



EARLY CHILDHOOD FAMILY EDUCATION INTERPRETATION OF STATUTES 2005

ECFE REVENUE IS RESTRICTED

Early Childhood Family Education (ECFE) revenue, which includes aids, levies, fees, grants, and all other revenues received by the district for ECFE programs, must be maintained in a reserve account within the community service fund (124D.135 Subd. 7). Year-end balances in this account (UFARS balance sheet account 432) must be reserved for ECFE and may not be transferred out to any other reserve account.

Early Childhood Family Education (ECFE) revenue may only be used for ECFE programs (124D.135 Subd. 5), which must include activities that require substantial parent involvement (124D.13 Subd. 3). ECFE revenue may not be used for other community education programs or for K-12 education or special education costs. However, general community education aid and levy revenue may be used to support an ECFE program (124D.20 Subd. 8).

Every school district must annually report its revenues and expenditures for Early Childhood Family Education to the state. Your district business manager is responsible for ensuring that the proper reporting guidelines are followed. However, it is essential that ECFE Coordinators be familiar with these guidelines, the Uniform Financial Accounting and Reporting Standards or UFARS. The Coordinator, working with the Community Education Director and/or business manager, should ensure that the budget data reported in the district's accounting system is accurate and follows both the approved budget plan and state requirements and restrictions.

For example, the Coordinator should be familiar with the limits on the kinds of expenditures that can be made from ECFE funds. Expenditures are reported to the state by UFARS object codes. A list of permitted object codes can be found in Chapter 10 of the UFARS manual, under "Restricted Finance Grid." (Note: this list has been updated for the 2005 UFARS Manual and will be more restrictive than in past.)

Also, districts must record all revenues and all expenditures for ECFE programs using UFARS finance code 325. When another finance code is required – for example, if the district has Taconite Reserve revenues (finance 371) or allocates general Community Education funds (finance 321) for ECFE program expenditures – the district must also use program code 580.

For more information on expenditure object codes, revenue source codes, and the UFARS reporting system, consult the current UFARS manual, which can be found on the MDE Web site at <http://education.state.mn.us>. From the main page, select "Data and Reports," then, from the left margin, select "Program Finance," "Financial Management," and "UFARS."

TEACHERS

Teachers in ECFE programs shall hold a license issued by the Minnesota Board of Teaching appropriate to their responsibilities. See Appendix 11A for more details on teacher licensure.

FIVE PERCENT (5%) LIMIT ON ADMINISTRATION

Administration expenditures may not exceed five percent of total ECFE program revenue – aid, levy, fees, other local revenue, and grants. Administration **includes the salary costs** of any personnel who have administrative and managerial duties, **excluding the ECFE coordinator**. This does not include personnel whose primary duties are instructional or non-instructional support. Administrators' salaries are coded in UFARS under object code 110 - Administration/Supervision. ECFE Coordinators' salaries must be coded under object 120 - Early Childhood/School Readiness/Adult Basic Education Administration/Supervision.

FACILITIES

Facilities shall meet state requirements for safety and appropriateness of children's environments. The following section from the MDE facilities guide for school districts lists elements to consider for early childhood program spaces.

(a) Early Childhood

School districts often provide spaces for early childhood programs such as Early Childhood Family Education, Head Start, School Readiness, Family Literacy/Even Start, School-Age Care, Child Care, and community preschools, frequently in elementary schools. Recent infant brain research impacts school facilities planning by increasing parental demand for infant development programs and early parent education. Families often prefer schools as a location for family resource centers and interagency services that better meet the needs of children and their families. Essential elements to consider for early childhood program spaces include:

square footage: 1000-1400 square feet, including bathroom(s) and clothing storage areas, for 15-25 students. Provide additional spaces for cribs, eating, auxiliary play or other non-play areas, and indoor and outdoor large-muscle activities. A room to accommodate 12 to 18 adults for parent education and support activities is especially important for programs that involve both parents and young children.

location: first floor, convenient to outdoor exit and play areas, and bus/parent drop-off and pick-up zones. Classrooms should contain or be readily accessible to space for clothing storage, age-appropriate bathroom(s), a hand washing area, and a drinking fountain. Consider clustering early childhood classrooms with common spaces for student activities, teacher planning, and parent volunteers. Providing conference rooms for consultants to work with individual children allows community services to follow the children rather than having to move children from place to place throughout the community.

learning activities: large group activity, parent-child interaction, dramatic play, block and construction, crafts and creative arts, cognitive and manipulative experiences, music, science, reading, and large muscle active play. Provide a separate, safe area for infant and toddler-specific interest areas. Consider sharing spaces for large muscle activities and workrooms among early childhood programs, and providing dedicated spaces for the safety of children of different ages, and to ease scheduling complications.

learning aids, equipment, technology: age-appropriate toys, portable tables and stackable chairs, portable equipment with wheels, adjustable shelving and bookcases, easels, counter work space, a sink with hot and cold running water, a carpeted storytelling/reading area, an overhead projector and screen, ceiling or wall-hung video monitors, and the ability to easily darken the room. Provide adequate display/bulletin board, AC power, and voice, video, and computer connections. Plan work and play stations for students with disabilities.

storage, other needs: provide storage spaces for food preparation equipment and eating facilities, diapering, and supplies, toys and equipment, including large muscle equipment. Provide work space(s)

for teachers to prepare and store teaching materials, and access a phone, computer with Internet access, and a printer and copy machine.

DESCRIPTION OF COORDINATION STRATEGIES

State law passed in 2003 requires Early Childhood Family Education programs to “describe strategies used to coordinate and maximize public and private community resources and reduce duplication of services.” A record or report of such strategies used by Early Childhood Family Education should be kept on file in both the Community Education Office and the Early Childhood Family Education Office, and be made available to program monitors or staff representing the Minnesota Department of Education.

ANSWERS TO FREQUENTLY ASKED QUESTIONS REGARDING ECFE GUIDELINES:

1. HOW ARE STATE FUNDS FOR ECFE TRANSMITTED TO THE DISTRICT?

There is no grant application form required to receive ECFE funds. To receive state aid, a district must first certify an ECFE levy, which is limited to the lesser of: 1) the district's tax capacity times a tax rate set by the Department that is the same for all districts or 2) the district's maximum formula revenue. The maximum formula revenue for FY 2004-05 equals \$96 times the Fall 2003 0-4 census population. After the school district certifies the levy to the county auditor, the county collects the tax and pays the school district. ECFE levies for 2004-05 were certified in Fall 2003.

A district's state aid entitlement for FY 2004-05 equals the difference between the levy certified in Fall 2003 and the district's maximum formula revenue. A district with an ECFE levy equal to its formula revenue does not receive state aid. ECFE aid is disbursed automatically to districts eligible to receive state aid, through the same payment system – IDEAS – as other state education funds. The state pays districts 80 percent of their aid entitlements in the current fiscal year and the balance of 20 percent in the following year. However, districts earn – or recognize – and may budget 100 percent of their annual ECFE aid entitlement in the current fiscal year.

You can find your annual aid entitlement on the Early Childhood Family Aid Entitlement report, which is posted at the start of the fiscal year, on or about July 1st. This report is updated in late January or early February when excess fund balance penalty adjustments are calculated. You can also find your ECFE entitlement and monitor state aid entitlement payments via IDEAS by reviewing the IDEAS Combined Payment reports. These reports, posted at the middle and end of each month, record the bi-monthly state aid payments to districts. Both reports can be found on the Department's Web site at <http://education.state.mn.us>. From the main page, select "Data and Reports" and then, from the left margin, select "Payment Reports." If you have questions, contact Lisa DeRemee (651.582.8467) in the MDE Program Finance Division.

2. WHAT HAPPENS TO PROGRAM FUNDS THAT ARE NOT SPENT BY THE END OF THE FISCAL YEAR?

Any ECFE revenue that is not spent by the end of the fiscal year on June 30th may be carried over into the next year. All unexpended ECFE revenue – aid, levy, fees, grants, and other local revenue – is maintained in a separate reserve account. State law limits the amount of a district's ECFE reserve fund balance to 25 percent of its annual ECFE total revenue. Districts exceeding this limit receive a penalty equal to the lesser of their annual ECFE aid and levy or the amount of their excess fund balance.

Specifically, the fund balance law requires that the average of the district's closing reserve account fund balances for the past three years, adjusted for any prior penalties, be within the limit. For FY 2004-05, the Department will average each district's ECFE fund balances for FY 2002, 2003 and 2004, and compare this average to the limit equal to 25 percent of the total ECFE revenue the district received in FY 2004 – aid, levy, fees, grants and other local revenue.

The law allows a district that anticipates it will exceed the limit "because of extenuating circumstances" to apply to the commissioner for a waiver before the close of the fiscal year. Waiver applications for the fiscal year ending June 30, 2005, will be posted to the Department's Web site in February 2005. For more information, see the document titled "Application for Waiver to Exceed 25% Fund Balance Limit – Closing 6/30/2004 Fund Balances," which can be found on the Department Web site at <http://education.state.mn.us>. From the main page, select "Data and Reports," then, from the left margin, select "Program Finance," and "Community Education/ECFE/School Readiness."

3. WHO IS RESPONSIBLE FOR AUDITING PROGRAM EXPENDITURES?

By law, each local school district that receives ECFE levy and/or aid funds must establish, maintain and audit a reserve account within Fund 4 for all funds related to its ECFE program.

4. WHO OWNS THE EQUIPMENT PURCHASED WITH ECFE FUNDS?

Title to property acquired with ECFE monies shall be vested in the local school district.

5. HOW DO ECFE COORDINATORS REPORT PROGRAM DATA TO THE MINNESOTA DEPARTMENT OF EDUCATION (MDE)?

Each year on or before August 15, each district which received ECFE levy or aid funds the previous year shall report to MDE on forms authorized by the commissioner. Data is submitted electronically to the Department through a password protected Web site. Detailed instructions are provided to coordinators prior to data submission. Data can be prepared in advance of submission on forms that can be downloaded from the MDE Early Learning Services Web site.

6. IS A LOCAL ADVISORY COUNCIL NECESSARY?

The local school board must annually appoint an ECFE advisory council with a majority of participating parents. A list of the advisory council's current membership must be on file with the district Community Education office. For each member, indicate affiliation (e.g. parent, community member, etc.) and year the appointment was initially approved by the local school board. Statute requires that the local ECFE advisory council report to the local school board and to the district's Community Education advisory council.

7. MUST PARTICIPATING CHILDREN BE IMMUNIZED?

Minnesota statute requires that all children entering a Minnesota public, private or parochial school, child care center, or nursery school must be immunized against certain diseases. A standard form for recording a child's immunization record has been developed by the Minnesota Department of Health and is available in Appendix 10F. It is suggested that each program include the form in an initial letter to parents or with registration materials. The form must be completed, signed, and on file prior to a child's admission into the ECFE program.

8. DO PROGRAMS HAVE TO LEVY FOR CONTINUED FUNDING ON A YEARLY BASIS?

Yes, districts are required to levy each fall prior to the fiscal program year, which runs from July 1 to June 30 for continued funding. Districts choosing to access an additional \$1.60 per child 0-4 for home visiting funding are also required to certify this separate Home Visiting levy each fall. A district may not certify a levy for ECFE or Home Visiting unless it has a Community Education program.

9. WHO DO I CONTACT IF I HAVE FURTHER QUESTIONS?

A program coordinator's first contact should be with the administrative supervisor and/or the fiscal agent for the program. Beyond that, MDE staff is available to answer questions. At the present time, staff include:
Betty Cooke, Early Childhood Education Specialist, Early Learning Services, 651.582.8329
Lisa DeRemee, Program Finance Division (for questions related to program finance & funding), 651.582.8467
Faye Lovell, Secretary for Program Accountability & Improvement, 651.582.8402