



Hopkins School District 270 Finance Analysis

Funding, Inflation & School Performance



Ken Wolf & Bob Fallen
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About The Authors

A recognized expert in education finance, **Ken Wolf** served as a state legislator in Minnesota serving on the Education and Education Finance Committees from 1995 through 2002. During that time, Wolf published several papers addressing school finance. In 1997, Wolf was appointed to serve as Chairman of the Subcommittee on Government Efficiency and Oversight. **Bob Fallen** is the Founder of *Local Elections Matter*, an organization with a mission to inform citizens about local School Board governance processes and to motivate greater public engagement and amplification of matters that impact school districts. Fallen is also a volunteer with the Hopkins Schools Alliance, a local group of parents and residents concerned about the future of the Hopkins School District.

GOP lawmaker disputes claim that state 'underfunds' schools

State Rep. Ken Wolf is attempting a difficult task — to explain Minnesota's arcane education finance system to the masses and to refute the claim that state aid has not kept pace with inflation.



STEVEN DORNFELD
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In an eight-page newsletter to his district, the Burnsville Republican contends that unrestricted state aid to school districts has exceeded inflation by 9 percent since 1991. He says total state aid — including money earmarked for specific purposes — has exceeded inflation by 14 percent during the same eight-year period.

Wolf, who serves on the House school finance committee, says he prepared the newsletter because he got tired of hearing school officials say that "the state has underfunded education year after

year,' especially in the years Arne Carlson was governor."

"I took it kind of personally," he says.

Wolf, a former computer program and a numbers whiz, supports his assertions with a series of charts and graphs illustrating how the system works and how state support for schools has risen. He also contends that the system has been slightly more generous for the Burnsville district than for school districts statewide.

Duane Benson, president of the Minnesota Business Partnership and a former state senator, praises Wolf's newsletter as "almost revolutionary in this day and age. He's saying to his constituents: 'Stay with me now. I'm going to take a complicated issue and I'm going to try to explain it.'"

Officials of state education groups and the Burnsville school district express doubts about the accuracy of some of Wolf's numbers, but to date they have offered none of their own.

Wolf's newsletter went out over the Memorial Day weekend as Burnsville

School District 191 and a number of suburban districts like it were beginning to grapple with some difficult budget problems for the coming year.

Although the Minnesota School Boards Association has heralded the \$7.9-billion school aid package passed by the 1999 Legislature as the most generous in a decade, a number of districts are talking about the need to lay off teachers and make other "budget cuts."

Rep. Ken Wolf is attempting the impossible — to explain to constituents how Minnesota's arcane education funding system works.

In most cases, these "cuts" are not really cuts at all — but reductions in the spending increases that districts would like to make.

The main reason for the budget problems in many districts is that they have flat or declining enrollments. The bulk of state aid is distributed on a per-pupil basis.

But the Legislature did increase the amount of per-pupil aid by 4.7 percent in the first year of the biennium and 3.2 percent in the second year. It also provided a "partial" cushion for districts with declining enrollments. And it approved

Wolf's report makes important distinctions

To the editor:

Rep. Ken Wolf's (R-Burnsville) recent report, "Education Finance," has received a lot of attention, as it should.

If we are going to effectively involve parents and individual teachers in improving student achievement then we must ensure they have useful information. In the world of education finance and arguments over school funding, it's easy for people to throw around enough figures and accusations to confuse a brain surgeon.

Most people agree teacher compensation takes up the majority of any school district's budget. And, as illustrated by the trade-offs made by the St. Paul School District, we often end up having to decide between educational program offerings and differing levels of teacher pay raises.

To make the most informed decisions, we need to be able to distinguish between the increases actually received by individual teachers and the increase in the overall salary schedule. Generally, compensation for individual teachers exceeds the increase in the salary schedule.

Rep. Wolf's report did a marvelous job at making that important distinction. Next time your local school board announces a salary settlement calling for yearly compensation increases of 2.8 and 2.7 percent, you can ask if that is for individual teachers or for the salary schedule. By boiling it down to the impact on individual teachers, we can more accurately discuss if it was enough.

Rep. Wolf's report, combined with other legislative changes are making it possible for parents and teachers to better understand the issues of student achievement and school funding. Ultimately, our children will be the ones who will benefit from these efforts.

Duane Benson
Executive Director of Minnesota
Business Partnership

Education Funding Sources in Minnesota

For decades, the education community in Minnesota has stated that school funding has lagged inflation. The current version of this sentiment is that *the basic general education formula has lagged inflation* for the past 20 years. The basis of this premise is rooted in the **Estimated General Fund State Aid and Levy Revenues**, published by the Minnesota Department of Education (MDE). The “Basic” formula is one of only six commonly used categories utilized to calculate school funding from state and local sources:

- 1) **Basic**
- 2) **General Education**
- 3) **Special Education**
- 4) **Combined Aid**
- 5) **Combined Levies**
- 6) **Combined Revenues**

Basic represents the foundation of school district revenue, while Combined Revenues represent the total of state and local sources that fund public education. The term “basic general education formula” does not exist in the MDE database.

Commonly Used Funding Formulas (Categories)

Basic. The base level of public school funding, representing 44% of Combined Revenues.

Basic General Education. The same as Basic.

General Education. Combination of funds for the operations of the school district, representing 68% of Combined Revenues.

Combined Revenue. The sum of all state and local funding, representing 100% of funding. The true measure of school funding.

Combined Aid. Revenue provided by State government sources, representing 59% of Combined Revenue.

Combined Levies. Revenue provided by Local government sources, representing 41% of Combined Revenue.

Education Funding vs. Inflation (CPI)

While many claim “school funding has not kept pace with inflation” and one D270 board member stating the State Legislature has been “negligent in their duty”, Combined Revenue exceeded inflation by 23.2% from 2013-2023. The details can be found on P. 9 “*Hopkins D270 10-Year Per-Pupil Funding vs. Inflation (CPI)*.” **In that same period, per-pupil funding went from \$11,491 to \$17,105, ranking Hopkins amongst the top in the state for per-pupil revenue.**

Understandably, the public does not fully grasp the nuances of K-12 finance, and when they are told that K12 funding has lagged inflation, they assume that the funding of public schools in Hopkins has not kept up with inflation. Strictly looking at the Basic formula does not represent a complete picture of education funding and provides a misleading story that school funding lags behind inflation. Total Combined Revenue, which includes State Aid and Local Levies, is the only way to get a complete picture of the adequacy of education funding.

Cost structures for school districts vary, with many nuances and variables related to expenditures. However, the following information is based 100% on factual data available to the public.

Hopkins D270 20-Year Total Funding vs Inflation (CPI)

Description	FY 2003	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	8,241	7,015	(1,226)	(14.88%)	Student population decreased by nearly 15 percent
Consumer Price Index (CPI)	183.96	292.66	108.70	59.09%	CPI increased 2.95 percent per year
Basic Education Fund	44,467,561	52,637,837	8,170,276	18.37%	Basic increased 0.92% per year, under CPI by 2.04%
Other General Education	14,519,091	28,731,221	14,212,130	97.89%	General increased 4.89% per year, over CPI by 1.94%
General Education Total	58,986,652	81,369,058	22,382,406	37.94%	Basic & Gen increased 1.90% per year, under CPI by 1.06%
Special Education Fund	8,263,264	10,318,106	2,054,842	24.87%	Special Ed increased 1.24% per year, under CPI by 1.71%
Other Funds	3,487,642	28,304,775	24,817,133	711.57%	Other increased 35.58% per year, over CPI by 32.62%
Combined Revenue	70,737,558	119,991,939	49,254,381	69.63%	Funding increased 3.48% per year, over CPI by 0.53%
Combined Aid (State)	55,579,946	71,037,292	15,457,346	27.81%	Combined Aid increased 1.39% per year, under CPI by 1.56%
Combined Levies (Local)	15,157,612	48,954,647	33,797,035	222.97%	Funding increased 11.15% per year, over CPI by 8.19%
Total Combined Revenue	70,737,558	119,991,939	49,254,381	69.63%	Funding increased 3.48% per year, over CPI by 0.53%

Key Findings

- Combined Revenue for Hopkins D270 increased over inflation (CPI) by 0.53% per year for the past 20 years (2003-23).
- In 2003, Combined Revenue consisted of Basic (70%), Other General Ed (14%), Special Ed (10%) and Other Funds (6%).
- In 2023, Combined Revenue consisted of Basic (52%), Other General Ed (22%), Special Ed (15%) and Other Funds (11%).

Hopkins 20-Year Per-Pupil Funding vs Inflation (CPI)

Description	FY 2003	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	8,241	7,015	(1,226)	(-14.88%)	Student population decreased by nearly 15 percent
Consumer Price Index (CPI)	183.96	292.66	108.70	59.09%	CPI Increased 2.95 percent per year
Basic Education Fund	5,396	7,503	2,107	39.05%	Funding increased 1.95% per year, under CPI by 1.00%
Other General Education	1,762	4,096	2,334	132.50%	Funding increased 6.63% per year, over CPI by 3.67%
General Education Total	7,158	11,599	4,442	62.05%	Funding increased 3.10% per year, over CPI by 0.15%
Special Education Fund	1,003	1,471	468	46.69%	Funding increased 2.33% per year, under CPI by 0.62%
Other Funds	423	4,035	3,612	853.41%	Funding increased 42.67% per year, over CPI by 39.72%
Combined Revenue	8,584	17,105	8,521	99.26%	Funding increased 4.96% per year, over CPI by 2.01%
Combined Aid (State)	6,745	10,126	3,381	50.13%	Funding increased 2.51% per year, under CPI by 0.45%
Combined Levies (Local)	1,839	6,978	5,139	279.38%	Funding increased 13.97% per year, over CPI by 11.04%
Total Combined Revenue	8,584	17,105	8,520	99.26%	Funding increased 4.96% per year, over CPI by 2.01%

Key Findings

- Combined Per-Pupil Funding for Hopkins D270 Students increased over inflation (CPI) by 2.01% per year for the past 20 years 2003-23).

Hopkins D270 10-Year Total Funding vs Inflation (CPI)

Description	FY 2013	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	7,038	7,015	23	3.19%	Student population decreased by 0.3 percent
Consumer Price Index (CPI)	232.95	292.66	59.70	25.63%	CPI Increased 2.56 percent per year
Basic Education Fund	42,962,072	52,637,837	9,675,765	22.52%	Funding increased 2.25% per year, under CPI by 0.31%
Other General Education	20,270,650	28,731,221	8,460,571	41.74%	Funding increased 4.17% per year, over CPI by 1.61%
General Education Total	63,232,722	81,369,058	18,136,336	28.68%	Funding increased 2.87% per year, over CPI by 0.31%
Special Education Fund	7,203,263	10,318,106	3,114,843	43.24%	Funding increased 4.32% per year, over CPI by 1.76%
Other Funds	10,434,475	28,304,775	17,870,300	171.26%	Funding increased 17.13% per year, over CPI by 14.56%
Combined Revenue	80,870,460	119,991,939	39,121,479	48.38%	Funding increased 4.84% per year, over CPI by 2.27%
Combined Aid (State)	56,375,371	71,037,292	14,661,921	26.01%	Funding increased 2.60% per year, over CPI by 0.04%
Combined Levies (Local)	24,495,089	48,954,647	24,459,558	99.85%	Funding increased 9.99% per year, over CPI by 7.42%
Total Combined Revenue	80,870,460	119,991,939	39,121,479	48.38%	Funding increased 4.84% per year, over CPI by 2.27%

Key Findings

- Combined Revenue for Hopkins D270 increased over inflation by 2.27% per year for the past 10 years, (2013-23).

Hopkins D270 10-Year Per-Pupil Funding vs Inflation (CPI)

Description	FY 2013	FY 2023	# CHANGE	% CHANGE	NOTES
Average Daily Membership (ADM)	7,038	7015	23	0.03%	Student population decreased by .03%
Consumer Price Index (CPI)	232.96	292.66	59.70	25.63%	CPI Increased 2.56 percent per year
Basic Education Fund	6,015	7,503	1,398	22.90%	Funding increased 2.29% per year, under inflation by 0.27%
Other General Education	2,880	4,096	1,216	42.23%	Funding increased 4.22% per year, over inflation by 1.66%
General Education Total	8,985	11,599	2,614	29.10%	Funding increased 2.91% per year, over inflation by 0.35%
Special Education Fund	1,024	1,471	447	43.64%	Funding increased 4.36% per year, over inflation by 1.80%
Other Funds	1,482	4,035	2,553	172.26%	Funding increased 17.23% per year, over inflation by 14.66%
Combined Revenue	11,491	17,105	5,614	48.86%	Funding increased 4.89% per year, over inflation by 2.32%
Combined Aid (State)	8,010	10,126	2,116	26.42%	Funding increased 2.64% per year, over inflation by 0.08%
Combined Levies (Local)	3,481	6,978	3,497	100.46%	Funding increased 10.05% per year, over inflation by 7.48%
Total Combined Revenue	11,491	17,104	5,613	48.85%	Funding increased 4.88% per year, over inflation by 2.32%

Key Findings

- Combined Per-Pupil Revenue for Hopkins D270 exceed inflation (CPI) by 23.2% for the past 10 years, 2013-23.
- At \$17,104 in per-pupil spending, Hopkins D270 ranks amongst the highest per-pupil spending in the State of Minnesota.
- Per Pupil Combined Revenue increase nearly 49% from 2013-23, 23% above the inflation index (CPI).

Hopkins D270 School Funding vs. Student Performance

Since 2013, per-pupil funding increased 48.85% while average scores of K-12 students on the Minnesota Comprehensive Assessment (MCA) tests declined by:

Math (-34.5%), Reading (-18.0%) and Science (-42.4%)

	2013	2014	2015	2016	2017	2018	2019	2021	2022	2023	
MATH	62.0	63.7	57.3	59.7	61.0	60.0	54.5	48.1	41.8	40.6	-34.5%
READING	63.4	63.6	61.4	61.9	63.6	63.0	59.5	57.3	51.9	52.0	-18.0%
SCIENCE	51.4	53.8	51.1	53.1	52.1	46.9	47.8	47.2	35.3	29.6	-42.4%

Note: MCA Testing Cancelled in 2020



SOURCE: Minnesota Department of Education "Report Card"

Statewide 10-Year Funding Vs. Student Performance (ACT)

Over the past 10 years, per-pupil funding in Hopkins D270 increased 48.85% while average ACT scores in the Hopkins District declined by 8.4%.

YEAR	ENGLISH	MATH	READING	SCIENCE	COMP	AVERAGE
2013	23.7	22.9	24.5	23.5	23.8	23.7
2023	21.1	21.0	22.6	22.0	21.8	21.7
% Change	- 11.0 %	- 8.3 %	- 7.8 %	- 6.4 %	- 8.4 %	- 8.4 %

SOURCE: ACT

Data Sources

REVENUES

<https://public.education.mn.gov/MDEAnalytics/DataTopic.jsp?TOPICID=43>

Estimated General Fund State Aid and Levy Revenues, FY 2003 to FY 2025; NOV22 Forecast

Financing Education in Minnesota (2022-23)

A Publication of the Minnesota House of Representatives, Fiscal Analysis Department, Solveig Beckel, Fiscal Analyst

Minnesota School Finance: A Guide for Legislators (2022), MN House Research, Tim Strom, Legislative Analyst

ACT SCORES

<https://public.education.mn.gov/MDEAnalytics/DataTopic.jsp?TOPICID=87>

MCA TESTING

Minnesota Department of Education

[Public.education.mn.gov/MDEAnalytics/DataTopic.jsp?TOPICID=1](https://public.education.mn.gov/MDEAnalytics/DataTopic.jsp?TOPICID=1)

[Minnesota Report Card \(MDE\)](#)