

Funding Education for the Future



May 25, 2011





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“Education was key to our state’s past prosperity, and it will be key to our future prosperity. An excellent public education system will be the driving force behind job creation in Minnesota. We must prepare today’s students for the jobs and the industries of the future, and thus we must make important innovations in our public school system. With this plan, we will take what is good with Minnesota’s K-12 education and make it even better; to ensure every student full opportunity to succeed in this ever more competitive global economy.”

- Governor Mark Dayton – February 4, 2011

When Governor Dayton introduced his 7-Point Plan for Achieving Excellence for all Minnesota students, education funding for the future was number 1 on the priority list. Minnesota’s future is dependent upon a strong system of public schools that provides assurances every student has access to a high-quality education that helps them reach their full potential.

The Education Finance Working Group has thoroughly considered the expectations schools face, the needs of our changing student population, and the increased challenge of ensuring every student graduates from high school well prepared for college and career. The recommendations contained in this report are the result of intensive dialogue; a focus on student learning and instruction; careful analysis of funding patterns in districts of differing size, demographics and region; and study of school finance reform proposals developed over the past eight years.

The working group’s conclusion clearly shows there is a better way to fund Minnesota schools for the 21st century by:

- Improving the adequacy, equity, and stability of pre K-12 education funding;
- Simplifying and streamlining education funding;
- Preserving local control;
- Closing achievement gaps;and
- Promoting high achievement for all students.

I encourage you to review this report carefully. It contains a blueprint for our future – a future in which we meet Minnesota’s constitutional obligation to provide a “uniform system of public schools” with improved education funding that takes what’s good and makes it better.

Sincerely,

A handwritten signature in black ink that reads "Dr. Brenda Cassellius". The signature is written in a cursive style.

Dr. Brenda Cassellius
Commissioner of Education

executive summary

Minnesota's future economic success depends upon a strong system of public schools to create the highly skilled workforce necessary to compete in a global economy. Adequate, equitable and stable school funding that encourages innovation will help provide assurances that every student has access to a high-quality education that leaves them well prepared for success in college and career.

The Education Finance Working Group thoroughly considered expectations for students and schools, the needs of a changing student population, and the increased challenges of ensuring every student achieves at their highest potential. The recommendations contained in this report are the result of intensive dialogue; a focus on student learning and instruction; careful analysis of funding patterns in districts of differing size, demographics and region; and study of school finance reform proposals developed over the past eight years.

Major Recommendations

Below are the major recommendations from the Commissioner's Working Group on Education Funding:

1. Invest in early learning, with resources targeted first to all-day kindergarten for students living in poverty.
2. Roll a portion (\$400) of referendum levies into the general education formula to provide a more adequate, uniform and stable funding base for all districts and charter schools, and to lessen reliance on local referenda.
3. Establish a uniform general education levy by consolidating and replacing existing school levies, including a portion of existing referendum levies rolled into the formula. There will be no increase in total school levies with a component of the levy spread on tax capacity and a component spread on referendum market value.
4. Simplify funding formulas and student accounting to make E-12 education funding more understandable and transparent.
5. Reform basic skills funding by rolling extended-time funding into compensatory education revenue targeted to concentrations of poverty and allowing districts flexibility in the use of an additional 10% of revenue.

executive summary

6. Refocus integration funding by including it in the basic skills portion of the general education revenue. Funding will be based on the number of students of color in each district with each district receiving \$600 times the number of students of color enrolled in the district. Funding would be all state aid and some transition funding is recommended.
7. Recognize and reward growth by creating a noncompetitive grant program to recognize schools with outstanding growth in student achievement and disseminate best practices.
8. Change special education tuition bill by sharing of excess special education costs between the resident school district and the serving school district or charter school for open-enrolled students.
9. Recognize regional cost differences by rolling a portion of referendum revenue into a new location equity levy for the seven county metro area and for non-metro regional centers.
10. Restore inflation-adjusted general education formula to FY 2003 levels by setting the formula allowance at \$6,290 for FY 2013.
11. Reduce charter school lease aid as an offset to formula increases.
12. Phase in revenue increases and uniform general education levy to assure a smooth transition.