

ISD 276 Minnetonka

Education Finance Analysis

School Funding, Inflation & Student Performance

October 28, 2024



About The Author

Bob Fallen founded *Local Elections Matter* to inform citizens about school board governance processes and to motivate greater public engagement in matters that impact K-12 school districts.

In 2022, Fallen met **Ken Wolf**, a former Minnesota state legislator recognized as an expert in education finance. Wolf had served on the Education Finance Committees from 1995 through 2002, earning the admiration and respect of colleagues on both sides of the political aisle.

Together, Wolf and Fallen prepared detailed funding analysis for nearly 50 Minnesota public school districts. Wolf died in October, 2024 leaving behind a legacy of public service.

GOP lawmaker disputes claim that state 'underfunds' schools



STEVEN DORNFELD
ASSOCIATE
EDITORIAL PAGE
EDITOR

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.

In an eight-page newsletter to his district, the Burnsville Republican contends that unrestricted state aid to school districts has exceeded inflation by 8 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

ISD 276 Minnetonka Education Funding vs. Inflation (CPI)

While the common narrative is that “*school funding has not kept pace with inflation,*” the Combined Revenue for ISD 276 Minnetonka exceeded inflation by 36.9% from 2014-2024 (an average of 3.69% per year.) **Over that same period, per-pupil funding in ISD 276 went from \$10,601 to \$14,778 an increase of \$4,177 per student and an average increase of 3.94% per year.**

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.

ISD 276 Minnetonka 10-Year Funding vs Inflation (CPI)

Description	FY 2014	FY 2024	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	9624	11219	1595	16.57%	Student population increased by 16.57 percent
Consumer Price Index (CPI)	232.95	292.66	59.71	25.63%	CPI Increased 2.56 percent per year
Basic Education Fund	\$ 58,562,287	\$ 87,491,894	\$ 28,929,607	49.40%	Basic increased 4.94% per year, over CPI by 2.38%
Other General Education	\$ 19,824,304	\$ 41,135,255	\$ 21,310,951	107.50%	General increased 10.75% per year, over CPI by 8.19%
General Education Total	\$ 78,386,591	\$ 128,627,149	\$ 50,240,558	64.09%	Basic & General increased 6.41% per year, over CPI by 3.85%
Special Education Fund	\$ 9,505,797	\$ 20,642,661	\$ 11,136,864	117.16%	Special Ed increased 11.72% per year, over CPI by 9.15%
Other Funds	\$ 14,128,916	\$ 16,522,378	\$ 2,393,462	16.94%	Other increased 1.69% per year, under CPI by 0.87%
Combined Revenue	\$ 102,021,304	\$ 165,792,188	\$ 63,770,884	62.51%	Total Funding increased 6.25% per year, over CPI by 3.69%
Combined Aid (State)	\$ 75,908,466	\$ 116,673,560	\$ 40,765,094	53.70%	State Aid increased 5.37% per year, over CPI by 2.81%
Combined Levies (Local)	\$ 26,112,838	\$ 49,118,628	\$ 23,005,790	88.10%	Local Levies increased 8.81% per year, over CPI by 6.25%
Total Combined Revenue	\$ 102,021,304	\$ 165,792,188	\$ 63,770,884	62.51%	Total Funding increased 6.25% per year, over CPI by 3.69%

Key Findings

- Combined Revenue for ISD 276 Minnetonka exceeded inflation by 36.9 % (3.69% per year) for the past 10 years, (2014-24).
- In 2014, Combined Revenue consisted of Basic (57%), Other General Ed (19%), Special Ed (9%) and Other Funds (14%).
- In 2024, Combined Revenue consisted of Basic (53%), Other General Ed (25%), Special Ed (12%) and Other Funds (10%).

D276 10-Year Per-Pupil Funding vs Inflation (CPI)

Description	FY 2013	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	9624	11219	1595	16.57%	Student population increased by 16.57 percent
Consumer Price Index (CPI)	232.95	292.66	59.71	25.63%	CPI Increased 2.56 percent per year
Basic Education Fund	\$ 6,085	\$ 7,799	\$ 1,714	28.17%	Basic increased 2.82% per year, over CPI by 0.25%
Other General Education	\$ 2,060	\$ 3,666	\$ 1,606	77.96%	General increased 7.80% per year, over CPI by 5.23%
General Education Total	\$ 8,145	\$ 11,465	\$ 3,320	40.76%	Basic & General increased 4.08% per year, over CPI by 1.51%
Special Education Fund	\$ 988	\$ 1,840	\$ 852	86.23%	Special Ed increased 8.62% per year, over CPI by 6.06%
Other Funds	\$ 1,468	\$ 1,473	\$ 5	0.34%	Other increased 0.03% per year, under CPI by 2.53%
Combined Revenue	\$ 10,601	\$ 14,778	\$ 4,177	39.40%	Total Funding increased 3.94% per year, over CPI by 1.38%
Combined Aid (State)	\$ 7,888	\$ 10,400	\$ 2,512	31.85%	State Aid increased 3.18% per year, over CPI by 0.62%
Combined Levies (Local)	\$ 2,713	\$ 4,378	\$ 1,665	61.37%	Local Levies increased 6.14% per year, over CPI by 3.57%
Total Combined Revenue	\$ 10,601	\$ 14,778	\$ 4,177	39.40%	Total Funding increased 3.94% per year, over CPI by 1.38%

Key Findings

- Combined Per-Pupil Revenue for ISD 276 Minnetonka students exceeded inflation (CPI) by 13.8% (1.38 % per year) for the past 10 years, 2014-24.
- Average Per-Pupil Funding for ISD 276 Minnetonka increased \$4,177, from \$10,601 to \$14,778, from 2014 to 2024.

ISD 276 Minnetonka Academic Proficiency & Funding

Since 2014, per-pupil funding in D276 increased 39.4% while scores of K-12 students on the Minnesota Comprehensive Assessment (MCA) tests declined by:
 Math (-6.9%), Reading (-5.3%) and Science (-15.0%)

	2014	2015	2016	2017	2018	2019	2021	2022	2023	2024	
MATH	80.8	80.6	81.0	80.6	81.0	79.2	67.7	69.6	75.7	75.2	- 6.9%
READING	79.9	81.7	78.4	81.2	81.9	81.5	74.4	73.3	74.3	75.7	- 5.3%
SCIENCE	79.2	77.4	76.1	75.1	76.5	75.4	68.0	70.5	67.5	67.3	- 15.0%

Note: MCA Testing Cancelled in 2020



SOURCE: Minnesota Department of Education "Report Card"

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 54% of Combined Revenues statewide in 2023, down from 70% in 2003.

Basic General Education. The same as Basic.

General Education. Combination of funds for the operations of the school district (state aid), representing 77% of Combined Revenue statewide in 2023, down from 84% in 2003.

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 79% of Combined Revenue statewide in 2023, down from 92% in 2003.

Combined Levies. Revenue provided by Local government sources (Local Levies), representing 21% of Combined Revenue statewide in 2023, up from 8% in 2003.

Addendum 3: Data Sources

School Revenue

<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

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 \(MDE\)](#)

Consumer Price Index (CPI) Data

The CPI figures used are based on the Nov 2022 actual Consumer Price Index for All Items, All Urban Consumers as provided by the United States Bureau of Labor Statistics and estimates for 2023-2030 provided by Minnesota Management and Budget.

<https://www.bls.gov/cpi/tables/supplemental-files/>