

Investing In Our Future



Seeking a fair,
understandable and accountable,
twenty-first century
education finance system
for Minnesota

July 2004

INVESTING IN OUR FUTURE

SEEKING A FAIR, UNDERSTANDABLE, AND ACCOUNTABLE
21ST CENTURY EDUCATION FINANCE SYSTEM FOR MINNESOTA

An Education Funding Reform Report and Related Recommendations
Submitted to Governor Tim Pawlenty, Deputy Education Commissioner
Chas Anderson, and Minnesota's Citizens

Submitted by the

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July 2004

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**EDUCATION FINANCE REFORM
TASK FORCE
PROJECT CHARTER**

Governor Tim Pawlenty first announced his intention to form a task force to examine K-12 education finances shortly after he was elected governor. On June 14, 2003, the Governor named a 19-member Task Force to focus on three questions as part of their project's charter. The Task Force was asked to examine and make recommendations to revamp Minnesota's K-12 education finance system. The questions were:

- Do Minnesota's education finance arrangements ensure resources are distributed "equitably" to students throughout the state and does Minnesota appropriately adjust state revenue allocations for legitimate cost differences between districts, including additional costs for "at-risk" students?
- Is Minnesota's education system understandable to the public and appropriately linked to accountability for student performance?
- Does Minnesota have a data system that enables all interests in the system, including the public, to have the same information examining school finance in Minnesota?

The Task Force began its work on August 11, 2003, and concluded their duties on March 15, 2004. Nine Task Force meetings were conducted during the seven months. The Task Force received expertise and assistance from the Minnesota Department of Education and Management Analysis & Planning, Inc. (MAP) of Nashville, Tennessee. MAP was the consultants contracted by the Department of Education to assist in Task Force discussions and recommendation development.

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July 2004

The Honorable Timothy Pawlenty
Governor, The State of Minnesota

Chas Anderson
Deputy Commissioner, Minnesota Department of Education

Citizens of the Great State of Minnesota

Dear Governor, Deputy Commissioner, and Citizens:

All of us who have participated in the Education Finance Reform Task Force's deliberations since August, 2003, have appreciated the opportunity to examine future needs of Minnesota's children and appropriate roles schools must play in preparing our state's 21st century citizens, leaders, parents, and employees.

Minnesota is a place rich in talent, leadership, resources, vision, and hope. As a people, we have created an enormously comfortable and fulfilling way of life. This bounty is a product of our rich land and the industry and foresight of thoughtful predecessors. However, also, in large measure, our well-being is an outcome of one of the contemporary world's most talented, hard working, and well-educated citizenry. In short, Minnesota's present success is also the product of past investments in its people.

The Task Force has reviewed both Minnesota's past and present conditions to study a more complicated situation likely to characterize our state's future. Once Minnesota's prosperity was tied to materials and crops that came from the ground. Now, and increasingly, the state's well being appears linked to resources that come from the mind. Thus, we conclude that a sustained public commitment to enhancing the state's human capital, education, is the key to Minnesota's successful future.

Human investment is the theme of this report. We offer a set of integrated education funding ideas intended to meet Minnesota's future challenges, the needs of its people and the aspirations of individuals and their families. These ideas are an attempt to make Minnesota's public schools more accessible, more effective, more accountable, and more creative.

We hope we have fulfilled your charge. It is our honor to convey this public policy report to you.

Ric Dressen, Chair
(For the Task Force)

INVESTING IN OUR FUTURE

SEEKING A FAIR, UNDERSTANDABLE, AND ACCOUNTABLE 21ST CENTURY EDUCATION FINANCE SYSTEM FOR MINNESOTA

EXECUTIVE SUMMARY

The Education Finance Reform Task Force believes that Minnesota has much about which to be proud when it comes to our public schools. The Task Force is eager to preserve this excellence. However, to do so, the state must anticipate a set of emerging societal and demographic conditions and accordingly alter the manner in which it operates and funds schools. These evolving conditions include:

- Achievement disparities occurring among our student ethnic populations,
- Limited English Proficient students are increasing in our schools,
- Student mobility from one school to another is creating greater educational demands,
- Students from families of poverty are increasing in our schools,
- Greater Minnesota's student population is in a steady decline,
- Minnesota's population is getting older and living longer,
- Minnesota's tax revenue, which supports public services, is slowing,
- Limitations in the current education funding formula, including its lack of understandability and limited link to student and school performance.

Minnesota must recognize the challenges of the conditions and the urgency to respond. To meet these challenges and the charge of the Task Force's charter, Minnesota should update the manner in which schools are funded in order to promote greater levels of student academic achievement, stimulate innovation and creativity in school operation, and enhance more efficient use of our available tax dollars.

The report's principal recommendation is that Minnesota's K-12 educational funding should:

- Be logically linked to and stimulate student learning,
- Elevate school accountability,
- Foster community engagement and encourage educator creativity,
- Continue to value educational choice,
- Sustain the state's progress toward funding equity,
- Be more understandable to the public.

Reform Plan for a 21st Century Minnesota School Funding System

Specifically, the Task Force suggests a six-point reform plan for a 21st century Minnesota school funding system.

1. *Minnesota's 21st century educational funding formula should be a rationally determined, learning-linked, student-oriented and cost-based Instructional Services Allocation.*

The Instructional Services Allocation (ISA) should be an annual revenue amount sufficient to cover full dollar costs of ensuring Minnesota public school students have an opportunity to achieve state specified academic standards. These standards are connected to a comprehensive instructional program offered by schools.

This formula should take into account the added costs included with *relevant characteristics* of each student (e.g., disabilities, poverty, school readiness, English language learners, and student mobility). In addition, Minnesota's new funding formula should compensate districts for *cost factors beyond their control* (e.g., student population sparsity, technology access, and higher costs of living).

2. *Minnesota education must be enhanced even further by linking education funding to school and student performance.*

The following accountability procedures and components should be implemented:

- The development of incentives and sanctions that encourages schools, teaches, and administrators to continuously improve and perform.
- Individual schools designated as prime units of accountability.
- State operated standardized "value-added" assessment system that annually appraises academic learning progress of Minnesota students.
- School based accountability information system that accurately links student performance measures (e.g., test scores, attendance, and discipline) with detailed data regarding school spending, and student characteristics (e.g., race, language, disability, and poverty level)
- Web-accessible, school based, information system enabling parents, citizens, educators and others quickly to compare academic performance of students, at a school relative to other schools

throughout the district and the state with similar student characteristics.

3. *A district's Instructional Services Allocation, regardless of revenue source, should be considered by the state as a local discretion, appropriately regulated Block Grant.*

This objective can be accomplished by increasing the flexibility allowed schools to be responsive to the ever-changing world of education and students they serve. Some funding regulation would need to occur at the state level to ensure necessary laws and mandates are met.

4. *School districts should continue to have state equalized revenue-raising authority to support locally preferred education activities, services and innovations through voter-approved referendums.*

The present funding provisions should be continued, enabling local authorities to add revenue to what the state prescribes as sufficient funding through voter-approved referendum elections. State funds would be available to equalize the ability of local districts to raise additional revenues with the level of equalization and referendum caps to be determined by the state. In voting for additional local funds, school districts would have to specify the purposes for which the added funds were to be used.

5. *Minnesota should promote innovation in education as a means of maximizing financial resources to school districts.*

A Minnesota Education Innovation Allocation will provide school districts and schools the opportunity to receive state funds for innovative endeavors that link learning to funding. Also, innovation would be promoted to release or gain modifications in the application of state statutes and/or regulations.

6. *Minnesota education funding should be conceived as a five-tier system:*

- *Instructional Services*
- *Local District Revenues*
- *Innovative Programs*
- *Categorical Programs*
- *Facilities and Debt Service*

This objective can be accomplished by developing a five-tier education finance system with each tier:

- Having a clear purpose,
- Being assessable for accountability and comparison.

The Task Force views this five-tier system as a framework that will require additional study, discussion and analysis by the state before it can be successfully implemented. The Task Force believes the next steps in preparing for implementation include:

- Conducting follow-up study and analysis to determine the accuracy of the school-level instructional programs identified by the Professional Judgment Panel study (Appendix C).
- Determining the dollar value of the Instructional Services Allocation (ISA) through additional study and analysis.
- Conducting research to determine the appropriate “weighting” for the various *relevant characteristics* of individual students and the appropriate funding adjustments for *uncontrollable conditions* impacting a school district.
- Addressing the challenges created by implementing a new educational funding system to individual school districts and schools.
- Determining the appropriate amount of state regulations for accessing Block Grant revenues and identifying the required categorical programs beyond the ISA.
- Determining a process for making the transition for school districts with operating levies to the new funding system, including the challenges related to school districts that could be financially harmed by a funding formula change.

Linking Funding Resources to Learning

To determine if such a system could be developed, the Task Force supported their charter’s contract for a Professional Judgment Panel study of Minnesota educational costs. The Professional Judgment Panel process (See Appendix C), and its results, provided information to the Task Force members that an Instructional Services Allocation funding approach could be developed for Minnesota schools. The completed Professional Judgment Panel’s study is an initial step in providing rationally determined, learning-linked costs for educating Minnesota students.

The Task Force believes Minnesota must actively pursue a new system for funding our public schools. We cannot delay. The framework for seeking a fair, understandable and accountable 21st century education finance system for Minnesota has been reflected in this report. The Task Force is confident that with further study, dialogue, debate and analysis by Minnesota educators, elected officials and citizens; our state can complete the work that will constitute the Task Force’s recommendations.

July 2004

Mr. Ric Dressen
Chair, School Finance Reform Task Force

Dear Ric:

We, the undersigned members of the Education Finance Reform Task Force, respectfully request our letter of dissent be included in the report. We applaud the call for innovation in Governor Pawlenty's charge and his repeated interest in looking at creative ways to fund and reform Minnesota schools. We respect all task force members and their work but fundamentally disagree with the focus and recommendations.

Innovation, reform, pilot projects, and accountability based on student results, were given little consideration by the task force. Doing more of the same holds no promise for thousands of Minnesota students left behind by the current system. Each year 14,000 Minnesota teens either dropout or do not graduate with their class. Fewer than half of Minneapolis students receive a diploma. One-third of high school graduates who attend state colleges or universities need to take remedial math, reading, or writing. Doing more of the same holds no promise for the future of Minnesota whose only competitive advantage in the global economy will be the skills....of the entire workforce.

Sending more money to school districts in block grants with fewer strings attached does not, in our opinion, increase accountability. Relying on traditional providers to determine the cost of education through "professional judgment panels" does not, in our opinion, increase accountability because it does not link spending to student results.

When one considers the following, it is imperative that other perspectives be included: One fourth of Minnesota's students receive all or part of their education in non traditional settings such as: area learning centers, charter schools, post secondary enrollment options, home schools, or learning on line. Another ten percent attend private or religion based schools. There are school models here, and in other parts of the country, that successfully educate students we leave behind. Funding reform that disregards these growing trends and successful models ignores the possibility that there are better, more efficient, and more cost effective methods of educating all children for successful lives.

If we are to truly reform school finance and educate all children, everything must be on the table. There can be no sacred cows. The achievement gap threatens our people and our state. Bold solutions like the Governor envisioned must be considered.

Sincerely,

Mark Myles
Dee Thomas

Section I.

MINNESOTA'S CHANGING PROFILE

Minnesota is a successful state with a social and economic profile placing it among our nation's most preferred states. This is no accident. On virtually every dimension of note, Minnesota fares well. It presently ranks:

- 2nd among all states with the lowest per capita poverty rate,
- 1st in the nation in women labor force participation,
- 4th in the nation in terms of male labor force participation,
- 4th among states with health insurance coverage,
- 2nd in the nation in home ownership,
- 8th in the nation in median family income,
- 15th in percent of families with annual income exceeding \$100,000 ,
- 2nd in nation in population percent with at least a high school education.

Current prosperity, both economic and civic, is the result of wise planning – especially in the area of education. But times are changing, and concern about the current system is increasing. Governor Tim Pawlenty expressed his concern in his 2003 State of the State speech when he stated, “As good as our schools have been, we are leaving too many children behind. And the sad reality is, they tend to be poor, disabled or children of color.”

In addition, a common criticism is that education funding is far too complicated for the average person to understand. That lack of understanding in turn makes it difficult to know where to assess accountability, and nearly impossible for taxpayers to make informed decisions on how to best invest scarce dollars. Lack of understanding of the finance system also leads to frustration, and skepticism that money is being wisely spent. Another concern is that the current system is not nimble to change, and is therefore unable to meet the changing needs of society.

There are important indicators suggesting that unless steps are taken now to address evolving educational, demographic and economic conditions, Minnesota may slip in its level of academic success and achievement. In the pages to follow, the Task Force examines many of these issues, as it is their affect on the state's education system that framed the charge of the Task Force.

Emerging Challenges

The Task Force identified eight emerging challenges that are impacting Minnesota public education and the funding of this system.

1. Achievement Gap

Minnesota consistently displays among the highest levels of academic achievement in the nation. Student achievement data on the 2000 National Assessment of Educational Progress (NAEP), which is a measure that compares one state with another, indicates that Minnesota is well ahead of the rest of the nation. For example, in fourth and eighth grade mathematics, the achievement of Minnesota students was number one in the nation. And on the NAEP reading exam, Minnesota ranked in the top 10 (Refer to Figure 1).

However, when data is disaggregated, a different picture appears. Education Trust is an organization that examines achievement data from the NAEP test to demonstrate the relative size of the achievement gap from state to state. Education Trust found the achievement of black students in Minnesota is nearly 3 years behind that of white students in fourth grade math. Additionally, the gap is more than 4 years for black students in eighth grade science, and states such as Georgia, Louisiana and Mississippi have less of an achievement gap than Minnesota does.

Another example is eighth grade reading where Minnesota has one of the largest achievement gaps in the nation. There is a 4-year difference between the achievement of black students and white students. In other words, many eighth grade black students are starting high school reading at a level comparable to that of a white fourth grader.

Figure 1

**Summary of National Assessment of Educational Progress Performance
(Average Scores)**

Year	Subject	Overall		Ethnic Subgroups							
				White		Black		Hispanic		Asian/Pacific	
		Nat.	MN	Nat.	MN	Nat.	MN	Nat.	MN	Nat.	MN
1992	Math – Gr. 4	219	228	227	231	192	193	201	-	231	208
2003	Math – Gr. 4	234	242	243	246	216	219	221	220	246	229
1992	Math – Gr. 8	267	282	276	284	236	-	247	-	290	-
2003	Math – Gr. 8	276	291	287	295	252	251	258	262	289	284
1992	Reading - Gr. 4	215	221	223	224	192	191	199	203	214	-
1998	Reading - Gr. 4	215	222	225	226	193	190	195	203	222	216
1998	Reading – Gr.8	261	267	268	273	242	231	241	--	261	236
2003	Reading – Gr.8	261	268	270	269	244	243	244	240	268	257

Source: Minnesota Department of Education

Minnesota’s high school graduation rates indicate a similar gapping between white and black students. Overall, the state has one of the highest graduation rates in the country. Eighty-seven percent of white students graduate, while only forty-three percent of black students successfully graduate from high school (Refer to Figure 2).

Figure 2

2002 Minnesota High School Graduation Rates

	Percent Graduating
All Students	82%
White Students	87%
Black Students	43%

Source: Manhattan Institute for Public Policy Research

The impact on Minnesota public schools includes:

- Minority student populations require additional staff resources to minimize their achievement gap.
- Minnesotans lack of understanding in the variances occurring within various student ethnic populations.

2. Student Population Diversity

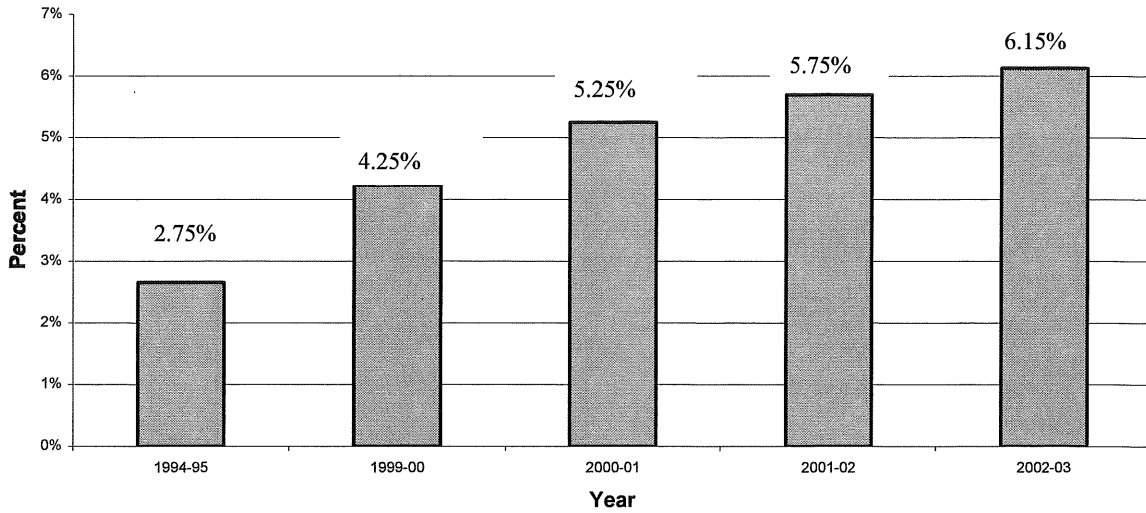
Minnesota is a growing state. The state’s population gains substantially outstrip other midwestern states. Migration continues to be a major factor in population growth. Nearly half of the state’s rapid growth in the 1990s was due to migration from other states and countries. The migration brought many cultures with immigrants speaking many different languages. Today, nearly 100 different languages are spoken by students in the Minneapolis and St. Paul School Districts (Refer to Figures 3 & 4).

The impact on Minnesota public schools includes:

- The number of Limited English Proficient students has increased dramatically over the last decade,
- School districts throughout the state, particularly in southern and central regions, have a substantial proportion of Limited English Proficient students attending their schools.

Figure 3

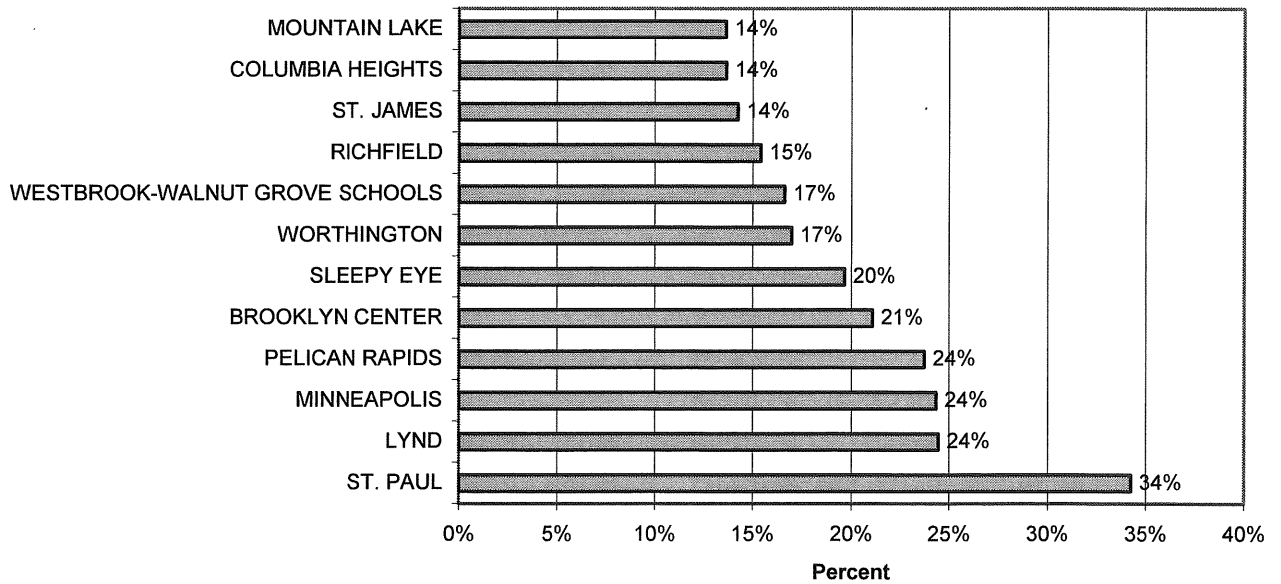
Limited English Proficient Students as a Percent of Total Enrollment



Source: Minnesota Department of Education

Figure 4

Limited English Proficient Students as a Percent of Total Enrollment for Selected Districts



Source: Minnesota Department of Education

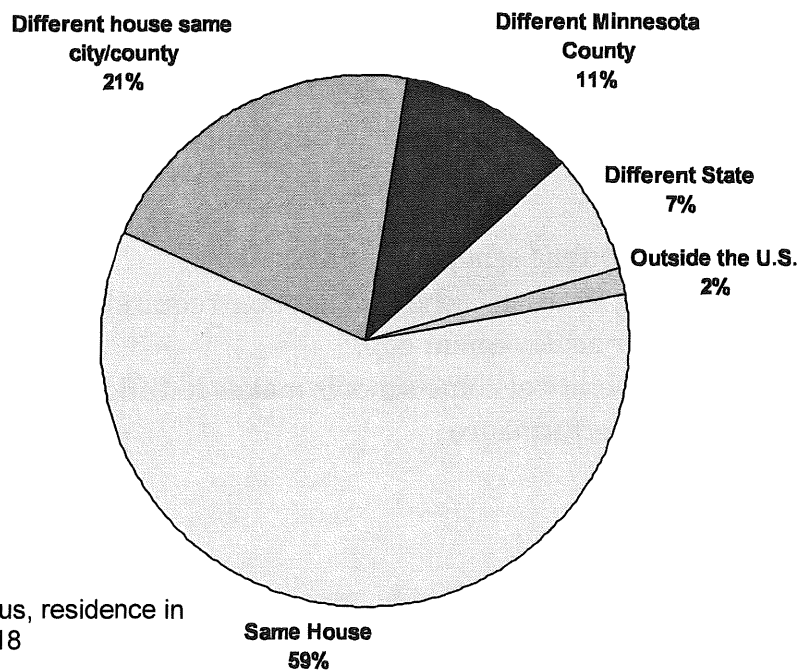
3. Student Mobility

Success at school has been linked to a stable living environment. However, many Minnesota families are becoming increasingly mobile. Between 1995 and 2000, more than forty percent of Minnesota's children moved (Refer to Figure 5). Most of this movement was within the same city and county or to another county in Minnesota.

Approximately 13.6% of Minnesota public school students transfer between schools in a given school year. Most of this movement occurs between school districts within the state (Refer to Figure 6).

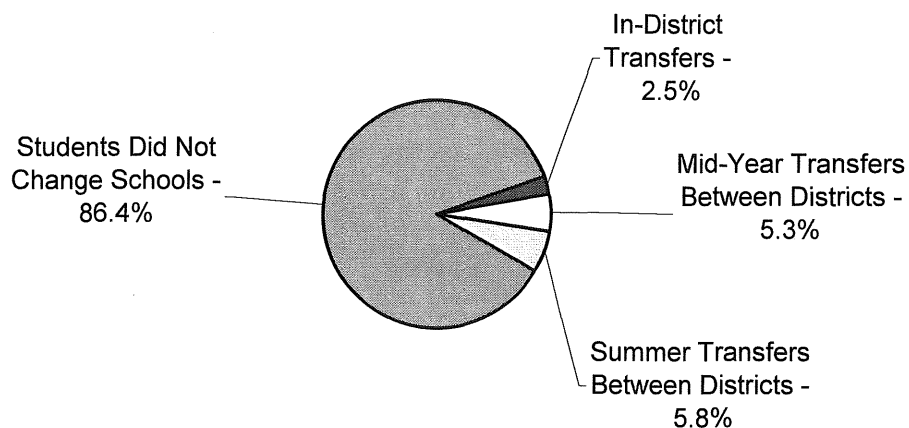
Figure 5

**Change in Residence between 1995 and 2000
For Ages 5 to 18**



Source: 2000 Census, residence in 1995, for ages 5 to 18

Figure 6
2002-03 Change in School Attendance of Minnesota Students



Source: Minnesota Department of Education

The impact on Minnesota public schools includes:

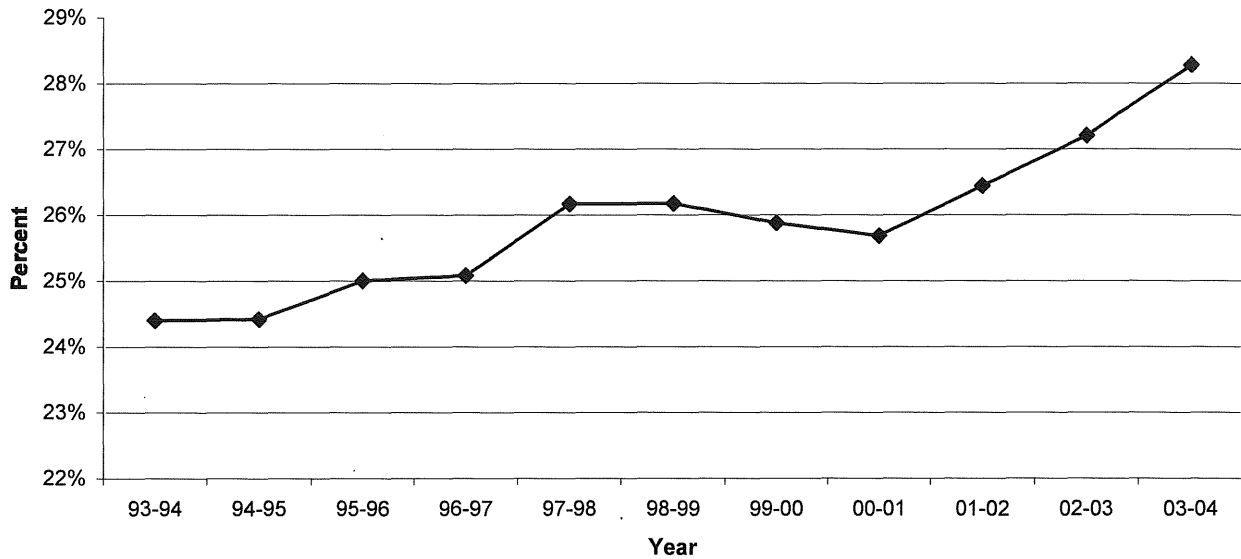
- Students moving from one school to another require additional staff resources to minimize their achievement gap.
- High student mobility at some schools makes it difficult to measure and/or improve school performance.

4. Increased Poverty

The 1990s were a prosperous decade, especially in Minnesota. During this decade, Minnesota saw significant improvement in the economic condition of children. According to the 2000 census, approximately 7% of Minnesota children between ages 5 and 17 live in poverty. During the late 1990s, there was also a decrease in the percentage of students meeting the income eligibility requirements for Free and Reduced Meal Programs. This trend has reversed in the early years of the 21st century (Refer to Figure 7).

Figure 7

Percent Free and Reduced Meal Eligible Students to Total Enrollment



Source: Minnesota Department of Education

The impact on Minnesota public schools includes:

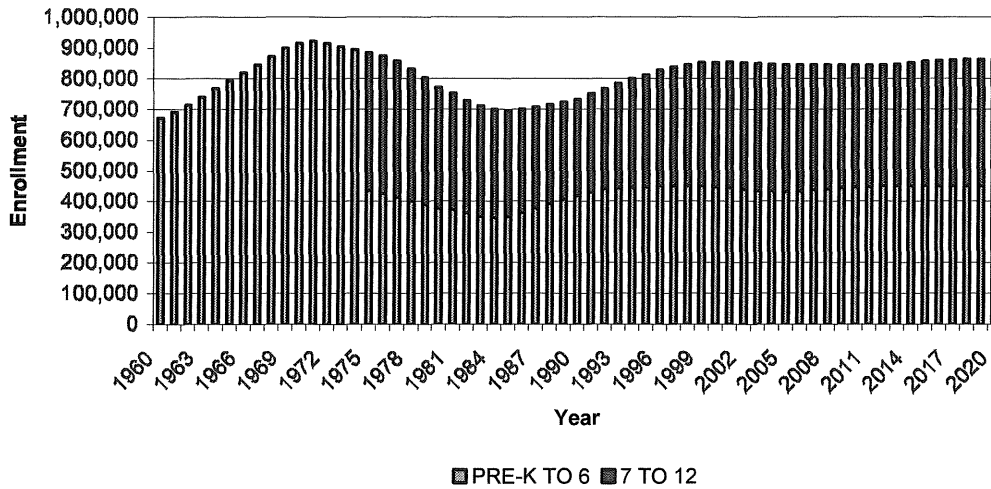
- The need for additional educational services required from schools that are servicing students who meet eligibility requirements.
- Additional school support services are often required for students who meet eligibility requirements, including school readiness, health, counseling and academic advising.

5. Rural Decline

Minnesota's student enrollment is projected to remain essentially level through 2020. Figure 8 shows this projection and notes that since the mid 1980s there have been more secondary and fewer primary students.

Figure 8

AVERAGE DAILY MEMBERSHIP, 1960 TO 2020



Source: Minnesota Department of Education

Minnesota has experienced a shift of its population from rural areas, especially the prairie, to metropolitan and suburban areas. Areas of the state that have experienced significant declining population are the northwestern, western and southwestern regions of the state (Refer to Figure 9).

Young adults tend to migrate from the rural areas and with fewer young adults, fewer babies are born and rural school districts experience significant enrollment decline. As a result, the density of children in these districts is becoming very sparse (Refer to Figure 10).

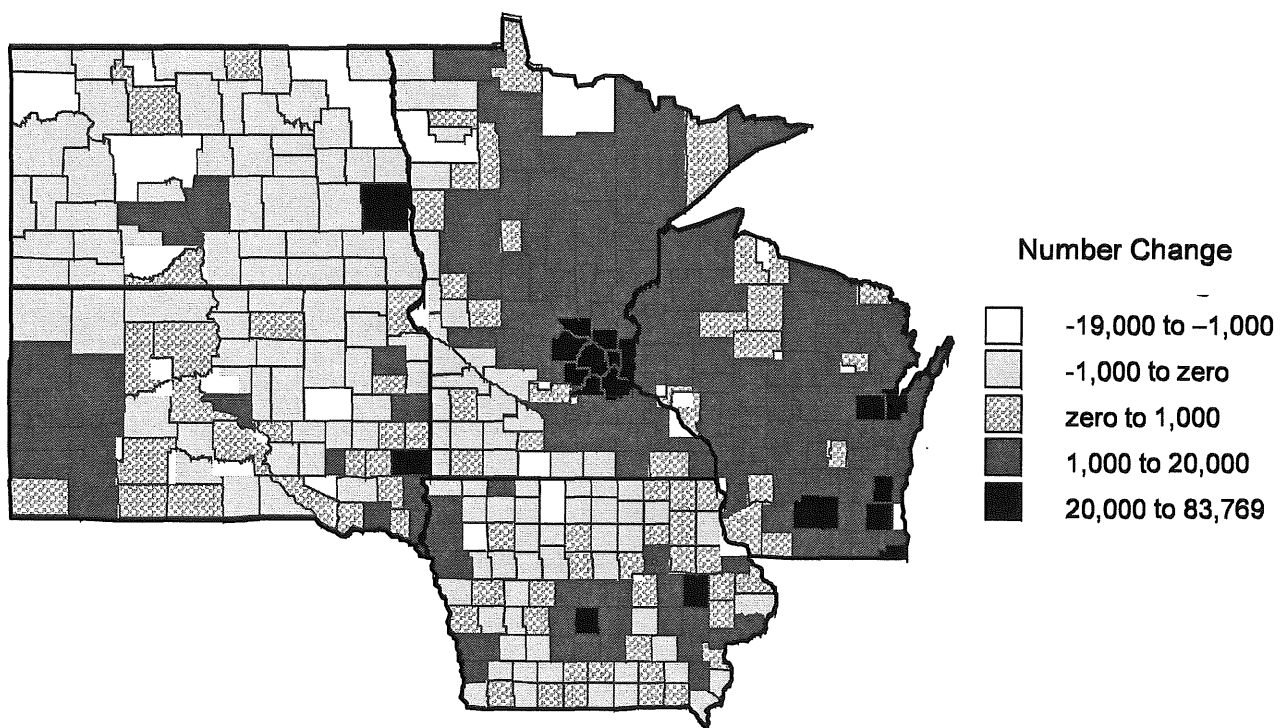
The impact on Minnesota public schools includes:

- Transportation to and from school becomes an issue of time and money,
- An individual school district's limited enrollment affects the range of educational programs and services available to students,
- The suburban areas, particularly in the northern and western parts of the Twin Cities metropolitan area are experiencing significant growth, resulting in higher population density of school age children.

Figure 9

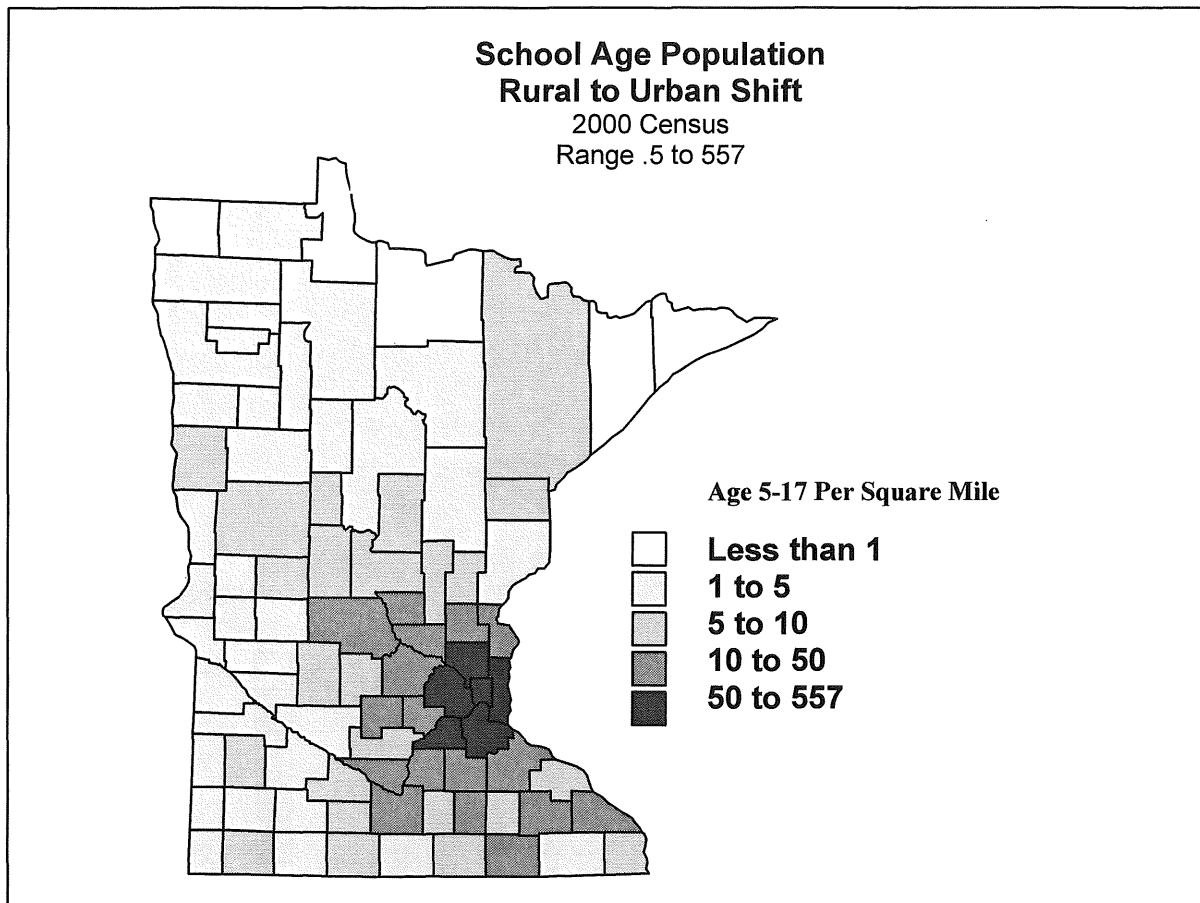
Change From 1990 to 2000

Five-State Area County Population



Source: 2000 Census

Figure 10



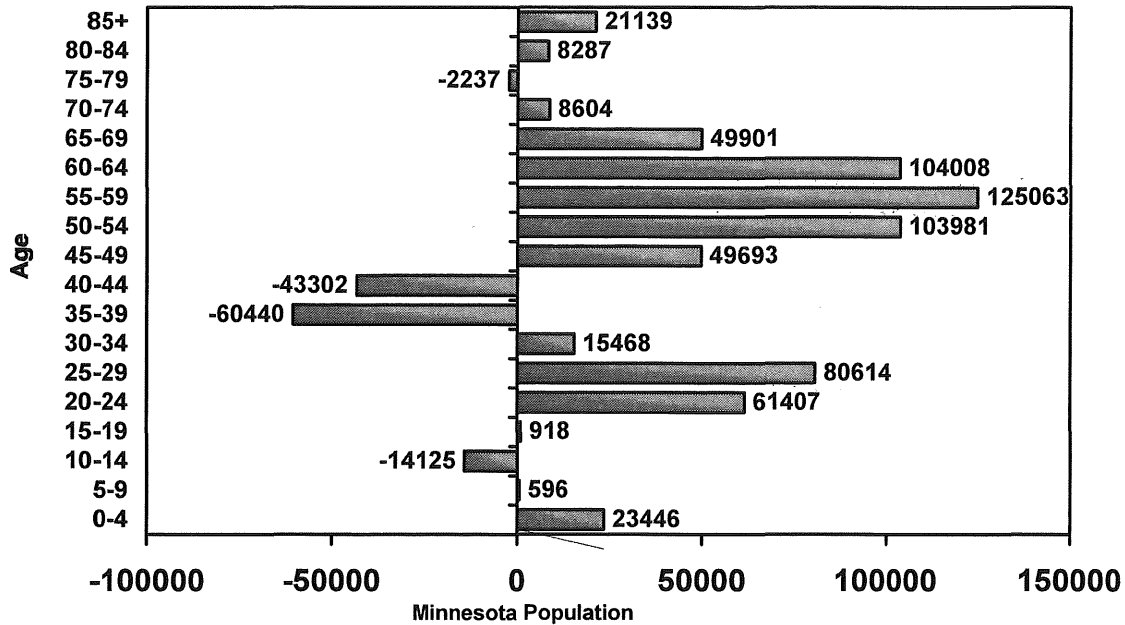
Source: 2000 Census

6. Aging Population

Minnesota, along with the entire country, is aging. During the first decade of the 21st century, the largest projected age group will be people in their 50s. Meanwhile, the 35-44 and 10-14 age cohorts are projected to decline (Refer to Figure 11). As this population continues to age, a growing share of public resources will be needed for health care and other services for older citizens.

Figure 11

Projected Change In Minnesota Population 2000 to 2010



Source: 2000 Census

The impact on Minnesota public schools includes:

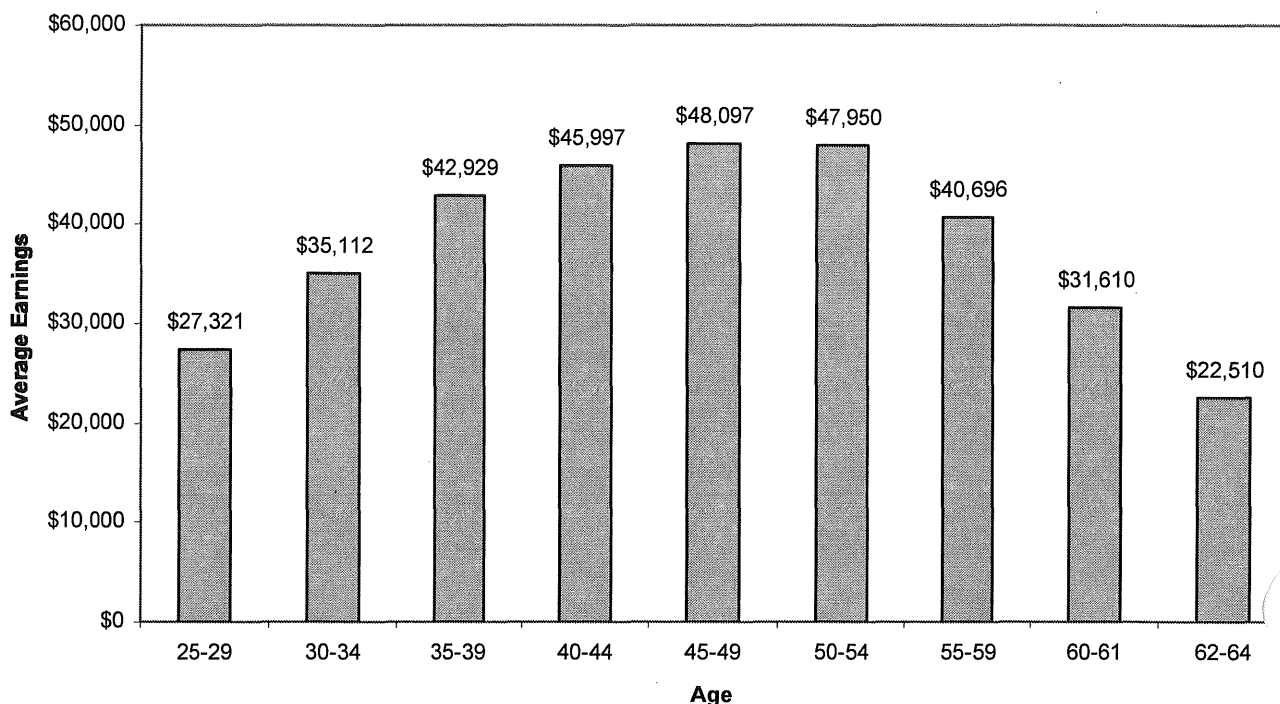
- As the population ages, their willingness and ability to pay for public schools may diminish.

7. Stagnating Taxes

As Minnesota's population ages, there will be fewer people in their high peak earning years. Personal income and personal consumption is a major source of tax revenue for government. Lower earning and lower consumption may likely lead to slower growth in tax revenues. This may diminish revenues available to support government programs (Refer to Figure 12).

Figure 12

Average Earnings of Minnesotan's by Age Group



Source: 2000 Census

The impact on Minnesota public schools includes:

- Greater competition for the available tax dollar among education and other government programs and services,
- The growing pressure to maximize school funding efficiencies and increase funding accountability.

8. Limitation of Current Finance Formula

The current finance formula has evolved from the formula established in 1971 often known as "the Minnesota Miracle." Over the past 30 years, Minnesota has successfully modified this formula addressing various initiatives in funding challenges, including:

- Sparsity funding,
- Limited English Proficiency formula,
- Training and Experience funding,
- Statewide Early Childhood Family Education formula,
- School Integration funding,
- Compensatory revenue,

- Equity revenue,
- Equalization aid,
- Special Education excess cost aid,
- Online learning formula.

This evolution in the formula has created a complex funding system that requires more than 1,000 lines of funding calculations to determine a school district's available revenues.

In addition to the revenues allowed by the state funding formula, school districts may receive additional revenues with a voter-approved referendum election. The maximum allowance is capped in state statute, except for districts receiving sparsity revenues. In fiscal year 2005, 87% of school districts will have approved operating referendums.

The impact on Minnesota public schools includes:

- The current funding formula is extremely complex and difficult to administer,
- The current funding formula is linked closely to the amount of tax revenue available and not to student or school performance,
- School districts in the state of Minnesota are passing operating levies to meet basic education services rather than adding services preferred by the community.

Education Finance Reforms Designed to Address the Challenge

These are challenges that the state of Minnesota must address to ensure that our greatest resource – our young people – receives a quality education. This quality education for all Minnesota students must be a cornerstone for our future prosperity.

The Task Force recognizes that future educational funding must be a driving force as the state addresses the challenges in the kindergarten to grade twelve education system. Future education funding must be:

- Student focused,
- Equitable,
- Responsive to the changing world of education,
- Understandable to the public,
- Accountable for student learning, and
- Aligned to student performance.

The Task Force's six-point reform plan has been designed to respond to the challenges facing Minnesota and the funding of its public schools.

Section II.

THE GOVERNOR'S AND COMMISSIONER'S CHARGE: THE TASK FORCE'S RESPONSE

The Task Force's charter from Governor Pawlenty and Commissioner Yecke requests ideas to reform Minnesota's school funding mechanisms, ensuring:

- Revenues sufficient to meet 21st century performance expectations for schools and students,
- Equitable treatment for similarly situated students and taxpayers,
- Responsiveness to continually evolving societal conditions and educational expectations,
- Accountable use of and high-performance returns from the public's education funding investment,
- Continued availability of program opportunities and public education choice for students and families,
- Clear and understandable formulas for citizens, professional educators, and policy makers, and
- Innovative and creative solutions and practices are encouraged to enhance instructional effectiveness and management efficiencies.

The Task Force recognizes the limitations of its work and views the six-point reform plan described below as a starting point in shaping future Minnesota education policy. The Task Force's charge did not include detailed study in the following areas related to school funding:

- Transportation
- Special Education
- Personnel management
- Expenditure controls
- Revenue options

A Six-Point Reform Plan for a 21st Century Minnesota School Funding System

The School Funding Task Force approached this charge by distilling six components around which to construct a modern education finance system:

1. *Minnesota's 21st century education funding formula foundation should be a rationally determined, learning-linked, student-oriented, and cost-based "Instructional Services Allocation (ISA).¹"*
2. *Minnesota education must be enhanced even further by linking education funding to school and student performance.*
3. *A district's Instructional Services Allocation should be considered by the state as a local discretion, appropriately regulated, "Block Grant²."*
4. *School districts should continue to have state-equalized revenue-raising authority to support locally preferred education activities and services, and innovation through voter-approved referendums.*
5. *Minnesota education should promote innovation in education as a means to maximize financial resources to school districts.*
6. *Minnesota education funding should be conceived as a five tier system:*
 - *Instructional Services*
 - *Local District Revenues*
 - *Innovative Programs*
 - *Categorical Programs*
 - *Facilities and Debt Service*

Recommendations in Detail

1. *Minnesota's 21st century education funding formula foundation should be a rationally determined, learning-linked, student-oriented, and cost-based "Instructional Services Allocation (ISA).³"*

¹ The linking of a district's or school's revenue eligibility to an opportunity to achieve state specified academic standards is the explanation for why this funding format is known as "Instructional Services Allocation (ISA) Financing."

² "Block Grant" is a public finance label for relatively unrestricted revenue approved by one level or agency of government to be spent at the discretion of another. A granting authority often specifies the purpose, but not the object, of expenditures.

³ The linking of a district's or school's revenue eligibility to an opportunity to achieve state specified academic standards is the explanation for why this funding format is known as "Instructional Services Allocation (ISA) Financing."

The Instructional Services Allocation (ISA) should be an annual revenue amount sufficient to cover the cost of educating Minnesota students through the Minnesota academic standards⁴. These standards would be connected to a comprehensive instructional program offered by schools.

The dollar value of an "Instructional Services Allocation" (ISA) should be:

- *Cost-based* by translating the abstract costs into actual school and district operating costs.
- Funded on an individual student basis.
- Tailored to *relevant characteristics* of each individual student. "Relevant characteristics" means a student's grade level and incorporates, where appropriate, extraordinary conditions such as:
 - student disabilities,
 - household or neighborhood poverty,
 - pre-K or Kindergarten readiness,
 - English language learners,
 - high incidence of school-to-school mobility.

The ISA would continue the present Minnesota practice of "weighting" students in order to compensate districts for the added expense of instructing students with these at-risk characteristics. The level of the weighting is addressed more specifically in the following report section (See Appendix C). Additional research and study needs to occur to determine the appropriate "weighting" of characteristics not addressed in the report's study.

- Adjusted for *uncontrollable conditions* beyond district, school, household, or student immediate influence such as:
 - "necessary" small school districts,
 - student population sparsity,
 - geographical remoteness,
 - technology access,
 - regional labor market cost differentials.

Further research and study needs to occur related to the appropriate funding measurement for "weighting" these conditions.

⁴ The ISA would comprise "Tier I" of a proposed 21st century Minnesota Education Finance plan.

- Periodically re-examined to ensure sustained relevance to state specified academic standards, public expectations, and economic fluctuations such as inflation and deflation.

The ISA is intended to cover full *instructional* costs of providing each student with an opportunity to learn what Minnesota specifies as important for a student to know and be able to do. The ISA concept is meant to include funding for instructional activities and a range of other services that a district undertakes in immediate support of instruction (e.g., administration, testing, maintenance, and school board meetings).

The principle of this recommended allocation model will shift education funding to a more rational, transparent, and publicly understood basis. Once instructional and operational costs are reasonably determined and sufficiently funded, local education officials have an obligation to ensure public resources are deployed efficiently and students achieve to high standards.

2. *Minnesota education must be enhanced even further by linking education funding to school and student performance.*

There has to be a strong relationship between student performance and education funding and instruction-related variables. This accountability component should be linked to school sites. It is tightly tied to the presence of a complete and well-operated statewide information system that collects performance and financial data, school by school throughout Minnesota. This would include:

- The development of incentives and sanctions that encourages schools, teachers, and administrators to continuously improve and perform.
- Individual schools designated as prime units of accountability.
- State operated standardized “value-added” assessment system that annually appraises academic learning progress of Minnesota students.
- A school-based accountability information system that accurately links student performance measures (e.g., test scores, attendance, and discipline) with detailed data regarding school spending, and student characteristics (e.g., race, language, disability, and poverty level).
- A web-accessible, school-based, information system enabling parents, citizens, educators and others quickly to compare academic performance of students, at a school relative to other schools throughout the district and the state with similar student characteristics.

Minnesota is presently making progress in this direction and some components of modern information and management systems are in place. These efforts should be pursued with a great sense of urgency as Minnesota cannot have a modern education accountability system and cannot move to a performance-funding approach until these challenges are overcome. The components include:

- Standard and Poor's School Evaluation Services: Standard and Poor's School Evaluation Services currently maintains a website providing detailed finance, school environment and student performance data, and return on the resources analysis by school district for the states of Michigan and Pennsylvania. In the near future, Standard and Poor's School Evaluation Services will expand this website to include data analysis for all states, including Minnesota. More information can be found at <http://www.schoolresults.org/>.
- Minnesota School Report Card: The Department of Education has developed a Report Card for each school in the state of Minnesota, which provides clear, concise information for the public on student and school characteristics, student performance and district finances. Most of the information on the Report Card is school-site specific and financial data is currently reported at the district level. Modifications are being made in this Report Card to enhance the reporting process and shared data. More information can be found at http://education.state.mn.us/html/intro_schools_districts.htm.
- School Building Level's Revenues and Expenditures: Current Minnesota law requires school districts to maintain separate accounts to identify revenues and expenditures by building. Data reporting inconsistencies among the districts have limited the usefulness of the data for school district comparisons. The Department of Education is proposing amendments to the current law to ensure that building level expenditure data is reported in a more uniform manner and plans are to add site-specific finance data to the Report Card to be issued Summer of 2005.
- Value-Added Assessment System: Minnesota Comprehensive Assessments (MCA's) are currently in place for students in grades 3, 5, 7, 10, and 11. MCA's for students in grade 4, 6, and 8 are being field tested in fiscal year 2005. In fiscal year 2006, the MCA's for grades 4, 6, and 8 will become operational and provide baseline data needed for future value-added assessments. These assessments provide an annual academic measurement of student growth.

These assessments will measure growth in individual student academic achievement by making longitudinal comparisons in individual student educational progress over time. Since at least two years of data are needed for value-added assessments, fiscal year 2007 will be the first year these assessments would be fully implemented.

The Task Force did not have the time to engage in a detailed design of a set of professional rewards or consequences linked to student and school performance. However, such systems exist drawing upon ideas such as alternative compensation models and school recognition programs. The state is encouraged to explore the benefits of professional rewards and consequences and, where appropriate, apply them in Minnesota.

3. *A district's Instructional Services Allocation (ISA), regardless of revenue sources, should be considered by the state as a local discretion, appropriately regulated "Block Grant."*

The recommendation is that, within appropriate boundaries, the state be responsible for education's *Mission, Money, and Measurement*. This is the *what* and *why* of schooling.

Local officials should be authorized to determine *Manner* and *Methods* of schooling. This is the *how* of it all. A "Block Granting" of ISA's maintains this balance.

The "Block Granting" takes advantage of local creativity and innovative energy within schools. The increased flexibility also allows schools to be responsive to the ever-changing world of education and the students they serve. Teachers and principals should be permitted, indeed encouraged, to try alternate means that might result in even added amounts of student learning. Ideally, they should design alternative approaches within a format of systematic appraisal and experimentation so as to gain added professional understanding of effective techniques.

The Task Force recognizes the need for some regulation at the state level to ensure necessary laws and mandates are met. This must be balanced against prescribing the use of funding that creates inefficient use of the resource.

Charter schools in Minnesota should be funded on the same basis as other schools within their grade configuration and function categories. The schools should be assured comparable funding with regular operating public schools that have similar demographics.

4. *School districts should continue to have state equalized revenue-raising authority to support locally preferred activities, services and innovations through voter-approved referendums.*

Previously described "Instructional Services Allocations"⁵ are intended to cover day-to-day costs of providing an opportunity for every Minnesota public school student to achieve state academic standards.

Communities throughout Minnesota vary regarding their expectations for education. The present provisions enabling local authorities to add revenue to what the state prescribes as sufficient funding should be preserved through voter-approved referendum elections.

State funds would be available to equalize the ability of local districts to raise additional revenues in inverse proportion to local district property wealth. The level of state equalization and the referendum caps would need to be determined by the state. Also, the state will need to determine if school districts will be allowed to generate revenue above the cap that would not be equalized.

In voting for additional local funds, school districts would have to specify the purposes for which the added funds were to be used. These purposes would need to be specified with sufficient precision as to permit auditing processes to determine subsequent spending compliance. With Instructional Services Allocations covering day-to-day costs of providing an opportunity for every Minnesota public school student to achieve state academic standards, the local referendums may be significantly smaller than current referendum revenues in Minnesota.

5. *Minnesota should promote innovation in education as a means to maximize financial resources.*

Minnesota is nationally recognized for its educational innovations in schools. These innovations have expanded student-learning options and enhanced competition among schools and school districts. The innovations have included open school district enrollment opportunities, post-secondary education options, and the pioneering of charter schools.

⁵ Distributed to local districts as "Block Grants."

The Task Force wishes to promote greater innovation and local school and district creativity. In addition, Governor Pawlenty has put forth a number of promising legislative initiatives, including:

- Allowing qualified and experienced professionals from other fields, particularly math and science, the opportunity to use alternative pathways to enter the teaching profession;
- Funding school innovation and cooperation grants;
- Enabling school boards to assign teachers to the school in which they will teach, allowing them to pair more experienced teachers with more challenging classrooms;
- Requiring regular school attendance as a prerequisite to acquiring, and retaining, a driver's license; and
- Establishing pilot school sites that serve large numbers of disadvantaged students, and allow them to hire "super teachers" from either traditional or non-traditional backgrounds.

Innovation should be broadly defined. Innovation may mean creation of new techniques and services. It just as easily can mean removal or consolidation of existing services or reductions in unproductive and binding regulations.

Minnesota Education Innovation Allocation

In addition, the Task Force proposes means by which the impetus for innovation might also stem from the bottom up, not only from the top down. A Tier III component for Minnesota's modern education finance system is proposed by which districts and schools can design an innovation and seek state funding of an approved endeavor. The funds would be accessed for start-up or transition expenses incurred from an innovative endeavor. The focus of the projects must link learning to funding. The tier is entitled the *Minnesota Education Innovation Allocation*.

The Task Force believes that the governor should form a five- to seven-person Minnesota Education Innovation Council. The council should be endowed with state funds, be provided with State Department of Education or other staff, and be authorized to stimulate ideas and innovation in Minnesota.

The council should also promote the use of innovation by assisting pilot projects to be released or gain modifications in the application of state statutes and regulations.

The council should assess the effectiveness of the approved pilot projects based on the evaluations of an independent third party. The operation of the council should

automatically “sunset” in five years, rendering its renewal contingent upon a display of useful results.

A local school district or school with a good idea for enhancing instructional effectiveness, management efficiency, or both can apply for a Minnesota Education Innovation Allocation. A local district can use resources from any nonrestrictive sources available.

A large number of interesting and exciting pilot project ideas have been suggested to the Task Force (See Appendix B). The Task Force recognized the following projects as having significant merit to be pursued as a pilot project:

- A research study that determines the financial impact of three student-relevant characteristics – poverty, English Language learners, and student mobility - on school and student performance. The study would develop cost-based allocations linked to learning.
- A school with a teacher partnership where teachers have ownership and responsibility in the management of the school, including hiring and budget administration.
- A financial incentive program for school districts to graduate accelerated students in less than thirteen years and provide early entrance college/university scholarships for these students.

6. *Minnesota education funding should be conceived as a five-tier system:*

- *Instructional Services*
- *Local District Revenues*
- *Innovative Programs*
- *Categorical Programs*
- *Facilities and Debt Service*

The Task Force has striven to increase the understandability of the funding formula for the various publics engaged with schools. The varying funding conditions and the need to add technical language explaining these variables will add complexity to the education funding formula. The Task Force has attempted to increase understandability by developing a five-tier education finance system with each tier:

- Having a clear purpose,
- Being accessible for accountability and comparison.

The Task Force hopes this increased transparency will assist all Minnesotans in understanding *how* their tax dollars are being spent. The five tiers are outlined below.

**Fair, Understandable, and Accountable
21st Century Education Finance System for Minnesota**

Tier I. Instruction

“Instructional Services Allocation” (ISA) linked logically to learning costs.

Tier II. Local Districts

Local district preference revenues resulting from equalized local taxation through voter-approved referendums.

Tier III. Innovation

State funded support for initial expenses related to innovation and creative projects enhancing funding effectiveness and efficiencies.

Tier IV. Categorical Specific

Targeted categorical programs that are identified and defined by the state beyond the “block grant” Instructional Services Allocation (e.g., school integration funds, health and safety projects).

Tier V. Facilities⁶

Facilities and Debt Service State supplements to local districts for facility construction and debt service subsidy based on voter-approved bond referendums.

Preparing for Implementation of the Five-Tier System

The Task Force believes the five-tier system is a fair, understandable and accountable 21st century education finance system for Minnesota. The Task Force views this five-tier system as a framework that will require additional study, discussion and

⁶ The Task Force did not consider school construction financing and debt service matters. This omission should not be construed as either an endorsement or criticism of what now exists in Minnesota by way of funding school facilities construction.

analysis by the state before it can be successfully implemented. The Task Force recognizes the next steps in preparing for implementation should include:

- Conducting follow-up study and analysis to determine the accuracy of the school-level instructional programs identified by the Professional Judgment Panel study (See Appendix C).
- Determining the dollar value of the Instructional Services Allocation through additional study and analysis beyond the Professional Judgment Panel's work. This would include the use of updated financial data.
- Conducting research to determine the appropriate weighting for the various *relevant characteristics* (e.g., student disabilities, poverty, school readiness, English language deficiency, student mobility) of individual students.
- Conducting research to determine the appropriate funding adjustments for *uncontrollable conditions* (e.g., student sparsity, technology access, labor cost differences) within a school district.
- Studying and analyzing the financial impact of special education services on the ISA that are not supported through federal or state special education revenues.
- Addressing the challenges created by implementing a new educational funding system to the state's 343 school districts and over 80 charter schools.
- Defining the amount of required regulation for accessing the Block Grant revenues and developing equitable guidelines for implementing at a school building level.
- Identifying the required categorical programs beyond the "block grant" Instructional Services Allocation (e.g., school integration funds, health and safety projects). Also, research would need to be completed to determine appropriate funding adjustments.
- Determining a process for the "sunsetting" of current school district operating levies.
- Addressing the financial challenges of school districts as the state changes the funding formula.
- Ensuring that steady progress continues to occur linking educational funding to school and student performance.
- Considering piloting components of the five-tier funding system in school districts as early as fall, 2004.

The state has the necessary resources to complete these steps and others necessary to reform kindergarten through grade 12 educational funding and create this new education finance system.

Determining Instructional Services Allocation

The key component of the five-tier system is the state's ability to construct a rational foundation of costs for determining the Instructional Services Allocation. This was also included in the Task Force's charge.

The Task Force supported their charter's contract for a Professional Judgment Panel study of Minnesota education costs. The Professional Judgment process, and its results, provided information to the Task Force members that a rationally based funding system could, indeed, be developed in Minnesota schools. Appendix C describes the procedures involved in and the results of the Professional Judgment Panel study.

Professional Judgment is one of several methods for reasonably estimating the costs of offering students an adequate opportunity to achieve state specified standards connected to a comprehensive instructional program offered by schools. This methodology relies on judgments of highly accomplished professionals to systematically specify, under controlled conditions, financial resources necessary to produce desired achievement outcomes.

The completed Professional Judgment Panel's study is an initial step in arriving at an adequate, rationally determined, learning-based, cost-constructed dollar value for the Instructional Services Allocation (ISA). The Task Force does recognize the need for further analysis of the work completed by this process before an exact dollar value could be determined.

Further, the Task Force finds value in accessing recent research and study on public education finance. In February 2004, two Minnesota education finance reports were presented to the public. State Auditor Patricia Anderson released the *Financial Trends of Minnesota School Districts* report which summarizes the financial data of the 168 school districts in the state of Minnesota with enrollments over 1,000 students (See www.auditor.state.mn.us). The Minnesota Center for Public Finance Research published the *Determining the Cost of an Adequate Education in Minnesota* report which examined what it costs to provide a basic education in Minnesota and what the implications are for the state education finance system (See www.mntax.org/cpfr/education.php). Both reports are helpful in expanding the work of the Task Force.

The “New” Education Finance System

This new funding system is an emerging “technology” in education that is linking financial resources with learning. This “technology” has state-specified academic standards and “value-added” achievement testing at its roots. This “new” technology is far from a science, but it has systematic underpinnings that direct policy and school operation.

This technology implies a “new” education finance, one that promotes students’ academic achievement, enhanced professional educator performance, citizen and parent engagement, system-wide economic efficiency, and taxpayer equity. Here are significant components:

- The advent of state academic standards, a phenomenon originating in the 1990s, offers an opportunity simultaneously to specify what students should know and be able to do and to approximate the financial resources necessary to ensure an opportunity for students to acquire such learning.
- Statewide systematic appraisals of student academic performance related to the above-mentioned academic standards provide a basis for district, school, classroom, and student accountability and midcourse corrections where deficiencies arise.
- Modern information technologies permit accurate accounting for resources, school-by-individual-school, facilitating a quest for better knowledge regarding effective instructional strategies and greater performance accountability and efficiency of operation.
- Alignments of state teacher training and licensing, instructional materials, and professional development of teachers and other personnel can facilitate student achievement consistent with a state’s academic standards.

The Task Force believes Minnesota must take advantage of this modern educational technology and actively pursue a new system of funding our public schools. We cannot delay. The framework for seeking a fair, understandable and accountable 21st century education finance system for Minnesota has been reflected in this report. The Task Force is confident that with further study, dialogue, debate and analysis by Minnesota educators, elected officials and citizens; our state can complete the work that has been intended by the Task Force recommendations.

APPENDICES

APPENDIX A

Creative and Innovative Pilot Projects

Below are innovative and creative projects that could be considered to enhance educational learning and funding efficiencies. The Task Force does not advocate the most valuable of these or other ideas and not all members support the projects in this appendix.

- Expand the utilization of distance learning and online learning for small communities of learners.
- Allow charter schools, upon the satisfactory completion of their first three-year contract, the opportunity to own their own buildings. This would assist in creating the opportunity for stable, long-range planning for charter schools.
- Explore bringing teachers into the state of Minnesota health benefits plan. The state is paying for the basic cost of education. The state should examine whether statewide health insurance would create funding efficiencies.
- Pursue reform and modifications in Minnesota's Public Employee Labor Relations Act. The modifications and reforms could consider relaxing continuous contract provisions, making teachers essential employees of the state, or create ways to resolve impasse.
- Seek alternative methods of compensation, including regional bargaining, differentiated staffing opportunities, and performance-based incentives.
- Seek expanded regional service efficiencies in Greater Minnesota, which could include:
 - Coordinating administrative services,
 - Coordinating educational services,
 - Seeking additional cooperation with other government agencies,
 - Expanding the use of intermediate educational agencies to manage the administrative services of smaller districts.
- Explore school projects that would seek to enhance learning for at-risk students, including:
 - Providing scholarship funding for a fee-based kindergarten program with the funding based on economic need.
 - Providing academic advisory services for at-risk families to ensure their understanding of family choice options.

- Evaluating and tracking All Day Every Day Kindergarten and Early Childhood programming for long-term academic success.
- Studying creative ways to increase student attendance, reduce absenteeism and improve graduation rates.

APPENDIX B

Professional Judgment Panel Study of Minnesota Education Costs

This appendix describes the procedures involved in and the results of the Professional Judgment Panel study. However, before turning in detail to these two dimensions, a reader should understand that there is not a single "bottom line" here. Procedures that were pursued in this endeavor are intended to be transparent to a reader by explicitly detailing the assumptions made in the exercises and the results serve as only the starting point of the development of such a funding system. If dissatisfied with the assumptions, other assumptions can be substituted, and other answers reached.

The professional judgment process provides rationally determined, learning-linked costs for providing an education in Minnesota. Governor Pawlenty, Commissioner Yecke, the legislature, and other Minnesota decision-makers are free to select among, or, if they choose, exceed, rationally determined spending levels, and be confident that what they have done is defensible in terms of providing education resources that are "adequate."

Limitations

Like all other methods for estimating costs of educational expenses, professional judgment is not without disadvantages. Participating professionals' judgments are constrained by their training and experience. Thus, programs they design are likely to be traditional. There is also the potential for upward bias in estimates of educators who perceive that their work product might influence school finance arrangements in their state. Finally, the work product of each professional judgment panel tends to be idiosyncratic, i.e., each panel is likely to arrive at a different conclusion. Therefore to enhance reliability, it is necessary to engage several panels and to aggregate results into a meaningful final estimate of cost that may not precisely reflect the judgment of any single panel.

Professional Judgment Processes

Under contract to the Minnesota State Education Department, and reporting to the School Funding Task Force, Management Analysis & Planning, Inc. (MAP) conducted a set of three Minnesota professional judgment panels over a three-day period, October 24-26, 2003, in the Minneapolis/St. Paul area.

Each panel was comprised of six experienced educators: a district superintendent, a business manager, three principals -- one from each major level of schooling, and a classroom teacher representing the geographic and demographic diversity of Minnesota public schools, i.e., large urban, suburban, and rural districts from across the state. Panel participants were selected from pools of nominees resulting from an analysis of successful Minnesota public schools, nominees from Minnesota's State Education Department officials, and nominees from school superintendents and other professional associations.⁷

The Professional Judgment Panels were asked to design adequate instructional programs to meet Minnesota's academic standards for prototypical elementary, middle, and high schools given a variety of student-need characteristics. In advance of being brought together, panel participants were provided with detailed instructions regarding the nature of their assignment and copies of academic standards.

A total of seven exercises were presented to the panelists. The first exercise was for panelists, as a whole, to confirm the major educational resources provided to them (personnel types and non-personnel costs) that may be needed for educational programs in Minnesota public schools. The last exercise was an independent exercise to be completed by each panelist individually to provide feedback to MAP about the professional judgment process. The five intermediate exercises, then, were to develop instructional programs across five different demographic scenarios for prototypical schools at each level of schooling.

The enrollment sizes of the "prototypical" schools were set equal to state 2001-02 mean enrollments for schools in those respective grade-level categories – 372 elementary school students in grades Kindergarten-5, 426 middle school students in grades 6-8, and 628 high school students in grades 9-12.

The five exercise scenarios faced by the three teams were reflective of the student needs (student poverty and English proficiency) across Minnesota schools. The initial instructional program exercise set student needs equal to the 10th percentile of school concentrations of students eligible for the federal free- or reduced-lunch program (FRL) and students considered to be English language learners (ELL) or limited English proficient (LEP). Subsequent exercises instructed panels to develop instructional programs and interventions that changed from the 10th percentile in poverty and ELL to the 25th, 50th, 75th, and 90th percentiles (See Figure 13).

⁷ MAP utilized the database available from the Education Trust "Dispelling the Myth" database available at www.edtrust.org to determine schools that were particularly successful in educating students in higher-needs concentrations, i.e., poverty, English proficiency, and/or ethnic minority status.

Figure 13

Five Student-Need Exercises Presented to Professional Judgment Panels

	Exercise 2	Exercise 3	Exercise 4	Exercise 5	Exercise 6
	10 th Percentile	25 th Percentile	50 th Percentile	75 th Percentile	90 th Percentile
% FRL	6.5	14.7	27.3	43.2	69.7
% ELL ⁸	0.3	0.3	0.3	4.2	15.7

Panels were challenged to design school-level instructional programs about which they were confident that students who engaged within them would be exposed to Minnesota’s academic standards and have a reasonable opportunity to acquire the knowledge they represent. Professional Judgment Panelists were instructed to pay careful attention not only to academic standards, but also to the accompanying curricular features that ensure a school can fully assist a student in achieving those standards. In other words, there was no presumption that a school only performs its math, science, and history instruction. Panelists also assumed high school graduation requirements as important.

In order to ensure panel-designed instructional programs met the needs of all students in the schools, panels were requested to describe the 13-year education experienced for three hypothetical students – a high-achieving student who planned to attend a four-year institution of higher education, a student who scores between the 40th and 70th percentiles on academic assessments who does not plan to attend a four-year institution, but may pursue a two-year institution of higher education, and a student who struggles academically (scoring near the 10th to 30th percentiles). These hypothetical students were representative of the range of student characteristics and capacities likely found in any school.

From these instructional programs, panelists were asked to determine the personnel and non-personnel resources necessary to deliver them – no more than what was necessary and no less than what was necessary. At the end, each of the three panels had distinct and comprehensive instructional programs and associated budgets for each of the schooling levels across five needs scenarios. A panel’s Sample Worksheet from Team Red demonstrating the steps used to convert the program characteristics by the team into a per pupil enrollment budget is found in Appendix D.

⁸ The proportion of students classified as English language learners (ELL) at the 10th and 25th percentiles were extremely small or zero. Therefore, the state median of 0.3 percent was used for these exercises for panelists to consider in terms of student need.

What Professional Judgment Panels Were Not Expected to Accomplish

The charge of the Task Force was to determine if a rationally based system of funding could be developed in Minnesota. The Task Force was not charged with developing or determining what the final funding levels should be in Minnesota. Given this charge, panelists were asked to consider an array of assumptions to make the work load manageable given the short time frame and to limit the exercises to those things in which educators would have the greatest knowledge base and not considering those things in which they may have no expertise.

Among the full set of assumptions presented to panelists in their instructions, those most pertinent are:

- Panels were not asked to determine levels of service involved in providing specialized instruction for disabled students. Panelists were asked to develop instructional programs of all students receiving the general education program in the general education classroom, including special education students.⁹ However, those special education-only services were not to be considered by the panelists and these per-pupil costs were provided to panelists.
- Panels were not asked to determine levels of expenditures for transporting students, maintenance and operations of buildings, operating a district office, or providing food service. State average per-pupil expenditures for transportation, maintenance and operations, central and mid-level administration, and expenditures related to early retirement and severance were imputed into the prototypical schools only for consideration and panelists were not asked as to the adequacy of those spending levels.
- Similarly, debt service and major facility construction matters were not within the purview of professional judgment panel tasks, nor were they

⁹ To do so, panelists were provided with the proportions of special education students (12.5 percent as a whole – the state average) by federal placement reporting requirements – proportion of students served outside of the general education classroom less than 21 percent of the day (7.3 percent of the total 12.5 percent); proportion of students served outside of the general education classroom at least 21 percent of the day but not more than 60 percent of the day (2.9 percent); and proportion of special education students served outside of the general education classroom more than 60 percent of the day (1.3 percent).

asked to assess the adequacy of the number or quality of facilities in the state.

- Panels were not asked to build and equip schools from scratch. That is, panelists were asked to assume that equipment, infrastructure, and computers, for instance, were at levels of the typical Minnesota public school. Panelists, therefore, were tasked with determining the costs of maintaining and regularly replacing these items and to determine the costs associated with supplementing these base levels should they wish to do so.
- Panels were not asked to impute dollar costs to the personnel items associated with the instructional programs they designed. These costs were imputed by MAP researchers, with assistance from the Minnesota Department of Education, relying on state mean professional salary figures and fringe benefits rates for educators and panelists were to assume that these levels were adequate to attract and retain competent educators.
- Panels were not asked to develop econometric cost adjustments for operational scale accompanying large or necessary small schools and school districts.
- Panels were not asked to convert instructional designs into state education finance distribution formula components. This appears to be a legislative and executive branch prerogative and not one for which most professional educators are equipped by training or temperament to perform.
- Panels were not asked to design a transition from existing instructional programs to the ones they propose. This is important because many of the proposed new instructional arrangements take advantage of new knowledge regarding heavy investment from early childhood education, a set of pre-school and kindergarten services that present-day high school enrollees may not have experienced. A reasonable question exists regarding those currently in the system and what is to be done for them.
- Finally, panel participants were not asked to consider per-pupil or aggregate costs of their program designs, or statewide distributional or redistributive consequences of their instructional designs. However

important these school finance dimensions, they were set aside as policy-system prerogatives beyond the purview of professional educators.

Professional Judgment Panel Instructional Strategies

Panel participants were instructed to describe instructional programs and interventions that they were confident would provide the opportunity to all Minnesota students to achieve to the outcome standards. Each team developed its own K-12 instructional program (sometimes including preschool and early childhood development for three-year olds), resulting in three distinct examples of how effective school programs can be designed. The program diversity serves as a reminder that there is no one best system for education and that professional judgment models are descriptive rather than prescriptive.

Space constraints prohibit providing all panel programs and their rich descriptions in this context. However, a summary synthesis may facilitate the understanding of the logic behind their instructional designs. A sample of the full description of a panel's programs and interventions from Team Red can be found in Appendix E.

However, there are several common elements intended to provide an opportunity for students to acquire Minnesota academic standards that arose across team designs:

- Minnesota academic standards, while appropriate for a global economic and cultural era, are rigorous and challenging to large numbers of students, particularly those from less economically advantaged households and communities.
- For large proportions of students to achieve at the Minnesota academic standards level, school funding will have to be directed to provide (1) earlier-in-the-life-of-a-student instruction primarily in the form of greater individualized instruction in the primary grades (kindergarten through 3rd grade) and (2) extended school day, school year, and school career exposure to systematic instruction.
- Full-day kindergarten should be available to all students in the state.
- An appropriately structured pre-school and primary school experience can mitigate problems conventionally associated with students in schools with

high concentrations of household poverty (%FRL), mild learning disabilities, and English language deficiency.

- Inclusion, wherever reasonable, of “at-risk” students with other students in general education primary school classrooms is probably to the former’s ultimate learning advantage and will facilitate their learning to higher levels.

Potential Funding for Minnesota Schools

The following tables provide the summative budgets from the resources specified by each professional judgment panel to deliver the developed instructional programs. The budget was developed based on 2001-02 expenditure funding averages. The budget information was provided by the Minnesota Department of Education.

Each team’s distinct instructional programs and budgets are shown in the following tables of school-level budgets. These funding amounts reflect the instructional programs and resources and should be considered flexible and non-prescriptive. That is, if the Red Team’s funding series of budgets were adopted as the Minnesota funding formula, an elementary school of 500 students with 6.5 percent FRL and 0.3 percent ELL and receives \$7,228 per pupil should not feel obligated to spend those funds in exactly the same way as the Red Team defined their program. Instead, that school should feel free to employ its own methods and management to achieve the Minnesota academic standards. Again, these results are presented to illustrate that a rationally based system of adequate funding can be developed in the state of Minnesota.

Elementary School¹⁰

% FRL	% LEP	RED TEAM	PURPLE TEAM	YELLOW TEAM
6.5%	0.3%	\$ 7,228.40	\$ 5,959.13	\$ 7,456.10
14.7%	0.3%	\$ 7,228.40	\$ 5,983.75	\$ 7,529.76
27.3%	0.3%	\$7,379.85	\$ 6,248.75	\$ 8,195.63
43.2%	4.2%	\$ 7,730.80	\$ 7,399.83	\$ 8,672.14
69.7%	15.7%	\$ 8,335.35	\$ 7,941.84	\$ 9,150.84

¹⁰ Expenditure funding averages based on state averages from the 2001-02 school year by the Minnesota Department of Education.

Middle School¹¹

% FRL	% LEP	RED TEAM	PURPLE TEAM	YELLOW TEAM
6.5%	0.3%	\$ 7,037.10	\$ 7,963.47	\$ 7,403.94
14.7%	0.3%	\$ 7,037.10	\$ 7,964.59	\$ 7,471.50
27.3%	0.3%	\$7,169.99	\$ 8,113.99	\$ 7,733.21
43.2%	4.2%	\$ 7,434.51	\$ 8,785.07	\$ 8,047.25
69.7%	15.7%	\$ 8,078.61	\$ 9,767.74	\$ 8,317.47

High School¹²

% FRL	% LEP	RED TEAM	PURPLE TEAM	YELLOW TEAM
6.5%	0.3%	\$ 7,093.90	\$ 7,506.47	\$ 8,523.95
14.7%	0.3%	\$ 7,093.90	\$ 7,519.32	\$ 8,548.45
27.3%	0.3%	\$7,232.79	\$ 7,594.08	\$ 8,705.77
43.2%	4.2%	\$ 7,513.60	\$ 8,272.06	\$ 8,750.92
69.7%	15.7%	\$ 8,065.90	\$ 8,978.37	\$10,181.85

Further Analysis

Yellow Team's non-personnel expenditures appear systematically higher than the other two teams. Hence two additional analyses were undertaken by Management Analysis & Planning, Inc. (MAP), using personnel items from the Yellow team and non-personnel items from the Red and Purple teams.

- Instructional Supplies & Materials
 - \$200/\$400/\$600 compared to \$92/\$110/\$115 (RED)
- Student Activities
 - \$150/\$150/\$600 compared to \$15/\$75/\$320 (RED)
- Professional Development
 - \$240/\$240/\$240 compared to \$75/\$75/\$75

The results of the analyses are noted below.

¹¹ Expenditure funding averages based on state averages from the 2001-02 school year by the Minnesota Department of Education.

¹² Expenditure funding averages based on state averages from the 2001-02 school year by the Minnesota Department of Education.

Modified Yellow Elementary¹³

% FRL	% LEP	YELLOW TEAM	YELLOW TEAM-RED	YELLOW TEAM-PURPLE
6.5%	0.3%	\$ 7,456.10	\$ 7,023.10	\$ 7,025.10
14.7%	0.3%	\$ 7,529.76	\$ 7,072.76	\$ 7,074.76
27.3%	0.3%	\$8,195.63	\$ 7,647.63	\$ 7,644.63
43.2%	4.2%	\$ 8,672.14	\$ 8,184.14	\$ 8,191.14
69.7%	15.7%	\$ 9,150.84	\$ 8,667.84	\$ 8,704.84

Modified Yellow Middle School¹⁴

% FRL	% LEP	YELLOW TEAM	YELLOW TEAM-RED	YELLOW TEAM-PURPLE
6.5%	0.3%	\$ 7,403.94	\$ 7,003.94	\$ 7,041.94
14.7%	0.3%	\$ 7,471.50	\$ 7,047.50	\$ 7,085.50
27.3%	0.3%	\$7,733.21	\$ 7,218.21	\$ 7,251.21
43.2%	4.2%	\$ 8,047.25	\$ 7,551.25	\$ 7,635.25
69.7%	15.7%	\$ 8,317.47	\$ 7,791.47	\$ 7,985.47

Modified Yellow High School¹⁵

% FRL	% LEP	YELLOW TEAM	YELLOW TEAM-RED	YELLOW TEAM-PURPLE
6.5%	0.3%	\$ 8,523.95	\$ 7,726.45	\$ 7,665.45
14.7%	0.3%	\$ 8,548.45	\$ 7,726.45	\$ 7,665.45
27.3%	0.3%	\$8,705.77	\$ 7,792.77	\$ 7,726.77
43.2%	4.2%	\$ 8,750.92	\$ 7,847.42	\$ 7,864.42
69.7%	15.7%	\$10,181.85	\$ 9,243.35	\$ 9,395.35

Funding for Special Education

Considerable discussion within Minnesota centers around the funding of special education services and the impact of "cross subsidization," the practice of funding

¹³ Expenditure funding averages based on state averages from the 2001-02 school year by the Minnesota Department of Education.

¹⁴ Expenditure funding averages based on state averages from the 2001-02 school year by the Minnesota Department of Education.

¹⁵ Expenditure funding averages based on state averages from the 2001-02 school year by the Minnesota Department of Education.

special education programs with general education dollars to meet special education requirements. The Task Force, in particular, asked if the instructional programs and budgets of the professional judgment panels sufficiently addressed this issue.

The professional judgment panels were not charged with developing special education instructional programs, that is, those instructional and pupil services for children outside of the general education classroom. Rather, the panels were tasked with developing the instructional programs for all children in the general education classroom, including special education students.

In the funding analysis, the state per-pupil expenditures (2001-02) for special education services were added to the general education budget specifications developed by the panels. That is, "adequate" instructional programs were developed for the general education classroom by the three teams.

Existing adequate special education expenditures (considered adequate because of the mandate that special education be funded at an adequate level) were added to those resources considered adequate to deliver the general education programs developed by the panels. By doing so, the result is an adequate funding level for the general education classroom and an adequate funding level to provide special education instructional services and pupil support, thereby eliminating the issue of cross subsidization.

Funding for Schools Serving Concentrations of Students in Poverty and English Learners

The three professional judgment panels were identically tasked with developing instructional programs for prototypical elementary, middle, and high schools with varying concentrations of student needs, namely student poverty and English language deficiency. Three teams developed three distinct sets of programs and associated budgets for schools with these types of needs.

The base programs addressed student needs associated with schools at the 10th percentile of free- or reduced-priced lunch eligibility and designation of English language learner status. The consistent theme across the three panels was the development of a strong base of instructional and pupil support services that could accommodate a whole range of student needs and to develop a core philosophy of early intervention of literacy, language, and mathematics.

Without going into the specifics of each team's instructional programs, and given that these programs are descriptive and not prescriptive, the funding associated with increased concentrations of student needs followed a familiar pattern. There were few, if any, changes in funding between the 10th percentile and 25th percentile scenarios, modest changes in both instructional and pupil support personnel at the 50th and 75th percentiles, and sometimes substantial changes at the 90th percentile exercise. This pattern reflects the intentions of providing a strong base program to all students in the state that can accommodate the needs of a variety of learners.

On average, the three panels added between \$1,100 and \$2,000 per elementary school pupil between the 10th percentile exercise and the 90th percentile exercise, between \$800 and \$1,800 per middle school pupil between these two exercises, and between \$900 and \$1,500 per high school pupil between these two exercises. Consistently, the higher the concentrations of student needs, the more resources were allocated to the schools to provide intervention and remedial instructional services as well as to provide additional pupil support services.

Financial Impact

The statewide financial impact of each of these five plans (Purple, Red, and Yellow and Yellow with Purple and Red non-personnel items) was determined by:

- Converting the cost estimates made by each team for each school level from the five distinct data points shown in the tables above to continuous functions relating cost per pupil at each school type to needs concentration (poverty and language),
- Calculating estimated costs per pupil for each elementary, middle, and high school in the state based on the school's actual needs concentration for 2001-2002 and the cost function developed for each school level based on the work of each team, and
- Multiplying the per-pupil cost estimates for each school by the school district's average daily membership (ADM) for 2001-2002,
- Summing the results for all schools in the state.

The amounts determined through this process provide five estimates of the state aggregate day-to-day costs of providing an adequate opportunity for every Minnesota public school student to achieve state academic standards. These estimates were compared with actual 2001-02 state total expenditures for comparable expenditure categories to determine the "financial impact" of the five scenarios. This "impact" is expressed as a percent increase (or decrease) in expenditures in the table below:

Statewide Impact

	TOTAL EXP % CHANGE
RED TEAM	1.42%
PURPLE TEAM	-2.82%
YELLOW TEAM	14.75%
YELLOW-REV1	6.85%
YELLOW-REV2	6.89%

In reviewing the five scenarios, the impact shows:

- The 2001-02 actual operating expenditures used as the baseline for comparisons includes expenditures made using revenues from federal, state, and local sources, including operating referendum revenues, desegregation, and sparsity. The panelists were told not to consider the source of funds when developing their instructional programs and budgets, but were also not instructed to consider issues related to desegregation and sparsity in their exercises.
- Some districts' actual expenditures reflect programs requiring more resources than the services outlined in the five scenarios, funded in part with operating referendum revenue, or unusually high levels of federal or state categorical aids.
- Other districts' actual expenditures reflect programs that may require fewer resources than those specified in the five scenarios. Because the fiscal impacts outlined above compare the cost of implementing each of the five scenarios on a uniform basis throughout the state, with no allowance for continuation of higher spending in some school districts based on community preferences or cost factors not captured in the scenarios (e.g., additional costs for operating necessary/geographically isolated small schools), they represent the minimum fiscal impact of establishing a statewide funding floor tied to these scenarios.
- The overall fiscal impact for each scenario would equal the sum of: (1) the fiscal impacts identified above, plus (2) the fiscal impact for any cost factors not captured in the scenarios that may receive continued funding (e.g., sparsity funding for small, geographically isolated schools; non-transportation costs of desegregation programs), and (3) the fiscal impact of voter-approved community preference revenues or hold harmless

provisions that would enable some school districts to receive additional resources.

- The overall fiscal impact cannot be determined accurately until further analysis is completed to develop a comprehensive Minnesota 21st century education funding system. While this report provides a road map for the development of such a system, the specific details are beyond the scope of the Governor's charge to the Task Force.

APPENDIX C

A Professional Judgment Panel's Sample Worksheet For Developing Per Pupil Enrollment Budget

(Sample Elementary School Budget – 372 Students – FY 2002)

RED TEAM ELEMENTARY

	% FRL	6.5%	14.7%	27.3%	43.2%	69.7%
	% LEP	0.3%	0.3%	0.3%	4.2%	15.7%
Kindergarten Program			FULL DAY/ALL	FULL DAY/ALL	FULL DAY/ALL	FULL DAY/ALL
Preschool (4-year old) Program			YES/ALL	YES/ALL	YES/ALL	YES/ALL
Early Childhood Development Program			NOT OFFERED	NOT OFFERED	NOT OFFERED	NOT OFFERED
Extended-Day Programs			NOT OFFERED	NOT OFFERED	NOT OFFERED	NOT OFFERED
Extended-Years Programs			NOT OFFERED	NOT OFFERED	NOT OFFERED	NOT OFFERED

Personnel --Cost per FTE based on State Averages and Number of FTE

1. Core Classroom Teachers	\$42,175	17.50	17.50	17.50	17.50	17.50
2. Other Teachers	\$42,175	3.00	3.00	3.50	5.00	7.80
3. Kindergarten Teachers	\$42,175	4.00	4.00	4.00	4.50	4.70
4. Substitutes	\$15,480	1.23	1.23	1.25	1.35	1.50
5. General Education Paraprofessionals	\$17,600	2.00	2.00	2.00	2.00	3.50
6. Kindergarten Paraprofessionals	\$17,600	-	-	-	-	-
7. Guidance Counselors	\$46,988	-	-	-	-	-
8. School Psychologists	\$42,859	-	-	-	-	-
9. Social Workers	\$43,527	-	-	0.50	0.50	1.00
10. Other Pupil Support	\$44,693	-	-	-	-	-
11. Nurses	\$40,776	-	-	-	-	-
12. Librarians/Media Specialists	\$47,158	1.00	1.00	1.00	1.00	1.00
13. Principals	\$78,592	1.00	1.00	1.00	1.00	1.00
14. Assistant Principals	\$76,893	-	-	-	-	-
15. Other Professional Staff	\$50,387	-	-	-	-	-
16. Clerical/Data Entry	\$20,000	2.00	2.00	2.00	2.00	2.00
17. Security	\$35,000	-	-	-	-	-
Subtotal, Personnel Cost per ADM		\$4,245	\$4,245	\$4,391	\$4,682	\$5,282

Other Cost per ADM (Items 1 - 6 from Professional Judgment Panel Analysis)

1. Instructional Supplies & Materials	\$ 92	\$ 92	\$ 92	\$ 92	\$ 92
2. Instructional Supplies & Materials – Kindergarten	\$ 92	\$ 92	\$ 92	\$ 92	\$ 92
3. Equipment & Technology	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
4. Student Activities	\$ 10	\$ 10	\$ 10	\$ 20	\$ 20
5. Professional Development	\$ 46	\$ 46	\$ 51	\$ 101	\$ 101
6. Assessment	\$ 15	\$ 15	\$ 15	\$ 15	\$ 20
7. Food Service (not included-assumed to be self-supporting)					
8. Special Education (state avg from Profiles Report)	\$ 1,238	\$ 1,238	\$ 1,238	\$ 1,238	\$ 1,238
9. District Expenditures (state avg from Profiles Report)					
a. Maintenance & Operations	\$ 578	\$ 578	\$ 578	\$ 578	\$ 578
b. Central & Mid-Level Administration	\$ 359	\$ 359	\$ 359	\$ 359	\$ 359
c. Transportation	\$ 482	\$ 482	\$ 482	\$ 482	\$ 482
d. Capital Expenditures and Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -
e. Other Operating Programs	\$ 47	\$ 47	\$ 47	\$ 47	\$ 47
f. Severance & Early Retirement	\$ 67	\$ 67	\$ 67	\$ 67	\$ 67
Subtotal Other Cost per ADM	\$2,984	\$2,984	\$2,989	\$3,049	\$3,054
Extended-Day and Extended-Year Program Costs	\$ -	\$ -	\$ -	\$ -	\$ -
Total (w/statewide avg district expenditures)	\$7,228	\$7,228	\$7,380	\$7,731	\$8,335

APPENDIX D

Sample of a Professional Judgment Panel's Description of Programs and Interventions

Minnesota Red Team – October 2003

Background: Each team was given specific background information about their student population. The team detailed their instructional programs for five exercise scenarios in a district. The programs identified staffing needs and dollar resources.

The program information was used to develop expenditure funding averages. This work was completed by Management Analysis and Planning, Inc. with the help of the Minnesota Department of Education.

Program summaries of the Yellow Team and Purple Team are available by contacting the Department of Education.

Exercise 2: 10% of school concentrations of students eligible for the Free or Reduced Lunch Program and considered to be English language learners.

1. Elementary School Program

A. Pre-School:

In the opinion of our team, pre-school is a very important facet of our educational program. We have set up a program which offers to 62 students (specified in this example) a four day per week attendance in which students meet two half-days per week (8 slots) so that the fifth day (or equivalent) is given over to teacher meeting with parents, home visits, problem solution, etc. The program will focus on pre-literacy, socialization, learning readiness, developmental activities, and learning readiness. Staffing will require two (2) full-time (FTE) pre-school certified teachers.

B. Kindergarten:

All day, everyday kindergarten, four sections with a 15.5 :1 teacher to student ratio is our expectation. Our kindergarten program will focus on appropriate developmental activities including literacy, numeracy, physical development, fine and gross motor skills, and social skills. Specialists will support the kindergarten program.

C. Grades 1-5:

In grades one through five there will be 15 homerooms, 3 homerooms at each grade level. One half of the school day (i.e., one block of uninterrupted time) will be dedicated to reading, language arts (e.g., spelling, writing and grammar) and math. Additional staff will be

allocated to reduce the classroom ratio for this one-half session in the amount of 2.5 FTE. The balance of the day the teacher/student ratio will be 21:1 for social studies, science, art, phy ed, and music. Therefore, 17.5 FTE classroom teachers will be needed. In addition 4 FTE specialists are needed as follows: 0.5 FTE Music, 0.5 FTE Art, 0.5 FTE PE/health, 0.5 FTE World Language, 0.5 Reading (works in the regular classroom), 0.5 Gifted and Talented, and 1.0 FTE Media/Technology. In the second half of the school day, the students will go to the specialists (for example) an equivalent of an hour a week (or twice a week for two one half-hour sessions as instructional needs are best met). World Language would only be offered to fourth and fifth grade students (equivalent to twice a week).

Administration and support personnel: 0.5 FTE media aide, 0.5 FTE paraprofessional for technology needs and assisting the media person/students, 1.0 FTE person to function as principal's secretary, attendance clerk, MARSS/STARS data collection; one full-time clerical person who assists with telephone, reception, copying, pre-school, filing, etc., and one full-time para serving as a health aide under the direction of district nurse. "Cross-over" between health aide, principal's secretary, and receptionist-clerk will be expected to flexibly cover breaks, helping out with work load, etc. The school will require a full-time (1.0 FTE) licensed building principal to meet state requirements of supervision, administration, coordination with the district, etc.

Fifty-dollars per pupil, or \$18,600 (k-5), are to be budgeted for Elementary Equipment and Technology (based on this school's given size).

Professional development \$1,000/teacher = \$2,000

Fifteen dollars per pupil, or \$5,580 are budgeted for assessment purposes.

2. Middle School Program: 6-7-8

Our program for 426 students in grades six (6) through eight (8) will consist of the following core classes: Language Arts, Mathematics, Science, and Social Studies with curriculum formulation to meet MN State standards and National standards. Advance opportunities (e.g., Algebra in grade eight) will be offered.

Non-core curriculum will consist of FACS, Art, Physical Education/Health, Music (band and/or choir), Industrial (Technology) Education (includes computer instruction), and World Language. Tutor time/remedial instruction occurs in time periods of the schedule when students are not taking band or choir (and is formally scheduled for students.)

The school day will consist of four blocks (or eight periods); the core subjects will meet for the equivalent of half the day (two blocks) while the non-core subjects will meet for one or more periods depending on interest, choice, and State standards. Our intent is to provide a learning environment which nurtures emotional, psychological, and physical growth in a supportive situation so that there will be "houses" or "families" to foster these goals. The goal will be to have about 71-75 in each house or family, with two houses or families per grade level.

Staffing consists of the minimum following Full-Time Equivalent (FTE):

CORE Subjects: 13 FTE

- (1) 3.5 Language Arts
- (2) 3.5 Mathematics
- (3) 3.0 Science
- (4) 3.0 Social Studies

NON-CORE Subjects: 11.5 FTE

- (5) 1.0 FACS (Home Ec)
- (6) 2.5 Phy Ed and Health
- (7) 1.0 Band
- (8) 1.0 Choir
- (9) 1.0 Technology
- (10) 1.0 World Language
- (11) 1.0 Industrial Technology
- (12) 1.0 Media /Technology Support
- (13) 0.5 Gifted & Talented and 0.5 Reading
- (14) 1.0 Art

TOTAL FTE = 24.5

Administrative and support personnel: There is a programmatic need for two FTE administrators, which includes a dean/counselor to meet the need for observation/supervision and student counseling. There is a need for two office clerical persons to serve as receptionist(s), answer phones and intercom, take in monies for fees and tickets, to do MARSS and STARS, three (3) equivalent paras (aides) are needed to function as a health para (aide) , a tech para (aide), and media/tech para (aide). These three aides are viewed as working flexibly to meet the total needs of the school/program.

Fifty-three thousand (\$53,000) is to be budgeted for a school of this size for technology improvement/purchase and repairs annually. Annual capital purchases of major nature will come from the district budget.

Support for an extracurricular program (which meets Title IX requirements) requires personnel to organize, direct/administer, and coach these activities; personnel costs for these needs are negotiated in the district master agreement. Fees for participation are required to meet these costs. A reasonable estimate of \$138 per pupil (including the cost of bus transportation to contest sites, etc.), or \$58,788 for a school this size has been provided.

Professional development monies equivalent to one percent (1%) of operational expenditures for this school site are to be reserved for this purpose.

Assessment of learning achievement at the middle level or junior high school, as described within the parameters here, requires \$25/student, or \$10,650 per this site.

3. High School Program:

Our High School will offer the following curriculum areas; some of the curricular areas will consist of required courses (listed below) while the remainder will consist of elective courses that students must choose from to complete the Graduation requirement. A strong

advisor/advisee program/link crew program exists to connect students to school opportunities and the real world.

I. CURRICULAR AREAS:

REQUIRED:

- a) Language Arts: 4.0 years
- b) Social Studies: 3.5 years
 - 1 year of American History
 - 1 year of Geography
 - 0.5 World History
 - 0.5 Economics
 - 0.5 Citizenship/Government
- c) Science 3.0 years
 - 1.0 year of Biology
 - Students may elect two (2) more years from either earth science, chemistry, or physics
- d) Mathematics 3.0 years
 - 1.0 year of Algebra
 - 1.0 year of Geometry
 - 1.0 year of Statistics
- e) Art
 - Visual arts
 - Performing arts
 - Media Arts

ELECTIVES:

- a) World Languages - Spanish
- b) Physical Education & Health
- c) Business
- d) FACS
- e) Technology
- f) Industrial Technology

II. High School Certified Staffing (FTE):

Required Curriculum Areas:

A.	Language Arts:	4.0 FTE
B.	Science:	3.0 FTE
C.	Social Studies:	3.5 FTE
D.	Mathematics:	3.0 FTE
E.	Art (visual, performing, Media production)	<u>3.5 FTE</u>
	Sub-Total:	17.0 FTE

Elective Curriculum Areas:

F.	World Language	2.0 FTE
G.	Phy Ed/Health	2.5 FTE
H.	Business	1.0 FTE
I.	FACS	1.5 FTE
J.	Technology	2.0 FTE
K.	Industrial Tech	<u>1.0 FTE</u>
	Sub-Total:	10.0 FTE

Flexible Electives:

L.	Advanced Placement	}	alignment determined as site requires by student registration/ enrollments annually
M.	Career Education		
N.	ITV/Online learning		
O.	Other		
	Sub-Total:	5.0 FTE	

Certified classroom teachers: 32.0 FTE

III. Administrative and Support Personnel required:

A.	Para-professionals:	5.0
	Media: one	
	Career/counselor support: one	
	Truancy Intervention: one	
	General duties as described: one	
	Technology para support: one	
B.	Counselors:	1.5
C.	Nurse	1.0
D.	Media Center	1.0
E.	Principal	1.0
F.	Ass't Principal/Activities Dir.	1.0
G.	Clerical	3.0
	Principal's sec'y/attendance: two	
	Health aide/general: one	
	(see descriptors for Middle Level)	
H.	Security person	0.5

IV. Equipment and Technology: We believe that it is essential to provide \$150,000 in budget monies to maintain and support the educational program grades 9-12.

Extracurricular support (e.g., athletics, drama, speech, VICA, clubs, newspaper, yearbook, National Honor Society, intramurals, etc.) requires \$320 per pupil, or in this high school \$200,960. Some of these costs may be offset by gate receipts or fees charged to students, but the costs are real and ongoing for advisors, coaches, contest fees, etc.

Professional Development support costs are \$46 per pupil unit, or \$28,888 for this high school. Assessment & evaluation support costs are \$50 per pupil, or \$31,400 for this high school.

4. List any additional assumptions that are essential to understanding the program(s) you have developed.

- (a) We will partner with our ALC (Area Learning Center) or other to provide remedial and enrichment learning opportunities for our Elementary program both for after school and during the summer (i.e., extended day).
- (b) We will partner with our ALC or other to provide remedial and enrichment learning opportunities for our Middle level program both for after school and during the summer (i.e., extended day).
- (c) We will partner with our ALC or other to provide remedial and enrichment learning opportunities for our High School program both for after school and during the summer (i.e., extended day).
- (d) A strong parental involvement program has been developed through the community education program.

4A. As a summary of your instructional program assumptions, please provide the average class size for each grade or grade band in the core academic classes of reading/language arts, mathematics, science, and social studies:

GRADE	AVERAGE CLASS SIZE
Kindergarten	8 students to 1 teacher
First Grade	16 :1 <u>half day</u> ; 21:1 for second half
Second Grade	16 :1 <u>half day</u> ; 21:1 for second half
Third Grade	16 :1 <u>half day</u> ; 21:1 for second half
Fourth Grade	16 :1 <u>half day</u> ; 21:1 for second half
Fifth Grade	16 :1 <u>half day</u> ; 21:1 for second half
Sixth Grade	19:1; less for some "skinny" block classes for remediation; larger for some classes (e.g., band, vocal music, physical education)
Seventh Grade	19:1; less for some "skinny" block classes for remediation; larger for some classes (e.g., band, vocal music, physical education)
Eighth Grade	19:1; less for some "skinny" block classes for remediation; larger for some classes (e.g., band, vocal music, physical education)
High School (Ninth grade – Twelfth Grade)	26:1 which varies depending on band (larger) and some electives (smaller sizes)
Preschool (if made available)	8 students to 1 teacher (8:1)
Early Childhood Development (if made available)	Not discussed here

5. Describe the elementary, middle and high school programs of students X, Y and Z.

STUDENT X

Pre-school: child plus the parents begin with a solid foundation for learning and school readiness.

K-5: the fourth "r" (basic skills), the focus on reading, writing and mathematics, with opportunities for enhancement and remedial instruction; student has an introduction to World Language and Technology.

6-8: the retention of a "small" setting via house/family practice within the school site allows focus on core classes; student has opportunity for exploration of elective areas; accelerated opportunities and remedial instruction as needed by the individual student. Extracurricular and co-curricular opportunities are provided to allow the adolescent to physically, emotionally, and psychologically interact with other students and adults in a team and individual basis.

9-12: this program for this student will allow the student to meet all state and national standards; there is career exploration and technology exploration in the electives of Art. Opportunities for skill building, Advance Placement, and CET tech, in addition to options for attendance at ALC (i.e., Alternative Learning Center) are provided. A wide variety of extracurricular and co-curricular opportunities exist for this student to access.

STUDENT Y

Pre-school: child plus the parents begin with a solid foundation for learning and school readiness.

Opportunities for extended day and summer school are provided.

K-5: the fourth "r" (basic skills), the focus on reading, writing and mathematics, with opportunities for enhancement and remedial instruction; student has an introduction to World Language and Technology. *Opportunities for extended day and summer school are provided; this student will be working with specialists (i.e., in reading, math, writing, etc.). Inclusion, a "push-in" instead of pull-out from the classroom; differentiation of instruction.*

6-8: the retention of a "small" setting via house/family practice within the school site allows focus on core classes; student has opportunity for exploration of elective areas; accelerated opportunities and remedial instruction as needed by the individual student. Extracurricular and co-curricular opportunities are provided to allow the adolescent to physically, emotionally, and psychologically interact with other students and adults in a team and individual basis. *Opportunities are provided to work with a reading and math specialist for this student, as well as recommendation for peer tutoring after school. Ongoing monitoring by the Student Assistance Team (SAT). Differentiation of instruction for this student.*

9-12: this program for this student will allow the student to meet all state and national standards; there is career exploration and technology exploration in the electives of Art. Opportunities for skill building, Advance Placement, and CET tech, in addition to options for attendance at ALC (i.e., Alternative Learning Center) are provided. A wide variety of extracurricular and co-curricular opportunities exist for this student to access. *A strong vocational program for this student exists; a strong advisor-advisee program coupled with career education/exploration job shadowing.*

STUDENT Z

Pre-school: child plus the parents begin with a solid foundation for learning and school readiness.

K-5: the fourth "r" (basic skills), the focus on reading, writing and mathematics, with opportunities for enhancement and remedial instruction; student has an introduction to World Language and Technology. *The student has access to a gifted and talented program.*

6-8: the retention of a "small" setting via house/family practice within the school site allows focus on core classes; student has opportunity for exploration of elective areas; accelerated opportunities and remedial instruction as needed by the individual student. Extracurricular and co-curricular

opportunities are provided to allow the adolescent to physically, emotionally, and psychologically interact with other students and adults in a team and individual basis. *The student has access to a gifted and talented program, as well as to UMTYUMP (U of MN) math program at an accelerated pace. Accelerated classes (i.e., geometry in grade 8) are available.*

9-12: this program for this student will allow the student to meet all state and national standards; there is career exploration and technology exploration in the electives of Art. Opportunities for skill building, Advance Placement, and CET tech, in addition to options for attendance at ALC (i.e., Alternative Learning Center) are provided. A wide variety of extracurricular and co-curricular opportunities exist for this student to access. *Advanced Placement classes, Post-Secondary options classes (PSEO), on-line education, and ITV courses are available.*

6. Provide team answers to the following questions.

- a) On a scale of 1 to 5, with 5 being *very confident* and 1 being *not at all confident*: How confident are you (team), given the assumptions listed in 1 through 14 above, that the PreK-5 educational program you designed would be adequate to deliver the learning opportunities specified in Exhibit 1 to all of the school's students? 5.
- b) On a scale of 1 to 5, with 5 being *very confident* and 1 being *not at all confident*: How confident are you (team), given the assumptions listed in 1 through 14 above, that the grade 6-8 educational program you designed would be adequate to deliver the learning opportunities specified in Exhibit 1 to all of the school's students? 5.
- c) On a scale of 1 to 5, with 5 being *very confident* and 1 being *not at all confident*: How confident are you (team), given the assumptions listed in 1 through 16 above, that the grade 9-12 educational program you designed would be adequate to deliver the learning opportunities specified in Exhibit 1 to all of the school's students? 5.

Comments: As a Team, we would all send our children to these schools as described above.

Exercise 3: 25% of school concentrations of students eligible for Free or Reduced Lunch Program and considered to be English language learners.

No change in program from Exercise 2 and assumption changes did not affect the confidence levels as stated in Exercise 2.

Exercise 4: 50% of school concentrations of students eligible for Free or Reduced Lunch Program and considered to be English language learners.

1. Elementary: same, but with the additional items noted in #4a-b below.
2. Middle: same, and as noted below in #4c.
3. High: same, and as noted below in #4d.
4. List any **additional assumptions** that are essential to understanding the program you developed.

- a) We believe it is essential to have a **0.5 FTE school liaison (additional) person** to work with families as a case coordinator to help families obtain resources, meet nutritional needs, obtain transportation, and prevent truancy problems, etc. for these elementary students.

Pre-school: We would provide **an additional 1.0 FTE** position for a four-day a week program for those identified as LEP requirements and/or would qualify for a free/reduced lunch.

K-5: We would add program costing \$18,000 per school year teaching teachers 'strategies of learning' which work with the targeted population (for this elementary school site). We will implement the "push-in" model which means we will **ADD** in grades K-3 (12 homerooms) **4 half persons (2.0 FTE)**. One of these additions will be in kindergarten (0.5), and the others will be in grades 1-3 (1.5). We would **add \$3,720** for a family activity night (once a week for 30 weeks) to pay for three (3) staff members to work two hours a night. This learner activity would focus on literacy, numeracy, and technology.

- b) Parental involvement is a **key element** in student success for all kids.
- c) We believe that a **0.5 FTE basic skills specialist** is needed for this population of students in this k-5 elementary school. This would result in a slight class size ratio reduction for this elementary, but is not noted in the chart below.
- d) In the 6-8 school, for this population of students (27.3% F/R Lunch), we would **add an in-school home-school social worker 0.5 FTE, also an additional 0.5 FTE basic skills specialist, and increase our staff development budget by 10% (a la Ruby Payne work with "student's in poverty"/urban worker framework)**. This would result in a slight class size ratio reduction, but is not noted in the chart below.
- e) For students in grades 9-12, we would **add to our staff development budget by ten (10%) percent; we would add 0.5 social worker, 0.5 additional school counselor, and an additional 0.5 basic skills specialist**. This would result in a slight class size ratio reduction, but is not noted in the chart below.

4A. As a summary of your instructional program assumptions, please provide the average class size for each grade or grade band in the core academic classes of reading/language arts, mathematics, science, and social studies:

GRADE	AVERAGE CLASS SIZE
Kindergarten	
First Grade	See 4a-b above
Second Grade	See 4a-b above
Third Grade	See 4a-b above
Fourth Grade	See 4a-b above
Fifth Grade	See 4a-b above
Sixth Grade	See 4c above
Seventh Grade	See 4c above
Eighth Grade	See 4c above
High School (Ninth grade – Twelfth Grade)	See 4d above
Preschool (if made available)	
Early Childhood Development (if made available)	

5. Describe the elementary, middle and high school programs of students X, Y and Z.

STUDENT X

omitted

STUDENT Y

omitted

STUDENT Z

omitted

6. Provide team answers to the following questions.

- a) On a scale of 1 to 5, with 5 being *very confident* and 1 being *not at all confident*: How confident are you (team), given the assumptions listed in 1 through 14 above, that the PreK-5 educational program you designed would be adequate to deliver the learning opportunities specified in Exhibit 1 to all of the school's students? 5.
- b) On a scale of 1 to 5, with 5 being *very confident* and 1 being *not at all confident*: How confident are you (team), given the assumptions listed in 1 through 14 above, that the grade 6-8 educational program you designed would be adequate to deliver the learning opportunities specified in Exhibit 1 to all of the school's students? 5.
- c) On a scale of 1 to 5, with 5 being *very confident* and 1 being *not at all confident*: How confident are you (team), given the assumptions listed in 1 through 16 above, that the grade 9-12 educational program you designed would be adequate to deliver the learning opportunities specified in Exhibit 1 to all of the school's students? 5.

Comments:

We, as a TEAM, believe that the budget considerations (i.e., **added personnel** as described above) outlined above **are essential if our confidence level is to be a "5"**. Without such additions, our confidence level would not be held as a "five".

A critical element is that teachers are trained to be **familiar with and to have the understanding of the culture of poverty**; this is the **rationale** behind the additional **staff development** funding.

Exercise 5: 75% of school concentrations of students eligible for Free or Reduced Lunch Program and considered to be English language learners.

1. Elementary:

Pre-school: We would provide **an additional 1.0 FTE** position for a four-day a week program for those identified as LEP requirements and/or would qualify for a Free/Reduced Lunch.

K-5: We would add program costing \$18,000 per school year teaching teachers 'strategies of learning' which work with the targeted population (for this elementary school site). We will implement the "push-in" model which means we will **ADD** in grades K-3 (12 homerooms) **4 half persons (2.0 FTE)**. One of these additions will be in kindergarten (0.5), and the others will be in grades 1-3 (1.5). We would **add \$3,720** for a family activity night (once a week for 30 weeks) to

pay for three (3) staff members to work two hours a night. This learner activity would focus on literacy, numeracy, and technology. Parental involvement is a **key element** in student success for all kids.

2. Middle, 6-8:

We would **add \$5,000** for a family activity night (once a week for 30 weeks), to pay for three (3) staff members to work two hours a night. This learner activity would focus on literacy, numeracy, and technology. We would **add** program (national urban alliance) costing **\$18,000** per school year teaching teachers 'strategies of learning' which work with the targeted population (for this elementary school site). Parental involvement is a **key element** in student success for all kids. We would **ADD a 0.5 FTE basic skills specialist** to the previous task (#4) for basic skills and **ADD 0.5 FTE social worker**. We would **add an afternoon school program** (i.e., extended school day) for two days per week with two (2) FTE paras under the direction of the basic skills/reading teacher for 30 weeks.

3. High School, 9-12:

We would **add** program (national urban alliance) costing **\$18,000** per school year teaching teachers 'strategies of learning' which work with the targeted population (for this elementary school site). Parental involvement is a **key element** in student success for all kids. **ADD a 0.5 FTE** (to the previous school) **Social worker** to meet the needs of this school's population, along with an additional **0.5 FTE basic skills specialist**, and an **additional 0.5 counselor**. Given the percentage increase of the LEP program, we would add an additional ELL teacher to meet the increase of the student population to 15.7%. We would also add an **A.V.I.D. program** (estimated cost of \$5,000) or similar program to provide study-skills support, cohort support, and high expectations. Cost is included in professional development category.

4. List any additional assumptions that are essential to understanding the program you developed.

4A. As a summary of your instructional program assumptions, please provide the average class size for each grade or grade band in the core academic classes of reading/language arts, mathematics, science, and social studies:

GRADE	AVERAGE CLASS SIZE
Kindergarten	
First Grade	
Second Grade	
Third Grade	
Fourth Grade	
Fifth Grade	
Sixth Grade	
Seventh Grade	
Eighth Grade	
High School (Ninth grade – Twelfth Grade)	
Preschool (if made available)	
Early Childhood Development (if made available)	

5. Describe the elementary, middle and high school programs of students X, Y and Z.

STUDENT X

STUDENT Y

STUDENT Z

6. Provide team answers to the following questions.

- a) On a scale of 1 to 5, with 5 being *very confident* and 1 being *not at all confident*: How confident are you (team), given the assumptions listed in 1 through 14 above, that the PreK-5 educational program you designed would be adequate to deliver the learning opportunities specified in Exhibit 1 to all of the school's students? 5.
- b) On a scale of 1 to 5, with 5 being *very confident* and 1 being *not at all confident*: How confident are you (team), given the assumptions listed in 1 through 14 above, that the grade 6-8 educational program you designed would be adequate to deliver the learning opportunities specified in Exhibit 1 to all of the school's students? 5.
- c) On a scale of 1 to 5, with 5 being *very confident* and 1 being *not at all confident*: How confident are you (team), given the assumptions listed in 1 through 16 above, that the grade 9-12 educational program you designed would be adequate to deliver the learning opportunities specified in Exhibit 1 to all of the school's students? 5.

Comments: IF program as proposed is used, we are very confident of this program for this set of students.

Exercise 6: 90% of school concentrations of students eligible for Free or Reduced Lunch Program and considered to be English language learners.

1. Elementary

Pre-school: We would provide an additional 1.0 FTE position for a four-day a week program for those identified as LEP requirements and/or would qualify for a free/reduced lunch (as contrasted to task #5); with a total of 4 teachers. Staff development program/professional development, \$65 per 62 students for the four (4) teachers. District service—translators for pre-school teachers to meet with non-English speaking parent/guardians. Pre-school instructional materials/supplies: \$92 per student. ADD 0.3 FTE liaison home-to-school person. Additional assessment funding: \$5 per student additional.

K-5: We would add program costing \$18,000 per school year teaching teachers 'strategies of learning' which work with the targeted population (for this elementary school site). We will implement the "push-in" model which means we will **ADD** in grades K-3 (12 homerooms) **4 half persons (2.0 FTE)**. One of these additions will be in kindergarten (0.5), and the others will be in grades 1-3 (1.5). We would **add \$3,720** for a family activity night (once a week for 30 weeks) to pay for three (3) staff members to work two hours a night. This learner activity would focus on

literacy, numeracy, and technology. Parental involvement is a **key element** in student success for all kids.

ADD 1.0 FTE basic skills person to previous site.

ADD 2.0 FTE ELL teachers to previous site.

ADD 1.0 FTE paraprofessional person to assist basic skills person.

ADD 0.5 FTE behavior management specialist.

ADD 0.5 FTE school social worker.

ADD Assessment monies, \$2,000 (\$5/student).

ADD supplies and materials for additional personnel.

2. Middle (64 students)

We would **add \$5,000** for a family activity night (once a week for 30 weeks), to pay for three (3) staff members to work two-hours a night. This learner activity would focus on literacy, numeracy, and technology. We would add program (national urban alliance) costing **\$18,000** per school year teaching teachers 'strategies of learning' which work with the targeted population (for this middle school site). Parental involvement is a **key element** in student success for all kids. We would **ADD a 0.5 FTE basic skills specialist** to the previous task (#5) for basic skills and **ADD 0.5 FTE social worker** (#5), 1.5 FTE ELL added to #5, 1.0 dean/counselor added to #5, 0.5 security person added to #5. We would **add an afternoon school program** (i.e., extended school day) for two days per week with four (4) FTE paraprofessionals under the direction of the basic skills/reading teacher for 30 weeks. (20%) **Extended school year** (for 20% or 85 kids): 6 teachers (.33 FTE), 16 days, 6 paraprofessionals (=0.33 FTE), 16 days for an enriched remedial program. Assessment funds for ELL.

3. High School (15% of 628 students= 94 students)

We would add program (national urban alliance) costing **\$18,000** per school year teaching teachers 'strategies of learning' which work with the targeted population (for this elementary school site). Parental involvement is a **key element** in student success for all kids. **ADD a 0.5 FTE** (to the previous school) **Social worker** to meet the needs of this school's population, along with an additional **0.5 FTE basic skills specialist**, and an **additional 0.5 counselor**. Given the percentage increase of the LEP program, we would add an additional ELL teacher to meet the increase of the student population to 15.7%. We would also add an **A.V.I.D. program** (estimated cost of \$5,000) or similar program to provide study-skills support, cohort support, and high expectations. Cost is included in professional development category.

ADD 0.5 FTE assistant principal

ADD 0.5 security

ADD 0.5 basic skills

ADD 05. social worker

ADD 0.5 counselor

ADD 3.0 ELL teachers

ADD 1 Clerical

ADD 2 Paraprofessionals

4. List any additional assumptions that are essential to understanding the program you developed.

4A. As a summary of your instructional program assumptions, please provide the average class size for each grade or grade band in the core academic classes of reading/language arts, mathematics, science, and social studies:

GRADE	AVERAGE CLASS SIZE
Kindergarten	
First Grade	
Second Grade	
Third Grade	
Fourth Grade	
Fifth Grade	
Sixth Grade	
Seventh Grade	
Eighth Grade	
High School (Ninth grade – Twelfth Grade)	
Preschool (if made available)	
Early Childhood Development (if made available)	

5. Describe the elementary, middle and high school programs of students X, Y and Z.

STUDENT X

STUDENT Y

STUDENT Z

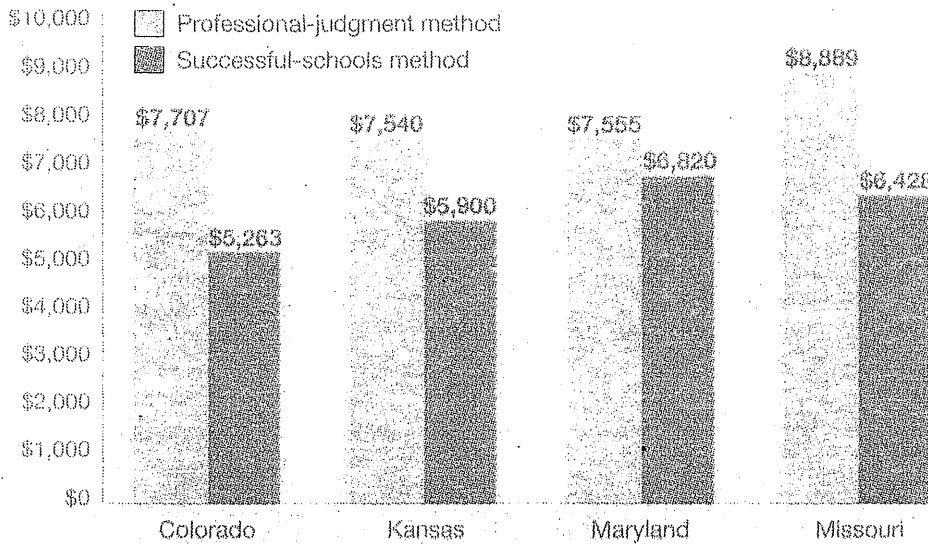
6. Provide team answers to the following questions.

- a) On a scale of 1 to 5, with 5 being *very confident* and 1 being *not at all confident*: How confident are you (team), given the assumptions listed in 1 through 14 above, that the PreK-5 educational program you designed would be adequate to deliver the learning opportunities specified in Exhibit 1 to all of the school's students? _____
- b) On a scale of 1 to 5, with 5 being *very confident* and 1 being *not at all confident*: How confident are you (team), given the assumptions listed in 1 through 14 above, that the grade 6-8 educational program you designed would be adequate to deliver the learning opportunities specified in Exhibit 1 to all of the school's students? _____
- c) On a scale of 1 to 5, with 5 being *very confident* and 1 being *not at all confident*: How confident are you (team), given the assumptions listed in 1 through 16 above, that the grade 9-12 educational program you designed would be adequate to deliver the learning opportunities specified in Exhibit 1 to all of the school's students? _____

Comments:

Price Check

The results of four separate adequacy studies conducted by a single consulting firm (Augenblick and associates) show one of the difficulties with estimating what it costs to provide an "adequate" education. The figures below highlight the concern that the method itself determines how high the cost estimate will be. The authors of the studies on these four states used two methods, the professional-judgment and successful-schools methods, to determine the cost of an adequate education in each state.



Note: Figures have been adjusted for regional cost differences and inflation to represent 2004 dollars.

SOURCE: Special analysis for *Education Week* by Bruce D. Baker, University of Kansas, 2004

MINNESOTA

General state aid and levies from the state's school finance formula account for about 75 percent of total state and local revenue for K-12 education in Minnesota. The other 25 percent comes from the state's 48 categorical-aid programs. Categorical programs include support for high-cost special

education students, desegregation, debt service, and adult literacy. A local levy is not required for districts to receive basic-formula aid, but local levies are required to receive other types of state aid in which the state guarantees a certain tax base per pupil. The state formula incorporates grade-level weights and includes an adjustment based on student eligibility for free or reduced-price lunches. Local revenue is primarily collected from property taxes. At the state level, no taxes or fees are earmarked for education. Although Minnesota has a lottery, proceeds are not specifically earmarked for education. The most recent court battle over school finance in Minnesota was a case brought in 1995 by the Minneapolis NAACP. The state and the NAACP settled the case. In July 2004, Minnesota released an adequacy study, "Investing in Our Future," which was part of the work of the governor's task force on education finance reform. The study was conducted using the "professional judgment" method. It estimated that the cost of providing an adequate education ranged from 3 percent less to 15 percent more than current education expenditures in 2004.

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