Fully Fund Public Education

Key Facts:

- SPECIAL EDUCATION CROSS-SUBSIDIES IMPACT EVERY MINNESOTA SCHOOL DISTRICT
- THE SPECIAL EDUCATION CROSS-SUBSIDY IS $782 PER ADM PUPIL UNIT FOR FY 2020
- THE SHORTFALL FOR FY 2020 ACTUAL IS $673 PER ADM PUPIL UNIT
- THIS SHORTFALL IS EXPECTED TO GROW TO $806 MILLION STATEWIDE IN FY 2025

Issue

In the last days of the 2021 special session, the final Omnibus E-12 Education Funding bill found bipartisan support with a basic education formula increase of 2.45 percent for FY 2022 ($6,728 per pupil) and 2 percent for FY 2023 ($6,863 per pupil). MSBA is appreciative of the funding, and given a $7.7 billion surplus, hopes the legislature will continue the work in 2022 that could structurally change school district budgeting and that reform would make progress in closing the achievement gap.

We could illustrate underfunding by reviewing multiple formulas; however, since general education and special education aid are about 90% of total school district aid, we will limit our rationale to these two most crucial areas.

Despite being the largest increase to the formula in 15 years, Minnesota’s public school funding per student has not kept up with inflation since 2003 (see chart from Ehlers). If the formula had increased by the rate of inflation each year since 2003, FY 2023 allocation would be $7,461 per pupil. This amount still falls short of fully funding the basic education formula by $598 or 8.7%. This results in shortfalls in other education funding streams (over 50 different state aid formulas), and a loss of purchasing power and increases in property tax operating levies.

Federal and state special education revenue falls short of full funding for special education services resulting in a cross-subsidy (difference between districts’ revenue and expenditure). This shortfall is expected to grow to $806 million statewide in FY 2025. The enclosed Special Education Cross-Subsidies Fiscal Year 2020, provided by the Minnesota Department of Information (MDE), shows more in-depth statewide data. The shortfalls experienced by Minnesota school district can impact all students in areas such as class size, additional services, such as mental health, and other basic educational needs.

Ask

MSBA urges the legislature to fully fund public education adding inflation to formula and closing the special education cross-subsidy.