the required participation in the state assessment program (\$1.20 per student for cost of services provided), and b) sale of products and services provided as part of the assessment item bank program. All monies in the revolving funds are annually appropriated to MDE for improvement of assessment measures in Minnesota.

PERFORMANCE:

SCAC meets monthly and is involved in all aspects of PER implementation including, but not limited to: 1) advising on all state curriculum, assessment and instructional issues; 2) identifying and recognizing exemplary PER practices; and 3) submitting a legislative report, through the Commissioner of Education, which includes recommendations for improvement.

By the end of F.Y. 1991, 22 (73%) of model learner outcomes will be completed. All 30 documents will be completed by the end of F.Y. 1993. Through F.Y. 1991, 13 (43%) of all documents will contain approved essential learner outcomes. All essential learner outcomes for all 30 documents will be completed by the end of F.Y. 1993.

The Local Assessment Program provided direct measurement services to 81% of districts in F.Y. 1990. A 2% growth is anticipated through F.Y. 1993, which would result in service to 87% of districts by the end of the upcoming biennium.

Itembank utilization has continued to grow and it is anticipated that this growth will continue. Current projections show that the 55% utilization in F.Y. 1991 will increase to 65% by the end of F.Y. 1993. This increase is a result of expanded alternative delivery systems and the inherent compatibility of this service with the assessment needs of Outcome-Based Education (OBE).

Virtually all (99%) of districts have and should continue to receive PER training. On-site technical assistance has shown an increase to 70% of districts in F.Y. 1991 and in all probability will increase to 75% by the end of F.Y. 1993. This increase in on-site assistance is a direct result of the work of PER regional facilitators.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Subject areas with model learner outcome documents	14 (47%)	18 (60%)	22 (73%)	26 (87%)	30 (100%)
Subject areas with essential learner outcomes identified	4 (13%)	9 (30%)	13 (43%)	24 (80%)	30 (100%)
Local assessment program utilization (districts)	80%	81%	83%	85%	87%
Itembank district utilization	40%	50%	55%	60%	65%
PER workshops (districts represented)	99%	99%	99%	99%	99%
PER onsite technical assistance (districts served)	65%	70%	70%	75%	75%

PROSPECTS:

The PER process and state support for related activities has existed since 1976. Since PER has been a major carrier of new initiatives over the years, it is likely that, at least, parts of many transformational efforts would include functions which are compatible with PER. The continuing state efforts in OBE will impact the nature of implementation of essential aspects of PER (curriculum, instruction, assessment) and will likely positively impact the need for services in this area. Anticipated growth for each activity is specified in the PERFORMANCE section. In addition, the outcome development and assessment portions of this budget are especially important to the goals of the MDE related to OBE. Related to OBE is a movement toward more performance-based or authentic assessments.

Alternatives Considered:

In order to meet continuing needs within the \$601,000 annual base funding level, MDE has identified the following alternative for consideration:

Program: 11 Education Agency Services
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

1106 STATE PER ASSISTANCE

- Review and prioritize current activities to remain within the base funding level. This would mean, for example, reallocating from product development to providing service to school districts. Given the anticipated growth in need for services in this area, development of learner outcomes and the MIDEBANK could be slowed and more funds devoted to service with existing materials. This alternative would negatively impact MDE efforts in OBE. Any developmental effort to enhance measurement through the development and implementation of performance-based measures could not occur from this source of funds.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$601 for F.Y. 1992 and \$601 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$601 in F.Y. 1992 and \$601 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

1106 STATE PER ASSISTANCE

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 601	\$ 601	\$ 601	\$ 601
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Combination Of Variables	<137>			
3.CURRENT ENTITLEMENT	464	601	601	601
4.CANCELLATION	137			
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			601	601
7.APPROPRIATIONS BASIS:				
Current Year	464	601	601	601
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	464	601	601	601
8.LEVY AUTHORITY				

Program: 11 Education Agency Services
Agency: Education Aids

1992-93 Biennial Budget

1107 EDUCATIONAL EFFECTIVENESS

Citation: M.S. 121.608 - 121.609
MDE Admin: 1403 Instructional Design
Federal: None

PURPOSE:

The Minnesota Educational Effectiveness Program (MEEP) is a statewide school improvement model which will result in restructured schools. The mission of the program as adopted by the Advisory Task Force is "to enhance learning and instruction through planned change based on research. Ongoing, building-based staff development processes, supported and delivered through a network of local, regional and state resources, facilitate this mission."

More specifically, MEEP:

- facilitates site-based decision-making;
- focuses on organizational and instructional improvement;
- involves all stakeholders in the decision making process;
- promotes the view of the school as an interrelated system consisting of: organization (structures and people), curriculum (what is taught), instruction (diagnosis, plan, deliver and assess);
- teaches process skills through which to achieve a more effective school; and
- provides a structure allowing schools to learn through working with other schools.

DESCRIPTION:

MEEP is a state-funded, school-based improvement program developed and directed by the Minnesota Department of Education (MDE), and implemented through the Educational Cooperative Service Units (ECSUs).

As a basis for any significant change, MEEP provides structures and processes which enable site-based teams to be the facilitators of change within their buildings. Research-based, the program can create the climate within a school building to translate a program into action and a change in behavior. The research base is organized into 15 characteristics which describe effective schools.

Participation begins with the identification and training of a school leadership team composed of teachers, the principal and a representative from the central office. The team may also include parents, nonlicensed staff, school board members, and/or students. Leadership teams representing new sites attend a week-long clinical workshop to become familiar with the program's research base, learn implementation processes, and build a team which can focus on involving staff in decision-making and on school "climate" issues. As schools move through an improvement cycle, efforts quickly turn to other issues such as curriculum articulation, flexible grouping, high expectations, instructional delivery, staff development, and parent involvement.

MEEP schools operate with an understanding of and commitment to change over the long term. Sites apply to participate and a formal commitment of time and fiscal resources to comply with program expectations is made. Innovations become part of established practice in the school. Decision-making utilizes a research base in the areas of teaching, learning, change, and effective organizations.

PERFORMANCE:

MEEP is supported by a multilevel structure that utilizes the strengths and expertise of individuals and groups for planning, input and decision-making, and activities to transfer theory and plans into practice. Schools participating in MEEP make a yearly commitment to the program with the

understanding that it will typically require 5 to 7 years to complete the restructuring process. The participating schools have made significant efforts to increase school effectiveness by making positive changes in school climate, by identifying and addressing staff development issues, and by examining instructional delivery systems and curricula.

Beginning with 26 pilot schools in 1984, the program has grown to a present level of 593 participating schools (244 districts). Leadership teams composed of the principal, teachers, central office staff, and other stakeholders have been established at each site. There are currently 593 school teams, 3 college teams, and 5 Educational Cooperative Service Unit (ECSU) teams involved in the program. Each team has participated in an extensive 5 day clinical experience to learn group process skills, become knowledgeable regarding the program's research base, and plan for local implementation.

Site-based teams are supported by a cadre of 10 regional facilitators hired by the ECSUs through a contract with MDE. The contract specifies 5 main objectives or tasks as the responsibility of the regional facilitator. They include: 1) ongoing communication between MEEP sites, local coordinators, regional staff, and MDE, 2) implementation of the MEEP model in each of the sites in the region, 3) awareness of MEEP, 4) access by school sites to the research base, and 5) regional expertise for program implementation.

Local Coordinators have been identified in 25 districts to assist teams in the district by providing resources, information, appropriate processes, and activities. They act as a link to other buildings in the district and to the regional facilitator. Training for local coordinators has been planned and conducted by MDE staff.

Evaluation data each year indicates that the regional and statewide network that has been established is a key element of success of the program. The regional facilitator role of providing direct assistance to participating schools and establishing and maintaining the regional network has been a major factor in maintaining the integrity of the program.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Number of schools	410	503	593	685	775
Regional facilitators (not FTE)	11	12	12	14	14
MDE staff (Full time)	3	3	3	3	3
Funding level (000s)	\$ 588.0	\$ 598.0	\$ 600.0	\$ 600.0	\$ 600.0

PROSPECTS:

It is expected that growth in participation will continue by 90 to 100 new schools each year. The concentration of new sites has shifted from an even distribution statewide to increasingly heavy involvement in the metropolitan area. In order to maintain the support network that has been established statewide and to meet the increased need for facilitation in the metropolitan area, roles and expectations for local coordinators and regional facilitators are changing. It is expected this evolution will continue.

Program evaluation continues to emphasize the importance of leadership in school improvement efforts. MEEP has developed a competency-based training program designed to assist administrators acquire the skills needed to manage participatory, goal-driven schools. The need for competency-based training for administrators will increase as the definition of leader is extended to a variety of roles within each school.

As participatory decision-making based on research and effective practices becomes the norm in MEEP schools, the focus for change moves from climate and staff related issues to content and instructional change. Based on "expectations research" that indicates all students can learn, MEEP schools are examining current curriculum and instructional practices and developing plans for restructured, outcome-based systems.

Program: 11 Education Agency Services
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

1107 EDUCATIONAL EFFECTIVENESS

GOVERNOR'S RECOMMENDATION:

The Governor recommends continuation of the Education Effectiveness program with an increase of \$300 over the base funding level for each year of the upcoming biennium, to provide an increase in technical assistance and more effective implementation models for schools participating in MEEP.

The Governor recommends an aid entitlement of \$900 for F.Y. 1992 and \$900 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$900 in F.Y. 1992 and \$900 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

1107 ED EFFECTIVENESS

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 600	\$ 600	\$ 600	\$ 600
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Combination Of Variables	<2>			
3.CURRENT ENTITLEMENT	598	600	600	600
4.CANCELLATION	2			
5.POLICY CHANGES RECOMMENDED				
Incr. In Funding For			300	300
Regional Facilitator				
Assistance				
Total Policy Changes			300	300
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			900	900
7.APPROPRIATIONS BASIS:				
Current Year	598	600	900	900
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	598	600	900	900
8.LEVY AUTHORITY				

Program' 11 Education Agency Services
Agenc Education Aids

1992-93 Biennial Budget

1108 CURRICULUM & TECHNOLOGY INTEGRA-
TION

Citation: M.S. 124C.22 - 124C.25
MDE Admin: 1403 Instructional Design
Federal: None

PURPOSE:

To assist school districts in integrating technology into the curriculum and in using technology to help students learn at higher levels of thinking and in different ways. Specifically, the program objectives are to:

- use technology to enhance instructional effectiveness and productivity;
- focus technology workshops on expanding classroom instructional strategies;
- provide inservice on a diversity of technologies;
- provide ongoing technology support at the building level; and
- disseminate information on exemplary and emerging technologies practices.

DESCRIPTION:

Opportunities to use technology in more sophisticated ways are occurring in Minnesota because students need new learning skills and educators are becoming increasingly literate in technology. This program helps teachers modify or supplement their instructional design so that students can exploit the potential of technology for different ways of learning and higher levels of thinking.

The Minnesota Department of Education (MDE), Instructional Design Section, with funding from this program continues to develop curriculum and instructional design materials that provide assistance in various subject areas and that are nationally recognized. Materials such as: "Distance Education for All Ages in Minnesota," "Take a Trip," "Thinking Through Technologies," and "Hypermedia/Videodisc Guide" will continue to maintain that quality. However, rapid changes in this area require continual development. Through this program, high quality courseware materials are made available to districts at greatly reduced costs.

Information is shared with educators through a variety of inservice strategies. MDE provides inservice primarily through the following delivery approaches: regional teacher workshops, Courseware Integration Centers, videotapes, conferences, networking meetings and workshops by MDE staff. Ongoing support for local technology implementation efforts is also provided through monthly newsletters and a hotline for technology assistance.

A revolving fund has been established under authority in M.S. 124C.25 for deposit of proceeds from the sale of courseware packages and related materials. All monies in this revolving fund are annually appropriated to MDE to be used for development of additional courseware packages and to evaluate commercial software.

PERFORMANCE:

Opportunities to use technology in more sophisticated ways are occurring in Minnesota because students need new learning skills and educators are becoming increasingly literate in technology. This program assists teachers modify or supplement their instructional design so students can exploit the potential of technology for different ways of learning and higher levels of thinking.

MDE, with funding from this program, continues to develop nationally recognized curriculum and instructional design materials. However, rapid changes in the technology field and marketplace require continual materials development. In addition to instructional materials, MDE provides inservice training to educators on expanding technology in instructional strategies. Communication to educators on technology issues is provided by MDE through newsletters, videotapes, networking meetings, and conferences. The regional curriculum workshops participation is anticipated to increase 17% during F.Y. 1991. The introduction of new technologies in the multimedia area will result in a 31% increase in F.Y. 1991.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
1. Regional Workshops					
Northeast	24	10	22	22	22
North Central	32	14	22	22	22
Northwest	30	11	22	22	22
West Central	22	20	22	22	22
Central	32	21	22	22	22
South Central	28	23	22	22	22
Southeast	30	8	22	22	22
Metro	62	42	44	44	44
SW/WC	32	20	22	22	22
Total	292	169	220	220	220
2. Courseware Integration Center Workshops					
Bemidji	30	52	52	25	25
Brainerd	25	23	23	12	12
New Ulm	40	42	42	25	25
Minneapolis	45	11	11	12	12
Total	140	128	128	74	74
3. MDE Technology Staff Activities					
Mastery Learning/Software	12	14	15	15	15
Two-way TV	25	12	12	12	12
TEAM	0	15	15	15	15
Multimedia	0	16	21	21	21
Curriculum Integration/OBE	---	54	44	40	40
Total	37	111	107	103	103

PROSPECTS:

Integration of technology into education is becoming increasingly important and complex. The MDE survey of educator needs provides evidence that assistance with the integration of technology into the classroom continues to be needed and is important to educators. According to the survey, technology integration ranked second in importance by school districts and staff. A second survey assessing teacher computer skills indicates that most teachers are interested in acquiring new skills in areas beyond basic computer skills and word processing.

GOVERNOR'S RECOMMENDATION:

The Governor recommends continuation of the Curriculum and Technology Integration program with a decrease of \$200,000 in the \$600,000 annual base funding level (total decrease of \$400,000). The \$400,000 is reallocated to Outcome-Based Education (see Agency Budget, Program 14 Educational Services). Providing materials and support for integrating technology with outcome-based education efforts will be the focus of MDE technology efforts.

Program: 11 Education Agency Services
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

1108 CURRICULUM & TECHNOLOGY INTEGRATION

The Governor recommends an aid entitlement of \$400 for F.Y. 1992 and \$400 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$400 in F.Y. 1992 and \$400 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

1108 CURR&TECH INTERGRATION

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 600	\$ 600	\$ 600	\$ 600
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
3.CURRENT ENTITLEMENT	600	600	600	600
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Reallocate To OBE			<200>	<200>
In MDE Agency Budget				
Total Policy Changes			<200>	<200>
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			400	400
7.APPROPRIATIONS BASIS:				
Current Year	600	600	400	400
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	600	600	400	400
8.LEVY AUTHORITY				

Program: 11 Education Agency Services
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

1109 ACADEMIC EXCELLENCE FOUNDATION

and in training the work force for tomorrow, has generated many expectations for MAEF. The rush by 150 school districts to create policies for academic excellence, a prerequisite for charter membership in the Academic League, is one indicator of this movement. As school personnel concentrate on effective learning for all students, MAEF is expected to assist schools in creating and sustaining cultures which visibly encourage young people to achieve academically and to stretch their abilities. MAEF has also responded to increasing requests from the private sector for ways to effectively and efficiently support learning. It is expected that both of these trends (increased demands from both the private sector and from schools and districts) will continue to dominate the MAEF agenda for the next 5 to 10 years. MAEF will intensify support in these areas, but will need additional public resources to be effective.

MAEF is funded by legislative appropriation (49%), private contributions (15%), a federal grant (28%), membership fees (5%), and interest from the endowment (3%). To be effective, MAEF must secure more resources and more stable resources. The endowment will provide a small contribution to this goal. Operating monies are sought on an annual basis by both the MAEF Board and staff, but do not provide a stable base from which to operate.

As a result of the increasing participation in MAEF activities, the increase in private sector partnerships, and the charge to create the Schools of Excellence program, MDE anticipates increasing funding needs of \$179,000 in F.Y. 1992 and \$179,000 in F.Y. 1993 over the annual base funding of \$160,000.

Alternatives Considered:

To meet these increasing needs, MDE identified the following alternatives for consideration given the annual base funding level:

- MAEF could review activities and prioritize current programs within the base funding level. This could mean elimination and/or substantial reduction in MAEF programs. This alternative would reduce MAEF's programming efforts by 75%.

To assess and prioritize its program services, MAEF will utilize criteria established within its current strategic plan:

- mandated programs and services such as the Academic League and the Schools of Excellence activity must continue;
- activities which generate private partnerships and private funding and which create visibility for MAEF and for academic excellence must also continue;
- continuing activities must have a statewide focus and impact as many students as possible;
- continuing activities which may fall outside of these criteria will need to be self-supporting, i.e., have a fee structure.

At risk are the multiple partnerships which could be generated with MAEF assistance, but are not presently in place. The level of service requested by schools and districts as members of the Academic League will not be provided at an adequate level. The requests to assist the private sector in creating partnerships in education will be severely limited. Particularly at risk are the smaller companies who want to be involved but do not have extra staff to work with education. MAEF has planned specifically to assist these newcomers to public-private partnerships.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$160 for F.Y. 1992 and \$160 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$160 in F.Y. 1992 and \$160 in F.Y. 1993.

1109 ACADEMIC EXCELLENCE FOUNDATION

Citation: M.S. 121.612

MDE Admin: 1414 Minnesota Academic Excellence Foundation

Federal: 1322 Byrd Scholarship Program

PURPOSE:

To increase academic learning achievement of elementary and secondary students; to provide expanded opportunities for children with special interests; and to increase public interest and involvement of the private sector in academic activities. Specific objectives are to:

- encourage and recognize students who achieve a common standard of learning, and to recognize teachers, parents, and others who help young people learn;
- assist schools and districts in establishing policies and activities which include all students in the learning process;
- challenge students with intensive interests and/or special abilities, and provide opportunities for all students who wish to learn beyond the common standards;
- assist the private sector in creating partnerships to deliver activities which result in academic learning; and
- educate the general public to the value of academic excellence for all children.

Minnesota Academic Excellence Foundation (MAEF) activities provide a neutral forum where members of the education, government, and private sector can take action on issues, ideas, and activities which result in academic learning.

DESCRIPTION:

MAEF is a nonprofit, public-private partnership created in 1983 by legislative statute to promote and recognize academic excellence in Minnesota's elementary and secondary schools. MAEF is administered by a Board of Directors appointed by the Governor to represent various private sector groups (60%) and education groups (40%). It additionally receives input from several ongoing committees and task forces.

PERFORMANCE:

Major activities through which the program objectives are addressed include:

- Service to schools and students. MAEF provides assistance in creating academic recognition programs in schools and in increasing participation in academic challenges and competitions. Schools are assisted in creating policies, standards, and procedures to encourage academic learning. MAEF also provides statewide recognition and awards programs, and enrichment activities for students, teachers, and others.

To coordinate and deliver these services, MAEF was mandated in 1989 to create and implement an Academic League. The Academic League has a structure for membership by schools and districts. Members are served through Regional Services Consultants in each Educational Cooperative Service Unit. To date, over 150 school districts have joined the league. Over 40 academic challenges are promoted through MAEF and receive coordination and support from MAEF.

MAEF was mandated in 1990 to develop a plan for implementing a Minnesota Schools of Excellence program to encourage and recognize progress by schools in meeting specific criteria set forth by the State Board of Education and the Minnesota Department of Education (MDE). A task force of education and private sector members has reported to the MAEF Board on how this program could be implemented.

- Service to the private sector. Creating partnerships to improve academic performance is managed on a request basis, resulting in state-level, regional, and local recognition, honors, and intensive learning activities. Students and teachers interact with private sector partners to learn practical applications for academic learning; the private sector invests in its future work force.

Participation in MAEF activities and requests for services from MAEF have sharply increased during F.Y. 1989 and F.Y. 1990. These requests are primarily to service schools and/or students (85%), but requests from the private sector to create partnerships have also increased.

In 1989 the Minnesota Legislature challenged MAEF to increase the number of partnerships with the private sector by appropriating an additional \$50,000 annually to be matched by private gifts. MAEF responded by exceeding this fund raising goal. Over \$50,000 in operating support was received for each year in the biennium, plus MAEF implemented an endowment campaign initiated by the Governor. That campaign has generated over \$250,000 as of September 1, 1990.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	Current Law F.Y. 1992	F.Y. 1993
Recognition activities delivered	4	5	9	11	11
Enrichment activities delivered	1	2	5	6	7
Donors to MAEF (cumulative)	10	76	100	125	150
Partnerships established	10	64	70	75	75
Fundraising campaigns	1	2	2	2	3
School districts participating in MAEF activities	30%	50%	60%	70%	75%
Special audiences served (% of total)	5%	7%	10%	12%	14%
Private support received; (000s)					
operating	\$ 30	\$ 50	\$ 50	\$ 60	\$ 75
cumulative endowment*	\$ ---	\$ 200	\$ 300	\$ 400	\$ 450
in-kind*	\$ 200	\$ 225	\$ 250	\$ 300	\$ 350
Academic events working with academic league	30	40	42	42	42
Membership sold to:					
schools/districts	---	---	150	200	250
academic activities	---	15	20	25	25

* Interest from the endowment and in-kind contributions shown occur in the private sector and are not reflected in statewide accounting.

Note: Funding levels shown in the statistical table may differ from the historical expenditures shown on the following program fiscal page, due to fund carryover provisions.

PROSPECTS:

Increasing academic effort among students at all levels of ability and background is necessary if business, government, and other sectors are to have a qualified labor force. Student motivation and the social suppression of academic excellence are critical barriers to student learning.

MAEF realizes that society has seemed traditionally less comfortable recognizing mental achievement than other kinds of achievement such as athletics and economic/business. Recent public interest, however, in academic excellence; in productive, accountable, academic focused, site-managed schools;

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

1109 ACADEMIC EXCELL FND

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 160	\$ 160	\$ 160	\$ 160
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
A.Budget Variables				
Timing Of Matching Funds	<36>	36		
3.CURRENT ENTITLEMENT	124	196	160	160
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			160	160
7.APPROPRIATIONS BASIS:				
Current Year	124	196	160	160
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	124	196	160	160
8.LEVY AUTHORITY				
9. Gift Fund	10	80	60	75

1110 LEGISLATIVE COMMISSION ON PUBLIC EDUCATION

Citation: M.S. 3.865; Laws 1988, Chap 718, Art 6, Sec 22-23;
 Laws 1989, Chap 329, Art 11, Sec 15, Subd 7

PURPOSE:

The Legislative Commission on Public Education (LCPE) was established by the 1987 Legislature to study policy issues relating to education in Minnesota. In-depth research is conducted on education issues and recommendations are made to the legislature. LCPE assists the respective legislative committees in conducting necessary oversight of existing education programs and provides a method to coordinate policy in Pre-kindergarten - Grade 12 education and postsecondary education.

The original legislation creating LCPE included the following as topics to examine:

- study education policy development, planning, and recommendations for improving and transforming education;
- examine current and alternative financing formulas for education and recommendations for changes in the use of public money to fund education;
- review current school district organization and administration and recommendations for more efficient use of available resources;
- study current technology and alternative education delivery systems for Minnesota;
- study teacher preparation, certification, salaries, employment policies and retention;
- study school district foundation and retirement revenue, including the factors that lead to differences in revenue available to school districts; and
- oversee the study activities of the Task Force on Education Organization.

The Task Force on Education Organization, created in 1988, serves an advisory role to LCPE. Task Force membership consists of representatives of 22 separate interest groups in education and 6 legislators. The Task Force role is to assist in the development of a clearer focus and vision for education. Required areas to be examined by the Task Force include:

- learning opportunities;
- alternative patterns of organization; and
- education funding.

An appropriation of \$250,000 from the state general fund was included in the omnibus education aids bill for F.Y. 1990 with carryover language for F.Y. 1991.

PERFORMANCE:

In 1990, LCPE completed a study on Comparative State Financing of Education and a joint study with the Legislative Commission on Employee Relations on Alternative Collective Bargaining Unit Structures. Staff and members held or attended more than 50 meetings with various organizations and communities around the state. A newsletter was published to communicate to the public the activities of LCPE and the Task Force.

The Task Force met 9 times in 1990 for a total of 16.5 days of meeting time. Emphasis of the work

was on alternative patterns of organization and funding. This work builds on previous recommendations concerning goals for education and learner expectations. Four designs for organizing education were created. After revisions were made, the Task Force solicited comments from citizens, education professionals and parents on the design concepts. The four designs were synthesized into one general design (framework) of organization which is expected to be the basis for all decisions concerning future organization.

A "Strategic Plan for Minnesota Public Education" was developed and agreed to. The strategic plan was presented to LCPE in December 1990. Ten strategies were identified for more detailed work in order to move toward implementation of the plan.

PROSPECTS:

The strategic plan for public education in Minnesota contains a new proposed mission, objectives for achieving the mission, strategic parameters for the plan, and 10 strategies to detail and implement. The role of LCPE in the upcoming biennium is to facilitate the detailed development of the strategies, oversee the implementation of the strategic plan, and to assist in an ongoing strategic planning process throughout the education system.

Strategic planning, for the purpose of transforming a complex system, requires participation of those working within the system and clients of the system. The proposed activities for the upcoming biennium are to:

- hold meetings around the state to inform the public about the strategic plan (10 strategies), and to document feedback and inform LCPE about public comments, suggestions, and readiness for implementation of the plan;
- coordinate the detailed development of the 10 strategies and report the results to the legislature;
- involve education interest groups in an advisory capacity to analyze detailed strategies in relation to the strategic plan;
- provide oversight and advice on the implementation of the strategic plan; and
- advise the legislature of implementation timelines and whether or not they are being met.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an aid entitlement of \$125 for F.Y. 1992 and \$125 for F.Y. 1993.

Based on these entitlements, the Governor recommends an appropriation of \$125 in F.Y. 1992 and \$125 in F.Y. 1993.

EDUCATION AIDS - GOVERNOR'S BUDGET
(Dollars in Thousands)

1110 LEG COMM/PUB EDUCATION

	ESTIMATED F.Y. 1990	ESTIMATED F.Y. 1991	GOVERNOR'S REC F.Y. 1992	F.Y. 1993
1.AID ENTITLEMENT BASIS (Implied by FY 90/91 Appropriations)	\$ 125	\$ 125	\$ 125	\$ 125
2.ENTITLEMENT CHANGES PER CURRENT LAW:				
<u>A.Budget Variables</u>				
Balance Forward	<18>	18		
Salary Supplement		4		
3.CURRENT ENTITLEMENT	107	147	125	125
4.FUNDING EXCESS/DEFICIENCY				
5.POLICY CHANGES RECOMMENDED				
Total Policy Changes				
6.AID ENTITLEMENT (Implied by FY 92/93 Appropriations)			125	125
7.APPROPRIATIONS BASIS:				
Current Year	107	147	125	125
Prior Year				
Transfers (M.S. 124.14)				
Total Funding (State General Fund)	107	147	125	125
8.LEVY AUTHORITY				

1111 LEGISLATIVE COMMISSION ON
 MINNESOTA RESOURCES;
 ENVIRONMENTAL EDUCATION

Citation: M.S. 116P
 MDE Admin: 1401 Curriculum Services

PURPOSE:

To provide liaison services and financial administration for five Legislative Commission on Minnesota Resources (LCMR) environmental education programs. More specifically, these programs will benefit Minnesota students and citizens through the development and implementation of:

- teacher inservice programs in environmental education integration;
- a video education demonstration project and statewide environmental education communication network;
- an urban environmental curriculum for elementary students and families;
- a nature study program introducing inner city residents and minorities to natural resources awareness, conservation, and protection; and
- a model environmental education program, including persons with disabilities, for educators, environmentalists, and the disability community.

DESCRIPTION:

The five LCMR funded programs and activities are as follows:

- \$5,000 to the commissioner of education for a grant to the St. Paul Chapter of the National Audubon Society for scholarships for the training of teachers in environmental education integration.
- \$100,000 to the commissioner of education for a grant to Twin Cities Public Television to develop a video education demonstration project and a model for a statewide video environmental education communication network.
- \$100,000 to the commissioner of education for a grant to the Minneapolis Park and Recreation Board to develop an urban environmental curriculum for elementary students and families conducted at 44 city recreation centers.
- \$85,000 to the commissioner of education for a grant to the city of St. Paul to institute a nature study program at Crosby Farm Park to introduce inner city residents and minorities to learning opportunities concerning natural resources and how to conserve and protect those resources.
- \$130,000 to the commissioner of education for a grant to Vinland National Center to develop a program model in environmental education, including education of persons with disabilities, and to teach the model to educators, environmentalists, and the disability community.

STATISTICS:

Program funding (\$ in 000s)	F.Y. 1992	F.Y. 1993
1. National Audubon Society	\$ 2.5	\$ 2.5
2. Video Education Research and Demonstration	50.0	50.0
3. Urban Rangers Program	50.0	50.0
4. Crosby Farm Park	42.5	42.5
5. Vinland National Center	65.0	65.0
Total funding	\$ 210.0	\$ 210.0

Note: All programs are funded from the Minnesota Future Resources Fund except the Video Education project (item 2) which is funded from the Minnesota Environment and Natural Resources Trust Fund.

PROSPECTS:

These five programs will provide at least five specific benefits to Minnesota students and educators.

1. National Audubon Society. An integrated teacher inservice model will be developed and published.

Environmental education in public schools is state mandated, yet elementary teachers have had little if any experience in the natural world, or training in dealing with problems in the environment. It is difficult for them to acquire the needed training. This project will utilize the Audubon environmental learning Center of the Northwoods to teach a small group of teachers in workshops for two consecutive summers, giving them an invaluable experience. The need for environmental education is wide-spread in the school system; this should serve as a model for other schools and workshops throughout the state.

2. Video Education Research and Demonstration. Video environmental resources will be developed and made available via a statewide communications network.

Twin Cities Public Television (TCPT) will work with a variety of partners to research, create, and test video options which will provide video environmental resources for educators and heighten environmental awareness for the general public. To accomplish this goal, TCPT will research the most effective ways to use modern video technology for environmental video education in Minnesota, culminating in the development of a video demonstration project. Research will include needs assessment and the development of a model for a statewide environmental education communication network.

With the mandate of Grade K-12 environmental education and the increasing need for citizen involvement in environmental issues, the need for a Video Education Research and Demonstration Project is clear. The information that this project will provide for educators and the general population about environmental issues is the first step toward generating citizen action.

3. Urban Rangers Program. Grade 5 and 6 students will be provided hands-on curriculum and experiences at parks and recreation centers.

With 17% of city land containing all of Minneapolis' natural resources, the Minneapolis Park and Recreation Board has lacked funding for interpretive programs relative to these resources and urban ecology. Many, if not most city youth and residents, have no access to environmental programs outside the city. Lifestyles and behaviors of urban residents have great impact on

Program: 11 Education Agency Services
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

1111 LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES;
ENVIRONMENTAL EDUCATION

regional ecology, and are most affected by negative aspects of urbanization such as pollution. Yet adults and children in the city have fewer opportunities to comprehend the ecological issues in their daily lives and environment than rural and suburban counterparts.

The Urban Rangers program will address these issues through the direct involvement of urban youth and families in environmental programs conducted at 44 city recreation centers and parks.

4. Crosby Farm Park. Inner city adults, children, and minorities will be provided with positive outdoor experiences and will gain an appreciation of the natural urban environment. A naturalist will be hired to conduct year-round nature classes and programs for adults and children in order to provide Crosby Farm Park visitors with the opportunity to learn about nature and wildlife.

Year-round nature programming will be developed for adults, children, families, and minorities. In addition, summer workshops for children in Grades K-6, will be offered at the park. Interpretive exhibits will be developed, including photos, slide shows, animals, and historic information. Contracts with professional instructors will be used to present programs on certain specialized subjects where special knowledge or information is necessary to teach the subject.

Particular importance will be placed on the development of programs for people whose cultural background is different from mainstream Minnesotans. Special efforts will be made to recruit low-income program participants, as many of the people who live in the vicinity of Crosby Farm Park are low-income families. Because of this, and in an attempt to attract as many people as possible, most of the programs at the park will be offered at little or no cost. Marketing efforts will be made to assure that those people who most need low-cost programs are aware of them. Special emphasis will be made to recruit at schools, recreation centers, and day-care centers that serve this part of St. Paul. An introductory brochure describing the programs that will be offered at the park will be developed and widely distributed throughout the service area of Crosby Park. Volunteers will be recruited to help with all aspects of the program (to greet visitors, answer questions, teach, and to distribute information).

5. Vinland National Center. A special needs curriculum and inservice model which effectively incorporates environmental education into the lives of persons with disabilities will be developed and implemented.

Although the disability community is Minnesota's largest minority, no initiative is in place to address the unique needs of persons with disabilities and to ensure their involvement in educational and community environmental initiatives. Existing environmental education curriculum needs to be adapted to fit the needs of the disability community and teachers must be taught to teach environmental education to persons with special needs. Program goals include:

- development of an environmental education curriculum appropriate for persons with disabilities;
- modifying selected existing environmental education curriculum, consistent with Model Environmental Learner Outcomes, for the disability community to strengthen personal appreciation for the environment, an understanding of global environmental issues, and an understanding of environmental issues in everyday life. Curriculum would include the use of solid waste disposal, wetlands preparation, water quality, energy conservation, wildlife preservation, and recycling;
- establish and implement in Center programs, curriculum to heighten awareness of environment

in everyday life which is replicable and can be used in residential and community based programs for persons with disabilities; and

- serve more than 100 persons with disabilities to test the effectiveness of the curriculum.

GOVERNOR'S RECOMMENDATION:

Recognizing the authority of the LCMR to make budget recommendations for projects funded by the Minnesota Future Resources Fund and the Minnesota Environment and Natural Resources Trust Fund, the Governor makes no specific recommendations.

DISCONTINUED/NONRECURRING PROGRAMS (12)

DISCONTINUED/NONRECURRING PROGRAMS

Program: 12 Discontinued/Nonrecurring Programs 1992-93 Biennial Budget
Agency: Education Aids

1200 STATE AND FEDERAL CATEGORICAL AID PROGRAMS

PURPOSE:

The budget process requires a report of education aids or grants to be discontinued, if there is activity any time during F.Y. 1989, F.Y. 1990 or F.Y. 1991.

STATISTICS:

Following are the discontinued/nonrecurring programs and the amounts expended (\$ in 000s):

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
A. <u>State Programs</u>	\$	\$	\$
Teacher Retirement-FICA	36,094		
Chemical Dependency	138		
Gifted and Talented	210		
Interdistrict Cooperation Aid	327		
Indian Education Grant (#166)	50		
Technology Consortium (NE Minn)	50		
Technology Consortium (NW Minn)	100		
Computer Use by Teachers	29		
Area Learning Center Evaluation	20		
Integration Cost Study (SBE)	75		
Pre-kindergarten Programs	436		
Program Improvement Grants	1,184		
Teacher Assessment (Bd Teaching)	264		
Teacher Education (Bd Teaching)	236		
Community Education Task Force	10		
Technology Information Dissemination	20		
Metropolitan Open Enrollment	83		
Exceptional Need	178	420	70
Capital Expend - Regular	33,134	5,628	
Capital Expend - Hazardous Material	168	9	
Telecommunication Grants (#356, et. al.)		100	240
Telecommunication Grant (Wasioja)		150	
Communication Link Grant (#240)		5	
Leadership Grant (#695)	20		30
Debt Service Grant (#197)		500	
Operating Debt Grant (#232)		50	
Liability Insurance (#707)		16	24
Unemployment Compensation (#707)		29	11
ECFE Program Evaluation		8	17
ECFE Expanded Program			450
Targeted Youth Program Grants			400
Targeted Student Survey			50
Evaluate Drug Prevention			75
Summer Health Intern Grants			100
Math-Science Task Force			100
Total State Programs	\$ 72,826	\$ 6,915	\$ 1,567

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
B. <u>Federal Programs</u>	\$	\$	\$
Asbestos Inspection/Training	88		
Special Education - Teacher Training/Leadership	99		
Remove Barriers for Handicapped	233	86	
Secondary Vocational - Incarcerated Youth	110	56	51
Transition Program for Refugee Children (see Program Budget 1312)	504	476	
Total Federal Programs	\$ 1,034	\$ 618	\$ 51

C. Programs Transferred to Agency Budget

The following state programs are now included in the Minnesota Department of Education agency budget:

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
	\$	\$	\$
School Facilities Review			50
School Facilities Inspection			200
Library System (Faribault)		166	21
Librarian On-line Catalog System	251	41	43
Librarian Materials		10	10
Arts Planning Assistance	37	37	39
Handicapped Transition Office	80	82	86
Health and Wellness Curriculum	28	8	22
Total	\$ 396	\$ 344	\$ 471

FEDERAL PROGRAMS (13)

	<u>Page</u>
A. Federal Flow-Through Programs	
1301 Special Education - Handicapped (EHA, PL 94-142)	276
1302 Special Education - Preschool Incentive	277
1303 Special Education - Infants and Toddlers	278
1304 Special Education - Deaf/Blind	279
1305 Special Education - Handicapped in Residential Facilities (ECIA) Chapter 1	280
1306 Special Education - Handicapped N/D in Residential Facilities (ECIA) Chapter 1	281
1307 Special Education - Disadvantaged N/D in Residential Facilities (ECIA) Chapter 1	282
1308 Educationally Disadvantaged - (ECIA) Chapter 1, Basic Grants	283
1309 Educationally Disadvantaged - (ECIA) Chapter 1, Capital Expense	285
1310 Educationally Disadvantaged - (ECIA) Chapter 1, Program Improvement	286
1311 Migrant Education	287
1312 Transition Program for Refugee Children	288
1313 Emergency Immigrant Education	289
1314 Secondary Vocational - Special Needs	290
1315 Secondary Vocational - Consumer Homemaking	291
1316 Secondary Vocational - Single Parent	292
1317 Secondary Vocational - Sex Equity	293
1318 Secondary Vocational - Student Follow-up	294
1319 Adult Education	295
1320 Drug Free Schools	297
1321 Indian Social Work Aide Training	298
1322 Byrd Honors Scholarship Program	299
1323 Consolidated Federal Programs (Block Grant)	300
1324 Public Library Aid	301
1325 Teacher Inservice Programs - (EESA, Title 2)	303
1326 School Lunch	304
1327 Special Milk	305
1328 School Breakfast	306
1329 Child Care Food	307
1330 Summer Food Service	308
 B. Federal Programs (Information only)	
1331 AIDS Education	309
1332 Impact Aid	311

OTHER EDUCATIONAL PROGRAMS

Program: 13 Federal Programs 1992-93 Biennial Budget
Agency: Education Aids

1301 SPECIAL EDUCATION - HANDICAPPED

Citation: Education for the Handicapped Act (P.L.94-142)
MDE Admin.: 1406 Special Education

PURPOSE:

To provide funds to school districts/cooperatives for new programs and the expansion of programs to assure that free appropriate education services are provided to all children and youth under the age of 21 who are handicapped. P.L. 94-142 funds cannot be used to supplant programs that were previously funded with state and local funds.

DESCRIPTION:

Minnesota receives an annual federal grant based on an unduplicated count of learners with handicaps which is taken by school districts on December 1 of each year. The December 1 count is used to determine the state entitlement for the subsequent school term. The state is required to allocate a minimum of 75% of the state grant to local school districts on an entitlement basis; and 20% of the grant may be used as discretionary funds for state initiated projects designed to equalize services throughout the state, address unmet needs, and meet other requirements of the federal law. The state retains 5% of the grant for central administration of the program. Operation of the grant program in Minnesota is as follows:

- the Minnesota Department of Education (MDE) must submit to the federal office a State Plan that ensures all learners with disabilities are identified and receive a free appropriate education before funds are released to the state;
- the State Plan is amended annually or as needed;
- requirements of the State Plan include provision for nondiscriminatory testing, educating learners with disabilities with those without disabilities to the extent appropriate, include parents in decision making, and assure due process protection under the law;
- the state allocates 80% of P.L. 94-142 funds to local school districts. The law requires at least 75% be flowed through to school districts;
- MDE retains 5% of the P.L. 94-142 allocation for central administration of the program; and
- MDE retains 15% of the P.L. 94-142 funds for discretionary or state initiated projects. Priorities include:
 - a. regional low incidence projects to stimulate services for children and youth who have vision or hearing impairments, physical handicaps, severe or profound mental handicaps, multi-handicaps or autistic behavior;
 - b. Comprehensive System of Personnel Development (CSPD) to complement local district, higher education and state efforts in CSPD;
 - c. meetings of regional directors of discretionary projects to strategically plan for and administer regional special education discretionary projects;
 - d. studies of special education program effectiveness which are also designed to increase research and data analysis skills of district personnel;
 - e. providing support for the State Office of Monitoring and Compliance;
 - f. initiating projects to support innovative or new ideas for enhancing special education services; and
 - g. miscellaneous expenditures for state supported technical assistance to develop guidelines, curriculum, and to provide inservice to targeted groups.

PERFORMANCE:

Federal P.L. 94-142 funds have not kept pace with inflation over the past several years. Consequently, districts employing staff with these funds have had to transfer staff to state and local funds. Currently, P.L. 94-142 funds comprise about 7% of the aids provided to school districts for special education in Minnesota.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
Number of districts	435	435	432	432	432
Total funding	\$ 27,458	\$ 27,037	\$ 27,315	\$ 30,046	\$ 30,046
Allocation of funds:					
Aid to school districts	\$ 21,966	\$ 21,630	\$ 21,852	\$ 24,037	\$ 24,037
Administration	1,373	1,352	1,366	1,502	1,502
Discretionary low incidence projects	1,456	1,640	1,667	1,667	1,667
Other discretionary grants	1,996	2,957	2,000	2,000	2,000
Total allocations	\$ 26,791	\$ 27,578	\$ 26,885	\$ 29,206	\$ 29,206

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

PROSPECTS:

Congress has appropriated an increase of 20% in P.L. 94-142 funds for the 1991-92 school year. However, because of an anticipated increase in child count nationwide and a possible decrease in the Minnesota child count, Minnesota may see less than a 20% increase. It is projected that funds to Minnesota will increase no more than 10%, with most of the increase targeted for past inflation.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1302 SPECIAL EDUCATION - PRESCHOOL
INCENTIVE

Citation: Education for the Handicapped Act
(P.L. 94-142; P.L. 99-457, Sec. 619)

MDE Admin: 1406 Special Education

PURPOSE:

To provide funds for direct and support special education services for children 3 - 5 years of age, who have disabilities, and their families. Preschool grant funds must be used for new and expanded programs and cannot be used to supplant programs previously funded with state and local funds.

DESCRIPTION:

Minnesota receives an annual federal preschool incentive grant based on an unduplicated count of learners ages 3, 4, and 5 which is taken by school districts on December 1 of each year. The December 1 count is used to determine the state entitlement for the subsequent school term. Operation of the grant program in Minnesota is as follows:

- the state retains 5% of the grant for central administration of the program;
- the state retains 20% of the grant for discretionary or state initiated projects in preschool activities;
- 75% of the grant flows to local school districts;
- funds may be used by local education agencies to employ staff, purchase supplies, and equipment, provide personnel development; and
- discretionary funds support regional resource personnel and interagency efforts to assure a comprehensive system of special instruction and services for young children with disabilities.

PERFORMANCE:

All school districts in Minnesota receive preschool incentive funds either individually or through a cooperative agreement.

STATISTICS: (\$ in 000s)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Number of districts	435	435	432	432	432
Total funding	\$ 3,737	\$ 4,433	\$ 5,855	\$ 5,855	\$ 5,855
Allocation of funds:					
Entitlement funding	\$ 2,802	\$ 3,324	\$ 4,391	\$ 4,391	\$ 4,391
Discretionary grants	749	887	1,171	1,171	1,171
Total	\$ 3,551	\$ 4,211	\$ 5,562	\$ 5,562	\$ 5,562

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

PROSPECTS:

Young children with disabilities are expected to increase in the next several years for the following reasons:

- children who have been exposed to alcohol and other chemicals prior to birth are expected to increase; and
- the number of services required by these children to address their educational needs are expected to increase due to the severity of their disabilities.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1303 SPECIAL EDUCATION - INFANTS AND TODDLERS

Citation: Education for the Handicapped Act (P.L. 99-457, Part H)
MDE Admin: 1406 Special Education

PURPOSE:

To provide a comprehensive interagency, multidisciplinary, early intervention system for young children with disabilities, from birth through age 2, and their families.

Early intervention services for eligible young children and their families may include early identification, screening and assessment, family training, counseling, and home visits, early childhood special education, case management, nutrition, audiology, speech and language service, health services, occupational therapy, physical therapy, and psychological services.

DESCRIPTION:

Minnesota receives an annual federal grant based on the number of annual live births in Minnesota. This program provides for the establishment of regional resource positions to assist in development of services and to coordinate local interagency efforts to assure a comprehensive system of interagency services for children with disabilities and their families.

Beginning in F.Y. 1991, federal funding was changed to interagency coordination programs. Currently, 98 community interagency early intervention committees each receive an annual \$1,000 grant to coordinate services and assistance.

PERFORMANCE:

The Infants and Toddlers program provides the resources for the development and implementation of statewide policies to ensure the availability of appropriate early intervention service for young children with disabilities, and their families. The Minnesota Department of Education (MDE) has the responsibility for general administration, supervision, and monitoring of the various programs and services provided to young children with disabilities. MDE, along with representatives from Health and Human Services and the Governor's Interagency Coordinating Council on Early Childhood Intervention define, develop, and implement policies for definition, child find, individual family services plans, case management, comprehensive system of personnel development (CSPD), monitoring, financial responsibility, procedural safeguards for families, dispute resolution procedures, and interagency agreements. Ninety-eight community interagency early intervention committees (IEICs) identify and coordinate resources and assure the development of individual plans and services for eligible young children and their families. Ten regional Early Childhood Coordinators provide regional and local technical assistance to education, health, human services agencies, IEICs, parents, advocates, and public/private providers.

STATISTICS: (\$ in 000s)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Children served (birth-age 2)	1,524	1,771	1,880	1,994	2,006
Aid to districts, agencies, and private organizations	\$ 600	\$ 907	\$ ---	\$ ---	\$ ---
Funds for interagency cooperation/coordination	---	---	98	98	98
Total funding	\$ 600	\$ 907	\$ 98	\$ 98	\$ 98

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

PROSPECTS:

There is a gradual increase in the number of infants and young children eligible for early childhood special education. Early childhood issues currently under consideration by state agencies, the Governor's Council, and the early intervention committees include level of service provided to young children with disabilities and their families; financial responsibility for providing services; and implications of providing early intervention services throughout Minnesota.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1304 SPECIAL EDUCATION - DEAF/BLIND

Citation: Education for the Handicapped Act
Title VI-C (P.L. 94-142)

MDE Admin: 1406 Special Education

PURPOSE:

To initiate and improve statewide educational services for deaf-blind children, birth to age 3; and provide transition services for Minnesota youth and young adults with deaf-blindness as they move from secondary special education to postsecondary education, employment, and community living.

DESCRIPTION:

Minnesota has a cooperative agreement with the United States Department of Education for implementing the Title VI-C Deaf-Blind program.

The Minnesota Department of Education (MDE) contracts with the University of Minnesota Institute on Community Integration to achieve the program objectives which include:

- assisting children birth to age 3 to receive education services in the least restrictive environment;
- identifying and addressing the inservice needs of teachers, parents, personnel, and Local Education Agency special education coordinators;
- identifying programs which are exemplary in their assessment of and programming for children and youth with deaf/blindness;
- working with the Advisory Council; and
- implementation of interagency collaboration.

MDE is responsible for administering the funds and for general supervision of the grant to the University Affiliated Program.

PERFORMANCE:

The Minnesota Deaf/Blind Project has grown from a relatively small project subsidizing a staff position within the Minnesota State Services for the Blind to a program deeply involved in interagency collaboration and policy development with a statewide impact. There are 3 challenges of particular importance to the project this grant year: improving the Deaf/Blind Registry which is based upon the unduplicated child count; developing and improving support structures to families; and, enhancing interagency collaborative efforts through service delivery.

STATISTICS: (\$ in 000s)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Entitlement Funding	\$ 157	\$ 159	\$ 189	\$ 189	\$ 189

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

PROSPECTS:

Minnesota is presently working to improve the process for counting students who are deaf/blind to better provide for their needs. It is believed that students eligible under the deaf/blind disability may be counted under the multiple handicapped category causing the numbers for deaf/blind to be lower than actual.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1305 HANDICAPPED IN RESIDENT FACILITIES
 (ECIA) Chapter 1

Citation: Education Consolidation Improvement Act,
 Chapter 1 (P.L. 89-313)

MDE Admin: 1406 Special Education

PURPOSE:

The purpose of the P.L. 89-313 amendment is to provide financial assistance to state agencies for projects/programs to meet the special education needs of children with disabilities in state operated or state supported schools, and to provide financial assistance to local education agencies (LEAs) for children with handicaps with individual education plans who have left the state agency and transferred to a LEA.

DESCRIPTION:

A large number of students benefitting from P.L. 89-313 supplementary educational funds are residents of the State's Regional Treatment Centers. However, many of those who are eligible may attend classes in the local district in which the State Operated Program (SOP) is located. The second largest group of P.L. 89-313 recipients would be the transfer students from SOPs now receiving services in various local districts throughout the state. Operation of the program in Minnesota is as follows:

- services are provided to emotionally disturbed, mentally retarded, deaf, visually impaired, deaf-blind, and multiply disabled;
- funds are utilized for full and partial payment for 24 service provider positions including teachers, human service technicians, physical therapists, occupational therapists, and teacher aides;
- the children and youth eligible for funds under this Act are not eligible for funds under the Education for the Handicapped Act, Title VI-B; and
- the Minnesota Department of Education (MDE) is responsible for the administration of the program, including program review and monitoring.

PERFORMANCE:

MDE believes that dollars for inservice activities contribute to improved performance levels from direct and indirect service providers. Parents are an integral part of all workshops conducted for purposes of increasing technical knowledge and designing more functional curricula. Leisure time activities at residential settings are available for severe and profoundly handicapped students, and trips into the community contribute to more relaxed and normal performances by students.

STATISTICS: (\$ in 000s)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Pupil Count	331	387	387	387	387
Number of Districts or Agencies	34	34	34	34	34
Entitlement Funding	\$ 295.9	\$ 210.0	\$ 185	\$ 185	\$ 185

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

PROSPECTS:

Congress originally intended P.L. 89-313 dollars for supplementing educational programs in state supported or residential SOPs. However, for the future, residency for special children should not be a determining factor in serving their needs. Students are being mainstreamed into LEAs and they carry their special needs with them. P.L. 89-313 supplementary funds will continue to be needed, whether eligible students are in a SOP or normally counted with the LEA regular special need population.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1306 HANDICAPPED NEGLECTED DELINQUENT
IN RESIDENT FACILITIES (ECIA) Chapter 1

Citation: Education Consolidation Improvement Act,
Chapter 1 (P.L. 89-750)

MDE Admin: 1406 Special Education

PURPOSE:

To provide financial assistance to correctional facilities in Minnesota to meet the special education needs of neglected and/or delinquent children.

DESCRIPTION:

Federal funding is based on the number of youth assigned to state correctional institutions for whom the state provided an educational program during the prior year. Operation of the program in Minnesota is as follows:

- funds are used to supplement the basic education program for youth under 21 years of age; and
- funds are used to provide grants to state correctional institutions at Red Wing, Sauk Centre, Willow River, and St. Cloud.

PERFORMANCE:

In accordance with Chapter 1 regulations, the State Education Agency (SEA) must include in its annual performance report, collected data on race, age, gender, number of children served by grade level and number with handicapping conditions served by the program. In the 1989-90 school year, 526 persons were eligible for Chapter 1 services, and 344 received services. The ethnic and racial breakdown was as follows:

American Indian	47
Asian	2
Black	88
Hispanic	12
White	<u>195</u>
Total	344

Ninety-two students served were 14 - 16 years of age; 252 were between the ages of 17 and 20. Of the students receiving services, 201 were enrolled in reading classes and 218 received extra help in mathematics.

STATISTICS: (\$ in 000s)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Pupils served	317.2	344	342	342	342
Entitlement Funding	\$ 265	\$ 241	\$ 256	\$ 256	\$ 256

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

PROSPECTS:

There is a continuing need for correctional programs to serve adjudicated, Neglected and Delinquent (N&D) youth in Minnesota. More tax dollars for new teachers and better programs will be needed to reach a goal of near total rehabilitation. Although the percentage of N&D students receiving services is somewhat stable, operational costs will rise.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1307 DISADVANTAGED NEGLECTED/DELINQU-
 ENT IN RESIDENT FACILITIES
 (ECIA) Chapter 1

Citation: Education Consolidation Improvement Act,
 Chapter 1, (P.L. 100-297)

MDE Admin: 1406 Special Education

1992-93 Biennial Budget

PURPOSE:

To provide supplementary instruction in reading and mathematics to students, ages 5-21, who have been adjudicated neglected or delinquent, and have been placed in a locally operated residential institution for such students. Research indicates that lack of competency in basic skills is often a major contributing factor in events or behaviors leading to adjudication.

DESCRIPTION:

The Minnesota Department of Education (MDE) administers the federal funds provided for this program. The actual instructional program designed for the students is operated by the local school district in which the institution is located. No federal funds under this program accrue directly to the institution, nor may these funds be used to provide any state-mandated educational requirements.

The allocations for the institutions are determined similarly to those for Chapter 1 programs in local school districts, as discussed in Program Budget 1308. In order to be eligible for an allocation, local institutions must submit a project application indicating services that are for children at the specific center generating the allocation. The application is written and administered by the staff of the school district in which the institution is located.

PERFORMANCE:

The U.S. Department of Education does not require standardized testing for evaluation for local neglected or delinquent Chapter 1 projects. Many of the institutions provide short-term care, where the average length of stay is 2 to 3 weeks. These programs do not lend themselves to accepted qualitative measures of student progress. In long-term care institutions, where the length of stay is 6 months or longer, the growth rate of students receiving Chapter 1 services is approximately 1 month's growth for each month of service.

STATISTICS: (\$ in 000s)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
1. Entitlement Funding	\$ 803	\$ 816	\$ 886	\$ 886	\$ 886
2. Institutions Participating ^a					
Institutions	65	67	60	60	60
School districts	28	29	29	29	29
3. Students Participating (unduplicated count)					
Pre-Kindergarten	0	0	0	0	0
Kindergarten	0	0	0	0	0
Grade 1	16	16	17	17	18

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Grade 2	20	20	21	22	23
Grade 3	39	40	41	42	44
Grade 4	60	62	64	66	68
Grade 5	74	76	79	81	83
Grade 6	107	112	118	124	130
Grade 7	316	332	348	366	384
Grade 8	416	436	458	481	505
Grade 9	548	575	604	634	666
Grade 10	509	529	550	572	595
Grade 11	265	270	275	281	286
Grade 12	96	97	99	101	104
Total	2,466	2,565	2,674	2,787	2,906

4. Staff Employed^b
 (Regular school year)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Teachers	65	66	70	75	77
Instruction aides	41	43	45	47	50
Total	106	109	115	122	127

^a In F.Y. 1967, the initial year of the program, only 9 districts participated. Currently, 29 districts submit applications for the 60 Neglected and Delinquent (N&D) institutions participating.

^b Full-time equivalent count is not required for federal reports.

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

PROSPECTS:

Due to the short-term services provided, no major trend or changes are projected for this program.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1308 EDUCATIONALLY DISADVANTAGED
(ECIA)
(CHAPTER 1), Basic Grants

Citation: Education Consolidation Improvement Act
Chapter 1, (P.L. 100-297)

MDE Admin: 1407 Unique Learner Needs

PURPOSE:

To provide supplemental services to students in Grades K-12 who are educationally disadvantaged in the areas of communications, mathematics and more advanced skills. More advanced skills are defined as higher order thinking skills. Students served through the Chapter 1 program are at-risk students not achieving district standards.

Specific objectives of the program are to:

- increase success in the regular classroom through coordination of supplemental services with the classroom curriculum;
- provide for the involvement of parents in the education of their children;
- identify students who are not functioning at a level appropriate to their age;
- establish outcomes as well as the use of a nationally normed achievement test for evaluation purposes at a district level;
- identify schools not meeting their own evaluation standards and to develop and implement a program improvement plan based on an evaluation of the program by administrators, classroom teachers, Chapter 1 staff, and parents;
- provide the staff development and materials necessary to ensure a successful program; and
- coordinate with the state funded Assurance of Mastery (AOM) program to maximize the services available for these at-risk students and to increase the number of students receiving services.

DESCRIPTION:

The Chapter 1 program provides federal funds to raise the basic skills performance of educationally disadvantaged students through supplementary reading and mathematics instruction. Although the funds are allocated to state and local education agencies on the basis of data reflecting economic deprivation, children from eligible attendance areas are selected to participate in the program on the basis of academic performance which is substantially below grade level in skill areas.

The Chapter 1 Section of the Minnesota Department of Education (MDE) is responsible for:

- determining local district entitlements and distributing funds to local education agencies (LEAs) through an application process consistent with federal regulations and state guidelines;
- establishing, maintaining, and upgrading a statewide system to evaluate the academic progress of students served;
- monitoring local programs to verify compliance and provide technical assistance for programmatic improvement; and

- providing leadership and assistance to improve local project management and administration.

The state entitlement as well as district entitlements are based on economic data. These data include numbers of foster care children and children from homes receiving Aid to Families with Dependent Children (AFDC) funds. Services however, are based on educational needs with priority given to those children who are in greatest need. Each district submits a program application which describes the criteria used to identify students, number of public and nonpublic students to be served, the program model, how Chapter 1 staff will coordinate with the classroom teacher, staff development to be provided, parental involvement component, an evaluation design, and a budget.

Due to waivers granted by the U.S. Office of Education, districts may use Chapter 1 funds to match AOM state revenue. Districts which use Chapter 1 to match AOM state revenue must meet all Chapter 1 requirements as well as the AOM requirements. During the 1990-91 school year, approximately 229 school districts used a total or partial amount of Chapter 1 funds to match the amount needed for the state AOM revenue.

PERFORMANCE:

Chapter 1 programs received the largest increase in the federal budget for F.Y. 1991. Minnesota's entitlement increased by 14%. Through the combined efforts of Chapter 1 and AOM, approximately 60% of the total number of eligible students will receive supplemental services in 1990-91.

In school year 1988-89, approximately 60% of the students received supplemental services in reading and 40% in mathematics. Based on a fall-spring testing cycle, students gained an average of 10 Normal Curve Equivalents (NCE) in reading and 13 NCEs in mathematics on a nationally normed achievement test. The use of NCE enables the many different nationally normed tests which districts use to be averaged. One NCE is roughly equivalent to a percentile. Beginning with F.Y. 1990, all districts are required to use an annual testing cycle.

Twenty schools in 16 districts were identified for program improvement. Students in these schools did not achieve the evaluation criteria established by the school district. MDE assisted these schools in assessing their Chapter 1 program to identify areas for improvement. The areas most in need of improvement were coordination with the regular classroom teacher/curriculum and parental involvement.

STATISTICS:

	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
1. Students participating (unduplicated count)					
Pre-Kindergarten	0	100	150	200	300
Kindergarten	7,051	7,403	7,773	8,162	8,570
Grade 1	14,176	15,451	15,451	16,842	18,358
Grade 2	11,843	12,908	14,070	15,337	16,717
Grade 3	9,960	10,458	10,980	11,529	12,106
Grade 4	7,654	8,036	8,438	8,860	9,303
Grade 5	5,062	5,264	5,475	5,694	5,921
Grade 6	3,695	3,842	3,996	4,156	4,322
Grade 7	1,532	1,623	1,721	1,824	1,934
Grade 8	1,070	1,134	1,202	1,274	1,350
Grade 9	174	190	195	201	207
Grade 10	15	20	20	25	25
Grade 11	10	12	15	20	20
Grade 12	7	10	15	15	15
Total	62,249	66,451	69,501	74,139	79,148

Program: 13 Federal Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

1308 EDUCATIONALLY DISADVANTAGED (CHAPTER 1)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
2. Staff employed, Full-time equivalent (FTE)					
Teachers					
Number	1,490	1,519	1,595	1,674	1,758
FTE	1,012	1,032	1,083	1,138	1,194
Instruction aides					
Number	2,195	2,238	2,350	2,468	2,591
FTE	1,291	1,184	1,243	1,305	1,370
Total					
Number	3,685	3,757	3,945	4,142	4,349
FTE	2,303	2,216	2,326	2,443	2,564
3. Entitlement funding (000s)	\$ 52,484	\$ 55,800	\$ 62,500	\$ 65,625	\$ 68,906

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

PROSPECTS:

The growth in Chapter 1 funding is expected to continue thereby increasing the number of students served. Major efforts will continue in the following areas:

- coordination with AOM;
- coordination with the regular classroom teacher/curriculum;
- the use of learner outcomes to identify students and evaluate the success of the program;
- the use of different teaching techniques, approaches, and materials so that lessons are adapted to the learning style of individual students;
- parental involvement so that parents become more involved in the education of their children; and
- coordination with special education where possible.

By F.Y. 1993, the state will administer the federally-funded Evenstart Program which provides services to preschool children.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs 1992-93 Biennial Budget
 Agenc: Education Aids

1309 Educationally Disadvantaged (ECIA) Chapter 1,
 Capital Expense

Citation: Education Consolidation Improvement Act, Chapter 1. (P.L. 100-297)
 MDE Admin: 1407 Unique Learner Needs

PURPOSE:

Chapter 1 Capital Expense funds are used to encourage the participation of nonpublic students in Chapter 1, and to reimburse school districts for administrative expenses incurred in delivering Chapter 1 services to nonpublic students. Chapter 1 provides supplemental services to educationally disadvantaged students who live in areas of high concentrations of poverty.

DESCRIPTION:

Chapter 1 Capital Expense funds are used for three purposes:

- reimburse districts for expenses incurred since 1985 in implementing the provisions of the Felton decision (see PERFORMANCE section);
- reimburse districts for ongoing noninstructional costs to provide service to nonpublic students; and
- to pay for anticipated noninstructional costs due to an increase in the numbers of nonpublic students to be served.

Districts apply to the Minnesota Department of Education (MDE) for reimbursement of costs incurred during the school years 1985-86 through 1989-90. Grants are awarded for current expenditures and to purchase equipment such as mobile units or portable classrooms to increase the number of nonpublic students served.

STATISTICS: (\$ in 000s)

	F.Y. 1989*	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
Number of Reimbursement Grants	---	46	39	25	25
Number of Advance or Current Funding Grants	---	11	28	50	60
Total Number of Grants Awarded	---	57	67	75	85
Entitlement Funding	---	\$ 567.7	\$ 738.0	\$ 1,000.0	\$ 1,000.0

* F.Y. 1990 was the first year of this program.

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

PERFORMANCE:

In its landmark 1985 decision of Aguilar v. Felton, the U.S. Supreme Court prohibited public school employees from providing onsite instruction to private school students. As a result, school districts were required to provide alternative ways of providing Chapter 1 services to nonpublic students. To provide Chapter 1 services to nonpublic students, most districts bussed or walked private school students to nearby public schools; some rented space at neutral sites; a few purchased or built portable classrooms which were located close to, but off the premises of the nonpublic school. Despite the efforts by districts, nonpublic student participation declined sharply. In addition, the

costs of the alternative delivery systems were a direct charge to the district's Chapter 1 program thus reducing funds for other instruction. The Capital Expense portion of the Chapter 1 program is an attempt to encourage participation of nonpublic students by providing grants for noninstructional equipment and services involved in delivering service to private school students and to reimburse districts for prior administrative expenditures.

No academic performance reporting is required by the federal government. Success of this component of Chapter 1 is measured by the increase in nonpublic students participating in Chapter 1 programs. Program evaluation requirements applied to nonpublic students are the same as for public school students.

PROSPECTS:

Presently, districts are being reimbursed for costs incurred during school years 1985-86 through 1989-90. It is anticipated that districts will begin to apply for funding of current expenditures, and for grants to purchase equipment such as mobile units or portable classrooms to increase the number of nonpublic participants and increase the quality of services provided.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1310 EDUCATIONALLY DISADVANTAGED
(ECIA) CHAPTER 1,
PROGRAM IMPROVEMENT

Citation: Education Consolidation Improvement Act
Chapter 1 (P.L. 100-297)

MDE Admin: 1407 Unique Learner Needs

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

PURPOSE:

Chapter 1 Program Improvement funds are used to provide assistance to schools who have been identified as needing program improvement efforts based on the results of an annual evaluation of student achievement in schools providing Chapter 1 services.

DESCRIPTION:

The Minnesota Department of Education (MDE) state plan for program improvement sets minimum aggregate student achievement standards for schools providing Chapter 1 services. If a school does not meet these standards, based on an annual evaluation of academic achievement, the school must develop a local action plan to improve student performance. Districts may apply to MDE for grants to implement program improvement efforts and activities. Grants are awarded based on the needs and activities described in the local action plan and the availability of funds. Districts are also provided special technical assistance to help them assess their Chapter 1 projects and develop the local action plan. These technical assistance activities are also supported by the program improvement funds.

PERFORMANCE:

No academic performance reporting is required by the federal government. The appropriation is small in relation to the number of schools involved in program improvement efforts. Consequently, direct grants to school districts range from \$1,000 to \$2,000, with most of the funds used to pay for staff development and inservice costs.

STATISTICS: (\$ in 000s)

	<u>F.Y. 1989*</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Grants Awarded	---	15	40	50	50
Entitlement Funding	---	\$ 90	\$ 130	\$ 150	\$ 150

* F.Y. 1990 was the first year of this program.

Note: Funding levels shown in the statistics tables may differ from the expenditures shown on the federal program fiscal summary page, due to fund carryover provisions and statewide accounting period closing requirements.

PROSPECTS:

The federal appropriation is expected to remain small in relation to the number of schools involved in program improvement efforts. MDE Chapter 1 staff will continue to provide special technical assistance to those schools involved in program improvement until such time as they meet state academic standards.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1311 MIGRANT EDUCATION

Citation: Education Consolidation Improvement Act (1981)
Chapter 1

MDE Admin: 1407 Unique Learner Needs

PURPOSE:

To provide compensatory and remedial instruction to eligible migrant students whose families migrate from state to state seeking agricultural employment. The primary focus of the program is on the development of oral language, reading, and mathematic skills.

DESCRIPTION:

This program serves mainly elementary and secondary age students, and also assists students who qualify for General Education Development (GED) programs, other adult basic education, or vocational programs.

Local school districts in areas of heavy migrant population concentrations conduct the program. The program uses local school district facilities and personnel, as well as instructional personnel from Texas and from the migrant stream. Education programs are designed to serve approximately 4,500 eligible migrant students ranging in age from 3-21 years. Local project services include instructional and support services appropriate to the needs of the students.

Funding to districts conducting migrant education projects is determined by past fiscal expenditures, number of students to be served, and program scope. It is allocated through annual grants. The Migrant Education program is primarily a summer activity administering 13 projects statewide. In addition, 13 supplemental tutorial programs are funded each year for migrant students who attend Minnesota schools during the regular school year.

Implementation of migrant education program involves the following:

- state and local parent advisory councils which encourage active parental participation;
- staff development to increase the ability of staff to meet the needs of these students;
- evaluation of the instructional program; and
- interstate and intrastate cooperation efforts between Texas, where most of our migrant students come from, and Minnesota Department of Human Services, Tri-Valley Opportunity Council, Inc., West Central Migrant Projects, and Minnesota Migrant Health Services, Inc.

Currently, Minnesota serves migrant students in 13 summer sites through intensive 6-9 week programs. Individual supplemental services are provided to students whose parents remain here for a short period of time in the fall or who arrive here late in the spring.

Nine summer programs offer an evening program which serves students in Grades 7 through 12. The major emphasis of the secondary evening program is to provide students an opportunity to earn credit or to accumulate hours toward partial credit in order to fulfill high school graduation requirements.

Migrant students suffer from the triple disadvantage of poverty, constant mobility and, for most, poor English language skills. Migrant students as a group are widely recognized as the most disadvantaged of all groups.

PERFORMANCE:

Because these students are mobile and attend summer school in Minnesota for a 6-9 week period of time, the use of test scores is not an appropriate measure of success. In addition to using objectives, the following facts were used as an indicator of success for the 1989 summer program:

- 70% of the total students identified were served;
- 87% of age 6-11 students identified were served, and 45% of the 12-17 age students received services;
- 45% of the Grade K-8 students met 3 out of 5 objectives in oral language;
- 65% of the Grade K-8 students read one or more books;
- 85% of the Grade K-8 student gained more than one month's growth in mathematics;
- 85% of the secondary students earned one or more credits toward graduation;
- 86% of the secondary students completed at least 1/2 credit;
- 1,366 student received dental screening, and of these, 227 received dental treatment;
- 1,407 students received vision screening, and of these, 61 received glasses; and
- 1,531 students received hearing screening, and of these, 43 were referred for hearing evaluations.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
Number of Districts					
Summer	13	13	13	13	13
School Year	14	14	14	14	14
Number of students served					
Age 3-5	798	670	690	690	690
Age 6-11	1,937	1,740	1,760	1,760	1,760
Age 12-17	786	695	710	710	710
Age 18-21	144	120	160	160	160
Total	3,655	3,225	3,320	3,320	3,320
Entitlement funding	\$ 1,140	\$ 1,825	\$ 1,843	\$ 1,843	\$ 1,843

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

PROSPECTS:

A major focus of the migrant program will be to increase the number of students served, particularly at the secondary level. Because migrant students are mobile, moving 2 to 3 times per school year, better use of technology is a priority. Such technology includes:

The Migrant Student Record Transfer System;
The Technology In Migrant Education (TIME);
Computer and Whole Language;
Computer and High Level Thinking Skills;
Computers and Math;
Secondary Credit Exchange;
Management Reports; and
Education and Health Record-Usage at local levels.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1312 TRANSITION PROGRAM FOR REFUGEE
CHILDREN

Citation: Immigration & Nationality Act, as amended by the Refugee Act (1980)
MDE Admin: 1407 Unique Learner Needs

PURPOSE:

To assist local school districts, with an enrollment of more than 20 eligible refugee students, in meeting the unique educational needs of refugee children who have been in the United States for not more than three years.

DESCRIPTION:

Eligible activities for which funds can be used include: Bilingual Education programs, English as a Second Language (ESL) programs, native language tutors, special instructional materials, staff inservice training, and participation of refugee parents in activities related to the education of their children.

Program funding is determined by dividing the total amount of available funding for grants in a fiscal year by the sum of all eligible children to be served by eligible local education agencies. Each state's allocation is then determined by multiplying the state education agency's child count by the average per pupil allocation.

PERFORMANCE:

Program funding was used for salaries of Bilingual and ESL teachers, materials unique to the needs of the student population, teacher training, and parental involvement. Program reports submitted by districts indicate that 95% of the funds received were used for the salaries of Bilingual and ESL teachers.

STATISTICS:

	<u>F.Y. 1989</u>	<u>F.Y. 1990*</u>
Number of districts	13	13
Number of eligible pupils	2,230	2,230
Per pupil allocation	\$ 226.00	\$ 213.42
Total funding (000s)	\$ 504	\$ 476

* No funding was appropriated by U.S. Congress beyond F.Y. 1989, however, due to carryover provisions, funding was expended in F.Y. 1990.

PROSPECTS:

While this program historically has generated little financial support, the minimum dollars received by school districts assisted in offsetting the cost of providing ESL classes. The amendment in 1988 which requires that districts enroll more than 20 eligible students, and Congress not appropriating funds beyond F.Y. 1989, has a negative impact on districts throughout Minnesota. There continues to be a need for this type of program.

Due to the uncertainty of federal funding being restored, no projections are shown and this program is included in Program Budget 1200, Discontinued/Nonrecurring Programs.

1313 EMERGENCY IMMIGRANT EDUCATION

Citation: Emergency Immigrant Education Act
 (P.L. 96-511)

MDE Admin: 1407 Unique Learner Needs

PURPOSE:

To provide support for school districts for supplementary educational services to immigrant children.

DESCRIPTION:

Funds received under this federal program may be used to meet the costs of providing supplementary educational services, including English language instruction, other bilingual education services, special materials and supplies, and inservice training for personnel.

Federal funds are available to school districts in which the number of immigrant children enrolled is equal to at least 500, or is equal to at least 5% of the total number of children enrolled. Immigrant children are defined as children who were not born in a state, and who have been attending schools in one or more states for less than three complete academic years. Children classified as refugees are not eligible.

PERFORMANCE:

Based on the eligibility criteria, two Minnesota districts, St. Paul and Minneapolis, were eligible to apply for funds.

STATISTICS: (\$ in 000s)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Districts	2	2	2	2	2
Immigrant students	2,380	2,300	2,300	2,300	2,300
Funding level	\$ 125.0	\$ 108.1	\$ 106	\$ 100	\$ 100

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

PROSPECTS:

Funds under this program have steadily decreased. Currently, only two school districts have enough immigrant students to qualify for these funds.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1314 SECONDARY VOCATIONAL-SPECIAL NEEDS

Citation: Vocational Education Act (1984), Title 2, Part A
(P.L. 98-524)

MDE Admin: 1402 Secondary Vocational Education

PURPOSE:

To provide vocational education supplementary services to assist and support students with special needs through the career decision-making process while developing skills, attitudes, and knowledge necessary for a successful transition into the workplace. Specific objectives are to:

- apply basic computational, comprehension, communication, scientific, and problem-solving skills in relevant, realistic environments to meet the individual student needs;
- utilize outcome-based curriculum to upgrade and modernize programs, instructional processes and equipment to meet the needs of the student and which is relevant to the occupational choice of the student;
- gain experience in the use of technological equipment appropriate for the occupational area chosen;
- acquire entry-level and employability skills to make a successful transition into a chosen occupation;
- explore potential careers in different occupational areas in order to better prepare students with special needs for a smooth transition for their postsecondary education endeavors; and
- develop an articulation process to articulate secondary and postsecondary programming.

The intent of vocational programs and services is to provide educational opportunities for students with special needs to explore careers, have opportunities to gain specific job skills, and prepare for postsecondary education choices.

DESCRIPTION:

Supplemental services funding is determined by an agreement between the State Board of Education and the State Board of Technical Colleges. The funding amount is based on the allocation to the State of Minnesota by the federal government. Grant awards are made available to eligible recipients for providing supplemental services to special populations which meet the assurances of the federal vocational act.

The federal law also requires equitable state and local matching of the federal funds on a statewide basis. Participants may request state support under Program Budgets 0307 and 0309 to supplement the federal entitlement. This program serves both handicapped and disadvantaged persons.

The term handicapped refers to individuals who are mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, orthopedically impaired, or other health impaired persons, or persons with specific learning disabilities who by reason thereof require special education and related services, and who, because of their handicapping condition, cannot succeed in the regular vocational education program without special education assistance.

The term disadvantaged refers to individuals, other than handicapped persons, who have economic or academic disadvantages and who require special services and assistance in order to succeed in vocational education programs. The term includes: students who are members of economically

disadvantaged families, migrants, persons with limited English proficiency, and individuals who are dropouts, or are identified as potential dropouts from secondary school.

The federal law provides criteria for services and activities for both handicapped and disadvantaged persons who are part of the special needs population in vocational education.

PERFORMANCE:

Recipients of grants provide supplemental services to special populations to ensure the specific objectives as stated in the PURPOSE.

STATISTICS: (\$ in 000s)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Funds available	\$ 596	\$ 597	\$ 593.9	\$ 595	\$ 595
Participants funded	94	103	100	110	110
Students served	3,750	5,261	5,870	6,000	6,000

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

PROSPECTS:

The secondary vocational education provision of supplemental services to special populations will ensure implementation of the Carl D. Perkins Vocational and Applied Technology Education Act, Amendments of 1990, Title II, Part C, in addition to emphasizing integration, articulation, modernization, equity, and the direction of curriculum priorities.

Annual applications for the federal funds continue to increase. Student participation in vocational education also continues to grow, thus creating a need for additional support services, such as vocational counseling.

Public Law 98-524 has been amended by the 1990 Congress. The amended act continues to target special need populations in vocational education. The 1990 amendments have changed the law from specific set-aside determined at the federal level to a more general method for delivery of vocational programming to be determined by the participating local education agencies. The amendments require development of measurable and objective criteria for each program, and an assessment and evaluation procedure. These changes may change the method used by the Minnesota Department of Education to distribute these federal funds.

A request for proposal process will be conducted for vocational programs to address issues in Public Law 98-524 and the 1990 amendments. The proposals will be reviewed and those eligible will be funded based on the federal guidelines.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program 13 Federal Programs
Agen Education Aids

1992-93 Biennial Budget

**1315 SECONDARY VOCATIONAL - CONSUMER
HOMEMAKING**

Citation: Vocational Education Act (1984), Title 2A
(P.L. 98-524)

MDE Admin: 1402 Secondary Vocational Education

PURPOSE:

To provide support to colleges, universities, and local school districts for curriculum development, research, development of instructional materials, inservice training to instructional staff, and leadership activities for students in consumer and homemaking education programs.

The intent of the secondary vocational consumer homemaking program and the Carl D. Perkins Act is to conduct programs in economically depressed areas, to encourage participation of traditionally underserved populations, to encourage the elimination of sex bias and sex stereotyping, to improve, expand, and update programs, and to address priorities and emerging concerns at the local, state, and national levels.

DESCRIPTION:

Consumer homemaking funds support special projects, located at various postsecondary education institutions, at a 100% level for curriculum development, inservice education, and field testing of new curriculum materials. After field testing, curriculum materials are printed and disseminated through teacher inservice. Evaluation is an integral part of each special project. Funds are also available to school districts to support field testing of new programs, and to Dakota County Technical College to provide state-level leadership for the Minnesota Association of Future Homemakers of America (FHA).

Funds are distributed through competitive grants to the colleges, universities, and school districts. Aid to Dakota County Technical College supports the FHA activities as part of the Vocational Student Organization Center.

PERFORMANCE:

Consumer and homemaking teachers have continued to be involved in program development and improvement of instruction and curricula through workshops and regional support groups. Learner outcomes have been developed through this process and work is progressing on curriculum integration and redesign. Leadership activities have been provided for 7,000 FHA/Future Leaders of America members. A regional network system has been organized in 14 regions involving 400 teachers in regional meetings. Work continues to involve more teachers in this process.

STATISTICS: (\$ in 000s)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
1. Entitlement funding	\$ 225.4	\$ 225.4	\$ 225.4	\$ 225.4	\$ 225.4
2. Allocations:					
Dakota County TC	\$ 82.4	\$ 88	\$ 84	\$ 85	\$ 85
Minneapolis Publ. Schools	5.6	0	0	0	0
U of M, St. Paul	21.6	0	0	0	0

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Minnesota Dept. of Ed.	0	8	6	6	6
Mankato State University	85.8	99	50.2	41.4	41.4
School districts	13.0	39	25	60	60
Printing	3	5	3	3	3
Administration			56.8	30	30
Total allocations	\$ 211.4	\$ 239	\$ 225.5	\$ 225.4	\$ 225.4

3. Student participation in leadership activities 7,000 7,000 7,000 6,000 6,000

4. Teacher participation in inservice activities and implementation of new curriculum 600 600 600 500 500

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

PROSPECTS:

Federal funds provide the needed incentives for ongoing curriculum development, instructional redesign, and the development of assessment items related to outcome-based education. Programs involved in curriculum inservice are focusing more on thinking skills and are placing emphasis on resource management, family life, parenting, and nutrition.

Public Law 98-524 has been amended by the 1990 Congress. The amended act continues to target special need populations in vocational education. The 1990 amendments have changed the law from specific set-aside determined at the federal level to a more general method for delivery of vocational programming to be determined by the participating local education agencies. The amendments require development of measurable and objective criteria for each program, and an assessment and evaluation procedure. These changes may change the method used by the Minnesota Department of Education to distribute these federal funds.

A request for proposal process will be conducted for vocational programs to address issues in Public Law 98-524 and the 1990 amendments. The proposals will be reviewed and those eligible will be funded based on the federal guidelines.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1316 SECONDARY VOCATIONAL - SINGLE PARENT

Citation: Vocational Education Act (1984), Title 2, Part A
MDE Admin: 1402 Secondary Vocational Education

PURPOSE:

To provide teenage single parents with an opportunity to complete a secondary education through which they must acquire marketable, vocational skills. The specific objectives of this program are to:

- provide a vocational assessment/evaluation process to ascertain the appropriate vocational area of study for the student;
- assure an appropriate personalized learning plan for each student based on the educational and vocational assessment tools administered;
- establish a process to ensure child care services to enable the student to regularly attend school;
- identify and provide transportation alternatives to enable the student to attend all school educational activities that could provide provisions for accommodation for the offspring of the student;
- establish a system to coordinate all eligible services between agencies and institutions that provide services to teenage single parents; and
- establish a system to provide counseling to facilitate the transition from the high school to the post-high school situation that best fulfills the student's needs.

The intent of the teenage single parent program is to ensure opportunities for teenage single parents to complete their high school programming through which they can obtain marketable vocational skills.

DESCRIPTION:

Special programs/projects are designed to serve single teenage parents enrolled in secondary vocational education programs. The federal funds available for these services at the secondary level is determined by a cooperative agreement between the State Board of Education and the State Board of Technical Colleges. The funds are distributed under a grant program in which local education agencies (LEAs), in cooperation with other organizations serving single teenage parents, agree to provide assessment, child care, transportation, and transition services.

The teenage single parent program is based on a Request for Proposal (RFP) process that provides each school district with flexibility, yet ensures accountability of delivery of the services. The districts must show evidence of how they ascertain the grade level of the student; ensure training in the appropriate vocational skills area; and provide individual learning plans to participate in this program. The district provides for child care for the student while the student is involved in the educational activities, provides transportation to ensure that the parent and child are transported to and from the educational sites, and ensures there is cross-agency interaction. The district must also provide counseling to assist each student in the transition from the secondary programs to employment or postsecondary education. The district also ensures that the plan, providing the teenage single parent services, is reviewed with the local Private Industry Council. Each district that completes the RFP and meets and ensures all of the objectives are being met, will receive a portion of the federal dollars identified as secondary vocational single teenage parent dollars in the joint board agreement.

PERFORMANCE:

Participation in this program has increased since the federal Carl D. Perkins Act began providing set-aside funds for this purpose. In F.Y. 1991, 41 schools participated in the teenage single parent program. For F.Y. 1992, 41 schools have requested to participate in this program.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
Entitlement Funding	\$ 225	\$ 225	\$ 224	224	224
LEAs Funded	44	44	41	41	41
Students Served	565	677	675	680	680

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

PROSPECTS:

The teenage single parent program provides incentives for school districts to provide educational services to teenage single parents in their districts. Direct involvement of school systems, social service systems, and other private and public organizations dealing with teenage single parents, provide educational opportunities for this population to ensure their attainment of marketable skills and a high school degree. The teenage single parent program provides a flow-through system of federal monies which enable LEAs to identify and provide services to this population.

The joint agreement between the State Board of Education and the State Board of Technical Colleges has allocated \$223,676 to the Minnesota Department of Education (MDE) Secondary Vocational Section to provide teenage single parent programs to requesting and qualifying districts. The federal appropriations for F.Y. 1992 and F.Y. 1993 are not yet available, but a similar distribution procedure will be followed in these years via a joint board agreement.

Public Law 98-524 has been amended by the 1990 Congress. The amended act continues to target special need populations in vocational education. The 1990 amendments have changed the law from specific set-aside determined at the federal level to a more general method for delivery of vocational programming to be determined by the participating LEAs. The amendments require development of measurable and objective criteria for each program, and an assessment and evaluation procedure. These changes may change the method used by MDE to distribute these federal funds.

A request for proposal process will be conducted for vocational programs to address issues in Public Law 98-524 and the 1990 amendments. The proposals will be reviewed and those eligible will be funded based on the federal guidelines.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1317 SECONDARY VOCATIONAL - SEX EQUITY

Citation: Vocational Education Act (1984), Title 2, Part A
MDE Admin: 1402 Secondary Vocational Education

PURPOSE:

To provide funding for specialized secondary vocational projects designed to reduce gender bias and sex equity stereotyping through grants to school districts working in cooperation with other agencies. In addition, this program provides services, comprehensive career guidance, and counseling and activities to eliminate stereotyping in secondary vocational education.

DESCRIPTION:

The Secondary Vocational Sex Equity program funding is determined by a joint agreement between the State Board of Education and the State Board of Technical Colleges, and the funding allocation to the state of Minnesota by the federal government. All monies in this program are flow-through dollars to the successful recipients of grants.

PERFORMANCE:

This program funds about 10 projects each year. Recipients of grants provide models of curriculum to reduce gender bias and sex stereotyping in secondary vocational education, which are to be replicated for use by all districts providing vocational education in Minnesota. A marketing plan was adopted to promote the availability of nontraditional vocational education programs. This promotion effort accounts for the large increase in students served beginning in F.Y. 1991.

STATISTICS: (\$ in 000s)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Entitlement Funding	\$ 114	\$ 112	\$ 114	\$ 114	\$ 114
Projects Funded	10	10	8	8	8
Students Served	2,000	4,000	20,000	20,000	20,000

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

PROSPECTS:

The Secondary Vocational Education Sex Equity programs are needed to ensure equitable access, and to reduce gender bias and sex role stereotyping in our secondary vocational education programs.

Public Law 98-524 has been amended by the 1990 Congress. The amended act continues to target special need populations in vocational education. The 1990 amendments have changed the law from specific set-aside determined at the federal level to a more general method for delivery of vocational programming to be determined by the participating local education agencies. The amendments require development of measurable and objective criteria for each program, and an assessment and evaluation procedure. These changes may change the method used by the Minnesota Department of Education to distribute these federal funds.

A request for proposal process will be conducted for vocational programs to address is in Public Law 98-524 and the 1990 amendments. The proposals will be reviewed and those () will be funded based on the federal guidelines.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1318 SECONDARY VOCATIONAL - STUDENT
FOLLOW-UP

Citation: Vocational Education Act (1984), Title 2, Part B

MDE Admin: 1402 Secondary Vocational

PURPOSE:

To determine the extent to which secondary student education and vocational desires and needs are met through secondary vocational programs.

DESCRIPTION:

The federal legislation requires that states obtain follow-up data each year on the graduating class from 20% of the school districts. In order for Minnesota to fulfill the federal compliance regulations, each district is required to participate in the survey at least once every five years. The sampling must reflect district size and location. The number of districts actually surveyed exceeds 20% because local districts volunteer to participate in order to receive valuable local district management data. The federal funds provide for data processing services and for reimbursement to participating districts to cover survey postage costs.

PERFORMANCE:

The number of school districts surveyed exceeds 20% because districts volunteer to participate in order to receive valuable local district management data. These data include number of students who have earned credits in high school, who are enrolled in postsecondary vocational and general education programs, and who are gainfully employed both one and five years after high school graduation. The results are shared with the Minnesota Department of Education (MDE).

STATISTICS: (\$ in 000s)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Total Grade 12 students	56,570	52,061	49,828	49,708	51,464
Students surveyed	20,930	19,260	18,436	18,392	19,042
Percent of student response	80%	80%	80%	81%	82%
Entitlement Funding	\$ 57	\$ 57	\$ 64	\$ 64	\$ 64

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

PROSPECTS:

The secondary vocational education student follow-up will continue to be needed to ensure Minnesota meets federal requirements in obtaining follow-up data on graduates from a minimum of 20% of Minnesota school districts.

Public Law 98-524 has been amended by the 1990 Congress. The amended act continues to target special need populations in vocational education. The 1990 amendments have changed the law from specific set-aside determined at the federal level to a more general method for delivery of vocational programming to be determined by the participating local education agencies. The amendments require development of measurable and objective criteria for each program, and an assessment and

evaluation procedure. These changes may change the method used by MDE to distribute these federal funds.

A request for proposal process will be conducted for vocational programs to address issues in Public Law 98-524 and the 1990 amendments. The proposals will be reviewed and those eligible will be funded based on the federal guidelines.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1319 ADULT EDUCATION

Citation: Adult Education Act (P.L. 91-230)
Refugee Resettlement Act (P.L. 96-212)
Immigration Reform & Control Act (P.L. 99-603)
Homeless Assistance Act (P.L. 100-77)

MDE Admin: 1412 Community Education

PURPOSE:

To improve the quality of and access to learning and risk-reducing support options that enable educationally disadvantaged adults to acquire the basic skills, strategies, knowledge, and positive attitudes that can empower them to solve problems, think creatively, continue learning, and thus, develop their maximum potential for leading productive, fulfilling lives in our complex and changing society.

Federal adult education funds are intended to:

- improve educational opportunities for adults who lack the level of literacy skills requisite to effective citizenship and productive employment;
- expand and improve the current system for delivering adult education services, including delivery of these services to adults who demonstrate basic skills equivalent to or below that of students at the Grade 5 level; and
- encourage the establishment of appropriate adult basic education programs.

DESCRIPTION:

Federal Adult Basic Education (ABE) funding managed through the Community and Adult Education Section of the Minnesota Department of Education (MDE) includes a) the Adult Education Act Basic Grants, English Proficiency Program Grants, Staff Development Grants and Special Project Grants; b) the McKinney Homeless Assistance Act, Adult Education for Homeless Individuals Grants; c) the Immigration Reform and Control Act, State Legalization Impact Assistance Grants; and d) the Refugee Resettlement Act, Adult Refugee Education Grants.

Adult Education Act Basic Grants, including Workforce Literacy and Family Literacy, and English Proficiency Program Grants are coordinated with the State Education Programs for Adults legislation to ensure that no applicant receives more than 90% of the actual cost of providing the program. Federal ABE funding must be coordinated with Federal welfare reform, bilingual vocational, vocational, family literacy, Job Training Partnership Act, Rehabilitation Act, Education of the Handicapped Act, Indian Education Act, Higher Education Act, and Domestic Volunteer Service Act legislation.

Federal ABE grant funds are distributed by MDE on the basis of competitive applications submitted by public and private nonprofit agencies, including school districts, community-based organizations, Indian reservations, community and technical colleges, job training agencies, libraries, and volunteer literacy tutoring groups.

Federal Adult Education Act funds must be coordinated with and supplement, not supplant or duplicate, other funds, and must be used to improve, not simply maintain, ABE programming. Allocation requirements, which are not necessarily additive, are that:

1. at least 10% of the Federal Adult Education Act grant must be used for institutionalized adults;

2. at least 80% must be used for adults who enter functioning below Grade 6 equivalency;
3. at least 10% must be used for staff development and special projects;
4. at least 50% of the English Proficiency allocation must go to community-based organizations with proven capacity to operate English language training programs;
5. no more than 5% may be used to administer the statewide program, and no more than 5% of a subgrant may be used for administrative costs; and
6. no Federal Adult Education Act funds may be used for high school diploma programming.

Other Federal requirements including providing technical assistance, monitoring and evaluating local ABE programs; developing and implementing appropriate learner assessment procedures and standards, and coordinating with other resource and service agencies, may be provided with Federal ABE funds. The required local match is increasing from 10% in F.Y. 1989 to 25% in F.Y. 1991.

The Refugee Resettlement Act had been providing approximately \$650,000 per year for employment-related English language training for adult refugees who have been in the United States for fewer than 31 months. The Minnesota Department of Human Services (DHS), the recipient state agency for these funds, recently was required to fund only refugee job training activities, resulting in a severe cut to adult education providers. Staff development, technical assistance, and interagency coordination for adult refugee education still are provided by MDE through an interagency agreement with DHS.

To offset some of the loss in adult refugee education funds, a new section of the Federal Adult Education Act now is providing \$25,000 per year for English Literacy Programs that "establish, operate, and improve English literacy programs of instruction that are designed to help limited English proficient adults achieve full competence in the English language."

The Immigration Reform and Control Act provides up to \$500 reimbursement per recently legalized alien for required classes in citizenship, civics, English language training, and other ABE. DHS also receives these Federal funds and, through an interagency agreement, channels them to MDE for distribution to local providers whose program of instruction has been approved by the Immigration and Naturalization Service (INS). With the allowable 1.5% for administration, MDE provides technical assistance regarding required instructional components and materials, assessments and reporting requirements, and develops linkages between INS and local providers to ensure legalized alien access to classes required for permanent resident status and citizenship.

The Homeless Assistance Act provided a 27-month grant of \$159,100 in 1988 and a 12-month grant of \$180,000 in December 1990, to develop and implement literacy and other basic skill education program models for homeless adults. Three projects have been developing appropriate ABE instructional models. Three to 5 new projects will be funded early in 1991. MDE staff coordinate the contract process, monitor and provide technical assistance to the projects, develop interagency linkages to help address the multiple barriers of homeless individuals, and disseminate information regarding successful practices in enabling homeless adults to master needed self-sufficiency skills.

PERFORMANCE:

Enrollment in ABE has increased 14% during each of the past 4 years, helped by an increase of 13.1% in school districts and 85.1% in other agencies that provide ABE and related support services. The percentage of adults who persist in the program for at least 12 hours has increased 17.4% per year and the number of hours each learner participates has increased 15.6% per year. The percentage of participants who achieve their personal education plan or learning contract goals has increased 22.8% per year. The percentage of participants who no longer receive public assistance has increased 32% per year. Attrition of participants who leave before completing their goals has decreased by 6% per year.

While the total cost of providing this more intense and effective ABE has increased 21.6% per year, state ABE aid per learner attendance hour has decreased 14.3% per year.

Program: 13 Federal Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

1319 ADULT EDUCATION

All ABE staff, program standards and learner assessment development activities are conducted with federal ABE funds. More than 80% of all adult educators are participating in these activities.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
<u>ABE Basic Grants</u>					
Number of Programs	53	55	55	55	56
Number of Participating Agencies	488	818	921	932	963
Number of Learners	43,349	53,253	56,742	63,622	71,344
Average Learner Attendance Hours	49.8	58.4	67.6	78.1	90.3
Federal Funding	\$1,218.1	\$1,921.1	\$1,930.1	\$1,906.3	\$1,906.3

ABE English Literacy Programs

Number of Programs	0	0	3	3	3
Number of Learners	0	0	200	200	200
Average Learner Attendance Hours	0	0	65.4	75.6	87.4
Federal Funding	\$ 0.0	\$ 25.0	\$ 29.0	\$ 29.0	\$ 29.0

ABE Staff Development and Special Projects

Number of Grants	4	2	5	5	5
Number of Special Projects	3	1	4	4	4
Number of Workshops	25	27	33	33	33
Percent of all Adult Educators Participating	78%	80%	82%	84%	86%
Federal Funding	\$ 158.2	\$ 246.4	\$ 264.9	\$ 289.6	\$ 313.7

ABE for Homeless Individuals

Number of Programs	3	3	4		
Number of Learners	123	123	**		
Federal Funding	\$ 81.7	\$ 0.0	\$ 196.1	*	*

State Legalization Impact Assistance Grants

Number of Programs	8	7	8	8	8
Number of Learners	186	210	218	218	218
Average Learner Attendance Hours	58	65	68	68	68
Federal Funding	\$ 38.5	\$ 77.0	\$ 109.0	\$ 109.0	\$ 109.0

Adult Refugee Education

Number of Programs	15	12	0	0	0
Number of Learners	1,500	1,650	0	0	0
Average Learner Attendance Hours	578	668	0	0	0
Federal Funding	\$ 550.0	\$ 525.0	\$ 0.0	\$ 0.0	\$ 0.0

<u>Total Funding</u>	\$2,046.5	\$2,794.5	\$2,529.1	\$2,333.9	\$2,358.0
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* Due to the uncertainty of federal funding, no program estimates are made for F.Y. 1992 and F.Y. 1993.

** Program applications are not available until February 1991.

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

PROSPECTS:

As more policy analysts, welfare reformers and employers, as well as the educationally disadvantaged adults themselves, recognize the connections between adult literacy and child literacy, worker productivity, and self-sufficiency, the demand for ABE continues to increase.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

1320 DRUG ABUSE PREVENTION

Citation: Drug-Free Schools & Communities Act,
Title V (P.L. 100-297)

MDE Admin: 1409 Learner Support/Risk Issues

PURPOSE:

To reinforce and coordinate the efforts of concerned parents, state and local officials, and community organizations to eliminate the use of drugs, including alcohol, by youth.

DESCRIPTION:

At the direction of the governor and the legislature, the Office of Drug Policy provides coordination for all federal drug funds. For the Minnesota Department of Education (MDE), policies include developing policies and programs in a "learners at-risk" framework; encouraging maximization of funds through resource pooling by the Educational Cooperative Service Units (ECSUs) and others; providing training/professional development; and instructing MDE to devise evaluation procedures for school districts.

Each year in the spring, school districts submit forms to MDE indicating intent to file individual applications or to pool resources with an ECSU or other consortium. Applications detailing goals and activities are submitted by June 30. In F.Y. 1989, the formula was based on school enrollment. Beginning in F.Y. 1990 available funding up to the F.Y. 1989 funding base was distributed based on school enrollments. Additional funds above the F.Y. 1989 base are distributed 50% based on school enrollment and 50% on the basis of funds received under the Chapter 1 program.

PERFORMANCE:

Minnesota devised the Minnesota Student Survey (MSS), a universal study of students in Grades 6, 9, and 12. The survey measures drug use and risk factors. Data obtained through the survey serves as a basis for planning local, regional, and state prevention programs. The 1989 survey serves as baseline data for current and future surveys. All school districts utilize federal funds to offer drug prevention programs. Many districts pool federal dollars and administrative efforts to maximize program implementation.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
Participation/Activities					
applications approved	155	169	205	225	250
School district participants	435	435	432	432	432
Districts filing individual					
applications	180	146	170	180	200
Districts pooling funds	255	289	265	255	235
MDE workshops conducted	16	20	20	20	20
Discretionary funding*			\$ 1,660		
Entitlement Funding	\$ 1,996	\$ 2,979	\$ 4,941	\$ 4,941	\$ 4,941

* One year grant.

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

PROSPECTS:

The federal drug abuse prevention program was first operational in F.Y. 1988. The program has been authorized for 6 years, with a funding increase for F.Y. 1990. Current research supports and encourages developing programs in an at-risk context, due to the inter-relatedness of factors, issues, or circumstances that place learners at risk. Examples of learner at-risk issues are suicide, Acquired Immunodeficiency Syndrome (AIDS), teen pregnancy, child abuse, and dropping out of school.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1321 INDIAN SOCIAL WORK AIDE TRAINING PROGRAM

Citation: Education for the Handicapped Act (P.L. 94-142); Preparation of Personnel for Minority Handicapped Children

MDE Admin: 1408 Indian Education

PURPOSE:

The Indian Social Work Aide (ISWA) Training Program supports school districts with concentrations of Indian students by recruiting and training persons to work with handicapped American Indian youth. ISWAs work as home-school liaisons providing advocacy for the students and their parents with the school. The training, which can be offered for college credit and lead to a degree, has been a collaborative effort since F.Y. 1981 between the Indian Education Section of the Minnesota Department of Education (MDE) and various nonstate funding agencies, which is generally achieved through grant writing initiatives of the Indian Education Section.

These community coordinating services are required in M.S. 126.50, and M.S. 126.52, Subd. 8 requires the training.

DESCRIPTION:

ISWA training has been conducted for the past 7 years through the MDE Special Education Section (now Unique Learner Needs). Private or federal grants were used for this purpose. In F.Y. 1988, the Indian Education Section secured a nonstate grant independently to continue this activity.

ISWAs are an integral part of the home-school coordination in Northern Minnesota reservation areas. ISWA participants are community people, formally trained to advocate for Indian students within the system of public education, providing the cultural knowledge and sensitivity coupled with the skills and education necessary to effectively promote parental input and community involvement in the education process.

Because a large proportion of American Indian students are placed in special education programs, Indian social work aides provide additional resources to assure the proper identification, classification, and placement of Indian students in appropriate special education programs.

ISWAs follow-up on American Indian children placed in special education programs in overseeing due-process procedures in evaluation, assessment, diagnosis, and treatment procedures. They organize, within the school program, opportunities for Indian children to participate in Indian cultural events. They also advocate for students living within dysfunctional or neglectful families by way of counseling referrals, providing home-school links and, when needed, will physically pick up a child each day for school when absenteeism or tardiness is impeding the student's progress. Additionally, they advocate or mediate an interim step between the family and the court system on behalf of the Indian student, providing referrals where necessary.

ISWAs are, in many cases, the only resource within the district to assist or initiate grant writing activities for special grant programs for Indian students. They search out resources available to further the educational opportunities for Indian students including postsecondary education resources through Tribal agencies, and various scholarship programs including the State Indian Scholarship Program. ISWAs facilitate inter-agency cooperation for Indian students with special needs, whether emotional, educational or financial, in order to form a bridge between the non-Indian school and the Indian homes in order to communicate cultural and institutional concerns.

PERFORMANCE:

Each year from F.Y. 1981 to present, training sessions for ISWAs are planned and conducted. During the last 3 years, 7 sessions have provided an average of 78 ISWAs training in a variety of pertinent subjects. Training is held in several different geographical locations around the state. These ISWAs provide advocacy, serve as home-school liaisons and assist in bringing professionals together both within and out of school for particular cases. ISWAs serve 8,000 - 8,400 American Indian students and their families in 40-45 school districts statewide. These services include, but are not limited to, assisting in the assessment and provision of special education services to American Indians.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
Number of districts	40	40	43	47	52
Number of ISWAs participating	79	79	77	82	95
Number of students in districts with ISWAs	8,323	8,323	8,400	8,500	8,650
Number of training sessions conducted	7	7	7	8	10
Entitlement Funding	\$ 5	\$ 3	\$ 0	\$ 0	\$ 0

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

PROSPECTS:

Prospects for continued private funding for this initiative do not exist. A shortage of properly trained ISWAs will adversely impact the effectiveness of State Indian education efforts at the school district level. These efforts include the State Indian Education grant program requirements of the Indian Education Act of 1988, and other programs requiring parental input or enhanced communications of Indian parents with school professionals such as in special education.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs 1992-93 Biennial Budget
 Agency: Education Aids

1322 BYRD HONORS SCHOLARSHIP PROGRAM

Citation: Higher Education Act (1965), Title IV, Part A, Subpart 6
 MDE Admin: 1414 Minnesota Academic Excellence Foundation

PURPOSE:

To promote student excellence and achievement by giving scholarships and recognition to exceptionally able students who show promise of continued excellence.

DESCRIPTION:

The Robert C. Byrd Honors Scholarship program is a federal program which allows each state that participates to award scholarships to high school seniors for outstanding academic achievement. The federal grant amount, after deducting an amount for administration and award ceremony expenses, is allocated for scholarships evenly awarded among the 8 congressional districts in Minnesota.

The law provides for individual, nonrenewable scholarships of \$1,500. The criteria used in making the awards include academic performance, leadership ability, education/career goals statement, and references. The scholarship is to be used for first year tuition and book expenses at any postsecondary institution where the student has been accepted for enrollment. The dollar award is sent directly to the institution of enrollment.

PERFORMANCE:

Interest in applying has increased as the program has become better known. Over 200 schools presently nominate students to receive the scholarship. Students who live outside of Minnesota but maintain legal residence in the state, and students who receive General Education Development certificates must now be notified about the Robert C. Byrd Scholarship program.

STATISTICS: (\$ in 000s)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
1. Funding allotment	\$ 145.4	\$ 145.4	\$ 145.45	\$ 145.5	\$ 145.5
2. Scholarships awarded	93	92	89	89	89
3. Scholarship rate	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5
4. Total awarded	\$ 139.5	\$ 138	\$ 133.5	\$ 132.0	\$ 132.0
5. Recipients by institution type:					
In-state public	28	18	26	*	*
In-state private nonprofit	27	29	26		
Out-of-state public	20	21	19		
Out-of-state private nonprofit	18	24	18		
Total	93	92	89	89	89

* Unable to project because the law does not allow limits or quotas to be set for the institution types chosen by recipients.

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

PROSPECTS:

Assuming that the federal government will continue to provide funds for this activity, Minnesota students and Minnesota institutions will continue to benefit from the implementation of the Robert C. Byrd Honors Scholarship program.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

**1323 CONSOLIDATED FEDERAL PROGRAMS
(BLOCK GRANT)**

Citation: Federal Elementary and Secondary Education Act 1965;
Chapter 2 of Title 1, P.L. 100-297

MDE Admin: 1411 Education Development

PURPOSE:

The Federal Elementary and Secondary Education Act of 1965 was amended in 1988 (Chapter 2 of Title 1, Public Law 100-297) to support educational program improvement in 6 targeted areas. A block grant has replaced several smaller categorical grants. The 6 targeted areas for assistance are:

- programs to meet the needs of students at risk of failure;
- programs for the acquisition and use of instructional and educational materials;
- innovative programs designed to carry out school wide improvements;
- programs of training and professional development;
- programs designed to enhance personal excellence of students; and
- innovative projects to enhance the educational program and climate of the school.

School district applications may request funding in any single or any combination of these program areas.

DESCRIPTION:

For F.Y. 1991, the U.S. Department of Education allocated \$7,576,217 to the state to be disbursed as follows for Chapter 2 programs:

- 80%, or approximately \$6,061,000, flow-through to school districts according to a formula developed by the Minnesota Department of Education (MDE). This formula takes into consideration total enrollment...both public and private schools...and certain student and demographic characteristics which contribute to high educational cost.
- 20%, or approximately \$1,515,000, supports programs initiated by the state.

From its 20% share, MDE has allocated the sum of \$158,000 for competitive grants among school districts. The maximum set for a competitive grant is \$15,000. The remaining sum supports leadership and management functions within MDE (MDE Agency Budget).

PERFORMANCE:

An allocation based on the state formula has been determined for each public school district. The public school district is obliged to offer services available under Chapter 2 to children in nonpublic schools on an equitable basis. The allocation to each district reflects the school population in both public and nonpublic schools. In F.Y. 1990, all districts applied for and received a grant based on the formula. Applications are being received and processed for F.Y. 1991.

In F.Y. 1990, 60 applications were received for competitive grants and 14 were awarded. Awards are based on merits of the application which include a statement of need, description of the proposed program, an evaluation procedure, and an itemized budget.

STATISTICS: (\$ in 000s)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Applications reviewed:					
Formula flow-through	434	434	432	432	432
Special projects (competitive)	60	60	60	60	60
School district participants:					
Formula flow-through	434	434	432	432	432
Special projects (competitive)	60	60	50	50	50
Workshops conducted	11	11	11	11	11
Monitoring visits	122	122	122	122	122
Evaluation reports	450	450	450	450	450
Teachers in staff development:					
Formula flow-through	18,000	18,000	18,000	18,000	18,000
Special projects (competitive)	700	700	700	700	700
Student participants:					
Formula flow-through	370,000	370,000	370,000	370,000	370,000
Special projects (competitive)	10,000	10,000	10,000	10,000	10,000
Flow-through funding:					
Formula and competitive grants	\$ 8,714*	\$ 7,639*	\$ 6,300	\$ 6,200	\$ 6,200

* Includes carryover funding of \$3,000,000 for F.Y. 1989 and \$844,000 for F.Y. 1990.

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

PROSPECTS:

Federal funding has been declining slightly in recent years. However, the funding level is expected to remain fairly constant in F.Y. 1992 and F.Y. 1993. The change in program focus which started in F.Y. 1990 will continue.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1324 PUBLIC LIBRARY AID

Citation: Library Services and Construction Act (LSCA)
P.L. 101-254

MDE Admin: 1413 Library Development and Services

PURPOSE:

To assist the states in extending and improving public library services, improving public library facilities, and promoting cooperation among all types of libraries. Specific objectives of the three titles of the act that are administered by the state include:

- extending public library services to areas of the state without service;
- improving public library services where they are inadequate;
- improving public library services for persons who are physically handicapped, institutionalized, disadvantaged, bilingual, or elderly;
- strengthening major urban resource libraries in cities having populations of 100,000 or more;
- strengthening the state library administrative agency;
- improving public library facilities through new construction, expansion, or remodeling; and
- planning and operating programs of cooperation and resource sharing involving public, college and university, school, and special libraries.

A basic allotment is made to each state, and remaining funds are distributed proportionally to the states on a population basis. Title 1 funds for public library services must be matched approximately 50/50, and maintenance of effort is required.

DESCRIPTION:

Federal funds are to be used by the state for purposes identified in the Act and in the state's 5 year long-range program for library development. Within each title of the Act, the amount of federal funds assigned to each of the grant categories is determined by the state. Because the amount of federal funds available varies from year to year, and because the allotment often is not determined until well into the state fiscal year, these funds are used in Minnesota primarily for programs of limited duration or for capital outlay expenditures.

The federal library grant program supports 8 types of grants:

1. Establishment grants to regional public library systems to extend public library services to counties previously without such services. Funds are used for library materials, equipment, and personnel needed to provide library services in the newly participating county. Grant amounts are determined by a formula established in State Board of Education rule. The formula allots \$1 per capita plus \$10 per square mile for the first year of county participation, and 1/2 that amount in the second year. The final second year establishment grants are being made in F.Y. 1991, so there will be no more grants in this category in future years.
2. Regional library basic system support grants to the 12 regional public library systems to assist them in developing and performing ongoing public library services. Systems determine which of the LSCA Title 1 priorities they will address with grant funds. Grant amounts are determined by a formula established in state law...the same formula used for distribution of state funds.

3. Major urban resource library grants are made to city libraries in Minneapolis and St. Paul. Grants assist these libraries in sharing their resources with other libraries in the state. These grants are made only in years for which the congressional appropriation for LSCA Title 1 funds exceeds \$60 million.
4. Grants to improve library services in institutions operated by the Minnesota Department of Human Services and the Minnesota Department of Corrections, and to assist in development of services of the Communications Center, State Services for the Blind, in the Minnesota Department of Jobs and Training. The amounts of these grants are based on project applications filed by the departments. These federal funds supplement state funds for institution library service and provide services which otherwise could not be provided.
5. A grant for interlibrary exchange to operate statewide sharing of library resources through the Public Library Access Network (PLANET) administered by the St. Paul Public Library. Materials in metropolitan public libraries and private college libraries are requested by and loaned to libraries throughout the state.
6. Special grants for projects of limited duration that are a priority as determined by the State Board of Education. Grant levels are determined by project applications submitted under procedures established in State Board rule. Examples of such grants are support for the Minnesota Governor's Pre-White House Conference on Library and Information Services, and planning and implementation of library automation.
7. Public library construction grants awarded for construction or remodeling of public library buildings. Under State Board of Education rules, grants may be made for up to 33% of the cost of the project up to \$200,000. Grants have been awarded recently for projects in Hinckley and Hector. Projects are under way or have been completed recently in Apple Valley, Duluth, and Wells.
8. Multi-county multi-type library cooperation grants to assist the 7 multi-type library systems develop and operate cooperative programs involving academic, public, school, and special libraries. Services include interlibrary loan and delivery of library materials requested, and staff development. Grant amounts are determined by a formula in State Board rule...the same formula used for distribution of state funds.

PERFORMANCE:

Because state funds also are used for most of these grants, performance measures are shown in Program Budgets 1001 and 1002.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
<u>Types of Aid (Grants)</u>					
1. Establishment grants for regional library systems					
Number of grants	1	9	8	0	0
Expenditures	\$ 34.7	\$ 172.0	\$ 77.3	\$ 0	\$ 0
2. Regional library basic system support grants					
Number of grants	12	12	12	12	12
Expenditures	\$ 1,053.0	\$ 1,000.0	\$ 1,000.0	\$ 1,000.0	\$ 1,000.0

Program: 13 Federal Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

1324 PUBLIC LIBRARY AID

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
3. Major urban resource library grants					
Number of grants	2	2	2	2	2
Expenditures	\$ 49.0	\$ 49.0	\$ 49.0	\$ 49.0	\$ 49.0
4. Grants to improve library services in human services and corrections institutions and for the blind and physically handicapped					
Number of grants	3	3	3	3	3
Expenditures	\$ 55.9	\$ 55.9	\$ 55.9	\$ 55.9	\$ 55.9
5. Grants for interlibrary exchange					
Number of grants	1	1	1	1	1
Expenditures	\$ 205.0	\$ 205.0	\$ 205.0	\$ 205.0	\$ 205.0
6. Special project grants					
Number of grants	2	2	1	0	0
Expenditures	\$ 80.0	\$ 80.0	\$ 75.0	\$ 0	\$ 0
7. Public library construction grants					
Number of grants	3	2	5	4	4
Expenditures	\$ 476.4	\$ 142.3	\$ 700.0	\$ 400.0	\$ 400.0
8. Multi-county multi-type library cooperation operating grants					
Number of grants	12	7	7	7	7
Expenditures	\$ 319.5	\$ 320.0	\$ 325.0	\$ 325.0	\$ 325.0
Totals					
Number of grants	36	39	39	29	29
Expenditures	\$ 2,273.5	\$ 2,029.2	\$ 2,518.2	\$ 2,074.9	\$ 2,083.9

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

PROSPECTS:

All Minnesotans have access to public library service. Use of Minnesota public libraries has steadily increased since 1980. In recent years, the growth in library loans of materials to persons who live outside the regional service area has been a great convenience for working commuters, vacationers, and others who live near regional library boundaries.

Program: 13 Federal Programs
Agency Education Aids

1992-93 Biennial Budget

1325 TEACHER INSERVICE PROGRAMS

Citation: Dwight D. Eisenhower Math & Science Education Act (1988) (P.L. 100-297)

MDE Admin: 1411 Education Development

PURPOSE:

Federal funds are made available to improve the skills of teachers and quality of instruction in mathematics and science in public and private elementary and secondary schools.

DESCRIPTION:

Each school district is eligible to receive federal funds based on a formula allocation and, in addition, may submit a proposal for demonstration project funding subject to competitive review.

Funding allocation for each district is determined according to the following formula:

- 90% or more of available funds must be distributed to school districts according to a described formula, 5% or more supports competitively reviewed demonstration project proposals, and 5% is available for program administration.

Criteria for formula flow-through fund distribution are:

- 50% based on enrollment of the school district; and
- 50% based on the same proportion as funds are distributed under Part A, Chapter 1, Elementary and Secondary Education Act.

School districts are to determine needs for staff development in mathematics and/or science and submit an application for funding. Districts may elect to pool funds and submit a joint application through an Educational Cooperative Service Unit (ECSU) or other cooperative agency. An annual report is required which describes effectiveness of the program.

Funds are also available for demonstration projects in local school districts or consortia of districts. Applicants submit proposals for staff development activities in mathematics and/or science. Proposals are reviewed competitively by a panel of knowledgeable persons, and projects are funded to the extent of available dollars.

PERFORMANCE:

The Math & Science Act of 1988 provides opportunities for both elementary and secondary teachers to improve and update their knowledge and pedagogy skills in math and science. Since 1988, district participation has averaged approximately 426 per year. Since the formula is based on Average Daily Membership (ADM), many smaller districts have voluntarily combined teacher inservice funds provided by this program to provide math/science workshops to their combined staffs.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
1. Applications approved:					
Formula flow-through	154	168	168	168	168
Demonstration projects	22	5	5	5	5

	F. Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
District participants:					
Formula flow-through	385	405	406	406	406
Demonstration projects	130	130	20	20	20
3. Workshops conducted	12	9	4	4	4
4. Monitoring visits	50	22	30	30	30
5. Evaluation reports	154	168	168	168	168
6. Teachers in staff development:					
Formula flow-through	8,700	12,000	12,000	15,000	15,000
Demonstration projects	700	700	350	350	350
7. Funding level	\$ 883	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218

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

PROSPECTS:

The Title II program was first operational in F.Y. 1986. Federal funding declined through F.Y. 1988, before increasing sharply. With passage of federal amendments and establishment of national education goals, the program is expected to remain a high federal priority in future years.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1326 SCHOOL LUNCH PROGRAM

Citation: National School Lunch Act, Sections 4, 11, and 14

MDE Admin: 1503 Child Nutrition

PURPOSE:

To promote the health and well-being of children through providing nutritious lunches so that children may perform at their full potential in school and develop sound nutritional eating habits at an early age to be carried throughout life. The specific objectives are to:

- provide technical assistance and guidance to establish and operate a quality program;
- provide model lunches based on nutrient standards to reinforce nutrition principles taught in the classroom and to enable children to develop healthful eating habits;
- provide educational resources, training, and standards of excellence to improve methods of managing and delivering school food service;
- provide financial assistance and donated foods for all meals served thus increasing access to a more nutritious diet; and
- interpret and monitor compliance with federal regulations and state laws.

DESCRIPTION:

Under the National School Lunch Program (NSLP), public and nonpublic schools and residential child care institutions are reimbursed by the federal government at a basic, reduced price, or free rate for lunches served to eligible children. Eligibility is determined by family size and income. The basic rate of reimbursement (from federal Section 4 funds) is paid on all lunches served, including free and reduced price. In addition to the basic reimbursement, schools and residential child care institutions receive federal Section 11 funds for lunches served to students eligible for free or reduced price meals.

PERFORMANCE:

The number of lunches, meeting federal nutritional and serving size guidelines, served to a relatively stable number of school food authorities (426 public and 259 private) increased by more than 1 million from F.Y. 1989 to F.Y. 1990. Average daily participation increased from 435,532 to 442,538, thus Section 4 and Section 11 funding increased accordingly. Additional accountability regulations were put into place during F.Y. 1990. Technical assistance is provided at the state and federal levels.

STATISTICS: (\$ in 000s)

F.Y. 1989 F.Y. 1990 F.Y. 1991 F.Y. 1992 F.Y. 1993

1. Public School Districts

a. School food authorities	426	426	426	426	426
b. Lunches served:					
Fully paid	49,895	50,619	50,619	50,619	50,619

F.Y. 1989 F.Y. 1990 F.Y. 1991 F.Y. 1992 F.Y. 1993

Reduced Price	4,876	5,108	5,108	5,108	5,108
Free	16,078	16,238	16,238	16,238	16,238
Total	70,849	71,965	71,965	71,965	71,965

c. Section 4 funds received	\$ 10,069	\$ 10,726	\$ 11,262	\$ 11,262	\$ 11,262
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d. Section 11 funds received	\$ 25,758	\$ 27,550	\$ 28,929	\$ 28,929	\$ 28,929
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2. Private Schools, Public & Nonpublic Residential Child Care Institutions

a. School food authorities	263	259	259	259	259
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b. Lunches served:					
Fully paid	3,569	3,500	3,500	3,500	3,500
Reduced price	340	347	347	347	347
Free	1,302	1,295	1,295	1,295	1,295
Total	5,211	5,142	5,142	5,142	5,142

c. Section 4 funds received	\$ 745	\$ 776	\$ 815	\$ 815	\$ 815
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d. Section 11 funds received	\$ 2,024	\$ 2,136	\$ 2,243	\$ 2,243	\$ 2,243
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3. Funding Level

Total Section 4 funds	\$ 10,814	\$ 11,502	\$ 12,077	\$ 12,077	\$ 12,077
Total Section 11 funds	\$ 27,800	\$ 29,686	\$ 31,172	\$ 31,172	\$ 31,172
Grand Total Funds	\$ 38,614	\$ 41,188	\$ 43,249	\$ 43,249	\$ 43,249

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

PROSPECTS:

While the number of fully paid lunches increased by over 1 million in F.Y. 1990, the number of free meals declined, and the reduced price meals increased slightly. Because of this, the average federal reimbursement per meal is declining. Federal reimbursement received for free and reduced price lunches no longer covers the cost of preparing those lunches. Additional revenues to cover these costs must be earned from ala carte sales and catered events.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency Education Aids

1992-93 Biennial Budget

1327 SPECIAL MILK PROGRAM

Citation: Child Nutrition Act (1966), Section 3
MDE Admin: 1503 Child Nutrition

PURPOSE:

To assist children in reaching their maximum learning potential, nutritional needs must be met. Milk breaks provide an opportunity for children to obtain the 4th glass of milk needed daily to meet their recommended dietary intake. This program encourages the consumption of fluid milk by children in nonprofit elementary and secondary schools, nonprofit nursery schools, child care centers, summer camps, and similar nonprofit institutions devoted to the care and training of children.

DESCRIPTION:

Schools and institutions not participating in any other federal child nutrition feeding program, i.e., National School Lunch, Breakfast, etc., are eligible to participate in the Special Milk Program. Also, schools with split-session Kindergarten, where no other federal child nutrition program is available for Kindergarten students, may participate. For each 1/2 pint of milk served to non-needy children, the school or institution is reimbursed at a set rate which is adjusted annually to reflect changes in the Producer Price Index for fresh processed milk. The rate of reimbursement for the period of July 1, 1990 through June 30, 1991 is 11 cents for each 1/2 pint. Schools or institutions which elect to serve milk free to eligible needy children are reimbursed at their average cost of 1/2 pint of milk.

PERFORMANCE:

Children were served over 7 million 1/2 pints of milk during the 1989-90 school year. Records were maintained at the schools and monitored by the Child Nutrition Section of the Minnesota Department of Education.

STATISTICS: (\$ in 000s)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
1. Public School Districts					
Districts participating					
Special milk	3	3	3	3	3
Split-session	106	110	110	110	110
Students participating					
Special milk	1,658	1,658	1,658	1,658	1,658
Split-session	32,238	32,238	32,238	32,238	32,238
Amount received	\$ 433	\$ 428	\$ 449	\$ 449	\$ 449
2. Private Schools, Summer Camps, and Other Public and Private Institutions					
Units participating	307	342	342	342	342
Children participating	72,500	72,500	72,500	72,500	72,500
Amount received	\$ 457	\$ 467	\$ 490	\$ 490	\$ 490
3. Total Federal Aid	\$ 890	\$ 895	\$ 939	\$ 939	\$ 939

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

PROSPECTS:

Participation in the Special Milk Program has increased because of inclusion of split-session Kindergarten students. Most milk claimed in the program is served to Kindergarten children. As the school breakfast programs increase throughout the state, early morning milk served to children will decrease.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1328 SCHOOL BREAKFAST PROGRAM

Citation: Child Nutrition Act (1966), Section 4
MDE Admin: 1503 Child Nutrition

PURPOSE:

To provide an opportunity for children to eat breakfast at school in order that their daily nutritional needs are met and they are more alert and attentive in class, thus increasing learning. The specific objectives of this program are to:

- eliminate mid-morning hunger and sickness frequently associated with failure to eat breakfast;
- provide financial assistance for each breakfast served to children;
- provide a breakfast daily that meets 1/4 of a child's recommended daily dietary allowance; and
- provide technical assistance and guidance to establish and operate a program.

DESCRIPTION:

Schools and residential child care institutions participating in the School Breakfast Program are reimbursed (at the paid, reduced price, or free rate) for breakfasts served to eligible children. Rates of reimbursement are established each year on July 1 by the United States Department of Agriculture, Food and Nutrition Services. The amount that a school or residential child care institution receives for each breakfast depends on the eligibility of the student receiving the meal. Family size and income determine whether the student is eligible for a free, reduced price, or fully paid breakfast.

PERFORMANCE:

The number of breakfasts served increased by 1.3 million from the 1988-89 school year to the 1989-90 school year. Average daily participation increased from 15,843 to 23,599. Breakfasts served met federal guidelines for nutritional value and serving size. One-third of the programs were monitored at the local and state level. Technical assistance was provided to 1/3 of the school food authorities.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
1. Public School Districts					
School food authorities participating	54	75	120	200	200
Breakfasts served (000s)					
Fully paid	446	630	945	1,418	1,418
Reduced Price	121	185	278	417	417
Free	1,720	2,669	4,003	6,005	6,005
Total	2,287	3,484	5,226	7,840	7,840
Amount received	\$ 1,482	\$ 2,877	\$ 4,459	\$ 6,689	\$ 6,689

F.Y. 1989 F.Y. 1990 F.Y. 1991 F.Y. 1992 F.Y. 1993

2. Private Schools and Residential Child Care Institutions

School food authorities/Institutions	56	58	58	58	58
Breakfasts served (000s)					
Fully paid	52	55	55	55	55
Reduced price	5	4	4	4	4
Free	704	712	712	712	712
Total	761	771	771	771	771
Amount received	\$ 534	\$ 643	\$ 675	\$ 675	\$ 675

3. Total Federal Aid \$ 2,016 \$ 3,520 \$ 5,134 \$ 7,364 \$ 7,364

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

PROSPECTS:

The number of breakfasts served is increasing. It is estimated that participation will increase largely due to state legislation and financial conditions in the state. An extensive breakfast outreach campaign is planned for the 1990-91 school year.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

1329 CHILD AND ADULT CARE FOOD PROGRAM

Citation: National School Lunch Act, Section 17
MDE Admin: 1503 Child Nutrition

PURPOSE:

To maintain and improve the availability of nutritious meals and snacks to children through age 12, and functionally impaired adults, in nonresidential organizations that provide child care or day care for functionally impaired adults. This is accomplished through reimbursement and technical assistance to the organizations' food service programs. Eligible organizations are licensed or approved child care centers, outside-school-hours care centers, adult day care centers, sponsoring organizations, and family day care homes.

DESCRIPTION:

Reimbursement is available for breakfasts, lunches, suppers, and snacks that meet guidelines established by the U.S. Department of Agriculture (USDA), Food and Nutrition Service. Up to two meals and one snack per day per participant may be claimed for reimbursement; an additional meal or snack may be claimed for children in care 8 hours or more.

Rates of reimbursement for centers and for family day care homes are established each July 1 by the USDA, Food and Nutrition Service. For centers, the amount of reimbursement also depends on household size and income. Sponsors of family day care home organizations receive administrative payments in relation to the number of homes sponsored.

Federal regulations and policies are interpreted and enforced, and technical assistance is provided on nutrition, recordkeeping, and other program requirements.

PERFORMANCE:

The number of centers and family day care homes participating in the program increased from a total of 9,550 in F.Y. 1989 to a total of 10,362 in F.Y. 1990. Average daily participation increased from 67,651 to 74,780.

STATISTICS: (\$ in 000s)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
1. Public Institutions					
Care centers participating	29	29	29	29	29
Participants	3,000	3,000	3,000	3,000	3,000
Amount received	\$ 345	\$ 427	\$ 448	\$ 448	\$ 448
2. Private Institutions					
Child care centers and family day care homes participating	9,521	10,333	10,333	10,333	10,333
Children participating	64,651	71,780	71,780	71,780	71,780
Amount received	\$ 30,993	\$ 38,730	\$ 40,665	\$ 40,665	\$ 40,665
3. Total Federal Aid	\$ 31,338	\$ 39,157	\$ 41,113	\$ 41,113	\$ 41,113

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

PROSPECTS:

The allowance of an additional meal for children in care 8 hours or more has increased reimbursement for some centers. The number of child care centers, outside-school-hours care centers, and family day care homes participating in the program continues to increase each year. The participation of adult day care centers was added in 1989 and continues to increase.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

Program: 13 Federal Programs
Agency: Education Aids

1992-93 Biennial Budget

1330 SUMMER FOOD SERVICE PROGRAMS

Citation: National School Lunch Act, Section 13
MDE Admin: 1503 Child Nutrition

PURPOSE:

To provide nutritious meals to children from low-income families during the summer when the national school lunch and breakfast programs are not available. The program is designed to:

- assure that nutritional needs of low-income children are met throughout the entire year so that their physical ability to learn is maximized; and
- furnish information and technical assistance to program sponsors in the conduct of a nonprofit food program, and provide reimbursement for eligible meals served.

DESCRIPTION:

The Summer Food Service Program (SFSP) is a federal entitlement program which provides meal and administrative reimbursement to school food authority, government, higher education institution, and nonprofit organization sponsors who provide meals to children in low-income areas and from low-income groups as defined in federal guidelines. Sponsors of summer camps also receive reimbursement for only those meals served to children from low-income families. The rates of reimbursement are established each year on January 1 by the U.S. Department of Agriculture, Food and Nutrition Service.

Using federal guidelines, low-income areas and groups are identified and outreach is conducted to potential program sponsors informing them of program benefits and requirements. Program information sessions are then conducted for interested potential sponsors who in turn submit documentation of their target population eligibility along with program application. Once eligibility has been verified by the Minnesota Department of Education (MDE), sites are approved for meal reimbursement and, in the course of the program operation, compliance reviews are conducted by MDE Child Nutrition Section staff. Sponsors then submit claims for eligible meals served. Total program reimbursement is based on the reimbursement rates for each type of meal served, multiplied by the number of meals served for each category.

PERFORMANCE:

Since the January 1987 inception of MDE administration of the program, outreach to organizations serving areas and groups of needy children has been more effective, and awareness of the program has increased as evidenced by the response to outreach. While camp sponsor participation has decreased due to the marginal benefit the program provides to these types of sponsors, participation on Indian reservations has increased dramatically. Program service at other types of sites has remained stable.

STATISTICS: (\$ in 000s)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Sponsoring organizations	19	19	19	19	19
Number of sites	186	212	212	212	212
Average daily attendance	9,000	9,000	9,000	9,000	9,000
Total Federal Aid	\$ 1,217	\$ 1,207	\$ 1,269	\$ 1,269	\$ 1,269

NOTE: Funding levels shown in the statistical table may differ from the expenditures shown on the federal program fiscal summary page, due to fund carryover provisions and statewide

accounting period closing requirements.

PROSPECTS:

The potential for increased program participation has been enhanced by the 1990 change in law expanding private nonprofit organizations' ability to sponsor the program, the inclusion of homeless feeding sites in the program, and increased awareness by MDE of potential service populations.

GOVERNOR'S RECOMMENDATION:

This activity is supported entirely with federal funds.

1331 AIDS EDUCATION
 (Information Only)

Citation: Public Health Act, Section 301(A) M.S. 121.203
 MDE Admin: 1409 Learner Support/Risk Issues

PURPOSE:

To increase the number of schools that provide effective education to prevent the spread of HIV/AIDS among youth; to increase the number of students receiving effective AIDS education; and to carry out special efforts to reach minority youth populations and youth who may have special education needs.

In addition, this program under the legislative mandate in M.S. 121.203, requires school districts to develop and implement a program to prevent and reduce the risk of Acquired Immunodeficiency Syndrome (AIDS). Under the legislative mandate each district must have a program that includes at least:

- planning materials, guidelines, and other technically accurate and updated information;
- a comprehensive, technically accurate, and updated AIDS curriculum;
- cooperation and coordination among districts and Educational Cooperative Service Units (ECSUs);
- targeting of adolescents, especially those who may be at high risk of contracting AIDS, for prevention efforts;
- involvement of parents and other community members;
- inservice training for appropriate district staff and school board members;
- collaboration with state agencies and organizations having AIDS prevention or AIDS risk reduction programs;
- collaboration with local community health services, agencies and organizations having an AIDS prevention or AIDS risk reduction program; and
- participation by state and local student organizations.

These 9 components represent the required elements of programs which can be tailored to the unique needs and resources of schools and communities.

DESCRIPTION:

The AIDS Prevention and Risk Reduction Program is a comprehensive statewide delivery system for professional and technical assistance to the state's school districts, area learning centers, communities, community agencies, and professionals. The program has two primary sources of guidance...the state legislative mandate, and support from the Centers for Disease Control (CDC) through a Public Health Services Grant.

Funding for this program has been provided from both federal and state funding sources. State funds were provided through the Minnesota Department of Education (MDE) agency budget.

AIDS specialists in each ECSU region provide technical assistance and support to individuals and school districts in policy development, training of educators, and programs and curriculum planning.

In addition, the AIDS specialists connect the AIDS program to other learners-at-risk initiatives; assist in integrating HIV/AIDS education within comprehensive school health programs; provide connections between the ECSUs and local districts; and work to develop collaborative projects among community health services, advocacy programs and others involved in the efforts to prevent AIDS.

An AIDS resource center is maintained to review, purchase, and distribute videos, curricula, and other instructional material for use in AIDS education and prevention programs. A 23-member panel representing a cross section of Minnesota, and a student panel review materials for the resource center.

PERFORMANCE:

Participation in this program has steadily increased each year since the legislative mandate to provide AIDS prevention and risk reduction programs was passed in 1988. Most school districts are aware of the program and have taken steps to develop some components of the program. The two areas where the most progress has been made is in the adoption of State Board of Education policies relating to AIDS issues, and making educators available for training. Most schools indicate that students in the junior and senior high schools are receiving information about HIV/AIDS; however, AIDS education is usually done in a limited way in the context of health classes at Grades 7 and 10. Approximately 50% of schools report having some connection with community-based agencies, usually the community public health agency.

STATISTICS: (\$ in 000s)

	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
1. Districts with State Board approved policies	80%	90%	95%	95%	95%
2. a. Schools where teachers have received HIV training	---	73%	80%	85%	85%
b. Number of persons at AIDS workshops	14,000	11,201	4,500	3,600	3,600
3. Students receiving HIV/AIDS instruction					
Junior High	---	80%	85%	90%	90%
Senior High	---	77%	85%	90%	90%
4. Districts reporting community involvement with AIDS education	57%	60%*	65%	70%	70%
5. Funding sources					
a. Federal	\$ 218.8	\$ 262.2	\$ 262.5	\$ 262.5	\$ 262.5
b. State**	906.0	841.0	431.0	0	0
Total	\$ 1,124.8	\$ 1,103.2	\$ 693.5	\$ 262.5	\$ 262.5
6. Grants awarded to school districts	\$ 25.8	\$ 30.0	\$ 11.0	\$ ---	\$ ---

* In F.Y. 1990, 2/3 were involved with public health agencies, 1/2 with parents, and 1/3 participated in AIDS task forces.

** Provided through the MDE agency budget.

Program: 13 Federal Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

1331 AIDS Education

PROSPECTS:

The number of persons infected with HIV/AIDS continues to grow in Minnesota at a projected annual rate of 20%. As there is not a cure or vaccine, the problem will be with us for a long time. The face of HIV/AIDS is also changing as different sectors of the population become exposed to the virus. These include a disproportionate percentage of people of color, an increased risk among intravenous drug users and an increased number of babies becoming infected through their mothers. AIDS is affecting the 20-29 age group at a faster rate than any other age category. Because of the increasing length of time between exposure to the virus and the onset of symptoms (latency period) this means that many people are becoming infected as adolescents.

The AIDS Prevention and Risk Reduction legislation provides the necessary guidelines for school districts. The ability of MDE to sustain the momentum it has achieved in providing AIDS prevention and risk reduction will now be dependent on federal grants. Beginning in F.Y. 1991, the regional approach to technical assistance, which has been highly successful, will not be available as a result of the elimination of state dollars and the uncertainty of sustained federal funds.

Many school districts have been reluctant to adopt curriculums which have a strong AIDS component because of organized opposition to sensitive at-risk issues. Schools will need to become part of broader community efforts in order to address the growing need for HIV/AIDS education.

Much of the education effort has been focused on the adolescent population, but decision-making skills and age appropriate information will need to be increasingly directed toward elementary school children in the coming years if there is to be any impact on adolescent behavior choices.

As a result of changes in funding levels since F.Y. 1989, reduction of staff has occurred. Originally, 16 full-time professional staff provided assistance to school districts. Because of reduction in state funding in F.Y. 1991, professional staff has been reduced by 50%. In F.Y. 1992, the elimination of state funding will severely reduce the ability of this program to provide services to districts to meet the legislative mandate in M.S. 121.203.

Program: 13 Federal Programs
Agency Education Aids

1992-93 Biennial Budget

1332 FEDERAL IMPACT AID
(Information Only)

Citation: P.L. 81-874, Titles I and IV as amended
P.L. 81-815, as amended

MDE Admin: 1501 Education Finance and Analysis

PURPOSE:

Federal Impact Aid was established to assist school districts that are financially burdened as a result of existing, new, or expanded federal activities. Federal Impact Aid is designed to compensate school districts for the costs of educating children when enrollments and/or the availability of revenues from local sources have been adversely affected by federal ownership or federal activity.

DESCRIPTION:

P.L. 874 authorizes a direct general aid payment to the impacted school district's general fund for the maintenance and operation of the educational program. Federal Impact Aid funds do not flow through the Minnesota Department of Education (MDE).

The federal government is the nation's largest landowner and employer, with military installations, civilian government agencies, Indian reservations, and public housing. The federal government does not pay property taxes, the traditional source of financial support for schools. Since federal property is not subject to property tax, it does not provide financial support for the schools, even though the dependents of federal employees and residents of federal lands add to the cost of providing public education. When P.L. 81-874 and P.L. 81-815 were enacted in 1950, the primary focus was to respond to the impact of increased populations in centers of defense production and near military installations. Since that time, the provisions of the program have been expanded to recognize the impact represented by children residing on certain Indian lands. Additional impact aid is available to handicapped children who reside on Indian land and handicapped children who have a parent in the uniformed services. The definition of federal property has been broadened to include certain low-rent housing properties as well as tax-exempt properties owned by foreign governments.

Federal Impact Aid provides assistance to local educational agencies (LEAs) under three broad programs. The first is a recurring, current funded program requiring an annual application filed with the U.S. Department of Education by January 31. The other two programs are initiated by application upon occurrence.

Presently, 33 school districts in Minnesota qualify for Federal Impact Aid. Approximately \$5.5 million in funds were received by districts in 1988-89.

I. CURRENT OPERATIONS: Public Law 81-874 provides financial assistance for current operations. Impact aid payments are made directly to school districts for the current fiscal year where they are usually commingled with state, local, and other funds used for general operating purposes in benefit to all students enrolled in the district. Funds for this program are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations. Significant sections of this law are described below.

SECTION 2 authorizes assistance to school districts having a partial loss of tax base as a result of the acquisition of real property by the United States.

A school district (LEA), may be eligible if 1) the property was acquired by transfer, and not by exchange, since 1938; 2) the assessed valuation of such property represents 10 percent or more of the total assessed valuation of all realty in the LEA at the time or times of transfer; and 3) the

acquisition has placed a substantial and continuing financial burden on the LEA.

SECTION 3 Payments under this section constitute the major part of the Impact Aid program. A school district may be eligible for payments if the total number of Section 3 children (average daily attendance (ADA) is 3 percent (minimum of 10 students) of the total average daily attendance or 400, whichever is the lesser. Districts claiming assistance under Section 3(a) for children residing on Indian lands must effect policy and procedures to ensure that the Indian children claimed participate on an equal basis in the school program with other children educated by the district. Further, the Tribes and parents of the Indian children must receive copies of the applications and evaluations and have an opportunity to present their views on the educational programs of the district.

SECTION 3(a) authorizes payments to school districts providing education for children who;

- 1) reside on federal property and live with a parent employed on Federal property, or
- 2) reside on federal property and have a parent on active duty in the uniformed forces, or
- 3) reside on Indian lands.

For the purposes of allocating funds available for Section 3(a), the law groups districts into the following classifications:

A super "A" district is a district where 20% or more of the school district attendance is comprised of section 3(a) children.

A subsuper "A" is a district where section 3(a) children constitute at least 15%, but less than 20% of the school district total attendance.

A regular "A" district is a district where section 3(a) children constitute less than 15% of the school district total attendance.

For the purposes of allocating funds available for Section 3(b), the law groups districts into the following classifications:

A super "B" district is a district where section 3(b) children constitute 20% or more of the school district total attendance. Minnesota does not have any districts which qualify for this category at this time.

A regular "B" district is a district where section 3(b) children constitute less than 20% of the school district total attendance.

SECTION 3(b) authorizes payments to school districts providing education for children who;

- 1) reside on federal property, or
- 2) live with a parent employed on federal property, or
- 3) have a parent on active duty in the uniformed forces.

SECTION 3(d)(2)(B) authorizes increased rates of payment for certain districts under specified circumstances to the extent necessary to enable a school district to provide a level of education equivalent to that provided by comparable districts in the state.

SECTION 3(e) authorizes phase-out entitlements under specified conditions to school districts that lose a substantial number of children due to a decrease or cessation of federal activities in the district.

SECTION 4 authorizes assistance for sudden and substantial increases in federally connected

Program: 13 Federal Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

1332 FEDERAL IMPACT AID (Information Only)

attendance resulting from activities carried on by the federal government either directly or through a contractor.

A school district may be eligible if, as a direct result of activities of the United States (either directly or through a contractor), a 5% increase in the number of children in average daily attendance has occurred in a district's schools.

II. CONSTRUCTION: P.L. 81-815 provides direct grants to school districts for the construction and repair of urgently needed minimum school facilities. Priority rankings intended to reflect relative urgency of need are established to ensure a systematic distribution of available funds among applicants. Priority rankings are reordered periodically as new applications are filed. Thus, a particular project's ranking may change several times before it is funded. Construction funding is dependent upon the availability of appropriations and remains available until expended. Significant sections of this law are described below.

SECTION 5 authorizes assistance for schools in areas experiencing an increase in the number of children residing on federal property and/or residing with a parent employed on federal property. This increase must be attributed to an increase in federal activity either directly or through a contractor.

SECTION 8 authorizes the use of a portion of the program's appropriation as supplementary funding to a district that cannot finance the non-federal portion of the project.

SECTIONS 14(a) and 14(b) authorize grants to school districts that are comprised mainly of Indian lands or that provide a free public education to children who reside on Indian lands.

SECTION 14(c) authorizes grants to school districts that are comprised mainly of federal lands and that have a substantial number of inadequately housed pupils.

III. DISASTER ASSISTANCE: Public Laws 81-874 and 81-815 provide direct grants to school districts affected by major disasters. The district must be located in a Presidentially-declared disaster area in order to be eligible to apply for major disaster funds. The damage threshold must equal \$10,000 or 5 percent of the district's current operating expenditures during the fiscal year preceding the one in which the disaster occurred, whichever is less. Disaster assistance funding is dependent upon the availability of appropriations and remains available until expended. Significant sections of these laws are described below.

SECTION 7 of Public Law 81-874 enables school districts to make minor repairs to instructional facilities, provide temporary instructional facilities, pay increased instructional operating expenses, and replace instructional materials and equipment.

SECTION 16 of Public Law 81-815 authorizes grants to school districts for major repairs or replacement of district instructional facilities damaged or destroyed by major disasters.

PERFORMANCE:

Askov School District qualified for the program during F.Y. 1990, bringing the number of Minnesota districts receiving Impact Aid to 33. Impact Aid for current operations continues to be rateably reduced...this proration varies by district classification and reporting categories. Additionally, because of appropriation language controlling payment procedure, payments in F.Y. 1989 and F.Y. 1990 were

effected under a hold-harmless provision requiring districts to be paid at the same rate of payment as that in effect during F.Y. 1987. This resulted in Minnesota districts receiving only \$5,358,000 of a \$12,620,000 entitlement in F.Y. 1990. Preliminary plans for the construction project in Mahanomen School District, submitted in F.Y. 1990, were approved at the federal level in November 1990. Of the 5 claims for disaster assistance submitted following the July 20, 1987 series of rainstorms, one district has received a final federal payment...the remaining 4 are in the finalization process.

STATISTICS:

	Actual F.Y. 1989	Estimate F.Y. 1990	Estimate F.Y. 1991	Estimate F.Y. 1992	Estimate F.Y. 1993
1. Current operations					
Number of districts per classification					
Super "A"	6	6	6	6	6
Subsuper "A"	2	2	2	2	2
Regular "A"	17	17	17	17	17
"B"	7	8	8	8	8
Total	32	33	33	33	33
Average Daily Attendance qualified for Federal Impact Aid					
"A" average daily attendance	2,744.06	2,780.34	2,780.34	2,780.34	2,780.34
"B" average daily attendance	7,889.50	8,253.09	8,253.09	8,253.09	8,253.09
Total average daily attendance	10,633.56	11,033.43	11,033.43	11,033.43	11,033.43
Local contribution rate (LCR)	\$ 2,051	\$ 2,150	\$ 2,150	\$ 2,150	\$ 2,150
Entitlement (000s)					
"A" Impact	\$ 7,002.3	\$ 7,443.9	\$ 7,433.9	\$ 7,433.9	\$ 7,433.9
"A" Special Ed. add-on	695.2	737.3	737.3	737.3	737.3
"B" Impact	4,045.3	4,436.0	4,436.0	4,436.0	4,436.0
"B" Special Ed. add-on	2.4	3.0	3.0	3.0	3.0
Total Entitlement	\$ 11,745.2	\$ 12,620.2	\$ 12,620.2	\$ 12,620.2	\$ 12,620.2
Payments Received* (000s)					
"A" Impact	\$ 4,595.6	\$ 4,418.3	\$ 4,418.3	\$ 4,418.3	\$ 4,418.3
"A" Special Ed. add-on	695.2	737.3	737.3	737.3	737.3
"B" Impact	368.1	199.6	199.6	199.6	199.6
"B" Special Ed. add-on	2.4	3.0	3.0	3.0	3.0
Total Payments Received	\$ 5,661.3	\$ 5,358.2	\$ 5,358.2	\$ 5,358.2	\$ 5,358.2

* Special education add-on payments are paid at 100% of entitlement. All other impact aid for current operations is rateably reduced when paid by the federal government...this proration varies by classification and year.

2. Construction

Projects Currently on Priority List	Amount	Date of Placement on List
Cass Lake 70-C-12	\$ 55,000	1970
Nett Lake 75-C-403	1,426,000	1975
Waubun 75-C-5001	30,000	1975
Mahanomen 84-C-3401	1,500,000	1984

Program: 13 Federal Programs
(Continuation)
Agency: Education Aids

1992-93 Biennial Budget

1332 FEDERAL IMPACT AID
(Information Only)

Projects Currently on Priority List	Amount	Date of Placement on List
Cass Lake 87-C-12	2,000,000	1987
Red Lake 90-C-401	7,075,000	1990
Projects Funded		
Red Lake 78-C-401A28	\$ 6,500,000	1978
Mahnomen 89-C-3401A39	1,000,000	1990

3. Disaster Assistance - School

	Federal District Claims	Impact Aid*
Presidentially-Declared Disaster July 20, 1987	\$ 857,887	\$ 643,415

* Claims in process

4. Program Entitlement/Payment (000s)

ISD	District Name	F.Y. 1989		F.Y. 1990	
		Entitlement	Payment	Entitlement	Payment
001	Minneapolis	\$ 1,162.3	\$ 105.8	\$ 1,314.4	\$ 59.1
004	McGregor	48.9	17.3	30.9	9.0
011	Anoka	176.4	16.7	277.4	14.6
031	Bemidji	170.6	34.2	211.2	44.9
032	Blackduck	49.7	15.1	62.6	16.8
038	Red Lake	2,479.8	2,006.8	2,633.5	1,955.1
093	Carlton	162.4	66.8	159.0	61.4
094	Cloquet	466.5	197.6	564.8	221.0
115	Cass Lake	603.4	448.7	745.8	507.6
118	Remer	137.1	56.3	94.2	33.0
119	Walker	264.3	121.1	268.0	117.6
162	Bagley	252.1	110.2	256.7	104.2
166	Cook County	138.5	53.5	160.8	54.2
192	Farmington	61.8	5.6	58.9	2.7
280	Richfield	82.4	13.2	79.8	7.8
309	Park Rapids	226.1	96.2	256.1	101.1
317	Deer River	580.7	369.6	544.8	318.6
381	Lake Superior	53.5	9.0	55.9	5.4
432	Mahnomen	770.8	611.0	859.8	627.5
435	Waubun	509.2	395.9	519.6	372.3
480	Onamia	332.4	220.4	319.7	194.0
566	Askov	---	---	12.3	0.6
573	Hinckley	63.5	20.1	74.5	19.2
576	Sandstone	128.1	39.3	106.5	26.8
625	St. Paul	1,477.4	134.4	1,555.5	70.0
652	Morton	151.6	95.2	173.1	99.4

ISD	District Name	F.Y. 1989		F.Y. 1990	
		Entitlement	Payment	Entitlement	Payment
696	Ely	27.4	2.5	38.8	1.8
700	Hermantown	73.4	18.8	78.5	16.4
707	Nett Lake	322.3	260.4	255.9	190.7
708	Tower-Soudan	60.2	24.9	67.4	24.6
709	Duluth	355.9	32.4	384.2	17.3
710	St. Louis County	121.5	41.1	160.9	52.7
742	St. Cloud	235.0	21.4	238.7	10.8
	Total	\$ 11,745.2	\$ 5,661.5	\$ 12,620.2	\$ 5,358.2

PROSPECTS:

Federal Impact Aid will continue to provide direct aid payments to Minnesota school districts which are financially burdened as a result of federal activities or ownership. Although, nationwide, Impact Aid is primarily a program for military and other federal activities, districts which include Indian lands are the main benefactors in Minnesota. The amount of Impact Aid received by Minnesota school districts makes a significant impact in providing programs and services to students. It appears that the proration of aid entitlement will continue in the future.

1992-1993 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: EDUCATION FINANCE
PROGRAM: FEDERAL PROGRAMS

ACTIVITY RESOURCE ALLOCATION:				FY 1992			FY 1993		
	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====									
SPECIAL EDUC - HANDICAPPED (EHA, P	25,921	30,720	29,588	32,000	32,000	32,000	32,000	32,000	32,000
SPECIAL EDUC - PRESCHOOL INCENTIVE	2,611	3,769	5,500	5,500	5,500	5,500	5,500	5,500	5,500
SPECIAL EDUC - INFANTS AND TODDLER	600	907	98	98	98	98	98	98	98
SPECIAL EDUC - DEAF/BLIND	126	159	189	189	189	189	189	189	189
SPECIAL EDUC - HDOP IN RESIDENTIAL	169	171	185	185	185	185	185	185	185
SPECIAL EDUC - HDOP N/D IN RESIDEN	351	334	256	256	256	256	256	256	256
SPECIAL EDUC - DISADV N/D IN RESID	817	893	886	886	886	886	886	886	886
DISADVANTAGED (ECIA) CHAPTER 1 BAS	46,343	49,349	54,349	59,484	59,484	59,484	64,150	64,150	64,150
DISADVANTAGED (ECIA) CHAPTER 1 CAP		542	738	1,000	1,000	1,000	1,000	1,000	1,000
DISADVANTAGED (ECIA) CHAPTER 1 PRO			130	150	150	150	150	150	150
MIGRANT EDUCATION	1,140	1,825	1,843	1,843	1,843	1,843	1,843	1,843	1,843
TRANSITION PROGRAM FOR REFUGEE CHI	504	476							
EMERGENCY IMMIGRANT EDUCATION	128	109	106	100	100	100	100	100	100
SECONDARY VOCATIONAL - SPECIAL NEE	585	643	594	594	594	594	594	594	594
SECONDARY VOCATIONAL - CONSUMER HO	208	225	225	225	225	225	225	225	225
SECONDARY VOCATIONAL - SINGLE PARE	274	226	224	224	224	224	224	224	224
SECONDARY VOCATIONAL - SEX EQUITY	40	153	114	114	114	114	114	114	114
SECONDARY VOCATIONAL - STUDENT FOL	58	57	64	64	64	64	64	64	64
ADULT EDUCATION	1,338	1,972	2,194	2,194	2,194	2,194	2,194	2,194	2,194
DRUG FREE SCHOOLS	2,020	3,473	6,995	4,912	4,912	4,912	4,912	4,912	4,912
INDIAL SOCIAL WORK AIDE TRAINING	5	3							
BYRD SCHOLARSHIP PROGRAM	140	138	134	134	134	134	134	134	134
CONSOLIDATED FEDERAL PROGRAMS (BLO	8,714	7,049	6,277	6,161	6,161	6,161	6,046	6,046	6,046
PUBLIC LIBRARY AID	2,311	2,468	2,643	2,243	2,243	2,243	2,243	2,243	2,243
TEACHER INSERVICE PROGRAMS (TITLE	948	1,908	1,218	1,218	1,218	1,218	1,218	1,218	1,218
SCHOOL LUNCH PROGRAM	38,614	42,476	48,264	50,866	50,866	50,866	53,272	53,272	53,272
SPECIAL MILK PROGRAM	783	957	946	946	946	946	946	946	946
SCHOOL BREAKFAST PROGRAM	2,164	3,629	4,629	4,629	4,629	4,629	4,629	4,629	4,629
CHILD CARE FOOD PROGRAM	31,337	39,379	40,166	41,815	41,815	41,815	43,771	43,771	43,771
SUMMER FOOD SERVICE PROGRAM	473	1,247	1,189	1,189	1,189	1,189	1,189	1,189	1,189
=====									
TOTAL EXPENDITURES BY ACTIVITY	168,722	195,257	209,744	219,219	219,219	219,219	228,132	228,132	228,132

DETAIL BY CATEGORY:

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: EDUCATION FINANCE
PROGRAM: FEDERAL PROGRAMS

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
LOCAL ASSISTANCE	168,582	195,119	209,610	219,085	219,085	219,085	227,998	227,998	227,998
AID TO INDIVIDUALS	140	138	134	134	134	134	134	134	134
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	168,722	195,257	209,744	219,219	219,219	219,219	228,132	228,132	228,132
 SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
STATUTORY APPROPRIATIONS:									
FEDERAL	168,722	195,257	209,744	219,219	219,219	219,219	228,132	228,132	228,132
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	168,722	195,257	209,744	219,219	219,219	219,219	228,132	228,132	228,132

1992-93 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: EDUCATION

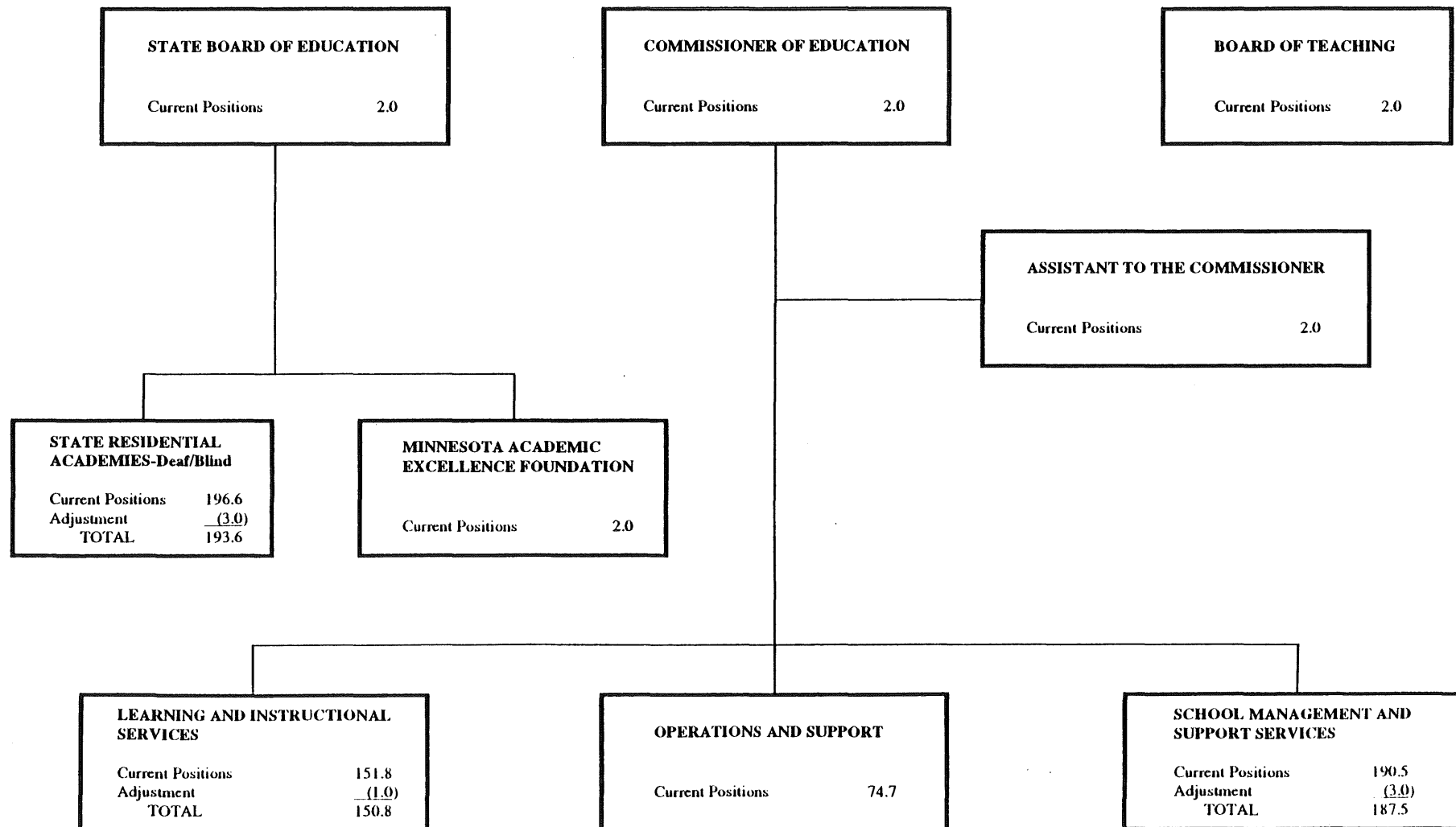
EDUCATION AIDS AND FINANCE PROGRAMS

	<u>ACTIVITIES</u>	<u>PAGE</u>
EDUCATION SERVICES (14)	1401 Curriculum Services	325
	1402 Secondary Vocational Education	325
	1403 Instructional Design	325
	1404 Assessment	325
	1405 Educational Leadership, Office of	326
	1406 Special Education	326
	1407 Unique Learner Needs	326
	(Chapter I, Migrant Education Limited English)	
	1408 Indian Education	326
	1409 Learner Support/Risk Issues	326
	1410 Equal Educational Opportunities	326
	1411 Education Development	326
	1412 Community Education	326
	1413 Library Development and Services	327
	1414 Minnesota Academic Excellence Foundation	326
EDUCATIONAL ADMINISTRATION AND FINANCE (15)	1501 Education Finance and Analysis	334
	1502 District Financial Management and Transportation	334
	1503 Child Nutrition	334
	1504 Monitoring	334
	1505 Institutional Approval	334
	1506 Personal Licensing and Placement	334
	1507 Board of Teaching	333
	1508 State Board of Education	333
	1509 Executive Management	334
	1510 Education Data Systems	334
	1511 Administrative Support Services	334
STATE RESIDENTIAL ACADEMIES DEAF/BLIND (16)		339
LCMR - ENVIRONMENTAL EDUCATION (17)		346

DEPARTMENT OF EDUCATION

DEPARTMENT OF EDUCATION ORGANIZATION CHART

1/91



DEPARTMENT OF EDUCATION

POSITION AND EMPLOYEE STATUS INFORMATION

Position Reconciliation:		
Authority:	Current <u>FY 91</u>	Requested <u>For 6/30/93</u>
Legislative Complement:		
General Fund	446.3	443.3
Special Revenue	29.9	29.9
Federal	141.4	143.4
Legislative Authorized:		
General Fund	1.0	-0-
LAC Approved:		
General Fund	3.0	-0-
Federal	2.0	-0-
Total Permanent Positions	<u>623.6</u>	<u>616.6</u>
Other Complement (FTE)	54.0	41.0
TOTAL Positions	<u>677.6</u>	<u>657.6</u>
Employees		
on 6/30/90	623	

Employees by Employment Status:	
	<u>6/30/90</u>
Full-Time Unlimited	545
Full-Time Temporary	23
Full-Time Emergency	4
Part-Time Unlimited	25
Part-Time Temporary	5
Part-Time Emergency	2
Part-Time Seasonal	2
Intermittent Unlimited	<u>17</u>
TOTAL	623

MISSION:

The Minnesota State Board of Education (SBE) and the Minnesota Department of Education (MDE) exist to serve the educational needs of the citizens of Minnesota. The authority for an educational system to be established is found within Article XIII of the State Constitution:

Section 1. Uniform system of public schools.

The stability of a republican form of government depending mainly upon the intelligence of the people, it is the duty of the legislature to establish a general and uniform system of public schools. The legislature shall make such provisions by taxation or otherwise as will secure a thorough and efficient system of public schools throughout the state.

While the State Constitution focused attention on a system of public schools, specific creation of the Minnesota Department of Education as an agency was established through M. S. 121.02:

Subdivision 1. A state department of education is hereby created which shall be maintained under the direction of a state board of education.

To further clarify a consistent role of public education in Minnesota, the 1985 legislature adopted the following purpose statement regarding public education:

The purpose of public education is to help individuals acquire knowledge, skills, and positive attitudes toward self and others that will enable them to solve problems, think creatively, continue learning, and develop maximum potential for leading productive, fulfilling lives in a complex and changing society.

Given these legislatively mandated charges, the following mission statement has been established by the Minnesota Department of Education to guide its actions:

The Minnesota Department of Education provides leadership, service, and regulation to maintain and improve an equitable, uniform, and quality system of public education for all learners. The department provides leadership as an advocate for education by defining quality education and by seeking the resources necessary to meet the needs of all learners. The department provides service through informational and technical assistance that will improve the productivity and performance of students and staff, and provide opportunities for the development of the potential of all learners. The department regulates education by maintaining, interpreting, and enforcing Minnesota State Board of Education rules, and state and federal laws.

The primary policy-making group for public education in Minnesota is the State Board of Education. The State Board provides statewide policy leadership for the Minnesota educational system and governance for the state's 430 public school districts and other education delivery agencies by adopting statutorily based rules and issuing guidelines by which MDE and local districts carry out their responsibilities. The board functions as a central discussion group for the purpose of formulating major policy recommendations to enhance learning for all learners in Minnesota and to improve the education system overall. The State Board also provides governance and policy direction for the Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind. In collaboration with the Department of Education and the State Board of Teaching, the State Board of Education establishes short-term and long-term goals for public education in Minnesota. The adopted mission of the State Board of Education is as follows:

The Minnesota State Board of Education will provide the vision, advocacy, and leadership to improve significantly the quality of education throughout the state.

Another key policy maker in the public education process is the Minnesota Board of Teaching. The Board establishes and maintains standards for the preparation and performance of public school teachers. Through monitoring, continuing education and professional service, the Board assures that teachers maintain high standards of performance and professional conduct. The adopted mission of the Board of Teaching is given below:

The Mission of the Board of Teaching is to provide leadership to teacher education improvement issues and to assure that the state has well qualified, professional educators who are able to provide the highest quality education to a diverse, multicultural population, and who are able to anticipate and promote educational improvement.

Working cooperatively, the Minnesota Department of Education, the State Board of Education and the Board of Teaching function to address the educational needs of all Minnesota citizens and to accomplish the constitutional and legislative requirements for public education in Minnesota.

AGENCY CLIENTS AND FUNCTIONS:

The focus for MDE leadership and service is on the learner. All functions and operations conducted by the agency must have an ultimate, positive impact on the individual recipient of the public education process. That is, services and activities which are provided directly to teachers, administrators, support staff, internal agency staff, and others must have a clear rationale and purpose, be supportive of the agency mission and goals, and have a clear and beneficial ultimate impact on the learner.

The Department of Education serves Minnesota citizens through 430 independent school districts, 33 education districts, 33 secondary vocational cooperative centers, 26 special education cooperative centers, 9 educational cooperative service units, 7 elementary secondary vocational computer regions and numerous organizations at all levels of government. The State Residential Academies provide educational services for deaf, blind and deaf-blind students.

The department's service and leadership activities are focused on a much broader population than the public schools' current student enrollment of approximately 739,500. The department licenses and regulates 58 private vocational schools and 310 agencies providing postsecondary education for veterans. The department serves 82,000 non-public students through various programs. Leadership, information, and technical assistance are provided for 135 libraries in cities, counties, and regions. The department also operates the Library for the Blind and Physically Handicapped. Community Education provides opportunities and services to approximately 2,400,000 adults, 41,000 are served in adult basic education programs; and 67,000 parents and children participate in early childhood and family education.

The department is organized into three divisions: Operations and Support, Learning and Instructional Services, and School Management and Support Services. The State Board of Education, Board of Teaching, Minnesota Academic Excellence Foundation and the Residential Academies have unique functional relationships to MDE and are all a part of the biennial budget proposal for MDE. Important functions within MDE include: The provision of leadership by working with policy makers in initiating and developing policies and by seeking resources for public education; the delivery of service to school districts and other educational institutions and clients by providing information, technical assistance, model development and assistance in the management of education programs and services; the regulation of education by maintaining, interpreting and enforcing state and federal laws and State Board of Education rules; and the increase in the efficiency and effectiveness of MDE through staff development and office automation.

Cooperation and Collaboration:

With regard to Minnesota's prekindergarten through 12th grade public school pupils, the majority are served in the resident school district. However, a number of trends have provided an impetus for interdistrict cooperative efforts for the delivery of some or all educational services. One of these forces is enrollment decline in greater Minnesota. Another related trend is the increase in

educational standards as part of the reform movement of the past decade or two. Among the oldest cooperative efforts are vocational and special education cooperatives to which member districts send pupils for specialized services. At present, there are 321 special education cooperatives and 167 vocational education cooperatives.

During the late 1970s and early 1980s, legislation encouraged "pairing" arrangements under which districts typically provide educational services in specific grades for their own resident pupils as well as the pupils of the partner district. These arrangements continue to grow with 106 districts participating in F.Y. 1990. Additionally, 144 districts cooperate in the production and distribution of television-generated course materials via telecommunication cooperatives.

Legislation enacted in 1987 encouraged the creation of education districts and area learning centers (ALCs). The former can be established for any purpose, while ALCs have been established to provide year-round educational services, particularly for secondary pupils and adults who have not received, or might not receive, a diploma within a regular school year. Currently, 244 districts belong to an education district, and 24 ALCs serve pupils from many districts.

In addition to the above cooperative efforts, there is a clear need for increased cooperation and collaboration between agencies of state government, public and private organizations which have roles supportive to education, and private business. The department currently facilitates a number of collaborative efforts through interagency contracts and formal partnership agreements, and MDE is exploring new ways to maximize public and private resources and more effectively address the complex needs of all learners in Minnesota.

Agency Goals:

Even though public education in Minnesota has achieved remarkable success during the past decade in areas such as graduation rate, technology for learning, and student and parent choice programs, significant efforts to maintain and improve our current system of education must be made. Indeed, technological and economic changes in our state and throughout the world, as well as social and demographic trends, require new strategies for providing education to the citizens of Minnesota. In the coming decade our state must better educate more Minnesotans, of all ages, to new kinds and higher levels of knowledge and skills than ever before. Minnesota's educational system must do this with an increasingly diverse population, many of whom face substantial economic, social or other barriers to learning, such as the effects of substance abuse, teen pregnancy, or inadequate health care.

The State Board of Education and the Department of Education has chosen to frame agency goals around the set of national goals developed by the National Governor's Association and embraced by the President of the United States as meaningful and necessary challenges for all states. Utilizing concepts of strategic planning, SBE and MDE have developed a uniquely Minnesota response to the national goals, a response which is incorporated throughout this biennial budget document.

The agency goals which will be addressed for the F.Y. 1992-93 biennium include:

- Ready to Learn - Ensure that all children in Minnesota will enter school ready to learn, with families prepared to support and participate in their children's learning. Strategies to begin implementation of this readiness goal include: The expansion of early childhood and family education which targets the under-served; the development of school aged child care incentives to start new programs and expand current agency programs; and the implementation of preschool screening efforts. In addition, parental education strategies will be implemented and nutrition and health care services will be developed and maintained.
- School Completion - Restructure education to ensure that all Minnesota learners will graduate

from high school with the skills needed to be successful in postsecondary education or the world of work. Although Minnesota enjoys recognition as having the highest graduation rate in the nation, efforts must be made to reach learners who are at risk of dropping out. One strategy being considered is the development of parent resource centers within community school sites willing to pilot efforts in this direction. Also, efforts to increase the minority staffing in schools is expected to have a positive effect on student retention in public schools.

- Educational Restructuring - Restructure education in Minnesota to ensure that all learners will develop competency in challenging subject matter and are well prepared for responsible citizenship, lifelong learning, and productive employment. The Minnesota approach to this goal features significant action to continue to develop and implement systems of outcome based education. Another strategy addressing this broad goal includes: enhancements to the Minnesota Educational Opportunities Program.
- Adult Literacy and Lifelong Learning - Provide adults with educational opportunities which lead to literacy and economic independence. Strategies to begin to implement this goal include: The enhancement of community youth service programs; improved access to high school graduation incentives; and increased flexibility in adult basic education programs.
- Prevention and Risk Reduction - Create comprehensive prevention and risk reduction services for all Minnesota learners. Ensure that every Minnesota school will be free of drugs and violence and will offer a disciplined environment conducive to learning. Existing MDE activities in this area will be strengthened and focused, and prevention-risk reduction counseling and support services will be expanded. Interagency and community collaboration will be key strategies in this effort.

Beyond the Minnesota response to the national goals, SBE and MDE will focus efforts on two additional goals noted below:

- Finance - Improve the funding system for Minnesota public schools. MDE will study the current system of funding public schools and develop and promote alternative funding strategies which will improve an already effective school financing system so that it is even more equitable. In addition, other strategies will be implemented to enhance mechanisms of funding education in Minnesota.
- Facilities - Ensure safe and adequate education facilities for all Minnesota learners. Recent studies have shown that there is a critical and growing need for the renovation and replacement of many school facilities in Minnesota.

MAJOR POLICY DRIVERS:

Although the Minnesota system of public education has a reputation as a leader and model for other educational systems, the pressures for continued reforms are apparent. To meet the challenges of the 1990s and beyond, Minnesota schools must be transformed to make public education more flexible and responsive to the needs of all learners, whatever their differences in backgrounds, abilities, needs, goals, and learning styles. Schools and other education institutions must be transformed to produce higher levels of achievement for everyone. Failure to do so puts our economy and democracy at risk.

Changing Demographics and Socioeconomics:

The focus for educational leadership and service must be on the learner. Exactly who or what is a typical Minnesota learner is difficult to identify. In the decades of the 50s and 60s Minnesota had a relatively stable, homogenous learner population. Today, the characteristics of the learner population are dynamic and changing. Shifts in enrollment patterns, demographics, and socioeconomics have significant influence on educational services.

During the 1989-90 school year, approximately 739,000 pupils were served by Minnesota's 435 school

districts. This is a significant increase from the recent low of 679,000 in 1984-85 but is still 20% below the peak year of 1971-72 when 914,000 pupils received services. The recent recovery represents an echo of the post-World War II "baby boom" when the earlier generation began having grandchildren. This increase is projected to continue; 1993-94 enrollments are expected to be roughly 8% greater than in 1988-89. However, it must be pointed out that this growth, as well as the growth in recent years, is not uniform statewide. The largest growth will continue to be in the Twin Cities and St. Cloud metropolitan areas. By contrast, it is projected that Duluth and the Iron Range will lose enrollments during the next three to four years.

Minnesota's great geographical diversity of densely populated urban areas combined with lower density rural settings, results in equally diverse school district enrollment characteristics. The high-population Twin Cities area contains most of the state's larger enrollment districts including Minneapolis, St. Paul, and Anoka, each of which has more than 30,000 pupils. In contrast, northern and western sections of the state include the majority of very small districts, some with fewer than 100 pupils. Great diversity also evidences itself in the distribution of minority enrollments. In Minnesota, as well as most of the United States, minority enrollments tend to be concentrated in the large urban areas where the largest proportion of minority peoples live. An exception in Minnesota are districts located in areas with concentrations of American Indians such as Red Lake, Nett Lake, Mahanomen, and Waubun, all with 40% or greater minority enrollments.

A decade ago, the statewide minority population was 5% of the total enrollment. Today minority enrollment averages 9.2%, but fewer than one-half of all Minnesota districts have 2% or more minority enrollments. Minnesota's minority enrollment population consists mainly of four groups: Black (35.6%), Asian (32.6%), American Indian (18.7%) and Hispanic (13.2%).

Socioeconomic factors also have a significant role in the provision of educational services. Unfortunately, the following list of situational and socioeconomic conditions are all on the increase with regard to their numbers and their potential for impact on the state's educational programs: Single parent families, drug and alcohol abuse, homelessness, nutritional and other health related deficiencies, child abuse and neglect, low birth weight, learning disabilities and handicaps, limited English proficiency, and adolescent parents.

Goal Related Policy Drivers:

The following policy drivers are aligned with the proposed agency goals for the F.Y. 1992-93 biennium.

Ready to Learn - Starting school ready to learn was once taken for granted in Minnesota schools. Today, an alarming number of infants are born to women who did not receive adequate prenatal care. Studies have found that a strong correlation exists between family poverty and the absence of preschool education for children. The unmet needs of those children who are at risk of school failure must be addressed.

School Completion - About one in ten Minnesota pupils do not complete high school. This ratio is significantly higher for persons of color. Increasing numbers of Minnesota learners are at risk to fail because of conditions such as substance abuse, teen pregnancy, handicapping conditions, homelessness, as well as those learners that do not fit an archaic factory model of schooling which is in serious need of reform. Also, demands for a more effective educational curriculum, instruction and assessment process, such as the outcome based education model, drive the need to seek meaningful changes in the current system.

Educational Restructuring - The demand for educational accountability expressed by the public fuels this critical need. In addition, concepts of an international economy, a global society, the ability to think and solve complex problems in the future world, and the need to preserve our democratic way

of life are the major policy drivers for this agency goal.

Adult Literacy and Lifelong Learning - Research shows that the average adult changes his or her employment several times prior to retirement from work. Many of these changes involve complete career shifts. The need for lifelong learning for personal satisfaction as well as career shifts is increasing. Also, the numbers of adults who are functionally illiterate continues to grow in Minnesota, especially among immigrant and minority populations.

Prevention and Risk Reduction - Risk factors among school aged youth appear to be growing. Schools must become a safe haven for children if learning is to occur. Also, there is a need to maximize resources through the coordination and cooperation of all agencies and programs which are designed to address this goal. Learners must be provided opportunities to develop appropriate decision-making skills.

Finance - An equitable school finance system is one that provides equal opportunities for all learners, regardless of home district. There is currently considerable interest in the exploration of alternative methods to finance public schools in Minnesota. In addition to the equality concerns, there is the concept of effectiveness as well, which focuses on a financial system that provides adequate funding for all programs and provides incentives or rewards for excellence.

Facilities - A recent study conducted by MDE shows that an alarming number of state educational facilities were built around the post war era of the late forties and fifties. Many of these buildings are in serious need of renovation or replacement. Again, the state must respond to basic demands for safe, healthy environments for its learners.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

To ensure that the Department of Education budget addresses the increasing educational needs and priorities, certain budget reallocations and operational adjustments are recommended. There are three broad areas of budget change summarized below: changes in agency budget with regard to specific fiscal reallocations; changes in the agency budget with regard to the implementation of agency goals; and changes impacting the State Residential Academies.

Fiscal Reallocations:

The department has determined that increased leadership, service and technical assistance is necessary to fully implement the concept of outcome based education (OBE) in Minnesota public schools. During the current biennium, MDE has established readiness and built the framework for a comprehensive shift toward OBE philosophy and practice. The F.Y. 1992-93 biennium will represent the second phase of OBE direction and leadership, a phase which will operationalize OBE in schools statewide. In order to address this next level of OBE implementation, the department is recommending the reallocation of certain agency funds and education aids as noted in the table below:

Plans and Reallocations for OBE (Dollars in Thousands)

<u>Education Agency Budget Reallocations:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
OBE Development Resources	\$ 450	\$ 450
Minnesota Test Item Bank	150	150
<u>Education Aids Budget Reallocations:</u>		
Technology Integration	200	200
Office of Educational Leadership		
Research Demonstration Sites	100	100
Total Reallocation	\$ 900	\$ 900

AGENCY: Education, Department of
(Continuation)

1992-93 Biennial Budget

The resources described above will be used to implement a comprehensive effort to assist school districts and other educational organizations and programs with the full implementation of OBE concepts. In brief, the key functions within the agency plan for OBE include the development of OBE curricula, the implementation of individualized outcome-driven instructional processes, and the identification of learner assessment strategies to measure specified outcomes. Components of the OBE plan are described in the Educational Services program narrative.

Given base level funding for the F.Y. 1992-93 biennium, the department anticipates that inflationary increases in salaries and operations will require some program service reductions. The specific areas of service reduction and related impacts cannot be determined at this time due to the unknown influence of competing factors such as position vacancies, retirements, automation of services, interagency collaboration, and others. If sufficient operational funds are not available, some reallocation of positions will result in order to maintain service levels within critical regulatory, policymaking, and technical assistance functions.

It should be noted that the MDE base level funding will increase by \$215,777 per year as a result of funds transferred from the State Board of Technical Colleges to the Department of Education. These funds are currently used to contract with the Minnesota Curriculum Service Center for vocational education curriculum services. In addition, a legislative initiative proposal in Teacher Licensing, if approved, will result in a corresponding increase in the department's base funding.

Included in the MDE budget request is a proposal for \$790,000 for F.Y. 1992 to support an environmental education program. These funds are being requested from the Minnesota Environmental Trust Fund by the Legislative Commission on Minnesota Resources and will be administered by MDE.

Agency Goal Impacts:

Ready to Learn - The education aids budget proposes the authorization of resources which would expand early childhood and family education to target the at-risk population, create school-age child care incentives to start new programs and expand current efforts, establish a school readiness program in MDE, and expand preschool screening services. Pending authorization of any or all of these efforts, MDE would significantly adjust staff assignments to provide leadership, support, and service in these areas.

School Completion - During the current biennium, actions have been taken by MDE to reallocate staff to implement a parent involvement and resource program. Funds are being requested in the education aids budget to develop parent resource centers within community school sites. Shifts in current staff assignments would be made to accomplish this goal.

Educational Restructuring - This agency goal includes the reallocation of agency funds in combination with education aids to fully implement OBE in Minnesota schools. The reallocation was described in the previous table.

Adult Literacy and Lifelong Learning - The education aids budget proposal addresses three areas which, if approved, would cause reassignment of MDE staff to accomplish this goal: The enhancement of community youth service programs; increased public library services; improved access to high school graduation incentives and increased flexibility in adult basic education programs.

Prevention and Risk Reduction - During the current biennium, agency staff have been reassigned from the curriculum services area to provide additional assistance and leadership for risk reduction programming. Also, the education aids budget for the F.Y. 1992-93 biennium requests funds to expand prevention and risk reduction services at the elementary level.

Finance - The department expects to continue work on the development of alternative funding strategies for Minnesota public schools and has incorporated an equity funding plan in the proposal for General Education revenue.

Facilities - During the current biennium, MDE has responded to the growing concern of inadequate public school facilities. Internal management staff have been transferred to assignments requiring the collection and analysis of school facility information. The department anticipates the need for further study and increased involvement with State Fire Marshal inspections and will need to reassign agency staff to accommodate these needs.

State Residential Academies:

The increase in total students being served by the residential schools is expected to continue. However, current funding for the schools is not dependent on student numbers. Suggestions are given in the program narrative to accommodate the lack of funds. Other issues expressed in the program narrative include the condition of the residential school facilities, mainstreaming of students with Faribault public schools, student social/emotional needs, accommodating students with handicapping conditions other than deafness or blindness, and the length of the school year.

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: DEPARTMENT OF EDUCATION

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 92	F.Y. 93	F.Y. 92	F.Y. 93	F.Y. 92	F.Y. 93	F.Y. 92	F.Y. 93
F.Y. 91 FUNDING LEVEL	38,725	38,725	26,078	26,078	2,880	2,880	9,767	9,767
ONE-TIME APPROPRIATIONS	<280>	<280>	<280>	<280>				
LAC ALLOCATIONS	<65>	<65>	<65>	<65>				
BIENNIAL APPROPRIATIONS	<7>	<7>	<7>	<7>				
APPROPRIATIONS CARRIED FWD	<546>	<546>	<546>	<546>				
BASE TRANSFER (BTWN AGENCIES)	216	216	216	216				
SALARY ANNUALIZATION	294	232	294	232				
DOCUMENTED RENT/LEASE INCR.	10	20	10	20				
TOTAL	38,347	38,295	25,700	25,648	2,880	2,880	9,767	9,767
BIENNIAL TOTAL		76,642		51,348		5,760		19,534

F.Y. 1991 Budget Reductions (Information Only)

The following F.Y. 1991 reductions were implemented in Laws 1991, Chapter 2. These reductions are not reflected as changes to F.Y. 1991 or F.Y. 1992-93 BASE Levels within the budget documents.

Educational Services and Educational
Administration and Finance

General Fund
(\$100)

Educational Services

(36)

ACTIVITY: 1992-93 Biennial Budget
PROGRAM: Educational Services and Educational Administration and Finance
AGENCY: Education, Department of

DECISION ITEM: Financing Inflationary Costs - Informational

requests, and in many cases, assistance will be less personalized and less specific to individual district and building needs. In addition, reductions will impair MDE's capabilities internally in staff development, management and supportive functions.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures

General Fund	\$ 530	\$ 1,080	\$ 1,080	\$ 1,080
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Revenues

General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
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(Educational Services and Educational Administration and Finance)

ITEM SUMMARY:

The inflation amount represents estimated unfunded salary adjustments calculated using the biennial budget 4.5% inflation proxy for F.Y. 1992 and F.Y. 1993. No other funding source can be identified at the present time to cover the anticipated salary adjustments, therefore, it will be necessary to reduce costs and cut programs to acquire a savings that can be reallocated to cover the shortage. The salary underfundment for F.Y. 1992 is an estimated \$530,000. MDE's reallocation will be roughly comprised from positions that will be vacant on July 1, 1991 (\$150,000); positions that will become vacant during F.Y. 1992 either from attrition or staff reductions (\$250,000); and support costs for program and administrative support (\$130,000). Altogether, from 10 to 15 positions could be involved, either through vacancies or layoffs, to help cover the shortage. For F.Y. 1993, the estimated salary underfundment is \$1,060,000 which is calculated by using the 4.5% model with compounding for the second year of salary adjustments. As was the case for F.Y. 1992, reductions in general fund programs must be accomplished so that savings can be reallocated to salary accounts. The reductions will be accomplished by accessing funds from salary and nonsalary accounts so that at least some degree of flexibility is left available to carry out the remaining programs. A preliminary estimate is that it will be necessary to reduce \$800,000 from salary accounts affecting at least 20 positions (includes the F.Y. 1992 tally) and about \$260,000 from program and administrative support categories.

RATIONALE:

It is very difficult to assess the impact of the reductions/reallocations or even to be highly specific as to the exact programs/functions affected by reductions. The 4.5% factor for salary increases is speculative. The actual amount, when known, may be much smaller and would have a considerable impact on the size and scope of the reallocations. MDE will do everything possible to address any reductions in a way that will reduce lower level priorities and retain priority initiatives. Reductions of this magnitude will necessarily affect the quality and range of services to school districts and other local programs. Some of the impact will occur as reductions in technical assistance, training and staff development. In other instances, the effect will be an increase in response time to client

ACTIVITY:
PROGRA: Agency-Wide Decision
AGENC: Education, Department of

1992-93 Biennial Budget

DECISION ITEM: Department of Education General Reduction

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures				
General Fund	\$	\$	\$	\$
Revenues				
General Fund	\$	\$	\$	\$

GOVERNOR'S RECOMMENDATION:

Expenditures				
General Fund	\$ (500)	\$ (500)	\$ (500)	\$ (500)
Revenues				
General Fund	\$	\$	\$	\$

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

The Governor recommends a \$500,000 general reduction to the Minnesota Department of Education (MDE), representing approximately 3% of MDE's annual appropriation.

The reduction will be accomplished to the extent possible, by consolidating programs; eliminating some on-going functions which are not so closely related to current priority initiatives; and scaling back ancillary, supportive and supervisory functions. Mandates, regulatory activities, noninstructional activities required of school districts or carried out by MDE for schools and local clientele will be scrutinized to ascertain current relevancy, helpfulness, and cost effectiveness.

RATIONALE:

Fiscal constraints make a serious review and restructuring of agency operations necessary. Specific impacts on sections of the agency can be determined at a later date.

MDE's objective in handling this reduction is to retain funding for activities directly involved with learners and priority initiatives. A number of functions in which MDE provides technical assistance and service will necessarily be impacted. In other instances the service will be modified as specialists perform displaced supportive tasks or assignments of positions which have been eliminated. To assist in financing selected activities, there will be increased efforts to acquire private sector funds, or where feasible, to utilize registration or user fees.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION

PROGRAM RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EDUCATIONAL SERVICES	14,286	16,118	16,525	16,073	16,373	16,373	16,070	16,370	16,370
EDUC ADMIN & FINANCE	12,002	13,087	14,051	14,089	14,175	14,175	14,068	14,187	14,187
ST RESIDENTIAL ACAD-DEAF/BLIND	7,166	7,883	8,149	8,185	8,185	8,185	8,157	8,157	8,157
LCMR-ENVIRONMENTAL EDUC					790	790			
GENERAL REDUCTION						<500>			<500>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY PROGRAM	33,454	37,088	38,725	38,347	39,523	39,023	38,295	38,714	38,214
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					790	790			
GENERAL	21,737	24,865	26,005	25,627	26,013	25,513	25,575	25,994	25,494
PUBLIC HEALTH	62								
TRUNK HIGHWAY	21	21	21	21	21	21	21	21	21
STATUTORY APPROPRIATIONS:									
GENERAL	236	134	73	73	73	73	73	73	73
SPECIAL REVENUE	1,814	1,820	1,899	1,899	1,899	1,899	1,899	1,899	1,899
FEDERAL	8,740	9,310	9,767	9,767	9,767	9,767	9,767	9,767	9,767
AGENCY	714	781	811	811	811	811	811	811	811
GIFTS AND DEPOSITS	110	144	134	134	134	134	134	134	134
ENDOWMENT	20	13	15	15	15	15	15	15	15
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	33,454	37,088	38,725	38,347	39,523	39,023	38,295	38,714	38,214

PROGRAM PURPOSE:

The primary purpose of the Educational Services Program of the Department of Education (MDE) is to provide leadership and service in the design and implementation of effective and efficient learning opportunities for Minnesota residents. This purpose is carried out within the context of policies and standards established by the Minnesota Legislature, the State Board of Education, and the federal government.

With an ultimate focus on learners, this program serves a wide spectrum of clients including school districts and other organizations with direct and indirect educational missions. Program efforts are directed toward three broad educational components:

- Curriculum and instruction;
- Special needs programs; and
- Lifelong learning.

Curriculum and Instruction:

This component of the Educational Services Program provides leadership and service consistent with the agency mission and goals in broad areas of educational focus including curriculum, instruction, assessment and evaluation, as well as related areas of educational leadership, vocational education, special programs and the promotion of educational excellence. The collective purpose of activities within this component is to provide learners with quality learning opportunities and options, and to facilitate the development and implementation of successful educational content and processes.

Special Needs Programs:

Within the context of a broad educational mission to serve all learners in Minnesota, this component of the Educational Services Program targets leadership and service efforts to segments of the population that have unmet social, economic, or educational needs. For example, educational assistance and opportunities are provided for American Indians, other ethnic minorities including those in need of basic English language skills, learners with handicapping conditions or disabilities, and learners whose situation or socioeconomic status has in some way put them at risk in the learning process. For a growing number of Minnesotans, the special programs provided by or facilitated through MDE provide a real hope for success in life.

Lifelong Learning:

The purpose of educational services to promote lifelong learning is to develop, implement, and strengthen learning opportunities beyond the scope of regular school programs, to assist people of all ages to become self-reliant, to improve their own lives, and to help them improve their community. This component of Educational Services provides leadership and services to public libraries and the users of libraries statewide.

PERFORMANCE:

Activities within the Educational Services Program are diverse and comprehensive. Many of the agency's goals are directed toward actions to be taken specifically within this program. Notwithstanding efforts from other MDE budget programs or collaborative efforts with other educational organizations, this program has had direct impact on many Minnesota educational highlights and successes such as the lowest dropout rate in the nation, national leadership in the use of technology in the classroom, the implementation of outcome based education systems and mastery learning programs, school-community involvement, youth service opportunities, and more.

1401 Curriculum Services - Direct services are provided to Minnesota public schools to ensure that all learners have access to educational programs that meet consistent standards and allow the fullest development of learning potential. Expertise is provided to 430 districts in 17 subject areas for preschool through 12th grade. The development of outcome based education systems is coordinated by this activity and during F.Y. 1990 essential learner outcomes (ELOs) were developed in eight discipline areas and disseminated to all Minnesota schools. The curriculum services function of MDE conducted workshops and seminars for over 400 school districts during F.Y. 1990. These workshops resulted in significant improvements in local district curricula. For example; changes in school curricula resulting from MDE actions include statewide efforts to address multicultural/gender fair issues. Also, ongoing technical support was provided to 112 Comprehensive Arts Planning Program sites, and a statewide conference and regional workshops were held resulting in meaningful changes in public school arts programming statewide. Efforts in international education by MDE are particularly relevant to today's global economy and the rigor of high school instruction has been increased through MDE action to increase the requirements for high school course offerings.

1402 Secondary Vocational Education - This activity provides leadership which ensures that vocational learners in public schools are provided programs of career exploration, occupational training, and preparation for advanced training. Reviews and evaluations are conducted annually on 100 vocational programs and recommendations made resulting in significant program improvement in those programs. Over 20,000 students participate in vocational leadership activities through student groups such as Future Farmers of America (FFA) and Future Homemakers. These student programs receive assistance and guidance from this activity. All high school students in grades 10-12 have access to vocational offerings, 96% have access to two or more offerings, and 83% have access to four or more offerings. The secondary vocational program of MDE is implementing an outcome-based restructuring model statewide and has aligned vocational programs with the reforms taking place in regular education.

1403 Instructional Design - Departmental services are provided to all school districts, educational cooperatives and other agencies to provide leadership, technical assistance, individual and service education to teachers and school administrators to strengthen instructional processes. Workshops, seminars and individualized help are provided in specific areas of instructional design, professional development, educational effectiveness, integration of technology into the curriculum, thinking skills, media education, elementary education, mastery learning and gifted education. The department administers several programs designed to improve instruction in Minnesota schools: the Minnesota Educational Effectiveness Program (MEEP), the Individualized Learning Development Aid (ILDA), curriculum and technology regional services, and courseware integration centers. Approximately 60% of the state's schools have chosen to participate in the MEEP program and a statewide leadership conference this past year drew 1,800 participants who rated their training as among the best they have ever received.

1404 Assessment - Leadership and technical assistance in areas of pupil performance measurement and program evaluation are provided through this activity. Statewide assessments are conducted resulting in regional and statewide decision making information. Legislation such as Planning Evaluation and Reporting (PER) and Assurance of Mastery (AOM) are facilitated and receive full participation of all Minnesota districts. A computer-based assessment itembank called MIDEBANK is maintained and provides school personnel with over 100,000 test items for their use in the classroom. The North Central Accreditation program provides services and accreditation to over 300 Minnesota schools. This activity has a major role in the development of an outcome based education system as two ELO tests per year are developed to use statewide. Feedback from school districts show that testing and program evaluation information provided through this activity are used as tools to provide for accountability at state and local levels.

PROGRAM: 14 Educational Services
(Continuation)

1992-93 Biennial Budget

Agency: Education, Department of

1405 Education Leadership, Office of (OEL) - This office, created by the 1989 Legislature, conducts research and development functions which are leading to the transformation of education in Minnesota. Ten demonstration sites are provided direct assistance to implement characteristics of a transformed education system and the office is charged with the responsibility to assess transportation impacts and to provide guidance for all districts desiring outcome based oriented changes.

1411 Education Development - All 430 school districts are served through the Chapter 2/Block Grant Program which targets school programs such as learners at risk, staff development, educational effectiveness, and acquisition of educational materials and equipment. Evaluations of this effort reveal considerable success for districts with these targeted needs. Approximately 60 alternative programs are operated in Minnesota high schools which reach out to youth through nontraditional programs. This activity also facilitates the Title II effort at MDE which makes funds available to districts to support training or retraining of teachers in mathematics and science. Evaluations conducted on Title II grant recipients reveal significant success with the goals of the program.

1414 Minnesota Academic Excellence Foundation (MAEF) - The 1983 Legislature created MAEF as a nonprofit, public-private partnership to promote and recognize academic excellence in Minnesota's schools. MAEF coordinates participation in academic competitions and delivers recognitions, summer institutes, and special events to promote academic excellence. The program serves public schools and the private sector through the development of partnerships for academic achievement. The MAEF program has experienced considerable success serving students at all achievement levels, teachers and parents with programs which promote excellence in education.

Special Needs Programs:

1406 Special Education - Services and leadership are provided by MDE to approximately 83,000 handicapped Minnesota children and youth. Results of MDE efforts in this area include the improvement of coordination between regular and special education; coordination with human service agencies to increase the assistance to children and youth who are emotionally disturbed; and the standardization of due process forms. Workshops were held statewide for over 3,000 special education district staff to develop a more effective individual education plan (IEP) decision making process. A cadre of trainers in each region of the state has been established to teach other special educators how to access the Minnesota electronic data base called Special Net. An efficient and useful data system called the Education Data Reporting System has been developed by MDE for use statewide by districts and special education cooperatives to report their program budget applications and amendments on-line to MDE. The activity also has facilitated the successful transition of special education students from high school to further education/training, work, independent living, and integration into their community. An effective system has been designed to link districts, special education cooperatives, regional units, higher education, MDE, and other state agencies in providing delivery of staff development training for special educators.

1407 Unique Learner Needs - Approximately 9,800 Minnesota students with little or no skills in English and whose first language is one other than English are provided services through English-as-a-second language and limited English proficient programs statewide. The MDE provides assistance and training to school districts offering these programs which enables the learners to acquire the necessary language skills to succeed in regular classes. The Chapter 1 federally funded compensatory education program serves approximately 64,000 students in Minnesota. Assistance to Chapter 1 district program staff has resulted in many students attaining a one and one-half year gain for each year in the program. Through efforts of MDE,

the federal Chapter 1 activities have allowed Minnesota programs to supplement federal dollars with state assurance of mastery funds to improve compensatory services for students in need. The federally funded migrant education program serves over 3,500 students annually including summer programs supported through MDE.

1408 Indian Education - Educational programs and services are provided by MDE to school districts, education agencies, Indian tribes and communities, and Indian learners of all ages. Through the administration of the American Indian Language and Culture program and the Postsecondary Preparation program, over 8,000 Indian students at 41 school sites received training and guidance which were supportive to their cultural heritage and assisted them with decision making to complete high school and to seek postsecondary training. The administration of other programs such as the Minnesota Indian Scholarship program, the Indian Adult Education program, and the Indian Teacher Training program, have resulted in increased benefits to Minnesota Indian learners. During F.Y. 1990, the State Board of Education charged the Statewide Indian Education Committee to investigate and make recommendations regarding issues affecting Indian students such as special education, desegregation and attendance policies.

1410 Equal Educational Opportunities - Leadership and technical assistance in the implementation of race and sex desegregation efforts are provided by MDE to local school districts. Workshops and on-site technical assistance have been provided in specific areas of gender fair curriculum, sexual harassment and compliance with state and federal civil rights laws. Annually, over one-third of all Minnesota districts receive on-site reviews or consultations on desegregation or civil rights issues. Efforts by MDE with regard to equal educational opportunities have resulted in increased awareness and compliance with statute and policy as well as improvements to curriculum and school district procedures as MDE recommendations are implemented. The efforts to recruit minority teachers for Minnesota schools has resulted in the placement of 34 new minority teachers during F.Y. 1990.

Lifelong Learning:

1409 Learner Support/Risk Issues - This activity performs leadership and service in relation to issues and circumstances which put children, youth and adults at risk in the learning process. Assistance has been provided to over 400 school districts to use the MDE developed Minnesota Student Survey to establish baseline data and target problem areas in developing and evaluating local prevention programs. Workshops and individualized technical assistance have been provided to school districts, community groups, and other educational agencies on topics such as school health services, guidance and counseling, suicide prevention, child abuse, second chance programs, and career and work readiness. Feedback from this assistance reveals significant program improvements occurring statewide. Programs to target homeless children and youth, and adolescent parents have resulted in increased local attention and action regarding these serious issues. Programs administered by this section of MDE include: high school graduation incentives; adult diploma program; private contracted alternative programs; early childhood screening; tobacco prevention; minor parents and pregnant youth programs; Minnesota Career Information System; federal drug abuse prevention; federal AIDS/HIV prevention; and the federal program for homeless children and youth. Interagency collaboration is a key for the success of each of these assignments. Also, the section serves as MDE's representative to cooperatively carry out interagency state legislation on child abuse, mandatory school attendance for AFDC young parents, and immunization.

1412 Community Education - Leadership and service is provided through this activity and includes programs from early childhood to adult basic education. Among the programs are: early childhood family education, school age child care/extended day, youth development and youth service, programs in cultural enrichment and recreation, parent and community involvement, educational partnerships, service for adults with disabilities, GED testing and adult basic education. Currently, over 400 districts have Community and Adult Education programs. Through Early Childhood Family Education, 365 districts provide programs to strengthen families by involving parents in their children's learning and providing learning opportunities

for the children. During the 1989-90 school year, approximately 170,000 parents and children participated in the programs. The department provides leadership and training to support the 134 districts which offer school age child care/extended day programs for approximately 16,000 participants after school and on school vacation days. Over 290 districts offer formal youth service opportunities which have had significant impact on the involvement of youth in meaningful decision making experiences. During the past school year over 40,000 youth participated in these programs. More than 50,000 adults participate in adult basic education programs which include basic skills enhancement and English literacy, as well as special programs for homeless adults, and citizenship activities for refugees and legalized aliens. These programs are available in 370 school districts and through 400 other agencies. Currently, 55 test sites administer GED tests, serving over 5,000 participants annually. Approximately 15,500 adults with disabilities participate in community education experiences annually through programs offered in 71 districts. All programs which are administered through this activity are experiencing increases in both participation rates and need for additional services.

1413 Library Development and Services - This office administers state and federal funds for public library service and multi-type library cooperation. The office oversees the Minnesota Library for the Blind and Physically Handicapped (MLBPH) and the Interagency Resource and Information Center (IRIC). Over 34 million items are loaned each year by Minnesota public libraries and the demand for library services continue to grow. This office provides leadership, service, and continuing education to assist library staff and board members, especially in organization, management, and services for automation and technology. The ten remaining counties joined Minnesota regional library systems during 1990, which now assures that everyone in the state has access to public libraries in any county without paying a nonresident fee. Each year the MLBPH loans over 270,000 items to approximately 10,000 blind and physically handicapped readers, and the IRIC processes over 16,000 items annually for clients in MDE, the State Board of Education, the Higher Education Coordinating Board, the State University Board, the Vocational Rehabilitation Division, the State Board of Technical Colleges, and the Management Analysis Unit of the Department of Administration.

PROSPECTS:

During the past decade public education has undergone intense scrutiny by the public, elected representatives, professional educators, and the community at large. The impetus for this review and resulting modifications is the sweeping changes that have been occurring in the American society, the work place, and in international relationships. Scientific and technological advances have made enormous changes in every facet of human endeavor. What is expected to follow during the next decade are massive and profound alterations in the structure and governance of public education to meet the education needs of a changing society.

Future change will be directed by the changing needs of the adult population in contemporary American society. The young adults, who are the graduates of public education now, face a future which will have the following characteristics:

- The technical knowledge necessary to survive and thrive in a modern technological environment is significantly advanced beyond that of even a few short years ago.
- Adults will be expected to work with others rather than beside others and they will be expected to solve problems rather than follow directions.
- Continuing societal changes will dictate that citizens participate in ongoing, lifelong learning experiences related to all facets of their lives.
- More newborns will survive, especially those with serious handicapping conditions, and more people will live longer, presenting new ethical issues relating to life, distribution of natural resources, stewardship of the planet, and getting along with persons from greatly divergent cultures with

greatly divergent value systems.

- Human demographics such as the changing ratios of minority populations, changes in the family structure, and increases in students from very poor families and other risk environments will place increased pressure on public and private human service agencies.

To prepare learners to live in the society depicted above, society itself will have to develop a climate that values and rewards learning and the education system supported by that society will have to be one in which:

- The State's primary interest is what the learner has achieved and the opportunity for all to continue learning rather than the structure of the learning experiences provided.
- Learning to access and apply knowledge and learning to creatively juxtapose existing knowledge to develop new knowledge and solutions will be emphasized above the mere acquisition of knowledge.
- Every learner will progress through public education via a system of personalized learning plans rather than lock-step through a series of grades.
- Each learner will be viewed as a whole person with concern for the barriers that may hinder the learning process.
- Opportunities to develop readiness for participation in formal learning experiences beginning at very early ages will be available.
- Systems of service delivery will be devised in which modifications in the instructional design will be determined and defined at the learning site. These changes will not require evidence of eligibility but be based on the individual needs of learners.
- Public education will become a tool of individuals to achieve their life goals rather than a pre-set system of "hoops" to be successfully navigated by the age of eighteen as a right-of-passage. While learning will continue to be the primary expectation of persons under the age of 18, delivery systems will be accessible to persons of all ages. Increased pressure will be placed on the public libraries, learner support systems, and community education to provide some of those opportunities and to support others.
- Public education will increasingly work in partnership with other public and private service agencies to eliminate overlaps and gaps in services, reduce barriers to learning, and to provide increasing ease of access to the joint services.
- Public education will increase its use of technology to monitor learner progress, increase the effectiveness and efficiency of instruction, and dissemination of information.
- Increased amounts of applied research will be conducted with the results used to evaluate changing models and procedures and to make decisions regarding needed improvements.
- Creative and legal ways to commingle funds from a variety of sources will be devised to more efficiently deliver instruction through a coordinated system driven by personalized learning plans rather than through a series of isolated and fragmented programs.
- Collaboration among various education, health, and human services agencies and delivery systems will be established so that learners and their families are efficiently and effectively served.

The above scenarios of the future will have significant impact on this MDE program. As agency goals are addressed by the activities within this educational services program, the concepts of restructuring to meet individual learner needs will permeate and guide the agency's future efforts.

PLAN:

Outcome Based Education:

The concept of outcome based education (OBE) is gaining significant momentum as many public school districts implement operational and structural changes based on OBE principles. A number of sections across MDE divisions have been instrumental in creating OBE awareness and providing introductory materials and services for public schools. Looking ahead to the F.Y. 1992-93 biennium, the following major efforts are planned to more completely integrate OBE into the teaching/learning process of Minnesota public schools:

- Self Assessment Teams - Reallocate MDE staff and resources to assist districts to determine OBE

PROGRAM: 14 Educational Services
(Continuation)
Agency: Education, Department of

1992-93 Biennial Budget

- needs and readiness.
- MDE Implementation Team - Create a cadre of MDE staff from existing complement to assist school districts with the developmental stages of OBE implementation.
 - Transformation Assistance - Provide leadership and technical assistance to schools formally committed to the full implementation of OBE concepts. Draw upon local, state and national experts and practitioners of OBE.
 - Instructional Assistance - Reallocate MDE staff and resources to provide schools with technical assistance to align instructional processes with concepts of OBE. Also, develop and identify instructional delivery resources for use with OBE.
 - Student Assessment - Reallocate MDE staff and resources to provide alternative methods for measuring pupil performance on identified learner outcomes.

The following table identifies planned OBE efforts and reallocations necessary to implement this effort:

Plans and Reallocations for OBE
(Dollars in Thousands)

<u>OBE Plan Components</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Transformation Assistance	\$ 390	\$ 390
Instructional Assistance	360	360
Student Assessment	150	150
Total for Plan	\$ 900	\$ 900
<u>Reallocations for OBE</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Agency OBE Development Resources	\$ 450	\$ 450
*Technology Integration	200	200
*OEL Research Sites	100	100
Minnesota Test Item Bank	150	150
Total for Reallocation	\$ 900	\$ 900

*Reallocations from education aids budget

A number of changes are being recommended by the agency in the education aids budget proposal for F.Y. 1992-93. Six of the proposed changes would significantly impact MDE programs and operations and result in shifts of agency resources and staff responsibilities. These changes are grouped into three areas: Curriculum and Instruction; Early Childhood Issues; and Parental Involvement. These three change areas within the educational aids budget are described below:

Curriculum and Instruction:

Youth Service - If a proposal is funded to add funding to the existing youth service aid, additional MDE responsibilities will result. Youth service programs would increase statewide and technical assistance would be assigned to provide services to meet these needs.

Early Childhood Issues:

Early Childhood Family Education (ECFE) - An aid and levy proposal from MDE, if funded, would target at risk preschool learners and their families for assistance designed to help the learner be more prepared to start formal schooling. Current MDE staff would assume responsibilities to support greater demands for technical assistance. Also, increased interagency collaboration would

be necessary to build linkages with related programs such as Head Start and other human service agency efforts.

School-Age Child Care - A proposal has been developed to expand current child care programs and start new child care programs. If funded, current agency staff would be reassigned to provide increased service and leadership to support this effort.

Preschool Screening - Current agency staff will provide leadership and support to implement screening processes necessary to the identification of special learning and health related needs.

Prevention and Risk Reduction - A proposal for aid and levy funds would significantly increase elementary level prevention and risk reduction services in schools and communities. If funded, this program would require support and leadership to establish effective services in Minnesota schools.

Parental Involvement:

Parent Resource Center - A proposal to establish parent resource centers has been prepared which would provide grants for pilot districts. If funded, agency staff would provide leadership and support services to help pilot sites establish parent resource centers and begin to work cooperatively with agencies having a mission to improve schooling and human resources.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan to reallocate funds for OBE (Outcome Based Education).

ACTIVITY: Program-Wide Decision
PROGRAM: Educational Services
AGENCY: Education, Department of

1992-93 Biennial Budget

DECISION ITEM: Outcome-Based Education(OBE) Phase II

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
AGENCY PLAN:				
Expenditures				
General Fund				
Instructional Assistance	\$ 360	\$ 360	\$ 360	\$ 360
Transformation Assistance	390	390	390	390
Student Assessment	150	150	150	150
	\$ 900	\$ 900	\$ 900	\$ 900

Reallocations to support the above initiative would derive from the following current programs:

Agency OBE Development				
Resources	\$ (450)	\$ (450)	\$ (450)	\$ (450)
*Technology Integration	(200)	(200)	(200)	(200)
*Office of Education				
Leadership Research Sites	(100)	(100)	(100)	(100)
Minnesota Test Item Bank	(150)	(150)	(150)	(150)
	(900)	(900)	(900)	(900)
Agency Total	-0-	-0-	-0-	-0-

*Reallocations from education finance budget.

GOVERNOR'S RECOMMENDATION:

Expenditures				
General Fund	\$	\$	\$	\$
Revenues				
General Fund	\$	\$	\$	\$

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

Instructional Assistance will be provided to school districts through the use of an instructional activities and strategies bank tentatively named SMARTI (Strategies for Managing Activities, Resources, Tools for Instruction). It would complete and connect the developmental work on the triangle which links outcomes, assessment and instruction. The bank consists of several large components, which when combined, will result in the development of lessons and individual plans which personalize the learning process. These plans focus on alternative learning strategies using approaches which go beyond the instructional methods (textbook and lecture), and focus instruction on active student learning. The bank contains:

- a collection of multiple approaches to the design of instruction with the development of a large bank of instructional units. Exemplary teachers would be paid to develop hundreds of units that then would be shared with other teachers. The focus would be on student-centered activities tied to learner outcomes (a variety of learning styles, student strengths, and interest areas are supported).
- a research-based relational database on instructional actions for special populations (disability-sensitive, students with limited English proficiency, children of color, gifted/talented, etc.);

- a video index which shows "clips" of real teaching episodes illustrative of the use of effective instructional activities;
- a teacher's workbench with electronic tools for creating individual plans, organizing student achievement by outcomes and designing attractive instructional materials (links to word processing, student records, drawing tools, etc.).

Transformation Assistance. This initiative will focus on the Minnesota Department of Education (MDE) efforts from the development of OBE outcome documents to providing assistance to schools/districts in implementing OBE. There will be three components to this assistance:

- MDE OBE Self-Assessment Teams will be created to work collaboratively with schools/districts in conducting self-assessments of their interests, resources and capability for implementing OBE. From this information, staff in the schools/districts can expand their Planning, Evaluation, and Reporting (PER) improvement plans to include OBE. The self-assessment will include indicators for assessing unique learner needs, vocational and general education curriculum, instructional strategies, staff development, student and staff decision making processes, and structural/organizational decisions.
- MDE OBE Implementation Teams will be created to work collaboratively with schools/districts in using the self-assessment information in designing and implementing their individual school/district OBE implementation plans. This component will also include devising a statewide process for certification as OBE schools/districts and completing a report on the results of implementing OBE within Minnesota.
- General Direct Technical Assistance will be provided to schools/districts as they align OBE outcomes, assessment indicators, and instructional strategies. This alignment will require, for example, new models for delivering programs from early childhood to grade 12, developing student personal learning plans, marketing with parents and community members, and close collaboration with colleges and universities, business, and industry. The technical assistance will include the development/dissemination of models, workshops, and videos/brochures to support the OBE implementation efforts. These funds allow for the development and delivery by contracted practitioners as well as MDE staff.

Student Assessment in an outcome based education system will require a variety of assessment tools. Development of performance types of assessment will be needed. These would include students demonstrating competence in completing a laboratory experiment, setting standards for an evaluating portfolios, and developing measures which allow the demonstration of integrated learning. These systems would demonstrate what students can do, rather than only indicating what they know.

Funding would accomplish the following:

- acquisition of input to establish standards of performance based upon the needs and expectations of the community, business, and post secondary education;
- development of performance-based assessment systems based upon those standards;
- development of systems to quantify and collect data generated, based upon performance, for the purpose of meeting graduation requirements and state reporting;
- validation of the performance-based assessment systems through actual use in school districts;
- training evaluators to assure reliable results.

RATIONALE:

"Every kid a winner, every day" has become the theme driving the transformation of Minnesota education. The legislature, the State Board of Education (SBE) and MDE have engaged in a concerted effort to assure that all the learners in the state are successful.

However, as the old saying goes, "Teachers teach as they were taught." Often, the methods and materials available to teachers are limiting and fail to meet the needs of our most challenging students. Teachers and students may feel trapped by content which they do not see as valuable and which is taught in a limited structure (lecture, textbook, worksheet). Educators and parents may not be aware of alternatives which may be offered to students. Frequently, teachers desire to try new strategies but may not have the knowledge, tools, or time to develop the lessons or individual plans in a quick and efficient manner.

Often, the call for change has not been accompanied by concrete, practical staff development and teaching strategies which may be incorporated by classroom teachers. Outcome based education is a strategy that has proven results. The SBE and many school districts have made a significant commitment to improving schools through implementation of OBE. Both the State Board of Education and a very large number of districts have major expectations for assistance from MDE.

(Continuation)

1992-93 Biennial Budget

ACTIVITY: Program-Wide Decision
PROGRAM: Educational Services
AGENCY: Education, Department of

The assurance of this success is predicated on the successful implementation of at least four major components. The first component is an integrated, outcome based curriculum and the second is multiple assessment strategies that have been developed to provide instructional data related to learner needs. The third component is instructional design strategies which respond to the learning needs, styles, and dispositions of students. The fourth component is staff development.

MDE proposes to reallocate its resources to provide OBE-related assistance. The instructional strategies bank provides teachers with quick access to quality instructional ideas and the tools to develop plans for implementing these ideas. It also provides some of the tools teachers need to expand their instructional skills and provide for a variety of student learning experiences. MDE would contract with practitioners through transformation teams to help translate paper products into practice and to help implement the graduation rule. The initiative also furthers student performance assessment in areas such as demonstrating competence and demonstration of integrated learning.

Within the 430 school districts, the capacity to move to an outcome based system of education varies greatly from opposition to dormancy and observership to full-blown commitment towards the realization of the concept. Therefore, MDE leadership must be responsive to the heterogeneity of the clientele served.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan to the extent that it can be implemented within the recommended appropriation.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: EDUCATIONAL SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recommn.	Adjusted Base	Agency Plan	Governor Recommn.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
CURRICULUM SERVICES	1,549	1,860	2,191	2,164	2,104	2,104	2,160	2,100	2,100
SECONDARY VOCATIONAL ED	1,067	1,086	1,187	1,265	1,265	1,265	1,262	1,262	1,262
INSTRUCTIONAL DESIGN	1,342	1,464	1,594	1,476	1,836	1,836	1,473	1,833	1,833
ASSESSMENT	1,146	1,570	1,728	1,740	1,740	1,740	1,737	1,737	1,737
EDUC LEADERSHIP OFFICE		194	207	208	208	208	208	208	208
SPECIAL EDUCATION	2,820	3,193	2,831	2,838	2,838	2,838	2,836	2,836	2,836
UNIQUE LEARNER NEEDS	899	786	967	968	968	968	967	967	967
INDIAN EDUCATION	502	554	538	544	544	544	551	551	551
LEARNER SUPPORT SYSTEMS	1,922	2,033	1,782	1,353	1,353	1,353	1,352	1,352	1,352
EQUAL EDUC OPPORTUN	449	433	437	439	439	439	439	439	439
EDUCATION DEVELOPMNT	491	459	478	479	479	479	479	479	479
COMMUNITY & ADULT EDUC	683	933	1,121	1,124	1,124	1,124	1,135	1,135	1,135
LIBRARY DEVELOPMENT & SERV	1,353	1,439	1,332	1,342	1,342	1,342	1,338	1,338	1,338
MN ACADEMIC EXCELLENCE FOUNDATION	63	114	132	133	133	133	133	133	133
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	14,286	16,118	16,525	16,073	16,373	16,373	16,070	16,370	16,370
DETAIL BY CATEGORY:									

STATE OPERATIONS	14,280	16,043	16,435	15,767	16,067	16,067	15,764	16,064	16,064
LOCAL ASSISTANCE	6	75	90	306	306	306	306	306	306
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	14,286	16,118	16,525	16,073	16,373	16,373	16,070	16,370	16,370
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
GENERAL	7,847	9,273	9,632	9,180	9,480	9,480	9,177	9,477	9,477
PUBLIC HEALTH	62								
TRUNK HIGHWAY	21	21	21	21	21	21	21	21	21
STATUTORY APPROPRIATIONS:									
GENERAL	29	38	14	14	14	14	14	14	14
SPECIAL REVENUE	378	370	377	377	377	377	377	377	377
FEDERAL	5,860	6,305	6,435	6,435	6,435	6,435	6,435	6,435	6,435
AGENCY		42							

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: EDUCATIONAL SERVICES

				FY 1992			FY 1993		
			Est.	Adjusted	Agency	Governor	Adjusted	Agency	Governor
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	FY 1991	Base	Plan	Recomm.	Base	Plan	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
GIFTS AND DEPOSITS	89	69	46	46	46	46	46	46	46
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	14,286	16,118	16,525	16,073	16,373	16,373	16,070	16,370	16,370

PROGRAM: 15 Educational Administration and Finance
Agency: Education, Department of

1992-93 Biennial Budget

PROGRAM PURPOSE:

The Educational Administration and Finance program of the Minnesota Department of Education (MDE) is essential to the efficient and effective delivery of educational services to school districts and other educational agencies and clients served by the department. This program has direct and supportive responsibilities for fulfilling the MDE mission of service, leadership and regulation.

Three functional themes serve to describe the activities of the administration and finance program:

- State level policy development and implementation;
- Educational management and finance; and
- MDE operation and services.

Policy Development and Implementation:

In order to maintain a thorough and uniform system of public education in the state, the State Board of Education (SBE) and MDE work cooperatively to establish and implement rules, regulations and policies which impact educational institutions, educators and learners.

The development of educational policy provides a cornerstone of consistency which assures high standards of educational performance and process. Educational policy also defines and clarifies concepts of action and standards of excellence which are necessary for a common focus of human and fiscal resources.

State Law in Minnesota requires the existence of two governing boards which have broad responsibilities in the area of policy development, implementation and monitoring. The State Board of Education and the Minnesota Board of Teaching consistently demonstrate significant insight and understanding of the needs of learners as they fulfill the challenge of statewide educational leadership. Further, in order to achieve the agency goals for F.Y. 1992-93, the State Board of Education and the Board of Teaching will be significantly involved in the development of policy to support the agency goals.

Educational Management and Finance:

In support of the delivery of instruction to learners in the state, MDE has an important responsibility to assist schools and other educational institutions with administration, management and financing. This MDE program provides the expertise and leadership in a number of administrative areas which enable these institutions to provide quality educational programs.

This component of the agency administration and finance program is service oriented and client focused. Key administrative purposes within this component include:

- The provision of state aids, property tax authorities and related services to operate public and non-public schools;
- The provision of funds and technical assistance relative to school management, transportation and facilities;
- The administration of nutritious meals and meal supplements to maintain and improve the health and well-being of Minnesota's children;
- The assurance of compliance with state and federal program standards for special education learners;
- The assurance of and compliance with standards for the education of Minnesota veterans, and for learners attending Minnesota private vocational schools;
- The implementation of programs which maximize student and parent choice in the educational process; and

- The assurance of proper preparation and assignment of qualified professional staff in Minnesota public schools.

MDE Operations and Services:

A number of internal MDE services are essential to the efficient and effective operations of the agency. First, executive level management is necessary to provide leadership and direction to MDE staff and to communicate state educational policy and priorities to all MDE clients.

Secondly, a process of assuring accurate and timely managerial information is necessary to MDE program managers and to the managers of institutions and agencies which MDE serves.

Finally, it is necessary to provide MDE staff and managers with administrative services to support their efforts to accomplish the agency mission and goals. These internal services include administrative, fiscal, personnel, labor relations, and public information functions.

PERFORMANCE:

In the face of changing educational needs, state level policy development and implementation has both a direction setting and a stabilizing role for Minnesota's educational system. The mandated establishment of policy, rule and regulations typically addresses numerous educational concepts which provide vision, advocacy and leadership to improve the quality of education in the state.

- 1508 The State Board of Education provides state leadership in areas of curriculum, instruction, staffing, funding, administrative licensure, school district management, transportation and programs and services for students with special needs. The State Board also performs oversight responsibilities for the agency and provides direction for department goals which MDE will pursue in the next biennium. During the F.Y. 1990-91 biennium, the State Board developed and implemented policy decisions regarding secondary education course offerings, middle school restructuring recommendations, outcome based high school graduation standards, special education rules, and desegregation and integration strategies. Efforts of the State Board in these areas are having meaningful, positive impacts on the operations of public school districts across the state.
- 1507 The Minnesota Board of Teaching establishes and maintains standards for the preparation and performance of approximately 48,000 public school teachers in Minnesota. Standards for teacher licensure in 45 instructional areas are established by the Minnesota Board of Teaching for implementation in 26 teacher preparation institutions approved by the board. As licensure fields are reviewed, the Board of Teaching takes policy action to strengthen and improve teacher qualifications and ensure the most effective teachers possible. This continued refinement of standards in education and professional practice is reflected in the classrooms across the state. In addition, the board maintains a system of continued professional growth for teachers which assures that persons recommended for licensure have met the requirements necessary to continue to teach in Minnesota. Decisions made by the Board of Teaching and implemented by the personnel licensing and placement activity in MDE have resulted in the state having a well qualified, professional teaching cadre who are able to anticipate and promote educational improvement.

Policy establishment and implementation is only one aspect of the agency's role in the policy domain. Both the State Board of Education and the Board of Teaching are consistently involved in monitoring previously established policies and repealing policy decisions, rules, or regulations which may serve as hindrances to educational progress and reform.

All school districts, educational organizations and clients served by the department are influenced in some manner through the services of MDE's educational management and financial activities. Within this program leadership, technical assistance and support services are provided to school districts, education districts, and other education clients.

Performance highlights which reflect the effectiveness of MDE management and finance activities include:

1501 Education Finance and Analysis - In F.Y. 1989-90, total revenues provided to school districts rose from \$3.2 billion to \$3.5 billion. The distribution of these aids and the computation of aid payments are critical to the effective operation of school districts. As enrollment continues to increase, the need for accurate analysis of educational finances becomes an increasingly important role of the agency. In addition to the distribution of aids, this MDE activity oversees the local district levy limitation and certification process and conducts research and analysis on the funding needs of districts. Financial management services are provided to assist school and MDE personnel with interpretations of fiscal requirements and support is provided to the agency in the preparation of the biennial budget proposal. In addition, consultations of MDE financial management specialists with local school personnel result in significant improvements in resource management and program administration. The performance of these fiscal responsibilities is a contributing factor to the successful day-to-day operations of Minnesota public schools, non-public schools, and MDE.

1502 District Financial Management and Transportation - Children in school must be provided a safe, healthy environment in which to learn. They should be transported to school safely and expeditiously, and they should have options for enrollment and special programs. The number of students transported by the state is expected to increase by 3% from 855,000 in F.Y. 1990 to 880,900 by the end of the next biennium. The enrollment options program exemplifies the involvement of parents in educational decision making for their children. The program is experiencing dramatic growth with 435 students participating in F.Y. 1990, 3,200 students participating in F.Y. 1991 and an expected 4,100 to take advantage of choice programs by F.Y. 1993.

The department has a significant role in providing health, safety, and risk management services to support school operations. For example, MDE has been involved in testing school drinking water for lead contamination, testing over 30,000 Minnesota classrooms for radon infiltration, conducting testing and removal of hazardous materials in schools, and inspecting facilities for asbestos containing materials. A survey of school buildings 50 years of age and older indicated that there are major problems in these older schools in the areas of health and safety codes, handicapped accessibility and providing functionally adequate space for instruction. Ten schools with major facility problems were selected for state capital loans. In relation to the above functions, MDE has provided school administrators and support staff with consultations, workshops and seminars which have resulted in local actions to improve the health and safety of all Minnesota learners.

1503 Child Nutrition - Combined federal and state funding of over \$100 million is distributed to approximately 1,800 approved child nutrition and commodity distribution programs in Minnesota annually. Over 2,600 program administrators and field service workers attend MDE sponsored informational and continuing education workshops each year resulting in more nutritious meals being provided to Minnesota students. Two major changes have been made in the administration of the Food Distribution Program to make it more cost effective to the recipient agency: Warehousing and distribution were bid competitively, and several commodities were processed into more desirable end products through state and master processing contracts. Efforts to improve and increase child nutrition services and programs have resulted in increased numbers of learners being physically and mentally ready to learn in Minnesota classrooms.

1504 Monitoring - The department is responsible for monitoring federal and state special education programs which serve over 81,000 pupils in Minnesota. Approximately 21,000 handicapped

students are impacted through the monitoring efforts as programs are required to make improvements based on monitoring recommendations. The department monitors local and intermediate education agencies, all special education cooperatives, and special education programs operated by the Department of Corrections. Through MDE monitoring efforts, service and leadership has been provided resulting in compliance with federal and state standards, rules and procedures.

1505 Institutional Approval - The number of Minnesota veterans enrolling in approved programs is expected to increase from approximately 6,000 in F.Y. 1990 to 8,500 veterans in F.Y. 1993. The department is responsible for approving and monitoring veterans' programs to ensure compliance with state and federal requirements and to make lifelong learning opportunities available to veterans. Currently, 310 educational institutions (secondary, post-secondary, public and private schools) offer 4,150 approved programs for Minnesota veterans. Also, MDE must ensure that licensed private vocational schools meet state standards. Currently, there are 58 private vocational schools which serve over 20,000 students. Agency monitoring and institutional approval efforts ensure equal and accessible lifelong learning opportunities for Minnesota veterans and other adults.

1506 Personnel Licensing and Placement - The department is responsible for issuing licenses to qualified teachers and administrators for positions in public schools. Systems are maintained for institutional approval, teacher and administrator preparation program approval, and continuing education for all licensed personnel. Annually, the department issues 26,000 licenses and serves 650 local continuing education committees. Also, 1,500 teaching candidates receive placement services each year from MDE. Successful performance in the licensing and placement responsibility area ensures high standards of preparation and performance in the delivery of instruction to all Minnesota public school students.

Performance highlights which reflect the effectiveness of MDE operations and services activities include:

1509 Executive Management - Internal operations of the agency are necessary to support MDE staff and to provide leadership and coordination of all agency programs. The executive branch of MDE establishes internal policy to support agency goals, coordinates MDE human and fiscal resources, and communicates the mission of public education to all MDE clients. Over 250 visitations to public schools and educational organizations are made annually by MDE executive leaders.

1510 Education Data Systems - Effective, efficient operations within the agency are dependent upon quality data management and data processing services provided by the education data systems activity. Annually, over 600,000 computer jobs and tasks in areas such as student assessment, civil rights, special education aids and levies, licensure, child nutrition, and special programs are completed within MDE to support both internal and external demands for information. The performance of data service functions allows MDE to fulfill its statutory obligations and meet a variety of reporting requirements. In addition to routine and special project data services, this MDE activity continues to work on the development of a comprehensive and integrated data base which is designed to simplify data reporting from local education agencies and give policy makers improved access to different types of useful information on students, school personnel, curriculum and finance.

1511 Administrative Support Services - Agency administrative support services, such as accounting, mail, word processing, office automation, procurement, public information, personnel and labor relations services provide essential support to approximately 400 MDE employees. Administration of MDE resources and expenditures is accomplished with a high level of effectiveness and efficiency ensuring that state and federal statutes, policies, and procedures are satisfied.

PROGRAM: 15 Educational Administration and Finance
(Continuation)
Agency: Education, Department of

1992-93 Biennial Budget

PROSPECTS:

Policy Development and Implementation Issues:

A number of issues and prospects are emerging for the agency which will require significant policy development actions by MDE. These include:

- Development of an outcome based education system and adoption of performance based high school graduation standards by the State Board of Education.
- Some of the critical issues to be faced by the State Board of Education include the development of an outcome based education system and performance based high school graduation requirements, desegregation and integration of our schools, the restructuring of middle schools, and policy issues reflecting State Board and agency goals for the next biennium.
- The Board of Teaching is committed to the preparation of a highly qualified teacher force which is critical to meeting the diverse needs of all learners. Future teacher education programs approved by the Board of Teaching will need to be outcome based and result oriented. Resources and activities must be focused on a redesign of teacher pre-service and continuing education in order that teachers will be adequately prepared to teach in outcome focused, site-based managed, learner environments.

Educational Management and Finance:

The following prospects and trends will have significant impact on agency operations for the next biennium:

- With increasing fiscal pressure, a general desire for education improvement, and dispute over funding equity as evident in present litigation, there will be increasing need for insightful funding analysis and support to the lawmaking process. More leadership and assistance will need to be provided to school districts to help them with resource planning in the face of constrained budgets and increasing complexity of the funding system. Also, as financial resources become increasingly scarce, there will be a growing need to assist school districts with budgeting, accounting, reporting and auditing.
- Of alarming concern, school buildings throughout the state are showing signs of age and represent safety hazards. An inventory of the condition of all public schools is being conducted with the State Fire Marshal inspection program. These inspections are to be completed in a three year period. School officials will need assistance in analyzing facility deficiencies, passing construction referenda, or seeking other solutions to this growing problem.
- As student options for alternative enrollment patterns are becoming understood, an ever growing number of students and parents are taking advantage of these options.
- The number of participants in the school lunch programs continues to grow as has federal funding. State funding has remained unchanged since F.Y. 1984-85. Costs per meal have escalated causing schools to greatly increase meal charges to students and to initiate a la carte type programs. Rising costs hit hardest at those least able to pay and the a la carte sales have had a negative impact on the nutritional balance of students. Management assistance and increased revenue are needed to keep costs low and retain participation.
- As parents become increasingly better informed as to their rights and responsibilities, and as districts are challenged with meeting the needs of all students, the need for special education program monitoring activities will grow.
- As a result of recent interest in instructional reform, increasing attention is needed in the areas of minority teacher recruitment and retention, alternative routes to licensure, teacher testing, assessing competencies, evaluating out-of-state applications, and implementing an outcome based teacher education curriculum.

MDE Operations and Services:

The following trends and prospects will have a direct impact on the operations and services within the agency:

- In order to accomplish agency goals for the next biennium, the executive leadership of the department must increase the focus and activity level on key educational issues such as outcome based education, parent involvement, access to learning and at risk pupil programming. Also, as educational reform is being seriously addressed in Minnesota, agency leadership will need to provide considerable direction for planned, effective change to occur.
- A need exists for the automation by districts of essential data descriptive of students and schools to ensure that accurate data is captured, reported, and maintained for aid payment and audit trails. In this regard, long range planning will be developed by the ESV Computer Council that reviews the current status of computer services for education and develops a vision for the 1990s.
- All of the above prospects and trends will require consistent, accurate and comparable data descriptive of Minnesota schools, learners, teachers and activities.

PLAN:

The Educational Administration and Finance program of MDE has an important role with regard to the accomplishment of agency goals and the efficient and effective operation of the state's educational system. The success of continuing and new MDE efforts will be dependent upon the three primary functions of this program:

- Effective and insightful policy development and implementation;
- Management and support services such as finance, school district organization, and monitoring; and
- Executive leadership and internal administrative/operational services.

The following three specific areas of this program will experience change in function and direction in response to perceived needs and agency goals:

Personnel Licensing and Placement and Board of Teaching - Under a legislative initiative proposal for F.Y. 1992-93, funds are being requested to receive base increases to cover necessary cost increases for issuing licenses. Approval of this base increase will enable the Personnel Licensing and Placement section of MDE to maintain present staffing levels and to provide license processing improvements and research in current issues in the teaching profession.

Facilities - There is a critical need to determine and address school facility replacement and remodeling issues during the next biennium and beyond. Agency staff will be called upon to conduct research and develop alternative solutions to growing facility demands. Also, commitments have been made to work cooperatively with the State Fire Marshal to conduct inspections and provide technical assistance to implement recommendations.

Funding Mechanisms - A number of educational aids budget proposals, if funded, would require significant changes in the present aids and levy calculations and, in some cases, require totally new distribution/calculation plans to be developed. The following programs would require MDE assistance to determine new or modified funding mechanisms: prevention and risk reduction counseling programs, early childhood and family education expansion, school-age child care incentives, pre-school screening programs, and parent resource centers.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a BASE adjustment for the Personnel Licensing and Placement section and the Board of Teaching of \$86,000 in F.Y. 1992 and \$119,000 in F.Y. 1993. These appropriations will be offset in part by an increase in nondedicated revenues of \$76,000 in F.Y. 1992 and \$89,000 in F.Y. 1993.

ACTIVITY Institutional Approval
PROGRAM Educational Administration and Finance
AGENCY Education, Department of

1992-93 Biennial Budget

DECISION ITEM: Increase Fees for Private Vocational Schools and Solicitors

Dollars in Thousands

F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
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AGENCY PLAN:

Expenditures				
General Fund	\$	\$	\$	\$
Revenues				
General Fund	\$ 31.7	\$ 33.0	\$ 33.0	\$ 33.0

GOVERNOR'S RECOMMENDATION:

Expenditures				
General Fund	\$	\$	\$	\$
Revenues				
General Fund	\$ 31.7	\$ 33.0	\$ 33.0	\$ 33.0

Requires statutory change: X Yes No
Statutes Affected: M.S. 141.25, Subd. 8; M.S. 141.26, Subd. 5

ITEM SUMMARY:

Private vocational schools and solicitors working for those schools are required to be licensed by the Minnesota Department of Education. Current annual fees are \$510 for an initial school license, \$380 for a school renewal license, and \$190 for a solicitor permit. Under current law, about 55 schools and 25 solicitors are licensed annually. All monies received are placed in the state's General Fund.

School license fees are proposed to increase to \$560 for an initial license and \$430 for a renewal license, while solicitor fees would rise to \$210.

RATIONALE:

The last fee increase for private vocational schools and school solicitors occurred in the 1989 legislative session. This proposed fee increase will cover inflation and cost increments since that time. While the fees do not cover the cost of the Private Vocational School Unit in the Department of Education, it is the intent to assess a fair cost while giving consideration to the practices in other states and yet not discouraging applicants from applying for a license.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

ACTIVITY:
PROGRAM: Educational Administration and Finance
AGENCY: Education, Department of

1992-93 Biennial Budget

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan to the extent that it can be implemented within the recommended appropriation.

DECISION ITEM: Base Adjustment/Personnel Licensing and Placement and the Board of Teaching

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures				
General Fund	\$ 86	\$ 119	\$ 119	\$ 119
Revenues				
General Fund	\$ 76	\$ 89	\$ 89	\$ 89

GOVERNOR'S RECOMMENDATION:

Expenditures				
General Fund	\$ 86	\$ 119	\$ 119	\$ 119
Revenues				
General Fund	\$ 76	\$ 89	\$ 89	\$ 89

Requires statutory change: X Yes No
Statutes Affected: M.S. 125

ITEM SUMMARY:

This item would enable the Department of Education, Personnel Licensing Section and the Board of Teaching to receive base adjustments in the biennial budget process for total program costs fully recovered through general fund nondedicated revenues (licensing fees). Currently, fees generate more revenue to the General Fund than is appropriated to the Department of Education for this activity. For F.Y. 1992, an additional \$86,000 is needed, and for F.Y. 1993, and additional \$119,000 is needed to cover program costs above the base level appropriation amount. Fee revenue is estimated to cover \$10,000 and \$30,000 of those respective costs under the current fee structure. The additional costs, \$76,000 and \$89,000, respectively, will be recovered through a fee increase. In this fashion, estimated fee revenue will equal estimated expenditures. The relative financial position of the general fund will be reduced by \$10,000 in F.Y. 1992 and \$30,000 in F.Y. 1993. If total fee revenue is lower than estimated, this will be addressed by a reduction in appropriations or an increase in fees in accordance with the established fee review process.

For future biennia, base funding for these two activities will be adjusted so as to equal estimated fee revenue as reported through the fee review process. There will then be no additional cost to the general fund.

RATIONALE:

Currently, all general fund costs of these activities are recovered by nondedicated receipts, yet without an actual increase in the appropriation, the level of services for which the applicants have paid a fee are increasingly being placed in jeopardy. In the interest of fiscal reporting and accountability, the Department of Finance does not recommend the creation of a separate dedicated fund in this circumstance.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: EDUC ADMIN & FINANCE

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EDUC FINANCE/ANALYSIS	1,140	1,310	1,432	1,448	1,448	1,448	1,444	1,444	1,444
DIST FINANCE & TRANSP	602	844	1,218	1,246	1,246	1,246	1,246	1,246	1,246
CHILD NUTRITION	1,576	1,824	2,231	2,234	2,234	2,234	2,233	2,233	2,233
MONITORING	754	963	919	919	919	919	919	919	919
INSTITUTIONAL APPROVAL	298	319	347	349	349	349	348	348	348
PERS LICENSING & PLACE	726	785	820	831	887	887	828	913	913
BOARD OF TEACHING	211	219	219	221	251	251	220	254	254
STATE BOARD OF EDUC	109	177	173	189	189	189	189	189	189
EXECUTIVE MANAGEMENT	1,088	1,113	928	936	936	936	933	933	933
EDUC DATA SYSTEMS	1,391	1,279	1,486	1,419	1,419	1,419	1,415	1,415	1,415
ADMINISTRATIVE SUPPORT SERV	4,107	4,254	4,278	4,297	4,297	4,297	4,293	4,293	4,293
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	12,002	13,087	14,051	14,089	14,175	14,175	14,068	14,187	14,187
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	12,002	13,083	14,051	14,089	14,175	14,175	14,068	14,187	14,187
LOCAL ASSISTANCE		4							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	12,002	13,087	14,051	14,089	14,175	14,175	14,068	14,187	14,187
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	7,128	8,134	8,608	8,646	8,732	8,732	8,625	8,744	8,744
STATUTORY APPROPRIATIONS:									
GENERAL	171	92	59	59	59	59	59	59	59
SPECIAL REVENUE	1,423	1,431	1,508	1,508	1,508	1,508	1,508	1,508	1,508
FEDERAL	2,596	2,717	3,101	3,101	3,101	3,101	3,101	3,101	3,101
AGENCY	684	705	774	774	774	774	774	774	774
GIFTS AND DEPOSITS		8	1	1	1	1	1	1	1
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	12,002	13,087	14,051	14,089	14,175	14,175	14,068	14,187	14,187

PROGRAM: 16 State Residential Academies - Deaf/Blind 1992-93 Biennial Budget
Agency: Education, Department of

PROGRAM PURPOSE:

The Residential Academies provide a comprehensive, but highly specialized and unique, public school with an educationally based residential component. Federal Public Law 94-142, Federal Rules and Regulations and State Board of Education Rule require that the state and all school districts provide a full range of services for handicapped learners. Within that required range of services is a residential program when such a program is necessary to appropriately meet the educational needs of learners. The Residential Academies fulfill this requirement for the State of Minnesota.

The mission of the Residential Academies is to provide the highest quality comprehensive curriculum and learning environment for blind and deaf students enabling each student the opportunity to achieve his/her maximum potential in the areas of academics, social/emotional development, vocational/career preparation, transition to independent living skills and appropriate interaction with non-disabled peers.

The academies exist to allow students to achieve these learner outcomes, many of which are not attainable in regular classroom settings and/or in the home community. The academies strive to achieve this mission through programs that:

Provide classroom experiences and instruction in traditional subject matter to achieve learner outcomes expected of all students.

Provide opportunities for students to be taught by and learn from adult role models who are themselves deaf and/or blind.

Provide classroom learning opportunities for blind students with all materials appropriately printed in braille or large print or accessible through magnified closed circuit television for partially sighted students.

Afford students opportunity for normal social/emotional development by being a part of a community of peers and adults with whom barrier free communication is possible.

Identify disability specific learner outcomes which must be taught to and learned by blind and/or deaf students, and provide learning opportunities in the classroom and residential setting for student attainment of these disability specific learner outcomes.

Reduce the number of blind and/or deaf adults who are underemployed or unemployed as a result of an inadequate education.

Provide structured recreational and non-classroom activities which makes normal social/emotional development possible for deaf and or/blind students.

Meet the many special needs of deaf and blind students who have handicaps in addition to sensory impairment.

Meet the emotional and behavior needs of students with these handicapping conditions by providing special programming and activities during non-classroom hours.

Provide statewide technical assistance through the resource centers for the provision of education services for deaf and blind students educated in local schools.

PERFORMANCE:

Goal: Provide a high quality comprehensive educational experience for all deaf and/or blind students

in Minnesota for whom residential education is the most appropriate placement.

One of the best indicators of quality education at the K-12 level is postsecondary activity. Students leaving the academies attend college or other postsecondary education at a rate which far exceeds the norm for public school students. For example, every student in the 1988 Minnesota State Academy for the Deaf (MSAD) graduating class and 12 of 14 members of the 1990 MSAD graduating class attended postsecondary education. Virtually every class sends nearly 90% of its students on to postsecondary education.

A major emphasis of the Residential Academies comprehensive education is community integration and inclusion. Academies programs allow student participation with non-handicapped peers in scouting, community recreation, football, basketball, baseball and wrestling. Interpreter and other special services are provided to make these programs accessible. Based on student comments and participation numbers, these programs are highly successful.

While the per student cost is extremely high in comparison to educating non-handicapped children in the public schools, the cost as it relates to other residential programs in the State of Minnesota and other residential deaf and blind schools across the United States is extremely cost effective.

One concern and possible area of inadequate performance is the meeting of emotional development needs for students with serious emotional or behavioral problems. At the present time, there is very little professionally trained staff assigned to work with students during after school hours. There is no complement or staff available to reassign for this purpose. Therefore, these needs are not being met to the appropriate degree.

Goal: Mainstream students in the Faribault public schools to the maximum extent possible.

It is a major goal at the academies to increase the number of mainstreaming experience for students, including some students receiving all classroom instruction in the mainstream and participating in residential programs to meet additional learner outcomes. This is accomplished in classrooms of Faribault public schools and the Faribault Technical College. The academies assist with or provide special staff development to public school teachers to assure the success of mainstreaming and provide interpreters, aides, special counseling and reproduction of student materials for blind students. All of these are necessary for mainstreaming to benefit these students.

Since the 1984-85 school year, the academies have contracted with the Faribault school district to provide a full-time administrator/program specialist to manage the mainstream program and to work directly with students as well as mainstream teachers to ensure student success. This has resulted in a major increase in the number of students in this program. Prior to this time, mainstreaming of MSAD or Minnesota State Academy for the Blind (MSAB) students was highly unusual. During the 1990-91 school year, approximately 25% of academy students will be mainstreamed for all or part of classroom instruction.

The mainstreaming program is a success from three perspectives. One, numbers of students are increasing. Two, MSAD and MSAB students and teachers at the public schools enthusiastically support the program. Three, many students receive instruction in courses not available at the academies.

Goal: Provide technical assistance and serve as a model for local school districts attempting to serve students in their home school district.

The Minnesota State Resource Centers for the Deaf and Blind were created by the legislature to address a lack of state provided technical assistance in the areas of deafness and blindness. A major responsibility is to provide technical assistance to school districts who are educating deaf and blind students in the home school district. This technical assistance makes it possible for many districts to meet special needs of deaf and blind students without referral to the academies. Based on rapidly increasing numbers of participants in resource center sponsored workshops and increasing numbers of requests for service, the resource centers are highly successful.

The resource centers have provided a mechanism for academies' employees with unique expertise to share that expertise with local school districts. This has been especially true in the area of teaching reading and language to deaf children.

An indication of the high level of respect the resource centers have earned in the first three years of existence is the request to provide technical assistance to MDE and other agencies. The two professional staff of the resource centers combined to provide over 100 days of such assistance in F.Y. 1990.

Goal: Maintain the historically significant physical plant provided by the State of Minnesota.

A major responsibility of the academies is to maintain the physical plant. This physical plant has been well maintained for decades, but is in serious need of regular major renovation such as roof, window and mechanical system replacement, and tuck pointing of buildings. Recently, this type of maintenance has been sacrificed to serve increasing numbers of students. Increased funding to reflect increased numbers of students would permit this type of maintenance.

PROSPECTS:

The performance of the public education system in meeting the special needs of deaf and blind students is generally considered inadequate by scholars in deaf and blind education and by the deaf and blind communities in Minnesota and by parents of deaf and blind children. A recent congressionally chartered national commission on education of the deaf found major fault with the education system. Emphasis on mainstreaming is considered a failure by the deaf community and was so cited by the National Commission on Education of the Deaf. Parents of blind children also frequently fault the public education system for not meeting the special needs of blind students. The Residential Academies enjoy strong support from these same critics. The National Commission for the Deaf identified residential schools as the primary place where quality education of deaf children occurs. Student enrollment increases at the Minnesota Residential Academies reflects this performance. Student numbers at the Academies for the Deaf and Blind reached an all time low in the early 1980s. At the deaf school the student population was 135 in 1985-86 and now stands at approximately 180 with new referrals being made on a regular basis. Blind school population reached a low of approximately 40 students in 1985-86 and now stands at 60 students with new referrals regularly being made.

Local school districts have developed many high quality programs to educate deaf and blind students. These include mainstreaming with support services, separate classrooms and in some instances separate schools for deaf and blind students. In spite of this effort, parents and school districts often conclude that placement at the academies is necessary to meet the highly unique learner outcomes for these student populations.

With the advent of open enrollment in Minnesota, school districts are adhering to parental wishes to a greater extent than ever before. These parental wishes frequently call for residential placement in order to meet the special needs of the students.

Issue - Student Population: The growth in student numbers over the past four years is expected to continue. However, since the academies do not recruit students and only accept students referred by local school districts, it is difficult to project actual growth with great accuracy. All other education programs with varying enrollment in the State of Minnesota are funded on a per student formula of some sort, while the academies receive a flat appropriation with an established complement. The academies budget is significantly and negatively impacted by the growth of student numbers. It is most appropriate that a funding formula be defined which reflects growth or decline in student numbers.

Alternatives:

- These needs can best be met by the addition of instructional staff and increase supplies and materials budgets. It is projected that an additional \$431,000 is the minimum amount necessary to provide adequate programming for the increasing number of students enrolled at the academies. Eleven FTE are necessary to carry out this programming.
- The only way in which the program can continue to operate responsibly within base level funding is to reduce student numbers by eliminating certain sections of the program, focusing all existing resources in a smaller and more homogenous student population, and placing a limit on the number and type of disability of students accepted. This is a totally unacceptable alternative because it would leave many students without an appropriate education and leave the state and school district liable for expenses awarded by the courts under Public Law 94-142.

Issue - Addressing Social/Emotional Needs: Changing public expectations for education demand that students develop socially/emotionally and attain learning in such areas as values and personal responsibility. Highly skilled workers assigned to the residential program are necessary to meet these needs. The creation and staffing of positions in the dormitory which can address the special needs of the behavior disordered youth and provide a greater educational experience for all students during the after school hours. These staff can also provide needed additional workers in the dorm to handle the larger numbers of students previously discussed.

Alternatives:

- Creation of four dorm teacher positions and a new employee classification at a cost of \$120,000.
- Hire four additional houseparents at a cost of \$100,000. While this provides needed staffing, it ignores the social/emotional needs of the students.
- Reduce student numbers as discussed so that current staffing is adequate.

Issue - Mainstreaming of Students at the Public Schools: As inclusion and integration are better researched and application methods are developed, it will be easier and expected that more students at the academies be included in Faribault Public School mainstream classes. This will result in increased costs to the academies which provides special support services such as interpreters and the production of study materials in braille and large print. Continuation of the mainstreaming program at an increased cost to the academies is justified as a means of involving residential students with non-handicapped peers and allowing residential students access to programs not available at the academies. Making these programs available at the academies would be prohibitively expensive.

Alternatives:

- Adequate funding of academic services will address this issue.
- Reduce total student numbers to reduce number of students needing mainstreaming.

Issue - Dealing with Handicapping Conditions other than Deafness and Blindness: Student referrals in recent years have more frequently included students with developmental handicaps, physical handicaps and behavior disorders, as well as learning disabilities. These students require more intensive staffing, as well as different staff skills. Meeting the special needs of these students is required under the individual education plans agreed upon between the parents and the school district. The completion of these plans in fulfilling the programs they describe is required under Public Law 94-142, Federal Regulation, Minnesota Statute and State Board of Education Rule.

The academies have met these additional needs without increased budget or staffing, but at the present time it is not possible to accept additional students with these special needs without endangering the health and safety of other students or exceeding State Board of Education rule on student/staff ratios. The quality of all education at the academies is suffering as resources are shifted to meeting special needs.

Alternatives:

- Adequate funding of increased student numbers will allow appropriate service to these students.
- Limit enrollment of these students or discontinue special needs program entirely to allow operation of academies within current budget. This is a totally unacceptable solution as students needing this educational program would be unserved.

PROGRAM: 16 State Residential Academies - Deaf/Blind **1992-93 Biennial Budget**
 (Continuation)
Agency: Education, Department of

Issue - Length of School Year and Unmet Needs: To serve increasing student numbers with no increase in funding, it has been necessary to reduce the school calendar from 175 to 170 days and leave some needed positions vacant.

Alternatives:

- Increase budget by \$364,000 to add five school days and restore badly needed staff.
- Operate at current program level which provides the minimum service required by law but which is being challenged by some as being inadequate.
- Reduce student numbers to historic lows and use savings in unneeded staff to increase school calendar and refocus services on a smaller student body. This is unacceptable because students who need academy placement would be unserved and districts and the state could be subject to lawsuits under Public Law 94-142.

Issue - Provide a Safe and Well Maintained, Properly Furnished Physical Plant for Students and Program Operation: Academy programs are operated on two extensive, historically significant campuses which have been well maintained for decades. Current maintenance levels have been curtailed to allow reallocation of funds to direct student services. This has led to a recent deterioration of the physical plant and inadequate security.

Alternatives:

- One FTE for security and \$199,000 to establish a systematic major maintenance and furnishing replacement program.
- Continued low level of maintenance and security which will result in eventual demise of the physical plant which has already become noticeable.

Full funding of the preferred and most effective alternatives would cost an additional \$1,104,000 and require an increase in complement of 16.

PLAN:

The biennial base level funding for the academies is divided among functions as follows:

F.Y. 1991
 (Dollars in Thousands)

Academy for the Deaf - School	\$2,383.0
Academy for the Deaf - Residential	1,268.0
Academy for the Blind - School	1,429.0
Academy for the Blind - Residential	661.0
Academies' Administration	446.0
Equipment/Supplies, Maintenance, etc.	1,296.0
Resource Centers	162.0
Total	<u>\$7,695.0</u>

At BASE level, funding would be \$7,801,000 for F.Y. 1992 and \$7,773,000 for F.Y. 1993. To maintain operations within this funding level, substantial reductions in staff and student numbers would be necessary. This is the only way in which the program can continue to operate responsibly, focusing all existing resources on a smaller and more homogenous student population. Cost containment measures implemented over the current biennium to meet the needs of ever-increasing student numbers will be continued. These include reductions in: administrative staff, maintenance staff, food service staff, behavior management staff, teaching staff, supplies and materials purchases and building maintenance. Further needs will be addressed by continuing the current maintenance system (no major renovation except as funded in capital budget); by not adding the additional five

days of instruction, and by foregoing furniture replacement in the dormitories and continuing cuts in maintenance and food service staffing. Reductions in administration are permanent. The decision to not add five days of instruction reflects our belief that having a high quality and safe program in effect for those days students are here is more important than additional days of inferior programming. However, virtually all of these reductions and cost containment efforts materially reduce the quality of education. Increasing numbers of students dictate increased staffing in classroom teachers, teacher assistants, dormitory, health services, food service and maintenance staff. Administrative cuts are expected to be permanent. Neglected purchases of supplies, and additional supplies for larger numbers of students must be addressed.

To meet increasingly complex educational needs of multiple handicapped students, staff must be provided more advanced training to develop needed new skills. Lower student staff ratios are necessary to provide adequate programming for these students and to assure the health and safety of other students. Many students attending the academies have exhibited severe emotional and behavior problems which raise fears for the safety of other students and demand greater staffing.

Given the emergency situation operating at BASE level funding creates, the academies recommend consideration of the following funding plan as a means of meeting the educational needs of larger student numbers while being sensitive to enrollment changes.

1. Institute a \$2,000 per student fee in the form of tuition charged to local school districts in addition to the general education revenue tuition currently charged for student attendance at the academies. It is proposed that this tuition fee not be subject to reimbursement by the State of Minnesota under the special education formula, thus eliminating any cost to the State for its imposition. School districts ought to be allowed to increase their levy authority to raise these funds. The fee of \$2,000 per student would generate \$480,000 at current enrollment. It is proposed that these funds be collected and retained by the State Academies. There is a concern that this fee could cause some districts to make placement decisions on fiscal impact rather than educational need.
2. The current level for the academies was established in the 1985 legislative session (there has been no increase in the base level funding since 1985 other than to reflect inflation and a \$115,000 change level to fund summer school). The student population at the academies was 175 students at that time. General education revenue was appropriated by the legislature, paid to the local school districts for the education of these students, collected by the academies and refunded to the State Treasury. The funds appropriated to educate 70 additional students (245 current students minus 175) have been appropriated for general education, but are now collected by the academies and refunded to the state.

It is proposed that the funds for all students in excess of 175 be retained by the academies and made available as part of the revenue for the operation of the agency. It is not possible to precisely calculate the amount of money that these students will generate since some are elementary students representing one pupil unit and some are secondary units representing 1.35 pupil units. The exact mechanism for determining the amount of money generated and which students are counted to generate those funds can be determined at a latter date. For purposes of calculation, each student at the academies represents an average 1.175 pupil units times the F.Y. 1991 general education amount of \$2,953. Seventy additional students would generate approximately \$242,000. It is proposed that all General Education Revenue collected for all students over the 175 mark be retained by the academies to make the budget sensitive to student numbers. Reductions in student numbers will reduce revenue to the academies under this system.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that General Education revenue generated for students enrolled at the MN Academy for the Deaf and the MN Academy for the Blind in excess of 175 be retained by the academies and made available as part of the revenue for the operation of the agency. The impact on the General Fund will be a reduction of \$250,000 in nondedicated revenues each year of the biennium.

DECISION ITEM: Financing Inflationary Costs - Informational

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

AGENCY PLAN:

Expenditures

General Fund	\$ 305	\$ 623	\$ 623	\$ 623
--------------	--------	--------	--------	--------

Revenues

General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
--------------	--------	--------	--------	--------

ITEM SUMMARY:

Assuming there is no base adjustment or adjustment for inflation in the coming biennium, inflationary cost increases will be addressed as follows:

Nonsalary items - these are primarily supplies, materials, repair items, and fuel. Purchases of these items, even though it may mean a reduction in the quality of our education program, will simply be reduced.

Salary budget items - The F.Y. 1991 total budget for salaries is projected to be \$6,774,800. Using the biennial budget 4.5% inflation proxy for F.Y. 1992 and F.Y. 1993, an increase of approximately \$305,000 is anticipated for F.Y. 1992. For F.Y. 1993, the estimated salary underfundment is \$623,000 which is calculated by using the 4.5% model with compounding for the second year of salary adjustments.

RATIONALE:

The only recourse available would be to reduce salaries by layoffs. Since the Academies' program is highly interrelated; it is not feasible to layoff 2 or 3 persons for the entire year. Therefore, the only choice would be to reduce the length of the school year by approximately 10 days.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the Academies seriously explore options other than a reduction in the length of the school year.

ACTIVITY:**1992-93 Biennial Budget****PROGRAM:** State Residential Academies Deaf/Blind**AGENCY:** Education, Department of**DECISION ITEM:** Retain General Education Revenue for Enrollment
over 175

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

GOVERNOR'S RECOMMENDATION:**Expenditures**

General Fund	\$ 250	\$ 250	\$ 250	\$ 250
--------------	--------	--------	--------	--------

Revenues

General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
--------------	--------	--------	--------	--------

Requires statutory change: X Yes No

Statutes Affected:

ITEM SUMMARY:

The Governor recommends that general education revenue generated for students enrolled at the MN Academy for the Deaf and the MN Academy for the Blind in excess of 175 be retained by the academies and made available as part of the revenue for the operation of the agency. Currently, general education revenue is appropriated by the legislature, paid to the local school districts for the education of students attending the academies, collected by the academies and refunded to the State Treasury. This proposal would allow the academies to retain the general education revenue paid to them for enrollments over 175, instead of refunding it to the State Treasury.

For purposes of estimating the fiscal impact of this proposal, each student represents an average 1.15 pupil units (average of 1.0 weighting for elementary students and 1.3 weighting for secondary students) times the proposed formula allowance of \$3,020. At current enrollment of 245 students, the academies would retain approximately \$245,000. If enrollment drops below 175 in any given year, the academies will refund the State Treasury by an amount equal to 175 less current enrollment times the formula allowance in statute.

RATIONALE:

Current base level funding for the academies was established in the 1985 legislative session when enrollment was 175. There has been no increase in the BASE level funding since 1985 other than to reflect inflation and a \$115,000 change level to fund summer school. The academies have instituted a variety of cost savings mechanisms over the years to meet the increasing demands placed upon their budget, including reductions in administrative staff, maintenance staff, food service staff, teaching staff, supplies and materials and building maintenance. Further reductions in a period of enrollment growth will jeopardize student safety and program quality.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION
PROGRAM: ST RESIDENTIAL ACAD-DEAF/BLIND

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
MN ACADEMY FOR DEAF	4,730	5,216	5,449	5,452	5,452	5,452	5,433	5,433	5,433
MN ACADEMY FOR BLIND	2,436	2,667	2,700	2,733	2,733	2,733	2,724	2,724	2,724
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	7,166	7,883	8,149	8,185	8,185	8,185	8,157	8,157	8,157
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	7,166	7,883	8,149	8,185	8,185	8,185	8,157	8,157	8,157
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	7,166	7,883	8,149	8,185	8,185	8,185	8,157	8,157	8,157
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	6,762	7,458	7,765	7,801	7,801	7,801	7,773	7,773	7,773
STATUTORY APPROPRIATIONS:									
GENERAL	36	4							
SPECIAL REVENUE	13	19	14	14	14	14	14	14	14
FEDERAL	284	288	231	231	231	231	231	231	231
AGENCY	30	34	37	37	37	37	37	37	37
GIFTS AND DEPOSITS	21	67	87	87	87	87	87	87	87
ENDOWMENT	20	13	15	15	15	15	15	15	15
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	7,166	7,883	8,149	8,185	8,185	8,185	8,157	8,157	8,157

PROGRAM: 17 LCMR - Environmental Education
Agency: Education, Department of

1992-93 Biennial Budget

PROGRAM PURPOSE:

The purpose of this program is to provide management and financial administration for a comprehensive statewide environmental education program. The program is intended to benefit Minnesota students and citizens through the development and implementation of:

- Model K-12 environmental education curriculum programs;
- Statewide teacher inservice programs to support the integration of the curriculum models;
- Informal environmental education programs into the community education system;
- A long-range plan for the development and coordination of environmental learning centers;
- An audit and assessment of programs and services offered by environmental learning centers; and
- A statewide integrated environmental education plan.

PERFORMANCE:

At present, the Minnesota Department of Education (MDE) provides leadership and services in environmental education to public schools and a wide array of environmental education groups, organizations, agencies, and existing programs. MDE provides service and linkage through the employment of one full-time staff member for environmental education. Working through the existing MDE environmental education program, the proposed program would significantly increase the integration of environmental education concepts in Minnesota schools as well as promote and enhance environmentally sound behaviors among Minnesota students and citizens.

Over the past several years, awareness of environmental issues and ecological problems has increased in Minnesota. In 1985, the State Board of Education adopted a curriculum rule requiring environmental education in all elementary schools in the state. In 1990, the State Board expanded that rule to include all grade levels. Since 1970, over 50 environmental learning centers have been established in Minnesota. These increases in environmental education programming have resulted in significant needs for state level collaboration and coordination of environmental education activities, programs, and technical support to environmental educators.

PROSPECTS:

Effective environmental education is integral to understanding the need to preserve and protect the quality of Minnesota's environment. This understanding is facilitated through the integration of environment education into the K-12 program, the community education system, public and private interactive environmental education centers and public agency education efforts. MDE will incorporate the model environmental learner outcomes and ongoing models of other deliverers of environmental education into the K-12 program. The Minnesota Community Education Association will integrate the model environmental learner outcomes into the community education system and the Minnesota State Planning Agency will provide the overall statewide integration and coordination of the environmental education plan. A steering committee composed of the program manager and major cooperators will meet on a regular basis throughout the funding period in order to ensure coordination between program objectives.

MDE will create a model for integrating environmental education curriculum in grades K-12 in Minnesota school districts. MDE will also develop a teacher inservice program to support the implementation of the new integrated curriculum model in every Minnesota school district.

Using the Department of Natural Resources (DNR) study of Minnesota's environmental education needs, a statewide assessment will be conducted to determine the K-12 environmental education curriculum and inservice needs of Minnesota's teachers. In addition, ongoing exemplary integrated curriculum models of other deliverers of environmental education will be identified and documented. This data will be synthesized into a comprehensive program vision and action plan. With the

cooperation of the state's environmental education community, an integrated interdisciplinary instructional model will be developed. The model will be introduced and demonstrated in selected statewide school district research and development sites. A teacher inservice system will be developed to support the implementation of the integrated model and will be coordinated statewide.

PLAN:

The Legislative Commission on Minnesota Resources (LCMR) is recommending to the legislature that funds be allocated for F.Y. 1992 for this environmental education program. Funds are recommended to support the following five environmental education activities:

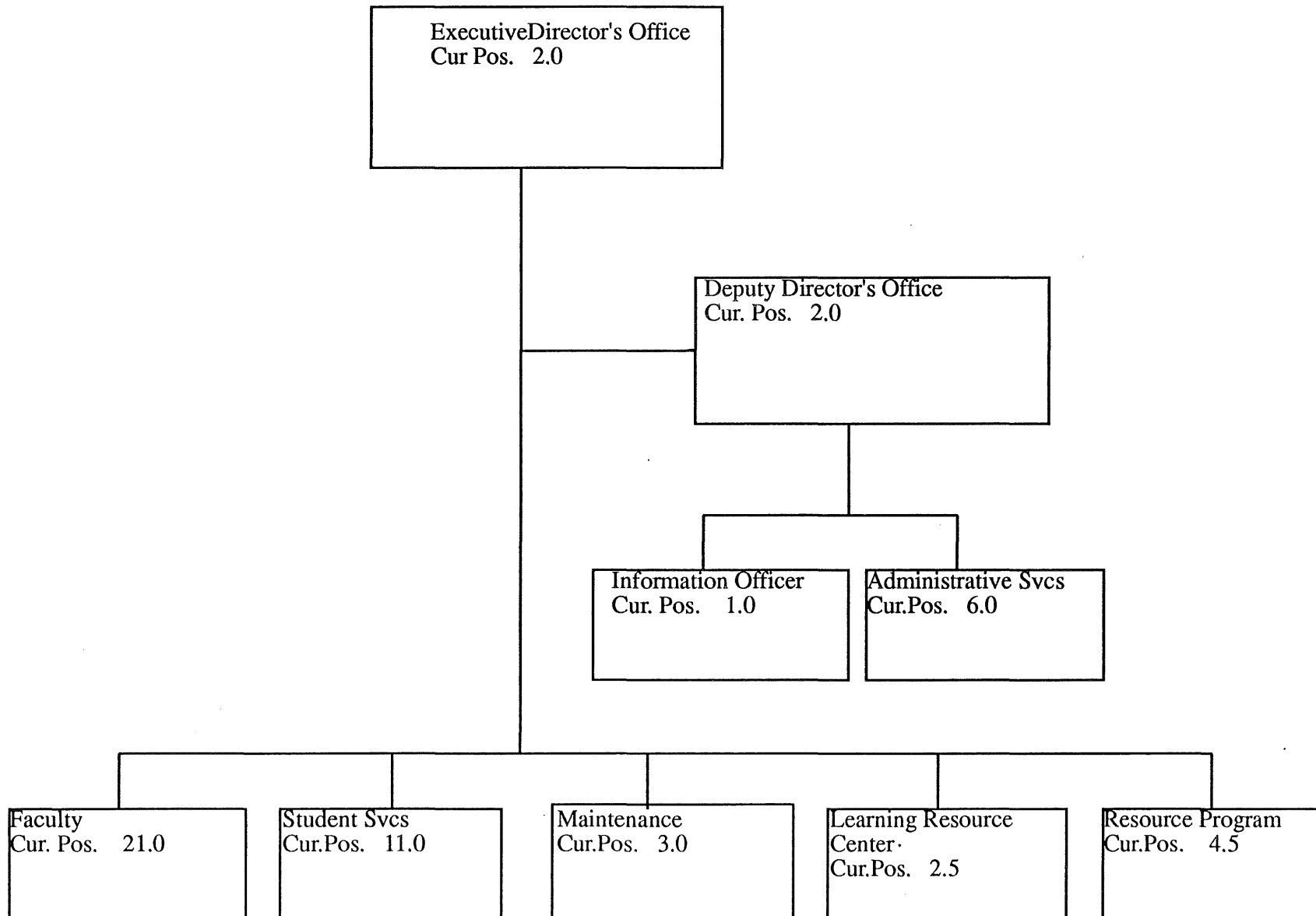
- Model Environmental Education Curriculum and Inservice - \$400,000 from the Minnesota environment and natural resources trust fund to the commissioner of education to develop and implement, through teacher inservice, model K-12 environmental education curriculum integration. This activity will incorporate ongoing models from other deliverers of environmental education.
- Community Education Grant - \$30,000 from the Minnesota environment and natural resources trust fund to the commissioner of education for a grant to the Minnesota Community Education Association to incorporate environmental education into the community education system.
- DNR Learning Centers Planning Grant - \$60,000 from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to complete a long-term plan for the development and coordination of environmental learning centers.
- Environmental Learning Centers Assessment - \$85,000 from the Minnesota environment and natural resources trust fund to the commissioner of state planning for a grant to the Audubon Center of the Northwoods for an assessment of environmental learning center programs and services.
- Statewide Environmental Education Plan - \$215,000 from the Minnesota environment and natural resources trust fund to the commissioner of state planning to develop a statewide environmental education plan. The statewide plan will integrate the plans, strategies, and policies of MDE, postsecondary institutions, the DNR, and other deliverers of environmental education.

GOVERNOR'S RECOMMENDATION:

Recognizing the authority of the LCMR to make budget recommendations for projects funded by the Minnesota Environment and Natural Resources Trust Fund, the Governor makes no specific recommendations.

**MINNESOTA CENTER FOR
ARTS EDUCATION**

Minnesota Center For Arts Education Organizational Chart 7/1/90



MINNESOTA CENTER FOR ARTS EDUCATION

POSITION AND EMPLOYEE STATUS INFORMATION

Position Reconciliation:		
Authority:	Current FY 91	Requested For 6/30/93
Legislative Complement:		
General Fund	53.0	63.0
TOTAL Positions	53.0	63.0
Employees on 6/30/90		
	39	

Employees by Employment Status:	
	6/30/90
Full-Time Unlimited	32
Full-Time Temporary	3
Full-Time Seasonal	3
Part-Time Unlimited	1
TOTAL	39

AGENCY: Minnesota Center for Arts Education

1992-93 Biennial Budget

MISSION:

The Minnesota Center for Arts Education (center), a statewide public high school and resource center, was created by the 1985 legislature to enhance educational opportunities in the arts -- dance, literary arts, media arts, music, theater, visual arts, and interdisciplinary studies for students and educators, from kindergarten through 12th grade, throughout the state. The center provides diverse services without financial barriers to educators and students through its statewide resource programs and its arts high school programs.

The center's Resource Program goals are to: provide continuing education and support for professional development in arts education for educators and artists; provide opportunities for students (K-12) to increase their awareness of and interest in the arts and develop their artistic abilities; develop and implement effective leadership strategies for arts educators; develop and implement innovative model program(s) in partnership with public and private arts and education institutions/organizations which improve approaches to arts education; increase awareness of the importance of arts education among educators, artists, and the general public, and disseminate art education information statewide; develop and implement, in cooperation with the Arts High School, a plan to share the Arts High School curriculum as a resource to enhance arts education in public schools; and implement research, evaluation and assessment techniques to review and report on Resource Programs.

The center's Arts High School program goals are to: identify high school students possessing potential or developed artistic talent through assessment of motivation, creativity and proficiency, and educate artistically talented 11th and 12th graders in a full time innovative program which models the following characteristics:

- a learner-outcome based curriculum organized around what students need to know, to do, to value and to create;
- emphasis on both the arts and the general studies;
- interdisciplinary studies that integrate the arts and general studies by emphasizing relationships, patterns and connections;
- assessment of student progress and achievement based on observational indicators as well as written work and conventional testing;
- innovative instructional strategies;
- an individual learner focus; a climate that promotes creativity, communication, cooperation, and self-discipline;
- an expanded teachers' role as professional educators.

MAJOR POLICY DRIVERS:

All recent state and national reports concerning education needs include arts education opportunities as essential for all students. The need for a citizenry with creative and imaginative skills and with an appreciation for cultural and artistic expressions from many cultures drive these recommendations. Many Minnesotans are isolated from arts education opportunities because of geographic location and budgetary limitations in smaller school districts. Current Center for Arts Education programs are significantly involving professional educators and students from all areas of the state. Building on this progress, the center's plans for the 1992-93 biennium include an even greater commitment to programming to meet these needs.

An addition to the center's statutes in 1989 calls for the identification of 8 "magnet" school district sites, one in each congressional district, for the purpose of demonstrating the innovative curriculum of the arts high school. These 8 sites would also meet the arts education needs of students within the district and their neighboring districts. The selection of these districts will be complete in January, 1991. The administrative considerations for implementing this program drive the development of this biennial budget request.

An Arts Resource Collection (ARC) will begin its initial phase within the next biennium. The ARC will supply materials and staff development resources for teachers throughout the state.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

The center can continue to administer its major programs as specified in statute within its F.Y. 1991 BASE budget. It can, however, only *partially* implement the "magnet" program and the ARC program. Maintenance of current operations and partial implementation of the "magnet" program at 60% and the ARC at 25% is possible because of savings from elimination of rental payments resulting from purchase of the Golden Valley campus. The ARC implementation is limited by the availability of appropriate space on campus.

Full implementation of the "magnet" program would require an additional \$250,000 for F.Y. 1992 and \$250,000 for F.Y. 1993.

Full implementation of the ARC would require an additional 10,000 square feet in specialized library space and \$300,000 for F.Y. 1992 and \$300,000 for F.Y. 1993.

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: SCH & MN CTR FOR ARTS EDUC

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	6,725	6,725	6,651	6,651	74	74		
APPROPRIATIONS CARRIED FWD	<445>	<445>	<445>	<445>				
SALARY ANNUALIZATION	29	22	29	22				
TOTAL	6,309	6,302	6,235	6,228	74	74		
BIENNIAL TOTAL		12,611		12,463		148		

F.Y. 1991 Budget Reductions (Information Only)

The following F.Y. 1991 reductions were implemented in Laws 1991, Chapter 2. These reductions are not reflected as changes to F.Y. 1991 or F.Y. 1992-93 BASE Levels within the budget documents.

MN Center for Arts Education

General Fund
(\$200)

ACTIVITY: **1992-93 Biennial Budget**
PROGRAM:
AGENCY: Minnesota Center for Arts Education

DECISION ITEM: Financing Inflationary Costs - Informational

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

AGENCY PLAN:

Expenditures				
General Fund	\$ 117	\$ 123.5	\$ 123.5	\$ 123.5
Reallocations	(117)	(123.5)	(123.5)	(123.5)
	-0-	-0-	-0-	-0-
 Revenues				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Requires statutory change: ☐ Yes ☒ No
Statutes Affected:

ITEM SUMMARY:

An annual percentage of 4.5% was used to calculate the inflationary increase in salaries.

RATIONALE:

The reduction will be taken from rent savings that have been earmarked for necessary renovations. The renovations impacted include electrical, wiring and sprinkler systems.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

ACTIVITY:
PROGRAM:
AGEN:

1992-93 Biennial Budget

Minnesota Center for Arts Education

DECISION ITEM: Per Pupil Funding - Arts High School

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
GOVERNOR'S RECOMMENDATION:				
Expenditures				
General Fund	\$ (1,421)	\$ (1,421)	\$ (1,421)	\$ (1,421)
Revenues				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Requires statutory change: X Yes No
Statutes Affected: M.S. 129C.10

ITEM SUMMARY:

The Governor recommends a reduction in the General Fund appropriation to the MN Center for Arts Education (MCAE) by \$2.6 million per year, (the portion of the appropriation expended solely on the school). In its place, the Governor recommends funding the school on a formula basis. By replacing the annual \$2.6 million appropriation with \$1,179,145 calculated in the manner described below, the state will recognize a savings of \$1,420,855 annually. The Governor further recommends statutory authority for MCAE to recover program costs, over and above the amount of state aid generated, through a room and board charge.

General Education Aid:
(270 secondary Students) x (a weighing factor of 1.3) x (a formula allowance of \$3,020)

Transportation:
(90 students to/from school) x (\$260, statewide avg. per pupil expenditure)

Capital Exp. Facilities:
(270 secondary students) x (a weighing factor of 1.3) x (the per pupil formula amount of \$130)

Capital Exp. Equipment:
(270 secondary students) x (a weighing factor of 1.3) x (the per pupil formula amount of \$65)

Special Education:
65% of the salary of one special education teacher

Because school enrollment remains stable from year to year, total annual aid generated by the above components will equal \$1,179,145.

RATIONALE:

The arts high school currently spends approximately \$9,600 per student on instructional activities and room and board expenses. During the 1990-1991 school year, revenue per secondary student from the major equalized revenue programs provided to school districts is equal to approximately \$4,600. In a period of limited resources, state priorities should be directed toward the provision of basic education (represented by the formula driven aids provided to all school districts) with additional program costs carried by participants and/or local citizen support.

1992-1993 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: SCH & MN CTR FOR ARTS EDUC
PROGRAM: CENTER FOR ARTS EDUC
ACTIVITY: CENTER FOR ARTS EDUC

ACTIVITY SUMMARY	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
DETAIL BY CATEGORY:									
STATE OPERATIONS	2,074	4,222	5,865	5,449	4,028	4,028	5,442	4,021	4,021
LOCAL ASSISTANCE	1,027	1,223	860	860	860	860	860	860	860
AID TO INDIVIDUALS		27							
TOTAL EXPENDITURES BY CATEGORY	3,101	5,472	6,725	6,309	4,888	4,888	6,302	4,881	4,881
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	3,088	5,449	6,651	6,235	4,814	4,814	6,228	4,807	4,807
STATUTORY APPROPRIATIONS:									
GENERAL	13	10							
SPECIAL REVENUE			14	14	14	14	14	14	14
AGENCY		13	60	60	60	60	60	60	60
TOTAL FINANCING	3,101	5,472	6,725	6,309	4,888	4,888	6,302	4,881	4,881