

## Achievement and Integration Budget Guide

The purpose of the Achievement and Integration program is to increase racial and economic integration and to reduce achievement disparities. This guide is intended to help school district staff develop budget proposals for Achievement and Integration revenue. Steps for creating a budget begin on Page 6.

This guide provides a framework for creating budgets aligned with requirements in Achievement and Integration legislation and the Minnesota School Desegregation/Integration rules. It is not an exhaustive description of allowable expenses or address every question about revenue or setting up a budget.

General information on this revenue is included in the first section below to help fiscal staff manage their achievement and integration budgets.

### Achievement and Integration Revenue

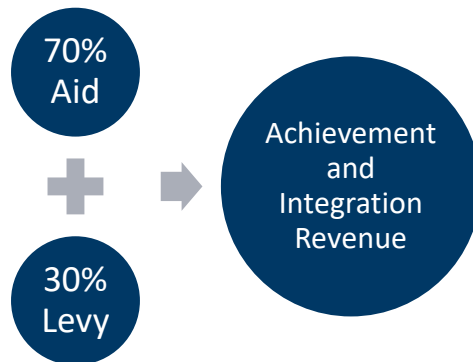
Achievement and integration revenue must be reserved and used only for the programs authorized under Minnesota Statutes, section 124D.861, subdivision 2 (a), for pursuing academic achievement and racial and economic integration (Minn. Stat. § 124D.862, subd. 7).

This revenue may be used to fund the types of activities shown on Page 3 of this guide and included in Achievement and Integration plans approved by the Minnesota Department of Education (MDE) (Minn. Stat. § 124D.861, subd. 1 (c)). Those activities must reduce achievement disparities for specific groups of students and increase racial and economic integration.

Use this revenue to fund new initiatives, rather than replace funding you have for existing programs. This revenue may be used to cover expenses that increase an existing program’s capacity if those programs align with the purpose of the Achievement and Integration program and are in your Achievement and Integration plan. In other words, you may supplement funding for existing programs but not supplant it.

### Aid and Levy

A district’s achievement and integration revenue is 70 percent state aid and 30 percent local levy.



Achievement and Integration revenue is made up of two different types of state aid. [MDE’s Data Analytics](#) website lists districts’ estimated amounts for both types of aid in the Minnesota Funding Reports (MFR).

Directions for finding the MFRs and locating your district's aid and levy amounts are also listed on the [Achievement and Integration webpage](#).



## Initial Revenue

Initial revenue is calculated using the formula below:

$$\frac{\$350 \times \text{district's adjusted pupil units for the current year} \times \text{Ratio of district's enrollment of protected students (previous school year)}}{\text{Total Enrollment (previous school year)}}$$

The initial revenue funding formula also includes the greater of zero or 66 percent of the difference between the district's integration revenue for the fiscal year (FY) 2013 and FY 2014 (Minn. Stat. § 124D.862, subd. 1a (2)).

## Incentive Revenue

Incentive revenue is calculated as follows:

$$\text{Incentive revenue} = \$10 \text{ per district's adjusted pupil unit}$$

## Aid Estimates

The maximum amount of revenue a district is eligible to receive is based on the funding formulas for the two types of achievement and integration revenue. When calculating how much each district could receive, MDE's School Finance staff use estimated enrollment data to come up with an estimated revenue amount for the **following** fiscal year. In January of each year, these amounts are recalculated using the same formulas and actual rather than estimated enrollment data. Make sure to review these updated aid amounts to see if your district's estimate has changed and to adjust your budget proposal if needed.

Districts always receive the lesser of the following:

1. The amount of revenue approved when budgets are submitted to MDE,
2. The amount your district is eligible to receive adjusted for your actual enrollment, or
3. What you actually expend by the end of that fiscal year.

## What Initial Revenue May Fund

Initial revenue may be used to cover the cost of strategies included in a district's Achievement and Integration plan approved by MDE. It must be used for **new strategies** or for strategies that were created as part of a district's prior Achievement and Integration plan.

It may supplement the cost of increasing the capacity of an existing strategy if that strategy is one of those listed in the diagram on Page 3 and is in the district’s Achievement and Integration plan.

## What Incentive Revenue May Fund

Incentive revenue is provided to fund strategies designed to **reduce racial and economic enrollment disparities** through intradistrict and interdistrict activities and approved as part of the district’s achievement and integration plan (Minn. Stat. § 124D.862, subd. 2).

Activities designed to decrease racial and economic **enrollment disparities** must be one of the types of strategies listed in the Allowable Uses of Revenue graphic below.

Incentive revenue-funded strategies may be supplemented with a district’s initial revenue.

## Allowable Uses of Revenue

Below are the types of strategies that legislation says can be included in a district’s Achievement and Integration plan and funded with Achievement and Integration revenue. The strategies you include in your plan will be more specific and tailored to meet the needs of your students. They should also reflect the capacity of your district to successfully implement and support them over time. Refer to the Achievement and Integration Plan Guide for more information the strategies listed below:



## What Achievement and Integration Revenue May Not Fund

**ENGLISH LEARNER AND SPECIAL ED PROGRAMS OR INITIATIVES** – This revenue cannot be used to fund these programs or supplant a district’s existing obligation in these areas.

**EXISTING FUNDING** – Achievement and Integration revenue must be used for new activities rather than replace funding for existing programs.

**SEGREGATING ACTIVITIES** – This revenue may not be used to fund activities that segregate participants by racial, ethnic, or socioeconomic background.

**STAFF** – Achievement and Integration revenue cannot supplant a district’s obligation to fund instructional, administrative, or support staff. For example, a district data coordinator, principal, business manager, support staff, or classroom teacher may not be fully funded with this revenue. Staffing costs that are directly involved with implementing strategies in a district’s Achievement and Integration plan may be covered for the amount of time spent on Achievement and Integration strategies.

**UNALLOWABLE COSTS** – These include any costs related to adult basic education, medical equipment, or vehicles, among others. Please refer to MDE’s Restricted Grid available through School Finance, or contact MDE staff if you have questions about a specific way to use of Achievement and Integration revenue.

## Fund Balance

Achievement and Integration revenue is available for use during the fiscal year for which it was reviewed and approved by MDE. Districts that did not spend the revenue during that fiscal year will have state adjustments to take back the revenue.

## Creating a Budget

Districts in the program send MDE a budget proposal for achievement and integration revenue by **March 15** every year (Minn. Stat. § 124D.862, subd.3c). Proposed expenditures must meet the statutory requirements listed below in order for MDE to approve them.

Achievement and Integration revenue is provided to fund the strategies in a district’s Achievement and Integration plan that has been approved by the Minnesota Department of Education (MDE). Budgets need to provide sufficient narrative detail to establish a clear connection between those strategies and the budget’s proposed expenditures. That detail should be in the budget narrative included for each line item and as explained below.

## Accounting Codes

Line item expenditures must be listed with UFARS school finance accounting codes. Expenditures cannot be approved unless a specific dollar amount and UFARS code are listed for each line item.

Expenditures for initial and incentive revenue should be identified in a budget using two different UFARS FIN codes: FIN code 313 for Initial revenue and FIN code 318 for incentive revenue.

## Amount of Revenue

Districts may propose line item expenditures of Achievement and Integration revenue based on the maximum amount they are eligible to receive under Minnesota Statutes, section 124D.862, subdivision 2. Directions for finding your district’s aid and levy amounts are listed on the [Achievement and Integration webpage](#).

As you add line items, the budget workbook’s Expenditure Summary tab will keep a running total of your proposed expenditures for each revenue type (FIN 313 and FIN 318).

## Budget Narrative

In order to show which strategies each expenditures will fund, districts are asked to include a budget narrative for each line item. This narrative should explain how proposed expenditures are linked to the strategies in the district's Achievement and Integration plan.

Space for these budget narratives are included on each budget worksheet. They should explain which plan activity will be funded by each expenditure and what costs a line item will cover. **Don't copy strategy descriptions from your plan into the budget.** Instead, describe what each expenditure will purchase. Then identify by name and number the strategy in your plan that an expenditure will help fund. This information provides expenditure detail that does not need to be included in your Achievement and Integration plan.

## Budget Ratios

Achievement and Integration legislation designates a percentage of total revenue that each district must budget for and expend on the three expenditure types listed below. At the end of each fiscal year MDE uses UFARS submissions to verify that districts' actual expenditures meet these ratios and adjusts aid payments accordingly.

Achievement and Integration budget worksheets have separate tabs to list expenditures s one of the three expenditures types below.

### Direct Student Services

*At least 80 percent of the district's proposed budget*

- May be used for strategies that provide direct services to students.
- Examples include instructional materials or supplies, salary and benefits for staff providing instruction to or directly facilitating student work, family engagement programs, food for student activities, and student transportation.
- Expenditures in this area may not include professional development or administrative costs such as school support staff, instructional coaches, and other expenses related general support costs such as program coordinators, rent, postage, mileage or copies.

### Professional Development

*Can be up to 20 percent of the district's proposed budget*

- May be used for professional learning experiences, staff development activities such as coaching, and placement services provided by a district.
- Related costs for consultants, supplies, food, mileage, or materials used during these activities counted toward this 20 percent.

### Administrative Costs

*Should be no more than 10 percent of the proposed budget*

- May be used to cover support costs such as supervision, program coordinators, program management, support staff, rent, mileage, photocopiers, and general office supplies or equipment.
- Expenditures must clearly support implementation of the district's proposed direct student services and professional development initiatives to be approved.

- Other acceptable administrative and general support costs include percentage of program administrator time and fiscal agent fees that are specific to administration of a district’s Achievement and Integration program.

## Expenditure Types

Line items in the budget workbook must be listed by *expenditure types*—that is, as either a cost for Direct Student Services, Professional Development, or Administrative and Indirect Costs. These expenditure types are required by legislation and explained above in the Budget Ratios section.

## Racially Identifiable School Expenditures

Use the tabs in the budget workbook to list expenditures for Racially Identifiable School(s). These line items shouldn’t be combined with district-wide expenditures.

## Staffing Expenditures

These can be approved in the following situations:

1. The costs are directly related to implementing activities in the district’s MDE-approved plan,
2. Positions are funded in proportion to the amount of time the staff are directly implementing strategies in a district’s Achievement and Integration plan, and
3. Existing positions may be funded if the staff assume new responsibilities directly related to strategies in a district’s Achievement and Integration plan and they are funded in proportion to the amount of time these staff spend implementing those strategies.

See more details on this in the Frequently Asked Questions section below.

## Steps for Completing the Budget Workbook

**Step 1:** Read through the **Instructions** tab in the budget workbook. Refer to the Frequently Asked Questions section below for more information.

**Step 2:** Fill out your district’s information on the **coversheet**. Note that the superintendent and board chair signatures are not required for your budget to be reviewed and approved.

**Step 3:** Fill out your district’s estimated initial and incentive revenue amounts. These are both listed in the [Minnesota Funding Reports \(MFR\)](#) section of MDE’s website. The total Achievement and Integration revenue is the combined maximum initial and incentive revenue your district is eligible to receive. The amount may be different from your proposed total revenue listed in the Expenditure Summary tab. Your proposed total budget should be less than or equal to the aid estimates.

**Step 4:** Next, start listing line item expenditures. There are tabs for the three different expenditure types (DSS, PD and Admin). There are also tabs for the two different types of revenue (FIN 313 and FIN 318). Follow the Instructions tab to determine the appropriate tab for line items. Remember, each line item must cover an allowable cost for the activities in your district’s Achievement and Integration Plan.

**Step 5:** The fields in the Expenditure Summary tab will automatically fill as you add line items to the DSS, PD, and Admin Cost tabs in the workbook. Keep checking the Expenditure Summary tab to make sure your proposed expenditures meet the 80/20/10 percent budget ratios.

**Step 6:** The improvement funding tab is part of the process used to evaluate an Achievement and Integration plan. This tab is used only after a plan has been in place for three years.

If your plan has been evaluated and your district didn't meet one or more of its goals, identify the line items that will fund improvement strategies in your Achievement and Integration improvement plan. Copy and paste those line items into the Improvement Funding tab under Direct Student Services, Professional Development, or Administrative Costs.

**Step 7:** Submit the completed budget workbook as an excel document by **March 15** to [mde.integration@state.mn.us](mailto:mde.integration@state.mn.us).

## Budget Review Criteria

Budgets are reviewed based on requirements in Minnesota Statutes, section 124D.861, Minnesota Statutes, section 124D.862, or Minnesota School Desegregation/Integration Rules 3535.0110-0180. A list of criteria used to review new and amended budgets is posted to the Achievement and Integration website as [Achievement and Integration Budget Review Criteria](#). The criteria are explained in this guide. The list of criteria is a summary of criteria that can be used as a checklist when you create a new budget or amend one that's been approved by MDE.

These review criteria are based on three things:

1. Requirements in legislation or the Minnesota School Desegregation/Integration Rules,
2. Basic school finance practices, or
3. Supplementing not supplanting existing programs. This means that Achievement and Integration revenue must be used for new activities or to supplement existing programs. For example, you may use this revenue to increase the capacity of an existing program by hiring additional staff or to serve more students. The existing programs must be one of the types listed under Allowable Uses of Revenue above. They must also increase racial and economic integration and decrease racial, ethnic, and economic achievement disparities which is the purpose of this program.

## Amending Budgets

Proposed amendments must be submitted to MDE by April 1 of the fiscal year for which the budget was approved. Submit your Achievement and Integration budget to MDE if you make the following types of changes:

- Changes that increase overall expenditure amounts by FIN code,
- Changes to the types of expenditures approved in the initial budget approval (e.g., adding or replacing one type of expenditure for another).

Your changes may not eliminate expenditures approved by MDE for **integration activities**.

Amended budgets must meet the budget ratios described above.

## Submitting an Amended Budget

1. In your district's MDE-approved budget, highlight proposed line item changes and changes to total revenue by FIN code.
2. Add your rationale for the changes in the Notes and Comments section of the tab where the line items appear.
3. Use the Expenditure Summary tab to make sure you are meeting the budget ratios (80/20/10 percent).
4. Submit the amended budget as an Excel document by April 1 to [mde.integration@state.mn.us](mailto:mde.integration@state.mn.us)

You don't need to submit an amended budget to MDE for these changes:

- UFARS codes corrections,
- Salary or benefits adjustments that do not increase total revenue by FIN code,
- Total revenue amounts that are higher than your district's adjusted maximum revenue.

## Actual Expenditures Report

Districts are asked to submit an end-of-year expenditure report using the shaded column on the far right side of the district's approved Achievement and Integration budget worksheet to list all actual expenditures by UFARS code.

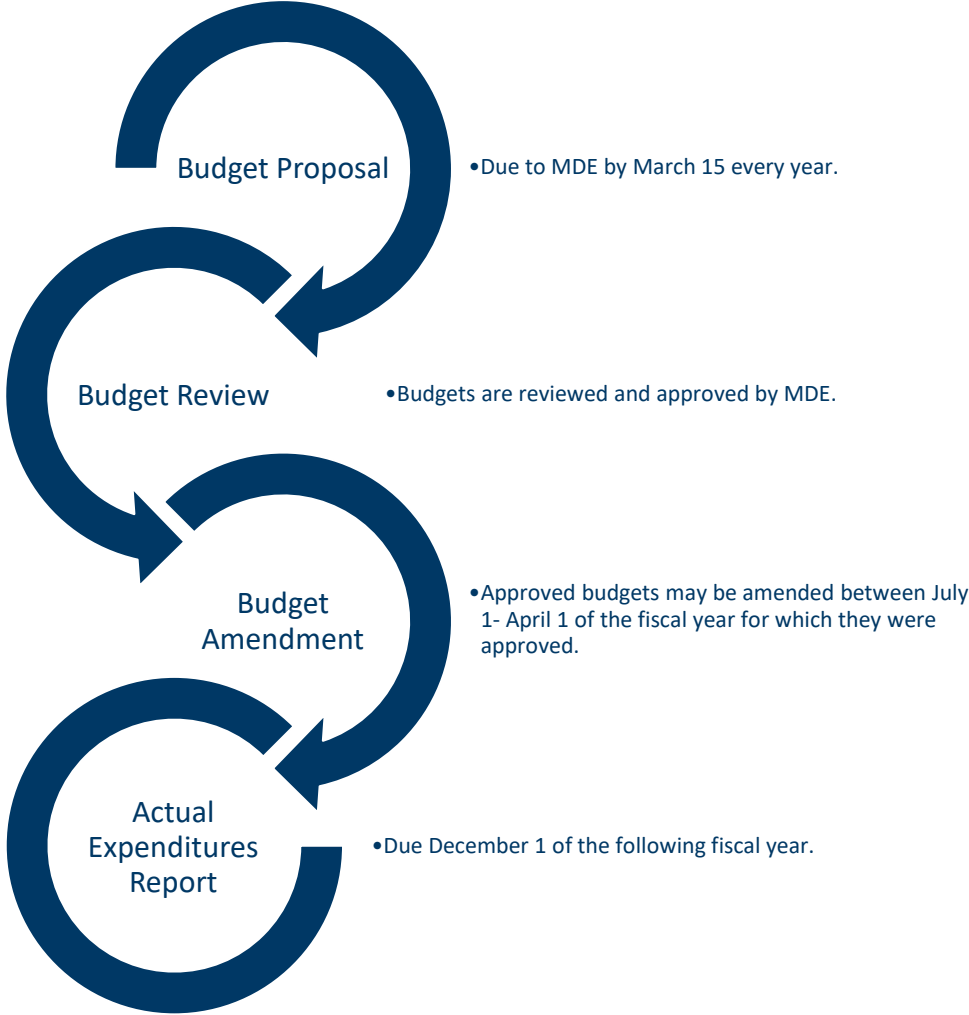
Any expenditure not included in a district's MDE-approved budget should be highlighted in this report and explained in the Notes and Comments section of that budget worksheet page. Changes that increase overall expenditure amounts by FIN code or that change expenditure type require pre-approval from MDE before the end of the fiscal year for which the budget was approved (refer to the section above on Amending Budgets).

Actual expenditure reports must be submitted electronically to [mde.integration@state.mn.us](mailto:mde.integration@state.mn.us). These annual reports are due December 1 of the following fiscal year. For example, the FY 2019 actual expenditures report is due Dec. 1, 2019.

MDE will verify that actual expenditures meet the 80/20/10 percent ratios required in statute based on UFARS submissions and adjust aid payments accordingly.



# Budget Timeline



## Frequently Asked Questions

### **How do we know how much Achievement and Integration revenue our district is eligible to receive?**

Achievement and Integration aid and levy estimates are included in the [Minnesota Funding Reports \(MFR\)](#) section of MDE's website. Step-by-step directions to these reports are listed on the [Achievement and Integration webpage](#).

MDE School Finance staff member Janice Carlson can provide detailed information on levy or aid estimates and reporting. If you have any questions contact [Janice Carlson](#) (651-582-8342).

It's important to know that the amount of Achievement and Integration revenue a district receives is based on the lesser of the following three things:

1. The maximum amount of revenue a district is eligible to receive based on its actual rather than estimated fall enrollment data,
2. The amount of revenue approved by MDE during the annual budget review, or
3. A district's actual expenditures as reported in its final annual UFARS report.

### **Is this a grant-based program?**

Achievement and Integration revenue is not administered as a grant. It is a 70/30 percent levy/aid forecast appropriation. Achievement and Integration aid payments are made to districts through the state's education IDEAS aid system.

Districts are not able to apply to the program; they must qualify to be eligible based on their enrollment data.

### **Can districts use their Achievement and Integration revenue across fiscal years?**

There is no carryover of Achievement and Integration revenue from one fiscal year to the next. Districts must expend their revenue by June 30 of the fiscal year for which their budget was approved in order to receive aid payments for the amount expended. In other words, expenditures of this revenue must be made between July 1 and June 30 of the same fiscal year.

### **Does our school board have to approve our Achievement and Integration budget before we submit it to MDE on March 15?**

School board approval for budgets is not required in legislation or by the Minnesota Department of Education.

### **Is pre-K enrollment data included in a district's annual Achievement and Integration revenue estimate and can a district fund pre-k costs with that revenue?**

Yes, MDE uses pre-K through 12th grade enrollment data to determine districts' estimated and updated annual revenue amounts. Legislation allows these funds to be used for pre-K through grade 12 learning environments that include enrollment choices (see Minn. Stat. § 124D.861, subd. 1 (c)). Given this, Achievement and Integration revenue may be used for allowable costs at a pre-K program that offers school enrollment choices.

Allowable costs include those related to policies, curricula, or new positions (trained instructors, administrators, counselors, and others) which support magnet programming, research-based instruction, differentiated instruction, or targeted interventions to improve achievement (Minn. Stat. § 124D.861, subd. 1 (c)).

Pre-K programs must be included as an activity in the district's Achievement and Integration plan and provide school enrollment choices that will reduce racial and economic enrollment disparities in one of two ways, either:

1. Between a racially identifiable school and other sites in the district serving the same grade levels, or
2. Between a racially isolated district and its adjoining Achievement and Integration districts.

#### **Can Achievement and Integration revenue be used to fund mini-grants for teachers?**

The revenue may be used for teacher mini-grants that are included as a strategy in a district's MDE-approved Achievement and Integration plan and aligned with the program's goals.

A district's plan must explain how it will determine whether mini grants proposals are aligned with the goals in its plan. It should also describe how the mini grants are approved, how the grants funds may be used by teachers, and the intended outcome of the mini grant activities.

#### **Can a district use Achievement and Integration revenue for staff salaries?**

Yes, expenditures for salaries and benefits may be approved if they align with the following:

1. Staffing costs are directly related to implementing activities in the district's MDE-approved plan, and
2. Positions are funded in proportion to the amount of time the staff spend implementing those strategies.

Here's an example: a district's MDE-approved plan includes a new tutoring program designed to reduce academic disparities between specific student groups. The new tutoring program will require .2 time of a full-time teaching position. This means that up to .2 of that person's salary may be funded with Achievement and Integration revenue.

Another thing to keep in mind to avoid supplanting: Achievement and Integration revenue may not be used to fund existing positions unless staff in those positions are taking on new responsibilities created for strategies listed in a district's Achievement and Integration plan.

In other words, districts may not simply replace one funding source (e.g., other types of categorical aid, federal grants, general education revenue, or any other) with Achievement and Integration revenue. This would be supplanting and is not allowed.

#### **Can I fully fund a position with Achievement and Integration revenue if that staff received training or coaching that was funded by that revenue?**

No, participating in training or receiving coaching that was paid for with Achievement and Integration revenue does not mean the salary and benefits for those staff may also be paid for with Achievement and Integration revenue. See the FAQ above on using this revenue for staff salaries for more information on this.

#### **Can Achievement and Integration revenue be used to make ongoing purchases of technology?**

MDE encourages districts to utilize existing district resources to support Achievement and Integration programming as needed. However, use of Achievement and Integration revenue for technology expenditures may be considered if a district addresses the following:

1. The level of the proposed expenditure is at a level appropriate for and is limited to supporting specific strategies included in district's board-approved Achievement and Integration plan.
2. Proposed use of Achievement and Integration revenue for technology does not supplant a district's responsibility to purchase technology for students using general education revenue, but supplements a district's technology budget and is specific to interventions included in the district's Achievement and Integration plan.
3. Requests for technology should be accompanied by the total budget being appropriated for technology within a district and indicate what part is to be funded with Achievement and Integration revenue and what is to be funded by other revenue (Minn. Stat. § 124D.862, subd. 1a (4)).
4. The proposed expenditure(s) shall align with MDE's current budget requirements.
5. Districts use Achievement and Integration revenue to purchase technology for a new Achievement and Integration activity when that technology is critical for ensuring positive outcomes for students. Districts may purchase technology for a strategy once every plan cycle (three years). Beyond that, districts are asked to use other funds to purchase that technology.

Districts should not anticipate making ongoing purchases of technology with Achievement and Integration revenue, but utilize existing district technology.

A district may purchase additional software or renew software licenses. Like all other types of expenditures, it must be clear how software supports one or more activities in a district's Achievement and Integration plan. Hardware purchases will be limited to an initial purchase for a new activity.

**Some requests to use Achievement and Integration revenue for memberships to professional organizations are allowable and others are not. Why is this?**

Allowable memberships are those which directly benefit or support one or more Achievement and Integration plan activity and are specific to the district's Achievement and Integration plan. For example, a membership fee for a business manager's association is not specific to an Achievement and Integration strategy because it supports efforts beyond the district's Achievement and Integration program.

A membership fee to a national organization on supporting culturally relevant teaching is [morhttps://education.mn.gov/MDE/dse/acint/e](https://education.mn.gov/MDE/dse/acint/e) likely to be specific to an Achievement and Integration strategy and could be approved if this connection is clearly established. Districts are required to provide such explanations—referred to as budget narratives—in their annual Achievement and Integration budgets. The budget narrative for a proposed membership fee must explain how the membership directly supports and is specific to an Achievement and Integration strategy.

Dues and memberships are considered administrative or professional development costs.

**Can I contract other service and/or consultants?**

Yes. For this type of expenditure, a district should use the budget narrative to identify the strategy that the contracted services is for and the services to be provided.

**Do I need to submit a budget for racially identifiable schools that are identified within my district?**

Yes. Districts with school sites that have been identified by MDE as racially identifiable are to include line items that support implementation of Achievement and Integration strategies at the racially identifiable school(s). The Achievement and Integration budget worksheet includes pages specifically for racially identifiable schools. This part of the budget worksheet is to be used only by districts with racially identifiable schools.

These expenditures must align with the budget ratios and all other considerations addressed in this guide.

**Do partnering Achievement and Integration districts need to submit separate plans and budgets?**

Yes, activities implemented by two or more districts should be listed in each district’s respective Achievement and Integration plans. Each district should submit its own budget.

An exception to this occurs when a group of partnering districts contribute 100 percent of their Achievement and Integration revenue to a fiscal host that provides shared programming. In this situation, it makes sense to submit a single budget to Minnesota Department of Education (MDE) with line items as described in this guide.

However, each district still needs to submit its own budget to MDE with line items *for Payment to Other District* in tabs for the different expenditure types (Direct Student Services, Professional Development, Administrative Costs) and using UFARS codes to identify the revenue type.

**How does a vendor or organization providing Achievement and Integration services to districts receive revenue?**

State aid payments are made to districts, not to a designated fiscal host or to vendors hired to provide a service such as training or to facilitate student activities. A district may use Achievement and Integration revenue to purchase services from another district or from a community organization if those services are allowable uses of revenue included in the Achievement and Integration statute.

Payments to a fiscal host should be listed as line items within a district’s budget.

For any type of purchase made with Achievement and Integration revenue, districts are responsible for providing oversight and for implementing accountability measures to ensure that expenditures align with allowable uses of funds.