

Minnesota Department of
Education

School Finance Division
February 2, 2012

At the request of Integration Task Force member Bob Erickson, School Finance Division staff costed out the following changes in the Integration Revenue Formula:

- 1) Reduce funding for Duluth from \$206/PU to \$129/PU (the current rate for suburban districts in the program with > 15% students of color)
- 2) Add a new funding rate of \$206 / PU for districts in the program, other than Minneapolis & St Paul, with > 50% students of color. Currently, that would include Columbia Heights, Richfield, Brooklyn Center and Worthington. We also did a variation including Osseo and Robbinsdale, which are very close to 50% but not quite there as of October 2011.
- 3) Provide an additional \$200,000 to MDE for program administration, focusing on accountability.
- 4) Reduce integration revenue formula to offset the net cost of changes 1, 2 and 3 above, so that state total revenue, aid and levy are unchanged as a result of items 1-4, with two variations:
 - a. Reduce the rate only for Minneapolis & St Paul.
 - i. When Osseo and Robbinsdale are excluded, this would be a \$4 reduction (from \$445 to \$441).
 - ii. When Osseo and Robbinsdale are included, this would be a \$40 reduction (from \$445 to \$405).
 - b. Reduce rates proportionately for all districts in the program.
 - i. When Osseo and Robbinsdale are excluded, rates would change roughly as follows:
 1. \$445 to \$443
 2. \$206 to 205
 3. \$129 to \$128
 4. \$92 to \$91
 - ii. When Osseo and Robbinsdale are included, rates would change roughly as follows:
 1. \$445 to \$431
 2. \$206 to \$199
 3. \$129 to \$124
 4. \$92 to \$89
- 5) Add a \$35/PU all levy component on top of the regular formula for St Paul, equivalent to what Minneapolis currently receives.
- 6) The changes would be phased-in, with partial implementation in FY 14 and full implementation in FY 15.
- 7) Language would be added to the law limiting the percent of funding for administration to 5% (current MDE guideline is 10%), and limiting the percent for training to 20% (current Mde guideline is 30%).

A spreadsheet summarizing the fiscal impact of the Erickson proposal is attached.

**Current I&E Revenue
Fiscal Model FY14**

Current Model

Tier I	St. Paul	75.32%	\$445
	Minneapolis	69.14%	\$445
Tier II	Duluth	17.40%	\$206
Tier III	Columbia Heights	65.50%	\$129
	Brooklyn Center	65.38%	\$129
	Richfield	64.83%	\$129
	Worthington	58.42%	\$129
	Robbinsdale	46.30%	\$129
	Osseo	45.03%	\$129
	Any other district	15%-45%	\$129
Tier IV	Any district	Less than 15%	\$92

Proposed Model 1a

Tier I	St. Paul	75.32%	\$441
	Minneapolis	69.14%	\$441
Tier II	Columbia Heights	65.50%	\$206
	Brooklyn Center	65.38%	\$206
	Richfield	64.83%	\$206
	Worthington	58.42%	\$206
Tier III	Robbinsdale	46.30%	\$129
	Osseo	45.03%	\$129
	Any district	15%-50%	\$129
Tier IV	Any district	Less than 15%	\$92

Proposed Model 1b

Tier I	St. Paul	75.32%	\$405
	Minneapolis	69.14%	\$405
Tier II	Columbia Heights	65.50%	\$206
	Brooklyn Center	65.38%	\$206
	Richfield	64.83%	\$206
	Worthington	58.42%	\$206
	Robbinsdale	46.30%	\$206
	Osseo	45.03%	\$206
Tier III	Any district	15%-50%	\$129
Tier IV	Any district	Less than 15%	\$92

Proposed Model 2a

Tier I	St. Paul	75.32%	\$443
	Minneapolis	69.14%	\$443
Tier II	Columbia Heights	65.50%	\$205
	Brooklyn Center	65.38%	\$205
	Richfield	64.83%	\$205
	Worthington	58.42%	\$205
Tier III	Robbinsdale	46.30%	\$128
	Osseo	45.03%	\$128
	Any district	15%-50%	\$128
Tier IV	Any district	Less than 15%	\$91

Proposed Model 2b

Tier I	St. Paul	75.32%	\$431
	Minneapolis	69.14%	\$431
Tier II	Columbia Heights	65.50%	\$199
	Brooklyn Center	65.38%	\$199
	Richfield	64.83%	\$199
	Worthington	58.42%	\$199
	Robbinsdale	46.30%	\$199
	Osseo	45.03%	\$199
Tier III	Any district	15%-50%	\$125
Tier IV	Any district	Less than 15%	\$89

* The proposed models include an allocation of 2/10 of 1% (\$200,000 annually) of the overall budget to provide oversight and evaluation at the Department of Education.