

FINAL REPORT

**PROJECTED COSTS TO SCHOOL DISTRICTS IN MINNESOTA
AND TO THE STATE ASSOCIATED WITH IMPLEMENTING THE
PROFILE OF LEARNING IN 1998-99 AND 1999-2000**

Prepared by

John Augenblick, John Myers, and Amy Berk Anderson

**AUGENBLICK & MYERS
Denver, Colorado**

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Prepared for

THE MINNESOTA DEPARTMENT OF CHILDREN, FAMILIES AND LEARNING

November 4, 1997

INTRODUCTION

The purpose of this report is to project the aggregate *marginal costs* to school districts, and the *full costs* to the state, to implement the Profile of Learning (the Profile), a component of the new Minnesota Graduation Standards, in 1998-99 and 1999-2000. Previously, Augenblick & Myers (A&M) has prepared estimates of school district costs associated with the Basic Requirements in Mathematics and Reading and of the costs to school districts and to the state associated with the Basic Requirement in Written Composition, as required by the state's rule-making requirements.¹ In order to develop the estimates included in those earlier reports, we undertook a variety of activities designed to obtain information about: (1) how school districts were likely to behave as they implemented a particular component of the Graduation Standards; (2) what the state expected to do to facilitate the implementation of that component and to monitor the progress of school districts; (3) the experiences of other states in developing new high school graduation requirements; and (4) how school districts allocated their resources and what funds might already be available to offset whatever new costs we estimated. We gathered this information through interviews with people at the Department of Children, Families and Learning, interviews with administrators and

¹ See "Projected Costs to School Districts in Minnesota Associated with Implementing Phase I of the Graduation Rule in 1995-96, 1996-97, and 1997-98" (June 30, 1995), "Projected Costs to School Districts in Minnesota Associated with Implementing the Basic Requirement in Writing in 1997-98 and 1998-99" (September 16, 1996), and "Projected Costs to the State of Minnesota Associated with Implementing the Basic Requirement in Writing for 1997-98 and 1998-99" (September 16, 1996).

show our cost estimates at that higher level and, therefore, in less detail than has been the case in previous reports. However, our analysis of state costs is very similar in format to our study of the state costs for the Basic Requirement in Written Composition.

We began our investigation of the costs associated with the Profile of Learning in January 1997, after some progress had been made in specifying how the Profile was likely to operate.² Between January and September, we conducted interviews of people representing 42 school districts in eight locations around the state (see Appendix A for a list of district interview participants). We met with the representatives of several pilot-site school districts on three occasions. We also attended several different training sessions organized by the state and coordinated by the Minnesota Education Effectiveness Program (MEEP) to help school personnel understand the Profile in general and to become familiar with its standards, the assessment packages, and the policies and procedures that would need to be developed to fully implement it. We also met with representatives of a few statewide education groups (see Appendix A for a list of organizations). Too, we reviewed several written documents, including (1) a survey of schools concerning the new Graduation Standards;³ (2) an analysis of district

² Up to that point, there had been a lot of discussion about the Profile of Learning in terms of its scope, its expectations for students, and the sequencing of standards although many of the specific decisions about how it would operate had not been made; given the likely fiscal impact of those decisions, we felt that it was inappropriate to do our work until things started to "gel," which began to happen in December, 1996.

³ "Survey of Schools about the Implementation of the Minnesota Graduation Standards" by the Division of Policy Development & Reporting, Office of Teaching & Learning, Minnesota Department of

that total expenditures are able to keep up with both inflation and pupil growth during that period of time.

MAJOR AREAS OF COST

Unlike the Basic Requirements, the Profile of Learning component of the Graduation Standards was conceived as a driving force that would produce fundamental change in both the kinds of services that schools offer and the ways by which those services are offered. In theory, the switch from determining high school graduation based on numbers of courses "passed" to the ability to demonstrate a high level of knowledge and skill in a wide range of subject areas enables, and may require, school districts to completely reorganize themselves, permitting them to use teachers in fundamentally different ways and to employ a wide variety of resources, including people not working in the schools and technology, for the benefit of students. Assuming that the movement from the current approach to a new approach for organizing resources could happen instantaneously with no adverse consequences for students and employees, it is possible that the new system could actually cost less than the current one to operate.

None of our interviews suggested that it would be possible to effect this kind of change quickly for a variety of reasons. First, there are thousands of students in the system who expect to graduate from high school by meeting existing course requirements. Second, as far as we can tell, few parents of students, and an even smaller segment of the general population, are familiar with the new graduation

services as they implemented the Profile, we have seen little evidence that the state expects to develop a rigorous approach to monitor how well school districts meet the Profile's requirements. In fact, most school leaders are more concerned about the Basic Requirements, which must be met in order to graduate, and the statewide testing system geared to higher order skills, which is currently being developed, in terms of their implications for accountability and associated resource changes.

This is not to say that districts are not spending a lot of time thinking about the Profile of Learning and doing what they believe they need to do in order to implement it in an appropriate way. Our interviews indicated that district administrators are focusing a lot of energy on reviewing curriculum and analyzing the extent to which it is consistent with the Profile. They are focusing much of their professional development time on the Profile so that teachers throughout the system are familiar with what students will be expected to know and be able to do, know how to use assessment packages, and are able to track student progress. Districts are developing policies and procedures to deal with the myriad of issues associated with the Profile, including how to meet standards using non-school-based resources, how to treat courses taken in other districts, including those out of state, how to monitor partial progress toward meeting a standard over time, and so on.

We anticipate that districts will continue to invest in activities such as those described above over the next couple of years. According to our estimates, the most significant costs to districts of implementing the Profile of Learning will be in the areas of *staff development, new responsibilities, and materials and supplies.*

packages and/or create new packages to meet the needs of their school communities. Some districts have started to adapt packages; however, most districts are likely to use the state packages initially. In either case, all districts will end up spending staff time adapting and/or creating assessment packages. Informally, teachers will make minor modifications and adjustments to packages within their schools and classrooms on a regular basis; however, any major changes to packages will need to be approved by the district first. The district needs to devote time to developing policies and procedures for reviewing and accepting revised or modified assessment packages.

3. Evaluating Student Performance — Periodically, if not continuously, schools will need to assess student progress toward fulfilling all of the requirements of the Profile. This will require schools and districts to develop consistent approaches to determine how well students are meeting the specific requirements of each standard, as embodied in the components of each assessment package, and to evaluate the quality of work completed outside of the school, a process that has been called "invigilation." We expect a significant amount of time to be spent in the first few years of implementation to assure that student progress is evaluated fairly and in a way that is comparable across teachers, schools, and school districts.

likely scenario in an average district is that the following kinds of people would be required:

- Graduation Standards Implementation Coordinator (GSIC) — Districts have committed staff time to coordinating the implementation of the graduation standards. According to the Department's "Survey of Schools," nearly 70% of respondents agreed or strongly agreed that the Graduation Standards Implementation Technician impacted the implementation of the standards-based system at the building level. The need for this person(s) increases as all schools begin to use assessment packages and complete other tasks associated with the Profile of Learning. Previously, the GSIC focused primarily on helping schools to implement strategies to meet the Basic Requirements and provided general information, such as implementation schedules, training dates, and assessment packages within each learning area. As all schools begin implementing the Profile of Learning, the GSIC will need to coordinate and conduct training on the Profile, act as a liaison between the district and the state on issues relating to the Graduation Standards, and facilitate the Graduation Rule Panel (see below for a description of this panel).
- Coaches/Master Teachers — A cadre of school-level experts on the Profile of Learning are needed. These experts should be specially trained (probably by the GSIC) to help other teachers to implement the Profile of

- Student Advisement — Since few districts are talking about eliminating Carnegie Units over the next few years, the addition of a portfolio-based system increases the need for advisors to keep track of student progress in meeting the high standards. This is primarily because the Profile of Learning requires students to demonstrate how and when they meet particular standards or components of those standards. In most places, keeping track of this information will be in addition to tracking students' progress in meeting course/credit requirements (if Carnegie Units are still being used). Too, students may reach standards in several ways, including completing activities in non-classroom-based settings. Districts expressed concerns that without an increase in advisors, schools would have a hard time keeping track of student information, leading to students falling through the gaps and becoming off-track for graduation. The number of advisors will only need to increase at the secondary level and the extra funding provided by adding advisors could be allocated according to what works best for each district (such as hiring more counselors, raising the level of responsibility for teachers to include advising, and so forth). These advisors' responsibilities would include keeping track of student progress, identifying potential gaps/problems in achieving standards, and keeping students on track for graduation.

order to give students access to current, relevant information and to provide hands-on learning opportunities). While it might be argued that districts already spend significant amounts on supplies and materials, we believe that, at least initially, a new, and immediate, investment will be required that will be beyond the traditional replacement schedule for textbooks and must be made to assure that the assessment packages are fully usable.

PROJECTED COSTS

The following detailed calculations identify the data we used in determining our estimates of school district costs in 1998-99 and 1999-2000. In making these estimates we used data from a variety of sources, which are noted immediately below each calculation. Following the description of each cost element, we total the costs and subtract amounts that we expect to be available to pay for the activities we described, resulting in a net cost, which is then expressed in per ADM (Average Daily Membership) student and per WADM (Weighted Average Daily Membership) student terms.

It should be noted that our estimates are based on the resources we anticipated being needed in an average district. Also, while we are very specific in estimating parameters, we do not expect any district to use resources in precisely the way they are expressed for calculation purposes -- this is not a "recipe" that we expect every district to use but, rather, a way to estimate aggregate needs across all districts based on one approach to implementing the Profile.

$$1998-99 \quad [(849,600 \div 2,450) \times \$42,625 \times 1.25] = \$18,476,637$$

$$1999-2000 \quad [(852,001 \div 2,450) \times \$43,775 \times 1.25] = \$19,028,747$$

Note: See the note for (1) for enrollment, salary, and benefits basis.

(2B) Coaches/Master Teachers: cost estimated on the basis of one for every 20 teachers with a stipend of \$2,000 in 1998-99 and \$2,100 in 1999-2000.

$$1998-99 \quad [(56,640 \text{ teachers} \div 20)] \times \$2,000 = \$5,664,000$$

$$1999-2000 \quad [(56,800 \text{ teachers} \div 20)] \times \$2,100 = \$5,964,000$$

Note: See the note for (1) for the basis of the number of teachers.

(2C) Record Keeper: cost estimated on the basis of one half of a full-time person for each 2,000 students in 1998-99 and one quarter of a full-time person in 1999-2000.

$$1998-99 \quad (849,600 \div 2,000) \times (\$42,625 \times .50 \times 1.25) = \$11,316,938$$

$$1999-2000 \quad (852,001 \div 2,000) \times (\$43,775 \times .50 \times 1.25) = \$11,655,107$$

Note: See the note for (1) for enrollment, salary, and benefits. We estimate the salary of support personnel at 50 percent of professional staff based on discussion with the Department.

(2D) Student Advisement: We estimate that districts will need to reduce their ratios of students to counselors in grades 7-12 from current levels (estimated at 442 students per counselor using data from the Teacher Matrix report for 1995-96 of the Department [May 27, 1997, page 240] and enrollment by grade in 1996 as reported by the Department in "Minnesota Education Overview 1997." (Table 4.1).

$$1998-99 \quad \{[(849,600 \times .466) \div 400] - [(849,600 \times .466) \div 442]\} \\ \times \$42,625 \times 1.25 = \$5,011,102$$

$$1999-2000 \quad \{[(852,001 \times .466) \div 400] - [(852,001 \times .466) \div 442]\} \\ \times \$43,775 \times 1.25 = \$5,160,947$$

indicated in the earlier reports, in our opinion some funds are available to offset these costs. For example, school districts spend about 1.5 percent of their total basic education revenue on staff development (although they are no longer required to do so).⁶ Assuming that districts spent 1.5 percent of their formula allowance for staff development, they would spend about \$50.7 million in 1998-99 and about \$51.1 million in 1999-2000.⁷ If the districts spent 50 percent of their staff development funds on activities related to Graduation Standards in 1998-99 and 60 percent on such activities in 1999-2000, and if 70 percent of those funds were spent on Profile-related activities in both years, then \$17,761,251 would be available in 1998-99 and \$21,476,714 would be available in 1999-2000 to pay for the staff development costs we projected.⁸

Also, in the past we have assumed that some federal funds, particularly from Goals 2000, might be available to offset the total costs of implementing the Graduation

⁶ In a fiscal report dated February 5, 1997, the Department of Children, Families and Learning indicated that school districts spent \$48.4 million for staff development out of \$3.172 billion in total basic education revenue. On average, districts spent 1.53 percent of their revenue on staff development

⁷ These calculations assume a basic allowance of \$3,530 in both years and weighted ADM (WADM) of 958,384 in 1998-99 and 965,723 in 1999-2000.

⁸ In our earlier reports we have estimated that a significant proportion of the funds districts spend on staff development could be used to support activities related to the Graduation Standards (40 percent in 1997-98). In 1996-97 and 1997-98, we estimated that those funds would be used to support activities related to the Basic Requirements. Having spent such funds for that purpose several years, districts will, we believe, shift their spending so that a majority (70 percent) is focused on the Profile.

STATE COSTS

This projection of the state costs related to the Profile of Learning is not a budget review. We identified functions that needed to be performed at the state level in order for the Profile to proceed. The functions are independent of the current State budget, but include items that are currently being performed by State agencies. Still, after identifying functions, we reviewed the current Department budget in order to establish the cost assumptions we used.

THE COST ESTIMATING PROCEDURE

Little, if any, guidance is available from the academic community or from other states in estimating the State costs associated with the Profile. While some studies have looked at the changing roles of state departments serving education,⁹ we were unable to find assistance in estimating the State cost related to graduation standards.

Our cost estimating procedure involved interviews with school district people familiar with the Profile, interviews with Department staff concerning the planning for the implementation of the Profile, and a review of current spending to infer the costs

⁹ See, for example, "The Role of State Departments of Education in Promoting and Supporting Complex School Reform" by Susan Follett Lusi, Malcolm Wiener Center for Social Policy, Harvard University, May 1994; "Transforming State Education Agencies to Support Education Reform" by Jane L. David, National Governors' Association, 1994; and, "Legislative Oversight of Education Policy Implementation" by Priscilla Wohlstetter (Education Policy Implementation, edited by Allan R. Odden, State University of New York Press, Albany, N.Y. 1991).

Profile to the state. While creating the cost categories (functions) we found some existing Department programs related to some, but not all, of the assumptions we would use to make a cost estimate.

One assumption we used was to assign the average professional staff salary and support staff salary to the number of personnel we believe will be needed. Additionally, we estimated that the Profile of Learning would account for 70 percent of any function that involved the entire graduation standards.

Two other assumptions we made concern the relationships between the state's responsibility for Graduation Standards, local school district needs, and other Department activities. The study of the cost impact on local districts resulted in a need for additional funding. We understand the need is in the context of the total school district budgets; however, we believe that the net local costs should be a State responsibility. In a previous report we added in the local cost estimate as part of the State costs. With both state and local costs in this report it is easy to see the combination as the full cost to the state. In order to determine the full cost of the Graduation Standards on the State, some additional responsibility will be shared among the entire Department of Children, Families and Learning. We used an approach that is consistent with indirect cost assignment to account for this cost.

FINDINGS

Our findings are shown in Charts 1 and 2. Chart 1 displays the list of state functions and a brief description of the estimated level of service we used to project

CHART 1

STATE COST FOR PROFILE OF LEARNING LIST OF STATE FUNCTIONS AND PROJECTED COSTS

<u>Function</u>	<u>Costs</u>
1. Assessment Package Implementation (Monitoring of Quality)	(1) 3.0 FTE professional staff (2) .5 FTE support staff
2. Reporting	(1) .5 FTE professional staff (2) .5 FTE support staff
3. Professional Development and Curriculum Change Assistance	(1) School Services - \$710,000 in 1998-99; \$700,000 in 1999-2000 (2) Best Practices Network - \$100,000 in 1998-99; \$100,000 in 1999-2000 (3) 1.0 FTE professional staff
4. Research and Evaluation	(1) 1.0 FTE professional staff (2) .5 FTE support staff
5. Technology Support	(1) .1 FTE professional staff (2) .1 FTE support staff
6. Department Activities	70% of Graduation Standards indirect cost = 7% all Department costs

APPENDIX A

Interviews Conducted to Estimate Local and State Costs for the Profile of Learning

1. Districts Represented in Regional Visits

- * Host Site for Several Districts
- Interview Conducted with a Team from the District

Annandale
Austin
Becker
Big Lake
Buffalo*
Carlton*
Centennial*
Chatfield
Chokio-Alberta
Cloquet
Cromwell
Delano
Elgin-Millville
Esko
Faribault
Farmington
Forest Lake
Glencoe
Hermantown
Kingsland
Lacrescent-Hokah
Lake City
Lewiston
Mahtomedi
Marshall
Minneapolis■
Northfield*
Procter
Red Wing
Redwood Falls
Rockford
Rushford-Peterson
South Washington County

ADDENDUM TO FINAL REPORT

**PROJECTED COSTS TO SCHOOL DISTRICTS IN MINNESOTA
AND TO THE STATE ASSOCIATED WITH IMPLEMENTING THE
PROFILE OF LEARNING IN 1998-99 AND 1999-2000**

Prepared by

John Augenblick, John Myers, and Amy Berk Anderson

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Denver, Colorado**

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THE MINNESOTA DEPARTMENT OF CHILDREN, FAMILIES AND LEARNING

December 2, 1997

Finally, cost per ADM student is reduced in 1998-99 from \$101.60 to \$89.65 and in 1999-2000 from \$100.45 to \$84.93 and cost per weighted ADM student is reduced in 1998-99 from \$90.07 to \$79.47 and in 1999-2000 from \$88.62 to \$74.93.

Profile of Learning Cost-Impact Summary

Estimated Costs:

- Net costs to all **Minnesota Local Districts:**

98-99 School Year	\$76,166,228	(\$79.47 per weighted ADM student)
99-00 School Year	72,359,557	(\$74.93 per weighted ADM student)

- *Costs estimated based on meetings with superintendents, graduation standards technicians, principals, and teachers representing 42 school districts across the state, and representatives of statewide educational organizations including MEA and MSBA.

- *Costs include all staff development, responsibilities, recordkeeping, student advisement, special needs facilitation, additional supplies and materials, etc.

- Net costs to the **State** (in addition to that to local districts):

98-99 School year	\$2,904,053
99-00 School Year	2,918,746

Conclusions of Augenblick and Myers:

- "Based on what we heard, we concluded that, **in the long run**, there will be no incremental costs to school districts related to the profile.
- "At the time we made these estimates; we decided not to count any federal revenue available to offset costs, as we have done in earlier reports, because decisions had not been made in Washington about such funds. . . . We have also reviewed state and local funds to be available to school districts over the next two years based on the state's budget for the next biennium. The 1997 Minnesota Legislature set a funding level for school districts for fiscal year 1999 – **the amount should exceed that required to fully support anticipated enrollment growth and inflation by more than is necessary to pay for the net costs we are projecting.**"
- "In our opinion, the costs are reasonable, particularly in light of the impact the profile can have on teaching and learning and the fact that net costs represent less than one percent of Minnesota's current operating expenditure per student."

Sources: Augenblick and Myers (Denver, Colorado), *Projected Costs to School Districts in Minnesota and to the State Associated with Implementing the Profile of Learning in 1998-99 and 1999-2000*, November 4 and December 2, 1997, and *Testimony of John Augenblick*, February 5, 1998.



MEMORANDUM

Date: December 8, 1997

TO: Dolores Fridge, President
Minnesota State Board of Education

Members of the Board of Education

FROM: Robert J. Wedl
Commissioner 

SUBJECT: Response to Profile of Learning Cost Estimate projected by Augenblick
and Myers

The purpose of this communication is to respond to the Final Report titled, "Projected Costs to School Districts in Minnesota and the State Associated with Implementing the Profile of Learning in 1998-99 and 1999-2000." This report was prepared by the Augenblick and Myers firm under a contract with our department.

This memorandum to you is intended to accomplish the following:

1. Identify where we believe the projected estimates are high considering that much work has already been accomplished;
2. Identify current resources which are being used to address implementation costs;
3. Identify future state and federal resources over which the state and local districts have discretion which could be used for implementation; and,
4. Identify recommendations which will be made to the 1998 Legislature for additional state resources for implementation.

Before I address these four issues, I want to make a few general points. First, I believe that it is

important to emphasize that I agree with Augenblick and Myers that the implementation of this new system will take resources. It clearly will require resources. No one has ever suggested that it would not. If all we were doing consisted of developing new standards and doing some testing, little cost would be required. But of course that is not solely what this is all about.

Second, we must recognize that we are currently spending almost \$7 billion dollars a year in the education enterprise and surely we must and will redirect some of those resources toward the implementation of this new system. We are not going to staple this new system to our current system as an add on. We also will be redirecting what we are currently doing and redirecting those resources as well.

Third; it is important to remember that the Study is based not on an analysis of costs which have been incurred but rather on average costs which school districts anticipated might be incurred at some time in the future.

1. Projected costs are excessive in several areas. See pages 15--20 in the Report.

- A. Staff Development. While we agree that staff development is key to successful implementation, we suggest that it will cost less than the Report projected. The Report suggests that every teacher will require 10 days of training at a cost of \$54.4M in FY99 and \$56M in FY00. The Report does not recognize the considerable amount of training which has already occurred. In Summer 1996, 1400 teachers were trained. In the Summer of 1997, 10,000 teachers received three days of training. In the summer of 1998, an additional 10,000 teachers will receive two days of training. Throughout the year, 13 regional MEEP coordinators work individually with districts to prepare for implementation. At the local level, Graduation Standards Technicians are working daily in each of our districts. Also, teachers recognize their professional responsibility to improve their skills on their own as part of their continuing education.

The report suggests that districts will devote only 50 percent of their staff development to graduation standards in FY 99 and 60 percent in FY00. We suggest that they will devote more than that time for this purpose. In a recent CFL analysis of school district FY 98 staff development reports, 97 percent of districts reported that graduation standards was their top priority.

- B. Graduation Standards implementation Coordinator: The Report suggests that a full time person will be needed for every 2,450 students to coordinate this effort at a cost of \$18.5M in FY99 and \$19M in FY00.

Each district currently has at least one person assigned as a "Graduation Standards Technician." Other districts have staff assigned to curriculum development and implementation. We envision these staff having significant roles, along with principals, in implementation.

For many districts, these are current costs not increased costs. While we recognize that there may be some increase costs for this area, we do not believe that this will require an additional person per 2450 students.

- C. Coaches/Master Teachers. The Report suggests one part time coach for every 20 teachers at a cost of \$5.7M in FY99 and \$6.0M in FY00.

The use of coaches/master teachers is clearly a recognized professional development model. As part of the technician training, the Department has already prepared a coach-trainer for every district.

Many districts, as a result of the training provided by the state, professional organizations and at the local level, may not need the ratio of coaches suggested to assist their professional teachers.

- D. Record Keeper. The Report suggests that staff will need to be employed for record keeping at a cost of \$11.3M in FY99 and \$11.6M in FY00.

We recognize that systems for tracking student performance are clearly needed regardless of what type of student standards are adopted. The POL has heightened the awareness for keeping better records of student achievement. These costs are not inherent to the POL but of an already existing need for greater accountability for student achievement to parents and the community.

- E. Student Advisement. The Study suggests the need for added counselors at a cost of \$5M in FY99 and \$5.1M in FY00.

The issue of whether more counselors or student advisors are needed is one which could well be separate from the graduation standards issue. Minnesota may well need to improve on this area. However, we do not believe that this is only a graduation standards issue.

- F. Special Needs Coordinator. The Study suggests one professional for each 1000 students in special education or Chapter 1 at a cost of \$4.8M in FY99 and \$5.0M in FY00.

These students, as are LEP students, Assurance of Mastery Students and others being provided special assistance, currently receive individualized instruction and services. Whatever increased work which results from the graduation standards, will need to be addressed by these staff because it is part of their current role.

- G. Supplies and Materials. The Study suggests that an additional \$5 per pupil will be needed at a cost of \$4.3M in FY99 and \$4.3M in FY00.

We believe that materials and supplies are an ongoing need in our classrooms. Districts and sites may well have to change the types of materials purchased.

- H. State Costs were estimated at \$2.9M in FY99 and \$2.9M in FY00. We believe those costs must be managed within current budgets and through reallocation.

Conclusion: We believe the Study has identified important issues and areas for consideration. Clearly some added resources in these areas will be needed. However, as addressed above, we believe districts are already expending considerable revenue for some of these areas and for others, will allocate existing revenue rather adding to current budgets.

2. Identify Current Resources which are being used for Implementation Costs.

It is important to remember that the much of the cost of implementation occurs in the planning stage which actually started two years ago. In the above section, I have identified that considerable amount of staff development has been devoted to graduation standards implementation.

The following resources are currently available to districts and are not reflected in the report:

School district aid and levy revenue will increase by \$982M in FY98 and FY99 over the FY97 base level. This is an increase of 8.1 percent.- This includes increases in the general formula of \$308M as well as significant increases in categoricals such as compensatory (\$107M), LEP(\$14M) and special education (\$80M). The revenue in the categoricals will aid in the quality of instruction provided especially to those learners who may have difficulty meeting both the basic and the high standards.

Some examples of new resources available specifically for graduation rule implementation include:

Funding for Staff Development:	FY98	FY99
A. CFL budget @\$45 per teacher	\$ 2.1	
B. For FY98, Grad Rule Acceleration	\$10.0	
C. Goals 2000 Funding*	\$ 6.4	\$6.2
D. Teachers of students with disabilities*	\$ 4.0	\$4.0
E. Eisenhower Professional Development Funds*	\$ 3.5	\$3.7
F. Title VI Funding*	\$ 4.7	\$5.3
G. Comprehensive School Reform*	\$1.9	
Total	\$30.7	\$21.1

* Federal funding not included in the \$982M noted above

Funding for technology which includes hardware, software, curriculum, electronic record keeping, staff development.

A. Capital expenditure for aid in technology	\$24.0
B. Site technology grants	\$14.0
C. Technology Literacy Grants	\$ 2.2
D. Telecommunications Access	\$23.0
E. Instructional transformation	\$ 1.0
F. Learning/electronic curriculum	\$ 1.1
G. Learning academy for teachers	\$ 2.
Total:	\$66.3

3. Future State and Federal Resources

The state and local districts have discretion over allocation of revenue. The department is committed to continuing to allocate state and federal revenue to the graduation rule where we have discretion.

The above are examples of such allocations totaling \$M which will continue to be made.

4. Recommendations to be made for added funding for graduation rule implementation.

We intend to propose to the 1998 Legislature that additional funding be appropriated for this objective. We also anticipate that federal revenue will remain stable or increase and that those resources will continue to be used for graduation rule implementation purposes.

Conclusions:

Based on the above information, we believe that significant resources have been made available for implementation, will continue to be made available from current base budgets and new resources will be requested to augment those currently available. These available resources will substantially reduce the impact which adoption of the POL will have on local districts.

1/19-98 TEL: 303-293-2175 FAX: 303-293-2178

A&M AUGENBLICK & MYERS

January 29, 1998

Mr. Robert Wedl, Commissioner
Department of Children, Families and Learning
712 Capitol Square Building
St. Paul, MN

Dear Commissioner Wedl:

We are writing to clarify some of the assumptions and decisions we made in developing our cost estimates for the Profile of Learning. As you know, we made a significant effort in gathering information to support the cost estimates and we believe them to be valid. However, we understand that some people might misinterpret our report and we thought it might be helpful to provide you with additional information about our work to help you answer questions that might arise.

First, in regard to the cost estimates for school districts, it is important to understand that our assumption is that districts will not replace all their current programs and procedures not required under the Profile, even though they could do so. Rather, there will be a transition period, including the years for which we estimated costs, during which districts will phase out what they are doing now that is inconsistent with the Profile. In the long run, depending on how quickly districts phase out traditional (non-mandated) practices, there should be no increase in cost due exclusively to the Profile.

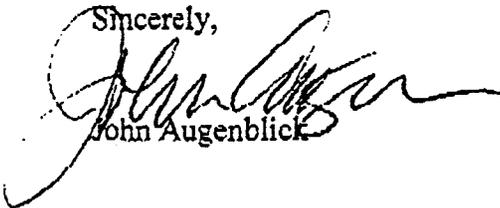
Second, originally in developing our estimate of net cost (total cost less resources we believe are available to offset such cost), we felt uncomfortable counting certain federal revenues, some of which we had counted in cost estimates of the Basic Requirements, because Congress had not made decisions about the availability of such revenues. Now, however, such decisions have been made and we believe it is appropriate to assume that some of that revenue will be available to offset total costs. We estimate that in each year \$9.5 million out of approximately \$20 million available for graduation standards implementation could be used on the Profile.

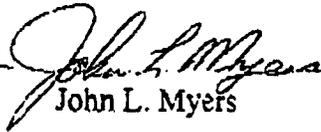
Third, questions may arise about the availability of revenue to pay for net costs. As you know, the rule making process does not require that funding be available specifically to pay for estimated costs and, therefore, we made no determination of availability in our report. However,

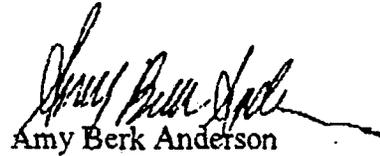
based on information that we reviewed recently, we believe that such funds are available through a combination of state funds that have been appropriated and local funds that have been levied. Specifically, there is an increase in state and local funding anticipated in FY98 that will provide districts, on average, with more than enough funding to meet the cost pressures associated with inflation and growth in the pupil population. The amount above what is needed for inflation and growth in pupil population is approximately equivalent to the sum of our net costs estimates for 1998-99 and 1999-2000. This means that school districts will, on average, have the funds needed for implementation of the Profile.

We hope this information is useful. Please let us know if we can be of further help.

Sincerely,


John Augenblick


John L. Myers


Amy Berk Anderson