



MREA

Voice For Greater Minnesota Education

Issue Report

2017 - 2018

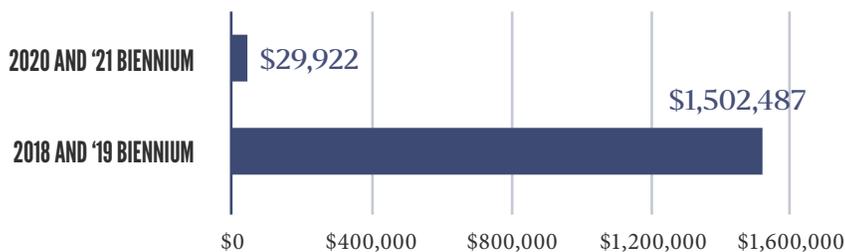
Advocating for Greater Minnesota schools to put first the education, growth, and development of learners to bring about our best possible future.

School Operational Gaps

A conservative growth of 2% and 2% on the formula would require more than \$370 million in the 2020-21 biennium. Only \$29 million is projected for all state spending.

Minnesota faces significant fiscal challenge in the upcoming biennium after several years of significant budget surpluses. The Minnesota Office of Management and Budget projects only a \$29 million surplus for the 2020-21 biennium.

Projected Available Balance for New Appropriations for '20-21 Biennium in \$1,000's



SCHOOL DISTRICTS NEED STATE ASSISTANCE IN SECURING ADDITIONAL REVENUE 2020-21. STRATEGIES INCLUDE:

Impact on Education

Pupil growth statewide and special education are the only factors that automatically increase educational investment annually. All other increases must come from the projected surpluses.

A conservative growth of 2% and 2% on the formula would require more than \$370 million in the 2020-21 biennium. Only \$29 million is projected for all state spending.

Districts may need to look to at increasing operating referendum revenue, but they are limited. The district median referendum (including LOR) in FY '17 was \$930 per APU. One-quarter of Minnesota's districts were at \$724 per pupil, the maximum allowable by board action. The average referendum support per student statewide in FY '17 was \$1,303 per APU. This is because so many large Twin Cities districts have referendums above \$1,450—in the top quartile of all districts.

KEY QUESTION

What steps will your school need to take based on the current state funding forecast?

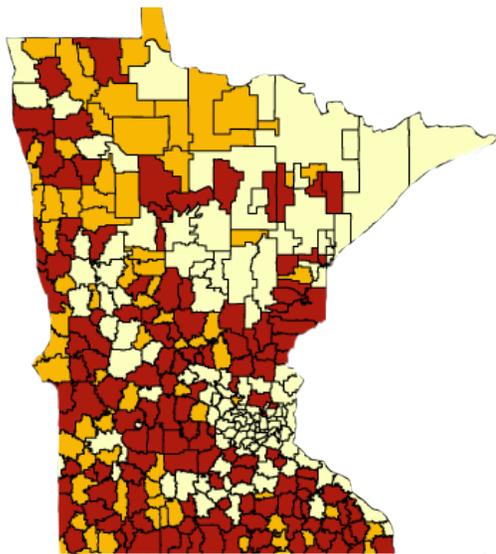


Strategy 1

Enhanced LOR

How it works: Enhanced Local Optional Revenue (E-LOR) would increase the equalization factors and LOR by \$226 to \$650 per Adjusted Pupil Unit (APU) over a three-year period without any referendum subtraction. \$75 per year would be the equivalent of a little over 1% on the formula for three years.

What's the cost? E-LOR state/local costs would depend upon the equalization factors. If equalization factors are not increased, most of the burden will fall mainly on local RMV property taxes.



- School Districts currently eligible for Tier III Aid: RMV/RPU < \$290,000
- School Districts proposed to be eligible for Tier III Aid: RMV/RPU < \$450,000
- Other MN School Districts: RMV/RPU > \$450,000

Strategy 2

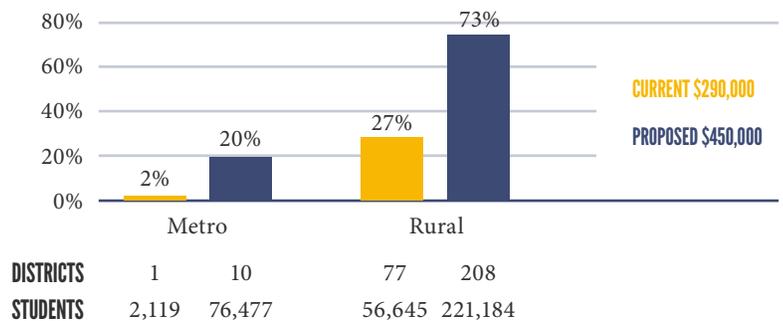
Increased Tier III Equalization

How it works: Increased Equalization for rural and property poor school districts would be most effective with a significant increase to the Tier III equalization factor to \$450,000 RMV/RPU.

A Community Option for districts below 1,000 APU would be to remove their referendum cap, not just for those receiving sparsity aid.

What's the cost? Increased Tier III Equalization would cost an estimated \$3 million for the 2018-19 biennium for existing referendums.

Districts Eligible for Increased Tier III Equalization



What's the impact? Increased Equalization would make an estimated 153 more rural districts eligible for Tier III aid for referendum amounts over \$760 per pupil, due to lower referendum market values per pupil. In districts under 1,000 students where a referendum can make the difference between having a district remain open and viable or consolidate or close, an additional 90 districts would be eligible for Tier III aid for a total of 136 districts, or 79 percent of the 172 districts.

The Community Option would double the number of school districts without a per-pupil cap from 91 receiving sparsity aid to all 172 below 1,000 APU.

Today's teachers are redefining education and creating learning environments that equip, empower and inspire learners. We'll shine a spotlight on teaching through general sessions, more than 30 breakout sessions and other learning connections at the 2017 MREA Annual Conference.

Learn more about the 2017 MREA Annual Conference:
MnREA.org/AnnualConference



Attracting & Retaining Teachers

A teacher crisis is growing across Greater Minnesota as more school districts face a severely shrinking pool of applicants and increased difficulty in finding qualified teachers. That has left positions unfilled and led to program cut backs.

KEY QUESTION

How can the state help your community attract and retain quality teachers?

KEY DRIVERS OF TEACHER SHORTAGE

- Slowing growth and increasing diversity in Minnesota's workforce
- Fewer young people choosing education as a career
- Increased challenges of entering the teaching profession and sustaining a career
- Low income potential and growing wage gap compared to other skilled workers

More at MREAvoice.org/TeacherCrisisGuide



WHERE WE STAND

The 2017 Supply and Demand Report from the Minnesota Department of Education highlighted the continued trend of teacher shortages, especially in special education, math, sciences, career and technical education and ELL.

Efforts have been made to help address the challenges, including:

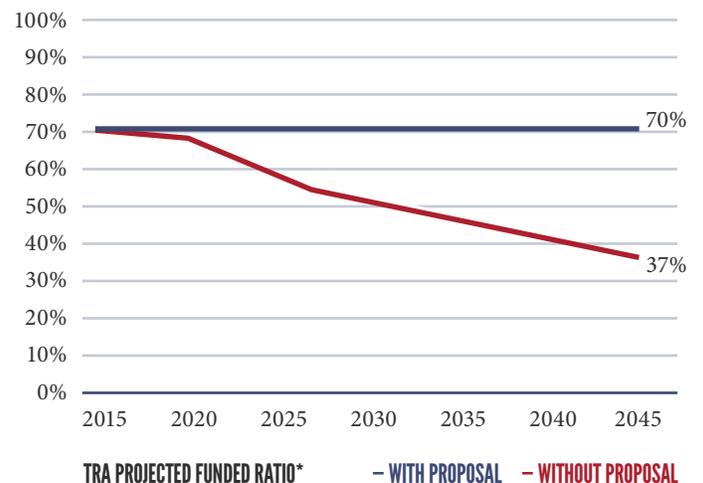
- Tiered Licensure System
- Academic and Behavioral Strategist (ABS) license now a renewable, multi-categorical special education license
- Loan forgiveness and tax credits for student debt payments
- Credentialing support with 18ONLINE and now a statewide partnership

WHAT'S NEEDED

Legislative action is needed to ensure Minnesota students have access to quality teachers:

- Fund TRA with a balanced proposal
- Increase credentialing support for concurrent enrollment teachers
- Expand loan forgiveness
- Provide new Teacher Development and Evaluation funding for non-Q-Comp school districts

TRA Financial Status:
Impact of 7.5% Investment Assumption



*Assumes investment assumption of 7.5% for all years.

Coordinated Early Learning

While there is wide support for early learning and preschool students receiving public preschool education of some type, Minnesota has yet to figure out a statewide approach to deliver high-quality preschool education. There are now eight major programs serving early learners and their families.



WHERE WE STAND

Those programs have grown recently in an effort to continue to provide quality education opportunities for children across Minnesota, especially those with the greatest needs:

- Created School Readiness Plus (SR+) with \$25 million per year in only 2018 and 2019
- Added \$10 million annually to Pathway I scholarships and froze Pathway II scholarships at 2017 level

WHAT'S NEEDED

The Office of Legislative Auditor (OLA) will study funding, services provided, program coordination and service gaps in the multiple early learning programs for the 2018 legislature.

KEY QUESTION

What are your community's greatest early learning needs?

Program Funding for FY 2018 (in millions)

	MINNESOTA	TOTAL Federal, State & Local
School Readiness Plus (SR+)*	\$25	\$25
Voluntary Pre-Kindergarten	\$25	\$25
Early Childhood Family Education (ECFE)	\$29.3	\$45.1
Early Childhood Special Education (ECSE)	\$65.8	\$121.9
School Readiness	\$33.6	\$33.6
Early Learning Scholarships, Pathways I and II**	\$70.2	\$70.2
Head Start (including American Indian Program)	\$25.1	\$94.1
Child Care Assistance (CCAP and MFIP)	\$160.1	\$249.1
Total Annual Investment for FY 2018	\$434.7	\$664.6

*SR+ funded for '18-19 biennium only

**\$17 million Pathway II coordinated by school districts. Pathway I \$ amount frozen at FY '17 level.

SCHOOLS NATURALLY LEAD COORDINATION

Excluding child care assistance, school districts currently coordinate 72% of the state's nearly \$274 million early learning program funding annually.

Cooperative Facilities

Greater Minnesota school districts lack financing mechanisms and need statutory clarity to build, remodel and maintain cooperative facilities for students with high needs.

WHERE WE STAND

Level 4 program space is the most critical need in Greater Minnesota, yet that space is one of the most useful interventions for level 4 students. Limited funding authority outside of the Intermediates stand in the way.

The current lease levy at \$190 per pupil is too small to allow school districts to lease cooperative facilities and too limiting for them to do needed building improvements for safety, security, and instructional changes.

The gap further widens in Greater Minnesota where school districts do not have the ability to levy an additional \$65 for cooperative facilities to build facilities for high needs students like the Twin Cities Intermediate Districts can.

WHAT'S NEEDED

The School Facilities Financing Work Group in 2014 studied this issue and proposed establishing a new school facilities improvement revenue program to replace the current building lease levy. This would provide all school districts with access to a uniform allowance per student for locally defined facility needs.

OPPORTUNITIES FOR 2018 INCLUDE:

- Increase in the current lease levy amount to \$212 and repurpose as School Facilities Improvement Revenue to expand the uses of these funds for facility renovation and improvements as well as lease payments.
- Provide Greater Minnesota school district members of cooperatives the authority to levy up to \$65 per pupil for cooperative facilities.
- Cleanup current statutory barriers to school districts building, remodeling and maintaining cooperative facilities.

KEY QUESTION

What are the cooperative facility and building improvement needs in Greater Minnesota?

