

MASBO 2019 Legislative Platform

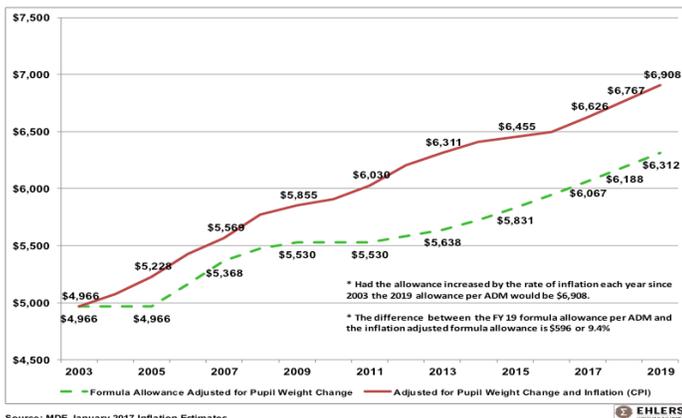
Increase General Education Formula and Special Education Funding

Per Pupil Formula

The per pupil basic funding formula is the largest source of revenue for school districts, accounting for approximately 56% of a school district's total operating revenue. Since 2003, the formula has not kept up with inflation.

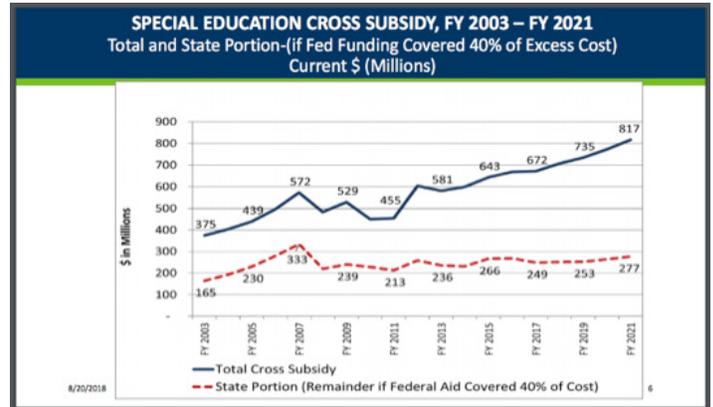
A 3% increase on the per pupil formula would equal \$190 in FY20 and \$195 per pupil in FY21. To keep up with inflation, the formula allowance would have to be increased by \$618 per pupil, or a 9.8% increase.

Increase per pupil formula 3.0% each year of this biennium and annually adjust for inflation thereafter.



General Education Formula Allowance, 2003-2017
Adjusted for Pupil Weight Change and Inflation

Special Education Cross Subsidy



Special Education Cross Subsidy, FY 2003-2021

Source: Minnesota Department of Education

Special education services are mandated by federal and state law. While school districts have few options to control the cost of providing these services, each student identified with special education needs must be served.

Although the state provides districts funding for special education services, it does not fully cover the costs for districts to do so. This unfunded portion, referred to as the special education cross-subsidy, must be subsidized with funds that would otherwise be used for regular program instruction. Increasing special education funding will have an equal and reciprocal impact on regular program resources, freeing up money for regular program needs.

The state portion of the special education cross subsidy should be funded.

Fair and Adequate Funding Formula

The current state special education formula was put in place two years ago. It created inequities among school districts because special education costs are now reimbursed at different levels and growth limits were put in place. Previously, the formula was based on costs of providing special education services and aid was allocated proportionately across all school districts.

The state special education formula should be revised to remove the growth limit, add separate funding for alternate delivery of specialized instructional services (ADSIS) and special transportation, and further study how aid can be distributed more equitably.

Transportation of open enrolled special education students has also caused financial difficulties for the serving districts. A system should be explored in which those costs are shared.





Facility Funding

MASBO recognizes and supports the work of the School Facility Financing Working Group and supports legislation to adopt all recommendations of the working group, as well the following additions to those recommendations:

Long Term Facilities Maintenance Revenue (LTFMR)

Expand LTFMR to all districts and allow it to be used for construction or remodeling of pre-kindergarten spaces.

Expand the use of LTFMR to include school physical safety and security improvements.

Expand the use of LTFMR to include work to bring buildings into current building code compliance.

Allow LTFMR to be used for energy improvements for existing buildings.

Lease Levy

The lease levy program is instrumental in providing additional learning spaces for districts. State law limits the use of lease levy so districts cannot use it for physical safety and security.

Allow lease levy program revenue to be used for school physical safety and security improvements.

Property Tax Equalization

The Legislature has made progress in its efforts to increase equalization aid to help reduce local property taxes, particularly in low property value districts. However, further property tax relief should be a priority to ensure that all districts have the same ability to generate revenue without significant variations in tax impact for their taxpayers.

Fully equalize property tax levies with state aid and index the equalization factors to the growth in property values over time. The unequalized levies that have the most potential to add equity to the education funding system include debt service, career and technical, building lease, capital project and safe schools levies.

Mandates

MASBO requests state leaders either fund mandates or increase districts' flexibility to make decisions locally based on local needs. We request legislators consult school districts on the impact of proposed mandates and recommend reform and other efficiencies as a way to help school districts ease the administrative and financial burdens of providing education services in Minnesota.

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About MASBO

The Minnesota Association of School Business Officials (MASBO) is an independent, nonprofit professional association including more than 600 school business managers and related specialists. MASBO members are experts in the areas of school finance, public accounting, and school district support services (including facilities management, transportation, food services, and information management). We are dedicated to defining and maintaining the highest standards of financial and operations management for Minnesota schools.

