K-12 Education Funding Overview

Eden Prairie Chamber of Commerce
September 22, 2004

Tom Melcher
Minnesota Department of Education
Topics of Discussion

- K-12 Education Share of Public Finance Dollar

- K-12 Education Finance:
  - Revenues by Source and by Fund
  - Funding Formulas
  - School District Revenue Trends
State General Fund Expenditures
2004-05 Biennium -- Feb. 04 Forecast -- $28.111 Billion

- K-12 Education: 42%
- Health & Human Svcs: 26%
- Higher Ed: 9%
- Intergovt Aids: 10%
- State Govt: 2%
- Criminal Justice: 5%
- Environment & Eco Dev: 3%
- Debt Service: 2%
- All Other: 1%
Property Taxes Payable in 2004
By Type of Government  $5.349  Billion

- School Districts: 24%
- Township: 3%
- State: 12%
- TIF: 5%
- City: 21%
- Special: 3%
- County: 32%
School District Revenue by Source
FY 2005  $8.724 Billion

- State: 69.5%
- Property Tax: 14.6%
- Other Local: 9.1%
- Federal: 6.8%
Percent of K-12 Aid & Levy by Fund
FY 2005  $7.365 Billion

- General: 89.4%
- Debt Service: 8.7%
- Community Education: 1.8%
- Food Service: 0.2%
Percent of K-12 Aid & Levy From State Aid Fiscal Years 1992 to 2005

State Share of State-Local Tax Revenue for K-12 Education

- 1992: 62.1%
- 1993: 61.3%
- 1994: 60.1%
- 1995: 61.5%
- 1996: 61.4%
- 1997: 60.2%
- 1998: 61.0%
- 1999: 65.8%
- 2000: 70.1%
- 2001: 72.6%
- 2002: 71.5%
- 2003: 86.3%
- 2004: 83.9%
- 2005: 82.7%
K-12 Education Funding Formulas

Basic Per Pupil Formula
– $4,601 per Adjusted Marginal Cost Pupil Unit

Cost Differentials
– General Education Program (e.g., compensatory)
– Categorical Aids & Levies (e.g., special education)

Additional Voter-Approved Revenue
– Operating
– Capital
School District General Fund
State Aid & Levy Revenue by Funding Category
FY 2005 -- $6.581 Billion

General Education 84.4%
Special Education 9.4%
Integration 1.2%
Facilities Categoricals 2.7%
Other 2.3%
General Education Revenue by Component FY 2005 -- $5.552 Billion

Operating Referendum 9.0%
Other 0.7%
Basic 78.4%
Sparsity/Trans 1.3%
Basic Skills 5.4%
Operating Capital 3.5%
Equity 0.7%
Extended Time 0.9%
## Total K-12 Revenue per Pupil (ADM)
### All Funds – All Sources

<table>
<thead>
<tr>
<th>FY</th>
<th>Amount</th>
<th>% Chg</th>
<th>% Chg Adj. for Infl.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$ 8,445</td>
<td>6.0%</td>
<td>3.0%</td>
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<tr>
<td>2001</td>
<td>9,024</td>
<td>6.9</td>
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<td>2002</td>
<td>9,366</td>
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<td>2003</td>
<td>10,006</td>
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<td>2004</td>
<td>10,393</td>
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<tr>
<td>2005</td>
<td>10,610</td>
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<tr>
<td>2006</td>
<td>10,823</td>
<td>2.0</td>
<td>0.6</td>
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<tr>
<td>2007</td>
<td>11,056</td>
<td>2.2</td>
<td>0.4</td>
</tr>
</tbody>
</table>
# General Fund Revenue per Pupil (ADM)

From State Aids & Levies

Including Operating Referendum

<table>
<thead>
<tr>
<th>FY</th>
<th>Amount</th>
<th>% Chg</th>
<th>% Chg Adj. for Infl.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$6,650</td>
<td>6.0 %</td>
<td>3.0%</td>
</tr>
<tr>
<td>2001</td>
<td>7,057</td>
<td>6.1</td>
<td>2.6</td>
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<tr>
<td>2002</td>
<td>7,247</td>
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<td>2005</td>
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<tr>
<td>2006</td>
<td>8,070</td>
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<tr>
<td>2007</td>
<td>8,163</td>
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## General Fund Revenue per Pupil (ADM)
### From State Aids & Levies
#### Excluding Operating Referendum

<table>
<thead>
<tr>
<th>FY</th>
<th>Amount</th>
<th>% Chg</th>
<th>% Chg Adj. for Infl.</th>
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<tbody>
<tr>
<td>2000</td>
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<tr>
<td>2001</td>
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<td>2005</td>
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## General Education Formula Allowance
### Annual Increases, Excluding Roll-Ins: Since 2000

<table>
<thead>
<tr>
<th>FY</th>
<th>Increase</th>
<th>% Chg</th>
<th>% Chg Adj. for Infl.</th>
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<tr>
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<td>157</td>
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<td>1.1%</td>
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<tr>
<td>2002</td>
<td>104</td>
<td>2.6%</td>
<td>1.1%</td>
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<tr>
<td>2003</td>
<td>104</td>
<td>2.6%</td>
<td>0.6%</td>
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<tr>
<td>2004</td>
<td>0</td>
<td>0.0%</td>
<td>-1.7%</td>
</tr>
<tr>
<td>2005</td>
<td>0</td>
<td>0.0%</td>
<td>-1.2%</td>
</tr>
</tbody>
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