

Education, Department of

Project Funding Summary
(\$ in Thousands)

Project Title	Agency Priority	Funding Source	Agency Request			Governor's Rec	Governor's Planning Estimates	
			2014	2016	2018	2014	2016	2018
Red Lake ISD #38 Capital Loan	1	GO	\$32,516	\$0	\$0	\$13,491	\$0	\$0
Library Accessibility and Improvement Grants	2	GO	3,000	0	0	0	0	0

Project Total	\$35,516	\$0	\$0	\$13,491	\$0	\$0
General Obligation Bonding (GO)	\$35,516	\$0	\$0	\$13,491	\$0	\$0

Funding Sources:	GF = General Fund	THF = Trunk Highway Fund	OTH = Other Funding Sources
	GO = General Obligation Bonds	THB = Trunk Highway Fund Bonding	UF = User Financed Bonding

Mission

Leading for educational excellence. Every day for Everyone.

Statewide Outcome(s)

Education supports the following statewide outcome(s).

Minnesotans have the education and skills needed to achieve their goals.

Context

Minnesota Department of Education (MDE) strives 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.

Strategies

MDE focuses to improve teacher quality by developing teacher and principal evaluations as a model for individual districts. The new accountability system measures overall student performance and allows for a fairer, more accurate and supportive model. Regional centers of excellence provide strategic support and strategies to schools identified under the accountability model. Quality early education makes a profound difference in students. MDE has a strategic focus on early education by creating an Office of Early Learning, aligning with other agencies through the Children's Cabinet, and led a private/public collaboration to submit a successful Race to the Top Grant which directs \$45 million to targeted early education. MDE successfully submitted a federal grant to design and implement high quality charter schools. In conjunction with the Office of Higher Education, MDE staged the first college application week. In order to strategically deliver resources to districts MDE has convened a working group on education finance reform that works with stakeholders to successfully develop a finance model that is built for the changing needs of Minnesota students and families.

Measuring Success

MDE is able to measure accomplishments of students through our Multiple Measurements Rating (MMR) which measures; proficiency, growth, achievement gap, and graduation rates. Through the MMR the agency is able to target resources and strategies, while still working with communities to help provide the best outcomes for individual schools. Minnesota was included in the first group of states to have a successful No Child Left Behind (NCLB) waiver and through our new accountability system have already been able to identify increased achievement overall, while still identifying areas most in need. Minnesota has long had one of the worst achievement gaps in the country which is measured through the National Assessment of Educational Progress (NAEP). The goal of the MMR, and the accountability system is to close the achievement gap while still increasing proficiency.

At A Glance: Agency Long-Range Strategic Goals

A goal of the Minnesota Department of Education (MDE) is to assist school districts, libraries and other educational organizations in the acquisition of funds to provide safe, program appropriate and accessible education facilities that support student success, and to provide and allow library access to all citizens in Minnesota.

Capital resources are available for most school districts through levy and aid programs provided by state law, including the debt equalization program, capital projects levy, lease levy, alternative facilities aid and levy, deferred maintenance revenue, and health and safety funding. School districts with extremely low property wealth do not have a sufficient tax base to raise funds for the construction of needed educational facilities. Libraries and other non-school district educational organizations may be limited in their ability to raise funds for local facility projects. Capital funding through general obligation bonding and the state general fund is necessary for those entities that do not have access to these or other funding sources, but must rely upon state support for virtually all major capital facilities projects.

Some local libraries are aging facilities that need removal of architectural barriers and renovations/additions to enable all citizens to access the facility and allow local libraries to provide adequate library services. The matching grants for local libraries provide an incentive for local communities to upgrade and maintain facilities.

Projects presented in this and future capital budgets are those that have been evaluated by the agency, found to be consistent with agency long-range goals, and benefit Minnesota by providing safe, healthy, and appropriate facilities to support student success.

Trends, Policies And Other Issues Affecting The Demand For Services, Facilities, Or Capital Programs

Overall, demand for capital facility projects in school districts is increasing. The 2001 restructuring of the debt equalization formula under M.S. Sec.123B.53 provided a two-tier formula for state funding for school district

facilities, decreasing the likelihood that individual districts would apply for state funding under the Maximum Effort School Aid law in M.S. Sec. 126C.60-72 or as a local grant request. However, changing property values and a static equalizing factor in the debt equalization program formula has decreased state support for school construction, and increases the likelihood that more districts will consider application for the capital loan program in coming years, and more districts will request direct grants of the legislature.

Currently, only those school districts with very low property values are able to use the capital loan program to fund necessary capital projects. In addition, education organizations such as voluntary metropolitan integration districts that have no levy authority may continue to seek state funding for capital projects.

The Cooperative Facilities Grant program in M.S. Sec.123A.44 - 443 was initiated as an incentive for districts that determined secondary education services can be offered most effectively and efficiently by cooperating with neighboring districts. Authorizing language was amended by the 2007 Legislature to expand the scope of projects eligible for funding, the number of school districts eligible for funding, and to increase maximum grant awards. At this date, facility review and comment submission has been received from one eligible district, but it is expected that there will be more applicants in future years. The program, as amended, assists with costs of constructing or renovating school facilities for school districts that are in the process of consolidation, or have consolidated since 1980.

There is strong interest in the expanded library accessibility and improvement grant program. Many local libraries have needs for facility renovation, expansion or new construction.

Provide A Self-Assessment Of The Condition, Suitability, And Functionality Of Present Facilities, Capital Projects, Or Assets

Education laws provide for the capital loan and grant programs, the cooperative secondary facilities grant program, the metropolitan magnet school grant program and library grant programs. Each of these programs provides for specific needs for those organizations that cannot access other sources of funding.

In general, school district facility construction is considered a local responsibility. The state provides limited support to local districts in their efforts to construct and maintain appropriate, safe and healthy school facilities through the debt equalization program, capital projects levy, lease levy, alternative facilities aid and levy, deferred maintenance revenue, and health and safety funding. The trend of rapidly increasing property values has slowed, and many districts are experiencing stable or declining property values, but with static equalizing factors in the debt equalization and health and safety revenue programs, very few districts currently qualify for state aid.

Agency Process Used To Arrive At These Capital Requests

Department management identifies and assesses high priority needs in relationship to agency goals and objectives, and state and federal mandates.

Major Capital Projects Authorized In 2010

None.

Red Lake ISD #38 Capital Loan

2014 STATE APPROPRIATION REQUEST: \$32,516,000

AGENCY PROJECT PRIORITY: 1 of 2

Project At A Glance

- \$32.516 million under the capital loan provisions of M.S. Sec. 126C.69 to complete all remaining facility projects at three sites based on facility and education program planning begun in 2002, as modified based on revised basic needs.
- Renovate and replace substandard facilities to provide space that will promote student success.

Project Description

The Department of Education requests \$32,516,000 in funding, not including inflationary costs, through the maximum effort capital loan program to support the Red Lake Independent School District 38 in bringing district facilities to current education standards. These funds will be used by the district for the following projects:

- Continued renovation of and addition to the Red Lake High School and Red Lake Middle School, including renovation of the original elementary school and demolition of the adjacent portable building currently used for administrative offices. Construction includes new student services areas, a high school media center, technology labs, physical education/fitness space, replacement of locker rooms, and completion of a common kitchen and cafeteria. The proposed construction will replace the small, outdated vocational facility with a new self-contained vocational center that would also be used by alternative, adult, and community education programs. Old vocational spaces will be converted to a middle school hands-on learning lab including shop, technology, fitness and nutrition. The heating/ventilation system serving the entire building will be completed. The project also includes parking lots, sidewalks, water management, landscaping and an environmental studies area. Total cost of this portion of the project is \$22.769 million.

- At the Red Lake Elementary School, the planned project will expand and renovate areas supporting core programs such as music, art, special education, physical education, and food service area. Administrative space will be reconfigured to provide visibility to the main entrance and greater building security. Six classrooms will be added to accommodate increased enrollment in early grades and an addition will connect the elementary school to the Red Lake Early Learning Center. This will enable shared food service, physical education spaces, and media center. The estimated cost for this portion of the project is \$7.973 million.
- At the Ponemah Elementary School, the current media center will be renovated and expanded to provide appropriate space for technology for educational and student support. The current media center is small and lacks technology. Site improvements will be completed to provide safe bus and parent drop-offs and improve parking, playgrounds and fields. This project is estimated to cost \$1.844 million.

The district has submitted a plan for commissioner's review and comment per M.S. Secs. 123B.71 and 126C.69. District voters will be asked to approve the borrowing of funds through the capital loan program in an election prior to January 1, 2014.

The total project cost that qualifies for funding under the capital loan provisions is \$32,586,000. The local district contribution calculated according to M.S. Sec. 126C.69, subd. 9, is approximately \$70,000 and the capital loan request is estimated at \$32,516,000, prior to inflationary costs.

The district completed long-term facilities planning prior to the 2004 legislative session, developing a plan to bring all district facilities to current education standards. The plan was reviewed and modified in the spring of 2010 resulting in a 40 percent reduction in estimated costs. Funding was unsuccessfully sought in the 2006-2013 legislative sessions.

Since the project was last submitted to the legislature for consideration, the district as completed the following projects.

1. 2010: The District received a federal ARRA Energy Grant (\$459,000) to replace the oldest steam boiler plant in the middle/high school. This project was completed in December 2011.

Red Lake ISD # 38 Capital Loan

- 2. 2011: The District received a federal ARRA Construction Grant (\$507,000) to renovate the Alternative Learning Center wing of the High School. This project was completed in August 2011.
- 3. 2012-2014: The District began a three (3) phase re-roofing project at the middle/high school to address major leaking issues that caused major repairs to ceiling and walls. Phase 1 (\$497,000) of the project replaced the roof on the oldest part of the high school. Phase 2 (\$454,000) of the re-roofing project replaces the roof on the oldest part of the middle school. Phase 3 (\$300,000) of the re-roofing project will replace the roof on the Alternative Learning Center wing that was renovated in 2011.

The District paid for these projects by transferring general education funding to capital improvement. The funding transfer required increasing class sizes in the elementary, middle and high schools and decreasing two (2) bus routes.

Impact on Agency Operating Budgets (Facilities Notes)

There is no effect on the Department of Education operating budget resulting from this request.

The effect on the school district operating budget is expected to be minimal.

Previous Appropriations for this Project

1992	\$10 million	Construction of Red Lake Elementary School and addition to Red Lake Middle School
2000	\$11.166 million	Construction of Red Lake Early Childhood Center and Additions to Ponemah Elementary and Middle School
2002	\$12.4 million	Additions and Renovations – Red Lake High School, Early Childhood Center, Red Lake and Ponemah Elementary Schools
2005	\$18 million	Begin construction of new middle school facilities and renovation of existing high school

2008	\$16 Million Line-Item Vetoed	Renovation and addition to high school and middle school
2010	\$5.780 Million Line-Item Vetoed	Renovation and construction of a single kitchen and cafeteria for high school and middle school.

Other Considerations

While funding for school facilities is viewed as primarily a local responsibility, the Red Lake Independent School District has extremely low property values and very little private ownership of land as most of the land is owned in common by Red Lake tribal members. A measure commonly used to compare school district ability to raise funds through property taxes is the adjusted net tax capacity (ANTC) per pupil unit. The Red Lake 2011 ANTC per FY 2012 adjusted pupil unit was \$7.54. Statewide, the average school district ANTC per adjusted pupil unit was \$6,332.

Between FY 2002 and FY 2011, the district has experienced Pre K-6 enrollment growth. At the same time, in aftermath of the 2005 school shooting incident, secondary enrollment decreased and has not rebounded.

The Red Lake School District management and the Red Lake community recognize the importance of a stable and healthy school environment to children in an economically and socially depressed community. The current crowded and deficient facilities do not provide a safe and healthy environment that is conducive to learning and supportive to children.

Project Contact Person

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Red Lake ISD # 38 Capital Loan**Governor's Recommendations:**

The Governor recommends \$13.491 million in general obligation bonding for completing the cafeteria in the high school/middle school as well as for the work at the Red Lake Elementary School. The general obligation bond funding will be supplemented by a local contribution from Red Lake school district of approximately \$70,000.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
1. Property Acquisition	51,566	0	0	0	51,566
2. Predesign Fees	0	71	0	0	71
3. Design Fees	0	2,406	0	0	2,406
4. Project Management	0	1,598	0	0	1,598
5. Construction Costs	0	23,553	0	0	23,553
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	2,600	0	0	2,600
9. Inflation	0	2,358	0	0	2,358
TOTAL	51,566	32,586	0	0	84,152

CAPITAL FUNDING SOURCES	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
State Funds :					
G.O. Bonds/Max Effort	0	32,516	0	0	32,516
State Funds Subtotal	0	32,516	0	0	32,516
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	70	0	0	70
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	0	32,586	0	0	32,586

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	32,516	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
Yes	MS 16A.695 (2): Use Agreement Required
Yes	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2019

Library Accessibility and Improvement Grants

2014 STATE APPROPRIATION REQUEST: \$3,000,000

AGENCY PROJECT PRIORITY: 2 of 2

Project At A Glance

- \$3.0 million in the 2014 session to fund disabled accessibility and library renovation/construction under M.S. Sec. 134.45.

Project Description

The Department of Education requests \$3.0 million to fund competitive library accessibility, renovation and construction for public library improvement grants under M.S. Sec. 134.45.

The Americans with Disabilities Act (ADA) mandates that buildings newly constructed or remodeled after January 26, 1992 must be accessible to all citizens. This program provides state competitive grant funding to enable public libraries to remove architectural barriers, including renewing or replacing deteriorated and deficient facilities with the goal of providing improved services to the public. For purposes of this grant program, public libraries include regional public library systems and cities and counties operating libraries that are members of their designated regional public library systems.

Public libraries respond to community needs by providing online and print resources, programs and services for lifelong learning, and space for community interaction. There is an increasing demand for high-speed broadband internet access for e-government, workforce development and job seeking resources, health and medical information, homework help and other programs for students and distance learners. Construction funding allows buildings to be modified to respond to changing community needs, including making libraries accessible to Minnesotans regardless of ability.

The applications submitted by eligible applicants are reviewed by a grant review committee coordinated by the Division of State Library Services, Minnesota Department of Education. As a competitive grant program, this allows for a more equitable distribution of funds based upon objective criteria. If requests for funding exceed the funds available, those libraries with the most critical needs are given higher priority through a rating process.

M.S. 134.45 outlines the requirements for the accessibility, renovation and construction projects for public library improvements. The program requires a 1:1 local match. The state return on investment for the 2005-2008 cycle resulted in an actual local to state dollar ratio of \$8.63 local to \$1 state. Having state funds available for public library building construction projects encourages cities and counties to invest in infrastructure and also provide employment for local contractors and building trades.

Building improvements have a demonstrated impact on library building usage. For example, the annual percentage change for libraries receiving public library improvement funds from the year prior to construction to 2012 averages an increase of 23% for visits, 104% for computer sessions, 79% for programs offered, and 527% in attendance at programs. This analysis is based upon the annual reports submitted to the Division of State Library Services by public libraries to meet M.S. 134.13 requirements.

Impact on Agency Operating Budgets (Facilities Notes)

This request will have no impact on the Department of Education operating budget. Current staff is involved in the grant evaluation and approval process, and in traveling to grantee sites when necessary.

Library Accessibility and Improvement Grants

Previous Appropriations for this Project

Since the inception of the Library Accessibility Grant Program in 1994, the following amounts have been provided by the legislature.

1994	\$1 million
1996	\$1 million
1998	\$1.5 million
2000	\$1 million
2003	\$1 million
2005	\$1 million
2006	\$1 million
2008	\$1.5 million
2010	\$2.0 million line-item vetoed
2012	\$1 million

Other Considerations

Many libraries throughout the state need to address issues of accessibility and renovation or replacement. The competitive grant process assures equitable distribution of funds based on objective criteria. Application of criteria by the state competitive grant review committee ensures the facility will meet current and future need based on national standards and coordination with regional and statewide needs. If requests for funding exceed the amount of money available, those libraries with the most critical needs are given higher priority through a rating process.

Project Contact Person

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Governor's Recommendation

The Governor does not recommend funding for this request.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	0	0	0	0	0
5. Construction Costs	18,000	6,000	0	0	24,000
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	18,000	6,000	0	0	24,000

CAPITAL FUNDING SOURCES	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
State Funds :					
G.O Bonds/State Bldgs	9,000	3,000	0	0	12,000
State Funds Subtotal	9,000	3,000	0	0	12,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	9,000	3,000	0	0	12,000
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	18,000	6,000	0	0	24,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	3,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
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No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
Yes	MS 16A.695 (2): Use Agreement Required
Yes	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2019