

MINNETONKA INDEPENDENT SCHOOL DISTRICT 276 2024 LEGISLATIVE POSITION STATEMENTS

Over the past two decades, Minnetonka Independent School District 276 has consistently increased standards for student achievement and continues to innovate to meet those standards. The District has maintained high standards for accountability, parent satisfaction and community support. The District has maintained these standards through prudent financial management, relying on various funding alternatives including budget efficiencies, cost containment, voter approved referendums and modest increases in state funding for selected revenue allocations. To ensure each student achieves their full potential, it is crucial that the State of Minnesota provide adequate funding at a consistent level that both covers inflation of expenses and increasing requirements. Absent that ability from the State of Minnesota, it is incumbent on the State of Minnesota to make available to local school boards mechanisms for additional referendum to make up for the great disparities in State Aid per school district that exist in Minnesota.

The following revenue items are crucial for not only Minnetonka ISD 276, but all school districts in Minnesota, to enable them to meet the needs of all students.

Increase the FY25 Basic Formula Revenue By 2% to 4% to Combat the Effects of Inflation

The Minnesota Legislature's 4.0% increase in Basic Formula Revenue for FY2024 was the first increase at or above the rate of inflation since 4.0% was provided in FY06 and 4% in FY07 after three consecutive years of 0% increases. Over the past 22 years since the General Education Levy was eliminated, FY03-FY25 inflation in Minnesota increased a cumulative 73.92%. Had the Basic Formula increased with the rate of inflation, it would have increased \$3,671 from \$4,966 in FY03 to \$8,637 for FY25. Meanwhile, the Basic Formula has actually increased only a cumulative 46.61% or \$2,315, which is \$1,356 below the rate of inflation over that time. The gap has more than doubled and increased 125% from FY21 to FY25. Inflation continues to run above the 2.0% increase provide for FY25. The Basic Formula for FY25 should be increased by an additional 2% (\$144) for FY25 from \$7,281 to \$7,425.

Increase the Special Education Cross Subsidy by an Additional 10% to 54%

The 2023 Legislature Increased the Special Education Cross Subsidy Aid to 44% of the actual amount. This has been great progress after many years of requested relief. If additional State revenues are collected from higher tax receipts, the Special Education Cross-Subsidy should be increased to 54%.

Approve Third-Tier Local Optional Revenue to Give School Boards Added Local Control to Offset Basic Formula Funding Shortfalls and Reduce the Impact of the Great Disparity in State – \$362 Per Adjusted Pupil Unit

Local Optional Revenue has given Local School Boards flexibility to try to offset annual shortfalls to inflation from the various State Funding formulas. Over the long term, it is reasonable to expect that there will be future funding shortfalls similar to the shortfalls of the past 20 years. In addition, there is a very large disparity in State Aid to school districts, with the bottom quartile of school districts receiving significantly less by \$1,000 or more than the State Average for State Aid. The Legislature should approve Third-Tier Local Optional Revenue in the amount of up to \$362 per district, with the amount being at the discretion of the local school board as an optional third tier to make up for the very large disparity in State Aid and partially alleviate future shortfalls as needed. Local school boards should have the discretion to use as much or as little of the levy authority as they deem appropriate, from \$0 up to \$362 per pupil. For school districts such as Minnetonka ISD 276, which annually receives over \$1,500 less per pupil in State Aid than the average Minnesota school district, having additional local authority is the only way to partially offset that large disparity in State Aid.

Increase Operating Referendum Cap for FY2025 And Thereafter to Reduce the Impact of Disparities in State Aid - \$750 Per Adjusted Pupil Unit

Basic Revenue is the main source of funding for school districts at between 55% and 60% of total revenues. The annual inflation adjustment has lost \$1,356 in purchasing power to inflation since the State took over full funding of the Basic Revenue in FY2003. As a result, many districts find it necessary to utilize Operating Referendums to ask the local public for additional resources to make up for any deficiencies in State Aid. The referendum cap, currently at \$2,202.89 for FY25, should be increased by \$750 per Adjusted Pupil Unit, to allow school districts to have the opportunity request their local populace to make up for the chronic shortfall in State Basic Revenue Aid and other State Aid disparities. This should be effective for FY25 to allow school districts to do a makeup levy on the 24 Pay 25 Property Tax Levy if their voter-approved referendum cap already exceeds the prior cap limit. For school districts such as Minnetonka ISD 276, which annually receives over \$1,500 less per pupil in State Aid than the average Minnesota school district, having additional local authority is the only way to partially offset that large disparity in State Aid.