INTEGRATION FUNDING REFORM

Commissioner's Working Group on School Funding
May 4, 2011

Tom Melcher
Program Finance Division

MDE FUNDING REFORM PROPOSAL Includes the following:

6. Rolling integration funding into the general education program, with resources targeted to close the achievement gap.

Goal:

Align funding more closely with need to better support achieving integrated schools and closing the achievement gap.

Integration Revenue Formula
Current Law

Maximum Revenue per Adjusted Pupil Unit:

- St Paul: $445
- Minneapolis: $480**
- Duluth: $206
- Other districts required to implement an integration plan, with > 15% students of color: $129
- Other districts required to implement an integration plan with <= 15% students of color, and members of a multidistrict integration collaborative that are not contiguous to a racially isolated district: $92

** Note: Includes $445 on regular formula (70% aid, 30% levy), plus an additional $35 (all levy).

Integration Revenue Formula
Current Law

- Each year before a district receives integration revenue, it must submit a budget to MDE for review and approval, detailing the costs of its integration plan.

- The budget must indicate how revenue will be used specifically to support increased and sustained interracial contacts and improved educational opportunities and outcomes designed to close the academic achievement gap between white students and protected students.

- Integration revenue is limited to the actual cost of implementing the integration plan.

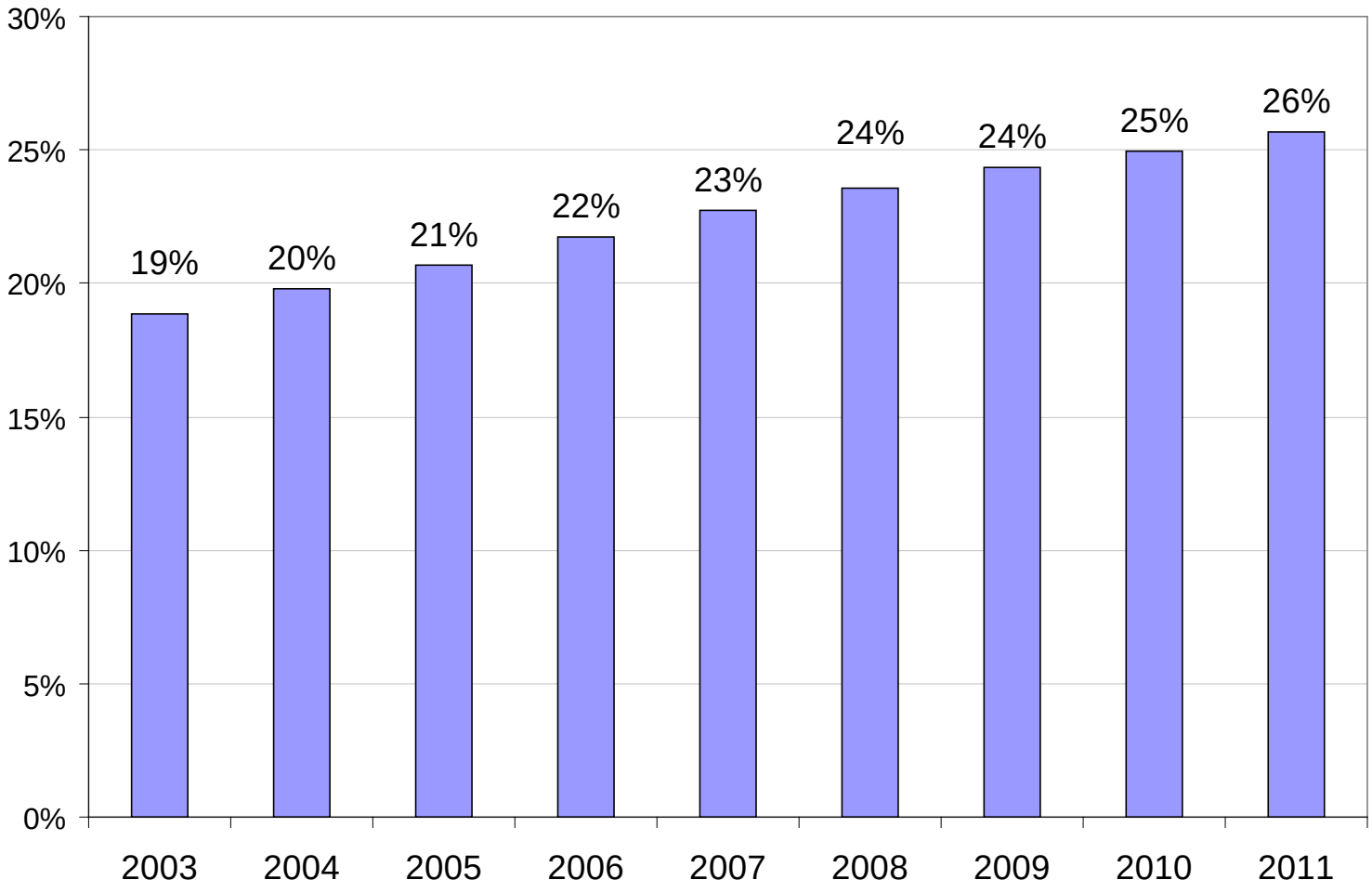
- Funding is 70% aid, 30% levy, except for the added $35/PU levy for Minneapolis.

Integration Revenue History

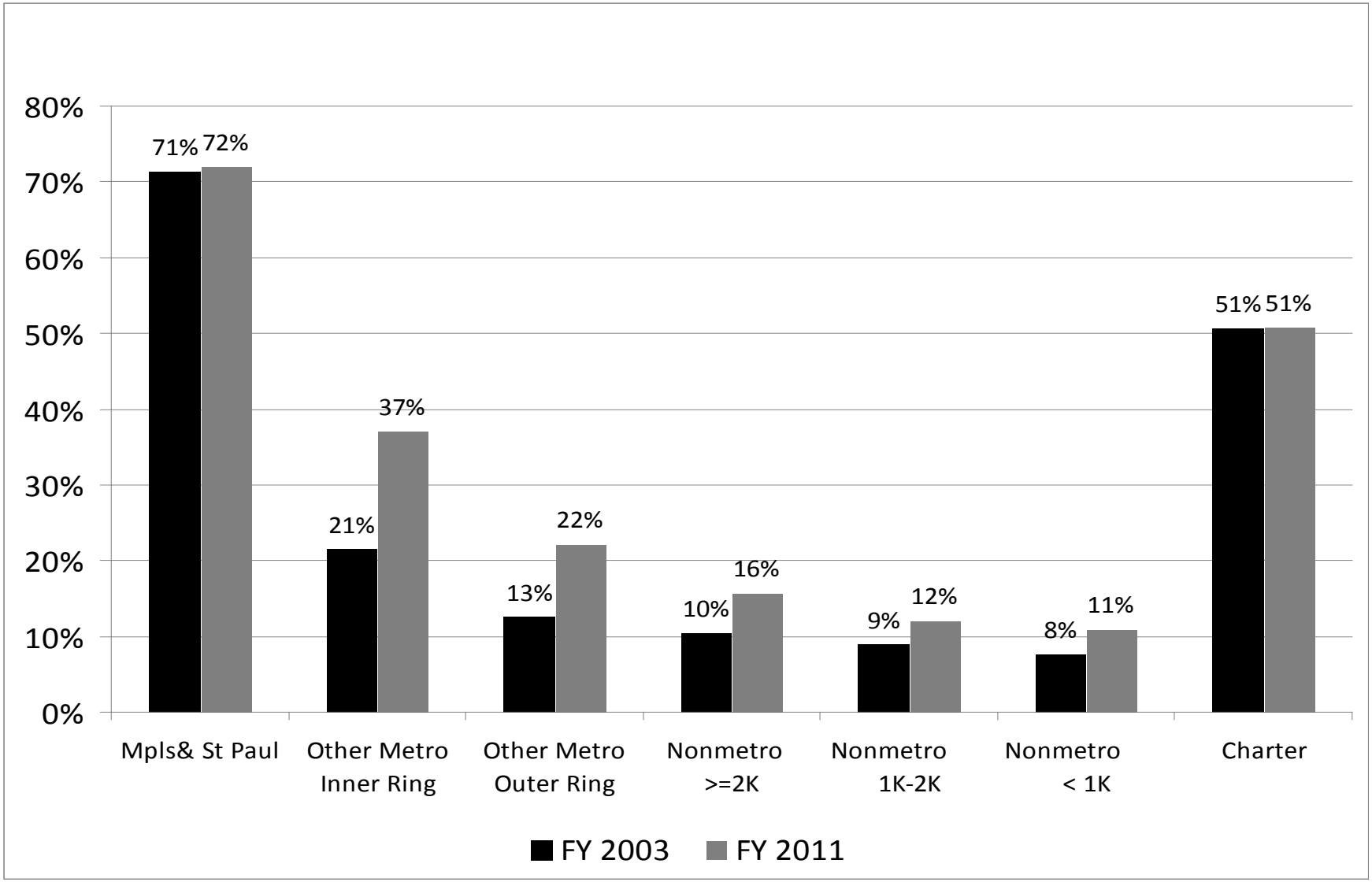
Minnesota Department of Education

- 1984 – Property tax levy authorized for the first time for Minneapolis, St Paul and Duluth to finance integration plans.
- 1987 – Integration grants appropriated for the first time for Minneapolis, St Paul and Duluth.
- 1997 – Integration revenue program enacted, beginning in FY 1999. Funding set at $523/ resident PU for Minneapolis, $427 for St Paul, $193 for Duluth, and $93 for other districts required to implement an integration plan.
- 1999 – Integration formula changed to use adjusted PU instead of resident PU; allowances revised to neutralize change in PU – Minneapolis – $536, St Paul – $446, Duluth - $207.
- 2001 – Allowance for Minneapolis reduced to $446; allowance for districts other than Minneapolis, St Paul and Duluth with >15% students of color increased to $130. Noncontiguous districts in collaborative added at $93/PU.
- 2002 -- $35/PU levy added for Minneapolis.
- 2003 – Rates lowered by $1 to current levels of $445, $206, $129, and $92.

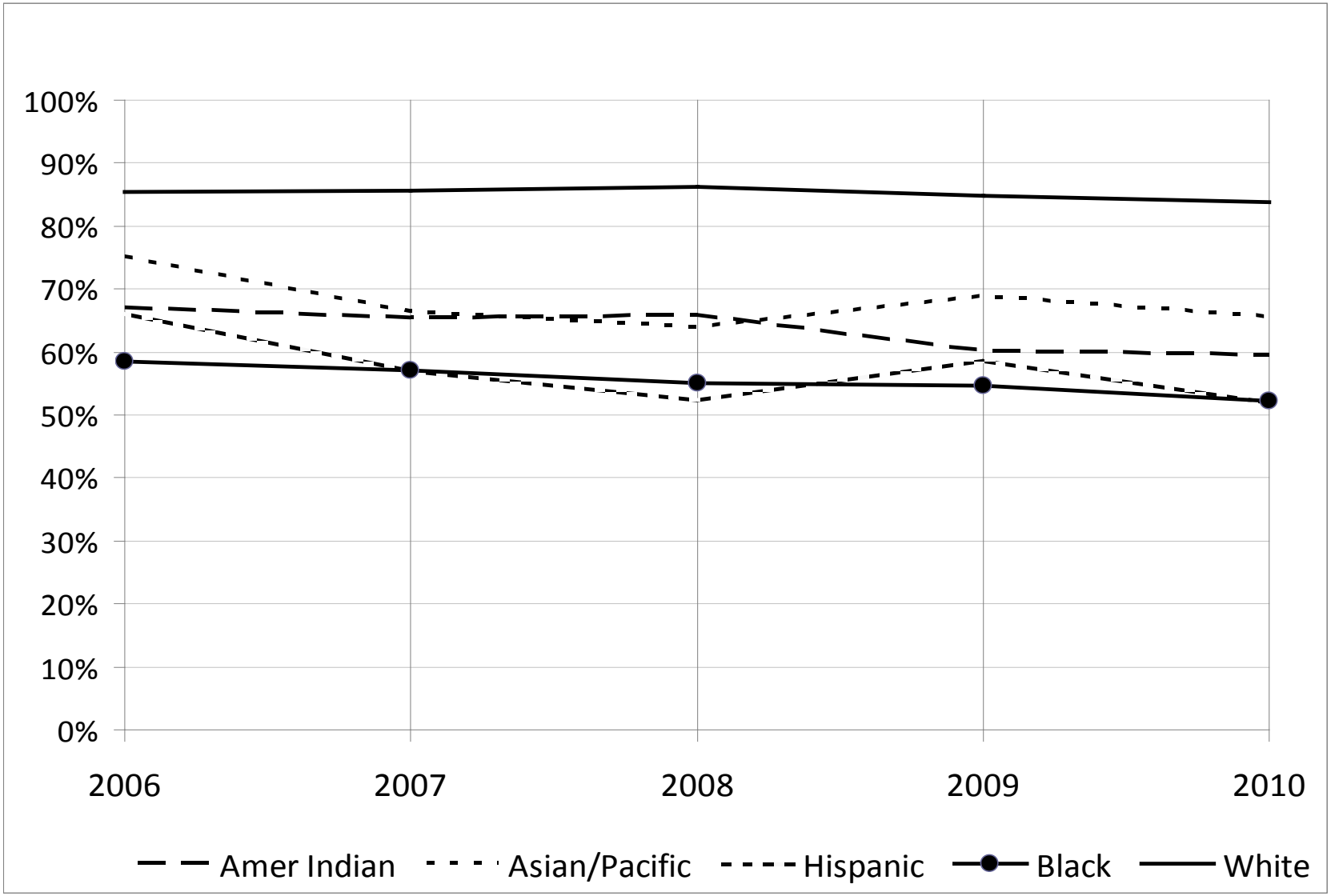
Students of Color As Percent of Total Enrollment, FY 2003 – FY 2011



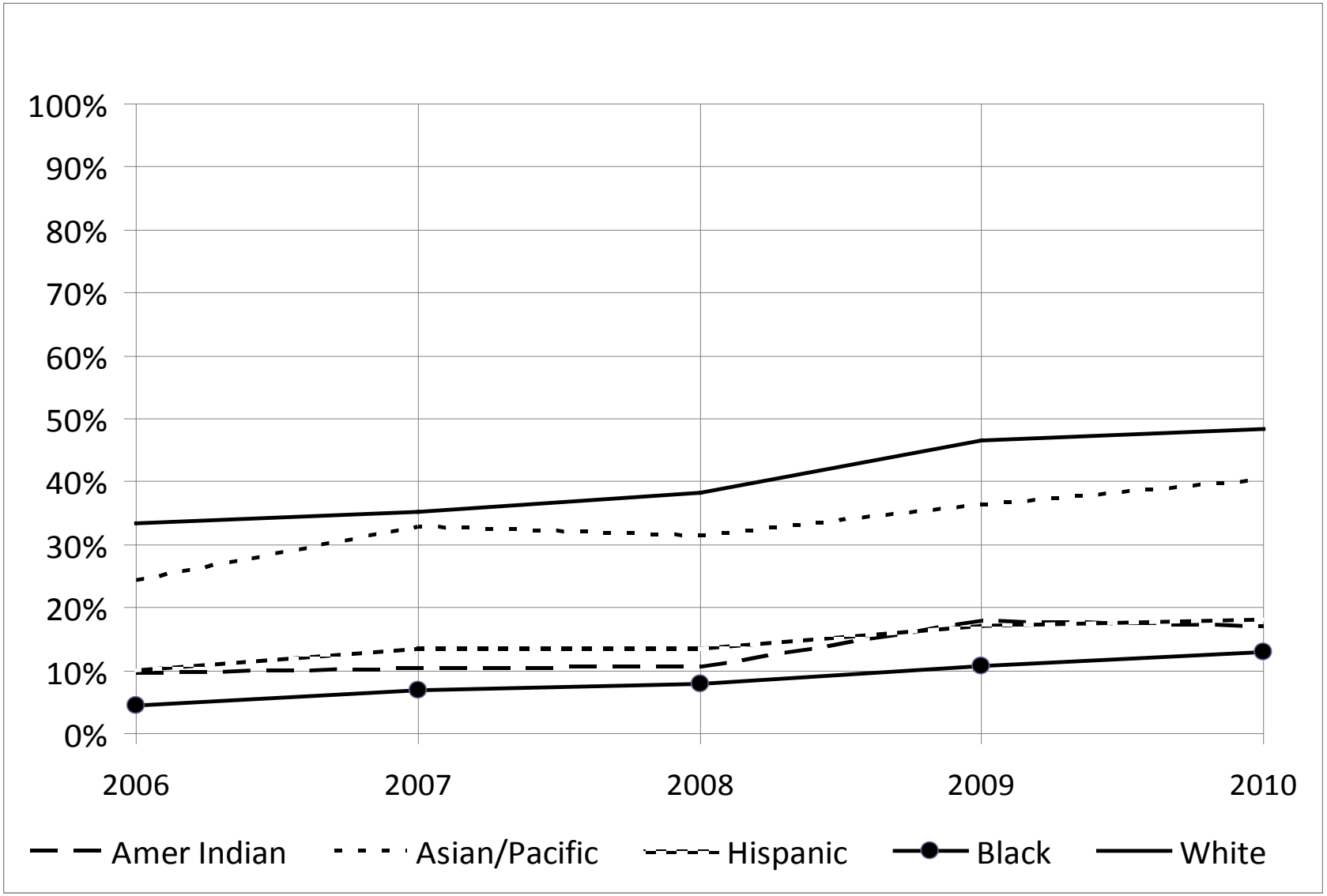
Students of Color as a Percent of Enrollment by Strata, FY 2003 vs. FY 2011



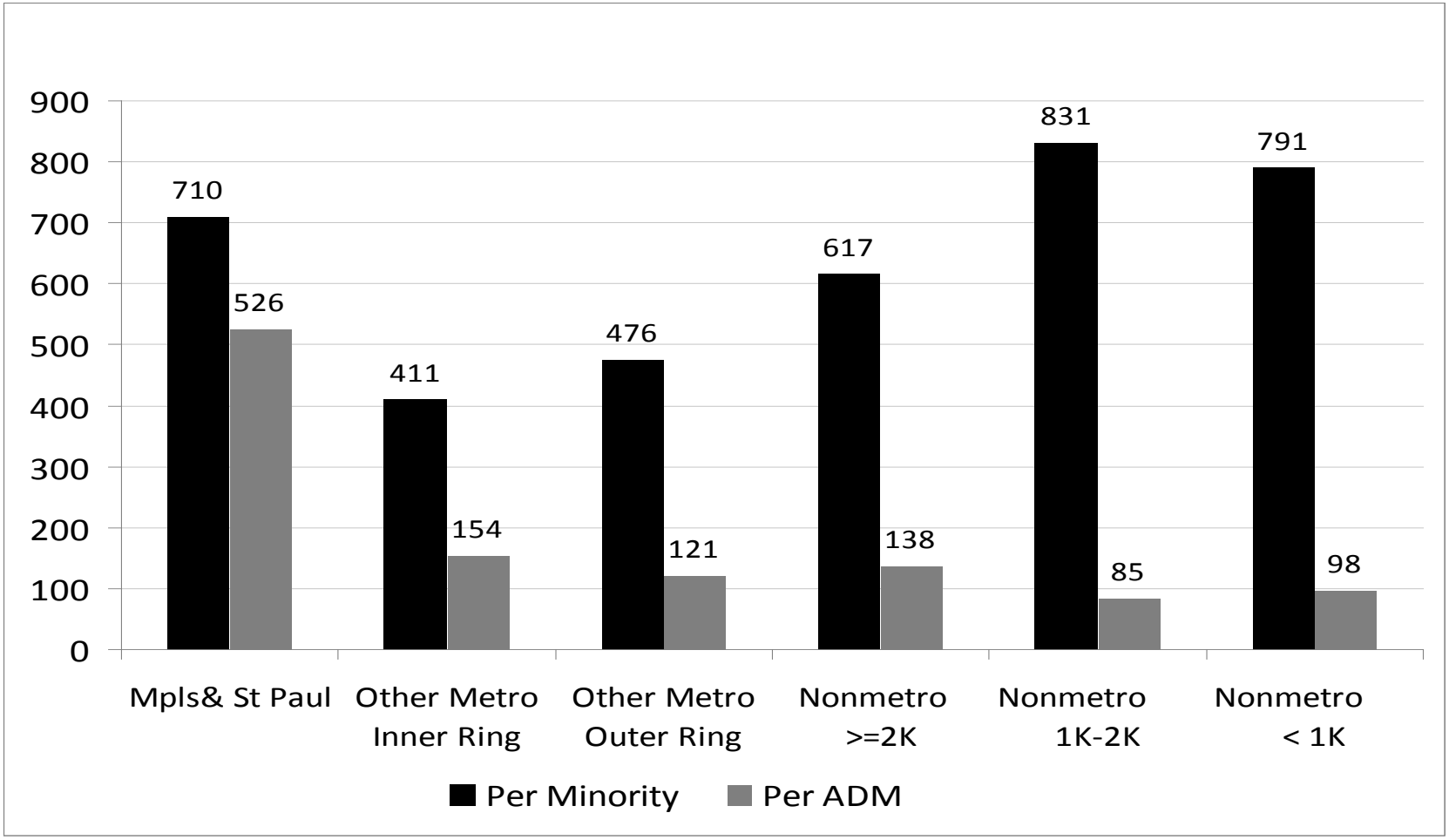
Percent of Grade 3 Students Proficient in Reading by Race / Ethnicity



Percent of Grade 11 Students Proficient in Math by Race / Ethnicity



Integration Revenue By Strata, Districts Receiving Integration Revenue, Current Law, FY 2011



Integration Revenue, Selected Districts, Current Law, FY 2011

		Minority Portion Portion	Integration Revenue / Minority	Integration Revenue / Adj ADM
625	ST. PAUL PUBLIC SCHOOL DISTRICT	75.7%	657	510
1	MINNEAPOLIS PUBLIC SCHOOL DIST.	68.0%	775	544
280	RICHFIELD PUBLIC SCHOOL DISTRICT	66.8%	239	164
840	ST. JAMES PUBLIC SCHOOL DISTRICT	42.4%	350	150
271	BLOOMINGTON PUBLIC SCHOOL DISTRICT	41.2%	358	151
623	ROSEVILLE PUBLIC SCHOOL DISTRICT	39.7%	387	155
2898	WESTBROOK-WALNUT GROVE SCHOOLS	34.1%	313	107
535	ROCHESTER PUBLIC SCHOOL DISTRICT	31.0%	466	148
196	ROSEMOUNT-APPLE VALLEY-EAGAN	24.9%	592	150
833	SOUTH WASHINGTON COUNTY SCHOOL DIS	23.7%	622	150
284	WAYZATA PUBLIC SCHOOL DISTRICT	23.5%	664	157
11	ANOKA-HENNEPIN PUBLIC SCHOOL DIST.	21.6%	679	150
709	DULUTH PUBLIC SCHOOL DISTRICT	17.9%	1,317	239
831	FOREST LAKE PUBLIC SCHOOL DISTRICT	7.1%	1,526	106
876	ANNANDALE PUBLIC SCHOOL DISTRICT	4.1%	2,514	106

Office of the Legislative Auditor (OLA) School District Integration Revenue Report November 2005

Minnesota Department of Education

Major Findings:

- The purpose of the Integration Revenue program is not clear.
- School districts vary widely in how they use integration revenue. While many of their expenditures are reasonable, some are questionable.
- Neither the state nor school districts have adequately assessed the results of the Integration Revenue program.
- Over the last five years, racial concentration has increased in some of the school districts that participate in the Integration Revenue program.
- The Minnesota Department of Education has not provided consistent or required oversight of the program, although it has made some improvements in the past year.
- The Integration Revenue funding formula has some unintended and potentially negative consequences.

OLA Integration Revenue Report

Minnesota Department of Education

Key Recommendations:

- The Legislature should clarify the purpose of the Integration Revenue program.
- The Legislature should authorize the Minnesota Department of Education to: (1) establish criteria against which school districts must evaluate their integration plans, and (2) withhold integration revenue from those districts that fail to meet these evaluation requirements.
- The Minnesota Department of Education should use its statutory authority to establish criteria for allowable Integration Revenue expenditures and fulfill its responsibilities for overseeing the Integration Revenue program.
- The Legislature should require districts that want to voluntarily participate in the Integration Revenue program to obtain approval from the Minnesota Department of Education.
- The Legislature should give the Minnesota Department of Education authority to approve the integration budgets of the Minneapolis, St. Paul, and Duluth school districts.
- The Legislature should consider revising the Integration Revenue funding formula.

OLA Integration Revenue Report

Minnesota Department of Education

Options suggested for revising the Integration Revenue funding formula:

(1) Provide funding based on the responsibility of a district (for example, isolated, adjoining, or voluntary district);

(2) Put in place one or two additional funding tiers for those districts with protected student enrollments over 30 or 50 percent;

(3) Put in place a sliding scale for funding based on the protected student population of a district;

(4) Allocate the existing per pupil rate based on the protected student population of a district, rather than on its total student enrollment; or

(5) Allocate the existing per pupil rate for adjoining districts based on the protected student population of the isolated district with which each district is working, rather than its own total student population.

"Every Child, Every Day"
Final Report and Recommendations of the Statewide Task Force on School Integration, January 2011

Recommendations Summary:

- Clarify purpose of integration policy
- Establish and enforce accountability measures
- Identify and support effective practices tied to results
- Seek partnerships and support collaboration
- Distribute resources to meet outcomes

"Every Child, Every Day" Funding Recommendations

Minnesota Department of Education

- Maintain categorical funding to support integration programs and integration transportation.

- Require districts to develop annual integration budgets directly aligned to approved integration plans.

- Align funding to a district's integration responsibilities. Integration revenue should be based on the lesser of the actual cost of implementing the integration plan or a formula amount based on the following:

  a. Percent of protected class students district-wide.

  b. Percentage of district schools enrolling greater than 30% protected class students .

  c. Incentive-based factors (e.g. participation in a regional integration collaborative, progress toward outcome metrics) .

- Funding should include a mix of aid and levy.

"A Comprehensive Strategy to Integrate Twin Cities Schools and Neighborhoods" U of M Institute on Race and Poverty Myron Orfield, 2009

Minnesota Department of Education

Recommendations for Integration Funding, designed to provide incentives for districts to integrate schools:

- $2,250 per pro-integrative intra-district move.
- $2,250 per pro-integrative inter-district move (provided to both the sending and receiving districts).
- $250 per student in integrated schools. Integrated schools were defined as schools with non-white enrollment shares between 25 and 75 percent.

MDE FUNDING REFORM PROPOSAL
Integration Revenue

- Roll integration funding into the general education program as a component of basic skills revenue.

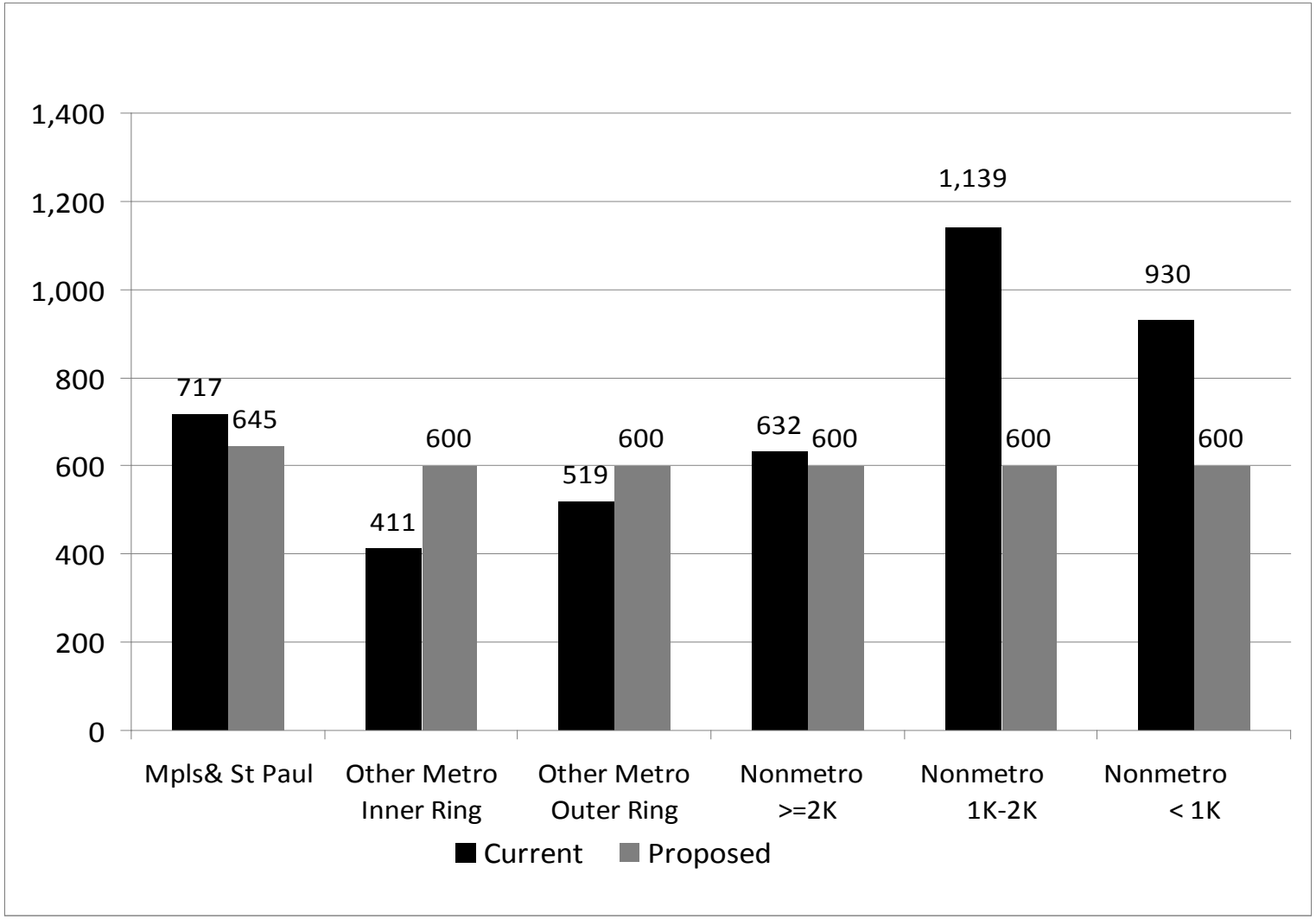
- Allocate maximum revenue based on the number of students of color in each district:
  - All districts with an integration plan receive an allowance of $581 per student of color.
  - Minneapolis receives an additional $100 per student of color as a transition adjustment.

- Better define uses of integration revenue to support achieving integrated schools and closing the achievement gap.

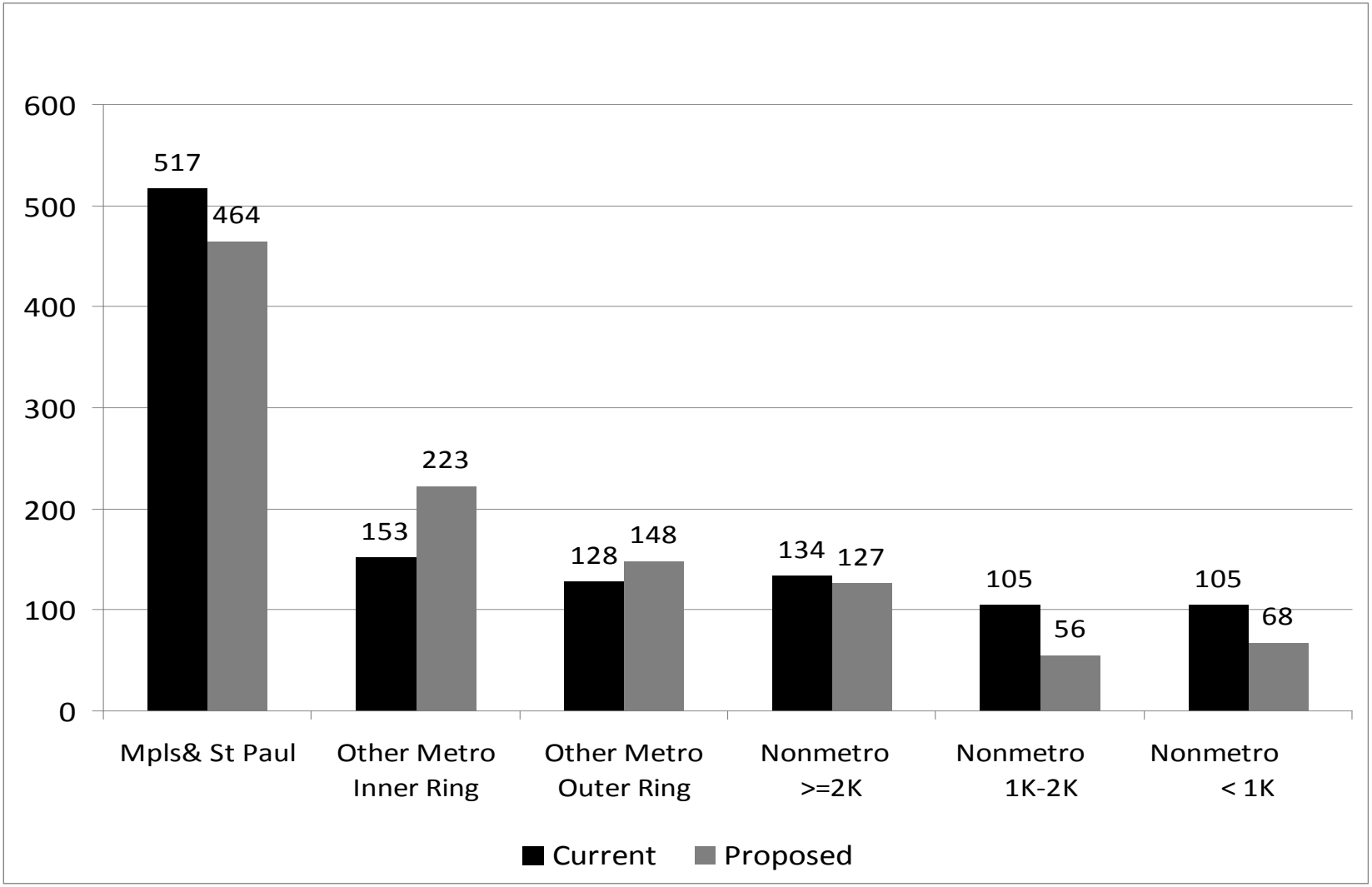
- Continue to require budget approval by MDE.

- Revenue is the lesser of allowance times number of students of color enrolled on October 1 or actual expenditures under approved budget.

Integration Revenue Per Student of Color, Districts Receiving Integration Revenue, MDE Proposal vs. Current Law, By Strata, FY 2013



Integration Revenue Per Enrollee, Districts Receiving Integration Revenue, MDE Proposal vs. Current Law, By Strata



Combined Effect of MDE Draft Proposals for Compensatory, Extended Time, LEP and Integration Revenues

Compensatory, Extended Time, LEP and Integration Funding / ADM By Strata, Current Law vs. MDE Proposal, FY 2013

Minnesota Department of Education

	Current Law	Proposed	Change
MPLS & ST PAUL	2,667	2,607	-60
OTHER METRO, INNER	768	832	65
OTHER METRO, OUTER	421	419	-2
NONMET>=2K	563	551	-12
NONMET 1K-2K	524	534	10
NONMET < 1K	602	628	25
CHARTER	1,305	1,498	192