

A SEE Position Paper on Adequacy Legislative Priorities

INVESTMENTS IN PUBLIC EDUCATION EQUALS INVESTMENTS IN MINNESOTA'S PROSPERITY

The biggest financial challenges facing Minnesota schools are the erosion of the basic formula and the growing unfunded cost of providing special education services. Because of this, Minnesota is spending thousands of dollars less per student in the classroom today than what was spent to educate students in the early 1990s. Yet, the state continues to raise expectations by requiring more vigorous academic standards and establishing many new mandates, most of which are unfunded. Educators want to provide the programming and services to meet the raised expectations. However, the dwindling resources from the state will not ensure that all students succeed and meet their full potential.

Minnesota can and must do better to maintain quality public schools. Investing in public education is our responsibility not only for the children in school today but for future generations as well. Strong public schools can prepare all children for success, which will produce a strong workforce and ensure Minnesota's prosperity.

SEE asks the legislature and the governor to work together during the 2019 Legislative Session to accomplish the following.

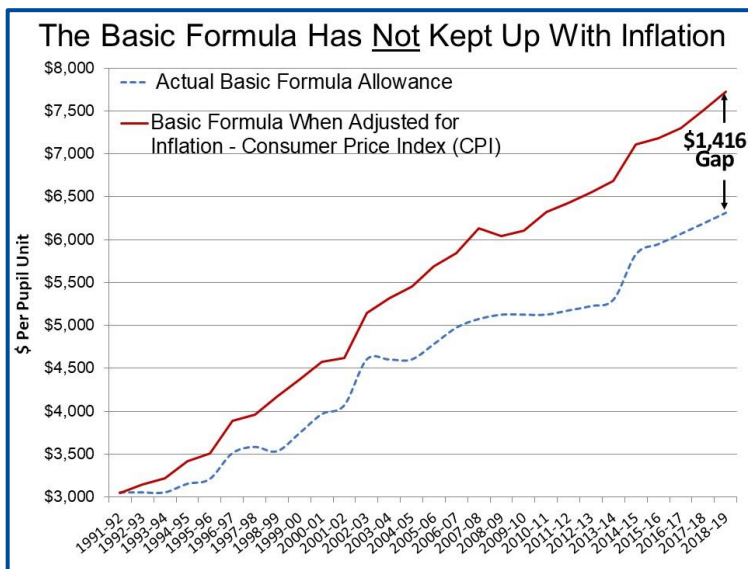
- **Increase the basic formula by a minimum of \$250 per pupil in each of the next two years.** Recent increases in the basic formula have done little to make up for the significant loss of buying power due to inflation over the past two decades.
- **Increase the state's share of special education funding and reexamine the new special education funding formula to address unintended inequities among districts.** The amount of revenue school districts must divert from their general fund to pay for mandated but unreimbursed special education services is not sustainable and jeopardizes the quality of public education in Minnesota.
- **Create a constitutionally-dedicated revenue stream** by increasing the sales tax by one cent per dollar spent and reserving the resulting revenue for E-12 public education.

Background

Increase the Basic Formula

The basic formula is the critical funding source from the state and is intended to provide a quality education for every student. It is a per pupil dollar amount that the state provides to school districts for every student that walks through the doors.

The basic formula has lagged inflation for over two decades. If the legislature had provided inflationary increases to the basic formula, schools would have over \$1,400 more per pupil. This loss of buying power limits educational opportunities for students. School districts have relied on voter-approved operating referendum to make up for inadequate state funding to varying degrees of success. Most school districts have had little choice but to make cuts to programming. Class sizes have increased, struggling students may not receive the help they need, children that want to be challenged may not have enough vigorous course offerings available. Programs and supports that meet the needs of the whole student and provide a reason for students to want to come to school each day are less available today.



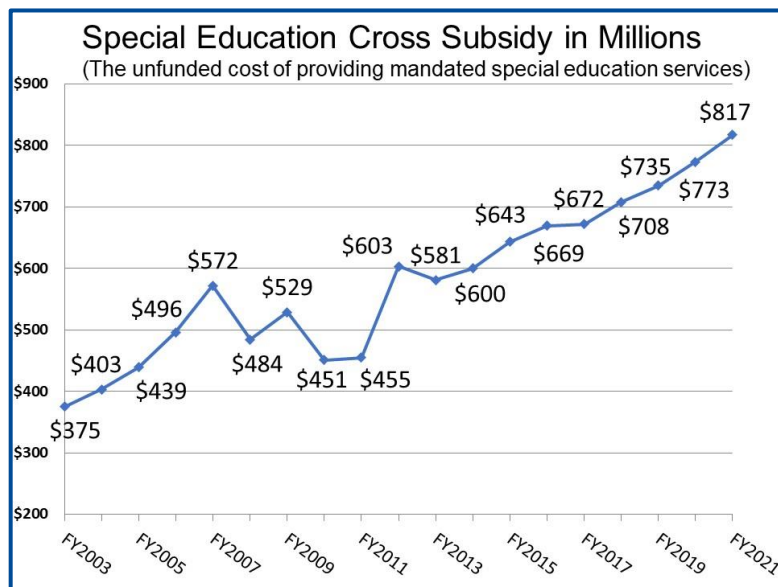
Increase the basic formula by \$250 per pupil in each of the next two years, which would prevent further cuts for most school districts and allow districts the opportunity to possibly add programming and support services to better meet the needs of all their students.

Background Continued . . .

Provide State Aid to Decrease the Unfunded Cost of Special Education Services

In the mid-1970s, the federal government determined that our special education children would be better served in public schools than in their homes or institutions. Schools have done an excellent job helping special education students meet their full potential. However, neither the federal or state governments have ever funded the entire cost of the mandated special education services. The most recent estimate by the Minnesota Department of Education shows special education is underfunded by \$735 million in the 2018-19 school year. This is considered the cross subsidy as it is the amount that schools across the state will have to subsidize, or shift, from general education funding to pay for mandated special education services.

The special education cross subsidy varies by district depending on the severity of each student's disability. The average cross subsidy in Minnesota school districts is equivalent to \$801 per pupil. The growth in the cost of special education services is not sustainable and threatens the quality of education for all.



The legislature and governor must take steps to lower the special education cross subsidy during the 2019 legislative session.

Create a Dedicated Revenue Stream for Public Education

Between the erosion of the basic formula and the special education cross subsidy, school districts across the state have lost a total of over \$2 billion from their general education budgets. The magnitude of this loss requires the consideration of a new funding stream for our schools. **A partial solution is to increase the sales tax by one cent per dollar spent with the proceeds dedicated to E-12 public education.** This would generate approximately \$900 million to partially offset the losses to the general education budgets. Each district would receive approximately \$1,000 per pupil from this new revenue. Recognizing each district is unique and has different priorities, school boards must have the local control to direct this funding where it is most needed such as student support professionals, new programming, technology enhancements and avoiding increases in local property taxes.

A one cent increase to the sales tax would **not** eliminate the need to fund schools with additional resources from the state's general fund. The legislature would still need to provide inflationary increases and fully fund any new mandates.