

# School Finance Overview

February 4, 2019

# Funds

- **General Fund** – Most operating expenditures (instructional, transportation, administration, maintenance, etc.)
- **Food Service Fund** – Breakfast & lunch programs
- **Community Services Fund** – ECFE, School Readiness, Pre-School Screening, School Age Care, Adult Basic Ed, recreation programs, etc.
- **Building Construction** – Major construction projects funded by bond proceeds
- **Debt Service** - Bond payments & related tax receipts
- **Trust & Agency** – Specific purpose (scholarship, self-insurance, etc.)

# Some MN Data...

- Total Public School Students in 2018: 870,737
  - Non-Public & Homeschool: 84,773
- 37% are eligible for Free or Reduced Meals
  - Becker: 18.8%
- Number of Districts: 331
  - Largest: Anoka-Hennepin – 38,113 students
  - Smallest: Milroy - 30 students
  - Becker: #68 - 2,813 students



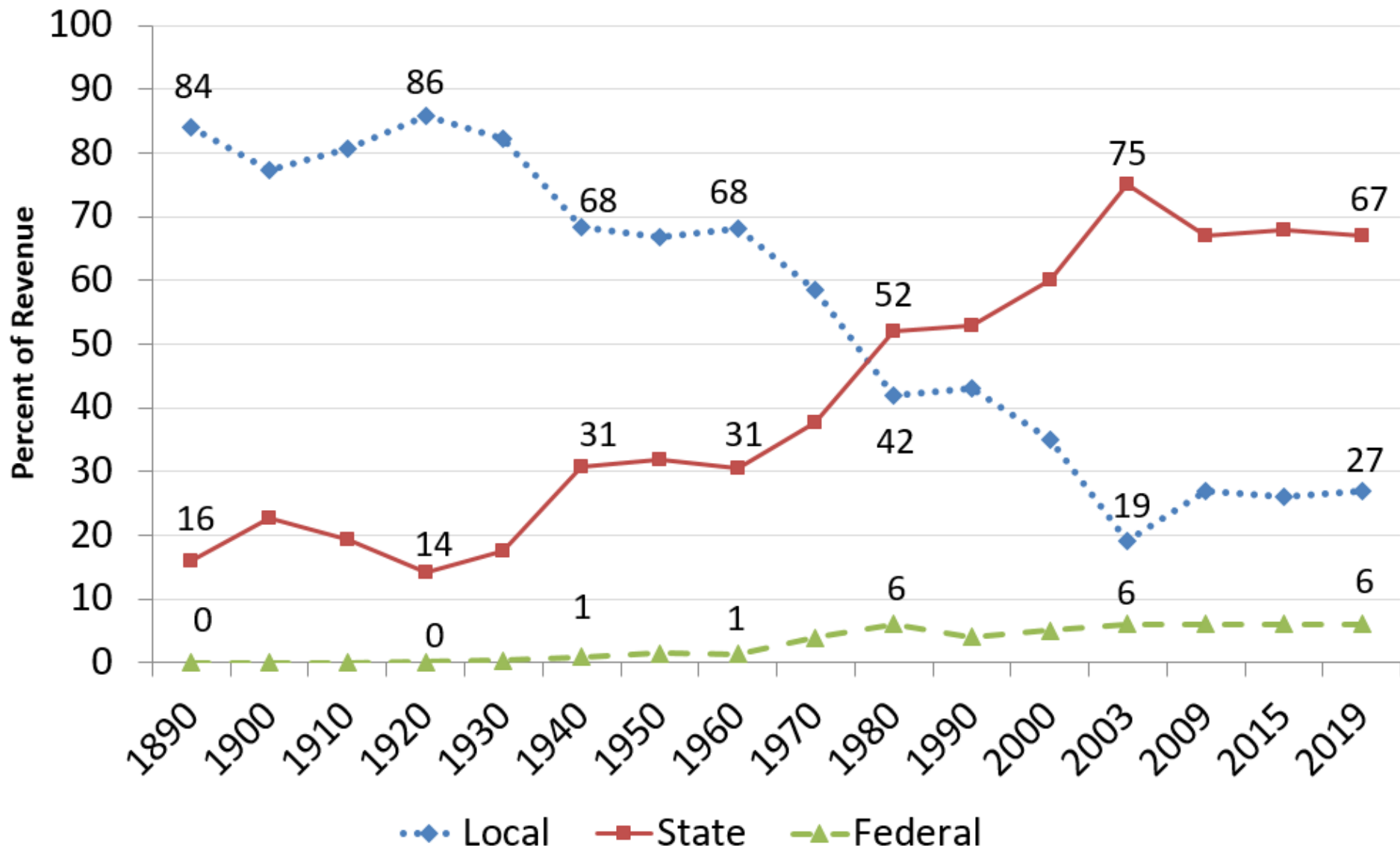
# K-12 Education Funding History in Minnesota

- 2001 – General Education levy is eliminated & replaced with state education aid. Large shift from local to state level funding created.
  - Districts like Becker no longer allowed to be “off the formula”
- Since 2001 – Incremental increases in per pupil formula, generally not keeping pace with inflation

# K-12 Education Funding History in Minnesota

- FY15 Kindergarten changed to same weighting as Gr 1-6 and was fully funded
  - Changes to special ed funding formula beginning in FY16
  - For FY14 up to \$724 per pupil of levy may be authorized locally without a referendum (if current referendum below this amount)
  - FY17 Long-Term Facilities Maintenance replaces deferred maintenance, alternative facilities and health & safety funds

# Percent of Revenue by Source, Minnesota K-12 Education, 1890-2019



# Basic General Ed Aid

<b>Fiscal Year</b>	<b>Gen Ed Formula Allowance</b>	<b>% Increase</b>	<b>Inflation</b>
2019	\$ 6,312	2.0%	Unknown
2018	\$ 6,188	2.0%	Unknown
2017	\$ 6,067	2.0%	1.6%
2016	\$ 5,948	2.0%	2.1%
2015	\$ 5,831	2.0%	0.7%
2014	\$ 5,302	1.5%	0.8%
2013	\$ 5,224	1.0%	1.5%
2012	\$ 5,174	1.0%	1.7%
2011	\$ 5,124	0.0%	3.0%
2010	\$ 5,124	0.0%	1.5%
2009	\$ 5,124	1.0%	2.7%
2008	\$ 5,074	2.0%	3.8%

# **General Education Funding**

**Formula Allowance**

**X**

**Students**

**=**

**Revenue**



# Pupil Units Weighting

	<b>Early Childhood</b>	<b>Handicapped Kindergarten</b>	<b>Kindergarten</b>	<b>Elementary Grades 1-3</b>	<b>Elementary Grades 4-6</b>	<b>Secondary Grades 7-12</b>
<b>2008-2014</b>	1.250	1.000	0.612	1.115	1.060	1.300
<b>2015-2019</b>	1.000	1.000	1.000	1.000	1.000	1.200

# Other State Formula Aids

State funding based other factors including students that meet certain categories, geography, building age, population, etc.

- Compensatory
- Limited English Proficiency
- Transportation Sparsity
- Gifted & Talented
- Equity\*
- Referendum Aid\*
- Operating Capital\*
- Long Term Facilities Maintenance\*



\*Funded by a combination of state aid & local levy

# Other State Aids

State funding based on competitive awards:

- Literacy Incentive
- Achievement & Integration\*
- ADSIS

\*Funded by a combination of state aid & local levy

# Special Education Funding

- Local school districts are required by state law to provide appropriate and necessary special education to children with disabilities from birth to 21 years of age.
- School districts receive state aid and some federal aid to pay for special education services. If these funds are insufficient to pay for the costs of the programs, districts must use other general fund revenue.

# Special Education Funding

- Federal Aid – Reimbursed up to amount allocated per district
- State – Currently reimbursed % of qualified expenditures (benefits not reimbursed)
- Changed to census-based for FY16
- Open enrolled student: resident district pays 90% of excess special ed costs

# Local Tax Levy

- MDE calculates maximum levy for each category
  - Voter approval required beyond initial totals
- Local boards approve prelim and final levies
- Hearing required before final levy approved
- County Auditors spread levy among parcel owners and collect taxes

# Federal Funds

- Title I – Elementary reading & math focus
- Title II – Teacher training or class size reduction
- Other Federal grants are need based or competitive:
  - Carl Perkins (vocational)
  - Nutritional lunch and breakfast (based upon family income)

# How are General Fund \$ Spent?



**Regular Instruction , 43%**

**Special Education, 18%**

**Maint & Transport, 13%**

**Admin, 9%**

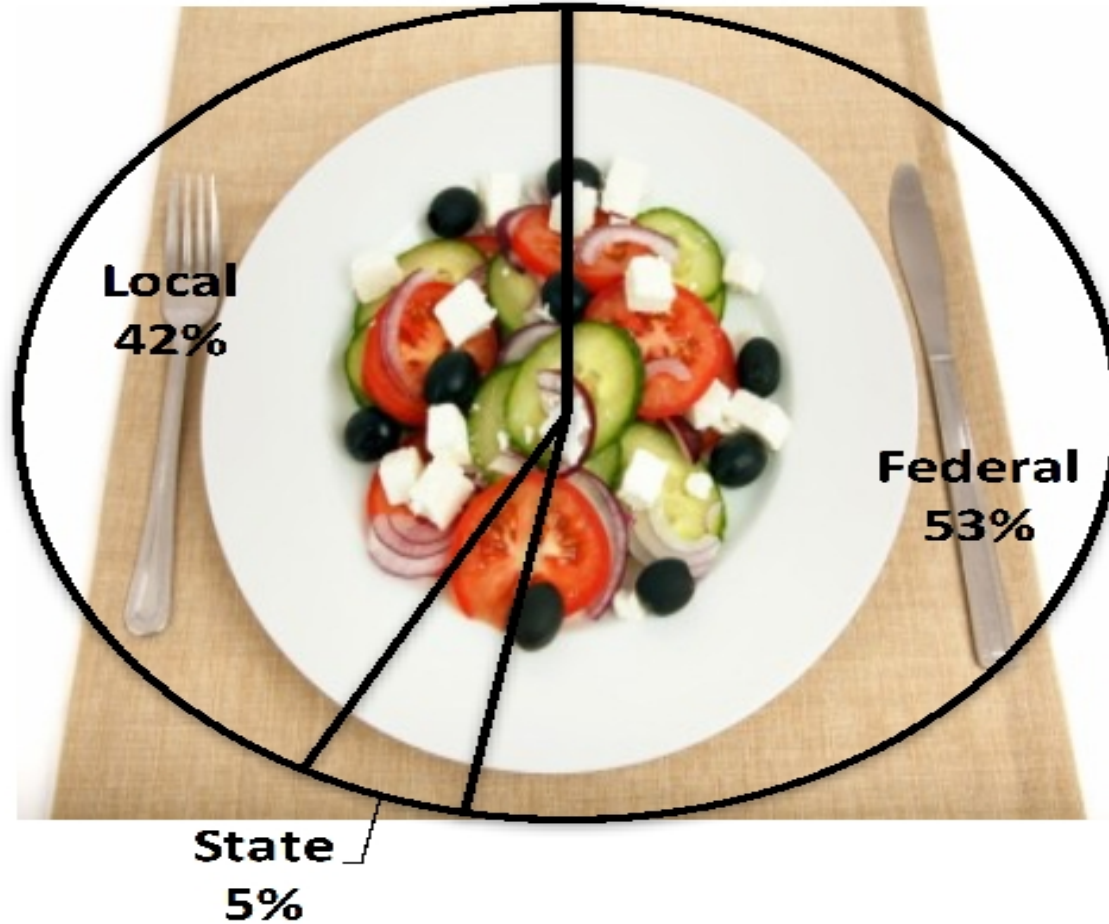
**Pupil & Inst Supp, 8%**

**Capital, 6%**

**Activities, 3%**



# Food Service Sources of Revenue in MN



# Community Service Funds

- ECFE, School Readiness & EC Screening are major early learning programs
- Other Optional programs:
  - Adult Basic Ed, Recreation, School Age Child Care, Youth Enrichment



# Sources of Information

- “Minnesota School Finance History 1849-2018” published by the Minnesota Department of Ed (MDE)
- “Minnesota School Finance: A Guide for Educators” prepared by the MN House of Representatives Research Dept, November 2018
- MDE School District Financial Profiles

# Questions?

