

District 832 Mahtomedi Education Funding Analysis

School Funding vs Inflation

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
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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

D832 Mahtomedi Education Funding vs. Inflation (CPI)

While many lament that “school funding has not kept pace with inflation”, the Combined Revenue in District 832 Mahtomedi exceeded inflation by 17.11% from 2013-2023. **Over that same period, per-pupil funding went from \$9,292 to \$13,129 an increase of 41.3%.**

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 communicated 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.

D832 Mahtomedi 20-Year Total Funding vs Inflation (CPI)

Description	FY 2003	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	3,078	3,285	207	6.73%	Student population increased by 6.7% from 2003 to 2023.
Consumer Price Index (CPI)	183.96	292.66	108.70	59.09%	CPI increased 2.95 percent per year
Basic Education Fund	16,665,328	24,941,515	8,276,187	49.66%	Basic increased 2.48% per year, under CPI by 0.47%
Other General Education	2,860,838	9,166,651	6,305,813	220.42%	General increased 11.02% per year, over CPI by 8.07%
General Education Total	19,526,166	34,108,166	14,582,000	74.68%	Basic & General increased 3.73% per year, over CPI by 0.78%
Special Education Fund	1,898,590	5,434,535	3,535,945	186.24%	Special Ed increased 9.31% per year, over CPI by 6.36%
Other Funds	1,114,545	3,586,245	2,471,700	221.77%	Other increased 11.09% per year, over CPI by 8.13%
Combined Revenue	22,539,301	43,128,946	20,589,645	91.35%	Total Funding increased 4.57% per year, over CPI by 1.61%
Combined Aid (State)	19,715,851	33,307,804	13,591,953	68.94%	State Aid increased 3.45% per year, over CPI by 0.49%
Combined Levies (Local)	2,823,450	9,821,142	6,997,692	247.84%	Local Levies increased 12.39% per year, over CPI by 9.44%
Total Combined Revenue	22,539,301	43,128,946	20,589,645	91.35%	Total Funding increased 4.57% per year, over CPI by 1.61%

Key Findings

- Combined Revenue for D832 exceeded inflation (CPI) by 32.26% (1.61% per year) for the past 20 years (2003-23).
- In 2003, Combined Revenue consisted of Basic (74%), Other General Ed (13%), Special Ed (8%) and Other Funds (5%).
- In 2023, Combined Revenue consisted of Basic (58%), Other General Ed (21%), Special Ed (13%) and Other Funds (8%).

D832 Mahtomedi 10-Year Total Funding vs Inflation (CPI)

Description	FY 2013	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	3,252	3,285			Student population __creased by ___ percent
Consumer Price Index (CPI)	232.95	292.66	59.70	25.63%	CPI Increased 2.56 percent per year
Basic Education Fund	19,954,949	24,941,515	4,986,566	24.99%	Basic increased 2.50% per year, under CPI by 0.06%
Other General Education	4,771,495	9,166,651	4,395,156	92.11%	General increased 9.21% per year, over CPI by 6.65%
General Education Total	24,726,444	34,108,166	9,381,722	37.94%	Basic & General increased 3.79% per year, over CPI by 1.23%
Special Education Fund	3,178,322	5,434,535	2,256,213	70.99%	Special Ed increased 7.10% per year, over CPI by 4.54%
Other Funds	2,311,290	3,586,245	1,274,955	55.16%	Other increased 5.52% per year, over CPI by 2.95%
Combined Revenue	30,216,056	43,128,946	12,912,890	42.74%	Total Funding increased 4.27% per year, over CPI by 1.71%
Combined Aid (State)	24,819,243	33,307,804	8,488,561	34.20%	State Aid increased 3.42% per year, over CPI by 0.86%
Combined Levies (Local)	5,396,813	9,821,142	4,424,329	81.98%	Local Levies increased 8.20% per year, over CPI by 5.63%
Total Combined Revenue	30,216,056	43,128,946	12,912,890	42.74%	Total Funding increased 4.27% per year, over CPI by 1.71%

Key Findings

- Combined Revenue for D832 exceeded inflation by 17.11% for the past 10 years (2013-23), (1.71% per year).
- In 2013, Combined Revenue consisted of Basic (66%), Other General Ed (16%), Special Ed (11%) and Other Funds (8%).
- In 2023, Combined Revenue consisted of Basic (58%), Other General Ed (21%), Special Ed (13%) and Other Funds (8%).

D832 Mahtomedi 10-Year Per-Pupil Funding vs Inflation (CPI)

Description	FY 2013	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	3,252	3,285	33	1.01%	Student population increased by 1% from 2013 to 2023.
Consumer Price Index (CPI)	232.96	292.66	59.70	25.63%	CPI increased 2.56 percent per year
Basic Education Fund	6,136	7,593	1,457	23.75%	Basic increased 2.37% per year, under CPI by 0.19%
Other General Education	1,468	2,790	1,322	90.05%	General increased 9.01% per year, over CPI by 6.44%
General Education Total	7,604	10,383	2,779	36.55%	Basic & General increased 3.65% per year, over CPI by 1.09%
Special Education Fund	977	1,654	677	69.29%	Special Ed increased 6.93% per year, over CPI by 4.37%
Other Funds	711	1,092	381	53.59%	Other increased 5.36% per year, over CPI by 2.80%
Combined Revenue	9,292	13,129	3,837	41.29%	Total Funding increased 4.13% per year, over CPI by 1.57%
Combined Aid (State)	7,632	10,139	2,507	32.85%	State Aid increased 3.28% per year, over CPI by 0.72%
Combined Levies (Local)	1,660	2,990	1,330	80.12%	Local Levies increased 8.01% per year, over CPI by 5.45%
Total Combined Revenue	9,292	13,129	3,837	41.29%	Total Funding increased 4.13% per year, over CPI by 1.57%

Key Findings

- Combined Per-Pupil Revenue for D832 Mahtomedi exceeded inflation (CPI) by 15.7% (1.57% per year) for the past 10 years, 2013-23.
- Per-Pupil Funding for D832 Mahtomedi increased \$3,837 over the past 10 years, from \$9,292 to \$13,129, a jump of 41.3%.

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 Formula**
- 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 Formula. The base level of public school funding (state aid), representing 44% of Combined Revenues statewide in 2023.

Basic General Education. The same as Basic.

General Education. Combination of funds for the operations of the school district (state aid), representing 68% of Combined Revenue statewide in 2023.

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

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

Combined Levies. Revenue provided by Local government sources (Local Levies), representing 41% of Combined Revenue statewide 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; End of Session 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