

District 197 Finance Analysis

West St. Paul-Mendota Heights-Eagan

School Funding, Inflation & Student Performance

Ken Wolf & Bob Fallen
October 25, 2023



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
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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

D197 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 197 increased by 44.45%, exceeding inflation by nearly 19%. **Over that same 10-Year period, per-pupil funding increased from \$10,725 to \$14,155 -- an increase of \$3,430 per student and 6.35% above inflation.**

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.

D197 20-Year Total Funding vs Inflation (CPI)

Description	FY 2003	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	4,800	5,199	399	8.3%	Student population increased by nearly 8.3 percent
Consumer Price Index (CPI)	183.96	292.66	108.70	59.09%	CPI increased 2.95 percent per year
Basic Education Fund	25,676,157	38,931,054	13,254,897	51.62%	Basic increased 2.58% per year, under CPI by 0.37%
Other General Education	5,103,173	17,578,743	12,475,570	244.47%	General increased 12.22% per year, over CPI by 9.27%
General Education Total	30,779,330	56,509,797	25,730,467	83.60%	Basic & Gen increased 4.18% per year, over CPI by 1.23%
Special Education Fund	4,647,327	9,970,715	5,323,388	114.55%	Special Education increased 5.73% per year, over CPI by 2.78%
Other Funds	2,432,654	7,104,493	4,671,839	192.04%	Other increased 9.60% per year, over CPI by 6.65%
Combined Revenue	37,859,311	73,585,005	35,725,694	94.36%	Total Funding increased 4.72% per year, over CPI by 1.77%
Combined Aid (State)	32,711,427	55,925,572	23,214,145	70.97%	State Aid increased 3.55% per year, over CPI by 0.60%
Combined Levies (Local)	5,147,884	17,659,433	12,511,549	243.04%	Local Levies increased 12.15% per year, over CPI by 9.2%
Total Combined Revenue	37,859,311	73,585,005	35,725,694	94.36%	Total Funding increased 4.72% per year, over CPI by 1.77%

Key Findings

- Combined Revenue for D197 increased \$35.7 million, over inflation (CPI) by 35.27% (1.77% per year) for the past 20 years (2003-23).
- In 2003, Combined Revenue consisted of Basic (69%), Other General Ed (13%), Special Ed (12%) and Other Funds (6%).
- In 2023, Combined Revenue consisted of Basic (53%), Other General Ed (24%), Special Ed (13%) and Other Funds (10%).

D197 20-Year Per-Pupil Funding vs Inflation (CPI)

Description	FY 2003	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	4,800	5,199	399	8.3%	Student population increased by nearly 8.3 percent
Consumer Price Index (CPI)	183.96	292.66	108.70	59.09%	CPI Increased 2.95 percent per year
Basic Education Fund	5,349	7,489	2,140	40.0%	Basic increased 2.0% per year, under CPI by 0.95%
Other General Education	1,063	3,381	2,318	218.06%	General increased 10.90% per year, over CPI by 7.95%
General Education Total	6,412	10,870	4,458	69.52%	Basic & Gen increased 3.47% per year, over CPI by 0.52%
Special Education Fund	968	1,918	950	98.14%	Special Ed increased 4.90% per year, over CPI by 1.95%
Other Funds	507	1,367	860	169.62%	Other increased 8.48% per year, over CPI by 5.53%
Combined Revenue	7,887	14,155	6,268	79.47%	Total Funding increased 3.97% per year, over CPI by 1.02%
Combined Aid (State)	6,815	10,757	3,942	57.84%	State Aid increased 2.89% per year, under CPI by 0.06%
Combined Levies (Local)	1,072	3,398	2,326	216.98%	Local Levies increased 10.85% per year, over CPI by 7.9%
Total Combined Revenue	7,887	14,155	6,268	79.47%	Total Funding increased 3.97% per year, over CPI by 1.02%

Key Findings

- Combined Per-Pupil Funding for D197 Students increased 20.38% over inflation (CPI) (1.02% per year) for the past 20 years 2003-23).
- Average Per-Pupil Funding for D197 increased \$6,268 over the past 20 years, from \$7,887 to \$14,155.

D197 10-Year Total Funding vs Inflation (CPI)

Description	FY 2013	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	4,750	5,199	449	9.45%	Student population increased by 9.45 percent
Consumer Price Index (CPI)	232.95	292.66	59.70	25.63%	CPI Increased 2.56 percent per year
Basic Education Fund	28,511,129	38,931,054	10,419,925	36.54%	Basic increased 3.65% per year, over CPI by 1.09%
Other General Education	13,833,606	17,578,743	3,745,137	27.07 %	General increased 2.70% per year, over CPI by 0.15%
General Education Total	42,344,735	56,509,797	14,165,062	33.45%	Basic & General increased 3.35% per year, over CPI by 0.79%
Special Education Fund	4,952,054	9,970,715	5,018,661	101.35%	Special Education increased 10.14% per year, over CPI by 7.58%
Other Funds	3,644,922	7,104,493	3,459,571	94.91%	Other increased 9.5% per year, over CPI by 6.94%%
Combined Revenue	50,941,711	73,585,005	22,643,294	44.45%	Total Funding increased 4.45% per year, over CPI by 1.88%
Combined Aid (State)	38,801,766	55,925,572	17,123,806	44.13%	State Aid increased 4.41% per year, over CPI by 1.85%
Combined Levies (Local)	12,139,945	17,659,433	5,519,488	45.46%	Local Levies increased 4.55% per year, over CPI by 1.99%
Total Combined Revenue	50,941,711	73,585,005	22,643,294	44.45%	Total Funding increased 4.45% per year, over CPI by 1.88%

Key Findings

- Combined Revenue for D197 increased by \$22.643 million, or a total of 18.82% over inflation (1.88% per year) for the past 10 years, (2013-23).
- In 2013, Combined Revenue consisted of Basic (56%), Other General Ed (27%), Special Ed (10%) and Other Funds (7%).
- In 2023, Combined Revenue consisted of Basic (53%), Other General Ed (24%), Special Ed (13%) and Other Funds (10%).

D197 10-Year Per-Pupil Funding vs Inflation (CPI)

Description	FY 2013	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	4,750	5,199	449	9.45%	Student population increased by 9.45 percent
Consumer Price Index (CPI)	232.96	292.66	59.70	25.63%	CPI Increased 2.56 percent per year
Basic Education Fund	6,003	7,489	1,486	24.75%	Basic increased 2.48% per year, under CPI by 0.08%
Other General Education	2,912	3,381	469	16.10%	General increased 1.61% per year, under CPI by 0.95%
General Education Total	8,915	10,870	1,955	21.92%	Basic & Gen increased 2.19% per year, under CPI by 0.37%
Special Education Fund	1,043	1,918	875	83.89%	Special Education increased 8.39% per year, over CPI by 5.83%
Other Funds	767	1,367	600	78.22%	Other increased 7.82% per year, over CPI by 5.26%
Combined Revenue	10,725	14,155	3,430	31.98%	Total Funding increased 3.2% per year, over CPI by 0.64%
Combined Aid (State)	8,169	10,757	2,588	31.68%	State Aid increased 3.17% per year, over CPI by 0.61%
Combined Levies (Local)	2,556	3,398	842	32.94%	Local Levies increased 3.29% per year, over CPI by 0.73%
Total Combined Revenue	10,725	14,155	3,430	31.98%	Total Funding increased 3.2% per year, over CPI by 0.64%

Key Findings

- Combined Per-Pupil Revenue for D270 students exceeded inflation (CPI) by 6.35% (0.64% per year) for the past 10 years, 2013-23.
- Per-Pupil Funding for D270 increased \$3,430 over the past 10 years, from \$10,725 to \$14,155, a jump of 32%.

D197 School Funding vs Student Performance

Since 2013, per-pupil funding in D197 increased 32%
while scores of K-12 students on the Minnesota Comprehensive Assessment (MCA) tests declined by:
Math (- 17.0%), Reading (- 6.9%) and Science (- 22.7%)

	2013	2014	2015	2016	2017	2018	2019	2021	2022	2023	
MATH	54.0	53.6	58.7	61.2	59.4	57.7	55.0	42.3	41.6	44.8	- 17.0%
READING	56.7	59.4	60.0	61.0	61.1	60.1	59.9	42.3	53.8	52.8	- 6.9%
SCIENCE	60.1	56.9	59.3	63.6	59.8	57.5	57.4	40.3	46.0	46.5	- 22.7%

Note: MCA Testing Cancelled in 2020



SOURCE: Minnesota Department of Education "Report Card"

D270 10-Year Funding Vs. Student Performance (ACT)

Over the past 10 years, per-pupil funding in D197 increased 32%
while average ACT scores in D197 declined by 15.0%.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
ENGLISH	22.9	22.9	22.5	20.0	21.2	20.3	20.1	19.7	19.0	19.0	- 17.0
MATH	24.6	24.5	24.2	21.5	22.5	21.2	20.4	21.0	20.1	19.9	- 19.1
READING	24.0	24.0	23.9	21.6	22.6	21.5	21.1	21.5	20.7	21.1	- 12.1
SCIENCE	23.8	24.0	23.4	21.2	22.6	21.3	20.8	21.0	20.3	21.0	- 11.8
COMPOSITION	23.9	24.0	23.6	21.2	22.4	21.2	20.7	20.9	20.2	20.3	- 15.1
AVERAGE	23.8	23.9	23.5	21.1	22.3	21.1	20.6	20.8	20.1	20.3	- 15.0

SOURCE: ACT

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.

Basic General Education. The same as Basic.

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

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.

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

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 \(MDE\)](#)

MCA TESTING RESULTS HISTORY
DISTRICT 197 WEST ST. PAUL – MENDOTA HEIGHTS - EAGAN
ACADEMIC PROFICIENCY AT GRADE LEVEL

	2013	2014	2015	2016	2017	2018	2019	2021	2022	2023	
MATH	54.0	53.6	58.7	61.2	59.4	57.7	55.0	42.3	41.6	44.8	- 17.0
READING	56.7	59.4	60.0	61.0	61.1	60.1	59.9	54.3	53.8	52.8	- 6.9
SCIENCE	60.1	56.9	59.3	63.6	59.8	57.5	57.4	40.3	46.0	46.5	- 22.7

NOTE: MCA TESTING NOT CONDUCTED IN 2020

