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⇒ Designates that this item is a change item

Agency Purpose

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

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

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

MDE focuses on four primary goals:

- improve achievement for all students;
- enhance teacher quality;
- expand education options for students and families; and,
- implement education finance reform and enhance accountability.

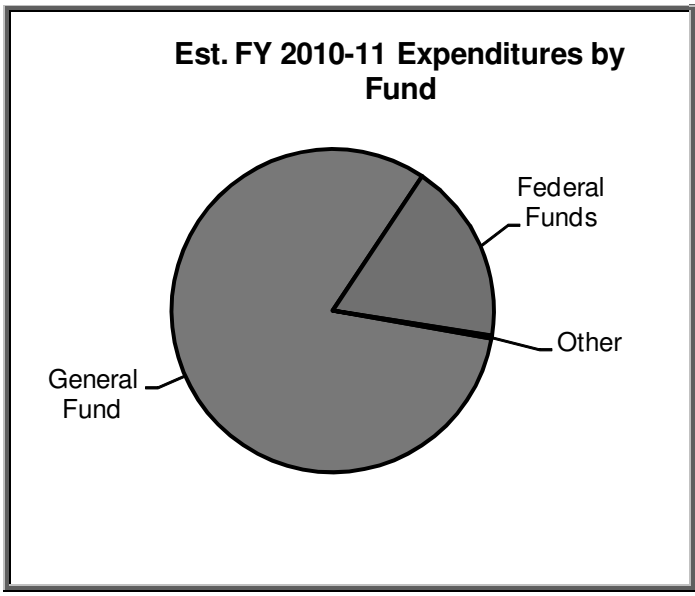
At a Glance

MDE Customers (FY 2009)

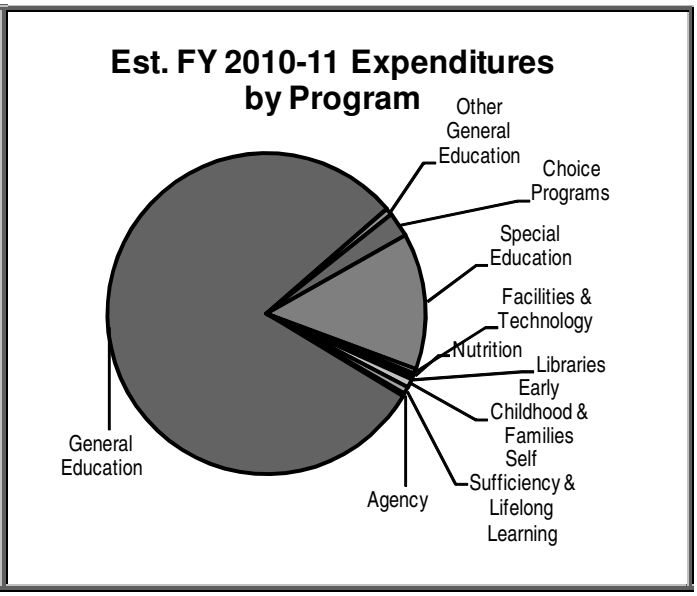
- 821,021 pre-kindergarten through grade 12 students and their parents/guardians
- 55,727 FTE licensed teachers
- Approximately 2,006 public schools
- 340 school districts and 153 charter schools
- Over 73,387 adult learners
- Over 160,490 children participated in early learning programs.

Annual K-12 School Funding (FY 2009)

- State - $6.9 billion or 66.8% of total funding
- Local - $2.8 billion or 27.1% of total funding
- Federal - $0.6 billion or 6.1% of total funding



Source: Consolidated Fund Statement.



Source: EOS Fund Balance

Strategies

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

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

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

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

Operations

The **Office of Education Excellence and Accountability** is responsible for setting academic standards, issuing educator licenses, implementation of chartered school policies, developing and operating state-level IT system for education data and resource deployment, and the implementation and coordination of federal educational programs and funds.

The **Office of Early Learning and Educational Support Services** is responsible for preparing young children and their families for school success; providing nutritious meals for students in schools, and young children and adults in organized care settings; developing and extending statewide library services and administering the Minnesota Braille and Talking Book Library located in Faribault; and managing competitive and application grant programs.

The **Office of Education Innovation, Special Education Policy and Center for Postsecondary Success** is responsible for school choice programs, expanded online learning, and Indian education programs; special education services; and expanded high school learning initiatives, alternative rigorous coursework for college and career readiness, adult basic and career education, and alternative programs to meet student needs.

The Office of Turnaround Schools (OTAS) supports schools in the state identified as persistently lowest achieving. Through the unprecedented resources and accountability provided under the Title I School Improvement Grant (SIG), the OTAS seeks to create a system of support for eligible schools to implement dramatic turnaround efforts to boost student achievement.

School Finance is responsible for collecting student and financial data from school districts and charter schools, administering state and federal education aid programs, calculating school district property tax levy limitations, providing financial management assistance to local education agencies, and auditing data reported by local education agencies that drives state aid payments and levy limitations.

Research and Assessment is responsible for the development and implementation of a coherent assessment system that measures student knowledge and skills on Minnesota Academic Standards and the Minnesota English Language Proficiency Standards. The system meets state and federal requirements and provides timely information that educators can use to inform curricular and instructional decisions that improve student achievement.

Compliance and Assistance is responsible for monitoring school district and MDE compliance with certain state and federal education laws. The division provides training and resources to assist school districts, parents, and the department in maintaining compliance. The division also implements the Student Maltreatment Program and oversees rulemaking and data practices for MDE.

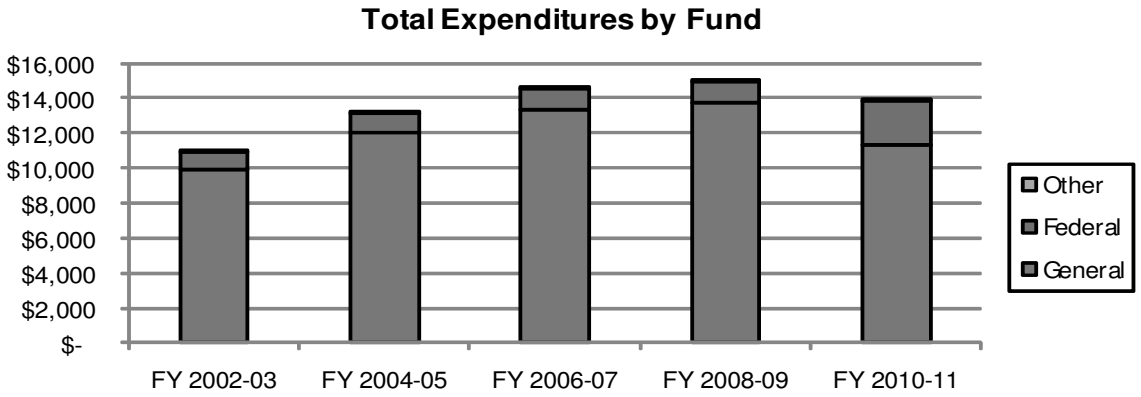
Administrative Services provides services in the area of agency fiscal (MAPS budget/spending plan activities, federal expenditure reporting and cash management, accounts payable and receivable, payroll, procurement, and central services) and human resource management to all agency programs.

These offices and activities provide the following services to the pre K-12 education community:

- Academic Standards
- Administrative Services
- Adult and Career Education
- Career and Technical Education
- Charter Schools
- Compliance and Assistance for Special Education Students
- Consolidated Federal Programs
- Early Learning Services
- Educator Licensing and Teacher Quality
- Education Innovation
- English Language Learners/Limited English Proficiency (LEP)
- Food and Nutrition Services
- High School Improvement
- Indian Education
- Library Development and Services
- Minnesota Braille and Talking Book Library
- Research and Assessment
- Safe and Healthy Learners
- School Choice
- School Finance
- School Improvement
- School Technology
- Special Education

Budget Trends Section

In FY 2009 MDE administered over $7.5 billion in state and federal funding for preK-12 and adult and career education funding. MDE calculated in excess of $1.9 billion of annual property tax levy limitations.



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 09/01/10.

Contact

Agency Contact: (651)582-8200
Department of Education Website: http://education.state.mn.us
Minnesota Department of Education
1500 Highway 36 West
Roseville, Minnesota 55113-4266
For information on how this agency measures whether it is meeting statewide goals, please refer to http://www.departmentresults.state.mn.us.

Dollars in Thousands

	Current FY2010	Current FY2011	Governor Recomm. FY2012	Governor Recomm. FY2013	Biennium 2012-13
Direct Appropriations by Fund					
Environment & Natural Resource					
Current Appropriation	0	300	300	300	600
Recommended	**0**	**300**	**0**	**0**	**0**
Change		0	(300)	(300)	(600)
% Biennial Change from 2010-11					-100%
General					
Current Appropriation	5,337,054	6,023,496	6,023,496	6,023,496	12,046,992
Recommended	**5,337,054**	**6,078,183**	**7,000,086**	**7,206,859**	**14,206,945**
Change		54,687	976,590	1,183,363	2,159,953
% Biennial Change from 2010-11					24.5%
Federal Stimulus					
Current Appropriation	500,000	0	0	0	0
Recommended	**500,000**	**0**	**0**	**0**	**0**
Change		0	0	0	0
% Biennial Change from 2010-11					-100%
Arts And Cultural Heritage					
Current Appropriation	4,250	4,250	4,250	4,250	8,500
Recommended	**4,250**	**4,250**	**0**	**0**	**0**
Change		0	(4,250)	(4,250)	(8,500)
% Biennial Change from 2010-11					-100%
Expenditures by Fund					
Direct Appropriations					
Environment & Natural Resource	0	135	165	0	165
General	5,328,087	6,070,205	7,000,093	7,206,866	14,206,959
Federal Stimulus	397,332	102,668	0	0	0
Arts And Cultural Heritage	4,250	4,250	0	0	0
Statutory Appropriations					
Miscellaneous Special Revenue	12,095	13,680	10,749	10,638	21,387
Endowment School	22,865	22,973	23,007	23,032	46,039
Federal	651,841	744,928	803,842	856,002	1,659,844
Federal Stimulus	104,010	319,881	88,902	4,372	93,274
Miscellaneous Agency	50	3,219	3,099	3,099	6,198
Gift	54	140	47	47	94
Total	**6,520,584**	**7,282,079**	**7,929,904**	**8,104,056**	**16,033,960**
Expenditures by Category					
Total Compensation	34,445	40,501	39,138	38,475	77,613
Other Operating Expenses	42,650	54,188	70,152	88,294	158,446
Payments To Individuals	750	799	860	934	1,794
Local Assistance	6,442,577	7,186,426	7,819,592	7,976,191	15,795,783
Other Financial Transactions	162	165	162	162	324
Total	**6,520,584**	**7,282,079**	**7,929,904**	**8,104,056**	**16,033,960**

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Expenditures by Program					
Agency Operating	60,423	73,649	65,490	62,859	128,349
General Education	4,710,650	4,955,169	5,687,628	5,830,760	11,518,388
Other General Education	34,352	41,197	41,079	41,475	82,554
Choice Programs	107,203	126,575	139,823	147,897	287,720
Indian Programs	3,570	4,230	4,477	4,575	9,052
Innovation & Accountability	22,382	27,973	35,197	38,277	73,474
Special Student & Teacher Prog	246,430	434,175	285,583	247,274	532,857
Special Education	919,624	1,129,038	1,146,016	1,181,639	2,327,655
Facilities & Technology	31,623	34,144	39,199	42,174	81,373
Nutrition Programs	259,819	308,802	339,167	364,174	703,341
Libraries	17,279	20,012	20,528	20,528	41,056
Early Childhood & Family Supp	63,848	76,439	73,406	69,021	142,427
Community Education	1,134	1,238	1,275	1,329	2,604
Self Sufficient & Lifelong Lrn	41,989	48,588	51,036	52,074	103,110
Discontinued Programs	258	850	0	0	0
Total	**6,520,584**	**7,282,079**	**7,929,904**	**8,104,056**	**16,033,960**
Full-Time Equivalents (FTE)	**402.6**	**402.8**	**399.3**	**399.1**	

Dollars in Thousands

	FY2011	Governor's Recomm. FY2012	Governor's Recomm. FY2013	Biennium 2012-13
Fund: ENVIRONMENT & NATURAL RESOURCE				
FY 2011 Appropriations	**300**	**300**	**300**	**600**
Technical Adjustments				
One-time Appropriations		(300)	(300)	(600)
Subtotal - Forecast Base	**300**	**0**	**0**	**0**
Total Governor's Recommendations	**300**	**0**	**0**	**0**
Fund: GENERAL				
FY 2011 Appropriations	**6,023,496**	**6,023,496**	**6,023,496**	**12,046,992**
Technical Adjustments				
End-of-session Estimate		2,380,841	1,158,319	3,539,160
November Forecast Adjustment	54,687	2,943	23,063	26,006
One-time Appropriations		(1,186)	(1,186)	(2,372)
Program/agency Sunset		(100)	(100)	(200)
Subtotal - Forecast Base	**6,078,183**	**8,405,994**	**7,203,592**	**15,609,586**
Change Items				
All Day Kindergarten Expansion	0	0	33,084	33,084
Excellence in Education Award	0	4,900	7,000	11,900
Achievement Gap Innovation Fund	0	2,100	3,000	5,100
Statewide Early Childhood Rating System	0	2,000	0	2,000
Agency Operating Reduction	0	(991)	(991)	(1,982)
Aid Shift Changes	0	(1,396,593)	(30,921)	(1,427,514)
Change Tax Shift Methodology	0	(13,524)	(97)	(13,621)
Eliminate Q Comp Expansion Funding	0	(1,333)	(3,438)	(4,771)
Tax Shift Cost due to Q Comp Levy	0	579	166	745
Eliminate Grandfather-Charter Sch Lease	0	(734)	(1,057)	(1,791)
Eliminate Charter School Startup Aid	0	(420)	(1,126)	(1,546)
Eliminate Magnet School Grants	0	(750)	(750)	(1,500)
Eliminate Explore and PLAN Tests	0	(829)	(829)	(1,658)
Reduce Adult Basic Educ Growth Factor	0	(313)	(774)	(1,087)
Total Governor's Recommendations	**6,078,183**	**7,000,086**	**7,206,859**	**14,206,945**
Fund: FEDERAL STIMULUS				
FY 2011 Appropriations	**0**	**0**	**0**	**0**
Subtotal - Forecast Base	**0**	**0**	**0**	**0**
Total Governor's Recommendations	**0**	**0**	**0**	**0**
Fund: ARTS AND CULTURAL HERITAGE				
FY 2011 Appropriations	**4,250**	**4,250**	**4,250**	**8,500**
Technical Adjustments				
One-time Appropriations		(4,250)	(4,250)	(8,500)
Subtotal - Forecast Base	**4,250**	**0**	**0**	**0**
Total Governor's Recommendations	**4,250**	**0**	**0**	**0**

Dollars in Thousands

	FY2011	Governor's Recomm. FY2012	Governor's Recomm. FY2013	Biennium 2012-13
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	13,680	10,749	10,638	21,387
Total Governor's Recommendations	13,680	10,749	10,638	21,387
Fund: ENDOWMENT SCHOOL				
Planned Statutory Spending	22,973	23,007	23,032	46,039
Total Governor's Recommendations	22,973	23,007	23,032	46,039
Fund: FEDERAL				
Planned Statutory Spending	744,928	803,842	856,002	1,659,844
Total Governor's Recommendations	744,928	803,842	856,002	1,659,844
Fund: FEDERAL STIMULUS				
Planned Statutory Spending	319,881	88,902	4,372	93,274
Total Governor's Recommendations	319,881	88,902	4,372	93,274
Fund: MISCELLANEOUS AGENCY				
Planned Statutory Spending	3,219	3,099	3,099	6,198
Total Governor's Recommendations	3,219	3,099	3,099	6,198
Fund: GIFT				
Planned Statutory Spending	140	47	47	94
Total Governor's Recommendations	140	47	47	94

Fiscal Impact ($000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	$(991)	$(991)	$(991)	$(991)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	$(991)	$(991)	$(991)	$(991)

Recommendation

The Governor recommends a reduction of $ 991,000 in FY 2012 and $ 991,000 in FY 2013 to the Department of Education general fund operating budget. The Governor intends for the Department to focus its operating funds on maintaining services in areas of priority such as improving student achievement, measuring outcomes, supporting local education efforts and community and family outreach and encouraging efficient use of funding.

This proposal represents a 5% reduction to the Department of Education base general fund budget.

Rationale

The Department of Education's total base general fund operating budget is $19.811 million for FY 2012 and $19.811 million for 2013. Education funding is one of the largest items of the state budget but the agency staff responsible for providing services and over sight of the budget is by comparison to other state agencies small. Forty percent of the staff is funded through general funds and the remaining sixty percent are federal dedicated to the requirements and programs of the federal programs. The Governor intends to provide as much flexibility as possible in the implementation of these reductions to carry out the mission and goals of the Department in serving students.

Statutory Change: Not applicable.

Fiscal Impact ($000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	$(1,396,595)	$(30,921)	$116,396	$120,131
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	$(1,396,595)	$(30,921)	$116,396	$120,131

Recommendation

The Governor recommends that the payment schedule for state aids and property tax credits paid to school districts and charter schools be maintained on a 70% current, 30% final adjustment basis for FY 2012 and FY 2013, the same as in FY 2011. Under current law, the payment schedule for state aids and property tax credits will change to 90% current, 10% final for FY 2012 and later years. The recommendation to maintain the present payment schedule will reduce state expenditures by $1.397 billion in FY 2012, $30.921 million in FY 2013, $29.207 million in FY 2014 and $31.741 million in FY 2015.

The Governor also recommends that the payment schedule be restored to a 90% current, 10% final adjustment basis over a ten year period beginning in FY 2012, with an increase of two percentage points in the current portion of payments each fiscal year. This will change the payment schedule to 72% current, with a 28% final adjustment basis in FY 2014, and to a 74% current, with a 26% final adjustment basis in FY 2015. The state cost of beginning of this payback is $145.603 million in FY 2014 and $151.872 million in 2015.

The amounts detailed in the chart above include only the changes in state aid payments. The property tax credit changes are reflected in the property tax credit portion of the budget document.

Rationale

The aid payment percentage refers to the amount of the entitlement that will be paid out in the “current year” and the “final year.” Under current law, for programs that are subject to the aid payment shift, 70% of the entitlement is paid to school districts and charter schools in the “current year” and 30% is paid out in a final adjustment payment in the “final year.” The final adjustment payment must include the amounts necessary to pay a district’s full aid entitlement for the prior year based on actual data when actual data is available.

Because school districts and charter schools operate on an accrual basis rather than a cash basis, the reduction in cash paid during the school year does not affect the district’s ability to recognize the same level of revenue while allowing the state (operating on a cash basis) to defer the cost to the next fiscal year.

School districts have authority to borrow for a period of up to 13 months against receivable state aid, federal flow-through aid and local tax receipts, and to participate in a state credit enhancement plan that allows districts to qualify for the best interest rates with state guarantee of payment in the event of district default under M.S. 126C.50-56. Both the incidence and amount of borrowing in this manner increases when the current year payment percentage decreases.

Aid payment shifts have been used since 1983 to assist in balancing the state budget during difficult financial periods. For fiscal years 1983 through 1996, the state aid payment basis was established at an 85/15 basis. From 1997 through 2002, the legislature increased the basis to 90/10. To address state budget shortfalls in 2003 and in 2004, the percentages were changed to 83/17, and 80/20, respectively, with a “payback” occurring in fiscal years 2005 and 2006 to return to 90/10. In FY 2010, the percentage was changed to 73/27, and in FY 2011 to 70/30, with a scheduled return to 90/10 in FY 2012.

While the current law return to the 90/10 basis of payment would be beneficial to school districts and charter schools, and is a state goal, it is not possible to implement in FY 2012 given the current projected state deficit. The Governor’s proposal creates a ten-year schedule for restoration of the 90/10 payment basis beginning in FY 2014. If improvement in the state’s budget outlook enables restoration of the 90/10 payment basis to occur sooner, the provisions of Minn. Stat. § 16A.152, Subd. 2, would take precedence over the ten-year schedule.

The table below identifies savings and costs associated with state-paid property tax aids and credits for information, only. These funds are paid to school districts by the Minnesota Department of Education, but are reported for state budget purposes by the Department of Revenue.

Savings from 90% to 70% (in 000s)	70%	70%	70%	70%	72% Buyback	74%	Net Change	
Fiscal Impact by Budget Activity	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2014**	**FY 2015**	**FY 2014**	**FY 2015**
General Education	(1,154,770)	(18,499)	(16,738)	(18,587)	118,926	122,572	102,188	103,985
Abatement Revenue	(220)	(5)	(68)	(37)	30	36	(38)	(1)
Consolidation Transition	(32)	16	(44)	30	6	0	(38)	30
Nonpublic Pupil	(3,451)	(72)	(61)	(81)	358	375	297	294
Nonpublic Transportation	(4,071)	(34)	(24)	(39)	413	421	389	382
Charter School Lease Aid	(9,973)	(1,055)	(1,144)	(1,237)	1,217	1,465	73	228
Charter School Start-Up	(144)	(126)	0	0	27	27	27	27
Integration Revenue	(13,278)	(266)	(179)	(167)	1,373	1,405	1,194	1,238
Success for the Future	(428)	0	0	0	43	43	43	43
Tribal Contract Schools	(424)	(18)	(18)	(26)	46	51	28	25
Special Education Regular	(165,584)	(9,278)	(9,864)	(10,668)	18,473	20,606	8,609	9,938
Special Ed-Excess Cost	(16,845)	(502)	(523)	(562)	1,787	1,900	1,264	1,338
Home Based Travel	(61)	0	(1)	0	6	6	5	6
Health and Safety	(24)	2	0	1	3	1	3	2
Debt Service Equalization	(2,806)	(699)	(121)	0	362	363	241	363
Alternative Facilities	(3,858)	0	0	0	386	386	386	386
Deferred Maintenance	(508)	(2)	(46)	12	56	53	10	65
Library Basic Support	(2,714)	0	0	0	272	271	272	271
MultiCounty Multitype Library	(260)	0	0	0	26	26	26	26
Telecommunication	(460)	0	0	0	46	46	46	46
Early Childhood Family Education	(4,546)	(97)	(89)	(88)	474	490	385	402
School Readiness	(2,019)	0	0	0	202	202	202	202
Health & Developmental Screening	(727)	2	(1)	(4)	73	73	72	69
Community Education	(101)	(13)	(4)	4	12	11	8	15
Adults with Disabilities	(142)	0	0	0	15	14	15	14
Adult Basic Education	(9,149)	(275)	(282)	(292)	971	1,029	689	737
Subtotal K-12	(1,396,595)	(30,921)	(29,207)	(31,741)	145,603	151,872	116,396	120,131
School Portion Property Tax Credits	(14,235)	(68)	(112)	(286)	1,440	1,500	1,328	1,214
State Total	**($1,410,830)**	**($30,989)**	**($29,319)**	**($32,027)**	**$147,043**	**$153,372**	**$117,724**	**$121,345**

Key Goals and Measures

The goal of this proposal is to help resolve the projected state deficit without decreasing school district and charter school revenues.

Statutory Change: M.S. 127A.45

Fiscal Impact ($000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	$(13,834)	$(97)	$(345)	$(354)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	$(13,834)	$(97)	$(345)	$(354)

Recommendation

The Governor recommends changing the methodology for early recognition of school district property tax levies under M.S. 123B.75 and the associated state aid adjustment under M.S. 127A.441 to exclude state paid tax credits from the calculation. This change will result in state savings of $13.834 million in FY 2012, $97,000 in FY 2013, $345,000 in FY 2014, and $354,000 in FY 2015.

Rationale

Currently, early recognition of school district property tax levies ("tax shift") is calculated using net levies after reduction for state paid property tax aids and credits. The final calculation of the tax shift cannot occur until state paid property tax aid and credit data are made available by the Department of Revenue in December, five months after the end of the fiscal year. As a result, school districts close accounting records based on estimated data. Under this recommendation, the tax shift will be calculated using gross school district levies before reduction for state paid property tax aids and credits. This will allow the Department of Education to complete final tax shift calculations in early June, before districts begin audits.

Elimination of the state paid property tax aids and credits from the calculation results in an increased reduction to state aid, but does not reduce school district revenue.

Key Goals and Measures

Simplify the calculation of the tax shift and provide information to districts in a more timely manner.

Statutory Change: M.S. 123B.75

Fiscal Impact ($000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	$0	$33,084	$48,476	$49,044
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	$0	$33,084	$48,476	$49,044

Recommendation

The Governor recommends that a new component of General Education be established to fund a portion of all-day kindergarten costs, beginning in FY 2013. Participation in the program will be optional. School districts and charter schools choosing to operate a free all-day, every day kindergarten program at one or more school sites will be eligible for a aid equal to the product of the average daily membership of students eligible for free or reduced price lunches participating in the program times the general education formula allowance times 0.388 (the difference between a 1.0 pupil unit weight and the current 0.612 pupil unit for kindergarten students). The balance of program costs not funded through all day kindergarten aid will be funded using other non-fee resources from the school district or charter school's general fund. This recommendation will increase state expenditures by $33.084 million in FY 2013, $48.476 million in FY 2014 and $49.044 million in FY 2015. These costs are based on the Governor's recommendation for the aid payments shift.

Rationale

According to the national Early Childhood Longitudinal Study –Kindergarten cohort (ECLS-K), students who attended full-day kindergarten manifested significantly greater achievement than half-day attendees. All-day kindergarten results in greater academic gains during the kindergarten year than half-day programs, including significant changes in language and literacy skills, mathematical thinking, and increased test scores.

All-day kindergarten:

- Provides the greatest opportunities for success for low income students , minority students, and students who are English language learners
- Allows for more individualized attention and instructional time from teachers
- Results in fewer transitions for children
- Promotes in-depth child-teacher and family-teacher relations
- Increases retention and reduces absenteeism

Key Goals and Measures

Goal: Narrow the achievement gap

Measure: Increase the number of low income students that arrive at first grade performing at grade level, especially in literacy, mathematics and who have the necessary social skills to function well in a first grade classroom

Goal: More low income students receive full day kindergarten

Measure: Percentage within districts of eligible students who are served in all day kindergarten

Goal: Shift cost burden away from low income parents

Statutory Change: Not applicable

Fiscal Impact ($000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	$4,900	$7,000	$7,000	$7,000
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	$4,900	$7,000	$7,000	$7,000

Recommendation

The Governor recommends that a noncompetitive grant program be established to recognize schools with outstanding growth in student achievement and enable these schools to provide best practices training or disseminate best practices information to other schools. The top 20% of schools in the percent of tested students making exceptional growth in reading and math will be eligible for a grant. The amount of the grant will vary, depending on the percent of tested students making high growth. Up to 50% of the grant may be used at the school to maintain the school's excellent performance. The remainder of the grant must be used to provide best practices training or to disseminate best practices information to other schools. Participation for eligible schools is optional; to qualify for a grant, school districts and charter schools with eligible schools must accept the award and submit a budget to the Department of Education. This recommendation will increase state expenditures by $4.9 million in FY 2012, $7.0 million in FY 2013, $7.0 million in FY 2014 and $7.0 million in FY 2015. These costs are based on the Governor's recommendation for the aid payments shift.

Rationale

This program meets two of the goals provided in the Governor's five point vision for the future of the state of Minnesota: to invest in better education and to invest in the transformation of government services. Currently, Minnesota has one of the worst achievement gaps in the nation. The Governor seeks to shine a light on the success stories currently occurring around the state, where educators are helping students achieve their highest potential, even when the odds seem insurmountable.

To that end, the Governor seeks to reward and recognize schools that have used proven, creative and innovative practices to close the achievement gap and yield outstanding levels of growth.

High performance schools should not only be rewarded for helping all students to achieve, but also be asked to share their successful practices, so communities across the state can benefit from what they've learned. As a result, the Governor will ask that recipients of the award share their results by providing training and materials that other education leaders may use to implement innovative strategies in their own classrooms.

Key Goals and Measures

Goals:

- Reward schools for innovation that narrows the achievement gap.
- Disseminate innovative and successful practices to other schools.

Measures:

- An increase in the number of schools attending school training sessions.
- The number of schools that adopt successful practices from the grantee school.

Statutory Change: Not Applicable

Fiscal Impact ($000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	$2,100	$3,000	$3,060	$3,060
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	$2,100	$3,000	$3,060	$3,060

Recommendation

The Governor recommends that a competitive grant program be established to promote innovative approaches for closing the achievement gap and improving achievement for all students. Funding will be provided for approximately 30 projects per year with a maximum award of $100,000 per project. Projects may relate to K-12 or early childhood education. Priority will be given to projects involving innovative use of technology to close the achievement gap. This recommendation will increase state expenditures by $2.1 million in FY 2012, $3 million in FY 2013, $3.06 million in FY 2014 and $3.06 million in FY 2015. These costs are based on the Governor's recommendation for the aid payments shift.

Rationale

The Department of Education will award up to $3 million annually to projects that are boldly addressing the achievement gap using technology to transform education.

This program meets two of the goals provided in the Governor's five point vision for the future of the state of Minnesota: to invest in better education and to invest in the transformation of government services.

Currently, Minnesota has one of the worst achievement gaps in the nation. This achievement gap occurs even as advancements in technology should be allowing all children to succeed. Using the Achievement Gap Innovation Fund, the Governor wants educators to use their creativity to develop projects that use technology in new ways to close the achievement gap and explore new and better ways to deliver education services in the state– ways that will allow all students to reach their potential in our schools.

Key Goals and Measures

Goal: To close the achievement gap using innovation and best practices.

Measure: The percentage of students showing academic growth when participating in these programs.

Goal: To reward innovative approaches using technology in K-12 and early childhood education programs.

Measure: An increase in the number of schools using technology in curriculum and instruction to address the achievement gap.

Statutory Change: Not applicable.

Fiscal Impact ($000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	$2,000	0	0	0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	$2,000	0	0	0

Recommendation

The Governor recommends an appropriation of $2 million in FY 2012 for the early childhood quality rating and improvement system. This change item is one strategy in achieving the governor's agenda to raise the profile of early childhood education and support for high quality teaching. This recommendation funds classroom observation of teachers and feedback as part of a proposed statewide early childhood quality rating and improvement system. Teachers would be assessed in three areas: emotional climate, instructional support and classroom organization.

Rationale

The effectiveness of the teacher-child interaction in the classroom is the most important element in a child's experience in an early childhood program, especially for children at risk for being unprepared for kindergarten. Including the scores of an evidence-based observation tool within a quality rating and improvement system is a necessary component in assessing the quality of a program, supporting the teachers to improve to improve instruction and informing parents on the quality of a program.

Key Goals and Measures

Goal: Families will have access to high quality early childhood programs using the observation tools funded by this appropriation to assess and evaluate effective instruction.

Statutory Change: Not Applicable

Fiscal Impact ($000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	$(750)	$(750)	$(750)	$(750)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	$(750)	$(750)	$(750)	$(750)

Recommendation

The Governor recommends elimination of this annual competitive grant program, resulting in state savings of $750,000 in each year, FY 2012 through FY 2015. The magnet school grant program was first implemented in FY 1995 to assist school districts in establishment and operation of magnet schools as a way to encourage integration. Expansion of integration programs and integration revenue has decreased the need for this small grant program.

Rationale

Integration programs have expanded to include 124 school districts in FY 2011 operating in a collaborative effort to support increased and sustained interracial contacts and to provide educational programming to close the academic achievement gap. Magnet schools are just one of the strategies that may be employed to work toward these goals, and integration revenue made available under M.S. 124D.86 will continue to be used to support this effort. Supporting integration and educational achievement through this alternative program and revenue stream will allow for more thorough measurement of success in attaining integration and achievement goals, than that available in the Magnet School Grant program.

Statutory Change: Repeal M.S. 124D.871

Fiscal Impact ($000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	$(829)	$(829)	$(829)	$(829)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	$(829)	$(829)	$(829)	$(829)

Recommendation

The Governor recommends elimination of state funding for the Explore and Plan (EPAS) assessments resulting in state savings of $829,000 in each year, FY 2012 through FY 2015.

Rationale

Minnesota students undergo excessive testing sequences. Funding for the EPAS assessments has been offered on a voluntary basis to school districts and charter schools through a Minnesota Department of Education contract with Assessment and Comprehensive Testing (ACT) College and Career Readiness System. The testing assesses college-readiness prior to normal age of college entrance, but does not have proven outcomes.

Statutory Change: Repeal M.S. 120B.128

Fiscal Impact ($000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	$(313)	$(774)	$(1,285)	$(1,812)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	$(313)	$(774)	$(1,285)	$(1,812)

Recommendation

The Governor recommends reducing the statutory growth factor for the calculation of state total adult basic education aid from 3% to 2%. This recommendation results in state savings of $313,000 in FY 2012, $774,000 in FY 2013, $1.285 million in FY 2014, and $1.812 million in FY 2015. These costs are based on the Governor's recommendation for the aid payments shift.

Rationale

State total adult basic education aid has grown significantly in recent years, from $36.5 million in FY 2005 to $44.4 million in FY 2011. Contact hours for students in the program grew from 4.8 million hours in FY 2004 to 5.8 million in FY 2010. Program expansion will continue with a 2% annual growth factor, but at a slower rate.

ABE programs are currently able to meet demand which grew significantly in FY 2009 and FY 2010 due to economic conditions and the high rate of unemployment. With a 2% growth factor, some small but manageable waiting lists are expected to develop, particularly in the metropolitan area.

Statutory Change: M.S. 124D.531, Subd. 1

Fiscal Impact ($000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Q Comp Expenditures	$(1,333)	$(3,438)	$(5,510)	$(7,451)
Tax Shift Cost	579	166	256	253
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	$(754)	$(3,272)	$(5,254)	$(7,198)

Recommendation

The Governor recommends that no new school districts or charter schools be approved for the quality compensation revenue (Q Comp) beginning February 1, 2011. State savings as a result of this recommendation are $1.333 million in FY 2012, $3.438 million in FY 2013, $5.510 million in FY 2014, and $7.451 million in FY 2015. Levy decreases resulting from this change result in costs related to the early levy recognition (tax shift) of $579,000 in FY 2012, $166,000 in FY 2013, $256,000 in FY 2014, and $253,000 in FY 2015. These costs and savings are based on the Governor's recommendation for the aid payments shift.

Rationale

This program has existed for eight years. Currently the program is in 50 districts and 54 charter schools. This program is being capped in order to further evaluate its affect on teacher performance and the other stated goals of the program. There is also concern that it creates further disparities among school districts.

Statutory Change: Not applicable

Fiscal Impact ($000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	$(734)	$(1,057)	$(1,089)	$(1,100)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	$(734)	$(1,057)	$(1,089)	$(1,100)

Recommendation

The Governor recommends elimination of the "grandfather" formula allowances in excess of $1,200 per pupil unit for charter school lease aid resulting in savings of $734,000 in FY 2012, $1.057 million in FY 2013, $1.089 million in FY 2014, and $1.1 million in FY 2015, and creating a more equitable funding mechanism for all charter schools. These costs are based on the Governor's recommendation for the aid payments shift.

Rationale

The charter school lease aid program began in FY 1998 to pay building lease costs for charter schools in recognition of the fact that charter schools' access to capital funds was limited to the operating capital formula within general education.

The maximum aid per pupil unit increased from $416 in FY 1998 to $440 in FY 1999 with FY 1998 and FY 1999 lease aid limited to 80% of the actual net lease costs. The maximum lease aid was increased to $1,500 per pupil unit in FY 2000 through FY 2003, with aid limited to 90% of net approved lease costs. The formula allowance was reduced to $1,200 in FY 2004 except for schools with lease agreements in effect at that date, which were "grandfathered in" at a higher dollar amount per pupil. Currently, twenty-nine charter schools of the 148 charter schools have a grandfather formula allowance dating back to FY 2004 that is used in the calculation of state charter school lease aid. One school has a grandfather allowance in excess of $1,600. Ten of the schools have a grandfather allowance within $5 of the FY 2003 allowance of $1,500. Eight of the schools have a formula allowance between $1,200 and $1,300. Eight have a formula allowance between $1,300 and $1,400, and two have a formula allowance between $1,400 and $1,495.

Retaining the grandfather formula allowances for specific schools does not encourage the schools to practice cost containment. Charter schools beginning operations after FY 2003 have successfully negotiated leases of appropriate education spaces at lower costs, creating an inequity in funding.

Statutory Change: M.S. 124D.11, subd. 4

Fiscal Impact ($000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	$(420)	$(1,126)	$(1,379)	$(1,379)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	$(420)	$(1,126)	$(1,379)	$(1,379)

Recommendation

The Governor recommends elimination of state charter school start-up aid resulting in state savings of $420,000 in FY 2012, $1.126 million in FY 2013, $1.379 million in FY 2014, and $1.379 million in FY 2015. These costs are based on the Governor's recommendation for the aid payments shift.

Rationale

Charter school start-up funding has previously been eliminated on a temporary basis for charter schools starting in FY 2004 and FY 2005, also in response to state budget issues.

The charter school start-up aid program was enacted in 1997. This aid is available to charter schools for the first two years of their operations at the amount of $50,000 per year or $500 per pupil, whichever is greater. Charter schools are eligible for this aid only when they actually open and are delivering the school program to students. These funds assist with one-time costs of operations, but use is not limited and the funds can be used for salaries and recurring costs of operation, although after the two year period of qualification, no funding is available for established recurring costs.

There are also federal grant monies under Title X, Part C of the Elementary and Secondary Education Act for which charter schools are eligible. These federal grants are available for three years with a total maximum award over the three years of $540,000. The first year grant is available to a charter school as a planning grant before a school begins operations. The second and third years of the federal grant may be spent only for one-time costs related to initial operating expenses after the school opens.

As a result, a charter school receives both the state start-up aid and the federal grant monies during the first two years of operation. Elimination of the state charter school start-up aid will require charter schools to carefully evaluate potential for enrollments, to evaluate staffing needs based on projected enrollment and student/staff ratios, and to limit these and other costs of operation to levels that can be supported by ongoing funding sources.

Statutory Change: M.S. 124D.11, subd. 8

Program at a Glance

FY 2010 general fund budget was approximately $35.9 million.

Operating divisions:
- Office of Education Excellence and Accountability
- Office of Early Learning and Educational Support Services
- Office of Education Innovation, Special Education Policy and Center for Postsecondary Success
- School Finance
- Research and Assessment
- Compliance and Assistance
- Administrative Services

FY 2010 state education aids of $5.3 billion allocated in support of the pre-kindergarten through grade 12 education in Minnesota.

Program Description

Funding for operational activities of the Minnesota Department of Education (MDE) is provided to staff and support the mission, goals, and objectives of MDE and state and federal laws governing preK-12 education. This program exists to fulfill the agency mission: to improve educational achievement by establishing clear standards, measuring performance, assisting educators, and increasing opportunities for lifelong learning.

Population Served

In FY 2009, this program directly served 340 school districts, 153 charter schools, 55,727 licensed teachers, and state public policymakers. All residents of the state are directly or indirectly impacted by services provided by this program. Services are provided to all children enrolled in preK-12 education programs. Parents are the beneficiaries of agency services provided to their children. Adult participants in education programs are also served.

Services Provided

This program provides the infrastructure for services and assistance to students, teachers, parents, and school districts provided by MDE. Education services are provided by the following offices.

The Office of Education Excellence and Accountability is responsible for setting academic standards, issuing educator licenses, implementation of chartered school policies, developing and operating state-level IT system for education data and resource deployment, and the implementation and coordination of federal educational programs and funds.

The Office of Early Learning and Educational Support Services is responsible for preparing young children and their families for school success; providing nutritious meals for students in schools, and young children and adults in organized care settings; developing and extending statewide library services and administering the Minnesota Braille and Talking Book Library located in Faribault; and managing competitive and application grant programs.

The Office of Education Innovation, Special Education Policy and Center for Postsecondary Success is responsible for school choice programs, expanded online learning, and Indian education programs; special education services; and expanded high school learning initiatives, alternative rigorous coursework for college and career readiness, adult basic and career education, and alternative programs to meet student needs.

The Office of Turnaround Schools (OTAS) supports schools in the state identified as persistently lowest achieving. Through the unprecedented resources and accountability provided under the Title I School Improvement Grant (SIG), the OTAS seeks to create a system of support for eligible schools to implement dramatic turnaround efforts to boost student achievement.

School Finance is responsible for collecting student and financial data from school districts and charter schools, administering state and federal education aid programs, calculating school district property tax levy limitations, providing financial management assistance to local education agencies, and auditing data reported by local education agencies that drives state aid payments and levy limitations.

Research and Assessment is responsible for the development and implementation of a coherent assessment system that measures student knowledge and skills on Minnesota Academic Standards and the Minnesota English Language Proficiency Standards. The system meets state and federal requirements and provides timely

information that educators can use to inform curricular and instructional decisions that improve student achievement.

Compliance and Assistance is responsible for monitoring school district and MDE compliance with certain state and federal education laws. The division provides training and resources to assist school districts, parents, and the department in maintaining compliance. The division also implements the Student Maltreatment Program and oversees rulemaking and data practices for MDE.

Administrative Services provides services in the area of agency fiscal (MAPS budget/spending plan activities, federal expenditure reporting and cash management, accounts payable and receivable, payroll, procurement, and central services) and human resource management to all agency programs.

These offices and activities provide the following services to the preK-12 education community:

- Academic Standards
- Administrative Services
- Adult and Career Education
- Career and Technical Education
- Charter Schools
- Compliance and Assistance for Special Education Students
- Consolidated Federal Programs
- Early Learning Services
- Educator Licensing and Teacher Quality
- Education Innovation
- English Language Learners/Limited English Proficiency (LEP)
- Food and Nutrition Services
- High School Improvement
- Indian Education
- Library Development and Services
- Minnesota Braille and Talking Book Library
- Research and Assessment
- Safe and Healthy Learners
- School Choice
- School Finance
- School Improvement
- School Technology
- Special Education
- Turnaround Schools

Activity Funding

This program is funded primarily by state and federal funds. The table below summarizes the annual spending for operating accounts in FY 2009.

Fund	Amount	%
General	38,673,067.71	46.47%
Special Revenue	4,483,075.76	05.39%
Federal	39,982,484.09	48.04%
All Other	86,889.53	00.10%
Total	**$83,225,517.09**	**100.00%**

Contact

Additional information is available at http://education.state.mn.us or at 651-582-8200.

Dollars in Thousands

	Current FY2010	Current FY2011	Governor Recomm. FY2012	Governor Recomm. FY2013	Biennium 2012-13
Direct Appropriations by Fund					
Environment & Natural Resource					
Current Appropriation	0	300	300	300	600
Technical Adjustments					
One-time Appropriations			(300)	(300)	(600)
Subtotal - Forecast Base	0	300	0	0	0
Total	**0**	**300**	**0**	**0**	**0**
General					
Current Appropriation	20,148	19,811	19,811	19,811	39,622
Subtotal - Forecast Base	20,148	19,811	19,811	19,811	39,622
Governor's Recommendations					
Agency Operating Reduction		0	(991)	(991)	(1,982)
Total	**20,148**	**19,811**	**18,820**	**18,820**	**37,640**
Arts And Cultural Heritage					
Current Appropriation	4,250	4,250	4,250	4,250	8,500
Technical Adjustments					
One-time Appropriations			(4,250)	(4,250)	(8,500)
Subtotal - Forecast Base	4,250	4,250	0	0	0
Total	**4,250**	**4,250**	**0**	**0**	**0**
Expenditures by Fund					
Direct Appropriations					
Environment & Natural Resource	0	135	165	0	165
General	18,704	21,207	18,827	18,827	37,654
Arts And Cultural Heritage	4,250	4,250	0	0	0
Statutory Appropriations					
Miscellaneous Special Revenue	7,469	8,982	6,051	5,940	11,991
Federal	29,662	31,618	30,763	30,574	61,337
Federal Stimulus	237	4,160	6,538	4,372	10,910
Miscellaneous Agency	47	3,157	3,099	3,099	6,198
Gift	54	140	47	47	94
Total	**60,423**	**73,649**	**65,490**	**62,859**	**128,349**
Expenditures by Category					
Total Compensation	34,379	40,405	39,042	38,379	77,421
Other Operating Expenses	17,392	23,146	23,011	21,630	44,641
Payments To Individuals	47	40	40	40	80
Local Assistance	8,443	9,893	3,235	2,648	5,883
Other Financial Transactions	162	165	162	162	324
Total	**60,423**	**73,649**	**65,490**	**62,859**	**128,349**

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Expenditures by Activity					
Educ Excellence & Accountablty	17,230	21,002	21,020	19,454	40,474
Off Of Early Lrng & Educ Supp	9,515	8,958	8,236	7,981	16,217
Ed Innov, Sped Policy & Cpss	14,194	16,406	11,292	10,714	22,006
Compliance & Assistance Div	4,104	6,165	6,206	6,030	12,236
Administration	7,373	12,692	11,260	11,153	22,413
Program Finance Division	2,949	3,229	3,184	3,208	6,392
Research & Assessment Div	4,117	4,159	3,348	3,375	6,723
Pass Through Programs	941	1,038	944	944	1,888
Total	**60,423**	**73,649**	**65,490**	**62,859**	**128,349**
Full-Time Equivalents (FTE)	**398.8**	**399.0**	**395.5**	**395.3**	

Budget Activities

This program includes the following budget activities:

- General Education
- K-12 Education Shifts (information only)

Dollars in Thousands

	Current FY2010	Current FY2011	Governor Recomm. FY2012	Governor Recomm. FY2013	Biennium 2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	4,291,422	4,776,884	4,776,884	4,776,884	9,553,768
Technical Adjustments					
End-of-session Estimate			2,047,383	989,486	3,036,869
November Forecast Adjustment		54,449	9,402	30,142	39,544
Subtotal - Forecast Base	4,291,422	4,831,333	6,833,669	5,796,512	12,630,181
Governor's Recommendations					
All Day Kindergarten Expansion		0	0	33,084	33,084
Aid Shift Changes		0	(1,154,770)	(18,499)	(1,173,269)
Change Tax Shift Methodology		0	(13,524)	(97)	(13,621)
Eliminate Q Comp Expansion Funding		0	(1,333)	(3,438)	(4,771)
Tax Shift Cost due to Q Comp Levy		0	579	166	745
Total	**4,291,422**	**4,831,333**	**5,664,621**	**5,807,728**	**11,472,349**
Federal Stimulus					
Current Appropriation	500,000	0	0	0	0
Subtotal - Forecast Base	500,000	0	0	0	0
Total	**500,000**	**0**	**0**	**0**	**0**
Expenditures by Fund					
Direct Appropriations					
General	4,290,453	4,829,528	5,664,621	5,807,728	11,472,349
Federal Stimulus	397,332	102,668	0	0	0
Statutory Appropriations					
Endowment School	22,865	22,973	23,007	23,032	46,039
Total	**4,710,650**	**4,955,169**	**5,687,628**	**5,830,760**	**11,518,388**
Expenditures by Category					
Other Operating Expenses	15	0	17,421	36,914	54,335
Local Assistance	4,710,635	4,955,169	5,670,207	5,793,846	11,464,053
Total	**4,710,650**	**4,955,169**	**5,687,628**	**5,830,760**	**11,518,388**
Expenditures by Activity					
General Education	4,710,650	4,955,169	5,687,628	5,830,760	11,518,388
Total	**4,710,650**	**4,955,169**	**5,687,628**	**5,830,760**	**11,518,388**

Activity at a Glance

FY 2009 (Final)

- 821,021 pre-kindergarten through grade 12 students average daily membership (ADM).
- 340 school districts and 153 charter schools.
- $5.7 billion in state aid and $0.9 billion in levies.
- $7,495 average general education revenue per student.
- $5,124 basic education formula allowance per adjusted marginal cost pupil unit

Activity Description

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

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

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

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

Population Served

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

The following table shows the estimated state total number of students served in FY 2011 by grade level grouping and program type. The student counts shown are average daily membership (ADM) or the average number of students enrolled throughout the school year.

	Regular District	Charter School	PSEO College	Contract Alternative	Shared Time	Total ADM
Disabled Pre-K	7,569	1	0	0	6	7,576
Disabled Kndgrtn	5,236	79	0	1	29	5,345
Regular Kndgrtn	53,707	3,599	0	21	18	57,345
Grades 1-3	176,712	10,116	0	32	131	186,991
Grades 4-6	174,697	8,528	0	27	197	183,449
Grades 7-12	362,915	16,157	3,038	1,185	257	383,552
TOTAL ADM	780,836	38,480	3,038	1,266	638	824,258

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

Services Provided

General education revenue is the primary source of general operating funds for school districts and charter schools. In FY 2009, it accounts for 81% of school district general fund state aid and levy revenues.

- Programs supported by general education revenue include regular instruction, vocational instruction, special education, instructional support services, pupil support services, operations and maintenance of school facilities, pupil transportation, district and school administration, district support services, and capital expenditures.
- The School District Profiles report, available on the Minnesota Department of Education (MDE) website, provides a breakdown of FY 2009 operating expenditures for each school district and charter school, as well as regional and state totals.

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

- *Class-size reduction* (M.S. 126C.12). The additional basic revenue generated by the portion of the pupil unit weight for regular kindergarten students exceeding 0.5 and the portion of the pupil unit weight for students in grades 1 – 6 exceeding 1.0 is reserved for class-size reduction, beginning with kindergarten through grade three.
- *Staff development* (M.S. 122A.61). An amount equal to 2% of basic revenue ($102.48 per pupil unit in FY 2009) must be reserved for staff development. This requirement is waived for school districts in statutory operating debt and may be waived by a majority vote of the school board and the teachers in any district. (Note: The requirement is waived for all districts for FY 2010 and FY 2011 only.)
- *Gifted and talented* (M.S. 126C.10, Subd. 2b). This revenue must be used for gifted and talented programs.
- *Basic skills* (M.S. 126C.15). This revenue, which includes compensatory education revenue and limited English proficiency (LEP) revenue, must be used to meet the educational needs of students who enroll under-prepared to learn and whose progress toward meeting state or local content or achievement standards is below the level that is appropriate for learners of their age. Compensatory revenue must be allocated to the buildings where the children generating the revenue are served; however, an amount up to 5% of the prior year's revenue may be allocated according to a local plan approved by the commissioner.
- *Operating capital* (M.S. 126C.10, Subd. 13, 14). This revenue must be used for facilities, equipment, or for personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and software.

Historical Perspective

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

- Initiated in FY 1989, the general education program replaced the foundation program and numerous categorical programs, including teacher retirement aid, summer program aid and levy, gifted and talented aid, arts education aid, chemical dependency aid, programs of excellence grants, and the liability insurance levy.
- In FY 1994, FY 1995, and FY 2000 the pupil weighting factors for regular kindergarten and elementary students were increased to provide additional funding for elementary class-size reduction. In FY 2008 the weighting factor for regular kindergarten was increased from 0.557 to 0.612.
- Beginning in FY 1997, funding for regular transportation and operating capital is included in the general education program.
- Beginning in FY 1998, compensatory education revenue is computed using building-level free and reduced-price lunch counts, instead of district-level Aid to Families with Dependent Children (AFDC) counts.
- Beginning in FY 2000, additional funding is provided for districts with declining enrollments through the use of "marginal cost" pupil units, which reflect a mix of current and prior-year data. Also beginning in FY 2000, LEP program revenue is included in the general education program.
- Beginning in FY 2001, district cooperation revenue was rolled into the general education formula, increasing the formula allowance by $67. Also beginning in FY 2001, LEP revenue was converted from an expenditure-based to an enrollment-based formula.
- Beginning in FY 2003, the general education levy was eliminated and the general education formula is fully funded by the state. In addition, $415 per pupil unit was transferred from referendum revenue to the general education formula.

- Beginning in FY 2004, two new components were added to general education revenue; extended time revenue and transition revenue. Except for the computation of extended time revenue, ADM is limited to 1.0 for each pupil.
- Beginning in FY 2005, levy components were added to operating capital revenue, equity revenue, and transition revenue.
- Beginning in FY 2006, two new components were added to general education revenue: alternative teacher compensation (Q Comp) revenue and gifted and talented revenue.
- Beginning in FY 2010, the general aid subtraction for school land trust endowment fund is repealed.
- For FY 2010 a one-time $500 million reduction in the general education aid entitlement was replaced with federal state fiscal stabilization (SFSF) dollars awarded through the American Recovery & Rehabilitation Act.

Additional information on the history of Minnesota school finance is available on the Division of Program Finance website.

Key Activity Goals & Measures

Goals: This program, as the single largest state source of education funding, addresses the key department goals of improving student achievement and preparing students to compete in a global economy. The program also supports the following Minnesota Milestones goals: 1) Minnesotans will excel in basic and academic skills and knowledge; and 2) Minnesota's workforce will have the education and training to make the state a leader in the global economy.

Measures: Indicators of an equitable and uniform system of general education revenue include the following:

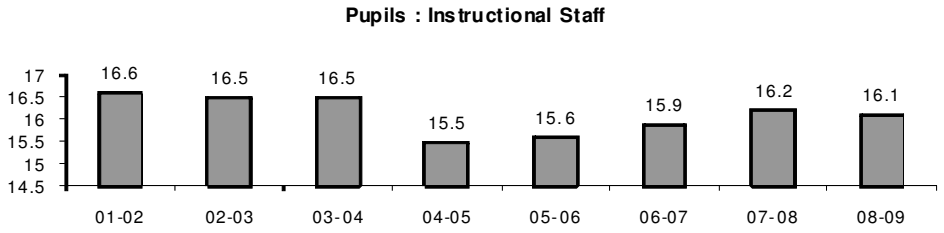
- *Growth in revenue per ADM*. The following table shows the change in general education revenue per ADM from FY 2002 through FY 2011 in current and constant (2008) dollars based on end of session 2010 estimates. Between FY 2002 and FY 2011, general education revenue per ADM increased by 32.3%. After adjusting for inflation using the consumer price index (CPI), the increase was 7.1%.

General Education Revenue per ADM, FY 2002 – 2011
Including Operating Referendum Revenue
End of 2010 Legislative Session

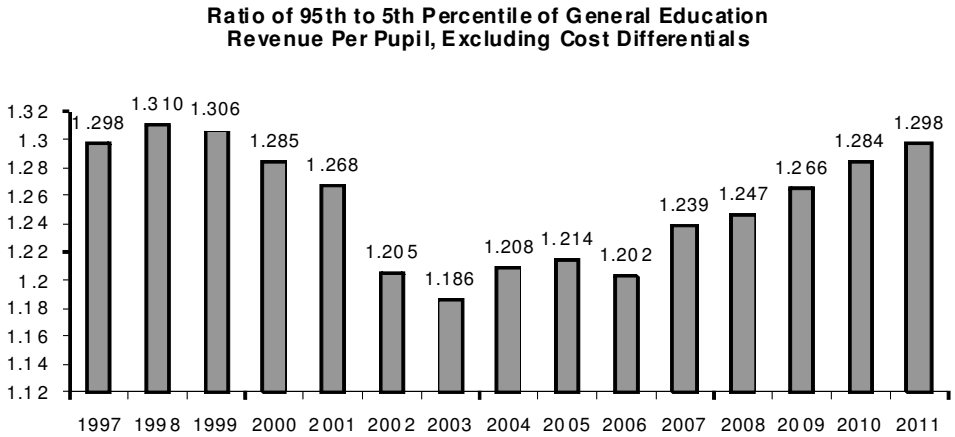
Fiscal Year	Revenue per ADM Current Dollars		Revenue per ADM Constant (2008) Dollars	
	Amount	Cumulative % Change	Amount	Cumulative % Change
2002	6,135	N/A	7,289	N/A
2003	6,484	5.7%	7,537	3.4%
2004	6,633	8.1%	7,545	3.5%
2005	6,776	10.4%	7,483	2.7%
2006	7,085	15.5%	7,538	3.4%
2007	7,507	22.4%	7,785	6.8%
2008	7,759	26.5%	7,759	6.5%
2009	7,985	30.2%	7,875	8.0%
2010	7,993	30.3%	7,799	7.0%
2011	8,115	32.3%	7,804	7.1%

Note: FY 2010 includes federal SFSF stabilization dollars.

- *Pupil – staff ratios*. Compensation for teachers and other district staff constitutes the districts' largest operating cost. The graph from the School District Financial Profiles shows the ratio of ADM pupils to licensed instructional staff. From 2002 to FY 2009, the ratio has decreased slightly.



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



- *Student achievement.* State assessments provide teachers and school administrators with information about the academic status of all students. Information is available on the department's website for all state assessments given on a regular basis to students in Minnesota. For a summary of the results of the Minnesota comprehensive assessments see the budget narrative for statewide testing.
- *Other measures.* Except for the portion of revenue attributable to compensatory revenue, which must be passed through to each school site, each local school board determines how to allocate the general education revenue among school sites and programs subject to certain legislative restrictions. Information on school performance and school district spending can be found on the department's website.

Activity Funding

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

Disabled Pre-K	1.250	Grades 1 – 3	1.115
Disabled Kindergarten	1.000	Grades 4 - 6	1.060
Regular Kindergarten	0.612	Grades 7 – 12	1.300

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

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

Spreadsheets showing general education revenue by component for FY 2002 through FY 2011 for individual districts and the state are available on the Division of Program Finance website at District Revenue FY 2002 through FY 2011. Detailed spreadsheets showing the calculation of each revenue component for each school district and charter school for each fiscal year are also available on the Division of Program Finance website.

FY 2011 General Education Revenue by Component - FY 2011 (est.)

Component	Number of Districts	Number of Charter Schools	Amount (millions)	Percent of Total
Formula Based Revenues:				
1. Basic	336	152	$ 4,854.0	72.6%
2. Gifted & Talented	336	152	11.4	0.2%
3. Extended Time	127	6	67.9	1.0%
4. Basic Skills:				
a) Compensatory	336	150	413.1	6.2%
b) LEP	208	61	31.9	0.5%
c) LEP Concentration	208	61	8.4	0.1%
5. Sparsity	97	152	23.7	0.4%
6. Transportation Sparsity	336	152	60.4	0.9%
7. Training & Experience	23	152	0.3	0.0%
8. Operating Capital	336	152	194.5	2.9%
9. Equity	336	152	92.8	1.4%
10. Transition	200	42	29.2	0.4%
11. Q Comp	45	32	91.0	1.4%
12. Alternative Attendance Adj.	265	139	0.8	0.0%
13. Misc. Adjustments				
a) Pension Adjustment	336	152	(31.0)	-0.5%
b) Online Learning	1	2	1.2	0.0%
c) PSEO-College	n/a	n/a	21.7	0.3%
d) Shared Time	n/a	n/a	3.8	0.1%
e) Contract Alternative	n/a	n/a	9.5	0.1%
Subtotal	337	152	$ 5,884.6	88.0%
Referendum-Based Revenues:				
14. Oper. Referendum	302	0*	$ 804.0	12.0%
Grand Total Revenue	337	152	$ 6,688.6	100.0%

* For charter schools, referendum aid is shown on line 12, alternative attendance adjustment.

Detail of Revenue Components: For FY 2011 and later, the components of general education revenue are as follows:

Basic Revenue

- Basic revenue provides all districts with a uniform allocation per pupil unit.
- Basic revenue for a district equals the product of the district's AMCPU times the formula allowance established in law.
- The formula allowance for FY 2011 and later is $5,124.
- The change in the formula allowance is not a reliable indicator of the growth in school district revenue per student over time because of several factors, including changes in pupil weights, changes in formulas for allocating additional pupil units to districts with declining enrollment, transfers of various funding programs

into or out of the general education formula, offsets to the formula for changes in other funding components, and changes in other funding components.

Extended Time Revenue

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

Gifted and Talented

- Gifted and talented revenue provides school districts and charter schools with $12 per pupil unit for FY 2011 and later for identifying gifted and talented students, providing education programs for these students or providing staff development for teachers to best meet the needs of these students.

Basic Skills Revenue

Basic skills revenue includes compensatory revenue and LEP revenue:

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

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

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

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

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

Sparsity Revenue

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

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

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

Transportation Sparsity Revenue

- This revenue funds the added cost of pupil transportation in areas with low population density, supplementing the 4.85% of basic revenue ($248.5 per pupil unit in FY 2011), provided to all districts for transportation purposes. The transportation sparsity allowance for a district increases as the number of pupil units per square mile decreases.

Training and Experience (T & E) Revenue

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

Operating Capital Revenue

- This revenue, which is reserved for facilities and equipment purposes, equals $173 per pupil unit, plus an adjustment of up to $50 per pupil unit, based on the average age of the district's buildings.
- In order to receive operating capital revenue, school districts must levy for this purpose beginning in FY 2005. The levy is spread based on the net tax capacity (NTC) of the district.
- The local levy share of operating capital revenue equals the lesser of the revenue or the product of the revenue times the ratio of the district's adjusted net tax capacity (ANTC) per AMCPU to $10,700.

Alternative Teacher Compensation (Q Comp) Revenue

- School districts, charter schools, the Perpich Center for Arts Education, and multi-district integration collaboratives with an approved alternative teacher professional pay system are eligible to receive up to $260 per pupil enrolled at participating sites for implementation of the alternative teacher professional pay system. Participating school districts receive basic state aid of $169 per pupil and are authorized to make an equalized levy of up to $91 per pupil. Prior to FY 2010, the basic state aid was $190 per pupil, and the equalized levy was $70 per pupil. Other participating units receive an amount equal to the average per pupil revenue of participating school districts, all in the form of state aid.

Equity Revenue

- This formula provides additional revenue targeted primarily to districts with referendum revenue per pupil unit below the 95th percentile for the region where the district is located (metro or rural).
- For qualifying districts with no referendum levy, the initial revenue allowance is $13 per pupil unit.
- For qualifying districts with a referendum levy, the initial revenue allowance is $13 plus an amount up to $75 per pupil unit, depending on how far the district's referendum revenue per pupil unit is below the 95th percentile (sliding scale).
- Districts with referendum revenue per pupil unit below 10% of the state average receive additional equity revenue equal to the difference between 10% of the state average and the district's referendum revenue per pupil unit.
- For districts in the seven-county metro area, the equity revenue as computed above is increased by 25%.
- Minneapolis, St. Paul, and Duluth are not eligible for the components of equity revenue described above.
- Beginning in FY 2009, all districts (including Minneapolis, St. Paul, and Duluth) are eligible for an additional $46 per pupil unit of equity revenue.
- School districts must levy to receive equity revenue. The levy is spread based on the referendum market value (RMV) of property, which excludes seasonal recreational cabin property and agriculture land (the house, garage, and one acre of farm properties are taxable).
- Equity revenue is equalized by state aid at the same rate as Tier 1 referendum equalization.
- The local levy share of equity revenue equals the lesser of the revenue or the product of the revenue times the ratio of the district's RMV per resident marginal costs pupil unit to $476,000.

Transition Revenue

- Transition revenue was added in FY 2004 to mitigate the loss of general education revenue that districts experienced from changes enacted by the 2003 legislature. The transition allowance is not recalculated after FY 2004.
- Beginning in FY 2006, districts that received general education revenue in FY 2004 for pupils enrolled in pre-kindergarten programs receive additional transition revenue based on 4% of the revenue generated by the enrollment of those students in FY 2004. The additional revenue must be reserved for pre-kindergarten programs.

- Beginning FY 2010, districts that lose revenue from a tuition reciprocity agreement with an adjoining state receive additional transition revenue if the sum of the general education revenue and net tuition revenue for FY 2010 is less than the amount the district would have received if the agreement had not been in effect.
- School districts must levy to receive transition revenue. The levy is also spread based on the RMV of property.
- Transition revenue is equalized by state aid at the same rate as Tier 1 referendum equalization and equity revenue.

Alternative Attendance Adjustment

- Referendum equalization aid follows the student to the nonresident district or charter school the student attends. The resident district loses the aid generated by the student.
- If the student enrolls in another school district, that district's aid is increased by the nonresident district's referendum equalization aid per pupil unit. Beginning in FY 2008, districts with a high concentration of nonresident students that are not enrolled solely in on-line learning receive an alternative attendance adjustment based on a sliding scale tied to the first tier referendum equalization limit (currently $700).
- If the student enrolls in a charter school, the charter school's aid is increased by the amount subtracted from the aid paid to the resident district.

Miscellaneous Adjustments to General Education Revenue

- *Post-Secondary Enrollment Options (PSEO) Aid* is paid to Minnesota higher education institutions for courses taken by 11th and 12th grade students for high school credit. For institutions granting quarter credit, the reimbursement per credit hour is 88% of the formula allowance minus $415 times 1.3 and divided by 45. For institutions granting semester credit, the reimbursement per credit hour is 88% of the formula allowance minus $415 times 1.3 and divided by 30. Additional information on this program can be found on the department's website.
- *Contract Alternative Aid* is paid to districts for students eligible to participate in the graduation incentives program who enroll in nonpublic, nonsectarian schools that have contracted with the serving school district to provide education services.
- *Shared Time Aid* is paid to districts for students who attend public schools on a part-time basis while also attending private schools. Revenue for shared time pupils equals their full-time equivalent pupil units times the formula allowance.
- *Pension Adjustment* is an adjustment to general education aid to offset the impact of certain changes in employer contribution rates for members of the Teachers Retirement Association (TRA) and the Public Employees Retirement Association (PERA). General education aid is reduced by an amount equal to 2.34% of the FY 1997 salaries for TRA members and is increased by an amount equal to 0.7% of FY 1997 salaries for PERA members. In addition to these adjustments, an adjustment is made for a 1984 PERA rate change. The adjustment is reduced beginning in FY 2008 by 0.5% of FY 2007 TRA salaries to offset an increase in the TRA employer contribution rate.

Referendum Revenue

- A school board may increase its revenue for general education, beyond the level otherwise provided by state law, by obtaining approval from district voters for a referendum levy.
- A district's gross referendum revenue equals the allowance per resident marginal cost pupil unit specified on the ballot times the school district's resident marginal cost pupil units. Beginning in FY 2009, the amount on the ballot can include an automatic annual increase based on the rate of inflation.
- A district's referendum allowance per pupil unit may not exceed the greater of 1) 26% of the formula allowance adjusted for inflation ($1,558 in FY 2011), or 2) 117.7% of the district's referendum allowance in FY 1994 adjusted for inflation minus $215 times a statutory inflation factor. The referendum allowance cap does not apply to districts receiving sparsity revenue.
- School districts receiving referendum revenue make an additional levy for this purpose. The levy is spread based on the referendum market value of property, which excludes seasonal recreational cabin property and agricultural land (the house, garage and one acre of farm properties are taxable).
- The state funds a portion of referendum revenue with referendum equalization aid and tax base replacement aid. Beginning in FY 2003, a two-tiered referendum equalization formula is used. For the first $700 of revenue

per pupil unit, the local levy share equals the lesser of the revenue or the product of the revenue times the ratio of the district's RMV per resident marginal cost pupil unit to $476,000. For revenue over $700 per pupil unit, up to 26% of the formula allowance ($1,332 in FY 2009), the local levy share equals the lesser of the revenue or the product of the revenue times the ratio of the district's RMV per resident marginal cost pupil unit to $270,000. For districts qualifying for sparsity revenue, the cap does not apply and the full referendum revenue over $700 per pupil unit is eligible for equalization using the $270,000 equalizing factor.

- For districts with an FY 2002 referendum allowance levy exceeding $415, the state pays tax base replacement aid equal to the portion of the district's referendum levy for taxes payable in 2002 attributable to the portion of the referendum allowance exceeding $415 levied against seasonal recreational cabin property and agricultural land. Because tax base replacement aid is subtracted from referendum equalization aid, in FY 2011, it provides a net reduction in taxes only for 58 school districts where the tax base replacement aid exceeds the referendum equalization aid. Tax base replacement aid remains in effect each year that a district's current referendum authority exceeds its FY 2002 referendum authority over $415 per pupil unit.

Replacements of General Education Revenue

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

- *County Apportionment Deduction*. School districts receive revenue from the apportionment of certain county receipts (M.S. 127A.34). This revenue is derived from penalties on real estate taxes, taxes on transmission and distribution lines, liquor license fees, wind energy tax receipts, fines, and other sources.
- *Taconite Aid*. Certain districts may receive a small portion of their general education revenue from various taconite taxes (M.S. 294.21-294.28; M.S. Chapter 298). Taconite receipts of a school district for a fiscal year exceeding the amount needed to offset the taconite levy limitation reduction recognized for that fiscal year are subtracted from general education aid under M.S. 126C.21, Subd. 4. Beginning FY 2010, the taconite aid subtraction was repealed (Laws 2009, chapter 88, Article 12, Sections 9 and 32) and excess taconite receipts are partially redistributed to cities and townships.

School Land Trust Endowment Fund

- *School Land Trust Endowment Fund.* This fund is apportioned twice a year to all districts on the basis of the previous year's ADM (M.S.127A.33). The school endowment fund distributes investment earnings transferred to it from the permanent school fund. The principal of the permanent school fund, which must remain perpetual and inviolate, has been generated by land sales, mining royalties, timber sales, lakeshore and other leases, and other miscellaneous sources.

Beginning in FY 2010, the general education aid subtraction for school land trust endowment fund distributions was repealed (Laws 2008 Chapter 363, Article 2, Sec. 52 subdivision 1). The state general fund appropriation required to fund the general education program was increased by the amount of the earnings from the permanent school fund in FY 2010 and later.

Contact

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

DEPARTMENT OF EDUCATION

Program: General Education

Activity: General Education Revenue — Budget Activity Summary

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
1	Current Program Appropriation	4,291,422	4,776,884	4,776,884	4,776,884	9,553,768
2	Technical Adjustments					
	a. End of Session Estimate			2,047,383	989,486	3,036,869
	b. Open Appropriation					
	c. November Forecast		54,450	9,402	30,142	39,544
	d. Cancellation	(969)				
3	**State Forecast Base**	**4,290,453**	**4,831,334**	**6,833,669**	**5,796,512**	**12,630,181**
3	Governor's Initiatives					
	a. Q Comp Closed to New Districts			(1,333)	(3,438)	(4,771)
	b. Tax Shift Cost due to Q Comp Change			579	166	745
	c. Change in Tax Shift Methodology			(13,524)	(97)	(13,621)
	d. All Day Kindergarten for Eligible Students				33,084	33,084
	e. Aid Shift to 70%			(1,154,770)	(18,499)	(1,173,269)
4	**Recommended**	**4,290,453**	**4,831,334**	**5,664,621**	**5,807,728**	**11,472,349**
4	**Federal Stimulus**	**500,000**				
District Revenue Summary (Entitlement Basis)						
AID	**State Aid**					
5	Statutory Formula Aid Entitlement	5,655,327	5,726,845	5,799,863	5,891,576	11,691,438
6	Change from EOS	(5,195)	1,899	(3,680)	(8,968)	(12,647)
7	EOS Formula Aid Entitlement	5,650,132	5,728,744	5,796,183	5,882,608	11,678,791
8	Statutory Adjustments					
	a. TRA Adjustment	(30,858)	(30,948)	(31,109)	(31,264)	(62,373)
	b. County Apportionment	(24,000)	(24,000)	(24,000)	(24,000)	(48,000)
	c. Federal Stimulus	(500,000)				
	d. Other Adjustments incl Faribault Academies	(1,137)	(1,118)	(1,118)	(1,118)	(2,236)
	e. Tax Shift Adjustment		(519,122)	(38,560)	(29,481)	(68,041)
	f. Total November Forecast Changes Aid & Adjust	5,195	(1,899)	3,680	8,968	12,647
9	Funded State Aid Entitlement Current Law	5,099,332	5,151,657	5,705,075	5,805,713	11,510,788
10	*Governor's Initiatives*					
	a. Q Comp Closed to New Districts			(1,904)	(4,095)	(5,999)
	b. Tax Shift Cost due to Q Comp Change			579	166	745
	c. Change in Tax Shift Methodology			(13,524)	(97)	(13,621)
	d. All Day Kindergarten for Eligible Students				47,263	47,263
	Subtotal Goveronr's Aid Recommenation			(14,849)	43,237	28,388
10	**Governor's Recommendation State Aid**	**5,099,332**	**5,151,657**	**5,690,226**	**5,848,950**	**11,539,176**
plus						
LEVY	**Levy**					
11	Local Levy Current Law Authority	955,120	983,204	989,155	1,039,309	2,028,464
12	*Governor's Initiatives*					
	a. Q Comp Closed to New Districts				(1,192)	(1,192)
equals	**Governor's Recommendation Levy**	955,120	983,204	989,155	1,038,117	2,027,272
REVENUE	13 **Governor's Rec Revenue (State Aid & Levy)**	6,054,452	6,134,861	6,679,381	6,887,066	13,566,447
14	**Other State and Local Revenue**					
	a. School Endowment (state)	22,866	22,973	23,008	23,032	46,040
	b. County Apportionment (local)	24,000	24,000	24,000	24,000	48,000
15	**Total All Revenue Sources**	6,101,318	6,181,834	6,726,389	6,934,098	13,660,487
Appropriations Basis for State Aid						
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.						
	Prior Year	553,591	1,363,306	1,681,824	1,707,119	3,388,943
	Cancellation - Prior Year	(969)	(1,805)			
	Current Year	3,737,831	3,469,833	3,982,797	4,100,609	8,083,406
	Total State Aid - General Fund	**4,290,453**	**4,831,334**	**5,664,621**	**5,807,728**	**11,472,349**
Other State Funding Sources						
	School Endowment Fund	**22,866**	**22,973**	**23,008**	**23,032**	**46,040**
Federal Funds						
	Federal Stimulus	**500,000**				

Activity at a Glance

- The most recent aid payment shift yielded $1.385 billion in state budget savings for the FY 2010-11 biennium.
- The most recent property tax recognition shift yielded $576.2 million in state budget savings for FY 2011.

Activity Description

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

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

Population Served

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

Historical Perspective

Aid Payment Shift

Since most school revenue is tied to current year data, including the number and characteristics of students served by the district and expenditures for special education, a portion of the funding must be held back until final student data is available to avoid over payments. The consensus is that 10% hold back is prudent. However, beginning in the early 1980s, larger holdbacks have been enacted to help balance the state budget.

90% Current Year Entitlement + 10% Adjusted Prior Year Entitlement = School District Appropriation

Recent Use of Aid Payment Shift

Time Period	Changes in Aid Payment Percentages	State Budget (Savings)/Costs[1] $ in millions
2002 Legislative Session	90/10 to 83/17	($438.0)
2003 Legislative Session	83/17 to 80/20	($191.1)
November 2004 Forecast	80/20 to 81.9/18.1	$117.9
February 2005 Forecast	81.9/18.1 to 84.3/17.4	$150.1
November 2005 Forecast	84.3/17.4 to 90/10	$370.4
2010 Legislative Session	90/10 to 73/27	($1,068.5)
2010 Legislative Session	73/27 to 70/30 for FY 2011	($316.5)
2010 Legislative Session	70/30 to 90/10 for FY 2012	$1,385

Property Tax Recognition Shift

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

May 15th Payment + October 15th Payment = Levy

Prior to FY 1983, all of the school districts' May property tax collections were held and recognized as revenue in the following fiscal year, beginning July 1. Beginning in FY 1983, the revenue recognition policy was changed so that a portion of the spring proceeds were recognized as revenue in the fiscal year of collection. The shift provision was structured to be revenue neutral to school districts by adjusting state aid payments by the

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

difference between the current year's early levy recognition amount and the previous year's early levy recognition amount. This accounting change provided the state with one-time savings in state aid appropriations, without reducing the overall revenue recognized by a school district.

In the period FY 1983-1993, the state experienced savings of $775.7 million resulting from this revenue shift. This amount was appropriated by the state over a 6-year period beginning in FY 1994 to repay school districts the revenue neutral portion of the shift that had previously been reduced from state aid payments.

Beginning in FY 2004, the revenue recognition policy was reinstated to again provide the state with one-time appropriation savings. In FY 2006, the state again repaid the revenue neutral portion of the tax shift with appropriations totaling $424.2 million. The property tax recognition shift was reinstated during the 2010 legislative session at 48.6%.

Recent Use of Property Tax Recognition Shift

Time Period	Changes in Early Recognition Percentages	State Budget (Savings)/Costs[2] $ in millions
2003 Legislative Session	0[3] to 48.6	($251.5)
November 2005 Forecast	48.6 to 10.8	$330.7
February 2006 Forecast	10.8[4] to 0	$93.5
2010 Legislative Session	0 to 48.6	($576.2)

Aid Payment and Property Tax Shifts
To emphasize the importance of buying back the shift when the state's financial health improved, a statute was adopted that automatically appropriated positive forecast balances to shift repayment (M.S. 16A.152, Subd. 2).

Key Activity Goals & Measures
This activity supports MDE's goal of improving achievement for all students by lessening cuts in education programs during the periods of state budget crisis.

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

[2] Savings do not equal costs because property tax levies grew significantly while the shift was in place. This generated additional savings for the state, but also increased the cost of the property tax recognition shift buy back.
[3] This number does not include the historical 31% shift in referendum levies or those levies subject to 100% shift. An amount equal to 31% of the referendum levy certified in 2000 is recognized early each year to prevent school district revenue and fund balance losses that would have occurred when the state bought back $415 in referendum levy for FY 2003. The continued early recognition of other specified levies such as reemployment, health benefits and insurance, and career and technical levies matches the timing of revenue recognition to district expenditures.
[4] This figure was subsequently adjusted to 15.1% because the November 2005 Forecast assumed a referendum growth recapture rate that was too high. The 15.1% shift was never actually implemented because the February 2006 Forecast provided enough funding to fully buy back the shift.

Budget Activities

This program includes the following budget activities:

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

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	34,303	41,102	41,102	41,102	82,204
Technical Adjustments					
End-of-session Estimate			9,481	2,605	12,086
November Forecast Adjustment		116	(544)	(951)	(1,495)
One-time Appropriations			(1,186)	(1,186)	(2,372)
Subtotal - Forecast Base	34,303	41,218	48,853	41,570	90,423
Governor's Recommendations					
Aid Shift Changes		0	(7,774)	(95)	(7,869)
Total	**34,303**	**41,218**	**41,079**	**41,475**	**82,554**
Expenditures by Fund					
Direct Appropriations					
General	34,352	41,197	41,079	41,475	82,554
Total	**34,352**	**41,197**	**41,079**	**41,475**	**82,554**
Expenditures by Category					
Local Assistance	34,352	41,197	41,079	41,475	82,554
Total	**34,352**	**41,197**	**41,079**	**41,475**	**82,554**
Expenditures by Activity					
Enrollment Options Transport	27	29	30	32	62
Abatement Revenue	1,000	1,127	1,114	1,116	2,230
Consolidation Transition	730	609	257	104	361
Nonpublic Pupil	13,023	16,256	17,151	17,508	34,659
Nonpublic Transportation	17,198	19,681	20,287	20,475	40,762
Compensatory Pilot Grants	2,175	2,175	2,175	2,175	4,350
Spec Prov For Select Districts	199	1,320	65	65	130
Total	**34,352**	**41,197**	**41,079**	**41,475**	**82,554**

Activity at a Glance

FY 2009
- 92 students served.
- Of the 92 students, 17 were postsecondary enrollment options and 75 were from the enrollment options and charter school program.
- $366 average reimbursement per family per year.

Activity Description

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

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

Population Served

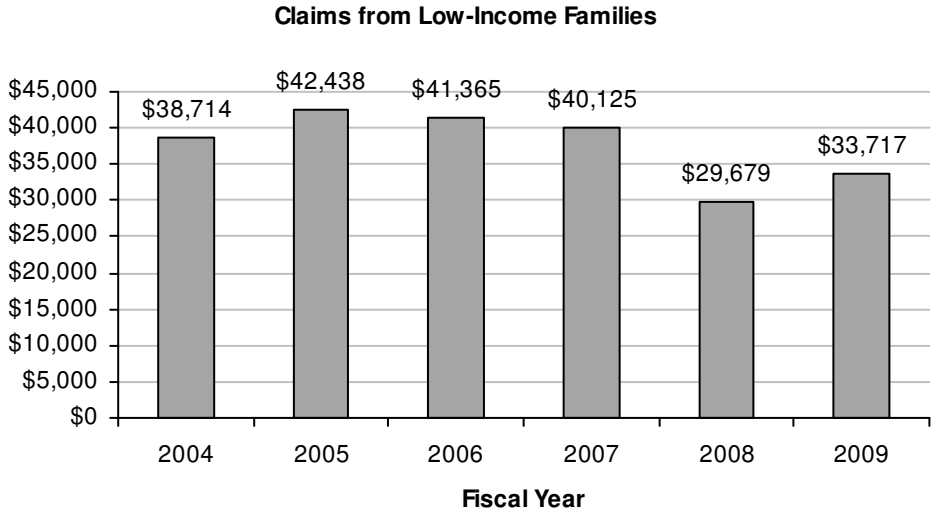
Low-income students participating in postsecondary enrollment options, school district enrollment options, and charter school programs are served by this program.

Services Provided

State aid is paid to school districts to reimburse transportation costs for qualifying low-income families with students participating in the postsecondary enrollment options program (M.S. 124D.09) or the open enrollment program (M.S. 125D.03). Charter schools that choose to provide out-of-district transportation on a fee basis are reimbursed for the transportation costs of qualifying low-income students.

Historical Perspective

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



The graph above represents the total amount of claims for mileage reimbursement in postsecondary enrollment options, school district enrollment options, and charter school programs over the last six years. The total amount of claims steadily increased until FY 2005 and then slightly decreased in FY 2006 and FY 2007. The total amount of claims has decreased significantly over the last couple of years.

Key Activity Goals & Measures

Goal: This program is part of the Minnesota Department of Education's goal to expand education options for students and families.

Measure: All students who meet the eligibility requirements and apply are served by this program.

Activity Funding

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

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

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8855, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html.

DEPARTMENT OF EDUCATION

Program: General Education

Activity: Other General Programs

Enrollment Options Transportation — Budget Activity Summary

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
1	Current Appropriation	48	52	52	52	104
	a. End of Session Estimate			(12)	(10)	(22)
	b. Cancellation	(21)				
	c. November Forecast Adjustment		(23)	(10)	(10)	(20)
2	**Forecast Base**	**27**	**29**	**30**	**32**	**62**
	District Revenue Summary (Entitlement Basis)					
AID	**State Aid**					
3	Statutory Formula Aid	27	29	30	32	62
4	Statutory Excess/(Shortfall)	21	23			
5	Appropriated Entitlement	48	52	30	32	62
6	Adjustments					
	a. Cancellation	(21)				
	b. Appropriation Reduction		(23)			
7	**State Aid Entitlement Current Law**	27	29	30	32	62
	Appropriations Basis for State Aid					
	Transfer per M.S. 127A.41					
	Current Year	48	29	30	32	62
	Cancellation	(21)				
	Total State Aid - General Fund	**27**	**29**	**30**	**32**	**62**

Activity at a Glance

In calendar year 2009, the following occurred in this program:

• Taxes Abated	$6.6 million
• Abatement Aid	$1.2 million
• Abatement Levy	$5.4 million
Number of Districts Impacted	249 out of 340

Activity Description

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

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

Population Served

All eligible school districts in Minnesota participate in this program.

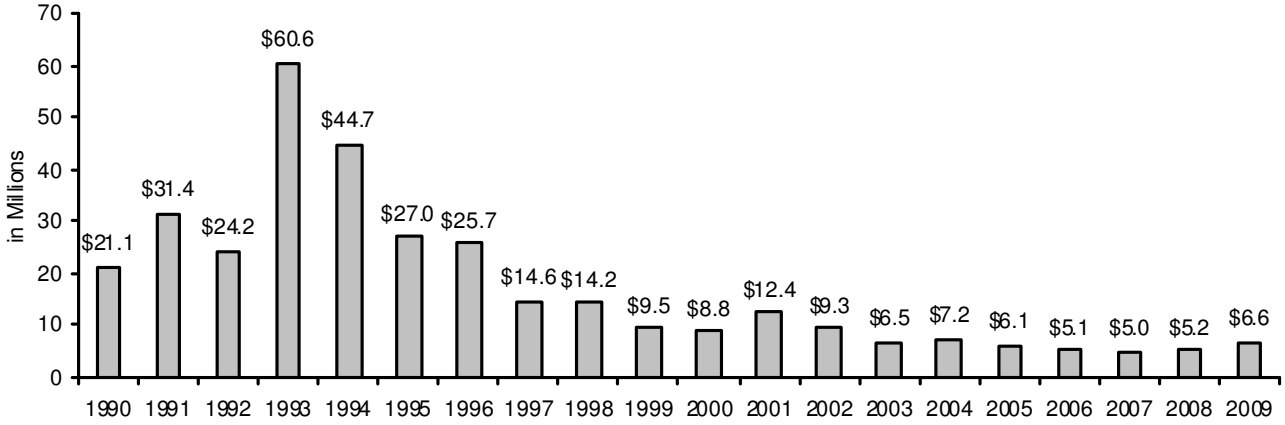
Services Provided

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

Historical Perspective

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

The following graph shows the amount of school taxes abated each year since 1990. These amounts would be permanent losses to school district budgets without the abatement revenue formula.



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

[1] Court-ordered net reductions in the tax capacity of the district after taxes have been spread by the county auditor.

Key Activity Goals & Measures

Goal: This activity supports the Minnesota Department of Education's (MDE) goal of expanding education options for students and families by replacing revenue that would otherwise have been lost to school districts.

Measure: A total of 249 school districts received abatement aid in FY 2011 and/or abatement levy for taxes payable in calendar year 2011 for taxes abated in calendar year 2009.

Activity Funding

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

In general, school taxes abated in one calendar year are reported to the state in the following spring. Abatement aid is paid in the following fiscal year and the abatement levy is included in the taxes payable in the next calendar year. For example, school taxes abated in 2009 are reported in the spring of 2010, with the abatement aid paid in FY 2011 and the levy included on the 2010 payable 2011 levy.

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

A district's aid entitlement is equal to its revenue loss multiplied by the ratio of:

1. the amount certified by the district in equalized referendum, operating capital, equity, transition, alternative teacher compensation, deferred maintenance, health and safety, community education, early childhood family education, school age care, and debt service levies for which the district received corresponding state aid in the second preceding year, to
2. the district's total certified levy in the third preceding fall, plus or minus auditor's adjustments.

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

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

Contact

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

DEPARTMENT OF EDUCATION

Program: General Education Programs

Activity: Other General Education Programs
Abatement

Budget Activity Summary

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
1	Total Current Appropriation	1,000	1,132	1,132	1,132	2,264
	a. End of Session Estimate			532	423	955
	b. November Forecast Adjustment		(5)	(330)	(434)	(764)
2	**Forecast Base**	**1,000**	**1,127**	**1,334**	**1,121**	**2,455**
3	Governor's Recommendation					0
	a. Aid Shift to 70%			(220)	(5)	(225)
4	**Recommended**	**1,000**	**1,127**	**1,114**	**1,116**	**2,230**
District Revenue Summary (Entitlement Basis)						
AID	**State Aid**					
3	Statutory Formula Aid	1,177	1,156	1,097	1,124	2,221
4	Statutory Excess/(Shortfall)		8			0
5	Appropriated Entitlement	1,177	1,164	1,097	1,124	2,221
6	Adjustments					
	a. Appropriation Reduction		(8)			
7	**State Aid Entitlement Current Law**	1,177	1,156	1,097	1,124	2,221
plus						
LEVY	**Levy**					
8	Local Levy Current Law	4,045	5,446	6,745	8,137	14,882
equals						
REVENUE	9 Current Law Revenue (State Aid & Levy)	5,222	6,602	7,842	9,261	17,103
Appropriations Basis for State Aid						

Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.

Prior Year	140	317	346	329	675
Current Year	860	810	768	787	1,555
Total State Aid - General Fund	**1,000**	**1,127**	**1,114**	**1,116**	**2,230**

Activity at a Glance
FY 2010
- Five consolidations

Activity Description
Citation: M.S. 123A.485.
This state aid program supports districts that have recently consolidated by providing funds for one-time reorganization costs.

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

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

Historical Perspective
This program was enacted by the 1994 legislature. This revenue replaced the cooperation and combination revenue and transition and severance levies for consolidating districts.

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

Key Activity Goals & Measures
This program addresses the following milestone: Government in Minnesota will be cost-efficient and services will be designed to meet the needs of the people who use them.

Goal: The elimination of financially inefficient school districts will result in larger and more cost-efficient school districts.

Measure: For FY 2010, McLeod West, District #2887, was split and the three portions of this district consolidated with the following three neighboring school district.

- Buffalo Lake-Hector #2159
- Gibbon-Fairfax-Winthrop (GFW) #2365
- Glencoe-Silver Lake #2859

Also, for FY 2010, District #2903 (Ortonville) was the result of the consolidation of Ortonville #62 and Bellingham #371 and District #2904 (Tracy Area) was the result of the consolidation of Tracy #417 and Balaton #411.

Activity Funding
This program is funded with state aid and a local property tax levy. State aid is equal to $200 times the resident pupil units in the first year after consolidation and $100 times the resident pupil units in the second year after consolidation. A maximum of 1,500 pupil units may be counted for the purpose of aid calculation. If consolidation transition aid is not sufficient to cover the eligible district costs, school districts may levy the difference, spreading the levy over up to three years. Ortonville #2903 had a Payable 2010 consolidation transition levy.

School District Consolidations

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
First Year of Consolidation	0	0	2	0	0	5	0
Second Year of Consolidations	0	0	0	2	0	0	5

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

Activity at a Glance

- Number of students participating (FY 2009)
  - Text Book/Materials 79,358
  - Health Services 74,336
  - Guidance and Counseling 27,844
- Percentage of nonpublic students participating in program (FY 2009)
  - Text Book/Materials 88%
  - Health Services 82%
  - Guidance and Counseling (grades 7-12) 91%
- Rates per nonpublic pupil (FY 2009)
  - Text Book/Materials $77.23
  - Health Services $58.23
  - Guidance and Counseling $185.38
- All nonpublic students requesting materials and/or services by the statutory deadline have been and are being accommodated.

Activity Description

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

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

Population Served

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

Services Provided

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

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

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

Textbooks, Individualized Instructional Materials, and Standardized Tests

- Public school districts, upon formal request, must provide nonpublic pupils with instructional materials that are secular, neutral, nonideological, and not able to be diverted to religious use. These items are loaned to the nonpublic pupil and remain the property of the district.
- Health Services
- Public school districts, upon formal request, provide nonpublic pupils with student health services provided to public pupils. Health services may be provided to nonpublic students at a public school, a neutral site, the nonpublic school, or any other suitable location.
- Guidance and Counseling Services
- Public school districts, upon formal request, provide nonpublic secondary pupils with guidance and counseling services provided to public secondary pupils. This does not include guidance or counseling in the planning or selection of particular courses or classroom activities of the nonpublic school. Eligible services must be provided either at the public school, the nonpublic school, or a neutral site.

Key Activity Goals & Measures

By providing nonpublic students with equitable access to secular study materials and pupil support services, the nonpublic pupil aid program improves student achievement and helps prepare nonpublic students to compete in a global economy.

Goal: Increase access to textbooks, individualized instructional materials, and standardized tests.

Measure: The percentage of nonpublic school pupils participating in this category decreased slightly from 89% in FY 1990 to 88% in FY 2009.

Goal: Increase access to health services.

Measure: The percentage of nonpublic school pupils participating in this category decreased from 88% in FY 1990 to 82% in FY 2009.

Goal: Increase access to guidance and counseling services.

Measure: The percentage of nonpublic secondary school pupils participating in this category increased from 76% in FY 1990 to 91% in FY 2009.

Activity Funding

Nonpublic pupil aid is funded exclusively with state funds.

Textbooks, Individualized Instructional Materials, and Standardized Tests

- The districts are reimbursed for the cost of purchasing and distributing eligible materials. This is calculated as an amount equal to the statewide average expenditure per public school pupil for similar materials in the second preceding school year, adjusted by the percent of increase in the general education formula allowance from the second preceding school year to the current school year, multiplied by the number of nonpublic pupils served. For purposes of this formula, kindergarten pupils are weighted at 0.5. For FY 2011, the maximum per pupil rate for textbooks is $84.66.

Health Services

- Each participating district is reimbursed for the cost of providing these services up to an amount equal to the statewide average expenditure per public school pupil for similar services in the second preceding school year, times the number of nonpublic pupils served.
- For FY 2011, the maximum per pupil rate for health services is $59.95.

Guidance and Counseling Services

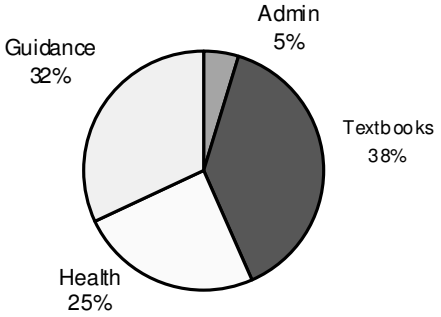
- Each participating district is reimbursed for the cost incurred in providing eligible services up to an amount equal to the statewide average expenditure per public secondary pupil for similar services in the second preceding school year, times the number of nonpublic secondary pupils served.
- For FY 2011, the maximum per pupil rate for guidance and counseling is $214.50.

Administration

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

The chart below provides a breakdown of estimated nonpublic pupil aid for FY 2010. Money is allocated based on the number of participating nonpublic students and actual program expenditures.

Fiscal Year 2010



Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8858,
http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/Miscellaneous_Revenue/index.html.

	Dollars in Thousands				
	Current		Governor's Rec		Biennium 2012-13
Direct Appropriations by Fund	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2012-13**
General Fund					
1 Total Current Appropriation	12,861	16,157	16,157	16,157	32,314
a. End of Session Estimate			4,378	1,367	5,745
b. November Forecast Adjustment	163	99	67	56	123
e. Cancellation	(1)				0
f. Aid Payment Buy Back-February					0
2 **Forecast Base**	**13,023**	**16,256**	**20,602**	**17,580**	**38,182**
3 Governor's Recommendation					
a. Aid Shift to 70%			(3,451)	(72)	(3,523)
4 **Recommended**	**13,023**	**16,256**	**17,151**	**17,508**	**34,659**

District Revenue Summary (Entitlement Basis)					
AID **State Aid**					
3 Statutory Formula Aid	16,379	16,905	17,256	17,616	34,872
4 Statutory Excess/(Shortfall)	(223)	(55)			0
5 Appropriated Entitlement	16,156	16,850	17,256	17,616	34,872
6 Adjustments					
a. Transfer per M.S. 127A.41	223				
b. Appropriation Increase		55			
7 **State Aid Entitlement Current Law**	16,379	16,905	17,256	17,616	34,872
Appropriations Basis for State Aid					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
Prior Year	1,067	4,362	5,071	5,176	10,247
Cancellation	(1)				
Transfer per M.S. 127A.41		60			
Current Year	11,794	11,834	12,080	12,332	24,412
Transfer per M.S. 127A.41	163				0
Total State Aid - General Fund	**13,023**	**16,256**	**17,151**	**17,508**	**34,659**

Activity at a Glance

FY 2009
- 56,309 nonpublic students were transported to and from schools.
- 213 of 340 districts transported students.

Activity Description

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

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

Population Served

Minnesota students attending nonpublic schools are provided transportation services.

Services Provided

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

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

Historical Perspective

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

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Nonpublic Enrollment	88,203	86,914	83,909	81,163	81,886	79,428
Percentage Transported	77.5%	75.0%	76.00%	75.6%	71.5%	70.9%
Nonpublic Students Transported	68,315	65,192	63,775	61,320	58,547	56,309

Key Activity Goals & Measures

By providing nonpublic students with the same level of transportation services to public students, nonpublic students arrive at their nonpublic school ready to improve their academic achievement.

Goal: Provide equal transportation services to nonpublic students within the district as public school students.

Measure: For FY 2009, 80.1% of all public students received transportation compared to 70.9% of nonpublic students. The following table shows the percentage of public school student who received transportation.

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Public Enrollment	977,805	990,060	985,872	978,555	976,680	971,511
Percentage Transported	83.0%	82.9%	82.5%	80.9%	80.6%	80.1%
Public Students Transported	811,780	820,728	813,708	791,843	787,521	778,110

Activity Funding

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

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

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

Contact

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

	Dollars in Thousands				
	Current		Governor's Rec		Biennium 2012-13
Direct Appropriations by Fund	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2012-13**
General Fund					
1 Total Current Appropriation	17,297	19,729	19,729	19,729	39,458
a. End of Session Estimate			4,637	764	5,401
b. November Forecast Adjustment		(48)	(8)	16	8
c. Cancellation	(99)				
2 **Forecast Base**	**17,198**	**19,681**	**24,358**	**20,509**	**44,867**
3 Governor's Recommendation					
a. Aid Shift to 70%			(4,071)	(34)	(4,105)
4 **Recommended**	**17,198**	**19,681**	**20,287**	**20,475**	**40,762**

District Revenue Summary (Entitlement Basis)					
AID **State Aid**					
3 Statutory Formula Aid	20,713	20,126	20,356	20,526	40,882
4 Statutory Excess/(Shortfall)	136	16			0
5 Appropriated Entitlement	20,849	20,142	20,356	20,526	40,882
6 Adjustments					
a. Cancellation	(136)				
b. Appropriation Reduction		(16)			
7 **State Aid Entitlement Current Law**	20,713	20,126	20,356	20,526	40,882
Appropriations Basis for State Aid					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
Prior Year	2,077	5,629	6,037	6,106	12,143
Cancellation		(37)			
Current Year	15,220	14,089	14,250	14,369	28,619
Cancellation	(99)				
Total State Aid - General Fund	**17,198**	**19,681**	**20,287**	**20,475**	**40,762**

Activity at a Glance

Districts that received grants in FY 2011

• Anoka Hennepin	$1,500,000
• Brooklyn Center	$75,000
• Osseo	$210,000
• Robbinsdale	$160,000
• Rochester	$165,000
• South Washington	$65,000

Activity Description

Citation: Laws 2005 1st Special Session, Chapter 5, Article 1, Section 50, as amended by Laws 2007, chapter 146, Article 1, Section 21

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

Population Served

This pilot program is limited to six school districts listed in law. Brooklyn Center was added to the program at $75,000 beginning in FY 2008.

Services Provided

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

- identification of the test results that will be used to assess student performance;
- description of the method the district will use to distribute the compensatory revenue; and
- summarization of the evaluation procedure the district will use to determine if the redistribution of compensatory revenue results in an improvement of measurable student performance.

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

Key Activity Goals & Measures

Goal: This program addresses the following Minnesota Milestones: 1) Minnesotans will excel in basic and challenging skills and knowledge; and 2) Minnesota's workforce will have the education and training to make the state a leader in the global economy.

Measure: The Minnesota Department of Education submitted a report to the legislature on the effectiveness of the pilot projects. The report findings were inconclusive as to the impact the pilot projects have had on student achievement. While some of the participating schools have experienced a positive impact as a result of their efforts, results of the test data used to assess the effectiveness of program initiatives are inconsistent.

Activity Funding

Grant funds are awarded to the six districts based on the amounts set out in statute. The grants are specified above.

Contact

Additional information is available from the Minnesota Department of Education, School Improvement, (651) 582-8655, http://education.state.mn.us/MDE/Accountability_Programs/School_Improvement/index.html.

DEPT OF EDUCATION
Program: OTHER GENERAL EDUCATION
Activity: COMPENSATORY PILOT GRANTS

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	2,175	2,175	2,175	2,175	4,350
Subtotal - Forecast Base	2,175	2,175	2,175	2,175	4,350
Total	**2,175**	**2,175**	**2,175**	**2,175**	**4,350**
Expenditures by Fund					
Direct Appropriations					
General	2,175	2,175	2,175	2,175	4,350
Total	**2,175**	**2,175**	**2,175**	**2,175**	**4,350**
Expenditures by Category					
Local Assistance	2,175	2,175	2,175	2,175	4,350
Total	**2,175**	**2,175**	**2,175**	**2,175**	**4,350**

Activity at a Glance

Special Provisions Include:
- One-Room Schoolhouse

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

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

One-Room Schoolhouse
Citation: Laws 2007 1st Special Session, Chapter 146, Article 1, Section 24, Subd. 9

This program provides additional revenue to the Warroad school district to assist with expenses related to the Angle Inlet school. This program was implemented in FY 1995 for the Warroad school district to open and operate a one-room schoolhouse at Angle Inlet. This program provides aid of $65,000 in each year.

Disaster Enrollment Impact Aid
Citation: Laws 2010 2nd Special Session, Chapter 1, Article 1, Section 12, Subd. 2

For disaster enrollment impact aid under Minnesota Statutes, section 12A.06, subdivision 1, calculated at a rate of $5,924 per pupil in average daily membership lost during fiscal year 2011.

Disaster Relief Facilities Grant
Citation: Laws 2010 2nd Special Session, Chapter 1, Article 1, Section 12, Subd. 3

For disaster relief facilities grants under Minnesota Statutes, section 12A.06, subdivision 2.

Disaster Relief Operating Grant
Citation: Laws 2010 2nd Special Session, Chapter 1, Article 1, Section 12, Subd. 4 & Article 2, Section 5, Subd. 2

For disaster relief operating grants under Minnesota Statutes, section 12A.06, subdivision 3.

Pupil Transportation Aid
Citation: Laws 2010 2nd Special Session, Chapter 1, Article 1, Section 12, Subd. 5 & Article 2, Section 5, Subd. 3

For pupil transportation grants under Minnesota Statutes, section 12A.06, subdivision 4.

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

DEPT OF EDUCATION
Program: OTHER GENERAL EDUCATION
Activity: SPEC PROV FOR SELECT DISTRICTS

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	238	1,281	1,281	1,281	2,562
Technical Adjustments					
End-of-session Estimate			(30)	(30)	(60)
One-time Appropriations			(1,186)	(1,186)	(2,372)
Subtotal - Forecast Base	238	1,281	65	65	130
Total	**238**	**1,281**	**65**	**65**	**130**
Expenditures by Fund					
Direct Appropriations					
General	199	1,320	65	65	130
Total	**199**	**1,320**	**65**	**65**	**130**
Expenditures by Category					
Local Assistance	199	1,320	65	65	130
Total	**199**	**1,320**	**65**	**65**	**130**

Activity at a Glance

$167 million to support education jobs

Activity Description

Citation: American Recovery and Reinvestment Act of 2009, P.L. 111-5, XIV Stat.; Education Jobs Act, Title I, P.L. 111-226

The Education Jobs (Ed Jobs) Fund includes $10 billion dollars nationally in one-time funding to school districts during the 2010-2011 school year to support jobs that provide educational and related services for early childhood, elementary, and secondary education.

Population Served

Students, staff, and communities of eligible Local Education Agencies (LEAs) will benefit through retention of jobs and staff, maintenance of class sizes, and prevention of reduced services.

Services Provided

An LEA must use its funds only for compensation and benefits and other expenses, such as support services, necessary to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary, or secondary educational and related services. Funds may be used *only* for compensation and benefits for teachers and other employees who provide *school-level* educational and related services.

- LEAS may use Ed Jobs funds to pay compensation and benefits for *existing* employees. For example, an LEA that is deficit spending in FY 2011 in order to maintain class sizes at the same level as in FY 2010 may use Ed Jobs funds to pay salaries of currently employed teachers in order to reduce its spending deficit.
- LEAs may also use Ed Jobs funds to pay compensation and benefits for new employees that the LEA has hired and had planned to use other funds for. For example, an LEA that has added a 4th-grade teacher to reduce class size for the 2010–11 school year, and had planned to use other funds to cover the salary, can use Ed Jobs funds to cover the salary.
- LEAs have the discretion to decide how to use program funds, consistent with the provisions in section 101(5) of the Act and all other applicable requirements. The state may not direct how an LEA may use its Ed Jobs funds.
- An LEA may not use Ed Jobs funds to compensate employees for any period prior to August 10, 2010, the date of enactment of the Act.

For purposes of this program, the phrase “compensation and benefits and other expenses, such as support services” includes, among other things: salaries, performance bonuses, health insurance, retirement benefits, incentives for early retirement, pension fund contributions, tuition reimbursement, student loan repayment assistance, transportation subsidies, and reimbursement for childcare expenses.

In addition to teachers, employees supported with program funds may include, among others; principals, assistant principals, academic coaches, in-service teacher trainers, classroom aides, counselors, librarians, secretaries, social workers, psychologists, interpreters, physical therapists, speech therapists, occupational therapists, information technology personnel, nurses, athletic coaches, security officers,

custodians, maintenance workers, bus drivers, and cafeteria workers.

An LEA may not use the funds for administrative expenditures including operation of the superintendent’s office, business office, human resources, planners and researchers.

Key Activity Goals & Measures

Goal: Support education jobs providing educational and related services in a difficult financial period.

Measure: MDE will submit quarterly and annual reports on its own behalf and on behalf of LEAS that include the number of educational personnel impacted by the program.

Activity Funding

The State will allocate Ed Jobs funds in proportion to the LEAs' relative shares of state aid under the primary elementary and secondary education funding formulas, defined as general education aid, state special education aid as adjusted for tuition billing, and state special education excess cost aid. All LEAs that receive state aid are eligible for funding, including school districts, charter schools, integration districts, intermediate school districts, and special education cooperatives.

LEAs that did not submit a FY 2010 application for Federal State Fiscal Stabilization Funds will need to submit an application for funding. All LEAS will submit budget information and draw funds as they disburse cash for approved expenses.

Contact

Additional information is available at Minnesota Department of Education website at the following link. http://education.state.mn.us/MDE/About_MDE/Fed_Stimulus_Update/index.html.

Activity at a Glance	
FY 2011	
Number of current levy programs	17

Activity Description

Citation: See individual activities.

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

- *Reemployment Insurance Levy* (M.S. 126C.43, Subd. 2). A school district may levy for the district's obligations for unemployment insurance under M.S. 268.052, Subd. 1 and for job placement services offered to employees who may become eligible for benefits under M.S. 268.085. For taxes payable in 2004 and 2005, this levy was limited to 90% of costs exceeding $10 times the district's adjusted marginal cost pupil units.
- *Judgment Levy* (M.S. 126C.43, Subd. 3). A school district may levy for the district's obligations for judgments against the district, including interest costs. A member district may also levy for its proportionate share of the costs of a judgment against an intermediate district.
- *Health Benefit Levy* (M.S. 126C.41, Subd. 2). A school district may levy for the district's obligations under the collective bargaining agreement in effect on 3-30-92 for health insurance and unreimbursed medical expenses of employees who retired before 7-1-92. The district levy authority may not exceed $600,000. The levy is limited to the costs for the current fiscal year. Starting with taxes payable 2009, levy authority is expanded to include retirees from 7-1-92 through 6-30-98, if the district's collective bargaining agreement contains a sunset clause regarding the payment of health benefits for retired employees.
- *Additional Retirement Levy* (M.S. 126C.41 Subd. 3). The Minneapolis school district may levy an additional amount required for contributions to the Teacher Retirement Association fund as a result of the maximum dollar amount limitation on state contributions to the fund. The Minneapolis and St. Paul school districts may also levy for the increased costs of Teachers Retirement Association contributions due to changes in the contribution rates since 1992 and for supplemental contributions they have been required to make since 1998.
- *Minneapolis Health Insurance Subsidy Levy* (M.S. 126C.41, Subd. 4). The Minneapolis school district may levy 0.10% of the district's adjusted net tax capacity to subsidize health insurance costs for eligible retired teachers. who are not eligible to receive the hospital insurance benefits of the federal Medicare program without payment of a monthly premium. Basic members of the Minneapolis Teachers Retirement Fund Association, who retired before 5-1-74 or who had 20 years of more of basic member services in the former Minneapolis Teachers Retirement Fund and retired before 6-30-83 are eligible.
- *St. Paul Severance Levy* (M.S. 126C.41, Subd. 5). The St. Paul school district may levy 0.34% of the district's adjusted net tax capacity to pay for severance costs.
- *Safe Schools Levy* (M.S. 126C.44). A school district may levy up to $30 times the district's adjusted marginal cost pupil units to provide a drug abuse prevention program in the elementary schools, to provide police liaison services in the schools, to provide a gang resistance education program in the schools, to pay the costs for security on school property, and/or pay for other crime prevention, drug abuse, student and staff to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems. Starting with taxes payable 2006, authority of up to $10 per adjusted marginal cost pupil unit for intermediate districts was added. Effective for FY 2010, districts are required to set aside $3 per adjusted marginal cost pupil unit for school counselors, nurses, psychologists, social workers, and/or chemical dependency counselors. Also, effective for FY 2010, a school district must annually certify that 1) its total spending on these activities is not less than the sum of its expenditures for these purposes in the previous year (adjusted for the safe school levy expenditures), or 2) its full-time equivalent number of licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors is not less than the number for the previous year. Districts will be required to maintain effort in this area between FY 2009 and FY 2010 and thereafter.
- *Ice Arena Levy* (M.S. 126C.45). A school district that operates and maintains an ice arena may levy for the net operational costs of the ice arena for the previous fiscal year. For taxes payable 2004 through 2008, this levy was limited to 90% of net operational costs. The school district must demonstrate that it will offer equal access for male and female students.

- *Reorganization Operating Debt Levy* (M.S. 123A.73, Subd. 9 and M.S. 123B.82). A school district that reorganizes under consolidation or dissolution and attachment may levy to retire the net negative undesignated fund balance in the operating funds. The levy may be spread over a period up to five years. Starting for taxes payable 2008, a district that participated in the cooperative secondary facilities program, consolidated with at least two other school districts, and has unfunded severance or retirement costs may annually levy up to $150,000 for unfunded severance or retirement costs.
- *Severance Levies* (M.S. 123A.30, Subd. 6; M.S. 123A.39, Subd. 3; M.S. 123A.73, Subd. 12; M.S. 123A.444; M.S. 124D.05, Subd. 3; M.S. 126C.41, Subd. 6). A school district that reorganizes under dissolution and attachment may levy the costs of severance pay or early retirement incentives for licensed and nonlicensed employees who resign or retire early as a result of the reorganization. A school district with a secondary agreement with another district must pay severance to licensed employees placed on unrequested leave and may levy for the expenses. Districts with an agreement to allow pupils to attend school in an adjoining state may levy for severance costs resulting from the agreement. Districts that levied for cooperation and combination for taxes payable in 1995, may levy for severance for employees who retired as a result of the cooperation and combination. Starting for taxes payable 2008, a district that participated in the cooperative secondary facilities program, consolidated with at least two other school districts, and has unfunded severance or retirement costs may annually levy up to $150,000 for unfunded severance or retirement costs.
- *Consolidation Retirement Levies* (M.S. 123A.485). For a school district that consolidates under 123A.48, consolidation transition aid is equal to a maximum of $200 per resident pupil unit for the first year of consolidation and $100 per resident pupil unit for the second year of consolidation. If the cost of the early retirement incentives offered by the district under M.S. 123A.48, Subd. 23, exceeds the amount of consolidation transition aid, the district may levy for the difference for a period not to exceed three years.
- *Consolidation/Transition Levies* (M.S. 123A.41, Subd. 4, M.S. 123A.76). The board(s) of districts combining or combined under M.S. 123.37, Subd. 2, may levy over three years or less for costs directly related to the transition from cooperation to combination. These costs must be approved by the commissioner and may be costs of negotiations, administrative expenses, and new athletic or band uniforms. The board of a school district that has had all or a portion of a dissolved district attached to previous district boundaries may levy in the year the dissolution and attachment are effective for commissioner approved costs of negotiations and administrative expenses.
- *Swimming Pool Levy* (M.S. 126C.455). Each year, a school district with its home office located in a county that has (i) a population density of ten or fewer persons per square mile according to the 2000 census of population; (ii) an international border; and (iii) more than one school district within its boundaries, may levy for the net operational costs of a swimming pool. The levy may not exceed the net actual costs of operation of the swimming pool for the previous year.
- *Career and Technical Education Levy* (M.S. 126C.457 and M.S. 124D.4531). Through the Pay 2007 levy cycle, a district could levy an amount equal to the district's FY 2001 entitlement for Career and Technical Education or $10,000, whichever was greater. The 2005 legislature reestablished a formula-based career and technical education levy beginning in the Pay 2008 levy certification process. Districts with programs and budgets approved by MDE qualify for a levy equal to the lesser of $80 times district ADM in grades 10-12 or 25% of approved expenditures. A hold harmless provision guarantees the levy limit will not be less than the lesser of previous year levy or 100% of approved expenditures. Districts recognize the entire levy in the same fiscal year it is certified.
- *Economic Development Abatement Levy* (M.S. 469.1812 through M.S. 469.1815). The governing body of a political subdivision may grant an abatement of the taxes imposed by the political subdivision on a parcel of property, or defer the payments of the taxes and abate the interest and penalty that otherwise would apply, if: 1) it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the political subdivision of the proposed agreement or intends the abatement to phase in a property tax increase; and 2) it finds that doing so is in the public interest. The political subdivision must add to its levy amount for the current year the total estimated amount of all current year abatements granted. No abatement aid is generated for these abatements.
- *Tree Growth Replacement Levy* (M.S. 126C.445). Districts may levy an amount not to exceed its tree growth revenue for taxes payable in 2001.

- *Administrative Services* (M.S. 123A.12). If an administrative position is discontinued in a district as a result of the purchase of administrative services from another district, the district may levy for costs of retirement incentives or severance pay or other costs related to the discontinuance of that position.
- *Carpenter Bus* (Laws of Minnesota, 2005 First Special Session, Chapter 5, Article 1, Section 49). A school district may levy $30,000 times the number of Carpenter school buses in its fleet as of 01-01 03, that have been determined to have potentially defective welds and are subject to limitations imposed by the Department of Public Safety. The levy authority may be spread over five years, taxes payable 2006 through 2010.
- *Lost Interest Earnings Levy* (Laws of 2001, First Special Session, Chapter 6, Article 1, Section 53, as amended by Laws of 2002, Chapter 377, Article 5, Section 5). For taxes payable in 2003-2006, districts could levy for the reduction in estimated net interest earnings attributable to the repeal of the general education levy, as calculated by MDE. This levy expired after taxes payable 2006.
- *Operating Debt Levy* (Laws of 1984, Chapter 463, Article 6, Section 15 and Laws of 1999, Chapter 241, Article 1, Section 2). Under special legislation, certain districts had authority to levy for past operating debt. No districts qualify after taxes payable 2007 levy.
- *Annual Other Postemployment Benefits Levy* (M.S. 126C.41, Subd. 2). Starting in payable 2010, a district may levy for other postemployment benefit expenses if the district 1) has created an actuarial liability to pay postemployment benefits, and 2) has a sunset clause in affect for the current collective bargaining agreement.
- *Local Collaborative Time Study* (Laws 2008, Chapter 366, Article 6, Section 50). For taxes payable 2009-10 only. Districts may levy to replace federal funds disallowed resulting from the settlement of an audit of Local Collaborative Time Study school-based services claimed.

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

Key Activity Goals & Measures

This activity supports MDE's goal of expanding education options for students and families by providing revenue for districts with unique circumstances.

Activity Funding

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

	FY 2006 04 PAY 05	FY 2007 05 PAY 06	FY 2008 06 PAY 07	FY 2009 07 PAY 08	FY 2010 08 PAY 09	FY 2011 09 PAY 10
1. Reemployment Ins. # of Districts	$3,201.6 123	$9,420.6 282	$8,483.4 291	$8,589.0 287	$6,717.3 293	$8,683.0 291
2. Judgment Levy # of Districts	85.5 3	1,740.8 17	1,691.6 13	837.2 22	1,429.1 11	683.1 6
3. Health Benefit # of Districts	2,674.8 19	3,338.8 21	3,166.9 21	3,053.9 20	3,352.5 18	2,771.5 16
4. Additional Retirement # of Districts	10,354.4 2	10,735.1 2	11,762.2 2	11,352.9 2	11,600.7 2	11,965.3 2
5. Mpls. Health Ins.	355.1	389.8	430.3	452.7	465.3	452.1
6. St. Paul Severance	834.3	911.9	951.1	1,009.6	1,030.9	1,003.6
7. Safe Schools Levy (1) # of Districts	24,196.1 315	24,055.1 314	24,135.2 313	28,362.2 318	28262.4 317	28,370.9 317
8. Ice Arena Levy # of Districts	742.5 11	895.2 10	902.0 10	943.8 9	1369.6 11	1,447.9 12
9. Reorg. Oper. Debt # of Districts	196.1 2	-0- -0-	-0- -0-	-0- -0-	0 0	100 1
10. Severance Levies # of Districts	668.3 7	316.8 4	481.1 4	1,225.7 9	1,463.2 10	1,243.7 9
11. Consol/Retirement # of Districts	-0- -0-	-0- -0-	-0- -0-	-0- -0-	-0- -0-	-0- -0-

	FY 2006 04 PAY 05	FY 2007 05 PAY 06	FY 2008 06 PAY 07	FY 2009 07 PAY 08	FY 2010 08 PAY 09	FY 2011 09 PAY 10
12. Consol/Transition	-0-	-0-	-0-	-0-	-0-	137
# of Districts	-0-	-0-	-0-	-0-	-0-	1
13. Swimming Pool	457.0	508.5	561.2	558.2	559.4	569.3
# of Districts	4	4	4	4	4	4
14. Career and Technical	12,678.2	12,689.2	12,773.7	14,420.6	14,726.4	14,903.3
# of Districts	308	310	309	310	306	308
15. Econ. Dev. Abatement	413.7	491.6	740.9	942.6	990.8	1,158.4
# of Districts	7	7	10	10	9	8
16. Tree Growth	618.0	620.8	622.1	631.5	631.5	631.5
# of Districts	46	46	47	49	48	48
17. Adm. Services(2)	-0-	-0-	19.1	19.1	142.4	84.5
# of Districts	-0-	-0-	1	1	2	1
18. Carpenter Buses (3)	-0-	3,205.4	781.6	592.3	305.0	125.7
# of Districts	-0-	36	16	11	7	4
19. Lost Interest Earnings (4)	2,987.7	2,975.1	-0-	-0-	-0-	-0-
# of Districts	336	333	-0-	-0-	-0-	-0-
20. Operating Debt (5)	175.7	187.7	103.7	-0-	-0-	-0-
# of Districts	1	1	1	-0-	-0-	-0-

(1) Authority of up to $10 per AMCPU for intermediate districts added for Pay 2006
(2) New levy for pay 2006
(3) Levy authority authorized for Pay 2006 – Pay 2010, only
(4) Levy authority authorized for Pay 2003-Pay 2006, only
(5) Repealed – No district qualified after Pay 2007

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, Phone: (651) 582-8566.

Activity at a Glance

- Six credit programs in FY 2009
- $68 million total credits in FY 2009

Activity Description

Citation: M.S. 273.119; M.S. 273.1234; M.S. 273.1235; M.S. 273.1398; M.S. 273.1384; M.S 469.170; M.S. 469.171.

Information Only

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

Population Served

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

Key Activity Goals & Measures

This activity supports the Minnesota Milestone that all Minnesotans will have decent, safe, and affordable housing by providing targeted property tax relief.

Activity Funding

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

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

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

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

- *Disaster Credit* provides relief to homesteads located in declared disaster or emergency areas.
- *Agricultural Preserves Credit* provides relief to owners of agricultural property in the seven county metropolitan area.
- *Disparity Reduction Credit* provides relief to apartments, commercial, industrial, and public utilities in economically depressed areas located at Minnesota borders designated as enterprise zones.
- *Residential Homestead Market Value Credit*, implemented in 2002, provides relief to residential homestead property, including the house, garage, one acre of land for farm homesteads, and certain resort homesteads. The credit is computed as 0.4% of the first $76,000 market value of each homestead property. The maximum credit is $304 and is phased out at a rate of .09% of the value over $76,000.
- *Agricultural Land Market Value Credit*, implemented in 2002, provides relief to agricultural homestead property, excluding the house, garage, and one acre. The credit is computed as 0.3% of the first $115,000 market value of each homestead property. The maximum credit is $345 and is phased out at a rate of .05% of the value over $115,000 with a maximum reduction of $115.

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

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

State Paid Property Tax Credits

	Dollars in Thousands					
	FY 2004 02 Pay 03	FY 2005 03 Pay 04	FY 2006 04 Pay 05	FY 2007 05 Pay 06	FY 2008 06 Pay 07	FY 2009 07 Pay 08
Disparity Reduction Aid	$8,432	$8,927	$8,127	$7,983	$8,066	$7,967
Disaster Credit	19	-0-	-0-	-0-	27	94
Agricultural Preserves Credit	110	-0-	-0-	-0-	-0-	-0-
Disparity Reduction Credit	439	710	644	798	819	839
Homestead Market Value Credit	69,007	64,741	59,208	59,647	56,605	53,682
Agric Homestead Market Value Credit	5,879	5,209	5,296	5,597	5,769	5,777
TOTAL	$83,886	$79,587	$73,275	$74,025	$71,286	$68,359
Prior Year Adjustment	239	95	125	750	273	316
Adjusted TOTAL	$84,125	$79,682	$73,400	$74,775	$71,559	$68,675

Source: Tax Research Division, Department of Revenue, 01-22-09

Contact

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

Budget Activities

This program includes the following budget activities:

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

Dollars in Thousands

	Current FY2010	Current FY2011	Governor Recomm. FY2012	Governor Recomm. FY2013	Biennium 2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	102,081	125,795	125,795	125,795	251,590
Technical Adjustments					
End-of-session Estimate			31,991	18,841	50,832
November Forecast Adjustment		(265)	(3,682)	(3,362)	(7,044)
Subtotal - Forecast Base	102,081	125,530	154,104	141,274	295,378
Governor's Recommendations					
Aid Shift Changes		0	(23,395)	(1,447)	(24,842)
Eliminate Grandfather-Charter Sch Lease		0	(734)	(1,057)	(1,791)
Eliminate Charter School Startup Aid		0	(420)	(1,126)	(1,546)
Eliminate Magnet School Grants		0	(750)	(750)	(1,500)
Total	**102,081**	**125,530**	**128,805**	**136,894**	**265,699**
Expenditures by Fund					
Direct Appropriations					
General	98,255	118,858	128,805	136,894	265,699
Statutory Appropriations					
Federal	8,948	7,717	11,018	11,003	22,021
Total	**107,203**	**126,575**	**139,823**	**147,897**	**287,720**
Expenditures by Category					
Other Operating Expenses	109	0	0	0	0
Local Assistance	107,094	126,575	139,823	147,897	287,720
Total	**107,203**	**126,575**	**139,823**	**147,897**	**287,720**
Expenditures by Activity					
Charter School Lease Aid	36,016	43,088	47,561	52,503	100,064
Charter School Start Up	7,842	7,607	11,224	11,039	22,263
Integration Revenue	50,263	61,387	65,736	67,319	133,055
Magnet Schools	740	750	0	0	0
Interdist Deseg Transportation	12,342	13,743	15,302	17,036	32,338
Total	**107,203**	**126,575**	**139,823**	**147,897**	**287,720**

Activity at a Glance

- In FY 2009 there were 153 charter schools in Minnesota.

  Estimated FY 2009 Activity:

Pupil units (PU) served	36,145
Lease aid per PU (max)	$1,200
Average gross aid per PU	$1,034

- This program began in FY 1998 with 25 of 27 charter schools receiving aid.
- 149 of 153 schools received lease aid in FY 2009.

Activity Description

Citation: M.S. 124D.11, Subd. 4;

Federal Citation: Elementary and Secondary Education Act of 1965, as amended, Title V Part B, Subpart 1.20, U.S.C. 8061-8067

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

Population Served

Charter schools and enrolled students are served by the aid program.

Services Provided

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

The Minnesota Department of Education (MDE) received a five-year competitive federal grant through Title V, Part B of the Elementary Secondary Education Act-State Charter School Facilities Incentives Grant Program, and currently has a one-year, no cost extension to award and expend the remaining funds. MDE may award sub-grants to eligible charter schools to assist charter school with facility-related costs.

Key Activity Goals & Measures

Goal: Minnesota charter schools will have access to resources that allow the schools to lease appropriate educational facilities for instruction.

Measure: All charter schools that applied for lease aid have received funding to lease instructional facilities.

Goal: Expand education options for students and families.

Measure: There were 36,145 pupil units served, or approximately 4% of the K-12 students enrolled in public schools, in charter schools for FY 2009. This shows the magnitude of students and parents choosing this education option.

Activity Funding

Charter School Lease Aid Statistics

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Lease Amount	$23,589,096	$28,172,665	$32,775,800	$38,801,178	$44,290,026
PU Served	19,524	23,028	26,766	31,702	36,145
Average Lease Cost Per PU	$1,208	$1,223	$1,225	$1,224	$1,225
Total Gross Aid	$20,634,020	$24,203,68	$27,803,213	$32,600,495	$37,375,729
Average Aid/PU	1,057	1,051	1,039	1,028	1,034

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

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

Aid is limited to the lesser of:

- 90% of actual net lease costs; or,
- the product of the charter school's pupil units served for the current year times the greater of $1,200 or the charter school's building lease aid per pupil unit served for FY 2003 (30 charter schools have a grandfather allowance greater than $1,200).

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8801, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html. Information about charter school laws, school formation, and operation is available at http://education.state.mn.us/mde/Academic_Excellence/School_Choice/Public_School_Choice/Charter_Schools/index.html.

DEPARTMENT OF EDUCATION

Program: Education Excellence

Activity: Choice Programs

Charter School Lease

Budget Activity Summary

	Dollars in Thousands				
	Current		Governor's Rec		Biennium 2012-13
Direct Appropriations by Fund	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2012-13**
General Fund					
1 Total Current Appropriation	34,833	44,938	44,938	44,938	89,876
a. End of Session Estimate			17,151	13,168	30,319
b. November Forecast Adjustment		(2,630)	(3,821)	(3,491)	(7,312)
d. Cancellation	(1,162)				
2 **Forecast Base**	**33,671**	**42,308**	**58,268**	**54,615**	**112,883**
3 Governor's Initiatives					
a. Aid Shift to 70%			(9,973)	(1,056)	(11,029)
b. Eliminate Grandfather Amount			(734)	(1,056)	(1,790)
4 **Recommended**	**33,671**	**42,308**	**47,561**	**52,503**	**100,064**

District Revenue Summary (Entitlement Basis)					
AID	**State Aid**				
3 Statutory Formula Aid	40,982	44,632	48,816	54,084	102,900
4 Statutory Excess/(Shortfall)	1,660	3,118			
5 Appropriated Entitlement	42,642	47,750	48,816	54,084	102,900
6 Adjustments					
a. Cancellation	(1,660)				
c. Appropriation Reduction		(3,118)			
7 **State Aid Entitlement Current Law**	40,982	44,632	48,816	54,084	102,900
8 **Other Revenue**					
a. Federal	2,345	780	0	0	0
9 **Total All Sources Current Law**	43,327	45,412	48,816	54,084	102,900

Appropriations Basis for State Aid

Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.

Prior Year	3,754	11,513	13,389	14,644	28,033
Current Year	31,129	31,243	34,172	37,859	72,031
Cancellation Prior Year Account	(50)	(448)			
Cancellation Current Year Account	(1,162)				
Total State Aid - General Fund	**33,671**	**42,308**	**47,561**	**52,503**	**100,064**

Activity at a Glance

- There were 153 charter schools in Minnesota (FY 2009)
- Number of charter schools receiving start-up funding:

State start-up	26
Federal start-up	41

Activity Description

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

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

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

Population Served

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

Services Provided

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

Federal funds may be used for the following purposes:

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

Key Activity Goals & Measures

Goal: Expand education options for students and families by providing start-up funding for new charter schools.

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

Charter Schools Receiving Start-Up Revenue

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
State	28	32	26	20	11	-0-*	23	33	24	26
Federal	46	55	49	49	48	56	56	71	56	41

*No appropriation for state start-up aid was provided for schools opening in FY 2004 or FY 2005. FY 2004 revenue is second year revenue for schools opened in FY 2003.

Activity Funding

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

To qualify for federal start-up awards, schools must meet the following eligibility requirements:

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

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

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

- pre-operational planning - $180,000
- first year of implementation - $180,000
- second year of implementation - $180,000

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

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

Contact

Additional information is available from the Minnesota Department of Education, School Choice Programs & Services Division, (651) 582-8217. Information about charter school laws, school formation, and operation is available at:
http://education.state.mn.us/mde/Academic_Excellence/School_Choice/Public_School_Choice/Charter_Schools/index.html.

DEPARTMENT OF EDUCATION

Program: Education Excellence

Activity: Choice Programs

Charter School Startup Aid — Budget Activity Summary

		Dollars in Thousands				
		Current		Governor's Recomm		Biennium 2012-13
	Direct Appropriations by Fund	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2012-13**
	General Fund					
3	Total Current Appropriation	1,218	743	743	743	1,486
	a. End of Session Estimate			(75)	(107)	(182)
	b. November Forecast Adjustment	21	(73)	102	652	754
4	**Forecast Base**	**1,239**	**670**	**770**	**1,288**	**2,058**
3	Governor's Initiatives					
	a. Aid Shift to 70%			(144)	(126)	(270)
	b. Eliminate Program			(420)	(1,126)	(1,546)
4	**Recommended**	**1,239**	**670**	**206**	**36**	**242**

District Revenue Summary (Entitlement Basis)						
AID	**State Aid**					
5	Statutory Formula Aid	1,420	410	718	1,352	2,070
6	Statutory Excess/(Shortfall)	(29)	115			0
7	Appropriated Entitlement	1,391	525	718	1,352	2,070
8	Adjustments					
	a. Transfer per M.S. 127A.41	29				
	b. Appropriation Decrease		(115)			
9	**State Aid Entitlement Current Law**	1,420	410	718	1,352	2,070
10	*Governor's Initiatives*					
	a. Aid Shift to 70%			0	0	0
	b. Eliminate Program			(600)	(1,352)	(1,952)
11	**Governor's Aid Recommendation**	**1,420**	**410**	**118**	**0**	**118**
18	**Other Revenue**					
	a. Federal	9,195	11,000	13,000	13,000	26,000
	b. Dedicated Receipts					
19	**Total All Sources Current Law**	10,615	11,410	13,718	14,352	28,070
20	**Governor's Total Revenue Recommendation**	10,615	11,410	13,118	13,000	26,118
Appropriations Basis for State Aid						
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.						
	Prior Year	202	375	123	36	159
	Current Year	1,016	287	83	0	83
	Transfer per M.S. 127A.41	21	8			
	Total State Aid - General Fund	**1,239**	**670**	**206**	**36**	**242**

Activity at a Glance

- District participation has increased from 52 districts in FY 2004 to 124 districts in FY 2011.
- Integration plans are designed to provide voluntary strategies to reduce the racial isolation of school districts from their neighboring districts or to reduce racial concentration across schools within a single district.

Activity Description

Citation: M.S. 124D.86; Minnesota Rules 3535.0100 – 3535.0180

The purpose of this state aid and local levy program is to support the implementation of integration plans mandated by the Desegregation/Integration Rule.

Eligible school districts include:

- Districts with racially identifiable school(s), which have at least one school that has a protected student enrollment more than 20 percentage points above the entire district's protected race enrollment for the same grade levels;
- Racially isolated districts, which have a protected student enrollment that exceeds that of any adjoining district by at least 20 percentage points;
- Adjoining districts, which have a protected student enrollment at least 20 percentage points less than an adjoining racially isolated district and participate in a multidistrict collaboration council with the racially isolated district; and,
- Voluntary districts, which are not contiguous to a racially isolated district, but voluntarily belong to a multidistrict integration collaborative to assist in reducing the isolation of a racially isolated district(s).

Population Served

The program serves all students, not just protected students, attending public schools in districts eligible under the Desegregation Rule. Protected students means students who self-identify or are identified in the general racial categories of African/Black Americans, Asian/Pacific Americans, Chicano/Latino Americans, and American Indian/Alaskan Native; and multi-racial students who self-identify or are identified as having origins in more than one of the preceding categories as having origins in one of these categories and in the category of Caucasian.

Services Provided

Integration revenue must be used for students to have increased and sustained interracial contacts and improved educational opportunities and outcomes designed to close the academic achievement gap between white students and protected students. All expenditures must be consistent with the approved budget plan required for receipt of integration revenue, and may include costs of:

- providing cooperative transportation that helps balance student populations;
- providing incentives for low-income students to transfer to districts (schools) that are not racially isolated (identifiable);
- developing cooperative magnet programs or schools designed to increase racial balance in the affected districts/schools;
- designing cooperative programs to enhance the experience of students of all races and from all backgrounds and origins;
- providing cooperative efforts to recruit teachers of color and encouraging teacher exchanges, parent exchanges, and cooperative staff development programs;
- encouraging shared extracurricular opportunities, including, for example, community education programs that promote understanding, respect, and interaction among diverse community populations; and,
- providing smaller class sizes, greater counseling and support services, and more extracurricular opportunities and other resources at racially identifiable schools as compared to schools that are not racially identifiable or at schools with a higher concentration of low-income students.

Historical Perspective

The integration revenue statute, M.S. 124D.86, was enacted by the 1997 legislature to expand the state's integration efforts beyond the school districts of Duluth, Minneapolis, and St. Paul. The legislature allowed these three districts, which had received state funding since the 1980s, to continue to receive integration revenue at higher rates based on historical spending and did not subject them to some of the requirements of the new law and rule. Changes enacted in 2009 now require the Duluth, Minneapolis, and St. Paul school districts to submit annual integration budgets to MDE for review and approval before receiving integration revenue.

The tables below summarize trends in program participation and the student enrollments of participating districts.

School District Participation

Participating Districts	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Minneapolis, St. Paul, Duluth	3	3	3	3	3	3
Other Qualifying Districts[1]						
At maximum revenue $92 per pupil	28	45	52	54	58	73
At maximum revenue $129 per pupil	21	28	30	33	37	38
Total, Other Districts	49	73	82	87	95	111
State Total Participating Districts	52	76	85	90	98	114
Alternative Attendance Aid Districts[2]	13	19	17	17	15	17

[1] Includes districts with a racially-identifiable school, racially isolated and adjoining districts, as well as voluntary members of an integration collaborative that have submitted an integration plan budget.
[2] Districts receiving integration revenue that earn additional alternative attendance aid for serving eligible residents of Duluth, Minneapolis, or St. Paul.

Integration Revenue Districts

Enrollment, Adjusted Pupil Units	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Duluth	12,587	12,119	11,728	11,527	11,296	10,879
Minneapolis	47,171	44,719	42,599	40,783	39,046	38,393
St. Paul	48,388	47,154	47,037	46,205	45,204	44,005
Other Participating Districts	291,537	361,964	372,576	406,107	433,017	460,217
Total APU in Integration Dist.	399,690	465,955	473,941	504,623	528,563	553,495
Total as % of State APU in K-12 School Districts	42%	50%	51%	54%	58%	61%

Key Activity Goals & Measures

This revenue program's statute lists the following goals:

Goal: Increased and sustained interracial contacts among students.

Measures: Students and parents in racially identified school districts and school sites have a variety of school choice options that provide opportunities for increased interracial interaction and improved educational opportunities.

School districts and school sites participating in the integration program create educational programs and services that increase cultural and racial understanding.

Goal: Improved educational opportunities and outcomes designed to close the academic achievement gap between white students and protected students.

Measures: School districts and school sites participating in the integration program create educational programs and services that address specific educational needs of protected students in the context of an integrated learning environment and that contribute towards increased student achievement and success.

School districts and school sites participating in the integration program provide professional development activities to licensed and non-licensed staff that support the implementation of educational programs that provide for increased student achievement and interracial interaction.

Activity Funding

To receive integration revenue, eligible districts must annually submit a board-approved integration budget to MDE for review and approval. Integration revenue is paid from local levy (30%) and state aid (70%). Annual revenue for schools districts of first-class cities is calculated on adjusted pupil unit counts:

- Minneapolis = $480 per pupil: $445 paid from aid/levy, plus additional levy-only revenue of $35 per pupil
- St. Paul = $445 per pupil
- Duluth = $206 per pupil

Revenue for other eligible districts equals the lesser of:

- amount of the MDE approved integration budget plan;
- actual cost to implement the approved integration plan, excluding costs paid from alternative attendance aid (see below); or
- adjusted pupil units times a rate of $129 if the district's protected student enrollment exceeds 15% or $92 if the district's protected student enrollment is 15% or less, or if the district is a voluntary member of integration collaborative.

Districts eligible to receive integration revenue, except for Minneapolis, St. Paul, and Duluth, can receive additional aid for serving Minneapolis, St. Paul, or Duluth residents whose enrollment contributes to desegregation or integration purposes. Students must qualify for free or reduced price meals and be enrolled under a qualified attendance options program. The maximum alternative attendance aid allowance per adjusted pupil equals the integration revenue rate of the student's district of residence ($480-Minneapolis, $445-St. Paul, $206-Duluth), less the amount of integration revenue the student generates for the enrolling district. Alternative attendance aid is the lesser of the maximum formula allowance or actual expenditures.

Like most levies, the integration levy certified in December is recognized as revenue in the fiscal year that begins on July 1 of the following calendar year. An exception applies only to the districts of Minneapolis, St. Paul, and Duluth, which are required to early-recognize 100% of their integration levy and adjustments certified in December as revenue for the current fiscal year [M.S. 123B.75, subd. 5 (b)]. Integration aid is recognized as revenue in the same year as the integration levy is recognized [M.S. 127A.45, subd. 12 (a)].

The table below summarizes integration revenue trends between FY 2004 and FY 2009:

	Dollars in Thousands					
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Duluth	$ 2,593	$ 2,496	$ 2,416	$ 2,375	$ 2,327	$ 2,221
Minneapolis	22,645	21,465	20,447	19,576	18,742	18,429
St. Paul	21,533	20,983	20,932	20,561	20,116	19,582
Other Districts	30,946	32,010	35,530	40,235	42,350	45,786
Total, Integration Aid/Levy	$77,717	$76,954	$79,325	$82,747	$83,535	$86,018
Additional Aid, Alternative Attendance	449	629	698	784	812	886
State Total Integration Revenue	$78,166	$77,583	$80,023	$83,531	$84,347	$86,904

Contact

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

DEPARTMENT OF EDUCATION

Program: Education Excellence

Activity: Choice Programs
Integration Revenue

Budget Activity Summary

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2012-13**
	General Fund					
1	Total Current Appropriation	50,812	61,782	61,782	61,782	123,564
	a. End of Session Estimate			17,195	6,326	23,521
	b. November Forecast Adjustment	(549)	(395)	37	(523)	(486)
	c. Transfer per M.S. 127A.41					
2	**Forecast Base**	**50,263**	**61,387**	**79,014**	**67,585**	**146,599**
3	Governor's Recommendation					
	a. Aid Shift to 70%			(13,278)	(266)	(13,544)
4	**Recommended**	**50,263**	**61,387**	**65,736**	**67,319**	**133,055**

District Revenue Summary (Entitlement Basis)						
AID	**State Aid**					
3	Statutory Formula Aid	60,864	64,220	66,387	67,718	134,105
4	Statutory Excess/(Shortfall)	752	274			0
5	Appropriated Entitlement	61,616	64,494	66,387	67,718	134,105
6	Adjustments					
	a. Cancellation	(385)				
	b. Transfer M.S. 127A.41	(367)				
	c. Appropriation Reduction		(274)			
7	**State Aid Entitlement Current Law**	60,864	64,220	66,387	67,718	134,105
plus						
LEVY	**Levy**					
8	Local Levy Current Law	26,911	28,323	29,248	29,856	59,104
equals						
REVENUE	9 Current Law Revenue (State Aid & Levy)	87,775	92,543	95,635	97,574	193,209
Appropriations Basis for State Aid						
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.						
	Prior Year	5,832	16,636	19,265	19,916	39,181
	Cancellation		(203)			
	Current Year	44,980	44,954	46,471	47,403	93,874
	Transfer M.S. 127A.41	(367)				
	Cancellation	(182)				
	Total State Aid - General Fund	**50,263**	**61,387**	**65,736**	**67,319**	**133,055**

Activity at a Glance

- 8 projects were funded in FY 2009 and 9 were funded in FY 2010.
- School districts statewide may apply for this competitive grant to support integrated learning for students.

Activity Description

Citation: M.S. 123B.04, M.S. 124D.871

The purpose of this state grant program is to provide funding for school districts and charter schools to establish or continue implementation of magnet school or programs.

This grant also allows schools to increase learning opportunities within integrated educational settings and establish voluntary desegregation efforts across district efforts.

Population Served

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

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

Services Provided

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

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

Key Activity Goals & Measures

Goal: Magnet schools will contribute to voluntary integration efforts by offering a curricular emphasis or theme to attract a diverse student population.

Measure: Schools document implementation of an integrated learning environment, and improvement of educational opportunities. Examples of magnet school programming include:

- Garlough Environmental Magnet established a partnership with Dodge Nature Center as a pre-kindergarten through fourth grade school with a focus on environmental science. Through inquiry students explore nature and the environment to develop skills and knowledge in areas of science technology, math, music, and art through hands-on learning.
- The Richfield Public Schools designed, implemented and will sustain an exemplary dual language magnet school for K-5 Spanish-English language students. Program design included a review of programs in English as a Second Language, global studies, all-day kindergarten and retaining middle-class students while improving results for ESL learners and students in poverty.
- Edison High School embraced the "High School Reform Initiative" by retaining the principal and requiring staff to reapply. The goal is to provide a more racially integrated educational experience to improve the educational opportunities and academic achievement of learners. Internal improvements include on-going professional development and an external recruitment/public relations initiative. One goal is to expand business and post-secondary partnerships for students and staff to explore careers and post-secondary programs.

Activity Funding

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

Funding History

Fiscal Year	Number of Grants Awarded	Total Amount
2002	3	$350,000
2003	9	$734,400
2004	9	$578,400
2005	8	$750,000
2006	9	$749,400
2007	9	$745,000
2008	9	$749,858
2009	8	$973,201
2010	9	$749,994

Contact

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

DEPARTMENT OF EDUCATION

Program: Education Excellence

Activity: Choice Programs

Magnet School Grants

Budget Activity Summary

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
1	Current Appropriation	750	750	750	750	1,500
	a. Cancellaton	(10)				
2	**Forecast Base**	**740**	**750**	**750**	**750**	**1,500**
3	Governor's Initiatives					
	a. Eliminate Magnet School Grant Program			(750)	(750)	(1,500)
4	**Recommended**	**740**	**750**	**0**	**0**	**0**

	District Revenue Summary (Entitlement Basis)					
AID	**State Aid**					
3	Statutory Formula Aid	740	750	750	750	1,500
4	Statutory Excess/(Shortfall)	10				
5	Appropriated Entitlement	750	750	750	750	1,500
6	Adjustments					
	a. Cancellation	(10)	0			
7	**State Aid Entitlement Current Law**	740	750	750	750	1,500
10	*Governor's Initiatives*					
	a. Eliminate Magnet School Grant Program			(750)	(750)	(1,500)
20	**Governor's Total Revenue Recommendation**	740	750	0	0	0

	Appropriations Basis for State Aid					
	Cancellation	(10)	0	0	0	0
	Current Year	750	750	0	0	0
	Total State Aid - General Fund	**740**	**750**	**0**	**0**	**0**

Activity at a Glance

- Two magnet schools have received this grant since FY 2001; no new schools have started since FY 2002.
- The funds help magnet schools with start-up costs for two years.

Activity Description

Citation: M.S. 124D.88, Subd. 4

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

Population Served

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

Services Provided

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

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

Metropolitan magnet schools have strategies to:

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

Key Activity Goals

To establish or continue implementation of magnet schools or programs and to assist in the integration of public schools by supporting the elimination, reduction, and prevention of minority group isolation in public schools. In order to meet the purpose of the program, the project must establish or operate a magnet school or a program and provide all students with equitable education opportunities.

Key Measures

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

- **Fine Arts Interdisciplinary Resource (FAIR) Magnet School** is for students in grades 4-8. FAIR school is one of two schools created by the West Metro Education Program (WMEP) to provide intercultural learning opportunities for students from Minneapolis and surrounding suburban school districts. The learning opportunities at FAIR school focus on three major areas: intercultural learning, fine arts performance, and academic excellence.
- **Crosswinds Arts and Science Magnet School** is a program of the East Metro Integration District. The school supports a year round 45/15 calendar. The Crosswinds academic program integrates arts and science into all subject areas and emphasizes hands-on, group work to help students understand the connections between what they are learning and the real world.

The two collaborative districts that have received magnet school start-up grants show an increasingly diverse population. The Crosswinds Arts and Science Magnet School has a racial mix of 48% white and 52%

minority/protected students. The FAIR Magnet School has a racial mix of 64% white and 36% minority/protected students. Comparatively, the percentage of minority/protected students in the two magnet schools is less than Minneapolis or St. Paul that exceed 69%. However, the Crosswinds Arts and Science Magnet School has a greater percentage of protected students than all of its member districts except St. Paul. The FAIR Magnet School has a greater percentage of protected students than half of its member districts. This shows that the schools are meeting the intent of the law.

Magnet schools or programs funded under this grant have demonstrated success by continuing programs beyond the funded period. This includes, 1) the district ability to sustain a magnet school and maintain quality of programs and services for students and 2) the district ability to replicate the piloted program to implement it district wide. For example, St. Paul implementation of the AVID program after the third year of the magnet grant period; Garlough Environmental Magnet School sustaining the magnet school after the third year of the grant.

Activity Funding

Metropolitan magnet school start-up cost grant formula is based on $500 times the magnet school's pupil units served for that year. Two start-up schools received a total of $665,000 in the FY 2002-03 biennium. No new magnet school have started since that time.

In addition to the start-up funding, M.S. 124D.88, subd. 1 -3 provides authority and procedure for a metropolitan magnet school capital facility grant program for the purpose of promoting integrated education for students in prekindergarten through grade 12, for the seven-county metropolitan area. The grant money must be used only to design, acquire, construct, expand, remodel, improve, furnish, or equip the building or site of a magnet school facility. Application processes and procedures are stated in statute. No school districts or collaboratives have applied for this grant program in recent years.

Contact

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

Activity at a Glance

- In FY 2009, over 8,500 students were transported to and from interdistrict desegregation or integration schools and the Choice is Yours (CIY) program at a cost of $13.5 million.
- Other students were transported to a program or event at a cost of $426,808 in FY 2009.

Activity Description

Citation: M.S. 124D.87

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

Population Served

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

Services Provided

Transportation is provided between the student's home or school and the interdistrict program or school. School districts have entered into joint powers agreements to develop desegregation/integration programs and/or schools. Existing programs include the East Metro Integration District (6067), West Metropolitan Education Program District (WMEP) (6069), and the North West Suburban Integration School District (6078). Other programs exist to promote desegregation/integration experiences in more than 100 school districts.

Key Activity Goals & Measures

By providing transportation services that enable more students to participate in an integrated educational environment, this program addresses the key agency goals of expanding education options for students and families and closing the achievement gap.

Goal: Provide transportation services so that more children and families are able to participate in schools and/or programs that offer an integrated educational environment.

Measure: Both the number of districts and the number of students participating has increased over time as shown in the table below. A large portion of the increase is attributable to the collaborative Choice is Yours program, which is a part of the overall desegregation program.

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Number of Districts	29	33	43	49	54	62
Number of Students Transported	3,322	4,029	5,871	5,664	6,897	8,715

Goal: Provide access to schools and programs that are designed to help close achievement gaps between learners from economically disadvantaged families and their peers.

Measure: The number of students transported to interdistrict desegregation or integration schools has a direct relationship to the number of students identified as learners from economically disadvantaged families and their peers.

Goal: Increase experience and exposure to racial, ethnic, and cultural diversity for students, staff, and communities.

Measure: The number of programs, classes and events available to provide exposure to racial, ethnic and cultural diversity increases proportionately to the number of students identified as learners from economically disadvantaged families and their peers.

Activity Funding

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

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

Beginning with district expenditures occurring in FY 2002, the aid formula and funding for this program was changed to become a reimbursement program. Districts with qualifying expenses through June 30 are reimbursed in August of the next fiscal year, but are required to recognize the revenue in the year of expenditure, to provide a match of revenue and expenditure.

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

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8855, http://education.state.mn.us/MDE/Accountability_Programs/Program_Finance/index.html.

DEPARTMENT OF EDUCATION

Program: Education Excellence

Activity: Choice Programs

Interdistrict Desegregation Transportation — Budget Activity Summary

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
1	Current Appropriation	14,468	17,582	17,582	17,582	35,164
	a. End of Session Estimate			(2,280)	(546)	(2,826)
	b. November Forecast Adjustment		(3,839)			
	c. Cancellation	(2,126)				0
2	**Forecast Base**	**12,342**	**13,743**	**15,302**	**17,036**	**32,338**

	District Revenue Summary (Entitlement Basis)					
AID	**State Aid**					
3	Statutory Formula Aid	12,342	13,743	15,302	17,036	32,338
4	Statutory Excess/(Shortfall)	2,126	3,839			0
5	Appropriated Entitlement	14,468	17,582	15,302	17,036	32,338
6	Adjustments					
	a. Cancellation	(2,126)				
	c. Appropriation Reduction		(3,839)			
7	**State Aid Entitlement Current Law**	12,342	13,743	15,302	17,036	32,338
	Appropriations Basis for State Aid					
	Transfer per M.S. 127A.41					
	Current Year	14,468	13,743	15,302	17,036	32,338
	Cancellation	(2,126)				
	Total State Aid - General Fund	**12,342**	**13,743**	**15,302**	**17,036**	**32,338**

Budget Activities

This program includes the following budget activities:

- Success for the Future
- Indian Teacher Preparation Grants
- Tribal Contract Schools
- Tribal Early Childhood Program

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	3,734	4,449	4,449	4,449	8,898
Technical Adjustments					
End-of-session Estimate			1,191	464	1,655
November Forecast Adjustment		(161)	(311)	(320)	(631)
Subtotal - Forecast Base	3,734	4,288	5,329	4,593	9,922
Governor's Recommendations					
Aid Shift Changes		0	(852)	(18)	(870)
Total	**3,734**	**4,288**	**4,477**	**4,575**	**9,052**
Expenditures by Fund					
Direct Appropriations					
General	3,570	4,230	4,477	4,575	9,052
Total	**3,570**	**4,230**	**4,477**	**4,575**	**9,052**
Expenditures by Category					
Local Assistance	3,570	4,230	4,477	4,575	9,052
Total	**3,570**	**4,230**	**4,477**	**4,575**	**9,052**
Expenditures by Activity					
Success For The Future	1,766	2,072	2,137	2,137	4,274
Indian Teacher Preparation	190	190	190	190	380
Tribal Contract Schools	1,546	1,900	2,082	2,180	4,262
Tribal Early Childhood Program	68	68	68	68	136
Total	**3,570**	**4,230**	**4,477**	**4,575**	**9,052**

Activity at a Glance

- 32 grants funded for six years (2007-13) with annual renewal of funds.
- 8,850 American Indian students served.

Activity Description

Citation: M.S. 124D.81

Success for the Future is a state grant program that provides funding to grantees that develop comprehensive and collaborative plans to support academic achievement, decrease the dropout rate and improve the school climate for American Indian students in a culturally appropriate manner.

Population Served

Twenty-six public school districts, four tribal schools, and one charter school were awarded Success for the Future grant funds in FY 2009-11. These grant programs served approximately 4,850 American Indian students in the urban area and 4,000 in the rural/suburban area.

Services Provided

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

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

Key Activity Goals & Measures

This program aligns with MDE's goal of improving student achievement and closing the achievement gap.

Goal: Increase the literacy/reasoning (math, science, critical thinking, etc.) skills of American Indian students through the use of culturally infused curriculum that supplements and does not supplant schools/district curriculum or programs.

Goal: Increase the number of American Indian student's grades 7-12 who participate in extra/co-curricular activities, international baccalaureate, advanced placement, postsecondary options, and who take the SAT, ACT, CLEP, PSAT, PLAN, or EXPLORE.

Activity Funding

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

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2009	FY 2010
Number of Grants Funded	30	30	31	31	32	31	31
Number of Applicants	46	46	46	46	48	52	52
Percent of Applicants Funded	65%	65%	67%	67%	66%	60%	60%
Number of Participating Indian Students	7,778	10,527	8,950	8,950	8,850	8,600	8,600
Number of Indian Students in /Districts Statewide	17,479	17,667	17,574	17,397	17,000	18,686	18,686
Percent Served	44.5%	59.6%	50.9%	51.4%	47.0%	46.0%	46.0%

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

Contact

Additional information is available from the Minnesota Department of Education, Office of Indian Education, (651) 582-8862, http:// http://education.state.mn.us/MDE/Academic_Excellence/Indian_Education/index.html.

	Dollars in Thousands				
	Current		Governor's Rec		Biennium 2012-13
Direct Appropriations by Fund	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2012-13**
General Fund					
1 Total Current Appropriation	1,774	2,072	2,072	2,072	4,144
a. End of Session Estimate	(8)		493	65	558
2 **Forecast Base**	**1,766**	**2,072**	**2,565**	**2,137**	**4,702**
3 Governor's Initiatives					
a. Aid Shift to 70%			(428)	0	(428)
4 **Recommended**	**1,766**	**2,072**	**2,137**	**2,137**	**4,274**

District Revenue Summary (Entitlement Basis)					
AID **State Aid**					
3 Statutory Formula Aid	2,137	2,137	2,137	2,137	4,274
4 Statutory Excess/(Shortfall)					
5 Appropriated Entitlement	2,137	2,137	2,137	2,137	4,274
6 Adjustments					
a. Cancellation					
7 **State Aid Entitlement Current Law**	2,137	2,137	2,137	2,137	4,274
Appropriations Basis for State Aid					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
Prior Year	213	576	641	641	1,282
Cancellation	(8)				
Current Year	1,561	1,496	1,496	1,496	2,992
Total State Aid - General Fund	**1,766**	**2,072**	**2,137**	**2,137**	**4,274**

Activity at a Glance

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

- Grants are awarded to Augsburg College in collaboration with Minneapolis and St. Paul Public Schools, Bemidji State University in collaboration with Red Lake Public School, Moorhead Public Schools, and the University of Minnesota-Duluth in collaboration with Duluth Public Schools.
- The grants support approximately 25 students per year.

Activity Description

Citation: M.S. 122A.63

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

Population Served

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

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

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

Services Provided

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

Historical Perspective

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

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2009
Number of Eligible Institutions	4	4	4	4	4	4	4
Number of New Participants	21	25	25	23	24	29	18
Number of Graduates	4	7	8	3	2	8	6

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

Key Activity Goals & Measures

The measures are reflective of the Minnesota Department of Education's goal of improving teacher quality.

Goal: Improve teacher quality by diversifying Minnesota teaching staff, increasing cultural awareness among teaching staff and administration, and increasing experiences with and exposure to a diversity of teachers for all Minnesota students.

> **Measure:** There have been 60 graduates of the program since its inception in 1979, and a total of 90 American Indians have participated or are participating in the program to date.

Activity Funding

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

Grant Summary:
Funding to each of these partnerships is constant through FY 2011.

Indian Teacher Preparation Grants

	Dollars in Thousands FY 2008
Bemidji State University and Red Lake School District sites	$ 40
Moorhead State University and White Earth Nation sites	40
U of M-Duluth and Duluth School District sites	70
Augsburg College and Minneapolis and St. Paul School Districts' sites	40
TOTAL	$190

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

Contact

Additional information is available from the Minnesota Department of Education, Office of Indian Education, http://education.state.mn.us/MDE/Academic_Excellence/Indian_Education/index.html.

DEPT OF EDUCATION
Program: INDIAN PROGRAMS
Activity: INDIAN TEACHER PREPARATION

Budget Activity Summary

Dollars in Thousands

	Current FY2010	Current FY2011	Governor's Recomm. FY2012	Governor's Recomm. FY2013	Biennium 2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	190	190	190	190	380
Subtotal - Forecast Base	190	190	190	190	380
Total	**190**	**190**	**190**	**190**	**380**
Expenditures by Fund					
Direct Appropriations					
General	190	190	190	190	380
Total	**190**	**190**	**190**	**190**	**380**
Expenditures by Category					
Local Assistance	190	190	190	190	380
Total	**190**	**190**	**190**	**190**	**380**

Activity at a Glance

FY 2009
- 815 American Indian students attend the four contract/grant schools in Minnesota.

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

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

Population Served
Annually, each American Indian-controlled tribal contract or grant school authorized by the United States Code Title 25, Section 450F, that is located on a reservation within the state is eligible to receive tribal contract aid provided that the school:
- plans, conducts, and administers an education program that complies with the requirements of either chapter 124 and chapters 120, 121, 122, 123, 124A, 124C, 125, 126, 129, and 268A or Code of Federal Regulations Title 25, Sections 31.0 to 45.80; and,
- complies with all other state statutes governing independent school districts or their equivalent in the Code of Federal Regulations, Title 25.

Eligibility is limited to the 4 tribal schools in the state.
- Bug-O-Nay-Ge-Shig School, Leech Lake
- Circle of Life School, White Earth
- Nay Ah Shing School, Mille Lacs
- Ojibwe School, Fond du Lac

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

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

Key Activity Goals & Measures
While promoting equal education opportunities for students enrolled in tribal contract schools, this funding is designed to improve student achievement and is intended to close the achievement gap by preparing students to compete in a global economy.

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

Funding Per School

Dollars in Thousands

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Bug-O-Nay-Ge-Shig	$721.9	$727.8	$759.6	$695.7	$704.4	$719.8
Circle of Life	280.9	282.3	274.8	278.0	255.6	245.8
Nay Ah Shing	425.9	495.1	214.6	116.4	259.3	168.9
Fond du Lac	-0-	-0-	-0-	-0-	-0-	-0-
Total	$1,428.7	$1,505.2	$1,2,49.0	$1,090.1	$1,219.3	$1,134.5

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

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

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

Contact

Additional information is available from the Minnesota Department of Education, Indian Education Division, (651)582-8831, http://education.state.mn.us/mde/Academic_Excellence/Indian_Education/index.html.

	Dollars in Thousands				
	Current		Governor's Rec		Biennium 2012-13
Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
General Fund					
3 Total Current Appropriation	1,702	2,119	2,119	2,119	4,238
a. End of Session Estimate			698	399	1,097
b. November Forecast Adjustment		(58)	(311)	(320)	(631)
c. Cancellation	(156)	(161)			
4 **Forecast Base**	**1,546**	**1,900**	**2,506**	**2,198**	**4,704**
3 Governor's Recommendation					
a. Aid Shift to 70%			(424)	(18)	(442)
4 **Recommended**	**1,546**	**1,900**	**2,082**	**2,180**	**4,262**

District Revenue Summary (Entitlement Basis)					
AID **State Aid**					
5 Statutory Formula Aid	1,855	2,000	2,117	2,207	4,324
6 Statutory Excess/(Shortfall)	214	229			0
7 Appropriated Entitlement	2,069	2,229	2,117	2,207	4,324
8 Adjustments					
a. Cancellation	(214)				
b. Appropriation Reduction		(229)			
9 **State Aid Entitlement Current Law**	1,855	2,000	2,117	2,207	4,324
Appropriations Basis for State Aid					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
Prior Year	191	558	600	635	1,235
Cancellation		(58)			
Current Year	1,511	1,400	1,482	1,545	3,027
Cancellation	(156)				
Total State Aid - General Fund	**1,546**	**1,900**	**2,082**	**2,180**	**4,262**

Activity at a Glance

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

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

Activity Description

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

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

Population Served

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

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

Services Provided

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

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

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

Key Activity Goals & Measures

The funding provided for the tribal early childhood education programs helps the participating children be healthy and prepared to learn when they start attending school. It also contributes to the Minnesota Department of Education's goal of closing the achievement gap.

Goal: Increase educational opportunities for American Indian children and their families.

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

Activity Funding

Tribal Early Childhood Family Education Grants

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Fond du Lac	$ 9,584	$ 9,584	$ 9,584	$ 9,584	$ 9,587	$ 9,587	$ 9,587
Circle of Life	18,233	18,233	18,233	18,233	18,233	18,233	18,233
Bug-O-Nay-Ge-Shig	26,271	26,271	26,271	26,271	26,271	26,271	26,271
Nay Ah Shing	13,909	13,909	13,909	13,909	13,909	13,909	13,909
TOTAL	$67,997	$ 67,997	$ 67,997	$ 67,997	$68,000	$68,000	$68,000

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

Contact Additional information is available from the Minnesota Department of Education, Indian Education Division, (651) 582-8831, http://education.state.mn.us/mde/Academic_Excellence/Indian_Education/index.html.

DEPT OF EDUCATION
Program: INDIAN PROGRAMS
Activity: TRIBAL EARLY CHILDHOOD PROGRAM

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	68	68	68	68	136
Subtotal - Forecast Base	68	68	68	68	136
Total	**68**	**68**	**68**	**68**	**136**
Expenditures by Fund					
Direct Appropriations					
General	68	68	68	68	136
Total	**68**	**68**	**68**	**68**	**136**
Expenditures by Category					
Local Assistance	68	68	68	68	136
Total	**68**	**68**	**68**	**68**	**136**

Budget Activities

This program includes the following budget activities:

- Statewide Assessment

Dollars in Thousands

	Current FY2010	Current FY2011	Governor Recomm. FY2012	Governor Recomm. FY2013	Biennium 2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	15,150	15,150	15,150	15,150	30,300
Subtotal - Forecast Base	15,150	15,150	15,150	15,150	30,300
Governor's Recommendations					
High Performance Awards		0	4,900	7,000	11,900
Achievement Gap Innovation Fund		0	2,100	3,000	5,100
Total	**15,150**	**15,150**	**22,150**	**25,150**	**47,300**
Expenditures by Fund					
Direct Appropriations					
General	15,150	15,150	22,150	25,150	47,300
Statutory Appropriations					
Federal	7,232	12,823	13,047	13,127	26,174
Total	**22,382**	**27,973**	**35,197**	**38,277**	**73,474**
Expenditures by Category					
Other Operating Expenses	22,382	27,973	28,197	28,277	56,474
Local Assistance	0	0	7,000	10,000	17,000
Total	**22,382**	**27,973**	**35,197**	**38,277**	**73,474**
Expenditures by Activity					
Assessments	22,382	27,973	28,197	28,277	56,474
High Performance Awards	0	0	4,900	7,000	11,900
Achievement Gap Innovation Fd	0	0	2,100	3,000	5,100
Total	**22,382**	**27,973**	**35,197**	**38,277**	**73,474**

Activity at a Glance

- Serves approximately 62,000 students per grade, grades 3 – high school.
- Serves approximately 60,000 English language learners (ELLs), grades K-12.
- Serves approximately 6,200 students with disabilities who are persistently low performing, grades 5 – high school.
- Serves approximately 4,500 students with severe cognitive disabilities.
- Administers, scores, and reports on required assessments within three categories (Title I – math, reading, science; Title III – English language proficiency; and Diploma – graduation exams) for various grade levels and content areas specialized to student need.
- Develops math, reading, science, and special education assessments.
- Coordinates TIMSS and EPAS participation.
- Supervises NAEP participation.

Activity Description

Citation: M.S.120B.30, M.S. 120B.31, M.S. 124D.59
Federal Citations: ESEA 1965, Title VI, Part A, Subpart I, Section 6111, P.L. 107-110 and Section 6112, P.L. 107-220

These programs support improvements in teaching and learning with statewide testing in reading and mathematics in grades three through eight, grade 9 (writing), grade 10 (reading); and grade 11 (mathematics); science in grades five, eight, and high school; limited English proficiency (LEP) in grades K-12; and special education in grades three through eight and high school.

Population Served

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

Services Provided

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

Title I Assessments for Reading, Mathematics, and Science

- **Minnesota Comprehensive Assessments (MCA)**, a required assessment designed to measure students' achievement in reading, mathematics, and science of the Minnesota Academic Standards.
- **Minnesota Comprehensive Assessments-Modified (MCA-Modified)**, an optional assessment under ESEA based on the Minnesota Academic Standards in reading and mathematics designed for students with disabilities who are persistently low performing.
- **Minnesota Test of Academic Skills (MTAS),** a required assessment based on the Minnesota Academic Standards in reading, mathematics, and science for students who are most severely cognitively challenged.

Students take only one reading, math, or science exam. The three exams above allow a variety of student populations the best opportunity to demonstrate their knowledge and skills.

Title III Assessments for English Language Proficiency

- **Test of Emerging Academic English (TEAE),** being replaced after the 2010-2011 school year. A required assessment designed to provide information about how well students with limited English proficiency are learning academic English in reading and writing as described in the state's English learner (EL) standards.
- **Minnesota Student Oral Language Observation Matrix (MN SOLOM),** being replaced after the 2010-2011 school year. A required assessment designed to evaluate listening and speaking, completed by the ELs' classroom teachers in K-12.

Only students defined as English learners under state statute participate in the exams above.

Diploma Assessments for Graduation

- **Graduation Required Assessment for Diploma (GRAD),** a required assessment designated to serve as the retest opportunity for students who do not pass on their first attempt of the high school MCA-II in reading or math, as well as serve as the writing assessment.
- **Basic Skills Test (BST),** a required graduation assessment in reading, mathematics, and writing which is now being retired in place of the more rigorous GRAD in high school, but continues to be offered to students who began under that assessment until the end of the 2011-2012 school year.

All graduating public school students must fulfill these exam requirements.

All of the tests above, except for MCA-Modified, are required assessments under the Elementary and Secondary Education Act (ESEA) or Minnesota statute.

National and International Assessments

- **Educational Planning and Assessment System (EPAS),** is a group of tests developed by ACT to assess student preparation for postsecondary education. As funds allow, Minnesota pays for the participation when public school districts give the EXPLORE to 8th grade students and/or PLAN to 10th grade students. For more information, see the "Explore and Plan - EPAS" budget narrative.
- **National Assessment of Education Progress (NAEP),** a nationally representative and continuing assessment of what America's students know and can do in various subject areas as required by the federal government (school participation is required under the Elementary and Secondary Education Act if receiving ESEA funds).
- **Trends in International Mathematics and Science Study (TIMSS),** which provides reliable and timely data on the mathematics and science achievement of U.S. students compared to that of students in other countries. Minnesota participated as a "mini-nation" in 2007 with state funding and will participate in 2011 as a "mini-nation" in grade 8 with federal funding.

To comply with the *Standards for Educational and Psychological Testing* and to fulfill federal and state requirements, statewide testing also conducts the following activities with separate professional measurement organizations.

- **Quality Control Review,** an analysis of test results by an independent, third-party audit vendor to confirm that scores and results have been correctly assigned. This vendor also conducts similar calculation audits for Adequate Yearly Progress (AYP) determinations before their release.
- **Alignment Studies,** an ESEA-required, independent review of the state's assessments to ensure that the tests are measuring the content and skills of the standards.

Historical Perspective

In FY 1997, the legislature enacted the Statewide Testing Law that required comprehensive assessments correlated with the Graduation Rule's High Standards in 3rd, 5th, and 8th grades, and an unspecified high school grade. The 3rd and 5th grade MCA tests were first given in all public schools in the spring of 1998. The 10th grade MCA reading test and 11th grade MCA mathematics test were first given in all public schools in the spring of 2004.

Beginning with the 2005-06 school year, all students are tested in grades 3-8 and high school in reading and mathematics. Students who entered 8th grade in 2005 or after must pass the MCA or GRAD in reading and mathematics in high school to satisfy their state-level graduation assessment. They must also pass the writing GRAD. For the 2009-10 through 2013-14 school years, the legislature enacted an alternative option to meet the state level graduation test requirements for students who do not pass the mathematics GRAD. This alternative option requires students who do not pass to 1) complete with a passing grade all state and local coursework and credits required for graduation by the school board granting the students their diploma, 2) participate in the assessment until they pass the Mathematics GRAD or participate in at least two GRAD retests, whichever comes first, and 3) participate in district-prescribed academic remediation in mathematics. In the 2014-15 school year, the alternative option to the mathematics GRAD will expire under Minnesota statute.

Key Activity Goals & Measures

This program addresses MDE's goal of improving student achievement and preparing students to compete in a global economy. This program is also aligned with the following Minnesota Milestones: 1) Minnesotans will excel in basic and challenging skills and knowledge; and 2) Minnesota's workforce will have the education and training to make the state a leader in the global economy.

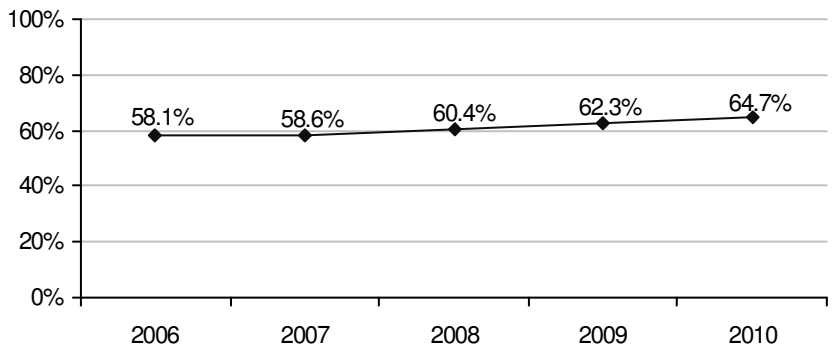
Goal: Improve Achievement for All Students.

Measure: Provide valid and reliable assessments in reading, math, and science for all general education students.

Measure: Provide valid and reliable assessments in reading, math, and science for students with disabilities.

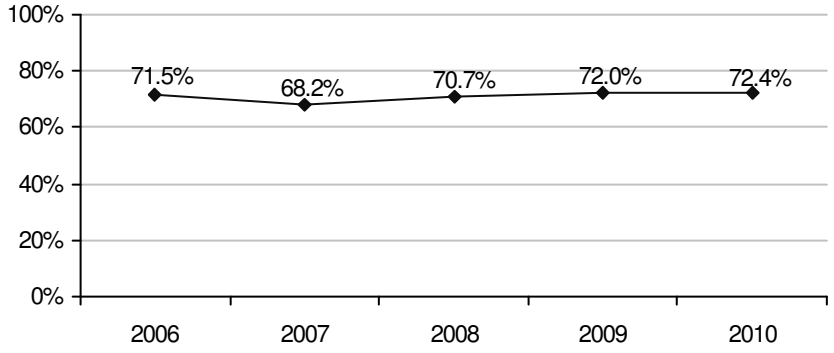
Measure: Provide valid and reliable assessments of English language proficiency for English learners.

2010 Mathematics (MCA-II; MTELL; MTAS)
Percentage of Students Proficient by Year

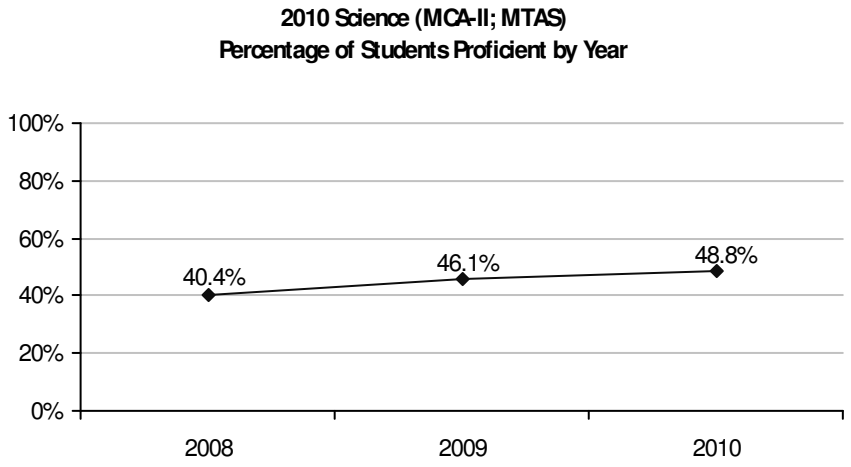


MTELL and MTAS were not administered until 2007.

2010 Reading (MCA-II; MTAS)
Percentage of Students Proficient by Year



Most English language learners took the TEAE in 2006; all were assessed using the MCA-II in 2007 and following years.



Activity Funding

The funding supports professional/technical contracts for test development, administration, test scoring, performance level indicators, quality control review, and alignment studies. Both state and federal funds are used.

Expenditures from state and federal funds for the past five years are below. The dollar figures identified reflect funds spent on professional/technical contracts. Department costs associated with administering the programs are not reflected.

	Dollars in Thousands				
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
State Funds – All Assessments	$ 7,670	$15,772	$15,499	$15,593	$15,383
Federal Funds – Title I Assessments	7,016	9,207	6,430	4,010	4,387
Federal Funds – Title III Assessments	209	309	500	500	-0-
Federal Funds – Special Education Assessments	209	1,864	3,110	3,744	3,150
TOTAL	$15,104	$27,152	$25,539	$23,847	$22,920

- *State Funds – All Assessments:* All assessments for general education students including graduation assessments.
- *Federal Funds – Title I Assessments:* Math, reading, and science assessments administered to general education students.
- *Federal Funds – Title III Assessments:* English language proficiency assessments administered to English language learners.
- *Federal Funds – Special Education Assessments:* Alternate assessments to the general education assessment for students with disabilities as appropriate.

Contact

Additional information is available from the Minnesota Department of Education, Assessment and Testing, (651) 582-1611, http://education.state.mn.us/mde/Accountability_Programs/Assessment_and_Testing/index.html.

DEPT OF EDUCATION
Program: INNOVATION & ACCOUNTABILITY
Activity: ASSESSMENTS

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	15,150	15,150	15,150	15,150	30,300
Subtotal - Forecast Base	15,150	15,150	15,150	15,150	30,300
Total	**15,150**	**15,150**	**15,150**	**15,150**	**30,300**
Expenditures by Fund					
Direct Appropriations					
General	15,150	15,150	15,150	15,150	30,300
Statutory Appropriations					
Federal	7,232	12,823	13,047	13,127	26,174
Total	**22,382**	**27,973**	**28,197**	**28,277**	**56,474**
Expenditures by Category					
Other Operating Expenses	22,382	27,973	28,197	28,277	56,474
Total	**22,382**	**27,973**	**28,197**	**28,277**	**56,474**

DEPT OF EDUCATION
Program: INNOVATION & ACCOUNTABILITY
Activity: ACHIEVEMENT GAP INNOVATION FD

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
Achievement Gap Innovation Fund		0	2,100	3,000	5,100
Total	**0**	**0**	**2,100**	**3,000**	**5,100**
Expenditures by Fund					
Direct Appropriations					
General	0	0	2,100	3,000	5,100
Total	**0**	**0**	**2,100**	**3,000**	**5,100**
Expenditures by Category					
Local Assistance	0	0	2,100	3,000	5,100
Total	**0**	**0**	**2,100**	**3,000**	**5,100**

DEPT OF EDUCATION
Program: INNOVATION & ACCOUNTABILITY
Activity: HIGH PERFORMANCE AWARDS

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
Excellence in Education Award		0	4,900	7,000	11,900
Total	**0**	**0**	**4,900**	**7,000**	**11,900**
Expenditures by Fund					
Direct Appropriations					
General	0	0	4,900	7,000	11,900
Total	**0**	**0**	**4,900**	**7,000**	**11,900**
Expenditures by Category					
Local Assistance	0	0	4,900	7,000	11,900
Total	**0**	**0**	**4,900**	**7,000**	**11,900**

Budget Activities

This program includes the following budget activities:

- Advanced Placement/International Baccalaureate (AP/IB)
- AP/IB Expansion and Concurrent Enrollment
- Collaborative Urban Educator
- Youthworks
- Student Organizations
- Explore and Plan (EPAS)
- Early Childhood Literacy
- No Child Left Behind Programs
- Student Choice/Tax Incentives (information only)
- Miscellaneous Federal Programs

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	10,857	10,857	10,857	10,857	21,714
Subtotal - Forecast Base	10,857	10,857	10,857	10,857	21,714
Governor's Recommendations					
Eliminate Explore and PLAN Tests		0	(829)	(829)	(1,658)
Total	**10,857**	**10,857**	**10,028**	**10,028**	**20,056**
Expenditures by Fund					
Direct Appropriations					
General	10,524	11,190	10,028	10,028	20,056
Statutory Appropriations					
Federal	204,867	211,545	223,480	237,246	460,726
Federal Stimulus	31,039	211,440	52,075	0	52,075
Total	**246,430**	**434,175**	**285,583**	**247,274**	**532,857**
Expenditures by Category					
Total Compensation	17	6	6	6	12
Other Operating Expenses	1,077	1,322	14	14	28
Payments To Individuals	703	759	820	894	1,714
Local Assistance	244,633	432,088	284,743	246,360	531,103
Total	**246,430**	**434,175**	**285,583**	**247,274**	**532,857**
Expenditures by Activity					
Ap/Ib	4,167	4,833	4,500	4,500	9,000
Ap/Ib Expansion	2,000	2,000	2,000	2,000	4,000
Collaborative Urban Educator	528	528	528	528	1,056
Youthworks	900	900	900	900	1,800
Student Organizations	743	725	725	725	1,450
Epas	829	829	0	0	0
Early Childhood Literacy	1,375	1,375	1,375	1,375	2,750
No Child Left Behind	229,712	414,619	267,366	229,002	496,368
Other Federal Programs	6,176	8,366	8,189	8,244	16,433
Total	**246,430**	**434,175**	**285,583**	**247,274**	**532,857**
Full-Time Equivalents (FTE)	**3.3**	**3.3**	**3.3**	**3.3**	

Activity at a Glance

In FY 2010:
- 55 IB schools participated at 62 school sites.
- 32,541 AP students took 53,239 exams.
- 2,328 IB students took 4,970 exams.
- 4,755 low-income students took at least one AP exam, with 2,940 earning a three or higher on at least one exam.
- 733 AP teachers attended in-depth training.
- 1,018 IB teachers attended in-depth training.

Activity Description

Citation: M.S. 120B.13.

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

Population Served

Public and nonpublic schools and students participating in the AP and IB programs are served by these programs. In 2010, students of color represented 15% of all Minnesota students tested in AP. Students of color represented 12% of all Minnesota students earning passing scores on AP exams. In the International Baccalaureate program, students of color represent 33% of all Minnesota students tested in IB and students of color earned 22% of all IB exams with passing scores.

Services Provided

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

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

Schools have benefited from AP or IB programs in that the programs revitalize teachers and departments and indicate to the public that the school values intellectual achievement and academic excellence.

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

Teacher Training and Support
- Scholarships are available for public and nonpublic schoolteachers to train teachers to initiate or improve AP and/or IB courses.
- The state appropriation may be used to pay a portion of the costs associated for the required AP and IB training of teachers in districts providing these programs.

Student Examination Fees
- Approximately 75% of student exam fees are paid for public and nonpublic students taking AP and/or IB exams. Students or schools are responsible for the remaining exam costs. All exam fees are paid for students from low-income families.
- The AP program receives 75% of the appropriation each year and the IB program receives 25% of the appropriation. The department, in consultation with the AP and IB advisory boards, determines the amounts of the expenditures each year for examination fees and training and support for each program.

Key Activity Goals & Measures

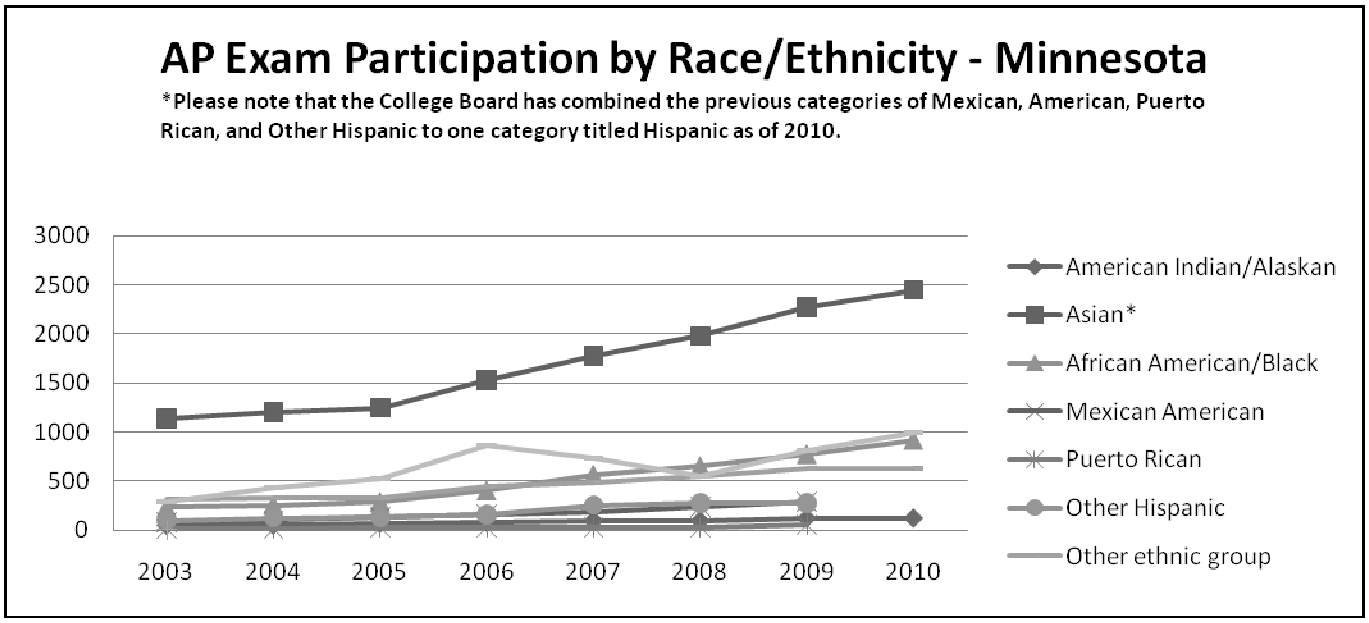
Improve student achievement and prepare students to compete in a global economy by promoting rigorous education for all students and promoting dual credit opportunities for all students.

Goal: Increase the number of low income and minority students participating in AP and IB courses by at least 5% per year.

Measure: Enrollment of low income and minority students in AP and IB courses. Although MDE does not currently track enrollment in courses, the Minnesota Common Course catalogue under development will have the capacity to do so.

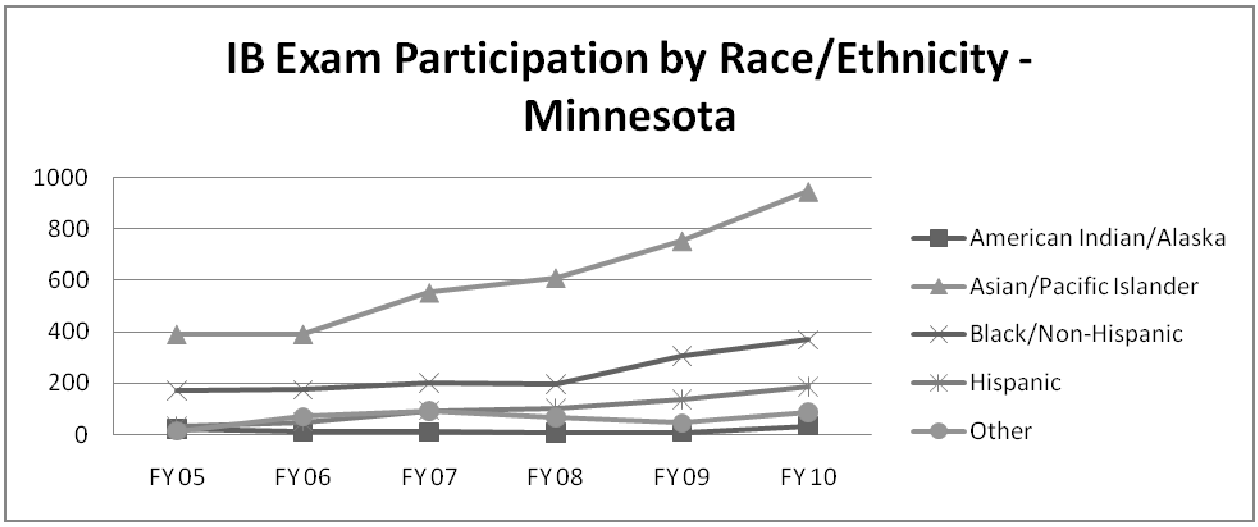
Goal: Increase the number of low income and minority students taking AP and IB exams by at least 5% per year.

Measure: Number of low income and minority AP and IB test-takers.



AP Exam Participation by Race/Ethnicity – Minnesota

Ethnic Group	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	% Change from 2009 to 2010	% Change from 2005 to 2010
American Indian/Alaskan	65	79	89	92	119	120	0.84%	84.62%
Asian	1,245	1,528	1,778	1,979	2,272	2,446	7.66%	96.47%
African American/Black	285	401	566	652	775	920	18.71%	222.81%
Mexican American	127	155	187	239	287			
Puerto Rican	20	29	30	30	54			
Other Hispanic	128	158	253	275	275			
Hispanic	275	342	470	544	616	658	6.82%	139.27%
White	16,193	18,812	21,874	23,236	25,181	26,785	6.37%	65.41%
Other ethnic group	322	450	483	552	625	622	-0.48%	93.17%
No response	517	857	728	550	804	990	23.13%	91.49%



IB Exam Participation by Race/Ethnicity - Minnesota

Ethnic Group	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	% Change in Exams from 2009 to 2010	% Change in Exams from 2005 to 2010
American Indian/Alaska	21	11	10	6	9	34	277.78%	61.90%
Asian/Pacific Islander	391	391	553	611	754	946	25.46%	141.94%
Black/Non-Hispanic	170	174	202	196	306	368	20.26%	116.47%
Hispanic	32	49	94	101	137	186	35.77%	481.25%
Other	14	70	93	67	45	86	91.11%	514.29%
Not Stated	1427	316	0	2	5	0	-100.00%	-100.00%
White/Non-Hispanic	1,196	2,060	2,458	3024	3,293	3350	1.73%	180.10%

Goal: Increase the number of low income and minority students passing AP and IB exams for college level credit by at least 5% per year.

Measure: Number of low income and minority AP and IB test-takers earning a 3+ (AP) or 4+ (IB).

AP Exam Scores 3+ by Race/Ethnicity

Ethnic Group	2009	2010	% Change from 2009 to 2010
American Indian/Alaskan	62	52	-16.13%
Asian	1,294	1,459	12.75%
African American/Black	285	353	23.86%
Mexican American	134		
Puerto Rican	29		
Other Hispanic	165		
Hispanic*		334	1.83%
White	16,710	17,581	5.21%
Other ethnic group	406	392	-3.45%
No response	456	581	27.41%

*In 2010, College Board switched to the category Hispanic in place of Mexican American, Puerto Rican, and Other Hispanic.

IB Exam Scores 4+ by Race/Ethnicity & Low-income Status

Ethnic Group	2009	2010	% Change from 2009-2010
White/Non-Hispanic	2338	2135	-8.68%
Asian/Pacific Islander	297	325	9.43%
Hispanic	76	106	39.47%
Black/Non-Hispanic	126	113	-10.32%
Other	26	47	80.77%
American Indian/Alaska Native	5	11	120.00%
Low-income Students	340	453	33.24%

Goal: Teachers providing AP and IB programs are adequately trained.
Measure: Numbers of teachers trained each year in AP and IB programs.

Total Teacher Training	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
IB	115	172	531	403	820	1018
AP	731	795	490	642	1063	733

Activity Funding

	General Fund Dollars in Thousands							
	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2009
Teacher Training	$ 388.0	$ 244.0	$ 225.0	$ 195.0	$ 253.7	$ 580.6	$ 678.4	$5,284.9
Student Exam Subsidies	1,914.0	905.0	1,626.0	362.1	407.1	2,461.6	3,548.7	3,939.9
Support Programs	-0-	-0-	-0-	-0-	-0-	58.2	71.3	-0-
Total	$2,302.0	$1,149.0	$1,851.0	$ 557.1	$ 714.4	$3,100.4	$4,298.4	$9,224.8*

*Funding for FY09 includes legislative appropriation for Raised Academic Achievement Grants

Contact

Additional information is available from the Minnesota Department of Education, Center for Postsecondary Success, (651) 582-8848.

DEPT OF EDUCATION
Program: SPECIAL STUDENT & TEACHER PROG
Activity: AP/IB

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	4,500	4,500	4,500	4,500	9,000
Subtotal - Forecast Base	4,500	4,500	4,500	4,500	9,000
Total	**4,500**	**4,500**	**4,500**	**4,500**	**9,000**
Expenditures by Fund					
Direct Appropriations					
General	4,167	4,833	4,500	4,500	9,000
Total	**4,167**	**4,833**	**4,500**	**4,500**	**9,000**
Expenditures by Category					
Other Operating Expenses	0	1	0	0	0
Local Assistance	4,167	4,832	4,500	4,500	9,000
Total	**4,167**	**4,833**	**4,500**	**4,500**	**9,000**

Activity at a Glance

Concurrent Enrollment
- 17,581 students participated in FY 2008; 2,314 were low income students.
- 17,688 students participated in FY 2009.

AP/IB Expansion
- Unfunded in FY 2010-11.

Activity Description

Citation: M.S. 120B.132; 124D.091

This state program provides funding to districts to defray the cost of delivering concurrent enrollment courses, also known as "College in the Schools" programs, at high schools. It also provides financial incentives for schools to begin or expand their Advanced Placement (AP), Pre-advanced Placement, and International Baccalaureate (IB) programs and to promote rigorous, challenging courses of study as part of the regular offerings for students in secondary schools.

Population Served

The program serves high school students enrolled in a postsecondary course taught by a secondary teacher or a postsecondary faculty member and offered at the secondary school for secondary credit during the school year. Schools, charter schools, and students participating in the AP and IB programs may also be served by these programs.

Services Provided

The concurrent enrollment activity provides funding to districts that offer a concurrent enrollment course according to an agreement under section 124D.09, subdivisions 10 and 16. Concurrent enrollment courses are taught during the regular school day and are offered through a partnership between a high school and a college or university. Qualified high school instructors or college faculty teach the courses. The same assessment methods and content are used, as the equivalent sections taught on the college campus. Students can earn high school and college credit upon successful completion of the course or courses.

The AB/IB expansion program is a grant-based program that provides competitive grants to school districts and charter schools. Districts and charter schools must have a three-year plan approved by the local school board to create a new or expand an existing program. The plan must propose to increase availability of AP programs, expand the breadth of programs, and increase the diversity of students participating. This program was unfunded during the FY 2010-11 biennium.

Key Activity Goals & Measures

Goal: Improve student achievement and prepare students to compete in a global economy by:
- promoting a minimum level of rigorous education for all students;
- promoting college readiness through interest assessments and college credit bearing courses;
- promoting dual credit opportunities; and,
- supporting student transitions at 9th grade and to postsecondary.

Activity Funding

State aid is distributed to eligible districts for concurrent enrollment based on formulas as specified in law. Eligible districts received $34.50 per pupil enrolled in a concurrent enrollment course in FY 2009. Funds were used to defray the cost of delivering the course at the high school. More students than were projected enrolled, resulting in lower reimbursement than the $150 per pupil allowed in legislation. Concurrent enrollment funding is ongoing.

Numbers do not reflect those students from schools that do not request state reimbursement due to separate articulation agreements.

Contact

Additional information is available from the Minnesota Department of Education, Center for Postsecondary Success, (651) 582-8848.

DEPT OF EDUCATION
Program: SPECIAL STUDENT & TEACHER PROG
Activity: AP/IB EXPANSION

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	2,000	2,000	2,000	2,000	4,000
Subtotal - Forecast Base	2,000	2,000	2,000	2,000	4,000
Total	**2,000**	**2,000**	**2,000**	**2,000**	**4,000**
Expenditures by Fund					
Direct Appropriations					
General	2,000	2,000	2,000	2,000	4,000
Total	**2,000**	**2,000**	**2,000**	**2,000**	**4,000**
Expenditures by Category					
Local Assistance	2,000	2,000	2,000	2,000	4,000
Total	**2,000**	**2,000**	**2,000**	**2,000**	**4,000**

Activity at a Glance

	FY 2009
• Concordia University	$210,000
• St. Thomas University	$159,000
• Hamline University	$159,000

Activity Description

Citation: Session Laws 2009, Chapter 96, Article 2, Section 67, Subd. 14

The collaborative urban educator program supports grants to educator training and recruitment programs. This program addresses the need to recruit and train educators prepared to meet the educational needs of the urban school and a diverse student population. The collaborative urban educator program funds three programs: the Southeast Asian Teacher program at Concordia University, St. Paul; the collaborative urban educator program at the University of St. Thomas; and the Center for Excellence in Urban Teaching at Hamline University. Grant recipients collaborate and provide services to both urban and non-urban school districts.

Population Served

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

Services Provided

The Center for Excellence in Urban Teaching (CEUT) at Hamline University provides training and support to teachers in applying proven culturally relevant pedagogical practices in urban and urban-like schools. CEUT offers tailored professional development to school districts including: Effectively Engaging Urban Learners and Strategies to Increase Teacher Effectiveness. It provides teachers advanced preparation focused on the knowledge and skills required for success with students from diverse racial, ethic, linguistic, economic, and social backgrounds.

Since 1992, the University of St. Thomas Collaborative Urban Educator (CUE) project has been successfully preparing persons who have unique cultural, language, and experiential backgrounds, particularly those from underrepresented populations for teaching in urban and first-tier suburban settings.

The Southeast Asia Teacher (SEAT) Licensure Program at Concordia University, St. Paul, is a bachelor's degree completion program for individuals currently employed in Minnesota school districts as paraprofessionals, education assistants, and teaching assistants who are seeking teacher licensure.

Key Activity Goals & Measures

This program addresses the following Minnesota Milestones: 1) all people will be welcomed, respected and able to participate fully in Minnesota's communities and economy; and 2) Minnesotans will excel in basic and challenging academic skills and knowledge.

Goal: Provide professional development to school district staff enhancing skills and abilities to meet the educational needs of urban learners and a diverse student population.

> **Measure:** In the 2007-08 school year, 86 teachers were enrolled in the certificate urban teaching program. Between September 2006 and November 2007 CEUT trained a total of 1,469 teachers, administrators, students, and community members.

Goal: Recruit and prepare underrepresented populations, persons with cultural or experiential backgrounds in urban settings and individuals currently employed in school districts as paraprofessionals or education assistants for Minnesota teacher licensure.

> **Measures:** To date, 332 persons have completed CUE programs, earning licenses in special education, elementary education, mathematics, and science. The current cohort of 23 persons is earning licensure in the high needs area of special education. With a retention rate in education nearing 88%, CUE alumni have taught an estimated 45,000 students and are currently teaching in 126 schools in 16 Minnesota districts.

Since 1998, 160 students have entered the SEAT program, and 81 graduated. Forty-two of the graduates are teaching in Minnesota schools and 38 students have licensure pending. Of the SEAT graduates currently teaching, 94% are teaching in Minnesota schools.

Activity Funding

Grants are provided to the three postsecondary institutions as outlined in statute.

	FY 2008	FY 2009
Concordia University	$210,000	$210,000
St. Thomas University	$159,000	$159,000
Hamline University	$159,000	$159,000

Contact

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

DEPT OF EDUCATION
Program: SPECIAL STUDENT & TEACHER PROG
Activity: COLLABORATIVE URBAN EDUCATOR

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	528	528	528	528	1,056
Subtotal - Forecast Base	528	528	528	528	1,056
Total	**528**	**528**	**528**	**528**	**1,056**
Expenditures by Fund					
Direct Appropriations					
General	528	528	528	528	1,056
Total	**528**	**528**	**528**	**528**	**1,056**
Expenditures by Category					
Local Assistance	528	528	528	528	1,056
Total	**528**	**528**	**528**	**528**	**1,056**

Activity at a Glance

- 13 AmeriCorps programs are serving rural and urban communities and will mobilize more than 1,077 Youthworks-AmeriCorps members to serve over 40,000 Minnesotans.

Activity Description

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

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

Population Served

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

Services Provided

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

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

Historical Perspective

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

Key Activity Goals & Measures

The program addresses the key goals of improving student achievement and participation in secondary education. The program also addresses the goals of closing the achievement gap by enhancing school readiness and ensuring that our communities will be safe, friendly, and caring.

Goal: Close the achievement gap by enhancing school readiness.

Measure: 12 Youthworks-AmeriCorps programs provided homework assistance, in-school and out-of-school tutoring, service learning, leadership development, environmental education and college preparation and admission assistance for 23,702 at-risk youth and 740 youth of incarcerated parents. In addition, 12,286 at-risk youth were provided a caring adult through 7 Youthworks-AmeriCorps programs.

Goal: Serve children and adults in need.

Measure: In 2009, 13 Youthworks-AmeriCorps programs served more than 40,000 children and adults in need. Members provided services addressing community needs such as teaching children to read, building affordable housing, supporting seniors and people with disabilities to live independently, and conserving the environment. Activities included:

Volunteer Mobilization	Educational Achievement	Tutoring
College Access	Mentoring	After School
Service-Learning	Digital Divide	Affordable Housing
Family Stability	Environment	Workforce Development

For each state dollar invested in this program more than $26 was returned in services to communities throughout the state. Federal funds cover 85% of the costs associated with each AmeriCorps member and cover 100% of the federal AmeriCorps scholarships leveraged by each AmeriCorps member.

Goal: Ensure that our communities will be safe, friendly and caring.

Measure: 13 Youthworks-AmeriCorps programs engaged over 35,000 volunteers in service. Activities included tutoring, mentoring, environmental restoration/education home building and repair to ensure safe, friendly and caring communities.

Activity Funding

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

Youthworks-AmeriCorps members receive modest compensation while serving.

Full-time service (1,700 hours/year) includes:

- modest living allowance ($11,400);
- health care;
- childcare if qualified;
- training and experience; and,
- post-service education award of $4,725 which may be used toward higher education and vocational training costs or to repay college loans.

Part-time service (900 hours/year) includes:

- modest living allowance ($5,700);
- training and experience; and,
- post-service education award of $2,501 which may be used toward higher education and vocational training costs or to repay college loans.

Contact

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

DEPT OF EDUCATION
Program: SPECIAL STUDENT & TEACHER PROG
Activity: YOUTHWORKS

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	900	900	900	900	1,800
Subtotal - Forecast Base	900	900	900	900	1,800
Total	**900**	**900**	**900**	**900**	**1,800**
Expenditures by Fund					
Direct Appropriations					
General	900	900	900	900	1,800
Total	**900**	**900**	**900**	**900**	**1,800**
Expenditures by Category					
Local Assistance	900	900	900	900	1,800
Total	**900**	**900**	**900**	**900**	**1,800**

Activity at a Glance

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

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

Activity Description

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

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

Population Served

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

Services Provided

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

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

Key Activity Goals & Measures

Goal: Promote rigorous education, secondary to postsecondary transition, and college readiness through local regional, state, and national leadership and skill development opportunities, and through competitions based upon skills and knowledge recognized by higher education and industry.

Measure: **Total Participating in Career Technical Student Organizations**

	2004	2005	2006	2007	2008	2009
BPA High School	1,421	1,350	1,387	1,371	1,780	1,798
BPA Postsecondary	240	251	244	227	248	309
DECA High School	2,106	2,202	2,654	2,561	2,615	2,724
ΔEX Postsecondary	1,229	1,367	1,197	1,219	1,518	2,985
FFA High School	6,104	6,606	6,553	6,406	7,766	8,274
PAS Postsecondary	156	186	184	281	228	342
FCCLA High School	1,322	1,383	1,383	1,124	1,126	1,126
HOSA High School	702	755	755	710	713	679
HERO	451	449	421	523	480	419
SKILLS-VICA High School	615	614	625	1,704	746	742
SKILLS-VICA Postsecondary	1,521	1,659	1,425	1,273	1,247	1,544
Total Participation	15,867	16,822	16,828	17,399	18,467	20,942

Activity Funding

$725,000 is appropriated annually for the operation of the foundation and for distribution to the member organizations.

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

Contact

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

DEPT OF EDUCATION
Program: SPECIAL STUDENT & TEACHER PROG
Activity: STUDENT ORGANIZATIONS

Budget Activity Summary

Dollars in Thousands

	Current FY2010	Current FY2011	Governor's Recomm. FY2012	Governor's Recomm. FY2013	Biennium 2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	725	725	725	725	1,450
Subtotal - Forecast Base	725	725	725	725	1,450
Total	**725**	**725**	**725**	**725**	**1,450**
Expenditures by Fund					
Direct Appropriations					
General	725	725	725	725	1,450
Statutory Appropriations					
Federal	18	0	0	0	0
Total	**743**	**725**	**725**	**725**	**1,450**
Expenditures by Category					
Total Compensation	17	6	6	6	12
Other Operating Expenses	28	14	14	14	28
Local Assistance	698	705	705	705	1,410
Total	**743**	**725**	**725**	**725**	**1,450**
Full-Time Equivalents (FTE)	**0.2**	**0.2**	**0.2**	**0.2**	

Activity at a Glance

In FY 2008:
- 32,317 eighth graders participated in EXPLORE assessment.
- 52,520 tenth graders participated in PLAN assessment.

In FY 2009:
- 36,806 eighth graders from 218 districts participated in EXPLORE assessment.
- 54,106 eighth graders from 272 districts participated in PLAN assessment.

In FY10:
- 38,840 eighth graders participated in EXPLORE assessment.
- 51,682 tenth graders participated in PLAN assessment.

Activity Description

Citation: M.S. 120B.128

This state aid program, *EXPLORE and PLAN (EPAS)* is aimed at preparing high school students for postsecondary education options through Assessment and Comprehensive Testing (ACT) College and Career Readiness System.

Population Served

School districts and charter schools voluntarily participate in EXPLORE and PLAN funded by the state. The ACT's College and Career Readiness System provides a longitudinal, systematic approach to educational and career planning, assessment, instructional support, and evaluation. The system focuses on higher order thinking skills students develop in grades K-12 that are important for success both during and after high school. The College and Career Readiness System achievement assessment includes English, reading, mathematics, science, and components on planning.

Services Provided

FY 2006 was the first year for state funding for this program. The Minnesota Department of Education (MDE), in conjunction with districts and schools, provides the ACT EXPLORE assessment for students in grade 8 and the ACT PLAN assessment for students in grade 10 to measure individual student academic strengths and weaknesses, academic achievement and progress, higher order thinking skills, and college readiness. The state funds the cost of these two assessments for Minnesota students.

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

Historical Perspective

This program was first available with statewide funding in 2005-06. In 2010, 90,522 students participated in these assessments. In 2008, approximately 85,000 students participated in these assessments. Participation has increased during the 2008-09 and 2009-10 school years because of funding provided through the federal College Access Challenge Grant program, which has supported training for middle school counselors in analyzing data from these assessments to support high school course planning and college readiness. Counselors from over 200 districts have participated in training. Additional support from grants will allow enhanced technical assistance in 2010-11.

Key Activity Goals & Measures

This program improves student achievement and prepares students to compete in a global economy.

Goal: Promote and support a rigorous education for all students.

Measure: Increased number of students will achieve college and career benchmark level proficiency scores on EXPLORE, PLAN, and the ACT.

EXPLORE % of 8th graders meeting benchmark score	2010	2009	% Change
English	67%	67%	0
Math	53%	46%	+7%
Reading	50%	45%	+5%
Science	21%	18%	+3%
All four benchmarks met	18%	15%	+3%

PLAN % of 10th graders meeting benchmark score	2010	2009	% Change
English	71%	73%	-2%
Math	61%	57%	+4%
Reading	65%	65%	+0%
Science	42%	39%	+3%
All four benchmarks met	35%	32%	+3%

Goal: Promote college and career readiness through interest assessment and college credit-bearing courses.
Measure: Participation rates of Minnesota high school graduates enrolling in postsecondary in 2008 was 70.2%, an increase from 68.4% in 2006.

Goal: Provide data that supports successful student transitions at 9th grade and to postsecondary.
Measure: Minnesota students who dropped out of high school in 2008 equals 6.3%, a decrease from 6.38% in 2007. Minnesota high school graduates enrolling in postsecondary in 2008 equals 70.2%, an increase from 68.4% in 2006.

Activity Funding

Legislation charges the department with making the EXPLORE and PLAN assessments available to Minnesota school districts. The funding for this activity pays ACT for the fees of school districts participating in these assessments. The state receives a group rate from ACT to have students participate in bulk. The fees are for the ordering, production, distribution, administration, processing and reporting of the EXPLORE and PLAN assessments. Data collection is not included in state funding but may be purchased by individual school districts and charter schools.

Contact

Additional information is available from the Minnesota Department of Education, Assessment and Testing, (651) 582-8841, or (651) 582-8768, http://education.state.mn.us/mde/Accountability_Programs/Assessment_and_Testing/Assessments/EPAS/index.html.

DEPT OF EDUCATION
Program: SPECIAL STUDENT & TEACHER PROG
Activity: EPAS

Budget Activity Summary

Dollars in Thousands

	Current FY2010	Current FY2011	Governor's Recomm. FY2012	Governor's Recomm. FY2013	Biennium 2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	829	829	829	829	1,658
Subtotal - Forecast Base	829	829	829	829	1,658
Governor's Recommendations					
Eliminate Explore and PLAN Tests		0	(829)	(829)	(1,658)
Total	**829**	**829**	**0**	**0**	**0**
Expenditures by Fund					
Direct Appropriations					
General	829	829	0	0	0
Total	**829**	**829**	**0**	**0**	**0**
Expenditures by Category					
Other Operating Expenses	829	829	0	0	0
Total	**829**	**829**	**0**	**0**	**0**

Activity at a Glance

Minnesota Reading Corps
- Over 90 AmeriCorps members served in Head Start classrooms.
- Approximately 1,500 Head Start children served annually.

Activity Description
Citation: M.S. 119A.50

Early childhood literacy grants support research-based literacy programs in Head Start classrooms. The purpose of the program is to increase the literacy skills of Head Start children and to increase families' participation in providing early literacy experiences to their children. The program is funded with a combination of state aid, federal funds, and private donations.

Population Served
The program serves children age three to grade three.

Services Provided
The Minnesota Reading Corps places AmeriCorps members in early childhood, after-school, and school settings to work with children age three to grade three. AmeriCorps members are trained in research-based tutoring techniques and assessments developed by the University of Minnesota. Additionally, they regularly monitor each student's progress. As the program develops at each site, AmeriCorps members also recruit community volunteers allowing the program to reach more children.

The Minnesota Reading Corps provides master literacy coaches to Head Start programs to train internal literacy coaches on early literacy curriculum and coaching techniques. The master literacy coaches also complete monthly site visits to observe internal coaches with AmeriCorps members, administer the early learning classroom observation tool, and provide feedback/coaching to AmeriCorps members.

Historical Perspective
Early childhood literacy grants were first established in FY 2007. Words Work! developed by the Saint Paul Foundation received a one-time appropriation of $500,000 in each of FY 2008 and FY 2009.

Key Activity Goals & Measures
Goal: Close the achievement gap to enhance opportunities for more at-risk students to succeed in life.

Measure: Child assessment data aggregated to demonstrate children's progress in literacy skills tracked through grade three. 56% of the participating districts exceeded the district average for all children tested.

Goal: Increase literacy rate of children from families who are at or below the federal poverty level.

Measure: Child assessment data aggregated to demonstrate children's progress in literacy skills tracked through grade three.

Activity Funding
State funding of $1 million per year in FY 2009 is appropriated to leverage federal and private funding to support AmeriCorps members serving in the Minnesota Reading Corps program. The budget base for FY 2010 – FY 2013 is $375,000.

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

Contact
Additional information is available from the Minnesota Department of Education, Early Learning Services, (651) 582-8397, http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html.

DEPT OF EDUCATION
Program: SPECIAL STUDENT & TEACHER PROG
Activity: EARLY CHILDHOOD LITERACY

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	1,375	1,375	1,375	1,375	2,750
Subtotal - Forecast Base	1,375	1,375	1,375	1,375	2,750
Total	**1,375**	**1,375**	**1,375**	**1,375**	**2,750**
Expenditures by Fund					
Direct Appropriations					
General	1,375	1,375	1,375	1,375	2,750
Total	**1,375**	**1,375**	**1,375**	**1,375**	**2,750**
Expenditures by Category					
Local Assistance	1,375	1,375	1,375	1,375	2,750
Total	**1,375**	**1,375**	**1,375**	**1,375**	**2,750**

Activity at a Glance

- NCLB is a national commitment to ensure that all children receive a high quality education so that no child is left behind.
- Between 2006 and 2010, Minnesota students' achievement in math grew by 6%.
- Between 2006 and 2010, Minnesota students' achievement in reading grew by 1%.

Activity Description

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

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

Title I Part A Grants to LEAs (Local Education Agencies) (CFDA 84.010)
Elementary and Secondary Education Act (ESEA) of 1965, as amended, Title I, Part A.
Title I of the ESEA is the largest of the federal compensatory education programs. Almost every district in the state qualifies for Title I funds and Title I services are in approximately 90% of the state's elementary schools. More than 130,100 public and nonpublic students participate in Title I programs annually. There are several parts to the Title I: Basic Grants, Concentration Grants, Targeted Assistance, Education Finance Incentive Grants, Accountability Grants, Grants for Neglected or Delinquent Institutions.

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

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

American Recovery and Reinvestment Act (CDFA 84.394**)**
The American Recovery and Reinvestment Act of 2009 (ARRA) provided significant new funding for programs under Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA). Specifically, the ARRA provided additional Fiscal Year (FY) 2009 Title I, Part A funds to local education agencies (i.e. charter schools and districts) for schools that had high concentrations of students from families that live in poverty in order to help improve teaching and learning for students most at risk of failing to meet state academic achievement standards. These funds created an opportunity for educators to implement innovative strategies in Title I schools that improve education for at-risk students and close the achievement gap. The additional resources enabled districts and charter schools to serve more students and boost the quality of teaching and learning.

Title I School Improvement Grant (CFDA 84.377A and CFDA 84.388A)

The School Improvement Grants (SIG) are intended to facilitate the dramatic turnaround of the identified Persistently Lowest Achieving Schools in the state. The SIG program is intended to fund the implementation of

comprehensive turnaround models in the identified schools. Eligible applicants are Persistently Lowest Achieving Schools in Minnesota. Applicants selected for a SIG award will fully and effectively implement one of the following intervention models in each such school to be served:

- Turnaround Model
- Transformation Model
- Restart Model
- School Closure

The American Recovery and Reinvestment Act of 2009 provided additional funding with the goal of increasing student achievement in the identified Persistently Lowest Achieving Schools in Minnesota.

Migrant Education (CFDA 84.011)
Elementary and Secondary Education Act of 1965, Title I, Part C, as amended. 20 U.S.C. 6391 et seq.
The specific purposes of the migrant education program are:

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

Neglected and Delinquent (CFDA 84.013)
Elementary and Secondary Education Act of 1965, Title I, Part D, as amended. 20 U.S.C. 6431 et seq.
The specific purposes of the neglected and delinquent programs are:

- to provide supplementary instruction to students, ages 5-21, who are neglected and have been placed in a locally operated residential institution for such students;
- to improve educational services to neglected or delinquent children and youth so that such children and youth have the opportunity to meet the same challenging state content and performance standards that all children will be expected to meet;
- to provide the targeted population the services needed to make a successful transition from institutionalization to further schooling and employment; and,
- to prevent at-risk youth from dropping out and to provide dropouts and youth returning from institutions with a support system to ensure continued education.

Safe and Drug-Free Schools and Communities State Grants (CFDA 84.186)
Elementary and Secondary Education Act, 2001, Title IV, Part A, Subpart 1, as amended 20 U.S.C. 7111-7118.
Safe and drug-free schools provide resources to school districts and charter schools through a formula allocation to assist and support programs to prevent violence in and around schools and to prevent the illegal use of alcohol, tobacco, and other drugs. Specifically the law focuses on:

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

Even Start Family Literacy Programs (CFDA 84.213)
Elementary and Secondary Education Act of 1965, Title I, Part B, Subpart 3, as amended. 20 U.S.C. 6362.
Even Start is a Title I program which provides federal support for local family literacy services. The state's allocation for Even Start is determined by the amount of the basic and concentration funds the state receives.

Funds are distributed to community partnerships on a competitive basis; grants are awarded for four years. Federal funding for FY 2009 is 23% of the FY 2003 allocation. Currently in Minnesota, there are four Even Start programs, down from 17 in FY 2006. In FY 2009, 251 children and 181 adults participated in five programs.

Specific objectives of the Even Start family literacy programs are:

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

21st Century Community Learning Centers (CFDA 84.287)
Elementary and Secondary Education Act of 1965, as amended, Title IV Part B.
The program funds after school programs to help K-12 students attending low-performing schools or schools with concentrations of families in poverty improve their academic achievement. Programs provide academic and cultural enrichment activities, tutoring, art, music, recreation, and other programs that are designed to reinforce academic instruction. Funds are distributed through an open competition.

Innovative Education Program Strategies (CFDA 84.298) - Discontinued
Elementary and Secondary Education Act of 1965, Title V, as amended, 20 U.S.C. 7301-7373.
This program provides funding to assist state and local education agencies in the reform of elementary and secondary education. Funding for this program was not included beyond FY 2008.

Education Technology State Grants (Enhancing Education Through Technology) (CFDA 84.318 and CFDA 84.386)
Elementary and Secondary Education Act of 1965, as amended, Title II, Part D, Subparts I and 2, as amended.
Provides funding on a formula basis to states:

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

The American Recovery and Reinvestment Act of 2009 provided additional funding for this program.

Comprehensive School Reform (CFDA 84.332) – Discontinued
Elementary and Secondary Education Act of 1965, Title I, Part E, Section 1502 as amended.
The program funds grants for financial incentive to schools that need to substantially improve student achievement, particularly Title I schools, to implement comprehensive school reform programs that are based on reliable research and effective practices, and include an emphasis on basic academics and parental involvement. These programs are intended to stimulate school-wide change covering virtually all aspects of school operations, rather than piecemeal, fragmented approach to reform. To be considered comprehensive, a program must integrate, in a coherent manner, nine specific components listed in the legislation. Through supporting comprehensive school reform, the program aims to enable all children in the schools served, particularly low-achieving children, to meet challenging state content and student performance standards. Funding for this program was not included beyond FY 2006.

Reading First (Title I, Part B) (CFDA 84.357)
Elementary and Secondary Education Act of 1965, as amended, Title I, Part B, Subpart 1.
The Reading First program replaced Reading Excellence in FY 2002. The Reading First program is a federal education program aimed at improving K-3 reading instruction through the use of effective, research-based strategies, and methods. This program allows the state to make competitive sub-grants to school districts meeting specific eligibility criteria identified in the authorizing legislation. Grantees will use program funds to: 1) provide preschool-age children with high-quality oral language and literature-rich environments; 2) provide professional development that is based on scientifically based reading research knowledge of early language and reading

development; 3) identify and provide activities and instructional materials that are based on scientifically based reading research; 4) acquire, provide training for, and implement screening reading assessments or other appropriate measures based on scientifically based reading research; and 5) integrate instructional materials, activities, tools, and measures into the programs offered. This program expired on September 30, 2010.

Rural and Low-Income Schools Grant (CFDA 84.358)
Elementary and Secondary Education Act of 1965, Title VI, Part B, as amended.
This program is designed to help rural districts that may lack the personnel and resources to compete effectively for federal competitive grants. It is also designed to assist rural districts that often receive federal grant allocations in amounts that are too small to be effective in meeting their intended purposes. This program serves a very small number of rural districts with high concentrations of poverty that are not eligible for small, rural school achievement grants from the U.S. Department of Education.

English Language Acquisition Grants for Limited English Proficient Students (CFDA 84.365)
Elementary and Secondary Education Act as amended, Title III, Part A, Sections 3101-3129.
This new program consolidates the 13 bilingual and immigrant education programs into a formula grant program and significantly increases flexibility and accountability. Minnesota previously received funds under the Title VII Emergency Immigrant program, while districts applied directly to the U.S. Department of Education for grants under other programs. This program maintains the current focus on assisting school districts in teaching English to limited English proficient students and in helping these students meet the same challenging state standards required of all other students. Some of the funds may be reserved to serve districts significantly impacted by the needs of immigrant students.

Math and Science Partnership (CFDA 84.366)
Elementary and Secondary Education Act of 1965, as amended, Title II, Part B.
The purpose of this program is to improve the academic achievement of students in mathematics and science through projects that support partnerships of organizations representing preschool through higher education. These projects promote strong teaching methods based on scientifically based research and technology into the curriculum.

Improving Teacher Quality (CFDA 84.367)
Higher Education Act of 1965, Title II, Part A, P.L. 105-244.
This program provides funding to improve student achievement by improving the quality of the current and future teaching workforce by improving the preparation of prospective teachers and enhancing professional development activities; holding institutions of higher education accountable for preparing teachers who have the necessary teaching skills and are highly competent in the academic content areas in which the teacher plans to teach, such as mathematics, science, English, foreign language, history, economics, arts, civics government, and geography; including training in effective uses of technology in the classroom; and recruiting highly qualified individuals, including individuals from other occupations, into the teacher workforce.

Improving Academic Achievement Accountability, Grants for State Assessments (CFDA 84.369)
Elementary and Secondary Education Act of 1965, as amended, Title VI, Part A, Subpart I, Public Law 107-110.
This program supports:

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

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

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

		Dollars in Thousands					
					Recovery Act		Estimate
CFDA	Title of Program	FFY 2006	FFY 2007	FFY 2008	FFY 2009	FFY 2009	FFY 2010
84.010	Title One	$109,155.7	$114,582.9	$126,936.4	$ 94,711.0	$140,233.6	$130,061.3
84.377	Title One School Improvement Grant	0	1,103.5	4,457.4	28,985.0	5,272.1	4,787.3
84.011	State Agency Program-Migrant	1,683.6	1,678.1	1,734.1	0	3,294.9	2,151.8
84.013	State Agency Program-Neglected and Delinquent	204.4	211.8	203.3	0	248.4	244.9
84.186	Safe & Drug Free Schools and Communities Grants	4,649.2	4,649.2	3,935.4	0	3,935.4	0
84.213	Even Start	758.4	669.8	566.5	0	587.4	535.9
84.287	21st Century Community Learning Centers	7,813.2	7,952.4	9,333.8	0	10,020.0	10,891.8
84.318	Educational Technology State Grants	2,178.9	2,314.3	2,339.0	6,117.4	2,489.9	841.8
84.357	Reading First State Grants	8,999.5	9,604.5	3,721.9	0	0	0
84.358	Rural and Low-Income Schools Program	67.7	114.8	80.5	0	142.9	117.6
84.365	Language Acquisition State Grants	7,098.3	6,707.8	8,212.8	0	7,922.7	8,744.7
84.366	Mathematics & Science Partnerships	1,492.9	1,595.1	1,603.8	0	1,749.9	1,631.1
84.367	Improving Teacher Quality State Grants	37,544.8	37,842.2	38,482.8	0	38,884.2	38,554.1
84.369	State Assessments*	7,037.7	7,047.0	7,033.2	0	7,006.8	6,987.4
Discontinued Programs - These NCLB federal funds are shown under Discontinued Programs.							
84.298	State Grants for Innovative Programs	1,607.4	1,611.1	0	0	0	0
Federal direct aid – these funds are directly awarded and paid by the federal government to eligible Minnesota school districts and organizations. These NCLB funds do not flow through MDE.							
84.358	Small Rural Schools Achievement Program	3,020.9	2,929.9	3,345.4	0	3,411.7	3,526.8
	Impact Aid (Basic, Disabilities, Construction)	15,312.1	14,901.3	15,254.2	651.7	18,086.8	18,476.9
84.060	Indian Education-Grants to Local Education Entities	3,249.9	3,353.7	3,398.8	0	3,413.1	3,513.2
Total NCLB Act of 2001		**$211,874.6**	**$218,869.7**	**$230,639-3**	**$130,465.1**	**$246,699.8**	**$231,066.6**

*These funds are included in the statewide testing narrative. These funds are not included in the fiscal expenditure page for this narrative.

Contact

Additional information is available from the Minnesota Department of Education, No Child Left Behind Programs, (651) 582-8784,
http://education.state.mn.us/mde/Accountability_Programs/No_Child_Left_Behind_Programs/index.html.

DEPT OF EDUCATION
Program: SPECIAL STUDENT & TEACHER PROG
Activity: NO CHILD LEFT BEHIND

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Expenditures by Fund					
Statutory Appropriations					
Federal	199,101	203,424	215,310	229,002	444,312
Federal Stimulus	30,611	211,195	52,056	0	52,056
Total	**229,712**	**414,619**	**267,366**	**229,002**	**496,368**
Expenditures by Category					
Other Operating Expenses	220	478	0	0	0
Local Assistance	229,492	414,141	267,366	229,002	496,368
Total	**229,712**	**414,619**	**267,366**	**229,002**	**496,368**
Full-Time Equivalents (FTE)	**3.1**	**3.1**	**3.1**	**3.1**	

Activity at a Glance

In FY 2009:
- over 232,000 students participated in various choice programs.
- 8,111 students participated in online learning.
- 8,503 students participated in postsecondary enrollment options.
- Minnesota continues to be a leader in school choice.

Activity Description

Information Only

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

Population Served

All students in Minnesota are eligible for one or more of these options. Other than Post Secondary Enrollment Options, school choice programs outlined below serve students in grades K-12.

Services Provided

Minnesota's choice programs include the following:

Online Learning (OLL) (M.S. 124D.095) allows public school students to access OLL courses offered by a state-approved OLL provider in another district, charter school, or joint powers district. This program replaced the prior distance learning law in FY 2004.
- Students can take up to 50% of their instruction online each year while remaining enrolled in their original public school.
- The enrolling school must award academic credit for the completed OLL course(s).
- Limited state funding follows the student to the OLL program.

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Number of Approved Programs	15	22	25	21	20	25	25
Students Accessing OLL Courses	67	160	315	4,562	8,165	8,111	11,876
Number of OLL Course Registrations	197	327	911	23,722	27,949	58,852	86,495

Prior to FY 2007, certified programs were not required to report enrollment under a designated site number-students were included in the general site numbers. Beginning in FY 2007, certified online learning programs reported student enrollment data in an annual report that captured accurate enrollment numbers that resulted in what appears as a dramatic increase.

Contact for online learning: Additional information is available from the Minnesota Department of Education, School Choice Programs and Services, (651) 582-8768, http://education.state.mn.us/MDE/Academic_Excellence/School_Choice/index.html

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

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Est. FY 2010
Students Participating	28,077	30,100	33,234	36,332	39,289	41,715	44,512	47,638	51,994	61,710

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

Contact for open enrollment: Additional information is available from the Minnesota Department of Education, School Choice Programs and Services, (651) 582-8572, http://education.state.mn.us/MDE/Academic_Excellence/School_Choice/index.html

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

- improve pupil learning and student achievement;
- increase learning opportunities for pupils;
- encourage the use of different and innovative teaching methods;
- measure learning outcomes and create different and innovative forms of measuring outcomes;
- establish new forms of accountability for schools; or,
- create new professional opportunities for teachers, including the opportunity to be responsible for a learning program at the school site.

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

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	Est. FY 2011
Students Participating	10,190	12,122	13,948	17,121	20,524	23,657	27,983	32,776	35,370	37,020
Number of Charter Schools	68	77	88	106	123	131	143	154	156	148

Contact for Charter Schools: Additional information is available from the Minnesota Department of Education, School Choice Programs and Services, (651) 634-2304, http://education.state.mn.us/MDE/Academic_Excellence/School_Choice/index.html

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

- The program provides students with a greater variety of class offerings and an opportunity to pursue more challenging course work.
- The tuition, fees, and required textbooks are provided at no cost to students.
- The student earns secondary credit when courses are completed and earns post-secondary credit if they continue at a post-secondary institution that accepts those credit transfers after high school graduation.
- The student data below does not include concurrent enrollment PSEO or College in the Schools.

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Students Participating	7,211	7,546	7,169	7,458	7,416	7,563	7,546	8,503

Contact for Post Secondary Enrollment Options: Additional information is available from the Minnesota Department of Education, School Choice Programs and Services, (651) 582-8768, http://education.state.mn.us/MDE/Academic_Excellence/School_Choice/index.html

Learning Year Programs (M.S. 124D.128) extend the educational program from the traditional nine-month calendar to a 12-month calendar. Students can accelerate their educational program allowing them to either graduate early or to make up courses. A learning year program may begin after the close of the regular school year in June. Students in any grade level, K-12, may participate in the program. A continual learning plan must be developed for each student.

Contact for learning year programs: Additional information is available from the Minnesota Department of Education, School Choice Programs and Services, (651) 582-8586, http://education.state.mn.us/MDE/Academic_Excellence/School_Choice/index.html

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

alternatives are nonpublic, nonsectarian schools that have contracted with the serving school district to provide educational services (M.S. 124D.68, Subd. 3).

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

Overview of state-approved alternative programs:

- Depending on the district, students kindergarten through age 21 can access alternative programming on a part/full-time basis.
- ALCs must offer programming for the entire year (for ALPs this is an option) with the availability of extended day/year programming. This is referred to as learning year.
- Whereas ALCs, by statute, have to give students the option of receiving their diploma from their district of residence or the district in which the center is located (M.S.123A.06, Subd. 4), an ALP can choose to solely award the diploma from the district where it is located.
- A school district may establish an ALC by itself or in cooperation with other districts, other agencies, foundations, partnerships, etc. Except for a district located in a city of the first class, an ALC must serve the geographic region of at least two districts.
- Independent study is a delivery option for students age 16 and older. This option allows students to complete up to 86% of their coursework off site.
- Aid and revenue are based on the total number of hours of educational programming for pupils in average daily membership for each fiscal year, up to a maximum of 1.2 ADM per student.
- Financially, there is no distinction between an ALP and ALC.
- The OLA Report (www.auditor.leg.state.mn.us/ped/2010/alted.htm) released in February 2010 provides information regarding SAAPS.

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Est. FY 2010
Programs	159	159	159	161	164	160	154
Sites	482	477	502	518	537	543	543
Students Participating	137,626	145,911	147,409	149,282	139,196	158,289	155,414
Average Daily Membership	23,347	24,022	24,091	24,410	22,090	23,849	23,682

Contact for State-Approved Alternative Programs
Additional information is available from the Minnesota Department of Education, School Choice Programs and Services, (651) 582-8586,
http://education.state.mn.us/MDE/Academic_Excellence/School_Choice/index.html

Tax Credits (M.S. 290.0674) enacted in 1997, effective beginning with tax year 1998.

- A refundable credit, that reduces state income tax liability, is allowed equal to 75% of eligible education expenses for a qualifying child in grades K-12.
- To qualify for the credit, household income must be within the following parameters:

If the total number of qualifying children is:	Household income is:
1 or 2	$37,500
3	$39,500
4	$41,500
5	$43,500
6 or more	+$2,000 for each qualifying child

- Qualifying educational expenses include tutoring, educational summer camps, textbooks and instructional materials. Home computer hardware and educational software qualifies with a maximum credit of $200.00.
- Expenses must be documented.
- K-12 students who attended a public, private or home school, if the criteria above is met, may qualify for the credit.

- Private school tuition does not qualify.

Tax Credits

Tax Year	Amount Claimed (000's)	Number of Claimants	Average Amount
2000	$21,329	55,941	$381
2001	$19,247	56,414	$343
2002	$15,851	60,411	$262
2003	$15,888	61,259	$259
2004	$14,990	58,593	$256
2005	$15,319	56,943	$269
2006	$14,762	55,747	$265

Source: Minnesota Department of Revenue, Tax Research Division, August 2008

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

Tax Deductions (M.S. 290.01, subd. 19b(3)) First enacted in 1995, expanded in 1997 (for 1998) and last changed in 2001.

- A subtraction from federal taxable income for certain educational expenses paid for a qualifying child in grades K-12.
- Available to all families, regardless of income and whether they itemize on their tax returns.
- Qualifying expenses are the same as with the tax credit, with the exception that private school tuition qualifies for the subtraction.
- The amount that can be subtracted is reduced by any expenses claimed as a K-12 education tax credit.
- Currently, the maximum subtraction is $1,625 per child in kindergarten through 6th grade and $2,500 per child in grades 7-12.

Tax Year	Tax Deductions Amount Claimed (000's)	Number of Claimants	Average Amount
2000	$236,815	209,224	$1,132
2001	$242,841	210,458	$1,154
2002	$261,298	224,251	$1,165
2003	$268,002	224,169	$1,196
2004	$277,038	231,484	$1,197
2005	$273,730	225,591	$1,213
2006	$255,196	208,486	$1,224

Source: Minnesota Department of Revenue, Tax Research Division, August 2008

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

Contact

Additional information is available from the Minnesota Department of Education, School Choice Programs and Services, (651) 582-8695, http://education.state.mn.us/MDE/Academic_Excellence/School_Choice/index.

Activity at a Glance

Major federal programs in the activity are:

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

Activity Description

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

Career and Technical Education – Basic Grants to States (CFDA 84.048) Carl D. Perkins Career and Technical Education Improvement Act of 2006

The purpose of this grant program is to develop more fully the academic, career, and technical skills of secondary and post-secondary students who elect to enroll in vocational and technical programs. Under a new state plan for career and technical education, secondary schools and postsecondary institutions must jointly plan for the use of these funds to develop and implement programs of study spanning at least grades 11 through 14. Twenty-six secondary/postsecondary consortia are recognized to receive Perkins funds in Minnesota.

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

Byrd Honors Scholarship Program (CFDA 84.185)
Higher Education Act of 1965, Title IV, Part A, Subpart 6 as amended, 20 U.S.C. 107d-31-1070d-41.

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

Homeless Children (CFDA 93.150)
McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B; American Recovery and Reinvestment Act of 2009, P.L. 111-5.

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

Additional funding for these purposes was provided by the American Recovery and Reinvestment Act of 2009.

Foreign Language Assistance (CFDA 84.293)
Elementary and Secondary Education Act of 1965, as amended, Title V, Part D, subpart 9. 20 U.S.C. 7259 - 7259(b).

This program provides support for foreign language study in public elementary and secondary schools. Projects must be designed to support innovative model programs of foreign language study in elementary and secondary schools. Projects must show the promise of being continued beyond the grant period. No less than three-fourths of the appropriation must be used for elementary level projects. This program is subject to non-supplanting requirements and must use a restricted indirect cost rate which is referenced under 34 CFR 76.564- 76.569.

Teacher Quality Enhancement Grants (CFDA 84.336)
Higher Education Act of 1965, Title II, Part A, Public Law 105-244

This program supports improving student achievement by improving the quality of the current and future teaching force. The program improves the preparation of prospective teachers and enhances professional development activities; holds institutions of higher education accountable for preparing teachers who have the necessary teaching skills and are highly competent in the academic content areas in which the teachers plan to teach, including training in the effective uses of technology in the classroom; and recruits highly qualified individuals, including individuals from other occupations, into the teaching force.

Voluntary School Choice (CFDA 84.361)
Elementary and Secondary Education Act, as amended, Title V, Part B, Subpart 3, 20 U.S.C. 7225-7225g.

This grant program supports efforts to establish or expand programs of public school choice for parents and their children. Minnesota was awarded the grant in FY 2002 and FY 2007 to expand the Choice is Yours program. The Choice is Yours program, developed by the 2000 settlement of the National Association for the Advancement of Colored People (NAACP) versus State of Minnesota, allows Minneapolis students who qualify for free or reduced price lunch priority access and transportation to Minneapolis magnet schools and identified suburban schools. The grant enhances the Choice is Yours program by expanding outreach (suburban and Minneapolis options), transportation, and support services for students.

Cooperative Agreements to Support Comprehensive School Health Programs (CFDA 93.938)
Public Health Service Act, Section 301(a) and 311 (b) (c), as amended; 42 U.S.C. 241 (a), as amended; 42 U.S.C. 243 (b).

The program supports the development and implementation of effective health education about human immunodeficiency virus (HIV) and other important health problems for school-age populations (elementary through college-age youth, parents, and relevant school, health, and education personnel). Cooperative Agreement Funds may be used to support personnel, their training and travel, and to purchase supplies and services for planning, organizing and conducting activities directly related to the objectives of this program. This program helps integrate HIV education within a more coordinated school health program; disseminate information about accessibility, availability, and quality of educational strategies, materials, and curricula to local education agencies and schools; and provide technical assistance to local school districts and schools in implementing HIV education. Special efforts are made to reach minority youth, youth in high-risk situations, and youth with special education needs.

Learn and Serve America (CFDA 94.004) Edward M. Kennedy Serve America Act of 2009.
The goal of Minnesota's Service Learning program is to strengthen service learning efforts and promote the healthy development of youth and our communities. The focus is to increase the civic and literacy skills of youths particularly from disadvantaged situations by engaging them in state and local service learning programs, on project review and steering committees, and as presenters at conferences. Organizations utilize adult volunteers and work with teachers to increase their ability to use service learning as an instructional tool through curriculum building and teacher and administrator training. Partnerships with other education and community-based organizations leverage funding for greater efficiency and will facilitate resource sharing.

Miscellaneous Federal Programs
FFY = Federal Fiscal Year Allocation

CFDA	Name	FFY 2004	FFY 2005	FFY 2006	FFY 2007	FFY 2008	FFY 2009
84.048	Vocational Education Basic Grants- Carl Perkins	$ 6,545.5	$ 6,640.6	$6,144.5	$6495.6	$6271.4	$ 6,937.6
84.185	Byrd Honors Scholarships	694.5	690.0	688.5	667.5	673.5	679.5
84.196	Homeless Children	549.0	512.1	518.7	546.1	583.3	636.0
84.293	Foreign Language Assistance	-0-	280.0	-0-	-0-	-0-	-0-
84.336A	Teacher Quality Enhancement Grants	2,715.0	2,844.6	-0-	-0-	-0-	-0-
84.361	Voluntary School Choice	2,240.6	2,240.6	2,712.9	1,905.0	1,692.2	1,696.9
93.938	Comprehensive School Health Program	275.9	254.2	314.2	307.8	580.0	683.0
94.004	Learn and Serve America	287.3	281.6	238.0	238.0	238.0	284.5
TOTAL		$13,307.8	$13,743.7	$10,616.8	$10,159.2	$10,038.4	$10,917.5

Federal funds awarded may be distributed over a 27-month period. Actual state expenditures will differ from the amounts awarded due to the timing of the distribution of grants and state and federal fiscal year reporting requirements. Amounts in the narrative may differ when compared to the fiscal summary due to timing of state fiscal year-end closing and forecast changes.

Contact

Additional information is available on the Catalog of Federal Domestic Assistance's web site at: http://12.46.245.173/pls/portal30/!CATALOG.AGY_PROGRAM_LIST_RPT.show.

DEPT OF EDUCATION
Program: SPECIAL STUDENT & TEACHER PROG
Activity: OTHER FEDERAL PROGRAMS

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Expenditures by Fund					
Statutory Appropriations					
Federal	5,748	8,121	8,170	8,244	16,414
Federal Stimulus	428	245	19	0	19
Total	**6,176**	**8,366**	**8,189**	**8,244**	**16,433**
Expenditures by Category					
Payments To Individuals	703	759	820	894	1,714
Local Assistance	5,473	7,607	7,369	7,350	14,719
Total	**6,176**	**8,366**	**8,189**	**8,244**	**16,433**

Budget Activities

This program includes the following budget activities:

- Special Education - Regular
- Special Education - Excess Costs
- Special Education - Children with Disabilities
- Special Education - Home-based Services
- Special Education - Court-placed Revenue
- Special Education - Out of State Tuition
- Other Federal Special Education Programs

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	708,196	860,163	860,163	860,163	1,720,326
Technical Adjustments					
End-of-session Estimate			251,909	127,068	378,977
November Forecast Adjustment		367	625	897	1,522
Subtotal - Forecast Base	708,196	860,530	1,112,697	988,128	2,100,825
Governor's Recommendations					
Aid Shift Changes		0	(182,490)	(9,780)	(192,270)
Total	**708,196**	**860,530**	**930,207**	**978,348**	**1,908,555**
Expenditures by Fund					
Direct Appropriations					
General	707,924	859,828	930,207	978,348	1,908,555
Statutory Appropriations					
Federal	142,898	174,290	189,062	203,291	392,353
Federal Stimulus	68,802	94,920	26,747	0	26,747
Total	**919,624**	**1,129,038**	**1,146,016**	**1,181,639**	**2,327,655**
Expenditures by Category					
Other Operating Expenses	735	839	743	693	1,436
Local Assistance	918,889	1,128,199	1,145,273	1,180,946	2,326,219
Total	**919,624**	**1,129,038**	**1,146,016**	**1,181,639**	**2,327,655**
Expenditures by Activity					
Special Education - Regular	820,091	1,017,049	1,030,378	1,062,627	2,093,005
Special Ed - Excess Cost	96,926	108,410	112,407	115,574	227,981
Special Ed Child W Disability	1,440	1,554	1,648	1,745	3,393
Special Ed - Home Based Svs	229	288	303	306	609
Special Ed Court Placed	76	78	80	82	162
Special Ed Out State Tuition	250	250	250	250	500
Other Federal Sp Ed Programs	612	1,409	950	1,055	2,005
Total	**919,624**	**1,129,038**	**1,146,016**	**1,181,639**	**2,327,655**

Activity at a Glance

Special Education services, revenue, and expenditures for FY 2009:

- 124,560 students ages birth – 21 receiving services.
- 27,703 full-time equivalent professional and paraprofessional staff employed.
- $760 million paid to districts.
- $177 million federal funds allocated to school districts.

Activity Description

Citation: M.S. 125A.02; 125A.03; 125A.53; 125A.75; 125A.76; 125A.78; 125A.79
Federal Citation: P.L. 108-446 IDEA; P.L. 111-5 American Recovery and Reinvestment Act of 2009

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

Population Served

As shown in the following table, in FY 2009, Minnesota provided special education services to 124,560 children and youth, ages birth through 21. The following table shows the number of special education students by age and disability, as of 12-01-08.

FY 2009 Unduplicated Child Count by Disability and Age Group as of 12-01-08

Disability	Preschool Ages B-4	K-12 Ages 5-18	Ages 19-21	Total
1. Autism Spectrum Disorders	938	11,349	420	12,707
2. Deaf-Blind	14	60	3	77
3. Developmentally Delayed	8,239	5,043	-0-	13,282
4. Mildly Moderate-DCD	25	6,034	686	6,745
5. Severe Profound-DCD	12	1,840	334	2,186
6. Deaf or Hard of Hearing	267	2,033	59	2,359
7. Emotional or Behavioral Disorders	71	16,077	363	16,511
8. Other Health Disabilities	49	14,762	279	15,090
9. Physically Impaired	94	1,543	71	1,708
10. Specific Learning Disability	6	30,032	498	30,536
11. Speech or Language Impairment	3,036	18,426	17	21,479
12. Severely Multiply Impaired	31	854	88	973
13. Traumatic Brain Injury	24	409	36	469
14. Visually Impaired	60	365	13	438
Total	12,866	108,827	2,867	124,560

Students become eligible for Part B services by meeting specific state eligibility requirements under one or more of 14 disability categories as defined in Minnesota Rules.

Students ages 3-21 must meet two general criteria to be eligible for special education services: 1) be found eligible through a multi-disciplinary assessment as having a disability; and 2) be in need of specifically designed instruction and related services. The eligibility criteria for each disability are defined in Minnesota Rules 3525.1325 through 3525.1352.

Birth-2 students are eligible for infant and toddler intervention services if:

1. They meet the criteria for any one of the 13 special education disability categories set forth in Minnesota Rules 3525.1325 to 3525.1348.
2. The child experiences a developmental delay that is demonstrated by a score of 1.5 standard deviations or more below the mean as measured by the appropriate diagnostic measures or procedures in one or more of the areas of development (cognitive, physical, communication, social/emotional or adaptive).
3. The child is diagnosed with a physical or mental condition that has a high probability of resulting in developmental delay, regardless of whether the child has demonstrated a need or delay.

The eligibility criteria for infant and toddler intervention services are defined in Minnesota Rules 3525.1350.

The following table shows the number of special education students by education setting as of 12-01-08:

Unduplicated Child Count by Setting as of December 1, 2008 (Birth -21)

Setting Ages 6-21	Total
Outside of regular classroom less than 21% of school day	64,171
Resource room between 21% and 60% of school day	26,087
Separate classroom more than 60% of school day	10,870
Public separate day school facility greater than 50% of school day	3,894
Private separate day school facility greater than 50% of school day	98
Public residential facility greater than 50% of school day	161
Private residential facility greater than 50% of school day	65
Homebound/hospital placement	274
Subtotal Ages 6-21	**105,620**
Settings Ages 3-5	
Regular EC program at least 80% of the time	7,312
Regular EC program 40-79% of the time	2,353
Regular EC program less than 40% of the time	995
Separate class	2,823
Separate school	145
Residential facility	3
Service provider location	393
Home	337
Subtotal Ages 3-5	**14,361**
Settings Ages Birth-2	
Designed for children with development delays	186
Designed for typically developing children	152
Home	4,175
Hospital (inpatient)	3
Resident facility	1
Service provider location	51
Other Setting	11
Subtotal Ages Birth-2	**4,579**
TOTAL	**124,560**

Services Provided

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

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

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

Special education is specially designed instruction that helps students with disabilities achieve results in the general curriculum and make progress toward graduation per individualized goals. The IEP team, including

parents, determines the most appropriate means of delivering the necessary instruction and services to the students.

- 268 smaller school districts have formed 35 special education cooperatives to deliver special education programs more cost effectively and efficiently.
- In addition, districts can purchase services from service cooperatives, intermediate school districts, and cooperate with formal collaborative organizations such as children´s mental health collaboratives, family service collaboratives, interagency early intervention committees, and community interagency transition committees.

The Division of Special Education Policy and the Division of Compliance and Assistance work with school districts and cooperatives to implement self-assessment and improvement procedures related to program evaluation and to due process compliance. The self-assessment and improvement of both components are implemented through the Minnesota Continuous Improvement Process: Self Review (MNCIMP:SR). The MNCIMP:SR system initiative focuses on education for children with disabilities birth through age 21.

Key Activity Goals & Measures

The program addresses the Minnesota Department of Education (MDE) goal of improving student achievement and the Minnesota Milestones goal of preparing students to compete in global economy.

Goal: To increase the graduation rate of students with disabilities.

Measure: Graduation rate of students with disabilities.

	School Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
All Students	88.8%	90.5%	91.0%	91.2%	91.2%
Special Education	82.0%	82.4%	84.6%	84.9%	85.3%

Goal: To decrease the dropout rate of students with disabilities.

Measure: Dropout rate of students with disabilities.

	School Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
All Students	3.2%	3.1%	3.1%	4.5%	34.2%
Special Education	4.6%	4.9%	4.2%	4.5%	4.2%

Goal: To support the inclusion of students with disabilities in the statewide assessment system.

Measure: Participation and performance on statewide assessments (MCA and MTAS)

	School Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
Overall %	97.7%	97.5%	96.0%	98.0%	97.7%

Overall proficiency (MCA and MTAS) – reading and mathematics combined.

	School Year				
Reading	2004-05	2005-06	2006-07	2007-08	2008-09
Grade 3	50.4%	69.4%	63.3%	65.0%	64.6%
Grade 10	40.2%	45.1%	43.0%	58.4%	63.0%
Math					
Grade 3	53.5%	81.3%	75.7%	79.5%	81.7%
Grade 11	31.5%	19.7%	17.6^	18.7%	25.1%

Activity Funding

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

District Special Education Expenditures
State and Federal

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Average Cost Per Student	$10,204	$10,629	$10,962	$11,256	$11,713
Child Count Birth-21	118,530	119,720	121,511	123,241	124,560

Total Expenditures (Dollars in Thousands)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Salaries	$ 790,784	$ 826,456	$ 873,554	$ 916,739	$ 966,007
Fringe Benefits*	217,466	227,275	240,227	252,103	265,651
Contracted Services	33,294	35,444	38,062	37,551	36,503
Individualized Instructional Supplies and Equipment	6,875	8,042	8,649	10,056	9,978
Federal Funds Used for Instruction (Birth-21)	161,036	175,306	171,548	170,731	180,839
SUBTOTAL for Direct & Related Services	$1,209,455	$1,272,533	$1,332,040	$1,387,180	$1,458,978
Transportation**	119,043	130,492	137,698	146,984	149,520
TOTAL Expenditures	$1,328,498	$1,403,025	$1,469,738	$1,534,164	$1,608,498
Annual % Change	6.29%	5.61%	4.75%	4.38%	4.85%

*Estimated based on ratio of salaries for staff from UFARS.
**Includes transportation to and from school, between schools and board and lodging UFARS Finance code 723.
Includes special transportation of selected pupils UFARS code 728.
Includes birth through 21 (Part C birth through age 2). Additional information on Part C pupils is located in the Infants and Toddlers-Part C budget narrative. Fiscal information for this program is included on the fiscal page for Infants and Toddlers-Part C.

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

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010*	FY 2011
Federal Flow Through Entitlement Section 611	$150,292	156,235	155,880	$158,637	$160,486	$357,555	$167,744
Preschool Incentive Entitlement Section 619	5,696	5,643	5,576	5,576	5,460	13,100	5,393
Preschool Incentive CSPD Entitlement Section 619	194	192	402	210	214	215	221
Part C	5,719	5,407	5,472	5,462	5,585	12,589	5,500

* Includes regular and ARRA funds.

State Special Education Aid:

Special education aid through FY 2007 was based on expenditures in the second prior year (base year). State special education aid for FY 2007 was based on expenditures in FY 2005. Beginning in FY 2008, special education aid is based on expenditures in the current fiscal year.

Several additional changes to the special education formulas took place in FY 2008. Transition disabled aid, which equaled $8.8 million in FY 2007 was rolled into special education aid in FY 2008. Transition programs for students with disabilities provides for transitional career and technical (vocational) experiences/programs that provide career exploration, healthy work attitudes, specific career and academic knowledge, and job skills for students with disabilities. Transition programs for students with disabilities serves students who meet state disability eligibility criteria according to M.S. 125A.02 and who have Individual Education Plans (IEP) that include work-based learning and require extra interventions not provided in regular work-based learning programs.

Lastly, FY 2008 is the first year that districts received bus depreciation aid for buses that were both purchased after 07-01-05 and used primarily for providing special transportation services.

The special education initial aid equals the sum of the following amounts:

- *Salary* - 68% of the salary of each essential staff providing direct instructional and related services to students (both special education and transition disabled programs);
- *Contracted Services* - 52% of the amount of a contract for instruction and services that are supplemental to a district's education program for students with disabilities. 52% of the difference between the amount of the contract and the general education revenue of the district for that pupil for the fraction of the school day the student receives services that are provided in place of services of the district's program (both special

education and transition disabled programs). For transition disabled programs only, 52% of the cost of vocational evaluation;

- *Supplies and Equipment: Special education programs* - 47% of the cost of supplies and equipment not to exceed an average of $47 per student with a disability,
- *Supplies and Equipment: Transition disabled programs* - 47% of the cost of supplies not to exceed an average of $47 per student with disability. 47% of the cost of equipment;
- *Travel* - for transition disabled programs only, 47% of the costs of necessary travel between instructional sites by transition program teachers.
- *Bus Depreciation* - 100% of the cost of regular buses over eight years and Type III buses over five years that are used the majority of time providing special transportation services; and,
- *Transportation* - 100% of the cost of special transportation services.

A school district's special education aid equals the state total special education aid times the ratio of the district's initial special education aid to the state total initial special education aid.

The district of residence is responsible for the cost of providing special instruction and services to its resident students. When special education services are provided by a cooperative, intermediate district, charter school, or another school district, the special education aid paid the serving district/cooperative/intermediate district/charter school is increased to cover the unreimbursed special education costs and the special education aid paid to the resident district is reduced by an offsetting amount. This adjustment to the state aid is called a "tuition adjustment." Prior to 2007, when MDE began calculating the adjustments, the adjustments occurred through the tuition bills calculated by each district, cooperative, and charter school.

The state total special education revenue for FY 2009 through FY 2011 is set in state law. For FY 2009, FY 2010, and FY 2011 the state total is $719.5 million, $735.7 million, and $786.6 million, respectively. The state total special education aid for FY 2012 and later fiscal years equals the state total special education aid for the preceding fiscal year times the program growth factor times the greater of one, or the ratio of the state total average daily membership (ADM) for the current fiscal year to the state total ADM for the preceding fiscal year. The program growth factor is 1.046 for FY 2012 and later years.

Special education aid as a percent of adjusted base revenue declined from 91.9% in FY 2004 to 78.7% in FY 2007 due to continued increases in special education expenditures, without a corresponding increase in the state total special education aid. Due to a large increase in funds for FY 2008, aid as a percent of initial aid increased to 86.1% in FY 2008. However, aid as a percent of initial aid declined to 85.3% in FY 2009, and is projected to decline further to 84.3% by FY 2011.

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

The base amount is determined by the 12-01-1998 count of students with disabilities for Section 611 (ages 3 - 21) and the 12-01-1996 count of students with disabilities for Section 619 (ages 3 – 5). If a district has resident student/s attending a new or significantly expanded (by more than 10%) charter school, the base amount is redistributed among the school district and the affected charter school/s using December 1 child count of students with disabilities for the year when the charter school opens or significantly expands.

85% of federal aid exceeding the base is allocated based on current year enrollment of all students (Sections 611 and 619); 15% is allocated based on current year free and reduced price lunch counts (Sections 611 and 619). For FY 2010 (including ARRA funds), the following amounts were allocated through each formula:

Part B –Section 611

	Regular	ARRA	Total
Base	$ 55,057,097	$ -0-	$ 55,057,097
Poverty	16,927,241	28,447,408	45,374,649
Enrollment	95,921,030	161,201,981	257,123,010
TOTAL	$167,905,368	$189,649,389	$357,554,756

Part B – Section 619

	Regular	ARRA	Total
Base	$ 5,299,759	$ -0-	$ 5,299,759
Poverty	13,920	1,156,097	1,170,017
Enrollment	78,882	6,551,214	6,630,096
TOTAL	$ 5,392,561	$ 7,707,311	$13,099,872

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

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

MDE typically flows 89% of the federal funds to local education agencies, retains 2% of the funds for administration costs, and retains approximately 9% for statewide set aside programs to implement Minnesota's State Improvement Plan, and to provide technical assistance, training, and monitoring.

Special education revenue, together with the general education revenue earned by students with disabilities for the time they are enrolled in special education programs, does not reimburse all of the expenses that districts incur for special education programs. Information on special education cross-subsidies is available at http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/Special_Education/Cross_Subsidy_Report/index.html.

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

Contact

Additional information is available from the Minnesota Department of Education, Special Education Policy, (651) 582-8397, http://education.state.mn.us/mde/Learning_Support/Special_Education/index.html.

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
1	Total Current Appropriation	609,003	749,248	749,248	749,248	1,498,496
	a. End of Session Estimate			231,642	119,990	351,632
	b. November Forecast Adjustment			213	431	644
	c. Transfer per M.S. 127A.41					
2	**Forecast Base**	**609,003**	**749,248**	**981,103**	**869,669**	**1,850,772**
3	Governor's Recommendation					
	a. Aid Shift to 70%			(165,584)	(9,278)	(174,862)
4	**Recommended**	**609,003**	**749,248**	**815,519**	**860,391**	**1,675,910**

District Revenue Summary (Entitlement Basis)						
AID	**State Aid**					
3	Statutory Formula Aid	735,693	786,586	827,920	874,307	1,702,227
4	Statutory Excess/(Shortfall)					0
5	Appropriated Entitlement	735,693	786,586	827,920	874,307	1,702,227
6	Adjustments					
	a. Excess Funds Transferred In/(Out)					
	b. Supplemental Appropriation					
7	**State Aid Entitlement Current Law**	735,693	786,586	827,920	874,307	1,702,227
8	**Other Revenue**					
	a. Federal	142,286	172,881	188,112	202,236	390,348
	a. Federal Stimulus	68,802	94,920	26,747		26,747
9	**Total All Sources Current Law**	946,781	1,054,387	1,042,779	1,076,543	2,119,322
Appropriations Basis for State Aid						
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.						
	Prior Year	71,947	198,637	235,975	248,376	484,351
	Current Year	537,056	550,611	579,544	612,015	1,191,559
	Total State Aid - General Fund	**609,003**	**749,248**	**815,519**	**860,391**	**1,675,910**

Activity at a Glance

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

- $110.9 million in entitlements to Minnesota districts in FY 2009.
- 315 districts received excess cost aid in FY 2009.

Activity Description

Citation: M.S. 125A.79

This state aid program provides school districts with funding to cover a portion of unreimbursed costs of special education and related services.

Population Served

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

Services Provided

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

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

Historical Perspective

- Since FY 1996, the total state special education revenue has been set in law or has been the result of a formula. The growth in initial special education excess cost revenue since FY 1996 is largely attributable to faster growth in special education expenditures than in state total special education revenue during this period.
- Beginning in FY 1999, transportation funding for students with a disability was rolled into the special education formula and the excess cost of transporting these students was included in the excess cost formula.
- Beginning in FY 2000, the revenue was increased from 70% to 75% of excess costs and the threshold to qualify for revenue was reduced from 5.7% to 4.4% of general education revenue. The threshold was reduced to 4.36% beginning in FY 2001.
- Beginning in FY 2002, the state total excess cost aid has been set in law.
- Beginning in FY 2008, transition programs for students with disabilities was rolled into the special education formula and the excess cost of serving these students was included in the excess cost formula. Additionally, in FY 2008, bus depreciation, reimbursable tuition and transportation tuition revenues and expenditures were also included in both formulas.

Key Activity Goals & Measures

By providing additional funding toward unreimbursed costs of special education and related services, this program addresses the key department goals of improving student achievement and preparing students to compete in a global economy.

Goal: Improve student achievement.

Measure: An increased number of students with IEPs will complete the MCA and see academic improvement, as measured by the MCA.

Goal: Prepare all students to compete in a global economy.

Measure: The students will complete the transition goals established in the students' IEPs that will prepare those students for the world of work with appropriate life-skills.

Activity Funding

For FY 2002 through FY 2007, a district's special education excess cost aid equaled the greater of:

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

For FY 2008 and later years, a district excess cost aid equals 75% of the difference between the district's unreimbursed special education cost and 4.36% of the district's general revenue.

The state total excess cost aid equals $110.9 million in FY 2009, $110.8 million in FY 2010, and $110.9 million in FY 2011, $113.8 million in FY 2012, and $117.1 million in FY 2013. In later fiscal years, the state total excess cost aid equals:

- the state total special education excess cost aid for the preceding fiscal year; times,
- the program growth factor; times,
- the greater of one or the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

The program growth factors established by the legislature equals 1.044 for FY 2002, 1.02 for FY 2003, and 1.00 for FY 2004 through FY 2011. However, the state total excess cost aid for FY 2004 through FY 2011 is set in state law. The program growth factor is 1.02 for FY 2012 and later years. A district's initial excess cost aid is computed using the current formula. A district's actual excess cost aid equals its initial entitlement times the ratio of the state target for excess cost aid to the state total initial excess cost aid. Actual excess cost aid as a percent of initial excess cost aid declined from 82.6% in FY 2004 to 47.5% in FY 2007 due to continual increases in special education expenditures without a corresponding increase in the state funded total regular special education aid or excess cost aid. A substantial portion of this reduction is attributable to a decline in the share of special education expenditures funded through the special education – regular program, which spill over into the excess cost formula.

Due to a large increase in special education funds for FY 2008, which includes the addition of resources attributable to transition programming and the change in the regular formula to current year funding, aid as a percent of initial aid is increased to 73.3% in FY 2008. After FY 2008, with expenditure growth once again exceeding revenue growth, aid as a percent of initial aid is projected to decrease annually to 52.2% in FY 2011, 49.0% in FY 2012 and 46.3% in FY 2013.

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

The table below shows the state total amount of excess cost revenue for FY 2004 through FY 2009 and the numbers of districts participating in the program each year:

Special Education Excess Cost Revenue

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Total Revenue	$92.1	$91.8	$103.6	$104.70	$110.64	$110.9
Number of Districts	319	307	319	325	305	315

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

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8810, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/Special_Education/Excess_Cost_Projection_Models/index.html.

DEPARTMENT OF EDUCATION

Program: Special Programs

Activity: Special Education-Excess Costs — Budget Activity Summary

	Dollars in Thousands				
	Current		Governor's Rec		Biennium 2012-13
Direct Appropriations by Fund	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2012-13**
General Fund					
1 Total Current Appropriation	96,926	108,410	108,410	108,410	216,820
a. End of Session Estimate			20,821	7,615	28,436
b. November Forecast Adjustment			21	51	72
2 **Forecast Base**	**96,926**	**108,410**	**129,252**	**116,076**	**245,328**
3 Governor's Recommendation					
a. Aid Shift to 70%			(16,845)	(502)	(17,347)
4 **Recommended**	**96,926**	**108,410**	**112,407**	**115,574**	**227,981**

District Revenue Summary (Entitlement Basis)					
AID	**State Aid**				
3 Statutory Formula Aid	110,847	110,892	113,818	117,208	231,026
4 Statutory Excess/(Shortfall)					0
5 Appropriated Entitlement	110,847	110,892	113,818	117,208	231,026
6 Adjustments					
7 **State Aid Entitlement Current Law**	110,847	110,892	113,818	117,208	231,026
Appropriations Basis for State Aid					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
Prior Year	37,046	50,967	53,449	54,860	108,309
Current Year	59,880	57,443	58,958	60,714	119,672
Total State Aid - General Fund	**96,926**	**108,410**	**112,407**	**115,574**	**227,981**

Activity at a Glance

In FY 2009:
- Served 90.90 ADM with disabilities in school districts.
- Served 16.59 ADM without disabilities in school districts.
- $1.4 million was reimbursed to school districts in FY 2010.

Activity Description

Citation: M.S. 125A.75, Subd. 3

This state aid program provides funding for individuals with and without disabilities who are placed under care in a state institution, a licensed residential facility, or foster facility for whom no district of residence can be determined.

Population Served

Districts that serve individuals described above receive full payment for net education costs for students with and without disabilities who are served.

Services Provided

This activity ensures that individuals who are placed in a residential facility and for whom no district of residence can be determined receive a free and appropriate education. Pupils are eligible if no district of residence can be determined because:
- parental rights have been terminated by court order;
- the parent or guardian is not living within the state;
- no other district of residence can be established; or,
- the parent or guardian having legal custody of the child is an inmate of a Minnesota correctional facility or is a resident of a halfway house under the supervision of the commissioner of corrections.

Special education programs and services are specially designed to benefit individuals with disabilities whose educational needs range from academic or behavior support to self-care skills, independent living skills, or preparation of employment in the community. Students without disabilities are also eligible for this aid if they are eligible because parental rights have been terminated. This aid is for the costs of education and not for the costs associated with the care and treatment of the students.

Students eligible for this aid must be placed where the regular education program at the facility is approved according to section M.S. 125A.515.

Historical Perspective

This program began in the 1970s to include education costs for students with disabilities. The law was amended in 1999 to include all students, those with and without disabilities, as eligible for aid if they meet the criteria that the parental rights have been terminated.

Key Activity Goals & Measures

This program addresses the following Minnesota Milestones: 1) Minnesotans will excel in basic and challenging skills and knowledge; and 2) all people will be welcomed, respected, and able to participate fully in Minnesota's communities and economy.

Activity Funding

The aid equals 100% of the net costs of educating these individuals, including transportation costs, a proportionate amount of capital expenditures, and debt service, minus the sum of basic general education revenue, special education aid, transportation aid, and any other aid earned on behalf of the child.

The aid is paid as a reimbursement in the year following the year the services are provided.

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8840, http://education.state.mn.us/MDE/Accountability_Programs/Program_Finance/index.html.

DEPARTMENT OF EDUCATION

Program: Special Education

Activity: Children with Disabilities

Budget Activity Summary

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
1	Current Appropriation	1,717	1,895	1,895	1,895	3,790
	a. End of Session Estimate			(633)	(561)	(1,194)
	b. Cancellation	(277)				
	c. November Forecast Adjustment		(341)	386	411	797
2	**Forecast Base**	**1,440**	**1,554**	**1,648**	**1,745**	**3,393**
	District Revenue Summary (Entitlement Basis)					
AID	**State Aid**					
3	Statutory Formula Aid	1,440	1,554	1,648	1,745	3,393
4	Statutory Excess/(Shortfall)	277	341			
5	Appropriated Entitlement	1,717	1,895	1,648	1,745	3,393
6	Adjustments					
	b. Cancellation	(277)				
	c. Appropriation Reduction		(341)			
7	**State Aid Entitlement Current Law**	1,440	1,554	1,648	1,745	3,393
	Appropriations Basis for State Aid					
	Cancellation	(277)				
	Current Year	1,717	1,554	1,648	1,745	3,393
	Total State Aid - General Fund	**1,440**	**1,554**	**1,648**	**1,745**	**3,393**

Activity at a Glance

Provides reimbursement to districts for the cost of travel so that early childhood special education staff can provide services in the home or community-based programs for children under five.

- 12,866 ECSE (birth – 4) children served in FY 2009.
- $260,363 paid to districts in FY 2009.

Activity Description

Citation: M.S. 125A.75, Subd. 1; P.L. 108-466, Part C

This state aid activity provides funding to assist school districts with travel costs for early childhood special education (ECSE) staff in delivering services to children and their families in home and community early childhood education program settings.

Population Served

Services are provided to children birth to five years with disabilities and their families who receive services in their homes or in community early childhood settings.

Services Provided

Travel for home-based services assures that all individuals from birth to five years of age with disabilities, and their families, have access to ECSE intervention services. For very young children, services may consist of parent consultation and training, as well as direct services to the child.

Federal funding under the Individuals with Disabilities Education Act (IDEA), (P.L. 108-466), the Preschool Incentive program (P.L. 108-466, Sec. 619), and the Infants and Toddlers program (P.L. 108-466, Part C) may also be used for this purpose.

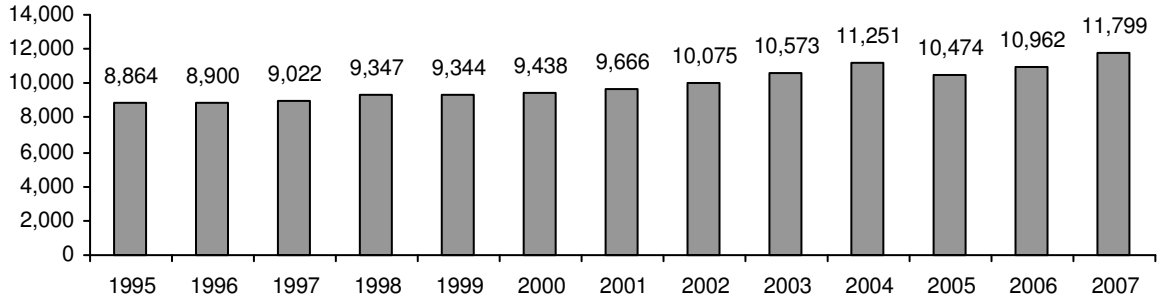
Key Activity Goals & Measures

This program addresses the following Minnesota Milestones: 1) All children will be healthy and start school ready to learn, and 2) All people will be welcomed, respected and able to participate fully in Minnesota's communities and economy.

Goal: To provide for special education and related services by assisting the districts with the costs of providing those services in the student's home.

Measure: The number of children, from birth to five years of age, identified as having disabilities and receiving special education services increased from 9,438 in FY 2000 to 12,866 in FY 2009. The majority of these services are provided in the child's home or in a center-based site in the community.
(Key indicators and measures for special education programs are available in the Special Education - Regular budget narrative.)

Number of Preschool Children
(birth through age 4)
Receiving Special Education Services



Activity Funding

Under current law, the state must pay each district one-half of the sum actually expended by a district based on mileage for necessary travel of essential personnel providing home-based or community-based services to children with a disability under age five and their families.

The 2006 legislature clarified that home-based travel aid is calculated based on mileage. Districts cannot claim reimbursement for vehicle purchases or leases under this program.

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

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8840, http://education.state.mn.us/MDE/Accountability_Programs/Program_Finance/index.html.

DEPARTMENT OF EDUCATION

Program: Special Programs

Activity: Home Based Travel — Budget Activity Summary

	Dollars in Thousands				
	Current		Governor's Rec		Biennium 2012-13
Direct Appropriations by Fund	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2012-13**
General Fund					
1 Total Current Appropriation	224	282	282	282	564
a. End of Session Estimate			77	20	97
b. November Forecast Adjustment	5	6	5	4	9
2 **Forecast Base**	**229**	**288**	**364**	**306**	**670**
3 Governor's Initiatives					
a. Aid Shift to 70%			(61)	0	(61)
4 **Recommended**	**229**	**288**	**303**	**306**	**609**

District Revenue Summary (Entitlement Basis)					
AID **State Aid**					
3 Statutory Formula Aid	280	303	304	306	610
4 Statutory Excess/(Shortfall)	(7)	(5)			
5 Appropriated Entitlement	273	298	304	306	610
6 Adjustments					
a. Transfer per M.S. 123A.41	7				
b. Supplemental Appropriation		5			
7 **State Aid Entitlement Current Law**	280	303	304	306	610
Appropriations Basis for State Aid					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
Prior Year	24	73	90	91	181
Transfer per M.S. 127A.41	5	2			
Current Year	200	213	213	215	428
Total State Aid - General Fund	**229**	**288**	**303**	**306**	**609**

Activity at a Glance

In FY 2009:
- Funded costs of 11 non-Minnesota students placed by the courts in Minnesota (3.85 ADM).
- $88,114 was paid to districts in FY 2010.

Activity Description
Citation: M.S. 125A.79, Subd. 4

This state aid program provides funding for school districts to pay the costs of providing special education programs to non-Minnesota students with disabilities when the providing school district is unable to collect tuition from the responsible state or agency.

Population Served
Minnesota school districts receive aid that would otherwise be subsidized by the district general fund.

Services Provided
Minnesota school districts providing special education services to court placed nonresident students with disabilities are assured that they will receive revenue for services provided if out-of-state agencies fail to pay tuition bills. In addition to the tuition bills, the district submits to the agency the documentation of the efforts to collect the tuition from the student's resident district and state.

Key Activity Goals & Measures
Goal: To mitigate school district costs related to providing services to non-Minnesota students with disabilities.

Measure: In FY 2009, 11 nonresident students (3.85 average daily membership) were placed in Minnesota by the courts for services that were not paid by the resident non-Minnesota district or resident state. State aid of $88,114 was paid in the following year, FY 2010, to reimburse districts for the cost of providing services to these nonresident students.

Activity Funding
To be eligible for this revenue, the serving districts must document that they have admittance procedures designed to identify the agency responsible for the education costs and must show a good faith effort to get commitment for payment of tuition from the agency prior to admitting the student into the program.

Beginning in FY 2002, this program was changed to reimburse school districts for prior year eligible costs.

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

Contact
Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8840, http://education.state.mn.us/MDE/Accountability_Programs/Program_Finance/index.html.

DEPARTMENT OF EDUCATION

Program: Special Education

Activity: Court Placed Special Education Revenue

Budget Activity Summary

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
1	Current Appropriation	76	78	78	78	156
	a. End of Session Estimate			2	4	6
2	**Forecast Base**	**76**	**78**	**80**	**82**	**162**
	District Revenue Summary (Entitlement Basis)					
AID	**State Aid**					
3	Statutory Formula Aid	76	78	80	82	162
4	Statutory Excess/(Shortfall)					
5	Appropriated Entitlement	76	78	80	82	162
6	Adjustments					
	a. Transfer per M.S. 127A.41					
7	**State Aid Entitlement Current Law**	76	78	80	82	162
	Appropriations Basis for State Aid					
	Current Year	76	78	80	82	162
	Total State Aid - General Fund	**76**	**78**	**80**	**82**	**162**

Activity at a Glance

- 188 students (61.3 average daily membership) were placed out of state for care and treatment in FY 2009.

Activity Description

Citation: M.S. 125A.79, Subd.8

This state aid program provides education funding for Minnesota resident students placed in care and treatment facilities by court action in a state that does not have a reciprocity agreement.

Population Served

Districts receive education funding for students placed in care and treatment facilities by court action in a state that does not have a reciprocity agreement.

Services Provided

Minnesota school districts are assured that costs of education will be reimbursed when students with disabilities are placed in care and treatment facilities in states without reciprocity.

Historical Perspective

This provision was enacted in 1999 to pay the costs of providing special education programs to Minnesota students with disabilities who are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement.

Key Activity Goals & Measures

Goal: This helps to ensure that students with disabilities receive the most appropriate education to enable them to succeed to their highest potential.

Measure: In FY 2009, 188 students were placed out-of-state for care and treatment.

Activity Funding

Out-of-state care and treatment facilities submit tuition bills to the resident district based on the costs of providing education. The resident district submits the tuition bills to MDE and the department calculates aid revenue. Aid revenue is calculated by subtracting out any aid that the resident district receives for the student. This includes general education revenue that is not basic skills revenue, alternative compensation revenue, and referendum equalization aid. Special education services revenue is also subtracted out from the bill. State aid is paid in the following year to reimburse school districts for eligible costs.

Because data is not readily available prior to the end of the school year, this program was changed to reimburse school districts for eligible prior year costs beginning in FY 2003. FY 2010 program costs are funded in FY 2011.

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

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8840, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/Special_Education/index.html.

DEPT OF EDUCATION
Program: SPECIAL EDUCATION
Activity: SPECIAL ED OUT STATE TUITION

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	250	250	250	250	500
Subtotal - Forecast Base	250	250	250	250	500
Total	**250**	**250**	**250**	**250**	**500**
Expenditures by Fund					
Direct Appropriations					
General	250	250	250	250	500
Total	**250**	**250**	**250**	**250**	**500**
Expenditures by Category					
Local Assistance	250	250	250	250	500
Total	**250**	**250**	**250**	**250**	**500**

Activity at a Glance

The federal programs in the narrative are:
- Special Education – Deaf/Blind
- Special Education State Improvement

Activity Description

This budget activity summarizes federal programs for special populations that fund activities throughout Minnesota. These are competitive federal grants from OSEP.

Special Education – Deaf-Blind P.L. 108-446 IDEA.
The Deaf-Blind Technical Assistance grant provides support to initiate and improve statewide educational services for children who are deaf-blind from birth through age 21. The focus of the grant is to provide a range of technical assistance and support to Minnesota schools and families of children who are deaf-blind. Technical assistance and professional development activities are focused on building the capacity of teachers, service providers, and families to provide effective services and improve outcomes for students who are deaf-blind.

The Minnesota Deaf-Blind Technical Assistance grant has two goals.

1. Technical Assistance and Dissemination Activities
   a. Objective 1: Provide technical assistance to school teams, including parents and administrators.
   b. Objective 2: Support families by providing training and information that enhance the role of parents as informed partners and active participants in the education of their children.
2. State and Local Leadership and Coordination Activities
   c. Objective 3: Enhance state and local capacity and facilitate the achievement of systemic change to improve services and results for children who are Deaf-Blind.

Special Education State Improvement Grant P.L. 108-446 IDEA.
In this grant category, MDE received funds from two programs:

1. Special Education State Personnel Development Grant P.L.
   Minnesota received a five year State Personnel Development Grant (SPDG) from the federal Office of Special Education Programs (OSEP) for the years 2005-2010. The SPDG is now entering a one year no-cost extension to complete work on this grant which will end in August 2011.
   The Minnesota SPDG has two goals.
   a. Goal 1: Improve educational outcomes of children and youth with disabilities.
   b. Goal 2: Ensure the availability of a qualified special education workforce across geographic regions of the state. To achieve these two goals, grant funds are used to improve systems of personnel development, technical assistance and/or dissemination of knowledge about research-based practices. All SPDG projects and corresponding activities are replicable and can be scaled up, are connected with the State Performance Plan and are carried out for the benefit of Minnesota students with disabilities and special and general education staff in school districts.
2. General Supervision Enhancement Grants P.L.
   The General Supervision Enhancement Grants (GSEG) are intended to assist states in the development, revision and enhancement access to the statewide assessment system for students with disabilities, including the use of accommodations on the general assessment, an alternate assessment based on alternate achievement standards, and an alternate assessment based on modified achievement standards.
   The GSEG grant has three goals.
   a. Goal A: Support implementation of MTAS for students who use objects and graphically supported text passages in assessment.
   b. Goal B: Improve implementation of the MTAS through pre- and post-testing guidance and training.
   c. Goal C: Research student characteristics and effective strategies for the sub-population of students who exhibit a low level of response on the MTAS.

Contact

Additional information is available from the Minnesota Department of Education (651) 582-8590, http://education.state.mn.us/html/intro_support_special_ed.htm.

DEPT OF EDUCATION
Program: SPECIAL EDUCATION
Activity: OTHER FEDERAL SP ED PROGRAMS

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Expenditures by Fund					
Statutory Appropriations					
Federal	612	1,409	950	1,055	2,005
Total	**612**	**1,409**	**950**	**1,055**	**2,005**
Expenditures by Category					
Other Operating Expenses	51	47	0	0	0
Local Assistance	561	1,362	950	1,055	2,005
Total	**612**	**1,409**	**950**	**1,055**	**2,005**

Budget Activities

This program includes the following budget activities:

- Health and Safety Revenue
- Debt Service Equalization
- Alternative Facilities Aid
- Deferred Maintenance
- Telecommunications Access
- Miscellaneous Facility Levies

Dollars in Thousands

	Current FY2010	Current FY2011	Governor Recomm. FY2012	Governor Recomm. FY2013	Biennium 2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	28,416	32,943	32,943	32,943	65,886
Technical Adjustments					
End-of-session Estimate			14,272	12,453	26,725
November Forecast Adjustment		33	(1,990)	(2,523)	(4,513)
Subtotal - Forecast Base	28,416	32,976	45,225	42,873	88,098
Governor's Recommendations					
Aid Shift Changes		0	(7,194)	(699)	(7,893)
Total	**28,416**	**32,976**	**38,031**	**42,174**	**80,205**
Expenditures by Fund					
Direct Appropriations					
General	28,435	32,972	38,031	42,174	80,205
Statutory Appropriations					
Federal	3,188	1,172	1,168	0	1,168
Total	**31,623**	**34,144**	**39,199**	**42,174**	**81,373**
Expenditures by Category					
Local Assistance	31,623	34,144	39,199	42,174	81,373
Total	**31,623**	**34,144**	**39,199**	**42,174**	**81,373**
Expenditures by Activity					
Health & Safety Revenue	120	131	123	113	236
Debt Service Equalization	6,607	8,204	12,425	16,475	28,900
Alternative Facilities	16,008	18,708	19,287	19,286	38,573
Deferred Maintenance	1,950	2,179	2,446	2,550	4,996
Telecommunications Access	6,938	4,922	4,918	3,750	8,668
Total	**31,623**	**34,144**	**39,199**	**42,174**	**81,373**

Activity at a Glance

FY 2009 (Actual)

• Health and Safety Revenue	$57,999,702
• State Aid	$111,000
• Local Levy	$57,888,702
• Number of Districts	318
• Expenditure by Project Type ($ in millions)	
Indoor Air Quality	$8.7
Physical Hazards	$10.2
Fire Safety	$11.4
Asbestos	$10.6
Environment Management	$13.3
Hazardous Substance	$3.7

Activity Description

Citation: M.S. 123B.57

The health and safety program is a state aid and levy program to address facility and grounds issues that impact safety and health concerns.

Population Served

School districts and intermediate school districts (through the member districts) are eligible to participate in this program.

Services Provided

Program revenue may be used to address health and safety issues identified in M.S. 123B.57 in any existing public school building or site. However, the district must own or have contractually agreed to purchase (lease-purchase) any building or facility where program-funded remediation is made. New construction and portable classrooms are not eligible for funding. In addition (with the exception of calamity bonds), revenues cannot be used to make principal and/or interest payments on any other debt instrument.

The program addresses a wide array of areas impacting environments, including the following:

- asbestos removal or encapsulation;
- hazardous substance, including provisions for fuel storage repairs, cleanup, or storage tank removal, and lead removal;
- fire safety, including compliance with state fire marshal orders;
- environmental health and safety management; and
- physical hazard control, including indoor air quality.

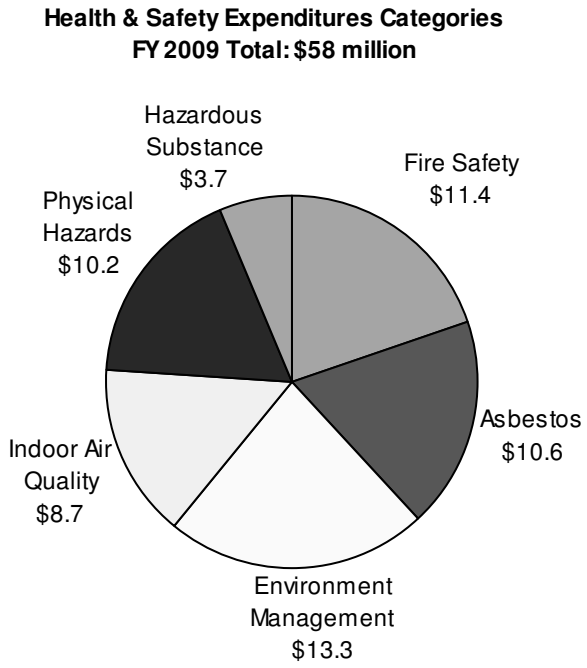
The program was modified by the 2003 legislature by transferring funding for large projects (over $500,000 per building) from the health and safety program to the alternative facilities program. While these projects are still approved within the existing health and safety system, districts now have the ability to issue bonds or make an annual levy to fund large projects over a longer period of time.

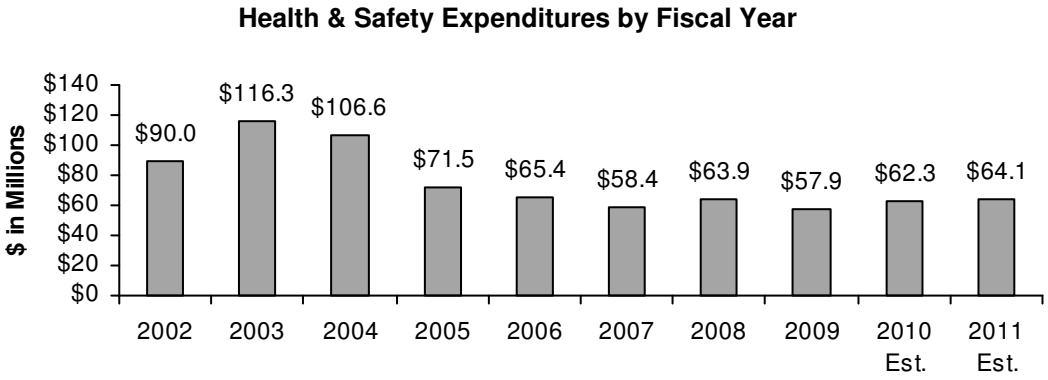
Historical Perspective

The predecessor to the program began in 1985 as a hazardous substance removal program. The health and safety program, as it is now known, began in FY 1990 when the hazardous substance revenue program was expanded to include fire and life safety. Major changes to the program since that time have included expansion to cover costs related to:

- environmental management and physical hazards (FY 1994);
- the Indoor Air Quality in Schools Act (FY 1990);
- member district's share of the three intermediate (cooperative) district's health and safety costs (FY 2001); the alternative facility funding mechanism (FY 2003).

The program has facilitated the removal or remediation of a variety of hazards from school facilities. A breakdown of health and safety expenditures by category is provided on the following page.





Total district expenditures for health and safety exceeded the $100 million mark in FY 2003 and FY 2004. Expenditures began to decline in FY 2005, primarily due to the transfer of funding for large projects to the alternative facility program/health and safety, rather than within health and safety revenue. The downward trend has continued into FY 2006 and FY 2007. Expenditures are expected to increase slightly in FY 2010 and FY 2011.

Key Activity Goals & Measures

Goal: This program meets the Minnesota Milestones goal of providing a safe learning environment for students and staff.

Measure: For FY 2009, 323 districts received revenue for approved projects addressing hazards.

Activity Funding

The formula for annual health and safety revenue is based on cumulative approved hazardous substance/health and safety expenditures for the period 1985-current, less cumulative revenues for the same period. Districts are eligible to receive 100% of approved project costs through a combination of state aid and local property tax levies. For FY 2003 and later, the state and local shares of health and safety revenue are determined using an equalizing factor of $2,935. The local share equals the product of the revenue times the lesser of one or the ratio of the districts adjusted net tax capacity (ANTC) per adjusted marginal cost pupil unit to $2,935. State aid equals the annual revenue less local levy. Due to increasing property values and stable equalizing factor, the state aid share of revenue has decreased significantly from FY 2002 to FY2009 and most school districts support the program entirely through property tax levies. In FY 2002, the state share equaled approximately 12% of revenue. By FY 2009 the states share has fallen to around 1/10 of 1%. Property values used to determine levy for FY 2010 dropped significantly and have declined in the following two years. In spite of this, state aid is not currently forecast to increase significantly.

State-Local Share of Health and Safety Revenue

Dollars in Thousands

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Est. FY 2010	Est. FY 2011
Total Revenue										
Amount	$ 80,398	$116,265	$106,581	$ 71,501	$ 65,384	$ 58,375	$ 63,828	$ 58,000	$62,292	$64,130
# of Districts	327	323	339	333	330	318	319	318	320	320
Levy										
Amount	$ 70,440	$109,045	$101,815	$ 70,185	$ 64,756	$ 58,137	$ 63,601	$ 57,889	$ 62,126	$ 64,000
# of Districts	327	323	339	333	330	318	319	318	320	320
State Aid										
Amount	$ 9,958	$ 7,221	$ 4,766	$ 1,316	$ 628	$ 238	$ 226	$ 111	$ 166	$ 130
Percentage	12.39%	6.21%	4.47%	1.84%	0.96%	0.41%	0.38%	0.18%	0.16%	0.15%
# of Districts	230	162	116	75	60	32	10	8	6	6

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

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8319, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html.

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
1	Total Current Appropriation	132	135	135	135	270
	a. End of Session Estimate			48	43	91
	b. November Forecast Adjustment			(36)	(67)	(103)
	c. Cancellation	(12)	(4)			
2	**Forecast Base**	**120**	**131**	**147**	**111**	**258**
3	Governor's Recommendation					
	a. Aid Shift to 70%			(24)	2	(22)
4	**Recommended**	**120**	**131**	**123**	**113**	**236**

District Revenue Summary (Entitlement Basis)						
AID	**State Aid**					
	3 Statutory Formula Aid	150	130	120	110	230
	4 Statutory Excess/(Shortfall)	16				0
	5 Appropriated Entitlement	166	130	120	110	230
	6 Adjustments					
	b. Cancellation	16				
	7 **State Aid Entitlement Current Law**	182	130	120	110	230
plus						
LEVY	**Levy**					
	8 Local Levy Current Law	60,800	61,500	62,500	63,500	126,000
equals						
REVENUE	9 Current Law Revenue (State Aid & Levy)	60,982	61,630	62,620	63,610	126,230
Appropriations Basis for State Aid						
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.						
	Prior Year (10%)	10	44	39	36	75
	Cancellation		(4)			
	Current Year	122	91	84	77	161
	Cancellation	(12)				
	Total State Aid - General Fund	**120**	**131**	**123**	**113**	**236**

Activity at a Glance

FY 2011

- Districts having debt levies 278
- Districts receiving aid 44
- Percentage of eligible debt service revenue paid by state aid 1.1%

Activity Description

Citation: M.S. 123B.53; 123B; 54; 123B.55

Debt service equalization is a state aid and local levy program that helps to ensure that all school districts, regardless of property wealth, can provide adequate educational facilities for their students. The equalization formula facilitates the betterment and/or expansion of school facilities by providing debt service aid to districts with a low tax base per pupil unit. Some districts with a moderately high tax base per pupil unit can still qualify for debt service aid if they have a relatively high debt burden.

School districts must receive approval from a majority of those voting in a school bond referendum before issuing bonds to construct, acquire, or improve school facilities. Exceptions include alternative facilities bonding and special legislation for Minneapolis and St. Paul.

Population Served

This program serves all public school students and communities in Minnesota. School districts with a relatively high debt service tax rate and low to moderate tax base per pupil unit may receive aid to offset property owner's tax burden.

Services Provided

The debt service program includes several components and is financed through a combination of state aid and local property tax levies. The following table shows the state total revenue and number of districts participating in each component for FY 2011 (taxes payable in 2010).

Debt Service Revenue Components, FY 2011 - ($ in Thousands)

Funding Category	Total Amount	No. of Districts
Aid Eligible Revenue Components		
Required Debt Service Levy-Eligible[1]	$ 726,324	278
Maximum Effort Levy Above Required	583	17
Req. Debt Service for Alt. Facilities[2]	79,686	16
Alt. Facilities Annual Levy[2]	57,723	18
Req. Debt Service for Alt. Fac./H&S	26,945	69
Alt. Fac./H&S Annual Levy	5,909	8
Energy Conservation	42	3
Lease Purchase-Eligible	50,040	6
Net Debt Excess-Eligible	(57,865)	164
Total Gross Equalization Revenue[3]	889,387	
Aid Ineligible Revenue Components		
Required Debt Service Levy-Ineligible	8,320	25
Additional Maximum Effort Levy	225	6
Req. Debt Service Levy for Equipment Bonds	820	5
Req. Debt Service for Facilities Bonds	5,200	46
Lease Purchase-Ineligible	40,721	9
Net Debt Excess-Ineligible	344	13
Total Ineligible Revenue[3]	55,630	

Historical Perspective

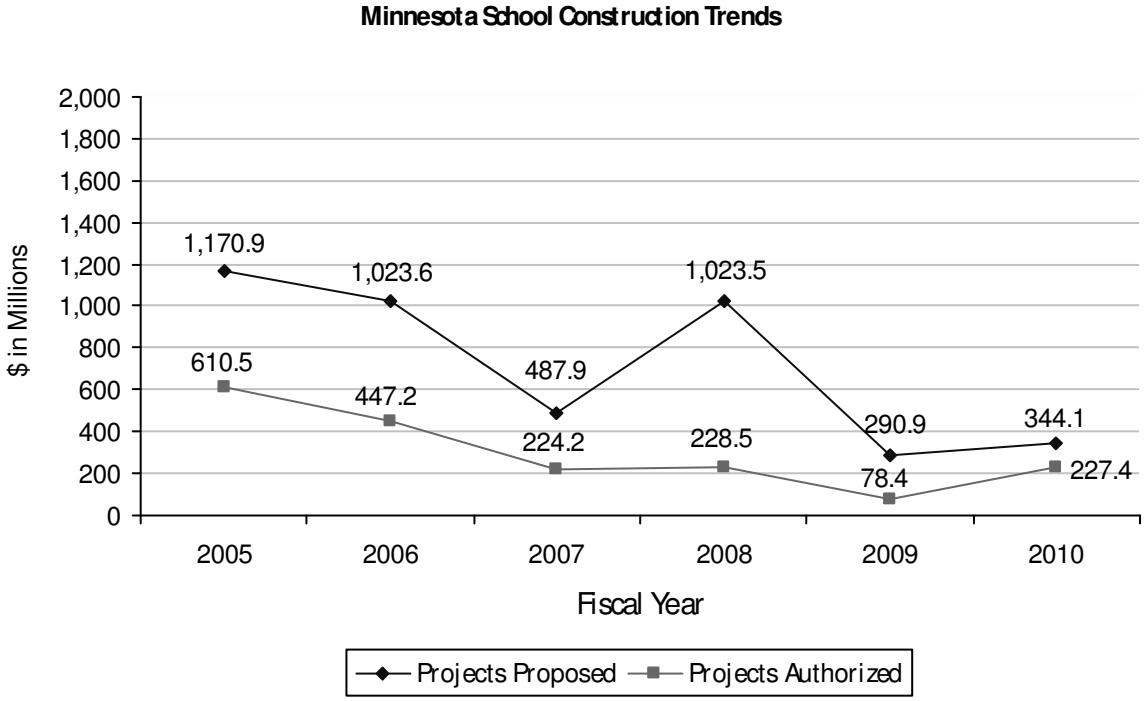
- Historically, facility acquisition and betterment was considered solely a local responsibility and no state aid equalization was provided. In 1992, a debt service equalization program was enacted. In 2001, a second tier was added to the debt service equalization formula to provide targeted tax relief to school districts with eligible debt service revenue exceeding 25% of district adjusted net tax capacity (ANTC).

[1] Includes net taconite debt service levy.

[2] Net amount after alternative facilities aid – see Alternative Facilities Bonding narrative

[3] Number of districts is duplicated as some districts have multiple debt components.

- The change to the two-tiered debt service equalization formula has led to a noticeable increase in individual bond issue size. Much of this can be ascribed to the new equalization formula in combination with a smaller equalization factor for the health and safety aid program. These two factors provide incentives for districts to seek voter approval for a majority of facility needs in order to maximize debt service aid.
- The graph below shows the construction trends requiring voter approval for the last six fiscal years. The top line shows the total dollar amount of school construction projects requiring voter approval. The bottom line is the dollar amount approved by local voters. The total excludes alternative facility and other construction projects that do not require local voter approval. FY 2010 is estimated awaiting the results of the November 2010 elections.



Statewide debt service revenue continues to increase as shown in the table below. The table also illustrates the state/local share of debt service revenue. The unequalized local portion of debt service revenue, 15% of the district's ANTC, makes up the majority of total revenue. The equalized local portion is defined as the local share beyond the 15% of the ANTC.

Debt Service Revenue

	Dollars in Millions						
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Unequalized Local Portion	$514.5	$560.4	$606.5	$648.9	$678.3	674.2	654.5
Equalized Local Portion	100.0	127.8	100.9	110.2	99.6	106.5	129.5
Debt Service Aid	29.3	25.1	17.7	14.5	8.5	7.9	8.7
TOTAL Debt Service Revenue	$643.8	$713.3	$725.1	$773.6	$786.4	$788.6	$792.7

- Legislative overhaul of the debt service equalization formula was accomplished in 2001. A new two-tiered equalization formula was created to target districts with low to moderate tax bases and/or districts with a relatively high debt burden.
- As a result of the new two-tiered equalization formula total debt service aid reversed its downward trend in FY 2003 and FY 2004. In FY 2005, debt service aid again began to fall due to ANTC increases.
- The decline in debt service abated in FY 2011 as falling ANTCs prompted an increase in debt service aid.
- Though debt service aid increased from FY 2010 to FY 2011, in percentage terms, the state's share of eligible debt service revenue has decreased from 6.1% in FY 2003 to a fraction of 1% in FY 2011.

Key Activity Goals & Measures

Goal: This program allows school districts to maintain adequate facilities.

Activity Funding

Revenue Components

Required Debt Service Levy (M.S. 123B.55; 475.61).

- A school district must levy for the principal and interest payments on its general obligation bonds, plus an additional 5% to cover potential tax delinquencies, for the following fiscal year. The required debt service levy for all years is established and approved by the local school board at the time that bonds are sold.

Maximum Effort Debt Service Levy (applies to Capital Loan Districts) (M.S. 126C.63, Subd. 8).

- Districts with an outstanding state capital loan and/or debt service loan must levy for debt service a minimum of 28% or 32% of the latest ANTC (the 32% of ANTC applies only to capital loans issued after 2001; all others are 28%). This amount is referred to as a district's maximum effort.
- The maximum effort debt service levy cannot exceed the amount beyond the required debt service levy that is needed to retire all outstanding state loans. If the maximum effort debt service levy is greater than the required debt service levy, then the difference is included in computing debt service aid.
- If, after debt service aid is subtracted, the net eligible debt service levy is less than the maximum effort debt service levy, there is an additional maximum effort debt service levy, such that the net eligible debt service levy is not less than maximum effort debt service levy. The additional maximum effort debt service levy is not included in computing debt service equalization aid.

Required Debt Service Levy for Equipment Bonds (M.S. 123B.61).

- A school district, with the approval of the commissioner and without voter approval, may issue certificates of indebtedness or capital notes to purchase capital equipment. The certificates or notes must be repaid within five years or less.
- A school district must annually levy the amount needed to retire the certificates of indebtedness or capital notes. The district's general fund levy is correspondingly reduced by the same amount. As an end result, districts do not receive additional revenue to repay these obligations.

Required Debt Service Levy for Facilities Bonds (M.S. 123B.62).

- A school district, with the approval of the commissioner and without voter approval, may issue bonds to provide funds for capital improvements to facilities. Issuance of the bonds is subject to a reverse referendum.
- A school district must annually levy the amount needed to retire the facility bond or note. The district's general fund levy is correspondingly reduced by the same amount. As an end result, districts do not receive additional revenue to repay these obligations.

Alternative Facilities Bonding and Levy (M.S. 123B.59, Subd. 1).

- Large school districts with over 1.85 million square feet of space and an average building age of 15 years or older, or over 1.5 million square feet of space and an average building age of 35 years or older, and a ten-year facility plan approved by the commissioner, may issue bonds or annually levy for health and safety, disabled access, and deferred maintenance projects specified in the approved plan.
- Debt service levies made under this program are eligible for Tier 1 debt service equalization aid.
- See the Alternative Facilities Bonding narrative for more information.

Alternative Facilities/Health and Safety (M.S. 123B.59, Subd. 1).

- Health and safety projects over $500,000 per building approved after 02/01/2003 are to be financed by alternative facility bonding or an annual levy.
- Levies made under this program are eligible for Tier 1 debt service aid.
- See the Alternative Facilities Bonding narrative for more information.

Energy Conservation (M.S. 126C.40, Subd. 5).

- School districts must levy for the amount needed to repay the annual principal and interest on state energy conservation loans and other loans approved on or before 03/01/1998 under M.S. 216C.37. This levy is included in computing debt service equalization aid.
- There is no levy authority for energy conservation loans approved after 03/01/1998. Districts receiving these loans must annually transfer from the general fund to the debt redemption fund the amount needed to pay the principal and interest on the loans.

Lease Purchase (M.S. 126C.40, Subd. 2 and 6).

- Eligible school districts must levy the amount needed for payments on lease purchase agreements approved by the commissioner prior to 07-01-90. In addition, certain districts with a desegregation plan, may levy for lease purchase costs for more recent facility acquisitions. This levy is included in computing debt service equalization aid.

Debt Excess (M.S. 475.61, Subd. 3).

- The net debt excess in the debt redemption fund, other than for capital loan districts, is certified by the commissioner to the county auditor. The county auditor reduces the debt service levy by the amount of the debt excess certified.
- With the approval of the commissioner, some districts may be authorized to retain all or a portion of the debt excess in the debt redemption fund.
- Districts with outstanding capital or debt service loans are required to remit the debt excess amount to the commissioner as payment on their capital and/or debt service loans.

Debt Service Loan (M.S. 126C.68).

- School districts with a very large debt service levy relative to their tax base may qualify for a debt service loan. The amount of the loan reduces the debt service levy of the district.
- Districts receiving a debt service loan are required to levy each year an amount at least equal to the maximum effort debt service levy until the loan is retired.

Gross Equalization Revenue (M.S. 123B.53, Subd. 1).

- For districts without capital loans, the gross equalization revenue equals the sum of the following:
  - the eligible required debt service levy,
  - the gross annual (pay as you go) alternative facilities levy,
  - the energy conservation levy, and
  - the eligible lease purchase levy.
- For capital loan districts the maximum effort debt service levy applies in addition to the components mentioned above.

Funding Source

Debt Service Equalization Revenue (M.S. 123B.53, Subd. 1).

- A district's net debt service equalization revenue equals the gross equalization revenue from above, minus the district's unequalized local share (an amount equal to 15% of the district's ANTC).

Debt Service Equalization Aid (M.S. 123B.53, Subd. 1).

- The current equalization formula has two tiers of equalization. Prior to reaching the first tier, a district must levy 15% of its ANTC. The first tier is defined as 15%-25% of ANTC and the second tier as anything above 25% of ANTC (excluding levies made under the alternative facilities program, which are included in Tier 1 even if the amount exceeds 25%).
- Once the eligible debt service revenue by tier has been determined, the equalization factors are applied to each tier. The first tier equalization factor is $3,200 and the second tier equalization factor is $8,000. The equalization formula incorporates the equalization factors and is used to determine the levy ratio (or percentage) of eligible revenue in each tier to be paid by local taxpayers. The remaining percentage is paid by state aid.

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

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8319, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html.

DEPARTMENT OF EDUCATION

Program: Facilities & Technology

Activity: Debt Service Equalization — Budget Activity Summary

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
3	Total Current Appropriation	6,608	8,204	8,204	8,204	16,408
	a. End of Session Estimate			8,957	10,971	19,928
	b. November Forecast Adjustment			(1,930)	(2,001)	(3,931)
	d. Cancellation	(1)				
4	**Forecast Base**	**6,607**	**8,204**	**15,231**	**17,174**	**32,405**
3	Governor's Recommendation					
	a. Aid Shift to 70%			(2,806)	(699)	(3,505)
4	**Recommended**	**6,607**	**8,204**	**12,425**	**16,475**	**28,900**
District Revenue Summary (Entitlement Basis)						
AID	**State Aid**					
5	Statutory Formula Aid	7,884	8,680	14,029	17,524	31,553
6	Statutory Excess/(Shortfall)					
7	Appropriated Entitlement	7,884	8,680	14,029	17,524	31,553
8	Adjustments					
	a. Appropriation Reduction					
	b. Cancellation					
9	**State Aid Entitlement Current Law**	7,884	8,680	14,029	17,524	31,553
plus						
LEVY	**Levy**					
10	Local Levy Current Law	736,748	760,678	771,113	780,197	1,551,310
equals						
REVENUE 11	Current Law Revenue (State Aid & Levy)	744,632	769,358	785,142	797,721	1,582,863
Appropriations Basis for State Aid						
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.						
	Prior Year	851	2,127	2,604	4,208	6,812
	Current Year	5,757	6,076	9,821	12,267	22,088
	Cancellation	(1)				
	Total State Aid - General Fund	**6,607**	**8,203**	**12,425**	**16,475**	**28,900**

Activity at a Glance

Alt. Facility Districts – 1A
- Number of eligible large districts 24
- Minimum square feet required 1.5 million
- Average annual alternative facility bond payment (FY 2011) $4,005,937

Alt. Facility Districts - 1B
- Number of districts participating for FY 2011 (health and safety projects) 77
- Average annual alternative facility bond payment (FY 2011) $390,506

Activity Description

Citation: M.S. 123B.59

The alternative facilities program is a state aid and local levy program that applies to two different groups of school districts. It enables large school districts (1A districts) qualifying under M.S. 123B.59, subd. 1a, to complete deferred maintenance, health and safety, and disabled accessibility projects that cannot be completed with other available funds. For smaller school districts (1B districts) qualifying under M.S. 123B.59, subd. 1b, it provides a method of financing larger scale health and safety projects.

Population Served

In 2003, the program was modified to allow all school districts to issue bonds or make a pay-as-you-go levy. However, 1B districts, or districts other than the 24 listed below, are limited to projects of $500,000 or more per building approved under the health and safety program.

The following districts are currently eligible and participating in the 1A program. Districts that have issued debt under the program are designated with a number one (1). Districts making an annual pay-as-you-go levy are designated with a number two (2). Newly eligible districts are designated with a number three (3). Districts marked with an asterisks (*) below, receive aid based upon their payable 1997 levy for bonded alternative facility debt and/or aid based upon one-sixth of their payable 1998 pay-as-you-go levy.

Anoka-Hennepin[2*]	Duluth[1 2*]	Mounds View[1]	Roseville[2]
Bloomington[1 2*]	Elk River[1]	North St. Paul[1]	South Washington[1 2]
Burnsville[2]	Hopkins[1]	Osseo[2]	St. Cloud[2]
Chaska [2 3]	Lakeville[1]	Robbinsdale[1 2*]	St. Paul[1*]
Eden Prairie[2]	Minneapolis[1*]	Rochester[1 2*]	Stillwater[1]
Edina[12]	Minnetonka[1]	Rosemount[1 2]	White Bear Lake[1]

1A districts must meet one of the following criteria to be eligible:
- have at least 1.85 million square feet of space and an average building age of at least 15 years; or
- have at least 1.5 million square feet of building space and average building age of at least 35 years.

Stillwater has received special legislation allowing the district to participate in this program. FY 2004 was the first year of eligibility for White Bear Lake and Roseville, while Mounds View and Minnetonka became eligible in FY 2005. Elk River, Hopkins, and Lakeville, became eligible in FY 2006. Eden Prairie and Edina became eligible in FY 2008. Chaska, the newest member, became eligible in FY 2010.

Services Provided

To receive alternative bonding revenue, 1A districts must submit a ten-year facility plan and 1B districts must submit a five-year plan to the Minnesota Department of Education (MDE) for approval. The plan must describe eligible projects and the district's timetable for undertaking them. Once MDE approval is obtained, the district must decide if it will:
- issue bonds to finance improvements and retire them over time with a debt service levy;
- make an annual general fund (pay-as-you go) levy to fund projects on an annual basis; or
- some combination of these two options.

Voter approval is not required to access this revenue. This program is funded by a combination of state aid and local property tax levies. Debt service levies under this program qualify for Tier 1 debt service equalization. Annual (pay-as-you-go) levies under this program qualify for health and safety aid. In FY 2011, none of the 1A districts or 1B districts qualified for health and safety aid. For both district types, alternative facilities revenue may not be used for the construction of new facilities or the purchase of portable classrooms.

Historical Perspective

- The program was originally enacted by the 1993 legislature. Initially, districts were allowed to apply their health and safety revenue alternatively toward facilities maintenance, health and safety, and disabled access projects.

- For FY 1995, eligible districts were allowed to issue bonds and levy for debt service or make an annual pay-as-you-go levy up to the amount of their health and safety revenue for FY 1993.
- The 1997 legislature authorized state funding equal to 100% of the districts' annual alternative bonding debt service costs, not to exceed the amount of the debt service levy for taxes payable in 1997.
- The 1998 legislature authorized state funding for districts making an annual pay-as-you-go levy equal to one-sixth of the levy for taxes payable in 1998.
- Eight districts have been added to the list of eligible districts as a result of 2001 legislative action that includes districts with 1.5 million square feet or more and a building age of at least 35 years.
- The 2003 legislature provided limited participation beginning in FY 2005 to all districts for health and safety projects of $500,000 or more per building.

Key Activity Goals & Measures

Goal: This program allows school districts to maintain adequate facilities.

Activity Funding

District revenue is determined by local school boards. Local decisions are impacted by building conditions, the financial condition of the district, and local property tax impact.

A district's alternative facilities (grandfather) aid for the seven eligible 1A districts is the sum of:

- 100% of the district's annual debt service costs, not to exceed the amount certified to be levied for those purposes for taxes payable in 1997; and
- one-sixth of the annual pay-as-you-go levy certified for taxes payable in 1998, not to exceed 100% of the current annual levy.

The table below shows the breakdown of the total alternative facilities (grandfather) aid and levy by fiscal year for the 24 large (1A) alternative facility districts.

Alternative Facilities Revenue – Large (1A) Districts

	Dollars in Thousands						
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Debt Revenue	$47,832	$53,393	$61,776	$78,382	$81,099	89,429	96,142
Debt Aid (grandfather)	-16,456	-16,456	-16,456	-16,456	-16,456	-16,456	-16,456
Net Debt Levy	$31,376	$36,937	$45,320	$61,926	$64,643	$72,973	$79,686
General Fund Levy	35,963	41,628	45,751	47,822	47,903	57,921	60553
Gen. Fund Aid (grandfather)	-2,830	-2,830	-2,830	-2,830	-2,830	-2,830	-2,830
Net Gen. Fund Levy	33,133	38,798	42,921	44,992	45,073	55,091	57,723
TOTAL LEVY	$64,509	$75,735	$88,241	$106,918	$109,716	$128,064	$137,409

The table below shows the breakdown of aid and levy for the (1B) Alternative Facility/Health and Safety program by fiscal year.

Alternative Facility/Health and Safety Revenue

	Dollars in Thousands				
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Bonded Debt Levy	$14,976	$15,558	$16,436	$18,386	$26,945
Bonded Debt Aid	-0-	-0-	-0-	-0-	-0-
Pay-As-You-Go Levy	4,735	5,411	4,840	4,580	5,909
Pay-As-You-Go Aid	70	27	-0-	-0-	-0-

For the period FY 2007 through FY 2011, 69 1B districts have issued bonds to fund eligible projects. An additional 8 1B districts made a pay-as-you-go levy to fund FY 2011 projects. The vast majority of the 1B projects funded are for indoor air quality. The health and safety program was modified by the 2003 legislature by transferring funding for large projects (over $500,000 per building) from the health and safety program to the alternative facilities program. Prior to this change indoor air quality projects were funded under the health and safety program.

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

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8319, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html.

DEPARTMENT OF EDUCATION

Program: Facilities & Technology

Activity: Alternative Facilities — Budget Activity Summary

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
1	Total Current Appropriation	16,008	18,708	23,145	19,286	42,431
2	**Forecast Base**	**16,008**	**18,708**	**23,145**	**19,286**	**42,431**
3	Governor's Initiatives					
	a. Aid Shift to 70%			(3,860)	0	(3,860)
4	**Recommended**	**16,008**	**18,708**	**19,285**	**19,286**	**38,571**

District Revenue Summary (Entitlement Basis)						
AID	**State Aid**					
	3 Statutory Formula Aid	19,287	19,287	19,285	19,286	38,571
	4 Statutory Excess/(Shortfall)					
	5 Appropriated Entitlement	19,287	19,287	19,285	19,286	38,571
	6 Adjustments					
	7 **State Aid Entitlement Current Law**	19,287	19,287	19,285	19,286	38,571
plus						
LEVY	**Levy**					
	8 Local Levy Current Law	54,671	60,956	65,960	69,258	135,218
equals						
REVENUE	9 Current Law Revenue (State Aid & Levy)	73,958	80,243	85,245	88,544	173,789
Appropriations Basis for State Aid						

Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.

Prior Year	1,928	5,207	5,786	5,786	11,572
Current Year	14,080	13,501	13,499	13,500	26,999
Total State Aid - General Fund	**16,008**	**18,708**	**19,285**	**19,286**	**38,571**

Activity at a Glance

- This program was created to provide smaller districts with a dedicated revenue stream to address facility maintenance issues.
- FY 2008 is the first year of this program.
- In FY 2011, 105 districts are expected to qualify for aid.

Activity Description

Citation: M.S. 123B.591

The deferred maintenance revenue program provides additional revenue for facility maintenance to school districts ineligible to participate in the alternative facilities bonding and levy program under M.S. 123B.59, subd. 1(a).

Population Served

School districts, students, and taxpayers are served through healthy, well-maintained facilities, and through extension of facility life.

Services Provided

- This program provides additional revenue to districts other than the 24 school districts eligible for alternative facilities revenue under M.S. 123B.59, subd. 1(a). Eligible uses of the revenue include health and safety, disabled accessibility, and deferred maintenance projects.
- Having a dedicated revenue source for deferred maintenance allows districts to schedule required capital projects essential to extending facility life.

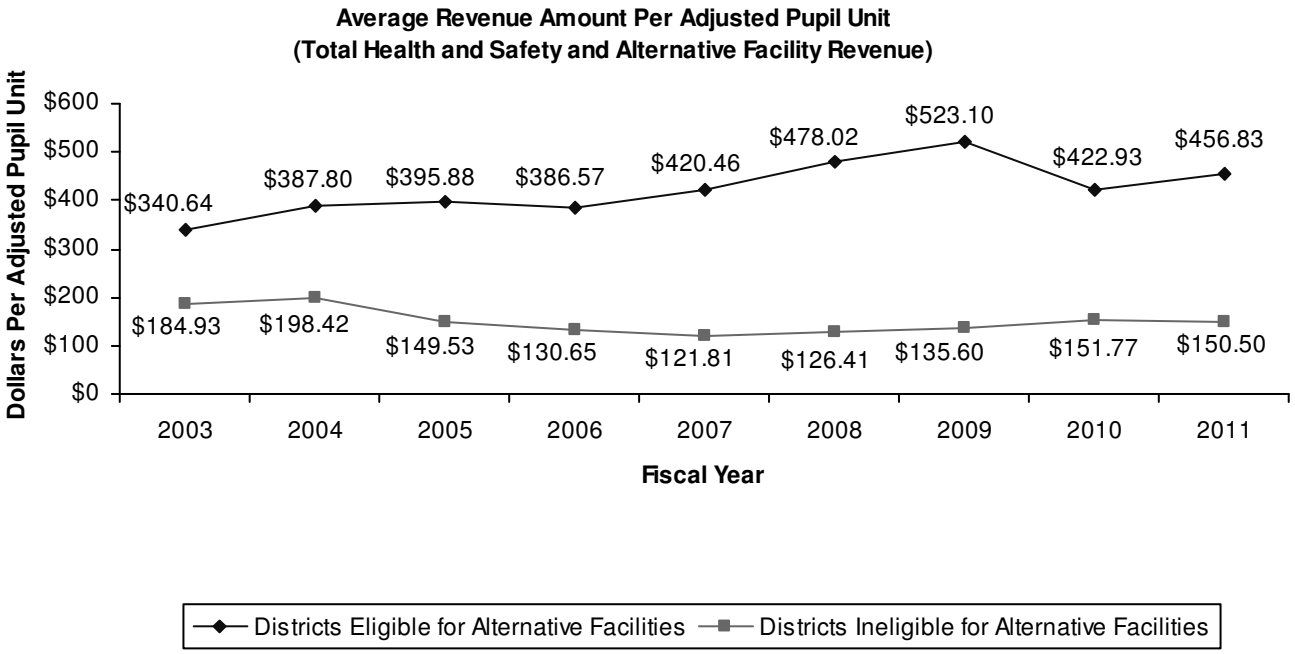
Historical Perspective

This program was initiated by the 2005 legislature to address the gap in deferred maintenance funding options between large districts and other districts.

Key Activity Goals & Measures

Goal: The deferred maintenance program will decrease the level of disparity on a per pupil basis for facility maintenance and upkeep between districts that are eligible for alternative facility revenue and other school districts in the state.

Measure:



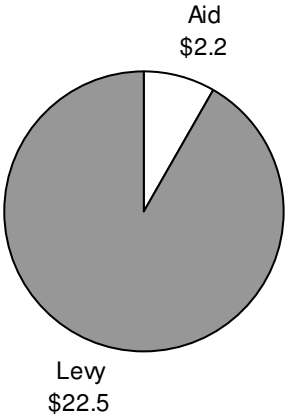
Activity Funding

This is an equalized aid and levy program beginning in FY 2008. Formula specifics are provided below. Districts must levy their local share to participate in this program and receive aid, if eligible.

- Deferred maintenance revenue for eligible districts equals the product of $60 times the adjusted marginal cost pupil units for the school year times the lesser of one or the ratio of the district's average age of buildings space to 35 years. Based on FY 2011 estimates, 105 districts will qualify for the full $60 formula allowance with a total of 317 school districts qualifying for revenue.
- Districts may levy an amount not more than the product of the deferred maintenance revenue for the fiscal year times the lesser of one or the ratio of the adjusted net tax capacity per adjusted marginal cost pupil unit to $5,900.
- Deferred maintenance aid equals the deferred maintenance revenue minus the deferred maintenance levy times the ratio of the actual amount levied to the permitted levy.

The deferred maintenance revenue must be maintained in a reserve account within the general fund. The revenue generated by this program may only be used for expenditures that would be eligible for the alternative facilities bonding and levy program under section 123B.59 subd. 2 paragraph (a), if the district qualified for that revenue under section 123B.59 subdivision 1, paragraph (a).

Estimated FY 2011 Deferred Maintenance Revenue (Dollars in Millions)



Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8319, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html.

DEPARTMENT OF EDUCATION

Program: Facilities & Technology

Activity: Deferred Maintenance — Budget Activity Summary

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
1	Current Appropriation	1,918	2,146	2,146	2,146	4,292
	a. End of Session Estimate			830	860	1,690
	b. November Forecast Adjustment	32	33	(22)	(454)	(476)
2	**Forecast Base**	**1,950**	**2,179**	**2,954**	**2,552**	**5,506**
3	Governor's Initiatives					
	a. Aid Shift to 70%			(508)	(2)	(510)
4	**Recommended**	**1,950**	**2,179**	**2,446**	**2,550**	**4,996**

District Revenue Summary (Entitlement Basis)						
AID	**State Aid**					
3	Statutory Formula Aid	2,315	2,219	2,543	2,553	5,096
4	Statutory Excess/(Shortfall)	(44)				
5	Appropriated Entitlement	2,271	2,219	2,543	2,553	5,096
6	Adjustments					
	a. Transfer M.S. 127A.41	44				
	b. Prior Year Payments					
7	**State Aid Entitlement Current Law**	2,315	2,219	2,543	2,553	5,096
plus						
LEVY	**Levy**					
8	Local Levy Current Law	23,285	23,813	23,781	24,006	47,787
equals						
REVENUE	9 Current Law Revenue (State Aid & Levy)	25,600	26,032	26,324	26,559	52,883
Appropriations Basis for State Aid						

Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.

Prior Year	260	613	665	762	1,427
Transfer per M.S. 127A.41		12			
Current Year	1,658	1,554	1,781	1,788	3,569
Transfer per M.S. 127A.41	32				
Total State Aid - General Fund	**1,950**	**2,179**	**2,446**	**2,550**	**4,996**

Activity at a Glance

In FY 2010

- Applicants included 304 public school districts, ten charter schools, and seven nonpublic schools.
- Aid recipients included 294 public school districts, nine charter schools, and five nonpublic schools.
- $8.5 million in eligible costs after participating in the federal e-rate discount program.

Activity Description

Citation: M.S. 125B.26

This program provides telecommunication and internet access funding for all public and nonpublic schools in Minnesota.

Population Served

All public school districts, charter schools, and intermediate school districts in Minnesota are eligible for participation in this program. Nonpublic schools, excluding home schools, are also eligible to participate in this program.

Services Provided

Costs eligible for reimbursement under this program are limited to the following:

- ongoing or recurring telecommunications/internet access costs associated with internet access, data lines, and video links providing: a) the equivalent of one data line, video link, or integrated data/video link for each elementary school, middle school, or high school under section 120A.05, subdivisions 9, 11, and 13; or b) the equivalent of one data line or video circuit, or integrated data/video link for each district and ongoing internet access service fees;
- recurring costs of contractual or vendor-provided maintenance on the school district's wide area network;
- recurring costs of cooperative, shared arrangements for regional delivery of telecommunications/internet access between school districts, postsecondary institutions, and public libraries; and
- service provider installation fees for installation of new telecommunications lines or increased bandwidth.

The commissioner has developed criteria for approving costs submitted by organized school districts and charter schools.

Historical Perspective

- The forerunner to this program, the Telecommunication Access Revenue Program (TARP) was enacted by the 2000 legislature. Under TARP districts received 65% of eligible telecommunication costs per pupil unit.
- The program was modified to its current form by the 2005 legislature.
- The 2009 legislature authorized intermediate school districts to be eligible to receive reimbursement under this program.

Key Activity Goals & Measures

This program addresses the following Minnesota Milestones:

1. Minnesotans will excel in basic and challenging academic skills and knowledge and
2. Minnesota's workforce will have the education and training to make the state a leader in the global economy.

Activity Funding

To be eligible for aid under this provision, a school district, charter school, or intermediate school district is required to file a federal e-rate application have a current technology plan on file with the department. E-rate is a federal discounted telecommunication services plan.

A district, charter school, intermediate school district, or nonpublic school is required to submit its actual telecommunications/internet access costs for the previous fiscal year, adjusted for any e-rate revenue received, to the department by August 15 of each year as prescribed by the commissioner. Districts, charter schools, or intermediate school districts that are members of a telecommunications cluster may rely on their cluster to report cost information to the department.

A district, charter school, or intermediate school district's internet access equity aid equals the district, charter school, or intermediate school district's approved cost after subtraction of federal e-rate discounts for the previous fiscal year exceeding $15 times the district's adjusted marginal cost pupil units (AMCPU) for the previous fiscal year. Schools with eligible costs not exceeding the $15 per AMCPU threshold, do not qualify for aid. Districts, charter schools, or intermediate school districts that are members of a telecommunication cluster are not subject to the $15 times AMCPU reduction in eligible costs.

FY 2011 Telecommunication Access Grants Participation and Funding

Organizations Applying for Aid	Number of Applicants	Number of Applicants Receiving Aid
Independent School Districts – no cluster affiliation	11	1
Independent School Districts – with cluster affiliation	293	293
Charter Schools	10	9
Nonpublic Schools	7	5

The amount of telecommunications access aid for nonpublic schools equals the lesser of:

1. 90% of the nonpublic school's approved cost for the previous fiscal year exceeding $10 times the number of weighted pupils enrolled at the nonpublic school; or
2. the public school district of residence telecommunications access aid per pupil unit multiplied by the number of weighted pupils enrolled at the nonpublic school.

Each year, a district providing services to a nonpublic school may claim up to 5% of the aid determined in the formula for nonpublic students for costs of administering the telecommunication/internet access aid to nonpublic schools.

Contact

Additional information is available from the Minnesota Department of Education, School Improvement, (651) 582-8827.

DEPT OF EDUCATION
Program: FACILITIES & TECHNOLOGY
Activity: TELECOMMUNICATIONS ACCESS

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	3,750	3,750	3,750	3,750	7,500
Subtotal - Forecast Base	3,750	3,750	3,750	3,750	7,500
Total	**3,750**	**3,750**	**3,750**	**3,750**	**7,500**
Expenditures by Fund					
Direct Appropriations					
General	3,750	3,750	3,750	3,750	7,500
Statutory Appropriations					
Federal	3,188	1,172	1,168	0	1,168
Total	**6,938**	**4,922**	**4,918**	**3,750**	**8,668**
Expenditures by Category					
Local Assistance	6,938	4,922	4,918	3,750	8,668
Total	**6,938**	**4,922**	**4,918**	**3,750**	**8,668**

Activity at a Glance

FY 2010 *($ in Millions)*

	# of Districts	Amount Levied
• Building/Land Lease	209	$48.76
• Capital Projects	22	$39.21
• Coop Bldg Repair	-0-	$0.00
• Disabled Access	4	$0.16
• Specific Legislation	2	$0.04

Activity Description

Citation: See individual levies.

This budget activity summarizes six miscellaneous facilities/levy programs. The building and land lease levies provide districts with the opportunity to accommodate needs for additional space. The other miscellaneous programs provide districts with levy authority to maintain and enhance the condition of their school buildings. These programs foster the delivery of quality educational services by providing districts with flexible local revenue sources to accommodate changing facility needs.

Population Served

All students in participating districts are served by these programs. Eligible districts with levy authority may participate in these programs.

Services Provided

Minnesota school districts will generate additional revenue to the extent needed for various capital expenditure obligations. These programs are funded by local property tax levies.

- **Building and Land Lease** (M.S. 126C.40, subd.1). Districts may levy to rent or lease a building or land for instructional purposes, school storage, or furniture repair if the district determines that the total operating capital revenue authorized under section M.S. 126C.10, subd. 13, is insufficient for this purpose. The levy authority and amount must be approved by the commissioner. The levy cannot exceed the net lease amount or $150 times the weighted resident average daily membership (WADM) unless approved by the commissioner. Some additions to existing schools are funded with proceeds from this levy. Member districts of the three intermediate school districts may levy an amount up to the net lease amount or $43 times the adjusted marginal cost pupil units (AMCPU). The intermediate lease amount exceeding the $43 per pupil unit (roll-over) would be a component of the regular lease amount ($150 per pupil unit).
- **Capital Project Referendum** (M.S. 123B.63). A school district may hold a referendum election to ask voters to increase property taxes for a capital project. All proceeds from the levy must be transferred to the capital project referendum account in the building construction fund or general fund. This program has been used primarily for deferred maintenance and technology improvements.
- **Cooperative Building Repair** (M.S. 126C.40, subd. 3). A school district that has a cooperative agreement according to M.S. 123A.30 or 123A.32, subd. 1, may levy for the repair costs, as approved by the Minnesota Department of Education, of a building located in another district that is a party to the agreement.
- **Disabled Access Levy** (M.S. 123B.58). The 1990 federal Americans with Disabilities Act (ADA) facilitates the removal of architectural barriers for persons with disabilities in public schools and enables school districts to modify school buildings based on inspection by the State Fire Marshal. A school district may levy up to $300,000 over a time period not to exceed eight years to provide disabled accessibility for all facilities. Some newly consolidated districts have maximum levy authority of $450,000 or $600,000. The commissioner must approve the levy amount. For most districts, the eight year time period has expired or the dollar maximum levy authority has been reached.
- **Special Legislation**. Special legislation provides the following selected districts with additional capital levy for specific purposes.
  - Independent School District 204, Kasson-Mantorville: Laws 1996, Chapter 412, Article 5, Section 28
  - Independent School District 319, Nashwauk-Keewatin: Laws 2001 First Special Session, Chapter 5, Article 3, Section 87
  - Independent School district 706, Virginia: Laws 2008, Chapter 363, Article 2, Section 49

Activity Funding

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

Miscellaneous Facilities Levies

	Dollars in Thousands					
Levy Year	Pay 05	Pay 06	Pay 07	Pay 08	Pay 09	Pay 10
Fiscal Year	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Building Lease	$35,854.6	$41,277.7	$44,954.7	$46,123.9	$47,815.3	$48,756.2
Districts	204	203	204	204	211	209
Capital Project Referendum	21,076.8	25,349.5	29,107.7	33,808.2	35,667.7	39,213.0
Districts	17	19	20	20	20	22
Coop. Building Repair	-0-	-0-	-0-	-0-	-0-	-0-
Districts*	-0-	-0-	-0-	-0-	-0-	-0-
Disabled Access	326.0	465.6	226.7	341.9	464.2	157.6
Districts	7	11	7	6	6	4
Special Legislation	39.0	56.0	39.0	39.0	105.0	39.0
Districts	2	3	2	2	3	2

* For this period, no districts elected or qualified for funding.

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8801, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html.

Budget Activities

This program includes the following budget activities:

- School Lunch
- School Breakfast
- Summer Food Replacement Aid
- Child and Adult Care Food Program
- Kindergarten Milk

Dollars in Thousands

	Current FY2010	Current FY2011	Governor Recomm. FY2012	Governor Recomm. FY2013	Biennium 2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	18,920	19,492	19,492	19,492	38,984
Technical Adjustments					
End-of-session Estimate			(266)	204	(62)
November Forecast Adjustment		0	(631)	(710)	(1,341)
Subtotal - Forecast Base	18,920	19,492	18,595	18,986	37,581
Total	**18,920**	**19,492**	**18,595**	**18,986**	**37,581**
Expenditures by Fund					
Direct Appropriations					
General	17,732	18,215	18,595	18,986	37,581
Statutory Appropriations					
Miscellaneous Special Revenue	4,626	4,698	4,698	4,698	9,396
Federal	236,187	285,827	315,874	340,490	656,364
Federal Stimulus	1,271	0	0	0	0
Miscellaneous Agency	3	62	0	0	0
Total	**259,819**	**308,802**	**339,167**	**364,174**	**703,341**
Expenditures by Category					
Other Operating Expenses	18	62	0	0	0
Local Assistance	259,801	308,740	339,167	364,174	703,341
Total	**259,819**	**308,802**	**339,167**	**364,174**	**703,341**
Expenditures by Activity					
School Lunch	143,969	169,323	185,251	194,135	379,386
School Breakfast	38,773	47,269	51,548	56,242	107,790
Summer Food Replacement	4,831	5,628	6,176	6,778	12,954
Child & Adult Food Care Prog	65,676	78,804	88,191	98,774	186,965
Kindergarten Milk	1,036	2,055	2,175	2,307	4,482
Commodities	5,534	5,723	5,826	5,938	11,764
Total	**259,819**	**308,802**	**339,167**	**364,174**	**703,341**

Activity at a Glance

In FY 2009:
- Over 101 million lunches served.
- School lunch participation increased by over three million meals.
- 30.0% of lunches were provided free to students.
- 9.2% of lunches were provided at a reduced cost to students.
- Commodities equaling $22,525,137 received by schools.

Activity Description

Citation: M.S. 124D.111; 124D.118

Federal Authorization: National School Lunch Act, Child Nutrition Act

The National School Lunch Program (NSLP) and Commodity Distribution Program safeguard the health and learning of Minnesota children giving them access to a nutritious lunch and improving eating habits through nutrition education. The after-school snack component of the NSLP provides nutritious snacks to students in after-school programs.

State school lunch funding of $0.12 per lunch helps to keep lunch prices affordable. Children from low-income families have access to free or reduced-price school meals.

Population Served

Students in public schools, nonpublic schools, and residential institutions (such as group homes and juvenile correctional facilities) are served.

Services Provided

Student health and learning are improved through daily access to a nutritious school lunch. Students in after-school care programs receive access to a nutritious snack.

School lunch menus are planned and reviewed according to federal meal pattern guidelines. Commodities such as meat, cheese, poultry, fruits, and vegetables are donated by the U.S. Department of Agriculture (USDA) to contribute to the school lunch menu and support the American farmer.

Schools complete commodity preference surveys for over 1,000 raw processed products as well as for commercial products that have commodities in them (Minnesota Rebate Program).

Students from families with incomes under 185% of federal poverty guidelines receive free or reduced price meals. Many low-income families are electronically certified for free or reduced price meals based on household data from the Department of Human Services (DHS), eliminating the need for a paper application.

School lunch programs are supported financially and administratively through:
- federal and state reimbursements for lunches, and after-school snacks;
- surveys of school preferences for USDA commodities;
- notification to schools of students electronically certified for meal benefits, through statewide matching of student enrollment data and DHS cash assistance data;
- assistance in meeting program requirements and improving the quality of the food service through administrative reviews, development of resource materials, workshops, and technical assistance; and,
- “CLiCS” (Cyber-Linked Interactive Child Nutrition System), the MDE interactive Website which allows schools to meet their application, commodity, and claim requirements.

Historical Perspective

The National School Lunch Act created the program in 1946 to improve the national defense in response to young recruits failing physical exams during World War II. By FY 2009, 101 million school lunches per year were being served at approximately 700 public school districts, charter schools, private schools, and residential institutions in Minnesota.

Key Activity Goals & Measures

The NSLP provides reimbursement to schools to reduce the cost of providing meals that meet federal nutrition standards to students. Research has shown that students that are fed nutrient appropriate meals perform better in the classroom and on tests, and have better attendance. Student meals must meet USDA regulations, including the Dietary Guidelines for Americans.

Measures:

- Schools are reviewed once every five years for compliance with USDA regulations. Included in the review is a nutrient analysis of the menus to determine if the school is meeting the Dietary Guidelines and federal nutrition standards.
- Workshops are offered throughout the state on USDA regulations and dietary guidelines for all food service staff to ensure that schools are implementing the latest regulations.

Activity Funding

States are required to provide matching funds to participate in the NSLP. The funding provided by the state in FY 2009 provided school districts over $103 million in federal reimbursement and more than $11 million of state funding, plus $0.2075 per lunch for USDA commodity foods for school lunch programs. Under current law, the state must pay districts participating in the national school lunch program the amount of $0.12 for each full paid, reduced, and free student lunch served to students in the district.

In FY 2009, $1,270,165 in grant funding was also made available by the 2009 federal American Recovery and Reinvestment Act and awarded to eligible school food service programs to allow certain equipment purchases.

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

Contact

Additional information is available from the Minnesota Department of Education, (651) 582-8508, http://education.state.mn.us/mde/Learning_Support/FNS/index.html.

DEPARTMENT OF EDUCATION

Program: Nutrition Programs

Activity: School Lunch

Budget Activity Summary

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
1	Current Appropriation	12,688	13,069	13,069	13,069	26,138
	a. End of Session Estimate			(145)	114	(31)
	a. Cancellation	(686)				
	b. November Forecast Adjustment		(707)	(315)	(321)	(636)
2	**Forecast Base**	**12,002**	**12,362**	**12,609**	**12,862**	**25,471**

District Revenue Summary (Entitlement Basis)						
AID	**State Aid**					
3	Statutory Formula Aid	12,002	12,362	12,609	12,862	25,471
4	Statutory Excess/(Shortfall)	686	707			
5	Appropriated Entitlement	12,688	13,069	12,609	12,862	25,471
6	Adjustments					
	a. Cancellation	(686)				
	c. Appropriation Reduction		(707)			
7	**State Aid Entitlement Current Law**	12,002	12,362	12,609	12,862	25,471
8	**Other Revenue**					
	a. Federal	130,696	156,961	172,642	181,273	353,915
	b. Federal Stimulus	1,271				
9	**Total All Sources Current Law**	143,969	169,323	185,251	194,135	379,386
Appropriations Basis for State Aid						
	Current Year	12,688	12,362	12,609	12,862	25,471
	Cancellation	(686)				
	Total State Aid - General Fund	**12,002**	**12,362**	**12,609**	**12,862**	**25,471**

Activity at a Glance

In FY 2009:
- Over 23 million breakfasts served.
- 58.5% of breakfasts were provided free to students.
- 12.9% of breakfasts were provided at a reduced rate to students.
- Over 506 public school districts, charter schools, private, and residential child care institutions participated.

Activity Description

Citation: 124D.1158; 124D.117
Federal Authorization: National School Lunch Act, Child Nutrition Act

School Breakfast, like school lunch, helps improve student health and learning by giving them access to a nutritious breakfast at the start of the school day.
- Any school may participate in the school breakfast program.
- State funding helps schools to keep the price of breakfast affordable and serve free breakfasts to qualified students.
- State law requires schools to offer a breakfast program if 33% or more school lunches are served free or at reduced price, unless fewer than 25 students are expected to participate.

This activity has both federal and state reimbursement rates based upon the income qualifications of the student.

Population Served

Students in public schools, nonpublic schools, and residential institutions (such as group homes and juvenile correctional facilities) are served.

Services Provided

Student health and achievement are improved through daily access to a nutritious school breakfast.
- School breakfast menus are planned according to federal meal pattern guidelines.
- Students from families with incomes under 185% of federal poverty guidelines receive free or reduced price meals, either upon being electronically certified based on household data from Department of Human Services (DHS) or upon the household completing a paper application.

School breakfast programs are supported financially and administratively through:
- federal and state reimbursements for school breakfasts that meet guidelines;
- United States Department of Agriculture (USDA) commodity food items (earned through participation in the National School Lunch Program) available for use in school breakfasts;
- assistance in meeting program requirements and enhancing the quality of the food service provided through administrative reviews, development of resource materials, presentation of workshops, and technical assistance; and,
- "CLiCS" (Cyber-Linked Interactive Child Nutrition System) Website which allows schools to meet their application and claims requirements online.

Historical Perspective

The federal school breakfast program began in 1966 with a focus on improving the health and school performance of low-income children. State funding was first appropriated in 1993 with a per-breakfast rate of $0.051.

Key Activity Goals & Measures

The program provides breakfasts to students so that all children will be healthy and start school ready to learn. Research has shown that students that are fed nutrient appropriate meals perform better in the classroom and on tests, and have better attendance. Students' meals must meet USDA regulations, including the Dietary Guidelines for Americans.

Measures:

- Schools are monitored once every five years, as part of their National School Lunch Program review to ensure compliance with USDA regulations.
- Workshops on regulations and dietary requirements of students are offered to food service staff throughout the state. This ensures that food service staff is up to date on federal regulations and guidelines.

Activity Funding

Each school year, the state reimburses schools for the amount of $0.55 for each fully paid breakfast and $0.30 for each reduced price breakfast in addition to federal reimbursement.

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

Contact

Additional information is available from the Minnesota Department of Education, Food and Nutrition Service, (651) 582-8508, http://education.state.mn.us/mde/Learning_Support/FNS/index.html.

DEPARTMENT OF EDUCATION

Program: Nutrition Programs

Activity: School Breakfast/Milk

Budget Activity Summary

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
1	Current Appropriation	4,978	5,147	5,147	5,147	10,294
	a. End of Session Estimate			(144)	44	(100)
	b. Cancellation	(432)				
	c. November Forecast Adjustment		(506)	(250)	(322)	(572)
2	**Forecast Base**	**4,546**	**4,641**	**4,753**	**4,869**	**9,622**
	District Revenue Summary (Entitlement Basis)					
AID	**State Aid**					
3	Statutory Formula Aid	4,546	4,641	4,753	4,869	9,622
4	Statutory Excess/(Shortfall)	432	506			
5	Appropriated Entitlement	4,978	5,147	4,753	4,869	9,622
6	Adjustments					
	a. Cancellation	(432)				
	b. Appropriation Decrease		(506)			
7	**State Aid Entitlement Current Law**	4,546	4,641	4,753	4,869	9,622
8	**Other Revenue**					
	a. Federal	34,277	42,628	46,795	51,373	98,168
9	**Total All Sources Current Law**	38,823	47,269	51,548	56,242	107,790
	Appropriations Basis for State Aid					
	Current Year	4,978	4,641	4,753	4,869	9,622
	Cancellation	(432)				
	Total State Aid - General Fund	**4,546**	**4,641**	**4,753**	**4,869**	**9,622**

Activity at a Glance

- 85 sponsors served approximately 1.5 million meals during the summer of 2009 at 477 sites.

Activity Description

Citation: 124D.119
Federal Authorization: Child Nutrition Act and National School Lunch Act

The summer food service program (SFSP) provides access to nutritious meals for children in low-income areas during the summer. Most SFSP sites provide one or two meals per day, but may provide up to three meals a day.

Population Served

The SFSP primarily serves children who participate in organized summer programs at park and community sites and schools in areas where at least 50% of families have income within 185% of federal poverty guidelines. SFSP sponsors include public and private schools, residential summer camps, government units, colleges and universities, as well as nonprofit organizations.

Services Provided

- Health is improved through access to nutritional meals and snacks.
- Menus for healthy meals and snacks are planned according to federal guidelines.
- Meals and snacks are provided at no charge to children in low-income areas through the SFSP.

Historical Perspective

This federal program was created as a part of a larger pilot program in 1968 and became a separate program in 1975. The program was established to ensure that children in low-income areas could continue to receive nutritious meals during school vacations that are comparable to those served under the national school lunch and breakfast programs during the school year.

Key Activity Goals & Measures

This program ensures that free/reduced students during the school year have access to nutrient appropriate meals and snacks during the summer months. Research has shown that students that do not receive nutrient appropriate meals during the summer months may lag behind other students at the beginning of the school year.

Measures:

- Summer sites are reviewed once every three years to ensure compliance with USDA regulations.
- Pre-approval visits/reviews for all new sponsors and returning sponsors with corrective action plans are completed each year prior to application approval. This ensures compliance and understanding of USDA regulations.
- Technical assistance and workshops are provided to summer sponsors to update returning sponsors and for first-time sponsors on USDA regulations.
- Outreach activities are conducted with anti-hunger organizations to increase the participation. In FY 2009, 97 million school lunches were served during the school year, or 10.8 million each month. In SFSP, 1.5 million meals were served, or approximately 500,000 meals a month, in the summer of 2009.

Activity Funding

Federal funds provided $3.9 million. The annual state share of funding is $150,000.

Contact

Additional information is available from the Minnesota Department of Education, (651) 582-8508, http://education.state.mn.us/mde/Learning_Support/FNS/index.html.

DEPT OF EDUCATION
Program: NUTRITION PROGRAMS
Activity: SUMMER FOOD REPLACEMENT

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	150	150	150	150	300
Subtotal - Forecast Base	150	150	150	150	300
Total	**150**	**150**	**150**	**150**	**300**
Expenditures by Fund					
Direct Appropriations					
General	148	150	150	150	300
Statutory Appropriations					
Federal	4,683	5,478	6,026	6,628	12,654
Total	**4,831**	**5,628**	**6,176**	**6,778**	**12,954**
Expenditures by Category					
Local Assistance	4,831	5,628	6,176	6,778	12,954
Total	**4,831**	**5,628**	**6,176**	**6,778**	**12,954**

Activity at a Glance

In FY 2009:
- Over 9,000 family child care homes, 589 child care centers, and 24 adult care centers participate in the CACFP.
- In a typical month, over 4 million meals and snacks are served.

Activity Description

Federal Authorization: Child Nutrition Act and National School Lunch Act

Child and Adult Care Food Programs (CACFP) safeguard the health and well-being of Minnesotans year-round by helping to ensure that young children and older adults receiving organized care services have access to a nutritious diet and improve their eating habits. The CACFP provides nutritious meals at family child care homes, child care centers, school-age care sites, emergency shelters, adult day care centers, and after-school programs in low-income areas that provide educational or enrichment activities. The federal government provides all funding for the CACFP.

Population Served

The CACFP serves 1) children in licensed child care centers and licensed family child care homes, 2) children attending after-school enrichment programs in areas where at least 50% of families have incomes within 185% of federal poverty guidelines, and 3) adults in licensed adult day care centers.

Services Provided

Health is improved through access to nutritional meals and snacks.
- Menus for healthy meals and snacks are planned according to federal guidelines.
- Most CACFP locations provide meals and snacks at no charge to all enrolled children.

CACFP is supported through:
- federal reimbursement for meals and snacks that meet federal guidelines;
- federal administrative reimbursements to CACFP sponsors of family child care homes;
- assistance in meeting program requirements and improving the quality of the food service through administrative reviews, development of resource materials, workshops, and technical assistance; and,
- cash-in-lieu of commodities subsidies to program participants.

Historical Perspective

The CACFP was initiated with the federal Child Nutrition Act of 1966. Participation of adult day care centers was added in 1989. A two-tier reimbursement system was instituted for family child care providers under federal welfare reform legislation in 1996. As a result, Minnesota has received a reduced federal reimbursement rate for meals served to children since 1997.

Key Activity Goals & Measures

Research has shown that nutrient appropriate meals have a positive effect on children's leaning. Nutrition education is a life-long learning skill. By providing appropriate nutrition meals to young children, children learn nutrition education.

Goal: Childcare Centers and licensed family child care home sponsors provide nutritional meals to young children and adults.

Measure: One-third of all child care centers and licensed family child care home sponsors are reviewed each year to ensure compliance with USDA regulations. Corrective actions are issued to bring centers and sponsors into compliance. Workshops are offered throughout the state on USDA regulations for child care centers and licensed family child care home sponsors to ensure that centers and sponsors are operating in compliance with USDA regulations. Family child care home sponsors also provide training to licensed child care home providers.

Activity Funding

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

Contact

Additional information is available from the Minnesota Department of Education, Food and Nutrition Service, (651) 582-8508, and at http://education.state.mn.us/mde/Learning_Support/FNS/index.html.

DEPT OF EDUCATION
Program: NUTRITION PROGRAMS
Activity: CHILD & ADULT FOOD CARE PROG

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Expenditures by Fund					
Statutory Appropriations					
Federal	65,673	78,742	88,191	98,774	186,965
Miscellaneous Agency	3	62	0	0	0
Total	**65,676**	**78,804**	**88,191**	**98,774**	**186,965**
Expenditures by Category					
Other Operating Expenses	3	62	0	0	0
Local Assistance	65,673	78,742	88,191	98,774	186,965
Total	**65,676**	**78,804**	**88,191**	**98,774**	**186,965**

Activity at a Glance

In FY 2009:

- Special Milk program total half pints served = 4,928,433
- Minnesota Kindergarten Milk program total half pints served = 5,409,254

Activity Description

Citation: 124D.118
Federal Authorization: National School Lunch Act, Child Nutrition Act

The Special Milk Program (SMP) is a federal U. S. Department of Agriculture (USDA) Child Nutrition Program that provides cash reimbursement for milk at 17.75 cents per half-pint (8 ounces) of milk served at low or no cost to children. The program can be operated at schools and nonprofit child care sites that do not have meal programs. Schools with meal programs may participate in the SMP for preschool and kindergarten students. The Minnesota Kindergarten Milk Program is a state funded program that provides cash reimbursement for milk at 20 cents per half-pint per day per child served to kindergarten students.

Population Served

- Preschoolers and kindergarteners in public and private non-profit schools, residential institutions, child care centers, summer camps, and other sites sponsored by nonprofit organizations are served in the SMP.
- The SMP is not available to children who have access to school meal programs.
- Schools that participate in the SMP may also participate in the Minnesota Kindergarten Milk Program.

Services Provided

- Preschoolers and kindergarteners' health and achievement are improved through daily access to milk.
- Special milk and kindergarten milk programs are supported financially and administratively through
  - federal and state reimbursements for half pints of milk served;
  - assistance in meeting program requirements and provided through administrative reviews, development of resource materials, and technical assistance; and,
  - "CLiCS" (Cyber-Linked Interactive Child Nutrition System) Website which allows participants to meet their application and claims requirements online.

Historical Perspective

- The SMP began in 1955 and contributes funding for milk served to children who do not have access to other child nutrition programs.
- The Minnesota Kindergarten Milk Program began in 1988 and contributes funding for milk served to kindergarten students to improve their intake of nutrients, especially calcium, and to support Minnesota dairy farmers.

Key Activity Goals & Measures

The following addresses Minnesota Milestones:
Goal: To provide nutritious milk served at low or no cost to kindergarten students.
Measure: SMP and the Kindergarten Milk Program provide over 10 million half-pints of milk to children annually.

Activity Funding

- Federal Special Milk reimbursement is 17.75 cents per half-pint (8 ounces) of milk served at low or no cost to children.
- Minnesota Kindergarten Milk reimbursement is 20 cents per half pint per day per child served at low or no cost to kindergarten students. The 2008 Legislature increased reimbursement from 14 cents to 20 cents per half pint of milk.

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

Contact

Additional information is available from the Minnesota Department of Education, Food and Nutrition Service, 651-582-8526, http://education.state.mn.us/mde/Learning_Support/FNS/index.html.

DEPARTMENT OF EDUCATION

Program: Nutrition Programs

Activity: Kindergarten Milk

Budget Activity Summary

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2012-13**
	General Fund					
1	Current Appropriation	1,104	1,126	1,126	1,126	2,252
	a. End of Session Estimate			23	46	69
	b. Cancellation	(68)				
	d. November Forecast Adjustment		(64)	(66)	(67)	(133)
2	**Forecast Base**	**1,036**	**1,062**	**1,083**	**1,105**	**2,188**
District Revenue Summary (Entitlement Basis)						
AID	**State Aid**					
3	Statutory Formula Aid	1,036	1,062	1,083	1,105	2,188
4	Statutory Excess/(Shortfall)	68	64			
5	Appropriated Entitlement	1,104	1,126	1,083	1,105	2,188
6	Adjustments					
	a. Cancellation	(68)				
	b. Appropriation Reduction		(64)			
7	**State Aid Entitlement Current Law**	1,036	1,062	1,083	1,105	2,188
8	**Other Revenue**					
	a. Federal	incl breakfast	993	1,092	1,202	2,294
9	**Total All Sources Current Law**	1,036	2,055	2,175	2,307	4,482
Appropriations Basis for State Aid						
	Current Year	1,104	1,062	1,083	1,105	2,188
	Cancellation	(68)				
	Total State Aid - General Fund	**1,036**	**1,062**	**1,083**	**1,105**	**2,188**

Budget Activities

This program includes the following budget activities:

- Basic Support/LSTA
- Multicounty Multitype Library
- Electronic Library Minnesota
- Regional Library Telecommunications

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	15,152	17,554	17,554	17,554	35,108
Technical Adjustments					
End-of-session Estimate			3,950	516	4,466
Subtotal - Forecast Base	15,152	17,554	21,504	18,070	39,574
Governor's Recommendations					
Aid Shift Changes		0	(3,434)	0	(3,434)
Total	**15,152**	**17,554**	**18,070**	**18,070**	**36,140**
Expenditures by Fund					
Direct Appropriations					
General	15,152	17,554	18,070	18,070	36,140
Statutory Appropriations					
Federal	2,127	2,458	2,458	2,458	4,916
Total	**17,279**	**20,012**	**20,528**	**20,528**	**41,056**
Expenditures by Category					
Other Operating Expenses	305	35	35	35	70
Local Assistance	16,974	19,977	20,493	20,493	40,986
Total	**17,279**	**20,012**	**20,528**	**20,528**	**41,056**
Expenditures by Activity					
Basic Support	13,391	15,620	16,028	16,028	32,056
Multicounty Multitype	1,079	1,261	1,300	1,300	2,600
Electronic Library Minnesota	900	900	900	900	1,800
Reg Library Telecommunication	1,909	2,231	2,300	2,300	4,600
Total	**17,279**	**20,012**	**20,528**	**20,528**	**41,056**

Activity at a Glance

- 12 regional library systems provide services to support 359 public libraries and 13 bookmobiles.
- In FY 2009, approximately 59 million items were loaned through public libraries, exhibiting an 11% increase from 2007.
- Federal funding for FFY 2010 is $3,043,109.
- Statewide federal projects promote efficiencies in resource sharing and cultural preservation and enhance free choice learning opportunities.

Activity Description

Citation: M.S. 134.31; 134.32;134,34; 134.35; 134.47

Regional library basic system support provides state aid to regional library systems to benefit public libraries through interlibrary resource sharing programs, shared automation, and coordinated services to member libraries. The purpose of the federal Library Services and Technology Act (LSTA) program is to support all types of libraries (public, school, academic or special) in their efforts to improve and enhance services to underserved populations, to strengthen electronic networks that support library services, and to encourage creative and innovative programs.

Population Served

Regional Library Basic System Support serves Minnesota residents through 12 regional public library systems. Participation in regional public library systems includes all Minnesota counties and serves almost all of the state's residents. These systems are Arrowhead Library System, East Central Regional Library, Great River Regional Library, Kitchigami Regional Library, Lake Agassiz Regional Library, Metropolitan Library Service Agency, Northwest Regional Library, Pioneerland Library System, Plum Creek Library System, Southeastern Libraries Cooperating, Traverse des Sioux Library System, and Viking Library System. Federal funding is administered for the benefit of all residents of Minnesota through programs delivered in all types of libraries.

Services Provided

The public uses public libraries for information and self-sufficiency including access to resources for business decisions, education, self-development, and personal interests. This activity provides the following services to strengthen the ability of libraries across the state to continue services to citizens:

- provides incentives for counties and cities to work together in regional public library systems extending service to all at the most reasonable cost;
- distributes funding between cooperating jurisdictions and encourages sharing the library materials within each region and statewide through library-to-library lending and reciprocal borrowing; and,
- maintains and improves the infrastructure for reading and lifelong learning through collaborative library programs, materials, and outreach to culturally diverse communities.

Federal funds enhance the ability of libraries to meet state library goals and priorities that fall within the federal purposes by:

- expanding services for learning and access to information and educational resources in a variety of formats, in all types of libraries, for individuals of all ages;
- developing innovative library services that provide all users access to information through local, state, regional, national, and international electronic networks;
- providing electronic and other linkages among and between all types of libraries;
- developing public and private partnerships with other agencies and community-based organizations;
- targeting library services to individuals of diverse geographic, cultural, and socioeconomic backgrounds, to individuals with disabilities, and to individuals with limited functional literacy or information skills; and,
- targeting library and information services to persons having difficulty using a library and to underserved urban and rural communities, including children (from birth through age 17) from families with incomes below the poverty line.

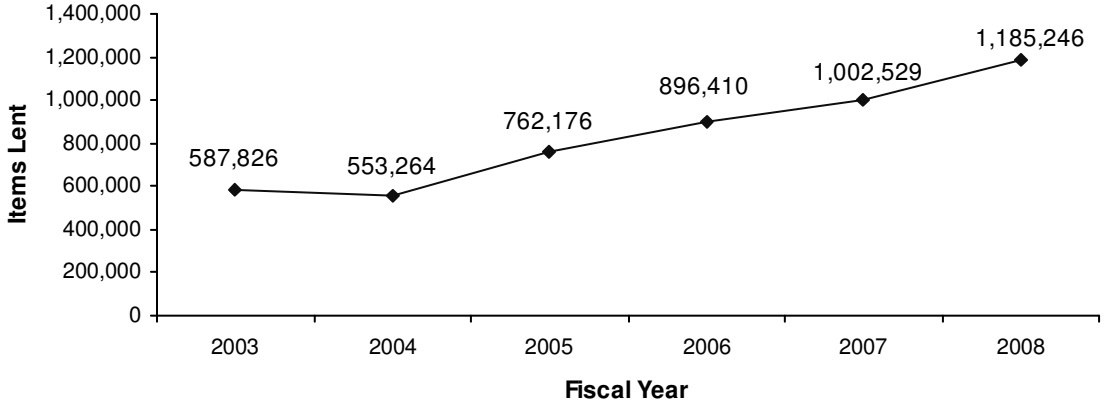
LSTA funds are used to develop new programs or enhance existing program in accordance with the required LSTA state plan for 2008-12. All libraries which meet the criteria for the program are eligible applicants. The state library agency can fund statewide library initiatives with federal LSTA dollars provided they meet federal regulations. Up to a maximum of 4% of the appropriation can be used annually for administration purposes.

Key Activity Goals & Measures

Goal: Promote cost-efficient services by emphasizing the economies provided through cooperation, collaboration, and resource-sharing across communities.

Measure: Library-to-library requests filled among regional public library systems through interlibrary loan increased 35.69% since 2005 when MnLINK self-service interlibrary loan functions (known as the "Get It Button") were introduced.

Inter-Library Loan Materials Provided by Public Libraries to Other Libraries



Goal: Provide programs that promote early childhood literacy.

Measure: Regional public library systems and their member libraries provide programs and collections to promote early childhood literacy in collaboration with local ECFE and other community groups.

Goal: Support and promote academic excellence through homework help programs.

Measure: Regional public library systems and their member libraries provide programs such as "homework helper" after school for students. Library staff and volunteers are available to assist students with their school assignments.

Goal: Support and promote academic excellence by making resources and assistance available to students.

Measure: Access to public library internet computers continues to improve. The number of available terminals has increased 3.4% since 2007 to 4,478 in 2007 and 111 of 359 libraries offer wireless access.

Goal: Provide a place and the technology to support distance education.

Measure: Regional public library systems and their member libraries provide high-speed internet access to library resources including interlibrary loans from other libraries such as academic libraries, online databases of articles and newspapers, and trained staff. Some public libraries offer proctoring opportunities for distance students to take required exams.

Goal: Provide career and job training resources.

Measure: Regional public library systems and their member libraries provide high-speed internet access to e-government resources, including access to government Websites for unemployment claims, resume preparation and job searching, and collections and programming to support these efforts. There are 353 public library buildings with evening and weekend hours. Public libraries are working in collaboration with Workforce Centers and DEED to promote collaboration and sharing of resources.

Activity Funding

Regional library basic system support is state aid distributed to regional public library systems by statutory formula using population, area, equalized valuation of property, and a basic amount per system. To qualify for regional library basic system support aid, each participating city and county must meet a minimum level of support based on adjusted net tax capacity.

Federal LSTA allocations awarded to Minnesota are distributed on the federal fiscal year beginning on October 1. The LSTA program allotment includes a state match requirement which is calculated by formula to certify maintenance of effort from state dollars. The annual federal LSTA allotment will be reduced if the level of state expenditures is reduced, using federal dollars to supplant state support.

The other sources of funds include foundation grants, gifts, and fundraising.

Contact

Additional Information is available from the Minnesota Department of Education, State Library Services at (651) 582-8881, http://education.state.mn.us/MDE/Learning_Support/Library_Services/index.html.

DEPARTMENT OF EDUCATION

Program: Library Programs

Activity: Basic Support for Libraries — Budget Activity Summary

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
1	Total Current Appropriation	11,264	13,162	13,162	13,162	26,324
	a. End of Session Estimate			3,122	408	3,530
2	**Forecast Base**	**11,264**	**13,162**	**16,284**	**13,570**	**29,854**
3	Governor's Initiatives					
	a. Aid Shift to 70%			(2,714)	0	(2,714)
4	**Recommended**	**11,264**	**13,162**	**13,570**	**13,570**	**27,140**

District Revenue Summary (Entitlement Basis)						
AID	**State Aid**					
3	Statutory Formula Aid	13,570	13,570	13,570	13,570	27,140
4	Statutory Excess/(Shortfall)					
5	Appropriated Entitlement	13,570	13,570	13,570	13,570	27,140
6	Adjustments					
7	**State Aid Entitlement Current Law**	13,570	13,570	13,570	13,570	27,140
Appropriations Basis for State Aid						
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.						
	Prior Year	1,357	3,663	4,071	4,071	8,142
	Current Year	9,907	9,499	9,499	9,499	18,998
	Total State Aid - General Fund	**11,264**	**13,162**	**13,570**	**13,570**	**27,140**

Activity at a Glance

- Encourage and facilitate resource sharing among different types of library programs.
- Provide training opportunities for teacher-librarians and teachers.

Activity Description

Citation: M.S. 134.351; 134.353; 134.354

State aid improves library services through seven multicounty, multitype library cooperation systems serving school, public, academic, and agency libraries within defined multiple county regions.

Population Served

This activity benefits Minnesotans by focusing its services on school and special libraries in the state of Minnesota through seven regional multicounty, multitype library cooperation systems. Currently, 1,902 members with almost 2,200 library outlets of all types in Minnesota work together. Seven multicounty, multitype library cooperation systems were established in 1980 to facilitate cooperation between libraries not included in the regional public library systems. The systems and numbers of school and special libraries that are members of each system are listed below.

Library System	Academic	Public	School	Special	Totals
Central Minnesota Library Exchange	9	45	205	23	282
Metronet	49	110	393	55	607
North Country Library Cooperative	12	31	107	19	169
Northern Lights Library Network	19	54	183	16	272
Southcentral Minnesota Inter-Library Exchange	8	60	126	11	205
Southeast Library System	15	39	150	19	223
Southwest Area Multicounty Multitype Inter-Library Exchange	6	38	87	15	146
Grand Totals:	118	377	1,251	158	1,904

Services Provided

This program provides support to improve library services through:

- developing and implementing strategic plans that address the needs of the region with available library and information resources;
- providing communication systems among participating libraries;
- operating and improving delivery services to facilitate resource sharing among participating libraries;
- assisting with training on and development of electronic resources; and,
- helping with the organization and promotion of opportunities for continued staff development and expertise in new technologies and other services for the public.

Key Activity Goals & Measures

Goal: Multicounty, multitype library systems will promote cost efficient services by encouraging cooperation, collaboration, and resource sharing across all types of libraries.

Goal: The multitype systems will support and promote academic excellence by strengthening school library media centers.

Goal: The multitype systems will provide training opportunities for teacher-librarians especially in the areas of information literacy and the use of online resources.

Goal: The multitype systems will support and promote academic excellence by making resources available to students to develop 21st century skills.

Measures: Collaborative activities involving more than one multitype system include:

- transitioning a self-paced tutorial on Web 2.0 applications to a monthly e-newsletter and blog;
- sharing best practices such as Minnesota History Days with the Minnesota Historical Society and Camp Read-A-Lot to encourage early literacy in cooperation with teacher librarians; and,
- joint projects with the regional public library systems such as bi-weekly e-newsletter “Metrobriefs” for all metro area staff.

Activity Funding

A formula established by rule sets operating grant awards that allocate 60% of available funds equally among the systems, 20% of available funds in an equal amount per capita, and 20% of available funds in an equal amount per square mile. This aid program is supported entirely with state funds.

Contact

Additional Information is available from the Minnesota Department of Education, State Library Services, (651) 582-8890,
http://education.state.mn.us/mde/Learning_Support/Library_Services_and_School_Technology/index.html.

	Dollars in Thousands				
	Current		Governor's Rec		Biennium 2012-13
Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
General Fund					
1 Total Current Appropriation	1,079	1,261	1,261	1,261	2,522
a. End of Session Estimate			299	39	338
2 **Forecast Base**	**1,079**	**1,261**	**1,560**	**1,300**	**2,860**
3 Governor's Initiatives					
a. Aid Shift to 70%			(260)	0	(260)
4 **Recommended**	**1,079**	**1,261**	**1,300**	**1,300**	**2,600**

District Revenue Summary (Entitlement Basis)					
AID **State Aid**					
3 Statutory Formula Aid	1,300	1,300	1,300	1,300	2,600
4 Statutory Excess/(Shortfall)					
5 Appropriated Entitlement	1,300	1,300	1,300	1,300	2,600
6 Adjustments					
7 **State Aid Entitlement Current Law**	1,300	1,300	1,300	1,300	2,600
Appropriations Basis for State Aid					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
Prior Year	130	351	390	390	780
Current Year	949	910	910	910	1,820
Total State Aid - General Fund	**1,079**	**1,261**	**1,300**	**1,300**	**2,600**

Activity at a Glance

- Statewide licensing of information databases ensures maximized use of tax dollars with statewide impact. As user numbers increase, the cost per use declines.
- Use of electronic resources has continued to increase from 8,896,730 requests in FY 2005 to 13,691,718 requests in FY 2009. This represents over 14.5 million uses.
- Ensures equal access to a core of quality resources by all Minnesota school children regardless of their location.
- Ensures equal access to information resources to support economic development and consumer health.

Activity Description

Citation: Minnesota Session Laws 2005, First Special Session, Chapter 5, Article 6, Section 1, Subd. 4

This program establishes funding for statewide access to a basic suite of licensed electronic resources.

Population Served

The program provides access for Minnesota residents from school, public library, academic library, home, or business. It ensures basic equity of access to core resources.

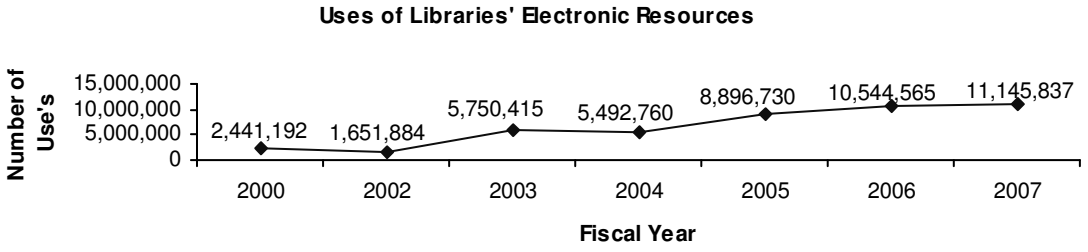
Services Provided

Electronic Library of Minnesota (ELM) provides students, parents, teachers, and citizens access to a basic database set of resources, full-text articles in magazines, and other materials needed for education, health, research, business, and lifelong learning. ELM resources are available through the MnLINK Gateway (www.mnlinkgateway.org) and the ELM Portal (www.elm4you.org). The electronic library leverages purchasing power for statewide licensing of electronic databases and ensures all students have equitable access to a broad range of electronic resources to assist them in meeting educational standards. Funding enables access to the databases in classrooms, school media centers, public libraries, at work, and from home.

Key Activity Goals & Measures

Goal: ELM promotes governmental efficiency by licensing databases for statewide access at a reduced cost.

Measure: By consolidating funds, database selection, licensing contract negotiations, and staff time to support database licenses through an interagency agreement between the Division of State Library Services of the Minnesota Department of Education (MDE) and Minitex Library Information of the Office of Higher Education, the State is able to acquire statewide licenses at significantly-reduced cost. As a result of these efforts, academic, public, school, and non-profit libraries and their customers have access to these resources at their library, school, business, or home.



Goal: ELM supports student growth and achievement by providing resources to enhance their education and developing 21st century information literacy skills.

Measure: ELM resources are integrated into school curricula to meet state and national standards.

Goal: ELM provides resources which support economic viability and development of communities regardless of size.

Measure: ELM databases include business, research, and other resources to meet community needs. People with a public library card from a library that is a member of its regional public library system may access their resources at their business, library or home.

Activity Funding

Currently, funding for ELM comes through an appropriation of $900,000 per year to MDE and funding from the Office of Higher Education.

Contact - Additional information is available from the Minnesota Department of Education, State Library Services, (651) 582-8251, http://education.state.mn.us/MDE/Learning_Support/Library_Services/index.html.

DEPT OF EDUCATION
Program: LIBRARIES
Activity: ELECTRONIC LIBRARY MINNESOTA

Budget Activity Summary

Dollars in Thousands

	Current FY2010	Current FY2011	Governor's Recomm. FY2012	Governor's Recomm. FY2013	Biennium 2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	900	900	900	900	1,800
Subtotal - Forecast Base	900	900	900	900	1,800
Total	**900**	**900**	**900**	**900**	**1,800**
Expenditures by Fund					
Direct Appropriations					
General	900	900	900	900	1,800
Total	**900**	**900**	**900**	**900**	**1,800**
Expenditures by Category					
Local Assistance	900	900	900	900	1,800
Total	**900**	**900**	**900**	**900**	**1,800**

Activity at a Glance

- 359 public library buildings are served through this program.
- Bandwidth in regional public library systems has expanded from 164 T1 lines to 274 since 2004.
- Connectivity and improved bandwidth facilitates resource sharing and access to electronic resources such as the Electronic Library for Minnesota (ELM) and MnLINK.

Activity Description

Citation: M.S. 134.355

The Regional Library Telecommunications Aid (RLTA) program provides state aid to regional library systems to equalize data and video access costs and other related costs to improve or maintain electronic access of participating public libraries to the state information infrastructure and to facilitate resource sharing.

Population Served

This activity serves Minnesotans statewide through 12 regional public library systems. Participation in regional public library systems includes all Minnesota counties and serves 99.7% of the state's population. These systems are Arrowhead Library System, East Central Regional Library, Great River Regional Library, Kitchigami Regional Library, Lake Agassiz Regional Library, Metropolitan Library Service Agency (MELSA), Northwest Regional Library, Pioneerland Library System, Plum Creek Library System, Southeastern Libraries Cooperating (SELCO), Traverse des Sioux Library System, and Viking Library System.

Services Provided

The public uses public libraries for information and to increase self-sufficiency by processing resources for business decisions, education, self-development, and personal interests. Libraries are a destination for people to come and use electronic resources. RLTA facilitates optimal access and connections to the statewide electronic infrastructure and supports equity of access to electronic resources. It allows libraries to capitalize on other federal, state, and local investments in electronic access. Among the activities supported through connectivity are:

- automation activities for cost-effectiveness in resource sharing;
- connectivity necessary to access licensed online full-text databases provided by state funds allocated to support the Electronic Library for Minnesota (ELM);
- access to the Internet necessary for e-government, job centers, immigration services, tax filing, legal and medical electronic resources, and other activities requiring use of the internet;
- interconnectivity and interoperability with school districts, post-secondary education or other governmental agencies;
- community access to high-speed Internet links; and,
- integration of new technology and training.

Historical Perspective

State funding of regional public library systems was established to provide equitable library services across Minnesota. Telecommunications aid supports electronic resource sharing through the most cost-effective means possible. The telecommunications aid program began in 1996 to encourage interconnectivity and more equity of access.

Key Activity Goals & Measures

Goal: Support the infrastructure necessary to ensure adequate connectivity in libraries in order to provide efficient access to the internet by all Minnesotans in order to conduct business with government.

Measure: The RLTA program has enabled branch/member libraries of the regional public library systems to expand telecommunications bandwidth and connectivity.

- Some regional public library systems have shared T1 lines with public schools for cost savings.
- Other systems have experimented with telecommunications technology such as satellite, cable, fiber optics, wireless, and DSL in order to reduce costs.
- Improved bandwidth allows public libraries to expand services to include audio book download capabilities, remote meeting capacity, and video streaming for distance education.

Measure: As a result of improved connectivity, online public access catalogs make more resources available for Minnesotans to borrow or access, with the following results:

- Library to library requests filled between public library systems through interlibrary loan continued to increase rising 35.69% from 762,178 in 2005 to 1,185,246 in 2008.
- Uses of electronic resources in libraries reflects continued increases with usage gains between 2006 (10,544,565) and 2009 (13,691,718) uses.

Activity Funding

The RLTA budget activity is funded with state aid distributed on a prorated actual cost basis for regional public library system branches/members who meet the aid program criteria. The regional public library systems are required to apply for the federal E-rate program which provides discounts and/or reimbursements to assist eligible schools and libraries to obtain telecommunications and Internet access. The discounts or reimbursements depend upon the level of poverty and the urban/rural status of the population served by the applicant. The E-rate program is variable source of funding because federal funding is prorated based on national demand. Telecommunications vendor costs by sites vary considerably across the state.

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

Contact

Additional information is available from the Minnesota Department of Education, State Library Services (651) 582-8251, http://education.state.mn.us/MDE/Learning_Support/Library_Services/index.html.

	Dollars in Thousands				
	Current		Governor's Rec		Biennium 2012-13
Direct Appropriations by Fund	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2012-13**
General Fund					
1 Total Current Appropriation	1,909	2,231	2,231	2,231	4,462
a. End of Session Estimate			529	69	598
2 **Forecast Base**	**1,909**	**2,231**	**2,760**	**2,300**	**5,060**
3 Governor's Initiatives					
a. Aid Shift to 70%			(460)	0	(460)
4 **Recommended**	**1,909**	**2,231**	**2,300**	**2,300**	**4,600**

District Revenue Summary (Entitlement Basis)					
AID **State Aid**					
3 Statutory Formula Aid	2,300	2,300	2,300	2,300	4,600
4 Statutory Excess/(Shortfall)					0
5 Appropriated Entitlement	2,300	2,300	2,300	2,300	4,600
6 Adjustments					
7 **State Aid Entitlement Current Law**	2,300	2,300	2,300	2,300	4,600
Appropriations Basis for State Aid					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
Prior Year	230	621	690	690	1,380
Current Year	1,679	1,610	1,610	1,610	3,220
Total State Aid - General Fund	**1,909**	**2,231**	**2,300**	**2,300**	**4,600**

Budget Activities

This program includes the following budget activities:

- Early Childhood/Family Education
- School Readiness
- Kindergarten Readiness Assessment
- Health and Developmental Screening
- Head Start
- Infants and Toddlers – Part C
- Education Parents Partnership

Dollars in Thousands

	Current FY2010	Current FY2011	Governor Recomm. FY2012	Governor Recomm. FY2013	Biennium 2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	50,736	55,107	55,107	55,107	110,214
Technical Adjustments					
End-of-session Estimate			8,879	2,197	11,076
November Forecast Adjustment		45	34	16	50
Subtotal - Forecast Base	50,736	55,152	64,020	57,320	121,340
Governor's Recommendations					
Statewide Early Childhood Rating System		0	2,000	0	2,000
Aid Shift Changes		0	(7,292)	(95)	(7,387)
Total	**50,736**	**55,152**	**58,728**	**57,225**	**115,953**
Expenditures by Fund					
Direct Appropriations					
General	50,648	55,234	58,728	57,225	115,953
Statutory Appropriations					
Federal	10,539	11,844	11,136	11,796	22,932
Federal Stimulus	2,661	9,361	3,542	0	3,542
Total	**63,848**	**76,439**	**73,406**	**69,021**	**142,427**
Expenditures by Category					
Total Compensation	49	90	90	90	180
Other Operating Expenses	617	636	556	556	1,112
Local Assistance	63,182	75,713	72,760	68,375	141,135
Total	**63,848**	**76,439**	**73,406**	**69,021**	**142,427**
Expenditures by Activity					
Early Child Family Ed	19,635	22,103	23,247	23,771	47,018
School Readiness	8,373	9,792	10,095	10,095	20,190
Kindergarten Readiness Assemnt	225	337	281	281	562
Health & Developmental Screen	2,922	3,477	3,631	3,629	7,260
Head Start	20,100	20,100	20,100	20,100	40,200
Infants And Toddlers - Part C	12,570	20,555	14,003	11,096	25,099
Educate Parents Partnership	23	75	49	49	98
Melf-Early Childhood Rating	0	0	2,000	0	2,000
Total	**63,848**	**76,439**	**73,406**	**69,021**	**142,427**
Full-Time Equivalents (FTE)	**0.5**	**0.5**	**0.5**	**0.5**	

Activity at a Glance

FY 2009
- Over 127,832 children and 162,580 parents participated.
- 19,138 referrals were made to ECFE from other community programs.
- 19,488 children were referred to other programs by EFCE.

Activity Description

Citation: M.S. 124D.13; 124D.135; 124D.15

The early childhood family education (ECFE) program is funded by state aid and local levy. The purpose of the program is to provide parenting education to support children's learning and development.

Population Served

All families with children ages birth to kindergarten are eligible for ECFE. ECFE programs served 127,832 children and 162,580 parents in FY 2009 (duplicated counts). Expectant parents and family relatives may also participate. The program is administered through local school districts.

Services Provided

ECFE programs typically include the following components.
- parent discussion groups
- parent-child activities
- play and learning activities that promote children's development
- home visits
- special events for the entire family
- information on community resources

If funds are insufficient to provide programs for all children, ECFE programs are encouraged to emphasize programming for children birth to age three and encourage parents to involve four and five year old children in school readiness programs and other public and nonpublic early learning programs.

Historical Perspective

ECFE pilot programs were established in 1974. In 1984, the legislature made it possible for any school district with a community education program to establish the program. ECFE was offered in all 335 independent and special school districts in FY 2010.

Key Activity Goals & Measures

- Families will provide a stable, supportive environment for their children (Milestones). ECFE programs educate parents and other relatives about child development.
- All children will be healthy and start school ready to learn (Milestones). ECFE programs include programs and activities to promote healthy child development.
- Improve student achievement/prepare students to compete in a global economy (agency goal). ECFE programs include activities to promote healthy child development.

Goal: Increase the percentage of parents involved in activities at home, school, and in the community related to their children's learning, development, and education.

Measure: A 2003 study on parent involvement in kindergarten and grade three education comparing former ECFE participants and non-ECFE participants found that ECFE participating parents were more likely to
- read or tell stories with their child nearly every day (kindergarten-79% compared to 67%; grade three-48% compared to 38%),
- regularly visit libraries (kindergarten-37% compared to 25%; grade three-31% compared to 20%),
- volunteer in the classroom (kindergarten-65% compared to 39%; grade three-58% compared to 37%), and
- serve on PTA advisory committees or school site councils (kindergarten-20% compared to 6%; grade three-18% compared to 8%).

Goal: Increase the number of parents receiving the education and the support they need to assist their children's development and learning.

Measure: In a 1999 study of parents with infants, parents reported that their ECFE participation results in improved understanding of how infants learn and develop (83%), support of their infant's learning and development (81%), confidence as a parent (79%), understanding of responsiveness to their child's behavior (76%), and connections with other parents (73%).

Activity Funding

A statutory formula generates annual revenue of $120 per district resident under the age of five, as reported by the district in its annual 0-4 Census count for the prior year. Statutes fix the amount of annual ECFE revenue from local levies at $22.135 million and require the department each levy cycle to set a tax rate that will generate this amount of revenue statewide. For FY 2009, the legislature lowered the levy cap on a one-time basis by $8.57 million to $13.565 million; all but six districts received state aid in FY 2009. A district's levy may not exceed its formula revenue; a district with a property tax base that yields a levy less than its formula revenue is entitled to state aid for the amount of the difference. In 2009, 27 districts will generate 100% of their formula revenue from levy.

In FY 2009, state aid and local levy comprised 76% of the revenue districts generate for ECFE programs, which includes fees, grants, and revenue from other sources. Statutes require that districts have a "reasonable sliding fee scale" for ECFE, but waive the fee for any participant not able to pay. In FY 2009, districts reported generating more than $6.3 million in fees, about 11% of total ECFE revenue.

Statutes require school districts to maintain a separate reserve account in the community service fund for ECFE. The ECFE reserve account average fund balance for the most recent three-year period must not exceed 25% of the prior year's program revenue.

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

Contact

Additional information is available from the Minnesota Department of Education, Early Learning Services, (651) 582-8397, http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html.

DEPARTMENT OF EDUCATION

Program: Early Childhood Family Support

Activity: Early Childhood & Family Education — Budget Activity Summary

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
1	Total Current Appropriation	19,005	21,460	21,460	21,460	42,920
	a. End of Session Estimate			5,705	1,722	7,427
	d. November Forecast Adjustment		(7)	(47)	(14)	(61)
2	**Forecast Base**	**19,005**	**21,453**	**27,118**	**23,168**	**50,286**
3	Governor's Initiatives					
	a. Aid Shift to 70%			(4,546)	(97)	(4,643)
4	**Recommended**	**19,005**	**21,453**	**22,572**	**23,071**	**45,643**

	District Revenue Summary (Entitlement Basis)						
AID		**State Aid**					
	3	Statutory Formula Aid	21,896	22,202	22,731	23,216	45,947
	4	Statutory Excess/(Shortfall)		10			0
	5	Appropriated Entitlement	21,896	22,212	22,731	23,216	45,947
	6	Adjustments					
		a. Appropriation Reduction		(10)			
	9	**State Aid Entitlement Current Law**	21,896	22,202	22,731	23,216	45,947
plus							
LEVY		**Levy**					
	7	Local Levy Current Law	21,738	21,875	22,155	22,135	44,290
equals							
REVENUE	8	Current Law Revenue (State Aid & Levy)	43,634	44,077	44,886	45,351	90,237
		Appropriations Basis for State Aid					
		Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
		Prior Year	3,020	5,911	6,660	6,819	13,479
		Current Year	15,985	15,542	15,912	16,252	32,164
		Transfer per M.S. 127A.41					
		Cancellation					
		Total State Aid - General Fund	**19,005**	**21,453**	**22,572**	**23,071**	**45,643**
		Additional ECFE Revenue-Fund 200					
		ECFE Partnership-Ucare	630	650	675	700	1,375

Activity at a Glance

FY 2009 (Final)
- The estimated population of three and four year olds in Minnesota was 145,000.
- 32,693 children and 26,357 parents participated in the program.
- 20,947 referrals were made to and from other community services and programs.
- 24,077 children received 30 or more hours per year of services.

Activity Description
Citation: M.S. 124D.15; 124D.16

The purpose of the school readiness program is to prepare children to enter kindergarten. The program is administered through local school districts.

Population Served
The program serves children age three years to kindergarten entrance. Beginning in FY 2011, school districts are required to use school readiness aid under 124D.16 for at-risk students as defined by having one or more of the following risk factors:

- qualifies for free or reduced-price lunch;
- is an English language learning child;
- is homeless;
- has an individualized education program (IEP) or an individual interagency intervention plan (IIIP);
- is identified, through health and developmental screenings under sections 121A.16 to 121A.19, with a potential risk factor that may influence learning; or
- is defined as at risk by the school district.

Services Provided
Most school-based classroom programs are two and a half hours in length and meet one day to five days per week. Other program models include:
- kindergarten transition classes for children and parents;
- one or two days of child-only activities added to early childhood family education (ECFE);
- early childhood special education and school readiness integrated classrooms;
- coordination of referrals and follow-up to early childhood screening;
- staff development and consultation for family child care providers; or
- comprehensive head start and family literacy/English language learner programs.

Programs include the following requirements.
- Assessment of child's cognitive skills at entrance to program and again at program exit to inform parents and improve program.
- Provision of comprehensive program content based on early childhood research and professional practice that is focused on children's cognitive skills and development and prepares children for the transition to kindergarten.

Historical Perspective
The school readiness program was established in 1991.

Key Activity Goals & Measures
Goal: Improve student achievement by better preparing children for kindergarten.

Measure:
- MDE assesses the school readiness of a random sample of kindergarten students in the domains of personal and social development, language and literacy, mathematical thinking, the arts, and physical development. Students who consistently perform the indicators in a domain are rated "proficient;" children who perform them sometimes but inconsistently are rated "in process;" and those who cannot perform them are rated "not yet."

Fall 2009 Readiness Levels by Domain

Developmental Domain	Not Yet	In Process	Proficient
Physical Development	3%	32%	65%
Personal & Social Development	8%	39%	53%
The Arts	6%	42%	53%
Language & Literacy	10%	40%	51%
Mathematical Thinking	9%	42%	49%

N = 6,493

- Since 1994, the department has provided training to early childhood teachers on child assessment in order to measure child progress of participating children. 63% of the school districts report using the Work Sampling System© of child assessment.

Activity Funding

To be eligible to receive state aid, districts must submit a biennial school readiness plan. Each district receives a portion of the total appropriation to provide readiness activities that prepare children for kindergarten. Districts receive aid equal to the number of four year olds in the district on October 1 for the previous school year times the ratio of 50% of the total school readiness aid for that year to the total number of four year olds reported for the previous school year; plus the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program for the second previous school year times the ratio of 50% of the total school readiness aid for that year to the total number pupils in the state from families eligible for the free or reduced school lunch program for the second previous school year.

Statutes require school districts to maintain a separate reserve account in the community service fund for school readiness. The school readiness reserve account average fund balance for the most recent three-year period must not exceed 25% of the prior year's program revenue. If a district exceeds this limit, the district's state aid entitlement is decreased and the district must fund a portion of program costs with fund balance.

State aid for school readiness has changed little over the past ten years, and is currently funded at a base level of $10.095 million per year. FY 2009 formula calculation of state aid provided aid ranging from $1,063 (Milroy), $7,715 (Hayfield), $68,505 (Willmar), $135,602 (North St. Paul-Maplewood), $202,489 (Rochester), $422,703 Anoka-Hennepin), to $875,697 (St. Paul) and $815,697 (Minneapolis). Based on total state aid of $10,095 million and participation of 55,940 children and parents, state aid funded an average of approximately $180 per participant in FY 2009.

School districts reported financial data for FY 2009 that shows school readiness aid provided 47% of the program's total revenue in FY 2009, while 37% came from tuition and fees, 6% from federal grants, and 9% from other miscellaneous local sources. Districts must adopt a sliding fee schedule based on family income, but must waive the fee for any participant not able to pay. Additionally, school districts may serve students who do not meet the eligibility criteria above, but must charge a fee for services provided.

Contact

Additional information is available from the Minnesota Department of Education, Early Learning Services, (651) 582-8397, http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html.

	Dollars in Thousands				
	Current		Governor's Rec		Biennium 2012-13
Direct Appropriations by Fund	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2012-13**
General Fund					
1 Total Current Appropriation	8,379	9,792	9,792	9,792	19,584
a. End of Session Estimate			2,322	303	2,625
b. Cancellation	(6)				0
2 **Forecast Base**	**8,373**	**9,792**	**12,114**	**10,095**	**22,209**
3 Governor's Initiatives					
a. Aid Shift to 70%			(2,019)		(2,019)
4 **Recommended**	**8,373**	**9,792**	**10,095**	**10,095**	**20,190**

District Revenue Summary (Entitlement Basis)					
AID **State Aid**					
3 Statutory Formula Aid	10,095	10,095	10,095	10,095	20,190
4 Statutory Excess/(Shortfall)					
5 Appropriated Entitlement	10,095	10,095	10,095	10,095	20,190
6 Adjustments					
a. Supplemental Appropriation					
b. Cancellation					
7 **State Aid Entitlement Current Law**	10,095	10,095	10,095	10,095	20,190
Appropriations Basis for State Aid					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
Prior Year	1,003	2,725	3,028	3,028	6,056
Cancellation					
Current Year	7,370	7,067	7,067	7,067	14,134
Cancellation					
Total State Aid - General Fund	**8,373**	**9,792**	**10,095**	**10,095**	**20,190**

Activity at a Glance

Fall 2009
- 11% of the 62,225 entering kindergarteners were assessed.

Activity Description
Citation: M.S. 124D.162

This program provides funding to implement a kindergarten readiness assessment representative of incoming kindergarteners. The study is designed to show kindergarten readiness and track readiness trends over time.

Population Served
To ensure the results are reliable and can be generalized to the entire population of Minnesota kindergarteners, the study uses incoming kindergarteners as assessed on their kindergarten readiness skills within the first six weeks of school.

Services Provided
The study is designed to capture a picture of the readiness of Minnesota children as they enter kindergarten and track readiness trends over time.

Kindergarten teachers observe children in the classrooms during the initial six weeks of kindergarten. Teachers record their observations and children's performance on 32 indicators across five domains of child development: language/literacy, mathematical thinking, personal/social; physical, and arts. Results are compiled analyzed and given to participating school sites.

Aggregate results are used to inform school administrators, teachers, parents, early childhood teachers, child care providers, policymakers, and the public about progress towards the goal of ensuring that children are ready for kindergarten. It is expected that results will be used to plan children's transition from home to school, prepare for teacher conferences, and improve instruction and services to families.

Historical Perspective
The 2006 legislature established the program in statutes and appropriated state aid to implement the assessment study.

Key Activity Goals & Measures
Goal: Improve student achievement/prepare students to complete in a global economy (agency goal). The assessment study tracks the state's progress toward ensuring that children are ready for kindergarten.

Measure: Data on the school readiness of entering kindergarteners who have participated in a School Readiness program is not available. See the Kindergarten Readiness Assessment budget activity narrative for data on the school readiness of Minnesota kindergarteners.

Activity Funding
$281,000 is appropriated each year for this program.

Contact
Additional information is available from the Minnesota Department of Education, Division of Early Learning Services, (651) 582-8397,
http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html.

DEPT OF EDUCATION
Program: EARLY CHILDHOOD & FAMILY SUPP
Activity: KINDERGARTEN READINESS ASSEMNT

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	281	281	281	281	562
Subtotal - Forecast Base	281	281	281	281	562
Total	**281**	**281**	**281**	**281**	**562**
Expenditures by Fund					
Direct Appropriations					
General	225	337	281	281	562
Total	**225**	**337**	**281**	**281**	**562**
Expenditures by Category					
Total Compensation	49	90	90	90	180
Other Operating Expenses	176	247	191	191	382
Total	**225**	**337**	**281**	**281**	**562**
Full-Time Equivalents (FTE)	**0.5**	**0.5**	**0.5**	**0.5**	

Activity at a Glance

- In FY 2009, a total of 60,217 children were screened. This included:
- 4,960 children referred to the school readiness program.
- 5,736 families referred to early childhood family education.
- 1,463 children referred to head start.
- 280 parents referred to adult education/literacy.

Activity Description

Citation: M.S. 121A.16; 121A. 17; 121A.19

Early childhood health and developmental screening promotes educational readiness and improved health of young children through the early detection of factors that may impede children's learning, growth, and development.

Population Served

Every school board must provide for a mandatory program of early childhood health and developmental screening for children once before school entrance. Charter schools may choose to provide early childhood screening. A child need not submit to this screening if the child's health records indicate to the district that the child has received comparable screening from a public or private health care provider. This program targets children who are between three and four years of age. Districts are required to notify each resident family with an eligible child of the availability of the program and the state's screening requirement, and charter schools that choose to provide early childhood health and developmental screening must inform families that apply for admission to the charter school.

Services Provided

A screening program must include the following components: developmental assessments, hearing and vision screening or referral, immunization review and referral, the child's height and weight, identification of risk factors that may influence learning, an interview with the parent about the child, and referral for assessment, diagnosis, and treatment when potential needs are identified. A district may offer additional components such as nutritional, physical and dental assessments, review of family circumstances that might affect development, blood pressure, laboratory tests, and health history.

Families may opt out by submitting a signed statement of conscientiously held beliefs. A district must provide the parent or guardian of the child screened with a record indicating the month and year the child received screening and the results of the screening.

Historical Perspective

The early childhood screening program was established in 1977.

Up until FY 2006, statutes set the targeted age for early childhood screening at between the ages of three and a half and four years. The 2005 legislature lowered the targeted ages to between three and four years and changed the aid formula to provide an incentive to districts to screen children within the targeted age range. The legislature also added the requirement that districts assign a state reporting number to each child at the time of screening, or at the time health records are presented documenting a comparable screening by another provider.

The 2008 legislature increased aid amounts effective for FY 2009 to $75 for a child screened at age three, $50 at age four, and $40 for a child screening at age five or six before kindergarten. Districts receive $30 for a child screened within 30 days after kindergarten enrollment if the child has not previously been screened.

Key Activity Goals & Measures

- Families will provide a stable, supportive environment for their children (Minnesota Milestones). Screening aims to increase parents' awareness of the connections between physical health, development and learning readiness, and to link families to community services; programs must also refer a child without health coverage to an appropriate health care provider.
- All children will be healthy and start school ready to learn (Minnesota Milestones). Screening provides early detection of conditions that may interfere with young children's growth and development thereby promoting school readiness and improved health.

- Improve student achievement/prepare students to compete in a global economy (agency goal). Health and/or development conditions that can affect learning are identified early and timely referrals improve children's learning potential.

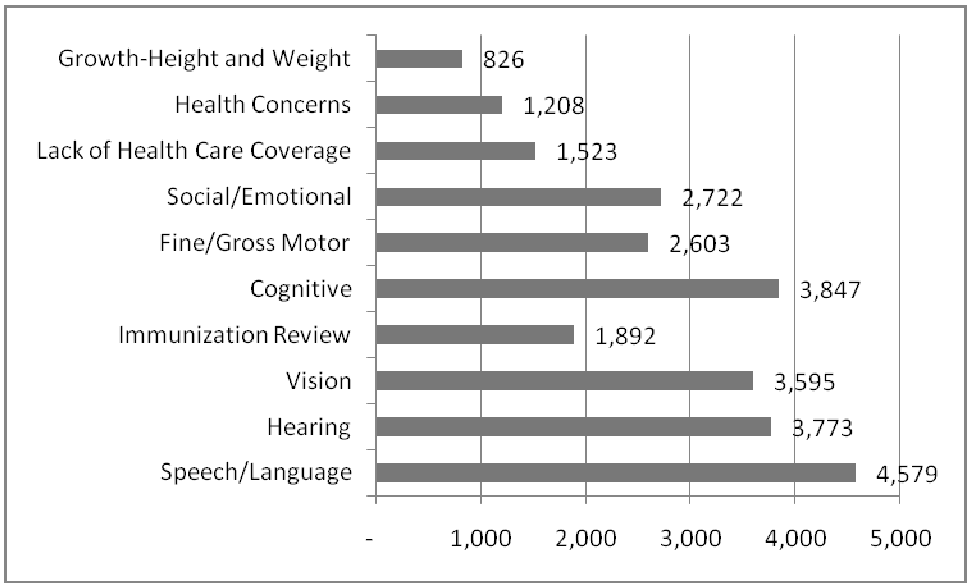
Goal: Increase the percentage of children who receive referrals and services to address health and developmental concerns.

Measure:
- In FY 2009, 21,405 referrals were made for potential health or developmental concerns identified at the time of early childhood health and developmental screening. Note: the department has implemented a Web-based application for reporting annual aggregated early childhood health and development screening data from school districts, including data on the status of children's immunizations, hearing, vision, growth, and access to health care coverage.
- In FY 2004, MDE translated the early childhood screening parent brochure into 10 languages to facilitate outreach to linguistically diverse families.

Goal: Increase coordination and integrated screening efforts and follow-up process with county health and social services, school districts, and other providers.

Measure:
- Provision of integrated regional staff development opportunities offered jointly by the Minnesota Departments of Education, Health, Human Services, and the state Head Start Collaboration Office.
- Development of common screening forms for early childhood screening, child and teen checkups, and head start.
- Development of Minnesota child health and developmental screening quality indicators.

2009: Number of Potential Concerns Identified



Activity Funding

Districts receive state aid for every child screened prior to kindergarten entrance or within 30 days after first entering kindergarten. Effective FY 2009, districts are reimbursed $75 for each child screened at age three; $50 for each child screened at age four; and $40 for each child screened at age five or six prior to kindergarten. Districts receive $30 for a child screened within 30 days after kindergarten enrollment if the child has not previously been screened.

Districts may not charge parents a fee for required screening, but they may charge fees for any of the optional screening components. If the amount of state aid is not sufficient, districts may make a permanent transfer from the general fund to pay for costs not covered by early childhood screening aid. Statutes also encourage districts to reduce screening costs by using volunteers, and public or private health care organizations.

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

Contact

Additional information is available from the Minnesota Department of Education, Early Learning Services, (651) 582-8397, http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html.

	Dollars in Thousands				
	Current		Governor's Rec		Biennium 2012-13
Direct Appropriations by Fund	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2012-13**
General Fund					
1 Total Current Appropriation	2,922	3,425	3,245	3,245	6,490
a. End of Session Estimate			1,032	352	1,384
b. November Forecast		52	81	30	111
c. Cancellation					
2 **Forecast Base**	**2,922**	**3,477**	**4,358**	**3,627**	**7,985**
3 Governor's Recommendation					
a. Aid Shift to 70%			(727)	2	(725)
4 **Recommended**	**2,922**	**3,477**	**3,631**	**3,629**	**7,260**

District Revenue Summary (Entitlement Basis)					
AID	**State Aid**				
3 Statutory Formula Aid	3,500	3,617	3,636	3,626	7,262
4 Statutory Excess/(Shortfall)	0	(75)	(64)	(26)	(90)
5 Appropriated Entitlement	3,500	3,542	3,572	3,600	7,172
6 Adjustments					
b. Appropriation Increase		75	64	26	
7 **State Aid Entitlement Current Law**	3,500	3,617	3,636	3,626	7,262
Appropriations Basis for State Aid					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
Prior Year	367	945	1,085	1,090	2,175
Current Year	2,555	2,532	2,546	2,539	5,085
Total State Aid - General Fund	**2,922**	**3,477**	**3,631**	**3,629**	**7,260**

Activity at a Glance

In FY 2009

- 36 head start programs statewide served 17,347 children and families, approximately 13% of the total revenue comes from the state.
- 12% of head start enrolled children had a diagnosed disability.

Activity Description

Citation: M.S. 119A.50-119A.545; 42 U.S.C.9840 et seq.

The head start program promotes school readiness of low-income children by enhancing cognitive, social, and emotional development in a supportive learning environment and through comprehensive health, educational, and nutritional services. Research has shown that families with the highest risk factors gain the most from high quality early childhood programming. The program is supported by state and federal funding.

Population Served

Head start primarily serves three and four-year-olds from low-income families. Some programs serve infants, toddlers, and pregnant mothers in early head start. Programs predominantly serve children from families at or below the federal poverty level. If this need has been met, the program may serve up to 35% of its enrollment with children from families whose incomes are between 100% and 130% of poverty. Up to 10% of the children enrolled may be from families that exceed the low-income guidelines. A child who is homeless or in foster care is automatically eligible as are children from families receiving Minnesota Family Investment Program (MFIP). At least 10% of enrollment is reserved for children with diagnosed disabilities.

In 2009, approximately 50% of the enrolled children are at least four years old; about 30% are from families who are English language learners. Approximately 45% have two parents or guardians, 69% have at least one parent working, and 25% have at least one parent in job training or school.

Services Provided

Head start provides a comprehensive program including health, nutrition, education, parent involvement, and social services to children and families. In addition to services focused on the child, approximately 86% of the enrolled families received one or more services such as assistance with housing and transportation, health and parenting education, adult education, and job training.

Programs operate a center-based, home-based, and/or combination option. Center-based programs must operate a minimum of 3.5 hours per day, four days per week, for 128 days per year supplemented with at least two home visits. Home-based programs must offer a minimum of 32 home visits of 1.5 hours each supplemented with at least 16 group socialization activities per year. In response to changing needs of children and their families, some programs also offer some full-day, full-year services through head start-child care partnerships. Other collaborative partners include public health, early childhood screening, early childhood special education, early childhood family education, school readiness, adult basic education, family literacy, public school kindergarten, and self-sufficiency programs.

Parents work in partnership with head start staff as volunteers and employees in parent education activities and in program governance.

Historical Perspective

Head start began as a federal program in 1965 and was most recently federally reauthorized and amended in December 2007. In 1988, the Minnesota legislature first appropriated supplemental state funds. State funded head start programs are required to comply with federal head start requirements.

Key Activity Goals & Measures

Goal: Promotes the school readiness of children from families who are at or below the federal poverty level.

Measure: Data on the school readiness of entering kindergarteners who have participated in a Head Start program is not available. See the Kindergarten Readiness Assessment budget activity narrative for data on the school readiness of Minnesota kindergarteners.

Activity Funding

Federal head start funds flow directly from the federal office to 36 local head start programs ($84.8 million in FFY 2008 and $87.6 million in FFY 2009). At least 20% of the total cost of a head start program must come from local resources. In-kind contributions constitute much of this match through volunteer hours and donated space, materials, and services. The Minnesota legislature chose to use the existing federal programs, administrative

structure, and program performance standards already in place. State allocation of funds is based equally on the program share of federal head start funds and on the proportion of eligible children in the program service area who are not currently being served.

Minnesota Head Start Collaboration Project – Minnesota annually receives a $125,000 federal grant from the head start federal office to create significant statewide collaboration between head start and local communities in order to meet the challenges of improving services for low-income children and their families.

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

Contact

Additional information is available from the Minnesota Department of Education, Early Learning Services, (651) 582-8397, http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html.

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	20,100	20,100	20,100	20,100	40,200
Subtotal - Forecast Base	20,100	20,100	20,100	20,100	40,200
Total	**20,100**	**20,100**	**20,100**	**20,100**	**40,200**
Expenditures by Fund					
Direct Appropriations					
General	20,100	20,100	20,100	20,100	40,200
Total	**20,100**	**20,100**	**20,100**	**20,100**	**40,200**
Expenditures by Category					
Local Assistance	20,100	20,100	20,100	20,100	40,200
Total	**20,100**	**20,100**	**20,100**	**20,100**	**40,200**

Activity at a Glance

FY 2009
- 4,579 Minnesota children and families received services through an individual family services plan.
- 96 community coordinating committees design comprehensive intervention services for very young children with disabilities.

Activity Description

Citation: M.S.125A.26-125A.48; Part C, IDEA (Individuals with Disabilities Act): American Recovery and Reinvestment Act of 2009, P.L. 111-5

The Part C - Infants and Toddlers program is a federally funded program that provides comprehensive interagency family-centered services to eligible children with disabilities, ages birth to three years, and their families, based upon identified need.

Population Served

Eligible infants and toddlers with disabilities birth to age three and their families are served by the program.

Services Provided

The program assists and provides funds to the 95 local Interagency Early Intervention Committees (IEICs) through the IEIC annual application planning process. IEICs are responsible for the development, coordination, and implementation of comprehensive local interagency early childhood intervention services for young children with disabilities and their families. IEIC members include representatives of school districts, county human service agencies, county boards, early childhood family education programs, parents of young children with disabilities under age 12, and health care providers.

Early intervention services are offered in conformity with an individual family services plan (IFSP) and provided in natural environments including the home, child care setting, early childhood special education (ECSE) program, or other early childhood education settings.

Additional components of the Part C state and local system to enhance quality and accountability include:
- local staff development, opportunities for occupational therapists, ECSE staff, speech pathologists, physical therapists, physicians, nurses, nutritionists, and child care providers;
- technical assistance to local areas through the Minnesota Technical Assistance for Family Support, Early Hearing Detection and Intervention Network, center for inclusive child care, and the Autism Network, Center of Excellence for Young Children with Disabilities;
- the development of Web-based applications to serve as a resource for parents and teachers;
- the central directory and 800 number which provides parents with referral and resource information;
- local and state interagency agreements that include procedures for intra- and interagency dispute resolution, complaints, agency roles and responsibilities for child find services, service coordination, financial commitments, and data collection;
- due process procedures for families and service providers; and
- coordination with child care providers and other early childhood service providers to improve Child Find.

The American Recovery and Reinvestment Act of 2009 provided additional funding for services to infants and toddlers with disabilities and their families. The Part C ARRA funds have been allocated to school districts to fund strategies to improve performance and compliance in providing services for infants and toddlers with disabilities. In addition, Part C ARRA funds were used to create regional training and technical assistance centers to increase inclusion of infants and toddlers with disabilities in early childhood settings.

Historical Perspective

Minnesota has participated in Part C (formerly Part H), IDEA (Individuals with Disabilities Education Act) since 1987.

The Minnesota Department of Education (MDE), designated by the state as the lead agency, together with the Minnesota Department of Health (MDH); and Department of Human Services (DHS) work together with local

IEICs to provide coordinated interagency services and funding for each eligible child and family. The Governor's Interagency Coordinating Council on Early Childhood Intervention (ICC) serves in an advisory role.

Key Activity Goals & Measures

This program addresses the following Minnesota Milestones: 1) all children will be healthy and start school ready to learn; and 2) Minnesotans will excel in basic and challenging academic skills and knowledge.

Goal: The percentage of infants and toddlers birth to age three (particularly under one year of age) and their families who have IFSPs is increased and is proportional to the general state population. The goal is to have 2.44% of children in this age range participating in FY 2011. Infants and toddlers with IFSPs will demonstrate improved outcomes.

Measure: The number of eligible children, birth to age three, with an IFSP on December 1 of each year has increased from 2,464 in 2000 to 4,579 in 2009.

	Children and Their Families with an IFSP on December 1				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Number of children and their families participating with IFSPs	3,039	3,209	3,587	3,924	4,579
Percentage of children participating (est.)	1.50%	1.56%	1.70%	1.83%	2.10%

The percentage of children participating is based upon federal estimates and is provided to the states by the U.S. Department of Education, Office of Special Education Programs.

Activity Funding

Minnesota's federal allocation for Part C is based on the annual number of all children in the cohorts from birth to age three.

Contact

Additional information is available from the Minnesota Department of Education, Early Learning Services at (651) 582-8397, http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html.

DEPT OF EDUCATION
Program: EARLY CHILDHOOD & FAMILY SUPP
Activity: INFANTS AND TODDLERS - PART C

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Expenditures by Fund					
Statutory Appropriations					
Federal	9,909	11,194	10,461	11,096	21,557
Federal Stimulus	2,661	9,361	3,542	0	3,542
Total	**12,570**	**20,555**	**14,003**	**11,096**	**25,099**
Expenditures by Category					
Other Operating Expenses	418	314	316	316	632
Local Assistance	12,152	20,241	13,687	10,780	24,467
Total	**12,570**	**20,555**	**14,003**	**11,096**	**25,099**

Activity at a Glance

- Provide child development information to parents.
- Voted "Best Source of Information" by Minnesota Parent magazine readers.

Activity Description

Citation: M.S. 124D.129

The purpose of this program is to work with health care providers and community organizations and to coordinate with other partners to provide parent information to parents of newborns at the time of birth.

Population Served

All parents of newborn children in Minnesota are potential customers of this program.

Services Provided

The Minnesota Department of Education (MDE) coordinates a partnership with early childhood organizations, including, but not limited to, early childhood family education, child care resource and referral, and interagency early intervention committees. Parents of newborns are provided informational materials and contacts for a broad range of subjects prior to hospital discharge. MDE has developed a Website (http://mnparentsknow.info) that provides information and links to resources on child development, parent education, child care, and consumer safety.

The website continues to have new and expanded content. The interactive and innovative parent website includes:

- an interactive early childhood program directory;
- customized Google search providing users with research-based information evaluated by Tufts University using evaluation criteria developed by national scholars;
- over 75 videos on child development, health, and parenting topics;
- podcasts on relevant newborn topics;
- parenting A-Z topics on child development, parenting, child health, and consumer safety information;
- moderated parent forum; and
- periodic online surveys to parents on a variety of topics.

Key Activity Goals & Measures

Goal: Provide parents with reliable child development information and links to programs in one convenient and easily accessible location.

Measure: Website receives approximately 10,000 views per month.

Activity Funding

$80,000 was provided in FY 2007 to develop the program. The base for this program in FY 2010 and later years is $49,000.

Contact

Additional information is available from the Minnesota Department of Education, Early Learning Service, (651) 582-8397, http://education.state.mn.us/mde/Learning_Support/Early_Learning_Services/index.html.

DEPT OF EDUCATION
Program: EARLY CHILDHOOD & FAMILY SUPP
Activity: EDUCATE PARENTS PARTNERSHIP

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	49	49	49	49	98
Subtotal - Forecast Base	49	49	49	49	98
Total	**49**	**49**	**49**	**49**	**98**
Expenditures by Fund					
Direct Appropriations					
General	23	75	49	49	98
Total	**23**	**75**	**49**	**49**	**98**
Expenditures by Category					
Other Operating Expenses	23	75	49	49	98
Total	**23**	**75**	**49**	**49**	**98**

DEPT OF EDUCATION
Program: EARLY CHILDHOOD & FAMILY SUPP
Activity: MELF-EARLY CHILDHOOD RATING

Budget Activity Summary

Dollars in Thousands

	Current FY2010	Current FY2011	Governor's Recomm. FY2012	Governor's Recomm. FY2013	Biennium 2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
Statewide Early Childhood Rating System		0	2,000	0	2,000
Total	**0**	**0**	**2,000**	**0**	**2,000**
Expenditures by Fund					
Direct Appropriations					
General	0	0	2,000	0	2,000
Total	**0**	**0**	**2,000**	**0**	**2,000**
Expenditures by Category					
Local Assistance	0	0	2,000	0	2,000
Total	**0**	**0**	**2,000**	**0**	**2,000**

Budget Activities

This program includes the following budget activities:

- Community Education
- Adults with Disabilities
- Hearing Impaired Adults
- School Age Care Revenue

Dollars in Thousands

	Current FY2010	Current FY2011	Governor Recomm. FY2012	Governor Recomm. FY2013	Biennium 2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	1,135	1,232	1,232	1,232	2,464
Technical Adjustments					
End-of-session Estimate			291	239	530
November Forecast Adjustment		6	(5)	(129)	(134)
Subtotal - Forecast Base	1,135	1,238	1,518	1,342	2,860
Governor's Recommendations					
Aid Shift Changes		0	(243)	(13)	(256)
Total	**1,135**	**1,238**	**1,275**	**1,329**	**2,604**
Expenditures by Fund					
Direct Appropriations					
General	1,134	1,238	1,275	1,329	2,604
Total	**1,134**	**1,238**	**1,275**	**1,329**	**2,604**
Expenditures by Category					
Local Assistance	1,134	1,238	1,275	1,329	2,604
Total	**1,134**	**1,238**	**1,275**	**1,329**	**2,604**
Expenditures by Activity					
Community Education	476	479	494	548	1,042
Adults W Disabilities	588	688	710	710	1,420
Hearing Impared Adults	70	70	70	70	140
School Age Care	0	1	1	1	2
Total	**1,134**	**1,238**	**1,275**	**1,329**	**2,604**

Activity at a Glance

- Every Minnesota school district operates a community education program.
- Programs serve participants of all ages from preschool through senior citizens.

Activity Description

Citation: M.S. 124D.18; 124D.19; 124D.20

This state aid and local levy program provides funding for community education programs to provide lifelong learning opportunities for all community members and access to school facilities for public use.

Population Served

Every Minnesota school district operates a community education program. Programs serve children and adults of all ages.

Services Provided

Community education provides services beyond the regular K-12 program. Programs may include (as specified in M.S. 124D.20, subd. 8)

- adults with disabilities;
- adult basic education (ABE);
- youth development;
- youth service;
- early childhood family education (ECFE);
- school-age care;
- summer programs for elementary and secondary pupils;
- youth after-school enrichment programs;
- school readiness programs; and
- non-vocational, recreational, and leisure activities.

School boards must establish a community education advisory council and, with some exceptions, must employ a licensed community education director.

Historical Perspective

State funding for community education began in 1971 to promote the community use of public schools facilities beyond the regular school day.

Key Activity Goals & Measures

Goal: This program ensures Minnesota's workforce will have the education and training to make the state a leader in the global economy (Minnesota Milestones). Community education programs, including adult basic education, provide lifelong learning opportunities for persons of all ages.

Goal: Our communities will be safe, friendly, and caring (Minnesota Milestones). Youth development and youth service programs provide young people opportunities to become active citizens, involved in their community. Youth after-school enrichment programs provide structured, supervised activities to support the social, mental, physical, and creative abilities of school-age youth during high-risk times.

The table below shows reported participants, not including those reported separately under ECFE, ABE, and early childhood screening.

	Numbers in Millions					
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	Est. FY 2009
Participants	2.54	2.60	3.30	2.97	2.17	1.22*

* 93 of 298 districts reporting.

Activity Funding

The community education revenue formula has three components. All districts receive general revenue equal to $5.42 times the greater of the district's resident population or 1,335. Districts that have implemented a youth development plan receive youth service revenue of $1 times the greater of 1,335 or the district's population. Districts that operate a youth after-school enrichment program receive additional revenue of $1.85 times the greater of 1,335 or the population of the district up to 10,000, plus $0.43 times the population in excess of 10,000. The community education levy is set at the lesser of a district's total community education revenue or 0.9% times its adjusted net tax capacity (ANTC). A district receives state aid if its tax capacity is not sufficient to generate a levy equal to its formula revenue.

Fees, federal and private grants, and other local revenue sources provide nearly six times the revenue for community education programs as the statutory formula generates in local levy and state aid. Districts reported more than $225 million in revenue from these sources, 85% of the total FY 2009 revenue for community education programs, excluding ECFE, school readiness, and ABE.

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

Contact

Additional information is available from the Minnesota Department of Education, Adult and Career Education, (651) 582-8330.

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
1	Total Current Appropriation	476	473	473	473	946
	a. End of Session Estimate			127	217	344
	c. November Forecast Adjustment		6	(5)	(129)	(134)
2	**Forecast Base**	**476**	**479**	**595**	**561**	**1,156**
3	Governor's Initiatives					
	a. Aid Shift to 70%			(101)	(13)	(114)
4	**Recommended**	**476**	**479**	**494**	**548**	**1,042**

District Revenue Summary (Entitlement Basis)						
AID	**State Aid**					
3	Statutory Formula Aid	551	472	504	567	1,071
4	Statutory Excess/(Shortfall)		(9)			
5	Appropriated Entitlement	551	463	504	567	1,071
6	Adjustments					
	a. Appropriation Increase		9			
	b. Cancellation					
7	**State Aid Entitlement Current Law**	551	472	504	567	1,071
plus						
LEVY	**Levy**					
8	Local Levy Current Law	38,259	38,666	38,924	39,041	77,965
equals						
REVENUE	9 Current Law Revenue (State Aid & Levy)	38,810	39,138	39,428	39,608	79,036
Appropriations Basis for State Aid						
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.						
	Prior Year	73	148	141	151	292
	Current Year	403	331	353	397	750
	Total State Aid - General Fund	**476**	**479**	**494**	**548**	**1,042**

Activity at a Glance

63 districts levied for the program in 2009.

Activity Description

Citation: M.S. 124D.56

This state aid and levy program provides revenue to a select number of school districts to support community education programs and services for adults with disabilities.

Population Served

No data is collected by the Minnesota Department of Education on the number of adults with disabilities participating in programs funded with this revenue.

Services Provided

Community education programs locally administer programs funded through adults with disabilities revenue. Thirty of the 67 supported school districts are in the seven-county metropolitan area. Programs use the following service strategies.

- services enabling adults to participate in community activities, including one-on-one assistance, Braille and interpreter services
- classes specifically for adults with disabilities
- outreach to identify adults needing services
- activities to increase public awareness of the roles of people with disabilities

Key Activity Goals & Measures

Goal: This program provides funding to assist a limited number of school districts in paying for community education activities to help adults with disabilities participate in Minnesota's communities and economy.

Activity Funding

The school district community education programs that have been approved for this program may receive revenue equal to the lesser of $60,000 or actual expenditures.

Districts receive state aid equal to the lesser of $30,000 or one-half of the actual expenditures, and may levy the lesser of $30,000 or one-half of the actual expenditures. Districts may receive revenue from public or private sources to supplement state aid and local levy.

Contact

Additional information is available from the Minnesota Department of Education, Center for Postsecondary Success, Adult and Career Education section, (651) 582-8330.

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
3	Total Current Appropriation	588	688	688	688	1,376
	a. End of Session Estimate			164	22	186
4	**Forecast Base**	**588**	**688**	**852**	**710**	**1,562**
3	Governor's Initiatives					
	a. Aid Shift to 70%			(142)		(142)
4	**Recommended**	**588**	**688**	**710**	**710**	**1,420**

	District Revenue Summary (Entitlement Basis)						
AID		**State Aid**					
	5	Statutory Formula Aid	710	710	710	710	1,420
	6	Statutory Excess/(Shortfall)					0
	7	Appropriated Entitlement	710	710	710	710	1,420
	8	Adjustments					
	9	**State Aid Entitlement Current Law**	710	710	710	710	1,420
	11	**Governor's Aid Recommendation**	**710**	**710**	**710**	**710**	**1,278**
plus							
LEVY		**Levy**					
	10	Local Levy Current Law	670	670	670	670	1,340
equals							
REVENUE	11	Current Law Revenue (State Aid & Levy)	1,380	1,380	1,380	1,380	2,760
		Appropriations Basis for State Aid					
		Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010 and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
		Prior Year	69	191	213	213	426
		Current Year	519	497	497	497	994
		Total State Aid - General Fund	**588**	**688**	**710**	**710**	**1,420**

Activity at a Glance

- 14 sites in 2008 and 19 sites in 2009 submitted qualified requests for funds under this program.
- In 2008, requests for over $82,000 were submitted. Reimbursements were prorated at 84.53%.
- In 2009, requests for over $138,000 were submitted. Reimbursements were prorated at 50.55%
- In 2010, 15 sites requested $34,116.51. No proration was required.

Activity Description

Citation: M.S. 124D.57

This state aid program provides funding to districts and other organizations to assure access to educational opportunities for deaf and hard-of-hearing adults by paying for interpreter or note-taker services.

Population Served

This program serves deaf and hard of hearing adults participating in adult education classes.

Services Provided

This program:

- targets part-time adult students with hearing impairments;
- provides access to vocational education programs and programs promoting educational growth and development; and
- enhances and encourages lifelong learning.

Services provided include interpretation and note-taking.

Access to education programs for persons with disabilities is assured by the American with Disabilities Act (ADA). This program provides assistance with the one-time costs of interpreter and note-taker services. The aid allocation is not meant to support all the interpreter services for deaf and hard-of-hearing adult learners, but to help in unforeseen situations.

Key Activity Goals & Measures

This program provides services that improve the access to adult education classes for deaf and hard of hearing adults, allowing them to participate in Minnesota's communities and economy.

Goal: To support unanticipated needs for sign language interpreters or notetakers so that deaf or hard of hearing adults may fully participate in educational programs.

Measure:

Supported Events					
2005	**2006**	**2007**	**2008**	**2009**	**2010**
290	291	598	569	625	244

Activity Funding

The Minnesota Department of Education (MDE) provides reimbursement of the actual costs of direct services. The cost of providing interpreter services to one person for an activity/program is the same as providing that service to a group of people. The average cost for an hour of American sign language interpretation ranges between $50 and $100.

Both public and private agencies providing adult education classes to hearing impaired adults may apply to MDE for reimbursement of the costs of providing interpreting services. Applications for aid are received throughout the year with a single payment made at the end of the year, prorated as necessary to stay within the budgeted amount.

Approximately 29% of approved requests in 2009 came from school districts providing adult education. The remaining 71% came from other public and private organizations. During FY 2009, 18 different entities received funds, ranging from over $41,000 for St. Paul College to $36 for a local school district to interpret a one-time community education class for one adult. The department has encouraged sites to budget for this activity from other sources where recurring requests have been submitted.

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

Contact - Additional information is available from the Minnesota Department of Education, Center for Postsecondary Success, Adult and Career Education section, (651) 582-8330

DEPT OF EDUCATION
Program: COMMUNITY EDUCATION
Activity: HEARING IMPARED ADULTS

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	70	70	70	70	140
Subtotal - Forecast Base	70	70	70	70	140
Total	**70**	**70**	**70**	**70**	**140**
Expenditures by Fund					
Direct Appropriations					
General	70	70	70	70	140
Total	**70**	**70**	**70**	**70**	**140**
Expenditures by Category					
Local Assistance	70	70	70	70	140
Total	**70**	**70**	**70**	**70**	**140**

Activity at a Glance

- 148 school districts certified levies for FY 2011.

Activity Description

Citation: M.S. 124D.19; 124D.22

School age care (SAC) revenue is an equalized levy and aid program that supports the additional costs of providing after-school care for children with disabilities or children experiencing family or related problems of a temporary nature.

Population Served

Services funded by this revenue are only additional services to enable children with disabilities or children who experience problems of a temporary nature to participate in school age care programs.

Services Provided

School age care is a program for children from kindergarten through grade six to expand student's learning opportunities when school is not in session. Local school boards must develop the standards for the program, which must include the following components:

- adult supervised activities while school is not in session;
- parent involvement in program design and direction;
- partnerships with K-12 system and other public, private, or nonprofit entities;
- opportunities for trained secondary school pupils to work with younger children as part of a community service program; and
- access to available school facilities when otherwise not in use as part of the operation of the school.

Historical Perspective

The Minnesota legislature authorized school boards to offer school age care programs in 1989; no levy was authorized or state aid appropriated. In 1992, the legislature authorized school age care revenue to pay for the additional costs of providing school age care to children with a disability or children "experiencing family or related problems of a temporary nature." The number of districts participating in this revenue program has grown from 79 in FY 1994 to 148 districts in FY 2011.

Key Activity Goals & Measures

Goal: This program advances the goal that all people will be welcomed, respected, and able to participate fully in Minnesota's communities and economy (Minnesota Milestones). The school age care revenue program enables school districts to accommodate students with disabilities in before- and after-school care programs.

Activity Funding

School age care revenue is equal to the eligible annual additional costs of providing school age care services to children with disabilities or children who are experiencing a temporary family problem. The levy is equalized at a rate of $2,433 of adjusted net tax capacity per resident pupil unit. That is, districts with a per-pupil tax capacity less than this amount are eligible to receive state aid. Levy authority equals school age care revenue times the lesser of 1.0 or the ratio of the district's per-pupil tax capacity to $2,433. Aid equals the difference between revenue and levy authority. Currently, all school districts accessing this revenue have tax capacities sufficient to generate 100% of their school age care revenue.

The School Age Care levy comprised around 9% of the total revenue school districts reported for before- and after-school care programs in FY 2009, 87% of which came from fees.

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

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance at (651) 582-8467, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/index.html.

		Dollars in Thousands				
		Current		Governor's Rec		Biennium 2012-13
	Direct Appropriations by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
	General Fund					
1	Total Current Appropriation	1	1	1	1	2
	a. November Forecast Adjustment	(1)				
2	**Forecast Base**	**0**	**1**	**1**	**1**	**2**
	District Revenue Summary (Entitlement Basis)					
AID	**State Aid**					
3	Statutory Formula Aid	0	1	1	1	2
4	Statutory Excess/(Shortfall)	1				
5	Appropriated Entitlement	1	1	1	1	2
6	Adjustments					
7	a. Cancellation	(1)				
	b. Transfer per M.S. 127A.41					
8	**State Aid Entitlement Current Law**	0	1	1	1	2
plus						
LEVY	**Levy**					
9	Local Levy Current Law	13,442	14,033	14,859	15,602	30,461
equals						
REVENUE 10	Current Law Revenue (State Aid & Levy)	13,442	14,034	14,860	15,603	30,463
	Appropriations Basis for State Aid					

Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.

Prior Year			0	0	0
Current Year	0	1	1	1	2
Transfer per M.S. 127A.41					0
Total State Aid - General Fund	**0**	**1**	**1**	**1**	**2**

Budget Activities

This program includes the following budget activities:

- Adult Basic Education
- GED Tests

Dollars in Thousands

	Current FY2010	Current FY2011	Governor Recomm. FY2012	Governor Recomm. FY2013	Biennium 2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	35,796	42,857	42,857	42,857	85,714
Technical Adjustments					
End-of-session Estimate			11,760	4,246	16,006
November Forecast Adjustment		97	45	3	48
Subtotal - Forecast Base	35,796	42,954	54,662	47,106	101,768
Governor's Recommendations					
Aid Shift Changes		0	(9,149)	(275)	(9,424)
Eliminate Adult Basic Educ Growth Factor		0	(313)	(774)	(1,087)
Total	**35,796**	**42,954**	**45,200**	**46,057**	**91,257**
Expenditures by Fund					
Direct Appropriations					
General	35,796	42,954	45,200	46,057	91,257
Statutory Appropriations					
Federal	6,193	5,634	5,836	6,017	11,853
Total	**41,989**	**48,588**	**51,036**	**52,074**	**103,110**
Expenditures by Category					
Other Operating Expenses	0	175	175	175	350
Local Assistance	41,989	48,413	50,861	51,899	102,760
Total	**41,989**	**48,588**	**51,036**	**52,074**	**103,110**
Expenditures by Activity					
Adult Basic Education	41,864	48,463	50,911	51,949	102,860
Ged Tests	125	125	125	125	250
Total	**41,989**	**48,588**	**51,036**	**52,074**	**103,110**

Activity at a Glance

- 51 ABE consortia, 500 delivery sites statewide.
- 1,200 licensed teachers and 3,000 volunteers served over 78,000 students in FY 2010.
- One out of every 11 diplomas issued in Minnesota during 2010 was a GED or adult high school diploma.
- 42% of all enrollees were ESL students, 61% were parents, and 12% were unemployed.
- Research shows that the average GED or adult diploma graduate earns about $7,000 more per year than a dropout.

Activity Description

Citation: M.S. 124D.52; 124D.53 ;

Federal Citation: Adult Education and Family Literacy Act, Chapter 2, Public Law 105-220, and Workforce Investment Act, Section 503. 20 U.S.C. 1201 et seq. (CFDA 84.002).

This state and federal funded program provides education opportunities for adults who lack basic academic skills and whose low educational levels are barriers to employment, self-sufficiency, and postsecondary training.

Population Served

Adults are eligible to participate when they are at least 16 years old, are not enrolled in school (formally withdrawn or dropped out), and function below the high school completion level in basic skills. The 2000 U.S. Census reports that 12% of Minnesotans over 25 lack high school equivalency, over 380,000 people. Over 300,000 Minnesota residents are immigrants or refugees in need of basic English skills. Enrollment in English as a Second Language (ESL) programs has doubled in the past five years. During FY 2010, over 32,000 adults enrolled in ESL classes and 42% of all enrollees in adult basic education (ABE) were ESL students. A majority of ESL students are at the lowest literacy levels.

Services Provided

ABE program options include the following program types:

- *GED* (General Education Development diploma) - high school equivalency program (a GED online preparation program is available, as well as, in-class preparation)
- *Adult Diploma* - programs for adults leading to a Minnesota high school diploma
- *English as a Second Language* - for students whose native language is not English
- *Family Literacy* - features instruction for adults in literacy and parenting, and their children receive education services as well through other funding sources
- *Basic Skills Education* - for students who need to brush-up on some specific basic skills, such as math or reading (typically related to their employment)
- *Workforce Preparation* - literacy skills related to students' need to obtain, retain, or improve their employment. Instruction uses work-related content, often delivered at the learner's work site
- *U.S. Citizenship and Civics* - programs for legal noncitizens and immigrants to attain English and civic knowledge necessary for U.S. citizenship and civic participation
- *Transition to Postsecondary Education* – programs for college preparation

State ABE funding supports individual public school districts or groups of districts (consortia) and other eligible nonprofit providers including community-based organizations and correctional institutions. ABE is provided at over 500 sites located in every Minnesota county, at public schools, workforce centers, community/technical colleges, prisons/jails, libraries, learning centers, tribal centers, and nonprofit organizations. Programs have voluntarily formed ABE consortia (51 administrative units) to maximize efficiency and to share resources.

Key Activity Goals & Measures

By providing educational opportunities for adults who lack basic academic skills, this program promotes a Minnesota workforce that will have the education and training to be a leader in global economy.

Goal: Decrease the percentage of Minnesota adults who currently lack basic skills to achieve their educational and economic goals through participation in ABE programs.

Measure:

Selected Outcome Results	FY 2008	FY 2009	FY 2010
Enrollment	74,656	73,387	78,480
GED's Earned	6,170	6,274	5,951
H.S. Diplomas Earned	1,344	1,265	1,243
Left Public Assistance	578	593	579
Entered Post-Secondary Education	5,398	7,823	9,659
Gained U.S. Citizenship or Civics Skills	1,095	1,072	987
Able to Assist Children in School	14,491	13,402	16,087
Gained or Better Employment	7,872	9,993	12,678
Annual Cost Per Learner	$655	$668	$635

The state ABE program exceeded its nationally established accountability targets for the past six years. These targets include measurable outcomes of academic level completion, diploma/GED attainment, job placement/retention, and transition to higher education/training. As a result of meeting federal established performance standards, the Minnesota ABE program earned Workforce Investment Act Incentive Awards for FY 2008, FY 2009, and FY 2010.

Activity Funding

State ABE aid is distributed to approved consortia using a formula as specified in law:

- base population aid at the greater of $3,844 or $1.73 times the census population of the member district; and
- of the remaining funds available, 84% is distributed based on prior year contact hours, 8% is distributed based on the population of K-12 Limited English Proficient (LEP) students in the member district, and 8% is distributed based on the census population of adults aged 20 and over who do not hold a high school diploma.

Under the state funding formula, two funding caps are in law: 1) programs are held to an 11% or $10,000 growth cap (the greater of) on contact hour revenue; and 2) programs are held to a gross revenue per contact hour of $22 per prior year contact hour. The increase in learner contact hours over the past five years and the resulting contact hour revenue generated under the formula are shown in the table below.

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Contact Hours	4,845,106	4,994,916	5,216,421	5,214,101	5,054,208	5,372,127	5,827,860
% Increase in Contact Hours Over Prior Year	9.60	3.10	11.20	-0.04	-3.10	6.3	8.5
Contact Hour Revenue Rate Generated for Next Year Funding	$4.79	$4.61	$4.54	$5.01	$5.41	$5.26	$4.96

Under the federal Adult Education and Family Literacy Act (P.L.105-220), which is Title 2 of the 1998 Workforce Investment Act, federal funds are received and must be used to coordinate with and supplement other ABE funds. Federal maintenance of effort provisions exist to promote the existing level of state resources.

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

Contact

Additional information is available from the Minnesota Department of Education, Adult Basic Education,
(651) 582-8442,
http://education.state.mn.us/MDE/Learning_Support/Adult_Basic_Education_GED/Adult_Basic_Education/index.html.

	Dollars in Thousands				
	Current		Governor's Rec		Biennium 2012-13
Direct Appropriations by Fund	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2012-13**
General Fund					
1 Total Current Appropriation	35,671	42,732	42,732	42,732	85,464
a. End of Session Estimate			11,760	4,246	16,006
b. November Forecast		97	45	3	48
c. Cancellation					
2 **Forecast Base**	**35,671**	**42,829**	**54,537**	**46,981**	**101,518**
3 Governor's Recommendation					
a. Aid Shift to 70%			(9,149)	(275)	(9,424)
b. Change Growth Factor to 2%			(313)	(774)	(1,087)
4 **Recommended**	**35,671**	**42,829**	**45,075**	**45,932**	**91,007**

District Revenue Summary (Entitlement Basis)					
AID **State Aid**					
3 Statutory Formula Aid	43,128	44,550	45,299	46,204	91,503
4 Statutory Excess/(Shortfall)	0	(139)			0
5 Appropriated Entitlement	43,128	44,411	45,299	46,204	91,503
6 Adjustments					
a. Cancellation					
b. Appropriation Increase		139			0
7 **State Aid Entitlement Current Law**	43,128	44,550	45,299	46,204	91,503
8 **Other Revenue**					
a. Federal	6,193	7,270	7,542	8,727	16,269
9 **Total All Sources Current Law**	49,321	51,820	52,841	54,931	107,772
Appropriations Basis for State Aid					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
Prior Year	4,187	11,644	13,365	13,589	26,954
Current Year	31,484	31,185	31,710	32,343	64,053
Total State Aid - General Fund	**35,671**	**42,829**	**45,075**	**45,932**	**91,007**

Activity at a Glance

- 59 GED testing centers.
- In Calendar Year 2009, 10,198 examinees took at least one GED test and 7,256 took all five tests.
- In 2009, 5,951 adults were granted GED diplomas in Minnesota.
- Individuals who receive their high school diploma or GED earn about $7,000 more per year than a dropout and gain access to postsecondary education.

Activity Description

Citation: M.S. 124D.55

This state aid program provides increased access for eligible individuals to complete the test of general educational development (GED) by paying a portion of the student's GED testing fees.

Population Served

To be eligible to take the GED exam and have the cost subsidized by the state, an individual must meet four criteria:

1. be 19 years of age or obtain a waiver from the Minnesota Department of Education (MDE);
2. be a Minnesota resident and have been so for at least 90 days;
3. not be currently enrolled in a program leading to a high school diploma; and
4. not have the testing fee paid by another government agency.

Nearly all GED applicants qualify for GED test financial support.

In Calendar Year 2009:

- the average age of GED examinees was 23.1 years;
- the average years of education of GED examines was 10.4 years; and
- 16-18 year olds accounted for 1,091 of the graduates, 18% of the total.

Services Provided

This budget activity provides supplementary funds to GED testing centers to help offset the cost of GED testing for eligible students. As a result of this subsidy, fees for individual GED examinees are reduced. There are 59 testing centers in Minnesota including nine at state correctional facilities.

The GED examination consists of a battery of five tests that measure major and lasting outcomes associated with a high school education. The five tests (social studies; science; language arts reading; language arts writing; and mathematics) employ a multiple-choice format with the two-part mathematics test also using alternative format questions. The writing skills test requires an essay. Most GED candidates are from low-income backgrounds and cannot afford the full cost of the five-test GED battery.

Successful completion of the GED test battery results in the awarding of a state of Minnesota GED diploma by MDE. A high school diploma or GED is required by many employers and virtually all of Minnesota's postsecondary educational institutions accept the GED as a valid high school credential for admission purposes.

Historical Perspective

State funding for the GED testing reimbursement program began in 1992 when the state began to pay the lesser of $20 or 60% of the fee charged to an eligible individual for the full battery of the GED test. The 2008 legislature raised this $20 subsidy to $40.

Key Activity Goals & Measures

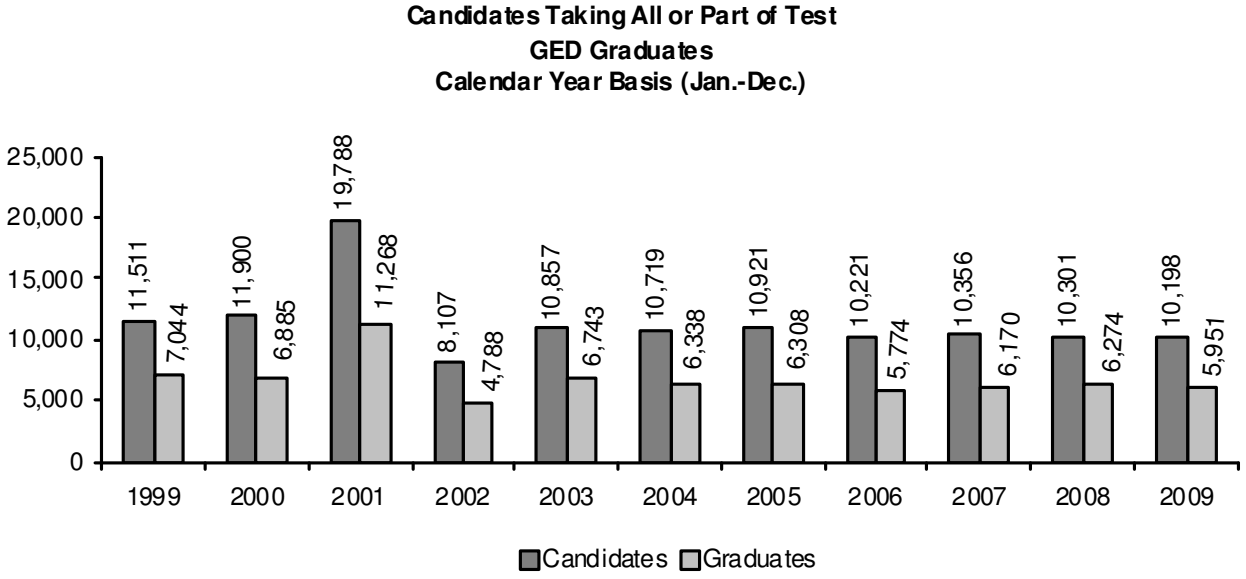
By earning a State of Minnesota GED diploma, individuals are welcomed, respected, and able to participate fully in Minnesota's communities and economy.

Goal: Provide increased access for eligible individuals to complete the GED test by paying a portion of the student's testing fees.

Measure: GED testing data is reported on a calendar year basis (January through December annually).

Calendar Year 2009 Statistics:

- Passing rate in Minnesota is 82% (Top five in US).
- In 2009, more than one of 11 high school credentials issued in Minnesota was a GED or adult diploma. A total of 5,951 GEDs and 1,243 adult diplomas were earned.
- 50% of examinees wanted a GED to be able to further education; 47% for employment; and 3% for entrance into the military.



Activity Funding

Currently, the average GED test fee per participant is $95. In 1992, the state covered $9 of the total $15 test fee (60%). In 2009, the state covered $40 of the $95 test fee (42%). However, this GED testing subsidy of $40 per GED test battery given (five tests) is depleted prior to the end of the fiscal year. The current appropriation covered 3,125 test administrations out of 7,256 complete battery administrations for FY 2009.

Contact

Additional information is available from the Minnesota Department of Education, Adult Basic Education, (651) 582-8437, http://education.state.mn.us/mde/Learning_Support/Adult_Basic_Education_GED/index.html.

DEPT OF EDUCATION
Program: SELF SUFFICIENT & LIFELONG LRN
Activity: GED TESTS

Budget Activity Summary

Dollars in Thousands

	Current FY2010	Current FY2011	Governor's Recomm. FY2012	Governor's Recomm. FY2013	Biennium 2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	125	125	125	125	250
Subtotal - Forecast Base	125	125	125	125	250
Total	**125**	**125**	**125**	**125**	**250**
Expenditures by Fund					
Direct Appropriations					
General	125	125	125	125	250
Total	**125**	**125**	**125**	**125**	**250**
Expenditures by Category					
Local Assistance	125	125	125	125	250
Total	**125**	**125**	**125**	**125**	**250**

The following programs are discontinued or nonrecurring, but incurred expenditures in FY 2009, FY 2010, and/or FY 2011.

	Dollars in Thousands		
Discontinued State Programs	FY 2009	FY 2010	FY 2011
Rushford Flood Enrollment Impact	70	158	
Rushford Transportation for Flood	40		
Lancaster Sparsity	100	100	100
Declining Pupil Aid Red Lake & Browns Valley	150		
Principals' Leadership Institute	275		
MN Humanities Commission	275		
First Grade Preparedness	7,250		
Get Ready, Get Credit (CLEP)	109		
St. Croix River Ed District	500		
World Language	242		
Math & Teacher Science Academies	2,616	750	
Science, Technology (STEM)	1,500		
Special Education Task Force	18		
School Technology and Operating Capital	52,172		
Disaster Relief Grants	19		
After School Community Learning Grants	2,600		
Total	**$67,936**	**$1,008**	**$100**

DEPT OF EDUCATION
Program: DISCONTINUED PROGRAMS
Activity: STATE DISCONTINUED

Budget Activity Summary

Dollars in Thousands

	Current FY2010	Current FY2011	Governor's Recomm. FY2012	Governor's Recomm. FY2013	Biennium 2012-13
Direct Appropriations by Fund					
General					
Current Appropriation	1,008	100	100	100	200
Technical Adjustments					
Program/agency Sunset			(100)	(100)	(200)
Subtotal - Forecast Base	1,008	100	0	0	0
Total	**1,008**	**100**	**0**	**0**	**0**
Expenditures by Fund					
Direct Appropriations					
General	258	850	0	0	0
Total	**258**	**850**	**0**	**0**	**0**
Expenditures by Category					
Local Assistance	258	850	0	0	0
Total	**258**	**850**	**0**	**0**	**0**

Federal Award Name and Brief Purpose	New grant	Required state match/MOE? Match	MOE	SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
AA-MAS-Enhancement Assessment J19 To enhance the quality of assessment instruments and systems for measuring the achievement of all students.	One time	No	No	364	0	0	0
Accessible Portable Item Protocol 432 Enhanced assessment instruments Enhance the quality of assessment instruments and systems used by States for measuring the achievement of all students.	One time	No	No	437	835	0	0
Adult Basic Education 421 Programs for adult education and literacy services, including workplace literacy services, family literacy services, and English literacy and integrated English literacy-civics education programs. Participation is limited to adults and out-of-school youths aged 16 and older who do not have a high school diploma or equivalent.	On-going	No	Yes	7,666	6,576	6,800	7,000
Advanced Placement Incentive 459 Support efforts to increase access to advanced placement classes and tests for low-income students and to cover part or all of the cost of test fees for low-income students enrolled in advanced placement courses.	One time	Yes	Yes	315	1,299	904	317
Building State Capacity for Preventing Youth Substance Abuse 484 Enhance the prevention of illegal use of drugs and violence among, and promote safety and discipline for, students at all educational levels; and to support programs to reduce alcohol abuse among secondary school students.	One time	No	No	0	125	0	0
Byrd Honors Scholarships 436 Provide scholarships to support postsecondary education to outstanding high school seniors who show promise of continued academic achievement in an effort to recognize and promote student excellence and achievement.	On-going	No	No	703	759	820	894
Carl Perkins Act – Vocational Education 482 Develop more fully the academic, career, and technical skills of secondary and postsecondary students who elect to enroll in career and technical education programs.	On-going	Yes	Yes	5,546	8,100	8,100	8,100
Charter School Facilities 447 To provide matching funds to states to establish or enhance and administer per-pupil facilities aid programs in order to help charter schools obtain adequate facilities.	Ending	Yes	No	2,407	780	0	0
Charter Schools 448 Support the planning, development, and initial implementation of charter schools and the dissemination of information on charter schools.	On-going	No	No	6,416	5,465	10,000	10,000

		Required state match/MOE?					
Comprehensive School Health Programs 481 To improve the health and well-being of youth and prepare them to be healthy adults and help schools prevent sexual risk behaviors that result in HIV infection, especially among youth who are at highest risk.	On-going	No	No	679	492	501	509
Deaf & Blind 424 Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	On-going	No	No	212	175	175	175
Early Childhood – Special Education Infants & Toddlers Grant Part C 435 Implement and maintain a Statewide, comprehensive, coordinated, multidisciplinary, interagency system to make available early intervention services to infants and toddlers with disabilities and their families.	On-going	No	Yes	5,878	7,027	5,847	6,068
Early Childhood – Special Education Preschool Grant Part B 434 Provide special education and related services to children with disabilities ages 3 through 5 years, and at a State's discretion, to 2- year- old children with disabilities who will reach age three during the school year.	On-going	No	Yes	5,367	5,883	6,361	6,809
Enhanced Assessment Grant – Improving Validity of Assessment Results for ELLs with Disabilities Address the validity of assessment results of ELLs with disabilities in statewide accountability assessments.	New	No	No	0	237	929	399
ESEA – 21st Century Community Learning 461 Create community learning centers that provide academic enrichment opportunities for children, particularly students who attend high-poverty and low-performing schools to help students meet state and local student standards in core academic subjects and offers literacy and other educational services to the families of participating children.	On-going	No	No	10,181	10,684	11,199	11,741
ESEA – Dropout Prevention 431 Support effective, sustainable and coordinated dropout prevention and reentry programs in high schools with annual dropout rates that exceed their State average annual dropout rate. Middle schools that have students who continue on to these high schools are also supported.	One time	No	No	201	0	0	0
ESEA – Drug & Violence 437 Provide a disciplined environment conducive to learning, by preventing violence in and around schools and strengthening programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and are coordinated with related Federal, State, and community efforts and resources.	On-going	No	No	3,785	2,100	0	0

		Required state match/MOE?					
ESEA – Drug & Violence 438 Provide programs and activities that prevent illegal drug use and violence targeted to populations that need special services or additional resources, such as youth in juvenile detention facilities, runaway or homeless children and youth, pregnant and parenting teens and school dropouts and are coordinated with related Federal, State, and community efforts and resources.	On-going	No	No	902	546	0	0
ESEA – English Language Acquisition 464 Ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same challenging State academic content and student academic achievement standards.	On-going	No	Yes	8,251	8,493	8,746	9,009
ESEA – Enhancing Technology State Grants 452 Formula grant to (a) improve student academic achievement through the use of technology in schools; (b) assist all students in becoming technologically literate by the end of eighth grade; and (c) encourage the effective integration of technology with teacher training and curriculum development to establish successful research-based instructional methods.	On-going	No	No	3,337	1,323	1,323	0
ESEA – Math & Science Partnerships 498 To improve the academic achievement of students in mathematics and science.	On-going	No	No	2,502	2,874	2,960	3,048
ESEA – Migrant Education 422 To ensure that migratory children have the opportunity to meet the same challenging State content and performance standards that all children are expected to meet.	On-going	No	No	1,715	2,222	2,404	2,547
ESEA – Migrant MSIX Data Quality To participate in consortia that provide high-quality project designs and services to improve the interstate or intrastate coordination of migrant education programs by addressing key needs of migratory children who have their education interrupted.	On-going	No	No	0	10	17	0
ESEA – Reading First 468 National reading initiative designed to help every child become a successful reader by the end of third grade.	Ended	No	No	2,719	557	0	0
ESEA – School Improvement Grants 499 Competitive subgrants to local educational agencies (LEAs) that demonstrate the greatest need for the funds and the strongest commitment to use the funds to provide adequate resources in order to raise substantially the achievement of students in their lowest-performing schools.	On-going	No	No	3,329	3,750	5,258	5,265

		Required state match/MOE?					
ESEA – State Assessments 462 Support the development of the additional State assessments and standards required by Section 1111(b) of the Elementary and Secondary Education Act (ESEA), as amended; and (2) if a State has developed the assessments and standards required by Section 1111(b), then to support the administration of those assessments or to carry out other activities related to ensuring that the State's schools and local education agencies are held accountable for results.	On-going	No	No	5,657	9,554	9,853	10,152
ESEA Title 1 450 Assist local educational agencies (LEAs) and schools to improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic achievement standards.	On-going	No	No	132,729	139,746	151,341	163,275
ESEA – Title II Improving Teacher Quality 465 To improve teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement.	On-going	No	No	37,145	37,356	38,116	38,890
ESEA Title V Innovative Programs 449 To assist local education reform efforts that are consistent with and support statewide reform efforts. Also to support state and local efforts to implement promising education reform programs, provide a continuing source of innovation and educational improvement, help meet the special education needs of at-risk and high-need students, and support programs to improve school, student, and teacher performance.	Ended	No	No	1,199	0	0	0
ESEA – Voluntary Public School Choice 486 Eligible entities use the grant funds for: (1) planning or designing a program (for not more than 1 year); (2) the cost of making tuition transfer payments to public elementary schools or secondary schools to which students transfer under the program; (3) the cost of capacity-enhancing activities that enable high-demand public elementary schools or secondary schools to accommodate transfer requests under the program; (4) the cost of carrying out public education campaigns to inform students and parents about the program; and (5) other costs reasonably necessary to implement the program.	On-going	Yes	No	841	1,478	1,478	1478

		Required state match/MOE?					
ESEA Migrant Consortium 470 Participate in consortia that provide high-quality project designs and services to improve the interstate or intrastate coordination of migrant education programs by addressing key needs of migratory children who have their education interrupted.	On-going	No	No	53	69	5	0
Even Start Family Literacy 441 Help break the cycle of poverty and illiteracy and improve the educational opportunities of low-income families, by integrating early childhood education, adult literacy or adult basic education, and parenting education into a unified family literacy program.	On-going	Yes	No	644	667	692	718
FNS – CACFP Food Service 500 Resolution of prior year final settlements with USDA.	Ended	No	No	135	0	0	0
FNS - Summer Food Program 416 Initiate and maintain nonprofit food service programs for low-income children during the summer months and at other approved times, when schools are out of session or are closed for vacation.	On-going	No	No	4,215	5,058	5,564	6,120
FNS-Breakfast 400 School Breakfast Program funds to reimburse participating public and nonprofit private schools, of high school grade and under and residential child care institutions, for breakfasts to eligible children.	On-going	Yes	No	32,741	40,697	44,767	49,244
FNS-CACFP Food Service 406 To initiate and maintain nonprofit food service programs for children and elderly or impaired adults enrolled in nonresidential day care facilities, children attending afterschool care programs in low-income areas, and children residing in emergency shelters.	On-going	No	No	840	845	876	904
FNS-CACFP Food Service 407 To initiate and maintain nonprofit food service programs for children and elderly or impaired adults enrolled in nonresidential day care facilities, children attending afterschool care programs in low-income areas, and children residing in emergency shelters.	On-going	No	No	58,438	70,067	78,475	87,892
FNS-CACFP Sponsor 408 To initiate and maintain nonprofit food service programs for children and elderly or impaired adults enrolled in nonresidential day care facilities, children attending afterschool care programs in low-income areas, and children residing in emergency shelters.	On-going	No	No	7,235	8,675	9,716	10,882
FNS-Commodities 405 To initiate and maintain nonprofit food service programs for children and elderly or impaired adults enrolled in nonresidential day care facilities, children attending afterschool care programs in low-income areas, and children residing in emergency shelters.	On-going	No	No	908	1,025	1,128	1,240

		Required state match/MOE?					
FNS-Fresh Fruits & Vegetables 414 Selected low-income public and nonprofit private elementary schools are reimbursed for produce served to school children outside of the lunch or breakfast food service periods.	On-going	No	No	752	1,979	2,078	2,180
FNS-Lunch 403 School lunch program to reimburse participating public and nonprofit private schools, of high school grades or under, including residential child care institutions, for lunches meeting the nutritional requirements to eligible children.	On-going	Yes	No	130,561	156,644	172,309	180,924
FNS-School Lunch Equip 413 Funds for certain equipment purchases at eligible schools.	On-going	No	No	0	317	333	349
FNS-Special Milk 404 To encourage the consumption of milk by children in public and private nonprofit schools of high school grade and under, public and private nonprofit nursery schools, and child-care centers. Milk served free to eligible needy children is reimbursed at the average cost of a half pint of milk.	On-going	Yes	No	753	993	1,092	1,202
FNS-State Admin Expense 411 Administrative funds to supervise and give technical assistance to local schools, school districts and institutions with their Child Nutrition Programs.	On-going	Yes	No	2,967	3,211	3,396	3,503
FNS-Summer Food Program Sponsor Admin 415 Initiate and maintain nonprofit food service programs for low-income children during the summer months and at other approved times, when schools are out of session or are closed for vacation.	On-going	Yes	No	467	420	462	508
FNS-Summer Food Service Program State Admin Expenses 410 Nonprofit food service programs for low-income children during the summer months and at other approved times, when schools are out of session or are closed for vacation.	On-going	No	No	125	81	83	87
GSEG Enhancement Grant G19 Promote academic achievement and to improve results for children with disabilities by providing technical assistance, supporting model demonstration projects, disseminating useful information, and implementing activities that are supported by scientifically based research.	One time	No	No	181	0	0	0

		Required state match/MOE?					
Head Start 442 Promote school readiness by enhancing the social and cognitive development of low-income children, including children on federally recognized reservations and children of migratory farm workers, through the provision of comprehensive health, educational, nutritional, social and other services; and to involve parents in their children's learning and to help parents make progress toward their educational, literacy and employment goals.	On-going	Yes	No	111	125	125	125
Homeless Children 440 Ensure that all homeless children and youth have equal access to the same free, appropriate public education available to other children.	On-going	No	No	572	585	602	629
Institute of Museum & Library Services – Grants to States 426 Promote improvement in library services in all types of libraries to better serve the public by facilitating access to resources for the purpose of cultivating an educated and informed citizenry and encouraging resource sharing among libraries for the purpose of achieving economical and efficient delivery of library services to the public.	On-going	Yes	Yes	2,651	3,136	3,136	3,136
Learn & Serve America School Based Prog 497 Encourage elementary and secondary schools and community-based agencies to create, develop, and offer service- learning opportunities for school- age youth; educate teachers about service- learning and incorporate service-learning opportunities into classrooms to enhance academic learning; coordinate adult volunteers in schools; and introduce young people to a broad range of careers and encourage them to pursue further education and training.	On-going	Yes	No	190	262	265	267
Rural & Low Income Schools 428 Provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools.	On-going	No	No	129	132	140	145
Special Education – General Supervision Enhancement Grant 467 Provide technical assistance, where needed, to improve the capacity of States to meet the data collection requirements of the IDEA.	One time	No	No	310	231	209	0
Special Education – State Personnel Dev 425 Reform and improve systems for school personnel preparation and professional development in early intervention, educational and transition services, to improve results for children with disabilities.	On-going	No	No	769	1,894	1,184	1,287

		Required state match/MOE?					
Special Education–Children with Disabilities 451 Formula grant to provide special education & related services needed to eligible children as authorized under IDEA.	On-going	No	Yes	155,079	188,953	204,385	218,719
Striving Readers Comprehensive Literacy Program State Form Grant 417 To advance literacy skills, including pre-literacy skills, reading and writing for students from birth through grade 12, including limited-English-proficient students and students with disabilities.	One time	No	No	0	116	34	0
Title I Neglected & Delinquent 423 To help provide educational continuity for neglected and delinquent children and youth in State-run institutions for juveniles and in adult correctional institutions, so that these youth can make successful transitions to school or employment once they are released.	On-going	No	No	221	260	305	359
USDE Contract – NAEP 463 Coordinate state's participation in the federally required assessments of the National Assessments Governing Board.	On-going	No	No	145	152	156	161
USDE Contract – PBDMI 483 To improve and institutionalize ED*Facts* reporting processes within the state.	On-going	No	No	166	135	139	144
ARRA Data Systems for 21st Century KR0 Create comprehensive P-20 systems that permit the generation and use of accurate and timely data, support analysis and informed decision-making at all levels of the education system, increase the efficiency with which data may be analyzed to support the continuous improvement of education services and outcomes, facilitate research to improve student academic achievement and close achievement gaps, support education accountability systems, and simplify the processes to make education data transparent through Federal and public reporting.	One time	Yes	No	0	1,593	5,353	4,372
ARRA Title I KR1 Improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic achievement standards.	One time	No	No	28,533	46,392	19,896	0
ARRA IDEA Part B KR2 Provide a free appropriate public education to all children with disabilities.	One time	No	Yes	68,802	94,920	26,747	0
ARRA Preschool Part B KR3 Provide special education and related services to children with disabilities ages 3 through 5 years, and at a State's discretion, to 2-year-old children with disabilities who will reach age three during the school year.	One time	No	No	1,691	3,854	2,162	0

		Required state match/MOE?					
ARRA IDEA Infants & Family Part C KR4 Implement and maintain a statewide, comprehensive, coordinated, multidisciplinary, interagency system to make available early intervention services to infants and toddlers with disabilities and their families.	One time	No	No	970	5,507	1,380	0
ARRA Head Start Advisory KR5 Improve coordination and collaboration among early childhood education and care programs and services in the state through activities of the State Early Childhood Advisory Council.	One time	No	No	0	830	381	0
ARRA NSLP Equipment KR6 Funding provided for certain equipment purchases.	One time	No	No	1,271	0	0	0
ARRA McKinney Vento KR7 Ensure that all homeless children and youth have equal access to the same free, appropriate public education available to other children, the Education for Homeless Children and Youth program provides assistance to States, Outlying Areas, and the Bureau of Indian Education (BIE).	One time	No	No	428	245	19	0
ARRA Title II Tech KR8 Formula grants to (a) improve student academic achievement through the use of technology in schools; (b) assist all students in becoming technologically literate by the end of eighth grade; and (c) encourage the effective integration of technology with teacher training and curriculum development to establish successful research-based instructional methods.	One time	No	No	2,217	3,459	441	0
ARRA School Improvement KR9 Competitive subgrants to local educational agencies (LEAs) that demonstrate the greatest need for the funds and the strongest commitment to use the funds to provide adequate resources in order to raise substantially the achievement of students in their lowest-performing schools.	One time	No	No	98	13,304	15,583	0
ARRA Stabilization Fund KS1 Support and restore funding for elementary, secondary, and postsecondary education and, as applicable, early child hood education programs and services.	One time	No	Yes	397,332	102,668	0	0
Education Jobs Funding LJ1 Assist local educational agencies (LEAs) in saving or creating education jobs for school year 2010-2011.	One time	No	Yes	0	149,777	16,940	0
Total				**1,153,183**	**1,167,724**	**893,690**	**860,773**

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012	Governor's Recomm. FY2013	Biennium 2012-13
Non Dedicated Revenue:					
Departmental Earnings:					
General	1,831	1,830	1,830	1,830	3,660
Other Revenues:					
General	40	0	0	0	0
Other Sources:					
General	2	1	1	1	2
Total Non-Dedicated Receipts	**1,873**	**1,831**	**1,831**	**1,831**	**3,662**
Dedicated Receipts:					
Departmental Earnings:					
Miscellaneous Special Revenue	5,687	5,707	5,707	5,707	11,414
Grants:					
Miscellaneous Special Revenue	2,250	2,026	0	0	0
Federal	651,075	744,918	803,842	856,002	1,659,844
Federal Stimulus	501,342	422,549	88,902	4,372	93,274
Miscellaneous Agency	53	25	0	0	0
Other Revenues:					
Miscellaneous Special Revenue	4,560	4,934	4,923	4,924	9,847
Federal	5	0	0	0	0
Maximum Effort School Loan	1,950	2,500	2,500	2,500	5,000
Miscellaneous Agency	15	3,099	3,099	3,099	6,198
Gift	10	17	48	48	96
Other Sources:					
Miscellaneous Special Revenue	327	323	323	323	646
Maximum Effort School Loan	311	0	0	0	0
Miscellaneous Agency	5	3	0	0	0
Total Dedicated Receipts	**1,167,590**	**1,186,101**	**909,344**	**876,975**	**1,786,319**
Agency Total Revenue	**1,169,463**	**1,187,932**	**911,175**	**878,806**	**1,789,981**