

MINNETONKA INDEPENDENT SCHOOL DISTRICT 276 2019 LEGISLATIVE POSITION STATEMENTS

Over the past decade, Minnetonka Independent School District 276 has consistently increased standards for student achievement and continues to innovate to meet those standards. The District has also 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. In order 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.

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 Operating Referendum Cap by \$600

The Basic Formula revenue has lagged inflation by \$618 per pupil since 2002-2003, and the Legislature has been unable to have the Basic Formula Revenue keep pace with inflation from that time to the current year. The Operating Referendum Cap should be increased by \$600 per pupil. With a cap increase, school districts will be able to ask their voters if they would be willing to make up for what the State of Minnesota is unable to provide and bring their districts back to even with inflation. The current cap for Operating Referendum Revenue is \$2,024.89 for FY20. Minnetonka ISD 276 is at the cap for FY20 and thereafter absent any increase in the cap.

Increase the Basic Formula Revenue by 3.0% (\$190) in FY20 and 3.0% (\$195) in FY21

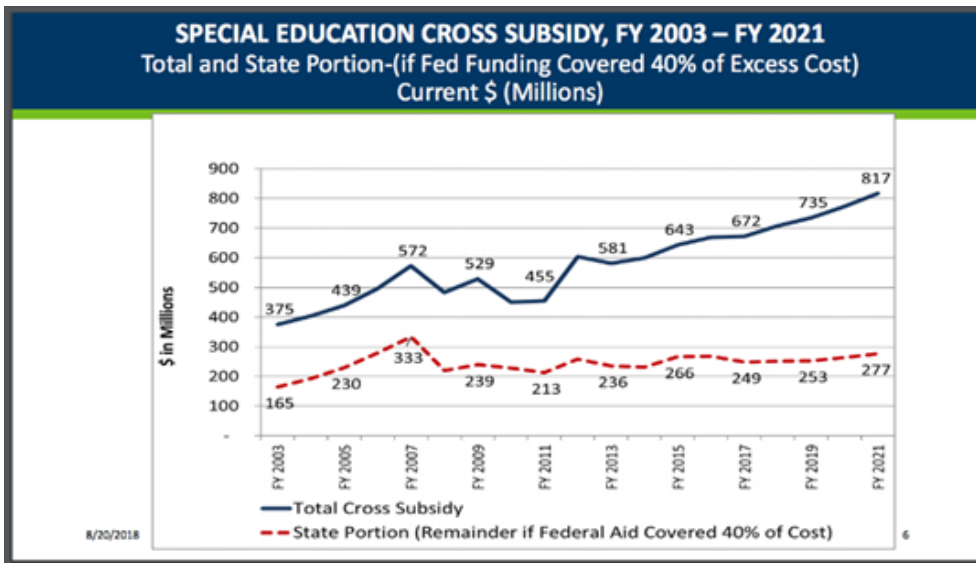
General Education Formula Allowance, 2003-2019
Adjusted for Pupil Weight Change and Inflation (CPI)



The 2013 Legislature provided funding increases to the formula for the first time in many years, and the 2015 Legislature provided 2% increases on the Basic Formula Revenue for FY16 and FY17, which were the first 2% year over year increases in over a decade. The Basic Formula Revenue increased again by 2% for FY18 and FY19. However, even those increases did not keep pace with inflation, which exceeded 2%, nor did they bring Basic Formula Revenue up to a level to keep pace with inflation since the 2002-2003 school year. To make up for that inflation loss would require an additional 9.8% - \$618 per pupil according to research produced by the Minnesota Association of School Business Officials (MASBO). It is important to increase the Basic

Formula by 3.0% (\$190) in FY20 and 3.0% (\$195) in FY21. These amounts would slightly exceed the MDE projected inflation rate of 2.36% for FY20 and 2.36% for FY21. It would chip away at the loss to inflation by \$40 in FY20 and \$41 in FY21, which would be the first gains against inflation for the basic formula in almost two decades. This will increase Basic Formula Revenue to \$6,502 per pupil in FY20 and \$6,697 in FY21. This revenue is critical to providing resources to fund student success in not only Minnetonka ISD 276, but also in school districts across the State of Minnesota.

Fully Fund Special Education by Eliminating the State Share of the Cross Subsidy



The 2015 Legislature increased special education funding by \$179.8 million over the FY16-FY17 Biennium, which narrowed the State of Minnesota share of the Statewide Cross Subsidy Deficit to approximately \$266 million, or an estimated \$305 per pupil. The Legislature should continue to reduce the Minnesota share of the Statewide Cross Subsidy Deficit by funding the approximately \$277 million shortfall in FY20 and FY21. This would provide approximately \$3,350,000 in Special Education Funding to Minnetonka ISD 276 in FY20 and FY21. It is critical to provide sufficient resources for

escalating Special Education costs in order to ensure that all K-12 programs continue to flourish for all students. The State should also continue to urge the US Government to live up to its obligation to fund 40% of Special Education mandates.

Allow Home School and Non-Public School Students to Qualify for Shared Time Aid for On-Line Courses

The Omnibus Education Bill of the 2005 Legislature changed funding for on-line learning such that Minnesota nonpublic schools students must enroll as a full time student in a Minnesota public school in order for them to generate funding for on-line learning courses. This prohibition should be removed from the statutes to allow all Minnesota students access to high-quality on-line learning courses.

Allow ISD 276 a One-Time Transfer of \$3.3 Million from the Community Education Fund Balance to the Operating Capital Fund for Construction of Additional Capacity for Community Education Programs

Minnesota Statutes allow Community Education revenue to be used for leasing a building for Community Education use and modifying a building for Community Education use. However, the Statutes do not allow Community Education revenue to be used for new construction for Community Education. Minnetonka Community Education has operated with a surplus over the last decade, to the point that unused revenues have built up in the Community Education Fund Balance to over \$4.1 million as of June 30, 2018. Minnetonka Community Education has a waiting list for many classes but currently does not have further space available at its facility to meet growing demand. A one-time exemption is being requested for Minnetonka ISD 276 to transfer \$3.3 million from the Community Education Fund Balance to the Operating Capital Fund. New construction is allowed as a use for Operating Capital Funds, and this transfer would therefore allow construction of an addition to the Minnetonka Community Education Center for Community Education Programs.

Provide Annual Inflation Increase to Local Optional Revenue

The 2014 Legislature provided \$424 per student in Local Optional Revenue to all Minnesota school districts through a combination of local levy and aid. Local Optional Revenue has no built in inflation factor, which means it will quickly lose several percent of its purchasing power each year. The Legislature should provide for an annual inflation increase to Local Optional Revenue. Catching up for lost inflation would provide an increase of \$43 up to \$467 in FY20 and \$11 up to \$478 in FY21.