

FORMULA SIMPLIFICATION:

- Pupil Weights
- Declining Enrollment
- Funding on Enrollment vs. ADM
- Safe Schools Levy Roll-in
- Pension Adjustment Roll-in
- Training & Experience Revenue Roll-in
- Gifted & Talented Revenue Roll-in

Commissioner's Working Group on School Funding
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History of Pupil Weights

FY	K	GR 1-3	GR 4-6	GR 7-12
1958	0.50	1.00	1.00	1.50
1972	0.50	1.00	1.00	1.40
1988	0.50	1.00	1.00	1.35
1992	0.50	1.00	1.00	1.30
1994	0.515	1.03	1.03	1.30
1995	0.530	1.06	1.06	1.30
2000	0.557	1.06	1.115	1.30
2008	0.612	1.06	1.115	1.30

Simpler Pupil Weights

The General Education Formula would be more understandable if some grade levels were weighted at 1.0.

	Current Wts	Equiv.	Nearly the Same
K	0.612	0.58	0.53
GR 1-3	1.115	1.05	1.00
GR 4-6	1.06	1.00	1.00
GR 7-12	1.3	1.23	1.20
Formula	\$5,124	\$5,422	\$ 5,571

Per Pupil Expenditure, FY 2009 Secondary vs. Elementary Schools Excluding Spec Ed, By Strata

	Mpls & St Paul	Oth Metro Inner Ring	Oth Metro Outer Ring	Nonmetro >=2K	Nonmetro 1K-2K	Nonmetro < 1K	Charter
Elementary	10,181	7,711	7,425	7,044	7,222	7,788	9,654
Secondary	10,252	8,341	8,028	7,826	8,330	9,027	10,077
Sec / Elem Ratio	1.01	1.08	1.08	1.11	1.15	1.16	1.04
<u>Based on Actual Expenditures:</u>							
State Avg = 1.08							

Options for Simpler Pupil Weights

Formula Allowance Set to Keep State Total Basic Revenue at Current Level

Option	Formula	K	GR 1-3	GR 4-6	GR 7-12
1) Equivalent to current weights	\$5,422	0.58	1.05	1.00	1.23
2) Nearly equivalent – more simplification	5,571	0.53	1.00	1.00	1.20
3) Secondary at 1.16	5,685	0.50	1.00	1.00	1.16
4) Based on Average Expenditure Differences	5,903	0.50	1.00	1.00	1.08
5) Unweighted (K @ 1.0 if decision is made to fund all-day K)	6,133	0.50	1.00	1.00	1.00

Options for Simpler Pupil Weights

Change in Basic Revenue per ADM by Strata, FY 2010 Data

	Mpls & St Paul	Other Metro Inner Ring	Other Metro Outer Ring	Nonmetro ≥2K	Nonmetro 1K-2K	Nonmetro < 1K	Charter Elem.	Charter Sec.
Option								
1	0	0	0	0	1	1	-7	6
2	-5	0	1	0	2	4	-34	25
3	-1	-2	0	1	1	2	19	-44
4	14	-6	-4	2	-3	-2	159	-213
5	32	-12	-8	3	-7	-6	305	-402

Declining Enrollment Funding History

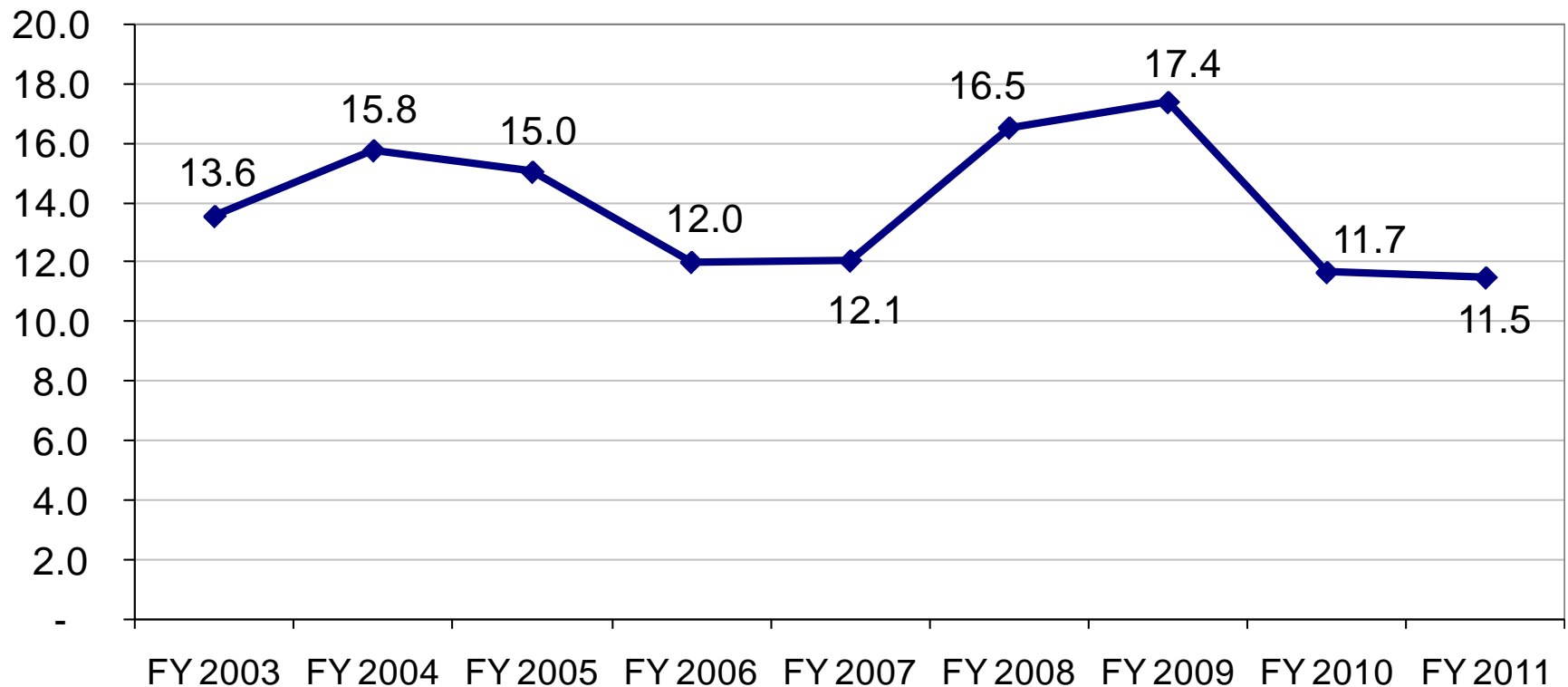
1971 – Declining enrollment aid initiated

1979 – Beginning in FY 1981, “Replacement” aid/levy replaces declining enrollment (and growth and sparsity) funding. At its peak in 1980, declining enrollment funding was based on the greater of (a) 4 year average PU less current year PU, or 60% of decline from prior year.

1999 - Adjusted marginal cost pupil units replace resident weighted ADM in most revenue calculations. For FY 2000, funding was based on 90% of current year count and 10% of prior year count.

2000 - Beginning in FY 2001, marginal cost pupil units equal the greater of the current year pupil units, or 77% of the current year plus 23% of the prior year.

State Total Basic Revenue from Declining Enrollment Adjustment (\$ in Millions), FY 03 – FY 11



Basic Revenue from Declining Enrollment Pupil Units by Strata, FY 2010

	Mpls & St Paul	Other Metro Inner Ring	Other Metro Outer Ring	Nonmetro ≥2K	Nonmetro 1K-2K	Nonmetro < 1K	Charter
Basic revenue based on added MCPU	976,788	1,288,788	2,317,022	1,672,576	1,656,897	2,672,832	1,081,369
Average Decline Revenue / ADM	14	15	9	9	18	30	31
Decline Revenue as % of Basic Revenue	0.23%	0.25%	0.15%	0.16%	0.30%	0.51%	0.54%

Proposed Change in Declining Enrollment Funding

- The current formula buries declining enrollment funding into the pupil unit count, making it difficult to determine how much additional funding is provided to support districts and charter schools with declining enrollment.
- To make the calculations more understandable, create a separate general education revenue component for declining enrollment.
- Declining enrollment aid =
 - Decline in weighted ADM from previous year
 - x 28%
 - x Formula Allowance.
- (Note: under current law, marginal cost pupil units increase various funding components based on 23% of the decline from the prior year. This percentage was raised in the formula above to account for declining enrollment revenue provided through other formulas.)

Funding on Enrollment vs. ADM

- Some states use enrollment rather than ADM to drive general education funding
- Generally, two counts are used, one from the fall and one from the spring
- Advantage: Earlier info for budgeting
- Disadvantage: Not as accurate
- Tends to work better for traditional seat-based programs than for nontraditional programs (e.g., on-line, project-based, ALC)
- May not save work as ADM / ADA still needed for other purposes
- Not included in MDE Draft Proposal

Safe Schools Levy Roll-in

Current Levy under MS 126C.44:

- \$30 x AMC Pupil Units
- All levy – not equalized by state
- Uses include licensed school support staff and a variety of school security and violence prevention measures
- At least \$3 /PU must be set aside for licensed school support staff
- MOE requirement for licensed school support staff is not related to levy

MDE Draft Proposal:

- Roll the \$30/PU levy into the general education formula to simplify funding & make tax burdens more uniform
- All school districts spend much more than \$30/PU on allowable uses
- MOE requirement for licensed school support staff is a separate issue

Pension Adjustment Roll-in

Current Adjustment under MS 127A.50 offsets selected changes in employer contribution rates:

- (1) a decrease based on a 1984 change in PERA employer contribution rates, plus
- (2) an increase equal to 0.7% of FY 1997 PERA salaries;
- (3) a decrease equal to 2.34% of FY 1997 TRA salaries; and
- (4) an increase equal to 0.5% of FY 2007 TRA salaries.

Above amounts are adjusted for districts with a decrease in salaries since 1997 and for consolidations.

MDE Draft Proposal:

- Eliminate the pension adjustment for most districts, to make education funding more understandable.
- Reduce formula allowance by state average pension adjustment (\$33).
- Hold harmless for 60 districts with below average pension adjustment.

Pension Adjustment Roll-In

Pension Proposal Analysis	Pension Proposal 20110418						
Based on current pupil weights and pupil counts adjusted to match projected state totals							4/18/2011
	B	C	D	E	F	G	H
			Difference	New			
	Current	Adjust	From State	Adjustment	Reduction	Net	Change
	Pension	Per P U	Average	= Greater of	to Basic	Change	Per APU
	Adjustment	= B/A	= C -	Zero or	= A x	= E+F-B	= G/A
			-33	(A x D)	-33		
TOTAL	-31,238,783	-33	0	7,092,799	-31,238,783	7,092,799	7
MPLS & ST PAUL	1,524,872	19	51	4,158,477	-2,633,605	0	0
OTHER METRO, INNER	-3,885,473	-40	-7	290,105	-3,206,217	969,362	10
OTHER METRO, OUTER	-10,063,274	-33	0	1,313,899	-9,973,158	1,404,015	5
NONMET >=2K	-7,297,809	-34	-2	1,152,592	-6,952,691	1,497,710	7
NONMET 1K-2K	-4,789,869	-45	-12	106,015	-3,487,045	1,408,838	13
NONMET < 1K	-5,037,071	-50	-17	71,711	-3,295,908	1,812,874	18
CHARTERS	-1,690,159	-33	0	0	-1,690,159	0	0

Training & Experience Revenue Roll-in

- Partially compensates districts for salary difference associated with training & experience of teachers employed in 1997, who continue to be employed by the district.
- Has been phasing out since 1997
- For FY 2011, only 16 districts still qualify and state total is down to \$343,000

Training & Experience Revenue, FY 2011

	T&E Revenue	Revenue / AMCPU = D/A	Number of Districts	Number with Revenue
State Total for Districts	343,203	0.38	337	16
Mpls & St Paul	0	0.00	2	0
Other Metro, Inner	0	0.00	13	0
Other Metro, Outer	0	0.00	34	0
Nonmet ≥ 2K	131,863	0.62	42	3
Nonmet 1K-2K	116,543	1.09	68	4
Nonmet < 1K	94,797	0.94	178	9

Gifted & Talented Revenue Roll-in

Currently, Gifted & Talented Revenue is a separate component of General Education Revenue.

- All districts & charter schools current receive \$12 per AMCPU.
- These funds are reserved for:
 - Identifying gifted students;
 - Providing education programs for gifted & talented students; and
 - Providing staff development for teachers to meet the needs of gifted & talented students

MDE Draft Funding Proposal would Roll this \$12/Pupil into the Basic Formula

- Requirement to reserve \$12 /PU for gifted & talented programs would continue