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State Representative District 63A



ISSUE BRIEF: WHAT IS DRIVING COSTS IN MINNEAPOLIS SCHOOLS?

I have spent time in recent months pouring through school district budgets and meeting with knowledgeable people about the Minneapolis Schools Budget. Below are some of my observations about a few of the financial dynamics affecting our schools.

SALARIES AND BENEFITS

Salaries and benefits make up nearly 80% of the Minneapolis School District budget. Total dollars spent on salaries and benefits have gone down in real dollars in recent years due to declining enrollment. But the average amount of a salary and benefit package has increased.

These divergent trends are the result of rapidly increasing health care costs – health care costs rose 13% last year. According to the State Auditor, statewide school health care costs are up 32% since 2001.

The dynamic of declining enrollment also plays a part. When a district loses students, the amount of per pupil funding (general funds which largely go to pay teachers and other professionals) declines by a fixed amount for each pupil. Fewer students also mean fewer teachers. But because newer, lower paid teachers are laid-off first, the average salary and benefit package of the remaining teachers increases. Ultimately, without new money, the effect is to squeeze district budgets.

TRANSPORTATION

Transportation costs equal \$34 million this year, down 3.8% from last year. The district has reduced transportation spending in real dollars by \$7 million over the last five years by implementing various policies: the 2 mile walk zone; the decision that the district will not transport from the north side to the south side and vice-versa; school closings.

Charter school transport still presents challenges. The school district is required by state law to transport charter students anywhere in the city. It costs \$1,300 on average to transport a charter school student. It costs \$400 on average to transport a traditional public school student.

SPECIAL EDUCATION

Special Education enrollment has been steady in the district (about 6000 students) in recent years. But as enrollment overall declines, the percentage of special ed. students in the total school population

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increases. This is significant because the state and federal government do not provide sufficient funding to cover all special education costs. As such, those costs are cross-subsidized by general education dollars to the tune of \$21 to \$26 million. As the percentage of special education students grows, the cross-subsidy becomes more substantial. Increasing special education funding for all schools would significantly benefit Minneapolis.

SPECIAL EDUCATION TUITION BILLING

Special Education Tuition Billing occurs when students open enroll to other districts or go to a charter school. The school where the student attends can bill Minneapolis Schools for excess special education costs (the cross-subsidy amount referred to above). The total amount is around \$10 million. A large portion is ultimately reimbursed by the state, but at a discounted rate and two years later.

ENGLISH LANGUAGE LEARNERS

English Language Learners are also cross-subsidized (\$8 to 10 million). The number of ELL students has been flat in recent years. But with overall enrollment declining, the percentage of ELL students is increasing. An additional pressure is that an ELL student only qualifies for additional aid for five years regardless of whether he or she needs additional assistance thereafter.

SCHOOL BUILDINGS

Minneapolis has more school buildings per student than comparable districts. For instance, St. Paul has more students in 70 schools. Minneapolis has over 100 school buildings. With more buildings come higher fixed overhead costs. Smaller, community schools are tremendous assets to our communities and help with learning, but there is more the district can do (with state support) to share the costs of the buildings with other groups.

CLASS SIZE

Class size money has been under pressure for several reasons. Federal and state money for class size reduction has been cut. The class size referendum money is flat while the number of students has grown (over the course of the referendum period). Moreover, salaries and benefits have increased. In other words, the referendum was not designed to accommodate growth in pupils or costs.

Increasing class sizes by four students per grade level to 26 (K-3), 30 (4-8) and 32 (9-12) saved the district \$14.5 million. To reduce class sizes to 20 students (roughly where it starts to make a real academic difference) would cost about \$22 million per year. Assuming Minneapolis class sizes are close to the average, the statewide cost would approximate \$500 million per year.

