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1996-97

# *Minnesota Biennial Budget*

## *Children & Family Services*

Presented by Governor Arne H. Carlson to the 79th Legislature  
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*1996-97 Biennium*

*Strategic Budget*

# *Children and Family Services*

This is a special document supplementing the regular budget documents.  
It describes three major strategies to strengthen services for children.

It also contains :

- recommended appropriations for the Education-Employment Transition Program and the new Department of Children and Education Services; and
- information on transfers into the new agency from other state agencies.

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CROSSWALK TO REGULAR BUDGET DOCUMENTS FOR RECOMMENDED TRANSFER PROGRAMS

<u>Program Transferred/Agency</u>	<u>Budget Document/Agency Program</u>
Part H (Early Intervention) (MDE) . . . . .	Education Aids (EA) / Federal
Early Ch. Family Ed (MDE). . . . .	EA / Community and Family Education (CFE)
Learning Readiness (MDE) . . . . .	EA / CFE
Way to Grow (MDE) . . . . .	EA / CFE
Early Childhood Screening (MDE) . . . . .	EA / CFE
Head Start (ES) . . . . .	Economic Development (ED) / Community Services
Child Care (DHS) . . . . .	Health and Human Services (HHS) / Economic Self-Sufficiency
Migrant Child Care (DHS) . . . . .	HHS / Children
Child Care Res & Referral (DHS) . . . . .	HHS / Children
Child Care Service Development (DHS) . . . . .	HHS / Children
Youth Employment and Training (ES) . . . . .	ED / Community Services
Community Education (MDE) . . . . .	EA / CFE
Adult Basic Education (MDE) . . . . .	EA / CFE
Even Start (MDE) . . . . .	EA / CFE
Supplemental Food Program (DOH) . . . . .	HHS / Family Health
Maternal and Child Health (DOH) . . . . .	HHS / Family Health
Teen Pregnancy Prevention (MNPI) . . . . .	State Gov't / Strategic and Long Range Planning (SLRP)
Dental Health (DOH) . . . . .	HHS / Family Health
School Health (DOH) . . . . .	HHS / Family Health
Drug Free Schools & Communities(MDE) . . . . .	EA / CFE
Chemical Abuse Prevention (MDE) . . . . .	EA / CFE
AIDS Education (MDE) . . . . .	EA / Federal
Youth Violence Prevention (ES) . . . . .	ED / Community Services
Violence Prevention (MDE) . . . . .	EA / CFE
Children's Trust Fund (DHS) . . . . .	HHS / Children
Home Visiting (DOH) . . . . .	HHS / Family Health
Project Cornerstone (ES) . . . . .	ED / Community Services
Information Redesign (MNPI) . . . . .	State Gov't / SLRP
Action for Children (MNPI) . . . . .	State Gov't / SLRP
Minnesota Children's Initiative (MNPI) . . . . .	State Gov't / SLRP
Family Service Collaboratives (DHS) . . . . .	HHS / Children
Family Service Collaboratives (MDE) . . . . .	EA / CFE

Strategic Budget for Children and Family Services 1996-97

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends 3 strategies to strengthen Minnesota's families and ensure successful development of the state's youngest children and youth.

- establishment of a Department of Children and Education Services;
- consolidation of funding at the local level for a number of existing categorical programs; and
- development of an education and employment transition program.

The Department of Children and Education Services (DCES) will incorporate the *basic education* functions of the existing Department of Education (MDE), which will be eliminated. In addition, it will include a career preparation function and a *family and community services* function. Functions of the new agency are described in Chart 1.

By joining critical and closely related existing programs in state government, DCES organizational strategies will improve the well-being of the children of Minnesota and enhance the delivery of services to children and families. When completely operational, the agency will bring together programs that attempt to ensure that:

- all children come to school ready to learn;
- that Minnesotans will excel in basic academic skills;
- that children will be healthy; that communities will be safe, friendly and caring;
- that families will provide a stable environment for their children; and
- Minnesotan's will have advanced education and training to make the state a leader in the global economy.

Chart 2 shows the link between these goals and programs which will be transferred from the several state agencies.

In F.Y. 1997 all programs currently operated by the MDE are recommended to be transferred to the DCES. In addition, \$130,845,000 in state, federal, and special revenue funding, and 34 positions from 4 other state agencies (Department of Human Services, Department of Health, Economic Security, and Minnesota Planning) would also transfer to DCES in F.Y. 1997. Transfer of 2 other programs from the Department of Health, the Supplemental Food Program and the Maternal and Child Health Program (MCH), will be conditioned on federal government action.

While DCES will be created in July 1995, transfer of most programs and staff from other agencies is not anticipated to occur until July 1996. During the interim period, it is expected that a Partnership Planning Team consisting of representatives from the Legislative Commission on Children, Youth and Their Families, Action for Children, and local governments/organizations will be formed to guide detailed planning for DCES. Along with a number of other policy, organization and fiscal issues, this planning work will review the programs proposed for transfer in this budget, and a number of other programs. These programs are identified in appendices A, B, and C. Recommendations for organization refinements and modifications will then be brought to the 1996 and 1997 legislative sessions.

Implementation of both the new agency strategy and the funding consolidation strategy discussed

under the family and community services program will be deliberate and systematic. As state government attempts to navigate new and turbulent waters, expectations must be measured and priorities carefully established. It is anticipated that the major organizational, funding, and delivery system changes embraced by these strategies will take at least 4 to 6 years to achieve. Chart 5 displays the anticipated schedule for this change.

The new agency requires an additional biennial investment of \$150,000 in F.Y. 1996 only to provide salary and support resources for a new commissioner.

The funding consolidation strategy does not require additional investments.

The education and employment transitions strategy requires an additional biennial appropriation of \$5,000,000. Each function is described in the following pages. The charts, tables, and appendices of this budget document detail the several dimensions of these functions and strategies.

Total funding for DCES operations and programs in F.Y. 1997 is shown in the table below.

From Faribault Academies	
General Fund .....	\$ 7,803
Federal Funds .....	231
Other Funds .....	953
From Department of Education	
General Fund .....	\$ 14,833
Federal Funds .....	16,724
Other Funds .....	4,061
From Education Aids	
General Fund .....	\$ 2,814,757
Federal Funds .....	275,333
Other Funds .....	33,014
From Other Agency Operations Transferred In	
General Fund .....	\$ 1,350
Federal Funds .....	1,424
Other Funds .....	468
From Other Agency Grants Transferred In	
General Fund .....	\$ 68,094
Federal Funds .....	59,509
Other Funds .....	-0-
From New Operations Funds Recommended In This Budget	
General Fund .....	\$ 600
From New Grant Funds Recommended In This Budget	
General Fund .....	\$ <u>1,900</u>
Total Operations and Grants .....	\$ 3,301,054

NOTE: Transfers from other agencies include only direct costs of program administration. Indirect cost transfer amounts will be determined during the new agency planning phase, and included with the 1996 legislative session recommendations.

# Chart 1

## Functions of

### Department of Children and Education Services

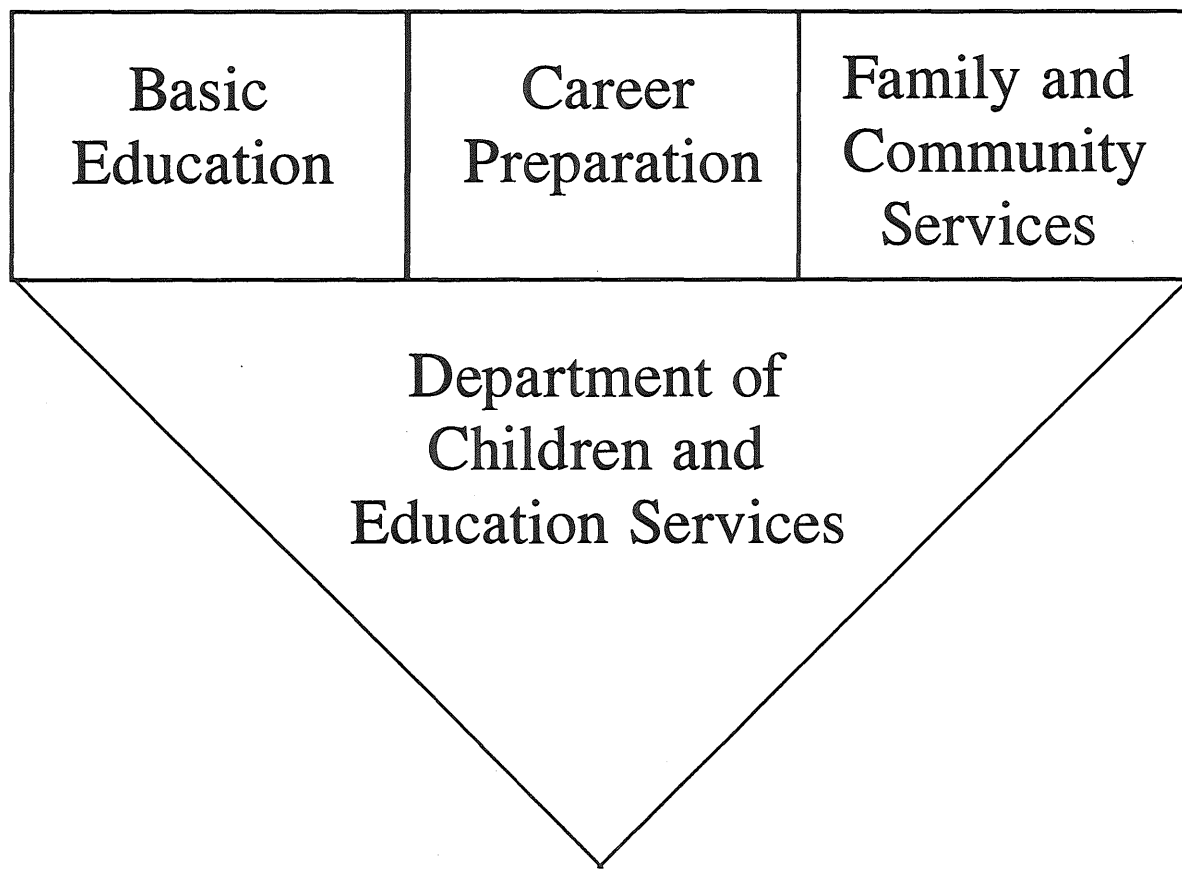
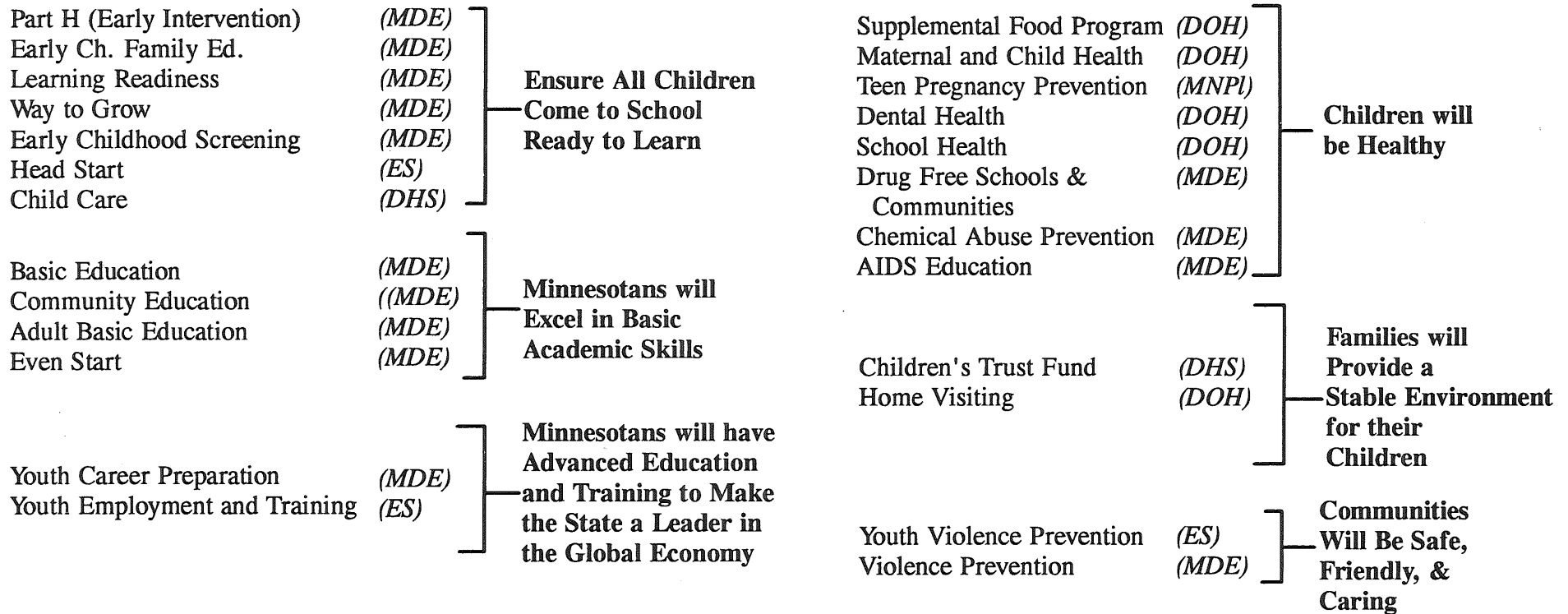




Chart 2  
Linking Services

Department of Children and Education Services Goals and Programs



- Programs to be transferred into the new agency are linked above to the primary goal each addresses. Programs not listed address primarily system management goals.
- Transfer of policy direction and administrative control of programs now in other agencies, as shown above, will enhance policy coordination and collaboration, reduce existing service fragmentation, increase program flexibility, and improve the focus on measurable outcomes.

1996-1997 BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

AGENCY: CHILDREN AND EDUCATION SERVICES

PROGRAM RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
CAREER PREPARATION						2,500			5,771
FAMILY AND COMMUNITY SERVICES									134,208
BASIC EDUCATION									37,971
EXECUTIVE MANAGEMENT						150			
TOTAL EXPENDITURES BY PROGRAM						2,650			177,950
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL						2,650			94,742
TRUNK HIGHWAY									21
STATUTORY APPROPRIATIONS:									
GENERAL									624
SPECIAL REVENUE									2,661
FEDERAL									60,101
FEDERAL MDES									17,787
AGENCY									1,426
GIFTS AND DEPOSITS									583
ENDOWMENT									5
TOTAL FINANCING						2,650			177,950
FTE BY EMPLOYMENT TYPE:									
REGULAR									
TOTAL FTE						1.0			590.3

Strategic Budget for Children and Family Services 1996-97

PROGRAM: Executive Management

**PROGRAM DESCRIPTION:**

In F.Y. 1996 the Executive Management Function of the DCES will require an appropriation of \$150,000 to for the compensation of a commissioner and some support services. The appropriation of this amount is requested only on a one time basis for start-up activities. It will not be necessary beginning in F.Y. 1997 when the Department of Education is eliminated and positions and funding are transferred from the Departments of Health, Human Services, Economic Security, and Planning.

While DCES will be created in July 1995, transfer of most programs and staff from other agencies is not anticipated to occur until July 1996. During the interim period, it is expected that a Partnership Planning Team consisting of representatives from the Legislative Commission on Children, Youth and Their Families, Action for Children, and local governments/organizations will be formed to guide detailed planning for DCES. Along with a number of other policy, organization and fiscal issues, this planning work will review the programs proposed for transfer in this budget, along with a number of other programs. These programs are identified in appendices A, B, and C. Recommendations for refinements and modifications will then be brought to the 1996 and 1997 legislative sessions.

While no staff will be formally transferred from these agencies until F.Y. 1997, commissioners on the Children's Cabinet and their staff will be heavily involved in planning for the new DCES and its programs during F.Y. 1996.

1996-1997 BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

AGENCY: CHILDREN AND EDUCATION SERVICES  
PROGRAM: EXECUTIVE MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXECUTIVE MANAGEMENT						150			
TOTAL EXPENDITURES BY ACTIVITY						150			
GOV'S INITIATIVES:			FUND						
(B) NEW AGENCY - ADMINISTRATION AND SUPPORT			GEN			150			
TOTAL GOV'S INITIATIVES						150			
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL						150			
TOTAL FINANCING						150			
FTE BY EMPLOYMENT TYPE:									
REGULAR									
TOTAL FTE						1.0			

**Strategic Budget for Children and Family Services 1996-97**

**PROGRAM:** Basic Education

**PROGRAM DESCRIPTION:**

This program incorporates most of the operations and grant monies from the Department of Education except for the following activities that are functionally most related to either the career preparation function or the family and community services function:

- Youth Career Preparation
- Youth Works
- Apprenticeships, etc
  
- ECFE
- Part H
- Learning Readiness
- Way to Grow
- Early Childhood Screening
- Community Education
- Adult Basic Education
- Even Start
- Drug Free Schools and Communities
- Chemical Abuse Prevention
- AIDS Education
- Violence Prevention

Total funding for DCES basic education operations and grants in F.Y. 1997 is shown in the table below.

<b>From Faribault Academies</b>	
General Fund .....	\$ 7,803
Federal Funds .....	231
Other Funds .....	953
<b>From Department of Education</b>	
General Fund .....	\$ 13,593
Federal Funds .....	12,395
Other Funds .....	2,996
<b>From Education Aids</b>	
General Fund .....	\$ 2,770,930
Federal Funds .....	260,919
Other Funds .....	32,546
<b>From New Operations Funds Recommended In This Budget</b>	
General Fund .....	\$ -0-
<b>From New Grant Funds Recommended In This Budget</b>	
General Fund .....	\$ -0-
<b>Total Operations and Grants .....</b>	<b>\$ 3,102,366</b>

1996-1997 BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

AGENCY: CHILDREN AND EDUCATION SERVICES  
PROGRAM: BASIC EDUCATION

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
<b>BASIC EDUCATION</b>									
									37,971
<b>TOTAL EXPENDITURES BY ACTIVITY</b>									
									28,894
<b>GOV'S INITIATIVES:</b>									
									<b>FUND</b>
(A) TRANSFER FROM DEPT OF EDUCATION									13,483
(A) TRANSFER FROM DEPT OF EDUCATION									21
(A) TRANSFER FROM DEPT OF EDUCATION									110
(A) TRANSFER FROM DEPT OF EDUCATION									1,962
(A) TRANSFER FROM DEPT OF EDUCATION									12,395
(A) TRANSFER FROM DEPT OF EDUCATION									830
(A) TRANSFER FROM DEPT OF EDUCATION									183
(A) TRSFR FROM DEPT. OF ED, RESIDENTIAL ACADEMIES									8,075
(A) TRSFR FROM DEPT. OF ED, RESIDENTIAL ACADEMIES									514
(A) TRSFR FROM DEPT. OF ED, RESIDENTIAL ACADEMIES									85
(A) TRSFR FROM DEPT. OF ED, RESIDENTIAL ACADEMIES									231
(A) TRSFR FROM DEPT. OF ED, RESIDENTIAL ACADEMIES									33
(A) TRSFR FROM DEPT. OF ED, RESIDENTIAL ACADEMIES									44
(A) TRSFR FROM DEPT. OF ED, RESIDENTIAL ACADEMIES									5
<b>TOTAL GOV'S INITIATIVES</b>									37,971
<b>SOURCES OF FINANCING:</b>									
<b>DIRECT APPROPRIATIONS:</b>									
GENERAL									21,558
TRUNK HIGHWAY									21
<b>STATUTORY APPROPRIATIONS:</b>									
GENERAL									624
SPECIAL REVENUE									2,047
FEDERAL									12,626
AGENCY									863
GIFTS AND DEPOSITS									227
ENDOWMENT									5
<b>TOTAL FINANCING</b>									37,971
<b>FTE BY EMPLOYMENT TYPE:</b>									
<b>TOTAL FTE</b>									499.2

## Strategic Budget for Children and Family Services 1996-97

**PROGRAM:** Career Preparation

### INTRODUCTION:

Several trends require changes in the way we educate our youth:

1. the international economy is becoming increasingly complicated and competitive;
2. our population is aging — tomorrow's working age adults will have to run an economic machine to support more retired citizens than do today's working adults. Between 1990 and 2020, Minnesota's population aged 65 and older will increase by 23%. In contrast, our population aged 25 to 44 will decline by more than 14%; and
3. a substantial number of today's young adults are not completing high school or post-secondary training and as a result, many float directionless around a pool of low-skill, low-paying jobs. The current system does not adequately serve many young adults each year:
  - In 1990, 5.1% (15,200) of Minnesota's youth, age 16 to 19, were high school dropouts.
  - According to the 1990 census, 16.6% (72,010) Minnesotan's between the ages of 18 and 24 had not completed high school.
  - Of those that had completed high school, 33% had not yet started post-secondary training.

Traditionally, the American educational system has pointed towards earning a baccalaureate degree after a 4 or 5 year academic experience following graduation from high school. The college graduate was then expected to find a job commensurate with the new degree. But in the 1990s there is strong evidence that our traditional school-to-work paradigm no longer works. As larger companies downsize to become more cost efficient, and as small companies expand and grow, there are increasing disparities between what business needs and what our education system is providing. A new comprehensive system for teenaged students needs to be developed which will allow a student to point toward acquiring specific job skills that will be in demand when he/she "graduates".

Minnesota must begin considering steps that could be taken to bring the "supply side" and the "demand side" into synch. Minnesota has developed great programs to supply trained workers, but has never systematically considered whether our supply programs will fit tomorrow's demand. Predicting the "demand side" will not be easy because for many jobs specific skills have not been categorized, and the data needed to project the jobs/skills which will be needed in the future are currently inadequate.

Minnesota must expand the K-12 public education system to include multiple programs that lead to lifelong learning and work. Included among these are youth apprenticeship programs that integrate vocational academic education; classroom and workplace learning; and secondary and postsecondary education. These programs would be high quality, meeting state graduation standards and the standards of business and industry for success in the workplace. They would enhance existing education offerings and equip students to leave high school well prepared to enter the workforce.

Minnesota employers want workers who can attain highly developed technical skills. We must provide programs that give students those skills and the confidence to succeed in the work world.

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

VISION All Minnesotans will make successful education and employment transitions.

GUIDING PRINCIPLES Minnesota's Education and Employment Transitions System must:

- build in each learner a sense of personal responsibility for acquiring the skills necessary for successful education and employment transitions;
- engage representatives of business, education, and the community in partnerships to plan, implement, evaluate, and continuously improve the system;
- respond to the diversity of culture, learning styles, geography, and special needs;
- balance the needs of learners to develop skills necessary for success in life and work and the needs of business to develop skilled, flexible workers;
- assist learners to understand work, the options leading to work, and the tools necessary to make transitions throughout life;
- be future oriented and able to respond to shifting economic conditions and changing technology; and
- demonstrate efficient use of public and private resources to support education, training and retraining programs.

A comprehensive system should have the following components:

- a regularly updated computer-based career planning and development system that provides users with information about current labor market trends and specific job availability;
- a widely accessible and regularly updated age appropriate printed and multi-media information system that helps users understand the skills needed for particular occupations, required coursework in junior high through college, and the ability to help the user identify occupations that match his skills/interests;
- a long-term curriculum-based approach to integrating work awareness, exploration, and preparation into the education of students from early elementary grades through graduation from high school and beyond;
- high quality work-based learning options for all learners including job shadowing, mentorships, service learning, internships, cooperative education, and apprenticeships especially in those fields offering high potential for future employment consistent with global and regional economies;
- strategies to assess learner and system achievement through demonstrating acquired skills and knowledge;

## Strategic Budget for Children and Family Services 1996-97

### PROGRAM: Career Preparation (Continuation)

- professional education, technical assistance, and other support for local program and personnel development; and
- system accountability and customer assurance.

While the total system needs to be much more than just the work-based learning options like youth apprenticeship or internships, these pieces are the ones most in need of a structure that will encourage employer buy-in and business leadership, maximize student options, and permit efficient use of resources.

Minnesota's success in achieving its vision will depend on collaboration among our private business communities, public and private education systems, government agencies, worker representatives, community-based services, and learners. A primary objective during the development period will be to demonstrate how existing public and private resources for education and training can be restructured to maintain the system. Long-term maintenance of Minnesota's comprehensive education and employment transitions system must not depend on new sources of revenue. During a 1 to 4 year period, some additional funds are necessary to demonstrate the efficacy of various system components.

Overall, the system needs to actively engage the business communities in all aspects of planning and implementing system components. The strategies that follow reverse the public sector and "supplier" dominance of Minnesota's education and employment transitions programs and provide incentives for collaboration.

### GOVERNOR'S RECOMMENDATION

1. Establish regional governance structures to plan, implement and assess education and employment transitions programs in each of the state's economic development regions.
  - a. Each regional structure will be comprised of 10 to 15 directors appointed by the Governor. At least 50% of the directors must represent employers in the region. The remaining directors will be selected from among educators, learners, parents, workers, government, and community based organizations. Not more than 20% of the members can represent organizations that deliver education and training services.
  - b. Each regional organization will develop a plan for an education and employment transitions system. Those plans will be based on the system characteristics outlined above and will be tied directly to the economic development opportunities of the region.
  - c. Regional plans will identify public and private education and training services and coordinate their development to meet regional objectives.
  - d. Regional plans will demonstrate how the system will be maintained beyond the start-up period using existing public and private sector education and training resources including

secondary and post-secondary funding, private sector training funds and wages, and public sector training resources.

- e. State funding totalling \$2.0 million for the 1996-97 biennium for system planning and start-up will be administered by the regional structures.
2. Continue current youth apprenticeship demonstration efforts and develop state-level capacity to coordinate interregional system development and assist regional education and employment transitions systems assess, monitor, and improve their performance.
    - a. Coordinate statewide system development to ensure access and program continuity across regional divisions.
    - b. Establish standards for learner and system performance and implement a program of performance assessment, monitoring, and continuous improvement.
    - c. Develop the capacity to:
      - reduce barriers to effective use of state resources;
      - provide technical and other assistance to regions for system component development;
      - develop appropriate professional education programs.
    - d. Continue youth apprenticeship demonstration programs started with funding from the state.
    - e. State funding totalling \$1.8 million for the 1997-97 biennium will be administered by the Department of Children and Education Services (DCES) for the purposes outlined in this section. As discussed earlier in the agency narrative, while most staff from the Department of Education will not be transferred to the DCES until F.Y. 1997, the DCES commissioner will have the discretion to transfer some positions or functions in F.Y. 1996 as needed to administer the program.
  3. Develop a statewide system of labor market information (LMI) that is built on the current and future needs and business for appropriately prepared workers and meets the needs of learners for accurate and timely information about the availability of work and the skills necessary for successful entry into high-wage jobs.

The DCES will receive \$1.2 million during the 1996-97 biennium to administer the LMI system. The commissioner has discretion to contract with other agencies, such as the Department of Trade and Economic Development, as appropriate for this activity.
  4. The MDE on behalf of the state of Minnesota will seek federal funding of up to \$25 million over 5 years from the School-To-Work Opportunities Act of 1994 for the efforts described above. The DCES commissioner would have the discretion to transfer the MDE staff involved in this function as early as F.Y. 1996.
  5. In addition to the total of \$5 million in one-time funds recommended here, ongoing funding would be provided from 2 sources:
    - a. through the Post-Secondary Education Options program with some modifications to make



Strategic Budget for Children and Family Services 1996-97

PROGRAM: Career Preparation  
(Continuation)

the funding cost neutral over the extended life of the apprenticeship. Essentially, current general education funding for 11th and 12th grade students would follow them to programs such as Youth Apprenticeships.

- b. through the use of current funds for the vocational technical system going into the Higher Education Board (HEB) base. The HEB would be asked to reserve in its budget approximately \$2,000 per year per apprentice enrolled in one of the programs. The boards could use these funds to negotiate with the HEB for training in HEB locations. If they could not reach agreement with HEB, the HEB would pay these amounts to the education and employment transition boards.
6. The Governor's Task Force on Higher Education and the Economy will be asked to consider alternative or additional ways in which greater incentives can be provided to Minnesota's higher education systems to be more responsive to the needs of employers in a rapidly changing international economy.

Total funding for DCES career preparation operations and programs in F.Y. 1997 is shown in the table below.

From Department of Education	
General Fund .....	\$ 503
Federal Funds .....	1,705
Other Funds .....	1,063
From Education Aids	
General Fund .....	\$ 1,712
Federal Funds .....	3,266
Other Funds .....	-0-
From Other Agency Operations Transferred In	
General Fund .....	\$ 63
Federal Funds .....	405
Other Funds .....	-0-
From Other Agency Grants Transferred In	
General Fund .....	\$ 2,990
Federal Funds .....	15,842
Other Funds .....	-0-
From New Operations Funds Recommended In This Budget	
General Fund .....	\$ 600
From New Grant Funds Recommended In This Budget	
General Fund .....	\$ 1,900
Total Operations and Grants .....	\$ 30,049

NOTE: Included in the above totals are transfers from the Youth Employment and Training Program of the Department of Economic Security totaling \$19,300,000. These transfers are shown on the Family and Community Services program fiscal page.

1996-1997 BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

AGENCY: CHILDREN AND EDUCATION SERVICES  
PROGRAM: CAREER PREPARATION

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
CAREER PREPARATION						2,500			5,771
TOTAL EXPENDITURES BY ACTIVITY						2,500			5,771
GOV'S INITIATIVES:			FUND						
(B) EDUCATION/EMPLOYMENT TRANSITION INITIATIVE			GEN			2,500			2,500
(B) TRANSFER FROM DEPARTMENT OF EDUCATION			GEN						503
(B) TRANSFER FROM DEPARTMENT OF EDUCATION			SR						492
(B) TRANSFER FROM DEPARTMENT OF EDUCATION			FED						1,705
(B) TRANSFER FROM DEPARTMENT OF EDUCATION			G&D						8
(B) TRANSFER FROM DEPARTMENT OF EDUCATION			AG						563
TOTAL GOV'S INITIATIVES						2,500			5,771
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL						2,500			3,003
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE									492
FEDERAL									1,705
GIFTS AND DEPOSITS									8
AGENCY									563
TOTAL FINANCING						2,500			5,771
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									19.0

**PROGRAM:** Family and Community Services

**INTRODUCTION:**

Minnesota state government manages and funds a complex array of services for children and families. The federal government sponsors another large set of services targeted at children and families, a number of which are not directly linked to state programs. As these resources move from the state and federal levels to the local level, a maze of parallel funding streams, intergovernmental relationships, and service delivery corridors is formed. A year ago, resource inventory work for the Minnesota Children's Initiative identified programs in this maze (outside of the core K-12 education function) with estimated total biennial funding from all public sources of \$4.4 billion.

As the federal government and Minnesota's local governments (through the Family Services Collaboratives program) restructure funding and service delivery systems to address this challenge, state government must also respond. The proposed new DCES, along with the funding consolidation strategy described below, is Minnesota's response.

**GOVERNOR'S RECOMMENDATION:**

The Family and Community Services function in DCES will be the focus for the state's family and children's policy and system development effort, with the initial emphasis on early childhood services to children ages 0-6. However, this function will not stand independently of its other major state government partners (Department of Health (DOH), Economic Security (ES), and Department of Human Services (DHS), and a number of other small agencies. Through the Children's Cabinet, the major responsibilities for children and family policy and funding which will remain in those 3 agencies will be closely coordinated with services of the new agency. Other possible program responsibility changes will be examined closely, as described below.

Co-location and transfer of policy direction and administrative control for a number of critical programs which address similar results for children and families will provide a new leadership focus and enhance policy coordination and collaboration within state government. It will also:

- reduce existing service fragmentation;
- enhance the ability of state government to help local governments and communities to flexibly design services that will work best for their communities; and
- improve the capabilities of both state and local government to focus resources on measurable outcomes to improve the well-being of children and families.

Programs within the Family and Community Services function are shown in Chart 3. The Governor is recommending that several of these programs receive significant increases in F.Y. 1996-97. They are as follows:

	<u>Dollars in Thousands</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
■ Child Care	\$12,396	\$28,450
■ Family Services Collaboratives	7,000	8,000
■ Information Redesign	500	500

Further detail on these recommendations can be found in the budget documents of the agencies from which these programs are transferred.

**FUNDING CONSOLIDATION**

Legislation to be introduced in the 1995 legislative session will enable local governments, *at their option*, to consolidate, for purposes of collaborative policy development and service delivery, funding currently received through a number of state and federal categorical grants.

This strategy, which will be implemented as early as January 1996, will:

- facilitate cohesive state, local and intergovernmental policy development;
- provide local flexibility needed to shape and deliver appropriate holistic services with optimum cost effectiveness; and
- focus state and local government resources on service quality and outcomes management rather than grants processes.

The guiding system development principles behind consolidation, which go hand in hand with the new agency strategy, are:

- a family focus;
- accountability for outcomes;
- integration of services;
- preventive and developmental; and
- local "ownership" and control.

The consolidated funding concept and process is quite similar to earlier efforts of the state to provide flexible funding. These include the Community Health Services (CHS), Community Social Services (CSSA), and Community Corrections "block" grants and others, such as Learning Readiness, which give grantees significant discretion. But there are significant differences which will provide local governments and communities with much more freedom to shape services:

- Consolidation at the local level means that, by appropriate intergovernmental agreement, these funds can be "blended" with funds of other local governments and organizations, without detailed service contracts and without detailed audit trails. Local flexibility is extended considerably.
- Consolidation at the local level does not mean the state is creating another broad categorical with detailed regulations and reporting requirements. The basis of accountability should be strong outcome planning and evaluation, not regulation and reporting. The state, in partnership with local governments and organizations, will develop up-front planning and evaluation standards to assure such accountability.

The state will continue to explore new service delivery approaches or service expansions with local government. Professional discipline expertise will continue to focus on emerging challenges. However, this work will be of a developmental or demonstration nature and will not result in the creation of new categorical programs.

Like the federal government, Minnesota state government has, over the years, developed a number of programs which address a particular problem, population group, or service. There were many

## Strategic Budget for Children and Education Services 1996-97

### PROGRAM: Family and Community Services (Continuation)

sound reasons for their creation. Because they were targeted, it was believed they would achieve accountability. They enabled state and local government professionals in the respective disciplines to focus their expertise. And because they carried their own "identity," advocacy groups and sponsors could rally around them. As a result, Minnesota has large and diverse investments which have helped the state to maintain a high quality of living standard.

However, these investments now present major challenges. Parts of the service systems are fragmented, thus preventing holistic treatment of problems and clouding accountability for results. Some services are overly targeted, with the result that some children and families "fall through the cracks." Often, the focus seems to be on "services" — not outcomes, thus further diminishing accountability. And, to the extent these programs reflect only state government priorities, they often do not give local governments and organizations the flexibility to respond to community priorities.

Over the past several years state and local government has begun to address this challenge. These efforts include the Children's Cabinet; the Legislative Commission on Children, Youth, and Their Families; the Family Service Collaboratives grant program; and other initiatives listed in Chart 4. This work provides a solid foundation for decategorization and funding consolidation.

Under the consolidated funding approach, local government and other local grantees who have formed a collaborative association for purposes of developing local policy and integrating service delivery to children and families may elect to blend some or all of the funds currently received from state and federal categorical programs with other local funding in a consolidated or integrated fund to be governed by the collaborative. The collaborative and local grantees would then be accountable for using blended funds to address outcomes consistent with the current categorical program as specified in a collaborative plan to be reviewed and approved by the state. Each grantee's funding would be calculated as per current law for each categorical. Initially, 50 categorical programs would be included in this strategy. Consolidation of federal program funding would be conditioned on necessary waivers or federal law changes to be obtained by state and local governments. Proposed legislation will define the local collaborative or association as in the existing family services collaboratives grants legislation—that is, at least 1 school district, 1 county, and 1 public health organization. The planning and service delivery areas would be consistent with county boundaries, with special provisions for jurisdictions which cross county lines. It is envisioned that cities and other organizations throughout a county would also become part of the collaborative and that multi-county area collaboratives would be formed.

This strategy will not be mandated. Local grantees in areas of the state not ready for the strategy would continue to receive funding per existing law.

To implement this strategy, the state government would work with its major partners, as described under the new agency strategy, to develop local planning, state review, and accountability procedures. The schedule calls for completion of these procedures/requirements by October 1, 1995. This would enable local "collaboratives" or similar associations who have had a history of

collaboration and who meet all requirements, to be eligible to receive funding for consolidation locally by January 1, 1996. It is anticipated that, because of the significant lead time for local decision-making and the disciplined planning which will be required, only a few areas will be able to pursue the January 1996 program entry schedule. However, it is planned to allow entry into the program every 6 months. Thus, areas not prepared by January can enter in July 1996 or at any 6-month point thereafter.

Since areas of the state vary in their readiness to achieve the level of integrated planning and service delivery envisioned by this strategy, both state policy and the implementation schedule must be flexible. It is believed that full implementation will take at least 4 to 6 years. (See Chart 4.) Local grantees working collaboratively will be given the flexibility to set their own timetable for consolidating funding. Some may opt to consolidate a number of grants early; others may opt to start with only 4 or 5, then phase-in others based on findings of local planning and analysis.

It is the intent of this strategy to achieve consolidation of funding statewide over a period of years. Thus, ultimately, local governments and organizations would receive funding in very large "blocks" consisting of many formerly categorical dollars.

Existing categoricals to be available for consolidation go somewhat beyond the early childhood and prevention thrust of the new agency family and community services function. This reflects a judgment that each local area should be able to plan for and blend resources for as broad a service continuum as local priorities require, while still preserving a more cautious and limited approach for state government organization.

#### Management Support System

For both the new agency and funding consolidation strategies to work, certain basic support system elements, which unify state agency work and link state government and local government, must be in place. This process has begun and will be accelerated by several budget recommendations for F.Y. 1996-97 discussed elsewhere.

The major support system elements are:

- Unification of System Change;
- Information Management;
- Evaluation Capacity Development;
- Outcome-Based Budget Systems; and
- Removing Barriers to Service Integration.

Each of these elements is described briefly below:

#### ■ Unification

Over a period of time, state and local governments have focused efforts on persons in our communities with unique needs, and a specific set of services and other delivery system strategies designed to meet those needs. Recently, both levels of government have attempted to broaden these efforts by creating "integration" or "collaborative" ventures centered on those targeted groups and delivery systems. The Children's Initiative planning work with the Pew Trusts identified 7 such collaboratives involving significant state involvement. A major successful current venture is the Children's Mental Health Collaboratives program. It is

**Strategic Budget for Children and Education Services 1996-97**

**PROGRAM:** Family and Community Services  
(Continuation)

believed there are many more collaboratives which are either special state efforts, or regional or area-based. These ventures have often been successful in addressing the defined target group, but they have also hampered broader collaboration and have diluted resources at the local level.

We must now define a framework in which these diverse collaborations can be unified. It is believed that both the new agency strategy and the funding consolidation strategy will help accomplish this goal.

■ **Evaluation Capacity Development**

As state and local governments move toward funding consolidation with a focus on outcomes, greatly enhanced evaluation technical skill and information support will be indispensable. This work has started in individual agencies and will be reinforced by the Children's Initiative work.

■ **Outcome-Based Budgeting**

The state has taken a major step forward with the performance reporting system implemented during the current biennium. Some local governments have progressed still further. Unification, information management, evaluation capacity, and accounting system work must be coordinated to flow into budget system improvements.

■ **Removing Barriers to Service Integration**

"Mandate reform," health care waivers and other work have already given the state momentum in building this component. Funding consolidation and broad federal waivers will be another large step forward. The executive branch will continue to develop new approaches for consideration by the legislature as appropriate.

Total funding for DCES Family & Community Services operations and programs in F.Y. 1997 is shown in the table below.

From Department of Education	
General Fund .....	\$ 737
Federal Funds .....	2,624
Other Funds .....	2
From Education Aids	
General Fund .....	\$ 42,115
Federal Funds .....	11,148
Other Funds .....	-0-
From Other Agency Operations Transferred In	
General Fund .....	\$ 1,287
Federal Funds .....	1,019
Other Funds .....	468
From Other Agency Grants Transferred In	
General Fund .....	\$ 65,104
Federal Funds .....	43,667
Other Funds .....	-0-
From New Operations Funds Recommended In This Budget	
General Fund .....	\$ -0-
From New Grant Funds Recommended In This Budget	
General Fund .....	\$ -0-
Total Operations and Grants .....	\$ 168,171

The Governor's local grants and aids budget recommendations also include changes that can be beneficial to family and community service programs. The Governor's local aids budget recommends that several general purpose city, county, town, and special district aids be consolidated into a single county-wide homestead block grant. These aid programs include City/Township Local Government Aid (LGA); Homestead Agricultural Credit Aid (HACA, both basic and mobile home); Disparity Reduction Aid (DRA); and Attached Machinery Aid. Specifically, the Governor recommends that current law formulas be used to distribute these aids to cities, counties, townships, and special districts in 1996 per his recommended funding level. These aids would then be summed to the county level, establishing the initial base year funding amount for the new county homestead block grant.

Beginning in C.Y. 1996, the Governor also recommends that each county establish an Aid Distribution Council (ADC) which will have the responsibility and the authority to allocate their county block grant dollars (the first year that these ADC's would affect within county aid distributions would be C.Y. 1997) within their respective counties based on local needs and program priorities. Each ADC will be comprised of an equal number of representatives from the governing bodies of the county government, cities, and school district taxing jurisdictions from within the county.

1996-1997 BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

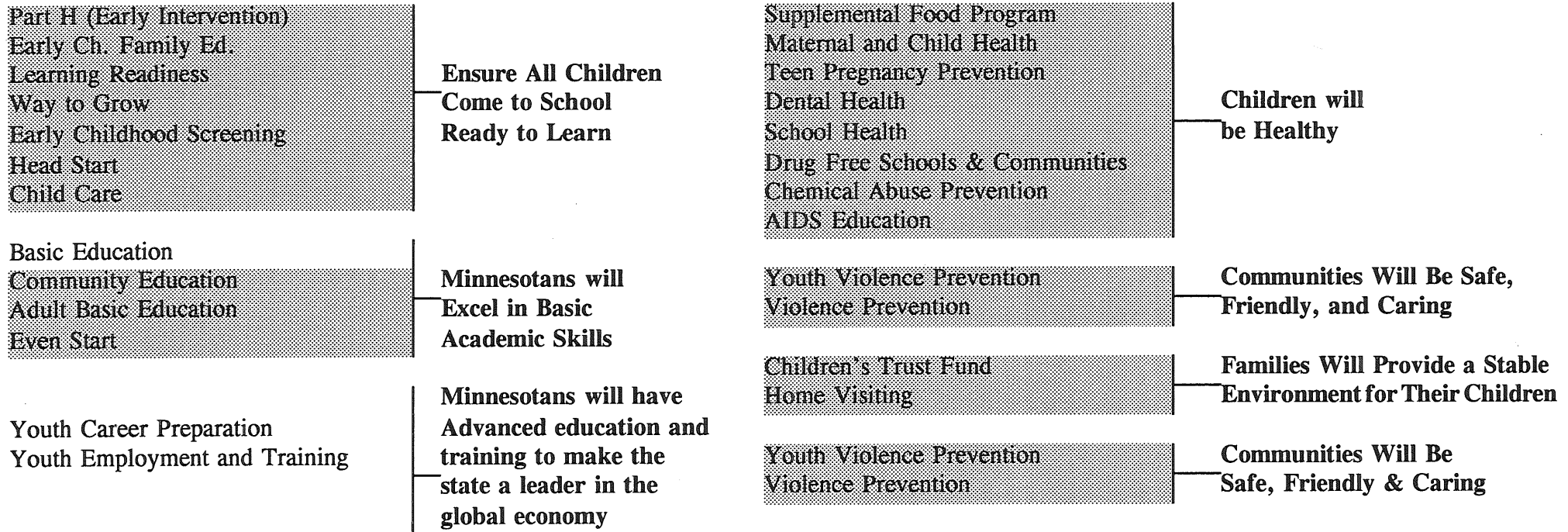
AGENCY: CHILDREN AND EDUCATION SERVICES  
PROGRAM: FAMILY AND COMMUNITY SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FAMILY AND COMMUNITY SERVICES									134,208
TOTAL EXPENDITURES BY ACTIVITY									134,208
GOV'S INITIATIVES:									
(P) TRANSFER FROM MN PLANNING									500
(P) TRANSFER FROM MN PLANNING									348
(P) TRANSFER FROM ECONOMIC SECURITY									15,187
(P) TRANSFER FROM ECONOMIC SECURITY									17,787
(P) TRANSFER FROM HUMAN SERVICES									53,160
(P) TRANSFER FROM HUMAN SERVICES									43,146
(P) TRANSFER FROM HUMAN SERVICES									120
(P) TRANSFER FROM HEALTH DEPARTMENT									597
(P) TRANSFER FROM DEPT OF EDUCATION									737
(P) TRANSFER FROM DEPT OF EDUCATION									2
(P) TRANSFER FROM DEPT OF EDUCATION									2,624
TOTAL GOV'S INITIATIVES									134,208
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL									70,181
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE									122
FEDERAL									45,770
FEDERAL MDES									17,787
GIFTS AND DEPOSITS									348
TOTAL FINANCING									134,208
FTE BY EMPLOYMENT TYPE:									
REGULAR									
TOTAL FTE									72.1

Chart 3

Program Responsibilities

Family and Community Services Function



**Responsibilities of Family and  
Community Services Shaded**

## CHART 4

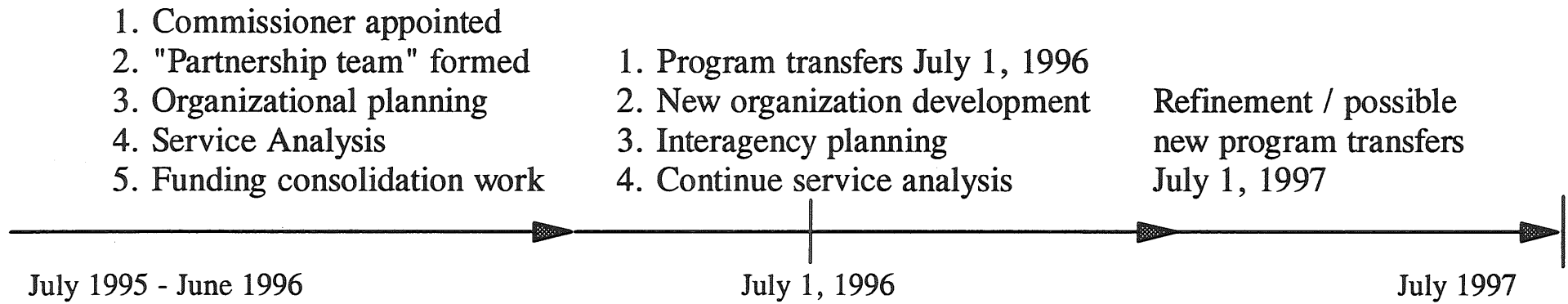
### MINNESOTA INITIATIVES TO IMPROVE SYSTEM INTEGRATION AND ACCOUNTABILITY

- Children's Cabinet
- Legislative Commission on Children, Youth, and Their Families
- Family Service Collaboratives
- Children's Mental Health Collaboratives
- Health Care Reform
- Milestones
- Study of Government Spending
- Statewide Accounting System Development
- Performance Reporting
- Integrated Children and Family Services Data Plan
- Statewide Information and Referral System Development
- Minnesota Children's Initiative
- Project Cornerstone

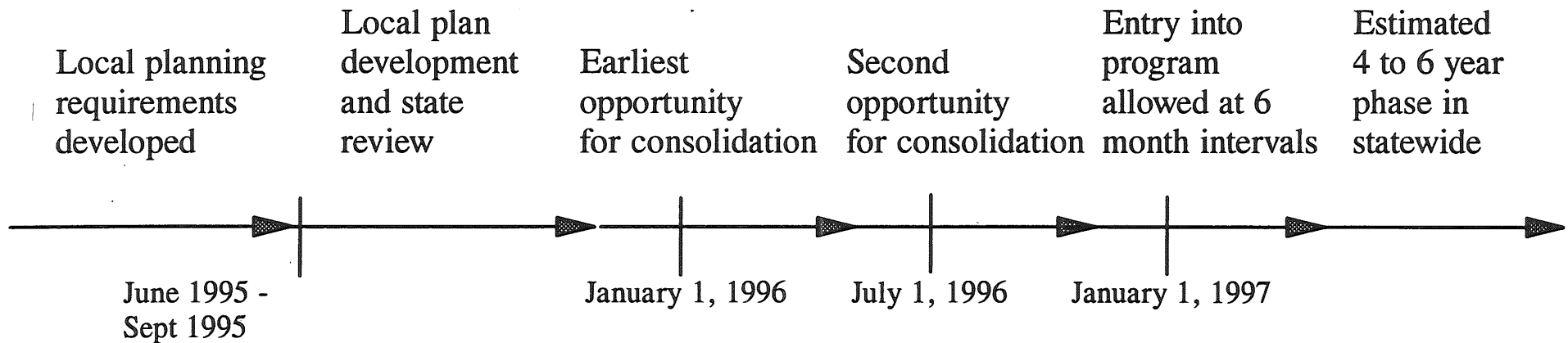


Chart 5

## Planning and Implementation Schedule



## Establishment of New Agency



## Funding Consolidation

Strategic Budget for Children and Family Services 1996-97

Program: Family and Community Services

APPENDIX A

Dollars in Thousands

	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
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I. Programs to be transferred to Department of Children and Education Services and to be available for consolidation at the local level

	Expenditures (Dollars in Thousands)				
	Estimated Governor Recommendation				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
<u>Department of Economic Security</u>					
1. Head Start					
State	\$8,481	\$11,498	\$11,506	\$11,506	\$11,506
2. Project Cornerstone					
Federal	59	48	100	100	100
3. Youth Violence Prevention					
State	600	603	1,798	628	628
Federal	<u>952</u>	<u>1,366</u>	<u>1,440</u>	<u>1,440</u>	<u>1,440</u>
Total	1,552	1,969	3,238	2,068	2,068
4. Youth Employment and Training					
State	3,558	5,564	5,158	3,804	3,053
Federal	<u>10,385</u>	<u>16,550</u>	<u>16,247</u>	<u>16,247</u>	<u>16,247</u>
Total	<u>13,943</u>	<u>22,114</u>	<u>22,351</u>	<u>20,051</u>	<u>19,300</u>
Subtotal for transfer F.Y. 1997				32,974	

Minnesota Planning

5. Information Redesign					
State	-0-	-0-	-0-	500	500
6. Action for Children					
Other	41	14	-0-	-0-	-0-
7. Teen Pregnancy Prevention					
Other	312	309	168	168	168
8. Minnesota Children's Initiative					
Other	149	56	180	180	180
Subtotal for transfer F.Y. 1997				848	

Department of Human Services

9. Child Care					
(Admin shown only in F.Y. 1997)					
State	18,671	22,634	23,694	33,086	45,851
Federal	<u>23,807</u>	<u>30,068</u>	<u>33,130</u>	<u>36,134</u>	<u>39,592</u>
Total	42,478	52,702	56,824	69,220	85,443
10. Children's Trust Fund					
State	295	20	22	372	372
Federal	47	72	113	363	363
Other (Spec. Rev.)	<u>742</u>	<u>972</u>	<u>470</u>	<u>120</u>	<u>120</u>
Total	1,084	1,064	605	855	855
11. Migrant Child Care					
State	200	200	200	300	300
Federal	<u>447</u>	<u>447</u>	<u>447</u>	<u>447</u>	<u>447</u>
Total	647	647	647	747	747
12. Family Service Collaboratives					
State		2,500	1,000	3,500	4,000
13. Child Care Resource/Referral					
State	592	588	588	888	988
Federal	<u>488</u>	<u>652</u>	<u>540</u>	<u>540</u>	<u>540</u>
Total	1,080	1,240	1,128	1,428	1,528
14. Child Care Service Development					
State	881	515	535	527	1,649
Federal	<u>1,162</u>	<u>2,059</u>	<u>1,864</u>	<u>1,864</u>	<u>2,204</u>
Total	2,043	2,574	2,399	2,391	3,853
Subtotal for transfer F.Y. 1997					96,426
<u>Department of Health</u>					
15. Dental Health					
State	196	208	196	196	232
16. Home Visiting					
State	242	300	300	300	300
17. School Health					
State	65	65	65	65	65
Subtotal for transfer F.Y. 1997					597

Strategic Budget for Children and Family Services 1996-97

Program: Family and Community Services  
(Continuation)

APPENDIX A

Expenditures (Dollars in Thousands)					
	Estimated Governor Recommendation				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
<b>Department of Health Conditional Transfer</b>					
18a. Special Supplemental Food Program for Women, Infants, and Children (WIC)					
State	890	2,990	2,990	2,990	2,990
Federal	40,119	39,714	41,613	41,613	41,613
Other	9,104	12,167	15,623	15,623	15,623
<b>Total</b>	<b>50,113</b>	<b>54,871</b>	<b>60,226</b>	<b>60,226</b>	<b>60,226</b>
18b. Commodity Supplemental Food Program for Mothers and Children (MAC)					
Federal	600	516	561	561	561
19. Maternal Child Health (MCH)					
State	3,994	3,604	4,011	3,734	3,734
Federal	8,066	9,589	9,261	9,261	9,261
Other	178	235	630	630	630
<b>Total</b>	<b>12,238</b>	<b>13,428</b>	<b>13,902</b>	<b>13,625</b>	<b>13,625</b>
<b>Department of Education (Grants funding only.)</b>					
20. Community Education					
State	3,464	3,101	3,319	1,921	846
21. Adult Basic Education					
State	5,869	5,904	7,998	8,374	8,374
Federal	158	352	414	414	414
<b>Total</b>	<b>6,027</b>	<b>6,256</b>	<b>8,412</b>	<b>8,788</b>	<b>8,788</b>
22. Even Start					
Federal	624	1,197	1,266	1,266	1,266
23. Early Intervention Services for Infants and Toddlers with Disabilities (Part H)					
State	-0-	-0-	-0-	-0-	2,035
Federal	1,464	1,124	3,202	3,202	3,202
<b>Total</b>	<b>1,464</b>	<b>1,124</b>	<b>3,202</b>	<b>3,202</b>	<b>5,237</b>
24. Early Childhood Family Education (ECFE)					
State	13,123	13,464	13,876	13,919	13,921
25. ECFE — Tribal Contract Schools					
State	68	68	68	58	58

	Expenditures (Dollars in Thousands)				
	Estimated Governor Recommendation				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
26. Learning Readiness					
State	-0-	9,485	9,515	9,504	9,505
27. Way to Grow					
State	143	475	475	409	409
28. Violence Prevention					
State	1,449	1,450	1,450	1,450	1,450
29. Early Childhood Screening					
State	1,666	1,543	1,550	1,352	1,317
30. Family Service Collaboratives					
State	-0-	4,470	-0-	3,500	4,000
31. Drug Free Schools and Communities					
Federal	9,189	8,914	6,239	6,239	6,239
32. Chemical Abuse Prevention					
State	324	203	200	200	200
33. AIDS Education					
Federal	4	26	27	27	27
<b>Total Education F.Y. 1997</b>					<b>53,263</b>
<b>Total Transfer F.Y. 1997 ES, MN Pl., DHS, DOH (excludes 18a, b, and 19)</b>					<b>130,845</b>
<b>TOTAL EDUCATION AND TRANSFERS</b>					<b>184,108</b>

Program: Family and Community Services  
(Continuation)

APPENDIX A

II. Description of Programs to be Transferred to Department of Children and Education Services and to be available for consolidation locally.

Department of Economic Security

1. *Head Start* serves children age 3-5 and their families. Its goal is to develop a greater degree of social competence in children and to promote economic self sufficiency for parents. It addresses emotional, social, health, nutritional, and psychological needs of children in low income families. Federal funding granted directly to community programs are supplemented by state appropriations.
2. *Project Cornerstone* is a federally funded state and local collaborative program designed to link Head Start services to other community resources.
3. *Youth Violence Prevention* consists of a set of state and federally funded activities designed to reduce the number of youth entering or re-entering the juvenile justice system. Its components are: Juvenile Justice; Youth Intervention; City Grants (violence prevention); and Truancy and Curfew Centers.
4. *Youth Employment and Training* activities, which are supported by both federal funds and state appropriations, seek to enhance long-term employability of economically disadvantaged and/or at risk youth; and to place economically disadvantaged and/or at-risk youth in unsubsidized employment. It includes the federally funded summer youth program, the Minnesota Youth Program (year-round services), the federally funded year-round Youth Training Program, and the Minnesota YouthBuild program.

Minnesota Planning

5. *Information Redesign* is a proposed follow-up to the information management plan now being developed. It will shorten design phases of future systems/projects and reduce the development of duplicate applications and increase interagency data accessibility.
6. *Action for Children* is an advisory bipartisan commission created in 1991 to develop recommendations for bettering the lives of Minnesota's children. It consists of 25 leaders in education, business and government. Minnesota Planning provides staff assistance to the commission, which receives private sector gift funding.
7. *Teen Pregnancy Prevention*, which receives foundation funding, helps Minnesota communities build local collaboratives to reduce teen pregnancy and promote youth development. It provides education, information, and technical assistance services.
8. *Minnesota Children's Initiative* is a 3-year project funded by the Pew Charitable Trusts which focuses on delivery system changes designed to improve service access, cohesive and consistent system change, improved resource utilization, and enhanced capacity to obtain and

use system feedback. It is a partnership between the state, Becker and Cass counties, and the city of St. Paul.

Department of Human Services

9. *Child Care* provides state and federally supported financial assistance which enables parents in families meeting income eligibility standards to pursue education, job search, and employment opportunities. It consists of five components: AFDC Employed, STRIDE, ACCESS, Transition Year, and Basic Sliding Fee.
10. *Children Trust Fund* provides funding to community-based programs designed to help prevent child maltreatment and to provide education, leadership, and resources to local prevention organizations and programs. It receives support from state appropriations and federal grants.
11. *Migrant Child Care* provides comprehensive, culturally relevant early childhood care and education services for children of Hispanic migrant families while their parents are working in the fields. Services are provided through 13 grantees throughout the state.
12. *Family Service Collaboratives* grants are provided to local collaboratives consisting of local governments and other community organizations to design and implement integrated service delivery systems which will improve outcomes for children and families. This program is funded by appropriations to both Department of Human Services and the Department of Education.
13. *Child Care Resource and Referral* improves and expands child care services and helps families access appropriate care. Grants funded by state and federal resources are provided to 20 regional child care resource and referral agencies.
14. *Child Care Service Development* improves and expands child care services by supporting, through grants to local agencies, facilities, training and special services; and by providing interim financing.

Department of Health

15. *Dental Health* provides professional leadership, supervision, and management in developing statewide dental public health programs.
16. *Home Visiting* provides grants and technical assistance to local public health agencies which support home visiting services designed to prevent childhood injury, abuse, and neglect.
17. *School Health* provides consultation and support on health-related issues.

Department of Health Conditional Transfers

18. *Supplemental Food Program*, which seeks to prevent the occurrence of nutrition-related health problems, consists of the Special Supplemental Food Program for Women, Infants, and Children (WIC) and the Commodity Supplemental Food Program for Mothers and Children (MAC). This program provides nutritious foods, nutrition education serves, and linkages to other health services for low income pregnant women and children.

Program: Family and Community Services  
(Continuation)

APPENDIX A

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19. *Maternal and Child Health* provides grants to local agencies (which are funded by both federal and state resources), guidelines, and technical assistance designed to strengthen outreach and education, and ensure the provision of adequate and timely prenatal care which will ensure optimal pregnancy outcomes.

Department of Education

20. *Community Education* provides a broad range of lifelong education services beyond the regular K-12 program for persons of all ages. These services are recommended by local advisory committees and approved by the local school board.
21. *Adult Basic Education* provides educational and risk-reduction support services appropriate for adults whose educational levels are barriers to full participation in society. These services help uneducated and undereducated adults to improve individual and family skills.
22. *Even Start* is a family literacy program which includes academic instruction for adults eligible for adult basic education and parent/child education programs.
23. *Early Intervention Services for Infants and Toddlers with Disabilities (Part H)* is a federal and state (as of F.Y. 1997) funded collaborative program which provides services to children ages birth to 3 years and their families.
24. *Early Childhood Family Education* serves families with children from birth to kindergarten enrollment. Programs involve both parents and children and are tailored to meet the defined needs of each community.
25. *Early Childhood and Family Education — Tribal Contract Schools* supports Early Childhood Family Education services for parents and children enrolled or eligible for enrollment in a federally recognized American Indian Tribe.
26. *Learning Readiness* services address the health, nutrition, and social service needs of 4-year-old children with the goal of enhancing future school success. It represents not a "separate" program but instead a concept for providing a continuum of services tailored to individual needs.
27. *Way to Grow* provides funding for 5 community level programs which serve children pre-birth to age 6. Services promote intellectual, social, emotional, and physical development, and school readiness by coordinating and improving access to community and neighborhood based services.
28. *Violence Prevention* provides grants to city, county, school district, and neighborhood organizations to identify and address community needs related to violence prevention.
29. *Early Childhood Screening* provides early detection of health, developmental, and family

factors that may interfere with learning, growth, and development; supports planning for educational and health programs focusing on those at risk; and links families to learning readiness initiatives.

30. *Family Service Collaboratives* provides education's share of funding for the program described under Department of Human Services.
31. *Drug Free Schools and Communities* assists district to establish, operate, and improve programs of drug abuse education and prevention in coordination with related community efforts and resources to eliminate the use of drugs and alcohol by youth.
32. *Chemical Abuse Prevention (Alcohol-Impaired Driver)* provides educational services designed to reduce alcohol-related accidents, deaths, and injuries and the incidence of impaired driving by youth.
33. *AIDS Education* supports education services designed to prevent the spread of HIV/AIDS among youths.

Strategic Budget for Children and Family Services 1996-97

Dollars in Thousands

	Estimated Governor Recommendation				
F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997	

Program: Family and Community Services

APPENDIX B

II. Programs available for consolidation at local level (In addition to those in Appendix A) and to be reviewed for possible future transfer to DCES

	Expenditures (Dollars in Thousands)				
	Estimated Governor Recommendation				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
<b>Department of Public Safety</b>					
1. Drug Policy and Violence Prevention					
State	\$1,549	\$2,171	\$4,644	\$2,202	\$2,203
Federal	<u>7,710</u>	<u>7,125</u>	<u>6,228</u>	<u>7,039</u>	<u>7,039</u>
Total	8,659	9,296	10,872	9,241	9,242
<b>Department of Human Services</b>					
2. Family Preservation					
State	3,298	3,298	3,298	3,298	3,298
Federal	<u>1,300</u>	<u>1,650</u>	<u>1,650</u>	<u>2,350</u>	<u>2,500</u>
Total	4,598	4,928	4,948	5,648	5,798
3. Community Social Services					
State	55,807	51,302	50,676	51,676	53,102
Federal	<u>46,150</u>	<u>46,777</u>	<u>47,419</u>	<u>47,419</u>	<u>47,419</u>
Total	101,957	98,079	98,095	99,095	100,521
4. Project Empowerment (chronic neglect)					
State	100	100	100	100	100
5. Family Preference-Bonus Incentive					
State	525	745	725	725	725
6. Families First					
State	520	723	720	720	720
7. Child Abuse Basic Grant					
Federal	53	102	172	172	172
8. Children's Justice					
Federal	162	127	182	182	182
9. Crisis Nurseries					
State	-0-	75	250	550	550
Federal	<u>222</u>	<u>371</u>	<u>371</u>	<u>371</u>	<u>371</u>
Total	222	446	621	921	921

10. Independent Living					
Federal	881	1,331	1,305	1,305	1,305
11. Safe House					
State	133	133	133	133	133
12. Substance Abuse Prevention					
State	89	350	350	350	350
Federal	<u>758</u>	<u>487</u>	<u>500</u>	<u>-0-</u>	<u>-0-</u>
Total	847	837	850	350	350
13. Asian Youth/Child Welfare					
State	80	79	80	80	80
14. Asian Youth					
State	391	466	500	500	500
15. Family Safety Centers					
State	164	195	200	200	200
16. Indian Child Welfare					
State	1,531	1,484	1,638	1,509	1,509
Federal	<u>-0-</u>	<u>-0-</u>	<u>425</u>	<u>425</u>	<u>425</u>
Total	1,531	1,484	2,063	1,934	1,934
17. Maternal & Child Health					
State	837	843	859	609	609
18. Minorities Families First					
State	460	460	460	460	460
19. Asian Coalition for Youth					
Federal	-0-	-0-	540	540	540
20. Adoption Assistance					
State	1,674	3,225	3,680	5,579	7,047
Federal	<u>1,749</u>	<u>2,544</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
Total	3,423	5,769	6,680	8,579	10,047
<b>Department of Corrections</b>					
21. Victim Services					
State	6,283	7,943	10,315	10,797	10,897
Federal	1,460	1,541	1,605	1,585	1,585
Other (Spec. Rev.)	<u>218</u>	<u>220</u>	<u>76</u>	<u>76</u>	<u>76</u>
Total	7,941	9,704	11,996	12,458	12,558

Strategic Budget for Children and Family Services 1996-97

Program: Family and Community Services  
(Continuation)

APPENDIX B

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Expenditures (Dollars in Thousands)

Estimated Governor Recommendation

F.Y. 1993 F.Y. 1994 F.Y. 1995 F.Y. 1996 F.Y. 1997

Department of Health

22. Family Planning Special Project Grants					
State	2,055	3,827	3,855	3,855	3,855

Strategic Budget for Children and Family Services 1996-97

Program: Family and Community Services  
(Continuation)

APPENDIX B

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- II. Description of programs available for consolidation at local level (in addition to those in Appendix A) and to be reviewed for possible future transfer to DCES (Note: Only major programs are described here. The regular budget documents and the Annual Performance Report contain descriptions of most of those programs shown in Section I, but not described here)

Department of Public Safety

1. *Drug Policy and Violence Prevention* supports a broad range of grants to state agencies, local governments, and other local organizations designed to reduce drug abuse and violence and reduce the supply of drugs. In addition to grant-making, the program provides information, technical assistance, and training; and fosters cooperation among the various organizations involved in reducing violence and drug abuse.

Department of Human Services

2. *Family Preservation* provides grants to counties which support family-based in-home services designed to strengthen families and offer an alternative to out-of-home placement, or return a child home from placement.
3. *Community Social Services* provides grants to counties which can be used flexibly to deliver services to children and families and disabled adults and the elderly.

4-20 Other

Department of Corrections

21. *Victim Services* provides grants to local agencies who provide services to battered women and their children, victims of sexual violence, child abuse, and other crimes. The program also provides technical assistance and training for grantees, and supports the efforts of local constituency programs.

Department of Health

22. *Family Planning* provides project grants to local communities who deliver services designed to reduce unintended pregnancies and assist women in planning pregnancy.



Strategic Budget for Children and Family Services 1996-97

Program: Family and Community Services

APPENDIX C

Programs to be reviewed to determine feasibility of transfer to Department of Children and Education Services or consolidation at local level

	Expenditures (Dollars in Thousands)				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	Estimated Governor Recommendation F.Y. 1996	F.Y. 1997
<u>Department of Economic Security</u>					
1. Community Services Federal	\$4,625	\$4,655	\$4,600	\$4,600	\$4,600
2. Weatherization Federal	8,693	9,000	9,000	9,902	9,902
3. Energy Assistance (2 accounts) Federal	54,338	76,092	64,046	52,000	52,000
4. Shelter (2 accounts) Federal	626	964	1,373	1,166	1,166
5. Temporary Housing Federal	418	860	860	860	860
6. Lead Abatement State	-0-	92	308	200	200
7. Minnesota Economic Opportunity Grant State	1,508	5,699	6,950	7,000	7,000
8. Displaced Homemaker State	1,360	1,361	1,362	1,362	1,362
9. Food Banks State	400	600	600	600	600
10. Surplus Commodities Federal	574	593	571	571	571

Dollars in Thousands

	Estimated Governor Recommendation				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
<u>Department of Human Services</u>					
11. Children's Mental Health State	3,860	4,475	4,734	7,134	12,434
<u>Department of Health</u>					
12. Minnesota Children with Special Health Needs (MCSHN) State	2,870	1,424	1,508	1,501	1,501
Federal	-0-	-0-	100	-0-	-0-
<b>Total</b>	<b>2,870</b>	<b>1,424</b>	<b>1,608</b>	<b>1,501</b>	<b>1,501</b>

*1996-97 Biennium*

*Department of Education Summary*

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**1996-97 Biennial Budget  
Agency Budget Brief  
(\$ in thousands)**

Agency: Education, Department of

Fund: General

**Summary of Agency Actions:**

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<b><u>BASE YEAR (F.Y. 1995)</u></b>	<b>\$15,600</b>	<b>\$15,600</b>	<b>\$31,200</b>
<b><u>BASE ADJUSTMENT:</u></b>			
Appropriations Carried Forward	(968)	(968)	(1,936)
Documented Rent/Lease Increase	39	72	111
Attorney General Costs	<u>(28)</u>	<u>(28)</u>	<u>(56)</u>
<b><u>CURRENT SPENDING</u></b>	<b>\$14,643</b>	<b>\$14,676</b>	<b>\$29,319</b>
<b><u>AGENCY DECISION ITEMS:</u></b>			
Appropriation Cap Reduction	(2,750)	(1,465)	(4,215)
Reallocation Office of Grants and Development	66	66	132
Reallocation Communications Office	52	52	104
Reallocation Building Improvements	(118)	(118)	(236)
Utility Costs for Library Addition	7	7	14
Transfer Youth Apprenticeship Position to MDE	<u>40</u>	<u>40</u>	<u>80</u>
<b><u>AGENCY PLAN</u></b>	<b>\$11,940</b>	<b>\$13,258</b>	<b>\$25,198</b>
<b><u>GOVERNOR'S INITIATIVES</u></b>			
Restore base funding level	2,750	1,465	4,215
Transfer to Department of Children and Education Services		(14,723)	(14,723)
<b>GOVERNOR'S RECOMMENDATIONS</b>	<b>\$14,690</b>	<b>\$-0-</b>	<b>\$14,690</b>

**Brief Explanation of Agency Plan:**

- The plan removes \$968,000 of F.Y. 1995 carryover from the appropriation base each year. The carryover was generated by one-time savings from vacancies and spending restrictions.
- In accordance with budget guidelines, the plan includes base adjustments of \$39,00 in F.Y. 1996 and \$72,000 in F.Y. 1997 to reflect higher lease costs for the Capitol Square Building in the next biennium.
- The plan transfers \$28,000 earmarked for Attorney General reimbursement directly to that office.
- The plan includes an appropriation cap reduction of \$2,750,000 in F.Y. 1996 and \$1,465,00 in F.Y. 1997. These funds represent the proportion of the appropriation limits reduction (Laws 1993, Chapter 224, Article 15, Section 3) attributable to the Department of Education budget.
- The plan reallocates \$118,000, designated for building improvement during FY 95, to emerging priorities: \$66,000 each year for the Office of Grants and Development and \$52,000 each year for the Communications Office.
- The plan includes a \$7,000 transfer from the Minnesota Residential Academies for utility costs at the Minnesota Library for the Blind & Physically Handicapped. These costs were formerly paid by the Academies to the Department of Education, which will assume the direct obligation for payment on July 1, 1995.
- The plan includes a \$40,000 transfer from Minnesota Technology for a Youth Apprenticeship position already receiving work direction from the Department.

**Revenue Summary:**

- The plan includes a fee increase of \$5 (from \$40 to \$45) for teacher and school administrator licenses to fully recover licensure costs as required by Minnesota Statutes. The increase will generate approximately \$135,000 in revenue in F.Y. 1996 and \$137,500 in F.Y. 1997.

**Affected Statutes:** None.

**GOVERNOR'S RECOMMENDATIONS:** The Governor recommends restoring base funding to the FY 1995 level, in the amount of \$2,750.0 in FY 1996 and \$1,465.0 in FY 1997. The agency was directed to prepare their plan at the restored level, and the Governor concurs with that plan. The Governor also concurs with the agency's plan to increase the teacher and administrator licensure fee by \$5. This increase will allow for elimination of the accumulated deficit by the end of the biennium, as required by statute. The Governor further recommends the transfer of all activities and programs to the Department of Children and Education Services in FY 1997. As described in the individual activity narratives in the Education Aids budget, certain activities are recommended for transfer to the Family and Community Services function in the DCES, with other activities recommended for transfer to the Youth Career Preparation function. All remaining activities and programs in the Department of Education are recommended for transfer to the Basic Instruction function of the DCES. At the discretion of the DCES Commissioner, activities or programs may be transferred to the new department at an earlier date, if desired.

**1996-97 Biennial Budget  
Agency Budget Brief  
(\$ in thousands)**

Agency: Education, Department of

Fund: Trunk Highway

**Summary of Agency Actions:**

**Brief Explanation of Agency Plan:**

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<b><u>BASE YEAR (F.Y. 1995)</u></b>	\$23	\$23	\$46
<b><u>BASE ADJUSTMENT:</u></b>			
Appropriations Carried Forward	(2)	(2)	(4)
<b><u>CURRENT SPENDING</u></b>	\$21	\$21	\$42
<b><u>AGENCY PLAN</u></b>	\$21	\$21	\$42
<b><u>GOVERNOR'S INITIATIVES</u></b>			
Transfer to Department of Children and Education Services	-0-	(21)	21
<b><u>GOVERNOR'S RECOMMENDATIONS</u></b>	\$21	\$-0-	\$21

The Trunk Highway Fund for the Department of Education is used for program operations and office costs for the Driver Education program. No salaries or grants are involved. The annual budget of \$21,000 has been apportioned among office, staff travel and program costs such as developing curriculum materials and conducting workshops for educators addressing current issues and concerns with young drivers.

The plan removes \$2,000 F.Y. 1995 carryover from the appropriation base for each year.

**Revenue Summary:**

None.

**Affected Statutes:**

None.

**GOVERNOR'S RECOMMENDATIONS:**

The Governor concurs with the agency's plan, and recommends transfer of this program to the Department of Children and Education Services in F.Y. 1997.

**1996-97 Biennial Budget  
Agency Budget Brief  
(\$ in thousands)**

Agency: Faribault Academies

Fund: General

**Summary of Agency Actions:**

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<b><u>BASE YEAR (F.Y. 1995)</u></b>	<b>\$8,441</b>	<b>\$8,441</b>	<b>\$16,882</b>
<b><u>BASE ADJUSTMENT:</u></b>			
One-Time Appropriations	(100)	(100)	(200)
Appropriation Carried Forward	<u>(259)</u>	<u>(259)</u>	<u>(518)</u>
<b><u>CURRENT SPENDING</u></b>	<b>\$8,082</b>	<b>\$8,082</b>	<b>\$16,164</b>
<b><u>AGENCY DECISION ITEMS:</u></b>			
Appropriation Cap Reduction	(1,513)	(786)	(2,299)
Transfer Utility Costs for Library Ad	<u>(7)</u>	<u>(7)</u>	<u>(14)</u>
<b><u>AGENCY PLAN</u></b>	<b>\$6,562</b>	<b>\$7,289</b>	<b>\$13,851</b>
<b><u>GOVERNOR'S INITIATIVES:</u></b>			
Maintain Base Level Funding	<u>\$1,513</u>	<u>\$ 786</u>	<u>\$ 2,299</u>
Transfer to the Department of Children Services	-0-	(8,075)	-0-
<b>GOVERNOR'S RECOMMENDATIONS</b>	<b>\$8,075</b>	<b>\$-0-</b>	<b>\$8,075</b>

**Brief Explanation of Agency Plan:**

The agency plan includes a reduction due to the appropriation caps of \$1,513 in F.Y. 1996 and \$786 in F.Y. 1997. These funds represent the proportion of the appropriation limits reduction passed in 1993 attributable to the Residential Academies budget.

This plan maintains the level of service and funding as in the previous biennium. Efforts will continue to be made to focus the programs on the issues and services which will meet the needs of students at the Academy most effectively.

**Revenue Summary:**

With this plan, there will be no impact on staffing or revenue generation.

**Affected Statutes:**

The Academies can accomplish their stated objectives within existing statutes.

**GOVERNOR'S RECOMMENDATIONS:**

The Governor recommends restoring the base funding level to F.Y. 1995 amounts, an increase of \$1,513 in F.Y. 1996 and \$786 in F.Y. 1996. The Academies were directed to prepare their plan at the restored level, and the Governor concurs with that plan.

The Governor further recommends the transfer of all Academy activities and programs to the Basic Education function of the Department of Children and Education Services (DCES) in F.Y. 1997. As described in more detail in the Children and Education Services budget book, activities or programs may be transferred to the new department at an earlier at the discretion of the DCES Commissioner, if desired.

AGENCY: Education, Department of

**AGENCY DESCRIPTION:**

The Minnesota state constitution contains language calling for the legislature to establish a general and uniform system of public schools. Specifically,

The Legislature shall make such provisions by taxation or otherwise as will secure a thorough and efficient system of public schools throughout the state (Minn. Constitution, Art. XIII, Sec. 1).

According to Minnesota Statute 124A.698,

The state seeks to provide sufficient funding while encouraging equity, accountability, and incentives toward quality improvement. To help achieve these goals and to help control future spending growth, the state will fund core instruction and related support services, will facilitate improvement in the quality and delivery of services, and will equalize revenues raised locally for discretionary purposes.

The mission of public education in Minnesota is to be a system for lifelong learning, to ensure individual academic achievement, an informed citizenry, and a highly productive workforce. The system focuses on the learner, promotes and values diversity, provides participatory decision making, ensures accountability, models democratic principles, creates and sustains a climate for change, provides personalized learning environments, encourages learners to reach their maximum potential, and integrates and coordinates human services for learners (M.S. 120.0111).

Legislation adopted in 1993 further indicates that "...the state's focus should be on performance rather than procedures," and that the legislature's goal is to move "...from a means-based system of education to one that is accountable for outcomes." (Minn. Laws (1993), Ch. 224, Art. 12, Sec. 1).

The Minnesota Department of Education (MDE) provides leadership in the implementation of legislative initiatives and coordination of state and federal programs for the state's public education system.

The goals and priorities toward which the MDE directs its efforts are derived from three sources: *Challenge 2000*, a vision of change for the 21st century and beyond, shaped through the input and contributions of Minnesotans and adopted by the State Board of Education in 1989; *Minnesota Milestones*, representing statewide goals derived from public hearings in 1991 and 1992; and eight national education goals outlined in *Goals 2000: The Educate America Act*.

These goals are summarized as follows:

**Learning Readiness** All children in Minnesota will enter school ready to learn, with parents and families prepared to support and participate in their children's learning.

**Learner Achievement** All PK-12 learners in Minnesota will demonstrate attainment of both the basic requirements and the required profiles of learning as defined by the State Board of Education, which will prepare them for responsible community participation, lifelong learning, and productive work.

**Safe, Drug Free, Accessible, Co-Located Learning Environments** All learning will be provided in environments which are safe, accessible, and violence-free, are conducive to learning and delivered so that learners and their families will have efficient access to programs and services of all agencies.

**Teacher Education and Professional Development** All education personnel in Minnesota will acquire and use the knowledge and skills needed to prepare all learners to achieve appropriate learning goals.

**Adult Literacy and Lifelong Learning** All Minnesota adults will have access to education opportunities which lead to literacy and economic self-sufficiency.

**Parental and Community Participation** All Minnesota schools will establish partnerships with parents and communities which will result in the collaborative promotion of the social, emotional, and academic growth of children.

**Sufficient, Fair, and Efficient Funding** Minnesota's education finance system will provide sufficient funding for public education while encouraging fairness, accountability, and incentives toward quality improvement.

In order to realize these goals, the current priorities of the Minnesota Department of Education (MDE) include:

- **Graduation Standards:** As directed by Statute 127.11, the State Board of Education is preparing to promulgate a rule which requires that, beginning with the graduating class of 2000, students graduate from high school when they achieve required learning "results" rather than on the basis of course credits or seat time alone. This Graduation Rule initiative is a top priority of the Department of Education as it collaborates with the Board to research, design, pilot, and prepare for implementation of both minimum and rigorous standards for students and schools statewide.
- **Coalition for Education Reform and Accountability:** The finance system for Minnesota educational services needs adjustment so that resources will be better aligned to implement the provisions of the new graduation rule. The Coalition for Education Reform and Accountability (CERA) was established to promote public understanding of and support for policies and practices that help Minnesota students attain world-class education outcomes and succeed in the 21<sup>st</sup> century. The Coalition promotes innovation and sustainable reform in education.
- **Lifework Development and Technology Competence:** Lifework development is a priority because the overwhelming majority of Minnesota youth will work most of their adult lives. In addition, these youth will play important societal roles as family members and community leaders. "Lifework" refers to one's work over a lifetime and how that work is accomplished and enhanced (a) through planned and evaluated learning experiences, and (b) in relationship to the other roles, in addition to being a worker, that one plays as a member of a family and community. A lifework development system will help learners prepare for these important life

AGENCY: Education, Department of  
(Continuation)

roles in a deliberate, purposeful manner. Technology competence is the ability to apply knowledge, tools, and skills to solve practical problems creatively, extend human capabilities, and evaluate the impact of technology. Helping students become competent in technology is a priority because domestic and international societies and economies are becoming increasingly technological.

- **Education Facilities Improvement:** As Minnesota's education system changes to address the goals of the graduation standards and to "assure the success of all learners," the delivery system will need to be structured so that maximum learning will result. The MDE is providing leadership to improve the delivery of education through effective organizational structures and use of technology in safe, healthy, and accessible learning sites.
- **Integration/Desegregation/Educational Diversity:** The demographics of Minnesota are changing to reflect a population which is becoming more diverse. As a result, our public schools must provide learning opportunities which assure that the learning gap between those living in poverty -- frequently learners of color -- and their peers is erased; that learners understand and are sensitive to issues and culture of others; and that learners are educated in integrated settings. The State Board of Education and MDE are providing leadership to assure that this effort is successfully implemented.
- **Collaboration and Service Co-Location:** Education reform depends on comprehensive support services. Many Minnesota students come to school each day with personal, family, and social problems that interfere with learning, school attendance, progress toward graduation, and future employability. The problems are frequently multifaceted and inter-related. Simply put, problems tend to come in packages. The multiple problems of children, youth, and their families cannot be fully addressed or resolved by the educational system alone. Educators must reach out and work 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, and pool resources to effectively serve young people and their parents. This basic principle is a significant first step toward developing a responsive system in which all learners can succeed.

**EDUCATION SYSTEM:**

Beginning with the territorial legislature's establishment of common schools in 1849, Minnesota developed an extensive, innovative system of education to meet the changing needs of its citizens.

**Student Statistics**

Currently, about 900,000 students (pre-kindergarten through grade 12) attend public or nonpublic schools in Minnesota. Of this total, more than 800,000 are enrolled in the state's 379 school districts. After several years of declining enrollment, the student population recently started to increase and is expected to reach about 940,000 (public and nonpublic) by 2005. In contrast, the total number of school districts has declined in recent years, as rural districts have consolidated due to changing population patterns, including the rapid growth of families living in the state's

metropolitan areas. The 10 largest districts enroll 29% of Minnesota's public school students. About half of Minnesota's students attend school in the seven-county Twin Cities area.

Supported by state and local taxpayers, Minnesota now provides more than \$5,500 for each public school student. Total funding from state and local sources for all education programs administered through MDE is about \$4.6 billion (refer to Table 1). In addition, MDE administers about \$300 million in federal education aid for school-related programs.

**Staff Statistics**

The number of federal, state, and local supported professional staff totals 52,300. Nearly 90% of these staff are teachers.

**Educational Programs and Services**

Minnesota's priorities for educational reform and improvement currently focus on strategies for encouraging change within schools by providing parents, students, teachers, and community members greater authority over school programs and services. For years the MDE and school districts statewide have emphasized the importance of extending parents' and students' choices in educational programs. A wide variety of educational programs and services are available to Minnesota parents and students. With limited restrictions, students can now attend any of the state's public schools through open enrollment. Or, they may choose one of the more than 200 public or private alternative programs, which generally address the needs of at-risk students. Students may wish to opt for one of the 13 new charter schools, the latest Minnesota innovation in student choice, which permits teachers and parents to form and operate their own schools.

Education offerings for all public schools have expanded in recent years, often prompted by lawmakers' responses to specific societal concerns. For example, the traditional curricula have been augmented with programs aimed at preventing violence, reducing the spread of AIDS, eliminating harassment, promoting bus safety, and preparing special education students for work and community living.

About 10% of the state's 11th and 12th graders earn high school credit by taking postsecondary classes. This has been prompted in large part by passage of the Postsecondary Enrollment Options law in 1985, the first of several policy changes enacted in recent years that have given students greater choice in education. Such programs helped earn Minnesota the reputation as a national leader in education reform.

Beyond these public options, students may decide to attend one of Minnesota's more than 560 nonpublic schools. Parents and students choosing this option receive limited support, including transportation, aid for textbooks and materials, school lunch, and special services for the disabled. As with the public system, enrollments in nonpublic schools have accelerated in recent years.

Along with recent efforts to expand the choices available to students, education policymakers are working to shift the focus of learning to student outcomes. This shift will be made through a new graduation rule, now being developed by the State Board of Education and MDE staff. The new graduation rule, which will become effective in 1996, will define standards or outcomes that students must achieve before they receive a diploma. By focusing on results, the new graduation rule will set clear, higher level standards appropriate for the skills demanded in today's economy.

Minnesota public schools also provide more educational opportunities for preschool children and adults. With services ranging from education for children with disabilities from birth to school-age,



**AGENCY:** Education, Department of  
(Continuation)

helping parents meet the needs of their preschool children, learning readiness activities, and numerous community and adult education classes, contemporary Minnesota schools provide an array of opportunities for citizens of all ages.

**Minnesota Department of Education's (MDE) Role**

As Minnesota schools change to meet more diverse needs, MDE, too, is changing. The more than 400 staff members, under the direction of the commissioner of Education, are assuming more complex and diverse roles. Major functions include administering an increasingly complex financing system, which includes hundreds of separate aid and levy categories; developing new graduation standards and helping schools with their curriculum and instruction needs; administering federal programs, such as food and nutrition, special education, and Chapter 1; and assisting the State Board of Education in directing the Minnesota State Residential Academies for the Deaf and Blind, which employ more than 200 staff.

Finally, MDE responds to numerous inquiries from school officials who seek help meeting the increased demands of their jobs, policymakers who need up-to-date information to make sound decisions, and parents and the general public who need information and advice on how to make the most of the various educational opportunities available in Minnesota schools. This informational function is critically important, because Minnesota's education system differs greatly from its beginnings in the 19th Century.

**AGENCY CHALLENGES:**

Minnesota's education system is undergoing substantive program and system change, leaving the "usual way of doing business" behind and transforming the entire system. We are moving from a focus on organizational processes and inputs to a system based on achievement and results; from accepting limited success as an expected result for some to expecting achievement for all; from single agency strategies and systems to cross-agency systems and collaborative systems which have joint responsibility for improved outcomes; from a "top-down" decision making process to a shared decision making system where sites are given the authority to make decisions and expect to be held accountable for results; from a system that offers few options for school attendance and curriculum content to one that offers choices for parents and children on the location and type of school they can select; and ultimately from a finance system designed around inputs to a system designed to facilitate and reward the attainment of results.

Some of the specific challenges being faced by the education community include:

- **Emphasis on Results.** The change from an input and process system to a results based system is complex. Carefully defining the desired results is the core of the process. Accurate measurement of student performance, storing such data and using it to aid in instructional improvement are concepts which need continuing work.
- **Demographic Changes.** The demographics of Minnesota reflect a population which is becoming more diverse. Population shifts are impacting district organization. Core cities have no majority

race, bringing into question traditional desegregation policy. Cultural misunderstanding is resulting in increased problems both in schools and in neighborhoods.

- **Student Needs.** More and more of our students bring complex problems with them to school. More than 9.5% of the student population lives in poverty. Students needing remedial programs have increased by 15%. As society becomes more violent, students are bringing their problems with them from their homes and neighborhoods and are placing them at the schoolhouse gate.
- **Co-location and Interagency Service Delivery.** Agencies are recognizing the need to collaborate to better deliver needed services. Improved collaborative efforts not only with governmental agencies, but also with private community agencies, churches and with families is crucial if we are to become a society which values achievement and strives to attain high standards.
- **Education Finance Model.** The way Minnesota funds education is at issue. Through the work of the Coalition on Education Reform and Accountability (CERA) recommendations will be forthcoming on this crucial policy issue.
- **Role of the Federal Government.** With the enactment of Goals 2000, the federal government will be providing revenue and direction which is consistent with Minnesota's vision. While the federal effort is in the right direction, it also needs to provide additional flexibility in areas such as special education, nutrition and others to enable Minnesota to achieve its goals.
- **Resource Limitations:** Each of the organizations involved in education recognize that fiscal resources are limited. To balance the budget, "caps" have been placed on the total amount of K-12 spending in the F.Y. 1996-97 biennium. The state's financial outlook suggests that constraints on state spending are likely to continue. Meeting agency needs and providing leadership and assistance to school districts in this environment will require continued attention to streamlining how objectives are achieved and focusing our efforts to best meet the needs of our customers.

**AGENCY STRATEGIES:**

**Results, Flexibility and Accountability.** The department's strategies include clearly identifying the expected results, providing districts with increased flexibility and holding districts accountable for results. In September 1994, the MDE finalized its "Performance Report" This report was the result of a systemic and continuing effort to better focus the MDE on specific goals and priorities and to identify performance indicators to aid in determining progress toward achieving those goals. Just as the education reform effort is becoming more of a "results based" system, the MDE too, as documented in the 1994 Performance Report, is moving to a results based system.

The graduation standards effort is being designed on a "results, flexibility, accountability" model. Additional resources are proposed for the biennium to accelerate the development of this system, and to provide districts with incentives to design and implement the new graduation system. The MDE's leadership to implement this results oriented model will be enhanced through these changes.

As detailed in the Governor's Education Aids budget, we are proposing that districts be given increased flexibility in how funds are used at the district level. In order for that effort to be successful, the MDE program managers will need to apply flexibility and offer assistance to districts as the application, implementation and evaluation system for this effort is developed.

## 1996-97 Biennial Budget

**AGENCY:** Education, Department of  
(Continuation)

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The MDE will also need to administer these programs using a flexible approach and providing leadership and direction to districts on the outcomes we expect students to achieve.

**Interagency Collaboration.** The state has begun to deliver services utilizing an interagency collaborative approach. Most current efforts are on a program by program basis segregated by agency. In the next biennium the Department of Education will significantly increase its commitment to working with other agencies to develop collaborative systems that can better meet the needs of families and children and use public resources most efficiently. Agencies will not only commit to accomplishing results, they also need to be committed to combining revenue sources to address the needs of our common clients/customers/students/families.

**Improved Use of Technology.** Since the MDE proposed the development of an "integrated data base" (IDB) in the late 1980's this model has been evolving. The Minnesota Automated Reporting Student System (MARSS), coupled with the tools of Internet, are making electronic information systems common place. MDE will provide leadership to the effort to improve technology in our schools. In addition, the MDE will be continuing its effort to collect more information electronically and less by "paper-pencil" methods.

### REVENUE SUMMARY:

The Department of Education administers approximately 60 federal grants and projects which account for more than 50% of the agency operating budget. The federal funds were projected at present levels for the F.Y. 1996-97 biennium, except for the School-to-Work Program with a projected increase of \$1,000,000 per year, and Goals 2000: Educate America Act with a projected increase of \$200,000 annually. Generally, there is some uncertainty regarding federal funding levels beyond F.Y. 1995. Programs from the Education and Secondary Education Act are undergoing reauthorization and Food and Nutrition Programs (USDA) have been proposed for a block grant approach. These proposals and possible changes by federal leadership could affect funding priorities and dollar amounts.

The department proposes a fee increase for teacher and school administrator licenses which will provide non-dedicated revenues of approximately \$135,000 in F.Y. 1996 and \$137,500 in F.Y. 1997. The proposal is necessary in order to comply with M.S. 16A.128 and 214.06, which require those licensure costs be fully covered by revenues.

### SUMMARY OF BUDGET REQUEST:

The agency requests continued funding at the F.Y. 1995 level. Development and implementation of the graduation standards and the other challenges described above will continue to fully utilize MDE's resources.

### GOVERNOR'S RECOMMENDATION:

The Governor recommends restoring base funding to the F.Y. 1995 level, in the amount of \$2,750.0

in F.Y. 1996 and \$1,465.0 in F.Y. 1997. The agency was directed to prepare their plan at the restored level, and the Governor concurs with that plan. The Governor also concurs with the agency's plan to increase the teacher and administrator licensure fee by \$5. This increase will allow for elimination of the accumulated deficit by the end of the biennium, as required by statute. The Governor further recommends the transfer of all activities and programs to the Department of Children and Education Services in F.Y. 1997. As described in the individual activity narratives in the Education Aids budget, certain activities are recommended for transfer to the Family and Community Services function in the DCES, with other activities recommended for transfer to the Youth Career Preparation function. All remaining activities and programs in the Department of Education are recommended for transfer to the Basic Instruction function of the DCES. At the discretion of the DCES commissioner, activities or programs may be transferred to the new department at an earlier date, if desired.

1996-1997 BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

AGENCY: DEPARTMENT OF EDUCATION

PROGRAM RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TEACHING & LEARNING	13,601	14,029	17,997	18,992	19,105	19,105	18,992	19,105	19,105
EDUCATION RESOURCES & SUPPORT	14,209	15,457	17,255	16,546	16,480	16,480	16,579	16,513	16,513
APPROPRIATIONS LIMIT, LAWS 1993					<2,750>			<1,465>	
<b>TOTAL EXPENDITURES BY PROGRAM</b>	<b>27,810</b>	<b>29,486</b>	<b>35,252</b>	<b>35,538</b>	<b>32,835</b>	<b>35,585</b>	<b>35,571</b>	<b>34,153</b>	<b>35,618</b>
<b>GOV'S INITIATIVES</b>									
(A) TRSFR TO DEPT OF CHILDREN & ED. SERVICES									<14,723>
(A) TRSFR TO DEPT OF CHILDREN & ED. SERVICES									<21>
(A) TRSFR TO DEPT OF CHILDREN & ED. SERVICES									<110>
(A) TRSFR TO DEPT OF CHILDREN & ED. SERVICES									<2,456>
(A) TRSFR TO DEPT OF CHILDREN & ED. SERVICES									<16,724>
(A) TRSFR TO DEPT OF CHILDREN & ED. SERVICES									<1,393>
(A) TRSFR TO DEPT OF CHILDREN & ED. SERVICES									<191>
									<35,618>
<b>SOURCES OF FINANCING:</b>									
<b>DIRECT APPROPRIATIONS:</b>									
GENERAL	14,151	13,618	15,600	14,643	11,940	14,690	14,676	13,258	0
TRUNK HIGHWAY	19	19	23	21	21	21	21	21	0
<b>STATUTORY APPROPRIATIONS:</b>									
GENERAL	91	126	116	110	110	110	110	110	0
SPECIAL REVENUE	2,497	2,629	2,456	2,456	2,456	2,456	2,456	2,456	0
FEDERAL	10,181	11,783	15,473	16,724	16,724	16,724	16,724	16,724	0
AGENCY	783	1,167	1,393	1,393	1,393	1,393	1,393	1,393	0
GIFTS AND DEPOSITS	88	144	191	191	191	191	191	191	0
<b>TOTAL FINANCING</b>	<b>27,810</b>	<b>29,486</b>	<b>35,252</b>	<b>35,538</b>	<b>32,835</b>	<b>35,585</b>	<b>35,571</b>	<b>34,153</b>	<b>0</b>
<b>FTE BY EMPLOYMENT TYPE:</b>									
REGULAR	340.9	345.3	384.3		384.3			384.3	
TEMP/SEAS/PART-TIME	8.4	8.0	1.5		1.5			1.5	
OVERTIME		.6							
<b>TOTAL FTE</b>	<b>349.3</b>	<b>353.9</b>	<b>385.8</b>		<b>385.8</b>	<b>385.8</b>		<b>385.8</b>	<b>0</b>

1996-1997 BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

AGENCY: FARIBAUT ACADEMIES  
PROGRAM: RESIDENTIAL ACADEMIES FOR THE DEAF AND BLIND

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
ACADEMY FOR THE DEAF	3,993	3,850	4,114	3,927	3,927	3,927	3,927	3,927	3,927
ACADEMY FOR THE BLIND	2,067	2,028	2,501	2,362	2,362	2,362	2,362	2,362	2,362
ACADEMY OPERATIONS	2,736	2,787	2,967	2,705	2,698	2,698	2,705	2,698	2,698
APPROPRIATIONS LIMIT, LAWS 1993					<1,513>			<786>	
<b>TOTAL EXPENDITURES BY ACTIVITY</b>	<b>8,796</b>	<b>8,665</b>	<b>9,582</b>	<b>8,994</b>	<b>7,474</b>	<b>8,987</b>	<b>8,994</b>	<b>8,201</b>	<b>8,987</b>
AGENCY PLAN ITEMS:				FUND					
APPROPRIATION CAP REDUCTION				GEN			<786>		
TRANSFER UTILITY COSTS FOR LIBRARY ADD.				GEN			<7>		
<b>TOTAL AGENCY PLAN ITEMS</b>				<b>&lt;1,520&gt;</b>			<b>&lt;793&gt;</b>		
GOV'S INITIATIVES:				FUND					
(B) MAINTAIN BASE LEVEL FUNDING				GEN			1,513		
(B) TRSFR TO DEPT OF CHILDREN & ED. SERVICES				GEN			786		
(B) TRSFR TO DEPT OF CHILDREN & ED. SERVICES				GEN			<786>		
(B) TRSFR TO DEPT OF CHILDREN & ED. SERVICES				GEN			<8,075>		
(B) TRSFR TO DEPT OF CHILDREN & ED. SERVICES				GEN			<514>		
(B) TRSFR TO DEPT OF CHILDREN & ED. SERVICES				SR			<85>		
(B) TRSFR TO DEPT OF CHILDREN & ED. SERVICES				FED			<231>		
(B) TRSFR TO DEPT OF CHILDREN & ED. SERVICES				AG			<33>		
(B) TRSFR TO DEPT OF CHILDREN & ED. SERVICES				G&D			<44>		
(B) TRSFR TO DEPT OF CHILDREN & ED. SERVICES				END			<5>		
<b>TOTAL GOV'S INITIATIVES</b>				<b>1,513</b>			<b>&lt;8,987&gt;</b>		
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	8,004	7,540	8,441	8,082	6,562	8,075	8,082	7,289	0
STATUTORY APPROPRIATIONS:									
GENERAL	374	732	514	514	514	514	514	514	0
SPECIAL REVENUE	77	69	142	85	85	85	85	85	0
FEDERAL	257	262	257	231	231	231	231	231	0
AGENCY	27	28	44	33	33	33	33	33	0
GIFTS AND DEPOSITS	42	26	178	44	44	44	44	44	0
ENDOWMENT	15	8	6	5	5	5	5	5	0
<b>TOTAL FINANCING</b>	<b>8,796</b>	<b>8,665</b>	<b>9,582</b>	<b>8,994</b>	<b>7,474</b>	<b>8,987</b>	<b>8,994</b>	<b>8,201</b>	<b>0</b>

1996-1997 BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

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AGENCY: FARIBAULT ACADEMIES  
PROGRAM: RESIDENTIAL ACADEMIES FOR THE DEAF AND BLIND

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
<b>FTE BY EMPLOYMENT TYPE:</b>									
REGULAR	164.6	162.6	162.6		162.6		162.6		
TEMP/SEAS/PART_TIME	6.1	7.1	7.1		7.1		7.1		
OVERTIME	.9	.6	.6		.6		.6		
<b>TOTAL FTE</b>	<b>171.6</b>	<b>170.3</b>	<b>170.3</b>		<b>170.3</b>	<b>170.3</b>	<b>170.3</b>		<b>0</b>