

A young girl with two braids is seen from behind, raising her right hand in a classroom. She is wearing a green corduroy shirt. In the background, other students are also raising their hands. The scene is set at a wooden desk with papers and a pen.

# Issue Report

**FALL 2016 MEMBER MEETINGS**

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

Get more details on the issues at  
[MnREA.org/IssueReport2016](http://MnREA.org/IssueReport2016)



# Attracting Quality Teachers

In 2016, the Minnesota Legislative Auditor released a report describing the teacher license system as “broken” and outlining a series of recommendations. The Legislature established a Task Force in 2016 to recommend changes to the 2017 Legislature regarding the license categories and administration of Minnesota’s licensing system.

## Key Facts to Know

Minnesota fell short 1,200 in new teachers, who graduated from Minnesota teacher preparation institutions and received licenses in 2012-13, to replace those who left the profession. That shortage continues to grow. MREA identifies these key drivers of the teacher shortage:

- The demographics of a shrinking and an increasingly diverse Minnesota workforce
- Fewer young people are choosing education as a career
- The increased challenges of teaching as a career, both to enter the profession and to have a satisfactory and impactful career
- Teachers earn significantly less than comparable workers and this wage differential has grown considerably

The Board of Teaching has begun using the National Evaluation System (NES), a new basic skills testing regime, to address issues with the Minnesota Teacher Licensure Exam (MTLE).

### KEY QUESTION:

What should MREA focus on at the legislature to address this challenge?

## Other Considerations

- Would it be better and more efficient to offer direct state loan forgiveness through the Office of Higher Education or a tax credit for 75% credit for loan payments in excess of 10% of income?
- What can we do statewide and locally to attract young people to teaching?
- Will rural districts develop and submit QComp plans?
- What modifications to QComp would make it more effective in rural schools?

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 2016 MREA Annual Conference.

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Learn more at the 2016 MREA Annual Conference:  
[MnREA.org/MakingTeachingMatter](http://MnREA.org/MakingTeachingMatter)



# Filling Gaps for Students

Per-pupil funding for schools with fewer than 750 students is leaving about 50,000 Minnesota students in 130 school districts with fewer opportunities.

New requirements for English Language Learners (ELL) policy and Learning for English Academic Proficiency Success (LEAPS) Act pose additional challenges and Greater Minnesota schools struggle to provide support to students in need of these services.

## KEY QUESTION:

With these three funding changes, can your school district and community provide a quality 21st Century education for all students?

## Other Considerations

How valuable are three strategies to help rural schools provide opportunities for students?

- Expand Small Schools Revenue to include more districts and eliminate the downward slope of funding below the mid-point APU
- Raise the minimum amount for required programs such as Limited English Proficiency (LEP) funding
- Expand the exemptions to the referendum allowance and Tier 3 equalization limits for districts with fewer than a certain number of students

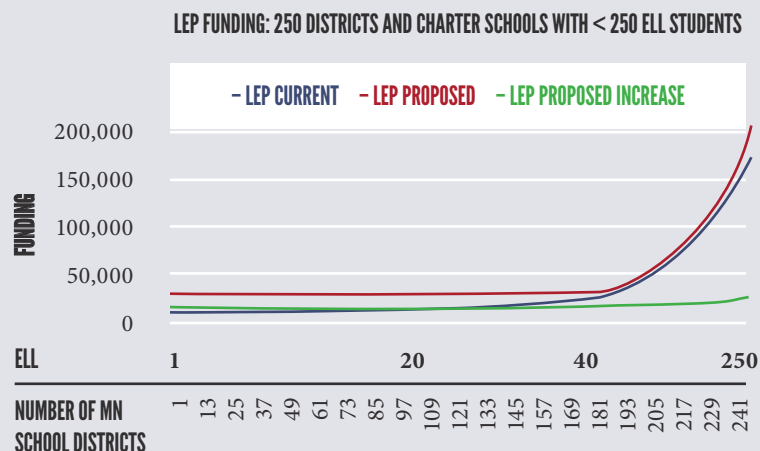
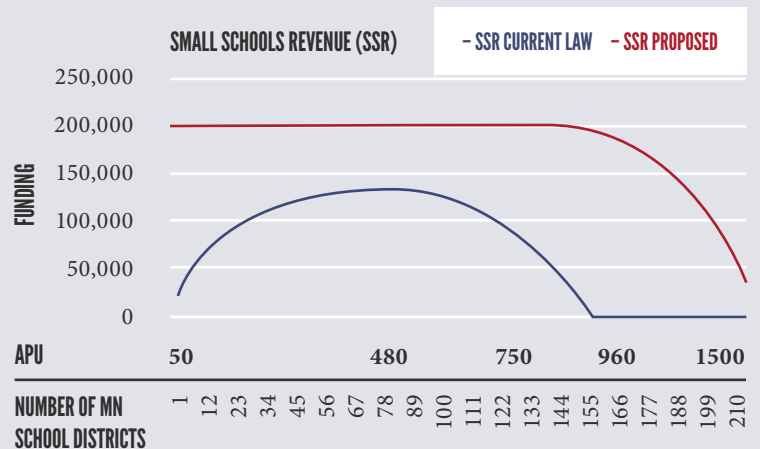
## PROPOSALS FOR CONSIDERATION

### Small Schools Revenue (SSR)

- Provide equal revenue to address increasing inefficiency
- Expand the scope of districts up to 1,500 students to address less severe inefficiencies.
- Level the curve at 750 APU.

### LEP Funding Equity

- Establish a minimum funding amount at \$32,000 to make sharing a teacher work for schools and for teachers.
- Increase the funding to \$800 for each LEP student and guarantee a minimum increase of \$17,000 to avoid creating a new donut hole.



# Early Learning

Early learning programs in the state have received funding over the past two years to help better prepare our youngest residents for school and success as they grow. Governor Mark Dayton has named providing free, voluntary pre-kindergarten programming as a priority.



In 2015, four key early learning programs received \$95 million and the Legislature provided \$25 million in 2016 to begin to provide free, voluntary pre-kindergarten programs. Over the past biennium, early learning funding increased 65 percent and will grow to \$339 million by 2019 with formula increases.

## Key Facts to Know

A total of 183 school districts and charters applied for funding in 2016 to provide free, voluntary pre-kindergarten programs.

- 112 MREA members represented 61 percent of the applicants
- 74 schools statewide received funding; 40 percent of the applicants
- 3,505 four-year-olds will be served through this free, voluntary pre-kindergarten program

## KEY QUESTION:

How much emphasis should MREA put on increasing funding for Pre-K programming?

## Other Considerations

- What specific model should MREA promote? (Key models include: Voluntary Pre-K, School Readiness, ECFE, Scholarships, Home Visits for 0-2 year-olds, or Headstart)
- Should MREA lead efforts to expand Voluntary Pre-K for rural districts?



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# Funding Student Needs

Greater Minnesota school districts have two key funding needs to best equip all of their students

- **Operating Funding:** Give school districts the funding needed to meet the changing needs of the students in their schools through Operating LOR
- **Facility Funding:** Meet a need to update old buildings and create 21st Century learning spaces while reducing the school bond debt service burden

## OPERATING FUNDING

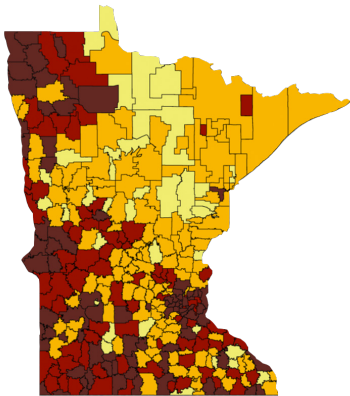
### Key Facts to Know

- The General Fund Formula has declined 9.4 percent between 2003 and 2017 and General Fund Aid has fallen 10 percent. This has been offset by an increase in levies.
- The combination of LOR and Board Approved Levy for FY 2017 significantly decreased the 5th to 95th Gap in General Fund Revenue and increased the median operating referendum by \$158 per pupil, the equivalent of 2.5% on the formula.
- The median operating referendum and LOR support per school district is \$930 per adjusted pupil unit (APU) for FY 2017.

### What's the Impact?

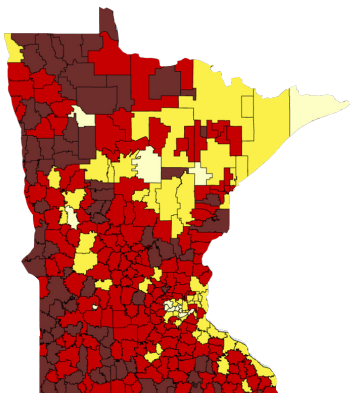
Operating Referendum Equalization could help schools better meet needs of students by:

- Increasing Maximum Allowances for Board Approved Operating Referendum and Local Optional Revenue (LOR) and Operating Referendum Allowances eligible for Tier II and Tier III Equalization (See Map A)
- Expanding the number of districts eligible by widening the equalization factors for all three tiers (See Map B)
- Enhancing equalization for districts with greater than 30 percent seasonal recreation property (See Map B)
- Linking the equalization factors to average Referendum Market Value per student



**MAP A**  
**OPERATING REFERENDUM AND LOR PER APU**

- 250.00 to 710.49 Smallest Referendum and LOR per APU (<\$710/APU)
- 710.50 to 929.49 Below the Median Referendum and LOR (\$930/APU)
- 929.50 to 1,380.49 Above the Median Referendum and LOR (\$930/APU)
- 1,380.50 to 3,849.00 Largest Referendum and LOR (>\$1380/APU)



**MAP B**  
**REFERENDUM MARKET VALUE PER RPU**

- 0.00 to 289,000.49 Eligible for Tiers I, II and III Equalization <\$290,000 RMV per RPU
- 289,000.50 to 509,000.49 Eligible for Tiers I and II Equalization <\$510,000 RMV pr RPU
- 509,000.50 to 879,000.49 Eligible for Tier I Equalization <\$880,000 RMV per RPU
- 879,000.50 to 1,500,000.00 Not Eligible for Equalization

## and serve their communities:

Referendum Equalization and Local Optional Revenue (LOR).  
 burdens on local taxpayers through Debt Service Equalization (DSE).

## FACILITY FUNDING

### Key Facts to Know

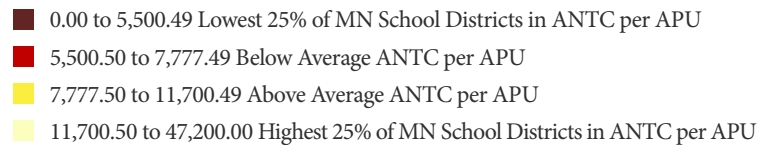
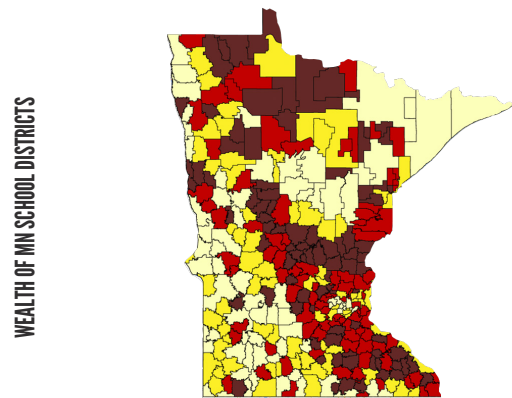
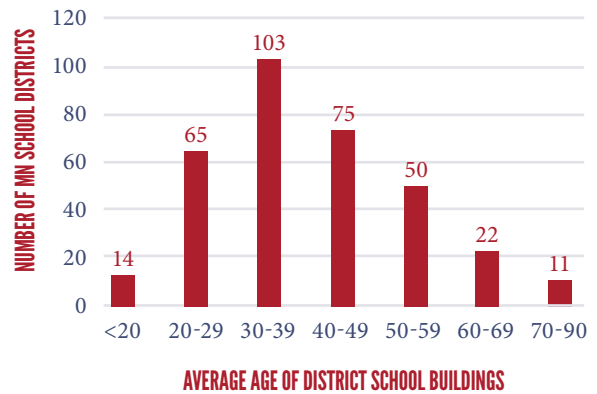
- 50 percent of Minnesota’s school facilities were built before 1976 and 25 percent are between 54 and 125 years old.
- Only 40 percent of rural bond elections passed between Jan. 1, 2015 and June 30, 2016. That’s half the rate of metro elections.
- Long-Term Facility Maintenance (LTFM) grew to \$293 per adjusted pupil unit in FY 2017 and will grow to \$486 in FY 2019.
- The 40 percent Ag2School Credit for school facility debt levies, awaiting special session approval, would lower taxes for farmers in 218 districts.
- Total property wealth per pupil is not equally distributed across Minnesota’s school districts.

### What’s the Impact?

Linking equalization to 100 percent of average Adjusted Net Tax Capacity (ANTC) for districts with debt service annual payments greater than 12.5 percent of their ANTC would:

- Reduce the school bond debt service burdens on taxpayers in 185 districts
- Expand DSE to 65 districts currently ineligible for DSE
- Increase DSE in 45 districts already eligible for DSE
- Add 75 more districts that could qualify for DSE should voters approve school building debt in excess of 12.5 percent of ANTC

MINNESOTA SCHOOL DISTRICTS AVERAGE SCHOOL BUILDING AGE



### KEY QUESTION:

Should MREA continue to advocate for increased support of both

- Increased operating revenue through LOR and increased equalization and allowances for operating referendums and
- A fairer state share of facility funding through Ag2School Credit and DSE?

Which would have a greater impact on your school district?