

D200 Hastings Education Finance Analysis

School Funding, Inflation & Student Performance

Ken Wolf & Bob Fallen
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About The Authors

A recognized expert in education finance, **Ken Wolf** served as a state legislator in Minnesota serving on the Education and Education Finance Committees from 1995 through 2002. During that time, Wolf published several papers addressing school finance. In 1997, Wolf was appointed to serve as Chairman of the Subcommittee on Government Efficiency and Oversight. **Bob Fallen** is the Founder of *Local Elections Matter*, an organization with a mission to inform citizens about local School Board governance processes and to motivate greater public engagement and amplification of matters that impact school districts. Fallen is also a volunteer with the Hopkins Schools Alliance, a local group of parents and residents concerned about the future of the Hopkins School District.

GOP lawmaker disputes claim that state 'underfunds' schools

State Rep. Ken Wolf is attempting a difficult task — to explain Minnesota's arcane education finance system to the masses and to refute the claim that state aid has not kept pace with inflation.



STEVEN DORNFELD
ASSOCIATE
EDITORIAL PAGE
EDITOR

In an eight-page newsletter to his district, the Burnsville Republican contends that unrestricted state aid to school districts has exceeded inflation by 9 percent since 1991. He says total state aid — including money earmarked for specific purposes — has exceeded inflation by 14 percent during the same eight-year period.

Wolf, who serves on the House school finance committee, says he prepared the newsletter because he got tired of hearing school officials say that "the state has underfunded education year after

year,' especially in the years Arne Carlson was governor."

"I took it kind of personally," he says. Wolf, a former computer program and a numbers whiz, supports his assertions with a series of charts and graphs illustrating how the system works and how state support for schools has risen. He also contends that the system has been slightly more generous for the Burnsville district than for school districts statewide.

Duane Benson, president of the Minnesota Business Partnership and a former state senator, praises Wolf's newsletter as "almost revolutionary in this day and age. He's saying to his constituents: 'Stay with me now. I'm going to take a complicated issue and I'm going to try to explain it.'"

Officials of state education groups and the Burnsville school district express doubts about the accuracy of some of Wolf's numbers, but to date they have offered none of their own.

Wolf's newsletter went out over the Memorial Day weekend as Burnsville

School District 191 and a number of suburban districts like it were beginning to grapple with some difficult budget problems for the coming year.

Although the Minnesota School Boards Association has heralded the \$7.9-billion school aid package passed by the 1999 Legislature as the most generous in a decade, a number of districts are talking about the need to lay off teachers and make other "budget cuts."

Rep. Ken Wolf is attempting the impossible — to explain to constituents how Minnesota's arcane education funding system works.

In most cases, these "cuts" are not really cuts at all — but reductions in the spending increases that districts would like to make.

The main reason for the budget problems in many districts is that they have flat or declining enrollments. The bulk of state aid is distributed on a per-pupil basis.

But the Legislature did increase the amount of per-pupil aid by 4.7 percent in the first year of the biennium and 3.2 percent in the second year. It also provided a "partial" cushion for districts with declining enrollments. And it approved

Wolf's report makes important distinctions

To the editor:

Rep. Ken Wolf's (R-Burnsville) recent report, "Education Finance," has received a lot of attention, as it should.

If we are going to effectively involve parents and individual teachers in improving student achievement then we must ensure they have useful information. In the world of education finance and arguments over school funding, it's easy for people to throw around enough figures and accusations to confuse a brain surgeon.

Most people agree teacher compensation takes up the majority of any school district's budget. And, as illustrated by the trade-offs made by the St. Paul School District, we often end up having to decide between educational program offerings and differing levels of teacher pay raises.

To make the most informed decisions, we need to be able to distinguish between the increases actually received by individual teachers and the increase in the overall salary schedule. Generally, compensation for individual teachers exceeds the increase in the salary schedule.

Rep. Wolf's report did a marvelous job at making that important distinction. Next time your local school board announces a salary settlement calling for yearly compensation increases of 2.8 and 2.7 percent, you can ask if that is for individual teachers or for the salary schedule. By boiling it down to the impact on individual teachers, we can more accurately discuss if it was enough.

Rep. Wolf's report, combined with other legislative changes are making it possible for parents and teachers to better understand the issues of student achievement and school funding. Ultimately, our children will be the ones who will benefit from these efforts.

Duane Benson
Executive Director of Minnesota
Business Partnership

Education Funding vs. Inflation (CPI)

While many lament that “school funding has not kept pace with inflation”, from 2013-2023 the Combined Revenue Per-Pupil in District 200 Hastings exceeded inflation by 8.7%. **Over that same period, per-pupil funding increased from \$9,878 to \$13,265, an increase of 35%.**

Understandably, the public does not fully grasp the nuances of K-12 finance, and when they are told that K12 funding has lagged inflation, they assume the statement to be based in fact. However, strictly looking at the “Basic Formula” does not represent a complete picture of education funding and provides a misleading story that is being provided to the tax-paying public. The true measure of school funding is the Combined Revenue reported by the Minnesota Department of Education, that combines State Aid and Local Levies. This is the only way to get a complete picture of the adequacy of education funding on a district-by-district and statewide basis.

Cost structures for school districts vary, with many nuances and variables related to expenditures. However, the following information is based 100% on factual data available to the public.

D200 Hastings 20-Year Total Funding vs Inflation (CPI)

Description	FY 2003	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	5,126	4,095	(1,031)	(20.11%)	Student population in D200 decreased by 20% percent
Consumer Price Index (CPI)	183.96	292.66	108.70	59.09%	CPI increased 2.95 percent per year
Basic Education Fund	28,044,659	30,868,401	2,823,742	10.07%	Basic increased 0.50% per year, under CPI by 2.45%
Other General Education	2,946,092	13,185,559	10,239,467	347.56%	General increased 17.38% per year, over CPI by 14.43%
General Education Total	30,990,751	44,053,960	13,063,209	42.15%	Basic & General increased 2.11% per year, under CPI by 0.84%
Special Education Fund	3,641,137	6,410,732	2,769,595	76.06%	Special Ed increased 3.80% per year, over CPI by 0.85%
Other Funds	861,674	3,854,411	2,992,737	347.32%	Other increased 17.37% per year, over CPI by 14.42%
Combined Revenue	35,493,562	54,319,103	18,825,541	53.04%	Total Funding increased 2.65% per year, under CPI by 0.30%
Combined Aid (State)	34,457,896	40,944,097	6,486,201	18.82%	State Aid increased 0.94% per year, under CPI by 2.01%
Combined Levies (Local)	1,035,666	13,375,006	12,339,340	1191.44%	Local Levies increased 59.57% per year, over CPI by 56.62%
Total Combined Revenue	35,493,562	54,319,103	18,825,541	53.04%	Total Funding increased 2.65% per year, under CPI by 0.30%

Key Findings

- Combined Revenue for D200 Hastings lagged inflation (CPI) by 6.05% (0.30% per year) for the past 20 years (2003-23).
- In 2003, Combined Revenue consisted of Basic (79%), Other General Ed (8%), Special Ed (10%) and Other Funds (3%).
- In 2023, Combined Revenue consisted of Basic (57%), Other General Ed (24%), Special Ed (12%) and Other Funds (7%).

D200 Hastings 20-Year Per-Pupil Funding vs Inflation (CPI)

Description	FY 2003	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	5,126	4,095	(1,031)	(20.11%)	Student population in D200 decreased by 20% percent
Consumer Price Index (CPI)	183.96	292.66	108.70	59.09%	CPI Increased 2.95 percent per year
Basic Education Fund	5,471	7,358	1,887	34.50%	Basic increased 1.73% per year, under CPI by 1.22%
Other General Education	576	3,400	2,824	490.28%	General increased 24.51% per year, over CPI by 21.56%
General Education Total	6,046	10,758	4,712	77.94%	Basic & General increased 3.90% per year, over CPI by 0.95%
Special Education Fund	710	1,566	856	120.56%	Special Ed increased 6.03% per year, over CPI by 3.08%
Other Funds	168	941	773	460.12%	Other increased 23.01% per year, over CPI by 20.06%
Combined Revenue	6,924	13,265	6,341	91.58%	Total Funding increased 4.58% per year, over CPI by 1.63%
Combined Aid (State)	6,722	9,998	3,276	48.74%	State Aid increased 2.44% per year, under CPI by 0.51%
Combined Levies (Local)	202	3,267	3,065	1517.33%	Local Levies increased 75.87% per year, over CPI by 72.92%
Total Combined Revenue	6,924	13,265	6,341	91.58%	Total Funding increased 4.58% per year, over CPI by 1.63%

Key Findings

- Combined Per-Pupil Funding for D200 Hastings exceeded inflation (CPI) by 32.49% (1.63% per year) for the past 20 years 2003-23.
- Average Per-Pupil Funding for D200 increased \$6,341 over the past 20 years, from \$6,924 to \$13,265, an increase of 91.58%

D200 Hastings 10-Year Total Funding vs Inflation (CPI)

Description	FY 2013	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	4,618	4,095	(523)	(11.3%)	Student population decreased by 11.3% percent
Consumer Price Index (CPI)	232.95	292.66	59.70	25.63%	CPI Increased 2.56 percent per year
Basic Education Fund	28,100,053	30,868,401	2,768,348	9.85%	Basic increased 0.98% per year, under CPI by 1.58%
Other General Education	10,900,376	13,185,559	2,285,183	20.96%	General increased 2.10 % per year, under CPI by 0.46%
General Education Total	39,000,429	44,053,960	5,053,531	12.96%	Basic & General increased 1.30% per year, under CPI by 0.26%
Special Education Fund	4,010,419	6,410,732	2,400,313	59.85%	Special Ed increased 5.99% per year, over CPI by 3.43%
Other Funds	2,607,582	3,854,411	1,246,829	47.82%	Other increased 4.78% per year, over CPI by 2.22%
Combined Revenue	45,618,430	54,319,103	8,700,673	19.07%	Total Funding increased 1.91% per year, under CPI by 0.65%
Combined Aid (State)	34,403,212	40,944,097	6,540,885	19.01%	State Aid increased 1.90% per year, over CPI by 0.66%
Combined Levies (Local)	11,215,218	13,375,006	2,159,788	19.26%	Local Levies increased 1.93% per year, under CPI by 0.63%
Total Combined Revenue	45,618,430	54,319,103	8,700,673	19.07%	Total Funding increased 1.91% per year, under CPI by 0.65%

Key Findings

- Combined Revenue for D200 Hastings lagged inflation by 0.66% per year for the past 10 years, (2013-23).
- In 2013, Combined Revenue consisted of Basic (62%), Other General Ed (24%), Special Ed (9%) and Other Funds (5%).
- In 2023, Combined Revenue consisted of Basic (57%), Other General Ed (24%), Special Ed (12%) and Other Funds (7%).

D200 Hastings 10-Year Per-Pupil Funding vs Inflation (CPI)

Description	FY 2013	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	4,618	4,095	(523)	(11.3%)	Student population decreased by 11.3% percent
Consumer Price Index (CPI)	232.96	292.66	59.70	25.63%	CPI Increased 2.56 percent per year
Basic Education Fund	6,085	7,358	1,273	20.92%	Basic increased 2.09% per year, under CPI by 0.47%
Other General Education	2,360	3,400	1,040	44.07%	General increased 4.41% per year, over CPI by 1.85%
General Education Total	8,445	10,758	2,313	27.39%	Basic & General increased 2.74% per year, over CPI by 0.18%
Special Education Fund	868	1,566	698	80.41%	Special Ed increased 8.04% per year, over CPI by 5.48%
Other Funds	565	941	376	66.55%	Other increased 6.66% per year, over CPI by 4.10%
Combined Revenue	9,878	13,265	3,387	34.29%	Total Funding increased 3.43% per year, over CPI by 0.87%
Combined Aid (State)	7,449	9,998	2,549	34.22%	State Aid increased 3.42% per year, over CPI by 0.86%
Combined Levies (Local)	2,429	3,267	838	34.50%	Local Levies increased 3.45% per year, over CPI by 0.89%
Total Combined Revenue	9,878	13,265	3,387	34.29%	Total Funding increased 3.43% per year, over CPI by 0.87%

Key Findings

- Combined Per-Pupil Revenue for D200 Hastings exceeded inflation (CPI) by 8.7% (0.87% per year) for the past 10 years, 2013-23.
- Average Per-Pupil Funding for D200 Hastings increased \$3,387 over the past 10 years, from \$9,878 to \$13,265, an increase of 34.29%.

D200 Hastings School Funding vs. Student Performance

Since 2013, D200 Hastings per-pupil funding exceeded inflation by 8.7 % while scores of K-12 students on the Minnesota Comprehensive Assessment (MCA) tests declined by: **Math (- 23.6%), Reading (- 12.0%) and Science (- 22.5%)**

	2013	2014	2015	2016	2017	2018	2019	2021	2022	2023	
MATH	64.4	67.7	69.1	70.3	69.8	71.1	68.0	43.3	48.6	49.2	- 23.6%
READING	59.8	63.1	65.6	62.8	64.4	64.9	67.9	50.3	52.1	52.6	- 12.0%
SCIENCE	55.3	65.8	67.7	68.1	68.6	68.7	64.1	46.9	45.9	42.9	- 22.5%

Note: MCA Testing Cancelled in 2020



SOURCE: Minnesota Department of Education "Report Card"

D200 Hastings School Funding vs. College Testing (ACTs)

Since 2013, D200 per-pupil funding increased 34% while K-12 student test scores on the American College Test (ACT) declined by: - 6.5%

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
ENGLISH	21.7	21.5	21.8	20.8	21.2	20.7	21.4	21.7	22.4	19.2	- 11.5%
MATH	23.6	23.3	23.5	21.9	22.3	22.5	23.3	23.9	25.5	21.9	- 7.2%
READING	22.5	22.1	23.1	21.4	21.7	22.0	23.0	23.9	25.2	21.8	- 3.1%
SCIENCE	22.9	22.8	22.8	21.5	21.9	22.3	23.0	23.7	25.2	21.9	- 4.4%
COMPOSITION	22.8	22.5	23.0	21.5	21.9	22.0	22.8	23.4	24.7	21.3	- 6.6%
AVERAGE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	- 6.5%



SOURCE: Minnesota Department of Education

Addendum 1: Education Funding Sources in Minnesota

For decades, the education community in Minnesota has stated that school funding has lagged inflation. The current version of this sentiment is that *the basic general education formula has lagged inflation* for the past 20 years. The basis of this premise is rooted in the **Estimated General Fund State Aid and Levy Revenues**, published by the Minnesota Department of Education (MDE). The “Basic” formula is one of only six commonly used categories utilized to calculate school funding from state and local sources:

- 1) **Basic**
- 2) **General Education**
- 3) **Special Education**
- 4) **Combined Aid**
- 5) **Combined Levies**
- 6) **Combined Revenues**

Basic represents the foundation of school district revenue, while Combined Revenues represent the total of state and local sources that fund public education. The term “basic general education formula” does not exist in the MDE database.

Addendum 2: Commonly Used Funding Categories

Basic. The base level of public school funding, representing 44% of Combined Revenues in 2023.

Basic General Education. The same as Basic.

General Education. Combination of funds for the operations of the school district, representing 68% of Combined Revenue in 2023.

Combined Revenue. The sum of all state and local funding, representing 100% of funding. The true measure of school funding.

Combined Aid. Revenue provided by State government sources, representing 59% of Combined Revenue in 2023.

Combined Levies. Revenue provided by Local government sources, representing 41% of Combined Revenue in 2023.

Addendum 3: Data Sources

REVENUES

<https://public.education.mn.gov/MDEAnalytics/DataTopic.jsp?TOPICID=43>

Estimated General Fund State Aid and Levy Revenues, FY 2003 to FY 2025; NOV22 Forecast

Financing Education in Minnesota (2022-23)

A Publication of the Minnesota House of Representatives, Fiscal Analysis Department, Solveig Beckel, Fiscal Analyst

Minnesota School Finance: A Guide for Legislators (2022), MN House Research, Tim Strom, Legislative Analyst

ACT SCORES

<https://public.education.mn.gov/MDEAnalytics/DataTopic.jsp?TOPICID=87>

MCA TESTING

Minnesota Department of Education

[Public.education.mn.gov/MDEAnalytics/DataTopic.jsp?TOPICID=1](https://public.education.mn.gov/MDEAnalytics/DataTopic.jsp?TOPICID=1)

[Minnesota Report Card \(MDE\)](#)