

Anoka-Hennepin District 11 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

D11 Anoka-Hennepin Education Funding vs. Inflation (CPI)

While it is true that per-pupil Basic revenue in Anoka-Hennepin lagged inflation by 0.3% over the past 10 years (an average of .03% per year), Combined Revenue exceeded inflation by 9.55% over the same time period (average of 0.96% per year.) **Over that same period, per-pupil funding in D11 went from \$10,345 to \$13,984, an increase of 35.2%.**

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 that the funding of public schools has not kept up with inflation. In fact, most school board members and local elected officials do not fully understand the nuances of K-12 finance either, which contributes to their inability to clarify the facts for the tax-paying public. Strictly looking at the Basic formula does not represent a complete picture of education funding and provides a misleading story that school funding lags behind inflation. Total Combined Revenue is the only way to get a complete picture of the adequacy of education funding.

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.

D11 Anoka-Hennepin 20-Year Total Funding vs Inflation (CPI)

Description	FY 2003	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	40,485	37,882	(2,603)	- 6.43%	Student population decreased by 6.43 percent from 2003-23.
Consumer Price Index (CPI)	183.96	292.66	108.70	59.09%	CPI increased 2.95 percent per year
Basic Education Fund	217,673,356	285,850,538	68,177,182	31.32%	Basic increased 1.57% per year, under CPI by 1.39%
Other General Education	22,748,588	119,283,948	96,535,360	424.36%	General increased 21.22% per year, over CPI by 18.26%
General Education Total	240,421,944	405,134,486	164,712,542	68.51%	Basic & Gen increased 3.43% per year, over CPI by 0.48%
Special Education Fund	31,575,056	74,854,247	43,279,191	137.07%	Special Ed increased 6.85% per year, over CPI by 3.90%
Other Funds	25,865,888	49,758,493	23,892,605	92.37%	Other increased 4.62% per year, under CPI by 1.67%
Combined Revenue	297,862,888	529,747,226	231,884,338	77.85%	Total Funding increased 3.89% per year, over CPI by 0.94%
Combined Aid (State)	274,662,349	420,984,768	146,322,419	53.27%	State Aid increased 2.66% per year, under CPI by 0.29%
Combined Levies (Local)	23,200,539	108,762,458	85,561,919	368.79%	Local Levies increased 18.44% per year, over CPI by 15.49%
Total Combined Revenue	297,862,888	529,747,226	231,884,338	77.85%	Total Funding increased 3.89% per year, over CPI by 0.94%

Key Findings

- Combined Revenue for D11 Anoka-Hennepin exceeded inflation (CPI) by 18.76% (0.94% per year) for the past 20 years (2003-23).
- In 2003, Combined Revenue consisted of Basic (73%), Other General Ed (8%), Special Ed (11%) and Other Funds (8%).
- In 2023, Combined Revenue consisted of Basic (54%), Other General Ed (23%), Special Ed (14%) and Other Funds (9%).

D11 Anoka-Hennepin 20-Year Per-Pupil Funding vs Inflation (CPI)

Description	FY 2003	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	40,485	37,882	(2,603)	- 6.43%	Student population decreased by 6.43 percent from 2003-23.
Consumer Price Index (CPI)	183.96	292.66	108.70	59.09%	CPI Increased 2.95 percent per year
Basic Education Fund	5,377	7,546	2,169	40.34%	Basic increased 2.02% per year, under CPI by 0.93%
Other General Education	562	3,149	2,587	460.32%	General increased 23.02% per year, over CPI by 20.07%
General Education Total	5,939	10,695	4,756	80.08%	Basic & General increased 4.00% per year, over CPI by 1.05%
Special Education Fund	780	1,976	1,196	153.33%	Special Ed increased 7.67% per year, over/under CPI by 4.72%
Other Funds	638	1,313	675	105.80%	Other increased 5.29% per year, over CPI by 2.34%
Combined Revenue	7,357	13,984	6,627	90.08%	Total Funding increased 4.50% per year, over CPI by 1.55%
Combined Aid (State)	6,784	11,113	4,329	63.81%	State Aid increased 3.19% per year, over CPI by 0.24%
Combined Levies (Local)	573	2,871	2,298	401.05%	Local Levies increased 20.05% per year, over CPI by 18.10%
Total Combined Revenue	7,357	13,984	6,627	90.08%	Total Funding increased 4.50% per year, over/under CPI by 1.55%

Key Findings

- Combined Per-Pupil Funding for D11 Anoka-Hennepin exceeded inflation (CPI) by 31% (1.55% per year) for the past 20 years 2003-23.
- Average Per-Pupil Funding for D11 increased \$6,627 over the past 20 years, from \$7,357 to \$13,984, an increase of 90%.

D11 Anoka-Hennepin 10-Year Total Funding vs Inflation (CPI)

Description	FY 2013	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	37,546	37,882	336	0.89%	Student population increased by > one percent (.89%).
Consumer Price Index (CPI)	232.95	292.66	59.70	25.63%	CPI Increased 2.56 percent per year
Basic Education Fund	228,079,265	285,850,538	57,771,273	25.33%	Basic increased 2.53% per year, under CPI by 0.03%
Other General Education	91,965,134	119,283,948	27,318,814	29.70%	General increased 2.97% per year, over CPI by 0.41%
General Education Total	320,044,399	405,134,486	85,090,087	26.59%	Basic & General increased 2.66% per year, over/ CPI by 0.10%
Special Education Fund	42,120,711	74,854,247	32,733,536	77.71%	Special Ed increased 7.77% per year, over CPI by 5.21%
Other Funds	26,265,660	49,758,493	23,492,833	89.44%	Other increased 8.94% per year, over CPI by 6.38%
Combined Revenue	388,430,770	529,747,226	141,316,456	36.38%	Total Funding increased 3.64% per year, over CPI by 1.08%
Combined Aid (State)	314,659,270	420,984,768	106,325,498	33.80%	State Aid increased 3.38% per year, over CPI by 0.82%
Combined Levies (Local)	73,771,500	108,762,458	34,990,958	47.43%	Local Levies increased 4.74% per year, over CPI by 2.18%
Total Combined Revenue	388,430,770	529,747,226	141,316,456	36.38%	Total Funding increased 3.64% per year, over CPI by 1.08%

Key Findings

- Combined Revenue for D11 Anoka-Hennepin exceeded inflation by 10.8% (1.08% per year) for the past 10 years, 2013-23.
- In 2013, Combined Revenue consisted of Basic (59%), Other General Ed (24%), Special Ed (11%) and Other Funds (6%).
- In 2023, Combined Revenue consisted of Basic (54%), Other General Ed (23%), Special Ed (14%) and Other Funds (9%).

D11 Anoka-Hennepin 10-Year Per-Pupil Funding vs Inflation (CPI)

Description	FY 2013	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	37,546	37,882	336	0.89%	Student population increased by > one percent (.89%).
Consumer Price Index (CPI)	232.96	292.66	59.70	25.63%	CPI Increased 2.56 percent per year
Basic Education Fund	6,075	7,546	1,471	24.21%	Basic increased 2.42% per year, under CPI by 0.12%
Other General Education	2,449	3,149	700	28.58%	General increased 2.86% per year, over CPI by 0.30%
General Education Total	8,524	10,695	2,171	25.47%	Basic & Gen increased 2.55% per year, under CPI by 0.01%
Special Education Fund	1,128	1,976	848	75.18%	Special Ed increased 7.52% per year, over CPI by 4.96%
Other Funds	693	1,313	620	89.47%	Other increased 8.95% per year, over CPI by 6.39%
Combined Revenue	10,345	13,984	3,639	35.18%	Total Funding increased 3.52% per year, over CPI by 0.96%
Combined Aid (State)	8,380	11,113	2,733	32.61%	State Aid increased 3.26% per year, over CPI by 0.70%
Combined Levies (Local)	1,965	2,871	906	46.11%	Local Levies increased 4.61% per year, over CPI by 2.05%
Total Combined Revenue	10,345	13,984	3,639	35.18%	Total Funding increased 3.52% per year, over CPI by 0.96%

Key Findings

- Combined Per-Pupil Revenue for D11 Anoka-Hennepin exceeded inflation (CPI) by 9.55% (0.96% per year) for the past 10 years, 2013-23.
- Per-Pupil Funding for D11 Anoka-Hennepin increased \$3,639 over the past 10 years, from \$10,345 to \$13,984, an increase of 35.2%.

D11 School Funding vs Academic Performance (MCA)

Since 2013, per-pupil funding in D11 Anoka-Hennepin increased 35.2% while scores of K-12 students on the Minnesota Comprehensive Assessment (MCA) tests declined by:
Math (-22%), Reading (-13%) and Science (-31%)

	2013	2014	2015	2016	2017	2018	2019	2021	2022	2023	
MATH	67.3	64.7	66.0	65.5	66.1	64.6	63.5	48.8	52.4	52.5	- 22.0%
READING	60.7	62.3	62.9	63.6	64.8	65.5	65.1	55.5	54.9	52.7	- 13.2%
SCIENCE	59.2	64.5	62.9	62.9	64.5	61.3	60.0	47.1	43.2	40.6	- 31.4%

Note: MCA Testing Cancelled in 2020



SOURCE: Minnesota Department of Education "Report Card"

D11 School Funding vs College Testing (ACT)

Since 2013, D11 Anoka-Hennepin per-pupil funding increased 35.2% while K-12 student test scores on the American College Test (ACT) declined by: **-13.5%**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
ENGLISH	21.4	21.7	21.1	19.3	19.3	19.0	19.0	18.7	18.6	18.0	- 15.9%
MATH	22.6	22.8	22.4	20.6	20.7	20.5	20.6	20.7	20.7	19.3	- 14.6%
READING	22.6	23.0	22.8	21.1	21.3	20.8	20.7	20.9	21.1	19.8	- 12.4%
SCIENCE	22.6	22.9	22.7	21.2	21.4	20.9	21.0	20.9	21.1	20.1	- 11.1%
COMPOSITION	22.4	22.7	22.4	20.7	20.8	20.4	20.5	20.4	20.5	19.4	- 13.4%
AVERAGE	22.3	22.6	22.3	20.6	20.7	20.3	20.4	20.3	20.4	19.3	- 13.5%



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)

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