

Governor's FY 2018 - 19 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2018 2019 2020 2021

Education

Safe and Secure Schools Act: Equalize and Increase the Safe Schools Levy

The Governor recommends providing MN school districts and charter schools with additional revenue to improve student and school security. Funds may be used for building security improvements or to hire more school resource officers, counselors, or other student support staff. This recommendation provides one-time state aid to districts and charter schools equal to \$18 per pupil in FY 2019. In FY 2020 and beyond this proposal will: 1) double the Safe Schools Levy allowance from \$36 per pupil to \$72 per pupil and create a minimum levy amount of \$30,000; 2) equalize the levy to allow districts with low property tax capacity access to this revenue; and 3) give charter schools \$36 per pupil in Safe Schools Aid.

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|---------|-------------|-----|----------|---------|---------|
| General | Expenditure | \$0 | \$15,872 | \$5,603 | \$4,389 |
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Special Education Funding Increase

The Governor recommends increasing state special education aid to reduce the special education cross subsidy. Reducing the cross subsidy will mitigate district cost increases due to inflation and increases in the number of students requiring special education instruction and services.

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| General | Expenditure | \$0 | \$16,939 | \$21,397 | \$22,059 |
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Voluntary PreK and School Readiness Plus

The Governor recommends maintaining funding of Voluntary Prekindergarten and School Readiness Plus at FY 2019 levels and expanding the number of funded seats by 5% each year beginning in FY 2020. In FY 2019 the state may fund up to 7,160 participants in both Voluntary Prekindergarten and School Readiness Plus. However only 3,160 of those slots have permanent funding into FY 2020-2021. This proposal would increase the number of permanently funded prekindergarten seats to 7,518 in FY 2020 and 7,894 in FY 2021. Along with this permanent increase in prekindergarten funding MDE proposes changing the way funded seats are allocated. Currently all seats must be distributed proportionately into four groups based on each group's share of state total kindergarten enrollment; one of those groups is comprised of Minneapolis and St Paul School Districts. The Governor recommends making each district its own group to ensure an equitable distribution of funded seats between Minneapolis and St Paul. This proposal also includes \$204,000 a year in administrative support to MDE to fund 2.3 new full time positions.

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| General | Expenditure | \$0 | \$204 | \$25,982 | \$31,047 |
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Expand Early Learning Scholarships to 0-3 year olds

The Governor recommends expanding access to Early Learning Scholarships to children from low-income families who are 3 years old or younger. Currently scholarships are available to children who are 3 or 4 years old by September of the current year who are not yet enrolled in kindergarten and whose families have incomes at or below 185% of the federal poverty guidelines. Younger siblings of preschool aged scholarship recipients are currently eligible for scholarships. This change would make all children from qualifying families under age 3 scholarship eligible.

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| General | Expenditure | \$0 | \$0 | \$0 | \$0 |
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2018 2019 2020 2021

Early Learning Scholarships Availability of Funds Extended

The Governor recommends extending the time the Department of Education has to spend their annual appropriation for Early Learning Scholarships. Currently the agency has 24 months to spend the Early Learning Scholarships. This recommendation would allow the agency up to 27 months before unspent scholarship funds are canceled. This would allow more time for parents to use scholarships once they have been awarded and for the agency to reallocate scholarship money that was not used by the original recipients. This change is intended to lower the amount of unused dollars at the end of a biennium in the Early Childhood Scholarships appropriation. In 2017 \$3 million cancelled from the Early Childhood Scholarships program.

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| General | Expenditure | \$0 | \$0 | \$0 | \$0 |
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Help Me Grow

The Governor recommends expanding Minnesota’s Help Me Grow System. Help Me Grow is designed to effectively connect children, families and providers to a broad array of information and existing services and supports in Minnesota. At the recommended funding level, in 2019 more than 630,000 young children and their families from birth to grade three will benefit from the referral and follow-up services provided by Help Me Grow.

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| General | Expenditure | \$0 | \$1,500 | \$1,500 | \$1,500 |
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Background Checks For All Head Start Locations

The Governor recommends authorizing the Department of Human Services to conduct required background studies for all Head Start programs. Currently DHS is only authorized to provide these background studies for license-exempt Head Start programs that receive CCAP funds or are Tribal Head Start programs. This change would allow DHS to provide background studies for the small number that cannot currently use DHS.

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| Other Misc Special Revenue | Revenue | \$0 | \$51 | \$8 | \$8 |
| Other Misc Special Revenue | Expenditure | \$0 | \$51 | \$8 | \$8 |

Kindergarten Students with a Disability Average Daily Membership Calculation

The Governor recommends aligning the number of hours required for a kindergarten student with a disability to generate one Average Daily Membership (ADM) with the number of hours required for all other kindergarten students. Currently the number of hours required for a kindergarten student with a disability is 875 and all other kindergartners is 850. This proposal corrects an inconsistency in ADM calculations and funding for kindergarten students with and without a disability.

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| General | Expenditure | \$0 | \$153 | \$170 | \$170 |
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American Indian Tribal Contract Aid

The Governor recommends that the maximum American Indian tribal contract aid per pupil be continued at the FY 2019 level of \$3,230, and not decreased to \$1,500 as provided in current law.

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| General | Expenditure | \$0 | \$0 | \$1,653 | \$2,017 |
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2018 2019 2020 2021

Minnesota Indian Teacher Training Program Changes

The Governor recommends a number of changes to the Minnesota Indian Teacher Training Program (MITTP) to provide clearer direction to the current tribal college grantees about the institutions they can partner with, what their budget allocation thresholds are, and who is eligible for scholarships. It will also eliminate the loan portion of the program, and instead focus all funding on scholarships, recruitment, and administration.

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| General | Expenditure | \$0 | \$0 | \$0 | \$0 |
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Alternative Compensation (Q Comp)

The Governor recommends removing the funding cap for current Alternative Compensation (Q Comp) program participants. This would allow current participants to continue to receive 100% of their entitlement as enrollment grows for these districts and schools.

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| General | Expenditure | \$0 | \$847 | \$1,417 | \$1,654 |
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Fully Fund GED Reimbursement

The Governor recommends fully funding the cost of taking the General Education Development (GED) once a year for any Minnesotan pursuing their High School Equivalency. This will provide increased access for eligible individuals to complete the GED battery of tests by paying all of the student's testing fees (\$120 per individual).

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| General | Expenditure | \$0 | \$403 | \$403 | \$403 |
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College Entrance Exam Reimbursement Availability of Funds Extended

The Governor recommends extending the amount of time districts have to seek reimbursement for administering college entrance exams. This would allow the Minnesota Department of Education to finalize reimbursements to schools districts within a 28 month period rather than 24 months. This proposal would not increase appropriations for these activities, but would lower expected cancellations.

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| General | Expenditure | \$0 | \$0 | \$0 | \$0 |
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Standardized Testing Requirement Changes

The Governor recommends eliminating the off-grade test questions and career and college readiness scores on the grades 3-8 math and reading Minnesota Comprehensive Assessment. This would create a one-time savings of \$15,000 in FY 2019, which would be reallocated to enhance data collection from districts and data reporting to the public.

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| General | Expenditure | \$0 | \$0 | \$0 | \$0 |
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Long-Term Facilities Maintenance Levy: Interdistrict Levy Burden Allocation

The Governor recommends that districts participating in an agreement for secondary education or an interdistrict cooperation agreement be permitted to allocate Long-Term Facilities Maintenance (LTFM) revenue generated by indoor air quality, fire safety or asbestos projects between the districts participating in the agreement. This will allow the levy for needed safety projects to be equitably spread between the districts. There would be no change in total LTFM revenue, aid or levy, but the levy burden would be spread more equitably among the partners to an agreement.

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| General | Expenditure | \$0 | \$0 | \$0 | \$0 |
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2018 2019 2020 2021

Referendum/Local Optional Revenue Clarification

The Governor recommends making the calculation of general education revenue simpler, more transparent, and more equitable by converting \$300 per pupil of referendum revenue to local optional revenue (LOR), making all districts statewide eligible for \$724 per pupil of LOR, and severing the current interactions between referendum revenue and LOR. All remaining referendum revenue would be voter approved. Simplification of referendum and LOR calculations would make general education funding simpler and more transparent with no impact on revenue aid or levy for any district.

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| General | Expenditure | \$0 | \$0 | \$0 | \$0 |
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Unused Regional Library Telecommunications Aid

The Governor recommends amending Regional Library Telecom Aid (RLTA) to allow unexpended aid to be used to fund additional Telecom Equity Aid (TEA) projects. These funds would improve internet access at more public schools – increasing the total number of schools districts and charters schools with broadband access. This would lower expected cancellations by \$350,000 each biennium.

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| General | Expenditure | \$0 | \$0 | \$0 | \$0 |
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Total For: Education

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|-----------------------------------|--------------------|------------|-----------------|-----------------|-----------------|
| General | Expenditure | \$0 | \$35,918 | \$58,125 | \$63,239 |
| Other Misc Special Revenue | Revenue | \$0 | \$51 | \$8 | \$8 |
| Other Misc Special Revenue | Expenditure | \$0 | \$51 | \$8 | \$8 |

Employment and Economic Development

Border-to-Border Broadband

The Governor recommends one-time funding in FY 2019 for the Border-to-Border Broadband Development Grant Program, which funds the expansion of broadband service to areas of Minnesota that are unserved or underserved. This program provides grants for up to 50% of project development costs. This funding level is expected to expand broadband access to over 11,000 households, businesses, and community institutions. Three percent of this appropriation is reserved for program administration and broadband mapping.

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|----------------------------|--------------|-----|----------|-----|-----|
| General | Transfer Out | \$0 | \$30,000 | \$0 | \$0 |
| Other Misc Special Revenue | Transfer In | \$0 | \$30,000 | \$0 | \$0 |
| Other Misc Special Revenue | Expenditure | \$0 | \$30,000 | \$0 | \$0 |